

Victoria and Albert Museum Annual Report and Accounts 2012-2013

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Annual Report

Introduction

The Victoria and Albert Museum (V&A) is Britain's national museum of art and design. It was founded in 1837, as the Museum of the School of Design in Somerset House and it reached a wider public after its move to Marlborough House where it became known as the Museum of Manufactures. It was subsequently renamed the Museum of Ornamental Art in 1853. In South Kensington since 1857, it became the Victoria and Albert Museum in 1899. The V&A was part of the Government's Department of Education and Science and operated under the auspices of an Advisory Council until 1 April 1984, when it acquired Trustee status with the passing of the National Heritage Act 1983 (The Act).

So far as practicable and subject to the provisions of the Act, the Board shall:

- a) care for, preserve and add to the objects in their collections,*
- b) secure that the objects are exhibited to the public,*
- c) secure that the objects are available to persons seeking to inspect them in connection with study or research, and*
- d) generally promote the public's enjoyment and understanding of art, craft and design both by means of the Board's collections and by such other means as they consider appropriate.*

V&A Mission

To be the world's leading museum of art and design. To enrich peoples' lives and inspire individuals and everyone in the creative industries, through the promotion of knowledge, understanding and enjoyment of the designed world.

V&A Strategic Objectives

We strive to make the V&A matter to more people and in that context we work to the following four strategic objectives:

- to provide diverse audiences with the best quality experience and optimum access to our collections physically and digitally,
- to be acknowledged and respected internationally as the world's leading museum of art and design,
- to promote, develop and contribute to the UK creative economy by leading the field in debate, inspiring designers and makers, commissioning excellent design and stimulating enjoyment and appreciation of art, design and performance, and
- to operate with financial and organisational initiative and efficiency.

The V&A comprises the main site at South Kensington, the V&A Museum of Childhood at Bethnal Green and the archive/study collections site at Blythe House, West London. The Museum also has a collections store in Dean Hill Park, Wiltshire.

In Brief

In 2012-13, the V&A has continued to build on the success of previous years, with highlights including welcoming the 3 millionth visitor in December 2012, and the popular and critical success of *Hollywood Costume* (October 2012 – January 2013). Activity in the year that contributed to achieving the strategic objectives is described in this report.

This success has to be set against a difficult economic environment where the spending reviews of the UK government have progressively and significantly reduced the Grant in Aid available to the museum both in the year under review and in subsequent years. The indicative spending review for 2015/16 is a further reduction of 5% on the already reduced 2014/15 figure.

The significant challenge for the museum is to increase the levels of self generated income from all sources including sponsorship, donations, and endowments whilst maintaining its commitment to its overall mission.

Access to Collections

AUDIENCES

The V&A continues to prioritise enhancing and encouraging access to its collections which includes visitors to South Kensington, the Museum of Childhood and stores at Blythe House as well as those who engage with the museum through digital or broadcast media.

In 2012-13, the V&A exceeded its visitor targets, attracting 3,298,107 to V&A South Kensington and 433,261 to the Museum of Childhood.

During the UK's Olympic year, the Museum's exhibition programme included *British Design 1948 – 2012: Innovation in the Modern Age*; *Ballgowns*; *Heatherwick Studio: Designing the Extraordinary*; *Hollywood Costume* and *Light from the Middle East* with *Beautiful Games* and *Modern British Childhood* at the Museum of Childhood.

The success of the programme contributed to a third consecutive year of record attendance and the Museum continued to enjoy high visitor numbers during the Olympic period rather than experiencing the predicted drop in attendance.

The V&A and BBC Four continued their major partnership *Handmade in Britain*, an ambitious series exploring the history of British decorative arts including ceramics, metalwork and woodwork. The programmes attracted a high number of viewers with *The Extraordinary Thomas Chippendale* and *The Glorious Grinling Gibbons* broadcast in March 2013 receiving an astounding 520,000 and 523,000 viewers each. The series will conclude in summer 2013.

Exhibition	Dates	Visits
SOUTH KENSINGTON		
<i>British Design 1948 – 2012: Innovation in the Modern Age</i>	31/03/2012 – 12/08/2012	136,107
<i>Ballgowns</i>	19/05/2012 – 06/01/2013	245,113
<i>Heatherwick Studio: Designing the Extraordinary</i>	31/05/2012 – 30/09/2012	85,638
<i>Hollywood Costume</i>	20/10/2012 – 27/01/2013	246,209
<i>Light from the Middle East</i>	13/11/2012 – 07/04/2013	311,760

MUSEUM OF CHILDHOOD (all exhibitions free – specific visits not collected)	
<i>Beautiful Games</i>	31/03/2012 – 09/09/2012
<i>Modern British Childhood 1948-2012</i>	13/10/2012 – 16/04/2013

Future Activity

The V&A opened its 2013-14 programme with *Treasures of the Royal Court: Tudors, Stuarts and the Russian Tsars* and the much anticipated *David Bowie is*. The programme will continue with exhibitions including *Club to Catwalk – London Fashion in the 1980s*, *Masterpieces of Chinese Paintings: 700-1900*, the *Jameel Prize 2013* and *Pearls* (in partnership with Qatar Museums Authority). At the Museum of Childhood *War Games* will be the headline exhibition.

DIVERSITY

The V&A welcomes visitors and staff from all backgrounds, and both our programme and collections reflect the cultural diversity of London and the UK. The Museum has a comprehensive strategy for Access, Inclusion & Diversity. This covers exhibitions and events, new gallery developments and our digital offering. We aim to make ourselves accessible to the widest possible audience including special interest groups, disabled visitors and audiences who would not usually visit museums.

Staying Power Photographs of Black British Experience 1950s–1990s is a five-year project to collect photographs and oral histories relating to the black British experience supported by the Heritage Lottery Fund (HLF). The project is a collaboration between the V&A and Black Cultural Archives (BCA), which promotes education about the cultural identity and history of people of African and African-Caribbean descent in Britain and aims to raise awareness of the contributions of black Britons to British culture and society, as well as to the art of photography.

In 2012-13, there was an increase of attendance by black and minority ethnic adults of over 140,000 visits to 410,200, representing 19% of UK adult attendances.

Removing barriers to access influences the V&A's activities in all areas, and within its workforce, the Museum aims to reflect the cultural diversity profile of the community within which it operates.

ACQUISITIONS

Developing the V&A's collection is essential to maintaining the Museum's status as the world's leading museum of art and design. The collections represent the best of historic and contemporary design and reflect changing and diverse societies.

The V&A now has 2.24 million objects, library items and archives in its collections. Objects with a total value of £2.5m were added in the year. Of this, the cost of objects purchased was £1.3m, made possible by funding largely from external sources including generous support from The Art Fund, the Friends of the V&A, and private donors. The values of objects donated, either directly or via the Acceptance in Lieu scheme, was £1.2m.

The V&A continues to be pivotal in the fight to save key heritage objects from export and in safeguarding their future in national public collections. During 2012-13 the Museum raised funds to acquire works including:

- *Pier table, marquetry top* signed by Lucio de Lucci, the base attributed to the carver Andrea Brustolon, Venice, 1686-1690
- *The Archive of Vivien Leigh*, 1913 – 1967
- *Pair of cloisonné enamel vases*, possibly by Namikawa Yasuyuki, Japan, c. 1880
- *Cowper Seal Cups*, pair of silver-gilt cups and covers, made for William Cowper (1665 – 1723)
- *Marble bust* inscribed Henrietta Finch, 1741

The continued acquisition of historical objects adds to the overall understanding of the collections and tests established interpretations of a particular period, style or artist/designer's work.

A major focus of the V&A's collecting is the 20th and 21st centuries. Highlights included:

- *Proust Armchair* by Alessandro Mendini for Studio Alchimia, hand-painted readymade (wood and upholstery with paint), 1978-1981
- *Diary of a Victorian Dandy*, Yinka Shonibare, five framed C-type prints, 1998
- *Model for the Olympic cauldron*, London 2012, Heatherwick Studio, Brass, copper, steel, 2012

Other objects acquired this year reflect the breadth of the V&A's collecting ambitions and include:

- *Sofa_XXXX*, Yuya Ushida, Bamboo chopsticks and stainless steel hardware, 2012
- *Prints from the series A Few South Africans*, Sue Williamson, collage of screenprint and photo-etching, 1983-7
- *Jain pilgrimage painting (Shatrunjaya pata)*, India, Gujarat or Rajasthan, painting on cloth, 1895-1910
- *Monk's hat*, lacquer, Tibet, 1915-25
- *Gladiators (Combat: Hector & Ajax)*, Leon Underwood, 1917-72
- *Every Man and Every Woman is a Star*, designed by Michael Clark, sculpture, black and white diamonds, meteorite, silver, 2008-9
- *Large Grey Vessel*, Anna Dickinson, constructed of cast glass, blown cut glass, slumped float glass and hand made mirror, with an aluminium rim, 2012
- *Dress kilt and accessories*, 1870s
- *Binding on Charles Dickens, The Mystery of Edwin Drood*, David Sellars, 2012

FUTUREPLAN

FuturePlan is the V&A's large-scale, long-term capital re-development programme. Its purpose is to open up the Museum and its collections, both physically and intellectually, for everyone to use and enjoy. As well as access to collections through display and interpretation, FuturePlan contributes to many other V&A agendas such as engagement with the creative industries, increasing audience diversity and inclusion and improving carbon efficiency.

FuturePlan is primarily funded by private donations, charitable foundations and the Heritage Lottery Fund. In 2012-13 the Museum completed and opened new Furniture and Fashion Galleries to visitors. An extensive conservation and repair project was completed on the historic sgraffito façade, executed by F.W. Moody in 1872-73, on the east

elevation of the Henry Cole Wing and stained glass window panels designed by William Bell Scott were restored in their original lecture theatre locations.

Work continued on the Cast Courts, The Clothworkers' Centre for Textiles and Fashion Study and Conservation at Blythe House, and the Europe 1600–1800 galleries. The Exhibition Road Building Project was granted planning permission by the Royal Borough of Kensington and Chelsea in July 2012, and the enabling works phase of the project commenced on-site.

Future Activity

The Clothworkers' Centre for Textiles and Fashion Study will open in October 2013 and the V&A will continue to develop the FuturePlan Phase 2 projects and Exhibition Road scheme.

DIGITAL FUTUREPLAN

The V&A has always harnessed emerging technologies in support of its mission and will continue to do so in the digital age. Over the last year the Museum has developed the Digital Futureplan programme which aims to transform the V&A's presence in the digital space in the same way Futureplan is transforming our buildings and collections.

Visitors, staff and businesses are placing ever-increasing demands on the Museums technology base and it continues to be a priority to deliver up-to-date, efficient, sustainable, resilient technologies and processes. The major project of the last year has been the storage upgrade project enabling the Museum to confidently manage and access increasing volumes of digital assets.

The Digital Futureplan Programme now has four priorities:

- The Digital Visitor Experience (DVE) strand aims to deliver a world-class visitor experience through improved indoor navigation, interpretation, rich media delivery and e-commerce.
- The Customer Information Management (CIM) strand aims to help us understand our visitors better, offer improved services and grow funding opportunities.
- The Digital Asset Management (DAM) strand seeks to coordinate asset management across the organisation for the delivery of new products and services.
- The Business Support strand will deliver new technology and systems to improve our business efficiency.

Future Activity

The Museum will continue to deliver Digital Futureplan throughout 2013-14 with a particular emphasis on the visitor experience and business support.

LEARNING AND PARTICIPATION

In 2012-13, the number of Learning participants at South Kensington increased by 38% to over 200,000. A marked increase was seen in schools programmes, family activities, community and young people's activities. Attendance at the Digital Design Weekend in September more than doubled and the Museum also hosted the national launch of *The Big Draw* (September 2012) and a series of events for Refugee Week (June 2012). These, along with many other events, exhibitions and displays, gave more people than ever the chance to learn about and be inspired by art and design.

The learning programmes, projects and events are too numerous to list comprehensively, below are some highlights of the past year:

At the V&A South Kensington:

- **Big Draw: Big Make, September 2012, with the Campaign for Drawing**
This event saw over 13,000 instances of participation in over 33 events across the museum. It was the national launch of the annual Big Draw drawing events at venues throughout Britain. Talks and workshops were given by leading designers and six teams of cartoonists from the National press took part in a battle to design contemporary tapestry designs.
- **National Art and Design Saturday Clubs, from November 2012**
A Sorrell Foundation initiative, Saturday Clubs give young people aged 14-16 the unique chance to study art and design every Saturday morning for free. These clubs are usually based at Further or Higher Education institutions; the V&A is the first Museum to take part in the scheme.

■ **Introduction to Costume Design for ex-Prisoners, January/February 2013**

To complement *Hollywood Costumes*, the V&A worked with Synergy Theatre Project to deliver on-site costume design classes for ex-prisoners. Eighteen people attended four sessions, which were delivered by leading costume designer Jane Petrie.

■ **Youth Inclusion Programme**

For the first time in 2012-13, this programme included a course for 17 to 23-year-olds which resulted in participants being granted Arts Award. Focussing on costume design, and working with the V&A's film costume designer in residence, Nayley Nebauer, the young people gained an in-depth insight into what a costume designer does, how they gain inspiration from the film scripts and what skills are needed to produce a finished costume from a design. Run in partnership with Kids Company and the Achievement Team from Royal Borough of Kensington and Chelsea, the project was designed to develop the skills of young people not in education, employment or training (NEETS).

■ **Schools Talks and Workshop Programme**

In 2012-13, the V&A re-configured the schools programme to include free one-hour introductory talks and in-depth designer-led workshops. The programme has been a huge success with 79,000 students taking part, up from 55,000 two years ago.

■ **V&A Lectures**

The *Best of British Design Lectures* highlighted the careers of various high-profile practitioners who have made an outstanding contribution to British Design including the architect Richard Rogers, fashion designers Mary Quant and Paul Smith, photographer David Bailey, furniture designer and entrepreneur Terence Conran, artist Peter Blake, and product designer Kenneth Grange.

■ **Digital Design Weekend**

The Digital Design Weekend is an annual event celebrating contemporary cutting edge digital art and design. The 2012 festival brought together exciting projects and works around the theme of gesture and communication, as well as linking with the London Design Festival and Alan Turing Centenary, investigating Turing's enduring influence on art and contemporary culture. Over 19,000 instances of participation were recorded.

At the V&A Museum of Childhood:

■ **Wondertots**

These family learning workshops are designed for parents/carers and their children aged under five. Each session involves art, drama, music and storytelling inspired by the Museum's collections and exhibitions. The sessions are led by the award winning team from Artburst, a Hackney-based arts education organisation. Attended by over 1,200 participants, 37% are from families facing social exclusion.

■ **Free Gallery Activities**

Everyday our team of Activity Assistants lead free, drop-in activities for families and schools, including tours, arts and crafts, storytelling, object handling, trails and treasure hunts. Over 80,000 visitors participated in 2012-13.

■ **Schools' Programme**

The Museum offers ten different teaching sessions for Reception, Key Stages 1 and 2, exploring history, art, design and technology, citizenship and science. The Schools' Programme was well booked in 2012-13, and attracted over 62,100 school visitors. The programme also includes SEN-only days, INSET training for teachers, a Hospital School outreach programme, and bespoke talks for secondary schools and colleges. The Museum of Childhood continued to improve resources to aid self-guided visits (for example SEN boxes).

Future Activity

At both sites the V&A will continue to develop a range of dynamic learning programmes relating to creative design, art history and cultures represented in the V&A collections.

The world's leading museum of art and design

INTERNATIONAL AND NATIONAL WORK

International Work and Priorities

The V&A is a global organisation, engaging with international contacts through cultural partnerships, trading, touring exhibitions, loans, advice and skills sharing. This work enriches the Museum's knowledge and expertise, and opens up the V&A collections to audiences across the world. The various international delegations the Museum hosted this year have also demonstrated the appeal of the unique position of the V&A in relation to the creative industries.

China, India and the Middle East remain key international priorities, and we have also extended our international focus to Latin America. Moreover, the Museum has strengthened its partnership with Russian colleagues in preparation for the upcoming year of UK Russia Year of Culture in 2014-15.

China

On 16 April 2012 the V&A was the chosen venue to launch the first UK-China Summit, 'People to People Dialogue' an annual high-level dialogue, alongside the Strategic Dialogue and Economic and Financial Dialogue, in the top tier of UK-China bilateral exchanges. The Rt Hon Jeremy Hunt MP, Secretary of State for Culture, Media and Sport and Madame Liu Yandong, State Councillor of the People's Republic of China, led the Dialogue. The occasion provided an opportunity to develop closer ties with China in areas where the UK excels, including culture, the creative industries and education.

The V&A also co-developed a major exhibition as part of the UK Now festival organised in China in 2012. *Passion for Porcelain*, held at the National Museum of China, Beijing (June 2012 – January 2013), was a collaborative project developed by the V&A and the British Museum in partnership with the National Museum of China. Through the display of around 150 Chinese and European masterpieces, the exhibition told the story of the export of Chinese ceramics to Europe from the 16th to the 19th century, and its impact on the development of European ceramic factories and the international transmission of designs, technology and ideas.

India

2012-13 marked the successful completion of a two-year series of India related programmes supported by the Bonita Fund, which has enabled the Museum to strengthen its relations with Indian colleagues and broaden access to its India collection. These activities included skills sharing training with Indian colleagues both in London and India, such as a workshop on paper and book conservation skills in Hyderabad led by V&A conservators. The V&A also delivered a course in June and July 2012 for Indian museum professionals, focussing on the visitor experience. The course involved 15 participants and was held over two weeks in the Sackler Centre for arts education.

The V&A has continued its relationship with the Indian National Institute of Design (NID), and agreed a curriculum for a forthcoming collaborative short course in Museum Design. In February 2013, a V&A conservator, again funded by the Bonita Trust, led a workshop at the NID covering aspects of maintaining the NID's important furniture collection.

International Touring Exhibitions

The V&A has one of the largest touring exhibitions programme in the world, and over 1.5m people saw V&A touring exhibitions at 26 venues overseas.

Title	Venue	Dates	Visits
<i>The Cult of Beauty: The Aesthetic Movement 1860-1900</i>	Fine Arts Museums San Francisco, Legion of Honour	18/02/12 – 17/06/12	89,400
<i>Princely Treasures: European Masterpieces from the V&A, 1600 - 1800</i>	National Art Museum of Belarus,	16/08/11 – 04/11/12	104,400
	Oklahoma City Museum of Art	16/02/12 – 13/05/12	22,900
	La Caixa, Madrid	16/02/12 – 03/06/12	171,900
<i>Street Art Libya</i>	Dar Al Fagi Hassan Art Gallery, Tripoli	31/03/12 – 12/04/12	1,000
	Kusar Al Manara Gallery, Benghazi	21/04/12 – 02/05/12	2,000
<i>Constable: Oil Sketches from the Victoria and Albert Museum</i>	Princeton University Art Museum	17/03/12 – 10/06/12	19,400
	Frist Centre for the Visual Arts	22/06/12 – 30/09/12	48,700
<i>Kalighat Paintings</i>	National Gallery of Modern Art, New Delhi	14/04/12 – 25/06/12	4,500
<i>Postmodernism</i>	MART, Rovereto	25/02/12 – 03/06/12	50,300
	Swiss National Museum, Zurich	05/07/12 – 28/10/12	67,100
<i>Queen Elizabeth II by Cecil Beaton: A Diamond Jubilee Celebration (Int'l Tour)</i>	Royal British Columbia Museum, Victoria, Canada	01/06/12 – 03/09/12	92,000
	McMichael Canadian Art Collection, Kleinberg, Ontario	26/09/12 – 13/01/13	21,700
<i>Grace Kelly: Style Icon</i>	Bendigo Art Gallery	10/03/12 – 17/06/12	211,200
<i>Maharaja: The Splendour of India's Royal Courts</i>	Virginia Museum of Fine Arts, Virginia	19/05/12 – 19/08/12	32,000
	The Field Museum, Chicago	17/10/12 – 03/02/13	131,100
<i>Olympic Posters</i>	National Sports Museum, Melbourne	18/06/12 – 16/09/12	50,000
<i>The Wedding Dress: 300 years of Bridal Fashions</i>	National Museum of Singapore	08/08/12 – 31/10/12	51,200
	Western Australian Museum, Perth	08/11/12 – 24/03/13	37,400
<i>Owen Jones: Islamic design, discovery and vision</i>	Sharjah Museum of Islamic Civilization, UAE	21/03/12 – 15/07/12	14,000
	Aram Art Gallery of the Goyang Cultural Foundation, Seoul	14/08/12 – 04/12/12	14,700
<i>Hats: An Anthology by Stephen Jones</i>	Peabody Essex Museum, USA	08/12/12 – 03/02/13	82,000
<i>Water into Art</i>	Shenzhen Museum	8/09/12 – 11/11/12	190,000
<i>The Jameel Prize 2011</i>	Casa Arabe, Madrid	19/04/12 – 15/07/12	4,300
	Cantor Arts Centre, Stanford University	12/12/12 – 10/03/13	41,400
<i>The Half: Photographs by Simon Annand</i>	The Player's Club, New York	07/05/12 – 31/07/12	8,000
TOTAL			1,562,600

National Work

The V&A seeks to provide the best quality experience and optimum access to the collections to the whole of the UK. Working with museums, local authorities, universities and schools, charities, community groups and creative practitioners is embedded throughout the Museum. V&A staff give talks and lectures throughout the country, are members of boards, committees and subject specialist networks, and provide advice and training to other organisations.

In addition to the extensive programme of touring exhibitions and loans, highlights of national activity in 2012-13 included:

- The Great Bed of Ware was successfully lent to Ware Museum from March 2012 to April 2013. It was seen by over 30,000 people, three times the normal visitor numbers for the museum. Ware Museum developed an active and popular programme of events to accompany the loan.
- Continuation of the development of the V&A at Dundee, an international centre of design to celebrate Scotland's historic importance in design, which forms part of the V&A's long-term national strategy to broaden access to our collections and exhibitions.
- The V&A Purchase Grant Fund supported 112 acquisitions by 89 museums, archives and libraries across England and Wales. Grants totalling £884,614 funded by Arts Council England (ACE), helped purchases worth over £2.8m to proceed.
- The V&A's longstanding relationship with Museums Sheffield continued with its highly successful exhibition exchange. *Beautiful Games*, devised by Museums Sheffield and Sheffield Hallam University was displayed at the Museum of Childhood attracting 170,000 visitors, and at Weston Park Museum in Sheffield, a record 112,500 visitors saw the V&A Museum of Childhood's *Magic Worlds*.

Extending its expertise in education & learning, the V&A began a three-year partnership with the Coventry Transport Museum and the Herbert Museum and Art Gallery in Coventry. The aim of this project is to increase the number of high quality educational visits by schools in areas which currently have lower than average cultural engagement and a higher than national average level of free school meal take up.

National Touring Exhibitions

Title	Venue	Dates	Visits
<i>Street Art</i>	Bradford One Gallery, Bradford	31/03/12 – 10/06/12	15,300
	Tullie House Museum & Art Gallery, Carlisle	22/09/12 – 09/12/12	8,000
<i>Queen Elizabeth II by Cecil Beaton: A Diamond Jubilee Celebration (UK Tour)</i>	Leeds City Art Museum	08/05/12 – 17/06/12	7,500
	Norwich Castle Museum and Art Gallery	07/07/12 – 30/09/12	29,500
	Laing Art Gallery	23/10/12 – 02/12/12	37,500
<i>Selling Dreams: One Hundred Years of Fashion Photography (UK Tour)</i>	The Royal Albert Memorial Museum and Art Gallery, Exeter	07/07/12 – 02/09/12	58,900
	McManus Galleries, Dundee	28/09/12 – 06/01/13	44,200
	Aberdeen Art Gallery	02/02/13 – 20/04/13	33,200
<i>Japanese Cloisonné (UK tour)</i>	Bolton Museum & Archive, Bolton	06/10/12 – 05/01/13	15,900
	Millennium Galleries Sheffield	26/01/13 – 09/06/13	57,100
<i>Five Truths</i>	National Theatre, London	24/09/12 – 21/10/12	3,300
<i>The House of Annie Lennox</i>	The Lowry, Salford	17/03/12 – 17/06/12	35,100
	Aberdeen Art Gallery	07/07/12 – 29/09/12	35,500
<i>The Birth of British Rock: Photographs by Harry Hammond</i>	Darlington Arts Centre	06/04/12 – 28/05/12	5,500

Title	Venue	Dates	Visits
<i>A Flash of Light – The Dance Photography of Chris Nash</i>	The Lowry, Salford	11/02/12 – 13/05/12	33,700
	Arts Depot	24/05/12 – 18/07/12	12,500
<i>Modern Masters</i>	Wandsworth Museum	09/03/13 – 21/04/13	900
<i>Magic Worlds (MoC)</i>	Weston Park Museum, Sheffield	28/04/12 – 06/01/13	109,800
	Norwich Castle Museum & Art Gallery	26/01/13 – 14/04/13	39,700
<i>Teddy Bear Story (MoC)</i>	Museum of Hartlepool	16/06/12 – 09/09/12	54,300
	Sunderland Museum and Winter Gardens	22/09/12 – 24/02/13	115,000
TOTAL			752,400

National and International Loans

In 2012-13, the V&A loaned over 1,100 objects to 121 exhibition venues across the world. A particular highlight was a loan to Russia for the exhibition *The Golden Age of the English Court: from Henry VIII to Charles I*. 140,000 visitors saw 140 V&A objects at the Kremlin Museum, Moscow and these returned to the V&A for the *Treasures of the Royal Courts: Tudors, Stuarts and the Russian Tsars* exhibition at the V&A in March 2013. The exhibitions in Moscow and London celebrated 500 years of Anglo-Russian exchange and told the story of diplomacy between the Russian Tsars and the British Monarchy.

Loans		Total	UK	Overseas
Number of objects	Short-term	1,570	443	1,127
	Long-term	1,765	1,715	50
	Total	3,335	2,158	1,177
Number of venues		363	242	121

RESEARCH AND EXPERTISE

Research and scholarship underpin many of the V&A's activities including publishing, redesigning its galleries, advising on government export licences and producing influential exhibitions and conferences around the world. Research is widely accessible to V&A audiences, in the galleries, on the website, in the public programme, in books, articles, lectures and conferences, handling sessions and collaborative projects. In 2012-13, the V&A:

- Produced 39 peer reviewed publications, and took part in 19 externally funded research projects.
- Offered services such as monthly 'Opinions' afternoons, where the public can have their objects identified by curators.
- Hosted 19 research fellowships and exchanges with research organisations including: University of the Arts London; University of Sussex; University of Brighton; University of the West of England; Yale Center for British Art; Staatliche Kunstsammlungen Dresden, and the Metropolitan Museum of Art, New York.
- Started new projects including research on Samuel Beckett and modern theatre practice (AHRC-funded project with the University of Reading) and a new knowledge exchange network for the creative industries, heritage and academic organisations (AHRC-funded project with University College London).

EDUCATION AND TRAINING

The V&A continues to lead the sector in professional development and work-based qualifications. As well as the much sought after five year Assistant Curator Development Programme, the museum runs the successful Masters accredited Innovative Management & Leadership programme now in its 10th year. The Museum also continued the V&A/RCA postgraduate course in the History of Design, with 88 postgraduate students involved in collaborative programmes based at the V&A.

The V&A is an Ambassador for the National Apprenticeship Service, providing apprenticeship qualifications for the Cultural & Creative sector. In addition the Museum's Cultural Heritage Assessment Centre offers diplomas and certificates in cultural heritage, technical & conservation skills, customer service, management and business administration.

Development of the UK creative economy

CREATIVE ECONOMY

Showcasing the best contemporary art and design and making it accessible to all was one of the founding missions of the V&A, and this aim is still at the heart of the Museum. In 2012-13, 43% of visitors to the Museum identified themselves as working, teaching or studying in the creative industries (an increase of 189,700 visitors compared with 2012).

Throughout the year V&A exhibitions, displays, installations, events, products and publications continued to bring some of the best contemporary art and design to a wide audience. The Museum continues to prioritise inspiring new generations of makers and consumers, contributing to the success and growth of the UK creative economy. While all the V&A's programmes encourage engagement with art, performance and design, some events are aimed specifically at Creative Industries audiences (such as the V&A Illustration Awards 2012), or showcase work of contemporary practitioners (such as *Heatherwick Studio: Designing the Extraordinary* and *Britain Creates 2012: Fashion + Art Collusion*). From April to June the V&A presented a selection of recordings documenting British Theatre to celebrate 20 years of the National Video Archive of Performance, which has recorded over 250 theatre performances including West-End hits, pantomimes and musicals.

In September 2012, the V&A hosted the 2012 London Design Festival celebrating the tenth anniversary of the London-wide annual festival of design, the fourth with the V&A as the hub. This year's programme of installations and events marked the anniversary of the Festival by opening 'secret' spaces to the public. One of these was *Prism*, Keiichi Matsuda's sculptural and digital installation, which brought 21st century London through digital feeds from across the city, projected onto a sculptural installation in the Cupola – the highest point of the Museum. Another display was Nendo's *Mimicry Chairs*, which comprised a series of elegant installations appearing in locations throughout the Museum. Installations and events took visitors to every corner of the V&A.

Fashion in Motion

Fashion in Motion is a series of live fashion events presented against the unique backdrop of the Museum. Featuring some of the greatest designers of our time, Fashion in Motion brings the excitement and spectacle of the high fashion catwalk to a wide audience.

Fyodor Golan Dec 2012: Fyodor Podgorny and Golan Frydman are the designers behind the creative label Fyodor Golan. Their conceptualist approach fuses beautiful hand detailing and fabric manipulation, inspired by the intricacies of nature.

Craig Lawrence July 2012: Lawrence established his eponymous label with the support of the British Fashion Council's NEWGEN programme on graduating from Central Saint Martins in 2009, and rapidly became known for his innovative work in the field of knitwear and use of materials such as Scooby wrappers and gold foil.

Friday Late Programme

Held on the last Friday of every month (except December), when the Museum is open from 10am to 10pm, Friday Lates include a mixture of live performances, cutting edge fashion, debates, one-off displays, special guests, bar food, guest DJs and late-night exhibition opening. Examples from the 2012-13 programme include:

Britain is Making it – April 2012 Organised in collaboration with the British Council, the programme involved a new crop of British design talent. Talks by Studio Glithero and Julia Lohman were delivered alongside printing and design workshops.

Red Carpet – January 2013 Celebrating *Hollywood Costume*, the event focused on the red carpet and behind the scenes. Visitors were encouraged to dress as their favourite movie character and take part in a prize giving ceremony led by Deborah Landis, and Cabinet of Living Cinema performed a live score to film excerpts including *Things to Come* and *Metropolis*. 5,495 visitors attended.

Saturday Festivals at MoC The MoC has continued to run its three annual festivals where the Museum and its grounds are used as a base for the local community; the St George's Day event on 12 April, where families had the chance to enjoy live music, dance, storytelling, traditional games and arts & crafts activities was attended by 1,878 people; *New Voices* (in collaboration with Praxis Refugee organisation, St Johns Church and London Borough of Tower Hamlets), 1,388 people attended performances, music and dance from all over the globe; and the Summer Festival which is an eclectic annual event popular with local families. 1,557 people attended this year, enjoying of arts and crafts and food stalls, have-a-go activities and music.

STUDENTS AND EDUCATIONAL PARTICIPATION

As part of its learning programme the V&A employs artists and designers who regularly lead workshops for adults, schools, families and community groups, thereby bringing their expertise, skills and experience to a wide audience.

The V&A runs numerous projects and activities for schools, college and Higher Education students which are designed to give insights into creative industry careers. Examples include:

Creative Quarter, Secondary School Careers Day, November 2012

The V&A's flagship event for secondary schools and colleges had a record attendance this year. Young people from 30 schools and colleges enjoyed talks, workshops and drop-in events and over 3,400 instances of participation were recorded. The day gave students the chance to find out about different courses and careers within the creative industries and featured high profile figures from the worlds of fashion, architecture, transport, product and digital design.

Teaching in Practice, June 2012

This event was a collaboration between the V&A, The Higher Education Academy, the University of the Arts, London, and Q-Art London and offered a unique opportunity for those new to teaching in art and design to reflect upon their teaching within a community of practice. An induction session at the V&A focusing on using the Museum and its collections for learning and teaching with students was presented as a core element of the HE programme for those universities who are non-visitors.

Central Saint Martin's Foundation Studies

Unsung Heroes was a graphic communication and design project exploring the creation of a 'fanzine' by students undertaking Foundation Studies at Central Saint Martin's College of Arts and Design. The V&A's Curator of Computer Art introduced the 'Unsung Heroes' of digital art. Students showcased their fanzines, which drew on inspiration from the V&A's collections, in a 'Zine Fair' evening event attended by over 200 students from the University.

Kingston University: V&A Module – The Cohesive Museum

V&A staff led sessions in for a 5 week module as part of Kingston University's Museum and Gallery Studies MA. Sessions focused on the future museum, branding and marketing, artists in the museum, the creative industries and broader issues and debates around the role of the contemporary in the museum, audience development and learning programmes.

Shakespeare in a Suitcase

Nearly 40 students studying performance-related courses at nine universities across the UK created individual 'events' to take place in the V&A over the course of a weekend. Using only materials that could fit into a standard sized suitcase, these pop-up 'events' took many forms including a devised durational performance; the construction of a costume, object or installation in a gallery over a period of time; and an exhibition in a suitcase.

Digital Futures

Digital Futures is a new open studio showcase for postgraduate students from arts and digital design courses at universities in and beyond London. The showcase includes interactive installations, data visualisations, wearables and smart textiles, 3D printing and sound installations. The programme offers researchers and students space to network, present and share innovative projects, and to nurture discussion and collaborations between participating artists, designers, technologists and the visiting public throughout the year.

Museum Residency Programme

This year's programme provided the opportunity for Cherrell Avery (calligraphy), Jason Singh (sound art), Louisa Taylor, Michelle Erickson and Keith Harrison (ceramics), Breno Pineschi, Robson Rozza, Eric Fuly from Rio Occupation (art and performance) and Hayley Nebauer (costume design) to develop their practice inspired by the V&A collections and visitors. Over 9,500 visitors participated in activities led by the residents from participatory calligraphic artwork in celebration of Dickens to costume design workshops for families and young people.

Former residents continued their partnerships with the Museum. Fashion Design resident Juliana Sissons collaborated with the Metalwork department on the display *Proud Lookes and Brave Attire*, which showed her work alongside the armour that inspired it. Bettina von Zwehl had a series photographic portrait miniatures acquired by the Museum, and work by Stephen Dixon has been installed in the Ceramics Galleries on permanent display.

Efficiency and effectiveness

INCOME GENERATION

Fundraising

With continuing cuts in Grant in Aid (GiA), the Museum's reliance on the generosity of donors and grant-giving bodies is increasing and is critical to the V&A's success. During the year significant contributions were pledged towards planned FuturePlan projects by both individuals and foundations, including £4.75m from the HLF. Support from the Art Fund enabled some important additions to the Collections, and we are particularly grateful for a number of major gifts made by individuals and through legacy giving. We had a particularly successful year for Corporate sponsorship and Membership schemes were particularly successful this year, and objects valued at £1.2m were donated to the Museum's collections.

In addition, the V&A continued to generate income from paid exhibitions, adult learning activities and fees for touring exhibitions.

Future Activity

In a challenging environment, fundraising targets remain nonetheless high. With an eye to long term financial security, work is underway to secure £15m endowments funds to release matching funds of £5m from the HLF Catalyst Fund.

V&A Enterprises

VAE achieved a total net profit of £1.9m via its four profit streams: on-site retail, on-line, publishing, brand and image licensing. The year's trading exemplified the mixed economy that combines both on and off-site sales, and core and exhibition trading. Overall, the company seeks to maximise the potential of a business that manages the whole supply chain, and which can therefore spread both investment and opportunity for return across different revenue streams. For example, research for the exhibition *British Design 1948-2012* fed into publishing, retail and licensing partnerships. Focus is on building the core brand and a retail destination that appeals, independent of fluctuating museum exhibition programming. Resource is deployed to maximise the opportunities of commercial blockbusters such as *Hollywood Costume* when they appear, without being overly dependent on them. The main store traded consistently over budget for the year, and more than offset a shortfall in the exhibition branch.

Future Activity

In 2013-14, V&A Enterprises will focus on profitability, maximising cash revenues, and identifying new sources of revenue generation. The *David Bowie is* exhibition offers an exciting opportunity for publishing and merchandise in all channels.

SUSTAINABILITY

Sustainable development remains a strategic priority for the V&A and it has been since 2005. The Museum continues to make progress in reducing its environmental impact and is a leader in the sector. All FuturePlan projects include measures that minimise energy use over the life of the project.

Over the past year there has been significant investment in energy management and sustainability initiatives. These include the introduction of LED and low energy lighting, variable speed drives and motors enabling plant to operate more efficiently, automatic meter reading throughout the Museum providing usage data that can be analysed and mapped against business activity, and a revised mechanical plant controls strategy.

The V&A is actively participating in wider discussions in the museum sector on a range of sustainability topics, and is a member of the South Kensington 1851 Carbon Reduction Masterplan.

Waste and recycling

The V&A recycles all paper in green bins in offices throughout the Museum, as well as glass, card, cans, batteries and printer cartridges. General V&A waste is removed to a modern incineration plant where it is used to generate electricity.

Audit

Internal Audit reviewed the Museum's Sustainability policies and practice and awarded a 'green' rating.

Sustainable procurement

The V&A recognises its responsibility to carry out its procurement activities in an environmentally and socially responsible manner. In conjunction with its Sustainable Development Policy the V&A strives to incorporate environmental and social considerations in to its procurement practices, from supplier selection through to product and materials specifications and the rationalisation of the museum's goods, works and services. For example, all firms who tender for building temporary exhibitions are asked to explain how they would minimise environmental impact, and they are scored on their proposals.

Key sustainability data

	<i>Unit</i>	2012-13	2011-12	
CO₂ emissions	Scope 1 emissions (direct)	tonnes of CO ₂	202	190
	Scope 2 emissions (indirect)	tonnes of CO ₂	5,072	5,146
	Total emissions	tonnes of CO ₂	5,274	5,336
Related Energy Consumption	Electricity	MWh	9,362	9,800
	Gas	MWh	6,890	6,471
	Total	MWh	16,252	16,271
Financial Indicators	Expenditure on energy	£000	1,436	1,227
	Expenditure on official business travel	£000	384	384
Waste	Waste sent to landfill	tonnes	59	58
	Waste recycled/re-used	tonnes	181	121
	Waste incinerated	tonnes	207	212
	Total waste disposed	tonnes	447	391
Finance Resource Consumption	Water Consumption	m ³	40,521	50,339
	Water Supply Cost	£'000	60	95

Performance Indicators

The following table shows the key indicators that the V&A uses to measure its performance during the year, and includes measures agreed with DCMS as part of our Funding Agreement.

Performance indicator	2012-13	2011-12
Number of visits to the Museum	3,734,300	3,335,200
<i>V&A South Kensington</i>	3,298,100	2,888,700
<i>V&A Museum of Childhood</i>	433,300	443,300
<i>V&A Blythe House</i>	2,900	3,200
Number of children aged 16 and under attending Museum sites	469,700	440,100
<i>V&A South Kensington</i>	280,900	250,200
<i>V&A Museum of Childhood</i>	188,800	189,900
Number facilitated and self-directed visits to the museum/gallery by children under 18 (2012:under 16) in formal education*	126,200	106,700
<i>V&A South Kensington</i>	79,100	56,700
<i>V&A Museum of Childhood</i>	47,100	50,000
Number of instances of children under 18 (2012:under 16) participating in onsite organised activities*	158,800	127,500
<i>V&A South Kensington</i>	81,600	55,700
<i>V&A Museum of Childhood</i>	77,200	71,800
Number of instances of adults aged 16 and over participating in outreach activities at the Museum	203,600	158,600
<i>V&A South Kensington</i>	167,700	124,500
<i>V&A Museum of Childhood</i>	35,900	34,100

Performance indicator		2012-13	2011-12
Number and % of visits by UK adult visitors aged 18 and over (2012: 16 and over) from NS-SEC groups 5 – 8		184,300 8% of UK adults	149,200 9% of UK adults
	<i>V&A South Kensington</i>	121,700 7% of UK adults	109,800 8% of UK adults
	<i>V&A Museum of Childhood</i>	62,600 17% of UK adults	39,400 16% of UK adults
Number and % of visits by UK adult visitors aged 18 and over (2012: 16 and over) from an ethnic minority background		410,200 19% of UK adults	263,800 16% of UK adults
	<i>V&A South Kensington</i>	318,400 17% of UK adults	223,100 16% of UK adults
	<i>V&A Museum of Childhood</i>	91,800 25% of UK adults	40,700 16% of UK adults
Number and % of visits by UK adult visitors aged 18 and over (2012: 16 and over) who consider themselves to have a limiting long-term illness, disability or infirmity		37,400 2% of UK adults	21,500 1% of UK adults
	<i>V&A South Kensington</i>	31,400 2% of UK adults	16,800 1% of UK adults
	<i>V&A Museum of Childhood</i>	6,000 3% of UK adults	4,700 2% of UK adults
Number of unique web visits ¹		16,260,300	25,249,600
% of visitors who would recommend a visit	<i>V&A South Kensington</i>	99%	99%
	<i>V&A Museum of Childhood</i>	98%	99%
Number of UK Loan Venues		242	262
Number of loan venues (UK & Overseas)		363	380
Self Generated income		£33,725,000	£32,406,000
Admission Income		£4,361,400	£2,052,900
Trading profit		£1,869,000	£1,322,000
Total contributed income		£11,929,000	£12,258,000
Of which donated objects		£1,214,000	£1,260,000
Contributed income as % of baseline GiA		29%	30%

¹ This measure has fallen as the Museum has changed the method of measuring web traffic since 2012.

EMPLOYEE ENGAGEMENT

The V&A managed co-ordinated programmes which are designed to keep staff up-to-date on developments and plans, improve communication between departments, enable staff to understand what the Museum does and the role they play in its success, facilitate communication between staff and management and troubleshoot problem areas. The programme is also designed specifically to solicit staff ideas and feedback.

The programme activities include the Management Forum (a monthly meeting for Heads of Department to discuss current issues and exchange information), Staff Forum (representatives from every department meeting every two months to discuss an area of Museum activity and address any issues that arise), HR and Training projects, and staff surveys.

A variety of channels are used to communicate with staff including the Staff Update (a roundup of Museum activity which is sent to all staff once a month), the Intranet (including daily news, work and departmental information and staff contact details) and All Staff meetings (run quarterly with Director's update and presentations from different Museum departments). The V&A Strategic Plan and other key documents, such as Trustee Board minutes, are made available to all staff electronically or in hard copy.

Staff representatives from the Museum's three recognised trade unions meet V&A Management every two months. They also undertake formal pay negotiations.

Policy in Relation to Disabled Employees

The V&A policy in relation to disabled employees forms part of the Museum's Diversity Policy and it is an employer that is Positive about Disabled People ("Two Ticks Symbol"). 6% of staff have declared themselves as having a disability.

Employee absence due to sickness

The average number of sick-day absence is 9.36 days (2011-12: 8.11 days). If long-term sickness (any absence over 3 weeks in duration) is excluded, the figure falls to 4.32 days (2011-12: 4.07 days).

Financial Review

The accounts have been prepared in a form directed by the Secretary of State for Culture, Media and Sport with the consent of the Treasury in accordance with the Museum and Galleries Act 1992. The format is in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" and the Government Financial Reporting Manual.

Trading Companies

The Museum owns 100% of the issued share capital of V&A Enterprises Ltd (VAE) which carries out trading operations on behalf of the Museum. For the year ended March 2013 VAE will contribute £1.9m (2012 £1.3m) to the Museum as a payment under Gift Aid.

The Museum also owns 100% of the issued share capital of V&A Holdings Ltd which in turn owns 100% of the issued share capital of V&A Ltd. There was no trading activity undertaken by V&A Ltd or V&A Holdings Ltd during the year.

The accounts consolidate the results of the Museum with those of its trading subsidiaries.

Related Charities

The V&A has a close relationship with a number of other charities:

- Friends of the V&A (charity no. 272056). The V&A provides staff and other resources to the charity but has no control over its Board.
- The Gilbert Trust for the Arts Ltd (charity no. 1055853). V&A manages the Trust's collections under a long term agreement; the Trust has a minority of its Trustees appointed by the Museum.
- The V&A Foundation (charity no. 1144508). It has the same charitable objectives as the V&A, and a minority of its Trustees are appointed by the V&A. The V&A made a grant to the Foundation of £10m during the year.

All these charities are considered independent of the V&A, so none of their activities or financial accounts have been consolidated with the Museum's results in this report.

Results for the year

Visitor numbers and income were both significantly better than forecast, reflecting a strong exhibition programme and successful fundraising and trading. Continuing cost control and implementation of efficiency measures are reflected in a break-even position on central operations even after making the grant to the V&A Foundation.

Total Government funding was £48.2m (2011-12: £41.4m) of which £7.5m has been re-profiled to this year to meet expenditure needs.

This outcome is reconciled to the Statement of Financial Activity (see page 31) below.

Reconciliation of Operational Result to SOFA

	<i>Operational Activity</i>	<i>Designated Activity</i>	<i>Restricted Activity</i>	<i>Endow- ments</i>	<i>Fixed Assets</i>	<i>Heritage Assets</i>	<i>Total Activity</i>
	£000	£000	£000	£000	£000	£000	£000
Opening Reserves	967	9,766	4,462	5,857	346,802	55,994	423,848
Grant in Aid	46,404	–	–	–	1,801	–	48,205
Donated Assets	–	–	–	–	–	1,214	1,214
Self Generated Income	24,145	3	8,149	–	–	–	32,297
Investment income	21	48	68	77	–	–	214
Running Costs	(58,854)	(26)	(2,336)	(14)	–	–	(61,230)
Grant to V&A Foundation	(10,000)	–	–	–	–	–	(10,000)
Depreciation	–	–	–	–	(10,100)	–	(10,100)
Increase in Assets	(1,800)	(745)	(7,777)	–	9,035	1,287	–
Gains on Investments	158	619	207	216	–	–	1,200
Gain on revaluation of Fixed Assets	–	–	–	–	(12,863)	–	(12,863)
Transfers	(79)	56	60	(37)	–	–	–
Closing Reserves	962	9,721	2,833	6,099	334,675	58,495	412,785
Movement for the year	(5)	(45)	(1,629)	242	(12,127)	2,501	(11,063)

Fixed Assets

Capital expenditure for the Museum in the year rose to £9.0m (2011-12: £8.2m), as design work continued on the major FuturePlan projects. The Furniture Galleries were completed in the year and work on the Clothworkers' Centre continued, with opening anticipated for autumn 2013. Other projects under development are the Exhibition Road Building, Europe 1600-1800 and the Cast Courts.

The depreciation charge for the year was £10.1m (2011-12: £10.3m). A full valuation of the V&A Estate was performed by Gerald Eve, Chartered Surveyors at March 2009. At March 2013 this valuation has been updated by Gerald Eve on a desk top basis. V&A South Kensington was re-valued at £302.0m (2012: £319.0m), the Museum of Childhood at Bethnal Green at £11.5m (2012: £12.2m) and the V&A portion of the site at Blythe House at £6.9m (2012: £6.9m). The valuation is based on the depreciated replacement cost of the estate. As building cost indices have been fallen since last year, the replacement value of the buildings has decreased. Therefore the accounts show a loss on revaluation of £12.9m (2011-12: gain of £14.1m).

Heritage Assets

Spend on objects for the Collection amounted to £1.3m (2011-12: £4.1m) with a significant portion being funded from private donations. In addition objects with a value of £1.2m (2010-11: £1.3m) were donated to the Museum in the year.

Reserves Policy

The Trustees annually review the level of readily available reserves (those that are not restricted or tied up as fixed assets) appropriate to the scale, complexity and risk profile of the organisation.

The Grant in Aid (GIA) received from DCMS represented 59% of the Museum's income in the year. The rest of the operational costs are financed by self-generated funds such as exhibition and trading income. These funding streams are volatile and their associated risks are managed through the Museum's policy for maintaining general and designated funds, and providing contingencies for annual and project budgets.

The Trustees also consider that reserves are required to provide a sound underpinning, in terms of cash flow planning and budgetary risk, to ongoing investments in the capital infrastructure of the Museum.

Taking an overall view of the annual operational activities, the level of self generated income, GIA and planned capital investment, the Trustees believe that the minimum level of reserves should be £6.5m (2012: £6.5m). This target level of reserves represents an assessment of the level of funds required to meet current capital commitments plus 3 to 6 months of the Museum's non GIA funded operating expenditure.

The Trustees are acutely aware that the current economic climate and future uncertainty in relation to all income streams require this assessment to remain under review.

The Trustees have access to only the combined total of certain General and Designated funds whose value at 31 March 2013 is £10.5m (2012 £10.5m: see note 15). Of this amount £6.5m is held to meet the requirement for general reserves set out above. The remaining £4.0m is held for investment in the building and IT infrastructure over the next two to three years.

Investment Policy

The Trustees' Investment Policy is governed by the Trustees Act 2000 and based on a consideration of the risk, return and cash flow requirements arising from each category of funds, unrestricted, restricted and permanent endowments. The policy is currently implemented through investment in a number of portfolios managed by Partners Capital LLP. The market value of Museum investments, long and short term, was £24.9m at 31 March 2013 (2012: £23.6m).

The objectives and performance for the funds overseen by the V&A Investment Committee are as follows:

Fund	Overall objective	Performance objective (real return each year)	Actual net return (income+gain-costs)
Short Term Fund	To fund specific, restricted and designated spending, whilst preserving capital in real terms and achieving modest real returns over the holding period. Preservation of capital the highest priority. Investment timeframe of 12-18 months.	1.8%	£381,280 4.1%
Reserve Fund	To maintain the reserves of the V&A and to meet specific expenditure purposes, whilst preserving capital in real terms with the potential for moderate real growth. Investment timeframe of 5 years.	5.3%	£612,638 8.1%
Endowments	To fund either the purchase of new collection items or to maintain existing collections for the V&A, whilst preserving capital in real terms with the potential for moderate real growth (consistent with the purposes of each underlying trust). Investment timeframe of 10 years.	5.3%	£338,455 8.1%
Bollinger Endowment	To fund future renovations of the gallery allowing all fixtures & fittings to be kept current. To invest only in UK Government debt and/or to be invested by an external professional financial adviser with the highest priority being the preservation of capital. Investment timeframe of 10 years.	1.6%	£607 0%

Fund performance is measured against a composite benchmark designed to measure the performance of the strategic asset allocation agreed in the investment policies, as this is the best test of our investment manager's performance. The asset allocation profile is agreed for each fund and reviewed at least annually. There is no leverage (borrowing to invest) within the portfolios. Funds may not invest in illiquid assets (defined as assets that cannot be liquidated for cash within 18 months). The portfolio is partially protected from foreign exchange rate fluctuations through the deployment of appropriate hedging strategies. Only currencies with potential exposure of greater than 5% of the portfolio value are subject to currency management. These currencies are US Dollars, Euros and Japanese Yen. Currency overlays are deployed to target a 90% Sterling allocation in respect of these hedged currencies.

Payment Policy

The Museum settles all bills within 30 days or in accordance with the suppliers' terms of business. From a sample, we can estimate the average time for payment of invoices not subject to query was 29 days (2012: 29 days).

Political Gifts & Donations

The V&A makes no political gifts and as a charity does not normally make donations to other charities. It provides some services free of charge to associated charities and made a grant of £10m in support of its charitable objectives. It also awarded £885k to other organisations under the Purchase Grants Fund scheme to enable acquisitions.

Auditors' Disclosure and Remuneration

The Comptroller and Auditor General is the auditor of the Museum's consolidated accounts. As far as the Accounting Officer and Board of Trustees are aware there is no relevant audit information of which the entity's auditors are unaware. The Accounting Officer and Board of Trustees have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

The audit fee paid to the National Audit Office was £43,000 (2011-12: £42,500). Additionally, a sum of £18,450 (2012: £20,200) was paid to auditors of other entities in the group including £1,950 (2011: £2,700) for non-audit services.

Legal and Administrative Information**Principal Address**

Victoria and Albert Museum
Cromwell Road
London SW7 2RL

Bankers

National Westminster
Knightsbridge Business Centre
186 Brompton Road
London SW3 1XJ

Solicitors

Farrer & Co
66 Lincoln's Inn Fields
London WC2A 3CH

Investment Advisors

Partners Capital LLP
5 Young Street
London W8 5EH

Auditors-Internal

Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

Auditors-External

V&A Museum and Group
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
London SW1W 9SP

Trading Companies

Haysmacintyre
Fairfax House,
15 Fulwood Place,
London WC1V 6AY

REMUNERATION REPORT

Membership

The membership of the Remuneration Committee comprised the following Trustees:

Sir Paul Ruddock – Trustee (Chair)

Samir Shah OBE – Trustee

The Committee is also attended by The Director, Martin Roth, Acting Deputy Director, Operations, Caroline Felton and Head of Human Resources, Allan Hill except when matters relating to their own pay and performance are discussed.

Remuneration policy for senior managers

The Remuneration Committee reviews salaries of all senior managers employed by the Museum on Senior Manager Contracts. The Contracts provide for standard Museum terms and conditions of employment except where they apply to pay determination which is subject to review by the Remuneration Committee.

The Committee also considers the pay of two staff employed by V&A Enterprises Ltd (VAE): the Development Director and the Managing Director of VAE.

At the beginning of the year, senior managers are set objectives based on the Museum's Strategic Plan. At the end of the year, their performance is assessed against objectives by the Director (or other senior manager). The methodology enables an assessment of performance to be made against objectives; where it can be demonstrated that performance has exceeded expectations, an individual can be nominated for a bonus payment. The nominations are subject to approval by the Remuneration Committee. The Chairman of the Board of Trustees undertakes the performance assessment for the Director.

The annual performance assessments and additional information (see below), are then reviewed by the Remuneration Committee and used to set pay levels and any performance bonuses.

The Committee met in March 2013. The Committee restricted its deliberations to performance bonuses only for the performance year 2012.

Performance assessment and payment

When determining performance bonuses for 2012, the Committee took account of:

- The budget for non-consolidated performance related pay agreed as part of the Museum's pay remit.
- The performance and contribution of the individual over the period (through performance appraisal).

As with bonus payments for staff subject to collective bargaining arrangements, senior staff bonuses are discretionary and are awarded where performance against objectives is rated as exceptional. They account for a proportion of total remuneration, up to a maximum bonus percentage of 6.0% in the 2012 performance year, are non-consolidated and subject to the overall financial limits agreed as part of the Museum's pay remit.

Policy on duration of contracts, notice periods and termination payments

Senior staff (including the Director) are permanent employees of either the V&A or of VAE. Interim managers (contracted via third parties) have been appointed to two senior posts during the year pending recruitment of permanent employees.

The notice period for senior employees is three months and for the Director, six months. If any termination payments are made, they are in accordance with Museum or VAE contractual terms.

All permanent Museum employees (unless choosing to opt-out) are members of the Civil Service pension scheme, PCSPS, with associated redundancy and early retirement conditions. All VAE staff are entitled to payments as defined under the Employment Rights Act 1996 unless individual contracts define other terms.

Senior managers' remuneration disclosure (subject to audit)

The Board of Trustees of the V&A, who hold overall responsibility for the Museum, are not remunerated. Expenses paid are disclosed in note 5d to the Annual Report and Accounts.

The Director's and senior managers' emoluments and pension details for 2012-13 are shown in the table below. These members of staff have been included as they are members of the Museum's Senior Management Team and, hence, the key decision makers in the organisation. The monetary value of benefits-in-kind covers any benefits provided by the employer and treated by the HM Revenue & Customs as a taxable emolument. There were no benefits-in-kind during the year and there were no additional emoluments paid other than as disclosed below.

Sian Williams (Director of Finance) left the Museum under Voluntary Redundancy terms in October 2012. The total cost to the Museum of the package she received was £55-60k.

	Total salary earned to 31 March 2013	Bonus Payable at 31 March 2013	Real increase in pension at pension age – Real increase in related lump sum	Accrued pension at age as at 31 March 2013 – Related lump sum at pension age	Cash equivalent transfer value at 31 March 2013	Real increase in CETV after adjustment for inflation and changes in market investment factors
	£000	£000	£000	£000	£000	£000
Martin Roth Director	140-145 (80-85) ¹	Nil (Nil)	2.5-5 Nil	5-10 Nil	76 (27)	39
Beth McKillop Deputy Director	95-100 95-100	0-5 (0-5)	0-2.5 0-2.5	35-40 115-120	871 (811)	13
Moira Gemmill, Director of Projects, Design & Estate	90-95 (90-95)	0-5 (0-5)	0-2.5 2.5-5	10-15 35-40	240 (210)	15
Damien Whitmore, Director of Public Affairs	90-95 (90-95)	0-5 (Nil)	0-2.5 2.5-5	25-30 75-80	480 (441)	12
Sian Williams, Director of Finance	45-50 ² (90-95)	Nil (0-5)	0-2.5 Nil	5-10 Nil	98 (79)	10
Brian Chester, Finance Director	10-15 ³	Nil	0-2.5 Nil	0-2.5 Nil	5	5

Figures in brackets are for prior year.

¹ Joined 1 September 2011, annualised salary of £140-145k

² Left 9 October 2012, annualised salary of £90-95k

³ Joined 1 February 2013, annualised salary of £90-95k

Cash Equivalent Transfer Values

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits value is the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Real increase in CETV

This reflects the increase in CETV effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

Exit packages (subject to audit)

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	1 (-)	8 (1)	9 (1)
£10,000 – £25,000	1 (2)	2 (2)	3 (4)
£25,000 – £50,000	1 (-)	7 (6)	8 (6)
£50,000 – £100,000	- (-)	4 (4)	4 (4)
£100,000 – £150,000	- (-)	- (-)	- (-)
Total number of exit packages	3 (2)	21 (13)	24 (15)
Total resource cost £	£41,969 (£37,595)	£562,655 (£184,868)	£604,624 (£222,464)

Figures in brackets are for prior year.

Redundancy and other departure costs are payable in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Where the Museum has agreed early retirements, the additional costs are met by the Museum and not the Civil Service pension scheme.

Fair Pay: based on the March 2013 payroll, the highest earning employee is paid £141k p.a. (before performance pay and any other benefits) and the median employee c. £25k p.a. The ratio between these is 5.6 (2012: 5.6).



Martin Roth
Director and Accounting Officer
11 July 2013



Paul Ruddock
Chair of Trustee Remuneration Committee
11 July 2013

STATEMENT OF TRUSTEES' AND DIRECTOR'S RESPONSIBILITIES

The Board of Trustees of the V&A was established by the National Heritage Act 1983. The functions of the Board, as defined by the National Heritage Act are to:

- care for, preserve and add to the objects in their collections;
- secure that the objects are exhibited to the public;
- secure that the objects are available to persons seeking to inspect them in connection with study or research; and
- generally promote the public's enjoyment and understanding of art, craft and design both by means of the Board's collections and by such other means as they consider appropriate.

Under ss.9(4) and (5) of the Museums and Galleries Act 1992, the Board of Trustees is required to prepare a Statement of Accounts for each financial year in the form and on the basis determined by the Secretary of State for Culture, Media and Sport with the consent of the Treasury. The accounts are prepared to show a true and fair view of the Museum's financial activities during the year and of its financial position at the end of the year. The Accounting Officer has taken the necessary steps to ensure that there is no relevant audit information of which the external auditors are unaware.

In preparing the accounts the Trustees are required to:

- observe the accounts direction issued by the Secretary of State for Culture, Media and Sport*, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the Museum will continue in operation.

The Accounting Officer for the DCMS has designated the Director as the Accounting Officer for the Museum. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable, and for the keeping of proper records, are set out in the Non-Departmental Public Bodies Accounting Officer Memorandum issued by HM Treasury.



Martin Roth
Director and Accounting Officer
4 July 2013



Sir Paul Ruddock
Chairman of Trustees
4 July 2013

* A copy of which is available from the Finance Director, Victoria and Albert Museum, Cromwell Road, London SW7 2RL

Governance Statement

The V&A is governed by the National Heritage Act 1983. The Act was modified and repealed to some extent by the Museums and Galleries Act 1992, but this did not materially affect the status of the Museum. The V&A is a non-departmental public body (NDPB) sponsored by the DCMS, and is a charity exempt from registration under the Charities Act 2011. As an exempt charity it is regulated by the DCMS, rather than the Charity Commission. Its investments are governed by the Trustee Act 2000.

The Museum is governed by a Board of Trustees answerable to the Secretary of State for Culture, Media and Sport for the policies and performance of the Museum. The Minister is, in turn, answerable to Parliament. The Director of the V&A is accountable both to the Board as Chief Executive and to the Permanent Secretary of the DCMS as Accounting Officer.

Board of Trustees

The V&A Board is a body corporate with between 12 and 20 members. At 31 March 2013 there were 17 Trustees. Trustees serve an initial term of up to four years and are eligible for reappointment at the end of that time. However, under the rules laid down by the Commissioner for Public Appointments, Trustees are restricted to serving two terms or a maximum period of 10 years. Trustees are not remunerated but are able to claim expenses.

Details of the Trustees during the year are shown in Table A.

Three new Trustees were appointed during the year, the terms of two Trustees were renewed and one Trustee retired from the Board.

Trustee appointment & induction

Appointments to the V&A Board of Trustees, including that of the Chairman, are made by the Prime Minister following the DCMS process for recruiting 'upper tier' public appointments. Appointment to the Board is governed by selection on merit, on the basis of equality of opportunity for all, and is subject to monitoring by the Commissioner for Public Appointments. There is one *ex officio* member of the Board, the Rector of the Royal College of Art; currently Dr Paul Thompson. On appointment, Trustees are provided with a Trustee Handbook that gives information on the V&A, outlines the roles and responsibilities of Trustees and senior staff, and refers to other guidelines on public service and conduct of public appointees. New Trustees are personally introduced to their role by the Chairman and the Director, involving other V&A staff as necessary. DCMS also provide a booklet for Board members of its NDPBs.

Delegation of Authority

The National Heritage Act 1983 requires the Board to appoint a Director, with the approval of the Prime Minister, and stipulates that the Director will be responsible to the Board for the general exercise of the Board's functions. In general, the Board focuses on policy and strategy, leaving operational matters to the Director. Key decisions and issues reserved to the Board include:

- Issues of corporate strategy;
- Key strategic objectives and targets;
- Major decisions involving the use of financial and other resources;
- Senior personnel issues and standards of conduct;
- The appointment of the Director (jointly with the Prime Minister);
- Involvement in the appointment of some senior staff (jointly with the Director);
- The approval of major purchases by the Museum of objects valued at £100,000, or more, on the recommendation of the Trustees' Collections Committee;
- The approval of major loans by the Museum of objects valued at £1,000,000, or more, on the recommendation of the Trustees' Collections Committee;
- Considering the remuneration of senior staff.

The primary operational decision-making body of the V&A is the Senior Management Team, comprising 9 senior staff members and chaired by the Director Martin Roth. The full composition of the Senior Management Team is shown at Table C. It meets fortnightly to review all operational issues and receive reports from a variety of committees from across the organisation for information and transparency. The key committees are listed at Table D.

Compliance with Corporate Governance Code

The Museum is a non-departmental public body and a statutory charity. It is mindful of the Corporate Governance Code for central government departments and Trustees are content that the Museum complies where appropriate.

Committees of the Board

Much of the Board's business is conducted through its nine committees. Details of their scope and structure are given in Table B. Although it is not a formal committee of the Board of Trustees, updates from V&A Enterprises Board meetings are also reported to Trustees at Board meetings.

Board performance

A number of new Trustees were appointed and inducted within the year (see Table A) to provide the necessary skills for supporting the Museum's work in the future.

A number of strategic issues were considered by Trustees during the year. These included the Security Strategy, development of international opportunities, the visitor experience and the role of touring exhibitions.

Throughout the year the Board continued to help inform and shape FuturePlan Phase 2 projects. Regarding the V&A's collections the Board:

- Approved the purchase of a number of major acquisitions.
- Agreed major loans of V&A objects.

During the year the Trustees also considered routine business including: agreeing the Strategic Plan and the budget; reviewing the Museum's financial management, performance of investments and progress against performance indicators; the policies and procedures for the Museum of Childhood; considering the forthcoming Public Programme; the annual Safety Report; departmental updates from a number of curatorial departments; updates from the V&A at Dundee project.

During the year the Trustees undertook a self assessment exercise to appraise the Board's performance and identify areas for future development, as required by the Corporate Governance Code. This will be repeated annually.

Audit Committee

The Audit Committee is responsible for reviewing the Museum's risks, reviewing the controls in place to manage them, and monitoring its compliance with statutory requirements (including the Annual Report & Accounts). During the year the committee reviewed all the Internal Audit reports it had commissioned and agreed the Internal Audit plan for 2013-14 to cover the areas where it would be most beneficial. It reviewed the Strategic Risk Register at each meeting and adopted the corporate Risk Policy. It also reviewed the external audit of the Annual Report & Accounts for 2011-12 and approved the Governance Statement.

The areas reviewed by Internal Audit during the year were payroll processes, PAYE and benefits in kind, financial controls, sustainability and collection management. It also reviewed V&A's operations, including stock handling and on-line sales. In its Annual review, Internal Audit was able to give reasonable assurance on the effectiveness of the V&A's risk management, control and governance processes over the year.

Risk management and control

The Museum has adopted a Risk Policy that lays out its policies and procedures for managing risk. The implementation of this policy is described here.

Identification and assessment of risk

The Museum has two risk registers: Strategic and Operational

The Strategic Risk Register deals with issues mostly within the control of Trustees, and which are likely to benefit from their scrutiny. Such risks include: governance, reputation and policy matters. This strategic section includes key physical threats, relating to issues such as health and safety and the security of the Collections, where the Trustees have statutory or quasi-statutory obligations or where realisation of a risk would have exceptionally serious consequences.

The Strategic Risk Register is discussed and updated on a regular basis by the Museum's Senior Management Team and the Audit Committee reviews the updated Strategic Risk Register at its meetings.

The Operational Risk Register deals with matters more within the control, and personal responsibility, of senior management. This embraces a wide range of issues such as collections management; staff recruitment,

development and appraisal; financial management and fraud prevention; information systems security; audience development and procurement. Operational risk registers are maintained by line management at a local level. Managers are expected to regularly review and update their view of risk and highlight major new risks arising to Senior Management Board during the year. A formal review and update is performed as part of the annual planning round.

Monitoring of risk

The Museum has a well-worked out process for identifying and continually assessing risks to its ongoing operations and services to the public. Many of these risks change with circumstances and time but for 2012-13 the major risks for the Museum were:

- The funding environment – cash reductions in Grant in Aid has increased reliance on private fundraising and visitor income for both revenue and capital projects.
- The impact of the economy and events in London on visitors to the Museum and thus Museum revenue.

The Trustees are mindful of the continuing reductions in Grant in Aid and the need to manage resource accordingly.

The procedures associated with the Risk Registers are only part of the control environment operating within the Museum. Other key aspects include:

- the Senior Management Team meets fortnightly to review all operational issues;
- the Trustees and senior management have agreed a Strategic Plan which outlines key short- and medium-term objectives and appropriate indicators. This ensures that scarce resources are applied to key corporate priorities;
- the Audit Committee receives regular reports from the Internal Auditor on the steps taken to manage risks in all areas of activity;
- the Museum also receives reports from the External Auditors (National Audit Office) arising from their annual audit;
- the Finance Committee reviews the financial management of the Museum;
- the Buildings Strategy Committee monitors the progress of large capital projects and the performance of management on Health and Safety issues;
- the Development Advisory Board informs & supports the Museum's fundraising ;
- the Collections Committee monitors key aspects of collections management and major acquisition and loan proposals;
- the Investment Committee provides oversight of investment policy and management of investment advisors; and
- the Remuneration Committee reviews salaries of all senior managers including staff employed by VAE.

Data Quality

The Board has gained assurance that the data quality of the information it receives is sound through a mix of internal audit work on data held and its own challenge of the data presented.

Personal Data

The Museum takes the protection of personal data very seriously and has processes in place to ensure compliance with relevant legislation & best practice. There have been no known losses of personal data held by the Museum during the year.

Table A

Board of Trustees at date of signing				
Name	Term expires	Attendance		
		Board	Audit	Rem
Sir Paul Ruddock (Chair)	31/10/2015	6/6	3/4	1/1
João Baptista	27/11/2015	5/6	4/4	
Nicholas Coleridge CBE (From 26/11/2012)	26/11/2016	1/2		
Mark Damazer CBE	27/11/2014	5/6		
Edwin Davies CBE	31/01/2014	5/6		
Professor Margot Finn (From 26/11/2012)	26/11/2016	2/2		
Andrew Hochhauser QC	19/04/2015	3/6	4/4	
Stephen McGuckin	14/09/2016	6/6		
Michelle Ogundehin	14/09/2015	4/6		
Dame Theresa Sackler	27/11/2015	6/6		
Samir Shah OBE	05/12/2014	6/6	4/4	1/1
Sir John Sorrell	19/04/2015	5/6		
Robert Stefanowski	14/09/2015	4/6		
Dr Paul Thompson (ex officio as Rector of the RCA)		3/6		
Harold Tillman CBE	27/11/2013	4/6		
Edmund de Waal OBE	27/11/2015	5/6		
Professor Evelyn Welch (From 26/11/2012)	26/11/2016	2/2		
Other Trustees who served during the year				
Betty Jackson CBE	Until 05/12/2012	2/4		

Table B

Committees of the Board of Trustees		
Committee	Primary functions	Chair
Audit	Financial reporting, risk management & assurance	João Baptista
Buildings Strategy	Development & maintenance of the Museum's estate	Stephen McGuckin
Collections	Acquisition, disposal & loan of the collection	Edmund de Waal OBE (replacing Sir Paul Ruddock)
Development	Informing & assisting the Museum's fundraising	Andrew Hochhauser QC
Finance	Overseeing the Museum's financial position	Robert Stefanowski
Technology Strategy	Development of the Museum's digital & information systems	Mark Damazer CBE
Investment	Monitoring investment performance & policy	Robert Stefanowski
Museum of Childhood	Policies & practice of the MoC	Sir John Sorrell (replacing Samir Shah OBE)
Remuneration	Remuneration of senior staff	Sir Paul Ruddock

Table C

V&A Senior Management Team at April 2013	
Martin Roth	Director of the V&A (Chair)
Brian Chester	Finance Director
Caroline Felton	Acting Deputy Director, Operations
Moira Gemmill	Director of Design
Jane Lawson	Director of Development
Beth McKillop	Deputy Director
Jo Prosser	Commercial Director
Vernon Rapley	Head of Security & Visitor Services
Damien Whitmore	Director of Public Affairs and Programming

Table D

Committees of the Senior Management Team	
Committee	Chair
Collections Group	Deputy Director
Digital FuturePlan Group	Director
Education Programmes Group	Deputy Director
Equality & Diversity Group	Director Public Affairs and Programming
FuturePlan Steering Group	Director
Public Programme Group	Director
Management Forum	Director
Publications Advisory Group	Commercial Director
Research Advisory Committee	Head of Research
Safety and Security Committee	Director
Staffing Committee	Director
Sustainability Group	Director of Design



Martin Roth
 Director & Accounting Officer
 11 July 2013



Sir Paul Ruddock
 Chairman of Trustees
 11 July 2013

THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

I certify that I have audited the financial statements of the Victoria and Albert Museum for the year ended 31 March 2013 under the Museum and Galleries Act 1992. The financial statements comprise: the Consolidated Statement of Financial Activities, the Consolidated and Museum Balance Sheets, the Consolidated Cash Flow Statement, and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Board of Trustees, the Accounting Officer and auditor

As explained more fully in the Statement of Trustees' and Director's Responsibilities, the Trustees and the Director, as Accounting Officer, are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Museums and Galleries Act 1992. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Victoria and Albert Museum's and the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Victoria and Albert Museum; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate and report.

I am required to obtain evidence sufficient to give reasonable assurance that the incoming resources and resources expended recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on regularity

In my opinion, in all material respects the incoming resources and resources expended recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of the Victoria and Albert Museum's affairs as at 31 March 2013 and of its net incoming resources and application of resources for the year then ended; and
- the financial statements have been properly prepared in accordance with the Museums and Galleries Act 1992 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Museums and Galleries Act 1992; and
- the information given in Efficiency and Effectiveness; the Governance Statement; and the Financial Review for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General

11 July 2013

National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

Consolidated Statement of Financial Activities

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2013 Total funds £'000	2012 Total funds £'000
Incoming resources						
<i>Incoming resources from generated funds</i>						
Voluntary Income						
– Grant in Aid	2a	46,404	1,801	–	48,205	41,355
– Donations, legacies and similar income	2b	1,912	7,436	–	9,348	10,201
– Lottery income		–	449	–	449	331
– Donated objects	6	–	1,214	–	1,214	1,260
Activities for generating funds						
– Trading Income	8	12,786	–	–	12,786	12,427
– Sponsorship		1,344	23	–	1,367	797
Investment income	3	69	68	77	214	288
		<u>62,515</u>	<u>10,991</u>	<u>77</u>	<u>73,583</u>	<u>66,659</u>
<i>Incoming resources from charitable activities</i>						
Admissions & exhibition fees (incl loans & touring)		6,320	–	–	6,320	3,986
Other trading		968	29	–	997	832
		<u>7,288</u>	<u>29</u>	<u>–</u>	<u>7,317</u>	<u>4,818</u>
<i>Other Incoming resources</i>						
Other income		818	212	–	1,030	2,284
		<u>818</u>	<u>212</u>	<u>–</u>	<u>1,030</u>	<u>2,284</u>
Total incoming resources		<u>70,621</u>	<u>11,232</u>	<u>77</u>	<u>81,930</u>	<u>73,761</u>
Resources expended						
5a						
<i>Cost of generating funds</i>						
Costs of generating voluntary income		2,845	373	–	3,218	3,152
Trading costs	8	10,759	–	–	10,759	10,966
Investment management costs		19	10	14	43	88
		<u>13,623</u>	<u>383</u>	<u>14</u>	<u>14,020</u>	<u>14,206</u>
<i>Charitable Activities</i>						
Charitable Activities	5a	54,704	12,035	–	66,739	55,287
Governance costs	5a	559	12	–	571	451
Total resources expended		<u>68,886</u>	<u>12,430</u>	<u>14</u>	<u>81,330</u>	<u>69,944</u>
Net incoming resources before transfers	4	1,735	(1,198)	63	600	3,817

Consolidated Statement of Financial Activities (cont'd)

	Notes	Unrestricted funds	Restricted funds	Endowment funds	2013 Total funds £'000	2012 Total funds £'000
		£'000	£'000	£'000	£'000	£'000
Gross transfers between funds		(2,562)	2,599	(37)	-	-
Net incoming resources before other recognised gains and losses		(827)	1,401	26	600	3,817
Gains/(losses) on investment assets	7	777	207	216	1,200	702
Loss on revaluation of fixed assets for the charity's own use	6	-	(12,863)	-	(12,863)	14,141
Net movement in funds		(50)	(11,255)	242	(11,063)	18,660
Fund balances bfwd at 1 April 2012		10,733	407,258	5,857	423,848	405,188
Fund balances cfwd at 31 March 2013	14	10,683	396,003	6,099	412,785	423,848

All operations of the Museum continued throughout both periods and no operations were acquired or discontinued in either period. There are no recognised gains or losses other than those shown above.

The notes on pages 35 to 53 form part of these financial statements.

Consolidated and Museum Balance Sheets Year ended 31 March 2013

	Notes	Group 2013 £'000	Museum 2013 £'000	Group 2012 £'000	Museum 2012 £'000
Fixed assets					
Tangible assets	6a	334,976	334,675	347,123	346,802
Heritage assets	6b	58,495	58,495	55,994	55,994
Investments	7,8	15,317	15,520	14,365	14,568
		408,788	408,690	417,482	417,364
Debtors due after one year	9	-	1,025	-	1,025
Current assets					
Stock		2,394	-	2,106	-
Debtors due within one year	9	10,603	11,408	5,868	6,926
Short Term Investments	7	9,589	9,589	9,208	9,208
Cash		8,647	7,582	5,305	4,105
		31,233	28,579	22,487	20,239
Current liabilities					
Creditors due within one year	10	(24,180)	(22,430)	(13,303)	(11,941)
Provisions due within one year	12	(41)	(41)	(79)	(79)
		7,012	6,108	9,105	8,219
Net current assets					
		415,800	415,823	426,587	426,608
Total assets less current liabilities					
Creditors due after one year	10	(2,502)	(2,502)	(2,623)	(2,623)
Provisions due after one year	12	(513)	(513)	(116)	(116)
		412,785	412,808	423,848	423,869
Net assets					
Income funds					
<i>Designated funds</i>		9,721	9,744	9,766	9,787
<i>General funds</i>		962	962	967	967
<i>Total Unrestricted funds</i>	14	10,683	10,706	10,733	10,754
Restricted funds	14	322,923	322,923	321,315	321,315
Revaluation Reserve	14	73,080	73,080	85,943	85,943
Total Restricted Funds		396,003	396,003	407,258	407,258
Total Income funds					
Endowment funds	14	6,099	6,099	5,857	5,857
		412,785	412,808	423,848	423,869
Total funds					

The financial statements on pages 31 to 53 were approved by the Director and the Chairman.



MARTIN ROTH
Director and Accounting Officer
11 July 2013



SIR PAUL RUDDOCK
Chairman of Trustees
11 July 2013

The financial statements were authorised for issue by the Accounting Officer and Board of Trustees on the date shown on the audit certificate.

The notes on pages 35 to 53 form part of these financial statements.

Consolidated Cashflow Statement Year ended 31 March 2013

	Notes	2013 £'000	2012 £'000
Net cash inflow from operating activities	a	15,536	13,444
Returns on investments	b	214	288
Capital expenditure and financial investment	b	(12,408)	(11,677)
(Decrease)/Increase in cash and cash equivalents	d	3,342	2,055

a) Reconciliation of net incoming resources to net cash inflow from operating activities

Net incoming resources	600	3,817
Investment income	(214)	(288)
Net incoming resources before transfer and revaluations	386	3,529
Donated assets	(1,214)	(1,260)
Depreciation	10,272	10,315
Loss/(Gain) on fixed assets	-	54
(Increase)/Decrease in stocks	(288)	135
(Increase)/Decrease in debtors	(4,735)	94
Increase in creditors due within one year	10,877	1,400
Decrease in provisions due within one year	(38)	(501)
Decrease in creditors due after one year	(121)	(243)
Increase/(Decrease) in provisions due after one year	397	(79)
Net cash inflow from operating activities	15,536	13,444

b) Analysis of cash flows

Return on investments:

Investment income	214	288
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Capital expenditure and financial investment:

Payments to acquire tangible fixed assets inc. heritage assets	(12,275)	(12,339)
Purchase of investments	(195)	(1,779)
Proceeds from sale of investments	62	2,441
	(12,408)	(11,677)

c) Reconciliation of net cash flow to movement in net funds

Increase in cash in the period	3,342	2,055
Non-cash movement in Current Asset Investments	381	261
Movement in net funds in the period	3,723	2,316
Net funds at 1 April 2012	14,513	12,197
Net funds at 31 March 2013	18,236	14,513

d) Analysis of net funds

	At 1 April 2012 £'000	Cashflow £'000	Non-cash changes £'000	At 31 March 2013 £'000
Cash at bank and in hand	5,305	3,342	-	8,647
Current Asset Investments	9,208	-	381	9,589
Net funds	14,513	3,342	381	18,236

All cash in bank is held in commercial bank accounts.

The notes on pages 35 to 53 form part of these financial statements.

Notes to the Consolidated Financial Statements Year ended 31 March 2013

1 Accounting policies

a) Basis of Accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and with the exception of investments which have been included at market value, and comply with Statement of Recommended Practice "Accounting and Reporting by Charities"; Government Financial Reporting Manual, applicable accounting standards, the requirements of the Companies Act and the Accounts Direction issued by the Department for Culture, Media & Sport in 2005 with the consent of Treasury in accordance with the Museums and Galleries Act 1992.

The Museum is exempt from corporation tax under sections 478-488 of Corporation Tax Act 2010 on its charitable activities. The Museum's trading subsidiaries gift aid their profits to the Museum.

Consolidated accounts have been prepared which include the Museum accounts, the Museum's trading subsidiaries V&A Enterprises Ltd, and V&A Ltd, consolidated on a line-by-line basis. The Museum Trustees act as Trustees to all the individual funds within the Museum accounts. The Museum owns the whole of the issued share capital of V&A Enterprises Ltd and V&A Holdings Ltd (a holding company which in turn owns the share capital of V&A Ltd) and exercises further control through its overall majority voting powers by virtue of the fact that one of the Museum's Trustees as well as the Museum Director and Finance Director are directors of the company. The Friends of the V&A Ltd, The V&A Foundation and the Gilbert Trust for the Arts Ltd are separate charitable companies, run by their own boards of Trustees and are not consolidated into the Museum's accounts.

b) Fund accounting

General funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Museum. Designated funds comprise unrestricted funds which have been set aside at the discretion of the Trustees for specific purposes. Restricted funds are funds subject to specific restrictions imposed by donors or by the purpose of the appeal. Endowment funds are funds which the donor has stated are to be held as capital or expended over the long term.

The South Kensington, Bethnal Green and Blythe House sites are subject to restrictions on their disposal. As a result a transfer is made each year from Unrestricted to Restricted funds in respect of the government funded portion of capital movements in the year.

An appropriate proportion of investment returns on Endowment funds are allocated to Restricted Funds and are available to spend.

c) Incoming resources

Grant-in-Aid income from the Department for Culture, Media and Sport is recognised in the Statement of Financial Activities on receipt. The restricted element relates to those funds granted specifically for capital expenditure or other restricted purposes.

Gifts and donated assets are accounted for when received by the Museum, and are valued at their market value on the date of receipt.

Legacies are recognised as receivable when confirmation is received from the estate's executor.

Grants and other income that is awarded subject to specific performance conditions, including scientific grants and income from the Heritage Lottery Fund, are recognised when the performance conditions for their receipt have been met and, where appropriate, income is deferred accordingly. Donations are recognised in full in the statement of financial activities when receivable.

Income from sales is included in the financial statements in the year in which the good or service is supplied. Ticket sales for exhibitions are recognised in the statement of financial activities when the ticket holders attend the respective exhibitions. This policy has been applied for the first time in this period. If this policy had been applied in 2011-12, income of £71k would have been deferred to 2012-13. As this is not material, no prior period adjustment has been made.

All other income is accounted for on a receivable basis.

d) Expenditure

Expenditure is classified under the principal categories of Charitable Activities and Costs of Generating Funds rather than by type of expense, in order to provide more useful information to the users of the financial statements. These categories comprise direct expenditure including direct staff costs attributable to the activity.

Costs are allocated directly to the activities to which they relate. Finance, Human Resources, Information Services & Support, Estate and Museum of Childhood costs are allocated between the activities on the basis of staff numbers within these areas.

Governance costs comprise the costs associated with the strategic management of the Museum. Governance staff costs represent the staff involved in the strategic management of the Museum. Also included within Governance costs are the costs of supporting these staff together with other costs such as fees for internal and external audit, legal and other professional fees.

Costs for exhibitions are spread over the periods which the exhibitions take place. Costs incurred in advance of an exhibition's opening date are deferred until the exhibition takes place. This policy has been applied for the first time in this period. If this policy had been applied in 2011-12, expenditure of £48k would have been deferred to 2012-13. As this is not material, no prior period adjustment has been made.

Grant expenditure is accounted for when the recipient has indicated acceptance of the terms of the grant, and any conditions attached to the award of the grant have been met.

Depreciation has been allocated to activities on a basis consistent with the use of assets and is charged based upon opening asset values.

All other liabilities are recognised as they fall due.

e) Heritage assets

Additions to the collection are capitalised and recognised in the Balance Sheet at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable. Such items are not depreciated as they are deemed to have indefinite lives; items are not revalued as a matter of course unless significantly impaired. To date no impairments have occurred of capitalised items. The Museum's management policy in respect of its heritage assets is summarised in note 6.

Acquisitions are capitalised at cost. Donated objects are capitalised at their deemed value at the date of donation. This value will be determined by the keeper of the relevant collection. It is not the Museum's policy to revalue items once capitalised. Due to the vast number of items within the V&A's collection, and their diverse nature, to undertake valuations with sufficient frequency for them to remain current, would incur a disproportionate cost to the Museum.

Only items for which we have reliable information on cost or value have been capitalised. Such information is not readily available for items donated or acquired prior to 1 April 2001, and could only be obtained at a disproportionate cost to the benefits that would be generated. The number of objects that have been capitalised represent approximately 1% of the entire collection, and revaluing the remainder would require so much resource that the Museum's ability to deliver its charitable objectives would be impaired.

Any object that has been not in place for at five years or longer will be designated as Missing by the Museum's Loss Review Board, and will be treated as a disposal in the Financial Statements. No objects that have been capitalised since 2001 have been designated Missing.

f) Tangible fixed assets

Tangible fixed assets are accounted for using modified historical cost accounting where the effect is material. Assets with a value greater than £2,000 are capitalised and included in the balance sheet.

Depreciation has been provided on all opening gross book values of tangible assets except land, calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Buildings – Structural	– between 20 and 50 years
Buildings – Fit-out	– between 4 and 20 years
Buildings – Plant & Machinery	– between 4 and 20 years
Furniture and Fittings	– between 4 and 20 years
Equipment	– between 4 and 10 years

For assets under construction, depreciation is not charged until the year the asset is brought into use.

A full year of depreciation is charged in the year of acquisition, and none in the year of disposal.

A full professional valuation is carried out every five years by Gerald Eve (Chartered Surveyors) on Land and Buildings. The last full revaluation was undertaken on 31st March 2009. A desktop revaluation is carried out every year between full revaluations.

g) Investments

Where possible investments are valued using unadjusted quoted prices in active markets for identical financial instruments. The Museum's investments in its subsidiaries, for which no ready market exists, are measured on a cost basis and reviewed for impairment annually. It is the Museum's policy to keep valuations up to date. This means that there is no distinction between realised and unrealised gains in the SoFA.

Investments that are intended to produce a return, but are available to be spent within a 12 month period are treated as Current Asset investments. All other investments, which are intended to produce a long term return, and are not intended to be spent within the next 12 months, are treated as Fixed Asset investments.

Simple forward currency contracts are used within the investment portfolios to minimise the effect of currency fluctuations.

Under FRS26 these are classified as Held for Trading assets, and are valued according to market prices for matching contracts at the balance sheet date.

h) Financial Instruments

Financial Instruments play a limited role in the Museum as the cash requirements are mostly met through Grant-in-Aid funding.

All trade debts over six months old (excluding debts owed by group companies) are provided for as doubtful debts.

i) Stock and work in progress

Stock is valued at the lower of cost and net realisable value and comprises goods for resale.

j) Pension cost

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which are described at Note 5c. The defined benefit elements of the schemes are unfunded and are non-contributory except in respect of dependents' benefits. The Museum recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution elements of the schemes, the Museum recognises the contributions payable for the year.

V&A Enterprises Limited operates a defined contribution pension scheme and the assets of the scheme are held separately from those of the company in an independently administered fund with Aviva plc.

k) Operating leases

Rentals applicable to operating leases are charged to the Statement of Financial Activities over the period in which the cost is incurred.

l) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities are valued at the rate of exchange ruling at the balance sheet date. All differences are taken to the Statement of Financial Activities.

2a) Grant in Aid income

Grant in Aid of £48.205m was received from the Department for Culture, Media and Sport during the year (2012: £41.355m). This represents 59% of the total income for the Museum. The balance of funding, including the majority of capital improvements, comes from self-generated income. Included within the total Grant in Aid received is an amount restricted to capital works which for 2012-13 totalled £1.8m (2012: £1.7m).

Support costs included in above resources expended have been allocated in the activities above on the basis of staff numbers and floor area as follows:

	Information services & support £'000	Projects & Estates £'000	Finance & Administration £'000	Human Resources £'000	Other Central Costs £'000	Museum of Childhood – Administration £'000	Total £'000
<i>Cost of generating funds</i>							
Costs of generating voluntary income	70	156	22	25	35	18	326
<i>Charitable Activities</i>							
Collections & Learning	2,291	5,110	709	818	1,127	579	10,634
Exhibitions & Contemporary	243	543	77	87	120	62	1,132
	<u>2,534</u>	<u>5,653</u>	<u>786</u>	<u>905</u>	<u>1,247</u>	<u>641</u>	11,766
	<u>2,604</u>	<u>5,809</u>	<u>808</u>	<u>930</u>	<u>1,282</u>	<u>659</u>	12,092
Governance	-	-	111	-	-	-	111
	<u>2,604</u>	<u>5,809</u>	<u>919</u>	<u>930</u>	<u>1,282</u>	<u>659</u>	12,203

5b) Wages and salaries

	2013 £'000	2012 £'000
Wages and salaries	23,760	23,329
Social security costs	1,931	1,932
Pension costs	3,763	3,698
Agency and temporary staff	1,512	1,611
	30,966	30,570
Early retirement and redundancy costs	605	183
	31,571	30,753

During the year restricted funding for staff costs was received totalling £1,047k (2012: £1,208k).

V&A Enterprises Limited's staff costs were £5.114m (2012: £4.950m) of which £3,748m (2012: £3.752m) was for trading activities and £1.293m (2012: £1.197m) was for services provided to others.

The number of employees, including the Director, whose emoluments as defined for taxation purposes amounted to over £60,000 in the year was as follows:

	2013	2012
£60,001 – £70,000	12	9
£70,001 – £80,000	7	5
£80,001 – £90,000	2	5
£90,001 – £100,000	4	5
£100,001 – £110,000	1	1
£140,001 – £150,000	1	-
	27	25

Of the employees listed above, 20 (2012: 18) are members of the Principal Civil Service Pension Scheme, and the total pension contributions payable in the year for these employees was £330,946 (2012: £281,173). The other 7 (2012: 7) employees are members of the V&A Enterprises Limited defined contribution scheme, and the total pension contributions payable in the year for these employees was £54,578 (2012: £44,482).

Senior staff salaries are disclosed in further detail in the remuneration report.

5c) Pension disclosure

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme. The Victoria and Albert Museum is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk). The Victoria and Albert Museum is only liable for the contribution they have made directly.

For 2012-13, employers' contributions of £3.433m were payable to the PCSPS (2011-12: £3.383m) at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands (the rates in 2011-12 were between 16.7% and 24.3%). The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2012-13 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

From 1 October 2002, Museum staff may be in one of three statutory based 'final salary' defined benefit schemes (classic, premium, and classic plus). The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Consumer Prices Index.

Employee contributions changed in April 2012 and are now between the rate of 1.5% to 3.9% of pensionable earnings for classic and 3.5% to 5.9% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. Its benefits reflect pay throughout an individual's career allowing members to work longer and more flexibly. Each scheme year (1st April to 31st March) pension will be built up at the rate of 2.3% of staff's pensionable earnings. The balance of nuvos pension is increased in line with Pensions Increase Legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution, rather than join a PCSPS scheme. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member). Employer's contributions of £34,407 (2012: £27,944) were paid to one or more of a panel of three appointed stakeholder pension providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable pay to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

The Museum's trading company, V&A Enterprises Limited, operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund with Aviva. Employer's contributions are made at an average of 10% and the total amount paid during the year was £312,888 (2012: £285,658).

5d) Trustees

The Trustees neither received nor waived any emoluments during the year (2012: £nil).

No Trustees were reimbursed for costs in 2013 (2012: £nil.)

5e) Average number of employees (*)

	2013	2012
Generating voluntary income	50	47
Trading	123	119
Collections & Visitors	558	554
Exhibitions & Contemporary	66	71
Learning	62	60
Governance	10	10
	869	861

(*) based on full-time equivalents.

Of the above employees – 761 are full time permanent employees of the Museum and its subsidiaries (2012:766), 35 are externally funded posts (2012:32), and the remaining employees are temporary staff.

6a) Tangible fixed assets

Group	Land & Buildings £'000	Furniture & fittings £'000	Equipment £'000	Assets in course of construction £'000	Total £'000
Cost or valuation					
At 1 April 2012	338,401	3,511	5,685	7,122	354,719
Transfers	2,254	43	–	(2,297)	–
Additions	1,832	490	1,695	6,971	10,988
Disposals	–	–	(103)	–	(103)
Revaluation	(22,022)	–	–	–	(22,022)
At 31 March 2013	<u>320,465</u>	<u>4,044</u>	<u>7,277</u>	<u>11,796</u>	343,582
Depreciation					
At 1 April 2012	659	2,476	4,461	–	7,596
Charged for the year	8,899	393	980	–	10,272
Disposals	–	–	(103)	–	(103)
Revaluation	(9,159)	–	–	–	(9,159)
At 31 March 2013	<u>399</u>	<u>2,869</u>	<u>5,338</u>	<u>–</u>	8,606
Net book value					
At 31 March 2013	<u>320,066</u>	<u>1,175</u>	<u>1,939</u>	<u>11,796</u>	334,976
At 31 March 2012	<u>337,742</u>	<u>1,035</u>	<u>1,224</u>	<u>7,122</u>	347,123

The net book value at 31 March 2013 represents fixed assets of the Group for:

	Land & Buildings £'000	Furniture & fittings £'000	Equipment £'000	Assets in course of construction £'000	Total £'000
Direct charitable activities	320,066	1,040	1,773	11,796	334,675
Other activities	–	135	166	–	301
Total	<u>320,066</u>	<u>1,175</u>	<u>1,939</u>	<u>11,796</u>	334,976

	Land & Buildings £'000	Furniture & fittings £'000	Equipment £'000	Assets in course of construction £'000	Total £'000
Museum					
Cost or valuation					
At 1 April 2012	338,401	2,977	5,475	7,079	353,932
Transfers	2,254	–	–	(2,254)	–
Additions	1,832	485	1,548	6,971	10,836
Disposals	–	–	(103)	–	(103)
Revaluation	(22,022)	–	–	–	(22,022)
At 31 March 2013	<u>320,465</u>	<u>3,462</u>	<u>6,920</u>	<u>11,796</u>	342,643
Depreciation					
At 1 April 2012	659	2,145	4,326	–	7,130
Charged for the year	8,899	277	924	–	10,100
Disposals	–	–	(103)	–	(103)
Revaluation	(9,159)	–	–	–	(9,159)
At 31 March 2013	<u>399</u>	<u>2,422</u>	<u>5,147</u>	<u>–</u>	7,968
Net book value					
At 31 March 2013	<u>320,066</u>	<u>1,040</u>	<u>1,773</u>	<u>11,796</u>	334,675
At 31 March 2012	<u>337,742</u>	<u>832</u>	<u>1,149</u>	<u>7,079</u>	346,802

Land & Buildings

On the 31st March 2013 a desktop valuation was carried out by Gerald Eve (Chartered Surveyors) in accordance with the RICS appraisal and valuations manual, and included the refurbished spaces which came into use during the year. The site at South Kensington was valued at £301.7m, the site at Bethnal Green at £11.5m and the V&A's share of Blythe House at £6.9m. These valuations include some plant and machinery that is included in Fixtures & Fittings and Equipment.

The appropriate basis of valuation for financial statements is normally Existing Use value. However, the Museum at South Kensington and the Museum of Childhood in Bethnal Green are of such a construction and specialised use that an Existing Use basis of valuation is inappropriate. The lack of demand or market value for the property in isolation from its current use is such that the land and buildings are most appropriately valued according to their Depreciated Replacement Cost.

All land and buildings are freehold.

6b) Heritage Assets

Additions of £2.501m (2012: £5.375m) were made to the Collection. There were no disposals during the year. The additions comprise the following elements:

	2013 £'000	2012 £'000	2011 £'000	2010 £'000	2009 £'000
Opening balance b/fwd					
Donated objects (shown at valuation)	35,251	33,991	29,026	25,821	24,173
Acquisitions (shown at cost)	20,743	16,628	14,799	11,850	10,592
	<u>55,994</u>	<u>50,619</u>	<u>43,825</u>	<u>37,671</u>	<u>34,765</u>
Donations of objects by gift or bequest	899	980	3,703	2,295	623
Donations of objects under the acceptance in lieu scheme	315	280	1,262	910	1,025
	<u>1,214</u>	<u>1,260</u>	<u>4,965</u>	<u>3,205</u>	<u>1,648</u>
Acquisitions	1,287	4,115	1,829	2,949	1,258
Total Additions	<u>2,501</u>	<u>5,375</u>	<u>6,794</u>	<u>6,154</u>	<u>2,906</u>
Closing balance c/fwd					
Donated objects (shown at valuation)	36,465	35,251	33,991	29,026	25,821
Acquisitions (shown at cost)	22,030	20,743	16,628	14,799	11,850
	<u>58,495</u>	<u>55,994</u>	<u>50,619</u>	<u>43,825</u>	<u>37,671</u>

Further information on the Museum's heritage assets

In total the V&A holds 1,182,876 museum objects and works of art within its collections, as well as 1,058,031 library items and 811 archival collections. Of these approximately 1% have been included in the balance sheet of the Museum and the table above. At 31 March 2013, 59,597 items were on display with access to other items available through reading and study rooms or by arrangement. Further access can be obtained from reference facilities and publications, the Museum website, selected third party websites, and other electronic media. These objects are held within the following collections:

Asian Collections 126,064 objects and 1 archival collection:

The Asian Collections of the V&A are world-renowned, spanning the wealth and diversity of artistic creativity across the continent from 3,500 BC until the present day. The collections are remarkable for their range of media; particular strengths include ceramics from China and the Middle East, textiles from China, South Asia and the Middle East and lacquer and prints from Japan. The Department collects objects illustrating the history of art and design throughout Asia.

Furniture, Textiles & Fashion Collections 83,002 objects:

The Western Furniture and Woodwork collections date from the medieval period to current times and are unique in their international scope. However, the greatest strength lies in the holdings of British furniture made between 1700 and 1900. The Textile collection is the world's largest and the most wide-ranging of its kind, covering all parts of the world, extending in date from the 3rd century AD to the present day, concentrating on Western Europe. The Fashion collection is the premier collection in the UK and consists of European (mainly French and English) fashionable clothes and accessories for both sexes. High quality 18th - and 19th-century fashion is a priority but primary emphasis is on contemporary material, especially the development of technologically advanced fabrics and their use in the fashion industry.

Sculpture, Metalwork Ceramics & Glass Collections 109,919 objects:

The Western Sculpture collection is the most comprehensive holding of post-classical European sculpture in the world. The Metalwork collection contains examples of decorative metalwork, silver and jewellery ranging in date from the Bronze Age to the present day. It includes the national collection of English silver. The Ceramics collection is without parallel in the world and, by virtue of its size, quality and range, may be considered pre-eminent in its entirety. The Glass collection is the most comprehensive in Europe, and the stained glass holdings are unparalleled anywhere.

Word & Image Collections 767,174 objects, 356 archival collections, 957,524 library items:

The Word & Image collections encompass design, drawings, paintings, prints, photographs and the art of the book. They provide a national centre for primary source material for the study of design. The collection of 19th-century British oil paintings includes the principal collection of John Constable, and the foreign oil paintings collection is of national significance. The Museum has the national responsibility for collecting watercolours and English portrait miniatures. The Photographs collection is international and spans the whole history of the subject from 1839 to the present. The Prints collection, uniquely in Britain, embraces 'fine' prints and commercial production. Holdings of the art, craft and design of the book encompass every aspect of the book from illuminated manuscripts to paperbacks. Contemporary production is a priority in all relevant fields; digital media represents a current challenge. The Department is especially active in areas where the fine and applied arts intersect.

Childhood Collections 32,257 objects and 32 archival collections:

The V&A Museum of Childhood (MoC) houses the UK's national collection of childhood objects, ranging in date from the 1600s to the present day. As well as toys, dolls, dolls' houses, games and puzzles, the Museum also has a wealth of objects relating to many other aspects of childhood, including home and childcare, play and learning, clothing, representations of childhood, archival collections and ephemera. In the Museum, rare hand-crafted objects such as the earliest surviving English rocking horse (from around 1605) sit alongside well-loved toys from the 20th century. Together, these objects allow us an insight into how different children might have lived, thought and felt, through the objects they were surrounded by throughout their childhood.

Theatre & Performance Collections 64,460 objects, 422 archival collections, 100,507 library items:

The Theatre & Performance Collections are dedicated to the history, craft and practice of the performing arts in the UK. Its primary emphasis is on drama, dance, opera and musical theatre. In providing the national record of performance, it combines the functions of archive, library and educational resource. The department documents its production and reception by gathering a variety of evidence in different media. Since 1992, the department

has made archival recordings of current theatre productions under a unique agreement with the Federation of Entertainment Unions. Contemporary and 20th -century collecting includes graphic, photographic, video and audio material relating to the performing arts and, selectively, designs, models, costumes, archives, theatre architecture/stage technology and library materials.

Preservation & Management

All objects are recorded and managed by one of the Museum's six collection departments, which is overseen by the respective Collection Keeper or Director, who report to the Deputy Director. The Museum maintains a Collections Management System for the documentation of collection objects and a Library system for bibliographic items and archival material, which is catalogued at collections level.

The Museum has established standards of care for the preservation of collections that are regularly reviewed. These standards reflect public access requirements, research and exhibition needs, funding and staff resources, and urgency of care. The Museum is guided by 'A Code of Practice on Archives for Museums and Galleries in the United Kingdom' (Standing Conference on Archives and Museums, 3rd edition, 2002) and 'The Standard for Record Repositories' (Historical Manuscripts Commission, 3rd edition, 2001).

The V&A is fully accredited as a Museum by the Arts Council England. The Museum's Acquisition and Disposal Policy is available on the V&A website (www.vam.ac.uk) as part of the V&A Collections Management Policy. This Policy was approved by the Board of Trustees on 17 September 2009 and will be reviewed at five year intervals. The National Heritage Act 1983, as amended by the Museums and Galleries Act 1992 sets out the Museum's statutory framework and powers of disposal.

Acquisitions are made on the basis of aesthetic or historical significance, illustration of a significant development of a specific technique or to complete an object(s) already held. As specified under this Act, the Board of Trustees may dispose of an object by sale, exchange or gift, if it falls into one or more of the following categories: if it is a duplicate of another object, if it is unsuitable for retention and can be disposed of without detriment to the interests of students or other members of the public, if it is transferred, given to, sold to or exchanged with an institution specified in Schedule 5 of the Museums & Galleries Act 1992, or it has deteriorated beyond usefulness for the purposes of the collections.

7) Investments

	Short Term Investments		Fixed Asset Investments	
	Group	Museum	Group	Museum
	2013	2013	2013	2013
	£'000	£'000	£'000	£'000
Market value at 1 April	9,208	9,208	14,365	14,568
Add: Additions to portfolio	92	92	103	103
Less: Withdrawals from portfolio	(27)	(27)	(35)	(35)
Net gain/(loss) on revaluation	316	316	884	884
Market value at 31 March 2013	9,589	9,589	15,317	15,520
<i>of which</i>				
Historical cost at 31 March 2013	9,208	9,208	14,365	14,568
Unrealised investment gain/(loss) at 31 March 2013	381	381	952	952
	2013	2013	2013	2013
	£'000	£'000	£'000	£'000
Analysis of gain by asset class				
Gain/(loss) on assets Available for Sale	316	316	1,378	1,378
Gain/(loss) on assets Held for Trading	-	-	(494)	(494)
	316	316	884	884
Investment assets in the UK				
Government stocks & Corporate bonds	8,844	8,844	4,703	4,703
Investment Funds	-	-	1,462	1,462
Cash & currency hedges	745	745	212	212
Unlisted Equities (trading subsidiary)	-	-	-	203
Investment assets outside the UK				
Government stocks & Corporate bonds	-	-	858	858
Multi Asset Investment Funds	-	-	8,082	8,082
	9,589	9,589	15,317	15,520

The Role of Financial Instruments

The following disclosure describes the nature and extent of risks arising from financial instruments to which the Museum is exposed and how the Museum manages those risks.

Liquidity and Credit Risk

The largest single source of income (i.e. 59%) is received by way of Grant in Aid which is drawn down according to need, and as a result the Museum is not exposed to significant liquidity or credit risk. The remainder of the Museum's activity is funded by self-generated income and funds given for restricted purposes such as capital projects, projects are only progressed when income is certain.

Market Risk

Foreign Currency Risk

The Museum's exposure to foreign currency risk is not significant as, wherever possible contracts are negotiated in sterling, and foreign currency receipts are converted to sterling on receipt.

As the Museum's investments include overseas assets, it uses simple forward currency contracts within the portfolios to offset the effect of currency fluctuations in major currencies (Euros & US Dollars) within the portfolios. If the value of the investment increases because of currency movements, the corresponding contract will decrease in value, and vice versa. If the currency contract is in a negative position on maturity, the Museum would meet the cash requirement by selling some of the corresponding assets (which would have increased in value).

The amount of the currency contracts are determined by the allocation of assets within the portfolios, and adjusted at least quarterly to match any changes in asset allocations. Therefore the net effect of any currency fluctuation in one of the hedged currencies should be nil.

It is our policy to hedge a minimum of 90% of our foreign currency holdings. A 10% appreciation of the US dollar, Euro, Singapore dollar or Japanese Yen would have given rise to a nil increase in income and a nil increase across unrestricted, restricted funds and endowment funds. A 10% depreciation of the stated currencies would have an equal and opposite effect. These are the major currencies in which the Group's financial instruments are denominated.

Interest Rate Risk

The Museum has no exposure to interest rate risk on its financial liabilities. Its financial assets are held in fixed term deposit accounts with maturity of one month or less, or in funds or assets that can be readily traded, and so have no fixed interest rate.

8) Trading subsidiaries

The Museum owns the whole of the issued share capital of V&A Enterprises Limited, a company registered in England and Wales. The company's principal activities are the sourcing, design, production and sale of books and merchandise relating to the collections and mission of the V&A; also the granting of licenses for commercial goods inspired by the collections of the V&A, and sold under the V&A brand. The company runs V&A Publishing and V&A Images, and also manages the income for corporate venue hire and educational services within the Museum.

A summary of the results of this subsidiary are shown below:

V&A Enterprises Limited

	2013	2012
	£'000	£'000
<i>Profit and loss account</i>		
Turnover	12,786	12,427
Cost of sales	(4,616)	(4,687)
Gross Profit	8,170	7,740
Administrative expenses	(6,289)	(6,407)
Trading profit	1,881	1,333
Interest receivable and similar income	3	4
Loan Interest Payable	(15)	(15)
Payment under gift aid to Museum	(1,869)	(1,322)
Profit on Ordinary Activities before Taxation	-	-
Retained in subsidiary	-	-
<i>Balance sheet</i>	£'000	£'000
Tangible fixed assets	301	322
Current assets	5,129	4,708
Creditors due within one year	(4,227)	(3,827)
Creditors due after one year	(1,000)	(1,000)
Net assets	203	203
Share capital and reserves	203	203
Profit and loss account	-	-
Shareholders' Funds	203	203

Reconciliation of results of trading company to the consolidated Statement of Financial Activities:

	2013	2012
	£'000	£'000
Turnover	12,786	12,427
<i>Intercompany transactions</i>	-	-
Trading income included within SOFA	12,786	12,427
Cost of sales	4,616	4,687
Administrative expenses	6,289	6,407
Interest payable	15	15
Taxation	-	-
<i>Intercompany transactions</i>	(161)	(143)
Trading costs included within SOFA	10,759	10,966
Interest receivable and similar income	3	3
<i>Intercompany transactions</i>	-	-
Included in Investment Income per SOFA	3	3

The Museum also owns 100% of the issued share capital of V&A Holdings Limited which in turn owns 100% of the issued share capital of V&A Limited; there has been no significant activity in the period.

9) Debtors

	Group	Museum	Group	Museum
	2013	2013	2012	2012
	£'000	£'000	£'000	£'000
Trade debtors	2,150	1,301	1,331	733
Less provision for Doubtful debts	(26)	(26)	(26)	(26)
Other debtors	691	658	235	156
Prepayments and accrued income	4,932	4,375	1,217	671
Prepaid exhibition expenditure	1,648	1,648	1,719	1,719
Recoverable taxation (VAT)	1,208	1,208	1,392	1,392
Amounts due from subsidiary undertaking	-	2,244	-	2,281
	10,603	11,408	5,868	6,926

Amounts falling due after one year

Debtors – after one year				
Due from trading subsidiaries	-	1,025	-	1,025
	-	1,025	-	1,025

The Museum has agreed an intercompany loan facility for £2m, of which £1m has been drawn down to date. The loan is repayable on demand and is secured by a Mortgage Debenture dated 25th June 2008 on all of the subsidiary's assets. The fair value of the loan is £1m.

The Museum has confirmed that it will not call the loan for repayment until, at the earliest 30 June 2013, and then subject to the ability of the subsidiary to make repayments. Interest on the loan is charged at 1% above the Bank of England Base rate.

The Museum also made a loan of £25k in a previous year to V&A Limited which is repayable by 31st March 2014.

9.1 Intra-Government Balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	2013	2012	2013	2012
	£	£	£	£
Balances with other central government bodies	1,258	1,453	-	-
Balances with bodies external to government	9,345	4,415	-	-
Total debtors at 31 March	10,603	5,868	-	-

10) Creditors

	Notes	Group	Museum	Group	Museum
		2013	2013	2012	2012
		£'000	£'000	£'000	£'000
Amounts falling due within one year					
Trade creditors		3,847	2,596	3,064	2,168
Other creditors		9,598	9,591	12	6
Accruals		6,353	5,728	7,534	7,089
Deferred income	11	1,134	1,134	383	383
Deferred exhibition income		2,361	2,361	1,351	1,351
Taxation and social security costs		887	887	959	832
Amounts owed to subsidiary undertaking		-	133	-	112
		24,180	22,430	13,303	11,941
Amounts falling due after one year					
Deferred income – after one year	11	2,502	2,502	2,623	2,623
		2,502	2,502	2,623	2,623

10.1) Intra-Government Balances

	Amounts falling due within one year		Amounts falling due after more than one year	
	2013 £	2012 £	2013 £	2012 £
Credit balances with other central government bodies	922	1,084	–	–
Credit balances with bodies external to government	23,258	12,219	2,502	2,623
Total creditors at 31 March	24,180	13,303	2,502	2,623

11) Deferred Income

	2013 £'000	2012 £'000
As at 1 April	3,006	3,089
Deferred in current year	1,013	383
Released from previous year	(383)	(466)
As at 31 March	3,636	3,006

Of this balance £2.623m represents funds given to the Museum by Royal Institute of British Architects in relation to its occupation of certain office and gallery spaces in the Museum. An amount representing an annual rental payment is released each year.

12) Provisions

	2013 £'000	2012 £'000
As at 1 April	195	775
Provision in year	444	9
Paid in year	(85)	(589)
As at 31 March	554	195
Provisions – within one year	41	79
Provisions – after one year	513	116
	554	195

Provisions relate to those early retiring employees for whom the Museum will continue to pay PCSPS contributions until they reach the relevant pensionable age and the potential cost of reinstating the highway following the completion of the Exhibition Road project.

13) Financial commitments

At 31 March 2013 the Museum had annual commitments under non-cancellable leases as follows:

	2013		2012	
	Land & Buildings £'000	Other £'000	Land & Buildings £'000	Other £'000
Operating leases which expire:				
Within one year	–	11	16	36
In the second to fifth year	111	34	110	34
After five years	103	–	112	–
	214	45	238	70

V&A Enterprises Ltd have annual commitments under non-cancellable operating leases, which expire between two and five years. The other subsidiaries of the Museum do not have any financial commitments.

14) Statement of funds

	As at 1 April 2012 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	Fixed Assets – Gains/ losses on Revaluation £'000	Invest- ments – Gains/ losses under Fair Values £'000	As at 31 March 2013 £'000
Unrestricted Funds							
General Income funds	967	70,570	(68,861)	(1,872)	–	158	962
Designated Income funds	9,766	51	(25)	(690)	–	619	9,721
Total Unrestricted Funds	10,733	70,621	(68,886)	(2,562)	–	777	10,683
Restricted Funds							
<i>Restricted Income Funds</i>							
– Acquisitions for the Collection ¹	264	200	–	(209)	–	5	260
– Restricted Income funds	1,534	2,487	(2,306)	(267)	–	90	1,538
– Museum Development funds ¹	1,914	5,530	22	(7,239)	–	47	274
– Endowment funds income	750	–	(46)	(8)	–	65	761
	4,462	8,217	(2,330)	(7,723)	–	207	2,833
<i>Restricted Asset Funds</i>							
Restricted Capital funds ²	260,859	1,801	(10,100)	9,035	–	–	261,595
Revaluation Reserve	85,943	–	–	–	(12,863)	–	73,080
Heritage Assets ³	55,994	1,214	–	1,287	–	–	58,495
	402,796	3,015	(10,100)	10,322	(12,863)	–	393,170
Total Restricted Funds	407,258	11,232	(12,430)	2,599	(12,863)	207	396,003
Endowment Funds							
Endowments	5,857	77	(14)	(37)	–	216	6,099
Total Endowment Funds	5,857	77	(14)	(37)	–	216	6,099
Total Funds	423,848	81,930	(81,330)	–	(12,863)	1,200	412,785

¹ Transfers are made each year from Income to Restricted Capital funds in respect of certain capital assets acquired since the assets are subject to restrictions on their disposal.

² Transfers have been made from Unrestricted to Restricted funds in respect of the capital funds in order to show the value of the Museum's fixed assets as separate restricted and designated funds.

³ A transfer was made from an expendable endowment to meet expenditure from the restricted fund.

Unrestricted funds general

The general funds consist of the accumulated surplus or deficit on the Statement of Financial Activities. The amount of these available for use at the discretion of the Trustees in furtherance of the general objectives of the Museum is detailed in note 15.

Unrestricted funds designated

These funds comprise funds which have been set aside at the discretion of the Trustees for specific purposes. They consist mainly of the following:

Designated Income funds – a collection of funds which have been set aside at the discretion of the Trustees for specific purposes, primarily used to fulfil the Trustees' reserve policy.

Designated Capital funds – expenditure funded from non restricted sources on assets which have been capitalised. These funds represent the movements of the fixed assets and agree to the balance sheet values.

Restricted funds

These funds are subject to specific restriction imposed by the donor, by the purpose of an appeal or are received for a specific purpose. They consist mainly of the following:

Acquisitions for the Collection – a collection of funds from various donations, which are to be used to purchase items for the Collection.

Museum Development funds – funds received in relation to FuturePlan projects.

Endowment funds income – income arising from the investment of the Endowment funds, which is to be used as agreed on original receipt of the endowment.

Restricted Capital funds – expenditure funded from restricted sources, including capital grant in aid, on assets which have been capitalised. These funds represent the movements of the fixed assets and agree to the balance sheet values. The Revaluation Reserve is the difference between the depreciated historic cost of the Museum's land and buildings, and the current valuation.

Heritage – These funds represent the movements in the capital value of the assets donated to or acquired for the collection and agree to the balance sheet values.

Endowment funds

These comprise funds donated on condition that the capital value of the donation is held in perpetuity, or in the case of expendable endowment, for the long term.

Fair Value

Funds include investments stated as fair value. The Fair Value reserve included in the numbers above is:

	2013	2012
	£'000	£'000
Unrestricted	869	780
Restricted	166	374
Endowment	298	172
	<u>1,333</u>	<u>1,326</u>

15) Statement of fund commitments as at 31st March 2013

	As at 31 March 2013 £'000	As at 31 March 2012 £'000
<i>Funds available for spending at Trustees' discretion:</i>		
General income funds (excluding investment in VAE)	759	765
Designated income funds	<u>9,721</u>	<u>9,765</u>
	10,480	10,530
<i>Funds raised for specific purposes:</i>		
Restricted income funds	<u>2,833</u>	4,462
Total funds available for spending	<u>13,313</u>	<u>14,992</u>
<i>Funds not available for Trustees' spending:</i>		
General income funds – share capital of V&A Enterprises	203	203
Endowment funds (Capital element))	6,099	5,857
Capital funds (Fixed Assets)	<u>393,170</u>	<u>402,796</u>
Total funds not available for spending	<u>399,472</u>	<u>408,856</u>
Total funds in balance sheet	<u>412,785</u>	<u>423,848</u>

16) Analysis of group net assets between funds

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2013 £'000	Total 2012 £'000
Fund balances at 31 March 2013 are represented by:					
Tangible fixed assets	301	393,170	–	393,471	403,117
Investments	8,297	912	6,108	15,317	14,365
Current assets	29,290	1,943	–	31,233	22,487
Current liabilities	(24,190)	(22)	(9)	(24,221)	(13,382)
Liabilities due after one year	<u>(3,015)</u>	<u>–</u>	<u>–</u>	<u>(3,015)</u>	<u>(2,739)</u>
Net assets	<u>10,683</u>	<u>396,003</u>	<u>6,099</u>	<u>412,785</u>	<u>423,848</u>

17) Capital commitments

	2013 £'000	2012 £'000
Capital expenditure commitments were as follows:		
Contracted for, but not provided in the accounts	<u>3,280</u>	<u>3,961</u>

The majority of the capital commitments relate to design and professional fees on the Textile and Fashion Conservation Centre, Europe 1600-1800 galleries and the Exhibition Road project.

18) Related Party Transactions

The Victoria and Albert Museum is a Non-Departmental Public Body (NDPB) sponsored by the Department for Culture, Media and Sport (DCMS). Other bodies sponsored by DCMS are regarded as related parties, as are organisations in which Trustees or key members of management (or their connected persons) have an interest. During the year, the Victoria and Albert Museum only entered into transactions with related parties under normal business terms.

Relationship	Related Party	Donations/ Grants Received/ (Made)	Amount Sold	Amount Purchased	Year end balance Debtors	Year end balance (Creditors)
		£'000	£'000	£'000	£'000	£'000
DCMS funded bodies	Arts Council	871	5	-	-	-
	British Museum	-	491	516	-	(35)
	British Film Institute	-	-	7	-	(2)
	English Heritage	-	-	2	-	(-)
	Geffrye Museum	(8)	-	8	-	-
	National Portrait Gallery	-	1	-	-	-
	National Museum of Science & Industry	-	106	1	10	-
	Natural History Museum	-	92	1,351	31	3
	Tate	-	6	-	3	-
	Wallace Collection	-	4	-	-	-
V&A staff are officers or Trustees	Exhibition Road Cultural Group	-	9	34	-	-
	Friends of the V&A	105	46	17	5	(1)
	Gilbert Trust for the Arts	-	-	-	-	-
V&A Chair is a Trustee	The V&A Foundation	3,785/ (10,000)	-	-	-	-
	The Metropolitan Museum Of Art	-	7	-	-	-
V&A Trustee is a Director	CGI Group (formally Logica)	-	-	77	-	-
V&A Director is a Trustee: V&A Trustee is Rector	Royal College of Art	-	428	58	-	-

Three trustees donated a total of £10,879 to the Museum during the year.

No other Trustees or staff member obtained any personal pecuniary benefit from these transactions and no trustee or staff member had any other material transactions with the Museum in the year. No trustees held any significant interests which would conflict with their management responsibilities of the Museum.

The Director and Director of Finance of the Victoria and Albert Museum serve unremunerated on the Board of V&A Enterprises Limited.

19) Contingent Liabilities

There are no contingent liabilities as at 31st March 2013 (2012: Nil).

20) Post Balance Sheet Events

There were no post balance sheet events except for the authorised for issue date as disclosed on the audit certificate.



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