

The Wallace Collection
Annual Report and Accounts 2010-2011

The Wallace Collection Annual Report and Accounts 2010-2011

Presented to Parliament pursuant to section 9(8) of the Museums and Galleries Act 1992

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 18 JULY 2011

© The Wallace Collection Copyright (2011)

The text of this document (this excludes, where present, the Royal Arms and all departmental and agency logos) may be reproduced free of charge in any format or medium providing that it is reproduced accurately and not in a misleading context

The material must be acknowledged as Wallace Collection copyright and the document title specified. Where third party material has been identified, permission from the respective copyright holder must be sought.

Any enquiries regarding this publication should be sent to us at enquiries@wallacecollection.org

This publication is also for download at www.official-documents.gov.uk

This document is also available from our website at www.wallacecollection.org

ISBN: 978 0 10 297382 2

Printed in the UK by The Stationery Office Limited

on behalf of the Controller of Her Majesty's Stationery Office

ID: 2438907 07/11 12944 19585

Printed on paper containing 75% recycled fibre content minimum

The Wallace Collection Annual Report and Accounts 2010-11

Contents

Annual Report.....	4
Background information	4
Structure, Governance and Management	7
Review of the Year.....	8
Gallery Refurbishment 2010-11	8
The Collections Department	9
The Curatorial Department	9
The Conservation Department	9
The Education Department	10
Exhibitions	11
Library and Archives.....	12
Collections Information	12
The Development and Marketing Department.....	13
Visitors	13
Marketing, Press and Public Relations.....	14
Income Generation.....	14
The Finance and Operations Department.....	15
The Facilities Department	15
The Security Department	15
Human Resources	16
Performance	16
Financial Review.....	19
Reference and Administrative Details of the Charity, its Trustees and Advisors..	21
Remuneration Report	22
Annex A – Trustees	26
Annex B – Wallace Collection Supporters 2010-11	28
Statement of Trustees’ and Accounting Officer’s Responsibilities	30
Statement on Internal Control.....	31
Audit Report.....	34
Financial Statements for the year.....	36

Annual Report

Background information

The Wallace Collection is the most intimate national museum in the world. Formed by four generations of Marquesses of Hertford and by Sir Richard Wallace (the illegitimate son of the fourth Marquess), between the 1780s and the 1880s, it was bequeathed to the nation by Lady Wallace in 1897. Her bequest stipulated that it should be preserved as a national museum ‘unmixed with other works of art’. The Collection contains Old Master paintings, miniatures, sculpture, French furniture, porcelain and goldsmiths’ work, European and Oriental arms and armour, and medieval and renaissance works of art. All are of the highest quality and of international importance. They are housed in Hertford House, Manchester Square, London, W1U 3BN, one of the Hertford-Wallace residences and a Grade II listed building. Due to the fragility of many of the works of art, the house was adapted in the 1970s to incorporate the air conditioning and environmental controls required to preserve them. Since then the Centenary project transformed the courtyard and basement areas in 2000 and the refurbishment of the French Rooms was completed in 2010. The Wallace Collection was opened to the public on 22 June 1900, and admission is free.

A Treasury Minute of 28 July 1897 appointed the first Board of Trustees, which acts on the authority of a Declaration of Trust dated 27 July 1899, and of the Museums and Galleries Act 1992, which specifies the Board’s general function to maintain, exhibit and grant access to, and promote public understanding and enjoyment of the Collection. Responsibility for Government financing of the Collection rests with the Secretary of State for Culture, Olympics, Media and Sport, from whom the Collection receives a Grant-in-Aid out of monies provided by Parliament. The Collection is a Non-Departmental Public Body of the Department for Culture, Media and Sport. It is a charity exempt from registration under the provisions of the Second Schedule to the Charities Act 1993. It has a wholly-owned subsidiary, Hertford House Marketing Limited, whose results are consolidated with the Wallace Collection’s results for the purpose of these accounts.

Objectives

The 1992 Museums and Galleries Act sets the overall statutory objectives for the Wallace Collection. Its wording is as follows:

“(4) So far as practicable and subject to the provisions of this Act, the Wallace Collection Board shall maintain the collection of objects known as the Wallace Collection and shall-

- (a) care for and preserve the objects in their collection;
- (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 fine and applied art both by means of the Board’s collection and by such other means as they consider appropriate.”

The Wallace Collection Annual Report and Accounts 2010-11

The Trustees' therefore consider the Wallace Collection's principal aim is one of stewardship, specifically:

- To safeguard this unique and varied Collection, making it accessible for the present and preserving it for future generations

And to achieve this, the Collection's subsidiary aims are to:

- Promote the understanding and enjoyment of the Collection
- Maintain and improve the conservation and display of the works of art
- Foster and encourage the study of eighteenth-century French art and nineteenth-century collecting
- Maintain Hertford House and its services

In light of these aims the current Corporate Plan 2008-11 has the following objectives:

1) Scholarship

To enhance the Wallace Collection's reputation for scholarly research, by investing in research to create a number of academic catalogues on the core collection. Also through a programme of academic and educational activities to meet the needs of all our public from the school child to the international scholar. *Championed by the Collections and Academic Director.*

2) Cultural Diplomacy

To improve the way that we interact with our visitors, both at home and abroad. Firstly through physical improvements such as redesigning the front entrance to improve the welcome and information for visitors, and our physical signage and information on site. Secondly, through exploitation of the latest technological opportunities to develop new ways of connecting with our wider visitors, and informing them about our collection, both on site and around the world. *Championed by the Development and Marketing Director.*

3) Excellence

To continue with the capital projects and programme of gallery refurbishments and improvements. Thereby seeking to improve the understanding and appreciation of the core collection through its display within Hertford House; once again presented as an opulent family home. *Championed by the Finance and Operations Director.*

The Senior Management Team is currently drafting the Corporate Plan for 2011-14.

The Wallace Collection Annual Report and Accounts 2010-11

The Collections

The works of art in the Collection comprise:

CATEGORY	ITEMS
Pictures (Paintings, Watercolours and Drawings)	775
Furniture	525
Ceramics	490
European and Oriental Arms and Armour	2,475
Sculpture	472
Miniatures	317
Medieval and Renaissance Works of Art (Jewellery, Enamels, Glass, Waxes and Manuscript Illuminations)	426
Goldsmiths' Work	120

These objects (5,600 in total) encompass a superb range of fine and decorative arts from the fifteenth to the nineteenth centuries. They are housed in twenty-seven rooms and galleries on the ground and first floors, with additional Exhibition Galleries, Visitors' Library, Lecture Theatre, Meeting Room, Studio, Conservation Gallery and Reserve Collection Gallery on the lower ground floor.

The Old Master paintings are from the British, Dutch, French, Italian and Spanish schools (including works by Titian, Rubens, Rembrandt, and Frans Hals' *The Laughing Cavalier*), and are largely displayed in eight galleries on the first floor. The eighteenth-century French paintings (including Fragonard's *The Swing*), furniture, porcelain and goldsmiths' work, including many pieces from the royal chateaux of Versailles and Fontainebleau, represents one of the greatest collections of *ancien regime* art in the world, and is shown in twelve recently-refurbished rooms. The European and Oriental arms and armour, and medieval and renaissance works of art, are displayed in six ground-floor galleries, and sculpture and miniatures are dispersed throughout the house. We also have the national holding of oil paintings and watercolours by Bonington. Since all the works of art are of superlative quality, they are a source of study and enjoyment for scholars and visitors from all over the world.

Since the Wallace Collection is prohibited by the terms of Lady Wallace's bequest and subsequent statute from adding to or disposing from its permanent collection, objects and archival material relevant to the Collection and the family history are occasionally acquired for the Hertford House Historic Collection. There is also a handling collection of objects used for teaching and demonstration.

Structure, Governance and Management

The Organisational Structure

The Board of Trustees of the Wallace Collection is responsible for the overall management and direction of the Wallace Collection. The Trustees are appointed by the Prime Minister and are responsible to him or her through the Department for Culture, Media and Sport (DCMS). The Director of the Wallace Collection is responsible to the Board of Trustees and is accountable to the DCMS for compliance with the Management Statement and Financial Memorandum. Within the framework of their statutory duties as stated under the Museums and Galleries Act 1992, the role of the Trustees is to establish the Wallace Collection's policy, review performance and endorse appointments to key management positions. The chief role of Trustees is to assist the Chairman in meeting the Board's overall responsibilities, in accordance with the policies of the Secretary of State. Trustees offer guidance and expertise to the Chairman on the Wallace Collection's strategy and its practical implementation.

The only Trustee sub-committee is the Audit Committee. The Board of Trustees (Annex A) meets not less than four times a year, as does the Audit Committee.

With the assistance of her Senior Management Team, the Director is responsible for resource allocation, leading strategic management, developing the cultural agenda and sustaining the values of the Wallace Collection. This team comprises the Director of Collections, the Director of Development and Marketing and the Director of Finance and Operations. Each is supported by a number of department heads who are responsible for specific areas of activity within the Collection. The Senior Management Team meets once a fortnight, the managers meet with Director and Senior Management Team once a quarter, and there is a full staff meeting on a monthly basis.

Trustee Appointments

The minimum number of Trustees is set at six, and although there is no maximum, numbers have fluctuated over time between seven and eleven. At 31 March 2011 there were ten in post. Following a competitive process, and consultation with other Trustees and with the Director, the Chairman recommends nominees, no fewer than two for each Trusteeship at a time, to the DCMS who in turn recommends names to the Prime Minister. Traditionally, the Prime Minister chooses from among the names put forward, and appointments are apolitical. The procedure is subject to the recommendations of the Nolan report. Usually appointments are for not more than four years in the first instance, but with the option of reappointment. Trustees can resign by notice in writing to the Prime Minister.

The Trustees appoint their own Chairman, who normally serves until retirement from the Board. The Chairman can resign as Chairman by notice in writing to the Board. Trustees receive appropriate training on appointment, including receipt of a detailed Handbook setting out their responsibilities.

The Wallace Collection Annual Report and Accounts 2010-11

Volunteers

The Wallace Collection each year has a small number of opportunities for volunteer and intern positions. These vital volunteers help in curatorial, conservation, education and occasionally other departments. The Wallace Collection also has a long tradition of using highly knowledgeable guide lecturers to take group tours of the collection. We would not be able to function as effectively or inform the public so well without the support of these selfless individuals.

Relationship between the Charity and Related Parties

The Wallace Collection is an executive Non Departmental Public Body whose parent body is DCMS. DCMS is regarded as a related party. Details of related party transactions are contained in note 19 to the Accounts.

Review of the Year

The Trustees are pleased to announce the appointment of Dr. Christoph Vogtherr as the next Director of the Wallace Collection. Dame Rosalind Savill DBE will retire in October 2011 and her outstanding dedication, vision, and drive in running the Wallace Collection will be sorely missed.

Having run a fully international competition, the Trustees are particularly satisfied to have found the right balance of scholarship and leadership from within the Wallace Collection itself, in Dr. Christoph Vogtherr.

Gallery Refurbishment 2010-11

Work on the refurbishment of the East Galleries has continued apace, with the 1970s roof being removed and a new entrance to the Great Gallery constructed. The roof works, which are continuing, have had a major impact on the day-to-day operation of the galleries open to the public, however staff have worked extremely hard to minimise the impact on the works of art and to visitors to the Collection. The refurbishments have been externally funded by the generous support of several donors including the Monument Trust, and the DCMS/Wolfson Museums and Galleries Improvement Fund.

During the demolition, there have been some interesting discoveries such as a chimney flue that ran vertically up inside the wall between the Great Gallery and East Gallery III and the realisation that the 1970s wall between East Galleries II and III was suspended from the roof with no load resting on the floor.

The procurement strategy for the consultants for Phase V is now under consideration and the brief for the project is nearing completion. The programme shows the project starting build in late Autumn 2012, once the Noble Art of the Sword exhibition has closed and the works of art have been moved out of the Great Gallery.

The Wallace Collection Annual Report and Accounts 2010-11

The Collections Department

2008-11 Corporate Plan Departmental Objective: Scholarship

To enhance the Wallace Collection's reputation for scholarly research, by investing in research to create a number of academic catalogues on the core collection. Also through a programme of academic and educational activities to meet the needs of all our public from the school child to the international scholar. *Championed by the Collections and Academic Director.*

Catalogues on Glass & Enamels and Gold Boxes are scheduled for publication later in 2011. In addition, an electronic publication of the European Arms and Armour collection will appear later this year, and work is underway on catalogues of Sculpture and Oriental Arms and Armour. All our new publications have been well received and have sold well, including the books on Miniatures in the Wallace Collection and the catalogues on Jean de Julienne and Watteau at the Wallace, which accompanied the recent exhibitions. In addition, Wallace Collection curators have also published extensively in various academic journals during the year.

For educational activities see the Education Department below.

The Curatorial Department

The curatorial staff are responsible for the care, display and research of the Collection. They offer their scholarly expertise, they research and publish on the works of art and they enable the public to understand and enjoy them more. Curators represent the Collection on outside bodies and are called on to act as expert advisers for Acceptance-in-Lieu cases, private treaty sale or export licence applications. Curators continued to teach on the two joint Wallace Collection MA courses, one with Buckingham University on Historic Interiors and the Decorative Arts, the other with the Courtauld Institute of Art, London University, on the Arts of Eighteenth-century France. The Department also offers advice to the National Heritage Memorial Fund and organises monthly History of Collecting seminars which continue to be well attended by the wider museum and academic community, establishing the Wallace Collection as an acknowledged centre for the study of the history of collecting, in particular collecting in London and Paris during the 18th and 19th centuries. The Director is also a member of the new Conseil d'Administration at Sèvres set up by the French Government to run the Manufacture, Archives and Musée de la Céramique Sèvres under the umbrella Sèvres-Cité de la Céramique.

Our program to produce new, improved gallery sheets with information on all objects has continued. The Museum Network with the Holburne Museum, Bath, Waddesdon Manor, Buckinghamshire, the Bowes Museum, County Durham and Compton Verney, Warwickshire continues to thrive, see the Education Department below.

The Conservation Department

Furniture and Metalwork conservation takes place in-house, and other materials are treated by external conservators.

The Wallace Collection Annual Report and Accounts 2010-11

In-house conservation has largely been concerned with preparing works of art for photography for catalogues or for display in the new galleries, as well as conducting a number of Condition Surveys. The total number of works of art given more substantial treatment in 2010-11 were: furniture 69, arms and armour 302, and miniature frames 3. The Wallace Collection's innovative non-interventionist conversion project of two important French 18th-century carillon clocks (F96/97) to a digital electronic musical chiming system, so as to preserve the original carillon movements from further wear and tear, was short-listed for two conservation prizes during the year.

External conservation, excluding the Reynolds project discussed below, in 2010-11 included paintings 4, arms and armour 18, wax sculptures 9, and clocks 3.

The Reynolds Research Project, fully funded by a separate campaign, began in earnest in January with the arrival of the first two paintings, Mrs Mary Nesbitt (P43) and Mrs Jane Braddyll (P47), at the National Gallery. This is a three-year project to assess whether the twelve Wallace Collection Reynolds paintings can be conserved, given the complex and experimental approaches Sir Joshua Reynolds sometimes undertook. The findings of the project will also help other institutions and private collections worldwide that hold Reynolds paintings

The first phase of the Project is to examine the paintings technically, to find out more about Reynolds' technique and to inform future conservation treatment. Images are captured using high resolution digital photography, x-ray, infrared reflectography as well as macro photography. Small paint samples are taken and mounted as cross sections along with samples for analysis of the paint and varnish. Initial results have already revealed the complex techniques used by Reynolds. Examination of a further three paintings, Lady Elizabeth Seymour-Conway (P31), Frances, Countess of Lincoln (P33) and the Duke of Queensberry (P561) began in March 2011.

A web-based database has been set up to collate and discuss the results of the Project. As well as being an invaluable working tool this will eventually be made publicly accessible.

The Education Department

Schools' Programmes

In addition to the usual schools visits and schools projects, we have continued to work with the children of St Vincent's Primary School following the success of last year's *Shhh...it's a secret!* exhibition, looking at ways to encourage more children to visit the Collection.

Children and Families

These included a series of mother and baby sessions, joint events with the Wigmore Hall, and school holiday family activities. Our annual Eighteenth-century Day continues to be our most popular family event.

The Wallace Collection Annual Report and Accounts 2010-11

Community and Access Programme

Community activities have continued to be a strong part of our programme, with highlights including our sessions for Out of the Frame, deaf visions, and successful new outreach sessions at Brixton Prison. In addition, we ran printmaking sessions for refugees and asylum seekers and piloted a course for people with early-diagnosed dementia.

The Museum Network

This, a partnership between the Wallace Collection and the Bowes Museum, Compton Verney, the Holburne Museum of Art and Waddesdon Manor, offered a number of joint projects despite the geographical distances between the organisations. The Network has continued to benefit enormously from DCMS/DfE Strategic Commissioning funding to develop a series of successful schools' projects, new eEducation resources and community projects in 2010-11. Over the year all partner museums have participated in a series of on-site projects which have engaged school groups ranging in age from 4 to 18 years old. The loss of this funding, following government cuts, for 2011-12 is particularly concerning and it is hoped that an alternative source of funding can be found to continue this excellent work.

Students and Public Programmes

In addition to our two joint MA programmes, see the Curatorial Department above, there was a four-day children's summer art school on oil painting and sculpture; and the Little Draw enabled everyone to enjoy drawing in the galleries. We also now have a firmly established programme of performances by costumed interpreters. There were regular tours of our exhibitions, as well as study days, a guest lecturer series, and more handling sessions as well as at least one free lecture a day (given by each curator once a month or by our guide lecturers).

Exhibitions

Beauty and Power: Renaissance and Baroque Bronzes from the Peter Marino Collection (April to July 2010)

This was an exhibition of French and Italian bronzes from the collection of a renowned New York architect, Peter Marino, who sponsored the exhibition in its entirety. After the Wallace Collection it moved to the Huntington Museum and Art Gallery, San Marino, California, and then the Minneapolis Institute of Arts. The exhibition was curated by Jeremy Warren, Director: Collections and Academic, who wrote most of the accompanying catalogue. The exhibition received much complimentary comment in the press and was enjoyed by over 24,000 visitors.

Poussin to Seurat: French Drawings from the National Gallery of Scotland (September 2010 to January 2011)

This was the second exhibition we have borrowed from the National Gallery of Scotland (a museum with which we have developed particularly close and friendly connections), and the fourth exhibition on the theme of major collections of French drawings (the other being French drawings from the Ashmolean Museum, Oxford, from Versailles and from Waddesdon Manor). The exhibition comprised sixty drawings from the sixteenth to the nineteenth century, and included major works by artists such as Claude, Poussin (the

The Wallace Collection Annual Report and Accounts 2010-11

preparatory drawing for the Dance to the Music of Time), Watteau, Boucher, Delacroix, Ingres and Delaroche. It was enjoyed by nearly 19,000 visitors.

Esprit et Vérité: Watteau and His Circle (March to June 2011)

This in fact encompassed two exhibitions, *Antoine Watteau at the Wallace Collection* and *Jean de Jullienne – Collector and Connoisseur* under the umbrella title *Esprit et Vérité: Watteau and his Circle*. The first displayed the Wallace Collection's eight Watteau paintings together with loans from Sir John Soane's Museum and the City Art Gallery, York. It was designed partly to complement the exhibition of Watteau drawings at the Royal Academy. The second focused on one of the greatest French collectors of the eighteenth century and a close friend and patron of Watteau. Loans were from many collections, including the Royal Collection, the National Gallery, the National Trust, the National Gallery of Scotland and the Duke of Buccleuch. Both exhibitions have generated huge interest in the press and are enjoying healthy visitor numbers.

During the exhibition the great majority of the Venetian view paintings by Canaletto, Guardi and their followers have had to be temporarily re-hung from the new picture rails in European Armoury III. The two most important paintings by Canaletto (P497 and 499) have been re-hung in the Dining Room.

Other Special Displays

In addition to the *Treasure of the Month* series, and the Conservation Gallery displays, currently *'Dazzling Arms and Armour from the East'*, we also mounted a small display to mark the award to the Wallace Collection by the Government of Spain of the Order of Arts and Letters, focusing on Sir James Mann and his work to help rescue art treasures in 1937, during the height of the Spanish Civil War.

Library and Archives

The retrospective book cataloguing project continues, while cataloguing of new acquisitions is kept up to date. The Visitor's Library is chiefly used by academic researchers, teaching staff, or postgraduate students, as well as the students on the two Wallace Collection MA courses, and the Courtauld Institute of Art's MA course, 'Curating the Art Museum'. Notable purchases this year include: the 1759 edition of Lacombe's *Dictionnaire Portatif des Beaux-Arts*, and the Earl of Yarmouth's copy of *The Letters and Works of Lady Mary Wortley Montagu* in two volumes, Paris 1837, a book once forming part of Sir Richard Wallace's library in Paris. In addition, the Hertford House Historic Collection was bequeathed the archives of the late Claude Blair.

Collections Information

Online object records have continued to be published on Wallace Live, and daily additions of new photography continue to increase the value of Wallace Live as a visual resource. We have also started work on the re-skin of Wallace Live and the kiosk website in order to match the re-design of the main Wallace Collection website

The Wallace Collection Annual Report and Accounts 2010-11

Conservation information has continued to be added to Museum Plus, our Museum Collection's Management System, in order to help create a digital record of conservation reports.

Our print sales website – Wallace Prints (www.wallaceprints.org) – was launched at the end of April 2010, and has the entire paintings collection for sale as prints and canvases, with the option of having them framed and delivered. The prints can be accessed directly from Wallace Prints and Wallace Live, and Wallace Live can be accessed from the print sales site increasing the value of these two resources to our users.

The Development and Marketing Department

2008-11 Corporate Plan Departmental Objective: Cultural Diplomacy

To improve the way that we interact with our visitors, both at home and abroad. Firstly through physical improvements such as redesigning the front entrance to improve the welcome and information for visitors, and our physical signage and information on site. Secondly, through exploitation of the latest technological opportunities to develop new ways of connecting with our wider visitors, and informing them about our collection, both on site and around the world. *Championed by the Development and Marketing Director.*

The redesigned Front Entrance, Shop and Cloakroom have now been completed for a year and the retail results, detailed below, for this first year have been extremely pleasing and reflect the positive improvement in the spaces.

For the technological opportunities and the ways in which we are broadening our connections with the public, see below.

Visitors

Overall visitor numbers fell slightly from a record-breaking year in 2009-10 from 382,773 to 357,538, a fall of 7%. This record year was however greatly enhanced by exhibition visitors – in particular to the *Hirst* exhibition which attracted over 90,000 visitors. In fact our total number of *exhibition visitors* this year was our lowest for five years, perhaps unsurprising considering many fewer days played host to exhibitions.

When exhibitions are discounted, core visits are on the increase, up 21% on last year and 35% on 2008-09. We believe that the increased and sustained activity in advertising and marketing across the UK and internationally over the last five years has contributed to this improvement in core visitors, together with our refurbished rooms, and our activities for children and families.

This year's visitor research survey has re-enforced our knowledge of the visitor satisfaction we provide. It demonstrates how successful we have been at attracting first time visitors, but also repeat visits from recent visitors, as well as providing us with a host of other interesting and important data for both the Collection and the DCMS.

The Wallace Collection Annual Report and Accounts 2010-11

Marketing, Press and Public Relations

This year saw us produce three different marketing campaigns on a theme – ‘*The Shameless 1660s*’, ‘*The Swinging 1660s*’ and to coincide with Valentines Day 2011, ‘*The Seductive 1760s*’. These witty phrases featured with the strap-line ‘*Surprise yourself at the Wallace Collection*’ and featured iconic pieces from the Collection. Response has been very favourable with many people seeing the tube sites, advertisements and leaflets and calling up to enquire, mentioning them in visitor surveys and requesting to purchase posters. Our Facebook and Twitter pages, together with Trip Advisor continue to be popular referrers to our website. In addition, a free ipad App for the Watteau exhibition was recently launched and we will collaborate with the curatorial department on developing the emerging relationship with the provider to make content as widely available as possible in another new way of interacting with and attracting visitors.

Income Generation

Fundraising

Despite the challenging economic climate, fundraising was again outstanding in 2010-11 and exceeded its targets. The Collection is as always extremely grateful to all its supporters for their contributions. Visitors to the Collection give generously through the donation boxes which have seen a positive increase in donations since the refurbishment; trusts and foundations support many projects; individuals are members of our ever-growing membership scheme *Heroes and Heroines* and our Corporate Membership goes from strength to strength. The International Council is doing excellent work in recruiting new *Heroes and Heroines*. Capital fundraising has also achieved some excellent major pledges from the Monument Trust, the Fidelity Foundation, the DCMS/Wolfson Museums and Galleries Improvement Fund and generous donations from a number of anonymous supporters. This has allowed us to press ahead with the East Galleries refurbishments.

Corporate Events Hire

The Wallace Collection continues to be considered a prestigious venue to hire, and the Events team have had an excellent year, exceeding their targets with 87 events held during the year (2009-10: 58). Bookings and lead times seem to be returning to pre-credit crunch levels, however nothing can be taken for granted and the department continue to work hard to market the Wallace Collection as a magnificent and special place to hold corporate and private events.

Retail and Visitor Services

Retail turnover, in the first full year of the new spaces, was 24% over budget and with improving spend per customer and margins, this year can be seen as a very successful one for the shop, with jewellery and books selling particularly well.

The Wallace Restaurant

The contract to run the restaurant was awarded to Peyton and Byrne in 2006, and the restaurant maintains the feel of an elegant, airy, courtyard, destination restaurant with a French character. Reviews of the Wallace Restaurant have been good, and this is reflected in an increased number of patrons. Peyton & Byrne pays the Wallace Collection a

The Wallace Collection Annual Report and Accounts 2010-11

percentage of turnover, with a guaranteed minimum. The income from this source remains competitive:

2010-11	£156,653
2009-10	£160,639
2008-09	£152,940

The Finance and Operations Department

2008-11 Corporate Plan Departmental Objective: Excellence

To continue with the capital projects and programme of gallery refurbishments and improvements. Thereby seeking to improve the understanding and appreciation of the core collection through its display within Hertford House; once again presented as an opulent family home. *Championed by the Finance and Operations Director.*

While much of this work is described under Gallery Refurbishments above, it has been successfully managed by this Department and by the Project Manager who works with the Director.

Finance

The small team not only manages all of the financial activities and controls in the Collection, including the management accounting and budgeting, they also liaise with the DCMS, the Audit Committee, the National Audit Office and other external auditors. They are required to oversee all capital building projects, all contracts, and income and expenditure.

The Facilities Department

This Department ensures that Hertford House remains wind and water tight, thereby minimising the risk to the collections. This is achieved by the day-to-day maintenance of the building and by managing the mechanical and engineering required to provide the works of art with the correct environment. In addition to involvement with the Projects Team in the gallery refurbishments, the Department has managed other building works including replacing the back-up generator, refurbishing the kitchen and upgrading the building's environmental monitoring system.

It has also responsibility for the ICT infrastructure within the Wallace Collection which, following upgrades in recent years, has been significantly more robust than in the past. Utility cost increases have placed pressure on limited budgets, but these have been mitigated where possible by using collaborative procurement arrangements.

The Security Department

The Security Department includes both the team of security staff that provide 24/7 security cover for the Collection plus the gallery teams that work within the galleries during opening hours. The external risks that impact upon the security of the Collection are monitored, with policies and procedures updated accordingly to minimise the risk of loss or damage to the collections. Improvements continue to be made to technological and physical security, primarily to take advantage of the opportunities afforded by the gallery

The Wallace Collection Annual Report and Accounts 2010-11

refurbishment programme, thereby ensuring a more robust security position. The training programme put in place for both the security and gallery teams has continued to evolve and ensures that the Collection's staff can both support the visitor and secure the works of art. Thanks to the commitment and dedication of our staff gallery closures have been kept to an absolute minimum during the year.

Human Resources

As with every year, the Personnel Manager has had to keep on top of six monthly changes in employment law, plus assisting managers in all aspects of personnel management, and overseeing staff recruitment. He oversees the welfare and personnel issues of approximately 100 staff.

Performance

The relationship between the Wallace Collection and its sponsoring body, the DCMS, is largely defined by a Funding Agreement. 2010-11 was the final year of a three-year agreement.

The Collection has received its funding agreement from 1 April 2011 from the DCMS, which incorporates the reduction in funding as a result of the 2010 Spending Review.

Total grant-in-aid falls from £4.21m in 2010-11 to £2.98m in 2011-12 and the Collection has had to scale back certain activities to budget for this reduction, with external fundraising becoming even more important to ensure the continued success of the Wallace Collection. The success of capital fundraising has also helped to lessen the impact of the reduced funding.

The Funding Agreement relating to 2010-11 set out three key objectives for 2008-11, which were arrived at as part of the Wallace Collection's corporate planning process. The key objectives for that period were:

1) **Scholarship**

To enhance the Wallace Collection's reputation for scholarly research, by investing in research to create a number of academic catalogues on the core collection. Also through a programme of academic and educational activities to meet the needs of all our public from the school child to the international scholar. *Championed by the Collections and Academic Director.*

2) **Cultural Diplomacy**

To improve the way that we interact with our visitors, both at home and abroad. Firstly through physical improvements such as redesigning the front entrance to improve the welcome and information for visitors, and our physical signage and information on site. Secondly, through exploitation of the latest technological opportunities to develop new ways of connecting with our wider visitors, and informing them about our collection, both on site and around the world. *Championed by the Development and Marketing Director.*

The Wallace Collection Annual Report and Accounts 2010-11

3) **Excellence**

To continue with the capital projects and programme of gallery refurbishments and improvements. Thereby seeking to improve the understanding and appreciation of the core collection through its display within Hertford House; once again presented as an opulent family home. *Championed by the Finance and Operations Director.*

These objectives have been achieved: the Collection continues to invest in research and as noted under the Collections section above is engaged in an ambitious programme of new catalogues. The success of our educational and public activities is explained above under the Education section. The marked changes in the Front Entrance together with the continued investment in Wallace Live show how we are improving the way we interact with our visitors. Finally, the Phase IV gallery refurbishments and the ongoing work on the fabric of the building is creating a richer experience for our visitors.

The Collection and the DCMS also continue to monitor performance against performance indicators, however unlike in previous years the DCMS no longer sets targets in relation to these performance indicators, some of the data from these together with comparatives is detailed below:

Access

Following a record-breaking year for visitor numbers in 2009-10 visitor numbers fell slightly from 382,773 to 357,538, a fall of 7%. However, core (non-exhibition) visitors increased 21% on prior year. Web visits increased to 455,413 in 2010-11 (2009-10: 451,684).

Audience Profile

Visits of children remained positive, slightly down on the record year last year on the back of the *Shhh...it's a Secret!* exhibition, thanks to a combination of targeted marketing and a successful and varied Education and public programme (see above). Visits of children under 16 years old were 26,547 in 2010-11 (2009-10: 28,530).

Education and Outreach

Visitors to the Wallace Collection's Education programmes in 2010-11 were 29,887 adults and 14,088 children (2009-10: 35,387 and 15,385 respectively). This again is as a result of targeted marketing, the hard work put in by the Education team, and the varied and innovative programmes available.

Self-Generated Income

The Collection has once again worked extremely hard on self-generated income in 2010-11 in order to facilitate all of its key objectives. Trading revenues were particularly successful. The reduction in self-generated income in total against last year is as a result of the timing of capital grants. For 2010-11 the Collection's proportion of Grant-in-aid as a percentage of total income was 63% (2009-10: 54%).

The Wallace Collection Annual Report and Accounts 2010-11

Sources of data

The Collection measures against these and other performance indicators and returns this data to the DCMS periodically. The sources of the various data collected and collated are detailed below:

Visitor numbers are collected through an electronic counting device at the only visitor entrance. Child visits are also collected by a manual counting system, cross-checked against occasional CCTV evidence. Education numbers are kept automatically by the Education department for the sessions that they run. Our website automatically registers the number of visitors to our site. Net income from trading is taken directly from the accounts of our trading company, Hertford House Marketing Limited. All of these sources help the Collection to monitor and report on its performance to the DCMS.

The Wallace Collection Annual Report and Accounts 2010-11

Financial Review

Financial results

Net incoming resources in the year amounted to £519,000 (2009-10 – £1,729,000). This operating surplus is primarily a result of a successful year of self-generated income, however is down on 2009-10 due to the major capital funds raised in 2009-10. The underlying deficit on a standard income and expenditure account, after adjusting for capital items, was £143k (2009-10: £595k surplus).

During the year the Collection capitalised costs totalling £1,386,000 (2009-10 – £1,856,000) as assets under construction, which attract no depreciation charge, in relation to the Phase IV Gallery refurbishments and other smaller ongoing capital projects. At the year-end the Collection transferred £458,000 of Assets under Construction to Land and Buildings and Fixtures and Fittings with the final completion costs of Phase III and the Front Entrance Project.

The key financial risks to the Collection continue to be the ongoing security of income streams, from both Grant-in-aid and self generated sources (in particular in the current economic climate) and the costs of the ambitious Gallery refurbishments in light of the relatively high fixed costs of maintaining and opening the Collection to the public.

The main features of the financial results were:

- (a) Grant-in-Aid income for the year was £4,212,000 (2009-10: £4,301,000). This includes £1.4m awarded towards capital improvements to Hertford House, (2009-10 £1.5m) and represents 63% of the Collection's total income for the year (2008-09 54%);
- (b) Fund raising expenditure amounted to £143,000 (2009-10: £167,000). The reduction is a result of staffing changes in the department during the year;
- (c) Marketing and design expenditure amounted to £291,000 (2009-10: £299,000). This reflects a continued focus on the ongoing advertising strategy which has been instrumental in increasing awareness and visitors to the Collection;
- (d) Trading costs relating to the wholly owned subsidiary, Hertford House Marketing Ltd amounted to £877,000 (2009-10: £822,000). This increase reflects the increased staffing for the first full year of the new Front of House team, and new stock lines to complement the new shop and retail spaces – overall income from trading activities increased due to improved gallery hire and retail revenues;
- (e) Conservation expenditure amounted to £304,000 (2009-10: £280,000). Incorporating the start of the Reynolds Conservation Project;
- (f) Collection expenditure amounted to £1,500,000 (2009-10: £1,523,000). The slight decrease in line with the savings that needed to be made as a result of less funds being available;

The Wallace Collection Annual Report and Accounts 2010-11

- (g) Security expenditure in 2010-11 was £1,331,000 (2009-10: £1,342,000). Savings were found by reducing the need for external absence cover;
- (h) Building and maintenance expenditure (other than the charge for depreciation on collection assets) amounted to £957,000 (2009-10: £931,000) and was in line with expectations, the increase relating to higher utility costs;
- (i) Other than the charitable donation from Hertford House Marketing Limited to its parent organisation, the Wallace Collection, there were no charitable donations made in the year. £120,000 was received in year from the DCMS/Wolfson Museums and Galleries Improvement fund towards the refurbishment of the Collection.

Reserves policy

The policy of the Wallace Collection is to seek to establish, and then maintain, a level of unrestricted reserves of over £500,000. These are required to provide adequate working capital to ensure that the Collection can operate efficiently and effectively and also to sustain its level of activities by providing some protection against an unexpected downturn in non-grant revenue. At 31 March 2011, the Collection has unrestricted reserves of £829,000, which is a result of self-generated surpluses in the year. It is the policy of the Trustees to attempt to maintain the target level of reserves during this Spending Review period 2011-14. The current unrestricted surplus represents good governance with the trustees able to set aside funds in order to minimise the effects of the reductions in core funding on existing projects that the Collection faces in the coming years. The reserve policy will be reviewed on an annual basis.

Fixed assets

Movements on fixed assets are set out in note 9 to the financial statements. A summary of the key movements are as follows:

- Freehold Land and Buildings were externally re-valued at 31 March 2011 to £33,800,000. This contributed to an overall fixed assets revaluation increase of £434,000 in 2010-11;
- Total additions during the year amounted to £1,502,000, which primarily related to capital expenditure on the gallery refurbishments;
- The Collection's depreciation charge for the year is £813,000. The building is depreciated over an expected remaining life of 95 years. It is, nevertheless, the Trustees' intention to continue to maintain and improve Hertford House, subject to the availability of adequate funding.

Payment of creditors

During 2010-11 the Wallace Collection paid 89% of undisputed creditors within 30 days of receipt of an invoice (2009-10: 88%).

Reference and Administrative Details of the Charity, its Trustees and Advisors

A list of the Trustees, Senior Officers and Advisors to the Wallace Collection and Hertford House Marketing Limited is at Annex A.

Preparation of the Accounts

The Accounts have been prepared in a form directed by the Secretary of State for Culture, Olympics, Media and Sport with the consent of Treasury in accordance with sections 9(4) and 9(5) of the Museums and Galleries Act 1992. The accounts are compliant with the Charities SORP 2005 and with Charity Commission guidance.

The consolidated accounts are for the Wallace Collection and Hertford House Marketing Limited; they exclude the accounts for the Hertford House Trust, as this is an entirely separate organisation over which the Wallace Collection exercises no control.

Audit

Under statute, the Comptroller and Auditor General is the principal auditor of the Collection's consolidated accounts for the year 2010-11. The audit fee in respect of this work was £17,900. Other than the statutory audits of the Wallace Collection and Hertford House Marketing Limited, and an internal audit service, no other accountancy or audit services were commissioned or undertaken in the year.

So far as the Accounting Officer, and each person who was a Trustee at the date of approving this report, are aware, there is no relevant audit information, being information needed by the external auditor in connection with preparing his report, of which he is unaware. Having made enquiries of the Board of Trustees and Collection's internal auditor, the Accounting Officer has taken all the steps that she is obliged to take as Accounting Officer in order to make herself aware of any relevant audit information and to establish that the external auditor is aware of that information. Having made enquiries of the Accounting Officer, fellow Trustees and the Collection's internal auditor, each Trustee has taken all the steps that he/she is obliged to take as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the external auditor is aware of that information.

Staff and organisation

The Wallace Collection is an Equal Opportunity Employer and has agreed statements of policy under Section 2(3) of the Health and Safety at Work Act 1974. Senior officers meet fortnightly and communicate with staff through weekly team briefings, the full formal monthly staff meetings and regular staff notices and through the Collection's Health and Safety organisation as well as through informal meetings. The Wallace Collection follows the policy issued by the Cabinet Office on the employment of disabled people.

Data Handling

There were no personal data related incidents during the year.

The Wallace Collection Annual Report and Accounts 2010-11

Sickness Absence

Sickness absence accounted for 4.6% of all staff time during 2010-11 (2009-10: 3.8%), or 11.7 days per staff member (2009-10: 9.7 days), however this includes (and is therefore skewed by) those staff members off on long-term sick leave. When these are excluded, the remaining staff absence accounted for 1.7% of staff time (2009-10: 2.2%), which equates to 4.3 days per staff member (2009-10: 5.5 days).

Remuneration Report

Salary Policy

The Audit Committee (see Annex A) serves as the Remuneration Committee. All staff are employed through the Wallace Collection on equal terms and conditions, including trading company staff. Salaries are reviewed on an annual basis, and uplifted at the start of the financial year. The amount that can be spent on salaries is set each year by the Department for Culture, Media and Sport and HM Treasury with 2010-11 being the first year of a two year centrally imposed pay-freeze on all staff earning more than £21,000p.a. with a £250 uplift for those earning less than this.

All staff are positioned within pay bands. No allowances are in payment, other than standard overtime amounts. The figures in the remuneration report are subject to audit.

When determining salary levels, a number of factors are taken into account

- the projected budget for the annual staff settlement
- salary levels internally and in the market place (through salary surveys)
- job size and whether this has changed over the period (through formal evaluation, where applicable)

Benefits in Kind

Benefits in kind, as agreed with HM Revenues and Customs, comprise annual eye tests, annual flu inoculations, and staff uniforms where appropriate. The taxable value of these benefits each year, as agreed with HMRC, is less than one thousand pounds across the entire staff group. There were no other benefit-in-kind or non-cash payments in year.

Performance Management

Performance is formally appraised annually, although ongoing performance management is encouraged. Performance is judged by reference to achievements against set objectives. Performance related pay is not in operation. Bonuses, from a small overall fund, are awarded at the discretion of the Director following recommendations from line managers.

Policy on duration of contracts, notice periods and termination payments

Notice periods for senior employees are usually three months, with one month for other employees. Redundancy and other departure costs are paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Where new posts are being considered they are usually made on a fixed-term basis. The length of term is usually two years, unless tied to specific funding

The Wallace Collection Annual Report and Accounts 2010-11

or a project of shorter length. Positions are then only made permanent once the ongoing need, and the funding for the post, is agreed.

Senior Management Emoluments

	Salary 2010/11 (2009/10)	Performance related pay and bonuses 2010/11 (2009/10)	Real increase in pension and related lump sum at age 60	Total accrued pension at age 60 at 31/3/11 and related lump sum	Cash Equivalent Transfer Value at 31/3/10 ¹	Cash Equivalent Transfer Value at 31/3/11 ¹	Real increase in CETV after adjustment for inflation and changes in market investment factors
	£k	£k	£k	£k	Nearest £k	Nearest £k	Nearest £k
Dame Rosalind Savill <i>Director</i>	105-110 (105-110)	15-20 (10-15)	0-2.5 plus 2.5-5 lump sum	50-55 plus 150-155 lump sum	1,050	1,160	29
Clare O'Brien <i>Development and Marketing Director</i>	60-65 (60-65)	0-2.5 (0-2.5)	0-2.5 plus 0-2.5 lump sum	5-10 plus 20-25 lump sum	99	117	8
Jeremy Warren <i>Collections and Academic Director</i>	60-65 (60-65)	– (–)	0-2.5 less ² 0-2.5 lump sum	20-25 plus 35-40 lump sum	377	411	3
Philip Walsh <i>Finance and Operations Director</i>	55-60 (55-60)	– (–)	0-2.5	5-10	28	38	5
Christoph Vogtherr <i>Head of Collections (until 30 June 2010)</i>	10-15 full year equivalent: 50-55 (50-55)	0-2.5 (–)	0-2.5	2.5-5	25	35	6

¹ The actuarial factors used to calculate CETVs were changed in 2010-11. The CETVs at 31 March 2010 and 31 March 2011 have been calculated using the new factors, for consistency. The CETV at 31 March 2010 therefore differs from the corresponding figure in last year's annual report which was calculated using the previous factors.

² Taking account of inflation, the lump sum contribution from the employer has decreased in real terms.

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 valued are 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 disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying

The Wallace Collection Annual Report and Accounts 2010-11

additional pension benefits at their own cost. CETVs are worked out within the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in CETV reflects the increase that is funded by the employer. It does not include 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.

Pensions

All Wallace Collection employees are eligible to join the Principal Civil Service Pension Schemes set out below. Further pension details are set out in note 6 to the accounts.

From 30 July 2007, employees may be in one of four defined benefit schemes; either a final salary scheme (**classic**, **premium** or **classic plus**); or a whole career scheme (**nuvos**). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under **classic**, **premium**, **classic plus** and **nuvos** are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (**partnership** pension account).

Employee contributions are set at the rate of 1.5% of pensionable earnings for **classic** and 3.5% for **premium**, **classic plus** and **nuvos**. Benefits in **classic** accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial 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 hybrid with benefits for service before 1 October 2002 calculated broadly as per **classic** and benefits for service from October 2002 worked out as in **premium**. In **nuvos** a member builds up a pension based on pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated 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.

The **partnership** pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of three 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 salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The Wallace Collection Annual Report and Accounts 2010-11

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**.

Further details about the Civil Service pension arrangements can be found at the website <http://www.civilservice.gov.uk/my-civil-service/pensions/index.aspx>

The Director

The Director's salary, terms and conditions are decided by the Chair of Trustees following consultation with the Department for Culture, Media and Sport. Any award is in line with the recommendations of the Senior Salary Review Board. The Director's performance-related pay is decided by the Chairman in consultation with the Audit Committee, based on the restrictions of the Director's contract and against achievement of the Collection's objectives.

During the year the Director received remuneration of £126,171 (2009-10: £119,898) including performance related pay paid in the year. The Collection's contribution in respect of the Director's pension (classic) was £26,680 (2009-10: £25,531). Neither the Director, nor any other member of staff, received any benefits-in-kind in year. The Director will retire from the Collection in October 2011.

The salary and terms and conditions of the senior managers, other than the Director, are the same as all other members of staff. All senior managers are on permanent contracts.

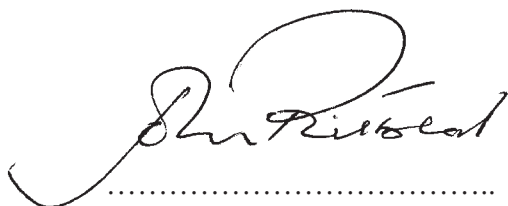
Trustees

Trustees receive no remuneration for carrying out their role.



.....
Dame Rosalind Savill
Director and Accounting Officer

12 July 2011



.....
Sir John Ritblat
Chairman

12 July 2011

The Wallace Collection Annual Report and Accounts 2010-11

Annex A – Trustees

The Trustees of the Wallace Collection are appointed by the Prime Minister.

The members of the Board of Trustees during the year were:

Sir John Ritblat	– appointed August 2003, appointed Chairman from January 2005.
Martin Drury CBE	– appointed May 2001
Dr Richard Dormont	– appointed July 2003
Sir Timothy Clifford	– appointed August 2003
Mr Adrian Sassoon	– appointed August 2007
Duke of Devonshire	– appointed August 2007
Professor Jasper Conran OBE	– appointed August 2007
Ms Jagdip Jaggpal*	– appointed August 2007
Professor Frances Corner OBE*	– appointed October 2009
Ms Denise Lewis	– appointed October 2009

* Denotes members of the Audit Committee

In addition, the Board of Trustees may appoint honorary trustees, who do not share the statutory duties of Board members.

Mrs Jane Lewis	– appointed January 1998
Mr Pierre Arizzoli-Clementel	– appointed August 2007
The Marquess of Hertford	– appointed July 2008

A register of interests for all Trustees is held at Hertford House.

The Directors of Hertford House Marketing Limited during the year were:

Sir John Ritblat
Dame Rosalind Savill DBE CBE FBA FSA

Principal Officers of the Wallace Collection

Dame Rosalind Savill DBE CBE FBA FSA	– Director
Mr Jeremy Warren FSA	– Director of Collections and Academic
Mr Philip Walsh ACA	– Director of Finance and Operations
Ms Clare O'Brien	– Director of Development and Marketing

Bankers:

Lloyds TSB Corporate
Public and Community Sector
25 Gresham Street
London EC2V 7HN

The Wallace Collection Annual Report and Accounts 2010-11

Auditors:

The Wallace Collection
(Consolidated Accounts)

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
London SW1W 9SP

Hertford House Marketing Limited
(Trading Company)

Haysmacintyre
Southampton House
317 High Holborn
London WC1V 7NL

Annex B – Wallace Collection Supporters 2010-11

Individuals

Anonymous
Lady Alexander of Weedon
Mrs Catherine Armitage
Mr Richard Aylmer
Mr & Mrs David Blackburn
The Rt Hon Viscountess Bridgeman
Mrs James Brice
Mr & Mrs Charles H. Brown
Mr & Mrs Peter Cadbury
Mr Charles Cator
The Marquess of Cholmondeley
Mr & Mrs Oliver Colman
Mrs Fiona Costa
Mme Helene David-Weill
Mr Richard Dorment
Ms Christine Douglass
Dame Vivien Duffield
The Hon. Simon Eccles
Mr & Mrs Nicholas Eeley
Mr Giles Ellwood
Lt. Commander Paul Fletcher
Mr Sam Fogg
Mrs Jocelyn Fox
Mr & Mrs Andrew Graham
Mrs Helen Gross
Mr & Mrs William Hallman
Mr & Mrs Charles Haddon-Cave
Mrs Katrin Henkel
Lady Heseltine
Ms Jasmine Horowitz
Mrs Della Howard
Mr & Mrs Philip Hubbard
Mr Hugh Hudson-Davies
Russell & Irina Jacobs
Lady Judge
Mr & Mrs James Kirkman
Mr & Mrs Henry Kravis
Mr Norman A. Kurland & Ms Deborah A. David
Mr & Mrs David Lavender
Mark Loveday
Elizabeth S & Whitney MacMillan
Mr Peter Marino
Dr. Jennifer Montagu
Mrs Dounia Nadar
Mr & Mrs Jim Norling
Mrs Annie Norman
Mr & Mrs John Northover
Mr Matthew Olley
Mrs C. Oulton
Mrs Roslyn Packer
Daniel Peltz
The Lord Phillimore
Lady Phillips
Catherine Prevost Heeschen
Mr Charles Pridgeon
Sir John Ritblat
Mrs Pamela Roditi
Mrs Kate de Rothschild Agius
Mrs Wafic Saïd
Mr Adrian Sassoon
Lord Sassoon, Kt
Mr Timothy Schroder
Sir David Sieff
Mrs Kartika Soekarno
Christoph Gailly de Taurines
Mr Torsten Thiele
Mrs Valentine Thomas
Mrs Carolyn Townsend
Dr Lady Tunnicliffe
Mr & Mrs Arend Versteegh
Mrs Anne Verhoeven in memory of Jack Verhoeven
Bruno Wang
Mr Alan Warner
Prue Waterhouse
Mr Pierre & Dr Yvonne Winkler
Mr & Mrs Rainer Zietz
Mercedes Zobel

The Wallace Collection Annual Report and Accounts 2010-11

Trusts and Foundations

The Blunt Trust
The John S Cohen Foundation
The Crescent Trust
The DCMS/Wolfson Museums & Galleries Improvement Fund
The J Paul Getty Jr Charitable Trust
The Goldsmiths' Company
The Charles Hayward Foundation
The Rootstein Hopkins Foundation
The Kirby Laing Foundation
The Leche Trust
The Paul Mellon Centre for Studies in British Art
The Mercers' Charitable Foundation
The Monument Trust
The Henry Moore Foundation
The Ofenheim Trust
The Pilgrim Trust
The Portman Foundation
Share Gift
The William Arthur Rudd Memorial Trust
The Garfield Weston Foundation

Government

The Department for Culture, Media and Sport
The Department for Education

Corporates

Farrow & Ball
TEKAT Ltd.

Corporate Members

Boston Consulting Group
Colliers International
Delancey
European Credit Management Ltd.
LA-SER Europe Ltd.
London Platinum and Palladium Market
Pentland Group plc
The Portman Estate
Total
Willmott Dixon Construction Ltd

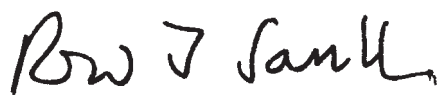
Statement of Trustees' and Accounting Officer's Responsibilities

Under Sections 9(4) and 9(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, Olympics, Media and Sport with the consent of the Treasury. The accounts are prepared to show a true and fair view of the Collection's financial activities during the year and of its financial position at the end of the year.

In preparing the Collection's accounts*, the Trustees are required to:

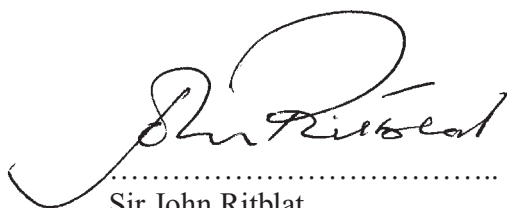
- observe the Accounts Direction issued by the Secretary of State including the relevant accounting and disclosure requirements, and apply them on a consistent basis;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practices 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 presume that the Collection will continue in operation.

The Accounting Officer for the Department for Culture, Media and Sport has designated the Director as the Accounting Officer for the Collection. Her relevant responsibilities as Accounting Officer, including her responsibility for the propriety and regularity of the public finances for which she is answerable and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum, issued by the Treasury and published in Managing Public Money.



.....
Dame Rosalind Savill
Director and Accounting Officer

12 July 2011



.....
Sir John Ritblat
Chairman

12 July 2011

* A copy of which is available from the Wallace Collection, Hertford House, Manchester Square, London, W1U 3BN

Statement on Internal Control

Scope of responsibility

1. As Accounting Officer and Chair of Trustees (as representative of the Board of Trustees), we have responsibility for maintaining a sound system of internal control that supports the achievement of the Wallace Collection's aims and objectives whilst safeguarding the public funds and the Collection's assets for which the Accounting Officer is personally responsible, in accordance with the responsibilities assigned to her in Managing Public Money.
2. The Wallace Collection has a three-year Funding Agreement with its government sponsor body, the Department for Culture, Media and Sport, which includes performance indicators to assist the Department in monitoring the Collection's performance and identifies the most significant risks to achieving the Wallace Collection's objectives. Progress against the Funding Agreement is formally monitored during the year. The Collection has received its new funding agreement with effect from 1 April 2011 from the DCMS, which incorporates the reduction in funding as a result of the 2010 Spending Review.

The purpose of the system of internal control

3. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Wallace Collection for the year ended 31 March 2011 and up to the date of approval of the Annual Report and Accounts, and accords with Treasury guidance. The Collection also complies with Cabinet Office guidance in relation to the treatment of personal data.

Capacity to handle risk

4. Risk management is an intrinsic part of the everyday decision-making process at the Wallace Collection. Given the financial constraints that the Wallace Collection operates under, it is only natural that risk is considered as part of every management and Trustee decision. This is not only limited to financial risk, where every new project is carefully costed, budgeted for and monitored, but the risk to the fragile Collection and the fabric of Hertford House that is entrusted to our care. The risk assessment and monitoring process is engendered in all staff through the discipline of the budgeting round, plus overt consideration in each of our weekly staff meetings where the topic is a mainstay of discussion. For major projects a Steering Group is established, headed by a senior staff member, and they are charged with ensuring that the project operates to set parameters and budgets. Thus the risks inherent in any new venture are weighed up carefully in advance and are monitored throughout the duration of the project.

The Wallace Collection Annual Report and Accounts 2010-11

The risk and control framework

5. An integral part of our risk management strategy is the Wallace Collection's own risk assessment document. This is updated regularly and is reviewed by the Audit Committee at their quarterly meetings, covers the key risks that the Collection faces and assigns a key individual to manage that risk. Risk is also considered on a continuous basis through discussion at weekly staff meetings, drawing on the experience of senior team members. Managers are aware of the specific need to control information flow and data within their departments.

6. The Collection's risk appetite is necessarily low, given the history of enforced financial constraint, however where funding has been available, the Collection has in recent years been able to undertake several phases of gallery and building refurbishment. Where the Collection has embarked upon such capital projects, they have first been robustly costed and considered in the context of the potential benefits and risks to the Collection, be they financial, reputational or otherwise.

7. The risk priorities of the Wallace Collection in 2010-11 have been:

- Managing the impact of increasing visitor numbers whilst improving their understanding of the Collection;
- Managing the impact of the Gallery refurbishments and other capital projects;
- Planning for the future against a backdrop of reduced funding;
- Increasing self generated income without increasing the risk to the fabric of the building;
- Securing the Collections and protecting them from theft and damage; and
- Keeping the precarious balance between financial constraint, increasing pressure to expand services and maintaining and improving the fabric of a Grade II listed building.

Review of effectiveness

8. As Accounting Officer and Chairman of Trustees, we have joint responsibility for reviewing the effectiveness of the system of internal control. Our review of the effectiveness of the system of internal control has been informed by the executive managers within the Wallace Collection who have responsibility for the development and maintenance of the internal control framework, and comments made by the internal and external auditors in their management letter and other reports.


9. An internal audit service continued throughout the year. Once again the internal auditor was able to provide the Accounting Officer and Board of Trustees with a significant assurance statement for 2010-11. Internal Audit's overall assessment was that the controls in place were generally sound. Where minor deficiencies have been found action is in place to improve processes. The 2010-11 internal audit was targeted to look at specific areas considered higher risk and relevant by the Audit Committee. This approach will be adopted again for the 2011-12 audit.

The Wallace Collection Annual Report and Accounts 2010-11

10. Both the Board of Trustees and the Audit Committee play a key role in the system of Internal Control:

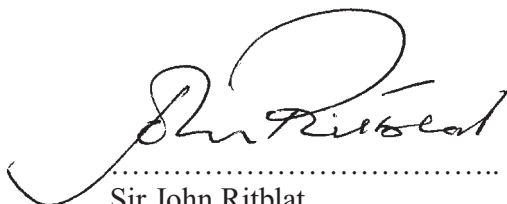
- The Trustee Board brings wide-ranging experience and a fresh perspective to key decision-making discussions. All key issues are brought to the Trustee Board's notice for discussion and ratification; and
- The Audit Committee meets up to four times a year. They support the main Trustee Board and the Accounting Officer by questioning senior management and internal/external audit functions to satisfy themselves that the Wallace Collection has an adequate system of internal control.

11. We have been advised on the implications of the internal audit and audit committee reviews of the effectiveness of the system of internal control, and a plan to address weaknesses and ensure continuous improvement of the system is in place, however we note that there were no significant issues arising.



.....
Dame Rosalind Savill
Director and Accounting Officer

12 July 2011



.....
Sir John Ritblat
Chairman

12 July 2011

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 Wallace Collection for the year ended 31 March 2011 under the Museums and Galleries Act 1992. These comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Collection Balance Sheet, 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 Director and auditor

As explained more fully in the Statement of Trustees' and Accounting Officer's Responsibilities, the Board of Trustees and 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 Wallace Collection's and the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; 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.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the incoming and outgoing resources have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

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

The Wallace Collection Annual Report and Accounts 2010-11

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view, of the state of The Wallace Collection and the group's affairs as at 31 March 2011 and of the incoming resources and application of resources of the group for the year then ended;
- the financial statements have been properly prepared in accordance with the Museums and Galleries Act 1992 and Secretary of State directions issued thereunder with HM Treasury's consent.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Secretary of State directions issued with HM Treasury's consent under the Museums and Galleries Act 1992; and
- the information given in the Review of the Year, Performance and Reference and Administrative Detail of the Charity, its Trustees and Advisors sections of the Annual Report 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
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control 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
National Audit Office
157-197 Buckingham Palace Road
London, SW1W 9SP
13 July 2011

The Wallace Collection Annual Report and Accounts 2010-11

Consolidated Statement of Financial Activities for the year ended 31 March 2011

	Notes	Unrestricted Funds	Restricted Funds	Total 2010/11	Total 2009/10
		£000	£000	£000	£000
Incoming resources					
Incoming Resources from generated funds					
Voluntary Income					
Donations and similar resources	2	281	630	911	2,132
Grant-in-Aid	2	4,212	–	4,212	4,301
Other Public Funds	2	–	156	156	160
Activities for generating funds					
Trading income	15	1,415	–	1,415	1,263
Investment income	4	4	1	5	4
Incoming resources from charitable activities	3	62	–	62	79
Total incoming resources		5,974	787	6,761	7,939
Resources expended					
Costs of generating funds					
Costs of generating voluntary income					
Fundraising expenditure		143	–	143	167
Marketing and design expenditure		291	–	291	299
Trading: cost of goods sold and other costs	15	877	–	877	822
Charitable activities					
Conservation expenditure		269	35	304	280
Collections expenditure		1,039	461	1,500	1,523
Security expenditure		1,331	–	1,331	1,342
Building and maintenance expenditure		1,158	602	1,760	1,739
Governance Costs	5	30	6	36	38
Total resources expended		5,138	1,104	6,242	6,210

The Wallace Collection Annual Report and Accounts 2010-11

	Notes	Unrestricted Funds	Restricted Funds	Total 2010/11	Total 2009/10
		£000	£000	£000	£000
Net incoming resources before transfers	7	836	(317)	519	1,729
Transfers					
Gross transfers between funds	13	(758)	758	–	–
Net incoming resources before other recognised gains and losses		78	441	519	1,729
Gain/(Loss) on revaluation of fixed assets for charity's own use	13	64	370	434	(327)
Net movement in funds		142	811	953	1,402
Fund Balances Brought Forward at 1 April 2010		5,232	32,617	37,849	36,447
Fund Balances Carried Forward at 31 March 2011	13	5,374	33,428	38,802	37,849

All operations of the Collection continued throughout both periods and no operations were acquired or discontinued in either period.

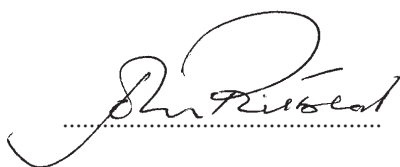
The Collection has no recognised gains or losses other than those shown above and therefore no separate statement of total recognised gains or losses has been presented.

The notes on pages 41-58 form part of these financial statements.

The Wallace Collection Annual Report and Accounts 2010-11

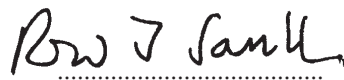
Consolidated Balance Sheet at 31 March 2011

	Notes	2011 £000	2010 £000
Fixed assets			
Tangible assets	9	<u>37,293</u>	<u>36,197</u>
Current assets			
Stock		289	220
Debtors	10	458	355
Cash at bank and in hand	14	<u>1,602</u>	<u>1,808</u>
		2,349	2,383
Creditors: amounts falling due within one year	11	<u>(840)</u>	<u>(731)</u>
Net current assets		1,509	1,652
Net assets	12	<u>38,802</u>	<u>37,849</u>
Represented by:			
Restricted income funds	13	32,628	32,187
Restricted revaluation reserve	13	800	430
Unrestricted funds:			
Designated funds	13	4,285	4,706
Unrestricted revaluation reserve	13	260	196
General funds	13	<u>829</u>	<u>330</u>
Total funds	13	<u>38,802</u>	<u>37,849</u>



Sir John Ritblat – Chairman

12 July 2011



Dame Rosalind Savill – Director
and Accounting Officer

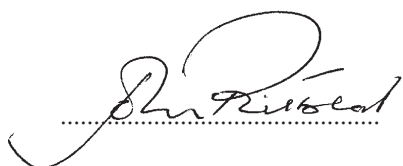
12 July 2011

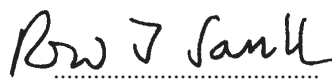
The notes on pages 41-58 form part of these financial statements.

The Wallace Collection Annual Report and Accounts 2010-11

The Collection Balance Sheet at 31 March 2011

	Notes	2011 £000	2010 £000
Fixed assets			
Investment	15	0	0
Tangible assets	9	37,273	36,175
		<u>37,273</u>	<u>36,175</u>
Current assets			
Stock		136	96
Debtors	10	1,042	620
Cash at bank and in hand		911	1,527
		<u>2,089</u>	<u>2,243</u>
Creditors: amounts falling due within one year	11	<u>(592)</u>	<u>(601)</u>
Net current assets		1,497	1,642
		<u>38,770</u>	<u>37,817</u>
Net assets			
Represented by:			
Restricted income funds		32,628	32,187
Restricted revaluation reserve		800	430
Unrestricted funds:			
Designated funds		4,265	4,684
Unrestricted revaluation reserve		260	196
General funds		817	320
		<u>38,770</u>	<u>37,817</u>
Total funds		<u>38,770</u>	<u>37,817</u>


 Sir John Ritblat – Chairman 12 July 2011


 Dame Rosalind Savill – Director
and Accounting Officer 12 July 2011

The notes on pages 41-58 form part of these financial statements.

The Wallace Collection Annual Report and Accounts 2010-11

Consolidated Cash Flow Statement for the year ended 31 March 2011

	Notes	2011 £000	2010 £000
Net cash inflow from operating activities	14 a)	1,291	2,598
Returns on investment and servicing of finance	14 b)	5	4
Capital expenditure and financial investment	14 b)	<u>(1,502)</u>	<u>(1,951)</u>
(Decrease)/ Increase in cash in the year	14 c)	<u>(206)</u>	<u>651</u>

The notes on pages 41-58 form part of these financial statements.

The Wallace Collection Annual Report and Accounts 2010-11

Notes to the financial statements for the year ended 31 March 2011

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 comply with the requirements of the Statement of Recommended Practice 'Accounting and Reporting by Charities' (2005), the HM Treasury Financial Reporting Manual, the Accounts Direction given by the Secretary of State for Culture, Olympics, Media and Sport and applicable accounting standards.

The consolidated accounts are for The Wallace Collection ('The Collection') and its subsidiary Hertford House Marketing Limited; they exclude the accounts of The Hertford House Trust and The American Friends of the Wallace Collection. This is because these are entirely separate organisations over which the Wallace Collection exercises no control. The accounts for Hertford House Marketing Limited are consolidated with the accounts for the Wallace Collection on a line by line basis.

b) Incoming resources

All income is accounted for in the year in which it is receivable.

Grant-in-Aid from the Department for Culture, Media and Sport allocated to general purposes is taken to the Statement of Financial Activities in the year to which it relates.

Sponsorship for specific projects and donations income is credited to the Statement of Financial Activities at the point where entitlement and certainty arises. Amounts received in advance are recognised as deferred income, and transferred to the Statement of Financial Activities in the year in which the respective conditions are fulfilled.

Income relating to future periods is counted as deferred and realised in the year to which it relates. Where donations relate to future exhibitions the donations are deferred.

Legacies are credited to income when the Collection becomes entitled to the income and there is certainty of receipt and the amount is quantifiable.

c) Resources Expended

Expenditure is classified under the principal categories of charitable and other expenditure rather than the type of expense, in order to provide more useful information to users of the financial statements. The make up of governance costs and the basis for apportionment is set out in Note 5.

Activities in furtherance of the Collection's objectives comprise direct expenditure including direct staff costs attributable to the activity. Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with the use of resources. Management and administration costs are those incurred in connection with the management of the Collection's assets, organisational administration and compliance with constitutional and statutory requirements.

Costs of generating funds includes fund raising and publicity costs incurred in seeking voluntary contributions for the Collection, and in publicising the Collection.

The Wallace Collection Annual Report and Accounts 2010-11

d) Fund accounting

General funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Collection.

Designated funds comprise funds which have been set aside at the discretion of the Trustees for specific purposes. The purpose and use of the designated funds are set out in the notes to the financial statements.

Restricted funds are funds subject to specific restriction imposed by donors or by the purpose of the appeal.

e) Tangible fixed assets

Tangible fixed assets with a cost price of £2,000 (2009-10 £1,000) and above are capitalised and stated at their current cost. Where appropriate, assets of a lower value, but over £1,000 (2009-10 £500) and purchased in bulk are grouped and capitalised when the combined total exceeds £2,000 (2009-10 £1,000). This change of policy has been introduced to avoid unnecessary capitalisation of comparatively low value items and is in line with other Museums and Galleries. The accounting impact of writing off those previously capitalised items valued between £1,000 and £2,000 has been an in year charge of £19,049.

The property, Hertford House, was transferred to the Trustees of the Collection by the Secretary of State for the Environment on 22 December 1993. The basis for the valuation for this property is stated in note 9.

Depreciation is provided on all tangible fixed assets, except land and antique frames, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold land	– not depreciated
Freehold buildings	– over the expected remaining life
Office equipment	– over 4 years (except Wallace Live, 10 years)
Fixtures and fittings	– over 4 years (electrical equipment) 10 years (other fixtures and fittings) and 25 years (refurbishment projects). Purchased antique frames are not depreciated

Depreciation is charged in the year of acquisition but not in the year of disposal.

Assets Under Construction are capitalised and not depreciated until they come into use. At that point they are transferred into other categories of asset and depreciated accordingly.

The land and buildings have been revalued in the year. The fixed assets are re-valued to current costs, where material, using a range of appropriate indices. Impairment reviews are carried out where fixed assets show indications of potential impairments. In the years between the quinquennial revaluations land is re-valued with reference to GDP indices published by the Office for National Statistics, and buildings by BCIS tender price indicators.

The Wallace Collection Annual Report and Accounts 2010-11

f) Stock

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

g) Heritage Assets

The Wallace Collection is the most intimate national museum in the world. Formed by four generations of Marquesses of Hertford and by Sir Richard Wallace (the illegitimate son of the fourth Marquess), between the 1780s and the 1880s, it was bequeathed to the nation by Lady Wallace in 1897. Her bequest stipulated that it should be preserved as a national museum 'unmixed with other works of art'. The Collection contains Old Master paintings, miniatures, sculpture, French furniture, porcelain and goldsmiths' work, European and Oriental arms and armour, and medieval and renaissance works of art. All are of the highest quality and of international importance.

The Collection comprises 5,600 works of art in total (see p.6) and encompass a superb range of fine and decorative arts from the fifteenth to the nineteenth centuries. They are housed in twenty-seven rooms and galleries on the ground and first floors, with additional Exhibition Galleries, Visitors' Library, Lecture Theatre, Meeting Room, Studio, Conservation Gallery and Reserve Collection Gallery on the lower ground floor.

Since the Wallace Collection is prohibited by the terms of Lady Wallace's bequest and subsequent statute from adding to or disposing of its permanent collection, objects and archival material relevant to the Collection and the family history are occasionally acquired for the Hertford House Historic Collection (HHHC) subsequent to the 1897 bequest. This collection was formerly referred to as the Library of Hertford House Archive Collection and renamed in 2005 to avoid any future ambiguity in relation to the Library and Archive Collections'.

There is no separate accession register as such for the Wallace Bequest since this function is deemed to be fulfilled by the original bequest documentation and subsequent catalogues. An Accession Register has been implemented for the HHHC and is held in the office of the Collections and Academic Director.

Owing to the above stipulations the Wallace Collection neither acquires nor disposes of works of art.

The majority of the Wallace Collection bequest is numbered and catalogued in a series of scholarly publications commencing with *Oriental Arms and Armour* by GF Laking in 1912. The Museum also holds a number of 19th century manuscript inventories of the collection.

The objects in the HHHC are not valued as all such purchases fall under the capitalisation threshold.

There is no value attributed to any items in the Collection as Heritage Assets or otherwise. Expenditure which is required to preserve or prevent further deterioration of individual Collection items is recognised in the Statement of Financial Activities when it is incurred.

The Wallace Collection Annual Report and Accounts 2010-11

Collections Management

Under the terms of the bequest, the whole Collection is available to the public all year round. The only time works of art are held offsite is for external conservation.

Air conditioning was installed in Hertford House in the 1970s in order to regulate temperature and relative humidity to optimise the care of the Collection. In addition over the years additional space has been made available to ensure that the Collection is accessible to all.

Object Files

An object file exists for every object in the collection where correspondence, publication of prints and photographs are held.

Museum Plus

In February 2006 the museum implemented its first computerised Collections Management System, MuseumPlus. A team of three Documentation Assistants and a Documentation Officer were recruited to populate the database with a core record for every object in the 1897 bequest. A basic record was imported to the system from a previously in-use Location list held in Excel. This information supplied Museum Number, Object Name and Location. Working to a pre-defined data standard the team created fuller records using information from scholarly catalogued and object files.

This can viewed online at www.wallacecollection.org/thecollection/wallacelive.

Records have also been created for the Hertford House Historic Collection, Handling Collections and for loans from (HHHC) and to the Wallace Collection.

Accreditation

The Wallace Collection is a fully accredited Museum and therefore has in place an Acquisition and Disposal Policy, approved by the Trustees, a documentation procedural manual and maintains the primary documentation procedures as defined by SPECTRUM.

Non inclusion of Heritage Assets in the Balance Sheet

In the opinion of the Trustees, appropriate and relevant information on cost or value is not available for the Museum's collections. This is owing to the lack of information on purchase cost, the diverse nature of the objects, and the volume of items held.

In the Trustees' opinion, conventional valuation approaches lack sufficient reliability and any valuation is likely to incur significant cost that is likely to be onerous. Even if valuations could be obtained the costs would not be at commensurate with any benefits to the Museum management, curatorial staff, the public, or users of the financial statements

For this reason the Collections are not recognised as assets in the Museum's Balance Sheet.

h) Leases

Costs in relation to operating leases are charged to the Statement of Financial Activities over the life of the lease.

The Wallace Collection Annual Report and Accounts 2010-11

i) Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the net movement in funds.

j) Pension costs

Past and present employees are covered by the provisions of the Civil Service Pension Scheme. The defined benefit elements of the schemes are unfunded and are non-contributory except in respect of dependants' benefits.

k) Financial Instruments

Financial Assets

The Museum's financial assets comprise trade and other debtors which have fixed or determinable payments that are not quoted in an active market. The Museum has no intention of trading these. Subsequent to initial recognition at fair value, these assets are carried at amortised cost, less impairment, using the effective interest method.

Financial Liabilities

Trade, other creditors and accruals are recorded at their carrying value, in recognition that these liabilities fall due within 1 year.

Impairment of financial assets

An assessment of whether there is objective evidence of impairment is carried out for all financial assets or groups of financial assets at the balance sheet date. A financial asset, or group of financial assets, is considered to be impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the asset or group of assets that can be reliably estimated.

Where there is objective evidence that an impairment loss exists on financial assets carried at amortised cost, impairment provisions are made to reduce the carrying value to the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. Any charge to the Statement of Financial Activities represents the movement in the level of provisions, together with any amounts written off, net of recoveries in the year.

l) Taxation

The Wallace Collection is exempt under section 505 of the Income and Corporation Taxes Act 1988 from taxes on income arising from the pursuit of its charitable objectives.

2. Voluntary Income

£4,212,000 (2009/10 £4,301,000) of Grant-in-Aid has been received from the Department for Culture, Media and Sport during the year, of which £1,400,000 has been used to fund capital improvements (2009/10 £1,500,000); the remainder was used to fund operating expenditure. An additional £156,098 was received from DCMS/DfE for strategic

The Wallace Collection Annual Report and Accounts 2010-11

commissioning of e-learning and regional partnerships (2009/10 £160,000). The majority of donations and similar resources are restricted funds raised for capital refurbishments (see note 13) and includes a donation of £120,000 (2009/10 £120,436) from the DCMS/ Wolfson Museums and Galleries Improvement fund towards the cost of refurbishing the Collection.

3. Incoming resources from charitable activities

	2010/11	2009/10
	£000	£000
Study days and Art activities	39	40
Tours	15	15
Miscellaneous other income	8	24
	<u>62</u>	<u>79</u>

4. Investment income

	2010/11	2009/10
	£000	£000
Interest receivable	5	4

Interest is earned on short term cash deposits.

5. Total resources expended

a)	Staff costs	Other costs	Depreciation	2010/11	2009/10
	£000	£000	£000	£000	£000
Costs of generating funds					
Fundraising	103	40	–	143	167
Marketing and Design	95	196	–	291	299
Trading	535	332	10	877	822
Charitable activities					
Conservation	216	88	–	304	280
Collections	801	699	–	1,500	1,523
Security	1,213	118	–	1,331	1,342
Building and Maintenance	180	777	803	1,760	1,739
Governance	–	36	–	36	38
	<u>3,143</u>	<u>2,286</u>	<u>813</u>	<u>6,242</u>	<u>6,210</u>

b) Governance costs

Governance costs include:

	2010/11	2009/2010
	£000	£000
Trustee Board costs	4	4
Legal Fees	3	5
External Audit Fees	23	23
Internal Audit Fees	6	6
	<u>36</u>	<u>38</u>

The Wallace Collection Annual Report and Accounts 2010-11

c) Support Costs Breakdown by Activity

Support Costs	Fundraising	Marketing & Design	Trading	Conservation	Collections	Security	Building & Maintenance	Total 2010/11	Total 2009/10
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Director's Office	23	23	23	23	102	11	23	228	215
Finance	4	9	26	9	48	44	59	199	190
Human Resources	1	1	8	3	11	31	2	57	57
Office support and supplies	7	14	14	7	21	4	3	70	61
	35	47	71	42	182	90	87	554	523

Support costs are re-attributed to the main spending areas based on the most appropriate method of apportionment, by proportion of usage (Director's Office and Office Support and Supplies), overall expenditure (Finance) or staff numbers (Human Resources).

d) Breakdown of Costs of Direct Activities

Activity	Activities undertaken directly	Support costs	Total 2010/11	Total 2009/10
	£000	£000	£000	£000
Fundraising expenditure	108	35	143	167
Marketing and design expenditure	244	47	291	299
Trading expenditure	806	71	877	822
Conservation expenditure	262	42	304	280
Collections expenditure	1,318	182	1,500	1,523
Security expenditure	1,241	90	1,331	1,342
Building and maintenance expenditure	1,673	87	1,760	1,739
	5,652	554	6,206	6,172

6. Staff costs

a) Staff

	2010/11	2009/10
	£000	£000
Wages and salaries	2,505	2,530
Social security costs	190	188
Pension costs	387	399
	3,082	3,117
Agency staff costs	61	54
	3,143	3,171

The above does not include £89,929 relating to staff costs that were capitalised in year (2009-10 £88,040). These are staff costs relating specifically to capital projects.

The Wallace Collection Annual Report and Accounts 2010-11

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:

	2010/11	2009/10
£60,001 – £70,000	2	2
£110,001 – £120,000	–	1
£120,000 – £130,000	1	–
	<hr/>	<hr/>
	3	3

b) Pension Costs

Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The PCSPS is a non-contributory and unfunded multi-employer defined benefit scheme but The Wallace Collection is unable to identify its share of the underlying liabilities. A full actuarial valuation was carried out as at 31st March 2007. Details can be found in the resource accounts of the cabinet office: Civil Superannuation (www.civilservice-pensions.gov.uk).

For 2010/11, employers' contributions of £352,444 were payable to the PCSPS (2009/10: £370,984) at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 2011-12, the rates will be in the range 16.7% to 24.3%. The contribution rates are set to meet the cost of the benefits accruing during 2011/12 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution.

Employers' contributions of £34,503 (2009/10: £27,661) were paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions equivalent to 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees. Contributions due to the partnership pension providers at the balance sheet date were £2,497 (2009/10: £2,399). No contributions were prepaid at that date.

The Wallace Collection Annual Report and Accounts 2010-11

c) Average number of employees

The average number of employees, analysed by function, was:

	Permanent Staff	Temporary Staff	Managerial Staff	2010/11 Total	2009/10 Total
Director's Office	1.5	0.0	1.0	2.5	2.5
Conservation	5.3	0.0	0.0	5.3	5.0
Collections	16.9	0.0	1.5	18.4	20.6
Security	45.1	3.2	0.0	48.3	50.0
Building and Maintenance	3.0	0.0	0.0	3.0	3.0
Fundraising	2.2	0.0	0.5	2.7	3.0
Marketing & Design	1.5	0.0	0.5	2.0	2.0
Trading	12.7	0.0	0.0	12.7	11.0
Finance and HR	3.5	0.0	1.0	4.5	4.5
	91.7	3.2	4.5	99.4	101.6

The above figures relate to full time equivalent staff numbers. This excludes the capitalised element of fixed term staff members whose costs were capitalised. The capitalised element equates to 3 full time equivalent staff for the year as a whole (2009-10: 3 FTE).

d) Trustees

The Trustees neither received nor waived any emoluments during the year (2009/10: £nil). Expenses reimbursed to the Trustees for travel and subsistence amounted to £nil (2009/10: £nil). If any such reimbursed expenditure is incurred, it is funded from a specific donation from the Chairman. The Chairman and Board of Trustees are appointed for periods of 3 to 5 years.

e) Compensation for loss of office

One employee left under compulsory early severance terms on 12 October 2010 and received a compensation payment of £35,875 (2009-10: none). Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure.

7. Notional cost of capital

In previous years, a charge reflecting the cost of capital utilised by the Wallace Collection has been included in the consolidated statement of financial activities. In line with the 'Clear Line of Sight' project by HM Treasury, NDPB reporting of the cost of capital charge is no longer required. This is a change in accounting policy requiring a prior period adjustment and so the consolidated statement of financial activities has been restated. There is no impact on net assets or the balance sheet.

The Wallace Collection Annual Report and Accounts 2010-11

8. Net incoming resources

Net incoming resources are stated after charging:

	2010/11	2009/10
	£000	£000
NAO audit fee	18	18
Trading subsidiary audit fee	5	5
Internal audit fees	6	6
Operating lease rentals for hire of plant and machinery	20	19

All external auditors' remuneration was for audit work.

9. Tangible fixed assets

Group

	Freehold land and buildings £000	Fixtures and fittings £000	Office Equipment £000	Assets Under Construction £000	Total £000
Cost/valuation					
Balance at 1 April 2010	35,664	3,343	714	348	40,069
Additions	21	62	33	1,386	1,502
Transfers	580	(122)	–	(458)	–
Disposals	–	(109)	(63)	–	(172)
Revaluation	(2,465)	116	–	–	(2,349)
Balance at 31 March 2011	33,800	3,290	684	1,276	39,050
Depreciation					
Balance at 1 April 2010	2,166	1,295	411	–	3,872
Charge for the year	599	140	74	–	813
Transfers	42	(42)	–	–	–
Disposals	–	(85)	(60)	–	(145)
Revaluation	(2,807)	24	–	–	(2,783)
Balance at 31 March 2011	–	1,332	425	–	1,757
Net book value					
Balance at 31 March 2011	33,800	1,958	259	1,276	37,293
Balance at 31 March 2010	33,498	2,048	303	348	36,197

The net book value at 31 March 2011 represents tangible fixed assets used for:

	Freehold land and buildings £000	Fixtures and fittings £000	Office Equipment £000	Assets Under Construction £000	Total £000
Charitable purposes	33,800	1,946	251	1,276	37,273
Trading Activities	0	12	8	0	20
	33,800	1,958	259	1,276	37,293

The Wallace Collection Annual Report and Accounts 2010-11

The Collection

	Freehold land and buildings £000	Fixtures and fittings £000	Office Equipment £000	Assets Under Construction £000	Total £000
Cost/valuation					
Balance at 1 April 2010	35,664	3,285	627	348	39,924
Additions	21	48	31	1,386	1,486
Transfers	580	(122)	–	(458)	–
Disposals	–	(53)	(57)	–	(110)
Revaluation	(2,465)	116	–	–	(2,349)
Balance at 31 March 2011	33,800	3,274	601	1,276	38,951
Depreciation					
Balance at 1 April 2010	2,166	1,245	338	–	3,749
Charge for the year	599	138	66	–	803
Transfers	42	(42)	–	–	–
Disposals	–	(37)	(54)	–	(91)
Revaluation	(2,807)	24	–	–	(2,783)
Balance at 31 March 2011	–	1,328	350	–	1,678
Net book value					
Balance at 31 March 2011	33,800	1,946	251	1,276	37,273
Balance at 31 March 2010	33,498	2,040	289	348	36,175

Freehold buildings

The Wallace Collection is housed in Hertford House, Manchester Square, London, W1U 3BN. The freehold title to this property was transferred to the Trustees of the Wallace Collection from the Secretary of State for the Environment on 22 December 1993 at its then net book value. The property was revalued at £33,800,000 on a depreciated replacement cost basis at 31 March 2011 by an independent surveyor, Gerald Eve, in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual, First Edition. In between the full quinquennial revaluations the land and building are revalued on an annual basis using appropriate indices.

The Wallace Collection Annual Report and Accounts 2010-11

10. Debtors

	Group 2011 £000	Group 2010 £000	Collection 2011 £000	Collection 2010 £000
Trade debtors	172	112	30	22
Other debtors	20	17	20	17
VAT debtors	147	84	200	120
Amount due from subsidiary	–	–	680	346
Prepayments and accrued income	119	142	112	115
	458	355	1,042	620

None of the above is expected to be received after more than one year.

The debtors include £146,505 (2010: £84,028) owed by HM Revenue and Customs, and no amounts owed by central government departments. All other amounts are with bodies external to government.

11. Creditors: amounts falling due within one year

	Group 2011 £000	Group 2010 £000	Collection 2011 £000	Collection 2010 £000
Trade creditors	281	184	272	171
Taxation and Social Security	51	80	51	80
Accruals	186	177	181	167
Deferred Income	315	290	84	183
Other Creditors	7	–	4	–
	840	731	592	601

The creditors include £51,314 (2010: £80,193) owed to HM Revenue and Customs, and no other amounts owed to central government departments. All other amounts are with bodies external to government.

Deferred income includes £37,501 of membership deferred in the year, £88,682 was released from 2010.

12. Analysis of net assets between funds

	Unrestricted funds £000	Restricted funds £000	Total Mar-11 £000
Fund balances at 31 March 2011 are represented by:			
Tangible fixed assets	4,204	33,089	37,293
Current assets	2,010	339	2,349
Current liabilities	(840)	–	(840)
Total net assets	5,374	33,428	38,802

There are no unrealised gains included above.

The Wallace Collection Annual Report and Accounts 2010-11

13. Consolidated statement of funds

	Balance at 1 April 2010 £000	Income £000	Expenditure £000	Revaluation £000	Transfers £000	Balance at 31 March 2011 £000
Unrestricted funds						
Designated funds:						
Capital projects fund (a)	4,528	233	(238)	–	(579)	3,944
Revaluation reserve	196	–	–	64	–	260
Designated capital fund (b)	178	341	(178)	–	–	341
General funds	330	5,400	(4,722)	–	(179)	829
Total unrestricted funds	5,232	5,974	(5,138)	64	(758)	5,374
Restricted income funds						
Capital reserve (c)	31,043	–	(602)	–	1,848	32,289
Revaluation reserve	430	–	–	370	–	800
Conservation projects (d)	5	50	(35)	–	–	20
Education fund (e)	8	207	(204)	–	–	11
Publication fund (f)	115	42	(138)	–	78	97
Archive project (g)	97	6	(7)	–	–	96
Curatorial projects (h)	10	10	(10)	–	–	10
Exhibitions fund (i)	–	2	(102)	–	101	1
Gallery refurbishment (j)	901	468	–	–	(1,269)	100
Chairman's fund (k)	8	2	(6)	–	–	4
Total restricted funds	32,617	787	(1,104)	370	758	33,428
Total funds	37,849	6,761	(6,242)	434	–	38,802

a) The Capital projects fund comprises the Collection's fixed assets purchased using unrestricted funds. The transfer to capital reserves arises as a result of the external revaluation of the land and buildings.

b) The Designated capital fund reflects amounts designated from general income for future capital projects.

c) The Capital reserve fund represents the net book value of the property and other fixed assets purchased from restricted funds.

d) The Conservation projects fund includes funds specifically for conservation projects from various donors, the most significant element of the year end balance is the Reynolds Conservation Project.

e) The Education fund assists with the cost of the Collection's education department. This was boosted in 2010-11 by a £156,098 donation from DCMS/DfE for strategic commissioning of e-learning and regional partnerships.

The Wallace Collection Annual Report and Accounts 2010-11

f) The Publication fund reflects donations towards the Collection's scholarship activities. The transfer represents the unrestricted funds used to help fund the publications during the year.

g) The Archive fund was set up by a donation in 2005/06 in order to facilitate the cataloguing and research of the Collection archives.

h) The Curatorial fund was set up in 2005/06 with a donation to allow the purchase of a historic picture frame. It continues with donations towards curatorial purchases and activities.

i) The Exhibition fund was set up in 2005/06 in order to facilitate the Collection's temporary exhibition programme. The transfer represents the unrestricted funds used to help facilitate the exhibitions during the year.

j) The Gallery refurbishment fund represents those restricted funds specifically raised to fund the next phase of gallery refurbishments. The transfer relates to the restricted element of the works under construction during the year.

k) The Chairman's fund receives donations from the Chairman to enable the Wallace Collection to make various payments for the benefit of the Wallace Collection including the reimbursement of certain Trustee expenses incurred on Collection business.

14. Cash flow information

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

	Notes	2010/11 £000	2009/10 £000
Net (outgoing)/incoming resources for the year		519	1,729
Depreciation	9	813	818
Investment income received	4	(5)	(4)
Loss/(profit) on disposal of fixed assets		27	0
(Increase)/decrease in stock		(69)	11
(Increase)/decrease in debtors	10	(103)	86
Increase/(decrease) in creditors	11	109	(42)
Net cash inflow from operating activities		1,291	2,598

b) Analysis of cash flows

		2010/11 £000	2009/10 £000
Returns on investments and servicing of finance			
Interest received	4	5	4
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets	9	1,502	1,951

The Wallace Collection Annual Report and Accounts 2010-11

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

	2010/11	2009/10
	£000	£000
(Decrease)/Increase in cash in the year	(206)	651
Movement in net funds in the year	(206)	651
Net funds at 1 April (note 14(d))	1,808	1,157
Net funds at 31 March (note 14(d))	1,602	1,808

d) Analysis of net funds

	1-Apr	Cash	31-Mar
	2010	Flow	2011
	£000	£000	£000
Cash at bank and in hand	1,808	(206)	1,602

15. Hertford House Marketing Ltd

The Collection owns the whole of the issued share capital of 2 issued shares of £1 nominal value, of Hertford House Marketing Limited, a company registered in England & Wales. The company's principal activities are Corporate Event hire, Retail, the Picture Library and the running of the Wallace Restaurant franchise. Hertford House Marketing Limited commenced formal trading on 1 April 2000. The Chairman of Trustees and the Collection's Director are the only directors of the company.

The Wallace Collection Annual Report and Accounts 2010-11

Income and Expenditure Account:

	2010/11	2009/10
	£000	£000
Turnover	1,415	1,263
Cost of Sales	(203)	(222)
	<hr/>	<hr/>
Gross profit	1,212	1,041
Administrative Expenses	(724)	(647)
	<hr/>	<hr/>
Operating Profit	488	394
Interest Receivable	1	1
Contribution to The Wallace Collection	(490)	(390)
	<hr/>	<hr/>
Net (Loss)/Profit before Tax	(1)	5
Tax	0	0
	<hr/>	<hr/>
Net (Loss)/Profit after Tax	(1)	5
	<hr/>	<hr/>
Reconciliation to SoFA:		
Cost of Sales	203	222
Administrative Expenses	724	647
less: Audit fee included in Governance	(5)	(5)
less: Intercompany sales	(45)	(42)
	<hr/>	<hr/>
Per Consolidated SoFA	877	822

Balance sheet:

	2011	2010
	£000	£000
Tangible Fixed Assets	20	22
Current Assets	990	521
Current Liabilities	(981)	(513)
	<hr/>	<hr/>
Net Assets	29	30
	<hr/>	<hr/>
	2011	2010
	£000	£000
Share Capital	0	0
Reserves	29	30
	<hr/>	<hr/>
Net Assets	29	30

The Wallace Collection Annual Report and Accounts 2010-11

16. Financial commitments

At 31 March 2011 the Collection had annual commitments under non-cancellable operating leases for equipment as follows:

Operating leases expiring within:

	2011 £000	2010 £000
In under one year	0	2
In the second to fifth years inclusive	16	17
Over five years	3	0
	19	19

Hertford House Marketing Limited has no such financial commitments.

17. Financial Instruments:

FRS29 Financial Instruments: Disclosures requires entities to provide disclosures which allow users of the accounts to evaluate the significance of financial instruments for the entity's financial position and performance and the nature and extent of risks arising from financial instruments during the period.

The majority of financial instruments relate to contracts to buy non-financial items in line with the Museum's expected purchase and usage requirements and the Museum is therefore exposed to little credit, liquidity or market risk.

Liquidity Risk

Approximately 63% (2009-10: 54%) of the Museum's income was provided as Grant-in-Aid from the Department for Culture, Media and Sport. The remaining proportion is therefore generated via self-generated income, which is volatile. The risk is managed by the reserves policy for general funds which seeks to build these funds to £500,000. As the cash requirements of the Charity are met largely through Grant-in-Aid received from the Department of Culture, Media and Sport, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size.

Foreign Currency Risk

As the Museum's policy is to convert foreign currency into sterling on receipt, the Museum's exposure to foreign currency risk is not significant.

Interest Rate Risk

The Museum draws down its annual Grant-in-Aid allocation according to its monthly cash flow requirements; All of the Museum's financial assets represents cash held for these short term requirements and therefore earns interest at a floating rate. None of the Museum's financial assets carry fixed rates of interest. As only a small proportion of income £5,065 (2009-10 – £3,581) is generated from interest earned, the Museum is not exposed to significant interest rate risk.

The Wallace Collection Annual Report and Accounts 2010-11

18. Capital commitments

At 31 March 2011 capital expenditure commitments were as follows:

	2011	2010
	£000	£000
Authorised by the Trustees and contracted for	1,583	366

19. Related party transactions

The Wallace Collection is a non-departmental public body of the Department for Culture, Media and Sport. The DCMS is regarded as a related party. During the year, the Wallace Collection has had a number of material transactions with the Department. During the year, no Trustee, key manager or related parties has undertaken any material transactions with the Wallace Collection except for those listed below:

In 2008 our Trustee, Mr Adrian Sassoon, launched a project to raise the profile of the Wallace Collection in the contemporary art world by commissioning a group of ceramic artists to create pieces inspired by works of art in the Wallace Collection for the International Ceramics Fair and Seminar. Subsequently he provided (via his trading Company) a number of items to Hertford House Marketing Limited, on a sale or return basis, for the Wallace Collection Shop. This was entirely altruistic: neither he nor his Company profited in any way from this arrangement, and we were grateful for the novel income-generating opportunity it afforded us.

The Chairman generously supports the Collection through the 'Chairman's Fund', the details of which are shown in note 13, which included in the year a donation to enable the Hertford House Historic Collection to acquire a set of three Armorial Wine Coolers.

In addition the DCMS noted above, the DfE as a government body is also considered to be a related party in respect of the DCMS/DfE funding for strategic commissioning of e-learning and regional partnerships.

20. Post Balance Sheet Events

There were no significant events after the year end.

The accounts were authorised by the Accounting Officer for issue on the date of the Comptroller and Auditor General's certification.

21. Contingent Liabilities

There were no contingent liabilities as at 31 March 2011.



information & publishing solutions

Published by TSO (The Stationery Office) and available from:

Online

www.tsoshop.co.uk

Mail, Telephone, Fax & E-mail

TSO

PO Box 29, Norwich, NR3 1GN

Telephone orders/General enquiries: 0870 600 5522

Order through the Parliamentary Hotline Lo-Call 0845 7 023474

Fax orders: 0870 600 5533

E-mail: customer.services@tso.co.uk

Textphone: 0870 240 3701

The Parliamentary Bookshop

12 Bridge Street, Parliament Square

London SW1A 2JX

Telephone orders/General enquiries: 020 7219 3890

Fax orders: 020 7219 3866

Email: bookshop@parliament.uk

Internet: <http://www.bookshop.parliament.uk>

TSO@Blackwell and other Accredited Agents

Customers can also order publications from:

TSO Ireland

16 Arthur Street, Belfast BT1 4GD

Tel 028 9023 8451 Fax 028 9023 5401

ISBN 978-0-10-297382-2



9 780102 973822