

MUSEUMS AND GALLERIES ACT 1992

Presented pursuant to Museums and Galleries Act 1992, c.44, para 9(8)

Victoria and Albert Museum Annual Report and Accounts 2006-2007

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 23rd JULY 2007

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Annual Report

1. Introduction

The V&A is Britain's national museum of art and design. It was founded in 1852 as the Museum of Manufactures (at Marlborough House), was renamed the Museum of Ornamental Art in 1853 and opened as the South Kensington Museum in 1857. Queen Victoria conferred the name "Victoria and Albert Museum" in 1899.

The V&A was part of the Government's Department of Education and Science and operated under the auspices of an Advisory Council until 1 April 1984 when it acquired Trustee status with the passing of the National Heritage Act 1983. The V&A is currently sponsored by the DCMS. The Museum's Board of Trustees is answerable to the Secretary of State for Culture, Media & Sport for the policies and performance of the Museum. The Minister is, in turn, answerable to Parliament. The Director of the V&A is accountable both to the Board as Chief Executive and to the Secretary of State as Accounting Officer.

The Victoria and Albert Museum (V&A) comprises the main site at South Kensington, the V&A Museum of Childhood (MoC) at Bethnal Green, the V&A Theatre Collections and the archive/study collections site at Blythe House, West London.

This annual report covers the charitable activities undertaken by the V&A in 2006/07, organised under three headings: Collections & Visitors, Exhibitions & Contemporary and Education, Learning & Interpretation. It also refers to the Museum's key strategic objectives. However, the report is not a comprehensive account of all that the Museum does. Further information can be found in other corporate documents, notably, the V&A Annual Review 2006/07 and the 2006/07 annual report against the DCMS/V&A Funding Agreement. These can be found at the V&A website: www.vam.ac.uk.

V&A Mission

As the world's leading museum of art and design, the V&A enriches people's lives by promoting the practice of design and increasing knowledge, understanding and enjoyment of the designed world.

V&A key strategic objectives

- To provide optimum access to collections and services for diverse audiences, now and in the future
- To be acknowledged and respected as the world's leading museum of art and design
- To promote, support and develop the UK creative economy by inspiring designers and makers, and by stimulating enjoyment and appreciation of design
- To operate with financial and organisational efficiency

2006/07 Highlights

- The V&A broke all records for attendance during 2006/07 :
 - the highest number of visits ever to our London sites (2.9 million)
 - soaring website visits (19 million)
 - the highest ever weekly attendance at South Kensington (88,000 12-18 February 2007)
 - visits to MoC increased by 86% (December 06-March 07 v same period 2004/05 when the MoC was last open).
- The MoC was re-opened in December 2006 by Jacqueline Wilson, the Children's Laureate. The Museum has a stunning new entrance that resonates with the building's original Victorian character while, inside, the full beauty of the vaulted iron structure has been revealed and the refurbishment of the gallery spaces completed.
- The V&A was one of the first eight institutions awarded the new Independent Research Organisation status by the Arts & Humanities Research Council, effective for five years from April 2006. This recognises the Museum's successful record and enables further development through direct access to HE funding streams.
- The newly renovated Jameel Gallery of Islamic Art opened on 18 July 2006.
- The completely refurbished Dorothy and Michael Hintze Sculpture Galleries opened in early 2007.

2006/07 Financial Summary

	£'000
Total income from continuing operations	74,209
Operating expenditure	(61,159)
Adjustment for capital projects	(6,991)
Movement on and transfers between funds	(6,011)
Operating surplus/(deficit)	48

Structure, Governance & Management

The V&A is governed by the National Heritage Act 1983 (NHA). The NHA was modified and repealed to some extent by the Museums and Galleries Act 1992, but this did not materially affect the status of the Museum.

The V&A is a non-departmental public body sponsored by the Department for Culture, Media and Sport, and is a charity exempt from registration under the Charities Act of 1993, and its investments are governed by the Trustee Act 2000.

Appointments to the V&A Board of Trustees, including that of the Chairman, are made by the Prime Minister following the DCMS process for recruiting 'upper tier' public appointments. Appointment to the Board is governed by selection on merit, on the basis of equality of opportunity for all, and is subject to monitoring by the Commissioner for Public Appointments. There is one ex officio member of the Board, the Rector of the Royal College of Art; currently Professor Sir Christopher Frayling.

On appointment, Trustees are provided with a Trustee Handbook that gives information on the V&A, outlines the roles and responsibilities of Trustees and senior staff, and refers to other guidelines on public service and conduct of public appointees. New Trustees are personally introduced to their role by the Chair of Trustees, the Director and Deputy Director, involving other V&A staff as necessary. DCMS also provide a booklet for Board members of its NDPBs and invites new Trustees to an introductory meeting.

The V&A Board is a body corporate, analogous to the board of a company, with between 12 and 20 members; there are currently 13. Trustees serve an initial term of up to four years and are, in theory, eligible for re-appointment without limit. In reality, however appointments are restricted to serving two terms or a total of no more than 10 years. Trustees are not remunerated but are able to claim expenses.

The V&A Board of Trustees has the following general functions under the NHA:

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

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

The Comptroller and Auditor General is the auditor of the Museum's consolidated accounts. The audit fee for this work was £36,000 and in addition to this £5,600 was paid to the National Audit Office for non-audit services.

As far as the Accounting Officer is aware there is no relevant audit information of which the entity's auditors are unaware. The Accounting Officer has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the entity's auditors are aware of that information.

The V&A has a close relationship with the Friends of the V&A (charity no. 272056), but does not have any control over its Board.

The V&A co-operates with a wide range of charities and organisations in furtherance of its aims and objectives. Some of these are referred to in this annual report, but there are too many to list individually.

2. Collections & Visitors

Provide optimum access to collections and services for diverse users

Visitor numbers and profile and feedback

The V&A broke all records for attendance during 2006/07: the highest number of visits ever to our London sites (2.9 million); soaring website visits (19 million); the highest ever weekly attendance at South Kensington (88,000 12-18 February 2007) and visits to MoC increased by 86% (December 06-March 07 v same period 2004/5).

The Museum also exceeded its performance targets for child visits, children in education programmes and visits by UK adults from lower socio-economic groups. Comparisons with the previous year (2005/06) are skewed by closure of the MoC and Theatre Museum for parts of 2006/07, but at South Kensington the numbers of UK visitors from Black, Asian and minority ethnic (BAME) backgrounds was up by 47% (total visits up by 35%).

The V&A employs a range of mechanisms for consultation with, and getting feedback from, users to shape its programme and developments and build public value. This includes regular market research surveys, formative and evaluative consultation – often using innovative techniques – for gallery developments, in-house surveys for exhibitions and events, standing consultative fora for specialist groups, web feedback and comments forms. A specific research initiative in 2006/07 was for the temporary exhibitions programme, asking people about their expectations of proposed exhibition titles and about the sort of exhibition they would like to see at the V&A. The Museum also piloted consultation with a key target audience group – those working in the creative industries.

The V&A received an ADAPT Award for Excellence in Access 2006. “These are offered to UK arts venues which demonstrate good practice in access for all, but specifically for disabled people. The award to the V&A is in recognition of a) the efforts made to overcome the difficult physical access into and around the building and b) for the inclusive approach to the design and interpretation of the permanent displays and temporary exhibitions” (Letter from Stewart Coulter, Director of the ADAPT Trust).

FuturePlan

This is the V&A's large-scale, long-term capital re-development programme. Its aim is to open up the Museum and its collections, both physically and intellectually, for everyone to use and enjoy. The galleries and public spaces of the historic buildings themselves are transformed through beautiful and sensitive design and the collections are presented in engaging and stimulating ways that draw on the latest research into objects, museum practice and historic interiors. As well as access to collections through display and interpretation, FuturePlan contributes to many other Museum agendas such as engagement with the creative industries, increasing audience diversity and inclusion and improving carbon-efficiency. FuturePlan is primarily funded from sources other than core Grant in Aid (GIA).

The main FuturePlan project completed in 2006/07 was the Jameel Gallery of Islamic Art, opened by HRH Prince Charles on 18 July 2006. The gallery houses treasures from the V&A's Middle Eastern collection, one of the most extensive and renowned in the world with the magnificent Ardabil carpet as its centrepiece.

The opening was accompanied by a full and varied events programme. This included three weekends with Turkish, Arab and Iranian themes and a Contemporary Friday Late, 'Arabise Me', that together attracted 43,000 visits. The project was made possible by a substantial donation from the Jameel family, and is dedicated to the memory of Mr Abdul Latif Jameel, the late founder of the Abdul Latif Jameel Group, and his wife Nafisa, by Mohammed Abdul Latif Jameel, their son.

The V&A was also able to completely renovate the Sculpture Galleries thanks to a generous donation by Dorothy and Michael Hintze. The galleries were completed in early 2007 with displays that illustrate the relations between Britain and France from the late nineteenth century to the early twentieth and explore the development of British sculpture up to about 1940. They provide the V&A with an opportunity to show its magnificent Rodin collection in the context of nineteenth- and twentieth-century British sculpture and the Museum enjoyed close collaboration with national and regional collections and institutions. The galleries incorporate a large group of important works generously lent by Tate, as well as from other major collections, including the Henry Moore Foundation, Leighton House, Nottingham Museums and Galleries, and Reading Museums and Galleries.

The MoC was re-opened in December 2006 by Jacqueline Wilson, the Children's Laureate. The Museum has a stunning new entrance that resonates with the building's original Victorian character while, inside, the full beauty of the vaulted iron structure has been revealed and the refurbishment of the gallery spaces completed. More of the Museum's outstanding collections are now on public display in two new galleries, Exploring Creativity and Moving Toys, and the new Clore Learning Centre has doubled the capacity for educational programmes for people of all ages. From re-launch, the MoC has opened seven days per week (previously closed on Fridays).

A new display of nineteenth-century European and American decorative arts opened in Gallery 101 (South Kensington) in December 2006. This keeps on public display objects displaced to allow work to begin on the new Medieval and Renaissance Galleries.

In addition to completed projects, planning, enabling work and construction advanced on other major FuturePlan projects: Contemporary Space, Sackler Centre for Arts Education at the V&A, Medieval & Renaissance Galleries, William and Judith Bollinger Jewellery Gallery & the Ceramics Galleries.

V&A Theatre Collections

In 2006, the Trustees of the Museum decided to close the V&A Theatre Museum site at Covent Garden, London, as it had not been possible to secure funds to develop the Theatre Collections at the Covent Garden building. Two bids by the V&A to the Heritage Lottery Fund had been unsuccessful and interested parties could not be identified to raise the resources for continuation of a West End location. In making this decision, the Trustees recognised the need for substantial investment in improving access to the theatre collections, and resources have been allocated to the future strategy which will provide much greater access through the internet, new galleries for the collections at South Kensington, UK touring exhibitions and loans, and maintaining the important materials housed at the V&A collections site at Blythe House, West London.

The Covent Garden site closed to the general public on 6 January 2007, though education programmes and guided tours continue until August 2007. Most of the Theatre Collections and staff were already housed at Blythe House where research facilities are available, and the Museum is examining ways to further improve and promote such access. Planning for a permanent display space and temporary exhibitions at South Kensington, touring exhibitions and enhanced web access were announced during 2006/07 and will be advanced in 2007.

Online Museum and electronic access: <http://www.vam.ac.uk>

As the number of visits demonstrates, the internet is an important route to accessing the V&A collections. 32% of the collections is accessible online. A good deal of this is accounted for by catalogue-style records, however. The main vehicle for digital collections access is the 'Search the Collections' facility: c. 6,000 objects were added in 2006/07, taking the total to c. 30,000 (3.5% of the collections).

In addition, the V&A websites provide extensive rich content for all types of user, from specialist academic resources to games for young children. Every major exhibition has an associated website and the Museum is systematically uploading its learning resources. The MoC website was re-designed and re-launched during its period of closure.

Storage

During 2006/07, following extensive searching and consultation, the V&A identified a suitable site for a new regional collections store at Dean Hill, Wiltshire. The site – former MoD weapons stores – offers an acceptable balance of accessibility, security, environmental conditions and cost for the type of material that it will be used for and will meet the Museum's needs.

Be the world's leading museum of art & design

Acquisitions

The V&A's status as the world's pre-eminent museum of art and design is founded upon its collections. As the vital heart of the Museum, it is essential to continually develop our collections to make the best of historic and contemporary design available to the public and to reflect changing societies. This is increasingly difficult to sustain under the pressures of reduced GIA, rising prices in the art market and competition from other buyers (both private and institutional), often from overseas. Nevertheless, the modest sums that the V&A is able to allocate to acquisition from core budgets is supplemented by funds levered in from elsewhere, such as donors, the Friends of the V&A and grant-making bodies. In 2006/07 the V&A acquired objects for the collections worth £1,662,000, of which £436,000 was from core funding.

Box 1: Examples of important acquisitions in 2006/07

See also Box 3 for examples of acquisitions by contemporary makers

- An early 17th Century English wooden rocking horse; one of the first to be made and believed to have been commissioned as a gift for the young Charles I
- Cabinet containing dissected maps; used to teach geography to the future George IV and William IV, the maps are among the earliest surviving examples of jigsaw puzzles. The cabinet was purchased by The Art Fund and will be placed in the shared custody of the MoC and Historic Royal Palaces.
- The Pacot ewer and basin; silverware made by Elie Pacot in 1711-12 for John Churchill, 1st Duke of Marlborough. Over 180 private individuals supported the campaign to acquire these objects, in addition to several grant-making bodies.
- A collection of around 790 posters; an important private collection accepted in lieu of tax.
- A large collection of 18th century Meissen ceramics; acquired in lieu of tax from the family of Arthur Weiner.
- A sandstone seated Buddha; an early and important object dating from the late 2nd–early 3rd century.
- *Zemire* ensemble by Christian Dior; for display in the Golden Age of Couture exhibition in 2007. Until the discovery, the 1954 outfit was known only through photographs.
- Surrealist tea service by Royal Crown Derby; discovered through research for the *Surreal Things* exhibition, it was specially commissioned by the millionaire and passionate patron Edward James and the glove motif probably came from Salvador Dali.
- The *Garden Egg* chair by Peter Ghyczy; an iconic East German product designed in 1968. It will be shown in the 2008 exhibition *Cold War Modern*
- Chinese ceramics from a shipwrecked cargo; for display in the new Ceramics Galleries. The ship went down off the coast of Vietnam in around 1725.

Research

The V&A Research Department is highly active and at the forefront of its field. Research, focused on the collections, underpins the Museum's public facing outputs in the form of exhibitions and displays, gallery developments, books and publications. The exhibition, *At Home in Renaissance Italy* (5 October 2006 – 7 January 2007), and accompanying publications were the culmination of a successful five-year research project, the Centre for the Study of the Domestic Interior, by the Royal College of Art (RCA), the V&A, and the Royal Holloway.

The V&A was one of the first eight institutions awarded the new Independent Research Organisation status by the Arts & Humanities Research Council, effective for five years from April 2006. This recognises the Museum's successful record and enables further development through direct access to Higher Education (HE) funding streams. Research is largely funded through external grant programmes. The Department has a small core staff and also hosts many internal and external secondments, fellowships, studentships, exchange placements etc. At March 2007, there were formal research partnerships with eight HE institutions (seven in the UK and one in the US) and 13 collaborative studentships with seven HE institutions, as well as numerous other links. The V&A enjoys a particularly close relationship with the Royal College of Art (RCA), manifested most obviously through the postgraduate training and research programme run jointly by the V&A and RCA in History of Design and Conservation.

Visitor experience

FuturePlan does not just cover galleries, but is also about improving the Museum's public spaces to create an attractive, welcoming environment for visitors and the services they expect from a major international cultural destination. In November 2006 a new Café opened in the original Refreshment Rooms (designed by Morris, Poynter and Gamble as the first museum restaurant in the world) and the adjacent rooms along one side of the John Madejski Garden (re-designed under FuturePlan in 2005).

Beyond the V&A at South Kensington, the V&A supported a plan (led by the Royal Borough of Kensington and Chelsea) for major improvements to the Exhibition Road area. This is essential if the locale and London are to sustain a thriving tourist economy, especially in the context of the London Olympiad. In 2006/07 a bid to the Big Lottery for this project failed, but the V&A remains a participant in progressing revised plans. The 15 cultural and educational organisations situated on and around Exhibition Road along with the two local borough councils have joined forces to promote the area as London's premier cultural and learning quarter. The Group's aim is to encourage collaboration and cross fertilization amongst member organisations and to promote Exhibition Road further as a world class cultural and educational resource. Co-ordinated public programmes that often spill out onto the streets, such as the annual Music Day – a spectacular day of free live music events attended by c. 14,500 people on 21 June 2006 (www.exhibitionroadmusicday.org) – and Black History Month are proving very successful. In October 2006 the Exhibition Road Cultural Group became a company limited by guarantee and is currently in the process of achieving charitable status. The Cultural Group has launched a marketing campaign in London and southern England as well as a dedicated website (www.exhibitionroad.com).

International Strategy

The V&A International Strategy was agreed in March 2006. In 2006/07 a significant advance was the signing of Memoranda of Understanding with the Fine Arts Museums of San Francisco, the National Museum of China and the Dr Bhau Daji Lad Museum, Mumbai. These are formal expressions of commitment to collaborate on exhibitions, research and staff development and other areas of mutual interest. International co-operation can also be effected through digital initiatives: the V&A is a partner in "Museum With No Frontiers", along with 16 other museums and cultural heritage organisations in 14 other countries in North Africa, the Middle East and the European Union to develop the pilot project, Discover Islamic Art.

In partnership with six other cultural organisations, the V&A commissioned a report on Cultural Diplomacy from the thinktank, Demos. This demonstrated the valuable contribution of culture in so-called 'soft' diplomacy – facilitating communications, understanding and business alongside more formal, traditional means – and made recommendations on how such benefits should be supported and promoted. The report was launched at a lively, high-profile event at the V&A on 28 February 2007, at which the then Secretary of State for Culture, Media and Sport, Tessa Jowell, participated in a panel discussion.

International loans and touring exhibitions are covered below.

V&A UK Strategy

Five regional museum services (Tyne & Wear Museums, Manchester City Galleries, Sheffield Galleries & Museums Trust, Birmingham Museums & Art Gallery and Brighton & Hove Galleries & Museums) comprise the V&A UK Partnership that collaborates to increase nationwide access to, and public benefit from, collections and museum services. Co-operation is on many levels, including exhibitions (see Box 9), learning and community programmes, loans, research, staff development, marketing and advocacy. Of the V&A UK Partners, the longest and deepest relationship has been with Sheffield Galleries & Museums Trust – since 1999. The highlight of 2006/07 was the major exhibition of Islamic treasures from the V&A, Palace and Mosque, 14 January – 16 April at the Millennium Galleries, Sheffield. The show completed the international tour of magnificent objects displaced by development of the Jameel Gallery of Islamic Art at the V&A (see Box 9).

As well as partnerships with specific regions, the V&A has espoused Subject Specialist Networks (SSNs) – collaborations based on collections. With funding from the Museums, Libraries & Archives Council (MLA), the V&A Theatre Museum led a project that enabled preparatory work for the establishment of a website to share information and a feasibility study for the creation of a UK performance database to enable comprehensive searching across different collections. A further grant application was made to implement the proposals defined in the feasibility report. The V&A also leads SSNs for Fashion and Himalayan collections, and is an active participant in SSNs led by other organisations, e.g. for Japanese and Chinese collections.

A key element of the V&A UK Strategy is the MLA/V&A Purchase Grant Fund (PGF). £1 million is provided by MLA for grants to non-national museums, galleries and specialist repositories in England and Wales to enable the acquisition of objects for their collections. Advice on collecting and professional standards is often as valuable to regional museums as the grants themselves. The V&A has run the PGF since 1871 and the 125th anniversary was celebrated with posters, talks and trails by many grant recipients throughout the country. In 2006/07 PGF received 279 grant applications from 148 organisations: 182 (65%) of these, from 115 organisations, were successful.

Loans and V&A UK touring exhibitions are covered below.

Loans

The V&A lends about 3,000 objects every year to enable its collections to be seen more widely and in new contexts. Short-term loans are usually for temporary exhibitions organised by another institution. Long-term loans, of which most are within the UK, are usually made when an object has particular significance to a venue or locality. The figures are given below; these do not include the 2,000 objects from the V&A (c. 900 V&A objects) and other places, nor venues for V&A touring exhibitions.

		UK	Overseas	Total
Number of objects	Short-term	459	619	1,078
	Long-term	1,768	44	1,812
	Total	2,227	663	2,890
Number of venues		271	109	380

Promote, support and develop the UK creative economy

Mission

The purpose of the V&A collections – indeed the Museum itself – is to be a resource for the creative industries and the people who use and enjoy their products. This was the founding purpose of the V&A and remains at the heart of the Museum's ethos. The collections are used in many different – often surprising – ways and we aim to stimulate opportunities and provide services to meet different users' needs, from hobbyists to top professionals. The V&A is also a showcase and patron, providing opportunities for designers and makers to show their work in the UK and abroad, and making the best historic and contemporary works accessible for everyone.

In 2006/07, 884,000 (34%) of visits to South Kensington were made by practitioners and teachers in the creative industries and students.

Acquisitions

See Box 1 for acquisitions, and Box 3 below for examples of works by contemporary designers.

Box 3: Examples of acquisitions by contemporary makers in 2006/07

- *Shui* woodblock print by Chen Qi: conceived especially for the space it now occupies in the TT Tsui Gallery.
- *Grey Coat* by Wang Yiyang; will feature in the *China Design Now* exhibition in 2008. Wang Yiyang is considered one of the most cutting-edge fashion designers in China.
- *Cinderella Table* by Jeroen Verhoeven; a contemporary re-interpretation of historic styles and motifs with modern materials and techniques.

COLLECT

- *Brouhaha* Teapot Vase by David Clarke, lead and silverplate
- *You and I #4* by Anders Ruhwald, stoneware and fibreglass markers
- *Salt Cellar Chickenleg* by Pauline Wiertz, porcelain
- *Lot's Wife* by Audrey Walker, hand-embroidered silk and cotton on canvas
- *Espresso Set* by Hans Stoper, mixed media
- *Child* by Carolien Smit, ceramic
- *Black Bond VII* by Steen Ipsen, stoneware and leather
- Raku fired white lidded box by Inger Rokkjaer, ceramic
- *The Space Between 9/05* by Jessica Loughlin, glass
- *Under My Wing* by Tali Dalton, Glass
- *Dappled Circle Scarlet* by Jo Barker, woven wool and silk tapestry
- *Morning Mist* by Fukumoto Shihoku, Indigo-dyed double-layered linen

Commissions

As the national museum of art and design, there is particular onus on the V&A to embody good design. The V&A works with many designers and artists, as well as the in-house team, through its own development projects and operations to create surroundings and products that are beautiful, exciting and practical.

Box 4: V&A design commissions in 2006/07 (excluding programme – see Box 6)

FuturePlan

- Softroom for the Jameel Gallery of the Islamic Middle East. The innovative suspended case for the Ardabil carpet won an FX award. Softroom also for the Sackler Centre.
- Eva Jiricna Architects for the Dorothy and Michael Hintze Sculpture Galleries and William and Judith Bollinger Jewellery Gallery
- MUMA for the Café: lighting by DHA Design. MUMA also for the Medieval & Renaissance Galleries
- Stanton Williams for the Ceramics Galleries
- Block Architecture for the Contemporary Space
- Caruso St John for Phase 2 of the V&A Museum of Childhood

Exhibition design

- Eva Jiricna Architects for *Modernism: Designing a New World 1914 – 1939*
- Opera 3D for *At Home in Renaissance Italy*
- 45th D&AD Annual of the best international design, advertising and creative communication: *Modernism* by Eva Jiricna in the Environmental Design and *Twilight* by V&A Designers Line Lund (3D) and Lisa Smith (graphics) in the Graphic Design category.

Uniforms

New uniforms designed by Margaret Howell were adopted for the Front of House staff in January 2007

Cherry on the Cake retail product collection

18 designers invited to produce items inspired by the V&A collections to form a collection of exclusive special editions. Launched for re-opening of the new Shop in March 2006, the participating designers were: Timorous Beasties, Neisha Crosland, Brothersister, Alexandra Jefford, Katy Hackney, Bill Amberg, Jonathan Saunders, Laura McCafferty, Daisy de Villeneuve, Jonathan Harris, Graphic Thought Facility, Charlie Atkin, Kate Brett, Poole Pottery, Julie Verhoeven, Tatty Devine, Clifford Richards, Cozmo Jenks.

V&A Enterprises (VAE)

The Museum owns the whole of the issued share capital of V&A Enterprises Limited. The company's principal activities are retail, publications, licensing, corporate events and images.

The Company runs a number of retail outlets in the different sites. In addition to the main shop which opened in February 2006, the South Kensington site also has an exhibition shop which sells retail products developed to accompany exhibitions.

V&A Licensing works with designers and manufacturers in the retail sector. Licensing facilitates access to the V&A's extensive archives and provides expert knowledge of the collections for interpretation into commercial products, including homeware, stationery, jewellery and gifts. Those V&A branded products are marketed and distributed worldwide in return for royalty payments. The focus for VAE Licensing in 2006/07 was to develop new relationships directly with retailers and to explore expansion opportunities in new categories in Europe, the USA and Japan.

V&A Images provides access to the amazing resources of the Museum's picture library, working with magazines, advertisers and publishers as well as with individual researchers. It is possible to buy good quality images directly from the website and new images are constantly being added. Towards the end of 2006/07 the V&A launched a pioneering new policy that allows free use of images to non-commercial users: the benefits of this will come into play in 2007/08.

V&A Publications launched 17 new titles and 4 new softback editions in 2006/07 on diverse topics related to V&A collections and programmes (see box 5).

<i>Box 5: V&A Publications in 2006/07</i>	
New titles	Author
<i>Prints Now</i>	Gill Saunders/Rosie Miles
<i>Japanese Cloisonne</i>	Gregory Irvine
<i>V&A Book of Western Ornament</i>	Michael Snodin
<i>Swinging Sixties</i>	Christopher Breward et al
<i>Che Guevara: revolutionary and icon</i>	Trisha Ziff (ed.)
<i>V&A Contemporary: Responsive Environments</i>	Lucy Bullivant
<i>Leonardo da Vinci: experience, experiment and design</i>	Martin Kemp
<i>At Home in Renaissance Italy</i>	Marta Ajmar, Flora Dennis (eds)
<i>Inside the Renaissance House</i>	Elizabeth Currie
<i>Imagined Interiors</i>	Jeremy Aynsley, Charlotte Grant (eds)
<i>The Making of the Jameel Gallery of Islamic Art</i>	Tim Stanley, Rosemary Crill (eds)
<i>The Furniture Machine</i>	Gareth Williams
<i>Surreal Things: surrealism and design</i>	Ghislaine Wood (ed.)
<i>Surreal People</i>	Alexander Klar
<i>The Surreal Body</i>	Ghislaine Wood
<i>Shocking Life</i>	Elsa Schiaparelli
<i>Kylie</i>	William Baker, Janine Barrand, Kylie Minogue, Narelle Wilson
Trade paperbacks	
<i>Palace and Mosque</i>	Tim Stanley (ed.)
<i>19th-century fashion in detail</i>	Lucy Johnston
<i>Jewels and Jewellery</i>	Clare Phillips
<i>Ottoman Embroidery</i>	Jennifer Wearden/Marianne Ellis

V&A + RIBA Architecture Partnership

The V&A works in close partnership with the Royal Institute of British Architects to promote the understanding and enjoyment of architecture. A new Architecture Gallery opened at the Museum in 2004 and has an adjoining room for changing temporary displays (the 2006/07 programme is included in the list at box 6). At the same time three floors of the Museum's Henry Cole Wing were refurbished to house the RIBA Study Room (alongside the V&A Print Room), stores for the RIBA Drawing & Manuscripts collection, teaching rooms and offices for RIBA staff.

There is also a dedicated education officer and an active programme of events. In 2006/07 this included a five-month season of talks, study days and an open day on the theme of Islamic culture in architecture, called Alternating Currents: the launch formed part of the annual celebration of Architecture Week. Films produced by HE students working with artist/filmmaker Johnny Hardstaff and based on objects in the Architecture Gallery were screened at the onedotzerofilm festival and the Institute of Contemporary Art.

Operate with financial and organisational efficiency

Efficiency and effectiveness

The V&A exceeded all its visitor-related targets in 2006/07, some by substantial margins. Visits to the V&A at South Kensington grew more than at any other major London national museum/gallery – by 36% compared to 2005/06. In the first four months after re-opening, the MoC received 86% more visits than in the previous comparable period (December 2004 – March 2005). Growth in web visits continued at an astonishing rate, up by 67% to 19.4 million, compared to 11.6 million in 2005/06.

Proportionately, visit numbers rose by more than GIA, demonstrating public value directly in terms of cost per visit, which fell by 22% (£3.80) in 2005/06. When all users (actual + touring exhibitions + web) are taken into account, the impact is even more dramatic – a drop of 34% (to £1.71, from £2.60 in 2005/06).

Visitor satisfaction is quantified through market research surveys which reveal that 94% of the 2.57 million visits to South Kensington were considered very good or good. The fact that 55% of visits were repeat visits in 2006/07 is further evidence that people find the V&A a pleasurable and interesting place to visit.

Collections care and management

In 2006/07 the V&A completed installation of live-time climate monitoring in both the galleries and non-gallery spaces where objects are held, the Object-Centred Environmental Analysis Network (OCEAN). One benefit of OCEAN is improved capacity to assess the impact of changing environmental parameters (temperature and relative humidity) to increase the Museum's carbon-efficiency. The V&A is actively seeking to reduce reliance on carbon-consuming climate control such as mechanical air-conditioning, but must balance this with its obligations to preserve collections for the benefit of current users and future generations.

The V&A conducts regular audits of collections as part of normal good practice. In 2006/07 the Museum undertook an especially thorough review of its object location systems and effected a number of improvements. Considerable progress was also made in implementing an extensive range of security improvements.

3. Exhibitions & Contemporary

Provide optimum access to collections and services for diverse users

Exhibitions and displays at V&A sites (Box 6).

Box 6: V&A temporary exhibitions and displays in 2006/07

Headline exhibitions

- *Modernism: Designing a New World 1914 – 1939* (6 April – 23 July 2006), 162,500 visits
- *At Home in Renaissance Italy* (5 October 2006 – 7 January 2007), 71,000 visits
- *Leonardo da Vinci: Experience, Experiment and Design* (14 September 2006 – 7 January 2007), 122,400 visits
- *Kylie, the Exhibition* (8 February – 10 June 2007), free, 271,100 visits

Contemporary exhibitions and displays

- *Anna Piaggi – Fashionology* (2 February – 23 April 2007), 37,900 visits
- *Che Guevara: Revolutionary and Icon* (7 June – 28 August 2006), 37,900 visits
- *Twilight: Photography in the Magic Hour* (10 October – 17 December 2006), 36,800 visits
- *Uncomfortable Truths: the shadow of the slave trade on contemporary art and design* (20 February – 17 June 2007), free: installations (some specially commissioned) by 11 international contemporary artists
- *Volume* by United Visual Artists, Robert del Naja (aka 3D of Massive Attack) and Neil Davidge) (24 November 2006 – 28 January 2007), free: light and sound interactive installation in the John Madejski Garden: nominated for a D&AD award.
- *Diamond (pink) 1994-2005* by Jeff Koons (23 May – 3 September 2006), free: installation in the John Madejski Garden
- *The Anti Room of the Mae Queen* by Simon Periton (26 January 2006 – 27 January 2007), free: new work inspired by the V&A metalwork collection installed in the Museum entrance from the exhibition Road Tunnel

Displays: South Kensington (free)

- *Popaganda: The Fashion and Style of JC Castelbajac* (1 February – 1 May 2006)
- *The Modern Shop: Architecture & Shopping Between the Wars*, V&A + RIBA (2 March – 4 June 2006)
- *Freud and Auerbach at the V&A: New Paintings* (26 April – 29 May 2006)
- *Dragons and Immortals* (26 April – 25 June 2006)
- *Sixties Graphics* (6 June – 12 November 2006)
- *Sixties Fashion* (6 June 2006 – 25 February 2007)
- *Off the Page* (30 January – 30 April 2007)
- *On the Threshold: The Changing Face of Housing*, V&A + RIBA (2 November 2006 – 11 February 2007)
- *Beyond the Maker's Mark: Paul de Lamerie Silver in the Cahn Collection* (6 November 2006 – 21 January 2007)
- *V&A Illustration Awards* (6 December 2006 – 4 March 2007)
- *V&A Christmas Tree 2006* by Jasper Conran (December 2006)
- *James 'Athenian' Stuart 1713-1788: the re-discovery of antiquity* (15 March – 24 June 2007): developed in collaboration with the Bard Graduate Center New York
- *Siân Bowen: Drawing, Context and the Collection*: display of works inspired by the V&A collections by artist-in-residence

Exhibitions and displays at V&A Theatre Museum and V&A Museum of Childhood (Box 7)

Box 7: temporary exhibitions and displays at V&A branch museums in 2006/07

Exhibitions and displays at the V&A Theatre Museum (free: closed to general public from January 2007)

- *A Great Night Out! The Making of the West End*
- *Unleashing Britain: 10 Years that Shaped a Nation 1955–1964n*
- *The Redgraves: a family on the public stage*
- *Black Dance in Britain 1930s – 1990s, Moments.....*
- *Chris Harris Dance Photographs 1976–1986*
- *Kenneth MacMillan – The Outsider: celebrating a rebel within a tradition*
- *Constructing Spectacle*
- *From Sideshow to Blasted*

Exhibitions and displays at the V&A Museum of Childhood (free, closed to December 2006)

- *Happy Birthday Miffy!* (9 December 2006 – 18 March 2007)

Be the world's leading museum of art & design

International Strategy: touring exhibitions (Box 8)

Box 8: V&A International touring exhibitions in 2006/07

Exhibition	Venue	Dates	No. of visits*
<i>Vivienne Westwood</i>	NRW Forum, Düsseldorf, Germany	4/2/06-6/5/06	57,000
	Thailand Creative Design Centre	21/7/06-24/9/06	44,100 *
	Fine Arts Museums of San Francisco (De Young), US‡	24/2/07-10/6/07	ongoing
<i>International Arts and Crafts</i>	Fine Arts Museums of San Francisco (De Young), US‡	18/3/06-18/6/06	157,000 *
<i>Modernism</i>	MARTa, Herford, Germany	16/9/06-7/1/07	35,400 *
	Corcoran Gallery of Art, Washington DC, US	17/3/07-29/7/07	ongoing
<i>Cinema India: the Art of Bollywood</i>	National Gallery of Victoria, Melbourne, Australia	9/3/07-20/5/07	ongoing
<i>Portraits of Princes: Indian Royalty and the Lafayette Studio (reproduction prints)</i>	Meherangarh Fort, Jodhpur Chhatrapati Shivaji Vastu Sangrahalaya, Mumbai		Not collected

* For reporting against performance indicators, visit numbers for touring exhibitions are reported in the year in which the exhibition mainly falls. For 2006/07, this includes those figures marked with * only.

‡ V&A International Partner

V&A UK: touring exhibitions (Box 9)

<i>Box 9: V&A UK touring exhibitions in 2006/07</i>			
Exhibition	Venue	Dates	No. of visits*
<i>Cinema India: the Art of Bollywood</i>	Ferens Art Gallery, Hull	18/11/06-3/1/07	15,000 *
<i>Black British Style</i>	Sunderland Museum & Winter Garden‡	1/4/06-29/5/06	57,200 *
	Birmingham Museum & Art Gallery‡	10/6/06-17/9/06	11,500 *
	New Walk Museum, Leicester	30/9/06-23/12/06	30,200 *
<i>Radiant Buddha</i>	Royal Albert Memorial Museum, Exeter	14/1/06-14/4/06	20,400
<i>Palace and Mosque: Islamic Treasures from the V&A</i>	Millennium Galleries, Sheffield‡	14/1/06-16/4/06	18,900
<i>Domestic Idylls: Clementina Lady Hawarden</i>	Worcester City Museum & Art Gallery	1/12/06-20/1/07	2,400 *
<i>Benjamin Brecknell Turner</i>	Worcester City Museum & Art Gallery	27/1/07-17/3/07	4,200 *
<i>Must-have Toys</i>	Royal Albert Memorial Museum, Exeter	11/3/06-28/5/06	72,300 *
	Northampton Museum	10/6/06-27/8/06	30,600 *
	South Shields Museum & Art Gallery‡	9/9/06-29/11/06	29,500 *
	Royal Cornwall Museum, Truro	17/2/07-26/5/07	ongoing
<i>Khel: Toys from India</i>	Gallery Oldham	1/7/06-3/9/06	14,300 *
	Hartlepool Museum	10/9/06-3/12/06	13,400 *
	Cheltenham Art Gallery & Museum	16/12/06-30/1/07	6,300 *
<i>Treasures from the V&A Museum of Childhood</i>	Hackney Museum, London	7/3/06-7/7/06	12,400 *
<i>Messel: Making and Doing (graphic panels)</i>	The Assembly House, Norwich	4/5/06-2/7/06	Not collected
	Queen's Theatre, Hornchurch	3/7/07-16/7/06	
	William de Ferrers School, Chelmsford	17/7/06-15/9/06	
	Theatr Gwynedd, Bangor	16/9/06-4/11/06	
	Nymans, Kent	5/11/06-31/12/06	

* For reporting against performance indicators, visit numbers for touring exhibitions are reported in the year in which the exhibition mainly falls. For 2006/07, this includes those figures marked with * only.

‡ V&A UK Partner

Promote, support and develop the UK creative economy

Events for and with the creative industries

In addition to the exhibitions and displays listed in boxes 6 and 7, the V&A runs programmes and events that have the creative industries as their primary motivation and audience. One such is Fashion in Motion, bringing the glamour and excitement of fully-staged catwalk shows to the Museum up to three times per year. These free events feature both designers who are at the top of their field and those who are newer on the scene. There are three or four shows on each day and the free tickets are snapped up almost as soon as they are released. More visitors can watch the action live on video screens in the Grand Entrance, and afterwards on the V&A website. In 2006/07 there were Fashion in Motion events for Hardy Amies and Christian Lacroix. The V&A's commitment to promoting contemporary fashion is one of the reasons why the British Fashion Awards are held at the Museum, with one of the Senior Curators on the judging panel.

The V&A 'Village Fete' has become established as a key event in the Creative industries calendar. For one weekend the John Madejski Garden is transformed: many of the traditional fete stalls are there – tombola, hoop-la, coconut shy, refreshments etc. – but with a quirky twist as they are devised and run by artists and designers. In July 2006, there were around 10,000 visits to the Village Fete.

Both Fashion in Motion and the Village Fete link to the contemporary Friday Late programme. For the last Friday of every month (except December), the Museum stays open until 10.00 pm, offering an eclectic mix of displays, performance, music, activities, film and spectacle on a selected theme. In 2006/07 Friday Lates attracted up to 6,000 visitors per evening.

Media

V&A exhibitions are always the subject of widespread media attention, with reviews, articles and discussion in newspapers and magazines, on television and radio, and via the internet. Modernism inspired a four-part television series called 'Marvels of the Modern Age' on the design movement and its influence, shown on BBC2 during the run of the exhibition.

Crafts Council

In 2006, the V&A entered into a formal partnership with the Crafts Council. This builds on the enormous success of COLLECT, the prestigious annual selling fair for contemporary craft that has been organised by the Crafts Council and hosted at the V&A since 2004. There were 43 exhibitors and 10,900 visits to COLLECT in February 2007, contributing to the highest ever weekly visit numbers in the Museum's records – 88,000. The Crafts Council have a permanent display area in the new V&A Shop and the Museum has committed to a craft-based exhibition every three years: the first of these, Out of the Ordinary: Spectacular Craft, will launch the new Contemporary Space in November 2007.

Operate with financial and organisational efficiency

Costing

The Museum aims to maximise income from international touring exhibitions in order to recoup at least part of the costs of staging them, though it also operates within a competitive market. The Museum undertook a comprehensive costing review for all its 'activities' such as touring exhibitions and a range of other professional services (e.g. loans, advice, training) in 2006/07. This will inform pricing strategies, grant applications etc.

4. Education, Learning & Interpretation

Provide optimum access to collections and services for diverse users

Performance and developments

The total number of participations in organised educational activities in 2006/07 was around 400,000. Of these, 148,100 were children aged 15 and under.

Museum collections would not realise their full potential to inspire, inform and give pleasure if they were not understood and interpreted. To display objects meaningfully and engagingly in permanent galleries or temporary exhibitions requires contributions from a wide range of specialist personnel. In addition, the V&A offers a very full and varied schedule – too many to mention individually – of programmes, projects and events that aim to enhance the experience of using the V&A at its London sites, at national and international events, and virtually via the websites and digital services.

Phase 2 of the MoC redevelopment doubled the museum's capacity for formal education sessions and these have been fully booked since their re-launch in January 2007. At South Kensington, construction work began in January 2007 on the new Sackler Centre on two floors of the Henry Cole Wing on Exhibition Road. Completion in spring 2008 will represent a step-change in the Museum's learning facilities, with particular emphasis on digital initiatives and artist residencies. In addition, plans were begun for a centrally-placed Visitor Centre in former offices, where visitors could find 'What's On' information and collect resources such as the perennially popular backpack tours.

Learning

Learning services cater for everyone, wherever they are, from pre-school children at home (e.g. 'Peek-a-boo' game on the website) to academics at scholarly conferences (e.g. 'From Cane Field to Tea Cup' (23-24 February 2007), an international conference organised as part of the V&A's commemoration of the bicentenary of the 1807 bill to outlaw the British slave trade).

There were 71,600 visits at all sites by pupils in school groups in 2006/07: an increase of 5% compared to 2005/06. There were 387,400 visits by students at South Kensington. Special programmes included 'V&A Inventor' workshops to accompany the Leonardo da Vinci exhibition and a 'Creative Quarter' day to give an insight into the creative industries. While the MoC was closed for re-development (November 2005 – December 2006), an educational outreach programme for local schools was offered and reached 3,600 children in 2006/07.

Resources for, and development of, teachers and lecturers is as important as providing services directly to pupils and students: previous research by the V&A has demonstrated the need for support to build confidence in using museum resources. The Image & Identity UK Partnership project included a strand of continuing professional development for teachers, youth workers and project co-ordinators, including special gallery tours. This was funded by £155k from the DCMS Strategic Commissioning fund. The curator of the Surreal Things exhibition gave a special preview to Higher and Further Education lecturers in January 2007.

Learning can be informal, too, and the V&A's regular Free Art Fun programmes aimed at families in the Easter and half-term holidays attracted 15,000 participants: psychedelic T-shirt printing in the summer, accompanying the displays Sixties Fashion and Sixties Graphics, attracted nearly four times as many people as a similar event in 2005. The last Wednesday Late View evening on 20 December took as a theme 'An Italian Christmas' and included opera music, dancing, a lecture on Italian food by Rose Gray of the River Café and practical demonstrations. This also formed part of a wider programme to complement the exhibition, At Home in Renaissance Italy, which attracted 6,800 family visits. A particular highlight in 2006/07 was the programme associated with the opening of the Jameel Gallery of Islamic Art. For each of three weekends, a different theme (Turkish, Arab and Iranian) was explored through live music, dance, performance, film, workshops and food; together they catered for 38,000 attendances.

Upon re-opening the MoC introduced a new programme of daily activities including story trails and family art activities, as well as 'Art Breakers', a new Saturday Art Club for 11-14 year olds, and special workshops and performances for Christmas.

After the V&A Theatre Museum was closed to the general public in January 2007, the education programme and guided tours continued (until August 2007). As well as short courses for adults and young people, the Theatre Museum hosted productions in its Studio Theatre and held regular 'Inside Theatreland' evening events: performances, discussions and highly-popular sing-alongs. The last transferred to South Kensington in February 2007 for Kylie – The Exhibition, where they were attended by 2,000 visitors.

Access, Inclusion and Diversity

The V&A actively and vigorously implements its comprehensive Access, Inclusion & Diversity Strategy. This aims to embed these principles throughout Museum practice, covering staffing, policy-making, operations, audiences and programme. This section focuses on learning and interpretation because they are central to attracting new and diverse audiences but other issues, such as staffing and collecting, are also related to audiences: the V&A is striving to reflect the society and communities within which it works and to take an integrated approach in doing so. Access is also a DCMS priority and activity that contributes to the DCMS PSA3 Access project and is more fully reported in the annual reports against the DCMS/V&A Funding Agreement 2005/006 – 2007/08 (available on the V&A website), as is information for the performance indicator 'Progress towards a more diverse personnel'.

Workforce, policy and operations elements have included reviewing and amending Human Resources policies and procedures, more systematic monitoring of the staff diversity profile; maintaining and initiating staff fora for various diverse groups; providing training at different levels and building diversity into the individual performance monitoring regime. In addition the V&A has participated in several initiatives aimed at opening up careers in museums to people from diverse backgrounds. These included: 12 students undertaking two-week placements on the Young Graduates in Museums and Galleries programme; a curatorial fellowship under the Arts Council Inspire scheme, who co-curated the Uncomfortable Truths display; a trainee on the Museums Association Diversify! scheme; and a training programme devised in consultation with Black and Asian cultural heritage and arts organisations and run in collaboration with the MLA and the Greater London Authority.

Progress on increasing cultural diversity has been enabled by a grant from the Heritage Lottery Fund of £975,000 for three years from 2005 for a project called Capacity Building and Cultural Heritage. This project has three strands:

- 'Hidden Histories' – Object research and collections development relevant to diverse contemporary communities;
- 'Access, Social Inclusion and Cohesion' – Gallery development, public programme, web development and outreach to encourage intercultural understanding and attract new audiences; and
- 'Capacity Building and Cultural Ownership' – Training initiatives to strengthen skills among Black and ethnic minority individuals and sectors, and to encourage partnership between mainstream and non-mainstream organisations.

Box 10: Learning and interpretation in support of access, inclusion and diversity in 2006/07

Social inclusion

- *Stages*: display of art produced by homeless artists inspired by the Theatre Museum, held at the Hackney Empire.
- Visits and talks run for organisations that work with young people at risk.
- A work experience programme for young people with learning difficulties.
- *Language and Literacy*: a long-running programme for adult students of English for Speakers of Other Languages, many of whom are refugees. In 2006/07 the V&A was awarded a grant from the Baring Foundation to develop and extend the ESOL programme at South Kensington and the Museum of Childhood.
- *60s Underground Lost and Found*: a day and evening of northern Soul, Ska and Rock Steady music, talks and films: 2,500 attendees.
- The V&A Theatre Museum outreach: 100 students at Queens Park Community School, Brent, took part in formal subject support and informal out-of-school-hours clubs for gifted and talented pupils.
- During its closure the MoC ran an outreach programme of artist-led projects with local groups and schools to create chandeliers made from a variety of materials inspired by the Museum's collections. These were displayed in the opening exhibition *Bethnal Green Illuminations* in the new community gallery at the front of the Museum.

Disability

- 12 V&A staff qualified in British Sign Language Level 1.
- For the fourth year running the V&A displayed work from *Snap!*, the photographic competition organised by Mencap, with pictures entered either by or of people with a learning disability.
- The talks and workshop programme for audiences with hearing and visual impairments, learning disabilities and mental health service users. This included a six-week course for people with visual impairments which focused on the human senses used to take photographs
- *Pathways To Learning for People with Learning Disabilities*: the V&A hosted two groups of people with a learning disability as part of a pilot programme using photography and film.
- In June 2006, the V&A recruited a part-time Outreach Officer who worked with 10 mental health centres, six deaf clubs and gave off-site handling sessions to organisations that work with mental health service users.
- The Corner, a small deaf-awareness charity, held a day of British Sign Language in the Grand Entrance of the V&A. 260 visitors participated in basic signing sessions and discussions with the Corner staff.
- The V&A has qualified for the 'Two Ticks positive about disabled people' symbol since 2003. See also 2.1.1.4

*Box 10: Learning and interpretation in support of access, inclusion and diversity in 2006/07 (cont'd)***Ethnicity**

- *The World in the East End Gallery* at MoC: 11 researchers from a number of these communities were employed during the Museum's closure to gather objects, stories and testimonies from local people for the Gallery.
- *Bethnal Green Illuminations*: MoC worked with Tower Hamlets College, in particular with one of the ESOL/Childcare classes, and a Sure Start Mother and Toddler group comprising 15 Bangladeshi, Japanese and Moroccan parents and their two to three year old children.
- Chinese programme: the V&A celebrated festivals (highest ever participation in Chinese New year events: 26,500), ran a community photography project and recorded Chinese people for a film installation. The V&A Chinese Arts Education Officer, Christine Chin, won the Spectrum Radio International (UK) Woman of the Year 2006 Award in recognition of her achievement and contribution to the Chinese community in the UK.
- South Asian Programme: workshops on jewellery and the Nehru Gallery; visual identity project and performance for young people.
- African Diaspora Research: to identify, research and record relevant artefacts for the website and to support other black heritage projects and programme.
- Identification of objects in the collections relevant to various faith groups.
- *Watching, Making, Shaping*: second phase of the Theatre Collection's series on contemporary culturally diverse performing arts: an evening course about, and recording of, an Asian theatre company production.
- *Arabise Me!*: contemporary Friday Late on 25 August 2006.

Be the world's leading museum of art & design**The National Museums Online Learning Project**

Over the past year, the V&A has led an unprecedented collaboration of 10 national museums, in creating ground-breaking resources for online learning. The project is due to launch in 2009. This was made possible by funding from the DCMS Invest to Save Programme, which allocated £742k to the project for 2006/07, of which £99k was spent as at 31 March 2007.

The Sackler Centre – programme

Considerable work has already taken place in planning the programme of events for the Sackler Centre. The centre will be a worldwide leader in its field and as such we anticipate its programme of learning activities to become an example of excellence for other national and international institutions. All of our programmes will embed access, inclusion and diversity, an integration that is almost unique among national museums in this country.

Promote, support and develop the UK creative economy**Centre for Excellence in Teaching and Learning in Design**

In order to understand how the designers and makers of tomorrow use museum collections, and what they might need from museums in the future, the V&A is a partner in a research consortium led by University of Brighton and including the RCA and the Royal Institute of British Architects. The V&A has installed wireless networks and devised trails for individual HE students to use via PDAs in the galleries, and that link to the internet so that studies can be followed up at home or college.

Creative industries learning events

As with exhibitions, all the V&A's learning and interpretation programmes are based on creativity in some form. However, examples of events specifically aimed at supporting the UK creative economy include the 'Creative Quarter' one-day event for schools and colleges. This ERCG pilot-programme of talks, workshops and showcases was designed to give an insight into the creative industries to 14-19 year olds and how the cultural institutions on Exhibition Road could help young people to develop their creativity. There were 1,000 attendances at V&A elements, including a talk by fashion designer, Betty Jackson. Another example was the series of workshops and demonstrations by a number of top craftspeople represented in COLLECT, during the fair.

Core Quantitative KPI outturns for 2006/07

The DCMS/V&A Funding Agreement 2005/06 – 2007/08 includes KPI's which the Museum has measured and reported upon for 2005/06 and 2006/07 (see the table below). On the basis of the 2006/07 results the Museum is on target to meet its 2007/08 KPI targets.

The Balanced Scorecard in the current Funding Agreement comprises 42 key performance indicators (KPIs). The seven core KPIs that have annual targets set against them are given in the tables below. Note that the MoC was closed until 9 December 2006 and the V&A Theatre Museum closed to the general public on 6 January 2007.

		2006/07 target	2006/07 outturn	2006/07 % of target achieved	2005/06 % of target achieved
KPI8	Total number of actual visits to Museum sites (excluding virtual visits)	2,300,000	2,874,700	125%	105%
KPI9	Number of web-site visits (user sessions)	12,000,000	19,397,700	162%	116%
KPI10	Number of UK adults aged 16 and over from lower socio-economic groups attending Museum sites	120,000	168,700	141%	109%
KPI11	Number of children aged 15 and under attending the Museum sites	245,000	299,800	122%	107%
KPI12	Number of children aged 15 and under in on and off-site organised educational sessions	123,000	148,800	120%	108%
KPI33	Net income from trading *	£4.056 m	£4.977 m	123%	99%
KPI34	Efficiency savings (cumulative, cash & non-cash)	£3.5 m	£3.5 m	100%	85%

* Trading income KPI comprises: income from the trading subsidiary (net profit covenanted to the Museum); exhibition admission fees and touring fees; education course fees and income from joint postgraduate courses; income from loans & restaurant commission

5. Additional Information

Risk

In January and April 2005, the Audit Committee reviewed the format of the Risk Register, and the management arrangements supporting it. The Committee decided upon certain changes with effect from 1 April 2005, the most important of which are as follows:

The Museum now maintains two registers: Strategic and Operational.

The Strategic Risk Register deals with issues mostly within the control of Trustees, and so likely to benefit from their scrutiny. Such risks would include governance, reputational and policy matters. This strategic section includes key physical threats, relating to issues such as health and safety and the security of the collections, where the Trustees have statutory or quasi-statutory obligations or where realisation of a risk would have exceptionally serious consequences (e.g. business continuity planning).

The Operational Risk Register deals with matters more within the control, and personal responsibility, of senior management. This embraces a wide range of issues such as collections management; staff recruitment, development and appraisal; financial management and fraud prevention; information systems security; audience development; and procurement.

In 2006/07, Internal Audit carried out a review of the current process of identification, management, and reporting of risks in the Museum, and the content of the risk registers. As a result, in 2007/08, the Museum will change the format of the strategic and operational risk registers, and assess the effectiveness of existing methods of identification of and reporting on risks.

At present, the Strategic Risk Register is reviewed on a periodic basis by the Resource Group (a regular meeting of the six most senior executive directors) followed by an annual review by the Audit Committee and then the Board of Trustees, unless circumstances should require a more immediate review.

Volunteers

The V&A uses volunteers for a range of activities in pursuit of its objectives and they make a significant contribution. Volunteers approach the V&A through different routes, and Departments make use of them to varying extents. It is estimated that c.200 individuals volunteer in the V&A (excluding students on work placements, interns, secondees from other organisations etc.). They work in different periods and patterns, so no full time equivalent value has been ascribed to their contribution in terms of either hours or money. The main areas of volunteer activity are given below:

- Friends of the V&A: run the Friends' office; staff the Friends' recruitment desk in the galleries; assist at Friends' events. Training events provide opportunities to keep abreast of developments in the Museum.
- Visitor Services: staff the Information Desks at public entrances; provide free guided tours for visitors. Volunteers on the Information Desk are overseen by a Gallery Manager while the guided tours are managed by the Learning & Interpretation Department. Volunteers are provided with appropriate training and support and are kept informed about the Museum via a monthly newsletter.
- General administrative support: assisting Museum staff in a range of tasks, often things that would not otherwise get done, or would not be done so efficiently, such as maintenance of files.

Policy in relation to disabled employees

The V&A policy in relation to disabled employees forms part of the Museum's Diversity Policy and is stated in the Staff Handbook (Section E5). The opening policy statement is:

The Victoria & Albert Museum is committed to equal opportunities for all its employees and potential employees. All individuals will be treated or considered for employment and advancement on the basis of their relative merits, abilities and qualifications. The aim of this policy is to ensure that every employee, prospective employee or person connected with the V&A will receive equally favourable treatment regardless of their gender, marital status, sexual orientation, race, ethnic/national origins, colour, disability, religion or belief and membership/non-membership of a Trades Union. The V&A is committed to making this policy effective and will continually monitor and review the Museum's employment practices. Harassment, discrimination or victimisation on the grounds listed above are unacceptable to the V&A in its role both as an employer and as the provider of an important public service.

In recent years, the V&A's senior management team has made a significant commitment to disability, taking an integrated approach to both audiences and staff. Following the success of the British Galleries development in 2001, where an Access Consultant was employed for the first time, disability has been firmly on the museum's agenda.

- A dedicated Disability And Access Officer was appointed in 2002;
- The Management Board and Board of Trustees signed up to the Access, Inclusion and Diversity Strategy in 2003 and to the Disability Action Plan in March 2004;
- Funding for disability initiatives was agreed in 2004, with an additional £65K allocated for year 1 delivery against the Disability Action Plan;
- Since 2002 there has been a Board-level Diversity Champion
- There is specific inclusion of disability equality within the 5 year Strategic Plan;
- The V&A was granted Disability Two Ticks symbol-user status in spring of 2003 and has had this re-endorsed in spring 2005;
- The V&A signed up to the Employer's Forum on Disability "Disability Standard" in spring 2005, a national benchmarking survey spanning service delivery, education and employment of disabled people.

The Disability Action Plan :The purpose of the V&A's Disability Action Plan (2004/07) is to help the museum focus on areas covered by the Disability Discrimination Act and to complement Museum policies such as Access for Disabled People; the Access, Inclusion and Diversity Strategy, and the Diversity Policy. Its purpose is to help the Museum achieve equality in employment, service provision, access to premises and education, and it aims to show how - through changing attitudes, the development of partnerships and increased expertise - the V&A can continue to be proactive in recognising and removing the barriers which disabled people face in accessing the museum in different ways. It is also a recognition that improving provision for disabled people will create an environment which will be accessible to all users.

Disability and the V&A Strategic Plan:The V&A's Strategic Plan articulates the broad strands of activities and major goals that the Museum will work towards over the next five years. One of the strategic objectives identified is the provision of optimum access to collections and services for diverse audiences, both now and in the future. This includes a commitment to increasing the diversity of its personnel and developing a more diverse pool of museum sector recruits, and to increasing consultation with stakeholder groups, including employees.

Action taken to maintain or develop the provision of information to, and consultation with employees

There are several streams by which the Museum regularly keeps staff informed of plans and progress:

- Intranet
- Teambrief: distributed monthly electronically for managers to use at local staff briefings
- V&A News: monthly informal hard copy newsletter
- Museum Notice: occasional bulleting distributed as hard copy and on the Intranet with official notices on staffing, policy and procedures
- Meetings for all staff four times per year at which topical items are presented and comments invited.

Museum representatives meet the Trade Unions Side in the Joint Consultative Committee every two months: the Director attends at least one meeting per year. A new three-year pay deal was agreed in 2004/5 and the next pay deal is currently being negotiated.

The V&A Plan is available via the Intranet document Library. The V&A Strategic Plan 2007-2012 has been distributed to all staff, and has, additionally, been published on the V&A website.

The V&A operates a scheme under which staff may observe meetings of the Management Board. Minutes of Management Board meetings are posted onto the Intranet.

In 2004/5 the V&A embarked upon Cultureplan. This long-term project complements FuturePlan by focusing on people rather than buildings and collections. The aim is to improve public service by embodying the Museum's values in the way its people work, thus making the Museum a more satisfying place to work. A network of 'champions' and managers is being established throughout every Department to identify the things staff want to change and ways to achieve this.

FINANCIAL REVIEW

The accounts have been prepared in a form directed by the Secretary of State with the consent of the Treasury in accordance with the Museum and Galleries Act 1992, and in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities."

In 2006/7 the Museum recorded a surplus of £0.05m (2005/6 deficit of £0.56m) on its general unrestricted funds (see note 21). This was as per the original budget for the year.

Ticket income from Modernism and Leonardo exceeded target. The popularity of these exhibitions, other non-ticketed shows like Kylie and the newly refurbished galleries such as the Jameel Gallery of Islamic Art have had a favourable impact on retail operations and publications. The success of the new café has also contributed to the surplus for the year. Cost savings were realised through delays in recruiting for vacant posts, tight control of areas of operating expenditure and as a result of the Museum of Childhood being closed until November 2006 because of their capital project. The Museum incurred restructuring costs related to the closure of the Museum of Performance site in Covent Garden, and as the building closed in January 2007, a full year's impact on costs will only be realised in 2007/08.

Significant sums continue to be invested on upgrading security and the IT infrastructure, and on repairs to and maintenance of the main site at South Kensington, but the Museum remains very concerned that expenditure still remains well below the level it ought to be on these areas and on gallery displays, visitor services and educational facilities.

During the year the V&A spent £11.6m in the support of FuturePlan of which £10.4m was financed from external funders (public and private). Each year, the V&A continues to use a significant amount of its own resources to lever additional funding. The Museum will face a challenge in finding this amount to allocate to FuturePlan in future years if the outcome of the next Comprehensive Spending Review is short of the Museum's requirements.

The financial stability and flexibility of the Museum needs to be underpinned by a sound level of reserves. The accounts record total funds of £386m (see note 14) which includes funds which represent the market value of inalienable property and restricted funds given for specific projects, neither of which would be available for the general financial support of the Museum.

The Trustees have access to only the combined total of certain General, Designated and Bequest funds which stand at £6.54m (2006: £5.28m restated, see note 15). The reserves increased due to the surplus recorded on the operational account.

Reserves Policy

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

Though grant-in-aid accounts for approximately 53% of the Museum's income, the remainder of operational costs must be financed by self-generated income (such as exhibition income and trading) which is volatile. This risk is managed through the Museum's policy to maintain general and designated funds and is reviewed periodically.

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

Taking an overall view of the annual operational activities, the level of self generated income and grant-in-aid and the planned spend on capital projects, the Trustees believe that the minimum level of general and designated funds should be at least £3.0m. However, this minimum level may not be adequate over the next few years given that the Museum is about to embark on a number of major capital projects including the Medieval and Renaissance galleries and the Ceramics Galleries. £3.5m is believed to be adequate to cover the risks such as on cash flow, and this added to the minimum level of reserves would mean that the Museum's targeted level of reserves should be £6.5m.

The funds that the Trustees have access to at 31 March 2007 is £6.54m, although £1m of this is the designated income received in relation to the surrender of the Theatre Museum lease. The Museum aims to maintain this target level of reserves through cost control, investigating other funding sources and reviewing profitability of trading activities and working capital requirements.

Investment policy

During the year the Museum transferred its investments to a charities common investment fund in order to mitigate risk on investments and improve returns. This involved the sale of its holdings in individual shares and the purchase of units in the fund. The majority of this transfer took place in August 2006. The fund is governed by the Trustees Act 2000. The market value of investments was £10.88m at 31 March 2007 and the net gain on revaluation after the transfer to the charities common investment fund was £0.15m.

Fixed Assets

During the year, the Museum at South Kensington was revalued at £310.8m by Gerald Eve, Chartered Surveyors, the Museum of Childhood at Bethnal Green at £12.4m and a third of the site at Blythe House at £7.3m.

The depreciation charge for the year was £8.138m (2005/06: £8.303m).

Payment policy

The Museum's expressed intent is to adhere to the Government's standard on bill paying by aiming to settle bills within the 30 day terms of the Museum's standard contract. From a sample, we can project that over the past year the average time for payment of invoices not subject to query was 29 days (2006: 29 days).

Trading Company

The Museum owns 100% of the issued share capital of V&A Enterprises Limited which carries out trading operations on behalf of the Museum. These accounts consolidate the results of the Museum (that is grant-funded activities and the Museum's Development, Trust and Bequest funds) with those of V&A Enterprises Ltd. As at 31 March 2007, VAE was due to make a gift aid payment of £1.68m, which transferred the balance of its taxable profits to the Museum.

Political Gifts/ Donations

The V&A makes no political gifts and as a charity itself does not normally make donations to other charities.

Post Balance Sheet Events

In 2005/06, the Natural History Museum (NHM) entered into negotiations with a private contractor for the provision of a Combined Heat and Power (CHP) facility. The V&A is contracting with the NHM on the back of this for the supply of its own heat and power. A sinking fund was created over several years by contributions from both the NHM and the V&A, in anticipation that it would create a reserve to finance future capital work. This is no longer needed as the private contractor will be undertaking the project. The total value of the fund was approximately £2.7m. The contract was finalised and signed on 5th July 2006 and £1m was received from the NHM on 6th July 2006 which was accounted for in 2005/06 as an adjusting post balance sheet event. The balance of the fund due to the V&A was agreed at £200,000 on the 23 March 2007, and received on 6 June 2007.

REMUNERATION REPORT

Membership

The membership of the Remuneration Committee comprised the following Trustees:

- Paula Ridley (Chair)
- Margaret Buck (Retired from the Board of Trustees and the Remuneration Committee in September 2006)
- Samir Shah (Appointed October 2006)
- Paul Ruddock

The Director, Mark Jones, Deputy Director, Ian Blatchford, and Head of Human Resources, Allan Hill were in attendance at the meeting which reviewed senior staff pay (except for discussion concerning their own pay and performance).

Policy on the Remuneration of senior managers for current and future financial year

The Remuneration Committee reviews salaries of all senior managers employed by the Museum whose positions fall in Bands 1 and 0. These are the most senior staff in the organisation and their pay is determined by specific recommendations made to the Remuneration Committee rather than under the Museum pay agreement negotiated with the trade union that applies to bands 2-7.

The Committee also considers the pay of two staff employed by V&A Enterprises: the Development Director and the Chief Executive of V&A Enterprises.

In 2006/7 the Committee considered the pay of 29 people in total including the Director.

At the beginning of the year, senior managers are set objectives based on the Museum's strategic plan. At the end of the year, their performance is assessed against objectives by the Director (or other senior manager). The Chairman of the Board of Trustees undertakes the performance assessment for the Director.

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

When determining salary levels and performance bonuses, 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)
- the performance and contribution of the individual over the period (through performance appraisal)

Performance bonuses account for a nominal proportion of total remuneration.

Policy on duration of contracts, notice periods and termination payments

Senior staff (including the Director) are permanent employees of either the Victoria and Albert Museum or of VAE Limited.

A notice period for senior employees is three months and for the Director, six months. Termination payments are in accordance with Museum or VAE Limited's contractual terms.

Director

The Director's emoluments and pension details for 2006/07 are in note 5d to the Annual Report and Accounts which is subject to audit.

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

The Board of Trustees of the Victoria and Albert Museum, who hold overall responsibility for the Museum, are not remunerated. Expenses paid are disclosed in note 5e to the Annual Report and Accounts which is subject to audit.

Cash Equivalent Transfer Values

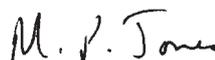
A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits value is the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment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

Real increase in CETV

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



Paula Ridley
Chair of the Board of Trustees
12th July 2007



Mark Jones
Director and Accounting Officer
12th July 2007

STATEMENT ON INTERNAL CONTROL

Scope of responsibility

As Accounting Officer and Chair of the Audit Committee (as representative of the Board of Trustees), we have joint responsibility for maintaining a sound system of internal control that supports the achievement of the Museum's objectives whilst safeguarding public funds and the Museum's assets, for which the Accounting Officer is personally responsible, in accordance with the responsibilities assigned to him under Government Accounting.

The Museum has a three-year funding agreement with its Government sponsor body, the Department for Culture, Media and Sport (DCMS), which includes targets for the Museum, to assist the Department in meeting its Public Service Agreement obligations and identifies the most significant risks to achieving the Museum's objectives. Progress against those funding agreement targets is monitored at least quarterly.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level consistent with the Museum's purpose and objectives. It is not designed to focus on elimination of risk and the system can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system's approach is an ongoing process designed to identify and prioritise the risks to the achievement of the Museum's 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 Victoria and Albert Museum for the year ended 31 March 2007 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

The Trustees maintain an overview of internal control issues through the Audit Committee. This Committee plays a pivotal role in ensuring a sound control environment; its members ensure that a wide range of experience and expertise is available to the Museum by attending meetings and offering advice when required.

Its membership now comprises three Trustees (one of who chairs the Committee) and two external members, especially qualified for membership through their professional experience. The Director, Deputy Director and Director of Finance attend all meetings, as do representatives of the National Audit Office, and Internal Audit. The Committee may hold sessions with auditors alone or without management, at any time.

The Audit Committee has approved a Risk Management Policy and reviews the Risk Register regularly.

The risk and control framework

Identification and assessment of risk

The Museum first undertook a major risk review in 2002/3 and held management workshops, attended by representatives of all grades of staff throughout the Museum, during which it identified the Museum's significant risks as well as the mitigating actions being taken to minimise those risks.

The Risk Register identified almost 60 specific risks and in each case the risk was assigned:

- An 'owner', being a member of the Museum's Management Board;
- A 'mitigator', being a senior staff member responsible for operational management of the risk; and
- A ranking, which assesses the impact (in terms of viability and reputation) on the Museum of a risk being realised and the probability of occurrence.

In January and April 2005, the Audit Committee reviewed the format of the Risk Register, and the management arrangements supporting it. The Committee decided upon certain changes with effect from 1 April 2005, the most important of which are as follows.

Format of Registers. The Museum now maintains two registers: Strategic and Operational.

The Strategic Risk Register deals with issues mostly within the control of Trustees, and so likely to benefit from their scrutiny. Such risks would include governance, reputational and policy matters. This strategic section includes key physical threats, relating to issues such as health and safety and the security of the collections, where the Trustees have statutory or quasi-statutory obligations or where realisation of a risk would have exceptionally serious consequences (e.g. business continuity planning).

The Operational Risk Register deals with matters more within the control, and personal responsibility, of senior management. This embraces a wide range of issues such as collections management; staff recruitment, development and appraisal; financial management and fraud prevention; information systems security; audience development; and procurement.

In 2006/07, Internal Audit carried out a review of the current process of identification, management, and reporting of risks in the Museum, and the content of the risk registers. As a result, in 2007/08, the Museum will change the format of the strategic and operational risk registers, and assess the effectiveness of existing methods of identification of and reporting on risks.

At present, the Strategic Risk Register is reviewed on a periodic basis by the Resource Group (a regular meeting of the six most senior executive directors) followed by an annual review by the Audit Committee and then the Board of Trustees, unless circumstances should require a more immediate review.

The Audit Committee have also decided that, where a major new risk emerges, a report should be made immediately to the Management Board, rather than waiting to report under the normal cycle.

Monitoring of risk

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

- the Management Board meets fortnightly to review all operational issues;
- the Trustees and senior management have agreed a Strategic Plan (2007-2012) which outlines key short and medium-term objectives and appropriate indicators. This ensures that scarce resources are applied to key corporate priorities;
- the Audit Committee receives regular reports from the Internal Auditor (see below) on the steps taken to manage risks in all areas of activity;
- the Museum also receives reports from the External Auditors (National Audit Office) arising from their annual and their value-for-money audit work;
- the Finance Committee reviews the financial management of the Museum through quarterly management reports and three-year outline budgets;
- the Buildings Strategy Committee monitors the progress of large capital projects and the performance of management on health and safety issues;
- The Development Committee assesses the feasibility of fundraising targets (both revenue and capital) and donor relations; and
- The Collections Committee monitors key aspects of collections management and major acquisition and loan proposals.

Review of effectiveness

As Accounting Officer and Chair of the Audit Committee (on behalf of the Board of Trustees), we have joint responsibility for reviewing the effectiveness of the controls. Our review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors and the executive managers within the Museum who have responsibility for the development and maintenance of the internal control framework, and by audits and comments made by external auditors in their management letter and other reports.

Internal Audit – Internal Audit services are provided by two firms of accountants, one providing assurance on strategic issues such as risk management, and the other on operational areas such as collections management. Both firms work to standards defined in the Government Internal Audit Standards.

The annual internal audit plan is approved by the Audit Committee and the Risk Register is used to identify appropriate areas for investigation.

At regular intervals throughout the year, the Internal Auditors provide the Accounting Officer with reports generated from the annual review plan and these are then presented to the Audit Committee. Such reports include the Internal Auditor's independent opinion on the adequacy and effectiveness of the Museum's system of internal control during the report period together with recommendations. The internal auditors also report on progress against recommendations made in previous financial years and provide an annual statement of assurance to the Accounting Officer and the Trustees based on the work performed during the year.

In 2006/07 the Internal Auditors reported on risk management, payroll, financial controls and PACE, the Museum's new commitment accounting system. Follow-up work was carried out on IT security and Museum security. We have been advised on the implications of these reviews and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Executive Management – each member of the Executive Management Board provides an annual assurance statement confirming that all financial transactions and liabilities have been recorded and notified; and also confirming that they will operate within the budget resources allocated for the forthcoming financial year.

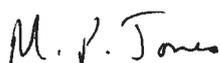
External Assurance – Further assurance is provided by consultants whom the Museum may engage from time to time to review particular areas of operation. In addition to the year end audit, audits carried out by other statutory bodies such as Her Majesty's Revenue and Customs (HMRC) may provide further assurance in specific areas.

Theft of Museum Objects in 2006/07

Theft of objects is one of the Museum's major risks and actions to mitigate this risk are being progressively enhanced through improved security measures. The Trustees remain concerned by the seriousness of the risk of theft to the Museum and its collections. The Museum is also in the process of implementing its four year plan (SecurePlan), approved by the Trustees in 2004/05 and aimed at delivering a significant overhaul of gallery security on all sites. The Museum suffered three thefts from its collections in 2006/07:

- In August 2006, an English, early 14th century stone capital valued at £5,000 was taken from the Architecture gallery. As it was a "touch object" which visitors were encouraged to touch for education purposes, it was relatively accessible. It has not been recovered as yet and police enquiries continue.
- In September 2006, an oil painting by William Etty was taken by a contractor from the staircase of the Henry Cole wing. The picture, valued at £10,000, was recovered by the police with the help of the Museum's CCTV footage. The frame, valued at £5,000 had been destroyed but the police were able to reimburse the Museum for it from monies recovered from the perpetrator.
- In March 2007, an oil painting worth £15,000 in a frame valued at £5,000, was taken from the British Galleries. The picture "The Wildflower Gatherers" is by John Linnel. Police enquiries are ongoing.

The fact of, and the circumstances surrounding each theft were properly notified to DCMS and it has been kept apprised of the progress of SecurePlan, the Museum's medium term security review.



Mark Jones
Director and Accounting Officer
12th July 2007



Dame Marjorie Scardino
Chair of the Audit Committee
12th July 2007

Annex A – V&A Management staff and structure

Board of Trustees at April 2007

Name	Term expires
Paula Ridley OBE (Chair of the Board of Trustees)	31/10/07
Edwin Davies OBE	01/02/10
Rob Dickins CBE	30/09/07
Professor Sir Christopher Frayling	(ex officio)
Jane Gordon Clark	31/03/08
Betty Jackson CBE	05/12/08
Professor Lisa Jardine CBE	16/12/07
Rick Mather	30/10/08
Peter Rogers CBE	05/08/08
Paul Ruddock	03/05/10
The Rt Hon Sir Timothy Sainsbury	16/12/07
Dame Marjorie Scardino DBE	06/02/11
Samir Shah OBE	05/12/08

In addition, Paul Ruddock has been appointed Chairman from November 2007 and Tom Dixon has been appointed a V&A Trustee from November 2007.

Committees of the Board of Trustees

Committee	Chairman
Audit	Dame Marjorie Scardino
Buildings Strategy	Peter Rogers
Collections	Professor Lisa Jardine
Development	Paul Ruddock
Finance	Paul Ruddock
Museum of Childhood	Rob Dickins

Audit Committee at April 2007

Dame Marjorie Scardino
 Paula Ridley OBE
 Samir Shah OBE
 Joao Baptista *
 Robert Berg *

* Not a member of the Board of Trustees

V&A Management Board at April 2007

Mark Jones, Director of the V&A (Chairman)
 David Anderson, Director of Learning & Interpretation
 Ian Blatchford, Deputy Director
 Julius Bryant, Keeper, Word & Image
 Paul Catlow, Director of Property Services
 Anupam Ganguli, Director of Finance
 Moira Gemmill, Director of Projects & Design
 Allan Hill, Head of Human Resources
 Jane Lawson, Director of Development
 Diane Lees, Director, Museum of Childhood
 Geoff Marsh, Director, Theatre Collections
 Beth McKillop, Keeper, Asia (and Director of Collections from August 2007)
 Jo Prosser, Managing Director, V&A Enterprises
 Sue Ridley, Head of Security & Visitor Services
 Nick Umney, Director of Collections Services
 Damien Whitmore, Director of Public Affairs
 Christopher Wilk, Keeper, Furniture, Textiles & Fashion
 Paul Williamson, Director of Collections (to August 2007) and Keeper, Sculpture, Metalwork, Ceramics & Glass

Committees of the Management Board

Committee	Chairman
Collections Group	Director of Collections
FuturePlan Steering Group	Director
Publications Advisory Group	Managing Director, V&A
Public Programme Group	Director
Safety and Security Committee	Deputy Director
Staffing Committee	Director
Training and Development Advisory Group	Head of Human Resources
V&A UK Steering Group	Director, Museum of Childhood
IT Executive Committee	Deputy Director

Other senior staff groups

Resource Group
 Access, Inclusion & Diversity Steering Group
 International Strategy Group

Organisation Structure and Decision Making

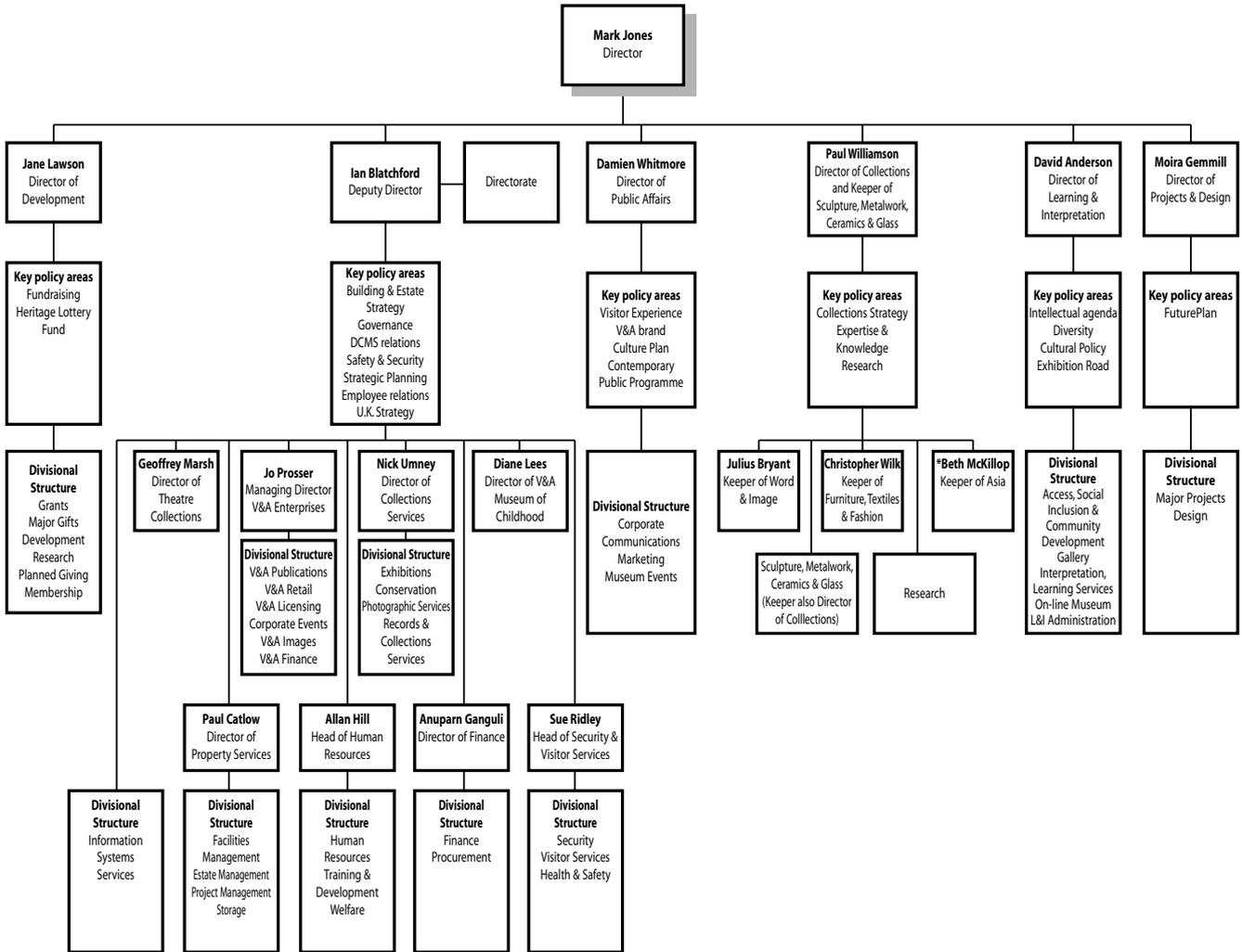
The NHA requires the Board to appoint a Director, with the approval of the Prime Minister, and stipulates that the Director will be responsible to the Trustees for the general exercise of their functions. In general, the Board focuses on policy and strategy, leaving operational matters to the Director. Much of the Board's business is conducted through its seven committees. Key decisions/issues reserved to the Board include:

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

The primary decision-making body of the V&A is the Management Board, comprising 18 senior staff members and chaired by the Director.

Annex B: Organisational structure

The diagram shows the V&A's organisational structure at April 2007



Annex C: Legal and administrative information

Trustees

Paula Ridley OBE (Chair of the Board of Trustees)

Edwin Davies OBE

Rob Dickins CBE

Professor Sir Christopher Frayling

Jane Gordon Clark

Betty Jackson CBE

Professor Lisa Jardine CBE

Rick Mather

Peter Rogers CBE

Paul Ruddock

The Rt Hon Sir Timothy Sainsbury

Dame Marjorie Scardino DBE

Samir Shah OBE

Director

Mark Jones

Principal address

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London SW7 2RL

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

Auditors – Internal

AHL Limited
Chartwell House
292-294 Hale Lane
Edgware
Middlesex HA8 8NP

Sayer Vincent
8 Angel Gate
City Road
London EC1V 2SJ

Solicitors

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

Investment Managers

Chiswell Associates Ltd
4 Chiswell Street
London EC1Y 4UP

Auditors – External

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

Auditors – External (Trading Company)

Moore Stephens
St Paul's House
Warwick Lane
London EC4M 7BP

Annex D: Supporters

The V&A would like to pay special tribute to our International Council for their extraordinary generosity

The Rt Hon Sir Timothy Sainsbury (Chairman)
William and Judith Bollinger
Mr and Mrs Edwin Davies OBE
Dorothy and Michael Hintze
Mr Fadi Jameel
Mr Mohammed Jameel
Mr John Madejski OBE DL
Mr and the Hon Mrs Ronald McAulay
Paul and Jill Ruddock
Dr and Mrs Mortimer Sackler
Dr T.T. Tsui
Dr Susan Weber Soros

The V&A would like to record its gratitude to the following major benefactors for their exceptional support

The American Friends of the V&A
The Art Fund
William and Judith Bollinger
The Clore Duffield Foundation
Mr and Mrs Edwin Davies OBE
Department for Culture, Media and Sport
Sir Harry Djanogly CBE
The Friends of the V&A
The Headley Trust
Heritage Lottery Fund
The Hintze Family Charitable Foundation
The American Friends of the V&A through the generosity of the Iris Foundation
The Jameel Family
Mr John Madejski OBE DL
The Monument Trust
National Heritage Memorial Fund
The Porter Foundation
Paul and Jill Ruddock
The Dr Mortimer and Theresa Sackler Foundation
Simon Sainsbury
The Rt Hon Sir Timothy Sainsbury
The Selz Foundation
Dr T.T. Tsui
The Weston Family
The A.H. Whiteley Family
The Wolfson Foundation
And others who wish to remain anonymous

The V&A would like to thank the following for generously supporting the Museum's ongoing redevelopment

CHK Charities Limited
The John S. Cohen Foundation
Mr and Mrs Nicholas Ferguson
John Lyon's Charity
The Lewis Family, in memory of Cecil Lewis
The Michael Marks Charitable Trust
Salomon Oppenheimer Philanthropic Foundation
The Trusthouse Charitable Foundation
William Brake Charitable Trust
The Zochonis Charitable Trust
And others who wish to remain anonymous

Annex D: Supporters (contd)

The V&A is particularly grateful to those who have made a significant contribution to the Museum's work

Director's Circle

Mr and Mrs William Arah
William and Judith Bollinger
Sir Ronald and Lady Cohen
Mr and Mrs Stephen Curran
Dr Genevieve Davies and Mr Peter Davies
The Robert Gavron Charitable Trust
Mallett & Son (Antiques) Ltd
Christina Mattin
Paul and Virginia Shepherd
Universal Consolidated Group Ltd
The Hon Nicholas and Mrs Lavinia Wallop
And others who wish to remain anonymous

Patrons

Mrs David Abrahams
Mrs Aziza Allard
Toby and Kate Anstruther
The Hon Nicholas and Mrs Assheton
Mr Edgar Astaire
G.P. & J. Baker
Mr and Mrs Lewis Baker
Elizabeth Bartman
Katrin Bellinger
Mr and Mrs Robert Berg
Mr and Mrs Benjamin Bonas
Mr and Mrs Richard Briance
The Bridgeman Art Library
Mr and Mrs Peter Cadbury
Mrs Alan Campbell-Johnson
Russ and Linda Carr
Simon Carter Accessories Ltd
Christie's International
Penelope, Viscountess Cobham
Mrs Veronica Cohen
Mr and Mrs Anthony Coleridge
Mr Paul Crane
Dashwood Finance Company Ltd.
The Deborah Loeb Brice Foundation
Mme Virginia Drabbe-Seemann
Sir Andrew and Lady Duff Gordon
The Most Hon the Marchioness of Dufferin and Ava
Dr. Yvonne von Egidy-Winkler
Lord and Lady Egremont
Lt Cdr Paul Fletcher (Ret'd)
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Giles Ellwood Ltd
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Chris and Diana Godding
Jane Gordon Clark
Roderick and Jenny Hall
Mrs Christopher Hampson
Mrs Janet Heddle
The Lady Heseltine
Mr and Mrs Russell Hoban
Andrew Hochhauser QC
Radhika Hookway
Sir Joseph Hotung
Fedellma Howard
Mr Amar Hussain
Simone Hyman
Pat and Sidney Jefcoate

Patrons (continued)

Mr James Joll
Kenneth Jolleys
Philip and Pamela Joseph
Sir Paul and Lady Judge
Alexander Judson
Mrs Elaine F. Kaufman
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George and Patricia White
Stephen White Esq
Ms Felicity Wilde
Mrs Akiko Zeitlin
Rainer Zietz Ltd
And others who wish to remain anonymous

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Skanska

Annex D: Supporters (contd)

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Habitat

Sixties Fashion

Miss Selfridge

Leonardo Da Vinci: Experience, Experiment, Design

Deloitte

KYLIE: The Exhibition

Evian

Volume

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Italian Cultural Institute

Friday Late Invent

Italian Cultural Institute

Friday Late Twilight

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Annex D: Supporters (contd)**Acquisitions**

The American Friends of the V&A
 The Art Fund
 The American Friends of the V&A through the generosity of the Audrey Love Charitable Foundation
 William and Judith Bollinger
 Alison Bolton
 Pierre Brahm
 Julie and Robert Breckman
 The Julie and Robert Breckman Print Fund
 The Broadley Charitable Trust in memory of Roy Tiley
 Bullseye Glass Connection Gallery and Jessica Loughlin
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 Edward Burtynsky and the Flowers Gallery, London
 Thiébaud Chagué
 Phyllis Chapman
 Professor Chen Qi
 Mrs Gerald Clarke
 The Coral Samuel Charitable Trust
 The American Friends of the V&A through the generosity of the Deborah Loeb Brice Foundation
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 Irene Finch
 The Friends of the V&A
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 The Goldsmiths' Company
 Mr and Mrs Gerard Griffin
 A donor on behalf of Lola and Gigi Griffith
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 Bill Henson and the Roslyn Oxley Gallery
 Carsten Holbraad
 Miss Joan Hurst through The Art Fund
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 Michael Kenna and the Hackelbury Gallery
 Mary Kocol
 Chrystel Lebas
 Andrew McIntosh Patrick
 Michael Hoppen Gallery
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 National Heritage Memorial Fund
 Mark H. Newman
 Bequest of Martin Norton Esq.
 Old Possum's Practical Trust
 Sir Christopher Ondaatje
 Heather Park and Joanna Bird Pottery
 Suzanne and Bernard Pucker in honour of Sir Harry and Lady Solomon
 The American Friends of the V&A in honour of Diana Quasha
 The family of the late Sir John Charles Robinson
 Pauline Rohatgi
 The Rootstein Hopkins Foundation
 The Royal Commission for the Exhibition of 1851
 Herminio Ruiz-Guillaume and Eduardo Canel-Zanoni
 Ho Sang-Uk
 Monir Shahroudy Farmanfarmaian
 Sotheby's
 The Rt Hon the Lord and Lady Stevenson of Coddanham
 The A. H. Whiteley Family
 The American Friends of the V&A through the generosity of the Barrie A. and Deedee Wigmore Foundation
 Michael Wilson
 Jan Yager
 Masao Yamamoto
And others who wish to remain anonymous

Conservation

Daily Mail & General Trust
 The Getty Foundation
 National Heritage Memorial Fund
 Toshiba International Foundation
And others who wish to remain anonymous

Annex D: Supporters (contd)

Learning

Arts and Humanities Research Council
Arts Council England
The Baring Foundation
The British Academy
The Jameel Family
The American Friends of the V&A through the generosity of Timothy and Madeleine Plaut
The American Friends of the V&A through the generosity of Robert H. Smith
And others who wish to remain anonymous

Other Grants and Donations

William E. Bowry
The American Friends of the V&A through the generosity of the David Berg Foundation
Mr and Mrs Edwin Davies OBE
V&A Illustration Awards: The Enid Linder Foundation
H. Goldie & Company Ltd
The Henry Moore Foundation
Heritage Lottery Fund
The Hintze Family Charitable Foundation
National Heritage Memorial Fund
Nehru Trust Foundation
The Oliver Ford Trust
The Pasold Research Fund
RA Association
The Royal Commission for the Exhibition of 1851
The American Friends of the V&A through the generosity of the Samuel H. Kress Foundation
The Warne Curatorship for Children's Literature: Frederick Warne & Co.
Winkler Foundation
And others who wish to remain anonymous

V&A Museum of Childhood

ABN AMRO Bank N.V.
Aldgate & Allhallows Foundation
Celia Atkin
The British Toy and Hobby Association
The City Bridge Trust
Department for Culture, Media and Sport
The Ernest Cook Trust
The American Friends of the V&A through the generosity of Robert Freidus
Nicholas and Judith Goodison
The Headley Trust
Heath Lambert Partnership
Heritage Lottery Fund
Hornby plc
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Jack Petchey Foundation
J.B. Riney & Co Ltd
The Michael Marks Charitable Trust
The Sutton Trust
The Wolfson Foundation
And others who wish to remain anonymous

V&A Theatre Museum

Heritage Lottery Fund
Bequest of Joan Midwinter
And others who wish to remain anonymous

Annex D: Supporters (contd)

The V&A is most grateful to the Trustees of the American Friends of the V&A for their valuable commitment and support

Ms Carol Boulanger
Ambassador Edward Elson and Mrs Suzanne Elson
Mrs Audrey M. Gruss
Mr Alvin Hall
Mr Michael Lynton
Mrs Diana Quasha
Mr Paul Ruddock
Mr Leslie Schreyer
Mr Andrew Solomon
Mrs Eleanor Taffner
Dr Ute Wartenberg Kagan
Dr Susan Weber Soros
Mrs Deedee Wigmore

Statement of Trustees' and Director's Responsibilities

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

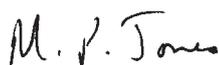
- care for, preserve and add to the collections;
- ensure that the collections are made available by display and by providing reference facilities;
- add to the body of knowledge relevant to the collections through research; and
- disseminate that knowledge.

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

In preparing the accounts the Trustees are required to:

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

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



MARK JONES
Director and Accounting Officer
12th July 2007



PAULA RIDLEY OBE
Chair of the Board of Trustees
12th July 2007

* (a copy of which is available from the Finance Director, Victoria & Albert Museum, Cromwell Road, London SW7 2RL)

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of the Victoria and Albert Museum group for the year ended 31 March 2007 under the Museums and Galleries Act 1992. These comprise the Consolidated Statement of Financial Activities, the Consolidated and Museum Balance Sheets, the Consolidated Cashflow 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

The Board of Trustees and the Director, as Accounting Officer, are responsible for preparing the Annual Report, the Remuneration Report and the financial statements in accordance with the Museums and Galleries Act 1992 and directions made thereunder by the Secretary of State for Culture, Media and Sport with the consent of the Treasury, and for ensuring the regularity of financial transactions funded by Parliamentary grant (grant-in-aid). These responsibilities are set out in the Statement of Trustees' and Director's Responsibilities.

My responsibility is to audit the financial statements and the part of the remuneration report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Museums and Galleries Act 1992 and directions made thereunder by the Secretary of State for Culture, Media and Sport with the consent of the Treasury. I report to you whether, in my opinion, certain information given in the Annual Report, which comprises: Introduction; Collections and Visitors; Exhibitions and Contemporary; Education, Learning and Interpretation; Additional Information and the Financial Review, is consistent with the financial statements. I also report whether in all material respects the expenditure, income and resources funded by grant-in-aid have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Victoria and Albert Museum has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal control reflects the Victoria and Albert Museum's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the Victoria and Albert Museum's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Board of Trustees and the Director in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Victoria and Albert Museum's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure, income and resources funded by grant-in-aid have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

Audit Opinion

In my opinion:

- the financial statements give a true and fair view, in accordance with the Museums and Galleries Act 1992 and directions made thereunder by the Secretary of State for Culture, Media and Sport with the consent of the Treasury, of the state of the Victoria and Albert Museum and the group's affairs as at 31 March 2007 and of its incoming resources and application of resources of the group for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Museums and Galleries Act 1992 and directions made thereunder by the Secretary of State for Culture, Media and Sport with the consent of the Treasury; and
- information given within the Annual Report, which comprises: Introduction; Collections and Visitors; Exhibitions and Contemporary; Education, Learning and Interpretation; Additional Information and the Financial Review, is consistent with the financial statements.

Audit Opinion on Regularity

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

Report

I have no observations to make on these financial statements.



John Bourn
Comptroller and Auditor General

20 July 2007

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

Consolidated Statement of Financial Activities for the year ended 31 March 2007

	Notes	Unrestricted funds £'000	Restricted funds £'000	Permanent Endowment funds £'000	2007 Total funds £'000	2006 Restated Total funds £'000
Incoming resources						
<i>Incoming resources from generated funds</i>						
Voluntary Income						
– Grant in Aid		37,362	1,750	–	39,112	38,233
– Donations, legacies and similar income	2	913	10,145	500	11,558	11,341
– Donated objects	6	–	1,086	–	1,086	1,166
Activities for generating funds						
– Trading Income	8	9,489	–	–	9,489	7,225
– Sponsorship		981	88	–	1,069	586
Investment income	3	360	640	–	1,000	874
		<u>49,105</u>	<u>13,709</u>	<u>500</u>	<u>63,314</u>	<u>59,425</u>
<i>Incoming resources from charitable activities</i>						
Lottery income		–	3,564	–	3,564	523
Admissions & exhibition fees (incl loans & touring)		2,902	7	–	2,909	2,119
		<u>2,902</u>	<u>3,571</u>	<u>–</u>	<u>6,473</u>	<u>2,642</u>
<i>Other Incoming resources</i>						
Other income		1,900	2,322	–	4,222	1,289
Exceptional item income	5(b)	200	–	–	200	1,000
		<u>2,100</u>	<u>2,322</u>	<u>–</u>	<u>4,422</u>	<u>2,289</u>
Total incoming resources		<u>54,107</u>	<u>19,602</u>	<u>500</u>	<u>74,209</u>	<u>64,356</u>
Resources expended						
5(a)						
<i>Cost of generating funds</i>						
Costs of generating voluntary income		3,076	56	–	3,132	2,914
Fundraising Trading costs	8	7,788	–	–	7,788	6,924
Investment management costs		19	17	–	36	45
		<u>10,883</u>	<u>73</u>	<u>–</u>	<u>10,956</u>	<u>9,883</u>
<i>Charitable Activities</i>						
Collections & Visitors		33,696	2,707	–	36,403	37,688
Exhibitions & Contemporary		6,390	114	–	6,504	4,430
Education, Learning & interpretation		5,568	948	–	6,516	7,417
		<u>45,654</u>	<u>3,769</u>	<u>–</u>	<u>49,423</u>	<u>49,535</u>
<i>Governance costs</i>						
		755	25	–	780	775
		<u>755</u>	<u>25</u>	<u>–</u>	<u>780</u>	<u>775</u>
Total resources expended		<u>57,292</u>	<u>3,867</u>	<u>–</u>	<u>61,159</u>	<u>60,193</u>
Net (outgoing)/incoming resources before notional costs		(3,185)	15,735	500	13,050	4,163

Consolidated Statement of Financial Activities for the year ended 31 March 2007 (cont'd)

	Notes	Unrestricted funds	Restricted funds	Permanent Endowment funds	2007 Total funds £'000	2006 Restated Total funds £'000
Notional Costs		£'000 (10)	£'000 (9,556)	£'000 –	(9,566)	(9,487)
Net resources expended including notional costs		(3,195)	6,179	500	3,484	(5,324)
Reversal of notional costs		10	9,556	–	9,566	9,487
Net (outgoing)/incoming resources before transfers		(3,185)	15,735	500	13,050	4,163
Gross transfers between funds		4,033	(4,033)	–	–	–
Net incoming resources before other recognised gains and losses		848	11,702	500	13,050	4,163
Gains/(losses) on investment assets	7	77	2	69	148	1,199
Gain on revaluation of fixed assets for the charity's own use		–	11,875	–	11,875	4,368
Net movement in funds		925	23,579	569	25,073	9,730
Fund balances b fwd at 1 April 2006–Restated		6,892	349,735	4,434	361,061	351,331
Fund balances c fwd at 31 March 2007	14	7,817	373,314	5,003	386,134	361,061

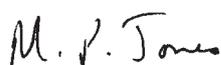
All operations of the Museum continued throughout both periods and no operations were acquired or discontinued in either period. There are no recognised gains or losses other than those shown above.

The notes on pages 47 to 65 form part of these financial statements.

Consolidated and Museum Balance Sheets as at 31 March 2007

	Notes	Group 2007	Museum 2007	Group 2006 Restated	Museum 2006 Restated
		£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	6	332,484	332,175	316,518	316,057
Acquisitions for the Collection	6	30,801	30,801	28,053	28,053
Investments	7	10,876	11,079	6,422	6,626
		374,161	374,055	350,993	350,736
Current assets					
Stock		1,071	–	972	–
Debtors	9	7,041	8,512	7,649	8,779
Cash		14,870	13,816	11,818	11,189
		22,982	22,328	20,439	19,968
Creditors due within one year	10	(10,822)	(10,062)	(10,048)	(9,320)
Net current assets		12,160	12,266	10,391	10,648
Total assets less current liabilities					
		386,321	386,321	361,384	361,384
Creditors due after one year	10	(187)	(187)	(323)	(323)
Net assets		386,134	386,134	361,061	361,061
Income funds					
Designated funds		6,817	6,817	6,016	6,016
General funds		1,000	1,000	876	876
Unrestricted funds	14	7,817	7,817	6,892	6,892
Restricted funds	14	373,314	373,314	349,735	349,735
Total income funds		381,131	381,131	356,627	356,627
Permanent endowment funds	14	5,003	5,003	4,434	4,434
Total funds		386,134	386,134	361,061	361,061

The financial statements on pages 43 to 65 were approved by the Director and the Chairman.



MARK JONES
Director and Accounting Officer
12 July 2007



PAULA RIDLEY OBE
Chair of the Board of Trustees
12 July 2007

The financial statements were authorised for issue by the Accounting Officer on 23 July 2007.

Consolidated Cashflow Statement for the year ended 31 March 2007

		2007	2006 Restated
		£'000	£'000
Net cash inflow from operating activities	a	19,750	10,306
Returns on investments	b	1,000	874
Capital expenditure and financial investment	b	(18,198)	(13,279)
Permanent Endowment	b	500	1,000
Increase in cash and cash equivalents	d	<u>3,052</u>	<u>(1,099)</u>

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

Net incoming resources	12,550	4,163
Investment income	<u>(1,000)</u>	<u>(874)</u>
Net incoming resources before transfer and revaluations	11,550	3,289
Donated assets acquired	(1,086)	(1,166)
Depreciation	8,138	8,303
Write down on revaluation	-	475
(Increase)/decrease in stocks	(99)	99
Decrease/(increase) in debtors	608	215
(Decrease)/Increase in creditors due within one year	775	(1,034)
(Decrease)/Increase in creditors due after one year	<u>(136)</u>	<u>125</u>
Net cash inflow from operating activities	<u>19,750</u>	<u>10,306</u>

b) Analysis of cash flows*Return on investments:*

Investment income	<u>1,000</u>	<u>874</u>
-------------------	--------------	------------

Capital expenditure and financial investment:

Payments to acquire tangible fixed assets	(13,892)	(13,444)
Purchase of investments	(11,586)	(2,257)
Proceeds from sale of investments	<u>7,280</u>	<u>2,422</u>
	<u>(18,198)</u>	<u>(13,279)</u>

Financing:

(Decrease)/ increase in Permanent Endowments	<u>500</u>	<u>1,000</u>
--	------------	--------------

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

Increase in cash in the period	3,052	(1,099)
Cashflow from change in liquid resources	-	-
Movement in net funds in the period	3,052	(1,099)
Net funds at 1 April	<u>11,818</u>	<u>12,917</u>
Net funds at 31 March	<u>14,870</u>	<u>11,818</u>

d) Analysis of net funds

	At 1 April 2006 - Restated	Cashflow	At 31 March 2007
	£'000	£'000	£'000
Cash at bank and in hand	11,818	3,052	14,870
Liquid resources	-	-	-
Net funds	<u>11,818</u>	<u>3,052</u>	<u>14,870</u>

The notes on pages 47 to 65 form part of these financial statements.

Notes to the Consolidated Financial Statements for the year ended 31 March 2007

1 Accounting policies

a) Basis of Accounting

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

The Museum is exempt from corporation tax under section 505 of the Income and Corporation Taxes Act 1998.

Consolidated accounts have been prepared which include the Museum accounts and the Museum's trading subsidiary V&A Enterprises Ltd., consolidated on a line-by-line basis. The Museum Trustees act as Trustees to all the individual funds within the Museum accounts apart from the London Archives of the Dance for which the Director is a Trustee along with two non-Museum Trustees. The Museum owns the whole of the issued share capital of V&A Enterprises Ltd and exercises further control through its overall majority voting powers by virtue of the fact that two of the Museum's Trustees as well as the Museum Director are directors of the company. The Friends of the V&A is a separate charitable company, run by its own board of Trustees and is not consolidated into the Museum's accounts.

The comparative figures for 2005/06 have been restated in line with the requirements of the Statement of Recommended Practice "Accounting and Reporting by Charities" 2005 so as to be comparable with the 2006/07 figures and adjusted for the change in accounting policy for exhibitions as noted in 1(c) and 1(d) below.

b) Fund accounting

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

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

c) Incoming resources

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

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

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

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

This year the Museum has altered its policy on accounting for exhibitions, and will recognise the costs and income of an exhibition in the year in which the exhibition takes place. Income received for an exhibition taking place in a future period is entered in the first instance on the balance sheet and disclosed under the heading 'Deferred exhibition income'. This deferred income relating to the exhibition, together with any deferred expenses are recognised in the SOFA in the year in which the majority of the exhibition takes place. The previous year's results have been adjusted to reflect this change in accounting policy and the details of this are discussed in note 20 to the accounts.

All other income is accounted for on a receivable basis.

d) Expenditure

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

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

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

This year the Museum has altered its policy on accounting for exhibitions, and will recognise the costs and income of an exhibition in the year in which the exhibition takes place. The costs of an exhibition taking place in a future period are charged in the first instance to the balance sheet and disclosed under the heading 'Prepaid exhibitions expenditure'. These costs, together with any deferred income relating to the exhibition, are recognised in the SOFA in the year in which the majority of the exhibition takes place. The previous year's results have been adjusted to reflect this change in accounting policy and the details of this are discussed in note 20 to the accounts.

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

All other liabilities are recognised as they fall due.

e) Notional cost of capital

Notional cost of capital calculation is a requirement of Treasury and is calculated as 3.5% (2006: 3.5%) of the average non-donated capital employed by the Museum in the year.

f) Acquisitions for the collection

In accordance with the Financial Reporting Manual (FReM) as issued by the Treasury, additions to the collection acquired since 1st April 2001 are capitalised and recognised in the Balance Sheet at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable. Such items are not depreciated or revalued as a matter of routine.

g) Tangible fixed assets

Tangible fixed assets are accounted for using modified historic cost accounting where the effect is material. Assets with a value greater than £2,000 are capitalised and included in the balance sheet. In accordance with FRS15 - Tangible Fixed Assets, additions to the Collection acquired since 1 April 2001 are capitalised at the cost or value of the acquisition, and are not depreciated.

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

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

For assets under construction, depreciation is not charged until the year the asset has been completed.

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

As stated above, acquisitions to the collection are not depreciated or revalued as a matter of routine.

h) Investments

Investments are stated at market value. It is the Museum's policy to keep valuations up to date such that when investments are sold there is no gain or loss arising. As a result the Statement of Financial Activities includes only those unrealised gains arising from the revaluation of the investment portfolio throughout the year. Disclosure is made in note 7 of the difference between the historical cost and the sale proceeds of the investments sold during the year.

The Museum's investments are managed by Sarasin Chiswell. During the year, around August, the funds were transferred to a Common Investment Fund which seeks to maximise revenue for the Museum in the medium to long term, whilst not exposing the Museum to undue risk.

i) Stock and work in progress

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

j) Pension cost

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme which are described at Note 5d. The defined benefit elements of the schemes are unfunded and are non-contributory

except in respect of dependents' benefits. The Museum recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees services by payment to the Principal Civil Service Pension Scheme (PCSPS) of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS. In respect of the defined contribution elements of the schemes, the Museum recognises the contributions payable for the year.

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

k) Operating leases

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

l) Foreign currencies

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

2 Voluntary income

	Unrestricted funds	Restricted funds	Permanent Endowment Funds	Total 2007	Total 2006
	£'000	£'000	£'000	£'000	£'000
Donations and Legacies	538	10,145	500	11,183	11,044
Corporate Members	201	–	–	201	151
Patrons scheme	174	–	–	174	146
	<u>913</u>	<u>10,145</u>	<u>500</u>	<u>11,558</u>	<u>11,341</u>

3 Investment Income

Interest receivable	281	496	–	777	695
British Government stocks	5	17	–	22	42
UK equities	72	148	–	220	127
Overseas equities	2	1	–	3	4
Exchange gains/(losses)	–	(22)	–	(22)	6
	<u>360</u>	<u>640</u>	<u>–</u>	<u>1,000</u>	<u>874</u>

4 Net incoming resources: is stated after charging:

	2007	2006
	£'000	£'000
External Auditors' remuneration	50	50
Operating lease payments – Land and Buildings	575	902
– Other	243	191

5a Total resources expended

	Staff Costs	Other Costs	Depreciation	Total 2007	Total 2006 Restated
	£'000	£'000	£'000	£'000	£'000
<i>Cost of generating funds</i>					
Costs of generating voluntary income	1,768	1,116	248	3,132	2,914
Fundraising Trading costs	2,593	5,021	174	7,788	6,924
Investment management costs	–	36	–	36	45
	<u>4,361</u>	<u>6,173</u>	<u>422</u>	10,956	9,883
<i>Charitable Activities</i>					
Collections & Visitors	18,257	11,510	6,636	36,403	37,688
Exhibitions & Contemporary	1,359	4,904	241	6,504	4,430
Education, Learning & interpretation	3,916	1,896	704	6,516	7,417
	<u>23,532</u>	<u>18,310</u>	<u>7,581</u>	49,423	49,535
<i>Governance costs</i> ¹	371	275	134	780	775
Total resources expended	<u>28,264</u>	<u>24,758</u>	<u>8,137</u>	61,159	60,193

¹Governance Costs

Internal and External Audit Fees	85	82
Legal Fees	20	30
Staff costs	371	363
Consultancy Fees	40	79
Other strategic costs	130	113
Depreciation	134	108
	<u>780</u>	<u>775</u>

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

	Information services & support £'000	Projects & Estates £'000	Finance & Administra- tion £'000	Human Resources £'000	Branch Museums – Administra- tion £'000	Total £'000
<i>Cost of generating funds</i>						
Costs of generating voluntary income	43	191	49	29	61	373
<i>Charitable Activities</i>						
Collections & Visitors	1,177	5,268	1,356	798	1,670	10,269
Exhibitions & Contemporary	63	281	72	43	89	548
Education, Learning & interpretation	332	1,485	382	225	471	2,895
	<u>1,572</u>	<u>7,034</u>	<u>1,810</u>	<u>1,066</u>	<u>2,230</u>	<u>13,712</u>
	<u>1,615</u>	<u>7,225</u>	<u>1,859</u>	<u>1,095</u>	<u>2,291</u>	<u>14,085</u>

5b Exceptional Item

In 2005/06, the Natural History Museum (NHM) entered into negotiations with a private contractor for the provision of a Combined Heat and Power (CHP) facility. The V&A is contracting with the NHM on the back of this for the supply of its own heat and power. A sinking fund was created over several years by contributions from both the NHM and the V&A, in anticipation that it would create a reserve to finance future capital work. This is no longer needed as the private contractor will be undertaking the project. The total value of the fund was approximately £2.7m. The contract was finalised and signed on 5th July 2006 and £1m was received from the NHM on 6th July 2006 which was accounted for in 2005/06 as an adjusting post balance sheet event. The balance of the fund due to the V&A was agreed at £200,000 on the 23 March 2007, and received on 6 June 2007.

5c Wages and salaries

	2007	2006
	£'000	£'000
Wages and salaries	21,809	21,269
Social security costs	1,679	1,699
Pension costs	3,784	3,449
Agency and temporary staff	992	524
	28,264	26,941
Early retirement and severance costs	–	310
	28,264	27,251

During the year external funding was received in respect of salaries totalling £787,113 (2006: £728,220).

V&A Enterprises Limited's staff costs were £3.574m (2006: £3.454m) of which £2.593m (2006: £2.428m) was for trading activities and £0.982m (2006: £1.026m) was for services provided to the museum.

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:

	2007	2006
£60,001 – £70,000	7	6
£70,001 – £80,000	6	3
£80,001 – £90,000	2	2
£90,001 – £100,000	1	1
£130,001 – £140,000	–	1
£140,001 – £150,000	1	–
	17	13

Of the employees listed above, 15 are members of the Principal Civil Service Pension Scheme, and the total pension contributions payable in the year for these employees was £290,921 (2006: 11 Members - £183,169). The two other employees are members of the V&A Enterprises Limited defined contribution scheme, and the total pension contributions payable in the year for these employees was £15,666 (2006: £14,774).

5d Director's Salary and Pension disclosure

	Mark Jones Director 2007 £'000	Mark Jones Director 2006 £'000
Salary inc performance pay	143	137
Real increase in pension at age 60	2	2
Pension accrued to date payable at age 60	62	60
Cash equivalent transfer value (CETV)	1,184	1,104
Real Increase in Cash equivalent transfer value (CETV)	34	30
Lump sum at 31 March	–	–
Employer contributions during the year	28	26

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the HM Revenue & Customs as a taxable emolument. There were no benefits in kind during the year and there were no additional emoluments paid other than as disclosed above.

The 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. It 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 pension benefits they have 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. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

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

5d Director's Salary and Pension disclosure (cont'd)

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme. The Victoria and Albert Museum is unable to identify its share of the underlying liabilities. A full actuarial valuation was carried out as at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservice-pensions.gov.uk). The Victoria and Albert Museum is only liable for the contribution they have made directly.

For 2006-07, employers' contributions of £3.555m were payable to the PCSPS (2005-06 £3.225m) at one of four rates in the range 17.1 to 25.5 percent of pensionable pay, based on salary bands (the rates in 2005-06 were between 16.2 and 24.6%). The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 2007-08, the salary bands will be revised but the rates will remain the same. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

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

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium and classic plus. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up (commute) some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £37,372 were paid to one or more of a panel of four appointed stakeholder pension providers. Employer's contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. Employers' also match employee contributions up to 3 per cent of pensionable pay.

Contributions due to the partnership pension providers at the balance sheet date were £nil. Contributions prepaid at the date were £nil.

The Museum's trading company, V&A Enterprises Limited, operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund with Friends Provident. Employer contributions are made at an average of 10% and the total amount paid during the year was £211,372 (2006: £201,783).

5e Trustees

The Trustees neither received nor waived any emoluments during the year (2006: £nil).

Travel expenses reimbursed to one trustee amounted to £2,226 (2006: 2 Trustees - £2,495).

5f) Average number of employees (*)

	2007	2006 - Restated
Costs of generating voluntary income	46	49
Fundraising Trading costs	101	104
Collections & Visitors	600	557
Exhibitions & Contemporary	32	31
Education, Learning & interpretation	168	263
Governance costs	13	15
	960	1,019

(*) based on full-time equivalents.

6 Tangible fixed assets

Group	Land & Buildings £'000	Furniture & fittings £'000	Equipment £'000	Assets in course of construction £'000	Total £'000
Cost or valuation					
At 1 April 2006	306,516	1,831	4,020	9,223	321,590
Re-classification	5,519	-	-	(5,519)	-
Additions	8,149	145	517	3,419	12,230
Disposals	-	(58)	(287)	-	(345)
Revaluation	4,832	-	-	-	4,832
At 31 March 2007	<u>325,016</u>	<u>1,918</u>	<u>4,250</u>	<u>7,123</u>	<u>338,307</u>
Depreciation					
At 1 April 2006	1,322	1,067	2,684	-	5,073
Re-classification	-	-	-	-	-
Charged for the year	7,107	341	689	-	8,137
Disposals	-	(58)	(286)	-	(344)
Revaluation	(7,043)	-	-	-	(7,043)
At 31 March 2007	<u>1,386</u>	<u>1,350</u>	<u>3,087</u>	<u>-</u>	<u>5,823</u>
Net book value					
At 31 March 2007	<u>323,630</u>	<u>568</u>	<u>1,163</u>	<u>7,123</u>	<u>332,484</u>
At 31 March 2006	<u>305,195</u>	<u>764</u>	<u>1,336</u>	<u>9,223</u>	<u>316,518</u>

The net book value at 31 March 2007 represents fixed assets of the Group for:

	Land & Buildings £'000	Furniture & fittings £'000	Equipment £'000	Assets in course of construction £'000	Total £'000
Direct charitable activities	275,415	84	416	475	276,390
Other activities	48,215	484	747	6,648	56,094
Total	<u>323,630</u>	<u>568</u>	<u>1,163</u>	<u>7,123</u>	<u>332,484</u>

Museum	Land & Buildings £'000	Furniture & fittings £'000	Equipment £'000	Assets in course of construction £'000	Total £'000
Cost or valuation					
At 1 April 2006	306,516	1,307	3,770	9,223	320,816
Re-classification	5,519	-	-	(5,519)	-
Additions	8,149	133	507	3,419	12,208
Disposals	-	(9)	(252)	-	(261)
Revaluation	4,832	-	-	-	4,832
At 31 March 2007	<u>325,016</u>	<u>1,431</u>	<u>4,025</u>	<u>7,123</u>	<u>337,595</u>
Depreciation					
At 1 April 2006	1,322	850	2,587	-	4,759
Re-classification	-	-	-	-	-
Charged for the year	7,107	232	625	-	7,964
Disposals	-	(9)	(251)	-	(260)
Revaluation	(7,043)	-	-	-	(7,043)
At 31 March 2007	<u>1,386</u>	<u>1,073</u>	<u>2,961</u>	<u>-</u>	<u>5,420</u>
Net book value					
At 31 March 2007	<u>323,630</u>	<u>358</u>	<u>1,064</u>	<u>7,123</u>	<u>332,175</u>
At 31 March 2006	<u>305,194</u>	<u>457</u>	<u>1,183</u>	<u>9,223</u>	<u>316,057</u>

6 Tangible fixed assets (cont'd)

Acquisitions for the Collection

Additions of **£2.748m** (2006: £2.248m) were made to the Collection. The additions comprise the following elements:

	2007	2006
	£'000	£'000
Opening balance b/fwd	28,053	25,805
Donations of objects by gift or bequest	543	587
Donations of objects under the acceptance in lieu scheme	543	579
	1,086	1,166
Acquisitions funded from unrestricted funds	436	424
Acquisitions funded by specific grants and donations (restricted funds)	1,226	658
Total Additions	2,748	2,248
Closing balance c/fwd	30,801	28,053

Land & Buildings

On the 31st March 2007 a desktop valuation was carried out by Gerald Eve (Chartered Surveyors) in accordance with the RICS appraisal and valuations manual. The last full valuation was carried out on 31st March 2004. The site at South Kensington was valued at £310.8m, the site at Bethnal Green at £12.4m and the V&A's share of Blythe House at £7.3m. The net revaluation surplus arising of £12.4m on the site at South Kensington and of £0.5m on the site at Blythe House were transferred to Revaluation Reserve. The net revaluation deficit arising of £0.4m on the the site at Bethnal Green was also transferred to the Revaluation Reserve as the carrying value continues to exceed the historic cost of the property.

Leasehold Property

In addition to the above, the following leasehold properties were also subject to a desktop valuation by Gerald Eve (Chartered Surveyors) as at 31 March 2007. The Valuation amounts are:

Property	Title	Basis of Valuation	2007	2006
			£'000	£'000
Museum of Performance, WC2	Leasehold	Existing Use Value	100	970
88 Kirtling Street, SW8	Leasehold	Existing Use Value	252	275

The valuation of leaseholds reflects any differences between rent being paid and current market rent.

In January 2007 the Museum of Performance closed to the public, with the collection to be redisplayed at the main site. In consideration of a payment of £1m to the V&A, the lease at the Museum of Performance was varied to expire in 18 months with a reduction in the rental charge. The £1m has been designated and will be put toward the future development of the theatre collection at South Kensington.

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

7 Investments

	2007	2006
	£'000	£'000
Market value at 1 April	6,422	5,388
Add: Acquisitions at cost	11,586	2,257
Less: Disposal proceeds	(7,280)	(2,422)
Net gain on revaluation	148	1,199
Market value at 31 March	10,876	6,422
Historical cost at 31 March	10,283	5,210
Unrealised investment gain/(loss) at 31 March	593	1,212
Investment gain/(loss) based on historic costs	767	382

All investments are listed on a recognised stock exchange and are analysed as follows:

	2007	2006
	£'000	£'000
Investment assets in the UK	6,447	5,286
Investment assets outside the UK	4,429	1,136
	10,876	6,422

All investments are classified as fixed asset investments given that these assets are for the long term use of the business.

During the year the Museum transferred its investments to a charities common investment fund in order to mitigate risk on investments and improve returns. This involved the sale of its holdings in individual shares and the purchase of units in the fund. The majority of this transfer took place in August 2006.

The Role of Financial Instruments

FRS 13, Derivatives and other Financial Instruments, requires disclosure of the role which financial instruments have had during the period, in creating or changing the risks the museum faces in undertaking its activities.

As permitted by FRS 13, debtors and creditors which mature or become payable within twelve months of the Balance Sheet have been omitted from this note.

Liquidity Risk

– The majority of income (ie 53%) is received by way of Grant in Aid. The remainder of operational costs must be financed by self-generated income which is volatile. This risk is managed through the Museum's policy to maintain general and designated funds and is reviewed periodically.

Foreign Currency Risk

– The Museum's exposure to foreign currency risk is not significant.

7 Investments (cont'd)*Interest Rate Risk*

– The Museum has no exposure to interest rate risk on its financial liabilities. The interest risk on its financial assets are as follows:

	Total £'000	Floating Rate Financial Assets £'000	Fixed Rate Financial Assets £'000	Non-interest Bearing Financial Assets £'000	Assets Earning Equity Return £'000	Weighted Average Fixed interest rate %	Weighted Average Period for which rate is fixed Yrs
<i>At 31 March 2007</i>							
Sterling	20,812	14,040	3,965	324	2,483	6.01%	10.20
Other	5,056	572	148	55	4,281	0.21%	0.23
Total	25,868	14,612	4,113	379	6,764	5.80%	9.84
<i>At 31 March 2006</i>							
Sterling	16,837	11,598	716	(47)	4,570	6.30%	10.75
Other	1,403	217	–	49	1,137	0.00%	–
Total	18,240	11,815	716	2	5,707	6.30%	10.75
Reconciliation to Accounts						2007	2006
						£'000	£'000
Cash						14,870	11,818
Investments (Fixed Assets)						10,876	6,422
Debtors (Accrued interest portion only)						122	–
						25,868	18,240

8 Trading subsidiary

The Museum owns the whole of the issued share capital of V&A Enterprises Limited, a company registered in England and Wales. The company's principal activities are the sale of books and other materials relating to art, craft and design, and the granting of licences of goods inspired by, or reproduced from, artefacts displayed in the Museum. The company runs V&A Publications and V&A Picture Library and operates both a corporate entertainment business and the educational services facility based at the Museum.

In respect of an un-drawn overdraft facility Coutts & Co hold a Mortgage Debenture dated 22 March 1988 over the company's assets. This is in the form of a floating charge.

A summary of the results of the subsidiary is shown below:

	2007	2006
	£'000	£'000
<u>Profit and loss account</u>		
Turnover	9,489	7,225
Cost of sales	(3,519)	(2,590)
Gross Profit	5,970	4,635
Administrative expenses	(4,304)	(4,309)
Trading profit	1,666	326
Interest receivable and similar income	31	27
Payment under gift aid to Museum	(1,677)	(293)
Profit on Ordinary Activities before Taxation	20	60
Taxation	(20)	(60)
Retained in subsidiary	-	-
<u>Balance sheet</u>		
	£'000	£'000
Tangible fixed assets	308	460
Current assets	3,304	2,590
Creditors	(3,409)	(2,847)
Net assets	203	203
Share capital and reserves	203	203

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

	2007	2006
	£'000	£'000
Turnover	9,489	7,225
<i>Intercompany transactions</i>	-	-
Trading income per SOFA	9,489	7,225
Cost of sales	3,519	2,590
Administrative expenses	4,304	4,309
Taxation	20	60
<i>Intercompany transactions</i>	(55)	(35)
Trading costs included within SOFA	7,788	6,924
Interest receivable and similar income	31	27
<i>Intercompany transactions</i>	-	-
Included in Investment Income per SOFA	31	27

9 Debtors

	Group 2007	Museum 2007	Group 2006 Restated	Museum 2006 Restated
	£'000	£'000	£'000	£'000
Trade debtors	2,013	1,859	1,813	1,784
Other debtors	195	153	469	421
Prepayments and accrued income	1,562	1,126	2,913	2,414
Prepaid exhibition expenditure	1,673	1,673	1,260	1,260
Recoverable taxation	1,598	1,598	1,194	1,194
Amounts due from subsidiary undertaking	-	2,103	-	1,706
	<u>7,041</u>	<u>8,512</u>	<u>7,649</u>	<u>8,779</u>

10 Creditors

	Group 2007	Museum 2007	Group 2006 Restated	Museum 2006 Restated
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade creditors	1,125	878	2,064	1,682
Other creditors	40	40	57	57
Accruals	4,732	4,321	3,042	2,696
Deferred income	11 3,535	3,535	3,518	3,518
Deferred exhibition income	265	265	361	361
Taxation and social security costs	980	878	808	808
Provisions - within one year	12 145	145	198	198
	<u>10,822</u>	<u>10,062</u>	<u>10,048</u>	<u>9,320</u>
Amounts falling due after one year				
Provisions - after one year	12 187	187	323	323
	<u>187</u>	<u>187</u>	<u>323</u>	<u>323</u>

11 Deferred Income

	2007	2006
	£'000	£'000
As at 1 April	3,518	3,244
Deferred in current year	185	651
Released from previous year	(167)	(377)
As at 31 March	<u>3,536</u>	<u>3,518</u>

Of this balance £3.35m represents funds given to the Museum by RIBA in relation to its occupation of certain office and gallery spaces in the Museum. An amount representing an annual rental payment is released each year.

12 Provisions

	2007	2006
	£'000	£'000
As at 1 April	521	396
Provision in year	86	310
Paid in year	(274)	(185)
As at 31 March	<u>333</u>	<u>521</u>

The provisions relate to those early retiring employees for whom the Museum will continue to pay PCSPS contributions until they reach 60 years old.

13 Financial commitments

At 31 March 2007 the Museum had annual commitments under non-cancellable leases as follows:

Operating leases which expire:	2007 Land & Buildings £'000	2007 Other £'000	2006 Land & Buildings £'000	2006 Other £'000
Within one year	–	13	–	132
Between two to five years	605	48	–	54
After five years	–	–	575	–
	605	61	575	186

14 Statement of funds

	As at 1 April 2006 Restated £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	Gains/ losses & Revaluation £'000	As at 31 March 2007 £'000
Unrestricted Funds						
General Income funds ⁴	876	52,870	(51,224)	(1,598)	76	1,000
Designated Income funds	172	1,065	(489)	399	–	1,147
Bequests	4,436	173	(11)	–	–	4,598
Designated Capital funds	1,408	–	(5,568)	5,232	–	1,072
Total Unrestricted Funds	6,892	54,108	(57,292)	4,033	76	7,817
Restricted Funds						
Restricted Income Funds						
– Acquisitions for the Collection	147	3,127	(3,077)	50	–	247
– Collections funds	1,536	698	(547)	11	2	1,700
– Exhibitions & Contemporary funds ³	687	19	(44)	(650)	–	12
– Education, Learning & interpretation funds	249	644	(783)	14	–	124
– Branch Museum funds	363	3,294	(3,954)	224	–	(73)
– Museum Development funds	3,739	10,546	(6,912)	1,550	–	8,923
– Permanent endowment funds income	312	188	(23)	–	–	477
	7,033	18,516	(15,340)	1,199	2	11,410
Restricted Capital funds ²	314,649	(1,226)	11,473	(5,668)	11,875	331,103
Acquisitions restricted fund ¹	28,053	2,312	–	436	–	30,801
	342,702	1,086	11,473	(5,232)	11,875	361,904
Total Restricted Funds	349,735	19,602	(3,867)	(4,033)	11,877	373,314
Permanent endowment	4,434	500	–	–	69	5,003
Total Funds	361,061	74,210	(61,159)	–	12,022	386,134

¹ Transfers are made each year from Unrestricted to Restricted funds in respect of the Government funded portion of Capital movements since the assets are subject to restrictions on their disposal.

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

³ Transfer from a restricted Exhibiton fund following the end of the exhibition to a restricted Museum Development fund in line with the donor's wishes for the use of the funds.

⁴ Transfers are made each year from unrestricted funds in order to fund designated acquisitions and to contribute to restricted funds as required.

14 Statement of funds (cont'd)

Unrestricted funds general

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

Unrestricted funds designated

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

Designated Income funds – a collection of funds which have been set aside at the discretion of the Trustees for specific purposes.

Bequests – funds which have built up over a number of years from various bequests and which have been designated by the Trustees.

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

Restricted funds

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

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

Collection funds – funds from various donations, which are to be used to maintain and support the Collections

Exhibitions & Contemporary funds – funds for the specific purpose of putting on exhibitions

Education, Learning & interpretation funds – a collection of funds to enable the Museum to provide Education facilities and services

Branch Museum funds – funds specifically for the development of the Museum of Childhood and the Theatre Collection. The deficit balance will be cleared in the next financial year as the fund is awaiting income from a claim submitted to the Heritage Lottery Fund

Museum Development funds – funds received in relation to FuturePlan projects

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

Restricted Capital funds – funds held for the maintenance and revaluation of the Museum's land and buildings at South Kensington, Bethnal Green and Blythe House. These funds represent the movements of the fixed assets and agree to the balance sheet values.

Acquisitions – These funds represent the movements in the capital value of the acquisitions and agree to the balance sheet values.

Permanent endowment funds

These comprise funds donated on condition that the capital value of the donation is held in perpetuity.

15 Statement of fund commitments as at 31st March 2007

	As at 31 March 2007 £'000	As at 31 March 2006 Restated £'000
<u>Funds available for spending at Trustees' Discretion:</u>		
General income funds	797	673
Designated income funds	5,745	4,608
	6,542	5,281
<u>Funds raised for specific purposes:</u>		
Restricted income funds	11,410	7,033
Total funds available for spending	17,952	12,314
<u>Funds not available for Trustees' spending:</u>		
General income funds - share capital of V&A Enterprises	203	203
Permanent endowment funds (Capital element)	5,003	4,434
Capital funds (Fixed Assets)	362,976	344,110
Total funds not available for spending	368,182	348,747
Total funds in balance sheet	386,134	361,061

16 Analysis of group net assets between funds

	Unrestricted Funds £'000	Restricted Funds £'000	Permanent Endowment Funds £'000	Total 2007 £'000	Total 2006 Restated £'000
Fund balances at 31 March 2006 are represented by:					
Tangible fixed assets	1,381	361,904	-	363,285	344,571
Investments	3,255	3,993	3,628	10,876	6,422
Current assets	14,190	7,417	1,375	22,982	20,439
Current liabilities	(10,822)	-	-	(10,822)	(10,048)
Provision for liabilities and charges	(187)	-	-	(187)	(323)
Net assets	7,817	373,314	5,003	386,134	361,061

17 Capital commitments

	2007 £'000	2006 £'000
Capital expenditure commitments were as follows:		
Contracted for, but not provided in the accounts	7,707	5,276
Authorised, but not contracted for	34,938	7,601

The increase in expenditure authorised but not contracted for relates to the Medieval and Renaissance Gallery project due for completion in late 2009.

18 Related Party Transactions

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

Related Party	Amount	Amount	Year end	Donations/
	Purchased	Sold	balance	Grants
	£'000	£'000	Debtor/ (Creditor)	Received
			£'000	£'000
Imperial War Museum	26	10	10	–
National Heritage Memorial Fund	–	–	–	3,954
Natural History Museum	967	9	7	–
Science Museum	379	56	25	–
TATE – all sites	1	30	13	–
British Museum	13	13	6	–

One Trustee donated a total of £1.7m during the year.

The balances with the Natural History Museum and Science Museum relate to supplies of electricity, heating, storage and telephone services.

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

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

19 Contingent Liabilities

There are no contingent liabilities as at 31st March 2007 (2006: Nil).

20 Prior Year Adjustment

This year the Museum has altered its policy on accounting for exhibitions, and will recognise the costs and income of an exhibition in the year in which the exhibition takes place, in order to better reflect the way in which the Museum works and to match the income from exhibitions to the expenditure.

Income received for an exhibition taking place in a future period is entered in the first instance on the balance sheet and disclosed under the heading 'Deferred exhibition income'. This deferred income relating to the exhibition, together with any deferred expenses are recognised in the SOFA in the year in which the majority of the exhibition takes place.

The costs of an exhibition taking place in a future period are charged in the first instance to the balance sheet and disclosed under the heading 'Prepaid exhibitions expenditure'. These costs, together with any deferred income relating to the exhibition, are recognised in the SOFA in the year in which the majority of the exhibition takes place.

The prior year's results have had to be adjusted to reflect this change in accounting policy and the following adjustments have been made:

Income of £275,000 was deferred from 2004-05 to 2005-06 adjusting the sponsorship income comparative in the SOFA.

Expenditure of £1,144,560 was deferred from 2004-05 to 2005-06 adjusting the exhibition expenditure comparative in the SOFA.

The brought forward results at 1 April 2005 have been adjusted accordingly.

Income of £361,468 has been deferred out of 2005-06 to 2006-07 adjusting the sponsorship income comparative by £275,000 and the admissions income comparative by £86,468 in the SOFA. This adjustment has been reflected in creditors under the heading 'Deferred exhibition income'.

Expenditure of £1,259,614 has been deferred out of 2005-06 to 2006-07 adjusting the exhibition expenditure comparative in the SOFA. This adjustment has been reflected in debtors under the heading 'Prepaid exhibitions expenditure'.

20 Prior Year Adjustment (cont'd)

The effects of these adjustments on the comparative figures can be seen below:

SOFA	Adjustments			
	2005-06	2004-05	2005-06	2005-06 Restated
	£'000	£'000	£'000	£'000
Sponsorship Income	586	275	(275)	586
Admissions & Exhibitions fees	2,206	–	(86)	2,119
Exhibitions expenditure	(4,545)	(1,145)	1,260	(4,430)
Balance Sheet				
Deferred exhibition income	–	–	361	361
Prepaid exhibitions expenditure	–	–	(1,260)	(1,260)
Reserves as at 1 April 2005	350,462	870	–	351,331

21 The 'Super' SOFA (Statement of Financial Activities)

The 'Super' SOFA shows the results for the year from the SOFA split between the different areas to which the income and expenditure relates.

	INCOME AND EXPENDITURE FUNDS				CAPITAL FUNDS			COLLECTION AND ACQUISITION FUNDS			TOTAL FUNDS			
	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	
	Unrestricted funds	Designated funds	Unrestricted funds	Total funds	Unrestricted funds	Restricted funds	Total funds	Unrestricted funds	Restricted funds	Total funds	Unrestricted funds	Restricted funds	Perm Endow funds	Total funds
Incoming Resources														
<i>Incoming resources from generated funds</i>														
Voluntary income														
- Grant in Aid														
- Donations, legacies and similar income	37,362	-	37,362	37,362	-	1,750	1,750	-	-	-	37,362	1,750	-	39,112
- Donated objects	913	-	913	11,558	-	-	-	-	1,086	1,086	913	10,145	500	11,558
Activities for generating funds														
- Trading Income	9,489	-	9,489	9,489	-	-	-	-	-	-	9,489	-	-	9,489
- Sponsorship	981	-	981	1,069	-	-	-	-	-	-	981	88	-	1,069
Investment income	123	237	360	1,000	-	-	-	-	-	-	360	640	-	1,000
	48,868	237	49,105	60,478	-	1,750	1,750	-	1,086	1,086	49,105	13,709	500	63,314
<i>Incoming resources from charitable activities</i>														
Lottery income	2,902	-	2,902	2,909	-	-	-	-	-	-	2,902	7	-	2,909
Admissions & exhibition fees (incl loans & touring)	2,902	-	2,902	6,473	-	-	-	-	-	-	2,902	3,571	-	6,473
<i>Other incoming resources</i>														
Other income	900	1,000	1,900	4,222	-	-	-	-	-	-	1,900	2,322	-	4,222
Exceptional item	200	-	200	200	-	-	-	-	-	-	200	-	-	200
	1,100	1,000	2,100	4,422	-	-	-	-	-	-	2,100	2,322	-	4,422
Total incoming resources	52,870	1,237	54,107	71,373	-	1,750	1,750	-	1,086	1,086	54,107	19,602	500	74,209
Resources expended														
<i>Cost of generating funds</i>														
Costs of generating voluntary income	2,885	-	2,885	2,890	191	51	242	-	-	-	3,076	56	-	3,132
Fundraising trading costs	7,788	-	7,788	7,788	-	-	-	-	-	-	7,788	-	-	7,788
Investment management costs	8	11	19	36	-	-	-	-	-	-	19	17	-	36
	10,681	11	10,692	10,714	191	51	242	-	-	-	10,883	73	-	10,956

25 The 'Super' SOFA (Statement of Financial Activities) (cont'd)

	INCOME AND EXPENDITURE FUNDS				CAPITAL FUNDS			COLLECTION AND ACQUISITION FUNDS			TOTAL FUNDS			
	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	2007	
	Unrestricted funds	Designated funds	Unrestricted funds	Restricted funds	Total funds	Unrestricted funds	Restricted funds	Total funds	Unrestricted funds	Restricted funds	Total funds	Unrestricted funds	Restricted funds	Total funds
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>Charitable activities</i>														
Collections & Visitors	28,669	489	29,158	12,657	41,815	4,974	(8,724)	(3,750)	(436)	(1,226)	33,696	2,707	36,403	
Exhibitions & Contemporary Education, Learning & interpretation	6,200	-	6,200	69	6,269	190	45	235	-	-	6,390	114	6,504	
	5,027	-	5,027	842	5,869	541	106	647	-	-	5,568	948	6,516	
	39,896	489	40,385	13,568	53,953	5,705	(8,573)	(2,868)	(436)	(1,226)	45,654	3,769	49,423	
Governance costs	647	-	647	-	647	108	25	133	-	-	755	25	780	
	647	-	647	-	647	108	25	133	-	-	755	25	780	
Total resources expended	51,224	500	51,724	13,590	65,314	6,004	(8,497)	(2,493)	(436)	(1,226)	57,292	3,867	61,159	
Net resources before notional costs	1,646	737	2,383	3,176	6,059	(6,004)	10,247	4,243	436	2,312	(3,185)	15,735	13,050	
Notional Costs	-	-	-	(1)	(1)	(10)	(9,556)	(9,566)	-	-	(10)	(9,556)	(9,566)	
Net resources after notional costs	1,646	737	2,383	3,175	6,058	(6,014)	691	(5,323)	436	2,312	(3,195)	6,179	3,484	
Reversal of notional costs	-	-	-	1	1	10	9,556	9,566	-	-	10	9,556	9,566	
Net resources before notional costs	1,646	737	2,383	3,176	6,059	(6,004)	10,247	4,243	436	2,312	(3,185)	15,735	13,050	
Gross transfers between funds	(1,598)	399	(1,199)	1,199	-	5,668	(5,668)	-	(436)	436	4,033	(4,033)	-	
Net after transfers	48	1,136	1,184	4,375	6,059	(336)	4,579	4,243	-	2,748	848	11,702	13,050	
Gains/(losses) on investment assets	76	-	76	2	148	-	-	-	-	-	77	2	148	
Gain on revaluation of fixed assets	-	-	-	-	-	-	11,875	11,875	-	-	-	11,875	11,875	
Net movement in funds	124	1,136	1,261	4,377	6,207	(336)	16,454	16,118	-	2,748	925	23,579	25,073	
Fund balances bfwd at 1 April 2006 - Restated	876	4,608	5,484	7,033	16,951	1,408	314,649	316,057	-	28,053	6,892	349,735	361,061	
Fund balances cfwd at 31 March 2007	1,000	5,744	6,745	11,410	23,158	1,072	331,103	332,175	-	30,801	7,817	373,314	386,134	

Value of acquisitions in year

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