

Victoria and Albert Museum Annual Report and Accounts 2013-2014

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Annual Report including Trustees' Report

Introduction

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

In this context, the Board of Trustees carries out its general functions, specified in the Act as follows:

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

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

V&A Mission

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

V&A Strategic Objectives

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

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

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

In Brief

2013-14 has been a very successful year for the Museum, with over 3 million physical visitors and more than 14 million on-line visitors for the second year in a row. This was driven by the public programme, in particular *David Bowie Is...* which attracted record attendances at South Kensington followed by a successful world tour. As a result the Museum has been able to offset declining GiA with increased self-generated and trading income. The surplus funds generated will be used to support ongoing capital improvements in future years.

Access to Collections

AUDIENCES

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

In 2013-14, the V&A exceeded its visitor targets, attracting 3.2m to V&A South Kensington and 0.45m to the Museum of Childhood. Whilst slightly below the record attendance of 2012-13, this nevertheless represented the second successive year of over 3 million visitors to South Kensington and the highest attendance ever at the Museum of Childhood.

During the year, the Museum's exhibition programme included *Treasures of the Royal Courts: Tudors, Stuarts and the Russian Tsars*, *David Bowie is...*, *Sky Arts Ignition: Memory Palace*, *Club to Catwalk: London Fashion in the 1980s*, *Pearls* (in partnership with Qatar Museums Authority), *Tomorrow: Elmgreen & Dragset*, *Masterpieces of Chinese Paintings 700-1900* and *Jameel Prize 3* with *War Games* and *Afro Supa Hero* at the Museum of Childhood.

The Clothworkers' Centre for the Study and Conservation of Textiles and Fashion opened in October 2013. This new centre for the study, enjoyment and care of the V&A's textiles and fashion collections houses over 100,000 objects and offers the best possible access to the Museum's reserve collections for researchers, students and enthusiasts. Since opening, visitor numbers to Blythe House have nearly doubled to just over 5,000.

Exhibition	Dates	Visits
SOUTH KENSINGTON		
<i>Treasures of the Royal Courts: Tudors, Stuarts and the Russian Tsars</i>	09/03/13 – 14/07/13	76,500
<i>David Bowie is...</i>	23/03/13 – 11/08/13	312,000
<i>Sky Arts Ignition: Memory Palace</i>	18/06/13 – 20/10/13	33,700
<i>Club to Catwalk: London Fashion in the 1980s</i>	10/07/13 – 16/02/14	136,500
<i>Pearls</i>	21/09/13 – 19/01/14	107,200
<i>Tomorrow: Elmgreen & Dragset</i>	01/10/13 – 02/01/14	55,100
<i>Masterpieces of Chinese Painting 700-1900</i>	26/10/13 – 19/01/14	76,900
<i>Jameel Prize 3</i>	11/12/13 – 21/04/14	147,400

MUSEUM OF CHILDHOOD (all exhibitions free – specific visits not collected)	
<i>War Games</i>	25/05/13 – 09/03/14
<i>Afro Supa Hero</i>	14/09/13 – 09/02/14

Future Activity

The V&A opened its 2014-15 programme with *William Kent: Designing Georgian Britain* and *The Glamour of Italian Fashion 1945-2014*. The programme continues with exhibitions including *Wedding Dresses 1775-2014*, *Disobedient Objects*, *Horst: Photographer of Style* and *Constable: The Making of a Master*. At the Museum of Childhood, *Daydreams and Diaries: The Story of Jacqueline Wilson*, will be the headline exhibition.

DIVERSITY

Our goal is to integrate equality and diversity into everything that we do and ensure that all aspects of the Museum - the staff profile, the collections, audiences, programmes and events - reflect the diversity that exists within society in the 21st century. We believe that being committed to equality and diversity is central to creating a positive environment which makes full use of the wide range of talents and resources i.e. our staff, which benefit our visitors.

Community Strategy

The Museum launched a new Community Strategy in October 2012, designed to further increase the diversity of audiences engaging with our collections and services, in addition to sustaining and developing our programmes for Black Asian Minority Ethnic audiences and people with disabilities. The following programmes were delivered as part of this strategy.

Adult Community Programmes

New initiatives for elderly, vulnerable and socially isolated adults were introduced in April 2013. Largely aimed at groups within our local boroughs, these programmes have reached out to over 1200 adults, including:

- 600 people came to view the community performance *Stylish & Spacious Apartment for Sale*.
- A furniture design project for people affected by homelessness, in partnership with St Mungo's, resulted in a display at the 2013 London Design Festival.
- 450 attended *Indian Arrival Day*. We collaborated with G & H Entertainment, the Caribbean Hindu Cultural Society in Brixton, Sunshine International Arts, and the High Commissions of Trinidad & Tobago and Guyana, to commemorate Guyana, Trinidad & Tobago and Jamaica's Indian Arrival Day.
- Over 1000 visitors attended *First World War - Stories of the Empire*.
- A partnership event with the Heritage Lottery Fund (HLF) featuring talks, performances, films and displays by African and Asian organisations.

Family Inclusion Programme

The family programme works in a variety of ways to attract diverse audiences, from marketing strategies and varied programming to individual approaches and partnerships with organisations. The programme targets children from the ages of 3-13 years with the emphasis on making sure adults are involved, learning and having fun. The majority of the programme is free and drop-in.

- 129 attended the Pop Up Performances interpreted into British Sign Language.
- Working with the deaf/blind charity Sense, 4 performances of *The Boy Who Sat on the Dragon Throne* were interpreted into sign language with participants able to touch costumes and props.
- 615 visitors attended *Friday Night Live – Supa World* in collaboration with Jon Daniel, Jervis Entertainment Media, Contemporary Black Music Culture™, Black Cultural Archives and the University of the Arts, London for the display *Afro Supa Hero*, exploring the development of black action characters in comics, films and graphics and their recent rise in popularity.

ACQUISITIONS

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

The V&A has 2.26 million objects, library items and archives in its collections. Objects with a total value of £3.3m were added in the year. Of this, the cost of objects purchased was £2.3m, made possible by funding largely from external sources including generous support from The Art Fund, the Friends of the V&A, and private donors. The values of objects donated, either directly or via the Acceptance in Lieu scheme, was £1.0m.

The V&A continues to play a significant role in the fight to save key heritage objects for the nation, safeguarding their future in national public collections. During 2013-14 the Museum raised funds to acquire works including:

- *The Château de Juvisy* by Pierre-Denis Martin, c.1700
- Drawings of historic ironwork by John Starkie Gardner, with design records for the Edward VII Memorial Gates at the Palace of Holyroodhouse (c.1880-1920)
- A set of gold and peridot jewels made by Rundell, Bridge and Rundell presented by the Prince Regent to Miss Cotes, London, 1816

The continued acquisition of historical objects adds to the overall understanding of the collections and tests established interpretations of particular periods, artists and designers.

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

- *Gun: Liberator*, designed by Cody Wilson/Defense Distributed, 2013
- *Toaster Project* by Thomas Thwaites, 2009
- *Computer drawing* by Frederick Hammersley, 1969
- *Child's Arts and Crafts Chair* designed by Ambrose Heal, 1901
- Archives of Alec Cobbe, shown in the display *Alec Cobbe: Designer, Collector, Connoisseur*
- *Frozen necklace* by Sam Tho Duong, 2001
- *Couture evening dress*, Valentino, 2013
- *oo-IX* by Shigeki Hayashi, Japan, 2013

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

- *Gladiators (Combat: Hector & Ajax)* by Leon Underwood, 1963
- *Sindy doll* with outfit designed by Vivienne Westwood, 1991
- *My Family and Other Children*, Collection of photographs by John Heywood, 1966 – 2010
- Page from the Qur'an, Kufic script, 800-900AD
- *L'Assemblée - Au Concert*, etching and engraving by Nicolas-Barthélemy-François Dequevauviller after Nicolas Lavreince, 1783
- *Fancy dress costumes* worn at the Devonshire House ball, 1897

FUTUREPLAN

FuturePlan is the name given to the V&A's capital development programme. It is a complex and long-term programme which drives continuous improvement of the Museum across all areas – both front and back of house. At its heart is the constant improvement of physical and intellectual access to the V&A's vast Grade 1 listed buildings and collections. FuturePlan contributes to many other V&A agendas such as research, improving standards of collections care, engagement with the creative industries, increasing audience diversity and improving carbon efficiency.

FuturePlan is primarily funded by donations from private individuals, charitable trusts and foundations and the Heritage Lottery Fund.

2013 saw the successful opening of the Clothworkers' Centre for the Study and Conservation of Textiles and Fashion in Blythe House, Olympia. 104,000 items were moved from 7 different locations as part of this project ranging from the tiniest fabric fragment to large extravagant ballgowns. Work continues on three large projects on the South Kensington site: the Exhibition Road Building, seven galleries dedicated to 17th and 18th century European Art and Design and the restoration and conservation of the Italian Cast Court – one of the V&A's most iconic galleries. All projects are progressing well. The Italian Court will reopen in November 2014. Sculpture conservation has completed 4600 hours of practical work on the casts. Surface finishes range from bare plaster to sealed or coated finishes in a variety of conditions. Conservation has focused on removing build-up of dirt, consolidation of weak surfaces and structural intervention where necessary. The Europe 1600 – 1800 galleries, designed by ZMMA, are currently under construction. 849 objects require conservation treatment from simple cleaning to complex specialist interventions. 499 objects are listed as complete with work on the remaining objects well underway. Progress on the Exhibition Road Building (designed by AL_A), which comprises a large (1100m²) gallery for temporary exhibitions, a new courtyard and entrance hall, saw the completion of works to reroute all services within the site and the removal of the Aston Webb Screen in 2013, followed by letting the main construction contract. Main construction is now underway and the building is due to open to the public in Spring 2017.

DIGITAL FUTUREPLAN

The Museum has collected all of its technology and digital projects under one programme, called Digital FuturePlan, which aims to transform the V&A's presence in the digital space in the same way FuturePlan is transforming our buildings and collections. Visitors, staff and businesses are placing ever-increasing demands on the Museum's technology base and it continues to be a priority to deliver up-to-date, efficient, sustainable, resilient technologies and processes.

The major projects that were started in the last year were:

- replace our old desktop PCs and laptops with modern, supported equipment (completed May 2014),
- move the organisation's email system into the cloud using Office 365 (completed May 2014), and
- procure a new Customer Relationship Management System (CRMS). This will include a brand new ticketing system rolling out in Autumn 2014 which will improve visitor ability to book events (Phase 1 due for completion Nov 2014).

Future Activity

Next year we intend to implement the new CRMS, creating a single database of customers across the organisation. This will enable improved customer communications, new commercial opportunities and more efficient processes. We are also starting to roll out improved public wifi across the building and will be developing new digital content to enhance the visitor experience.

LEARNING AND PARTICIPATION

2013-14 continued to build on the excellent performance in 2012-13 and the number of learning participants remained high, at over 200,000. Our priority areas of schools, community and higher education/creative industries continued, with success and innovation across these three areas, while maintaining our important and imaginative adult education programme.

A particular focus in 2013-14 was our programme of community activities, with many events and projects run in order to promote cultural understanding and skills development amongst young people not in employment, education or training (NEET). We also focussed on promoting well-being amongst socially marginalised adults in our outreach projects. Some examples are below:

Chinese Festival: Paper, Painting and Performance, January 2014

This year's large-scale cultural festival marked the end of the exhibition *Masterpieces of Chinese Painting 700 – 1900* and saw 35 events taking place throughout the Museum in a celebration of Chinese culture. The events included performances by international guitarist Xuefei Yang, musicians from the London Chinese Community Centre, the London Youlan Qin Society, and Chinese dance groups. Other activities included workshops in Chinese opera mask and kite making, demonstrations in painting, paper folding, calligraphy and paper cutting. Over 11,000 people took part.

Stylish & Spacious Apartment for Sale at the V&A, December 2013

Pop up performances were led by Cardboard Citizens, a theatre company which changes the lives of homeless and displaced people, in the Elmgreen and Dragset installation. The space lent itself well to the performances, which addressed issues of home, property ownership and belonging, and the event was seen by over 600 members of the public.

Synergy Theatre Project... Take the stage, October 2013

Synergy Theatre Company work with people within the criminal justice system and encourage reintegration to society through drama. This ten-week project with ex-prisoners was inspired by the exhibition *Memory Palace* which was set in a futuristic prison. 10 original scripts were produced by the participants and performed by professional actors at an evening event held in the glorious setting of the National Art Library.

Upcycling and T-shirt Design with Metropolitan Housing, July 2013

Funding from the fashion house Hermès helped support 15 young people from Metropolitan Housing to take part in a month long 'upcycle' fashion course, a week of which was based at the V&A. This was a joint project run by the V&A, Metropolitan Housing Association and 198 Contemporary Arts & Learning. The group comprised of young women who had recently finished school and were not in employment, education or training. Many of the young people were from disadvantaged backgrounds, and the programme offered an exciting opportunity to develop their fashion design skills.

The world's leading museum of art and design

INTERNATIONAL AND NATIONAL WORK

International Work and Priorities

The V&A is an international organisation, with global relevance, collections, audiences, exhibitions and relationships. Since its creation following the Great Exhibition of 1851, the V&A has collected outstanding examples of art and design from across the world to enthuse and inform both the public and creative practitioners.

Today, staff across the organisation operate on a global scale via institutional partnership agreements, overseas trading, provision of consultancy services, touring exhibitions and skills sharing initiatives. This international activity benefits the Museum by enriching its knowledge and expertise, attracting new audiences, generating income and building its reputation and brand.

China, India and the Middle East remain key international priorities. Since last financial year, the Museum has also extended its international strategic focus to Latin America and Russia.

China

China was the key highlight of our international activity in 2013-14.

In the UK, *Masterpieces of Chinese Paintings: 700-1900* was shown at the V&A from 26 October 2013 to 19 January 2014. The show was the first UK overview of the Chinese painting tradition since the International Exhibition of Chinese Art at the Royal Academy in 1935. It brought together over 100 of the finest examples of Chinese painting, including some of the earliest surviving Chinese paintings and other extremely rare pieces. Many of the paintings were being shown in Europe for the first time, on loan from The Palace Museum Beijing, Shanghai Museum, Liaoning Provincial Museum, Dunhuang Academy and Tianjin Museum. To coincide with *Masterpieces of Chinese Painting 700-1900*, contemporary artist Xu Bing's major landscape installation, *Travelling to the Wonderland*, transformed the V&A's John Madejski Garden into an ethereal utopia inspired by the classic Chinese fable Peach Blossom Spring. The Museum also ran a number of specific Chinese programmes, including *An Adventure in China*, a new back-pack and picnic trail for families to explore the culture and traditions of ancient China via the Museum's galleries.

In China, the V&A's exhibition *Splendours of India's Royal Court* was shown at the Palace Museum from April to July 2013, following the exhibition *Imperial Chinese Robes from the Forbidden City* at the V&A in 2010-2011. It attracted over 200,000 visitors. In early December 2013, V&A COO, Tim Reeve, represented the Museum on the Prime Minister's trade mission to China and signed a Memorandum of Understanding (MoU) with China Merchants Group (CMG). The MoU outlined how the V&A could support CMG's ambitious plan to develop a new design museum in Shenzhen aiming to reach contractual agreement as the next step and start the partnership in the new financial year.

Martin Roth, Director of the V&A, was awarded by the Chinese Ministry of Culture the Brilliant Contribution Award of International Cultural Exchange, China, 2014 in April 2014.

India

2013-14 marked the successful completion of a two-year series of India related programmes. Thanks to the support of the Bonita Trust, the V&A completed the digitisation of the Museum's collection of 'Company Paintings' and carried on the digitisation of its South Asian textiles collections. The Museum also started to digitise its South Asian hardstones collection. This major digitisation programme will enable global access to these important V&A collections.

Middle East

The exhibition *Middle Eastern Photography Light from the Middle East: New Photography*, closed in April 2013 having attracted over 300,000 visitors. The show was drawn from the joint V&A and British Museum contemporary Middle Eastern photography collection, developed with support from The Art Fund.

Pearls was one of the main highlights of the 'Qatar UK Year of Culture'. This V&A and Qatar Museums Authority exhibition was on show at the V&A from September 2013 to January 2014. The exhibition explored the history of pearls from the early Roman Empire through to present day and the importance of the pearl trade for countries along the Gulf coast from Saudi Arabia to Dubai, especially Bahrain and Qatar.

This year saw the third presentation of the Jameel Prize. The prize, organized by the V&A, is an international award for contemporary art and design inspired by Islamic traditions organised by the V&A. Its aim is to explore the relationship between Islamic traditions of art, craft and design and contemporary work as part of a wider debate about Islamic culture and its role today. The Jameel Prize has allowed the Museum to build new relationships throughout the region and beyond. The European and American tour of the 2011 exhibition was completed this year. The works of the *Jameel Prize* 3 short-listed artists were exhibited from December 2013 to April 2014 at the V&A. The prize is supported by Art Jameel.

Latin America

In 2013-14, greater attention was given to Latin America. A series of conferences, research activity and study trips enabled the V&A to develop its network of contacts in the region, and in particular in Brazil and Chile.

David Bowie is... exhibition was presented at the Museu da Imagem e do Som (MIS) in Sao Paulo from January to April 2014. This was the first V&A exhibition in Latin America. The exhibition achieved extensive media coverage in Latin America, notably Brazil, Argentina and Mexico, whilst the exhibition was on show in South Kensington.

Russia

Following the success of *The Golden Age of the English Court, from Henry VIII to Charles I* at the Moscow Kremlin Museums last year, the exhibition returned to the V&A exhibited as *The Treasures of the Royal Courts: Tudors, Stuarts and the Russian Tsars* from March 2013 to July 2013, marking the 400 year anniversary of the Romanov dynasty. The London show included a substantial loan of late Tudor, early Stuart and French 17th century silver from the Moscow Kremlin Museums. It also included portraits of Tsars and a Russian Ambassador to England lent by the Moscow Kremlin Museums and the State Historic Museum. The exhibition received over 76,000 visitors.

International Touring Exhibitions

The V&A has one of the largest touring exhibitions programme in the world, and over 1.2m people saw V&A touring exhibitions at 13 venues overseas.

<i>Title</i>	<i>Venue</i>	<i>Dates</i>	<i>Visits</i>
<i>Diaghilev and the Golden Age of the Ballets Russes, 1909-1929</i>	National Gallery of Art, Washington DC	12/05/13 – 06/10/13	227,700
<i>Quilts</i>	Queensland Art Gallery, Brisbane	15/06/13 – 22/09/13	42,800
<i>Splendours of India's Royal Courts</i>	Palace Museum, Beijing	25/04/13 – 31/07/13	202,800
<i>Jameel Prize 2011 (International tour)</i>	San Antonio Museum of Art, Texas	24/05/13 – 11/08/13	25,000
<i>Water into Art</i>	Art Gallery of Alberta	19/07/13 – 24/11/13	13,900
<i>Hollywood Costume</i>	Australian Centre for Moving Image	24/04/13 – 18/08/13	204,400
	Virginia Museum of Fine Art	02/11/13 – 17/02/14	116,300
<i>David Bowie Is</i>	Art Gallery of Ontario, Toronto	25/09/13 – 27/11/13	146,500
	Museum of Image and Sound, Sao Paulo, Brazil	31/01/14 – 21/04/14	80,000
<i>Selling Dreams: One Hundred Years Of Fashion Photography</i>	State Library of New South Wales	10/08/13 – 10/11/13	33,000
	Auckland War Memorial Museum	06/12/13 – 28/02/14	18,600
<i>Five Truths</i>	John F. Kennedy Centre for the Performing Arts, Washington	10/03/14 – 30/03/14	30,000
<i>Art for Art's Sake</i>	Mitsubishi Ichigokan Museum Tokyo	31/01/14 – 06/05/14	105,600
TOTAL			1,246,600

National Work

We work in partnership with UK museums, local authorities, universities and schools, charities, community groups and creative practitioners to provide a high quality experience and the best possible access to the V&A's collections across the country. V&A staff give talks and lectures throughout the country, are members of boards, committees and subject specialist networks, and provide advice and training to a wide range of museums and other organisations.

In addition to the extensive programme of touring exhibitions and loans, highlights of national activity in 2013-14 included:

- Project planning permission was granted in August 2013 for the V&A Museum of Design, Dundee which will be the first purpose-built design museum to be constructed in the UK outside London. This international centre of design will celebrate Scotland's historic importance in design, and form part of the V&A's long-term national strategy to broaden access to our collections and exhibitions, and foster the relationship between creative design, business and enterprise. Work is now progressing on clearing the site.
- The ACE/V&A Purchase Grant Fund, delivered by the V&A with a grant budget from Arts Council England, (£750k in 2013-14), engages with over 100 different organisations throughout England and Wales each year. In 2013-14, 115 grants totalling £752k were given to 89 organisations, enabling purchases valued at over £3m to go ahead.
- In Coventry we are working with the Coventry Transport Museum and the Herbert Museum on a joint schools programme, funded by the Department for Education (DfE) through Arts Council England. The project aims to increase the number of quality museum visits by school children from areas where there is a lower than average take up of the cultural offer. Our partnership has already met 76% of the targets set by DfE with a year of the programme still to go. V&A loans have been used in teaching sessions in Coventry and V&A staff have shared advice and expertise on developing secondary school projects. The partnership is currently working on a vehicle design project which will also include the Jaguar company in Gaydon, Warwickshire.
- In 2013-14, V&A curators advised Arts Council England and the Heritage Lottery Fund on over 1,500 objects, and have acted as champions for objects for which export licences have been withheld.

National Touring Exhibitions

2013-14 saw 10 V&A touring exhibitions travel to 22 venues across the UK, attracting over 580,000 visitors.

<i>Title</i>	<i>Venue</i>	<i>Dates</i>	<i>Visits</i>
<i>Japanese Cloisonné</i>	Horsham Museum & Art Gallery	15/06/13 – 29/09/13	3,100
	Willis Museum Basingstoke	05/10/13 – 16/11/13	2,500
	The Gallery, Winchester	23/11/13 – 05/01/14	5,700
<i>Modern Masters</i>	Wandsworth Museum	09/03/13 – 21/04/13	900
	Burton Art Gallery, Bideford	04/05/13 – 15/07/13	8,500
	The McManus: Dundee's Art Gallery and Museum	23/08/13 – 17/11/13	39,900
	The Collection, Usher Gallery, Lincoln	10/01/14 – 30/03/14	18,400
<i>Queen Elizabeth II by Cecil Beaton: A Diamond Jubilee Celebration</i>	Balmoral Castle	29/03/13 – 31/07/13	57,600
<i>The Birth of British Rock: Photographs by Harry Hammond</i>	Scarborough Museum	09/03/13 – 16/06/13	3,500
<i>The House of Annie Lennox</i>	Scottish National Portrait Gallery, Edinburgh	23/03/13 – 30/06/13	66,500

<i>Title</i>	<i>Venue</i>	<i>Dates</i>	<i>Visits</i>
<i>My Generation: The Glory Years of British Rock, photographs by Harry Goodwin</i>	The Lowry, Salford	08/05/13 – 15/09/13	38,300
	Guildhall, Portsmouth	04/11/13 – 01/02/14	700
<i>The Half: Photographs by Simon Annand</i>	Woodville Arts Centre	09/04/13 – 20/06/13	2,000
	Theatre Royal, Plymouth	27/09/13 – 04/01/14	17,900
	Royal Shakespeare Company (special version)	30/11/13 – 06/04/14	19,000
<i>Magic Worlds</i>	New Walk Museum, Leicester	04/05/13 – 29/09/13	67,200
	World Museum, Liverpool	18/10/13 – 02/03/14	159,300
<i>Teddy Bear Story (MoC)</i>	Portsmouth City Museum	16/03/13 – 15/09/13	36,300
	Inverness Museum and Art Gallery	25/10/13 – 05/01/14	4,000
	The Ark, Dublin	18/01/14 – 27/04/14	10,500
<i>Recording Britain</i>	DLI Museum and Durham Art Gallery, Durham	29/03/13 – 30/06/13	9,600
	Cecil Higgins Art Gallery and Museum, Bedford	09/01/14 – 20/03/14	9,500
TOTAL			580,900

National and International Loans

In 2013-14, the V&A loaned 968 objects to 85 venues in the UK and 100 venues across the world for temporary exhibitions and it continued to support displays in the UK and abroad with 1,760 long-term loans. This year saw the continuation of the collaboration between the Bard Graduate Center, New York and the V&A for the exhibition *William Kent 1685-1748: Designing Georgian Britain*. 46 V&A objects were on display in New York prior to the exhibition's showing at the V&A in March 2014.

Another highlight was a collaborative exhibition project between the Macao Museum of Art and the Palace Museum, Beijing entitled *Taste and Essence: A Special Exhibition of Historical Tea Pieces from the Collections of the Palace Museum and the Victoria and Albert Museum*. It illustrated the importance of tea culture from the Tang to the Qing dynasties and was enriched by 48 V&A objects from the European and Asian collections. The exhibition at the Macao Museum of Art attracted over 21,000 visitors between December 2013 and March 2014.

<i>Loans</i>		<i>Total</i>	<i>UK</i>	<i>Overseas</i>
Number of objects	Short-term	970	469	501
	Long-term	1,760	1,710	50
	Total	2,730	2,179	551
Number of venues		359	250	109

RESEARCH AND EXPERTISE

Research plays a central role in improving access to and understanding of the designed world. Experts throughout the Museum work with a wide range of partners on preserving, studying and displaying our collections, advising on government export licenses, training postgraduates and hosting events for scholarly specialists and the general public. In 2013-14, the V&A:

- Produced 49 peer reviewed publications,
- Launched an Andrew W. Mellon Foundation-funded pilot project to create the V&A Research Institute, and participated in 31 collaborative research projects funded by councils, trusts and government bodies in the UK, Europe and the Americas,
- Hosted 13 fellowships and exchanges with universities and museums throughout the UK and abroad,
- Organised 23 conferences and 30 seminars,

- Taught 88 postgraduates in collaboration with the Royal College of Art and other universities, and
- Offered public 'Opinions' afternoons, where visitors can have objects identified by curators, and developed a new series of podcasts providing a behind-the-scenes view of work at the Museum.

EDUCATION AND TRAINING

The V&A continues to lead the sector in professional development and work-based qualifications. As well as the prestigious five year Assistant Curator Development Programme, the Museum runs the successful Masters accredited Innovative Management & Leadership programme, which is now in its 11th year. The Museum also continued the Cross-Museum Expertise Programme, a training programme for research-active staff across the Museum wishing to boost their scholarly profile and output.

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

Development of the UK creative economy

CREATIVE ECONOMY

Showcasing the best contemporary art and design and making it accessible to all was one of the founding missions of the V&A, and this aim is still at the heart of the Museum. In 2013-14, 45% of visitors to the Museum identified themselves as working, teaching or studying in the creative industries (2012-13: 42%).

Throughout the year V&A exhibitions, displays, installations, events, products and publications continued to bring some of the best contemporary art and design to a wide audience. The Museum continues to prioritise inspiring new generations of makers and consumers, contributing to the success and growth of the UK creative economy. While all the V&A's programmes encourage engagement with art, performance and design, some events are aimed specifically at Creative Industries audiences (such as the V&A Illustration Awards 2013), or showcase work of contemporary practitioners (such as *Tomorrow: Elmgreen & Dragset* and *Sky Arts Ignition: Memory Palace*).

In September, The London Design Festival 2013 at the V&A was a nine day festival of contemporary design that celebrated London as the creative capital of the world. Throughout the Museum, there was a range of specially commissioned installations and displays to enjoy, as well as a broad programme of special events, talks and workshops. Amongst other commissions, Canada-based designer Omer Arbel presented a massive, custom chandelier stretching more than 30 meters in the main atrium of the Museum and Lebanese designer, Najla El Zein, created *The Wind Portal*, a dramatic gateway constructed from 5,000 paper windmills turning in the breeze.

Fashion in Motion

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

Jenny Packham, July 2013: On graduating from Central St Martins in fashion, designer Jenny Packham went on to establish her own design house in 1988. Packham is known for her glamorous evening dresses and bridal wear with luxurious embellishment. Her designs are favoured by Hollywood stars and royalty alike. This Fashion in Motion celebrated the 25th anniversary of Jenny Packham, presenting highlights of Packham's elegant and iconic collections.

Kansai Yamamoto, November 2013: Born in 1944, Kansai Yamamoto launched his first collection in London in 1971 to international acclaim. Yamamoto's name has since become synonymous with his avant-garde designs, sculptural tailoring and use of bright colour and pattern. Recreations of Yamamoto's designs worn by David Bowie on the 1973 Aladdin Sane tour were presented together with custom made pieces for the Fashion in Motion shows.

Meadham Kirchhoff, December 2013: Benjamin Kirchhoff and Edward Meadham are the designers behind the creative label Meadham Kirchhoff. The design duo are known for presenting beautiful, theatrical collections against intricately staged and often surreal settings. Since forming their label in 2002, Meadham Kirchhoff have garnered widespread critical acclaim, winning the 'Emerging Talent – Ready-to-Wear' award at the British Fashion Awards in 2010. For the December Fashion in Motion show the designers selected personal highlights from their iconic collections, bringing their signature fusion of theatricality and fantasy to the Raphael Gallery.

Friday Late Programme

Held on the last Friday of every month (except December), when the Museum is open from 10am to 10pm, Friday Lates include a mixture of live performances, cutting edge fashion, debates, one-off displays, installations, guest DJs and late-night exhibition opening. Examples from the 2013-14 programme include:

Dalston Takeover, June 2013 As part of a new initiative to invite London's creative communities into the Museum, designers, architects, musicians, performers and other creatives from Dalston were invited to show their work in the Museum. This was a huge success, and we have followed it with further Friday Lates about Peckham, Hackney Wick and Tottenham. This has opened up the Museum to London's emerging creative practitioners as never before, and the events have been extremely well attended.

Sound It Out, February 2014 February's Friday Late explored music's relationship to technology - from analogue to digital and from live streaming to digital manipulation. An exclusive series of collaborations with Boiler Room, the world's largest online music platform led to a highly publicised event. Boiler Room proposed six different acts, which were live streamed on to their website throughout the evening, further widening our audience.

STUDENTS AND EDUCATIONAL PARTICIPATION

The V&A runs a huge range of programmes and projects which seek to inspire creativity in the next generation of artists and designers, as well as provide skills development and enjoyment for pupils and students across a range of disciplines and subjects. Often our projects are run by professional artists and designers, so that our audience can learn from people who are experts in the field of art and design practice. Some sample projects are:

Schools

David Bowie is... One of Us

'David Bowie is...One of Us' was a multi-disciplinary film project run in collaboration with the University of the Arts, London, (UAL) and Ravens Wood School, Bromley. Previously known as Bromley Technical High School, it was attended by Bowie in the 1960s. 'David Bowie is...One of Us' was filmed by the '3 Angry Men' film company and the soundtrack and music was produced by Robert Worby. The film has had over 15,000 hits on YouTube and showcases the students' costume design, song-writing, performance and other skills in a specially-created pop video inspired by the *David Bowie is...* exhibition. It is also available to view on David Bowie's official Facebook page.

The Sackler Conference: Creating the Future

This day, designed for teachers and museum professionals, addressed two key questions relating to design education: What does the future of design look like? and What skills and experience do children and young people need to meet that future? Featuring talks, panel discussions, breakout groups, workshops, a final display and young designers talking about their practice, it was a thought-provoking and lively event.

Creative Quarter

Creative Quarter is the V&A's flagship event for Secondary Students and welcomed nearly 6,000 visitors this year. The day gives visiting students a unique opportunity to meet artists, designers, undergraduate and postgraduate students through exciting activities, workshops, talks and demonstrations. The aim of the event is to open up pathways into the Creative Industries and show young people the breadth and depth of opportunities within these careers. 2013's event included industry insight talks from Katherine Hamnett, Arup, AL_A, Muse, Dominic Wilcox and Brompton Bikes among others. A fashion show was staged in the Raphael gallery with London College of Fashion, workshops led by Topshop, Print Club London, Fixperts and furniture designer Gareth Neal, alongside drop-in events and many other activities. Creative Quarter is a partnership event with Exhibition Road Cultural Group.

Young People

Fashion Festival, October 2013

International fashion designers Henry Holland and Maria Grachvogel and the British Fashion Council were some of the speakers who took part in this year's fashion festival for young people aged 16 – 24. This year was fantastically well attended with 7,399 young people taking part, compared to 3,889 last year. The day of talks, workshops and demonstrations gave an insight into the fashion industry for those thinking about it as a possible career.

Students and Creative Industries

Digital Futures

Digital Futures is an open studio showcase for MA and PhD students from digital design courses from universities across London and beyond. The sessions create a space to network, present and share work but also discuss and investigate multidisciplinary research with academics, the creative industries and the public.

Pearls, Central St Martin's Project

BA Jewellery students from Central Saint Martin's College of Art and Design collaborated with V&A Shop buyers (V&A Retail) to produce designs for jewellery linked to *Pearls*. Three designs were chosen for production and were sold online and in the V&A shop during the run of the exhibition.

V&A introduction to the collections in collaboration with the HE Academy and Q-art

In October we hosted an introduction to using the V&A's collections with Higher Education (HE) tutors from a range of national HE institutions who were in their first year of teaching in the Art and Design Disciplines. One hundred new tutors participated in a range of activities which covered every subject area across the Museum's collections and explored different teaching and learning methodologies to use back at University. The day was also intended to increase confidence amongst tutors in terms of bringing groups for self-directed visits and using the V&A's extensive archives to support a range of projects across HE course disciplines.

Families

Digital Dragons Installation

Digital Dragons was an immersive installation designed for the public programme supporting *Masterpieces of Chinese Painting 700-1900*. The installation used projection, sound and animation to bring two scroll paintings to life, allowing visitors to interact with landscapes and figures by moving their bodies within the room. The installation opened for October half term in 2013 and by the time of its closure in March 2014, it had received over 14,000 visitors.

Efficiency and effectiveness

INCOME GENERATION

Fundraising

With continuing cuts in Grant in Aid (GiA), the Museum's reliance on the generosity of donors and grant-giving bodies is increasing and is critical to the V&A's success. During the year significant contributions were received towards planned FuturePlan projects from both individuals and foundations, including the HLF. Support from the Art Fund enabled some important additions to the Collections, and we are particularly grateful for a number of major gifts made by individuals and through legacy giving. We had a particularly successful year for corporate sponsorship, and our Corporate Membership scheme has grown significantly. As a successful participant in the government's Catalyst scheme, and partnership with the V&A Foundation we have been working hard to raise endowment funds to unlock match funding and the Foundation has received the first substantial gift to the fund.

In addition, the V&A continued to generate income from paid exhibitions, adult learning activities and fees for touring exhibitions. As a result of high visitor numbers to the Museum, membership of the Friends of the V&A has increased by 24% since last year. We hope to continue this trend, as the donations made by the Friends to the Museum have supported exhibitions, acquisitions and other activity throughout the year.

Commercial Activities

Commercial activities produced a total net profit of £2.15m via its four core profit streams: on-site retail, on-line, publishing, brand and image licensing. This represents the most profitable year to date across these activities. *The David Bowie is...* exhibition provided a huge and engaged audience for our branded range of products and publications. Bowie exhibition product delivered over £3.5m in retail sales alone, although margins were reduced due to the high percentage of print product and royalty payments. V&A Publishing has sold over 15,000 copies of the *David Bowie is...* catalogue in 5 foreign languages to date and will continue to capitalise via the touring program this coming year. Autumn exhibitions also traded well despite lower than forecast visitor numbers. The catalogue for *Masterpieces of Chinese Painting* in particular was a star performer, selling over 4000 units - 100% up on forecast. Additional contribution from educational activity and corporate events brought the total profit from trading to £2.6m (2012-13: £1.9m).

Future Activity

In 2014-15, the newly formed Commercial & Digital Development Department will focus on profitability, efficiency and identifying new sources of revenue generation afforded to it by an expanded departmental mandate. The new role of Director of Commercial & Digital Development has a core remit to develop and promote an integrated, entrepreneurial and strategic approach to income generating initiatives across the Museum.

SUSTAINABILITY

Sustainable development has been a strategic priority since 2005. The Museum continues to make progress in reducing its environmental impact and is a leader in the sector. All FuturePlan projects include measures that minimise energy use over the life of the project with much focus on sustainability.

Over the past year there has been significant investment in energy management and sustainability initiatives. These include the introduction of LED and low energy lighting, plant optimisation, and continued development of the automatic meter reading throughout the Estate, and a revised mechanical plant controls strategy.

The V&A remains a leading participant in wider discussions in the museum sector on a range of sustainability topics, and is a member of the South Kensington 1851 Estate Carbon Reduction Masterplan and the International Association of Museum Facilities Administrators (IAMFA).

The V&A now has a 'living roof' area which was the result of securing a £18k grant from Ground Work London, Environmental Charity, and has also installed four beehives.

Waste and recycling

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

Sustainable procurement

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

Key sustainability data

		<i>Unit</i>	2013-14	2012-13
CO₂ emissions	Scope 1 emissions (direct)	tonnes of CO ₂	177	202
	Scope 2 emissions (indirect)	tonnes of CO ₂	4,577	5,072
	Total emissions	tonnes of CO ₂	4,754	5,274
Related Energy Consumption	Electricity	MWh	9,374	9,362
	Gas	MWh	6,942	6,890
	Total	MWh	16,316	16,252
Financial Indicators	Expenditure on energy	£000	1,460	1,436
	Expenditure on official business travel	£000	493	384
Waste	Waste sent to landfill	tonnes	–	59
	Waste recycled/re-used	tonnes	209	181
	Waste incinerated	tonnes	403	207
	Total waste disposed	tonnes	612	447
Finite Resource Consumption	Water Consumption	m ³	38,146	40,521
	Water Supply Cost	£'000	65	60

Performance Indicators

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

<i>Performance indicator</i>		<i>2013-14</i>	<i>2012-13</i>
Number of visits to the Museum		3,646,900	3,734,300
	<i>V&A South Kensington</i>	3,195,400	3,298,100
	<i>V&A Museum of Childhood</i>	446,300	433,300
	<i>V&A Blythe House</i>	5,200	2,900
Number of visits by children aged 16 and under		478,100	469,700
	<i>V&A South Kensington</i>	293,100	280,900
	<i>V&A Museum of Childhood</i>	185,000	188,800
Number of overseas visitors		1,713,000	1,536,900
	<i>V&A South Kensington</i>	1,617,400	1,473,000
	<i>V&A Museum of Childhood</i>	95,600	63,900
Number of facilitated and self-directed visits to the museum/gallery by children under 18 in formal education		128,000	126,200
	<i>V&A South Kensington</i>	77,600	79,100
	<i>V&A Museum of Childhood</i>	50,400	47,100
Number of instances of children under 18 participating in onsite organised activities		168,846	158,800
	<i>V&A South Kensington</i>	86,100	81,600
	<i>V&A Museum of Childhood</i>	82,746	77,200
Number of instances of adults aged 16 and over participating in outreach activities at the Museum		236,500	203,600
	<i>V&A South Kensington</i>	195,500	167,700
	<i>V&A Museum of Childhood</i>	41,000	35,900
Number and % of visits by UK adult visitors aged 18 and over from NS-SEC groups 5 – 8		152,100 9%	138,600 7%
	<i>V&A South Kensington</i>	120,400 8%	111,100 7%
	<i>V&A Museum of Childhood</i>	31,700 13%	27,500 12%
	<i>Percentage is proportion of UK adult visits</i>		

<i>Performance indicator</i>		2013-14	2012-13
Number and % of visits by UK visitors aged 18 and over from an ethnic minority background		266,800	329,700
		16%	17%
<i>V&A South Kensington</i>		238,200	291,000
		17%	17%
<i>Percentage is proportion of UK adult visits</i>	<i>V&A Museum of Childhood</i>	28,600	38,700
		15%	19%
Number and % of visits by UK adult visitors aged 18 and over who consider themselves to have a limiting long-term illness, disability or infirmity		31,100	37,400
		2%	2%
<i>V&A South Kensington</i>		25,600	31,400
		2%	2%
<i>Percentage is proportion of UK adult visits</i>	<i>V&A Museum of Childhood</i>	5,500	6,000
		2%	3%
Number of unique web visits		14,739,300	16,260,300
% of visitors who would recommend a visit	<i>V&A South Kensington</i>	100%	99%
	<i>V&A Museum of Childhood</i>	98%	98%
Number of UK Loan Venues		250	242
Number of loan venues (UK & Overseas)		359	363
Self Generated income inc. donated objects & investment income		£41,427,000	£33,725,000
Admission Income		£5,941,000	£4,361,400
Trading profit		£2,602,000	£1,869,000
Charitable giving (donations & sponsorship)		£15,476,000	£11,929,000
Of which donated objects		£960,000	£1,214,000
Charitable giving as % of baseline GiA		39%	29%

EMPLOYEE ENGAGEMENT

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

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

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

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

Policy in Relation to Disabled Employees

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

Employee absence due to sickness

The average amount of sick-day absence is 6.5 days (2012-13: 9.4 days). If long-term sickness (any absence over 3 weeks in duration) is excluded, the figure falls to 3.2 days (2012-13: 4.3 days).

Financial Review

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

Trading Companies

The Museum owns 100% of the issued share capital of V&A Enterprises Ltd (VAE) which carries out trading operations on behalf of the Museum. For the year ended March 2013 VAE will contribute £2.6m (2012: £1.9m) to the Museum as a payment under Gift Aid.

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

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

Related Charities

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

- Friends of the V&A (charity no. 272056). The V&A provides staff and other resources to the charity but has no control over its Board.
- The Gilbert Trust for the Arts Ltd (charity no. 1055853). V&A manages the Trust's collections under a long term agreement; the Trust has a minority of its Trustees appointed by the Museum.
- The V&A Foundation (charity no. 1144508). It has the same charitable objectives as the V&A, and a minority of its Trustees are appointed by the V&A. The Foundation made grants to the Museum of £4.425m during the year.

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

Results for the year

Visitor numbers and income were both significantly better than forecast, reflecting a strong exhibition programme and successful fundraising and trading. Continuing cost control and implementation of efficiency measures are reflected in an operating surplus which will be used for future investment in infrastructure.

Total Government funding was £39.4m (2012-13: £48.2m). £7.5m of the funding received in 2012-13 was allocated from 2014-15.

This outcome is reconciled to the Statement of Financial Activity (see page 32) overleaf.

Reconciliation of Operational Result to SOFA

	<i>Operational Activity</i>	<i>Designated Activity</i>	<i>Restricted Activity</i>	<i>Endow- ments</i>	<i>Fixed Assets</i>	<i>Heritage Assets</i>	<i>Total Activity</i>
	£000	£000	£000	£000	£000	£000	£000
Opening Reserves	962	9,721	2,833	6,099	334,675	58,495	412,785
Grant in Aid	37,523	–	–	–	1,885	–	39,408
Donated Assets	–	–	–	–	–	960	960
Self Generated Income	27,930	–	12,449	–	–	–	40,379
Investment income	31	32	6	20	–	–	89
Running Costs	(59,318)	34	(2,603)	(15)	–	–	(61,902)
Depreciation & loss on disposal ¹	–	–	–	–	(10,681)	–	(10,681)
Increase in Assets ¹	(539)	(145)	(9,826)	–	8,220	2,290	–
Gains on Investments	(21)	369	(5)	229	–	–	572
Gain on revaluation of Fixed Assets	–	–	–	–	24,911	–	24,911
Transfers	(5,575)	5,589	(14)	–	–	–	–
Closing Reserves	993	15,600	2,840	6,333	359,010	61,745	446,521
Movement for the year	31	5,879	7	234	24,335	3,250	33,736

¹ Museum only**Fixed Assets**

Capital expenditure for the Museum in the year rose to £10.1m (2012-13: £9.0m), as work continued on three major FuturePlan projects. The Clothworkers Centre at Blythe House was completed and opened to the public in October 2013, and construction work commenced on Europe 1600-1800 and the Exhibition Road project. Conservation work also continued on the Italian Cast Courts.

The group depreciation charge for the year was £10.8m (2012-13: £10.1m). A full quinquennial valuation of the V&A Estate was performed by Gerald Eve, Chartered Surveyors at March 2014. V&A South Kensington was re-valued at £319.7m (2013: £302.0m), the Museum of Childhood at Bethnal Green at £12.2m (2013: £11.5m) and the V&A portion of the site at Blythe House at £7.5m (2013: £6.9m). The valuation is based on the depreciated replacement cost of the estate. As building cost indices have risen since last year, the replacement value of the buildings has increased. Therefore the accounts show a gain on revaluation of £24.9m (2012-13: loss of £12.9m).

Heritage Assets

Spend on objects for the Collection amounted to £2.3m (2012-13: £1.3m) with a significant portion being funded from private donations. In addition objects with a value of £1.0m (2012-13: £1.2m) were donated to the Museum in the year.

Reserves Policy

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

The Grant in Aid (GIA) received from DCMS represented 49% of the Museum's income in the year (2012-13: 59%). The rest of the operational costs are financed by self-generated funds such as exhibition and trading income. These funding streams are volatile and their associated risks are managed through the Museum's policy for maintaining general and designated funds, and providing contingencies for annual and project budgets.

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

Taking an overall view of the annual operational activities, the level of self generated income, GIA and planned capital investment, the Trustees believe that the minimum level of reserves should be £6.5m (2013: £6.5m). This target level of reserves represents an assessment of the level of funds required to meet current capital commitments plus 3 to 6 months of the Museum's non GIA funded operating expenditure.

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

The Trustees have access to only the combined total of certain General and Designated funds whose value at 31 March 2014 is £16.4m (2013 £10.5m: see note 15). Of this amount £6.5m is held to meet the requirement for general reserves set out above. The remaining £9.9m is held to provide cashflow support for FuturePlan projects, and investment in the building and IT infrastructure over the next two to three years as well as allowing for strategic acquisitions for the collection if they arise.

Investment Policy

The Trustees' Investment Policy is governed by the Trustees Act 2000 and based on a consideration of the risk, return and cash flow requirements arising from each category of funds, unrestricted, restricted and permanent endowments. The policy is currently implemented through investment in a number of portfolios managed by Partners Capital LLP. The market value of Museum investments, long and short term, was £25.5m at 31 March 2013 (2013: £24.9m).

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

<i>Fund</i>	<i>Overall objective</i>	<i>Performance objective (real return each year)</i>	<i>Actual net return (income+gain-costs)</i>
Short Term Fund	To fund specific, restricted and designated spending, whilst preserving capital in real terms and achieving modest real returns over the holding period. Preservation of capital the highest priority. Investment timeframe of 12-18 months.	1.8%	£71,907 0.7%
Reserve Fund	To maintain the reserves of the V&A and to meet specific expenditure purposes, whilst preserving capital in real terms with the potential for moderate real growth. Investment timeframe of 5 years.	5.3%	£400,631 4.9%
Endowments	To fund either the purchase of new collection items or to maintain existing collections for the V&A, whilst preserving capital in real terms with the potential for moderate real growth (consistent with the purposes of each underlying trust). Investment timeframe of 10 years.	5.3%	£226,813 5.0%
Bollinger Endowment	To fund future renovations of the gallery allowing all fixtures & fittings to be kept current. To invest only in UK Government debt and/or to be invested by an external professional financial adviser with the highest priority being the preservation of capital. Investment timeframe of 10 years.	1.6%	£1,284 0%

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

Payment Policy

The Museum settles all bills within 30 days or in accordance with the suppliers' terms of business. From a sample, we can estimate the average time for payment of invoices not subject to query was 29 days (2013: 29 days).

Political Gifts & Donations

The V&A makes no political gifts and as a charity does not normally make donations to other charities. It provides some services free of charge to associated charities. It also awarded £752k to other organisations under the Purchase Grants Fund scheme to enable acquisitions (2012-13: £885k).

Auditors' Disclosure and Remuneration

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

The audit fee paid to the National Audit Office was £43,500 (2012-13: £43,000). Additionally, a sum of £25,800 (2012-13: £18,450) was paid to auditors of other entities in the group including £1,650 (2012-13: £1,950) for non-audit services.

Legal and Administrative Information

Principal Address

Victoria and Albert Museum
Cromwell Road
London SW7 2RL

Bankers

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

Solicitors

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

Investment Advisors

Partners Capital LLP
5 Young Street
London W8 5EH

Auditors-Internal

Moore Stephens LLP
150 Aldersgate Street
London EC1A 4AB

Auditors-External

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

Trading Companies

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

REMUNERATION REPORT

Membership

The membership of the Remuneration Committee comprised the following Trustees:

Sir Paul Ruddock – Trustee (Chair)

Samir Shah OBE – Trustee

The Committee is also attended by The Director, Chief Operating Officer, and Head of Human Resources except when matters relating to their own pay and performance are discussed.

Remuneration policy for senior managers

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

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

At the beginning of the year, senior managers are set objectives based on the Museum's Strategic Plan. At the end of the year, their performance is assessed against objectives by the Director (or other senior manager). The methodology enables an assessment of performance to be made against objectives; where it can be demonstrated that performance has exceeded expectations, an individual can be nominated for a bonus payment. The nominations are subject to approval by the Remuneration Committee. The Chairman of the Board of Trustees undertakes the performance assessment for the Director. The Committee met in May 2014.

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

Performance assessment and payment

When determining performance bonuses, the Committee will take account of:

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

As with bonus payments for staff subject to collective bargaining arrangements, senior staff bonuses are discretionary and are awarded where performance against objectives is rated as exceptional. Payments are non-consolidated and subject to the overall financial limits agreed as part of the Museum's pay remit.

Policy on duration of contracts, notice periods and termination payments

Senior staff (including the Director) are permanent employees of either the V&A or of VAE.

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

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

Senior managers' remuneration disclosure (subject to audit)

The Board of Trustees of the V&A, who hold overall responsibility for the Museum, are not remunerated. Expenses paid are disclosed in note 5d to the Annual Report and Accounts and were nil in 2014 and 2013.

The Director's and senior managers' emoluments and pension details for 2013-14 are shown in the table below. These members of staff have been included as they are members of the Museum's Senior Management Team and, hence, the key decision makers in the organisation. Senior staff employed by VAE are not shown. 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 overleaf.

	Total salary earned		Bonus Payable		Pension Benefits		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
	£000	£000	£000	£000	£000	£000	£000	£000
Martin Roth Director	140-145	140-145	10-15	Nil	56	57	210-215	195-200
Beth McKillop Deputy Director	95-100	95-100	Nil	0-5	14	8	110-115	105-110
Tim Reeve Chief Operating Officer	70-75 ¹		Nil		52		125-130	
Moira Gemmill, Director of Projects, Design & Estate	90-95	90-95	0-5	0-5	19	16	115-120	110-115
Damien Whitmore, Director of Public Affairs	95-100	90-95	0-5	0-5	12	17	110-115	115-120
Brian Chester Finance Director	30-35 ²	10-15	Nil	Nil	32	6	60-65	15-20
Heather Francis Director of Finance	5-10 ³		Nil		3		10-15	

No benefits in kind were paid in either year.

Figures in brackets are for prior year.

¹ Joined 5 August 2013, annualised salary of £110-115k

² Joined 1 February 2013, left 30 July 2013, annualised salary of £90-95k

³ Joined 24 February 2014, annualised salary of £85-90k

	Accrued pension at pension age as at 31 March 2014	Real increase in pension at pension age	CETV at 31 March 2014	CETV at 31 March 2013	Real increase in CETV
	- Related lump sum	- Real increase in related lump sum			
	£000	£000	£000	£000	£000
Martin Roth Director	5-10	2.5-5	133	78	39
	Nil	Nil			
Beth McKillop Deputy Director	40-45	0-2.5	936	871	8
	120-125	0-2.5			
Tim Reeve Chief Operating Officer	20-25	2.5-5	317	271	26
	70-75	5-7.5			
Moira Gemmill, Director of Projects, Design & Estate	10-15	0-2.5	272	240	13
	40-45	2.5-5			
Damien Whitmore, Director of Public Affairs	25-30	0-2.5	522	480	9
	80-85	0-2.5			
Brian Chester Finance Director	0-5	0-2.5	17	6	9
	Nil	Nil			
Heather Francis Director of Finance	0-5	0-2.5	2		1
	Nil	Nil			

Cash Equivalent Transfer Values

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

Real increase in CETV

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

Exit packages (subject to audit)

<i>Exit package cost band</i>	<i>Number of compulsory redundancies</i>	<i>Number of other departures agreed</i>	<i>Total number of exit packages by cost band</i>
< £10,000	- (1)	4 (8)	4 (9)
£10,000 – £25,000	- (1)	3 (2)	3 (3)
£25,000 – £50,000	- (1)	2 (7)	2 (8)
£50,000 – £100,000	- (-)	1 (4)	1 (4)
£100,000 – £150,000	- (-)	- (-)	- (-)
Total number of exit packages	- (3)	10 (21)	10 (24)
Total resource cost £	Nil (£41,969)	£215,315 (£562,655)	£215,315 (£604,624)

Figures in brackets are for prior year.

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

Fair Pay: based on the March 2014 payroll, the highest earning employee is paid £143k p.a. (before performance pay and any other benefits) and the median employee c. £25k p.a. The ratio between these is 5.6 (2013: 5.6).



Martin Roth
Director and Accounting Officer
3 July 2014



Sir Paul Ruddock
Chair of Trustee Remuneration Committee
3 July 2014

STATEMENT OF TRUSTEES' AND DIRECTOR'S RESPONSIBILITIES

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

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

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

In preparing the accounts the Trustees are required to:

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

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



Martin Roth
Director and Accounting Officer
3 July 2014



Sir Paul Ruddock
Chairman of Trustees
3 July 2014

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

Governance Statement

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

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

Board of Trustees

The V&A Board is a body corporate with between 12 and 20 members. At 31 March 2014 there were 15 Trustees. Trustees serve an initial term of up to four years and are eligible for reappointment at the end of that time. However, under the rules laid down by the Commissioner for Public Appointments, Trustees are restricted to serving two terms or a maximum period of 10 years. Trustees are not remunerated but are able to claim expenses.

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

During the year two Trustees retired from the Board.

Trustee appointment & induction

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

Delegation of Authority

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

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

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

Compliance with Corporate Governance Code

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

Committees of the Board

Much of the Board's business is conducted through its ten committees. Details of their scope and structure are given in Table B. Although it is not a formal committee of the Board of Trustees, updates from V&A Enterprises Board meetings are also reported to Trustees at Board meetings. The Research Advisory Committee was established during the year to enable Trustee oversight of the Museum's research policy and programme.

Board performance

Following the retirement of two Trustees, the Chairman is working with DCMS to make two new appointments. A number of strategic issues were considered by Trustees during the year, including: museum developments and redevelopments as part of FuturePlan, international partnerships and commercial strategy.

Throughout the year the Board continued to help inform and shape FuturePlan Phase 2 projects and agreed to let the main construction contract for Exhibition Road. Regarding the V&A's collections the Board:

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

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

During the year the Trustees undertook a self-assessment exercise to appraise the Board's performance and identify areas for future development, as required by the Corporate Governance Code. This will be repeated annually. The Trustees also reviewed their relationships with individual Museum departments.

Audit Committee

The Audit Committee is responsible for reviewing the Museum's risks, reviewing the controls in place to manage them, and monitoring its compliance with statutory requirements (including the Annual Report & Accounts). During the year the committee reviewed all the Internal Audit reports it had commissioned and agreed the Internal Audit plan for 2014-15 to cover the areas where it would be most beneficial. It reviewed the Strategic Risk Register at each meeting and updated the corporate Risk Policy. It also reviewed the external audit of the Annual Report & Accounts for 2012-13 and approved the Governance Statement.

The areas reviewed by Internal Audit during the year were HR processes, security and storage of collections, budgeting and planning, IT data handling & security, procurement, project management, financial controls, and the object movements around the Clothworker's Centre project. It also reviewed VAE's operations, including its publishing arrangements. In its annual review, Internal Audit was able to give reasonable assurance on the effectiveness of the V&A's risk management, control and governance processes over the year.

Risk management and control

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

Identification and assessment of risk

The Museum has two risk registers: Strategic and Operational

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

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

The Operational Risk Register deals with matters more within the control, and personal responsibility, of senior management. This embraces a wide range of issues such as collections management; staff recruitment, development and appraisal; financial management and fraud prevention; information systems security; audience development and procurement. Operational risk registers are maintained by line management at a local level. Managers are expected to regularly review and update their view of risk and highlight major new risks arising to Senior Management Board during the year. A formal review and update is performed as part of the annual planning round.

Management establishes mitigating actions to reduce residual risk to an acceptable level and reports to Audit Committee on their implementation at each meeting.

Monitoring of risk

The Museum has a well-worked out process for identifying and continually assessing risks to its ongoing operations and services to the public. Many of these risks change with circumstances and time but for 2013-14 the major risks for the Museum were:

- The funding environment – cash reductions in Grant in Aid has increased reliance on private fundraising and visitor income for both revenue and capital projects.
- The Museum's ability to sustain the record number of visitors recently achieved.
- The major FuturePlan projects (Europe 1600-1800 and Exhibition Road) that began in the year.

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

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

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

Data Quality

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

Personal Data

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

Table A

Board of Trustees at date of signing				
Name	Term expires	Attendance		
		Board	Audit	Rem
Sir Paul Ruddock (Chair)	31/10/2015	5/6	4/4	1/1
João Baptista	27/11/2015	5/6	4/4	
Nicholas Coleridge CBE	25/11/2016	6/6		
Mark Damazer CBE	27/11/2014	5/6		
Professor Margot Finn	25/11/2014	6/6		
Andrew Hochhauser QC	19/04/2015	4/6	4/4	
Stephen McGuckin	14/09/2016	3/6		
Michelle Ogundehin	14/09/2015	4/6		
Dame Theresa Sackler	27/11/2015	4/6		
Samir Shah OBE	05/12/2014	6/6	4/4	1/1
Sir John Sorrell	19/04/2015	5/6		
Robert Stefanowski	14/09/2015	5/6		
Dr Paul Thompson (ex officio as Rector of the RCA)		2/6		
Edmund de Waal OBE	27/11/2015	2/6		
Professor Evelyn Welch	25/11/2016	6/6		
Other Trustees who served during the year				
Edwin Davies CBE	Until 31/01/2014	4/4		
Harold Tillman CBE	Until 27/11/2013	3/4		

Table B

Committees of the Board of Trustees		
Committee	Primary functions	Chair
Audit	Financial reporting, risk management & assurance	João Baptista
Buildings Strategy	Development & maintenance of the Museum's estate	Stephen McGuckin
Collections	Acquisition, disposal & loan of the collection	Professor Evelyn Welch
Development	Informing & assisting the Museum's fundraising	Nicholas Coleridge CBE
Finance	Overseeing the Museum's financial position	Robert Stefanowski
Investment	Monitoring investment performance & policy	Robert Stefanowski
Museum of Childhood	Policies & practice of the MoC	Sir John Sorrell
Remuneration	Remuneration of senior staff	Sir Paul Ruddock
Research	Overseeing Research policy & projects	Professor Margot Finn
Technology Strategy	Development of the Museum's digital & information systems	Mark Damazer CBE

Table C

V&A Senior Management Team at March 2014	
Martin Roth	Director of the V&A
Tim Reeve	Chief Operating Officer (Chair)
Heather Francis	Director of Finance
Moira Gemmill	Director of Design and FuturePlan
Jane Lawson	Director of Development
Beth McKillop	Deputy Director
Vernon Rapley	Head of Security and Visitor Services
Damien Whitmore	Director of Public Affairs and Programming

Table D

Committees of the Senior Management Team	
<i>Committee</i>	<i>Chair</i>
Collections Group	Deputy Director
Digital Content Commissioning Group	Chief Operating Officer
Digital FuturePlan Group	Chief Operating Officer
Education Programmes Group	Head of Learning
Equality & Diversity Group	Director of Public Affairs and Programming
Exhibitions Advisory Group	Director
FuturePlan Steering Group	Director of Design
Public Programme Group	Director
Management Forum	Chief Operating Officer
Publishing Advisory Group	Commercial Director
Safety and Security Committee	Head of Security and Visitor Services
Staffing Committee	Chief Operating Officer
Sustainability Group	Head of Estate



Martin Roth
 Director and Accounting Officer
 3 July 2014



Sir Paul Ruddock
 Chairman of Trustees
 3 July 2014

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

I certify that I have audited the financial statements of the Victoria and Albert Museum for the year ended 31 March 2014 under the Museums and Galleries Act 1992. The financial statements 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 Trustees, Accounting Officer and auditor

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

Scope of the audit of the financial statements

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

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of the Victoria and Albert Museum's affairs as at 31 March 2014 and of its net incoming resources and application of resources for the year then ended; and
- the financial statements have been properly prepared in accordance with the Museums and Galleries Act 1992 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Museums and Galleries Act 1992; and
- the information given in the Annual Report including the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General
8 July 2014

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

Consolidated Statement of Financial Activities

	Notes	Unrestricted funds	Restricted funds	Endowment funds	2014 Total funds	2013 Total funds
		£'000	£'000	£'000	£'000	£'000
Incoming resources						
<i>Incoming resources from generated funds</i>						
Voluntary Income						
– Grant in Aid	2a	37,523	1,885	–	39,408	48,205
– Donations, legacies and similar income	2b	1,783	10,366	–	12,149	9,348
– Lottery income		–	1,738	–	1,738	449
– Donated objects	6b	–	960	–	960	1,214
Activities for generating funds						
– Trading Income	8	15,842	–	–	15,842	12,786
– Sponsorship		2,321	46	–	2,367	1,367
Investment income	3	63	6	20	89	214
		<u>57,532</u>	<u>15,001</u>	<u>20</u>	<u>72,553</u>	<u>73,583</u>
<i>Incoming resources from charitable activities</i>						
Admissions & exhibition fees (incl loans & touring)		6,024	–	–	6,024	6,320
Other trading		1,031	–	–	1,031	997
		<u>7,055</u>	<u>–</u>	<u>–</u>	<u>7,055</u>	<u>7,317</u>
<i>Other Incoming resources</i>						
Other income		929	299	–	1,228	1,030
		<u>929</u>	<u>299</u>	<u>–</u>	<u>1,228</u>	<u>1,030</u>
Total incoming resources		<u>65,516</u>	<u>15,300</u>	<u>20</u>	<u>80,836</u>	<u>81,930</u>
Resources expended						
5a						
<i>Cost of generating funds</i>						
Costs of generating voluntary income		3,215	425	–	3,640	3,218
Trading costs	8	13,035	–	–	13,035	10,759
Investment management costs		23	11	15	49	43
		<u>16,273</u>	<u>436</u>	<u>15</u>	<u>16,724</u>	<u>14,020</u>
<i>Charitable Activities</i>						
Charitable Activities	5a	42,860	12,840	–	55,700	66,739
Governance costs	5a	151	8	–	159	571
Total resources expended		<u>59,284</u>	<u>13,284</u>	<u>15</u>	<u>72,583</u>	<u>81,330</u>
Net incoming resources before transfers	4	6,232	2,016	5	8,253	600

Consolidated Statement of Financial Activities (cont'd)

	Notes	Unrestricted funds	Restricted funds	Endowment funds	2014 Total funds £'000	2013 Total funds £'000
		£'000	£'000	£'000	£'000	£'000
Gross transfers between funds		(670)	670	–	–	–
Net incoming resources before other recognised gains and losses		5,562	2,686	5	8,253	600
Gains/(losses) on investment assets	7	348	(5)	229	572	1,200
Gain/(loss) on revaluation of fixed assets for the charity's own use	6	–	24,911	–	24,911	(12,863)
Net movement in funds		5,910	27,592	234	33,736	(11,063)
Fund balances bfwd at 1 April 2013		10,683	396,003	6,099	412,785	423,848
Fund balances cfwd at 31 March 2014	14	16,593	423,595	6,333	446,521	412,785

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 36 to 56 form part of these financial statements.

Consolidated and Museum Balance Sheets Year ended 31 March 2014

	Notes	Group 2014 £'000	Museum 2014 £'000	Group 2013 £'000	Museum 2013 £'000
Fixed assets					
Tangible assets	6a	359,195	359,009	334,976	334,675
Heritage assets	6b	61,745	61,745	58,495	58,495
Investments	7,8	15,943	16,146	15,317	15,520
		436,883	436,900	408,788	408,690
Debtors due after one year	9	-	1,025	-	1,025
Current assets					
Stock		1,812	-	2,394	-
Debtors due within one year	9	8,234	9,986	10,603	11,408
Short Term Investments	7	9,517	9,517	9,589	9,589
Cash		6,139	3,897	8,647	7,582
		25,702	23,400	31,233	28,579
Current liabilities					
Creditors due within one year	10	(12,694)	(11,409)	(24,180)	(22,430)
Provisions due within one year	12	(201)	(201)	(41)	(41)
		12,807	11,790	7,012	6,108
Net current assets					
		12,807	11,790	7,012	6,108
Total assets less current liabilities					
		449,690	449,715	415,800	415,823
Creditors due after one year	10	(2,681)	(2,681)	(2,502)	(2,502)
Provisions due after one year	12	(488)	(488)	(513)	(513)
		446,521	446,546	412,785	412,808
Net assets					
		446,521	446,546	412,785	412,808
Income funds					
<i>Designated funds</i>		15,600	15,625	9,721	9,744
<i>General funds</i>		993	993	962	962
<i>Total Unrestricted funds</i>	14	16,593	16,618	10,683	10,706
Restricted funds	14	325,604	325,604	322,923	322,923
Revaluation Reserve	14	97,991	97,991	73,080	73,080
Total Restricted Funds		423,595	423,595	396,003	396,003
Total Income funds					
		440,188	440,213	406,686	406,709
Endowment funds	14	6,333	6,333	6,099	6,099
Total funds					
		446,521	446,546	412,785	412,808

The financial statements on pages 32 to 56 were approved by the Director and the Chairman.



MARTIN ROTH
Director and Accounting Officer
03 July 2014



SIR PAUL RUDDOCK
Chairman of Trustees
03 July 2014

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

The notes on pages 36 to 56 form part of these financial statements.

Consolidated Cashflow Statement Year ended 31 March 2014

	Notes	2014 £'000	2013 £'000
Net cash inflow from operating activities	a	8,887	15,536
Returns on investments	b	89	214
Capital expenditure and financial investment	b	(11,484)	(12,408)
(Decrease)/Increase in cash and cash equivalents	d	(2,508)	3,342

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

Net incoming resources	8,253	600
Investment income	(89)	(214)
Net incoming resources before transfer and revaluations	8,164	386
Donated assets	(960)	(1,214)
Depreciation	10,772	10,272
Loss/(Gain) on fixed assets	19	-
Decrease/(Increase) in stocks	582	(288)
Decrease/(Increase) in debtors	2,369	(4,735)
(Decrease)/Increase in creditors due within one year	(12,373)	10,877
Increase/(Decrease) in provisions due within one year	160	(38)
Increase/(Decrease) in creditors due after one year	179	(121)
(Decrease)/Increase in provisions due after one year	(25)	397
Net cash inflow from operating activities	8,887	15,536

b) Analysis of cash flows

Return on investments:

Investment income	89	214
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Capital expenditure and financial investment:

Payments to acquire tangible fixed assets inc. heritage assets	(11,512)	(12,275)
Purchase of investments	(64)	(195)
Proceeds from sale of investments and tangible fixed assets	92	62
	(11,484)	(12,408)

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

(Decrease)/Increase in cash in the period	(2,508)	3,342
Non-cash movement in Current Asset Investments	(72)	381
Movement in net funds in the period	(2,580)	3,723
Net funds at 1 April 2013	18,236	14,513
Net funds at 31 March 2014	15,656	18,236

d) Analysis of net funds

	At 1 April 2013 £'000	Cashflow £'000	Non-cash changes £'000	At 31 March 2014 £'000
Cash at bank and in hand	8,647	(2,508)	-	6,139
Current Asset Investments	9,589	-	(72)	9,517
Net funds	18,236	(2,508)	(72)	15,656

All cash in bank is held in commercial bank accounts.

The notes on pages 36 to 56 form part of these financial statements.

Notes to the Consolidated Financial Statements Year ended 31 March 2014

1 Accounting policies

a) Basis of Accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and with the exception of investments which have been included at market value, and comply with Statement of Recommended Practice "Accounting and Reporting by Charities", Government Financial Reporting Manual, applicable accounting standards, the requirements of the Companies Act and the Accounts Direction issued by the Department for Culture, Media & Sport in 2002 with the consent of Treasury in accordance with the Museums and Galleries Act 1992.

The Museum is a charity within the meaning of Par. 1, Sch. 6 of Finance Act 2010. Accordingly the Museum is potentially exempt from taxation in respect of income or capital gains within categories covered by Chapter 3 of Part 11 of the Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

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

b) Fund accounting

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

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

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

c) Incoming resources

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

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

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

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

Income from sales is included in the financial statements in the year in which the good or service is supplied. Ticket sales for exhibitions are recognised in the statement of financial activities when the ticket holders attend the respective exhibitions.

All other income is accounted for on a receivable basis.

d) Expenditure

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

Costs are allocated directly to the activities to which they relate. Finance, Human Resources, Information Services & Support, Estate and Central Administration 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 supporting the Trustee Board and managing governance issues. Also included within Governance costs are the costs of supporting these staff together with other costs such as fees for internal and external audit, certain legal and other professional fees.

Costs for exhibitions are spread over the periods which the exhibitions take place. Costs incurred in advance of an exhibition's opening date are deferred until the exhibition takes place.

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

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

All other liabilities are recognised as they fall due.

e) Heritage assets

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

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

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

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

f) Tangible fixed assets

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

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

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

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

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

A full professional valuation is carried out every five years by Gerald Eve (Chartered Surveyors) on Land and Buildings and was performed at 31 March 2014. A desktop revaluation is carried out every year between full revaluations.

g) Investments

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

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

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

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

h) Financial Instruments

Financial Instruments play a limited role in the Museum as the operating cash requirements are mostly met through Grant-in-Aid funding, and investment is largely funded by donations.

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

i) Stock and work in progress

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

j) Pension cost

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

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

k) Operating leases

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

l) Foreign currencies

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

2a) Grant in Aid income

Grant in Aid of £39.408m was received from the Department for Culture, Media and Sport during the year (2012-13: £48.205m). This represents 49% of the total income for the Museum. The balance of funding, including the majority of capital improvements, comes from self-generated income. Included within the total Grant in Aid received is an amount restricted to capital works which for 2013-14 totalled £1.9m (2012-13: £1.8m).

2b) Voluntary income

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2014 £'000	Total 2013 £'000
Donations and Legacies	987	10,366	–	11,353	8,655
Corporate Members	357	–	–	357	276
Director's Circle	439	–	–	439	417
	<u>1,783</u>	<u>10,366</u>	<u>–</u>	<u>12,149</u>	<u>9,348</u>

2c) Statement of Income and Expenditure

The Total Incoming Resources of the Museum alone were £67,807k, Total Resources Expended were £59,552k. Revaluation gains on investment assets were £572k, and on fixed assets £24,911k. The movement on net funds for the year was £33,737k. The difference between this and the result shown in the SoFA (£33,736k) arises from the operating loss of V&A Ltd.

3) Investment Income

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2014 £'000	Total 2013 £'000
Interest receivable	23	6	–	29	77
British Government stocks	–	–	–	–	104
UK equities	31	–	12	43	16
Overseas equities	9	–	8	17	17
	<u>63</u>	<u>6</u>	<u>20</u>	<u>89</u>	<u>214</u>

4) Net incoming resources: is stated after charging:

	Group 2014 £'000	Museum 2014 £'000	Group 2013 £'000	Museum 2013 £'000
External Auditors' remuneration	68	44	60	43
Operating lease payments – Land and Buildings	103	103	106	106
– Other	199	87	221	100
Movement on provision for doubtful debts	22	22	–	–

5a) Total resources expended

	Direct Costs £'000	Grants Made To Other Charities £'000	Allocated Support Costs £'000	Depreciation & loss on disposal £'000	Total 2014 £'000	Total 2013 £'000
<i>Cost of generating funds</i>						
Costs of generating voluntary income	2,956	–	343	341	3,640	3,218
Trading costs	12,915	–	–	120	13,035	10,759
Investment management costs	49	–	–	–	49	43
	15,920	–	343	461	16,724	14,020
<i>Charitable Activities</i>						
Collections & Learning	24,822	752	10,230	9,778	45,582	56,392
Exhibitions & Contemporary	8,582	–	992	544	10,118	10,347
	33,404	752	11,222	10,322	55,700	66,739
Governance costs ¹	73	–	78	8	159	571
Total resources expended	49,397	752	11,643	10,791	72,583	81,330

Grants totalling £752,388 were paid out via the Purchase Grant Fund.

¹ Governance Costs (Direct)

External Audit Fees (Museum only)	44	43
Internal Audit Fees	34	68
Legal Fees	13	1
Staff costs	60	337
Other executive costs	8	122
	159	571

The basis of allocating Governance costs has been reviewed and amended since 2013, so that only the costs most directly associated with the governance of the charity are included (see note 1d).

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

	Information services & support £'000	Projects & Estates £'000	Finance & Admini- stration £'000	Human Resources £'000	Other Central Costs £'000	Museum of Childhood – Admini- stration £'000	Total £'000
<i>Cost of generating funds</i>							
Costs of generating voluntary income	75	166	28	25	28	21	343
<i>Charitable Activities</i>							
Collections & Learning	2,247	4,959	846	741	842	595	10,230
Exhibitions & Contemporary	217	481	82	72	82	58	992
	2,464	5,440	928	813	924	653	11,222
	2,539	5,606	956	838	952	674	11,565
Governance	–	–	78	–	–	–	78
	2,539	5,606	1,034	838	952	674	11,643

5b) Wages and salaries

	2014 £'000	2013 £'000
Wages and salaries	23,905	23,760
Social security costs	1,889	1,931
Pension costs	3,681	3,763
Agency and temporary staff	1,347	1,512
	<u>30,822</u>	<u>30,966</u>
Early retirement and redundancy costs	116	605
	<u>30,938</u>	<u>31,571</u>

During the year restricted funding for staff costs was received totalling £1.109m (2012-13: £1.047m).

Early retirement and redundancy costs show the full cost of decisions made in the year, including provisions and accruals for departures after the year end. The Remuneration Report on p.23 shows the cost of departures that took place in the year.

V&A Enterprises Limited's staff costs were £5.698m (2012-13: £5.114m) of which £4.112m (2012-13: £3.748m) was for trading activities and £1.586m (2012-13: £1.366m) was for services provided to others.

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

	2014	2013
£60,001 – £70,000	11	12
£70,001 – £80,000	4	7
£80,001 – £90,000	4	2
£90,001 – £100,000	4	4
£100,001 – £110,000	–	1
£140,001 – £150,000	1	1
	<u>24</u>	<u>27</u>

Of the employees listed above, 18 (2013: 20) are members of the Principal Civil Service Pension Scheme, and the total pension contributions payable in the year for these employees was £324,847 (2013: £330,946). The other 6 (2013: 7) employees are members of the V&A Enterprises Limited defined contribution scheme, and the total pension contributions payable in the year for these employees was £45,764 (2013: £54,578).

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

5c) Pension disclosure

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

For 2013-14, employers' contributions of £3.327m were payable to the PCSPS (2012-13: £3.433m) at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands (the rates in 2012-13 were between 16.7% and 24.3%). The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2013-14 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

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

Employee contributions changed in April 2013 and are now between the rate of 1.5% to 6.25% of pensionable earnings for classic and 3.5% to 8.25% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per classic. In nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. Its benefits reflect pay throughout an individual's career allowing members to work longer and more flexibly. Each scheme year (1st April to 31st March) pension will be built up at the rate of 2.3% of staff's pensionable earnings. The balance of nuvos pension is increased in line with Pensions Increase Legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution, rather than join a PCSPS scheme. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member). Employer's contributions of £43,475 (2013: £34,407) were paid to one or more of a panel of three appointed stakeholder pension providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable pay to cover the cost of centrally - provided risk benefit cover (death in service and ill health retirement).

NEST (National Employment Savings Trust) is a pension scheme that has been set up by the Government for employers to use to comply with auto-enrolment. From 1 December 2013, we are using NEST as the pension scheme for our Occasional Professional Assistants (OPAs). OPAs who earn more than £833 per month (£10,000 pa) will be automatically enrolled into NEST, with the option to then opt out if they wish. OPAs can also choose to opt in at any point, as long as they are aged at least 22 and earning at least £5,772 pa. Employer and total contributions will increase over a transition period until 1 October 2018 of between 1% and 3% for employers and 2% and 8% for a total minimum contribution. Employer contributions paid during the year were £3,152.

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

The Museum's trading company, V&A Enterprises Limited, operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund with Aviva. Employer's contributions are made at an average of 10% and the total amount paid during the year was £318,837 (2013: £312,888).

5d) Trustees

The Trustees neither received nor waived any emoluments during the year (2012-13: £nil).

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

5e) Average number of employees (*)

	2014	2013
Generating voluntary income	57	50
Trading	127	123
Collections & Visitors	540	558
Exhibitions & Contemporary	58	66
Learning	58	62
Governance & Directorate	11	10
	<u>851</u>	<u>869</u>

(*) based on full-time equivalents.

Of the above employees – 749 are full time permanent employees of the Museum and its subsidiaries (2013: 761), 36 are externally funded posts (2013:35), and the remaining employees are temporary staff.

6a) Tangible fixed assets

Group	Land & Buildings £'000	Furniture & fittings £'000	Equipment £'000	Assets in course of construction £'000	Total £'000
Cost or valuation					
At 1 April 2013	320,465	4,044	7,277	11,796	343,582
Transfers	3,426	–	–	(3,426)	–
Additions	423	538	293	8,856	10,110
Disposals	–	(59)	(145)	–	(204)
Revaluation	15,705	–	–	–	15,705
At 31 March 2014	<u>340,019</u>	<u>4,523</u>	<u>7,425</u>	<u>17,226</u>	<u>369,193</u>
Depreciation					
At 1 April 2013	399	2,869	5,338	–	8,606
Charged for the year	9,221	390	1,161	–	10,772
Disposals	–	(33)	(142)	–	(175)
Revaluation	(9,205)	–	–	–	(9,205)
Reclassification	250	(8)	(242)	–	–
At 31 March 2014	<u>665</u>	<u>3,218</u>	<u>6,115</u>	<u>–</u>	<u>9,998</u>
Net book value					
At 31 March 2014	<u>339,354</u>	<u>1,305</u>	<u>1,310</u>	<u>17,226</u>	<u>359,195</u>
At 1 April 2013	<u>320,066</u>	<u>1,175</u>	<u>1,939</u>	<u>11,796</u>	<u>334,976</u>

The net book value at 31 March 2014 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	339,354	1,222	1,207	17,226	359,009
Other activities	–	83	103	–	186
Total	<u>339,354</u>	<u>1,305</u>	<u>1,310</u>	<u>17,226</u>	<u>359,195</u>

	Land & Buildings £'000	Furniture & fittings £'000	Equipment £'000	Assets in course of construction £'000	Total £'000
Museum					
Cost or valuation					
At 1 April 2013	320,465	3,462	6,920	11,796	342,643
Transfers	3,426	-	-	(3,426)	-
Additions	423	535	291	8,856	10,105
Disposals	-	(59)	(145)	-	(204)
Revaluation	15,705	-	-	-	15,705
At 31 March 2014	<u>340,019</u>	<u>3,938</u>	<u>7,066</u>	<u>17,226</u>	<u>368,249</u>
Depreciation					
At 1 April 2013	399	2,422	5,147	-	7,968
Charged for the year	9,221	335	1,096	-	10,652
Disposals	-	(33)	(142)	-	(175)
Revaluation	(9,205)	-	-	-	(9,205)
Reclassification	250	(8)	(242)	-	-
At 31 March 2014	<u>665</u>	<u>2,716</u>	<u>5,859</u>	<u>-</u>	<u>9,240</u>
Net book value					
At 31 March 2014	<u>339,354</u>	<u>1,222</u>	<u>1,207</u>	<u>17,226</u>	<u>359,009</u>
At 31 March 2013	<u>320,066</u>	<u>1,040</u>	<u>1,773</u>	<u>11,796</u>	<u>334,675</u>

Land & Buildings

On 31 March 2014 a full, five yearly valuation of the freehold properties comprising the Victoria & Albert Museum Estate was carried out by an external valuer, Gerald Eve LLP, a regulated firm of Chartered Surveyors. The valuation was prepared in accordance with the requirements of the RICS Valuation - Professional Standards, January 2014 amendment and Financial Reporting Standard (FRS) 15 (UK GAAP). The valuation of non-specialised properties was undertaken on an Existing Use Value (EUUV) basis. Specialised properties were valued on a Depreciated Replacement Cost (DRC) basis and included the refurbished spaces which came into use during the year. The site at South Kensington was valued at £319.7m, the site at Bethnal Green at £12.2m and the V&A's share of Blythe House at £7.5m. These valuations include some plant and machinery that is included in Fixtures & Fittings and Equipment.

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

All land and buildings are freehold.

6b) Heritage Assets

Additions of £3.250m (2013: £2.501m) were made to the Collection. There were no disposals during the year. The additions comprise the following elements:

	2014 £'000	2013 £'000	2012 £'000	2011 £'000	2010 £'000
Opening balance b/fwd					
Donated objects (shown at valuation)	36,465	35,251	33,991	29,026	25,821
Acquisitions (shown at cost)	22,030	20,743	16,628	14,799	11,850
	<u>58,495</u>	<u>55,994</u>	<u>50,619</u>	<u>43,825</u>	<u>37,671</u>
Donations of objects by gift or bequest	960	899	980	3,703	2,295
Donations of objects under the acceptance in lieu scheme	–	315	280	1,262	910
	<u>960</u>	<u>1,214</u>	<u>1,260</u>	<u>4,965</u>	<u>3,205</u>
Acquisitions	2,290	1,287	4,115	1,829	2,949
Total Additions	<u>3,250</u>	<u>2,501</u>	<u>5,375</u>	<u>6,794</u>	<u>6,154</u>
Closing balance c/fwd					
Donated objects (shown at valuation)	37,425	36,465	35,251	33,991	29,026
Acquisitions (shown at cost)	24,320	22,030	20,743	16,628	14,799
	<u>61,745</u>	<u>58,495</u>	<u>55,994</u>	<u>50,619</u>	<u>43,825</u>

Further information on the Museum's heritage assets

In total the V&A holds 1,193,425 museum objects and works of art within its collections, as well as 1,069,040 library items and 849 archival collections. Of these approximately 1% have been included in the balance sheet of the Museum and the table above. At 31 March 2014, 60,299 items were on display with access to other items available through reading and study rooms or by arrangement. Further access can be obtained from reference facilities and publications, the Museum website, selected third party websites, and other electronic media. These objects are held within the following collections:

Asian Collections 128,302 objects and 1 archival collection:

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

Furniture, Textiles & Fashion Collections 83,234 objects:

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

Sculpture, Metalwork Ceramics & Glass Collections 109,528 objects:

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

Word & Image Collections 770,427 objects, 361 archival collections, 967,729 library items:

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

Childhood Collections 33,117 objects and 44 archival collections:

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

Theatre & Performance Collections 68,817 objects, 443 archival collections, 101,311 library items:

The Theatre & Performance Collections are dedicated to the history, craft and practice of the performing arts in the UK. Its primary emphasis is on drama, dance, opera and musical theatre. In providing the national record of performance, it combines the functions of archive, library and educational resource. The department documents its production and reception by gathering a variety of evidence in different media. Since 1992, the department has made archival recordings of current theatre productions under a unique agreement with the Federation of Entertainment Unions. Contemporary and 20th-century collecting includes graphic, photographic, video and audio material relating to the performing arts and, selectively, designs, models, costumes, archives, theatre architecture/stage technology and library materials."photographic, video and audio material relating to the performing arts and, selectively, designs, models, costumes, archives, theatre architecture/stage technology and library materials.

Preservation & Management

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

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

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

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

7) Investments

	Short Term Investments		Fixed Asset Investments	
	Group 2014 £'000	Museum 2014 £'000	Group 2014 £'000	Museum 2014 £'000
Market value at 1 April	9,589	9,589	15,317	15,520
Add: Additions to portfolio	13	13	51	51
Less: Withdrawals from portfolio	(31)	(31)	(51)	(51)
Net gain/(loss) on revaluation	(54)	(54)	626	626
Market value at 31 March 2014	9,517	9,517	15,943	16,146
<i>of which</i>				
Historical cost at 31 March 2014	9,208	9,208	14,365	14,568
Unrealised investment gain/(loss) at 31 March 2014	309	309	1,578	1,578
	2014	2014	2014	2014
	£'000	£'000	£'000	£'000
Analysis of gain by asset class				
(Loss)/Gain on assets Available for Sale	(54)	(54)	342	342
(Loss)/Gain on assets Held for Trading	-	-	284	284
	(54)	(54)	626	626
Investment assets in the UK				
Government stocks & Corporate bonds	8,789	8,789	3,855	3,855
Investment Funds	-	-	1,500	1,500
Cash & currency hedges	728	728	988	988
Unlisted Equities (trading subsidiary)	-	-	-	203
Investment assets outside the UK				
Government stocks & Corporate bonds	-	-	969	969
Multi Asset Investment Funds	-	-	8,631	8,631
	9,517	9,517	15,943	16,146

The Role of Financial Instruments

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

Liquidity and Credit Risk

The largest single source of income (i.e. 49%) is received by way of Grant in Aid which is drawn down according to need, and as a result the Museum is not exposed to significant liquidity or credit risk. The remainder of the Museum's activity is funded by self-generated income and funds given for restricted purposes such as capital projects, projects are only progressed when income is certain.

Market Risk*Foreign Currency Risk*

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

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

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

It is our policy to hedge a minimum of 90% of our foreign currency holdings. A 10% appreciation of the US dollar, Euro, Singapore dollar or Japanese Yen would have given rise to a nil increase in income and a increase in unrestricted funds of £46k, restricted funds of £6k and endowment funds of £24k. A 10% depreciation of the stated currencies would have an equal and opposite effect. These are the major currencies in which the Group's financial instruments are denominated.

Interest Rate Risk

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

8) Trading subsidiaries

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

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

	V&A Enterprises Limited	
	2014	2013
	£'000	£'000
<i>Profit and loss account</i>		
Turnover	15,848	12,786
Cost of sales	(6,628)	(4,616)
Gross Profit	9,220	8,170
Administrative expenses	(6,609)	(6,289)
Trading profit	2,611	1,881
Interest receivable and similar income	6	3
Loan Interest Payable	(15)	(15)
Payment under gift aid to Museum	(2,602)	(1,869)
Profit on Ordinary Activities before Taxation	–	–
Retained in subsidiary	–	–
<i>Balance sheet</i>	£'000	£'000
Tangible fixed assets	186	301
Current assets	6,088	5,129
Creditors due within one year	(5,071)	(4,227)
Creditors due after one year	(1,000)	(1,000)
Net assets	203	203
Share capital and reserves	203	203
Profit and loss account	–	–
Shareholders' Funds	203	203

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

	2014	2013
	£'000	£'000
Turnover	15,848	12,786
<i>Intercompany transactions</i>	(6)	–
Trading income included within SOFA	15,842	12,786
Cost of sales	6,628	4,616
Administrative expenses	6,609	6,289
Interest payable	15	15
Taxation	–	–
<i>Intercompany transactions</i>	(217)	(161)
Trading costs included within SOFA	13,035	10,759
Interest receivable and similar income	6	3
<i>Intercompany transactions</i>	–	–
Included in Investment Income per SOFA	6	3

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

9) Debtors

	Group 2014 £'000	Museum 2014 £'000	Group 2013 £'000	Museum 2013 £'000
Trade debtors	2,438	1,631	2,150	1,301
Less provision for Doubtful debts	(4)	(4)	(26)	(26)
Other debtors	588	562	691	658
Prepayments and accrued income	2,192	1,533	4,932	4,375
Prepaid exhibition expenditure	1,407	1,407	1,648	1,648
Recoverable taxation (VAT)	1,613	1,613	1,208	1,208
Amounts due from subsidiary undertaking	–	3,244	–	2,244
	<u>8,234</u>	<u>9,986</u>	<u>10,603</u>	<u>11,408</u>

Amounts falling due after one year

Debtors – after one year				
Due from trading subsidiaries	–	1,025	–	1,025
	<u>–</u>	<u>1,025</u>	<u>–</u>	<u>1,025</u>

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

The Museum has confirmed that it will not call the loan for repayment until, at the earliest 30 June 2015, and then subject to the ability of the subsidiary to make repayments. Interest on the loan is charged at 1% above the Bank of England Base rate.

The Museum also made a loan of £25k in a previous year to V&A Limited which is repayable by 30 June 2015.

9.1) Intra-Government Balances (Group)

	Amounts falling due within one year		Amounts falling due after more than one year	
	2014 £	2013 £	2014 £	2013 £
Balances with other central government bodies	1,770	1,258	–	–
Balances with bodies external to government	6,464	9,345	–	–
Total debtors at 31 March	<u>8,234</u>	<u>10,603</u>	<u>–</u>	<u>–</u>

10) Creditors

	Notes	Group 2014 £'000	Museum 2014 £'000	Group 2013 £'000	Museum 2013 £'000
Amounts falling due within one year					
Trade creditors		5,261	4,307	3,847	2,596
Other creditors		13	7	9,598	9,591
Accruals		4,392	3,641	6,353	5,728
Deferred income	11	657	657	1,134	1,134
Deferred exhibition income		1,414	1,414	2,361	2,361
Taxation and social security costs		957	840	887	887
Amounts owed to subsidiary undertaking		–	543	–	133
		<u>12,694</u>	<u>11,409</u>	<u>24,180</u>	<u>22,430</u>
Amounts falling due after one year					
Deferred income – after one year	11	2,681	2,681	2,502	2,502
		<u>2,681</u>	<u>2,681</u>	<u>2,502</u>	<u>2,502</u>

10.1) Intra-Government Balances (Group)

	Amounts falling due within one year		Amounts falling due after more than one year	
	2014	2013	2014	2013
	£	£	£	£
Credit balances with other central government bodies	1,238	922	–	–
Credit balances with bodies external to government	11,456	23,258	2,681	2,502
Total creditors at 31 March	<u>12,694</u>	<u>24,180</u>	<u>2,681</u>	<u>2,502</u>

11) Deferred Income

	2014	2013
	£'000	£'000
As at 1 April	3,636	3,006
Deferred in current year	658	1,013
Released from previous year	(1,256)	(383)
As at 31 March	<u>3,038</u>	<u>3,636</u>

Of this balance £2.502m represents funds given to the Museum by Royal Institute of British Architects in relation to its occupation of certain office and gallery spaces in the Museum. An amount representing an annual rental payment is released each year.

12) Provisions

	2014	2013
	£'000	£'000
As at 1 April	554	195
Provision in year	177	444
Paid in year	(42)	(85)
As at 31 March	<u>689</u>	<u>554</u>
Provisions – within one year	201	41
Provisions – after one year	488	513
	<u>689</u>	<u>554</u>

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

13) Financial commitments

At 31 March 2014 the Group had annual commitments under non-cancellable leases as follows:

Operating leases which expire:	2014	2014	2013	2013
	Land & Buildings	Other	Land & Buildings	Other
	£'000	£'000	£'000	£'000
Within one year	–	9	–	11
In the second to fifth year	209	6	111	34
After five years	–	–	103	–
	<u>209</u>	<u>15</u>	<u>214</u>	<u>45</u>

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

14) Statement of funds

	As at 1 April 2013 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	Fixed Assets – Gains/ losses on Revaluation £'000	Invest- ments – Gains/ losses under Fair Values £'000	As at 31 March 2014 £'000
Unrestricted Funds							
General Income funds	962	65,484	(59,318)	(6,114)	–	(21)	993
Designated Income funds	9,721	32	34	5,444	–	369	15,600
Total Unrestricted Funds	10,683	65,516	(59,284)	(670)	–	348	16,593
Restricted Funds							
<i>Restricted Income Funds</i>							
– Acquisitions for the Collection ¹	260	947	(1)	(1,262)	–	(1)	(57)
– Restricted Income funds	1,538	2,646	(2,552)	(361)	–	(18)	1,253
– Museum Development funds ¹	274	8,862	6	(8,190)	–	14	966
– Endowment funds income	761	–	(56)	(28)	–	–	677
	2,833	12,455	(2,603)	(9,841)	–	(5)	2,839
<i>Restricted Asset Funds</i>							
Restricted Capital funds ²	261,595	1,885	(10,681)	8,221	–	–	261,020
Revaluation Reserve	73,080	–	–	–	24,911	–	97,991
Heritage Assets ¹	58,495	960	–	2,290	–	–	61,745
	393,170	2,845	(10,681)	10,511	24,911	–	420,756
Total Restricted Funds	396,003	15,300	(13,284)	670	24,911	(5)	423,595
Endowment Funds							
Endowments	6,099	20	(15)	–	–	229	6,333
Total Endowment Funds	6,099	20	(15)	–	–	229	6,333
Total Funds	412,785	80,836	(72,583)	–	24,911	572	446,521

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

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

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.

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

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

Restricted funds

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

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

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

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

Restricted Capital funds – expenditure funded from restricted sources, including capital grant in aid, on assets which have been capitalised. These funds represent the movements of the fixed assets and agree to the balance sheet values.

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

Endowment funds

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

Fair Value

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

	2014 £'000	2013 £'000
Unrestricted	386	869
Restricted	(33)	166
Endowment	201	298
	<u>554</u>	<u>1,333</u>

15) Statement of fund commitments

	As at 31 March 2014 £'000	As at 31 March 2013 £'000
<i>Funds available for spending at Trustees' discretion:</i>		
General income funds (excluding investment in VAE)	790	759
Designated income funds	<u>15,600</u>	<u>9,721</u>
	16,390	10,480
<i>Funds raised for specific purposes:</i>		
Restricted income funds	<u>2,839</u>	<u>2,833</u>
Total funds available for spending	<u>19,229</u>	<u>13,313</u>
<i>Funds not available for Trustees' spending:</i>		
General income funds – share capital of V&A Enterprises	203	203
Endowment funds (Capital element)	6,333	6,099
Capital funds (Fixed Assets)	<u>420,756</u>	<u>393,170</u>
Total funds not available for spending	<u>427,292</u>	<u>399,472</u>
Total funds in balance sheet	<u>446,521</u>	<u>412,785</u>

16) Analysis of group net assets between funds

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2014 £'000	Total 2013 £'000
Fund balances at 31 March 2014 are represented by:					
Tangible fixed assets	184	420,756	–	420,940	393,471
Investments	8,921	677	6,345	15,943	15,317
Current assets	23,506	2,196	–	25,702	31,233
Current liabilities	(12,849)	(34)	(12)	(12,895)	(24,221)
Liabilities due after one year	<u>(3,169)</u>	<u>–</u>	<u>–</u>	<u>(3,169)</u>	<u>(3,015)</u>
Net assets	<u>16,593</u>	<u>423,595</u>	<u>6,333</u>	<u>446,521</u>	<u>412,785</u>

17) Capital commitments

	2014 £'000	2013 £'000
Capital expenditure commitments were as follows:		
Contracted for, but not provided in the accounts	<u>32,705</u>	<u>3,280</u>

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

18) Related Party Transactions

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

Relationship	Related Party	Donations/ Grants Received/ (Made)	Amount Sold	Amount Purchased	Year end balance Debtors	Year end balance (Creditors)
		£'000	£'000	£'000	£'000	£'000
DCMS funded bodies	Arts Council	759	1	–	–	–
	British Museum	–	538	512	111	(141)
	British Film Institute	–	–	1	–	–
	English Heritage	–	1	1	–	–
	Geffrye Museum	(16)	–	16	–	–
	Imperial War Museum	–	–	21	–	–
	The National Gallery	–	1	3	1	–
	National Museums Liverpool	–	14	–	–	–
	National Portrait Gallery	–	4	–	1	–
	National Museum of Science & Industry	–	120	17	17	–
	Natural History Museum	–	114	1,241	26	(141)
	Wallace Collection	–	3	–	–	–
V&A staff are officers or Trustees	Exhibition Road Cultural Group	–	3	19	–	–
	Friends of the V&A	1,665	84	21	6	(10)
	Gilbert Trust for the Arts	181	–	–	–	–
V&A Chair is a Trustee	The V&A Foundation	4,425	–	–	–	–
	The Metropolitan Museum Of Art	–	2	–	2	–
	Ruddock Foundation for the Arts	25	–	–	–	–
V&A Trustee is a Director	CGI Group (formally Logica)	–	–	66	–	–
	London Design Festival	–	1	5	–	–
	Turner & Townsend	–	–	9	–	–
V&A Director is a Trustee: V&A Trustee is Rector	Royal College of Art	–	420	110	420	(37)
V&A Staff Member is a Director	Design Dundee Limited	–	20	–	–	–

Two trustees donated a total of £2,500 to the Museum during the year.

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

The Director and Chief Operating Officer 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 31 March 2014 (2013: Nil).

20) Post Balance Sheet Events

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

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