

Victoria and Albert Museum
Annual Report and Accounts 2016-2017

Victoria and Albert Museum Annual Report and Accounts 2016-2017

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Contents

	Page
Annual Report including Trustees' Report	2
Financial Review	16
Remuneration Report	24
Statement of Trustees' and Director's Responsibilities	28
Governance Statement	29
The Certificate and Report of the Comptroller and Auditor General	36
Financial Statements	
Consolidated Statement of Financial Activities	38
Consolidated and Museum Balance Sheets	42
Consolidated Cash Flow Statement	43
Notes to the Consolidated Financial Statements	44

Annual Report including Trustees' Report

Introduction

The V&A is the world's leading museum of art, design and performance with collections unrivalled in their scope and diversity. It was established to make works of art available to all and to inspire British designers and manufacturers. Today, the V&A's collections, which span over 5,000 years of human creativity in virtually every medium and from many parts of the world, continue to intrigue, inspire and inform.

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.

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.

V&A Mission

Taking due regard of the Charity Commission's general guidance on public benefit, the Board of Trustees of the Victoria and Albert Museum has agreed that the mission of the V&A is to be the world's leading museum of art, design and performance, and to enrich people's lives by promoting research, knowledge and enjoyment of the designed world to the widest possible audience.

V&A Strategic Objectives

Our strategic objectives are focused on the major expansion of our physical and digital reach, using the lens of design to make our collections increasingly accessible and relevant.

To achieve this we aim to:

1. CREATE A WORLD-CLASS LEARNING AND VISITOR EXPERIENCE ACROSS ALL V&A SITES AND COLLECTIONS
2. FOCUS AND DEEPEN THE RELEVANCE OF OUR COLLECTIONS TO THE UK CREATIVE AND KNOWLEDGE ECONOMY
3. EXPAND THE V&A'S INTERNATIONAL REACH, REPUTATION AND IMPACT
4. SHOWCASE THE BEST OF DIGITAL DESIGN AND DELIVER AN OUTSTANDING DIGITAL EXPERIENCE
5. DIVERSIFY AND INCREASE PRIVATE AND COMMERCIAL FUNDING SOURCES

Highlights of 2016-17

Over the course of 2016-17, 3.4 million people visited the Museum. Audiences were drawn to the V&A by our permanent collections and galleries, as well as by our immersive, thought-provoking and informative exhibitions; highlights this year included our autumn exhibition 'You Say You Want a Revolution? Records & Rebels 1966-1970' which attracted 243,387 visitors, and our Engineering season that ran over the summer.

July 2016 represented a high point in the history of the V&A when it was awarded the Art Fund Museum of the Year 2016 prize. Stephen Deuchar, Art Fund director and chair of the judges, said the V&A 'was already one of the best-loved museums in the country: this year it has indisputably become one of the best museums in the world.'

The Museum presented nine exhibitions and nineteen displays aimed at creating world-class visitor experiences across the Museum. Alongside 'You Say You Want a Revolution?', these included 'Botticelli Re-imagined', 'Undressed: A Brief History of Underwear', and 'Opus Anglicanum', exploring the world of medieval embroidery and 'Game Plan: Board Games Rediscovered'.

As part of the V&A's Engineering season, the exhibition 'Engineering the World: Ove Arup and the Philosophy of Total Design' presented the first retrospective of the internationally respected engineer in Europe. The season included a robotic sculpture commissioned for the garden by experimental architect Achim Menges with Moritz Dörstelmann, structural engineer Jan Knippers and climate engineer Thomas Auer. There was also a series of events designed for families and schools, including a version of the hugely successful Digital Design Weekend all contributing to the V&A's aim to deliver world-class learning experiences.

FuturePlan, the V&A's ambitious programme of development to transform the V&A's galleries, public spaces and visitor facilities has continued successfully throughout the year. Work on the V&A's Exhibition Road Quarter remains on schedule to open to the public at the end of June 2017. Another notable FuturePlan project was to redesign and refurbish the main V&A shop, which opened in May 2017.

The V&A affirmed its position as a national institution through its support of organisations across the UK. The museum's extensive loans and outreach activity continued over the last year, with 2,199 pieces from the V&A collection reaching 263 UK venues. It expanded its international reach and reputation with international loans of 114 objects.

The V&A Research Institute launched in 2016. With its commitment to developing new approaches to research, training, display and interpretation it represents a deep engagement with the UK knowledge economy.

On 5 September 2016, Martin Roth announced his resignation as Director of the V&A, stepping down on 31 October 2016. Tim Reeve took over the role of Acting Director, from 1 November 2016 to 19 February 2017. Tristram Hunt took up his position as Director on 20 February 2017.

Other highlights of the year included:

- The redesign and launch in April 2016 of the award-winning V&A website which attracted 14.5 million visitors
- The V&A's 'David Bowie Is' exhibition continued to break records on its international tour
- The launch of the V&A Research Institute (VARI), enhancing access to our collections and developing new approaches to research, training, display and interpretation
- The refurbishment and reopening of the Rosalinde and Arthur Gilbert Galleries
- Rachel Whiteread's celebrated artwork Place (Village) going on permanent display at the Museum of Childhood

V&A South Kensington exhibitions 2016-17:

Title	Dates	Visitors
Botticelli Re-imagined	05/03/16 – 03/07/16	120,282
Paul Strand: Photography and Film for the 20th Century	19/03/16 – 03/07/16	48,853
Undressed: A Brief History of Underwear	16/04/16 – 12/03/17	213,344
Engineering the World: Ove Arup and the Philosophy of Total Design	18/06/16 – 06/11/16	69,139
You Say You Want a Revolution? Records & Rebels 1966–1970	10/09/16 – 26/02/17	243,387
Opus Anglicanum: Masterpieces of English Medieval Embroidery	01/10/16 – 05/02/17	58,139
Lockwood Kipling: Arts and Crafts in the Punjab and London	14/01/17 – 02/04/17	88,153

V&A Museum of Childhood exhibitions 2016-17:

Title	Dates
On Their Own: Britain's Child Migrants	24/10/15 – 12/06/16
Game Plan: Board Games Rediscovered	16/04/16 – 05/02/17

Performance against strategic objectives

In this section we summarise the V&A's performance against the five objectives outlined in the five-year strategic plan.

1. CREATE A WORLD-CLASS LEARNING AND VISITOR EXPERIENCE ACROSS ALL V&A SITES AND COLLECTIONS

Overview

The experience we deliver for our visitors is uniquely tied to the contents of the Museum. Visitors to the V&A are invited to explore the world class collections, galleries and exhibitions on display, and encounter a wide range of stories spanning 5,000 years of human creativity and numerous genres. We have continued to update and refresh our galleries over the past year, and on 16 November 2016, the Rosalinde and Arthur Gilbert Galleries reopened to the public following an update of the suite of four galleries to show off the 500 precious objects to their very best.

The V&A has continued to improve its visitor experience in 2016-17. Following the development of the Visitor Experience Strategy, the V&A is focusing on a wayfinding project to explore new and imaginative ways to help our visitors explore the Museum. We have been offering enhanced training for our gallery assistants on the collections and the history of the building. We have also been recruiting more volunteers, including team leaders and 'volunteer champions' from a range of backgrounds.

We continually strive to inspire creativity in all our audiences, from under-5s, to those in schools, colleges and universities, community groups, adult learners and museum professionals, achieved through on- and off-site events and outreach.

Realising and sustaining FuturePlan

Preparation for the opening of the V&A Exhibition Road Quarter

The V&A Exhibition Road Quarter is the Museum's largest architectural intervention in the last 100 years. Work has been continuing throughout 2016-17 and the V&A Exhibition Road Quarter will open to the public on 30 June 2017. This innovative and ambitious project will create beautiful new public areas and gallery spaces for London, transforming the experience of the V&A for visitors, and revealing historic facades of the V&A's existing Grade I buildings to the public for the first time. It will create The Sainsbury Gallery, a new purpose-built space for the V&A's internationally renowned exhibitions, the world's first porcelain courtyard, The Sackler Courtyard, and a new entrance on the west side of the Museum, The Blavatnik Hall, linking the V&A to neighbouring museums. The building will include an open courtyard and a new shop and cafe, as well as a step-free entrance to accommodate the Museum's visitors. The project will also provide an opportunity to adopt a new approach to welcoming visitors, including a digital welcome that will transform the way the public experiences the Museum and engages with its collections.

Members' Room

The V&A is delivering a new members' room to ensure an enhanced members' experience. Throughout 2016 considerable progress was made with this project, and the V&A is aiming to open the new members' room in autumn 2017. The architects Carmody Groarke have designed a flexible and atmospheric space with views of The Sackler Courtyard and beyond. The new room will reflect the spirit of the Museum and cater to the needs of our growing membership base.

V&A Shop

Building work on the new V&A shop started in February 2017 to ensure the new shop opened in time for the launch of 'Pink Floyd: Their Mortal Remains'. Friend and Co were appointed as the architects on this project, working with Millimetre designers and makers to allow samples and prototypes to be made throughout the design process. The shop re-opened in May 2017.

Photography Centre

With the transfer of the Royal Photographic Society's collection of over 270,000 photographs and 6,000 pieces of photographic equipment from the Science Museum Group to the V&A, the Museum is developing a new Photography Centre with purpose-built storage facilities to double its photography

display area, and provide both a new teaching and research space and new digital resource for photography enthusiasts around the world. David Kohn Architects was awarded the design contract for the Photography Centre. The RPS's collection was immediately made available to the public on the Museum's Search the Collections database. Phase one of the construction of the Photography Centre is due to open in autumn 2018, and building on the new site has commenced.

Engendering learning and participation

The V&A South Kensington achieved attendance figures in 2016-17 of 240,000 for 16-17 year olds participating in a learning event. Throughout the year we have run learning programmes for adults, students, schools, families, young people and community groups across both the V&A South Kensington and the Museum of Childhood.

Digital Design Weekend

Now in its sixth year, the Digital Design Weekend, 23-25 September 2016 attracted the highest attendance figures to date. It presented installations, workshops, talks and performances from over 40 artists, designers, scientists and engineers. As part of the V&A's Engineering Season, the event explored the intersections of art, design and engineering, presenting work as diverse as Storm Laboratory by Loop. pH which allowed visitors to see and experience air dynamics in a large-scale installation in the John Madejski Garden to prototyping events with collaborators from the Met Office Informatics Lab, BBC R&D and Open University.

Graphic Gathering

For this year's annual V&A design challenge for secondary schools, held on 16 September 2016 and 3 October 2016, the Schools team delivered an exciting live brief in partnership with BBC Radio 1. The brief was to design digital assets to promote the BBC Radio 1 playlist on Radio 1's social media accounts and asked the students to consider how art, music and design are intrinsically linked. After a successful teachers' event, we launched the project to students, with a creative research day and industry briefing. The day included artist-led sessions and visits to selected exhibitions and permanent collections for inspiration. The project was judged in early December 2016 with four overall winners announced at a presentation evening on 20 January 2017.

Family Art Fun

71,610 people took part in family events across the year. Activities were designed around major exhibitions and displays as well as more general themes such as 'play'. Over the course of the year, 18 new making activities were devised and 12 new Pop-up Performances took place.

Events were part of many national festivals and campaigns from the Family Arts Festival to Refugee Week.

Japan Festival for Families

Marking the opening of the Toshiba Gallery, the Japan Festival attracted the biggest audience for any one-day V&A cultural event. Held on 1 May 2016, with involvement from The Embassy of Japan in London and the Japan Society of the UK, highlights included performances by the Masuda String Puppets (with the V&A staging the first-ever performance outside of Japan), Taiko Drumming, Koto Music and Nihon Buyo Dance. Activities included making Samurai helmets and origami, and curator-led demonstrations on dressing a Samurai in armour and the formal Kimono. 14,516 visitors took part, of whom 6,818 were under 18.

Our Studio

The Museum of Childhood launched a pilot programme called Our Studio. It ran through the summer of 2016 providing an opportunity for children aged 4-12 to take part in a series of workshops, performances and activities delivered by artists, musicians, theatre companies and makers which were themed around the concept of "co-production" with the public, using the Museum's collection and building as resources for collaborations. The public's work was exhibited in the Museum.

Providing education and training

The V&A offers education and training opportunities to teachers, university tutors and school students as well as those working in creative industries and museum professionals.

Creative Quarter

The V&A's annual careers event for Secondary Schools, held on 18 November 2016, offered students the chance to hear from leading names across the Creative Industries, including fashion designer Christopher Raeburn, Glastonbury Festival, Make Architects, Wicked the Musical, Brody Associates and Framestore. Hands-on activities included festival stage design, digital animation, ceramics, architecture and graphic design.

Drop-in activities included automobile design with Bentley Motors, One Minute Briefs and an interactive installation, 'Imagined Landscapes', designed and delivered by graphic-designer Bethan Durie.

Making It: Careers in Art & Design

Co-curated by the V&A's youth collective, this large-scale free event for young people aged 16-24, held on 11 March 2017, aimed to showcase and promote opportunities in the creative industries through talks, workshops, demonstrations and advice stops. With 36 separate events, this year was our largest and most popular programme to date.

Highlights included Framestore talking about their Oscar-winning work with visual effects, Scarlett Conlon, News Editor at Vogue, talking about Fashion Journalism, and Cockpit Arts showcasing their new apprenticeship scheme.

Learning Academy

2016-17 has seen the introduction of a year course on textiles from September 2016, new evening and weekend courses, expansion of international training, a new UK day course programme, the launch of the technician's diploma, a new series of yoga events and the expansion of Private Guided Tours. Some of this year's most popular courses included London Life and Times, 19th and 20th-Century Jewellery and the Arts of the Byzantine Empire.

Creating equality and diversity

We aim to integrate diversity and equality into everything that we do. We run a range of programmes and activities that are reflective of the diversity of our collections and of society.

African Heritage Volunteer Tours: Europe 1600 - 1815 Galleries

Our African Heritage Volunteer tours, which ran from 13 January to 12 March 2017, were specialist and structured tours revealing the extraordinary Afro-European narratives within the new Europe galleries. They were researched, written and presented by volunteer guides.

The Sackler Lecture 2016: Theaster Gates

The Sackler Lecture celebrates the legacy of the Museum's founding director Henry Cole and explores implications for museums, culture and society today. This year's lecture was given by Theaster Gates, a celebrated African-American artist, urbanist and activist whose socially-driven practice engages critically with educational and museological practice. He explored the material culture of the axe from tool for survival to ceremonial artefact, questioning the role of the artist to provoke questions of museums, archives and audiences.

Special Education Needs days

An independently-funded programme involving a one-day-a-term Quiet Day is held at the Museum of Childhood to accommodate children and young people from special schools and units who might find the noise of a regular day at the Museum challenging. Specialists are on hand to support activities on Quiet Days. Specially designed resources are also available to support children with special education needs making mainstream school visits.

LGBT Hub Status/LGBTQ Tours

The V&A has a strong track record in supporting the LGBTQ community and was proud to be granted Hub Status' for LGBT History Month in February 2017. Our volunteer guides recently won an innovation award at the London Volunteers in Museums Awards for their popular LGBTQ tours, which highlight LGBTQ stories hidden within objects across the collection and aims to explore the presence of LGBTQ communities within different time periods and cultures.

Training for Front of House Staff

Front of House staff continue to undergo special training in providing support and assistance in the South Kensington Museum for visitors with autism and dementia as well as specialist Families Training.

Future Activity

There are many projects planned for the coming year as we prepare for the opening of the V&A Exhibition Road Quarter. Current priorities include implementing the results of the wayfinding research.

We will increase the number of Front of House volunteers and are seeking to attract as diverse a group of people as possible. They will be provided with in-depth training on the collections, the building and on how to provide a welcoming visitor experience.

Learning programmes on art, design, architecture and engineering will take place for schools, families, young people and community groups.

With the completion of the V&A Exhibition Road Quarter the final phase of FuturePlan will take place which includes the redevelopment of the North East Quarter of the museum. The Museum is producing an execution strategy for phase one (South Courts) of the NEQ masterplan with construction and property consultants Gardiner and Theobald. In parallel, timings and costings are being planned. An initial outline of the curatorial themes for this redeveloped area is being developed.

The V&A is also beginning plans to refresh the Museum of Childhood. The focus will principally be on the way the collections are interpreted and will reconsider the environment in which the Museum is hosting learning. The primary concern will be to deliver a creative space for children and young people.

2. FOCUS AND DEEPEN THE RELEVANCE OF OUR COLLECTIONS TO THE UK CREATIVE AND KNOWLEDGE ECONOMY**Applying research and expertise**

Research has always been embedded in the V&A's culture. Our staff continue to engage in a range of research activities across the fields of art, design and performance, conservation, collections management and object-led learning placing the Museum's work at the heart of the knowledge economy. We work with a broad group of colleagues at other cultural organisations and in academia on research projects, publications, exhibitions and events. Additionally, we maintain a programme of exchanges with universities and museums in the UK, Europe and North America and offer visiting research fellowships supporting postgraduate researchers.

V&A Research Institute (VARI)

In 2016 the V&A Research Institute (VARI) launched following a successful pilot the previous year. VARI is a programme of research and teaching partnerships that will enhance access to our collections and develop new approaches to research, training, display and interpretation. It is a transformational project that sets out to foster new forms of collaboration between experts in curation, conservation and collections management; academics from across the humanities, social sciences and sciences; artists, designers and performers; and pioneers in the field of research administration. There are four open projects designed to foster experimentation and innovation in core areas of the Museum's activities including: Collections Access and Display Fellowships; Digital Collections Fellowships; Public Engagement Postdocs and Artists' Residencies. VARI is currently supported by The Andrew W. Mellon Foundation.

PhD researchers

The V&A works with higher education institutions across the UK on collaborative PhD projects, helping to train a new generation of scholars working in the academic and heritage sectors. Institutions we work with include University College London and the Royal College of Art as part of the AHRC Collaborative Doctoral Partnerships. PhD researchers help us to learn more about our collections, and to share them more widely and effectively.

The Centre for Childhood Cultures

A new research centre, in partnership with Queen Mary, University of London was launched in 2016-17 by the Museum of Childhood to form the Centre for Childhood Studies. This is the formalisation of a relationship that has existed for the past eight years that creates an academic centre to study the

subject areas relating to the Museum of Childhood and its collections. The collaborative PhD 'Adventures in the City: the Politics and Practice of Adventure Play in Urban Britain, c.1955-97' began October 2016.

Exchange Programme

We have continued to collaborate with fellow museums and universities both in the UK and overseas through a programme of staff exchanges. Highlights include exchanges with the Metropolitan Museum of Art, New York, on provenance research and on the conservation of textiles and with Staatliche Kunstsammlungen Dresden on plaster cast conservation.

VARI Visiting Scholars

We provide a number of non-stipendiary visiting fellowships to allow scholars from across the world to carry out specific programmes of research related to the V&A and its collections, whether as part of an exhibition or publication project, or as an independent project that supports the development of knowledge about our collections and work.

As part of VARI, the Museum has invited muf architecture/art, Liza Fior and Katherine Clarke, for a yearlong research residency to imagine how to make research visible and to rethink ways to encounter the collections at V&A East, the V&A's planned involvement as part of the cultural and educational district in the Queen Elizabeth Olympic Park. This has been supported by The Andrew W. Mellon Foundation.

Residencies

Over the past year the V&A has continued to serve as a source of inspiration for creative practitioners through our residency programme, which hosted seven residents across different disciplines ranging from sound art to ceramics and photography, engineering to sculpture. The residents responded to the Museum's collections and history thereby directly contributing to the creative economy through shaping the artists' work.

The residency programme continues to maintain an international reach. We have hosted our first V&A Goethe resident in association with the Goethe-Institut who is a photographer, as well as a ceramic artist from Finland. We have also hosted the Jameel Prize Resident from Lahore, in partnership with Art Jameel and an architectural resident from Bangladesh.

The programme has continued to diversify its funding base, encompassing private donors, cultural institutions, corporate sponsors and UK and international foundations.

The V&A Goethe Photography Resident, Helmut Völter, used his residency at the V&A to explore the collection and his interest in the role of the photographic image within history, media, art and science. During his residency he designed a number of displays in galleries not usually used for showing photographs to explore the multiple meanings of images. Pauliina Pöllänen created a new body of work including a piece that stood in the Medieval and Renaissance Galleries as a response to stone fountains and Della Robbia's terracotta roundels. Design engineer and biotechnologist Julian Melchiorri used the 2016 Engineering Season at the V&A to explore the latest advancements in biotechnology and how they can be applied to everyday objects and architecture. This work has progressed alongside his development of the first 'synthetic leaf' that can convert carbon dioxide into oxygen.

Fashion in Motion

Fashion in Motion is a series of live events presented against the unique backdrop of the V&A's Raphael Gallery. Featuring established and emerging designers, the event makes the exclusive spectacle of catwalk shows and fashion presentations available to a wider audience, and hopes to inspire the next generation of designers. Three designers were featured in 2016-17:

Christopher Raeburn

British fashion designer, Christopher Raeburn is renowned for his unique and innovative approach to creating menswear, womenswear and accessories. His work is defined by a distinctive aesthetic, meticulous detail and functionality rooted in bringing sustainable design to a mainstream fashion audience.

House of Holland

A graduate of the London College of Printing BA Journalism course, Henry Holland was catapulted into the fashion limelight in 2006 with his irreverent fashion groupies slogan t-shirts. In February 2008, after two seasons showing with Fashion East, House of Holland held its first solo show at London Fashion Week to critical acclaim. The event showcased the label's standout moments from its past 10 years.

Inspired by Balenciaga

In conjunction with the V&A's forthcoming 'Balenciaga: Shaping Fashion' exhibition, Fashion in Motion presented 15 outfits designed by Central Saint Martin's students inspired by the archives of the Cristóbal Balenciaga Museum. Visitors also had the opportunity to speak to the designers about their work.

Realising national engagement

The V&A is committed to providing the best possible physical and intellectual access to its collections. The Museum lent objects from its collection to more venues around the UK than any other institution, lending 2,199 objects to 263 venues in the UK. V&A staff provide training and advice to government bodies, museum colleagues and the public as well as many other organisations across the world, and have given their opinions on more than 800 objects during 2016-17. They are actively involved in subject specialist networks and serve on boards and committees. The V&A works collaboratively with UK museums and universities, local authorities, charities, schools and community groups in a variety of ways, from formal arrangements to flexible agreements.

V&A Museum of Design, Dundee

The V&A Museum of Design, Dundee will be Scotland's first museum dedicated to Scotland's design heritage. It will also take important international exhibitions from the V&A to Scotland. Due for completion in 2018, construction has proceeded during the year and detailed plans are being made for the delivery of the exhibition, display and public engagement programmes, taking into account the V&A's five-year strategy.

The pre-opening programming during 2016-17 included 'Design Your Own Time Capsule'. These free workshops gave children and their families the chance to work together to become designers of the future. The workshops included activities with designers to design a car, house or fashion item.

The Arts Council England / V&A Purchase Grant Fund

The ACE (Arts Council England) / V&A Purchase Grant Fund, managed by the V&A with a grants budget from ACE, supports high-quality acquisitions by regional museums, archives and specialist libraries. The fund raises the quality of regional collections and their care and access, and is a conduit for the advice and expertise of V&A staff and its other advisers.

In 2016-17 ACE allocated an annual budget of £750,000, which together with an additional sum carried forward from 2015-16, gave a total budget for the year of £905,708. The Fund engaged with 97 different organisations throughout England and Wales and awarded 123 grants of £876,840, enabling purchases costing more than £3 million to go ahead, a gearing of 29 per cent. Objects acquired ranged from a neon light installation by Joseph Kosuth by the Grundy Art Gallery, Blackpool to a Roman coin hoard acquired by Brading Roman Villa on the Isle of Wight.

Curator training partnerships

With financial support from the Art Fund and the Foyle Foundation, we have developed a first-class training opportunity for two emerging curators in photograph curatorship, arranged in partnership with Nottingham Museums and Museums Sheffield. Each trainee spent six months at the V&A as an assistant curator in the photography section of the Word and Image Department and six months with the regional partner working to catalogue and improve access to each museum's photography collection.

In May 2016, the second trainee began her secondment at Museums Sheffield where she updated and developed the information held on the museum's contemporary photographs, from which she curated the display 'Street View: Photographs of Urban Life' held at the Graves Art Gallery in October 2016.

Partnerships

V&A staff share expertise in many different ways, from formal advice to Government bodies to individual enquiries from regional colleagues and members of the public. In 2016-17, curators gave formal advice to Arts Council England and the Heritage Lottery Fund on 1,392 objects.

Staff across the Museum are actively involved in several subject specialist networks, because they are an excellent way of sharing knowledge and expertise and connecting with colleagues working in similar collecting areas. The Posters Network, run through the V&A, is undertaking a project on collecting digital posters, with the aim of helping collections across the country to meet the challenges of collecting in this area and establishing best practice. Staff sit on the steering group of the Photography Collections Network, the new subject specialist network for photography.

The V&A has also been working with Culture Coventry at the city's Transport Museum and The Herbert and with Nuneaton Museum on a joint schools programme to increase the number of school pupils visiting museums, which over the 4 years of the programme has exceeded the targets set by the funders, the Department for Education. We are working with Culture Coventry on the development of an exhibition to be held at the Herbert Art Gallery and Museum in October 2017: 'The Arts of the Punjab' to mark the 70th anniversary of Partition in India.

National touring exhibitions

In 2016-17, 7 exhibitions toured to 7 venues, attracting 199,727 visitors.

Title	Venue	Dates	Visitors
Recording Britain	Towner Gallery, Eastbourne	05/02/16 – 26/06/16	23,465
War Games	Plymouth City Museum, Plymouth	06/02/16 – 18/06/16	20,608
Halfway to Paradise: The Birth of British Rock	Time and Tide Museum, Great Yarmouth	19/03/16 – 02/10/16	20,821
Vivien Leigh: Public Faces, Private Lives	Nymans, West Sussex	01/06/16 – 04/09/16	47,523
Shoes: Pleasure and Pain	The Bowes Museum, Durham	11/06/16 – 09/10/16	33,679
A World To Win: Posters of Protest and Revolution	William Morris Gallery, London	08/10/16 – 15/01/17	29,078
Clangers, Bagpuss & Co	Burton Art Gallery, Bideford	05/11/16 – 22/01/17	24,553

Loans highlights

In 2016-17 the V&A lent 1,380 objects to temporary exhibitions at 125 UK venues and 105 venues overseas. Additionally, 1,485 long-term loans supported permanent displays at 138 venues in the UK and 9 venues overseas.

	Short Term	Long Term
Number of objects	1,380	1,485
Number of UK venues	125	138
Number of overseas venues	105	9

Acquisition highlights

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

The V&A currently has 2.32 million objects, library items and archives in its collections. In 2016-17, 10,102 items were added to the collection, with a total value of £6.0 million. Of this, the cost of objects purchased was £1.9 million, made possible by funding largely from external sources, including generous support from the Art Fund, Friends of the V&A, National Heritage Memorial Fund, and private donors. The value of objects donated, either directly or via the Acceptance in Lieu scheme, was £4.1 million.

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.

The continued acquisition of historical objects adds to the overall understanding of the collections and helps to re-evaluate established interpretations of particular periods, styles or an artist's or designer's work.

Highlights include:

- *Nonsuch Palace from the South* by Joris Hoefnagel
- Moulded plywood chair by Grete Jalk
- Lexibook Junior Powernet by Lexmark
- The Prada wardrobe of design critic Alice Rawsthorn
- Almeida Theatre Company Archive
- Tommy Cooper collection

- Pair of painted enamel plaques by Charles Lepec
- Bust of Ranieri Tommasi by Michel Enrico van Lint
- Design model for Bourbon Canady HQ, Kashiwazaki, Japan by Shuei Endo
- Rapid Response collecting: Burkini and Refugee Nation flag

Future activity

The Museum will be planning for V&A East, in Queen Elizabeth Olympic Park, devising innovative ways to increase access to the Museum's collections with a new purpose-built open-access storage and study facility. The projects and fellowships funded through the V&A Research Institute (VARI) will also provide a laboratory for new approaches to access and interpretation of objects.

The Museum will also be continuing work on the V&A Museum of Design, Dundee and planning for its opening in 2018. The V&A Museum of Design, Dundee will be an international showcase of design highlighting the story of Scottish design using pieces from the V&A collection and objects from across Scotland. It will be the first time this part of the national story is told to a public audience.

3. EXPAND THE V&A'S INTERNATIONAL REACH, REPUTATION AND IMPACT

V&A staff operate globally through institutional partnerships, consultancy, touring exhibitions and skill-sharing initiatives. This activity benefits the Museum by enriching its knowledge and expertise, attracting new audiences, generating income and building reputation and brand.

An on-going engagement with the Chinese cultural and creative scene

As part of the V&A's pioneering partnership with China Merchants Shekou Holdings, the V&A is founding partner of the Design Society Foundation based in Shekou. Within Design Society there will be a V&A Gallery devoted to international design drawn from the V&A collections alongside a temporary exhibition space. In 2016 the exhibition contractor was appointed in Shekou and work is well underway in preparation for launch.

The training of Design Society staff is ongoing. On 22 March 2017, the V&A and Design Society announced the plans for the first exhibition, 'Values of Design' to take place in Shekou, Shenzhen in October 2017.

The V&A Shekou team led the launch of Design Society's first designer-in-residence project. Part of the British Council's 'Hello Shenzhen', it will develop a new learning and events programme for schools and children with special needs. The presence of the V&A in China is connecting the British and Chinese creative communities.

Partnership with La Biennale di Venezia

The V&A entered into partnership with La Biennale di Venezia. The 15th Venice Architectural Biennale was held 28 May – 27 November 2016, the world's largest and most important architectural forum. The collaboration led to 'A World of Fragile Parts' an exhibition exploring the threats facing the preservation of global heritage sites and how the production of copies can aid in the preservation of cultural artefacts. As part of the partnership, the V&A launched the first La Biennale Summer School, a joint venture with La Biennale di Venezia and the University of Applied Arts Vienna. The inaugural programme, 'Cognitive Adventures in the Digital Age: The Future of Creation and Preservation' looked at the role of technology in cultural creation and how scientific thinking and creative process might change the rules of social life, politics and economics.

International training

The 'Creating Innovative Learning Programmes' course took place through the year (July 2016 and November 2016) with delegates attending from the following countries: Azerbaijan, Australia, Belgium, Finland, Guatemala, Hong Kong, Italy, Oman, Qatar, Singapore, Spain and Switzerland. Feedback was very positive with 100% of the participants saying they would recommend the course.

The first Enterprising Museum course was held during the week of 11 July, and was highly successful with all participants evaluating the week as "good" or "excellent", with their expectations "met" or "exceeded".

Culture in Crisis programme

This new programme brings together institutions with an interest in protecting cultural heritage. It provides a forum for sharing information, inspiring and supporting action and raising public awareness. On 11 April 2016 the Institute for the Preservation of Cultural Heritage, Yale University, in collaboration with the V&A, under the patronage of UNESCO, hosted a satellite event to the UN Global Colloquium of University Presidents at Yale University. This conference, the second annual instalment for the Culture in Crisis programme, focused on the ongoing destruction and loss of cultural heritage in North Africa and the Middle East. The V&A and the Yale Institute for the Preservation of Cultural Heritage, in collaboration with the National Museums of Rwanda and the Museum für Naturkunde in Berlin are preparing for a major international conference to be held in Kigali, Rwanda, in 2017.

Overseas visitor marketing strategy

The V&A has embarked on a new tourism marketing initiative to increase the number of overseas visitors to the Museum and to unlock the potential from growing tourism markets. As part of this, the V&A hosted an event for colleagues from Visit Britain.

V&A international touring exhibitions 2016-17

In 2016-17, the V&A sent 10 exhibitions to 14 overseas venues in 9 countries.

<i>Title</i>	<i>Venue</i>	<i>Dates</i>	<i>Visits</i>
Horst: Photographer of Style	NRW Forum, Dusseldorf	12/02/16 – 22/05/16	36,043
	The Dali Museum, St Petersburg, Florida	02/07/16 – 06/09/16	66,955
Julia Margaret Cameron	Fundación MAPRE, Madrid	17/03/16 – 15/05/16	13,526
	Mitsubishi Ichigokan, Tokyo	02/07/16 – 19/09/16	39,235
Five Truths	Theatre Museum, Vienna	21/04/16 – 31/10/16	16,698
	Electro-Stanislavsky Theatre, Moscow	26/01/17 – 26/04/17	N/A
Small Stories: At Home in a Dolls' House	National Building Museum, Washington DC	21/05/16 – 22/01/17	65,720
Italian Style: Fashion since 1945	Musée McCord, Montreal	26/05/16 – 25/09/16	36,671
A World of Fragile Parts	La Biennale di Venezia	28/05/16 – 27/11/16	N/A
Jameel Prize 4	Pera Museum, Istanbul	08/06/16 – 14/08/16	12,716
David Bowie Is	MAMbo, Bologna, Italy	14/07/16 – 13/11/16	131,811
	Terrada Warehouse, Tokyo	08/01/17 – 09/04/17	120,000
Curtain Up: Celebrating 40 Years of Theatre in London and New York	New York Public Library for the Performing Arts, New York	28/10/16 – 30/06/17	N/A
Shoes: Pleasure and Pain	Peabody Essex Museum, Salem	19/11/16 – 12/03/17	85,000
Total			624,375

Future Activity

The Museum will continue to build on the success of our national and international touring exhibitions, leveraging the opportunity to build museum relationships globally. The V&A's particular international focus for future years will be on building our relationship with China through the collaboration with the Design Society in Shekou, Shenzhen. With exhibitions from the V&A planned through to 2019 this will be a key platform for consolidating the Museum's international reach.

Culture in Crisis will also expand its programme, prioritising the principles of heritage conservation as a branch of the post-conflict recovery of a nation furthering the Museum's international connections in this vital work.

4. SHOWCASE THE BEST OF DIGITAL DESIGN AND DELIVER AN OUTSTANDING DIGITAL EXPERIENCE

Digital Experience

2016-17 saw the results of a radical approach to the digital estate to bring it in line and ensure that the V&A's online presence did justice to the V&A brand. This included:

- Audience research
- Development of a new Content Management System (CMS)
- Rebuild of the website

The V&A digital media team and product innovation consultancy Made by Many undertook six months of research and strategic planning incorporating detailed analysis of online behaviour that resulted in an editorially-focussed website to inspire more people to visit the Museum. The central tenet was to design the online experience around the needs of the audience and their behaviour. The majority of online visits comes from general visitors so they became the priority audience online.

The dedicated CMS was built from scratch to deliver a more efficient and flexible way of handling editorial that can be used by anyone in the Museum. The front end of the website was overhauled to improve user experience and deliver a digital world in line with the Museum's brand. Where an uploading job had taken an hour, following the rebuild it took a quarter of the time – freeing up time to consider content, purpose and management.

The result of the research and rebuild has been an improved web performance that has been facilitated by the dedicated CMS with visitors spending 20 per cent more time on the website looking at 30 per cent more pages compared with last year. With over 14 million visitors the website provides the largest audience for the V&A. The website won the International Design Communication Awards 2016.

Online shop

The design principles of the website were applied to the online shop to ensure that the online shopping experience felt like it was part of the same family as the other parts of the digital estate. The shop was successfully redesigned to achieve this. The online shop also saw the launch of Custom Prints, an online print on demand service which is showing steady growth.

Digital design

As part of the Collecting Europe project, a festival held from 1 February 2017 to 7 February 2017 exploring the debate around the future of Europe in conjunction with the Goethe-Institut London, the V&A worked with digital agency The Beautiful Meme, on a digital experience or game that drew on some of the key themes around Europe and what it might be in 2,000 years' time. In it we posed a series of questions that assessed individuals' beliefs and relationship with the idea of Europe, building a unique 'blob' or avatar that changed shape to reflect the 'player's' response to these questions. It was designed to be a compelling way to allow users to visualise complex themes.

Collections

This year has seen 35,000 object and 8,000 archive images made available online and updates to the Search The Collections and Search The Archives content increased to daily delivery. During this year a new programme of digitisation has commenced for complex objects stored at Blythe House.

Social media

Social media is integrated across V&A marketing and communications and followers across the social channels continue to grow exponentially. Between April 2016 and March 2017 the V&A's Twitter account saw a 25 per cent growth in followers while followers on the V&A's Facebook page increased by 14 per cent. Instagram, which has been tracked since Nov 2016 saw a 23 per cent increase in followers (between Nov 2016-April 2017). In 2016-17 the V&A set up and integrated new channels: Facebook Live and Snap Chat, as well as reactivating the Periscope account in order to generate live content and to reach and engage with broader UK and international audiences.

Customer Relationship Management (CRM)/E-commerce

The CRM platform has been enhanced to manage membership and development administration, allowing an increased visibility on the history and preferences for our visitors and members as well as reducing manual effort. Improved email marketing processes using this information is now ensuring that our members and visitors are receiving relevant information of the offerings at the appropriate times, reducing the cost of communications and providing an improved experience. A new version of the What's On online ticketing platform has been implemented and now provides a seamless experience for visitors to buy tickets and merchandise from the main V&A website. The CRM database is now the core source of visitor and member information and is used for reporting across all areas of the organisation.

Future Activity

Having successfully introduced a new user experience to the website the digital media team is now turning its attention to other areas of V&A digital real-estate. Their first focus will be the 'Search the Collections' database which allows anyone to search the collection of the V&A online. It will be the next area of the V&A's digital presence to be reinterpreted to bring it into line with a 21st-century vision of the V&A.

5. DIVERSIFY AND INCREASE PRIVATE AND COMMERCIAL FUNDING SOURCES

Private fundraising

During a successful period of fundraising, a total of £26.2 million was raised directly for the Museum. Included in this figure, following another profitable year, the Friends of the V&A were able to make a contribution of £2.6 million to the Museum. During this period a motion to merge and unify the activities and administration of the Friends with those of the Museum was successfully passed by Friends' Members at the Annual General Meeting. The merger took effect from 1 April 2017.

Of the overall income, £16.2 million was raised towards FuturePlan, the V&A's ongoing major capital programme. We received many generous gifts from trusts, foundations and individuals towards the second phase of the Cast Courts project. Due for completion in autumn 2018, this project will see the restoration of the West Court, Central Gallery and Top Gallery, together with the conservation and reinterpretation of the V&A's casts. We also began an ambitious campaign to establish a Photography Centre following the incorporation of the Royal Photographic Society's collection into the V&A's collection. The first £1 million pledge was secured towards this £7.5 million two-phase project due for completion in 2022. Fundraising also continued for the Exhibition Road Quarter and several substantial gifts were received in 2016 to close the funding gap.

The exhibitions programme once again attracted significant funding from both existing and new supporters. 'Botticelli Re-imagined' was the first of two major exhibitions in consecutive years to be sponsored by long-term V&A Corporate Patron, Société Générale. Levi's® lead sponsorship for 'You Say You Want a Revolution? Records and Rebels 1966–1970' was Highly Commended at the UK Sponsorship Awards 2017 and Sennheiser's support for the sound experience of the exhibition enables its international tour. Corporate Membership continued to grow, exceeding the year's target and the Museum's venue hire business again met its ambitious income target of £1.6million.

Thanks to generous support from trusts, foundations, the National Heritage Memorial Fund and the Art Fund, we secured several acquisitions for the V&A, including Hoefnagel's Nonsuch Palace from the South. Important acquisitions were also made possible thanks to the support of the Photographs Acquisition Group. Membership of the Director's Circle continued to grow and provided vital unrestricted income for the Museum. An exciting new programme, Young Patrons' Circle, was launched in October 2016 exceeding expectations and engaging a new, younger audience.

We continue to be grateful to the many generous individuals and organisations that have supported us over the past year.

Future activity

We recognise the increased need for financial resilience. Through capital fundraising we will ensure that we are able to invest in the third phase of FuturePlan over the years ahead. We will prioritise the growth of our endowment fund to support our permanent collections and scholarly activities as well as exploring additional streams of revenue fundraising.

Commercial

Commercial activities produced a total operating profit of £4.8 million through on-site retail, online, publishing, catering and brand and image licensing. While this was lower than 2015-16's record year it represents a solid result with particular areas, such as events and education and licensing, increasing.

Exhibitions such as 'You Say You Want a Revolution? Records & Rebels 1966-1970' were remarkable commercial successes supported by merchandise, publishing and CD sales while more academic exhibitions such as 'Opus Anglicanum' had considerable success in catalogue sales.

A new Learning Academy launched in 2016 offering a wider range of programmes, courses and workshops. This launch has seen turnover from Education increase by £867,000 to £1,065,000.

The V&A's publishing partnership with Thames & Hudson is now fully operational. There has been considerable growth in brand licensing across Japan, China, Korea and USA with an increased income of £1,345,000, compared with £1,151,000 the previous year. 2016-17 was a record year from location hire for both film and TV with series such as the The Halcyon using Blythe House as its main location.

Future Activity

Commercial plans for 2017-18 are ambitious and varied. They centre on the successful delivery of 'Pink Floyd: Their Mortal Remains'. We are testing a new financial model for the presentation of public programming where the production and marketing costs are borne by a producer. This is less risky but still profitable and preserves considerable upside from the secondary markets such as merchandising.

Additional information

Performance indicators

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

	2016-17	2015-16
Number of visits to the Museum	3,439,800	3,929,800
V&A South Kensington	3,000,000	3,460,500
V&A Museum of Childhood	433,400	462,600
V&A Blythe House	6,400	6,700
No. of children aged 16 and under attending Museum sites	486,700	550,000
V&A South Kensington	326,800	372,500
V&A Museum of Childhood	159,900	177,500
No. of facilitated and self-directed visits to the Museum by children under 18 in formal education	114,700	120,900
V&A South Kensington	68,800	81,100
V&A Museum of Childhood	45,900	39,800
No. of instances of children under 18 participating in onsite organised activities	159,500	151,300
V&A South Kensington	83,500	73,600
V&A Museum of Childhood	76,000	77,700
Number of instances of adults aged 18 and over participating in onsite activities at the Museum	258,500	241,600
V&A South Kensington	221,200	197,500
V&A Museum of Childhood	37,300	44,100
Number and % of visits by UK adult visitors aged 18 and over from National Statistics-Socio Economic Classification (NS-SEC) groups 5-8	175,700 15% of UK adults	188,400 10% of UK adults

	2016-17	2015-16
V&A South Kensington	108,000 8% of UK adults	132,100 10% of UK adults
V&A Museum of Childhood	67,700 21% of UK adults	56,300 17% of UK adults
Number of % of visits by UK adult visitors aged 18 and over from an ethnic minority background	345,700 21% of UK adults	392,000 20% of UK adults
V&A South Kensington	240,100 18% of UK adults	275,000 17% of UK adults
V&A Museum of Childhood	105,600 29% of UK adults	117,000 35% of UK adults
Number of unique web visits	12,588,000	11,718,200
% of visitors who would recommend a visit		
V&A South Kensington	99%	99%
V&A Museum of Childhood	100%	99%
Number of UK loan venues	263	273
Number of loan venues (UK & Overseas)	378	383
Self-generated income	£55,103,000	£59,050,000

<i>Performance indicator</i>	2016-17	2015-16
Admission income	£5,891,000	£7,699,000
Trading profit	£5,269,000	£8,045,000
Total contributed income	£32,493,000	£40,715,000
Of which donated objects	£4,122,000	£2,814,000
Contributed income as % of baseline GiA	81%	110%

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 per cent of the issued share capital of V&A Enterprises Ltd (VAE), which carries out trading operations on behalf of the Museum. In respect of profits earned for the year ended 31 March 2017, VAE will contribute £4.8 million (2016: £7.8 million) to the Museum as a distribution under Gift Aid. The Museum also owns 100 per cent of the issued share capital of V&A Holdings Ltd which in turn owns 100 per cent of the issued share capital of V&A Ltd. There was no trading activity undertaken by V&A Holdings Ltd during the year. V&A Ltd undertakes consultancy work on behalf of the Museum and contributed £443,000 to the group (2016: £243,000) in the year. A further wholly owned subsidiary, V&A Museum Events Ltd, which undertakes certain fundraising activities in support of the Museum's charitable objectives is also part of the group. There was no trading activity undertaken by V&A Museum Events Ltd during the year (2016: £266,000 contributed to the V&A Foundation). Further details are given in note 8 to the Accounts. 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. As noted on page 69, this charity merged with the V&A on 1 April 2017.
- The Gilbert Trust for the Arts (charity no. 1055853). The V&A manages the Trust's collections under a long-term agreement; the Trust has a minority of its Trustees appointed solely 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. In the year ended March 2017, the Foundation made grants to the Museum of £11.1 million (2016: £8.2 million).

All these charities are 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

In the final quarter of the year, the success of 'You Say You Want a Revolution? Records & Rebels 1966–1970' had a positive impact on income from ticket sales and commercial activities, helping generate an operating surplus that will allow us to deliver further investments in our infrastructure. This is a good result in light of the impact of weaker than expected domestic tourism on overall visitor numbers, and reflects strong cost control.

Total government funding was £40.3 million (2016: £37.2 million), reflecting a one-off increase in our core allocation and additional funds for our planned move from Blythe House.

This outcome is reconciled to the Statement of Financial Activity (see page 38) below.

Reconciliation of Operational Result to SOFA

	<i>Operational activity</i>	<i>Designated activity</i>	<i>Restricted activity</i>	<i>Endowments</i>	<i>Fixed assets</i>	<i>Heritage assets</i>	<i>Total activity</i>
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Opening reserves	5,316	16,468	1,614	6,112	461,518	90,573	581,601
Grant in Aid	35,193	-	230	-	4,834	-	40,257
Donated assets	-	-	-	-	-	4,122	4,122
Self-generated income	29,629	-	21,275	-	-	-	50,904
Investment income	(8)	25	60	-	-	-	77
Running costs ¹	(62,865)	(1,624)	(3,292)	(49)	-	-	(67,830)
Depreciation ²	-	-	-	-	(12,152)	-	(12,152)
Increase in assets	(2,131)	(2,855)	(14,458)	-	17,559	1,885	-
Gains on investments	-	1,366	237	592	-	-	2,195
Loss on revaluation of fixed assets	-	-	-	-	(1,799)	-	(1,799)
Closing reserves	5,134	13,380	5,666	6,655	469,960	96,580	597,375
Movement for the year	(182)	(3,088)	4,052	543	8,442	6,007	15,774

¹ Included within operational activity is £83k relating to VAE depreciation.

² Depreciation relates to Museum only and includes loss on disposal

Fixed assets

Capital expenditure for the Museum in the year rose to £22.3 million (2016: £21.6 million), as work continued on FuturePlan projects. Construction work continued on the Exhibition Road project, which is due to open in June 2017, and work commenced on our new Members' Room and a full refurbishment of our main shop, while the Rosalinde and Arthur Gilbert Galleries reopened in November 2016. The depreciation charge for the year was £12.2 million (2016: £10.4 million). A desktop valuation of the V&A Estate was performed by Gerald Eve, Chartered Surveyors at March 2017; the last full quinquennial valuation was undertaken in March 2014. V&A South Kensington was re-valued at £388.5 million (2016: £399.5 million), the Museum of Childhood at

Bethnal Green at £14.8 million (2016: £15.1 million) and the V&A portion of the site at Blythe House at £8.8 million (2016: £8.5 million). As a result, the accounts show a loss on revaluation of £1.8 million (2016: gain of £63.7 million).

Heritage assets

Spend on objects for the collection amounted to £1.9 million (2016: £2.1 million) with a significant portion being funded from private donations. In addition, objects with a value of £4.1 million (2016: £2.8 million) were donated to the Museum in the year. Further detail is given in note 6c to the Accounts.

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 42 per cent of the Museum's income in the year (2015-16: 39 per cent). 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 on-going 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 £6.5 million (2015-16: £6.5 million). This target level of reserves represents three to six months of the V&A'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 2017 is £18.3 million (2016: £21.6 million: see note 15). Of this amount £6.5 million is held to meet the requirement for general reserves set out above. The remaining £11.8 million is held to provide cash flow support for FuturePlan projects, and investment in the building and IT infrastructure over the next two to three years.

Investment policy

The Trustees' Investment Policy is governed by the Trustees Act 2000 and based on a consideration of the risk, return and cash flow requirements arising from each category of funds, unrestricted, restricted and permanent endowments. The policy is currently implemented through investment in a number of portfolios managed by Partners Capital LLP. The market value of Museum investments, long and short-term, was £28.9 million at 31 March 2017 (2016: £26.8 million). 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>Actual net return (income + gain - costs) %</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 is the highest priority. Investment timeframe of 12-18 months.	1.8%	£180,160
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.	13.6%	£1,253,462
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	13.5%	£687,366
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.	-0.4%	-£9,814

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 eighteen months). The portfolios are partially protected from foreign exchange rate fluctuations through the deployment of appropriate hedging strategies. There is a target allocation to Sterling of 75% of the investment assets' value, although to account for fluctuations in the value of the investment assets, the actual allocation to Sterling is permitted to range from 65% to 85%. The composition of the 25% allocation to non-Sterling currencies comprises mainly US Dollars and emerging market currencies. All investments are made in accordance with the Museum's Ethical Investment Policy, which is reviewed annually by the Museum's Investment Committee.

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 31 days (2016: 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 £0.9 million to other organisations under the Purchase Grants Fund scheme to enable acquisitions (2016: £1.0 million, see note 5a).

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 £42,500 (2016: £44,500). Additionally, a sum of £25,385 (2016: £28,425) was paid to auditors of other entities in the group including £3,710 (2016: £3,850) for non-audit services.

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 to minimise energy use with much focus on sustainability. 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 Carbon Reduction Masterplan and the International Association of Museum Facilities Administrators (IAMFA). The 'living roof' area and the beehives continue to provide a biodiverse environment within an urban landscape, and the beehives continue to flourish.

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 ensure that its procurement activities result in contracts that are economically, environmentally and socially responsible. In conjunction with its Sustainable Development Policy the V&A strives to incorporate environmental and social considerations into its procurement practices, from supplier selection through to product and materials specifications and the rationalisation of goods, works and services. The V&A has a Sustainable Procurement Policy which was last updated in June 2016 to incorporate the latest best practice.

Key sustainability data

		Unit	2016-17	2015-16
CO ₂ emissions	Scope 1 emissions (direct)	tonnes of CO ₂	162	142
	Scope 2 emissions (indirect)	tonnes of CO ₂	4,438	4,938
	Total emissions tonnes of CO ₂	tonnes of CO ₂	5,600	5,080
Related Energy Consumption	Electricity	MWh	7,871	7,651
	Gas	MWh	5,781	5,245
	Total	MWh	13,652	12,896
Financial Indicators	Expenditure on energy	£'000	1,413	1,511
	Expenditure on official business travel	£'000	531	453
Waste	Waste sent to landfill	tonnes	-	-
	Waste recycled/re-used	tonnes	137	140
	Waste incinerated	tonnes	293	314
	Total waste disposed	tonnes	430	454
Finite Resource Consumption	Water Consumption	m ³	38,503	41,843
	Water Supply Cost	£'000	99	83

Our People at the V&A

The V&A directly employs approximately 900 people, to enable the success of the Museum by utilising and applying their considerable skill, experience and knowledge. The V&A engages its people in a programme of activities designed to keep staff up-to-date on developments and plans, improve communication between departments, solicit feedback, work together to make improvements and enable staff to understand what the Museum does and the vital role they play in its success.

Employee Engagement

The programme of activities include the Management Forum (a monthly meeting for Heads of Department to discuss current issues and exchange information), Staff meetings (run quarterly with Director's update and presentations from different Museum departments) as well as breakfast meetings with the Chairman and staff lunch meetings with Trustees. Many channels are used to communicate with staff, including regular updates to Intranet bulletins (including daily news, work and departmental information and staff contact details). 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 and also undertake formal pay negotiations.

The V&A has a full range of employment policies and procedures which enable the organisation to operate effectively and consistently, including the performance management process through which managers and their team set and monitor objectives and personal goals aligned to the V&A Strategic Plan. A range of Learning and Development activities is available for employees, to respond to individual needs as well as organisational requirements.

Employee Absence

The average amount of sick-day absence is 7.1 days (2015-16: 7.1 days). If long-term sickness (any absence over three weeks in duration) is excluded, the figure falls to 3.7 days (2015-16: 3.8 days).

Diversity

The Museum believes that commitment to principles of equality and diversity is central to creating a positive environment which makes full use of the wide range of talents and resources of its employees. The V&A has high standards and values as an inclusive, tolerant and welcoming organisation ensuring that colleagues, partners and visitors are treated with respect and dignity.

The V&A's recruitment process makes it clear that the Museum is an equal opportunities employer and the recruitment process must result in the selection of the most suitable person for the post in respect of experience, knowledge, skills and qualifications, regardless of age, disability, gender reassignment, marital or civil partner status, pregnancy or maternity, race, colour, nationality, ethnic or national origin, religion or belief, sex or sexual orientation.

The V&A policy in relation to disabled employees forms part of the Museum's Diversity Policy and we are a committed Disability Confident Employer. In our current workforce 11.4% of employees have declared themselves as having a disability.

The current ethnic profile of staff is: 74% white, 2% black, 3% Asian, 2% mixed, 2% other and 17% unstated. The gender profile is 68.5% female and 31.5% male.

Legal and administrative information

Principal Address

Victoria and Albert Museum
Cromwell Road
London SW7 2RL

Investment Advisors

Partners Capital LLP
5 Young Street
London W8 5EH

Bankers

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

Auditors-Internal

Moore-Stephens LLP
150 Aldersgate Street
London EC1A 4AB

Solicitors

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

Auditors-External

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

Trading companies

haysmacintyre
26 Red Lion Square
London WC1R 4AG

Remuneration Report

Remuneration Committee Membership

The membership of the Remuneration Committee comprised the following Trustees:

Nicholas Coleridge CBE – Trustee (Chair)

Professor Evelyn Welch – Trustee (until 25 November 2016)

Robert Glick – Trustee (from 26 November 2016)

The committee is also attended by The Director, Deputy Director & Chief Operating Officer, Director of Finance and Resources, 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. Employment contracts are either standard museum terms and conditions of employment or standard V&A Enterprises Ltd terms and conditions of employment, except where they apply to pay determination, which is subject to review by the Remuneration Committee.

At the beginning of the financial year, senior managers are set objectives based on the Museum's strategic plan. At the end of the financial year, individual performance against objectives is reviewed. Where it can be demonstrated that performance has exceeded expectations, an individual can be nominated for a bonus payment. The nominations are subject to approval by the Remuneration Committee. The Chairman of the Board of Trustees undertakes the performance assessment for the Director.

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

The committee met on one occasion in June 2016 to determine performance bonuses and the senior staff pay award.

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 Principal Civil Service Pension Scheme, PCSPS, with associated redundancy and early retirement conditions. Termination payments for staff on VAE terms and conditions are determined by 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 (page 53).

The Director's and senior managers' emoluments and pension details for 2016-17 are shown in the table overleaf. These members of staff have been included as they are the most senior members of the Museum's Senior Management Team to whom all other senior staff report. 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 Paid ⁵		Pension Benefits		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Martin Roth Director ¹	85-90	145-150	20-25	20-25	34	57	140-145	225-230
Dr Tristram Hunt Director ²	15-20	Nil	Nil	Nil	6	Nil	20-25	Nil
Beth McKillop Deputy Director & Director of Collections ³	0-5	100-105	Nil	Nil	Nil	36	0-5	135-140
Tim Reeve Deputy Director & Chief Operating Officer ⁴	115-120	110-115	10-15	10-15	67	53	195-200	175-180

	Accrued pension at pension age as at 31 March 2017 - Related lump sum	Real increase in pension at pension age - Real increase in related lump sum	CETV at 31 March 2017	CETV at 31 March 2016	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Martin Roth Director	15-20	0-2.5	291	258	26
	Nil	Nil			
Dr Tristram Hunt Director	0-5	0-2.5	3	Nil	2
	Nil	Nil			
Beth McKillop Deputy Director & Director of Collections	40-45	0-2.5	978	977	Nil
	130-135	0-2.5			
Tim Reeve Deputy Director & Chief Operating Officer	30-35	2.5-5	488	432	32
	80-85	2.5-5			

Notes

¹Martin Roth left 31 October 2016; full year equivalent salary is between £145,000 - £150,000

²Dr Tristram Hunt joined 20 February 2017; full year equivalent salary is between £135,000 - £140,000

³Beth McKillop left 8 April 2016 and the role of Deputy Director & Director of Collections has not been replaced. In April 2016, Beth McKillop received a redundancy package totalling £70,000

⁴Tim Reeve salary earned in 2016-17 included an allowance for a period as Acting Director

⁵Bonus paid relates to prior year performance

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.

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 and alpha.

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	3 (2)	2 (-)	5 (2)
£10,000 – £25,000	- (1)	1 (3)	1 (4)
£25,000 – £50,000	- (-)	4 (1)	4 (1)
£50,000 – £100,000	- (-)	1 (1)	1 (1)
£100,000 – £150,000	- (-)	- (-)	- (-)
£150,000 - £200,000	- (-)	- (-)	- (-)
Total number of exit packages	3 (3)	8 (5)	11 (8)
Total resource cost	£13,287 (£32,208)	£221,014 (£153,957)	£234,301 (£186,165)

Figures in brackets are for the 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, for individuals employed by the Museum. Where the Museum has agreed early retirements, the additional costs are met by the Museum and not the Civil Service pension scheme. For individuals employed by VAE, redundancy and other departure costs are payable in accordance with the provisions of their employment contract.

Fair Pay: based on the March 2017 payroll, the highest-earning employee is paid £138k p.a. and the median employee c. £27k. The ratio between these is 5.1 (2016: 6.8). During the year 2015-16 Martin Roth received a 2014-15 performance related bonus. Dr Tristram Hunt assumed his post on the 20 February 2017 so did not receive a 2015-16 performance related bonus.

Off-payroll appointments

<i>All off-payroll engagements as of 31 March 2017, for more than £220 per day and that last for longer than six months</i>	
No. of existing engagements as of 31 March 2017	5
No. that have existed for less than one year at time of reporting	4
No. that have existed for between one and two years at time of reporting	–
No. that have existed for between two and three years at time of reporting	–
No. that have existed for between three and four years at time of reporting	1

<i>All new off-payroll engagements, or those that reached six months in duration, between 1 April 2016 and 31 March 2017, for more than £220 per day and that last for longer than six months</i>	
No. of new engagements, or those that reached six months in duration, between 1 April 2016 and 31 March 2017	4



Dr Tristram Hunt
 Director and Accounting Officer
 6 July 2017



Nicholas Coleridge CBE
 Chairman of Trustees
 6 July 2017

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 on an accruals basis 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 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 and for safeguarding the V&A's assets, are set out in Managing Public Money published by HM Treasury.



Dr Tristram Hunt
Director and Accounting Officer
6 July 2017



Nicholas Coleridge CBE
Chairman of Trustees
6 July 2017

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 Department for Culture, Media and Sport (DCMS), and is a charity exempt from registration under the Charities Act 2011. As an exempt charity it is regulated by 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 DCMS as Accounting Officer.

DCMS drew up a Governance Framework Agreement in consultation with the V&A which was agreed in February 2017. This document sets out the broad framework within which the V&A operates.

Board of Trustees

The V&A Board is a body corporate with between 12 and 20 members. At 31 March 2017 there were 18 Trustees. Nicholas Coleridge CBE is the Chair of the Board of 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.

The governance framework of the V&A, including information about the Board's committee structure, its attendance records and a summary of its work are set out in this statement.

During the year one Trustee retired from the Board, and four new Trustees were appointed. One Trustee stepped down following the year end.

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

Trustee Appointment & Induction

Appointments to the V&A Board of Trustees, including that of the Chair, 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 Chair 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 Director, Dr Tristram Hunt. 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 the 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 12 committees. Details of their scope and structure are given in Table B. Updates from V&A Enterprises Board meetings are also reported to Trustees via the Commercial Strategy Committee.

Board Performance

During this year, Martin Roth stepped down as Director on 31 October 2016. The Board appointed Tim Reeve as Acting Director, from 1 November 2016 to 19 February 2017. Tim Reeve was also appointed as Interim Accounting Officer by the Permanent Secretary of the Department for Culture, Media & Sport.

Following an open competition Dr Tristram Hunt was appointed as Director on 13 January 2017, and joined the Museum on 20 February 2017, the date he was appointed as Accounting Officer by the Permanent Secretary. Since his appointment, Dr Hunt's induction programme has included meetings with the previous Accounting Officer, and the Audit Committee about the operation of controls over the course of the year ending 31 March 2017. He has also consulted with Trustees, the National Audit Office, DCMS and employees from across the Museum. Dr Hunt relies on the assurances of his predecessors in respect of matters arising before he was appointed as Director.

The Trustees were very pleased that the V&A won the Art Fund Museum of the Year prize for 2016.

A number of strategic issues were considered by Trustees during the year, including: the Museum's Strategic Plan, progression of a new museum 'V&A East' in the Queen Elizabeth Olympic Park, Stratford and FuturePlan (capital expenditure on museum developments and redevelopments), collections' storage, review of the Museum of Childhood, international partnerships, commercial strategy, progression of a collaboration with the Smithsonian Institute, and the merger of the Friends of the V&A into the V&A.

The Trustees were updated on major projects which included progress on the V&A's Exhibition Road Quarter and the future relocation of items from the collection out of Blythe House.

Regarding the V&A's collections the Board:

- approved the purchase of a number of major acquisitions
- progressed the transfer of the Royal Photographic Society collection from the National Science and Media Museum, Bradford, to the V&A

During the year the Trustees also considered routine business including: agreeing 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; and updates from the V&A Museum of Design, Dundee project. The Trustees have also been kept informed regarding the Museum's support of the V&A Gallery at Design Society, in Shenzhen, China.

The Trustees usually undertake an annual self-assessment exercise to appraise the Board's performance and identify areas for future development, as required by the Corporate Governance in central government departments: Code of good practice 2011. The exercise has been held over for the past two years, due to the change of Chair in November 2015, and the appointment of four new Trustees in January 2017. The next self-assessment exercise will take place in Autumn 2017. A senior Trustee, Mark Damazer, has provided annual feedback to the Chair on his performance.

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 2017-18 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 2015-16 and approved the Governance Statement.

The areas reviewed by Internal Audit during the year included estate management; talent management and succession planning; business strategy, resource forecasting, planning and budgeting; staff travel risks; equality and diversity; National Art Library; payroll; and the Customer Relationship Management System. 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: Operational and Strategic.

Operational risk registers are maintained by line management at a local level and embrace a wide range of risks and issues that concern discrete and containable elements of the V&A's operations such as collections management; staff recruitment, development and appraisal; financial management and fraud prevention; information systems security; audience development and procurement. 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.

When the assessment of the likelihood of a risk crystallising and its impact reach a level that is of material impact to the overall strategy of the V&A or affect its ability to fulfil its purpose, these risks are reflected in the Strategic Risk Register.

The Strategic Risk Register includes risks relating to governance, reputation and policy matters, and key physical threats to staff, volunteers, visitors, or contractors, or to the security of the collections, where the Trustees have statutory or quasi-statutory obligations.

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.

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 2016-17 the major risks (and mitigating steps) for the Museum were:

- the funding environment – whilst DCMS has guaranteed the level of Grant in Aid settlements until 2019-20 there remains uncertainty around future Grant in Aid settlements which means that the Museum has to place increasing reliance on private fundraising and visitor income for both revenue and capital projects. This is partly mitigated by the reserves held, and the long term financial strategy, developed alongside the five year plan.
- ensuring the security of visitors, staff and collections at a time of global instability. The Museum has a thorough and flexible security strategy that responds to changes in risk.
- securing long-term storage solution for the reserve collection. Discussions are underway with DCMS and other museums to resolve this issue.
- the Museum's ability to sustain the record number of visitors recently achieved. We intend to promote a compelling and varied programme.
- delivery and funding of major projects including the Exhibition Road Quarter capital project and V&A East. These projects are closely scrutinised by Trustees and management.

- finding resources to enable investment in IT, digital and other infrastructure. A robust business case process operates to decide which projects to take forward whilst ensuring priorities are met; this is monitored by the Digital Strategy Group.
- recruiting and retaining appropriate staff. A staff development and succession strategy has been developed alongside the five year plan.

The Trustees are mindful of the continuing pressures created by a flat Grant in Aid settlement 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 Auditors on the steps taken to manage risks in all areas of activity;
- the Museum also receives reports from the External Auditors (National Audit Office) arising from their annual audit;
- the Finance Committee reviews the financial management of the Museum;
- the Buildings Strategy Committee monitors the progress of large capital projects and the performance of management on Health and Safety issues;
- the Development Advisory Board informs and supports the Museum's fundraising;
- the Collections Committee monitors key aspects of collections management and major acquisition and loan proposals;
- the Research Advisory Committee considers research priorities and strategy;
- the Museum of Childhood Committee monitors the policies and performance of the MoC;
- the Investment Committee provides oversight of investment policy and management of investment advisors;
- the Remuneration Committee reviews salaries of all senior managers including staff employed by VAE;
- the Commercial Strategy Committee oversees the commercial activities of the Museum;
- the Visitor Experience Committee represents the visitor in the development and implementation of the V&A's visitor experience strategy; and
- the V&A East Committee guides the development of a new museum in the Queen Elizabeth Olympic Park.

Whistleblowing Arrangements

The Museum upholds the core values detailed in the Code of Professional Ethics of the Museums Association and the International Council of Museums, and actively promotes their implementation. In line with these commitments, the Museum encourages employees and others with serious concerns about any aspect of the Museum's work, to come forward and voice those concerns, and expects its managers to encourage employees to express their views openly. This is clearly documented in the Whistleblowing section of the Staff Handbook.

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 significant losses of personal data held by the Museum during the year.

Accounting Officer's and Chair's Conclusion

We have considered the Annual Governance Statement and the independent advice and assurance provided by the Audit Committee. We conclude that the V&A has satisfactory governance and risk management systems with effective plans to ensure continuous improvement.

Table A

Board of Trustees at date of signing				
<i>Name</i>	<i>Term expires</i>	<i>Attendance</i>		
		<i>Board</i>	<i>Audit</i>	<i>Rem</i>
Nicholas Coleridge CBE (Chair)	31/10/2019	6/6	3/4	1/1
Mark Damazer CBE	27/11/2018	5/6		
Ben Elliot (appointed 01/01/2017)	31/12/2021	2/2		
Professor Margot Finn	25/11/2018	6/6		
Robert Glick	14/09/2019	5/6		
Andrew Hochhauser QC	19/04/2019	5/6	4/4	
Nick Hoffman	14/09/2019	6/6	3/4	
Stephen McGuckin	14/09/2017	5/6		
Steven Murphy (appointed 01/01/2017)	31/12/2021	2/2		
Professor Lynda Nead (appointed 01/01/2017)	31/12/2021	2/2		
Dame Theresa Sackler	27/11/2019	2/6		
Mark Sebba	31/06/2018	6/6	2/4	
Caroline Silver	31/06/2018	5/6	3/4	
Sir John Sorrell	19/04/2019	5/6		
Dr Paul Thompson	(ex-officio as Rector of the Royal College of Arts)	4/6		
Edmund de Waal OBE	27/11/2019	5/6		
Nigel Webb (appointed 01/01/2017)	31/12/2021	2/2		
Other Trustees who served during the year				
Professor Evelyn Welch	25/11/2016	3/4		1/1
Elaine Bedell (stepped down 25/05/2017)	14/09/2019	6/6		

Table B
Committees of the Board of Trustees during the year

<i>Committee</i>	<i>Primary functions</i>	<i>Chair</i>
Audit	Financial reporting, risk management & assurance	Andrew Hochhauser QC
Buildings Strategy	Development & maintenance of the Museum's estate	Stephen McGuckin
Collections	Acquisition, disposal & loan of the collection	Edmund de Waal OBE
Commercial Strategy	Overseeing and advising on the Museum's commercial strategy	Mark Sebba
Development Advisory Board	Informing & assisting the Museum's fundraising	Robert Glick
Finance	Overseeing the Museum's financial position	Caroline Silver
Investment	Monitoring investment performance & policy	Caroline Silver
Museum of Childhood	Policies & practice of the MoC	Sir John Sorrell
Remuneration	Remuneration of senior staff	Nicholas Coleridge CBE
Research Advisory	Overseeing Research policy & projects	Professor Margot Finn
V&A East	To guide the development of a new museum	Stephen McGuckin
Visitor Experience Committee	Develop visitor experience strategy	Mark Damazer CBE

Table C
V&A Senior Management Team during the year

Dr Tristram Hunt	Director (Chair), appointed 20/02/2017
Martin Roth	Director (Chair), left 31/10/2016
Tim Reeve	Deputy Director & Chief Operating Officer, Acting Director 01/11/2016 to 19/02/2017
Emmajane Avery	Director of Learning & Visitor Experience
Sophie Brendel	Director of Marketing & Communications, appointed 10/10/2016
David Bickle	Director of Design, Exhibitions & FuturePlan
Heather Francis	Director of Finance & Resources
Anna Jackson	Keeper Asian Department
Jane Lawson	Director of Development
Beth McKillop	Deputy Director & Director of Collections, left 08/04/2016
Professor Bill Sherman	Director of Research & Collections, appointed 01/04/2016
Alex Stitt	Director of Commercial & Digital Development

Table D
Committees of the Senior Management Team during the year

<i>Committee</i>	<i>Chair</i>
Collections Group	Director of Research & Collections
Content Commissioning Group	Director of Commercial and Digital Development
Digital Strategy Group	Director of Commercial and Digital Development
Exhibition Road Steering Group	Director of Design, Exhibitions & FuturePlan
Exhibitions Steering Group	Director of Design, Exhibitions & FuturePlan
FuturePlan Steering Group	Director of Design, Exhibitions & FuturePlan
Management Forum	Deputy Director & Chief Operating Officer
Safety and Security Committee	Director of Security
Staffing Committee	Director of Finance & Resources
Visitor Experience Update Group	Director of Learning & Visitor Experience



Dr Tristram Hunt
 Director and Accounting Officer
 6 July 2017



Nicholas Coleridge CBE
 Chairman of Trustees
 6 July 2017

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 2017 under the Museum and Galleries Act 1992. The financial statements comprise: the Consolidated Statement of Financial Activities, the Consolidated and Museum Balance sheets, the Consolidated 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 Museum 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 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 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 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 2017 and of its net income for the year then ended; and
- the financial statements have been properly prepared in accordance with the Museum 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 Museum and Galleries Act 1992; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept or 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

7 July 2017

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

Consolidated Statement of Financial Activities

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2017 Total funds	Restated 2016 Total funds
Income and receipt of endowments						
<i>Income from donations and legacies</i>						
– Grant in Aid	2a	35,193	5,064	-	40,257	37,176
– Donations, legacies and similar income	2b	2,566	20,044	-	22,610	18,335
– Lottery income		-	1,043	-	1,043	2,919
– Donated objects	6c	-	4,122	-	4,122	2,814
		<u>37,759</u>	<u>30,273</u>	<u>-</u>	<u>68,032</u>	<u>61,244</u>
<i>Income from other trading activities</i>						
– Trading Income	8	16,030	-	-	16,030	21,610
– Sponsorship		2,452	50	-	2,502	2,774
		<u>18,482</u>	<u>50</u>	<u>-</u>	<u>18,532</u>	<u>24,384</u>
Investment income	3	17	60	-	77	72
<i>Income from charitable activities</i>						
– Admissions & exhibition fees (inc loans & touring)		5,945	-	-	5,945	7,799
– Other Trading		651	-	-	651	722
		<u>6,596</u>	<u>-</u>	<u>-</u>	<u>6,596</u>	<u>8,521</u>
Other income		<u>1,985</u>	<u>138</u>	<u>-</u>	<u>2,123</u>	<u>2,005</u>
Total income		<u>64,839</u>	<u>30,521</u>	<u>-</u>	<u>95,360</u>	<u>96,226</u>
Expenditure on						
<i>Expenditure on raising funds</i>						
– Costs of generating voluntary income		4,783	1,266	-	6,049	3,797
– Trading costs	8	10,763	-	-	10,763	13,562
– Investment management costs		67	41	49	157	142
		<u>15,613</u>	<u>1,307</u>	<u>49</u>	<u>16,969</u>	<u>17,501</u>
<i>Expenditure on charitable activities</i>						
- Charitable Activities	5a	48,876	14,137	-	63,013	58,043
Total expenditure		<u>64,489</u>	<u>15,444</u>	<u>49</u>	<u>79,982</u>	<u>75,544</u>
Net income / (expenditure) before gains and losses on investments		350	15,077	(49)	15,378	20,682
Gain/(loss) on investment assets	7	<u>1,366</u>	<u>237</u>	<u>592</u>	<u>2,195</u>	<u>(655)</u>
Net income	4	<u>1,716</u>	<u>15,314</u>	<u>543</u>	<u>17,573</u>	<u>20,027</u>

Consolidated Statement of Financial Activities (cont'd)

	Notes	Unrestricted funds	Restricted funds	Endowment funds	2017 Total funds	Restated 2016 Total funds
		£'000	£'000	£'000	£'000	£'000
Transfers between funds	14	<u>(4,986)</u>	<u>4,986</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net (expenditure) / income before other recognised gains and losses		(3,270)	20,300	543	17,573	20,027
(Loss) / gain on revaluation of fixed assets for the charity's own use	6	<u>-</u>	<u>(1,799)</u>	<u>-</u>	<u>(1,799)</u>	<u>63,664</u>
Net movement in funds		(3,270)	18,501	543	15,774	83,691
Fund balances brought forward at 1 April		21,784	553,705	6,112	581,601	497,910
Fund balances carried forward at 31 March	14	<u>18,514</u>	<u>572,206</u>	<u>6,655</u>	<u>597,375</u>	<u>581,601</u>

The restatement relates to a prior period adjustment. See note 21 for further information.

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 44 to 69 form part of these financial statements.

Prior Year Consolidated Statement of Financial Activities

	Notes	Unrestricted funds	Restricted funds	Endowment funds	Restated 2016 Total funds
		£'000	£'000	£'000	£'000
Income and receipt of endowments					
<i>Income from donations and legacies</i>					
– Grant in Aid	2a	30,273	6,903	-	37,176
– Donations, legacies and similar income	2b	2,098	16,237	-	18,335
– Lottery income		-	2,919	-	2,919
– Donated objects	6c	-	2,814	-	2,814
		<u>32,371</u>	<u>28,873</u>	<u>-</u>	<u>61,244</u>
<i>Income from other trading activities</i>					
– Trading Income	8	21,610	-	-	21,610
– Sponsorship		2,727	47	-	2,774
		<u>24,337</u>	<u>47</u>	<u>-</u>	<u>24,384</u>
Investment income	3	59	-	13	72
<i>Income from charitable activities</i>					
– Admissions & exhibition fees (inc loans & touring)		7,791	8	-	7,799
– Other Trading		721	1	-	722
		<u>8,512</u>	<u>9</u>	<u>-</u>	<u>8,521</u>
Other income		1,776	229	-	2,005
Total income		<u>67,055</u>	<u>29,158</u>	<u>13</u>	<u>96,226</u>
Expenditure on					
<i>Expenditure on raising funds</i>					
– Costs of generating voluntary income	5a	3,435	362	-	3,797
– Trading costs	8	13,552	10	-	13,562
– Investment management costs		102	-	40	142
		<u>17,089</u>	<u>372</u>	<u>40</u>	<u>17,501</u>
<i>Expenditure on charitable activities</i>					
– Charitable Activities	5a	45,454	12,589	-	58,043
Total expenditure		<u>62,543</u>	<u>12,961</u>	<u>40</u>	<u>75,544</u>
Net income / (expenditure) before gains and losses on investments		4,512	16,197	(27)	20,682
<i>Losses on investment assets</i>	7	(443)	-	(212)	(655)
Net income / (expenditure)	4	<u>4,069</u>	<u>16,197</u>	<u>(239)</u>	<u>20,027</u>

Prior Year Consolidated Statement of Financial Activities (cont'd)

	Notes	Unrestricted funds	Restricted funds	Endowment funds	Restated 2016 Total funds £'000
		£'000	£'000	£'000	£'000
Transfers between funds	14	(70)	629	(559)	-
Net income / (expenditure) before other recognised gains and losses		3,999	16,826	(798)	20,027
Gains on revaluation of fixed assets for the charity's own use	6	-	63,664	-	63,664
Net movement in funds		3,999	80,490	(798)	83,691
Fund balances brought forward at 1 April		17,785	473,215	6,910	497,910
Fund balances carried forward at 31 March	14	21,784	553,705	6,112	581,601

The notes on pages 44 to 69 form part of these financial statements.


Consolidated and Museum Balance Sheets Year ended 31 March 2017

	Notes	Group 2017 £'000	Museum 2017 £'000	Restated Group 2016 £'000	Restated Museum 2016 £'000
Fixed assets					
Tangible assets	6a	469,568	469,483	461,027	460,876
Intangible assets	6b	476	476	642	642
Heritage assets	6c	96,579	96,579	90,572	90,572
Investments	7,8	18,811	19,013	16,880	17,082
		<u>585,434</u>	<u>585,551</u>	<u>569,121</u>	<u>569,172</u>
Current assets					
Stock		1,338	-	1,727	-
Debtors due within one year	9	8,418	11,395	8,405	14,415
Short Term Investments	7	10,111	10,111	9,931	9,931
Cash		12,585	6,951	11,992	3,913
		<u>32,452</u>	<u>28,457</u>	<u>32,055</u>	<u>28,259</u>
Current liabilities					
Creditors due within one year	10	(17,063)	(13,185)	(16,669)	(12,924)
Provisions due within one year	12	(443)	(443)	(443)	(443)
Net current assets		<u>14,946</u>	<u>14,829</u>	<u>14,943</u>	<u>14,892</u>
Total assets less current liabilities		<u>600,380</u>	<u>600,380</u>	<u>584,064</u>	<u>584,064</u>
Creditors due after one year	10	(2,989)	(2,989)	(2,439)	(2,439)
Provisions due after one year	12	(16)	(16)	(24)	(24)
Net assets		<u>597,375</u>	<u>597,375</u>	<u>581,601</u>	<u>581,601</u>
Represented by					
Designated funds		13,380	13,380	16,468	16,468
General funds		5,134	5,134	5,316	5,316
Total Unrestricted Funds	14	<u>18,514</u>	<u>18,514</u>	<u>21,784</u>	<u>21,784</u>
Restricted funds	14	392,799	392,799	372,499	372,499
Revaluation Reserve	14	179,407	179,407	181,206	181,206
Total Restricted Funds		<u>572,206</u>	<u>572,206</u>	<u>553,705</u>	<u>553,705</u>
Total Income funds		<u>590,720</u>	<u>590,720</u>	<u>575,489</u>	<u>575,489</u>
Endowment funds	14	6,655	6,655	6,112	6,112
Total funds		<u>597,375</u>	<u>597,375</u>	<u>581,601</u>	<u>581,601</u>

The financial statements on pages 38 to 69 were approved by the Director and the Chairman.



Dr Tristram Hunt
Director and Accounting Officer
6 July 2017



Nicholas Coleridge CBE
Chairman of Trustees
6 July 2017

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 44 to 69 form part of these financial statements.

Consolidated Cashflow Statement Year ended 31 March 2017

	Notes	2017 £'000	Restated 2016 £'000	
Net cash inflow from operating activities	a	22,950	27,872	
Cash flows from investing activities:				
Returns on investments		77	72	
Purchase of property, plant and equipment (inc. heritage assets)		(22,518)	(22,444)	
Purchase of investments	7	(85)	(54)	
Proceeds from the sale of investments	7	169	95	
Net cash used in investing activities		<u>(22,357)</u>	<u>(22,331)</u>	
Increase in cash and cash equivalents	c	<u>593</u>	<u>5,541</u>	
a) Reconciliation of net income to net cash inflow from operating activities				
Net income		17,573	20,027	
Investment income		(77)	(72)	
Donated assets		(4,122)	(2,814)	
Depreciation		12,000	10,182	
Amortisation		214	214	
Loss on disposal of fixed assets		3	23	
(Gain) / Loss on investments		(2,195)	655	
Decrease in stocks		389	140	
(Increase) / Decrease in debtors		(13)	1,305	
(Decrease) / Increase in creditors due within one year		(1,364)	(1,869)	
Increase in provisions due within one year		-	407	
Increase in creditors due after one year		550	163	
Decrease in provisions due after one year		(8)	(489)	
Net cash inflow from operating activities		<u>22,950</u>	<u>27,872</u>	
b) Reconciliation of net cash flow to movement in net funds				
Increase in cash in the period		593	5,541	
Non-cash movement in Short Term Investments		<u>180</u>	<u>(54)</u>	
Movement in net funds in the period		773	5,487	
Net funds at 1 April 2016		21,923	16,436	
Net funds at 31 March 2017		<u>22,696</u>	<u>21,923</u>	
c) Analysis of net funds				
	At 1 April 2016	Cashflow	Non-cash changes	At 31 March 2017
	£'000	£'000	£'000	£'000
Cash at bank and in hand	11,992	593	-	12,585
Short Term Investments	9,931	-	180	10,111
Net funds	<u>21,923</u>	<u>593</u>	<u>180</u>	<u>22,696</u>

All cash in bank is held in commercial bank accounts.
The notes on pages 44 to 69 form part of these financial statements.

1) Accounting policies

a) Basis of Accounting

The financial statements of the Museum, which is a public benefit entity under Financial Reporting Standard 102 (FRS102), 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 (FRS102) 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 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, V&A Museum Events 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 V&A Museum Events Ltd). The V&A Foundation and the Gilbert Trust for the Arts are separate charitable companies, run by their own boards of Trustees and are not consolidated into the Museum's accounts. For 2016-17, the Friends of the V&A Ltd is also considered to be an independent charity and therefore not consolidated into the group; however on 1 April 2017 the Trustees of the Friends of the V&A transferred the trade and assets of the charity to the V&A on a going concern basis (further details are included in note 20).

After reviewing the Group forecasts and projections, the Trustees have a reasonable expectation that the Group has adequate resources to continue into operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its financial statements.

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 the relevant 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.

Pecuniary legacies are recognised once probate has been granted and notification of entitlement has been received. Residuary legacies are recognised when probate is granted and there is sufficient information to value them and any conditions attached to the legacy are either within the control of the charity or have been met. An allowance is made against the amounts receivable to reflect the uncertainty inherent in estate administration.

Grants and other income that is awarded subject to specific performance conditions, including research 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 goods or services are 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 Raising Funds rather than by type of expense, in order to provide more useful information to the users of the financial statements. Direct expenditure including directly attributable staff costs are allocated directly to the activities to which they relate.

Finance, Human Resources, Estates, IT, Governance and Central Administration costs are allocated between the activities on the basis of staff numbers within these areas.

Non-staff exhibition costs incurred in advance of an exhibition's opening date are deferred until the exhibition opens. They are recognised across the duration of the exhibition.

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 on 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. 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) Intangible assets

Intangible assets with an economic life of more than one year and value greater than £2,000 are capitalised. All intangible assets are measured at cost. Costs relating to assets developed internally are capitalised in accordance with the requirements of FRS102.

Intangible assets are stated at cost less amortisation.

h) 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 Short Term 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. These are classified as Held for Trading and are accounted for in accordance with IAS39 as permitted by FRS102, and are valued according to market prices for matching contracts at the balance sheet date.

i) 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 the Museums' investments are largely funded by donations.

Trade debts are held at carrying value and are provided for as doubtful debts once they are deemed to be unrecoverable.

j) Stock and work in progress

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

k) Pension cost

Past and present employees of the Museum are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) which are described at note 5c. 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.

l) Operating leases

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

m) 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 £40.257m was received from the Department for Culture, Media and Sport during the year (2015-16: £37.176m). This represents 42% 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 2016-17 totalled £4.834m (2015-16: £6.9m).

	Unrestricted funds	Restricted funds	Endowment funds	Total 2017	Restated Total 2016
	£'000	£'000	£'000	£'000	£'000
2b) Donations, legacies and similar income					
Donations and Legacies	1,615	20,044	-	21,659	17,398
Corporate Members	457	-	-	457	464
Director's Circle	494	-	-	494	473
	<u>2,566</u>	<u>20,044</u>	<u>-</u>	<u>22,610</u>	<u>18,335</u>

2c) Statement of Income and Expenditure (Museum only)

	Unrestricted funds	Restricted funds	Endowment funds	Total 2017	Restated Total 2016
	£'000	£'000	£'000	£'000	£'000
Income and receipt of endowments					
<i>Income from donations and legacies</i>					
- Grant in Aid	35,193	5,064	-	40,257	37,176
- Donations, legacies and similar income	2,566	20,044	-	22,610	18,335
- Lottery income	-	1,043	-	1,043	2,919
- Donated objects	-	4,122	-	4,122	2,814
- Covenant of profits from subsidiaries	5,269	-	-	5,269	8,045
<i>Income from other trading activities</i>					
- Trading Income	-	-	-	-	-
- Sponsorship	2,452	50	-	2,502	2,773
Investment income	15	60	-	75	77
	<u>45,495</u>	<u>30,383</u>	<u>-</u>	<u>75,878</u>	<u>72,139</u>
<i>Income from charitable activities</i>					
- Admissions & exhibition fees (inc loans & touring)	5,945	-	-	5,945	7,799
- Other Trading	651	-	-	651	722
	<u>6,596</u>	<u>-</u>	<u>-</u>	<u>6,596</u>	<u>8,521</u>
Other income	1,985	138	-	2,123	2,005
	<u>1,985</u>	<u>138</u>	<u>-</u>	<u>2,123</u>	<u>2,005</u>
Total income	<u>54,076</u>	<u>30,521</u>	<u>-</u>	<u>84,597</u>	<u>82,665</u>

2c) Statement of Income and Expenditure (Museum only) (cont'd)

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2017 £'000	Restated Total 2016 £'000
Expenditure on					
<i>Expenditure on raising funds</i>					
– Costs of generating voluntary income	3,957	596	-	4,543	3,797
– Trading costs	-	-	-	10	2
– Investment management costs	67	41	49	157	142
	<u>4,024</u>	<u>637</u>	<u>49</u>	<u>4,710</u>	<u>3,941</u>
<i>Expenditure on charitable activities</i>					
– Charitable Activities	49,702	14,807	-	64,509	58,042
	-	-	-	-	-
Total expenditure	<u>53,726</u>	<u>15,444</u>	<u>49</u>	<u>69,219</u>	<u>61,983</u>
Net income/(expenditure) before gains and losses on investments	350	15,077	(49)	15,378	20,682
Gain / (loss) on investment assets	1,366	237	592	2,195	(655)
Net income	<u>1,716</u>	<u>15,314</u>	<u>543</u>	<u>17,573</u>	<u>20,027</u>
Transfers between funds	(4,986)	4,986	-	-	-
	-	-	-	-	-
Net incoming resources before other recognised gains and losses	<u>(3,270)</u>	<u>20,300</u>	<u>543</u>	<u>17,573</u>	<u>20,027</u>
(Loss) / Gain on revaluation of fixed assets for the charity's own use	-	(1,799)	-	(1,799)	63,664
Net movement in funds	<u>(3,270)</u>	<u>18,501</u>	<u>543</u>	<u>15,774</u>	<u>83,691</u>
Fund balances brought forward at 1 April	<u>21,784</u>	<u>553,705</u>	<u>6,112</u>	<u>581,601</u>	<u>497,910</u>
Fund balances carried forward at 31 March	<u>18,514</u>	<u>572,206</u>	<u>6,655</u>	<u>597,375</u>	<u>581,601</u>

3) Investment Income	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total 2017 £'000	Total 2016 £'000
Interest receivable	10	11	-	21	18
UK equities and Investment funds	24	49	-	73	54
Foreign exchange losses	(17)	-	-	(17)	-
	<u>17</u>	<u>60</u>	<u>-</u>	<u>77</u>	<u>72</u>

4) Net income: is stated after charging:	Group 2017 £'000	Museum 2017 £'000	Group 2016 £'000	Museum 2016 £'000
External Auditors' remuneration	64	43	69	45
Operating lease payments				
– Land and Buildings	170	77	145	145
– Other	51	45	132	33

There were no non-audit services provided by the Comptroller and Auditor General during 2016-17 (2015-16: nil).

5a) Total expenditure

	Direct Costs	Grants Made To Other Charities	Allocated Support Costs	Depreciation	Total 2017	Total 2016
	£'000	£'000	£'000	£'000	£'000	£'000
<i>Expenditure on raising funds</i>						
Costs of generating voluntary income	3,544	-	1,381	1,124	6,049	3,797
Trading costs	10,702	-	-	61	10,763	13,562
Investment management costs	157	-	-	-	157	142
	<u>14,403</u>	<u>-</u>	<u>1,381</u>	<u>1,185</u>	16,969	17,501
<i>Charitable Activities</i>						
Collections & Learning	27,427	894	11,348	9,644	49,313	45,725
Exhibitions	10,864	-	1,451	1,385	13,700	12,318
	<u>38,291</u>	<u>894</u>	<u>12,799</u>	<u>11,029</u>	63,013	58,043
Total expenditure	<u>52,694</u>	<u>894</u>	<u>14,180</u>	<u>12,214</u>	79,982	75,544

Grants totalling £0.877m were paid out via the Purchase Grant Fund, with the remaining £0.017m being paid to the V&A Foundation in respect of legacies.

	2017 £'000	2016 £'000
<i>Governance Costs (Direct)</i>		
External Audit Fees – (Museum only)	43	45
Internal Audit Fees	39	39
Legal Fees	-	3
Staff costs	118	68
	<u>200</u>	<u>155</u>

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

	Information services & support	Projects & Estates	Finance & Administration	Human Resources	Other Central Costs	Museum of Childhood Administration	Governance	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>Expenditure on raising funds</i>								
Costs of generating voluntary income	263	686	131	82	132	68	19	1,381
<i>Charitable Activities</i>								
Collections & Learning	2,164	5,636	1,076	670	1,083	558	161	11,348
Exhibitions	277	721	138	86	138	71	20	1,451
	<u>2,704</u>	<u>7,043</u>	<u>1,345</u>	<u>838</u>	<u>1,353</u>	<u>697</u>	<u>200</u>	14,180

5b) Wages and salaries	2017	2016
	£'000	£'000
Wages and salaries	25,509	24,403
Social security costs	2,552	1,912
Pension costs	3,983	4,133
Agency and temporary staff	1,130	1,380
	<u>33,174</u>	<u>31,828</u>
Early retirement and redundancy costs	234	186
	<u>33,408</u>	<u>32,014</u>

During the year restricted funding for staff costs was received totalling £1.388m (2015-16: £1.051m).

V&A Enterprises Ltd's staff costs were £8.293m (2015-16: £5.269m) of which £3.079m (2015-16: £3.482m) was for trading activities and £5.214m (2015-16: £1.787m) was for services provided to others.

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

	2017	2016
£60,001 - £70,000	8	7
£70,001 - £80,000	7	9
£80,001 - £90,000	6	5
£90,001 - £100,000	-	1
£100,001 - £110,000	5	3
£110,001 - £120,000	-	-
£120,001 - £130,000	3	1
£150,000 - £160,000	-	1
	<u>29</u>	<u>27</u>

Of the employees listed above, 21 (2016: 22) are members of the Principal Civil Service Pension Scheme, and the total pension contributions payable in the year for these employees was £395,100 (2016: £394,832). The other 8 (2016: 5) employees are members of the V&A Enterprises Ltd defined contribution scheme, and the total pension contributions payable in the year for these employees was £57,742 (2016: £43,673).

Remuneration relating to key management personnel is 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. The scheme Actuary valued the scheme as at 31 March 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation. The Victoria and Albert Museum is only liable for the contribution they have made directly.

For 2016-17, employers' contributions of £3.508m were payable to the PCSPS (2016: £3.819m) at one of four rates in the range 20.0% to 24.5% of pensionable earnings, based on salary bands. The scheme 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 2016-17 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). Pensions payable under classic, premium, and classic plus are increased annually in line with changes in the Consumer Prices Index. A new pension scheme, alpha, was introduced on 1 April 2015 which provides benefits on a career average basis. The majority of current Principal Civil Service Pension Scheme members (includes classic, classic plus, premium and nuvos) will be transferred into alpha and new members will also join. Prior to that date, members participated in the Principal Civil Service Pension Scheme (PCSPS). From 1 April 2015, a single set of contribution rates were applied across Civil Service Pensions, irrespective of whether members are in classic, classic plus, premium, nuvos or alpha. The Schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation.

Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes).

Employee contributions changed in April 2015 and are now between the rate of 3.8% to 8.05% of pensionable earnings for classic and 4.6% to 8.05% for premium, classic plus, nuvos and alpha. 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. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase Legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. 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. Employer's contributions of £72,971 (2016: £73,721) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% and 14.75% of pensionable earnings. Employers also match employee contributions up to 3% of pensionable earnings. Employers also contribute a further 0.5% of pensionable pay to cover the cost of centrally - provided risk benefit cover (death in service or 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, but can 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 April 2019 of between 1% and 3% for employers and 2% and 8% for a total minimum contribution. Employer contributions paid during the year were £8,866 (2016: £9,626).

5c) Pension disclosure (cont'd)

The Museum's trading company, V&A Enterprises Ltd, 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 £341,265 (2015: £269,258).

From 1 January 2016 following the introduction of new terms and conditions, new starters have been auto enrolled into a Group Personal Pension Scheme which is managed by Aviva. On joining, employees contribute 1% of gross salary (0.8% of net pay) and the Museum also contributes the sum of 1%. Contributions are deducted from net pay and are paid directly to Aviva.

On completion of 6 months service and successfully concluding Probation, employees may then choose to enhance their personal contributions to the pension scheme. The Museum will contribute the sum of 10% of basic annual salary, provided that the employee also contributes at least 2.5% of gross salary (2% of net pay). Employees can elect to contribute more than the 1% or 2.5% respectively of gross salary; however, the V&A's contribution will remain fixed at 1% and 10% respectively.

A total of £19,868 of pension costs were capitalised in the year.

5d) Trustees

The Trustees neither received nor waived any emoluments during the year (2016: £nil).

No Trustees were reimbursed for costs (2016: £1,309).

5e) Average number of employees (*)

	2017	2016
Generating voluntary income	76	63
Trading	119	126
Collections & Learning	625	594
Exhibitions	80	78
	900	861

(*) based on full-time equivalents.

Of the above employees - 812 are full time permanent employees of the museum and its subsidiaries (2016: 763), 31 are externally funded posts (2016: 25), and the remaining 57 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 2016	423,239	5,511	11,221	33,518	473,489
Transfers	-	-	51	(51)	-
Additions	581	180	999	20,583	22,343
Disposals	-	(266)	(388)	-	(654)
Revaluation	(12,119)	-	-	-	(12,119)
At 31 March 2017	411,701	5,425	11,883	54,050	483,059
Depreciation					
At 1 April 2016	116	4,129	8,217	-	12,462
Charged for the year	10,217	502	1,281	-	12,000
Disposals	-	(263)	(388)	-	(651)
Revaluation	(10,213)	(10)	(97)	-	(10,320)
At 31 March 2017	120	4,358	9,013	-	13,491
Net book value					
At 31 March 2017	411,581	1,067	2,870	54,050	469,568
At 31 March 2016	423,123	1,382	3,004	33,518	461,027

The net book value at 31 March 2017 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	411,581	1,019	2,833	54,050	469,483
Other activities	-	48	37	-	85
Total	411,581	1,067	2,870	54,050	469,568

6a) Tangible fixed assets (cont'd)

Museum	Land & Buildings	Furniture & fittings	Equipment	Assets in course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 April 2016	423,239	4,866	10,883	33,467	472,455
Additions	581	180	999	20,583	22,343
Disposals	-	(8)	(362)	-	(370)
Revaluation	(12,119)	-	-	-	(12,119)
At 31 March 2017	<u>411,701</u>	<u>5,038</u>	<u>11,520</u>	<u>54,050</u>	<u>482,309</u>
Depreciation					
At 1 April 2016	116	3,568	7,895	-	11,579
Charged for the year	10,217	469	1,251	-	11,937
Disposals	-	(8)	(362)	-	(370)
Revaluation	(10,213)	(10)	(97)	-	(10,320)
At 31 March 2017	<u>120</u>	<u>4,019</u>	<u>8,687</u>	<u>-</u>	<u>12,826</u>
Net book value					
At 31 March 2017	<u>411,581</u>	<u>1,019</u>	<u>2,833</u>	<u>54,050</u>	<u>469,483</u>
At 31 March 2016	<u>423,123</u>	<u>1,298</u>	<u>2,988</u>	<u>33,467</u>	<u>460,876</u>

Land & Buildings

On the 31 March 2017 a desktop valuation of the freehold properties comprising the Victoria and 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 FRS102. The site at South Kensington was valued at £389.5m, the site at Bethnal Green at £14.8m and the V&A's share of Blythe House at £8.8m. 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 and this is used for non-specialised properties. 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) Intangible Assets

Museum	Intangible Assets £'000	Assets in course of construction £'000	Total £'000
Cost or valuation			
At 1 April 2016	856	-	856
Additions	-	48	48
Disposals	-	-	-
At 31 March 2017	<u>856</u>	<u>48</u>	<u>904</u>
Amortisation			
At 1 April 2016	214	-	214
Charged for the year	214	-	214
Disposals	-	-	-
At 31 March 2017	<u>428</u>	<u>-</u>	<u>428</u>
Net book value			
At 31 March 2017	<u>428</u>	<u>48</u>	<u>476</u>
At 31 March 2016	<u>642</u>	<u>-</u>	<u>642</u>

No intangible assets are held within the trading subsidiaries.

6c) Heritage Assets

Additions of £6.007m (2016: £4.886m) were made to the Collection.
The additions comprise the following elements:

	2017 £'000	2016 £'000	2015 £'000	2014 £'000	2013 £'000
Opening balance brought forward					
Donated objects (shown at valuation)	57,117	54,303	37,425	36,465	35,251
Acquisitions (shown at cost)	<u>33,455</u>	<u>31,383</u>	<u>24,320</u>	<u>22,030</u>	<u>20,743</u>
	90,572	85,686	61,745	58,495	55,994
Donations of objects by gift or bequest	1,030	1,273	16,878	960	899
Donations of objects under the acceptance in lieu scheme	<u>3,092</u>	<u>1,541</u>	<u>-</u>	<u>-</u>	<u>315</u>
	4,122	2,814	16,878	960	1,214
Acquisitions	<u>1,885</u>	<u>2,072</u>	<u>7,063</u>	<u>2,290</u>	<u>1,287</u>
Total Additions	6,007	4,886	23,941	3,250	2,501
Closing balance carried forward					
Donated objects (shown at valuation)	61,239	57,117	54,303	37,425	36,465
Acquisitions (shown at cost)	<u>35,340</u>	<u>33,455</u>	<u>31,383</u>	<u>24,320</u>	<u>22,030</u>
	96,579	90,572	85,686	61,745	58,495

No objects from the collection were deaccessioned during 2016-17. The Sizergh Castle panelled room was deaccessioned and transferred to the National Trust during the prior year; no proceeds were received.

6c) Heritage Assets (cont'd)

Further information on the Museum's heritage assets

The V&A holds 1,243,906 Museum objects and works of art within its collections, as well as 1,087,080 library items and 931 archival collections. Of these approximately 1% have been included in the balance sheet of the Museum and the table above. At 31 March 2017, 60,124 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 130,004 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 85,258 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 147,314 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. This includes approximately 38,000 objects which form part of the Wedgwood Collection and were gifted to the Museum during 2014-15 by the Art Fund. The Glass collection is the most comprehensive in Europe, and the stained glass holdings are unparalleled anywhere.

Word & Image Collections 769,029 objects, 378 archival collections, 985,211 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 35,247 objects and 55 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.

6c) Heritage Assets (cont'd)

Theatre & Performance Collections 76,886 objects, 497 archival collections, 101,869 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.

Design, Architecture and Digital Collections 168 objects:

The Design, Architecture and Digital collections encompass contemporary architecture and urbanism, furniture, product and digital design, and in addition, the department shares responsibility for the collection of designs with Word and Image and for the collection of twentieth century furniture and product design with Furniture, Textiles and Fashion. This breadth is reflected in its collection and acquisition practices, which focus on contemporary design and the collection of twentieth century and contemporary architectural drawings, designs and models. Design, Architecture and Digital is further responsible for Rapid Response Collecting, a contemporary collecting initiative that enables the Museum to acquire objects in response to major moments in history that touch the world of design and manufacturing.

Preservation & Management

All objects are recorded and managed by one of the Museum's seven collection departments, which is overseen by the respective Collection Keeper or Director, who report to the Director of Research and Collections. The Museum maintains a Collections Management System for the documentation of collection objects and archives and a library system for bibliographic items, which are 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 and are available online in the form of the Collections Information and Access Policy and Collections Care and Conservation Policy. 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 Arts Council England and as of November 2016 has gained accreditation as an Archival Service. 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 Development Policy. This policy was last reviewed and approved by the Board of Trustees on 5 February 2015 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

	<u>Short Term Investments</u>		<u>Fixed Asset Investments</u>	
	<u>Group</u>	<u>Museum</u>	<u>Group</u>	<u>Museum</u>
	<u>2017</u>	<u>2017</u>	<u>2017</u>	<u>2017</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Market value at 1 April 2016	9,931	9,931	16,880	17,082
Add: Additions to portfolio	46	46	39	39
Less: Withdrawals from portfolio	(56)	(56)	(113)	(113)
Net gain on revaluation	190	190	2,005	2,005
Market value at 31 March 2017	10,111	10,111	18,811	19,013
<i>of which</i>				
Historical cost at 31 March 2017	9,610	9,610	14,729	14,931
Unrealised investment gain at 31 March 2017	501	501	4,082	4,082
Analysis of gain by asset class				
Gain on assets Available for Sale	190	190	1,964	1,964
Gain on assets Held for Trading	-	-	41	41
	<u>190</u>	<u>190</u>	<u>2,005</u>	<u>2,005</u>
Investment assets in the UK				
Government stocks & Corporate bonds	10,061	10,061	4,051	4,051
Investment Funds	-	-	3,641	3,641
Cash & currency hedges	50	50	1,416	1,416
Unlisted Equities (trading subsidiary)	-	-	-	202
Multi Asset Investment Funds	-	-	678	678
Investment assets outside the UK	-	-	-	-
Multi Asset Investment Funds	-	-	9,025	9,025
	<u>10,111</u>	<u>10,111</u>	<u>18,811</u>	<u>19,013</u>

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 (42%) 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.

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.

The V&A Museum Permanent Endowment and V&A Museum Reserves portfolio deploy currency hedges to target an allocation range of 65%-85% to Sterling. The hedges are reviewed and adjusted at least quarterly.

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.

7) Investments (cont'd)

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 Ltd, 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 delivers corporate venue hire and educational services within the Museum.

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 and V&A Museum Events Limited; during the year V&A Ltd undertook consultancy work. No significant activity was undertaken during the year by V&A Museum Events Limited.

A summary of the results of the subsidiaries are shown below:

	V&A Enterprises Ltd		V&A Ltd		V&A Museum Events Ltd	
	2017	2016	2017	2016	2017	2016
Profit and loss account	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	15,123	19,802	907	918	-	889
Cost of sales	(4,711)	(6,262)	(461)	(668)	2	(617)
Gross Profit	10,412	13,540	446	250	2	272
Administrative expenses	(5,577)	(5,777)	(3)	(6)	(1)	(6)
Trading profit	4,835	7,763	443	244	1	266
Recharged staff costs expense	(5,214)	(1,787)	-	-	-	-
Recharged staff costs income	5,214	1,787	-	-	-	-
Interest receivable and similar income	2	8	-	-	-	-
Loan Interest Payable	-	(11)	-	(1)	(1)	-
Donation to V&A Foundation	-	-	-	-	-	(266)
Profit / (loss) on ordinary activities before taxation and distribution	4,837	7,760	443	243	-	-
Tax on loss	(11)	42	-	-	-	-
Profit after tax	4,826	7,802	443	243	-	-
Balance sheet	£'000	£'000	£'000	£'000	£'000	£'000
Tangible fixed assets	84	150	-	-	-	-
Current assets	6,785	10,361	2,363	1,603	6	6
Creditors due within one year	(6,667)	(10,309)	(2,363)	(1,603)	(6)	(6)
Creditors due after one year	-	-	-	-	-	-
Net assets	202	202	-	-	-	-
Share capital and reserves	202	202	-	-	-	-
Profit and loss account	-	-	-	-	-	-
Shareholders' Funds	202	202	-	-	-	-

8) Trading subsidiaries (cont'd)

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

	V&A Enterprises Ltd		V&A Ltd		V&A Museum Events Ltd	
	2017	2016	2017	2016	2017	2016
	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	15,123	19,802	907	918	-	889
Intercompany transactions	-	-	-	-	-	-
Trading income included within SOFA	15,123	19,802	907	918	-	889
Cost of sales	4,711	6,262	461	669	(2)	617
Administrative expenses	5,577	5,777	3	6	2	6
Interest payable	-	11	-	1	-	-
Taxation	11	-	-	-	-	-
<i>Intercompany transactions</i>	-	(11)	-	(1)	-	-
Trading costs included within SOFA	10,299	12,039	464	675	-	623
Interest receivable and similar income	2	8	-	-	-	-
<i>Intercompany transactions</i>	-	-	-	-	-	-
Included in Investment Income per SOFA	2	8	-	-	-	-

9) Debtors	Group 2017	Museum 2017	Group 2016	Museum 2016
	£'000	£'000	£'000	£'000
Trade debtors	2,069	370	2,702	1,295
Less provision for Doubtful debts	(8)	(8)	(4)	(4)
Other debtors	606	551	602	527
Prepayments and accrued income	2,444	2,016	2,390	1,709
Prepaid exhibition expenditure	585	585	1,125	1,125
Recoverable taxation (VAT)	2,722	2,722	1,590	1,590
Amounts due from subsidiary undertaking	-	5,159	-	8,173
	8,418	11,395	8,405	14,415

10) Creditors	Group 2017	Museum 2017	Restated Group 2016	Restated Museum 2016
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade creditors	2,747	2,626	4,516	3,833
Other creditors	631	590	83	75
Accruals	9,712	7,889	7,922	6,156
Deferred income	11 2,222	614	1,867	730
Deferred exhibition income	11 677	677	1,263	1,263
Taxation and social security costs	1,074	789	1,018	867
Amounts owed to subsidiary undertaking	-	-	-	-
	17,063	13,185	16,669	12,924
Amounts falling due after one year				
Deferred income - after one year	11 2,989	2,989	2,439	2,439
	2,989	2,989	2,439	2,439

11) Deferred Income	2017	Restated 2016
	£'000	£'000
As at 1 April	5,569	7,558
Deferred in current year	3,210	3,192
Released from previous year	(2,891)	(5,181)
As at 31 March	5,888	5,569

Of this balance £2.140m 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	2017	2016
	£'000	£'000
As at 1 April	467	549
Provision in year	5	-
Paid in year	(13)	(82)
As at 31 March	<u>459</u>	<u>467</u>
Provisions - within one year	443	443
Provisions - after one year	16	24
	<u>459</u>	<u>467</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 2017 the group had annual commitments under non-cancellable leases as follows:

Operating leases which expire:	2017	2017	2016	2016
	Land & Buildings	Other	Land & Buildings	Other
	£'000	£'000	£'000	£'000
Within one year	196	45	230	91
In the second to fifth year	447	120	103	290
After five years	515	74	-	-
	<u>1,158</u>	<u>239</u>	<u>333</u>	<u>381</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	Restated						As at 31 March 2017 £'000
	As at 1 April 2016 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	Fixed Assets - Losses on Revaluation £'000	Investments - Gains under Fair Values £'000	
Unrestricted Funds							
General Income funds	5,316	64,814	(62,865)	(2,131)	-	-	5,134
Designated Income funds	16,468	25	(1,624)	(2,855)	-	1,366	13,380
Total Unrestricted Funds	21,784	64,839	(64,489)	(4,986)	-	1,366	18,514
Restricted Funds							
<i>Restricted Income Funds</i>							
- Acquisitions for the Collection ¹	152	1,215	23	(987)	-	10	413
- Restricted Income funds	3,058	4,001	(3,037)	(97)	-	105	4,030
- Museum Development funds ¹	(2,405)	16,202	(147)	(13,269)	-	-	381
- Endowment funds income	809	147	(131)	(105)	-	122	842
	1,614	21,565	(3,292)	(14,458)	-	237	5,666
<i>Restricted Asset Funds</i>							
Restricted Capital funds ²	280,312	4,834	(12,152)	17,559	-	-	290,553
Revaluation Reserve	181,206	-	-	-	(1,799)	-	179,407
Heritage Assets ¹	90,573	4,122	-	1,885	-	-	96,580
	552,091	8,956	(12,152)	19,444	(1,799)	-	566,540
Total Restricted Funds	553,705	30,521	(15,444)	4,986	(1,799)	237	572,206
Endowment Funds							
Endowments	6,112	-	(49)	-	-	592	6,655
Total Endowment Funds	6,112	-	(49)	-	-	592	6,655
Total Funds	581,601	95,360	(79,982)	-	(1,799)	2,195	597,375

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.

14) Statement of funds (cont'd)**Unrestricted funds**

General Income Funds – 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.

Designated Income funds – a collection of funds which have been set aside at the discretion of the Trustees for specific purposes, as set out in the Trustees' reserve policy (see page 18).

Restricted funds

These funds are subject to specific restrictions 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.

Restricted Income funds – represents restricted income funds to be spent towards a specific appeal or purpose that do not fall within one of the other specific categories of restricted funds.

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.

Revaluation Reserve – comprises the cumulative movement in value of land and buildings. The Victoria and Albert Museum freehold properties are valued by Gerald Eve LLP on an annual basis (further details are disclosed in note 6).

Heritage Assets – these funds represent the movements in the capital value of the assets donated to or acquired for the collection.

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

	2017	2016
	£'000	£'000
Unrestricted	2,624	1,682
Restricted	501	89
Endowment	1,458	977
	<u>4,583</u>	<u>2,748</u>

15) Statement of fund commitments as at 31st March 2017	As at 31 March 2017	Restated As at 31 March 2016
	£'000	£'000
<i>Funds available for spending at Trustees' discretion:</i>		
General income funds (excluding investment in VAE)	4,932	5,113
Designated income funds	13,380	16,469
	18,312	21,582
<i>Funds raised for specific purposes:</i>		
Restricted income funds	5,666	1,614
Total funds available for spending	23,978	23,196
<i>Funds not available for Trustees' spending:</i>		
General income funds - share capital of V&A Enterprises	202	202
Endowment funds (Capital element)	6,655	6,112
Capital funds (Fixed Assets)	566,540	552,091
Total funds not available for spending	573,397	558,405
Total funds in balance sheet	597,375	581,601

16) Analysis of group net assets between funds

	Unrestricted Funds £'000	Restricted Funds £'000	Endowment Funds £'000	Restated	
				Total 2017 £'000	Total 2016 £'000
Fund balances at 31 March 2017 are represented by:					
Tangible and intangible fixed assets and heritage assets	83	566,540	-	566,623	552,241
Investments	12,111	45	6,655	18,811	16,880
Current assets	26,831	5,621	-	32,452	32,055
Current liabilities	(17,506)	-	-	(17,506)	(17,112)
Liabilities due after one year	(3,005)	-	-	(3,005)	(2,463)
Net assets	<u>18,514</u>	<u>572,206</u>	<u>6,655</u>	<u>597,375</u>	<u>581,601</u>

17) Capital commitments

	2017 £'000	2016 £'000
Capital expenditure commitments were as follows:		
Contracted for, but not provided in the accounts	<u>4,926</u>	<u>8,103</u>

The majority of the capital commitments relate to design, construction and professional fees on projects including the Exhibition Road Quarter, our main shop and the Cast Courts.

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	702	–	–	–	–
	British Museum	–	231	101	79	(12)
	British Film Institute	–	3	1	3	–
	Geffrye Museum	(23)	1	–	–	–
	Imperial War Museum	–	–	16	–	–
	The National Gallery	–	3	–	–	–
	National Portrait Gallery	–	24	–	–	–
	Science Museum Group	–	348	4	102	–
	Natural History Museum	–	97	1,111	15	(150)
DCMS funded body, Evelyn Welch is an Advisory Board Member	British Library	–	24	9	–	–
Tim Reeve is a Trustee	Exhibition Road Cultural Group	–	–	20	–	–
James Beardsworth is Co Secretary	Friends of the V&A	2,684	67	220	8	–
Nicholas Coleridge CBE, Edmund De Waal OBE, Nick Hoffman, Dr Tristram Hunt and Antonia Boström are Trustees; Anthony Misquitta is Co Secretary	Gilbert Trust for the Arts	216	–	–	–	–
Nicholas Coleridge CBE and Dame Theresa Sackler are Trustees; Anthony Misquitta is Co Secretary	V&A Foundation	11,094 ¹	–	–	–	–
Sir John Sorrell is a Director	London Design Festival	–	9	8	–	–
	London Design Biennale	–	195	–	–	–
Sir John Sorrell is a Trustee	Creative Industries Federation	–	–	5	–	–

18) Related Party Transactions (cont'd)

Relationship	Related Party	Donations/ Grants Received/ (Made)	Amount Sold	Amount Purchased	Year end balance Debtors	Year end balance (Creditors)
		£'000	£'000	£'000	£'000	£'000
Paul Thompson (Rector of the RCA) is a Trustee of the V&A	Royal College of Art	-	454	29	-	-
Paul Thompson is a Board Member	Ashmolean Museum	-	3	1	-	-
David Bickle and Dr Tristram Hunt are Directors	Design Dundee Limited	-	10	-	-	-
Dame Theresa Sackler is a Trustee	The Sackler Trust	30	-	-	-	-

¹Of this amount, £600k was deferred at the year end

In addition, five trustees made personal donations worth a total of £9,050 to the Museum during the year.

No other trustees or staff members 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.

The Chief Operating Officer and Director of Finance and Resources are Directors of V&A Museum Events Ltd.

The Chief Operating Officer is also a Director of V&A Ltd and V&A Holdings Ltd.

19) Contingent Liabilities

There are no contingent liabilities as at 31st March 2017 (2016: Nil).

20) Post Balance Sheet Events

On 1 April 2017, the Trustees of the Friends of the V&A transferred the trade and the assets of the charity to the V&A on a going concern basis. This transfer has been valued at £287k. From this date, all membership activity will be delivered through the Museum.

21) Changes in accounting policies and prior year adjustments

The V&A received a donation of £1.755m in March 2016 from the Mellon Foundation to support the V&A Research Institute (VARI). At the time, the donation was considered to have performance conditions attached and was deferred in accordance with the relevant section of the Charities SORP. It has subsequently been determined that there are no performance conditions, and therefore the prior year results have been restated to show the recognition in full of this donation in the year to 31 March 2016.

The effect in each relevant line has been as follows:

SoFA	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2016 Total funds £'000
Net income as previously stated (2015-16)	4,069	14,442	(239)	18,272
VARI restatement	-	1,755	-	1,755
Net income restated (2015-16)	4,069	16,197	(239)	20,027
Balance Sheet	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2016 Total £'000
Funds as previously stated at 31 March 2016	21,784	551,950	6,112	579,846
VARI restatement	-	1,755	-	1,755
Funds restated at 31 March 2016	21,784	553,705	6,112	581,601
Creditors				2016 Total funds £'000
Amounts falling due within one year previously stated at 31 March 2016				17,020
VARI restatement				(351)
Amounts falling due within one year restated at 31 March 2016				16,669
				2016 Total funds £'000
Amounts falling due after one year previously stated at 31 March 2016				3,843
VARI restatement				(1,404)
Amounts falling due after one year restated at 31 March 2016				2,439

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