

Victoria and Albert Museum  
Annual Report and Accounts 2017-2018



# Victoria and Albert Museum Annual Report and Accounts 2017-2018

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# 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 ingenuity in virtually every medium and from all over 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 in Bethnal Green and the archive / study collections site at Blythe House, Kensington Olympia. The museum also has a collections store in Dean Hill Park, Wiltshire.

## V&A Mission

To be recognised as 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 2017–18

2017–18 was a record year for the V&A. For the first time in the museum's history, the V&A attracted over 4 million visitors, with a total of 4,396,557 people visiting V&A South Kensington, V&A Museum of Childhood and Blythe House.

It was also a transformative year for the museum more widely. The V&A Exhibition Road Quarter – the largest architectural intervention in the museum the past 100 years, and a new civic space for London – opened to the public on 30 June 2017 to widespread critical acclaim. Designed by Amanda Levete and her practice AL\_A, and taking six years to realise, the V&A Exhibition Road Quarter provided a new entrance to the V&A from Exhibition Road; the world's first porcelain tiled courtyard, the Sackler Courtyard; a new entrance area into the museum, the Blavatnik Hall; and the Sainsbury Gallery, a new world-class gallery space for the V&A's internationally acclaimed exhibition programme.

The opening of the V&A Exhibition Road Quarter was celebrated with REVEAL, a week-long public festival of special cultural programming that included floating Aerocene sculptures by Tomás Saraceno, Ron Arad and Zandra Rhodes 'drawing with light' on V&A façades; a new dance commission from Julie Cunningham &

Company and hip hop dance from Botis Seva and the National Youth Dance Company Alumni. The festival surpassed expectations with 30,000 visitors in the first three days.

Over the course of the year, the V&A presented 7 exhibitions and 25 displays at the V&A South Kensington and two exhibitions at the V&A Museum of Childhood as part of its public programme. *Pink Floyd: Their Mortal Remains* attracted 352,189 visitors with its exploration of the audio and visual culture of one of the most inventive groups of the 1960s to 1980s. *Balenciaga: Shaping Fashion* explored the work of couturier Cristóbal Balenciaga and his profound and continuing influence on modern fashion. *Plywood: Material of the Modern World* was an exploration of the eclectic history of the material. *Winnie-the-Pooh: Exploring a Classic* captured the imagination of visitors across all age ranges, bringing this much-loved fictional character to family audiences in a multi-sensory, imaginative way. The first exhibition to open in the new Sainsbury Gallery, *Opera: Passion, Power and Politics*, explored the story of opera from its origins in late-Renaissance Italy through to the modern day. And the final exhibition of the year to open was *Ocean Liners: Speed and Style*, exploring design stories of the world's greatest ocean liners, including the Titanic, Normandie, the Queen Mary and the Canberra.

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 with the opening of the new V&A shop, and an innovative design by Carmody Groarke converting what had been offices of the National Art Library into a new, dedicated space for V&A Members.

The V&A Gallery at Design Society, Shekou opened in China's fast-paced design hub, Shenzhen, in December 2017. The V&A gallery's inaugural exhibition – *Values of Design* – presented a broad exploration of the relationship between notions of value and design, and marked the culmination of three years of extensive research conducted in London and in China, as well as community engagement in the region. The V&A's presence in China offers us an opportunity to engage with an international audience at the heart of the largest design centre in the world alongside an international knowledge exchange programme.

In the UK the V&A's national outreach and support for organisations across the UK continued, with extensive loans and outreach activity over the last year. Pieces on loan from the V&A collection reached 241 UK venues, with highlights including the golden throne loaned to the Herbert Museum & Art Gallery in Coventry, as part of the exhibition *Crafts of the Punjab*.

#### Other highlights of the year included:

- The refurbishment and reopening of the Robert H.N. Ho Family Foundation Galleries of Buddhist Art
- *David Bowie Is* continued its record-breaking global tour, opening in Barcelona before continuing to New York
- A series of important acquisitions, including shoes made for and worn by the American singer-songwriter Prince, Vivien Leigh's Oscar and wig, Queen Victoria's sapphire and diamond coronet, a fragment of Robin Hood Gardens, and a bootleg t-shirt from Jeremy Corbyn's election campaign were all acquired for the V&A's collections
- The launch of DesignLab Nation, a national programme to support design education for 11 to 16 year olds, working with regional museums
- The launch of ReACH, a global programme exploring reproduction of cultural heritage in the digital age

#### V&A South Kensington exhibitions 2017-18:

Title	Dates	Visitors
Prix Pictet – Space	06/05/17 - 28/05/17	24,986
Pink Floyd: Their Mortal Remains	13/05/17 - 15/10/17	352,189
Balenciaga: Shaping Fashion	27/05/17 - 18/02/18	272,564
Plywood: Material of the Modern World	15/07/17 - 12/11/17	281,210
Opera: Passion, Power and Politics	03/09/17 - 25/02/18	143,709
Winnie-the-Pooh: Exploring a Classic	09/12/17 - 08/03/18	139,377
Ocean Liners: Speed and Style	03/02/18 - 31/03/18	73,645

#### V&A Museum of Childhood exhibitions 2017-18:

Title	Dates
Searching for Ghosts	21/02/17 - 21/01/18
Michael Morpurgo: A Lifetime in Stories	22/07/17 - 25/02/18

## 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 the V&A delivers for our visitors is uniquely tied to all of the museum's activities, collections and public programme. 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 ingenuity and numerous genres.

The V&A has continued to improve its visitor experience in 2017–18, staging a critically-acclaimed programme of innovative and immersive exhibitions, high-profile and well-attended events such as our Friday Late programme and Fashion in Motion series, a wide range of displays, and new acquisitions for our collections to put on display.

The V&A continually strives 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.

There were over 330,000 instances of engagement with V&A South Kensington Learning department programmes during the past year, up from 225,000 the previous year. Working across all audiences, the V&A continued to adapt and develop to meet audience needs. This resulted in a varied public programme, spanning art, design, technology and performance, that aimed to spark curiosity and imagination, provide new skills and knowledge, and offer engaging social experiences.

#### Realising and Sustaining Future Plan

The V&A Exhibition Road Quarter was completed in June 2017. Alongside this project, the V&A Shop and V&A Members' Room were completed on schedule.

#### Friday Late

Events such as Friday Late, held on the last Friday of every month (except May and December), where workshops, performances, talks and installations take over the museum "after hours", encourage audiences to interact with the collection in new ways. By collaborating with a broad range of artists and partners the programme brings in a younger and diverse audience. Highlights in 2017–18 included a collaboration with global online music platform Boiler Room, presenting one of the most successful Friday Lates of the year. Part of the REVEAL Festival, it explored a dynamic programme of experimental sounds, with an original piece of music by Overmono with dance choreographed by English National Ballet; live performances from KOKOROKO and Hejira, and spoken word from Jehst, James Massiah and Durrty Goodz. Additional themes from the Friday Late programme included November's *Sino Flux*, celebrating contemporary art and design in China, and February's *Future of Dating*.

#### Fashion in Motion

Fashion in Motion is a series of live events presented against the unique backdrop of the V&A's galleries. 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 2017–18:

##### Molly Goddard

London-based designer Molly Goddard presented her signature colourful and voluminous designs as part of the REVEAL Festival, celebrating the V&A's new Sainsbury Gallery. Molly Goddard specialises in traditional techniques such as hand pleating, smocking and crocheting. She has won several awards for her designs, including the British Emerging Talent award at the 2016 Fashion Awards.

##### Phoebe English

Phoebe English, who regularly refers to lost or little-used fabrication techniques and has a respect for construction and the 'mark of the maker', aims to set the label apart from mass-made fashion and trend-led design – a permanence in the transience of fashion. An intricate balance between craft and design remains at the heart of each collection. Highlights from her last six years were presented in the Raphael Galleries.



### John Alexander Skelton

A graduate of London College of Fashion and Central St Martin's, Skelton has a sustainable design ethos. He utilises recycled fabrics such as antique bed sheets and old grain sacks, often found in markets. He customises these materials through hand-dyeing, over-washing, painting and patching to create garments inspired by his research into the past, traditional craft, heritage and politics.

## Engendering Learning and Participation

### DesignLab Nation

In September, the V&A launched DesignLab Nation, an ambitious, national programme to support design education, working with regional museums. Using the prize money from winning the Art Fund Museum of the Year in 2016, the V&A's DesignLab Nation programme targets 11-16 year olds in predominantly industrial areas, bringing together secondary schools in partnership with local museums and regional creative industries to inspire students, train teachers and preserve the essential role that Art, Design and Technology plays in education for young people. The V&A's pilot programme was designed to help support the new Design and Technology GCSE, which began in September 2017.

In its first year, DesignLab Nation worked with Culture Coventry – the Herbert Museum & Art Gallery and Coventry Transport Museum – and the Blackburn Museum. The programme will expand to Sheffield, Stoke-on-Trent and Sunderland in the following academic year. Loans from the V&A's collections, selected in consultation with project partners, complemented the programme and ensured that all visitors to the partner museums had the chance to experience the V&A's collections first-hand in the context of their local history and creative clusters.

### Samsung Digital Classroom

The Samsung Digital Classroom is an innovative programme of workshops for 16 – 24 year olds which brings together art, design, engineering and technology in unexpected ways. The programme takes place outside of the classroom and studio environment, using galleries, exhibitions and outside spaces as the locus for learning. Examples include:

- Build A Synth – Working with London Music Hackspace and sound artist Tara Pattenden, students visited *Pink Floyd: Their Mortal Remains* before prototyping, building and soldering their components together to create a playable instrument.
- 3D Printed Jewellery Design – V&A Gilbert Collection Artist in Residence Silvia Weidenbach led a studio and gallery visit where students collected inspiration from her work and the collections. Working in 3D modelling software, students created their own jewellery collections which were then 3D printed.

### Art, Science and Quantum Computing Event

This special event, held on 11 May, saw artists and designers from the Systems Research Group at the Royal College of Art and quantum physicists from the Centre for Quantum Photonics at the University of Bristol discuss their collaboration and the process of producing artworks with early stage quantum computers. The participants had previously studied the V&A's computer-generated art collection and worked closely with curatorial colleagues during the development of their work.

### Learning Academy CPD

The Professional Development programme has reached over 300 national and international museums professionals from across the UK and worldwide. These are intensive courses which aim to provide the skills needed to work in museums and galleries today. They are taught by V&A staff, and focus on practical training, using the V&A collections, best-practice and current projects as case studies. Topics range from how to programme for Friday Lates to plastic conservation.

## Creating Equality and Diversity

The V&A aims to integrate diversity and equality across its activity. We run a range of programmes and activities that are reflective of the diversity of our collections and of society. Examples of this in 2017–18 have included:

### Createfutures

A series of intensive, skills-based projects, targeting young people aged 16 – 24 who identify as “not in Education, Employment or Training” (NEET), pre-NEET or at risk. A recent example was the ‘A State of early modern Undress’ workshop. Attendees viewed objects at the Clothworkers’ Centre at Blythe House, and period pattern books at the National Art Library. Research and development skills were taught alongside pattern cutting, as students explored making through sketchbooks and sampling, each working to re-design a man’s shirt by the end of the week.

### Ghana: A Nation in Retrospective

Celebrating Ghana @ 60 and the UNESCO Decade for People of African Descent 2015-24, the event featured keynote speeches from Lord Boateng of Wembley and Achem, Ghana UK High Commissioner H.E. Papa Awusu-Ankamah and V&A Director Dr Tristram Hunt. Historians, cultural theorists, scholars, museum curators, artists and performers of the diaspora, looked retrospectively at a nation that over the last 60 years has shaped a modern vision, and established Ghanaians as trend-setting ‘Afropolitans’. The event was an opportunity for visitors to review and re-contextualise their history, heritage, culture and future.

## Future Activity

With the appointment of a new Director for Learning and National Programmes, Helen Charman, comes an opportunity to think more holistically about the learning offer across the family of V&A sites. The V&A has strong brand identity and our reputation for quality needs to be consistent across all areas of museum activity, including learning provision. Given the importance of design to the UK economy there is much work for the V&A to do in promoting and championing design processes, thinking, and relevance. This will be a priority for our national working over the coming year.

Other major projects include the V&A Museum of Childhood FuturePlan, which will transform our gallery provision and more than double the number of objects on display from the V&A Museum of Childhood collection. We will place the practice of design and craft at the heart of our ambition to offer an interactive, 21st-century museum experience for visitors of all ages. This exciting project will enable us to safeguard the Museum of Childhood’s historic building and its nationally significant collection for future generations, all in time for the building’s 150th anniversary in 2022.

The museum has been looking ahead to the next stage of FuturePlan, turning our attention to progressing our next priority projects, the first of which was the second phase of the Cast Courts restoration project. The autumn 2018 opening will see the full refurbishment of the remaining West Court, Central Gallery and Top Gallery, alongside essential conservation and reinterpretation of the casts collection. It also provides an opportunity to reassess the options for redevelopment of the North East Quarter, with the Photography Centre project already well underway. Designed by David Kohn Architects, the first phase of the new Photography Centre will more than double the museum’s space dedicated to photography. It is scheduled to open in October 2018.

## 2. FOCUS AND DEEPEN THE RELEVANCE OF OUR COLLECTIONS TO THE UK CREATIVE AND KNOWLEDGE ECONOMY

### Applying Research and Expertise

Research is a core part of the V&A’s culture. Our staff engage in a range of research activities across the fields of art, design and performance, conservation, collections management and object-led learning. The museum works with a broad group of colleagues at other cultural organisations and in academia on research projects, publications, exhibitions and events. Additionally, the V&A maintains a programme of exchanges with universities and museums in the UK, Europe and North America and offers visiting fellowships and professorships as part of our research activities.

### V&A Research Institute (VARI)

The V&A Research Institute (VARI), with support from the Andrew W. Mellon Foundation, is developing new approaches to research, training, display and interpretation with the aim of enhancing access to our collections and knowledge about them through eight projects. The Leman Album project is focused on a collection of Europe’s earliest-dated silk designs, held in the V&A but too fragile to be displayed. It involves collaborative research between curators, conservators, scientists, including a number of interdisciplinary

workshops on binding, inscriptions and dyes – and employing a range of scientific investigative techniques, the project is producing new knowledge about these designs, as well as the broader context of silk design and weaving in the 18th century. The project will be captured through the creation of a digital facsimile, giving worldwide access to these designs and to the new understanding that the research project has enabled. “Opening the Cabinets of Curiosities” explores the 19th-century afterlives of early modern “cabinets of curiosities” and their impact on 21st-century collecting.

### VARI Visiting Professors and Residencies

The V&A has a long history of offering 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. In addition, through VARI we are now also offering a number of visiting professorships and artist residencies. These programmes are inviting new thinking into the museum and developing new partnerships and ways of engaging audiences with our collections. In the last year this has enabled us to host a number of visiting professors, including Elizabeth Edwards, Emeritus Professor of Photographic History at De Montfort University, who is undertaking research into the V&A's use of photography to disseminate and interpret its objects for the public since the 1880s. Eric de Visscher, formerly director of the Musée de la Musique in Paris, has also joined us as a VARI Visiting Professor. His research has been focused on the ‘sonic’ museum, looking at the V&A's collection of musical instruments and at the use of sound in museums, with the aim of investigating and developing new models for engaging with musical instruments and other ‘sonic’ objects in the museum and in the digital sphere.

Through VARI we have also invited new embedded and offsite artists in residence to the V&A. Rachel Ara, a data and conceptual artist, is undertaking a year-long residency researching and critically examining the data that the V&A holds about its collections, and looking at new ways to connect this data to create new narratives and modes of engagement. We have also welcomed Dutch artist Wouter Osterholt for our second VARI Offsite Residency. Based at The White House in Dagenham, Osterholt has been exploring the utopian origins of the garden city movement and the Becontree Estate, with the aim of creating an Ideological Travel Guide to Becontree. The offsite residencies aim to build bridges with local communities and are hosted jointly by the V&A and partner organisations. Both the VARI Embedded and Offsite Residencies are supported by The Andrew W. Mellon Foundation.

### Postgraduate researchers

The V&A works with higher education institutions across the UK on collaborative postgraduate programmes, helping to train a new generation of scholars working in the academic and heritage sectors. Institutions we work with include the Royal College of Art, with whom we co-deliver the long-running MA in the History of Design and Material Culture. In addition, as part of the AHRC Collaborative Doctoral Partnerships, we host a growing community of PhD students, co-supervised between the V&A and a range of university partners. PhD researchers help us to learn more about our collections, and to share them more widely and effectively. This year PhD researchers worked on a wide range of topics including the embroidery trade in 18th-century France; collecting and displaying contemporary Middle Eastern art and design, and the curation and interpretation of photographic archives in the digital realm.

### 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 this year include exchanges with the Metropolitan Museum of Art on Renaissance watercolours, and with Staatliche Kunstsammlungen Dresden on Meissen porcelain.

### Residency Programme

Recent V&A residents have been achieving high profile success following on from their time with us:

- Julian Melchiorri, V&A Exhibition Road Engineering Resident, developed the world's first living, breathing chandelier, utilising novel bionic-leaf technologies. The chandelier is on long-term display at the Members' entrance to the museum. For his work, Julian was awarded the prestigious Arts Foundation Fellowship for Materials Innovation.
- Phoebe Cummings, V&A Ceramicist-in-Residency in 2010, was awarded the inaugural £10,000 Women's Hour Craft Prize. Finalists were exhibited in the V&A Sackler Centre for arts education.
- Metta Theatre, the museum's first opera residents, created a new opera inspired by *Opera: Passion, Power and Politics*, which was premiered at the V&A on 23 March 2018.

- Sylvia Weidenbach, a German jewellery designer, based in London, became the first V&A Gilbert Collection Resident responding to the precious objets d'art that make up the Rosalinde and Arthur Gilbert Collection. Her residency culminated in an exhibition held at the V&A in July 2018.

### Realising national engagement

The V&A is committed to providing the best possible physical and intellectual access to its collections. 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 1,134 objects during 2017–18. 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, through both formal and flexible agreements.

#### The Arts Council England / V&A Purchase Grant Fund

The Arts Council England (ACE) / 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. It plays a key part in the V&A's support for their national colleagues to develop regional collections for the benefit of the public across the UK.

In 2017–18 the fund made a total of 112 grants totalling £0.8 million enabling purchases totalling £3.3 million supporting 73 organisations from Aberystwyth to Norwich and Penzance to Newcastle. One example is a £60,000 grant from the ACE/V&A Purchase Grant Fund that enabled the the Potteries Museum in Stoke-on-Trent to raise the matching price of £482,500 for the first-day vase, thrown by Josiah Wedgwood at the opening of his new factory in Etruria in 1769.

#### Specialist Networks

Staff across the V&A are actively involved in several subject specialist networks. 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.

V&A staff sit on the steering group of the Photography Collections Network, the new subject specialist network for photography.

*Crafts of the Punjab* was created especially for the Herbert Museum & Art Gallery, Coventry by staff of the Asia department. Eighty-five objects were on show, including some that had not been exhibited before. The star piece was the golden throne made by a Muslim craftsman in Lahore for Ranjit Singh, the first Sikh Maharaja of the Punjab. The exhibition ran from 20 October 2017 to 21 January 2018 and was visited by 20,990 people.

Fairfax House, York and the V&A have worked together over many years. This year the museum collaborated on the exhibition *Made in York: Inventing & Enlightening the Georgian City* to which the V&A lent a number of objects, the ACE/V&A Purchase Grant award of a major grant towards Fairfax House's acquisition of the 17th-century panel by Grinling Gibbons and *The Festival of Ideas* which took place in York from 6-18 June 2017 under the banner of "The Story of Things". Five speakers from the V&A contributed.

## National touring exhibitions

In 2017–18, 5 exhibitions toured to 11 venues.

Title	Venue	Dates	Visitors
Clangers, Bagpuss and Co	River & Rowing Museum, Henley	04/02/17 - 04/06/17	4,067
	Ipswich Museum	17/06/17 - 29/10/17	not counted
	Sissinghurst Castle, Kent	11/11/17 - 28/01/18	not counted
Small Stories: At Home In A Dolls' House	Castle Museum, Norwich	04/03/17 - 25/06/17	not counted
	Weston Park Museum, Sheffield	05/08/17 - 07/01/18	not counted
Pop Art in Print	The Wilson, Cheltenham	25/03/17 - 04/06/17	2,942
	Chester Library, Chester	28/07/17 - 22/10/17	15,000
	The Dick Institute, Kilmarnock	20/01/17 - 28/04/18	not counted
Game Plan: Board Games Rediscovered	Maidstone Museum	24/06/17 - 01/10/17	not counted
	Sea City Museum, Southampton	21/10/17 - 25/02/18	not counted
Crafts Of The Punjab	Herbert Art Gallery & Museum, Coventry	20/10/17 - 21/01/18	20,990

## Loans

In 2017–18 the V&A lent 1,530 objects to temporary exhibitions at UK and overseas venues. Additionally, 1,446 long-term loans supported permanent displays. Loans were made to 241 UK venues and 106 overseas venues.

Highlights include the loan of the four Wolsey Angels, acquired by the V&A with major support from National Heritage Memorial Fund and Art Fund to Christchurch Mansion, Ipswich. This was the first time they have been seen outside London. From Ipswich, the angels will move to New Walk Museum, Leicester in April 2018 before returning to the V&A.

## Acquisitions

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 V&A's collections represent the best of historic and contemporary design and reflect changing and diverse societies.

The V&A currently looks after 2.3 million objects, library items and archives in its collections. In 2017–18, 25,897 items were added to the collection, with a total value of £7.5 million. Of this, the cost of objects purchased was £6.8 million, made possible by funding largely from external sources, including generous support from the Art Fund, V&A Members, National Heritage Memorial Fund, and private donors. The value of objects donated, either directly or via the Acceptance in Lieu scheme, was £0.7 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 tests established interpretations of particular periods, styles or an artist or designer's work.

Highlights include:

- The Felix Dennis OZ Archive
- Ollie Beak
- The Vivien Leigh Archive
- The Forster Baby House
- Armchair designed by Sōri Yanagi
- 51 designs for *Examples of Chinese Ornament* by Owen Jones
- Fragment of Robin Hood Gardens
- Queen Victoria's sapphire and diamond coronet

## Future Activity

Planning is underway for the V&A East project in the Queen Elizabeth Olympic Park in East London, which aims to create two new public sites – a dynamic museum at Stratford Waterfront, and a major centre for collection, research and learning at Here East. 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.

V&A Dundee will open in September 2018. The Scottish Design Galleries, V&A Dundee's permanent collection, will be at the heart of the new museum and will celebrate the influence of Scottish design both at home and abroad. The galleries will explore the design process, the international diaspora of Scottish design and the role of design to effect social change. The galleries will include around 300 beautiful and innovative objects representing a wide range of design disciplines from the decorative arts – including furniture, textiles, metalwork and ceramics – to fashion, architecture, engineering and digital design. The majority of the objects on display will come from the V&A collections and have never been displayed in Scotland before. Others will be loans from collections and designers across Scotland.

## 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 V&A by enriching its knowledge and expertise, attracting new audiences, generating income and building reputation and brand.

### V&A Gallery at Design Society, Shekou

The culmination of a partnership that started in 2012, the V&A Gallery at Design Society in Shekou opened in December 2017. Located inside the Sea World Culture and Arts Center (SWCAC), Design Society is a new purpose-built cultural destination and hub, designed by renowned Japanese architecture firm Maki & Associates. The V&A Gallery opened with the site-specific inaugural exhibition *Values of Design*, designed by the Sam Jacob Studio, featuring over 250 objects from the V&A's collections.

Throughout the partnership, the V&A has given professional advice and provided training across multiple departments to help establish Design Society as a new cultural platform. Training has been provided to 140 volunteers from Shenzhen University and the broader community, recruited to support the public programme at Design Society during and after the opening.

A learning specialist, based at V&A South Kensington, has worked closely over the past two years with the nascent learning team in China to co-create their strategy and programme. Recognizing the lack of museum learning provision in China, the programme focused on extensive community engagement workshops and consultation. Sessions are now booking up, and the new programme is well underway.

Following the successful launch of *Values of Design*, Design Society will receive two touring exhibitions from the V&A in the next few years.

### ReACH (Reproduction of Art and Cultural Heritage)

Launched at UNESCO in May 2017, ReACH is a global initiative spearheaded by the V&A, originally in partnership with the Peri Charitable Foundation that explores how to re-think our approach to reproducing, storing and sharing works of art and cultural heritage.

Growing out of *A World of Fragile Parts* held by the V&A and the Venice Architectural Biennale in 2016, ReACH had two goals. The first was to share best practices concerning the production, storage and dissemination of digital and physical reproductions. This was achieved by inviting key speakers to the roundtables to share their professional experiences and to flag some of the broader challenges and opportunities. The second goal was to use the information gathered from the five roundtables to draft a new convention concerning the role of museums and other organisations in the reproduction of works of art and cultural heritage, which can be shared and adopted.

The roundtables resulted in the ReACH Declaration, a 21st-century version of Henry Cole's 1867 Convention, which helped usher in a period where museums actively engaged in the creation of reproductions of objects from around the world. The ReACH Declaration invites us to embrace – with confidence – advances in technology and connectivity to better study, share and preserve our cultural heritage.

On 8 December 2017, the ReACH declaration was launched beginning a new phase of dissemination and circulation of this document and the thinking behind it. The ReACH dialogue has extended to UNESCO and the ReACH team is now working on increased international collaboration with the project.

### Culture in Crisis programme

During December 2017, the V&A's Culture in Crisis Programme, partnered with Yale Global Cultural Heritage Initiatives, held a conference and workshop at the V&A, to address the practical applications of digital reproduction in heritage preservation.

Culture in Crisis continues to work to understand the impact of cultural heritage loss on communities and the positive role preservation of cultural artefacts can have in rebuilding communities in areas following wars and disasters. As well as raising awareness through public events and series such as Preservation by Design, a ten part series of recordings exploring solutions to threats posed to our cultural heritage, Culture in Crisis works closely to support law-enforcement, nationally and internationally, and the British Armed forces to develop strategies to prevent the illicit trade of cultural goods.

### V&A international touring exhibitions 2017–18

In 2017–18, the V&A sent 7 exhibitions to 12 overseas venues in 8 countries.

<i>Title</i>	<i>Venue</i>	<i>Dates</i>	<i>Visits</i>
Shoes: Pleasure and Pain	Savannah College of Art and Design, Georgia	11/04/17 - 30/07/17	6,526
	Swire Tour – Taikoo Hui, Shanghai	20/09/17 - 05/11/17	30,047
	Swire Tour – Sino Ocean Taikoo, Chengdu	12/03/18 - 15/04/18	not measured
Undressed: A Brief History of Underwear	Erarta Gallery, St Petersburg	29/04/17 - 30/07/17	68,227
	The Frick, Pittsburgh	21/10/17 - 14/01/18	18,621
You Say You Want a Revolution? Records and Rebels 1966–1970	Musée des Beaux Arts, Montreal	22/05/17 - 08/10/17	156,338
	Electro-Stanislawsky Theatre, Moscow	04/12/17 - 04/04/18	37,271
David Bowie Is	Museu del Disseny, Barcelona	22/05/17 - 15/10/17	96,245
Jameel Prize 4	Asia Culture Centre, Gwangju	30/06/17 - 08/10/17	106,175
	Kasteyev State Museum of Art, Almaty	29/10/17 - 07/01/18	9,621
Lockwood Kipling: Arts and Crafts in the Punjab and London	Bard Graduate Center, New York	15/09/17 - 07/01/18	4,628
Master Strokes: Dutch and Flemish Drawings from the V&A	Oklahoma City Museum of Art	28/10/17 - 21/01/18	20,821
Total			535,899

### Future Activity

We will build on the success of our national and international touring exhibitions, leveraging the opportunity to build museum relationships globally.

The V&A will continue its activities in Shekou, both in the museum and with education programmes in the area. It will build on the success of ReACH to develop an international agreement on the conservation and reproduction of objects and work alongside UNESCO to implement these conventions.

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

The V&A remains at the cutting edge of digital design and experience. 2017–18 continued the progress that had been achieved last year with the relaunch of the V&A's award-winning website and the dedicated content management system, including new research, season and programme pages, landing pages for audiences and event types (for example, Family Events and Tours) which has supported marketing activity and improved the visibility online of our events programme.

The V&A has been innovating with digital content wherever possible to spark audience's imagination and provide greater insight into the collections and public programme offer. The *Winnie-the-Pooh: Exploring a Classic* exhibition page was built with the user in mind, with interactive bees that follow the mouse around the screen and balloons which could be "popped". Since their introduction, almost 20,000 balloons have been popped by online visitors. Users remain on the page for an average of 1m30, and the proportion of visitors who navigate away from the site after viewing only one page is at only 25%.

The opening of the V&A Exhibition Road Quarter saw pioneering touchscreen ticketing points in the Blavatnik Hall, a first for the V&A. For the first time it is now possible to purchase courses, tickets, events and items from the shop all in one go as the short, evening, year and professional development courses went on sale on the same ecommerce platform as the museum's other products.

In June 2017, the V&A were invited by the Vatican to speak about the museum's use of International Image Interoperability Format (IIIF), an interface that provides a standardised method of describing and delivering images over the web. Following the success of the talks at the Vatican, the team subsequently hosted two workshops providing an introduction to IIIF for cultural organisations (including the Royal Collections, Kew Gardens, and the Postal Museum) exploring how this technology can help make our collections digitally accessible for a range of audiences.

### We Wear Culture

June marked a collaboration between the V&A digital content team with Google Arts & Culture. Together they created a virtual fashion experience called 'We Wear Culture – the stories behind what we wear'. The project takes one object – in this case a Vivienne Westwood corset from her 1990 Portrait collection – and considers it in 360 degrees, both physically and metaphorically, as it stars in a new virtual reality experience.

The V&A's work with Google also included the creation of four ultra-high resolution Gigapixel images from key pieces from the fashion and Asian collections allowing viewers to see details that had previously been hidden from the naked eye.

Sitting alongside this work, the V&A has developed eight online exhibitions around the subjects of:

- Schiaparelli and Surrealism
- Indian Textiles
- Gallery of Fashion
- Marshall & Snelgrove Coat
- The Politics of Fashion
- V&A Fashion in Motion
- Masterpieces of English Medieval Embroidery
- Influence and Longevity

Subsequently the V&A organised for another ultra-high resolution image to be made of an Ann West patchwork. It was shown on both the V&A's platform and on Google Arts and Culture. The article, featuring a deep zoom interactive, saw high levels of engagement with record dwell times and well over 35,000 views.

### Social media

Social media is an integral part of the V&A's marketing and communications activity. Our followers and engagement across social channels grew steadily throughout the year, and we participated in all major international social media events such as Museum Week or Ask A Curator Day. In 2017–18 our audiences on Twitter saw 12% growth and on Facebook 8% growth while Instagram saw an immense 37% growth as well as 100% increase in engagement. Website sessions from social media compared to 2016-17 have increased by 18%. The V&A aims to create dynamic and accessible content that reaches and engages with our broader UK and international audiences.



## Future Activity

The V&A will continue to accelerate its digitisation programmes, enabling our online and museum audiences to access, understand, study and enjoy the collection, and obtain greater benefit from curation, conservation and research.

The V&A will continue to extend its reach, and to give the variety and depth of the museum's rich intellect a voice in the global digital discourse about art and design, through social media channels. The V&A will aim to enhance the museum experience by making the collection more relevant and accessible, according to visitors' individual interests, and then matching this to the available technology.

## 5. DIVERSIFY AND INCREASE PRIVATE AND COMMERCIAL FUNDING SOURCES

### Private fundraising

During a successful period of fundraising, a total of £19.4 million was raised directly for the museum. In addition, £3.4 million was generated by the V&A Membership scheme. The merger between The Friends of the V&A and the museum took effect from 01 April 2017. A Membership Advisory Group (MAG) was also established to represent the interests of Members and provide a forum for discussion.

Of the overall income, £6.8 million was raised towards the V&A's ongoing major capital programme. Following the successful opening of the V&A Exhibition Road Quarter by HRH Duchess of Cambridge in June 2017, we turned our attention to progressing our next priority projects, the first of which was the second phase of the Cast Courts restoration project. Due to some exceptionally generous donors, the fundraising target for this project was secured well-ahead of schedule. Following the launch of the ambitious Photography Centre campaign, we received a variety of generous gifts from trusts, foundations and individuals, including a second £1 million pledge towards this £7 million two-phase project. The first phase will open to the public in October 2018. Finally, fundraising is beginning on a visionary refurbishment of the V&A's Museum of Childhood and the Raphael Gallery in advance of the 500th anniversary of Raphael's death in 2020.

An extraordinary act of generosity from William Bollinger saved Queen Victoria's sapphire coronet for the nation and it was kindly gifted to the V&A. We are delighted it will go on display in the refreshed William and Judith Bollinger Jewellery Gallery in 2019.

The Art Fund Museum of the Year prize fund, received in 2016-17, was used to develop the museum's new flagship national schools programme, DesignLab Nation. Since the programme was launched in April 2017, a further £150,000 was secured towards the programme cost.

We are also enormously grateful to V&A Members, the National Heritage Memorial Fund, Art Fund, the Ruddock Foundation for the Arts, The Belvedere Trust and other legacy donors, trusts, foundations and individuals for helping us secure important acquisitions for the V&A during 2017-18. These include 51 stunning designs by Owen Jones for publication in *Examples of Chinese Ornament from objects in South Kensington Museum* and other collections and photographs by Danish artist Peter Funch. Further important acquisitions were also made possible thanks to the generosity of the Photographs Acquisition Group which offers valuable support and encouragement to the curatorial team and Photography collection. We are also delighted to have a new and improved Members' room generously funded by the Members.

The exhibitions programme attracted significant funding from both returning and new supporters including Bowers & Wilkins, Made.com, CELC and G-Star Raw. *Opera: Passion, Power and Politics* was the second of two major exhibitions in consecutive years to be sponsored by long-term V&A Corporate Patron, Société Générale. Corporate Membership continued to grow, attracting more first time supporters and exceeded the year's target. The museum's venue hire business generated over £1.7million in turnover.

Our loyal community of Director's Circle patrons continued to expand and the newly-launched Young Patrons' Circle flourished, exceeding expectations once again. Both groups generated vital unrestricted income for the museum.

### How we fundraise

The V&A's Development team has an exceptional reputation in the sector for fundraising professionally, responsibly and sensitively. Many of the museum's fundraising team are members of the Institute of Fundraising and the museum is registered with the Fundraising Regulator, whose Code of Fundraising Practice and Fundraising Promise set a standard for fundraising activity in the UK. Our Legacies team are members of the Institute of Legacy Management, and the V&A is also registered with Remember a Charity, a consortium of 200 charities based at the Institute of Fundraising that encourages legacy giving in the UK.

The V&A's approach to fundraising is highly-personalised. The V&A operates almost exclusively on a one-to-one basis with our supporters and partners, ensuring our communications are not excessive or intrusive and that

the individuals we contact do not feel under any undue pressure to donate. Our Members are all individuals who have actively agreed to engage with the V&A and we do sometimes communicate with our members as a group. When we receive feedback from our supporters on how we could improve we take it very seriously, and we are pleased that we have had no complaints related directly to how we fundraise in the last year. Furthermore, advisory boards made up of volunteers representing a diverse range of our supporters help us to understand what these groups expect of the V&A and how we can best deliver the world-leading programmes we have become known for.

When fundraising is carried out on behalf of the museum it is with a small group of trusted partners who help us secure sponsorship from organisations, or individuals who promote the V&A through their personal and professional connections. We work closely with these partners to ensure their approach consistently meets the high standards of the museum's own fundraising.

### **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 and sustain the increased levels of unrestricted income which is vital to support our permanent collections and scholarly activities.

We remain grateful to the many generous individuals and organisations that have supported us over the past year and those who will continue to support the museum in the future.

### **Commercial**

Commercial activities delivered a total contribution of £5.6m in the period, an increase of £800k (17%) on last year. The main driver of growth was *Pink Floyd: Their Mortal Remains*.

The year also saw the launch of a new design for the V&A shop, a new café in the V&A Exhibition Road Quarter, the new V&A Members' Room and a new exhibition shop outside the Sainsbury Gallery. Our Publishing division enjoyed enormous success with international co-editions for the Pink Floyd and Bowie catalogues driving contribution to over £800k.

Image licensing delivered considerable success as this part of the website was relaunched to bring it in line with the overall digital brand experience. Our brand licensing enjoyed considerable international growth, and we signed a number of key agreements in China and Japan which will deliver long term strategic growth.

We face challenges from the lower than expected attendance for certain exhibitions and will work to improve the conversion rate in the the Sainsbury Gallery exhibition shop.

### **Future Activity**

In 2018–19 we expect great commercial success from *Frida Kahlo: Making Herself Up*. It should also mark the first year when the contribution from Catering breaks the £1m barrier thanks to increased outlets and improved terms from our supplier.

## 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.

	2017-18	2016-17
<b>Number of visits to the museum</b>	4,396,557	3,439,800
V&A South Kensington	3,993,315	3,000,012
V&A Museum of Childhood	397,218	433,400
Blythe House	6,024	6,400
<b>No. of children aged 16 and under attending museum sites</b>	584,029	486,700
V&A South Kensington	439,500	326,800
V&A Museum of Childhood	144,529	159,900
<b>No. of facilitated and self-directed visits to the museum by children under 18 in formal education</b>	91,238	114,700
V&A South Kensington	56,680	68,800
V&A Museum of Childhood	34,558	45,900
<b>No. of instances of children under 18 participating in onsite organised activities</b>	140,597	159,500
V&A South Kensington	81,315	83,500
V&A Museum of Childhood	59,282	76,000
<b>Number of instances of adults aged 18 and over participating in onsite activities at the museum</b>	318,181	258,500
V&A South Kensington	287,066	221,200
V&A Museum of Childhood	31,115	37,300
<b>Number and % of visits by UK adult visitors aged 18 and over from National Statistics–Socio Economic Classification (NS-SEC) groups 5-8</b>	228,324	175,700
	10% of UK adult visits	15% of UK adult visits
V&A South Kensington	194,400	108,000
	10% of UK adult visits	8% of UK adult visits
V&A Museum of Childhood	33,924	67,700
	12% of UK adults	21% of UK adult visits
<b>Number and % of visits by UK visitors from an ethnic minority background</b>	459,060	345,700
	20% of UK visits	21% of UK visits
V&A South Kensington	376,200	240,100
	19% of UK visits	18% of UK visits
V&A Museum of Childhood	82,860	105,600
	29% of UK visits	29% of UK visits
<b>Number of unique web visits</b>	13,344,539	12,588,000
<b>% of visitors who would recommend a visit</b>		
V&A South Kensington	99%	99%
V&A Museum of Childhood	99%	100%
<b>Number of UK loan venues</b>	241	263
<b>Number of loan venues (UK &amp; Overseas)</b>	347	378
<b>Self-generated income</b>	£55,114,000	£55,103,000

<i>Performance indicator</i>	<i>2017-18</i>	<i>2016-17</i>
Admission income	£5,976,000	£5,891,000
Trading profit	£8,062,000	£5,269,000
Total contributed income	£37,556,000	£32,493,000
Of which donated objects	£754,000	£4,122,000
Contributed income as % of baseline GiA	99%	81%

## Financial Review

The accounts have been prepared in a form directed by the Secretary of State for Digital, 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 2018, VAE will contribute £7.2 million (2017: £4.8 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 £0.8 million to the group (2017: £0.4 million) in the year. A further wholly owned subsidiary of V&A Holdings Ltd, 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 (2017: no activity). 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). Previously, the V&A provided staff and other resources to the charity but had no control over its Board. As noted on page 45, 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 2018, the Foundation made grants to the museum of £6.8 million (2017: £11.1 million).
- Design Dundee Limited (charity no. SCO41219). The V&A is a founding partner of Design Dundee Limited. The Director of the V&A is a member of the Design Dundee Limited board and the V&A provides in kind support in relation to the opening of the V&A Dundee.

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

The year to 31 March 2018 was highly successful in terms of both the public programme and financial performance. Total unrestricted income of £73.6 million (2017: £64.8 million) reflects a strong year for our trading activities, supported by a successful exhibition programme. With inflation increasing, good cost control helped ensure that an operating surplus was generated, which will allow us to deliver further investments in our infrastructure.

Total government funding was £37.8 million (2017: £40.3 million), following both a one-off increase in our core allocation and a higher drawdown of additional funds for our planned move from Blythe House in the previous year. Total restricted income of £19.3 million (2017: £30.5 million) was lower than the prior year as fundraising activity for the new V&A Exhibition Road Quarter came to an end.

### Fixed assets

Capital expenditure for the museum in the year fell to £10.8 million (2016: £22.3 million), with the completion of the V&A Exhibition Road Quarter in June 2017, the largest capital project at the V&A in generations. In addition, the redesigned main shop opened in May 2017 and the new Members' Room opened in September 2017, while work continued on the Cast Courts and the new Photography Centre, both due to open in the coming year and other FuturePlan projects.

The depreciation charge for the year was £13.8 million (2017: £12.2 million). A full valuation of the V&A Estate was performed by Gerald Eve, Chartered Surveyors, at March 2018, a year earlier in the usual five-yearly cycle, following the opening of the V&A Exhibition Road Quarter. V&A South Kensington was re-valued at £435.8 million (2017: £388.5 million) and the V&A Museum of Childhood at Bethnal Green at £15.9 million (2017: £14.8 million). As a result, the accounts show a gain on revaluation of £1 million (2017: loss of £1.8 million), once capital expenditure in the year has been taken into account. Following the signing of a five-year rent-free lease with DCMS, the V&A portion of the site at Blythe House was transferred to DCMS and a loss on disposal of £8.8million has been recognised in the Statement of Financial Activities.

### Heritage assets

Spend on objects for the collection amounted to £6.8 million (2017: £1.9 million) with a significant portion being funded from private donations. The significant increase compared to the previous year reflects the purchase of Queen Victoria's coronet, generously funded by William Bollinger. In addition, objects with a value of £0.7 million (2017: £4.1 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 41 per cent of the museum's income in the year (2017: 42 per cent). The rest of the operational costs are financed through 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 £8.5 million (2017: £6.5 million). This target level of reserves represents three to six months of the V&A's non GiA-funded operating expenditure, a figure that has grown with the merger of the Friends of the V&A into the V&A.

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 2018 is £18.0 million (2017: £18.3 million: see note 16). Of this amount £8.5 million is held to meet the requirement for general reserves set out above. The remaining £9.5 million is held to provide cash flow support for FuturePlan projects, and investment in 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 £29.6 million at 31 March 2018 (2017: £28.9 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 meet the requirement for general reserves in order to manage the financial impact of a significant risk crystallising. Investment timeframe of less than one year.	0.41	41,222
Reserve fund	To meet specific restricted and designated expenditure purposes, whilst preserving capital in real terms with the potential for moderate real growth. Investment timeframe of 5 years.	3.66	382,606
Endowments	To fund the purchase of new collection items, maintain existing collections and to support the ongoing activities of the V&A (consistent with the purposes of each underlying trust) whilst preserving capital in real terms. Perpetual investment timeframe.	4.34	250,222
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.	-0.28	-7,245

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. 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 aims to settle all bills within 30 days or in accordance with the suppliers' terms of business. In 2017-18 52% (44% in 2016-17) of invoices were settled on time.

## 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 £0.785 million to other organisations under the Purchase Grants Fund scheme to enable acquisitions (2017: £0.9 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 £44,250 (2017: £42,500). Additionally, a sum of £28,775 (2017: £25,385) was paid to auditors of other entities in the group including £8,140 (2017: £3,710) 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 a 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 flourish and to provide a biodiverse environment within an urban landscape.

### 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	2017-18	2016-17
CO2 emissions	Scope 1 emissions (direct)	tonnes of CO <sub>2</sub>	159	162
	Scope 2 emissions (indirect)	tonnes of CO <sub>2</sub>	4,237	4,438
	Total emissions tonnes of CO <sub>2</sub>	tonnes of CO <sub>2</sub>	4,396	4,600
Related Energy Consumption	Electricity	MWh	8,402	7,871
	Gas	MWh	6,491	5,781
	Total	MWh	14,893	13,652
Financial Indicators	Expenditure on energy	£'000	1,368	1,413
	Expenditure on official business travel	£'000	600	531
Waste	Waste sent to landfill	tonnes	-	-
	Waste recycled / re-used	tonnes	287	140
	Waste incinerated	tonnes	370	314
	Total waste disposed	tonnes	657	454
Finite Resource Consumption	Water Consumption	m <sup>3</sup>	48,567	41,843
	Water Supply Cost	£'000	125	83

## Our People at the V&A

The V&A directly employs approximately 1,000 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 employees up-to-date on developments and plans, improve communication between departments, solicit feedback, work together to make improvements and enable employees to understand what the museum does and the vital role they play in its success.

### Employee Engagement

In 2017, an Employee Engagement Survey was conducted that gathered input from all employees in order to capture their views on working at the V&A. As a result, departments have created action plans to facilitate improvements and a further survey is planned for late 2018 to assess progress.

A programme of activities also includes the Management Forum (a monthly meeting for Heads of Department to discuss current issues and exchange information), All Staff meetings (run bi-monthly with Director's update and presentations from different museum departments) as well as bi-monthly "Spotlight On" sessions, to focus more deeply on a particular subject area, breakfast meetings with the Chairman and staff lunch meetings with Trustees. Many channels are used to communicate with staff, including the Director's Fortnightly Blog and 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. Employee representatives from the museum's three recognised trade unions meet V&A Management every two months and 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 3.8 days (2016-17: 7.1 days). If long-term sickness (any absence over three weeks in duration) is excluded, the figure falls to 2.0 days (2016-17: 3.7 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 9% of employees have declared themselves as having a disability.

The current ethnic profile of staff is: 74.9% white, 2.2% black, 3.9% Asian, 2% mixed, 2.5% other and 14.5% unstated. The gender profile is 71% female and 29% male.

### Trade Union Activity

The V&A recognises three trade unions in Prospect, PCS and FDA for museum employees and meets regularly to facilitate effective communication and negotiation. Union representatives are granted reasonable requests for paid facility time, to carry out their union duties and details are shown below for the year April 2017- March 2018.

The total number of employees who were relevant union officials was 14 (13 on an FTE basis) and all spent between 1-50% of their paid working time on facility time. The total cost of facility time was £23,883, the total pay bill during this time was £36m, therefore the percentage of the total pay bill spent on facility time was 0.07%. Finally, the time spent on paid trade union activities as a percentage of total paid facility time hours was less than 1%.



# Legal and administrative information

## **Principal Address**

Victoria and Albert Museum  
Cromwell Road  
London SW7 2RL

## **Bankers**

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

## **Solicitors**

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

## **Investment Advisors**

Partners Capital LLP  
5 Young Street  
London W8 5EH

## **Auditors-Internal**

Moore-Stephens LLP  
150 Aldersgate Street  
London EC1A 4AB

## **Auditors-External**

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

## *Trading companies*

*haysmacintyre*  
10 Queen Street Place  
London  
EC4R 1AG

## Remuneration Report

### Remuneration Committee Membership

The membership of the Remuneration Committee comprised the following Trustees:

Nicholas Coleridge CBE – Trustee (Chair)

Robert Glick Trustee

Nick Hoffman Trustee

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

### Remuneration policy for senior managers

The Remuneration Committee reviews salaries of all senior managers employed by the museum on Senior Manager Contracts. 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 2017 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 employees subject to collective bargaining arrangements, senior employee 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 employees (including the Director) are permanent employees of either the museum 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 51).

The Director's and senior managers' emoluments and pension details for 2017-18 are shown in the table overleaf. The V&A has prepared this remuneration report in accordance with the Government Financial Reporting Manual, which requires disclosure of information about directors' remuneration, where 'directors' is interpreted to mean those who influence decisions of the V&A as a whole. In the V&A's opinion, this means the Trustees, Director and Deputy Director. 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		Pension Benefits		Total	
	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18	2016-17	2017-18
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Dr Tristram Hunt Director <sup>1</sup>	15 – 20	135-140	Nil	Nil	6	54	20-25	190-195
Tim Reeve Deputy Director & Chief Operating Officer	115 – 120	115-120	10-15	5-10	67	40	195-200	165-170

	Accrued pension at pension age as at 31 March 2018 - Related lump sum	Real increase in pension at pension age - Real increase in related lump sum	CETV at 31 March 2018	CETV at 31 March 2017	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Dr Tristram Hunt Director	0-5	2.5-5	33	3	20
	Nil	Nil			
Tim Reeve Deputy Director & Chief Operating Officer	35-40	0-2.5	536	488	13
	85-90	Nil			

## Notes

<sup>1</sup> Dr Tristram Hunt joined 20 February 2017; full year equivalent salary for prior year was between £135,000-£140,000

## 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. For more details on the pension schemes see note 5c (page 50).

**Exit packages (subject to audit)**

<i>Exit package cost band</i>	<i>Number of compulsory redundancies</i>	<i>Number of other departures agreed</i>	<i>Total number of exit packages by cost band</i>
<£10,000	1 (3)	- (2)	1 (5)
£10,000 – £25,000	3 (-)	3 (1)	6 (1)
£25,000 - £50,000	- (-)	4 (4)	4 (4)
£50,000 - £100,000	- (-)	2 (1)	2 (1)
Total number of exit packages	4 (3)	9 (8)	13 (11)
Total resource cost	£35,797 (£13,287)	£319,674 (£221,014)	£355,471 (£234,301)

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 2018 payroll, the highest-earning employee is paid £137.5k p.a. before performance pay and any other benefits (2017: 138k) and the median employee c. £27k (2017: c. £27k). The ratio between these is 5.1 (2017: 5.1).

**Off-payroll appointments**

For the year ended 31 March 2018, there were no off payroll engagements for more than £245 per day and that lasted for longer than six months.



Dr Tristram Hunt  
Director and Accounting Officer  
6 July 2018



Nicholas Coleridge CBE  
Chairman of Trustees  
6 July 2018

## 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 Digital, 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 Digital, 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.

The Accounting Officer is required to confirm that the annual report and accounts as a whole is fair, balanced and understandable and that he takes personal responsibility for the annual report and accounts and the judgements required for determining that it is fair, balanced and understandable.



Dr Tristram Hunt  
Director and Accounting Officer  
6 July 2018

Nicholas Coleridge CBE  
Chairman of Trustees  
6 July 2018

## 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 Digital, 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 Digital, 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 Management 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 2018 there were 16 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, is set out in this statement.

During the year two Trustees retired from the Board, and no new Trustees were appointed.

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 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 Vice Chancellor 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 provides 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 Senior Management Team. 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 (SMT) is shown at Table C. It meets fortnightly to review all operational issues.

In addition to the SMT, there is a wider Management Forum, chaired by the Director, which meets approximately every six weeks.

### **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.

The museum is also mindful of the Charity Governance Code for Larger Charities and is working towards compliance where appropriate.

The museum maintains the following policies, available on the website, which it also periodically reviews and updates:

- Modern slavery act statement
- Equality and diversity at the V&A
- Freedom of information
- Collections policies
- Privacy policy and use of cookies
- Public task
- Research ethics policy

### **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.

### **Board performance**

A number of strategic issues were considered by Trustees during the year, including: the progression of V&A East which will provide a new museum on the Waterfront at the Queen Elizabeth Olympic Park, the Research and Collections Centre also being planned at Here East, and the associated decant of the V&A's collections currently in Blythe House. The partnership with the Smithsonian Institution, which will contribute to V&A East, continues to develop.

The Trustees have been kept informed as major projects have been completed, notably the V&A Exhibition Road Quarter and the opening of the V&A Gallery at Design Society in Shekou. The Board received updates on the progress of V&A Dundee, which is due to open in September 2018.

The Board has been apprised of the progress of FuturePlan which this year delivered projects such as the new Members' Room and the refurbished V&A shop, and about initiatives underway which include a redesign of the V&A Museum of Childhood and the installation of new Photography Centre to display elements from the Royal Photographic Society Collection, alongside the museum's existing photography collection.

The Trustees received reports on an extensive rebranding exercise and audience segmentation research, as well as the results of an Employee Engagement Survey.

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; and departmental updates from a number of curatorial departments.

The Trustees undertook 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 2017. The findings were reported to the Board by the Chair at the meeting held on 14 September 2017. The results of the review were positive, showing that Trustees felt that the Board was well run, and that their views and engagement were sought and encouraged. In addition a senior Trustee, Mark Damazer CBE, provided 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 2016-17 and approved the Governance Statement.

The areas reviewed by Internal Audit during the year included estate management, equality and diversity, collections care, brand licensing, new exhibition shops and tills, purchase to pay and the outsourced catering contract. In its Annual Report, 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 Team 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; 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 the 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 2017-18 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.
- Delivering major projects, in particular V&A East and the decant of reserve collections from Blythe House into a new Research and Collections Centre, which might have an impact on the V&A's reputation if they did not proceed. These projects are closely scrutinised by Trustees and management.
- The museum's ability to sustain visitor numbers as a result of the weaker tourism economy which could affect future attendance and earned income. The museum offers a compelling and varied programme of exhibitions and events.
- 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.



During the year, the V&A Exhibition Road Quarter was completed and the project removed from the Strategic Risk Register. 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 V&A Museum of Childhood;
- 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 V&A's People Policies and Guidance, formerly known as 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.

### Data Protection

The museum takes the protection of personal data very seriously and is mindful of the new General Data Protection Regulations (GDPR) which came into force in May 2018. The museum has formed a Group (chaired by the Director of Commercial and Digital Development) made up of representatives from across the museum to carry out an audit of the data being processed across the museum and to implement policies, processes and systems that will enable the museum to comply with the terms of the GDPR. 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**

<b>Board of Trustees at date of signing</b>				
<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	6/6		
Ben Elliot	31/12/2021	5/6		
Professor Margot Finn	25/11/2018	5/6		
Robert Glick	14/09/2019	5/6		1/1
Andrew Hochhauser QC	19/04/2019	6/6	4/4	
Nick Hoffman	14/09/2019	6/6	4/4	1/1
Steven Murphy	31/12/2021	5/6		
Professor Lynda Nead	31/12/2021	6/6		
Dame Theresa Sackler	27/11/2019	4/6		
Mark Sebba	01/07/2022	6/6	4/4	
Caroline Silver	01/07/2022	3/6	3/4	
Sir John Sorrell	19/04/2019	5/6		
Dr Paul Thompson	(ex officio as Vice Chancellor of the Royal College of Arts)	5/6		
Edmund de Waal OBE	27/11/2019	6/6		
Nigel Webb	31/12/2021	6/6		
<b>Other Trustees who served during the year</b>				
Elaine Bedell (stepped down 25/05/2017)	14/09/2019	1/1		
Steve McGuckin	14/09/2017	1/3		

**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	Nigel Webb
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	Nigel Webb
Visitor Experience	Developing visitor experience strategy	Mark Damazer CBE

Table C

V&A Senior Management Team during the year	
Dr Tristram Hunt	Director (Chair)
Tim Reeve	Deputy Director & Chief Operating Officer
Emmajane Avery	Director of Learning & Visitor Experience; left 29/09/2017
Dr Antonia Boström	Keeper of Sculpture, Metalwork, Ceramic & Glass Acting Director of Collections & Research, 04/09/2017 - 08/05/2018 Appointed Director of Collections & Research 09/05/2018
Sophie Brendel	Director of Marketing & Communications
David Bickle	Director of Design, Exhibitions & FuturePlan; left 05/05/2018
Dr Helen Charman	Director of Learning & National Programmes, appointed 19/03/2018
Heather Francis	Director of Finance & Resources
Jane Lawson	Director of Development
Professor Bill Sherman	Director of Research & Collections; left 29/09/2017
Alex Stitt	Director of Commercial, Digital & Exhibitions



Dr Tristram Hunt  
Director and Accounting Officer  
6 July 2018



Nicholas Coleridge CBE  
Chairman of Trustees  
6 July 2018

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

### Opinion on financial statements

I certify that I have audited the financial statements of the Victoria and Albert Museum for the year ended 31 March 2018 under the Museums and Galleries Act 1992. The financial statements comprise: the Consolidated Statement of Financial Activities, the Consolidated and Museum Balance Sheet, the Consolidated Cashflow Statement and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of group and of Victoria and Albert Museum's affairs as at 31 March 2018 and of its net income/(expenditure) 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 regularity

In my opinion, in all material respects the income and expenditure 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.

### Basis of opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate. Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2016. I am independent of the Victoria and Albert Museum and the group in accordance with the ethical requirements that are relevant to my audit and the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Responsibilities of the Trustees and Director

As explained more fully in the Statement of Trustees' and Director's Responsibilities, the Trustees and the Director are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

### Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Museums and Galleries Act 1992.

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. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the Victoria and Albert Museum's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the Victoria and Albert Museum's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

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

## Other Information

The Trustees and Director are responsible for the other information. The other information comprises information included in the Annual Report, other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Museums and Galleries Act 1992;
- in the light of the knowledge and understanding of the group and the Victoria and Albert Museum and its environment obtained in the course of the audit, I have not identified any material misstatements in the Annual Report; and
- the information given in the Annual report which we provide a positive consistency opinion on 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

10 July 2018

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP



## Consolidated Statement of Financial Activities for the year ended 31 March 2018

	Notes	Unrestricted funds	Restricted funds	Endowment funds	2018 Total funds	2017 Total funds
		£'000	£'000	£'000	£'000	£'000
<b>Income and receipt of endowments</b>						
<i>Income from donations and legacies</i>						
– Grant in Aid	2a	35,353	2,453	–	<b>37,806</b>	40,257
– Donations, legacies and similar income	2b	2,591	14,929	–	<b>17,520</b>	22,610
– Lottery income		–	–	–	–	1,043
– Donated objects	6c	–	754	–	<b>754</b>	4,122
		<u>37,944</u>	<u>18,136</u>	<u>–</u>	<u><b>56,080</b></u>	<u>68,032</u>
<i>Income from other trading activities</i>						
– Trading Income	8	21,710	–	–	<b>21,710</b>	16,030
– Sponsorship		<u>1,277</u>	<u>650</u>	<u>–</u>	<u><b>1,927</b></u>	<u>2,502</u>
		<u>22,987</u>	<u>650</u>	<u>–</u>	<u><b>23,637</b></u>	<u>18,532</u>
Investment income	3	53	50	37	<b>140</b>	77
<i>Income from charitable activities</i>						
– Admissions & exhibition fees (inc loans & touring)		6,013	–	–	<b>6,013</b>	5,945
– Membership income		3,375	–	–	<b>3,375</b>	–
– Other Trading		<u>870</u>	<u>–</u>	<u>–</u>	<u><b>870</b></u>	<u>651</u>
		<u>10,258</u>	<u>–</u>	<u>–</u>	<u><b>10,258</b></u>	<u>6,596</u>
Other income		<u>2,385</u>	<u>483</u>	<u>–</u>	<u><b>2,868</b></u>	<u>2,123</u>
<b>Total income</b>		<u><b>73,627</b></u>	<u><b>19,319</b></u>	<u><b>37</b></u>	<u><b>92,983</b></u>	<u><b>95,360</b></u>
<b>Expenditure</b>						
<i>Expenditure on raising funds</i>						
– Costs of generating voluntary income		6,883	1,222	–	<b>8,105</b>	6,049
– Trading costs	8	13,633	–	–	<b>13,633</b>	10,763
– Investment management costs		<u>22</u>	<u>24</u>	<u>21</u>	<u><b>67</b></u>	<u>157</u>
		<u>20,538</u>	<u>1,246</u>	<u>21</u>	<u><b>21,805</b></u>	<u>16,969</u>
<i>Expenditure on charitable activities</i>						
– Charitable Activities	5a	50,036	16,271	–	<b>66,307</b>	63,013
– Loss on disposal of Bythe House		<u>–</u>	<u>8,777</u>	<u>–</u>	<u><b>8,777</b></u>	<u>–</u>
<b>Total expenditure</b>		<u><b>70,574</b></u>	<u><b>26,294</b></u>	<u><b>21</b></u>	<u><b>96,889</b></u>	<u><b>79,982</b></u>
Net income / (expenditure) before gains and losses on investments		3,053	(6,975)	16	<b>(3,906)</b>	15,378
Gains on investment assets	7	<u>182</u>	<u>340</u>	<u>90</u>	<u><b>612</b></u>	<u>2,195</u>
<b>Net income / (expenditure)</b>	4	<u><b>3,235</b></u>	<u><b>(6,635)</b></u>	<u><b>106</b></u>	<u><b>(3,294)</b></u>	<u><b>17,573</b></u>



**Consolidated Statement of Financial Activities for the year ended 31 March 2018 (cont'd)**

	Notes	Unrestricted funds	Restricted funds	Endowment funds	<b>2018 Total funds</b>	2017 Total funds
		£'000	£'000	£'000	£'000	£'000
Transfers between funds	15	(3,560)	3,560	-	-	-
<b>Net (expenditure) / income before other recognised gains and losses</b>		(325)	(3,075)	106	<b>(3,294)</b>	17,573
Gain / (loss) on revaluation of fixed assets for the charity's own use	6	-	1,019	-	<b>1,019</b>	(1,799)
<b>Net movement in funds</b>		(325)	(2,056)	106	<b>(2,275)</b>	15,774
<b>Fund balances b fwd at 1 April</b>		<u>18,514</u>	<u>572,206</u>	<u>6,655</u>	<b>597,375</b>	<u>581,601</u>
<b>Fund balances c fwd at 31 March</b>	15	<u>18,189</u>	<u>570,150</u>	<u>6,761</u>	<b>595,100</b>	<u>597,375</u>

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 42 to 66 form part of these financial statements.

## Prior Year Consolidated Statement of Financial Activities for the year ended 31 March 2017

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

## Prior Year Consolidated Statement of Financial Activities for the year ended 31 March 2017 (cont'd)

	Notes	Unrestricted funds	Restricted funds	Endowment funds	2017 Total funds
		£'000	£'000	£'000	£'000
Transfers between funds		<u>(4,986)</u>	<u>4,986</u>	<u>-</u>	<u>-</u>
<b>Net (expenditure) / income before other recognised gains and losses</b>		<b>(3,270)</b>	<b>20,300</b>	<b>543</b>	<b>17,573</b>
Loss on revaluation of fixed assets for the charity's own use		<u>-</u>	<u>(1,799)</u>	<u>-</u>	<u>(1,799)</u>
<b>Net movement in funds</b>		<b>(3,270)</b>	<b>18,501</b>	<b>543</b>	<b>15,774</b>
<b>Fund balances bfwd at 1 April</b>		<u>21,784</u>	<u>533,705</u>	<u>6,112</u>	<u>581,601</u>
<b>Fund balances cfwd at 31 March</b>	15	<u>18,514</u>	<u>572,206</u>	<u>6,655</u>	<u>597,375</u>

The notes on pages 42 to 66 form part of these financial statements.

## Consolidated and Museum Balance Sheets as at 31 March 2018

	Notes	Group 2018 £'000	Museum 2018 £'000	Restated Group 2017 £'000	Restated Museum 2017 £'000
<b>Fixed assets</b>					
Tangible assets	6a	458,969	458,916	469,568	469,483
Intangible assets	6b	321	321	476	476
Heritage assets	6c	104,115	104,115	96,579	96,579
Investments	7,8	23,036	23,239	18,811	19,013
		<u>586,441</u>	<u>586,591</u>	585,434	585,551
<b>Current assets</b>					
Stock	9	3,233	1,404	1,924	585
Debtors due within one year	10	7,178	10,598	7,832	10,810
Short Term Investments	7	6,552	6,552	10,111	10,111
Cash		7,455	2,567	12,585	6,951
		<u>24,418</u>	<u>21,121</u>	32,452	28,457
<b>Current liabilities</b>					
Creditors due within one year	11	(13,370)	(10,331)	(17,063)	(13,185)
Provisions due within one year	13	(169)	(61)	(443)	(443)
<b>Net current assets</b>		<u>10,879</u>	<u>10,729</u>	14,946	14,829
<b>Total assets less current liabilities</b>		<u>597,320</u>	<u>597,320</u>	600,380	600,380
Creditors due after one year	11	(2,214)	(2,214)	(2,989)	(2,989)
Provisions due after one year	13	(6)	(6)	(16)	(16)
<b>Net assets</b>		<u>595,100</u>	<u>595,100</u>	597,375	597,375
<b>Represented by</b>					
Designated funds		16,658	16,658	13,380	13,380
General funds		1,531	1,531	5,134	5,134
<b>Total Unrestricted funds</b>	15	<u>18,189</u>	<u>18,189</u>	18,514	18,514
Restricted funds	15	387,335	387,335	392,799	392,799
Revaluation Reserve	15	182,815	182,815	179,407	179,407
<b>Total Restricted Funds</b>		<u>570,150</u>	<u>570,150</u>	572,206	572,206
<b>Total Income funds</b>		<u>588,339</u>	<u>588,339</u>	590,720	590,720
Endowment funds	15	6,761	6,761	6,655	6,655
<b>Total funds</b>		<u>595,100</u>	<u>595,100</u>	597,375	597,375

The financial statements on pages 36 to 66 were approved by the Director and the Chairman.



Dr Tristram Hunt  
Director and Accounting Officer  
6 July 2018



Nicholas Colderidge CBE  
Chairman of Trustees  
6 July 2018

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 42 to 66 form part of these financial statements.

## Consolidated Cashflow Statement Year ended 31 March 2018

	Notes	2018 £'000	2017 £'000	
Net cash inflow from operating activities	a	11,889	22,950	
<b>Cash flows from investing activities</b>				
Returns on investments		140	77	
Purchase of property, plant and equipment (inc. heritage assets)		(17,104)	(22,518)	
Purchase of investments	7	(3,730)	(85)	
Proceeds from the sale of investments	7	3,676	169	
Net cash used in investing activities		(17,018)	(22,357)	
(Decrease)/Increase in cash and cash equivalents	c	(5,129)	593	
<b>a) Reconciliation of net income to net cash inflow from operating activities</b>				
Net (expenditure)/income		(3,294)	17,573	
Investment income		(140)	(77)	
Donated assets		(754)	(4,122)	
Depreciation		13,565	12,000	
Amortisation		250	214	
Loss on disposal of fixed assets		8,806	3	
Gain on investments		(612)	(2,195)	
(Increase)/Decrease in stocks		(1,309)	389	
Decrease/(Increase) in debtors		654	(13)	
Decrease in creditors due within one year		(4,168)	(1,364)	
Decrease in provisions due within one year		(324)	-	
(Decrease)/Increase in creditors due after one year		(775)	550	
Decrease in provisions due after one year		(10)	(8)	
<b>Net cash inflow from operating activities</b>		<b>11,889</b>	<b>22,950</b>	
<b>b) Reconciliation of net cash flow to movement in net funds</b>				
(Decrease)/Increase in cash in the period		(5,130)	593	
Non-cash movement in Short Term Investments		(3,559)	180	
Movement in net funds in the period		(8,689)	773	
Net funds at 1 April		22,696	21,923	
Net funds at 31 March		14,007	22,696	
<b>c) Analysis of net funds</b>				
	At 1 April 2017	Cashflow	Non-cash changes	At 31 March 2018
	£'000	£'000	£'000	£'000
Cash at bank and in hand	12,585	(5,130)	-	7,455
Short Term Investments	10,111	-	(3,559)	6,552
Net funds	22,696	(5,130)	(3,559)	14,007

All cash in bank is held in commercial bank accounts.  
The notes on pages 42 to 66 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 Digital, 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, Design Dundee Limited 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.

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 and Bethnal Green 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 Digital, 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 on 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.

Membership income is recognised in the period it is received.

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.

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 was carried out by Gerald Eve LLP (Chartered Surveyors) on Land and Buildings at 31 March 2018, a year earlier in the usual five-yearly cycle, following the opening of the Exhibition Road Quarter. 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 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. Stock comprises goods for resale and the cost of exhibitions not yet opened. Exhibition costs are recognised over the duration of the exhibition's run at the V&A.

#### *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 Ltd 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.



## Notes to the Consolidated Financial Statements

### 2a) Grant in Aid income

Grant in Aid of £37.806m was received from the Department for Digital, Culture, Media and Sport during the year (2016-17: £40.257m). This represents 41% 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 2017-18 totalled £1.903m (2016-17: £4.834m).

<b>2b) Donations, legacies and similar income</b>	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	<b>Total 2018</b> £'000	Total 2017 £'000
Donations and Legacies	1,541	14,929	-	<b>16,470</b>	21,659
Corporate Members	490	-	-	<b>490</b>	457
Director's Circle	560	-	-	<b>560</b>	494
	<u>2,591</u>	<u>14,929</u>	<u>-</u>	<u><b>17,520</b></u>	<u>22,610</u>

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. This transfer was valued at £0.287m and is included within unrestricted donations and legacies above. From 1 April 2017, all membership activity has been delivered through the museum.

### 2c) Statement of Income and Expenditure (museum only)

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	<b>Total 2018</b> funds £'000	Total 2017 funds £'000
<b>Income and receipt of endowments</b>					
<i>Income from donations and legacies</i>					
- Grant in Aid	35,353	2,453	-	<b>37,806</b>	40,257
- Donations, legacies and similar income	2,591	14,929	-	<b>17,520</b>	22,610
- Lottery income	-	-	-	-	1,043
- Donated objects	-	754	-	<b>754</b>	4,122
- Covenant of profits from subsidiaries	8,077	-	-	<b>8,077</b>	5,269
<i>Income from other trading activities</i>					
- Trading Income	-	-	-	-	-
- Sponsorship	1,277	650	-	<b>1,927</b>	2,502
Investment income	<u>53</u>	<u>50</u>	<u>37</u>	<u><b>140</b></u>	<u>75</u>
	<u>47,351</u>	<u>18,836</u>	<u>37</u>	<u>66,224</u>	<u>75,878</u>
<i>Income from charitable activities</i>					
- Admissions & exhibition fees (inc loans & touring)	6,013	-	-	<b>6,013</b>	5,945
- Membership income	3,375	-	-	<b>3,375</b>	-
- Other Trading	870	-	-	<b>870</b>	651
	<u>10,258</u>	<u>-</u>	<u>-</u>	<u><b>10,258</b></u>	<u>6,596</u>
Other income	<u>2,385</u>	<u>483</u>	<u>-</u>	<u><b>2,868</b></u>	<u>2,123</u>
<b>Total income</b>	<u>59,994</u>	<u>19,319</u>	<u>37</u>	<u><b>79,350</b></u>	<u>84,597</u>

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

	Unrestricted funds	Restricted funds	Endowment funds	Total 2018 funds	Total 2017 funds
	£'000	£'000	£'000	£'000	£'000
<b>Expenditure</b>					
<i>Expenditure on raising funds</i>					
– Costs of generating voluntary income	6,883	1,222	–	<b>8,105</b>	4,543
– Trading costs	–	–	–	–	10
– Investment management costs	22	24	21	<b>67</b>	157
	<u>6,905</u>	<u>1,246</u>	<u>21</u>	<u><b>8,172</b></u>	<u>4,710</u>
<i>Expenditure on charitable activities</i>					
– Charitable Activities	50,036	16,271	–	<b>66,307</b>	64,509
– Loss on disposal of Blythe House	–	8,777	–	<b>8,777</b>	–
<b>Total expenditure</b>	<u>56,941</u>	<u>26,294</u>	<u>21</u>	<u><b>83,256</b></u>	<u>69,219</u>
Net income / (expenditure) before gains and losses on investments	3,053	(6,975)	16	<b>(3,906)</b>	15,378
Gains/(losses) on investment assets	<u>182</u>	<u>340</u>	<u>90</u>	<u><b>612</b></u>	<u>2,195</u>
<b>Net income / (expenditure)</b>	<u>3,235</u>	<u>(6,635)</u>	<u>106</u>	<u><b>(3,294)</b></u>	<u>17,573</u>
Transfers between funds	<u>(3,560)</u>	<u>3,560</u>	<u>–</u>	<u>–</u>	<u>–</u>
<b>Net income / (expenditure) before other recognised gains and losses</b>	<u>(325)</u>	<u>(3,075)</u>	<u>106</u>	<u><b>(3,294)</b></u>	<u>17,573</u>
Gain / (loss) on revaluation of fixed assets for the charity's own use	<u>–</u>	<u>1,019</u>	<u>–</u>	<u>1,019</u>	<u>(1,799)</u>
<b>Net movement in funds</b>	<u>(325)</u>	<u>(2,056)</u>	<u>106</u>	<u><b>(2,275)</b></u>	<u>15,774</u>
<b>Fund balances bfwd at 1 April</b>	<u>18,514</u>	<u>572,206</u>	<u>6,655</u>	<u><b>597,375</b></u>	<u>581,601</u>
<b>Fund balances cfwd at 31 March</b>	<u>18,189</u>	<u>570,150</u>	<u>6,761</u>	<u><b>595,100</b></u>	<u>597,375</u>

**3) Investment Income**

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	<b>Total 2018 £'000</b>	Total 2017 £'000
Interest receivable	8	-	-	<b>8</b>	21
UK equities and Investment funds	45	50	37	<b>132</b>	73
Foreign exchange losses	-	-	-	-	(17)
	<u>53</u>	<u>50</u>	<u>37</u>	<u>140</u>	<u>77</u>

**4) Net income is stated after charging**

	Group 2018 £'000	Museum 2018 £'000	<b>Group 2017 £'000</b>	Museum 2017 £'000
External Auditors' remuneration	64	44	<b>64</b>	43
Operating lease payments	196	103	<b>170</b>	77
- Land and Buildings	47	47	<b>51</b>	45
- Other				

There were no non-audit services provided by the Comptroller and Auditor General during 2017-18 (2016-17: nil).

**5a) Total expenditure**

	Direct Costs £'000	Grants Made To Other Charities £'000	Allocated Support Costs £'000	Depreciation & loss on disposal £'000	Total 2018 £'000	Total 2017 £'000
<i>Expenditure on raising funds</i>						
Costs of generating voluntary income	5,463	-	1,494	1,148	<b>8,105</b>	6,049
Trading costs	13,592	-	-	41	<b>13,633</b>	10,763
Investment management costs	67	-	-	-	<b>67</b>	157
	<u>19,122</u>	<u>-</u>	<u>1,494</u>	<u>1,189</u>	<u><b>21,805</b></u>	<u>16,969</u>
<i>Charitable Activities</i>						
Collections & Learning	29,186	785	13,777	11,113	<b>54,861</b>	49,313
Exhibitions	8,809	-	1,378	1,259	<b>11,446</b>	13,700
	<u>37,995</u>	<u>785</u>	<u>15,155</u>	<u>12,372</u>	<u><b>66,307</b></u>	<u>63,013</u>
Loss on disposal of Blythe House	-	-	-	8,777	<b>8,777</b>	-
<b>Total expenditure</b>	<u><b>57,117</b></u>	<u><b>785</b></u>	<u><b>16,649</b></u>	<u><b>22,338</b></u>	<u><b>96,889</b></u>	<u><b>79,982</b></u>

Grants totalling £0.785m were paid out via the Purchase Grant Fund.

	2018 £'000	2017 £'000
Governance Costs (Direct)		
External Audit Fees (museum only)	44	43
Internal Audit Fees	37	39
Staff costs	<u>123</u>	<u>118</u>
	<u><b>204</b></u>	<u><b>200</b></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 £'000	Projects & Estates £'000	Finance & Administration £'000	Human Resources £'000	Other Central Costs £'000	V&A Museum of Childhood - Administration £'000	Governance £'000	Total £'000
<i>Expenditure on raising funds</i>								
Costs of generating voluntary income	359	766	153	74	54	70	18	<b>1,494</b>
<i>Charitable Activities</i>								
Collections & Learning	3,308	7,063	1,410	686	498	643	169	<b>13,777</b>
Exhibitions	331	706	141	69	50	64	17	<b>1,378</b>
	<u>3,998</u>	<u>8,535</u>	<u>1,704</u>	<u>829</u>	<u>602</u>	<u>777</u>	<u>204</u>	<u><b>16,649</b></u>

<b>5b) Wages and salaries</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	<b>27,732</b>	25,509
Social security costs	<b>2,761</b>	2,552
Pension costs	<b>3,651</b>	3,983
Agency and temporary staff	<b>1,451</b>	1,130
	<b>35,595</b>	33,174
Early retirement and redundancy costs	<b>355</b>	234
	<b>35,950</b>	33,408

During the year restricted funding for staff costs was received totalling £1.653m (2016-17: £1.388m).

V&A Enterprises Ltd's staff costs were £13.599m (2016-17: £8.293m) of which £3.581m (2016-17: £3.079m) was for trading activities and £10.017m (2016-17: £5.214m) was for services provided to the museum.

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

	<b>2018</b>	<b>2017</b>
£60,001 – £70,000	<b>7</b>	8
£70,001 – £80,000	<b>12</b>	7
£80,001 – £90,000	<b>4</b>	6
£90,001 – £100,000	<b>3</b>	–
£100,001 – £110,000	<b>2</b>	5
£110,001 – £120,000	<b>2</b>	–
£120,001 – £130,000	<b>1</b>	3
£150,000 – £160,000	<b>1</b>	–
	<b>32</b>	29

Of the employees listed above, 20 (2017: 21) are members of the Principal Civil Service Pension Scheme, and the total pension contributions payable in the year for these employees was £380,895 (2017: £395,100). The other 12 (2017: 8) 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 £77,097 (2017: £57,742). 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 provided a statement in the 2016–17 Annual Report and Accounts of Civil Superannuation, based on an assessment of the liabilities as at 31 March 2015, with an approximate updating to 31 March 2017 to reflect known changes. 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 2017-18, employer's contributions of £3.127m were payable to the PCSPS (2017: £3.508m) 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 2017-18 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Before 30 July 2007, museum employees would have been eligible to participate in one of the final salary arrangement schemes; Classic, Classic plus and Premium. From 30 July 2007, new joiners were offered membership of Nuvos, a career average pension with a normal pension age of 65. From 1 April 2015, most PCSPS members switched to the new Civil Servants and Others Pension Scheme, also known as Alpha. Those who were previously members of Classic, Classic plus or Premium retained a final salary link in Alpha and those who were within 10 years of their PCSPS normal pension age on 1 April 2012 are generally allowed to remain in the PCSPS until they leave employment covered by the Scheme. Those who were between 10 and 13.5 years from their PCSPS normal pension age on 1 April 2012 were given a 'tapered Alpha enrolment date' between 1 May 2015 and 1 September 2025, but could opt to forego their tapered protection and switch to Alpha on 1 April 2015.

PCSPS and Alpha are unfunded schemes and the cash required to meet the payment of pension benefits is paid from public funds provided by Parliament. Members contribute on a 'pay-as-you-go' basis, with these contributions (along with those made by employers) being credited to the Exchequer under arrangements governed by pension increase legislation. The contributions due from employers and employees to fund future service liabilities are set by the Actuary at the four-yearly Scheme valuation. These have been adjusted to take account of the move to Alpha.

Employee contributions changed in April 2017 and are now between the rate of 4.6% to 8.05% of pensionable earnings for Classic, 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 £51,644 (2017: £72,971) 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 any workers on zero hours contracts. Those workers who earn more than £833 per month (£10,000 pa) will be automatically enrolled into NEST, but can then opt out if they wish. Workers can also choose to opt in at any point, as long as they are aged at least 22 and earning at least £5,876 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 £8,454 (2017: £8,866).

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 total contributions paid during the year was £461,044 (2017: £341,265).

From 1 January 2016 following the introduction of new terms and conditions, new starters are employed by V&A Enterprises Ltd and 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 2.5% of gross salary; however, the V&A's contribution will remain fixed at 10%.

#### 5d) Trustees

The Trustees neither received nor waived any emoluments during the year (2017: £nil).

During the year, expenses for travel to the V&A Gallery at Design Society, Shekou totalling £10,212 were paid by the museum on behalf of three Trustees and were incurred wholly and necessarily on the museum's business. No Trustees were reimbursed for costs during the prior year.

#### 5e) Average number of full time equivalent employees

	2018	2017
Generating voluntary income	74	76
Trading	118	119
Collections & Learning	684	625
Exhibitions	68	80
	<u>944</u>	<u>900</u>

Of the above employees - 857 are full time permanent employees of the museum and its subsidiaries (2017: 812), 42 are externally-funded posts (2017: 31), and the remaining 45 employees are temporary staff (2017:57).

**6a) Tangible fixed assets**

<b>Group</b>	<b>Land &amp; Buildings</b>	<b>Furniture &amp; fittings</b>	<b>Equipment</b>	<b>Assets in course of construction</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or valuation</b>					
At 1 April 2017	411,701	5,425	11,883	54,050	<b>483,059</b>
Transfers	58,864	-	-	(58,864)	-
Additions	472	350	1,151	8,780	<b>10,753</b>
Disposals	(8,830)	(83)	(619)	-	<b>(9,532)</b>
Revaluation	(10,548)	-	-	-	<b>(10,548)</b>
<b>At 31 March 2018</b>	<b>451,659</b>	<b>5,692</b>	<b>12,415</b>	<b>3,966</b>	<b>473,732</b>
<b>Depreciation</b>					
At 1 April 2017	120	4,358	9,013	-	<b>13,491</b>
Charged for the year	11,586	426	1,553	-	<b>13,565</b>
Disposals	(53)	(70)	(603)	-	<b>(726)</b>
Revaluation	(11,567)	-	-	-	<b>(11,567)</b>
<b>At 31 March 2018</b>	<b>86</b>	<b>4,714</b>	<b>9,963</b>	<b>-</b>	<b>14,763</b>
<b>Net book value</b>					
At 31 March 2018	451,573	978	2,452	3,966	<b>458,969</b>
At 31 March 2017	<b>411,581</b>	<b>1,067</b>	<b>2,870</b>	<b>54,050</b>	<b>469,568</b>

The net book value at 31 March 2018 represents fixed assets of the Group for:

	<b>Land &amp; Buildings</b>	<b>Furniture &amp; fittings</b>	<b>Equipment</b>	<b>Assets in course of construction</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Direct charitable activities	451,573	948	2,429	3,966	<b>458,916</b>
Other activities	-	30	23	-	<b>53</b>
<b>Total</b>	<b>451,573</b>	<b>978</b>	<b>2,452</b>	<b>3,966</b>	<b>458,969</b>



**6a) Tangible fixed assets (cont'd)**

<b>Museum</b>	<b>Land &amp; Buildings</b>	<b>Furniture &amp; fittings</b>	<b>Equipment</b>	<b>Assets in course of construction</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or valuation</b>					
At 1 April 2017	411,701	5,038	11,520	54,050	<b>482,309</b>
Transfers	58,864	-	-	(58,864)	-
Additions	472	350	1,151	8,780	<b>10,753</b>
Disposals	(8,830)	(83)	(619)	-	<b>(9,532)</b>
Revaluation	(10,548)	-	-	-	<b>(10,548)</b>
At 31 March 2018	<b>451,659</b>	<b>5,305</b>	<b>12,052</b>	<b>3,966</b>	<b>472,982</b>
<b>Depreciation</b>					
At 1 April 2017	120	4,019	8,687	-	<b>12,826</b>
Charged for the year	11,585	408	1,540	-	<b>13,533</b>
Disposals	(53)	(70)	(603)	-	<b>(726)</b>
Revaluation	(11,567)	-	-	-	<b>(11,567)</b>
At 31 March 2018	<b>85</b>	<b>4,357</b>	<b>9,624</b>	<b>-</b>	<b>14,066</b>
<b>Net book value</b>					
At 31 March 2018	<b>451,574</b>	<b>948</b>	<b>2,428</b>	<b>3,966</b>	<b>458,916</b>
At 31 March 2017	<b>411,581</b>	<b>1,019</b>	<b>2,833</b>	<b>54,050</b>	<b>469,483</b>

**Land & Buildings**

On the 31st March 2018 a full 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 £435.8m and the site at Bethnal Green at £15.9m. These valuations include some plant and machinery that is included in Fixtures & Fittings and Equipment.

Following the signing of a five-year rent-free lease with DCMS, the V&A portion of the site at Blythe House was transferred to DCMS and a loss on disposal of £8.8million has been recognised in the Statement of Financial Activities.

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
<b>Cost or valuation</b>			
At 1 April 2017	856	48	904
Transfers	48	(48)	-
Additions	95	-	95
Disposals	-	-	-
At 31 March 2018	<u>999</u>	<u>-</u>	<u>999</u>
<b>Amortisation</b>			
At 1 April 2017	428	-	428
Charged for the year	250	-	250
Disposals	-	-	-
At 31 March 2018	<u>678</u>	<u>-</u>	<u>678</u>
<b>Net book value</b>			
At 31 March 2018	<u>321</u>	<u>-</u>	<u>321</u>
At 31 March 2017	<u>428</u>	<u>48</u>	<u>476</u>

No intangible assets are held within the trading subsidiaries

**6c) Heritage Assets**

Additions of £7.536m (2017: £6.007m) were made to the Collection. The additions comprise the following elements:

	2018 £'000	2017 £'000	2016 £'000	2015 £'000	2014 £'000
<b>Opening balance b/fwd</b>					
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>
	<b>96,579</b>	<b>90,572</b>	<b>85,686</b>	<b>61,745</b>	<b>58,495</b>
Donations of objects by gift or bequest	737	1,030	1,273	16,878	960
Donations of objects under the acceptance in lieu scheme	<u>17</u>	<u>3,092</u>	<u>1,541</u>	<u>-</u>	<u>-</u>
	<b>754</b>	<b>4,122</b>	<b>2,814</b>	<b>16,878</b>	<b>960</b>
Acquisitions	<u>6,782</u>	<u>1,885</u>	<u>2,072</u>	<u>7,063</u>	<u>2,290</u>
Total Additions	<b>7,536</b>	<b>6,007</b>	<b>4,886</b>	<b>23,941</b>	<b>3,250</b>
<b>Closing balance c/fwd</b>					
Donated objects (shown at valuation)	61,993	61,239	57,117	54,303	37,425
Acquisitions (shown at cost)	<u>42,122</u>	<u>35,340</u>	<u>33,455</u>	<u>31,383</u>	<u>24,320</u>
	<b>104,115</b>	<b>96,579</b>	<b>90,572</b>	<b>85,686</b>	<b>61,745</b>

A collection of seven dolls were received by the V&A Museum of Childhood in 1984 as a gift. In April 2017, after discussion with Collections Group and the museum's Legal Counsel, the dolls were disposed of under Section B of the National Heritage Act 1983, Objects Unsuitable for Retention. The objects are of low cultural and monetary value and not sufficiently unique or intrinsic to the collection that their disposal would be to the detriment of the interests of students or other members of the public. None were, or ever have been, on display. No objects from the collection were deaccessioned during the prior year.

### Further information on the museum's heritage assets

The V&A holds 1,249,232 museum objects and works of art within its collections, as well as 1,062,968 library items and 966 archival collections. Of these approximately 1% have been included in the balance sheet of the museum and the table above. At 31 March 2018, 63,660 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 134,705 objects and 1 archival collection:

The Asian Department has a collection of objects spanning the wealth and diversity of artistic creation across the continent from 3500BC to the present day, in a vast range of materials and techniques. In terms of depth and scope the collection is one of the most significant in the world. Particular strengths include textiles from across Asia; ceramics from China and the Middle East; and lacquer and prints from Japan.

#### Furniture, Textiles & Fashion Collections 83,650 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, and international furniture of the 20th century. The Textile collection is the world's largest and the most wide-ranging of its kind, with examples from Africa, the Americas and Europe, extending in date from the 3rd century BC to the present day, primarily from Western Europe. A major strength is the collection of British 20th-century textiles. The Fashion collection consists of mainly British fashionable clothes and accessories for both sexes, from 1600 to the present. Contemporary and 20th-century collections hold small, representative selections from key designers worldwide.

#### Sculpture, Metalwork Ceramics & Glass Collections 147,513 objects:

The Western Sculpture collection is the most comprehensive holding of post-classical European sculpture in the world. The Metalwork collection contains Western decorative metalwork, silver and jewellery ranging in date from the Bronze Age to the present day. It is unique in its comprehensiveness and diversity and 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 Museum Collection and were gifted to the V&A during 2014-15 by Art Fund. The Glass collection is the most comprehensive in Europe, and the stained glass holdings are unparalleled anywhere.

#### Word & Image Collections 768,302 objects, 381 archival collections, 961,590 library items:

The Word & Image collections encompass design, drawings, paintings, prints, photographs, digital artworks 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, which will incorporate the Royal Photographic Society 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. The Department holds an internationally significant collection of computer-generated artworks from the 1960s to the present day. The National Art Library's holdings of the art, craft and design of the book encompass every aspect of the book from illuminated manuscripts to paperbacks, and its documentary collections include some major manuscript holdings. 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 36,605 objects and 61 archival collections:

The museum houses the UK's national collection of childhood, which represents the material culture of childhood from 1600 to the present day, including representations of children. The significance of the collections and archives lies in the unique breadth and depth of their coverage of the theme of childhood. Collections include the largest collection of dolls' houses and children's furniture in the UK; internationally significant collections of dolls, games and puzzles; toys; nursery equipment, including prams, rattles and silver, ceramic and glass feeding vessels and tableware; a significant costume collection for both sexes including rare survivals of everyday working clothes and mourning garments; paintings, prints, drawings and photographs, depicting children and examples of children's own creativity, agency and imaginative works expressed through their writing and works of art and design.

The archive collections included the British Toy Making archive of toy manufacturers, archives of individual designers, collectors and writers and archive material of individual childhoods, covering letters, diaries, exercise books, school records, photographs and drawings, from a diverse range of donors.

**Theatre & Performance Collections 78,127 objects, 523 archival collections, 101,378 library items:**

The V&A Theatre & Performance Collections are the UK's National Collection of Performing Arts. Dedicated to history, craft and practice, the collection's primary emphasis is on drama, dance, opera, musical theatre, popular entertainment and music culture and scenography. In providing the national record of performance, it combines the functions of archive, library and educational resource. The department documents production process and reception by gathering a variety of evidence in different media. Since 1992, archival recordings of current theatre productions have been made 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 330 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 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](http://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

	Short Term Investments		Fixed Asset Investments	
	Group	Museum	Group	Museum
	2018	2018	2018	2018
	£'000	£'000	£'000	£'000
<b>Market value at 1 April 2017</b>	<b>10,111</b>	10,111	<b>18,811</b>	19,013
Add: Additions to portfolio	28	28	3,702	3,702
Less: Withdrawals from portfolio	(3,624)	(3,624)	(52)	(51)
Net gain on revaluation	37	37	575	575
<b>Market value at 31 March 2018</b>	<b>6,552</b>	6,552	<b>23,036</b>	23,239
<i>of which</i>				
<b>Historical cost at 31 March 2018</b>	<b>6,552</b>	6,552	<b>20,502</b>	20,704
Unrealised investment gain at 31 March 2018	-	-	2,534	2,535
Analysis of gain by asset class	-	-	-	-
Gain on assets Available for Sale	-	-	2,594	2,595
Loss on assets Held for Trading	-	-	(60)	(60)
	-	-	2,534	2,535
<b>Investment assets in the UK</b>				
Government stocks & Corporate bonds	6,451	6,451	3,662	3,662
Investment Funds	-	-	4,483	4,483
Cash & currency hedges	101	101	(505)	(505)
Unlisted Equities (trading subsidiary)	-	-	-	203
Multi Asset Investment Funds	-	-	7,856	7,856
<b>Investment assets outside the UK</b>				
Multi Asset Investment Funds	-	-	8,347	8,347
Investment Funds	-	-	1,626	1,626
Cash & currency hedges	-	-	(2,433)	(2,433)
	6,552	6,552	23,036	23,239

### 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 (41%) 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.

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

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

	V&A Enterprises Ltd		V&A Ltd		V&A Museum Events Ltd	
	2018	2017	2018	2017	2018	2017
Profit and loss account	£'000	£'000	£'000	£'000	£'000	£'000
Turnover	19,964	15,123	1,746	907	-	-
Cost of sales	(6,012)	(4,711)	(905)	(461)	-	2
<b>Gross Profit</b>	<b>13,952</b>	<b>10,412</b>	<b>841</b>	<b>446</b>	<b>-</b>	<b>2</b>
Administrative expenses	(6,710)	(5,577)	(6)	(3)	-	(1)
<b>Trading profit</b>	<b>7,242</b>	<b>4,835</b>	<b>835</b>	<b>443</b>	<b>-</b>	<b>1</b>
Recharged staff costs expense	(10,017)	(5,214)	-	-	-	-
Recharged staff costs income	10,017	5,214	-	-	-	-
Interest receivable and similar income	-	2	-	-	-	-
Loan Interest Payable	-	-	-	-	-	(1)
<b>Profit on Ordinary Activities before Taxation &amp; Distributions</b>	<b>7,242</b>	<b>4,837</b>	<b>835</b>	<b>443</b>	<b>-</b>	<b>-</b>
Tax	-	(11)	-	-	-	-
<b>Profit after tax</b>	<b>7,242</b>	<b>4,826</b>	<b>835</b>	<b>443</b>	<b>-</b>	<b>-</b>
<b>Balance sheet</b>						
Tangible fixed assets	53	84	-	-	-	-
Current assets	6,092	6,785	2,561	2,363	-	6
Creditors due within one year	(5,943)	(6,667)	(2,561)	(2,363)	-	(6)
Creditors due after one year	-	-	-	-	-	-
<b>Net assets</b>	<b>202</b>	<b>202</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Share capital and reserves	202	202	-	-	-	-
Profit and loss account	-	-	-	-	-	-
<b>Shareholders' Funds</b>	<b>202</b>	<b>202</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 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	
	2018 £'000	2017 £'000	2018 £'000	2017 £'000	2018 £'000	2017 £'000
Turnover	19,964	15,123	1,746	907	-	-
Intercompany transactions	-	-	-	-	-	-
<b>Trading income included within SOFA</b>	<b>19,964</b>	<b>15,123</b>	<b>1,746</b>	<b>907</b>	<b>-</b>	<b>-</b>
Cost of sales	6,012	4,711	905	461	-	(2)
Administrative expenses	6,710	5,577	6	3	-	2
Interest payable	-	-	-	-	-	-
Taxation	-	11	-	-	-	-
<i>Intercompany transactions</i>	-	-	-	-	-	-
<b>Trading costs included within SOFA</b>	<b>12,722</b>	<b>10,299</b>	<b>911</b>	<b>464</b>	<b>-</b>	<b>-</b>
Interest receivable and similar income	-	2	-	-	-	-
<i>Intercompany transactions</i>	-	-	-	-	-	-
<b>Included in Investment Income per SOFA</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**9) Stock**

	Group 2018 £'000	Museum 2018 £'000	Restated Group 2017 £'000	Restated Museum 2017 £'000
Stock	1,829	-	1,339	-
Exhibition Costs	1,404	1,404	585	585
	<u>3,233</u>	<u>1,404</u>	<u>1,924</u>	<u>585</u>

Exhibition costs were previously included within note 10, debtors. In 2017-18, exhibition costs have been reclassified as stock and prior year comparitures have been restated accordingly.

**10) Debtors**

	Group 2018 £'000	Museum 2018 £'000	Restated Group 2017 £'000	Restated Museum 2017 £'000
Trade debtors	2,609	1,393	2,069	370
Less provision for Doubtful debts	(13)	(13)	(8)	(8)
Other debtors	172	109	606	551
Prepayments and accrued income	2,944	2,287	2,443	2,016
Recoverable taxation (VAT)	1,466	1,466	2,722	2,722
Amounts due from subsidiary undertaking	-	5,356	-	5,159
	<u>7,178</u>	<u>10,598</u>	<u>7,832</u>	<u>10,810</u>

**11) Creditors**

	Group 2018 £'000	Museum 2018 £'000	Group 2017 £'000	Museum 2017 £'000
<b>Amounts falling due within one year</b>				
Trade creditors	2,606	2,382	2,747	2,626
Other creditors	30	13	631	590
Accruals	7,202	5,609	9,712	7,889
Deferred income	12	1,326	510	2,222
Deferred exhibition income	12	1,090	677	614
Taxation and social security costs	1,116	727	1,074	677
	<u>13,370</u>	<u>10,331</u>	<u>17,063</u>	<u>13,185</u>
<b>Amounts falling due after one year</b>				
Deferred income - after one year	12	2,214	2,989	2,989
	<u>2,214</u>	<u>2,214</u>	<u>2,989</u>	<u>2,989</u>



**12) Deferred Income**

	2018	2017
	£'000	£'000
As at 1 April	5,888	5,569
Deferred in current year	6,077	3,210
Released from previous year	<u>(7,335)</u>	<u>(2,891)</u>
As at 31 March	<u>4,630</u>	<u>5,888</u>

Of this balance £2.017m represents funds given to the museum by Royal Institute of British Architects in relation to its occupation of certain office and gallery spaces. An amount representing an annual rental payment is released each year.

**13) Provisions**

	Group 2018	Museum 2018	Group 2017	Museum 2017
	£'000	£'000	£'000	£'000
As at 1 April	459	459	467	467
Provision in year	160	52	5	5
Paid in year	<u>(444)</u>	<u>(444)</u>	<u>(13)</u>	<u>(13)</u>
As at 31 March	<u>175</u>	<u>67</u>	<u>459</u>	<u>459</u>
Provisions - within one year	169	61	443	443
Provisions - after one year	<u>6</u>	<u>6</u>	<u>16</u>	<u>16</u>
	<u>175</u>	<u>67</u>	<u>459</u>	<u>459</u>

Provisions include amounts that may be payable to staff, elements of which relate to early retiring employees for whom the museum will continue to pay PCSPS contributions until they reach the relevant pensionable age. During the year a provision for dilapidations payable on exit of the warehousing facility has been taken and the unutilised provision (£340k) relating to the Exhibition Road Quarter has been released.

**14) Financial commitments**

At 31 March 2018 the group had annual commitments under non-cancellable leases as follows:

	2018	2018	2017	2017
	Land & Buildings	Other	Land & Buildings	Other
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within one year	138	45	196	45
In the second to fifth year	412	89	447	120
After five years	<u>412</u>	<u>59</u>	<u>515</u>	<u>74</u>
	<u>962</u>	<u>193</u>	<u>1,158</u>	<u>239</u>

V&A Enterprises Ltd has an annual commitment under a non-cancellable operating lease which expires within one year. The other subsidiaries of the museum do not have any financial commitments.

**15) Statement of funds**

	As at 1 April 2017	Incoming Resources	Resources Expended	Transfers	Fixed Assets - Gains/losses on Revaluation	Investments - Gains/losses under Fair Values	As at 31 March 2018
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Unrestricted Funds</b>							
General Income funds	5,134	73,627	(70,335)	(7,077)	-	182	1,531
Designated Income funds	13,380	-	(239)	3,517	-	-	16,658
<b>Total Unrestricted Funds</b>	<b>18,514</b>	<b>73,627</b>	<b>(70,574)</b>	<b>(3,560)</b>	<b>-</b>	<b>182</b>	<b>18,189</b>
<b>Restricted Funds</b>							
<i>Restricted Income Funds</i>							
- Acquisitions for the Collection <sup>1</sup>	413	5,731	(3)	(5,587)	-	28	582
- Restricted Income funds	4,030	4,007	(3,558)	1,242	-	173	5,894
- Museum Development funds <sup>1</sup>	381	6,799	(52)	(7,767)	-	-	(639)
- Endowment funds income	842	125	(106)	(39)	-	139	961
	<b>5,666</b>	<b>16,662</b>	<b>(3,719)</b>	<b>(12,151)</b>	<b>-</b>	<b>340</b>	<b>6,798</b>
<i>Restricted Asset Funds</i>							
Restricted Capital funds <sup>2</sup>	290,553	1,903	(24,964)	8,930	-	-	276,422
Revaluation Reserve <sup>4</sup>	179,407	-	2,389	-	1,019	-	182,815
Heritage Assets <sup>1</sup>	96,580	754	-	6,781	-	-	104,115
	<b>566,540</b>	<b>2,657</b>	<b>(22,575)</b>	<b>15,711</b>	<b>1,019</b>	<b>-</b>	<b>563,352</b>
<b>Total Restricted Funds</b>	<b>572,206</b>	<b>19,319</b>	<b>(26,294)</b>	<b>3,560</b>	<b>1,019</b>	<b>340</b>	<b>570,150</b>
<b>Endowment Funds</b>							
Endowments <sup>3</sup>	6,655	37	(21)	-	-	90	6,761
<b>Total Endowment Funds</b>	<b>6,655</b>	<b>37</b>	<b>(21)</b>	<b>-</b>	<b>-</b>	<b>90</b>	<b>6,761</b>
<b>Total Funds</b>	<b>597,375</b>	<b>92,983</b>	<b>(96,889)</b>	<b>-</b>	<b>1,019</b>	<b>612</b>	<b>595,100</b>

<sup>1</sup> 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. The Museum Development fund is in deficit due to the timing of donations received in respect of the V&A Exhibition Road Quarter.

<sup>2</sup> 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.

<sup>3</sup> An appropriate proportion of investment returns on Endowment funds are allocated to the relevant Restricted Funds and are available to spend.

<sup>4</sup> The revaluation reserve has increased by £2.4m due to the disposal of Blythe House.

**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 16.

**Designated Income funds** – a collection of funds which have been set aside at the discretion of the Trustees for specific purposes, primarily to fulfil the Trustees' reserves policy (see page 17).

### 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

	2018 £'000	2017 £'000
Unrestricted	871	2,624
Restricted	961	501
Endowment	702	1,458
	<u>2,534</u>	<u>4,583</u>

### 16) Statement of fund commitments as at 31st March 2018

	2018 £'000	2017 £'000
<i>Funds available for spending at Trustees' discretion:</i>		
General income funds	1,531	4,932
Designated income funds (excluding investment in V&A Enterprises Ltd)	16,456	13,380
	<u>17,987</u>	<u>18,312</u>
<i>Funds raised for specific purposes:</i>		
Restricted income funds	6,794	5,666
<b>Total funds available for spending</b>	<u>24,781</u>	<u>23,978</u>
<i>Funds not available for Trustees' spending:</i>		
Designated income funds - share capital of V&A Enterprises	202	202
Endowment funds (Capital element)	6,761	6,655
Capital funds (Fixed Assets)	563,356	566,540
	<u>570,319</u>	<u>573,397</u>
<b>Total funds not available for spending</b>	<u>570,319</u>	<u>573,397</u>
<b>Total funds in balance sheet</b>	<u>595,100</u>	<u>597,375</u>

**17) Analysis of group net assets between funds**

	Unrestricted Funds	Restricted Funds	Endowment Funds	<b>Total 2018 £'000</b>	Total 2017 £'000
Fund balances at 31 March are represented by:	£'000	£'000	£'000	£'000	£'000
Tangible and intangible fixed assets and heritage assets	53	563,352	–	<b>563,405</b>	566,623
Investments	15,315	960	6,761	<b>23,036</b>	18,811
Current assets	18,580	5,838	–	<b>24,418</b>	32,452
Current liabilities	(13,539)	–	–	<b>(13,539)</b>	(17,506)
Liabilities due after one year	(2,220)	–	–	<b>(2,220)</b>	(3,005)
Net assets	<u>18,189</u>	<u>570,150</u>	<u>6,761</u>	<b><u>595,100</u></b>	<u>597,375</u>

**18) Capital commitments**

	<b>2018 £'000</b>	2017 £'000
Capital expenditure commitments were as follows:		
Contracted for, but not provided in the accounts	<u>670</u>	<u>4,926</u>

The majority of the capital commitments relate to design, construction and professional fees on the Photography Gallery and Jewellery Gallery.

## 19) Related Party Transactions

The Victoria and Albert Museum is a Non-Departmental Public Body (NDPB) sponsored by the Department for Digital, 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	879	-	-	75	-
	British Library	-	1	3	-	-
	British Museum	-	314	75	148	(17)
	British Film Institute	-	(3)	3	-	-
	English Heritage	-	-	3	-	-
	Imperial War Museum	-	-	3	-	-
	The National Gallery	-	1	-	-	-
	National Portrait Gallery	-	16	-	-	-
	Science Museum Group	-	440	16	237	-
	Natural History Museum	-	105	1,173	-	(222)
	Tate	-	1	-	-	-
	Exhibition Road Cultural Group	-	-	21	-	-
Nicholas Coleridge CBE, Edmund De Waal OBE, Nick Hoffman, Dr Tristram Hunt and Dr Antonia Boström are Trustees; Anthony Misquitta is Co Secretary	Gilbert Trust for the Arts	283	-	-	-	-
Nicholas Coleridge CBE and Dame Theresa Sackler are Trustees; Anthony Misquitta is Co Secretary	V&A Foundation	6,815	6	-	-	-
Sir John Sorrell is a Director	London Design Festival	-	11	20	-	-
Sir John Sorrell is a Trustee and Chairman	Creative Industries Federation	-	-	5	-	-
Paul Thompson is Vice Chancellor of the RCA; Dr Tristram Hunt is a Trustee	Royal College of Art	-	498	116	493	(11)
Paul Thompson is a Board Member	Ashmolean Museum	-	9	-	3	-
David Bickle and Dr Tristram Hunt are Directors	Design Dundee Limited	-	42	-	7	-
Robert Glick is a Trustee	Sadler's Wells Ltd	-	-	5	-	-
Dame Theresa Sackler is a Trustee	The Sackler Trust	60	-	-	-	-
Dr Antonia Boström is a co-opted member of the Grants Committee	Henry Moore Foundation	13	-	-	-	-
James Beardsworth is Co Secretary	Friends of the V&A	287	-	-	-	-
Ben Elliot is a Director	Hod Hill Ltd	-	1	-	-	-

In addition, four trustees donated a total of £14,850 to the museum during the year.

### **19) Related Party Transactions (cont'd)**

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, Chief Operating Officer and Director of Commercial: Digital & Exhibitions serve unremunerated on the Board of V&A Enterprises Ltd.

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.

### **20) Contingent Liabilities**

There are no contingent liabilities as at 31st March 2018 (2017: Nil).

### **21) Post Balance Sheet Events**

On 1 May 2018, the Royal Photographic Society collection was transferred from the Science Museum Group to the V&A. The collection was transferred at a value of £4.5m.

On 5 June 2018, the Mayor of London, Sadiq Khan set out his £1.1 bn vision for East Bank at Queen Elizabeth Olympic Park. New plans and building designs were unveiled, including the V&A's new museum on Stratford Waterfront, by O'Donnell and Tuomey.

There were no other reportable events between 31 March 2018 and the date the accounts were authorised for issue. The financial statements were authorised for issue on the date they were certified by the Comptroller and Auditor General.



