

MUSEUMS AND GALLERIES ACT 1992

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

Victoria and Albert Museum Annual Report and Accounts 2008-2009

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED **15 JULY 2009**

Contents

Annual Report	2
Remuneration Report	24
Statement on Internal Control	27
Statement of Trustees' and Director's responsibilities	31
The Certificate and Report of the Comptroller and Auditor General	32
Financial Statements	
Consolidated Statement of Financial Activities	34
Consolidated and Museum Balance Sheet	36
Consolidated Cashflow Statement	37
Notes to the Consolidated Financial Statements	38

Annual Report

Introduction

The Victoria and Albert Museum (V&A) is Britain's national museum of art and design. It was founded in 1837 as the Museum of the School of Design in Somerset House and it reached a wider public after its move to Marlborough House in 1852 when it became known as the Museum of Manufactures. It was subsequently renamed the Museum of Ornamental Art in 1853. In South Kensington since 1857, it became the Victoria and Albert Museum in 1899. The V&A was part of the Government's Department of Education and Science and operated under the auspices of an Advisory Council until 1 April 1984 when it acquired Trustee status with the passing of the National Heritage Act 1983. The V&A is currently sponsored by the Department for Culture, Media and Sport (DCMS). The Museum's Board of Trustees is answerable to the Secretary of State for Culture, Media and Sport for the policies and performance of the Museum. The Minister is, in turn, answerable to Parliament. The Director of the V&A is accountable both to the Board as Chief Executive and to the Secretary of State as Accounting Officer.

The V&A comprises the main site at South Kensington, the V&A Museum of Childhood (MoC) at Bethnal Green and the archive/study collections site at Blythe House, West London. There are collections stores in Battersea, London, and Dean Hill Park, Wiltshire.

This annual report covers the charitable activities undertaken by the V&A in 2008/09. However, the report is not a comprehensive account of all that the Museum does. Further information can be found in other corporate documents, notably, the V&A Annual Review 2008/09 and the 2008/09 Annual Report against the DCMS/V&A Funding Agreement. These can be found at the V&A website.

Structure, Governance & Management

The V&A is governed by the National Heritage Act 1983. The Act was modified and repealed to some extent by the Museums and Galleries Act 1992, but this did not materially affect the status of the Museum. The V&A is a non-departmental public body (NDPB) sponsored by the DCMS, and is a charity exempt from registration under the Charities Act of 1993. Its investments are governed by the Trustee Act 2000.

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

The V&A Board is a body corporate with between 12 and 20 members. At 31 March 2009 there were 14 Trustees. Trustees serve an initial term of up to four years and are eligible for reappointment at the end of that time. 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 V&A Board of Trustees has the following charitable objectives under the National Heritage Act:

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

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

V&A Mission

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

V&A Key Strategic Objectives

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

Delivery against these objectives for 2008/09 is set out below under three headings: Collections & Visitors, Exhibitions & Contemporary and Education, Learning & Interpretation

Collections & Visitors

Provide optimum access to collections and services for diverse audiences, now and in the future

Visitor Numbers & Profile

There were 5,221,400 visits to V&A collections in 2008/09, comprising 2,490,700 visits at our London sites and 2,730,700 visits to V&A touring exhibitions at other venues in the UK and around the world. This makes 2008/09 a record year for touring exhibitions – more than doubling the Museum's previous record of 1,137,800 visits in 2007/08. Both the visit figures and the range of venues around the world reinforce the V&A's commitment to sharing its collections and expertise throughout the world.

Visits to South Kensington, at 2,128,400, were 7% lower compared to 2007/08. The temporary exhibitions held during the year were not as popular as those held during the previous year. However, the exhibitions were successful in terms of visitor feedback and critical acclaim and fulfilled the V&A's ambition that the public programme should represent all aspects of the V&A's collections and offer something to the widest range of audiences possible.

The V&A MoC has continued to sustain the high visit figures it achieved following its reopening in December 2006 after completing phase 2 of its redevelopment. In 2008/09 it received 359,400 visits - its highest ever visit figure since its inception in 1974. This figure represents a 53% increase compared to 2004/05, the previous full year it was open before it closed for redevelopment. The MoC has been able to sustain such high numbers due to its varied and busy programme which continues to evolve e.g. during the year it introduced more events for adults including First Thursdays when the Museum has a themed late night opening on the first Thursday of each month.

The V&A has a comprehensive strategy for Access, Inclusion & Diversity (AID) and continued to work to the AID Action Plan 2005-2008.

October 2008 saw the completion of the V&A's *Capacity Building and Cultural Ownership* project, a high profile, three-year, HLF-funded project to promote and embed cultural diversity. Highlights during 2008 included:

- A capacity building leadership conference for Black, Asian and Minority Ethnic (BAME) organisations
- A Motown weekend attended by 7,000 visitors
- The British Caribbean Association 50th anniversary conference
- An intercultural puppet festival attended by over 1,500 people
- Intercultural and sacred object tours to synagogue groups, church organisations, Muslim youth groups and intercultural organisations

Towards the end of the year the V&A was commissioned by the Mayor's Commission on African and Asian Heritage to run training for the sector on developing equitable partnerships.

The number of visits by people from a UK BAME background rose by 6% (232,100 in 2007/08 to 246,200 in 2008/09). As a proportion of the total UK visits, BAME visits rose from 14% in 2007/08 to 15% in 2008/09. The V&A at South Kensington and the MoC both increased the proportion and numbers of BAME visits as follows:

- V&A South Kensington:
 - 150,500 BAME visits in 2008/09 compared to 145,000 in 2007/08 (4% increase)
As a proportion of the total UK visits, BAME visits rose from 10% in 2007/08 to 11% in 2008/09.
- MoC:
 - 95,700 BAME visits in 2008/09 compared to 85,600 in 2007/08 (12% increase)
As a proportion of the total UK visits, BAME visits rose from 28% in 2007/08 to 29% in 2008/09

The exhibition programme in 2008/09 at V&A South Kensington was particularly successful at attracting BAME visitors:

- *China Design Now*: 23% BAME of which 12% were Chinese
- *The Story of The Supremes from the Mary Wilson Collection*: 14% BAME of which 7% were Black
- *Blood on Paper*: 12% BAME

This compares to the overall proportion for V&A South Kensington audience being 11% BAME

The V&A considers that workforce diversity is a factor in other strands of diversity, by influencing the Museum's activity and operations, and perceptions of the organisation by ourselves and others. The V&A aims to reflect the cultural diversity profile of either the whole UK or that of London and the South East, depending on the designated recruitment catchment area for different jobs. The national and regional profiles were 8% BAME and 16% BAME respectively (2001 census), and in 2008/09 V&A BAME staffing was 5% for nationally-recruited posts and 17% for regionally-recruited posts.

In 2008/09 V&A sites received fewer visits by people from lower socio-economic groups (NS-SEC 5-8) compared to 2007/08 (196,400 visits in 2008/09 (12% of total UK visits) compared to 269,100 visits in 2007/08 (16% of total UK visits)). Although the decrease seems significant compared to the previous year it should be noted that, when looking at a longer period of data for this performance indicator, 2007/08 achieved particularly high figures (helped by the popularity of the *Kylie* exhibition).

Community and social inclusion programmes targeted at under-represented audience groups continued to take place during the year including:

- Over 50 sessions for mental health service users including workshops on creative writing and others linked to the exhibition programme
- Refugee week in June 2008 which included a broad programme of events celebrating the achievements of London's refugees and highlighting refugee made work in the V&A's collections. Over 1,000 people attended the events held at V&A South Kensington, MoC and Blythe House
- ESOL tours at V&A South Kensington and MoC
- Three one-day festivals to reach new audiences at the MoC
- Young people's programme with East Potential, a national charity that supports vulnerable young people to independence.

2008/09 was the tenth year that the V&A ran the *Inspired By* competition. The V&A worked with the Offender Learning and Skills Service based at Kensington and Chelsea College who gave people at Belmarsh, Brixton, Wandsworth, and Wormwood Scrubs prisons and the Young Offenders' Institute Feltham, the resources to enable them to participate in the competition. In addition, the V&A continued the process to embed diversity through all of its programmes so that events can be accessible to all audiences.

In 2008/09 at V&A South Kensington 6% of the audience identified themselves as having a disability or long-term health problems whereas at MoC the figure was 3%. The V&A signalled its commitment to promoting access for all visitors by hosting the conference *Access All Areas: Disability Issues in Libraries* in June 2008.

FuturePlan

This is the V&A's large-scale, long-term capital re-development programme. Its aim is to open up the Museum and its collections, both physically and intellectually, for everyone to use and enjoy. The galleries and public spaces of the historic buildings themselves are transformed through beautiful and sensitive design and the collections are presented in engaging and stimulating ways that draw on the latest research into objects, museum practice and historic interiors.

As well as access to collections through display and interpretation, FuturePlan contributes to many other Museum agendas such as; engagement with the creative industries, increasing audience diversity & inclusion, and improving carbon-efficiency. FuturePlan is primarily funded from sources other than core Grant in Aid (GIA).

In 2008/09 a number of high-profile projects were realised and much work was undertaken to progress other projects that will complete FuturePlan Phase 1 and begin the next phase of FuturePlan.

The following projects were completed in 2008/09:

- In September 2008 the Sackler Centre for Arts Education, the V&A's important new hub for the study and practice of design, opened to the public. The space was designed by the architects Softroom.
- June 2008 saw the opening of the spectacular William and Judith Bollinger Jewellery Gallery, which houses more than 3,000 jewels in a dramatic contemporary space. The gallery was designed by Eva Jiricna Architects. Since it opened it has been visited by 308,500 people (up to end of March 2009).
- In March 2009 the new Theatre and Performance Galleries, designed by the V&A's in-house design team, opened. The new galleries had been eagerly anticipated following the closure of the Theatre Museum in Covent Garden in January 2007. They have been well received by the general public, critics and the theatre and performance community.

Work progressed on a number of other FuturePlan projects, most notably:

- The Buddhist Sculpture Gallery - The Robert H N Ho Family Foundation Gallery which was completed in April 2009
- Gold, Silver & Mosaics - The Rosalinde and Arthur Gilbert Galleries (due to open June 2009)
- The Medieval & Renaissance Galleries (due to open November 2009)
- Two phases of the Ceramics Galleries (due to open September 2009 and April 2010 respectively)

The following projects were initiated in 2008/09 as part of FuturePlan Phase 2:

- A new Textile, Fashion and Conservation Research Centre at Blythe House near Olympia, London.
- New Furniture Galleries (Galleries 133-135)
- Providing new temporary exhibition galleries on the Boilerhouse Yard site

In addition, the V&A has been very involved in the Exhibition Road scheme working with other institutions in the area, the Royal Borough of Kensington and Chelsea, Westminster City Council and the Mayor of London to transform the locale. During 2008/09 work began on the first phase of the project involving the South Kensington traffic management system.

Online Museum and Electronic Access: www.vam.ac.uk

Developing the V&A's website and exploring new digital technologies remained a priority for the V&A to enable wider access to the collections. In 2008/09 over 20 million people visited the V&A's website making it one of the most successful websites for a national museum.

The V&A website offers information in nine languages and has a special Chinese language website. In 2008/09 this website received 653,000 visits.

Much work was completed in 2008/09 to increase the number of V&A objects available online through the *Search the Collections* facility on the V&A's website. The public can now access 56,200 objects online with 86,200 images. Further work is progressing to increase the number of objects available to the public online. Funding from the Joint Information Systems Committee made possible the digitisation of significant amounts of material, such as images relating to East London Theatre. In addition the Museum has undertaken the digitisation of its Japanese ukiyo-e prints collection, one of the largest and finest in

the world, with over 25,000 prints, paintings, drawings and books. This project is scheduled for completion by 2012 and will substantially increase the amount of the V&A's collections accessible online.

Throughout the year, significant amounts of new material was added to the already rich content on the V&A's website e.g. microsites for all temporary exhibitions, films, new pages on embroidery, all teaching brochures were made available digitally. As part of the Cultural Ownership and Capacity Building HLF project, work began on preparing an online database of V&A objects from Africa.

2008/09 saw the culmination of the innovative National Museums Online Learning Project, funded by the Treasury's Invest to Save initiative. The V&A has acted as the lead partner and collaborator with eight other national museums (British Museum, Imperial War Museum, National Portrait Gallery, Natural History Museum, Royal Armouries, Sir John Soane's Museum, Tate and the Wallace Collection). The project delivered the following:

- Web quests for school based learning
- Creative spaces for lifelong learners using social networking to encourage people to record how the collections have inspired them
- 28 videos showing how people have been inspired by the collections
- Federated search facilities to allow users to search across all nine collections

The Online Museum has been particularly successful in encouraging visitor participation through interactive web features like the World Beach Project, launched in 2007, which now has 450 contributors from around the world and a Flickr link which invites posting of visitors' photographs of activities related to the V&A's collections and programmes.

V&A staff represented the Museum at *UK Museums and the Web 2008*, the major UK conference devoted to museums' online activities.

Throughout the year much work was done towards the redesign of the V&A's website which will be launched in autumn 2010.

Be acknowledged and respected as the world's leading museum of art and design

Acquisitions

The V&A has 2.7 million objects in its collections. Continually increasing the V&A's collections is essential to maintaining the Museum's status as the world's pre-eminent museum of art and design. It is important that the collections represent the best of historic and contemporary design and reflect changing societies. This is increasingly difficult to sustain due to high prices in the art market and competition from other buyers (both private and institutional), often from overseas. Nevertheless, the modest sums that the V&A is able to allocate to acquisition from core budgets is supplemented by funds levered in from elsewhere such as donors, the Friends of the V&A and grant-making bodies – notably The Art Fund and the National Heritage Memorial Fund (NHMF). In 2008/09 the V&A acquired objects for the collections worth £2,906,000 of which £497,000 was from core funding.

Acquisition highlights in 2008/09:

- *Tongue and Lips Logo, 1970, by John Pasche*
In 1969 the Rolling Stones' office approached the RCA looking for a student to produce designs for the band's writing paper and programmes. John Pasche was commissioned to create the pop art style logo which was first used as an insert to the 1971 album 'Sticky Fingers'. This iconic work links art, design and performance and its acquisition considerably enhances the profile of the rock and pop section of the Theatre and Performance Collections.
- *Jomon pot, 3500-2500 BC, Jomon people, Japan*
This large earthenware jar exemplifies the powerfully sculptural pottery produced by the Jomon people, the inhabitants of the Japanese archipelago from the 14th to the first millennium BC. Jomon wares are among the earliest ceramics ever made.
- *Robe, 1780-1810, Italy*
This is a Chinese dragon robe of brocaded silk that has been made into a European man's nightgown and matching waistcoat. The European nightgown developed out of the Japanese kimono in the

1650s and remained popular throughout the 18th and 19th centuries and was typically the most colourful and 'exotic' garment in the masculine wardrobe.

- *Coronation cup and cover, about 1685*
This cup is made from recycled silver that originally decorated the canopies during King James II's coronation in 1685. It will be displayed in the V&A's Silver Galleries.
- *Shoe Hat, 1937-8, by Elsa Schiaparelli*
Elsa Schiaparelli's 'shoe hat' is the best known of the surrealist pieces she made in collaboration with the artist Salvador Dali. The design was displayed in the exhibitions *Surreal Things* and *Hats: An Anthology* by Stephen Jones.
- *Chair, 2008, by Sebastian Brajkovic*
The 'double' shape of this chair is derived from a 19th century side chair, which the designer stretched and rotated to create the extended back. Like many contemporary Dutch designers, Brajkovic is interested in distorting familiar objects to encourage us to think about them in a new way.
- *Pot, 1994, by Grayson Perry*
My Heroes is the first example of work by this Turner prize-winning contemporary artist to be purchased by the V&A and will be displayed in the new Ceramic Galleries.

Research

The V&A Research Department is highly active and at the forefront of its field. Research, focused on the collections, underpins the Museum's public-facing outputs in the form of exhibitions and displays, gallery developments, books, articles and conferences, study days and symposia.

During the year the Research Department ran eight workshops and symposia on: Postmodernism; Object/Body/Rituals; African Diaspora; Quilts; The Edwardian Sense; British Post War Design; Aestheticism; and the History of the V&A

As well as extensive research by the Museum's own staff, the Department has widespread links with other organisations in the UK and overseas. In 2008/09 the Museum:

- Participated in curatorial exchange programmes (e.g. with Sussex University and Yale)
- Hosted visiting scholars from universities nationwide including the University of Brighton, Chelsea School of Art and Design, and University of Glasgow
- Supported and developed research fellowships
- Organised academic workshops with partner organisations

The Museum's commitment to innovative research was recognised this year with a two-year Arts and Humanities Research Council grant awarded jointly to the V&A and the Royal College of Music to allow the V&A to integrate high-quality recordings of Medieval, Renaissance and Baroque music within the Medieval and Renaissance Galleries and the exhibition, *Baroque 1620-1800*.

The V&A/RCA's M.A. in History of Design enrolled its 25th cohort of students, who will graduate in July 2009. 2008 also saw the launch of the *V&A Online Journal*, to be published annually, and the publication of the Research Report and the Research Bulletin.

In addition, the V&A actively promotes learning, training and development for its staff. This year the V&A became the first museum to have its in-house training nationally accredited. The five-year Assistant Curator Development Programme (ACDP) is now recognised as an accredited qualification.

The expertise of the V&A's staff is evidenced by a large number of staff throughout the Museum sitting on a wide range of external panels, advisory boards and steering groups.

International Strategy

The V&A International Strategy was agreed in March 2006 and embraces a small number of programmatic alliances with overseas organisations in key locations. Memoranda of understanding are in place with the Fine Arts Museums of San Francisco, the National Museum of China and the Dr Bhau Daji Lad Museum, Mumbai. These are formal expressions of commitment to collaborate on exhibitions, research and staff development and other areas of mutual interest. No less important to the Museum's international strategy is the large number of project partners the V&A has worked with in 2008/09.

During 2008/09 the V&A was awarded funding towards aspects of its international strategy from the World Collections Programme (WCP). WCP is a DCMS-funded initiative to establish two-way partnerships with institutions in Asia and Africa, and increase their access to UK collections and expertise.

In 2007/08 the V&A added the Salar Jung Museum in Hyderabad to its international collaborators. During November 2008, with support from the WCP, the V&A's Senior Curator of Paintings and Head of Conservation visited the Salar Jung Museum to advise on specific conservation issues and on the cataloguing of the Museum's paintings collection.

2008/09 saw the completion of the Mazarin Chest Conservation Project, an immensely successful international collaboration which has brought together culturally diverse approaches to the conservation of Japanese lacquer. The project was funded by the Getty Foundation, the Toshiba International Foundation (TIFO) and the V&A. The conserved chest was displayed in the exhibition *Tales in Sprinkled Gold: Japanese Lacquer for European Collectors*, shown in Japan and subsequently at the Getty Museum. This exhibition presented examples of Japanese lacquer objects from the V&A.

The V&A continues to be a partner in "Museum With No Frontiers".

It should be noted that V&A touring exhibitions broke new ground in 2008/09.

Highlights include:

- *World Ceramics* at Istanbul's Pera Museum opened in May 2009. This followed it being shown at the Khan As'ad Pasha in Damascus between November 2008 and January 2009. This exhibition was the first major international exhibition to be shown in Syria.
- *Indian Life and Landscape* was the V&A's first exhibition of objects from its collections to tour India. Shown at the Chhatrapati Shivaji Maharaj Vastu Sangrahalaya (CSMVS, formerly Prince of Wales Museum) in Mumbai, this exhibition was the result of a fruitful collaboration between CSMVS and the V&A and was supported by WCP. The exhibition subsequently toured to the Mehrangarh Fort, Jodhpur.
- *Two Centuries of British Fashion*, showing objects from the V&A, opened at the Moscow Kremlin Museums' Armoury Museum in September 2008 and the *Magnificence of the Tsars*, featuring objects from the Kremlin, opened in December 2008 at the V&A. Both exhibitions were part of a formal exchange agreement between the V&A and the Kremlin.

Thomas Hope: Regency Designer presented at the V&A from March to June 2008 was organised by the Bard Graduate Center for Studies in the Decorative Arts, Design and Culture, New York, USA.

In 2008/09 the Museum published nine V&A titles in foreign languages for seven countries.

The V&A's International Strategy increases the Museum's profile overseas, In 2008/09 37% of the total number of visits to the V&A South Kensington were from overseas.

V&A UK Strategy

The V&A continued to prioritise working nationally to ensure that its collections, scholarship and expertise were as accessible to as many people as possible throughout the UK. Collaboration with external colleagues is an integral way of working in many areas: on acquisition, peer reviews of collections and research projects. More formally, the V&A has five UK partners: Birmingham Museums and Art Gallery, Brighton and Hove Museums, Manchester City Galleries, Museums Sheffield and Tyne and Wear Museums. Our partners are often the primary source when discussing museum issues and seeking a wider audience for V&A activity.

2008 marked the fifth and final year of the *Image & Identity* partnership project. As lead partner in this project, the V&A worked with the Museum's five UK partners and Action for Children, the children's charity which works with particularly vulnerable young people. *Image & Identity* has sought to engage and inspire young people in responding creatively to museum collections and is funded by the DCMS and the Department for Children Schools and Families (DCSF).

2009 sees the conclusion of the V&A's fruitful 10-year partnership with Museums Sheffield. Particular highlights in 2008/09 were the exhibitions that toured to Sheffield:

- The MoC exhibition, *Space Age: Exploration, Design and Popular Culture*, was shown at Weston Park Museum from May to August 2008 and was extremely popular with 80,000 visits.
- Sheffield Millennium Gallery showed *Vivienne Westwood* from May to September 2008. It was Museum Sheffield's most successful paid exhibition and attracted visitors from throughout the UK generating much income for the local tourism economy.
- Sheffield Millennium Gallery was hosted *Medieval and Renaissance Treasures*. This was the show's final venue after a successful American tour. The objects will be displayed in the new Medieval and Renaissance Galleries opening at V&A South Kensington in November 2009.

The Museum has further developed regional partnerships by investigating a potential role in Blackpool's regeneration scheme. The Museum entered into talks with ReBlackpool, Blackpool's urban regeneration company and the Blackpool City Council to establish a strong V&A presence there through exhibitions and loans. The V&A is also in talks with Dundee University, Scottish government and Dundee City Council about collaborating to provide a showcase for V&A public programming in Dundee.

The V&A participates in a number of subject specialist networks on, for example:

- Japanese and Himalayan collections and Archives in Museums
- the Theatre Information Group to develop a database to record performance
- the Dress and Textiles Specialists held a series of low-cost but effective material identification and techniques workshops.

The Theatre Information Group and the Dress and Textiles Specialists, which were instigated by the V&A completed MLA-funded projects this year.

A key element of the V&A UK Strategy continues to be the Purchase Grant Fund (PGF), run by the V&A since 1881. It provides a means of sharing V&A expertise and building relationships with organisations throughout England and Wales – engaging with 121 this year through grant applications. The £1 million budget in 2008/09, provided through the Museums Libraries and Archives Council (MLA) for acquisitions by regional museums and archives, enabled purchases to the value of £3.5 million to go ahead. The 145 grants were awarded towards objects ranging from a contemporary Japanese textile installation to a Roman knife handle.

Loans

The V&A lends about 3,000 objects every year to enable its collections to be seen more widely and in new contexts. Loans ranged from a 12th century Egyptian lustre bowl lent to Qatar's Museum of Islamic Art to the call sheet for a day's filming of the Beatle's *A Hard Day's Night* lent to Liverpool's World Museum. Short-term loans are usually for temporary exhibitions organised by another institution. Long-term loans, of which most are within the UK, are usually made when an object has particular significance to a venue or locality. The figures are given below; these do not include the objects or venues for V&A Touring Exhibitions.

		UK	Overseas	Total
Number of objects	Short-term	415	709	1,124
	Long-term	1,788	64	1,852
Total		2,203	773	2,976
Number of venues		228	113	341

V&A Touring Exhibitions

The V&A continued to expand its programme of touring exhibitions as a means of sharing its collections and expertise, of raising revenue, and of promoting the Museum, London and the UK. The V&A Theatre Collections programme of touring exhibitions consisted of three exhibitions that toured to seven UK venues including traditional and non-traditional venues (e.g. theatres and concert halls) and were seen by over 117,000 people.

The statistics* are record-breaking.

	UK	Overseas	Total
Visits	349,500	2,381,200	2,730,700
Exhibitions**	12	16	25
Venues	23	23	46

* The figures given above include two exhibitions comprising reproductions of historic photographs. Overseas: 2 shows; 2 venues; 192,000 visits.

** Some exhibitions toured to both UK and overseas venues which explains why the UK and Overseas numbers of exhibitions don't add up to the total

Promote, support and develop the UK creative economy by inspiring designers and makers, and by stimulating enjoyment and appreciation of design

Exhibiting the best design and inspiring new design is at the core of the V&A's work. This was recognised in March 2009 when the V&A won an award from Design Week for 'outstanding contributions to the design industry.'

In 2008/09 the V&A held a number of inspirational contemporary exhibitions: *Blood on Paper* (April - June 2008); *Fashion V Sport* (August 2008 - January 2009) and *Hats: An Anthology by Stephen Jones* (February - May 2009). These exhibitions, along with contemporary art installations by C J Lim, Yung Ho Chang and Universal Everything and other displays, events and publications, brought some of the best contemporary art and design to a wide audience.

The hi-tech facilities in the new Sackler Centre have widened the Museum's educational offer. Visitors are able to learn about and practice art and design inspired by the Museum's collections through a varied educational programme. 2,300 young people took part in the *Creative Quarter* event held in November 2008 which gave 13-19 year olds an insight into the Creative Industries.

It is central to our mission that the V&A continues to inspire new generations of makers and consumers, contributing to the success and growth of the UK creative economy. In 2008/09, a significant proportion of visits to South Kensington were made by students, practitioners and teachers in the creative industries. Over 50% of visitors to the *Fashion V Sport* exhibition were involved in the creative industries.

The year saw the launch of the V&A's innovative Museum Residency Programme, providing designers, artists and other creators with a studio space in the new Sackler Centre for Arts Education for six months. Residents are given access to the V&A's unique resources including the extensive collections; curatorial and conservation expertise; practical art, design and digital media workshops in the Sackler Centre and experienced educational and outreach staff. Residents use these to develop their careers, carry out research, make new work and acquire or increase their skills in working with the public. Open Studios sessions are held when visitors to the Museum can visit the studios. Practitioners contribute to the V&A's Learning Programme during their residencies.

2008/09 saw residencies by the following:

- Jeweller, Dorothy Hogg
- New media artist, Jo Lawrence
- Product designer, Lao Jianhua. This residency was sponsored by HSBC helping the Museum to celebrate the 2008 Year of China
- International Print Resident, Mona Choo

The annual V&A Illustration Awards are the premier awards for book and editorial illustration in the UK. Over 2,500 images of entrants' work now features on the V&A's website. This year's winners have gone on to design some of the V&A's publicity material. For the sixth year the V&A was a co-sponsor of the Classic Design awards.

In January 2009 the V&A announced an important new art award, the Jameel Prize, a £25,000 international art award for contemporary artists and designers inspired by Islamic traditions of craft and design. Awarded every two years, the Jameel Prize aims to encourage design practice in the Islamic world and to contribute to a broader debate about Islamic culture.

The V&A's Friday Evening Talks featured big names from the world of design, art and culture. Speakers in 2008/09 included architect Norman Foster, the designers Marc Newson and CJ Lim, artists Grayson Perry and Cornelia Parker and the iconic fashion designer Mary Quant.

The *Design for Life* project is funded through the Government's strategic commissioning scheme for national/regional museum education partnerships. The project is led by the V&A and focuses on engaging young people in creative design through museums. Project partners in 2008/09 were Action for Children (formerly NCH, the Children's Charity), Birmingham Museum and Art Gallery, Brighton Museum and Art Gallery, Manchester City Galleries, Museums Sheffield and Shipley Art Gallery, Tyne and Wear Museums.

The V&A commissions top architects and designers for its FuturePlan developments and activities. Awards in 2008/09 include:

- The V&A's Café in South Kensington, designed by Muma, won the Design Week 2008 Award for Hospitality Environments.
- The Porter Gallery, designed by Block Architecture, was commended in the Design Week 2008 Museums, Galleries and Visitor Attractions Award section.
- Land Design Studio's design for *The Golden Age of Couture* was shortlisted in the Design Week 2008 Temporary Exhibition Design category.

V&A Enterprises Limited (VAE) is an important contributor to fulfilling the Museum's mission e.g.

- It works with a number of artists and designers to develop new product ranges for its shop and through licensing
- V&A Images are highly active in supporting the creative industries.
- V&A Publishing launched 20 new titles, seven new paperback editions, two revised editions and three paperback reprints.

Operate with financial and organisational efficiency

Efficiency and Effectiveness

The fact that visit numbers at V&A London sites fell and GIA rose meant that the efficiency measure of GIA per visit was higher in 2008/09 (£17.53) than in 2007/08 (£15.93). Additionally, although the visit figures to touring exhibitions were record breaking, the decrease in the number of web visits (from 24 million in 2007/08 to 20 million in 2008/09) meant that when all users (V&A sites + V&A touring exhibitions + web visits) were taken into account, the GIA per use was more in 2008/09 (£1.71) compared to 2007/08 (£1.49).

Market research surveys consistently show that 97-100% of visitors considered their visit 'very good' or 'good' and similarly high percentages were achieved when visitors were asked whether they would recommend the V&A to others.

Collections

In addition to regular collections audits, the V&A continued a special programme to review object location and has effected significant improvements. Security and safety measures continued to be upgraded according to a phased programme and there were no incidences of theft or malicious damage. Progress continued to be made in Business Continuity Planning and emergency response as they relate to collections.

Exhibitions & Contemporary

Provide optimum access to collections and services for diverse users

Exhibitions and displays at V&A sites

- **Headline exhibitions**
 - *Thomas Hope: Regency Designer* (22 March – 22 June 2008), 12,100 visits
 - *China Design Now* (15 March – 13 July 2008), 73,000 visits
 - *Cold War Modern* (25 September 2008 – 11 January 2009), 91,300 visits
- **Contemporary exhibitions**
 - *Blood on Paper* (15 April – 29 June 2008), free, 109,800 visits
 - *Fashion V Sport* (5 August 2008 – 4 January 2009), 45,700 visits
 - *Hats: An Anthology by Stephen Jones* (24 February – 31 May 2009), 40,300 visits by the end of March 2009
- **Theatre and Performance exhibitions**
 - *Collaborators: UK Design for Performance 2003-2007* (21 November 2007 – 31 August 2008), free, 150,000 visits
 - *The Story of The Supremes from the Mary Wilson Collection* (13 May – 19 October 2008), 57,200 visits
- **Fashion displays**
 - *Magnificence of the Tsars* - from The Moscow Kremlin Museums Collection (10 December 2008 - 29 March 2009), 96,000 visits
- **Contemporary commissions and installations**
 - C J Lim's *Seasons through the Looking Glass*, Tunnel (March 2008 – March 2009)
 - Yung Ho Chang's *Poly & Chai*, Garden (June – September 2008)
 - Universal Everything's *Forever*, a generative audio-visual installation in the Garden (November 2008 – January 2009)
- **V&A MoC exhibitions and displays (all exhibitions are free and specific visit numbers not collected)**
 - *Space Age* (24 November 2007 – 6 April 2008)
 - *A Century of Olympic Posters* (17 May – 7 September 2008)
 - *Top to Toe, Fashion for Kids* (4 October 2008 – 19 April 2009)
 - *Sweet* (24 November 2007 – 24 May 2008)
 - *Are You Being Served?* (7 June – 9 November 2008)
 - *Edwardian Outdoor Games: Photographs by Andrew Pitcairn-Knowles* (4 October 2008 – 4 January 2009)
 - *Warli & Weave* (22 November 2008 – 31 May 2009)
 - *Home and Away* (10 January – 29 March 2009)

In addition, numerous diverse displays were mounted throughout the year.

National and International

International Touring Exhibitions

<i>Title</i>	<i>Venue</i>	<i>Dates</i>	<i>No. of Visits*</i>
<i>A Century of Olympic Posters</i>	Liaoning Museum, Shenyang, China	10 Mar 08 - 27 Apr 08	140,600
<i>Art Deco</i>	National Gallery of Victoria, Melbourne, Australia	28 Jun 08 - 05 Oct 08	240,800
<i>China Design Now</i>	Cincinnati Art Museum, Ohio, USA	18 Oct 08 – 11 Jan 09	12,900
<i>Cold War Modern: Design 1945-1970</i>	MART, Rovereto, Italy*	28 Mar 08 - 26 Jul 09	-
<i>Indian Life and Landscape</i>	CSMVS (formerly the Prince of Wales Museum), Mumbai, India	03 Dec 08 - 22 Feb 09	120,000
	Mehrangarh Fort, Rajasthan*, India	09 Mar 09 - 08 May 09	-
<i>Life and Art: Arts and Crafts from Morris to Mingei</i>	The National Museum of Modern Art, Kyoto, Japan	13 Sep 08 - 09 Nov 08	64,800
	Tokyo Metropolitan Art Museum, Japan	24 Jan 09 - 05 Apr 09	140,700
<i>Masterpieces of Ukiyo-e from the V&A</i>	Iwaki City Art Museum, Japan	12 Apr 08 - 18 May 08	5,300
	Nagasaki Prefectural Museum, Japan	31 May 08 - 13 Jul 08	20,600
<i>Medieval & Renaissance Treasures</i>	Metropolitan Museum, New York, USA	19 May 08 - 17 Aug 08	80,500
	High Museum of Art, Atlanta, USA	13 Sep 08 – 04 Jan 09	171,800
<i>Surreal Things: Surrealism and Design</i>	Guggenheim, Bilbao, Spain	3 Mar 08 - 07 Sep 08	575,500
<i>The Art of Lee Miller</i>	MOMA, San Francisco, USA	01 Jul 08 - 21 Sep 08	301,100
	Jeu de Paume, Paris, France	13 Oct 08 - 04 Jan 09	81,700
<i>The Golden Age of Couture: Paris and London 1947-1957</i>	Bendigo Art Gallery, Victoria, Australia	07 Dec 08 - 22 Mar 09	74,300
<i>Two Centuries of British Fashion from the V&A</i>	Kremlin Museum, Moscow, Russia	05 Sep 08 - 16 Nov 08	70,000
<i>Vivienne Westwood</i>	Artis Tree, Hong Kong	01 Dec 08 - 31 Jan 09	51,300
<i>World Ceramics: Masterpieces from the V&A</i>	Korea Foundation Cultural Center, Seoul, Korea	14 Mar 08 - 23 Jun 08	10,100
	Hetjens-Museum, Düsseldorf, Germany	10 Aug 08 - 06 Oct 08	7,200
	Khan As'ad Pasha, Damascus, Syria	26 Nov 08 - 08 Jan 09	20,000
<i>Daisy, Princess von Pless: Happy Years#</i>	Ksiaz Castle Furstenstein Palace, Poland	07 Mar 08 - 30 Sep 08	190,000
<i>High Society: Images from the Devonshire House Ball of 1897#</i>	The Royal Society of Fine Arts at the Jordan National Gallery of Fine Arts, Jordan	19 Oct 08 - 20 Nov 08	2,000
Total			2,381,200

* Visit numbers for these shows will be reported in 2009/10

These shows did not contain Museum objects

V&A UK Touring Exhibitions

Title	Venue	Dates	No. of Visits*
<i>A Century of Olympic Posters</i>	Ironbridge Gorge Museum, Shropshire	26 Sep 08 - 11 Jan 09	3,100
	Southampton City Art Gallery*	27 Mar 09 - 31 May 09	-
<i>Contemporary Photography: Recent Acquisitions from the V&A</i>	Nottingham Castle Museum & Art Gallery	3 May 08 - 15 Jun 08	12,100
	Hatton Gallery, Newcastle	27 Jun 08 - 21 Aug 08	6,900
	The Herbert Museum and Art Gallery, Coventry	16 Sep 08 - 11 Jan 09	9,400
	Cartwright Hall, Bradford	24 Jan 09 - 29 Mar 09	14,900
<i>Fashion V Sport</i>	Walker Art Gallery, Liverpool*	13 Feb 09 - 31 May 09	-
<i>Medieval & Renaissance Treasures</i>	Museums Sheffield: Millennium Gallery*	29 Jan 09 - 31 May 09	-
<i>Out of the Ordinary: Spectacular Craft</i>	Shipley Art Gallery, Tyne & Wear	21 Mar 08 - 01 Jun 08	8,000
	Tullie House Museum and Art Gallery, Carlisle	13 Dec 08 - 01 Mar 09	6,100
<i>The Story of the Supremes from the Mary Wilson Collection</i>	Grundy Art Gallery, Blackpool	26 Nov 08 - 01 Feb 09	11,800
	Birmingham Museum and Art Gallery*	21 Feb 09 - 07 Jun 09	-
<i>Vivienne Westwood</i>	Millennium Galleries, Sheffield	28 May 08 - 21 Sep 08	38,700
<i>Where are We? Questions of Landscape</i>	Plymouth City Museum and Art Gallery	03 May 08 - 28 Jun 08	3,700
<i>Space Age: Exploration, Design and Popular Culture</i>	Weston Park Museum, Sheffield	03 May 08 - 31 Aug 08	80,000
	City Art Gallery, Edinburgh	11 Oct 08 - 04 Jan 09	12,300
	Royal Institute of Cornwall	24 Jan 09 - 18 Apr 09	25,400
<i>Record Today for Tomorrow</i>	Roundhouse	28 Jul 08 - 01 Sep 08	15,800
	Young Vic	13 Sep 08 - 03 Oct 08	12,600
<i>Reg Wilson</i>	Playhouse Theatre	04 Nov 08 - 30 Jan 09	38,900
	Manchester Royal Exchange	25 Feb 09 - 11 Apr 09	2,000
<i>The Half: Photographs by Simon Annand</i>	Royal National Theatre	02 Oct 08 - 30 Nov 08	25,000
	Wales Millennium Centre	10 Jan 09 - 28 Feb 09	22,800
	Worcester Museum and Art Gallery*	14 Mar 09 - 25 Apr 09	-
		Total	349,500

* Visit numbers for these shows will be reported in 2009/10

Contemporary Events

Contemporary exhibitions and commissions are mentioned above. In addition the dedicated Contemporary team runs the monthly Friday Late programme. Held on the last Friday in every month (except December) when the Museum is open from 10.00 to 22.00, Friday Late includes a mixture of live performances, cutting-edge fashion, debates, one-off displays, special guests, bar and food, guest DJs and late-night exhibition opening. Admission is free to the Museum, although some events may be ticketed.

Friday Late events attract, on average, 2,500 visits (entering the V&A after 17.30 pm)

Friday Late Programme 2008/09

- April 2008 - *Blood on Paper*. Featuring the world of contemporary artists' books, the night saw major installations, workshops, talks with leading artists and curators and behind-the-scenes access to works from the V&A's own collection in the National Art Library. (1,800 visits)
- May 2008 - *The Art of Confession*. Interactive exhibits, performances, celebrity authors, new media evangelicals and publishers investigated the future of personal storytelling and the modern idea of confession. (2,800 visits)

- June 2008 - *Beijing*: To celebrate *China Design Now*, a dynamic mix of Chinese talent from the UK and China presented live music, short films and animations, interactive installations and exhibition tours, plus DJs spinning alternative music from China and a late bar (2,800 visits).
- July 2008 - *Village Fete*: V&A and Scarlet Projects' contemporary take on the traditional English fete - an extraordinary array of creative, fun, engaging, imaginative events and games by leading and up-and-coming designers (4,700 visits).
- August 2008 - *Get Physical*: To celebrate *Fashion V Sport*, an international roster of designers, athletes, filmmakers and artists came together to explore styles, technologies and the senses via talks, workshops, interactive installations and exhibition tours (1,500 visits).
- September 2008 - *Close Up: Fashion Photography* : Leading fashion photographers and stylists explored the world of fashion photography. Street fashion blogger Face Hunter scouted for the best personal style and agencies and fashion magazines checked out your photography portfolios (2,200 visits).
- October 2008 - *Cold War Modern*: An evening on the exhibition theme of progressive electronic music and audiovisual performance, accessible interactive and digital art, thought-provoking screenings and classic and contemporary gaming (1,700 visits).
- November 2008 - *Metal Rocks*: An evening of workshops, live performances, talks, tours and film screenings exploring jewellery and all things metal with RCA students of Goldsmithing, Silversmithing, Metalwork and Jewellery (1,900 visits).
- January 2009 - *Year of the Ox*: An evening celebrating Chinese New Year with a contemporary, urban twist, the evening re-examined luck, chance and the traditions of both East and West through China's emerging electronic avant-garde (2,500 visits).
- February 2009 - *Home Sweet Home*: Unique workshops revealed the craft behind everyday household objects. Domestic rituals were explored through intimate talks, installations and performance. Visitors found their inner super sleuth to solve the V&A Manor Murder Mystery (2,400 visits).
- March 2009 - *Mad Hatters*: Celebrating the exhibition *Hats: An Anthology by Stephen Jones*, with an evening dedicated to exploring British traditions in headwear and the skill of designing and making hats (3,300 visits).

Fashion in Motion, the free full-scale catwalk shows, originated in the Contemporary programme and continue to be extremely popular.

Fashion in Motion

Featured designers 2008/09:

- Ma Ke Wuyong, 16 May 2008
- Central St Martins Graduates 2008, 12 September 2008
- Roksanđa Ilincic, 21 November 2008

Education, Learning & Interpretation

Provide optimum access to collections and services for diverse users

At V&A South Kensington, the opening of the Sackler Centre for Arts Education more than doubled the space previously available for education at the Museum. The new facilities have enabled the V&A to offer exciting, innovative new programmes to allow all audiences to learn about and practice art and design.

2008/09 was the first full year that the Theatre Collections were at V&A South Kensington and Blythe House following the closure of the Theatre Museum in Covent Garden in January 2007. In 2008/09 the Theatre Collections' educational programmes were attended by c.4,400 visitors, over 3,000 of whom were school pupils.

The total number school pupils visiting V&A sites increased by 3% in 2008/09 (108,800) compared to 2007/08 (106,000).

The MoC has its own learning team. In 2008/09 c.86,000 visitors took part in organised educational activities (c.60,000 were under 16s, c.26,000 were adults over 16).

Highlights of the Museum's numerous learning programmes, projects and events are given below to illustrate the range on offer:

V&A South Kensington

- *Free Art Fun!*: Regular programme of creative activities for families, based on the collections and run in school holidays.
 - Spring Half Term Activities (2,800 family visitors)
 - Easter Holiday Events; including back pack adventures and 'Designing a Mini Room' taking inspiration from the *Thomas Hope* exhibition and the British and Asian Galleries (1,800 family visitors)
- *Drop-in Design*: A popular new programme for families
 - Christmas Event: *The Emperor's New Clothes*; Families made objects inspired by the *Magnificence of the Tsars* exhibition
 - February Half-Term: *Take 3 Challenge*: Taking inspiration from the V&A's collections, participants solved three creative challenges (over 2,500 family visitors)
- The V&A's expanded range of short courses included subjects ranging from *The Arts of Japan* to *Homespun* to *Haute Couture: The History of Fashion*.
- The new one-term courses were launched in the autumn of 2008.
- *Drawing Skylines*: 10 one-day workshops for 300 Key Stage 3 and 4 Art and Design students took place from January to March 2008. This project became an online resource as part of the V&A+RIBA Architecture Education Programme.
- *Darbar at V&A*: Indian recitals attracted 1,000 people to the Nehru Gallery of Indian Art, where musicians, who had flown in from India, performed.
- *Fear of the Unknown: Can Gallery Interpretation Help Visitors Learn About Art and Material Culture?*; Three-day inaugural Sackler Conference for Arts Education, attended by over 100 people from around the world.
- *Conscious Style; Ethical Fashion Day*; Activities included Style Surgery Seminars, the Ethical Fashion Show and the Ethical High Street Debate with Katherine Hamnett and Caryn Franklyn. Over 1,800 participants including designers and commentators.
- *Cold War Culture Conference*
- *Activity Back Packs*
- *Fashion Student Night*; Event held in collaboration with the London College of Fashion's Fashion Curating, Fashion Illustrating, and Pattern Cutting courses. This was the first Sackler Centre student night and over 1,500 young people and students attended.
- *China Design Now – Schools and College Event*; 600 young people took part in this event involving twenty contemporary Chinese artists and designers.
- *Designerama!*; Weekend of activities to mark the official launch of the Sackler Centre, attended by over 6,000 people of all ages.
- Annual V&A Design Lecture with Zaha Hadid in November 2008.
- A new programme of digital courses and workshops for adults and young people e.g. Digital Textile Design, Digital Tile Design, Poster Design and Digital Photography.

V&A Museum of Childhood

- Daily drop-in art activities and Spotlight Tours in the galleries for schools and families.
- *Wondertots*: A weekly series of sessions for under-5s and their parents or carers.
- An adult Pathway to Care and Childcare course for ESOL students organised in collaboration with Tower Hamlets College.
- An outreach teaching programme in hospital schools where teachers deliver handling sessions at a different school each week.
- *House and Home in Victorian London*: An 11 week course for adults in collaboration with Birkbeck College which explored how the material world of the home shaped family life in Victorian London.
- *Old for New*: Adult fashion workshops where participants could transform old clothes.
- Themed family fun weekends of talks and activities.
- New resources were developed for visiting Special Educational Need schools (SEN) and groups. In addition the Museum introduced one day per term where only SEN groups could book to visit the Museum.

Financial Review

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

Trading Companies

The Museum owns 100% of the issued share capital of V&A Enterprises Limited (VAE) which carries out trading operations on behalf of the Museum. These accounts consolidate the results of the Museum with those of VAE. As at 31 March 2009, VAE was due to make a gift aid payment of £0.7m.

The Museum also owns 100% of the issued share capital of V&A Holdings Limited which in turn owns 100% of the issued share capital of V&A Limited. These accounts have also been consolidated with the results of the Museum, there was no trading activity undertaken by V&A Ltd during the year.

The Heather Trust for the Arts

In March 2008 the V&A entered into an agreement with the Heather Trust for the Arts (the Heather Trust), (custodians of The Rosalinde and Arthur Gilbert Collection, a collection of silver, gold, micromosaics and gold boxes) to display this substantial collection at the V&A. The agreement has been signed by all stakeholders: the National Heritage Memorial Fund, The Gilbert Public Arts Foundation, the Gilbert Collection Trust, the Victoria and Albert Museum and the Heather Trust for the Arts (the Heather Trust). Under the agreement the Gilbert Collection has been placed by the Heather Trust on loan with the V&A.

By virtue of the composition of the Board of Trustees of the Heather Trust, the V&A is viewed, for financial reporting purposes, to have effective control of the Heather Trust and accordingly its results have been consolidated into the Museum's results.

Related Charities

The V&A has a close relationship with the Friends of the V&A (charity no. 272056), but does not have any control over its Board. The V&A co-operates with a wide range of charities and organisations in furtherance of its aims and objectives. Some of these are referred to in this annual report, but there are too many to list individually.

Results for the year

Despite a challenging economic environment the Museum achieved a small surplus of £72,000 (2007/08 break-even) on its core operational (unrestricted) account for the financial year 2008/09. The surplus is in line with the break-even budget set at the beginning of the financial year.

Incoming resources in the year totalled £79.7m (2007/08 £87.7m) of which £66.5m was expended on the operations of the Museum during the year and £13.2m was transferred to funds to be applied to building works and acquisitions or held for future use.

Note 14 to the accounts record total funds at 31 March 2009 of £415.7m (2008 £420.1m) which includes funds which represent the market value of inalienable property (£389.6m), restricted funds given for specific projects (£6.9m) and permanent endowments (£12.0m), none of which are available for the general financial support of the Museum.

The fall in funds from 31 March 2008 reflects the impact of the full professional valuation of the Museum's land and buildings undertaken as at 31 March 2009 and the decrease in the market value of the combined investment portfolios of the Museum and the Heather Trust in line with the prevailing condition of world markets.

The Trustees have access to only the combined total of certain General, Designated and Bequest funds which stand at £6.9m (2008 £8.7m see note 15). The value of available reserves has been eroded during the year as a result of the deterioration in the market the value of investments.

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 GIA received from DCMS represents 56% of the Museum's income. The rest of the operational costs are financed by self-generated funds such as exhibition and trading income. These funding streams are volatile and their associated risks are managed through the Museum's policy for maintaining general and designated funds, and providing contingencies for annual and project budgets.

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

Taking an overall view of the annual operational activities, the level of self generated income, GIA and planned capital investment, the Trustees believe that the minimum level of reserves should be at least £6.0m. This target level of reserves equates to approximately three months of the Museum's non GIA funded operating expenditure and takes into consideration the risk associated with managing major capital projects including the Medieval and Renaissance Galleries and the Ceramics Galleries. The Trustees are aware that the current economic climate and future uncertainty in relation to all income streams require this assessment to remain under review.

At the 31 March 2009 the Trustees hold £5.2m (2008 £5.7m) against the target of £6.0m, the real value of reserves having been eroded by investment losses during the year. The Museum aims to meet the target level of reserves through cost control, investigating other funding sources and reviewing profitability of trading activities and working capital requirements.

The funds that the Trustees had access to at 31 March 2009 were £6.9m (2008 £8.7m), of this amount £5.2m is held to meet the requirement for reserves set out above. The remainder comprises funds designated by the Trustees for particular purposes.

- £1.2m to fund feasibility and initial works for the next phase of FuturePlan over the next two to three years.
- £0.5m to fund investment required to release efficiency savings over the next two years.

Investment Policy

The Trustees' Investment Policy is governed by the Trustees Act 2000.

During the year, the Finance Committee provided oversight of investment management and investment policy for the V&A Trustees. The Board of Trustees of the Heather Trust undertook this role directly for their endowment. Early in 2009 both Boards of Trustees agreed to constitute an Investment Committee to advise them on investment policy, monitor investment performance and to appoint and manage investment managers on their behalf. One joint committee now exists to provide advice to both the V&A Trustees and the Heather Trust and its formation reflects the increased value of investments held following the effective transfer of control of the Heather Trust to the V&A Trustees in March 2008.

The Museum

The V&A's investment policy is 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 Charity Investment Funds provided by Sarasin & Partners LLP.

The market value of Museum investments was £12.9m at 31 March 2009. Investment in UK Bonds and cash of £12.2m, defined in the balance sheet as cash, were also held with Sarasin & Partners LLP which comprise donations received for FuturePlan and other short term projects.

The Heather Trust for the Arts

The Heather Trust's investment policy is guided by the terms of the original endowment gift and the terms of the loan agreement referred to above. The investment portfolio is managed by a third party investment manager, Newton Asset Management. The market value of investments was £7.2m at 31 March 2009.

Fixed Assets

During the year, the Museum at South Kensington was re-valued at £300.1m by Gerald Eve, Chartered Surveyors, the MoC at Bethnal Green at £12.2m and a third of the site at Blythe House at £6.7m.

Additions to fixed assets during the year of £27.5m (2007/08 £13.0m) reflected mainly the progress of FuturePlan. Heritage assets increased by £2.9m, of which £1.6m represents the value of donated objects.

The depreciation charge for the year was £8.6m (2007/08 £8.3m).

Payment Policy

The Museum settles all bills within 30 days or in accordance with the suppliers' terms of business. From a sample, we can estimate the average time for payment of invoices not subject to query was 23 days (2008 30 days).

Political Gifts/ Donations

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

Personal Data

In light of the recent Cabinet Office guidance in relation to Information Risk, the Deputy Director has been appointed the Senior Information Risk Owner (SIRO). The Museum is working toward meeting the assurance requirements of the Accounting Officer and the SIRO by adopting a project management approach to addressing the applicable minimum security requirements and reporting these to the SIRO and the Audit Committee.

There have been no losses of personal data held by the Museum during the year.

Auditors' Disclosure and Remuneration

The Comptroller and Auditor General is the auditor of the Museum's consolidated accounts. The audit fee for this work was £39,000. Additionally, a sum of £31,024 was paid to auditors of other entities in the group.

No fees were paid to external auditors for non-audit services.

Organisational structure, decision-making and employees

Board of Trustees at April 2009

Name	Term expires
Paul Ruddock (Chair)	1/11/11
David Adjaye OBE	14/9/12
Edwin Davies OBE	1/2/10
Tom Dixon OBE	1/11/10
Professor Sir Christopher Frayling	(<i>ex officio as Rector of the RCA</i>) ¹
Betty Jackson CBE	5/12/12
Professor Lisa Jardine CBE	16/12/11
Rick Mather	31/10/08
Steve McGuckin	14/9/12
Erin O'Connor	14/9/11
Michelle Ogundehin	14/9/11
Peter Rogers	5/08/08
The Rt Hon Sir Timothy Sainsbury	16/12/11
Dame Marjorie Scardino DBE	6/2/11
Samir Shah OBE	5/12/12
Bob Stefanowski	14/9/11

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 for the Trustees and for the general exercise of their functions. In general, the Board focuses on policy and strategy, leaving operational matters to the Director. Much of the Board's business is conducted through its seven committees. Key decisions/issues reserved to the Board include:

- Issues of corporate strategy
- Key strategic objectives and targets
- Major decisions involving the use of financial and other resources
- Senior personnel issues and standards of conduct
- The appointment of the Director (jointly with the Prime Minister)
- Involvement in the appointment of some senior staff (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

Committees of the Board of Trustees

Committee	Chair
Audit	Dame Marjorie Scardino DBE
Buildings Strategy	David Adjaye OBE
Collections	Professor Lisa Jardine CBE
Development	Paul Ruddock
Finance	Edwin Davies
Investment	Bob Stefanowski
Museum of Childhood	Samir Shah OBE

¹ Retires as Rector of the RCA in summer 2009

Audit Committee at April 2009

Dame Marjorie Scardino DBE - Trustee
 Samir Shah OBE - Trustee
 Paul Ruddock - Trustee
 Joao Baptista – Co-Opted Member
 Robert Berg – Co-Opted Member

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

V&A Management Board at April 2009

Mark Jones, Director of the V&A (Chair)
 David Anderson, Director of Learning & Interpretation
 Ian Blatchford, Deputy Director
 Julius Bryant, Keeper, Word & Image
 Gail Durbin, Head of Online Museum
 Moira Gemmill, Director of Projects, Design & Estate
 Rhian Harris, Director, Museum of Childhood
 Allan Hill, Head of Human Resources
 Jane Lawson, Director of Development
 Geoff Marsh, Director, Theatre Collections
 Beth McKillop, Director of Collections and Keeper, Asia
 Jo Prosser, Managing Director, V&A Enterprises
 Sue Ridley, Head of Security & Visitor Services
 Nick Umney, Director of Collections Services
 Damien Whitmore, Director of Public Affairs
 Christopher Wilk, Keeper, Furniture, Textiles & Fashion
 Sian Williams, Director of Finance
 Paul Williamson, Keeper, Sculpture, Metalwork, Ceramics & Glass

Committees of the Management Board

<u>Committee</u>	<u>Chair</u>
Collections Group	Director of Collections
Digital FuturePlan Group	Director
Access, Inclusion & Diversity Strategy Group	Director of Learning & Interpretation
Education Programmes Group	Director
FuturePlan Steering Group	Director
International Steering Group	Director of Collections
Publications Advisory Group	Managing Director, VAE
Public Programme Group	Director
Safety and Security Committee	Deputy Director
Sustainability Group	Deputy Director
Staffing Committee	Director
Training and Development Advisory Group	Head of Human Resources
V&A UK Steering Group	Director of Collections

Other senior staff group

Resource Group Director

Policy in Relation to Disabled Employees

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

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

The V&A's Senior Management Team continues to make a significant commitment to disability, taking an integrated approach to both audiences and staff.

Disability Equality Scheme and Action Plan

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

Disability Equality in Employment

- The V&A remains an employer that is Positive about Disabled People ("Two Ticks Symbol"). 6% of staff have declared themselves as having a disability.
- The Staff Disability Forum (SDF) meets regularly to consult with and involve staff interested in disability issues e.g. contributing to the development of the V&A's Stress and Psychological Wellbeing Policy, launched in April 2008. A mental health awareness-raising session for managers was piloted with the SDF and will now be rolled-out as part of the V&A's Line Manager programme during 2009.
- The V&A has strengthened its partnership with STATUS Employment – a charitable organisation that supports mental health service users who have been long-term unemployed, back into employment. A case management team comprising HR, Line Management and an employment support advisor from STATUS has resulted in the successful appointment and induction of a Gallery Assistant.
- The V&A was delighted to be invited by STATUS to speak at a conference in the autumn of 2008 celebrating the employment of staff with mental health issues.
- The V&A commissioned a report from its Occupational Health Service provider regarding ergonomic issues specific to certain galleries raised by Visitor Services staff with disabilities and long term health conditions.

Disability and the V&A Strategic Plan:

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

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

There are several ways in which the Museum regularly keeps staff informed of plans and progress:

- In 2004/05 the V&A embarked upon CulturePlan. This long-term project complements FuturePlan by focusing on people rather than buildings and collections. The aim is to improve public service by embodying the Museum's values in the way its people work, thus making the Museum a more efficient, effective and satisfying place to work. A network of 'champions' and managers has been established throughout every department to identify the things staff want to change and ways to achieve this.
- During 2008/09, CulturePlan Champions meetings have included Q&A sessions with senior managers, which have been very well received.
- Following its review as a CulturePlan initiative during 2007/08, a new intranet was launched in June 2008 with a Museum-wide panel of content editors.
- Management Board Bulletin: A summary of the key points from fortnightly Management Board meetings is circulated to middle and senior managers as soon as possible after each meeting – usually on the same day. A similar Bulletin is also produced following meetings of the Board of Trustees.
- Teambrief: An information bulletin distributed monthly to all staff.
- The V&A operates a scheme under which staff may observe meetings of the Management Board.
- Minutes of Management Board meetings are posted onto the Intranet.
- Meetings for all staff occur quarterly at which topical items are presented and comments invited.
- Museum representatives meet the Trade Unions Side in the Joint Consultative Committee every two months.
- In addition, formal pay negotiations between the Management and Trade Unions Side occur as required.
- For matters of organisational change entailing changes in the workplace, staff are consulted via their Trade Union representatives or on an individual basis.
- The V&A Strategic Plan is available via the Intranet and the V&A website. Hard copy is sent to all departments for local distribution and a summary is circulated with Teambrief.
- As part of the planning cycle a series of four workshops is held for groups of c.15 senior and middle managers with the Director, Director of Finance and Head of Planning. These promote dialogue on the key issues facing the Museum. The notes are published on the Intranet.
- The Museum publishes internally all of the text submitted by budgetholders in support of their budget bids (Budget Commentaries). Department Plans are made available on the Intranet.
- The Museum's success in improving internal communications through greater consultation and transparency is evidenced by staff feedback in the review of Investors in People status. Between 2004 and 2007 staff reported that they had a much greater understanding of the Museum's strategic plans and their own role in delivering them.
- During 2008, permanent and fixed-term employees working both for the V&A and VAE were invited to participate in the V&A's first Work and Wellbeing Survey. The purpose of undertaking the survey was to enable us to accurately gauge levels of wellbeing, highlight 'hot spots' to be managed in the short-term and devise longer-term goals and action plans to improve workplace wellbeing at the V&A. A fantastic 72% of staff participated in the survey. The HR department are working closely with management teams and staff to develop a clear understanding of what the results mean, so that priorities for improvement can be identified and joint action plans agreed at a local level.

Employee absence due to sickness

The average number of sick-day absence is 8.25 days which compares favourably with the public sector where, according to the Chartered Institute of Personnel and Development's 2008 Absence Management Survey, the average is 9.8 days. If long-term sickness (any absence over 3 weeks in duration) is excluded, the figure falls to 4.91 days.

REMUNERATION REPORT

Membership

The membership of the Remuneration Committee comprised the following Trustees:

Paul Ruddock - Trustee (Chair)
Samir Shah OBE - Trustee
Jane Gordon-Clark – External Member

The Director, Mark Jones, Deputy Director, Ian Blatchford, and Head of Human Resources, Allan Hill were in attendance except when matters relating to their own pay and performance were discussed.

Remuneration policy for senior managers

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

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

In 2008/9 the Committee considered the pay of 28 people in total, including the Director.

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

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

Performance assessment and payment

When determining salary levels and performance bonuses, a number of factors are taken into account:

- the projected budget for the annual staff settlement and the overall Increase for Staff in Post (ISP) percentage that has been agreed as part of the Museum's pay remit
- salary levels internally and in the market place (through salary surveys)
- job size and whether this has changed over the period (through formal evaluation, where applicable)
- the performance and contribution of the individual over the period (through performance appraisal)
- gender peer equality

As with bonus payments for staff subject to collective bargaining arrangements, senior staff bonuses are discretionary and are awarded where performance against objectives is rated as exceptional. They account for a proportion of total remuneration, up to a maximum bonus percentage of 5.5% in the 2008 performance year, are non-consolidated and subject to the overall financial limits agreed as part of the Museum's pay remit.

Policy on duration of contracts, notice periods and termination payments

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

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

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

Senior managers' remuneration disclosure (subject to audit)

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

The Director's and senior managers' emoluments and pension details for 2008/09 are below.

The following staff have been included as they are members of the Museum's Resource Group and hence, the key decision makers in the organisation.

	Salary, Including any bonus or Benefit in kind (£)	Real increase in pension and related lump sum at age 60 (£)	Total accrued pension at age 60 at 31 March 2009 and related lump sum (£)	Cash equivalent transfer value at 31 March 2008 (£)	Cash equivalent transfer value at 31 March 2009 (£)	Real increase in CETV after adjustment for inflation and changes in market investment factors (£)
Mark Jones, Director	152,894 (149,417)	0-2,500	70,000-75,000	1,284,000	1,396,000	22,000
Ian Blatchford, Deputy Director	113,295 (105,000)	0-2,500	20,000-25,000	206,000	242,000	13,000
David Anderson, Director of Learning and Interpretation	80,471 (77,825)	0-2,500	35,000-40,000	634,000	694,000	11,000
Moira Gemmill, Director of Projects, Design & Estate	89,385 (74,952)	0-2,500 and 2,500-5,000	5,000-10,000 and 20,000-30,000	97,000	127,000	21,000
Beth McKillop, Director of Collections and Keeper of Asia	80,471 (51,883)	0-2,500 and 2,500-5,000	25,000-30,000 and 85,000-90,000	519,000	581,000	27,000
Damian Whitmore, Director of Public Affairs	96,171 (91,415)	0-2,500 and 2,500-5,000	20,000-25,000 and 65,000-70,000	309,000	345,000	13,000

Prior year figures are shown in brackets.

The CETV figure at 31 March 08 are different from the closing figure in the prior year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.

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

There have been no payments in respect of provision for compensation for early termination for senior managers serving in year, and no significant awards in respect of early termination have been made to former managers.

In addition, no compensation was payable to former senior managers and no amounts were payable to third parties for services of a senior manager.

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.

Mark Jones
Director and Accounting Officer
9 July 2009

Paul Ruddock
Chair of Trustee Remuneration Committee
9 July 2009

STATEMENT ON INTERNAL CONTROL

Scope of responsibility

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

The Museum has a three-year funding agreement with its Government sponsor body, the DCMS, which sets out objectives for the Museum to assist the Department in meeting its Public Service Agreement obligations and to identify the most significant risks to achieving those objectives. Progress against those funding agreement objectives is monitored at least annually.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level consistent with the Museum's purpose and objectives. It is not designed to focus on elimination of risk and the system can, therefore, only provide reasonable and not absolute assurance of effectiveness. The system's approach is an ongoing process designed to identify and prioritise the risks to the achievement of the Museum's policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised; and to manage them efficiently, effectively and economically.

The system of internal control has been in place in the V&A for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

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

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

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

The risk and control framework

Identification and assessment of risk

The Museum has two risk registers: Strategic and Operational

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

The Strategic Risk Register has been approved by the Museum's Management Board and the Board of Trustees and is reviewed and updated on a regular basis

The **Operational Risk Register** deals with matters more within the control, and personal responsibility, of senior management. This embraced a wide range of issues such as collections management; staff

recruitment, development and appraisal; financial management and fraud prevention; information systems security; audience development and procurement. Operational risk registers are maintained by line management at a local level, a formal review and update is performed as part of the annual planning round.

Where a major new risk emerges under either category, a report should be made immediately to the Management Board, rather than waiting to report under the normal cycle.

Monitoring of risk

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

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

Review of effectiveness

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

Internal Audit

Internal Audit during 2008/09 was provided by two firms of accountants, one providing assurance on strategic issues such as risk management, and the other on operational areas such as collections management. Both firms work to standards defined in the Government Internal Audit Standards.

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

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

In 2008/09 the Internal Auditors reported on key financial controls, information security and data handling, and the Dean Hill object move and collections security. In addition, the Internal Auditors undertook

strategic reviews of Information System Services and Collections Management at the request of senior management.

We have been advised on the implications of these reviews and a plan to address weaknesses and ensure continuous improvement of the system is in place.

Executive management

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

External assurance

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

Security of museum objects

Theft of objects is one of the Museum's major risks and actions to mitigate this risk are progressively enhanced through improved security measures. The Trustees remain concerned by the seriousness of the risk of theft to the Museum and its collections. In the course of 2008/09 the Museum completed SecurePlan, a four year plan approved by the Trustees in 2004/05 aimed at delivering a significant overhaul of gallery security on all sites.

The success of SecurePlan can be evidenced by the fact that the Museum suffered no thefts during the financial year.

Information risk

In light of the recent Cabinet Office guidance in relation to Information Risk, the Deputy Director has been appointed the Senior Information Risk Owner (SIRO). The Museum has considered its exposure in terms of information risks and the Internal Auditor has undertaken a review of the Museum's compliance with the Security Policy Framework guidance mandatory requirements. The next stage is to meet the assurance requirements of the Accounting Officer and the SIRO in being able to demonstrate compliance with the information aspects of the Security Policy Framework which have been assessed as applicable to the Museum. The Museum will adopt a project management approach to addressing the applicable minimum security requirements, and ensure that there is clear reporting to the SIRO and the Audit Committee.

Mark Jones
Director and Accounting Officer
9 July 2009

Dame Marjorie Scardino OBE
Chair of Audit Committee
9 July 2009

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

Auditors-Internal

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

Sayer Vincent
8 Angel Gate
City Road
London EC1V 2SJ

Investment Managers

V&A Museum
Sarasin & Partners LLP
Juxon House
100 St. Paul's Churchyard
London EC4M 8BU

Heather Trust for the Arts

Newton Investment Management Limited
160 Queen Victoria Street
London EC4V 4LA

Solicitors

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

Auditors-External

V&A Museum and Group
Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
London SW1W 9SS

V&A Enterprises Limited

Moore Stephens LLP
St Paul's House
London EC4M 7BP

Heather Trust for the Arts

Saffery Champness
Lion House
Red Lion Street
London WC1R 4GB

V&A Limited

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

STATEMENT OF TRUSTEES' AND DIRECTOR'S RESPONSIBILITIES

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

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

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

In preparing the accounts the Trustees are required to:

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

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

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.

Mark Jones
Director and Accounting Officer
9 July 2009

Paul Ruddock
Chairman of Trustees
9 July 2009

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

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

I certify that I have audited the financial statements of the Victoria and Albert Museum group for the year ended 31 March 2009 under the Museums and Galleries Act 1992. These comprise the Consolidated Statement of Financial Activities, the Consolidated and Museum Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Board of Trustees, the Director and auditor

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

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

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

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

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

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

Basis of audit opinions

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

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial

statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the incoming and outgoing resources funded by Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Museums and Galleries Act 1992 and directions made thereunder by the Secretary of State for Culture, Media and Sport with the consent of HM Treasury, of the state of the Victoria and Albert Museum and the group's affairs as at 31 March 2009 and of its incoming resources and application of resources of the group for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Museums and Galleries Act 1992 and directions made thereunder by the Secretary of State for Culture, Media and Sport with the consent of HM Treasury; and
- the information, which comprises the Introduction; Collections and Visitors; Exhibitions and Contemporary; Education, Learning and Interpretation; and the Financial Review, included within the Annual Report, is consistent with the financial statements.

Opinion on Regularity

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS

13 July 2009

Victoria & Albert Museum

Year ended 31 March 2009

Consolidated Statement of Financial Activities

	Notes	Unrestricted funds £'000	Restricted funds £'000	Permanent Endowment funds £'000	2009 Total funds £'000	2008 Total funds £'000
Incoming resources						
<i>Incoming resources from generated funds</i>						
Voluntary Income						
- Grant in Aid		40,252	4,608	-	44,860	42,262
- Donations, legacies and similar income	2	855	12,173	-	13,028	23,247
- Donated objects	6	-	1,648	-	1,648	3,185
Activities for generating funds						
- Trading Income	8	8,894	-	-	8,894	10,713
- Sponsorship		1,108	45	-	1,153	294
Investment income	3	977	269	600	1,846	1,342
		<u>52,086</u>	<u>18,743</u>	<u>600</u>	<u>71,429</u>	<u>81,043</u>
<i>Incoming resources from charitable activities</i>						
Lottery income		-	4,298	-	4,298	2,229
Admissions & exhibition fees (incl loans & touring)		2,737	-	-	2,737	2,731
		<u>2,737</u>	<u>4,298</u>	<u>-</u>	<u>7,035</u>	<u>4,960</u>
<i>Other Incoming resources</i>						
Other income		667	571	-	1,238	1,651
		<u>667</u>	<u>571</u>	<u>-</u>	<u>1,238</u>	<u>1,651</u>
Total incoming resources		<u>55,490</u>	<u>23,612</u>	<u>600</u>	<u>79,702</u>	<u>87,654</u>
Resources expended						
5(a)						
<i>Cost of generating funds</i>						
Costs of generating voluntary income		3,188	72	-	3,260	3,182
Fundraising Trading costs	8	8,183	-	-	8,183	8,730
Investment management costs		75	36	33	144	86
		<u>11,446</u>	<u>108</u>	<u>33</u>	<u>11,587</u>	<u>11,998</u>
<i>Charitable Activities</i>						
Collections & Visitors		34,126	4,441	-	38,567	36,396
Exhibitions & Contemporary		7,669	154	-	7,823	6,373
Education, Learning & interpretation		5,650	2,117	-	7,767	7,084
		<u>47,445</u>	<u>6,712</u>	<u>-</u>	<u>54,157</u>	<u>49,853</u>
<i>Governance costs</i>						
		716	33	17	766	768
		<u>716</u>	<u>33</u>	<u>17</u>	<u>766</u>	<u>768</u>
Total resources expended		<u>59,607</u>	<u>6,853</u>	<u>50</u>	<u>66,510</u>	<u>62,619</u>
Net (outgoing)/incoming resources before notional costs		(4,117)	16,759	550	13,192	25,035

Consolidated Statement of Financial Activities (cont'd)

	Notes	Unrestricted funds £'000	Restricted funds £'000	Permanent Endowment funds £'000	2009 Total funds £'000	2008 Total funds £'000
Notional Costs		(89)	(9,375)	-	(9,464)	(9,710)
Net resources expended including notional costs		(4,206)	7,384	550	3,728	15,325
Reversal of notional costs		89	9,375	-	9,464	9,710
Net (outgoing)/incoming resources before transfers		(4,117)	16,759	550	13,192	25,035
Gross transfers between funds		3,301	(2,888)	(413)	-	-
Net incoming resources before other recognised gains and losses		(816)	13,871	137	13,192	25,035
Gains/(losses) on investment assets		(1,310)	-	(3,670)	(4,980)	63
Gain on revaluation of fixed assets for the charity's own use		-	(12,626)	-	(12,626)	8,883
Net movement in funds		(2,126)	1,245	(3,533)	(4,414)	33,981
Fund balances bfwd at 1 April 2008		9,914	394,646	15,555	420,115	386,134
Fund balances cfwd at 31 March 2009	14	7,788	395,891	12,022	415,701	420,115

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 38 to 51 form part of these financial statements.

Victoria & Albert Museum

Year ended 31 March 2009

Consolidated and Museum Balance Sheets

	Notes	Group 2009 £'000	Museum 2009 £'000	Group 2008 £'000	Museum 2008 £'000
Fixed assets					
Tangible assets	6	352,193	351,949	346,013	345,829
Heritage assets	6	37,671	37,671	34,765	34,765
Investments	7	19,944	12,908	25,240	15,886
		<u>409,808</u>	<u>402,528</u>	<u>406,018</u>	<u>396,480</u>
Debtors due after one year	9	-	1,025	-	1,000
Current assets					
Stock		1,200	-	1,044	-
Debtors due within one year	9	6,596	7,411	6,841	8,646
Cash		12,162	10,413	17,993	15,217
		<u>19,958</u>	<u>17,824</u>	<u>25,878</u>	<u>23,917</u>
Creditors due within one year	10	(10,777)	(9,746)	(8,316)	(7,466)
Provisions due within one year	12	(74)	(74)	(96)	(96)
		<u>9,107</u>	<u>8,004</u>	<u>17,466</u>	<u>16,355</u>
Net current assets					
		<u>418,915</u>	<u>411,557</u>	<u>423,484</u>	<u>413,835</u>
Total assets less current liabilities					
Creditors due after one year	10	(3,109)	(3,109)	(3,230)	(3,230)
Provisions due after one year	12	(105)	(105)	(139)	(139)
		<u>415,701</u>	<u>408,343</u>	<u>420,115</u>	<u>410,466</u>
Net assets					
Income funds					
<i>Designated funds</i>		7,255	7,278	8,743	8,744
<i>General funds</i>		533	533	1,171	1,170
Unrestricted funds	14	<u>7,788</u>	<u>7,811</u>	<u>9,914</u>	<u>9,914</u>
Restricted funds	14	395,891	395,891	394,646	394,554
		<u>403,679</u>	<u>403,702</u>	<u>404,560</u>	<u>404,468</u>
Total income funds					
Permanent endowment funds	14	12,022	4,641	15,555	5,998
		<u>415,701</u>	<u>408,343</u>	<u>420,115</u>	<u>410,466</u>
Total funds					

The financial statements on pages 34 to 51 were approved by the Director and the Chairman.

MARK JONES
Director and Accounting Officer

9 July 2009

PAUL RUDDOCK
Chairman of Trustees

9 July 2009

The financial statements were authorised for issue by the Accounting Officer and Board of Trustees on 13 July 2009.

The notes on pages 38 to 51 form part of these financial statements.

Consolidated Cashflow Statement

		2009 £'000	2008 £'000
Net cash inflow from operating activities	a	20,588	19,102
Returns on investments	b	1,846	1,342
Capital expenditure and financial investment	b	(28,402)	(28,037)
Permanent Endowment	b	137	10,716
(Decrease)/Increase in cash and cash equivalents	d	(5,831)	3,123
a) Reconciliation of net incoming resources to net cash inflow from operating activities			
Net incoming resources		13,055	14,319
Investment income		(1,846)	(1,342)
Net incoming resources before transfer and revaluations		11,209	12,977
Donated assets acquired		(1,648)	(3,185)
Depreciation		8,611	8,302
Loss on fixed assets		43	10
(Increase)/decrease in stocks		(156)	27
Decrease/(increase) in debtors		245	201
(Decrease)/increase in creditors due within one year		2,461	989
(Decrease)/increase in provisions due within one year		(22)	(50)
(Decrease)/increase in creditors due after one year		(121)	(121)
(Decrease)/increase in provisions due after one year		(34)	(48)
Net cash inflow from operating activities		20,588	19,102
b) Analysis of cash flows			
<u>Return on investments:</u>			
Investment income		1,846	1,342
<u>Capital expenditure and financial investment:</u>			
Payments to acquire tangible fixed assets		(28,719)	(13,737)
Purchase of investments		(4,690)	(19,119)
Proceeds from sale of investments		5,145	4,563
Changes in market values and exchange rate effects		(138)	256
		(28,402)	(28,037)
<u>Financing:</u>			
(Decrease)/ increase in Permanent Endowments		137	10,716
c) Reconciliation of net cash flow to movement in net funds			
(Decrease)/increase in cash in the period		(5,831)	3,123
Cashflow from change in liquid resources		-	-
Movement in net funds in the period		(5,831)	3,123
Net funds at 1 April 2008		17,993	14,870
Net funds at 31 March 2009		12,162	17,993
d) Analysis of net funds			
	At 1 April 2008	Cashflow	At 31 March 2009
	£'000	£'000	£'000
Cash at bank and in hand	17,993	(5,831)	12,162
Liquid resources	-	-	-
Net funds	17,993	(5,831)	12,162

The notes on pages 38 to 51 form part of these financial statements.

1) Accounting policies

a) Basis of Accounting

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

The Museum is exempt from corporation tax on its charitable activities under section 505 of the Income and Corporation Taxes Act 1998. The Museum's trading subsidiaries gift aid their profits to the Museum.

Consolidated accounts have been prepared which include the Museum accounts, the Museum's trading subsidiaries V&A Enterprises Ltd and V&A Ltd, consolidated on a line-by-line basis. In addition the consolidated accounts also include those of the Heather Trust for the Arts as the V&A has a controlling influence over the board of the Trust. 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 exercises further control through its overall majority voting powers by virtue of the fact that two of the Museum's Trustees as well as the Museum Director are directors of the company. The Friends of the V&A is a separate charitable company, run by its own board of Trustees and is not consolidated into the Museum's accounts.

b) Fund accounting

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

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

c) Incoming resources

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

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

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

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

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

All other income is accounted for on a receivable basis.

d) Expenditure

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

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

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

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

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

All other liabilities are recognised as they fall due.

e) Notional cost of capital

The calculation is a requirement of Treasury and is calculated as 3.5% (2008: 3.5%) of the average non-donated capital employed by the Museum in the year.

f) Heritage assets

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

g) Tangible fixed assets

Tangible fixed assets are accounted for using modified 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 has been completed.

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

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

A full professional valuation is carried out every five years by Gerald Eve (Chartered Surveyors) on Land and Buildings. The last full revaluation was undertaken on 31st March 2009.

A desktop revaluation is carried out every year between full revaluations.

h) Investments

Investments are stated at market value. It is the Museum's policy to keep valuations up to date such that when investments are sold there is no gain or loss arising. As a result the SOFA includes only those unrealised gains/losses arising from the revaluation throughout the year.

i) Stock and work in progress

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

j) Pension cost

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCPS) which are described at Note 5c. The defined benefit elements of the schemes are unfunded and are non-contributory except in respect of dependents' benefits. The Museum recognises the expected cost of these elements on a systematic and rational basis over the period during which it benefits from employees services by payment to the PCSPS of amounts calculated on an accruals 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 Friends Provident.

k) Operating leases

Rentals applicable to operating leases are charged to the SOFA over the period in which the cost is incurred.

l) Foreign currencies

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

m) Financial Instruments

Financial Instruments play a limited role in the Museum as the cash requirements are met through Grant-in-Aid funding.

Debtors and creditors are recorded at their carrying values, in recognition that these assets fall due within 1 year.

Investments and fixed assets are stated at Fair Value and treated for accounting purposes as outlined in the policies above

2a) Grant in Aid income

Grant in Aid of £44.9m was received from the Department for Culture, Media and Sport during the year (2007/08 £42.3m). This represents 56% 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 2008/09 totalled £3.4m (2007/08 £3.3m) and an amount restricted to a museum and galleries online project led by the V&A 2008/09 £1.2m (2007/08 £0.6m)

2b) Voluntary income

	Unrestricted	Restricted	Permanent Endowment	Total	Total
	funds	funds	Funds	2009	2008
	£'000	£'000	£'000	£'000	£'000
Donations and Legacies	347	12,173	-	12,520	22,811
Corporate Members	260	-	-	260	216
Patrons scheme	248	-	-	248	220
	<u>855</u>	<u>12,173</u>	<u>-</u>	<u>13,028</u>	<u>23,247</u>

3) Investment Income

Interest receivable	217	9	38	264	621
British Government stocks	212	45	178	435	304
UK equities	473	179	135	787	311
Overseas equities	-	-	216	216	108
Add back: Embedded Management Fees	75	36	33	144	(2)
	<u>977</u>	<u>269</u>	<u>600</u>	<u>1,846</u>	<u>1,342</u>

4) Net incoming resources: is stated after charging:

	2009	2008
	£'000	£'000
External Auditors' remuneration	70	56
Operating lease payments	- Land and Buildings - Other	668 428
		659 150

5a) Total resources expended

	Staff Costs	Other Costs	Depreciation	Total	Total
	£'000	£'000	£'000	2009	2008
	£'000	£'000	£'000	£'000	£'000
<i>Cost of generating funds</i>					
Costs of generating voluntary income	1,804	1,193	263	3,260	3,182
Fundraising Trading costs	2,892	5,108	183	8,183	8,730
Investment management costs	-	144	-	144	86
	<u>4,696</u>	<u>6,445</u>	<u>446</u>	<u>11,587</u>	<u>11,998</u>
<i>Charitable Activities</i>					
Collections & Visitors	19,661	11,899	7,007	38,567	36,396
Exhibitions & Contemporary	1,970	5,587	266	7,823	6,373
Education, Learning & interpretation	4,211	2,807	749	7,767	7,084
	<u>25,842</u>	<u>20,293</u>	<u>8,022</u>	<u>54,157</u>	<u>49,853</u>
<i>Governance costs</i>	351	272	143	766	768
Total resources expended	<u>30,889</u>	<u>27,010</u>	<u>8,611</u>	<u>66,510</u>	<u>62,619</u>

¹ Governance Costs (Direct)

External Audit Fees *	39	37
Internal Audit Fees	45	47
Legal Fees	5	44
Staff costs	345	387
Consultancy Fees	20	11
	<u>454</u>	<u>526</u>

¹ Governance Costs (Indirect)

Other executive costs	152	107
Depreciation	143	135
Heather Trust		
External Audit Fees	11	-
Legal Fees	6	-
	<u>312</u>	<u>242</u>

* Museum only

766 768

Notes to the Consolidated Financial Statements

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

	Information services & support £'000	Projects & Estates £'000	Finance & Administration £'000	Human Resources £'000	Branch Museums - Administration £'000	2009 Total £'000
<i>Cost of generating funds</i>						
Costs of generating voluntary income	51	157	43	26	43	320
<i>Charitable Activities</i>						
Collections & Visitors	1,517	4,715	1,301	791	1,310	9,634
Exhibitions & Contemporary	105	328	90	55	91	669
Education, Learning & interpretation	432	1,343	371	225	373	2,744
	2,054	6,386	1,762	1,071	1,774	13,047
	2,105	6,543	1,805	1,097	1,817	13,367

5b) Wages and salaries

	2009 £'000	2008 £'000
Wages and salaries	23,608	22,726
Social security costs	1,761	1,746
Pension costs	4,171	3,882
Agency and temporary staff	1,208	1,023
	30,748	29,377
Early retirement and severance costs	141	164
	30,889	29,541

During the year restricted funding of £1.4m (2008: £1.3m) was used for funding of posts.

V&A Enterprises Ltd's staff costs were £3.9m (2008: £3.8m) of which £2.9m (2008: £2.7m) was for trading activities and £1.0m (2008: £1.0m) 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:

	2009	2008
£60,001 - £70,000	10	7
£70,001 - £80,000	7	9
£80,001 - £90,000	5	2
£90,001 - £100,000	1	1
£100,001 - £110,000	-	1
£110,001 - £120,000	1	-
£140,001 - £150,000	-	1
£150,000 - £160,000	1	-
	25	21

Of the employees listed above, 19 (2008: 18) are members of the Principal Civil Service Pension Scheme, and the total pension contributions payable in the year for these employees was £348,154 (2008: £324,047). The other 6 (2008: 3) 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 £43,715 (2008: £22,872).

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

5c) Pension disclosure

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

For 2008/09, employers' contributions of £3.9m were payable to the PCSPS (2007-08 £3.7m) at one of four rates in the range 16.7% to 24.3% of pensionable pay, based on salary bands (the rates in 2007-08 were between 17.1% and 25.5%). The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

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

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

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution. Employers' contributions of £40,591 were paid to one or more of a panel of four appointed stakeholder pension providers. Employer's contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers' also match employee contributions up to 3% of pensionable pay.

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

In July 2007, the Cabinet Office launched a new pension scheme called nuvos and closed all other occupational pension schemes to new entrants. As with previous PCSPS pensions, nuvos is a high quality, defined benefit scheme, but has a later pension age of 65.

Its benefits reflect pay throughout an individual's career allowing members to work longer and more flexibly. Each scheme year (1st April to 31st March) pension will be built up at the rate of 2.3% of staff's pensionable earnings. The balance of nuvos pension is increased in line with the Retail Price Index each year.

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 Friends Provident. Employer contributions are made at an average of 10% and the total amount paid during the year was £250,823 (2008: £211,090).

5d) Trustees

The Trustees neither received nor waived any emoluments during the year (2008: £nil).

The trustees were not reimbursed for any travel costs in 2009 (2008: One trustee - £1,704)

5e) Average number of employees (*)

	2009	2008
Costs of generating voluntary income	47	46
Fundraising Trading costs	109	107
Collections & Visitors	607	608
Exhibitions & Contemporary	42	35
Education, Learning & interpretation	173	181
Governance costs	10	10
	<u>988</u>	<u>987</u>

(*) based on full-time equivalents.

Of the above employees - 643 are full time permanent employees of the Museum (2008: 680), 46 are posts supported by restricted funds (2008: 43), and the remaining employees are temporary staff.

6) Tangible fixed assets

Group	Land & Buildings £'000	Furniture & fittings £'000	Equipment £'000	Assets in course of construction £'000	Total £'000
Cost or valuation					
At 1 April 2008	329,095	2,038	4,435	16,874	352,442
Re-classification	7,059	-	-	(7,059)	-
Additions	5,069	436	657	21,299	27,461
Disposals	(23)	(257)	(478)	-	(758)
Revaluation	(20,215)	-	-	-	(20,215)
At 31 March 2009	320,985	2,217	4,614	31,114	358,930
Depreciation					
At 1 April 2008	1,441	1,507	3,482	-	6,430
Re-classification	-	-	-	-	-
Charged for the year	7,619	288	704	-	8,611
Disposals	-	(257)	(458)	-	(715)
Revaluation	(7,589)	-	-	-	(7,589)
At 31 March 2009	1,471	1,538	3,728	-	6,737
Net book value					
At 31 March 2009	319,514	679	886	31,114	352,193
At 31 March 2008	327,654	531	954	16,874	346,013

The net book value at 31 March 2009 represents fixed assets of the Group for:

	Land & Buildings £'000	Furniture & fittings £'000	Equipment £'000	Assets in course of construction £'000	Total £'000
Direct charitable activities	266,397	18	188	444	267,047
Other activities	53,117	661	698	30,670	85,146
Total	319,514	679	886	31,114	352,193

Museum	Land & Buildings £'000	Furniture & fittings £'000	Equipment £'000	Assets in course of construction £'000	Total £'000
Cost or valuation					
At 1 April 2008	329,095	1,734	4,212	16,874	351,915
Re-classification	7,059	-	-	(7,059)	-
Additions	5,069	307	541	21,299	27,216
Disposals	(23)	-	(262)	-	(285)
Revaluation	(20,215)	-	-	-	(20,215)
At 31 March 2009	320,985	2,041	4,491	31,114	358,631
Depreciation					
At 1 April 2008	1,441	1,338	3,305	-	6,084
Re-classification	-	-	-	-	-
Charged for the year	7,619	168	642	-	8,429
Disposals	-	-	(242)	-	(242)
Revaluation	(7,589)	-	-	-	(7,589)
At 31 March 2009	1,471	1,506	3,705	-	6,682
Net book value					
At 31 March 2009	319,514	535	786	31,114	351,949
At 31 March 2008	327,654	396	907	16,874	345,829

6) Tangible fixed assets (cont'd)**Heritage Assets**

Additions of £2.9m (2008: £4.0m) were made to the Collection. There were no disposals during the year. The additions comprise the following elements:

	2009 £'000	2008 £'000
Opening balance b/fwd	34,765	30,801
Donations of objects by gift or bequest	623	2,959
Donations of objects under the acceptance in lieu scheme	1,025	226
	<u>1,648</u>	<u>3,185</u>
Acquisitions funded from unrestricted funds and GIA	497	408
Acquisitions funded by specific grants and donations (restricted funds)	761	371
Total Additions	<u>2,906</u>	<u>3,964</u>
Closing balance c/fwd	<u>37,671</u>	<u>34,765</u>

Land & Buildings

On the 31st March 2009 a full valuation was carried out by Gerald Eve (Chartered Surveyors) in accordance with the RICS appraisal and valuations manual. The site at South Kensington was valued at £300.1m, the site at Bethnal Green at £12.2m and the V&A's share of Blythe House at £6.7m.

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

All land and buildings are freehold. In addition, the following leasehold properties (all of which are operating leases, so do not form part of fixed assets) were also valued by Gerald Eve (Chartered Surveyors) as at 31 March 2009. The Valuation amounts are:

Leasehold Property

Property	Title	Basis of Valuation	2009 £'000	2008 £'000
88 Kirtling Street, SW8	Leasehold	Existing Use Value	170	200
Vaults 3, 4, 5 & 6 - Dean Hill Park	Leasehold	Existing Use Value	-	-

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

7) Investments	Group 2009 £'000	Museum 2009 £'000	Group 2008 £'000	Museum 2008 £'000
Market value at 1 April 2008	25,240	15,887	10,876	11,079
Add: Acquisitions at cost	4,690	741	19,119	9,563
Less: Disposal proceeds	(5,145)	(337)	(4,563)	(4,563)
Net gain/(loss) on revaluation	(4,841)	(3,383)	(193)	(193)
Market value at 31 March 2009	19,944	12,908	25,240	15,886
Historical cost at 31 March 2009	24,573	16,079	25,127	15,773
Unrealised investment gain/(loss) at 31 March 2009	(4,629)	(3,171)	113	113

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

Investment assets in the UK	13,320	9,069	18,688	11,844
Investment assets outside the UK	6,624	3,839	6,552	4,042
	19,944	12,908	25,240	15,886

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

The above figures include the consolidated Heather Trust for the Arts investments which total £7.2m

The Museum investments are held in a charities common investment fund in order to mitigate risk on investment and improve returns.

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 is received by way of Grant in Aid, 56% of incoming resources, and as a result the Museum is not exposed to significant liquidity or credit risk. The remainder of the Museum's activity is funded by self-generated income and funds given for restricted purposes such as capital projects, projects are only progressed when income is certain.

Market Risk

Foreign Currency Risk

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

Interest Rate Risk

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

	Total £'000	Floating Rate Financial Assets £'000	Fixed Rate Financial Assets £'000	Non-interest Bearing Financial Assets £'000	Assets Earning Equity Return £'000	Weighted Average Fixed interest rate %	Weighted Average Period for which rate is fixed Yrs
At 31 March 2009							
Sterling	25,947	11,427	6,556	272	7,692	5.87%	7.55
Other	6,159	222	1,421	241	4,275	1.13%	4.76
Total	32,106	11,649	7,977	513	11,967		
As at 31 March 2008							
Sterling	35,639	16,639	7,277	312	11,411	5.66%	8.69
Other	7,594	906	688	136	5,864	0.45%	0.57
Total	43,233	17,545	7,965	448	17,275		

Reconciliation to Accounts		2009 £'000	2008 £'000
Cash		12,162	17,993
Investments (Fixed Assets)		19,944	25,240
		32,106	43,233

Notes to the Consolidated Financial Statements

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 sale of books and other materials relating to art, craft and design, and the granting of licences of goods inspired by, or reproduced from, artefacts displayed in the Museum. The company runs V&A Publications and V&A Picture Library and operates both a corporate entertainment business and the educational services facility based at the Museum.

The Board of Trustees of the V&A hold a Mortgage Debenture dated 25th June 2008 over the company's assets. In addition there has been a loan facility of £2m extended to V&A Enterprises Ltd by the Museum.

There is also a loan of £25,000 to V&A Enterprises Ltd.

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 Enterprises Ltd; there has been no significant activity in the period.

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

	V&A Enterprises Ltd		V&A Enterprises Ltd	
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Profit and loss account				
Turnover	(13)	653	8,907	10,060
Cost of sales	-	-	(3,144)	(3,551)
Gross Profit	(13)	653	5,763	6,509
Administrative expenses	(7)	(459)	(5,081)	(4,804)
Trading profit	(20)	194	682	1,705
Interest receivable and similar income	-	-	65	82
Loan Interest Payable	-	-	(46)	-
Payment under gift aid to Museum	-	(194)	(700)	(1,786)
Profit on Ordinary Activities before Taxation	(20)	-	1	1
Taxation	-	-	(1)	(1)
Retained in subsidiary	(20)	-	-	-

	2009		2008	
	£'000	£'000	£'000	£'000
Balance sheet				
Tangible fixed assets	-	-	243	184
Current assets	7	194	3,938	4,849
Creditors due within one year	(2)	(194)	(2,978)	(3,830)
Creditors due after one year	(25)	-	(1,000)	(1,000)
Net assets	(20)	-	203	203
Share capital and reserves	(20)	-	203	203

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

	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Turnover	(13)	653	8,907	10,060
Intercompany transactions	-	-	-	-
Trading income included within SOFA	(13)	653	8,907	10,060
Cost of sales	-	-	3,144	3,551
Administrative expenses	7	459	5,081	4,804
Interest payable	-	-	46	-
Taxation	-	-	1	1
Intercompany transactions	-	-	(96)	(86)
Trading costs included within SOFA	7	459	8,176	8,270
Interest receivable and similar income	-	-	65	82
Intercompany transactions	-	-	-	-
Included in Investment Income per SOFA	-	-	65	82

Heather Trust for the Arts

The V&A has effective control of the Board of the Heather Trust for the Arts with the appointment of related individuals onto the Board of the Heather Trust for the Arts and accordingly its results have been consolidated into the Museum's results as follows:

	2009	2008
	£'000	£'000
Statement of Financial Activities		
Donations	-	9,556
Investment income	600	2
Governance costs	(17)	(1)
Investment management costs	(33)	-
Charitable activities	(500)	-
Gains/(losses) on investment assets	(2,316)	-
Fund balances b/wd at 1 April 2008	9,647	90
Fund balances c/wd at 31 March 2009	7,381	9,647
Balance sheet		
Investments	7,240	9,556
Cash	159	92
Creditors	(18)	(1)
Total Funds	7,381	9,647

As the above Investments held in the Heather Trust for the Arts balance are a permanent endowment these are shown as such in Note 14 to the accounts.

Victoria & Albert Museum

Year ended 31 March 2009

Notes to the Consolidated Financial Statements

9) Debtors	Group	Museum	Group	Museum
	2009	2009	2008	2008
	£'000	£'000	£'000	£'000
Trade debtors	1,431	991	1,780	1,354
Other debtors	200	131	194	148
Prepayments and accrued income	2,135	1,634	2,020	1,542
Prepaid exhibition expenditure	1,409	1,409	1,494	1,494
Recoverable taxation	1,421	1,421	1,353	1,353
Amounts due from subsidiary undertaking	-	1,825	-	2,755
	<u>6,596</u>	<u>7,411</u>	<u>6,841</u>	<u>8,646</u>

Amounts falling due after one year

Amounts due from subsidiary undertakings	-	1,025	-	1,000
	<u>-</u>	<u>1,025</u>	<u>-</u>	<u>1,000</u>

There were no material balances with Whole of Government Accounts (WGA) bodies

Amounts due from subsidiary undertakings comprise loans to VAE and V&A Ltd.

VAE have drawn down £1m, on the loan facility, provided by the Museum. This amount is repayable on demand but will not be requested for repayment before 30 June 2013.

The loan by V&A to V&A Ltd of £25k is repayable by 31 March 2012.

10) Creditors	Group	Museum	Group	Museum
	2009	2009	2008	2008
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade creditors	2,490	1,773	1,071	768
Other creditors	-	-	3	3
Accruals	6,523	6,163	5,525	4,978
Deferred income ¹	114	114	75	75
Deferred exhibition income	629	629	741	741
Taxation and social security costs	1,021	923	901	901
Amounts owed to subsidiary undertaking	-	144	-	-
	<u>10,777</u>	<u>9,746</u>	<u>8,316</u>	<u>7,466</u>

Amounts falling due after one year

Deferred income ¹	3,109	3,109	3,230	3,230
	<u>3,109</u>	<u>3,109</u>	<u>3,230</u>	<u>3,230</u>

There were no material balances with Whole of Government Accounts (WGA) bodies

¹ The deferred income balance for 31 March 2008 has been reclassified to reflect the element that was due after more than one year.

11) Deferred Income	2009	2008
	£'000	£'000
As at 1 April 2008	3,305	3,536
Deferred in current year	114	75
Released from previous year	(196)	(306)
As at 31 March 2009	<u>3,223</u>	<u>3,305</u>

Of this balance £3.1m represents funds given to the Museum by RIBA in relation to its occupation of certain office and gallery spaces in the Museum. An amount representing an annual rental payment is released each year.

12) Provisions	2009	2008
	£'000	£'000
As at 1 April 2008	235	333
Provision in year	141	164
Paid in year	(197)	(262)
As at 31 March 2009	<u>179</u>	<u>235</u>
Provisions - within one year	74	96
Provisions - after one year	105	139
	<u>179</u>	<u>235</u>

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

13) Financial commitments

At 31 March 2009 the Museum had annual commitments under non-cancellable leases as follows:

Operating leases which expire:	2009	2009	2008	2008
	Land & Buildings	Other	Land & Buildings	Other
	£'000	£'000	£'000	£'000
Within one year	-	8	35	13
Between two to five years	530	462	530	192
After five years	112	-	103	-
	<u>642</u>	<u>470</u>	<u>668</u>	<u>205</u>

V&A Enterprises Ltd have annual commitments under non-cancellable operating leases, which expire between two and five years, of £113,733. The other subsidiaries of the Museum do not have any financial commitments.

Notes to the Consolidated Financial Statements

14) Statement of funds	As at 1 April 2008	Incoming Resources	Resources Expended	Transfers	Fixed Assets - Gains/losses on Revaluation	Investments - Gains/losses under Fair Values	As at 31 March 2009
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted Funds							
General Income funds	1,171	55,333	(52,836)	(2,425)	-	(710)	533
Designated Income funds	2,977	(44)	(571)	(601)	-	-	1,761
Designated Bequests	4,771	201	(21)	486	-	(600)	4,837
Designated Capital funds	995	-	(6,179)	5,841	-	-	657
Total Unrestricted Funds	9,914	55,490	(59,607)	3,301	-	(1,310)	7,788
Restricted Funds							
<u>Restricted Income Funds</u>							
- Acquisitions for the Collection	175	518	(489)	-	-	-	204
- Collections funds ³	2,735	1,125	(1,056)	52	-	-	2,856
- Exhibitions & Contemporary	67	140	(37)	(62)	-	-	108
- Education, Learning & interpretation	522	2,234	(2,111)	-	-	-	645
- Branch Museum funds	180	225	(735)	592	-	-	262
- Museum Development	10,459	17,453	(28,505)	2,367	-	-	1,774
- Permanent endowment funds	909	269	(103)	4	-	-	1,079
	15,047	21,964	(33,036)	2,953	-	-	6,928
Restricted Capital funds ²	344,834	(1,253)	26,183	(5,846)	(12,626)	-	351,292
Heritage Asset funds ¹	34,765	2,901	-	5	-	-	37,671
	379,599	1,648	26,183	(5,841)	(12,626)	-	388,963
Total Restricted Funds	394,646	23,612	(6,853)	(2,888)	(12,626)	-	395,891
Endowment Funds							
Permanent endowment	5,999	-	-	(4)	-	(1,354)	4,641
Heather Trust for the Arts	9,556	600	(50)	(409)	-	(2,316)	7,381
Total Endowment Funds	15,555	600	(50)	(413)	-	(3,670)	12,022
Total Funds	420,115	79,702	(66,510)	-	(12,626)	(4,980)	415,701

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

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

³ Transfers are made each year from unrestricted funds in order to fund designated acquisitions and to contribute to restricted funds as required.

Unrestricted funds general

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

Unrestricted funds designated

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

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

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

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

Restricted funds

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

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

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

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

Education, Learning & interpretation funds – a collection of funds to enable the Museum to provide learning activities

Branch Museum funds – funds specifically for the development of the Museum of Childhood and the Theatre Collection.

Museum Development funds – funds received in relation to FuturePlan projects

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

Restricted Capital funds – expenditure funded from restricted sources, including capital grant in aid, which have been capitalised.

Heritage Asset funds – These funds represent the movements in the capital value of the Collection

Endowment funds

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

The Heather Trust for the Arts is a separate permanent endowment held for the ongoing upkeep of the Gilbert Collection.

Fair Value

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

	£'000
Unrestricted	1,863
Permanent Endowment V&A	1,308
Permanent Endowment Heather Trust	1,458
	<u>4,629</u>

15) Statement of fund commitments as at 31st March 2009

	As at 31 March 2009 £'000	As at 31 March 2008 £'000
<u>Funds available for spending at Trustees' Discretion:</u>		
General income funds (excluding investment in VAE)	330	968
Designated income funds	1,761	2,977
Designated Bequests	4,837	4,771
	<u>6,928</u>	<u>8,716</u>
<u>Funds raised for specific purposes:</u>		
Restricted income funds	6,928	15,047
Total funds available for spending	<u><u>13,856</u></u>	<u><u>23,763</u></u>
<u>Funds not available for Trustees' spending:</u>		
General income funds - share capital of V&A Enterprises	203	203
Permanent endowment funds (Capital element)	12,022	15,555
Capital funds (Fixed Assets)	389,620	380,594
Total funds not available for spending	<u><u>401,845</u></u>	<u><u>396,352</u></u>
Total funds in balance sheet	<u><u>415,701</u></u>	<u><u>420,115</u></u>

16) Analysis of group net assets between funds

	Unrestricted Funds £'000	Restricted Funds £'000	Permanent Endowment Funds £'000	Total 2009 £'000	Total 2008 £'000
Fund balances at 31 March 2009 are represented by:					
Tangible fixed assets	901	388,963	-	389,864	380,778
Investments	3,787	5,220	10,937	19,944	25,240
Current assets	17,165	1,708	1,085	19,958	25,878
Current liabilities and provisions	(10,851)	-	-	(10,851)	(8,412)
Provisions and liabilities - due after one year	(3,214)	-	-	(3,214)	(3,369)
Net assets	<u><u>7,788</u></u>	<u><u>395,891</u></u>	<u><u>12,022</u></u>	<u><u>415,701</u></u>	<u><u>420,115</u></u>

Victoria & Albert Museum

Year ended 31 March 2009

Notes to the Consolidated Financial Statements**17) Capital commitments**

	2009 £'000	2008 £'000
Capital expenditure commitments were as follows:		
Contracted for, but not provided in the accounts	6,911	19,467
Authorised, but not contracted for	6,569	17,709

The majority of the capital commitments relate to the Medieval and Renaissance Gallery due to open in late 2009 and the Ceramics Gallery (Phase 1) also due to open in late 2009.

18) Related Party Transactions

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

Related Party	Amount Purchased £'000	Amount Sold £'000	Year end balance Debtors £'000	Year end balance (Creditors) £'000	Donations/Grants Received £'000
British Museum	(11)	33	-	-	-
Guggenheim Museum Bilbao	(3)	127	-	-	-
National Heritage Memorial Fund	-	-	-	-	4,158
National Museum of Science & Industry	(419)	70	-	100	-
Natural History Museum	(1,407)	39	-	105	-
Pearson Group	-	-	50	-	-
Royal College of Art	(35)	289	168	-	-
TATE	(3)	38	-	-	-
The National Trust	(160)	1	-	-	-
Turner & Townsend	(54)	-	-	-	-

Four trustees donated a total of £4.0m during the year.

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

The balances with the Science Museum relate to Blythe House maintenance costs

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

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

19) Contingent Liabilities

There are no contingent liabilities as at 31 March 2009 (2008: Nil).

20) Post Balance Sheet Events

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

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

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

	INCOME AND EXPENDITURE FUNDS						CAPITAL FUNDS			COLLECTION AND ACQUISITION FUNDS			TOTAL FUNDS			
	2009 Unrestricted funds - General £'000	2009 Designated funds £'000	2009 Unrestricted funds £'000	2009 Restricted funds £'000	2009 Perm Endow funds £'000	2009 Total funds £'000	2009 Unrestricted funds £'000	2009 Restricted funds £'000	2009 Total funds £'000	2009 Unrestricted fund £'000	2009 Restricted fund £'000	2009 Total fund £'000	2009 Unrestricted funds £'000	2009 Restricted funds £'000	2009 Perm Endow funds £'000	2009 Total funds £'000
	Incoming Resources															
<i>Incoming resources from generated funds</i>																
Voluntary income																
- Grant in Aid	40,252	-	40,252	4,608	-	44,860	-	-	-	-	-	-	40,252	4,608	-	44,860
- Donations, legacies and similar income	855	-	855	12,173	-	13,028	-	-	-	-	-	-	855	12,173	-	13,028
- Donated objects	-	-	-	-	-	-	-	-	-	1,648	1,648	-	-	1,648	-	1,648
Activities for generating funds																
- Trading income	8,907	(13)	8,894	-	-	8,894	-	-	-	-	-	-	8,894	-	-	8,894
- Sponsorship	1,108	-	1,108	45	-	1,153	-	-	-	-	-	-	1,108	45	-	1,153
Investment income	776	201	977	269	600	1,846	-	-	-	-	-	-	977	269	600	1,846
	51,898	188	52,086	17,095	600	69,781	-	-	-	1,648	1,648	-	52,086	18,743	600	71,429
<i>Incoming resources from charitable activities</i>																
Lottery income	-	-	-	4,298	-	4,298	-	-	-	-	-	-	-	4,298	-	4,298
Admissions & exhibition fees (incl loans & touring)	2,737	-	2,737	-	-	2,737	-	-	-	-	-	-	2,737	-	-	2,737
	2,737	-	2,737	4,298	-	7,035	-	-	-	-	-	-	2,737	4,298	-	7,035
<i>Other incoming resources</i>																
Other income	698	(31)	667	571	-	1,238	-	-	-	-	-	-	667	571	-	1,238
Exceptional item	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	698	(31)	667	571	-	1,238	-	-	-	-	-	-	667	571	-	1,238
Total Incoming resources	55,333	157	55,490	21,964	600	78,054	-	-	-	1,648	1,648	-	55,490	23,612	600	79,702
Resources expended																
<i>Cost of generating funds</i>																
Costs of generating voluntary income	2,948	39	2,987	31	-	3,018	201	41	242	-	-	-	3,188	72	-	3,260
Fundraising Trading costs	8,176	7	8,183	-	-	8,183	-	-	-	-	-	-	8,183	-	-	8,183
Investment management costs	54	21	75	36	33	144	-	-	-	-	-	-	75	36	33	144
	11,178	67	11,245	67	33	11,345	201	41	242	-	-	-	11,446	108	33	11,587
<i>Charitable activities</i>																
Collections & Visitors	28,511	525	29,036	30,700	-	59,736	5,095	(25,006)	(19,911)	(5)	(1,253)	(1,258)	34,126	4,441	-	38,567
Exhibitions & Contemporary	7,464	-	7,464	150	-	7,614	205	4	209	-	-	-	7,669	154	-	7,823
Education, Learning & interpretation	5,078	-	5,078	2,119	-	7,197	572	(2)	570	-	-	-	5,650	2,117	-	7,767
	41,053	525	41,578	32,969	-	74,547	5,872	(25,004)	(19,132)	(5)	(1,253)	(1,258)	47,445	6,712	-	54,157
<i>Governance costs</i>																
	605	-	605	-	17	622	111	33	144	-	-	-	716	33	17	766
	605	-	605	-	17	622	111	33	144	-	-	-	716	33	17	766
Total resources expended	52,836	592	53,428	33,036	50	86,514	6,184	(24,930)	(18,746)	(5)	(1,253)	(1,258)	59,607	6,853	50	66,510
Net resources before notional costs	2,497	(435)	2,062	(11,072)	550	(8,460)	(6,184)	24,930	18,746	5	2,901	2,906	(4,117)	16,759	550	13,192
Notional Costs	(1)	-	(1)	(59)	-	(60)	(88)	(9,316)	(9,404)	-	-	-	(89)	(9,375)	-	(9,464)
Net resources after notional costs	2,496	(435)	2,061	(11,131)	550	(8,520)	(6,272)	15,614	9,342	5	2,901	2,906	(4,206)	7,384	550	3,728
Reversal of notional costs	1	-	1	59	-	60	88	9,316	9,404	-	-	-	89	9,375	-	9,464
Net resources before transfers	2,497	(435)	2,062	(11,072)	550	(8,460)	(6,184)	24,930	18,746	5	2,901	2,906	(4,117)	16,759	550	13,192
Gross transfers between funds	(2,425)	(115)	(2,540)	2,953	(413)	-	5,846	(5,846)	-	(5)	5	-	3,301	(2,888)	(413)	-
Net after transfers	72	(550)	(478)	(8,119)	137	(8,460)	(338)	19,084	18,746	-	2,906	2,906	(816)	13,871	137	13,192
Gains/(losses) on investment assets	(710)	(600)	(1,310)	-	(3,670)	(4,980)	-	-	-	-	-	-	(1,310)	-	(3,670)	(4,980)
Gain on revaluation of fixed assets	-	-	-	-	-	-	-	(12,626)	(12,626)	-	-	-	-	(12,626)	-	(12,626)
Net movement in funds	(638)	(1,150)	(1,788)	(8,119)	(3,533)	(13,440)	(338)	6,458	6,120	-	2,906	2,906	(2,126)	1,245	(3,533)	(4,414)
Fund balances bfwd at 1 April 2008	1,171	7,748	8,919	15,047	15,555	39,521	995	344,834	345,829	-	34,765	34,765	9,914	394,646	15,555	420,115
Fund balances cfwd at 31 March 2009	533	6,598	7,131	6,928	12,022	26,081	657	351,292	351,949	-	37,671	37,671	7,788	395,891	12,022	415,701

OPERATIONAL RESULT FOR THE YEAR

'FREE RESERVES': GENERAL, DESIGNATED & BEQUEST

NET BOOK VALUE OF FIXED ASSETS

VALUE OF ACQUISITIONS IN YEAR