

MUSEUMS AND GALLERIES ACT 1992

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

The Wallace Collection  
Annual Report and Accounts 2008-2009

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## The Wallace Collection Annual Report and Accounts 2008-2009

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## The Wallace Collection Annual Report and Accounts 2008-09

### Contents

Annual Report.....	4
Background information .....	4
The Collections .....	6
Structure, Governance and Management.....	7
The Organisational Structure .....	7
Review of the Year.....	8
Curation.....	8
Exhibitions .....	9
Publications and Research.....	10
History of Collecting and Other Academic Seminars.....	11
Acquisitions and Loans.....	11
Partnerships.....	12
Collections Information & Digital Programmes Department.....	13
Conservation .....	14
Library and Archives.....	15
Visitors .....	15
Learning .....	16
Marketing, Press and Public Relations.....	19
Facilities .....	19
Security .....	20
Human Resources .....	21
Income Generation.....	21
The Wallace Restaurant.....	22
Performance .....	23
Financial Review.....	25
Reference and Administrative Details of the Charity, its Trustees and Advisors.....	27
Annex A – Trustees .....	32
Annex B – Exhibitions in 2008-09 .....	34
Annex C – Objects Conserved .....	35
Annex D – Wallace Collection Supporters 2008-09 .....	36
Statement of Trustees’ and Accounting Officer’s Responsibilities .....	39
Statement on Internal Control.....	40
Audit Report.....	43
Financial Statements for the year.....	45

## ***Annual Report***

### ***Background information***

The Wallace Collection was formed in the nineteenth century by successive Marquesses of Hertford and by Sir Richard Wallace (the illegitimate son of the fourth Marquess), whose widow bequeathed it to the Nation in 1897 to be preserved as a national museum “unmixed with other works of art”. The Collection contains paintings of the British, Dutch, French, Italian and Spanish schools, miniatures, sculpture, French furniture and porcelain, European and Oriental arms and armour, goldsmiths’ work and ceramics; in each field the works of art are of the highest quality. It opened as a museum on 22 June 1900. Admission is free.

A Treasury Minute of 28 July 1897 appointed the first Board of Trustees, which acts on the authority of a Declaration of Trust dated 27 July 1899, and of the Museums and Galleries Act 1992, which specifies the Board’s general function to maintain, exhibit and grant access to, and promote public understanding and enjoyment of the Collection. Responsibility for Government financing of the Collection rests with the Secretary of State for Culture, Media and Sport, from whom the Collection receives a Grant-in-Aid out of monies provided by Parliament.

The Collection is a Non-Departmental Public Body of the Department for Culture, Media and Sport. Its current Trustees are appointed by the Prime Minister and are listed at Annex A. The Board of Trustees meets not less than four times a year as does the Audit Committee (a sub-committee of the Board).

The Collection is located at Hertford House, Manchester Square, London, W1U 3BN; this was one of the Hertford-Wallace residences and is a Grade II listed building in the West End of London. The Collection is a charity exempt from registration under the provisions of the Second Schedule to the Charities Act 1993. It has a wholly-owned subsidiary, Hertford House Marketing Limited whose results are consolidated with The Collection’s results for the purpose of these accounts.

### **Objectives**

**The 1992 Museums and Galleries Act sets the overall statutory objectives for the Wallace Collection. Its wording is as follows:**

“(4) So far as practicable and subject to the provisions of this Act, the Wallace Collection Board shall maintain the collection of objects known as the Wallace Collection and shall –

- (a) care for and preserve the objects in their collection;
- (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 fine and applied art both by means of the Board’s collection and by such other means as they consider appropriate.”

## **The Wallace Collection Annual Report and Accounts 2008-09**

**The Wallace Collection has absorbed and expanded these objectives to create the following list of ten core objectives:**

### **The Wallace Collection aims**

- I. To, above all, preserve the Collection and Hertford House for future generations to enjoy in accordance with the bequest of Lady Wallace, retaining the essential character of a family house.
- II. To ensure the widest possible access to Hertford House and the Collections therein by continuing free access for all.
- III. To present Hertford House and the collection as an opulent family home, reflecting the spirit of the founders of the Wallace Collection, whilst making the works of art as accessible as possible to all without jeopardising the overall vision.
- IV. To promote the understanding of the Collection through research and publication, the creation of academic catalogues of the works of art, an exhibition programme that complements the Collection and heightens awareness of it, and a programme of academic activities that enhances the Wallace Collection's reputation as a centre of academic excellence.
- V. To continue as an academic powerhouse, at home and internationally, in eighteenth-century fine and decorative arts, eighteenth and nineteenth century collecting and Arms and Armour.
- VI. To reach out constantly to new audiences.
- VII. To make the best and most sympathetic use of new technologies to disseminate the understanding and appreciation of the Collection internationally, both in terms of its objects and the full range of its activities.
- VIII. To develop a strong, well-trained and motivated staff group to contribute to and achieve the Collection's objectives. To ensure that all staff have the necessary support and tools to ensure that they fulfil their potential.
- IX. To increase funds available to meet the Wallace Collection's objectives through sound financial management and income-generating activities which draw on and complement the essence of the Collection.
- X. To work with other like-minded institutions, nationally and internationally, including our Museum Network to promote each of their collections in furtherance of joint objectives.

## The Wallace Collection Annual Report and Accounts 2008-09

### The Collections

The works of art in the Collection comprise:

CATEGORY	ITEMS
Pictures (Paintings, Watercolours and Drawings)	775
Furniture	528
Ceramics	510
European and Oriental Arms and Armour	2,370
Sculpture	466
Miniatures	334
Medieval and Renaissance Works of Art (Jewellery, Enamels, Glass, Waxes and Manuscript Illuminations)	363
Goldsmiths' Work	120

These objects (5,466 in total) encompass a superb range of fine and decorative arts from the fifteenth to the nineteenth centuries. Although it is probably best known for its magnificent eighteenth-century French paintings, porcelain and furniture, the Wallace Collection also displays many other treasures, such as paintings by Titian, Rembrandt, Rubens and Frans Hals (*The Laughing Cavalier*). There is also the finest collection of princely arms and armour in Britain, as well as choice and opulent displays of gold boxes, miniatures, sculpture and medieval and Renaissance works of art such as maiolica, glass and Limoges enamels. Every area of the Collection contains works of art of the very highest quality.

Hertford House, which was one of the Hertford-Wallace residences, is a Grade II listed building in the West End of London.

In addition to the main Collection, the Trustees hold the Hertford House Historic Collection, a small collection of material relating to the history and study of the main collections, as well as a handling collection of objects used for teaching and demonstration.

## ***Structure, Governance and Management***

### **The Organisational Structure**

The Board of Trustees of The Wallace Collection is responsible for the overall management and direction of The Wallace Collection. The Trustees are appointed by the Prime Minister and are responsible to him or her through the Department for Culture, Media and Sport (DCMS). The Director of The Wallace Collection is responsible to the Board of Trustees and is accountable to the DCMS for compliance with the Management Statement and Financial Memorandum. Within the framework of their statutory duties as stated under the Museums and Galleries Act 1992, the role of the Trustees is to establish The Wallace Collection's policy, review performance and endorse appointments to key management positions. The chief role of Trustees is to assist the Chairman in meeting the Board's overall responsibilities, in accordance with the policies of the Secretary of State. Trustees offer guidance and expertise to the Chairman on The Wallace Collection's strategy and its practical implementation.

The only Trustee sub-committee is the Audit Committee.

The group of senior managers reporting to the Director within The Wallace Collection is the Senior Management Team. This group is made up of the Director of Collections, the Director of Development and Marketing and the Director of Finance and Operations. The Senior Management Team is accountable to the Board of Trustees and DCMS. It is responsible for resource allocation, leading strategic management, developing the cultural agenda and sustaining The Wallace Collection values.

Each of the Senior Management Team is supported by a number of Department heads who are responsible for discrete areas of activity within the Collection. These managers meet on a monthly basis.

### **Trustee Appointments**

The minimum number of Trustees is set at six, and although there is no maximum, numbers have fluctuated over time between seven and eleven. At year-end the total was nine. Trustees are appointed by the Prime Minister. The Chairman recommends nominees, no fewer than two at a time, to the DCMS and No 10 after consultation with the other Trustees and the Director. Traditionally, the Prime Minister chooses from among the names put forward, and appointments are apolitical. The procedure is subject to the recommendations of the Nolan report.

Appointments are for not more than four years in the first instance, but with the option of reappointment.

Trustees can resign by notice in writing to the Prime Minister.

The Trustees appoint their own Chairman, who normally serves until retirement from the Board. The Chairman can resign as Chairman by notice in writing to the Board. Trustees receive appropriate training on appointment, including receipt of a detailed Handbook setting out their responsibilities.



## **The Wallace Collection Annual Report and Accounts 2008-09**

### **Volunteers**

The Wallace Collection each year has a small number of opportunities for volunteer and intern positions. These vital volunteers help in curatorial, conservation, education and occasionally other departments. The Wallace Collection also has a long tradition of using highly knowledgeable guide lecturers to take group tours of the collection. We would not be able to function as effectively or inform the public so well without the support of these selfless individuals.

### **Relationship between the Charity and Related Parties**

The Wallace Collection is an executive Non Departmental Public Body whose parent body is DCMS. DCMS is regarded as a related party. Details of related party transactions are contained in note 19 to the Accounts.

### **Review of the Year**

The Trustees are delighted that the Director was recognised for her outstanding dedication, vision, and drive in running The Wallace Collection, and was made Dame Rosalind Savill in the New Year Honours.

### **Curation**

Members of the Wallace Collection's curatorial staff are responsible for the care and display of the works of art in the Collection. They offer their scholarly expertise, they research and publish the works of art and they enable the public to understand and enjoy them more. Curators represent the Collection on outside bodies and are called on to act as expert advisers for Acceptance-in-Lieu cases, private treaty sale or export licence applications.

Jeremy Warren began his study leave on 1 July 2008 to write *The Wallace Collection Catalogue of Sculpture, vol. I.* and the catalogue for the exhibition of Peter Marino's collection of French bronzes. From 1 July, and for the next two years, Christoph Martin Vogtherr is the Acting Head of Collections and has taken over Jeremy's managerial responsibilities.

### **Galleries**

This year has seen a great deal of activity around the galleries. Phase III of the Gallery refurbishment encompassing the Boudoir, West Room and Gold Box Corridor as well as the Landing and Fernery was the major focus, with the newly refurbished Boudoir and West Room being opened to much acclaim in May 2009. We can now show one of the world's best collections of French seventeenth and eighteenth century art in spectacular new rooms which provide the perfect, intimate framework for their outstanding artistic quality. The gold boxes and miniatures cases in the new gallery between Boudoir and Study will be delivered later in 2009, as will the case for the Augsburg travelling silver in the West Room. They are scheduled to be installed and arranged this autumn.

## **The Wallace Collection Annual Report and Accounts 2008-09**

After almost two years, the renovated and re-arranged European Armouries II and III re-opened on 16 December. European Armoury II now houses both equestrian armours in a new and dramatic combination which has already proven to be extremely popular with our visitors and school groups in particular. We celebrated this achievement with a reception on 15 December, which represented the largest gathering of the British Arms and Armour community to take place for a number of years. The response to the re-arranged galleries has been extremely positive. The reception also marked the publication of a new, splendid book on the masterworks of the arms and armour collection at the Wallace by Tobias Capwell with photos by Carlo Paggiarino.

In addition, the Sixteenth-Century Gallery opened again to the public in December after refurbishment, including the sanding of the floors, painting of the ceiling and cleaning of the wall fabric. The most dramatic changes were however caused by the new lighting systems for the paintings, sculptures and some of the cases, which help enormously to enjoy this usually under-appreciated part of the collection. On this occasion, the picture hang was changed to increase visibility of the masterworks and create groups that are more consistent. Several improvements could be made in the adjoining Smoking Room while working on the Sixteenth-Century Gallery.

Together with the opening of the Armouries a series of new gallery sheets has been launched, providing information to the visitors in the galleries. They apply a slightly different format from the previously published ones, improving readability and layout. Bespoke covers have been used which match the wall colour of the respective galleries.

The return of the cleaned and conserved family portrait by Gonzalez Cocques provided the starting point for a thorough re-arrangement of the East Drawing Room and the East Gallery I. East Gallery I now focuses on Rembrandt and his school and highlights Rembrandt's recently re-attributed self-portrait. The East Drawing Room now features Flemish paintings by Rubens, the circle of van Dyck, Teniers and Cocques. The Wallace Collection's only painting by Jordaens now hangs prominently above the chimney-piece and is now much more visible. It helps to provide a complete survey of the protagonists in Antwerp seventeenth-century painting. The new arrangement also helps to highlight the special importance these Flemish painters had for Watteau and his school in early eighteenth-century France which are shown in the adjacent Small Drawing Room. The hope is that the new hang will create a more concise story line and present the Flemish and Dutch works to their full advantage.

Displays in the Conservation Gallery during the year have included two Chinese incense-burners (OA 2367, 2368) from the Qing Dynasty and the Witcombe Cabinet, a rare and magnificent English ivory-ground japanned cabinet from c.1700.

### **Exhibitions**

The full list of Temporary Exhibitions shown during 2008-09 is at Annex B.

This year has proved to be the most successful ever in terms of visitor numbers to exhibitions, marking The Wallace Collection as a 'destination venue' for exhibitions.

## **The Wallace Collection Annual Report and Accounts 2008-09**

The year began with the exhibition *Masterpieces from the Louvre: The Collection of Louis La Caze* which ended on 18 May and this can be counted as a resounding success: excellent reviews and visitor numbers (almost 33,000). The project also further enhanced already very good relations with the Louvre with a scholarly conference on nineteenth century collections of French art being held at the Wallace in collaboration with the Louvre.

Then followed *Boucher and Chardin: Masters of Modern Manners*, organised jointly with the Hunterian Art Gallery, University of Glasgow, and featuring two of the greatest French paintings of the eighteenth century, by Jean-Siméon Chardin and François Boucher. The exhibition opened on 12 June and ran until 7 September and attracted 29,639 visitors.

The exhibition '*Cartoons and Coronets: The Genius of Osbert Lancaster*' opened on 2 October and when it closed on 11 January 2009 it had proved an enormous success, being the most popular exhibition we have ever held in the exhibition galleries with 55,626 visitors. The exhibition celebrated the astonishing range of Lancaster as an artist and as a chronicler of style and fashion, drawing on an unparalleled archive of original designs, illustrations, works on paper, sketchbooks, theatre sets and photographs, none of which had been previously exhibited. The accompanying catalogue and associated merchandise sold extremely well.

At the end of the year '*Treasures of the Black Death*' opened on 18 February and ran until 10 May 2009. The exhibition was of two extraordinary hoards of jewellery, medieval silver vessels and coins, one discovered 650 years after it was concealed, probably by Jews at the most perilous time in their history prior to the pogroms of the Black Death. They were discovered in the Jewish quarter of Colmar, France, in 1863 and in Erfurt, Germany, in 1998, close to the town's 11<sup>th</sup>-century synagogue, the oldest in Europe. The exhibition attracted 42,641 visitors, making it the second most popular exhibition we have had in the Exhibition Galleries (after '*Osbert Lancaster*'). It also generated considerable publicity for the Wallace Collection in France, Germany, the United States and Israel. The accompanying catalogue sold very well.

In addition to the exhibitions in the gallery, the Wallace Collection has run a series of displays of visiting masterworks including a Chinese bronze from the Late Shang Dynasty, a Renaissance ewer and basin, and currently on display to 4 October 2009 an outstanding bronze of a kneeling woman by the great Renaissance sculptor Pier Jacopo Alari Bonacolsi, known as Antico (c.1460-1528). Owned by the renowned Thyssen-Bornemisza Collections, the sculpture makes a fascinating comparison with the wonderful collection of bronzes in the Wallace Collection, and can be found on display in the Porphyry Court on the Lower Ground Floor.

### **Publications and Research**

In addition to the *Boucher and Chardin* catalogue to accompany the exhibition The Wallace Collection also published the *Treasures of the Black Death* Catalogue, both of which have been well received and have sold well as has the new guide book published during the year.

## **The Wallace Collection Annual Report and Accounts 2008-09**

A central part of the Wallace Collection's Academic activities is the research for the new series of catalogues. Much work has been done over the last year in preparing the new series of catalogues. Work on the catalogue of Limoges enamels and glass by Suzanne Higgott is now nearing completion. The catalogues on sculptures (Jeremy Warren), gold boxes (Charles Truman), and a publication on masterworks of the miniatures collection (Christoph Vogtherr and Stephen Duffy) are advancing steadily. The photography of the gold boxes, glass and miniatures for the new publications has been completed.

Tobias Capwell has begun work on the European arms and armour digital catalogue on DVD-Rom. Anna Harnden, our curatorial intern, has nearly completed the digitising of all editions of the arms and armour catalogue back to 1900. This material will be included in its entirety in the upcoming arms and armour DVD-Rom digital catalogue. At the same time research on Oriental arms and armour for a future catalogue has commenced.

Tobias Capwell and Jeremy Warren wrote an introduction and the object entries in a beautifully presented new book: Carlo Paggiarino's 'The Wallace Collection. A Celebration of Arms and Armour at Hertford House'.

Wallace Collection curators have also published extensively in various academic journals during the year.

### **History of Collecting and Other Academic Seminars**

The Wallace Collection continued to develop its role as an acknowledged centre for the study of the history of collecting, in particular collecting in London and Paris during the 18<sup>th</sup> and 19<sup>th</sup> centuries. Eight further seminars in the History of Collecting series were held during the year.

### **Acquisitions and Loans**

During the year we acquired a beautiful Louis XVI eighteenth century carved and gilded frame for Fragonard's *Le Petit Parc* (P379), which is now on display in the newly refurbished West Room.

### ***Hertford House Historic Collection***

Although the Wallace Collection is prohibited by the terms of Lady Wallace's bequest and subsequent statute from adding to or disposing from its permanent collection, objects and archival material relevant to the collection, its history and the history of collecting are acquired from time to time and are regarded for accession purposes as forming part of the Hertford House Historic Collection.

The most important acquisitions this year were:

- A group of 23 letters to the print dealer H. Fawcett. The letters date from between 1870-91 and are from a variety of correspondents, including Sir Augustus Wollaston Franks, Lady Charlotte Schreiber, William Bell Scott and Sir George Scharf. They were acquired in the context of the Collection's role as a study centre for the history of collecting.

## The Wallace Collection Annual Report and Accounts 2008-09

- A rare Liverpool delft tile, c.1765, depicting the celebrated ballerina Marie Anne de Cupis de Camargo (1710-70) dancing in a landscape, the figure of Mlle de Camargo taken from a print after the well-known painting of this subject by Lancret in the Wallace Collection (P393). Our example was at the recent Ceramics Fair and was generously bought for the Historic Collection by the Chairman.

### Partnerships

This year has seen another busy year for the Museum Network partnerships between the Wallace Collection and the Bowes Museum, Compton Verney, the Holburne Museum of Art and Waddesdon Manor. A number of joint projects have taken place this year, despite the geographical distances between the organisations.

The Museum Network has continued to use DCMS/DCSF Strategic Commissioning funding to develop a series of successful schools' projects, new eLearning resources and community projects in 2008-09 and over the year all partner museums have participated in a series of on-site projects which have engaged school groups ranging in age from 4 to 18 years old.

The 'Power of the Object' schools' programme, comparing digital and classroom experiences with real experience in the galleries, has run across all partner museums over the school year. *Creative Control* saw young people aged 8 to 15 from The Princes' Drawing School Young Artists Programme engaging with the collection and developing new skills through weekly sessions led by one of our artist educators.

Following thorough user-testing by 400 children, our Museum Network eLearning resources have had a number of alterations made. The changes will make it easier for users to navigate through the eLearning resources and the interactive challenges will encourage more in-depth learning than previously. The pupils responded enthusiastically, with a number of pupils wanting to take the URL address home with them to continue using the website after the test session. During the year we appointed a part-time New Audiences Education Officer for the Regional Partners Museum Network to work three days per week based at Waddesdon Manor. The role involves helping to develop on-site activities for audiences new to each museum. This includes a rural outreach project with parents and under five-year-olds and a reminiscence project with older people and children at the Holburne Museum; a sculpture project with isolated families at the Bowes Museum; outreach work with the local Pakistani community and isolated groups including single fathers at Waddesdon Manor; and a peer led project with art college students and mid-teens at the Wallace Collection.

The Under 5s Programme has been further developing at various sites. At the Wallace *Mums and Newborns* has seen new mothers visiting the Collection over two weekly sessions where they have been introduced to the Collection through innovative hands-on tours and creative activities. At the Holburne, the education team wanted to establish connections with rurally isolated families with children under 5 in the village of Longvernal. 'Treasures for Toddlers' encourages parents with under 5s to take part in art based activities at their local playgroup using the collection as their inspiration.

## **The Wallace Collection Annual Report and Accounts 2008-09**

Big Draw family events were held at all five museum partners, 'Building Big' was the event at the Wallace which saw families examining the current on-going refurbishments at the Wallace Collection and creating new designs for their own homes and the Wallace Collection. Other family events included: a Winter Weekend (Compton Verney), Christmas Market with supporting craft activities (Bowes), Eighteenth-Century Family Day (Waddesdon).

Another excellent project was the one held at the Holburne Museum, called 'Living History Detectives'. During this intergenerational project 15 year six students from an isolated school worked on a reminiscence project on portraiture and poetry with 10 visitors at Midsomer Norton Age Concern Day Centre.

The Wallace Collection has also embarked upon a new MA course on Historic Interiors and the Decorative Arts taught jointly with Buckingham University which is planned to start this coming September. Teaching by Wallace Collection curators at the course on French eighteenth century interiors at the Courtauld Institute continued through the year.

### **Collections Information & Digital Programmes Department**

Object records have continued to be published onto Wallace Live with nearly 60% of the collection now available online. The photography project has also continued to increase the value of WallaceLive as a visual resource, with the daily addition of new arms and armour and gold box photography.

In February, the annual spot check and internal audit programme was completed, with the final audit of the newly reopened arms and armour galleries having taken place. The entire collection has now been audited for the 2008-09 period.

Conservation information has continued to be added to MuseumPlus, our museum collection management system, over the last three months, with both the miniatures condition survey and the recent frame conservation work now available through the collections management system. This creates a first step towards a systematic digital documentation of conservation reports.

The Glass Plate Negatives listing and digitisation project now been completed (over 7000 in total). The negatives have now been stored at a suitable facility in Cheshire.

Our new print sales website – Wallace Prints ([www.wallaceprints.org](http://www.wallaceprints.org)) – was launched at the end of April 2009. The website offers the entire paintings collection for sale as prints and canvases, with the option of having them framed before they are posted to the customer's door. The website has been a great success and took over £1300 in its first month. In the same month the website attracted 826 different visitors who originated from 46 different countries. The prints can also be accessed directly from Wallace Prints and Wallace Live, and Wallace Live can be accessed from the print sales site increasing the value of these two resources to our users.

The Collections Information Department as a whole has also been working closely with CMC Associates on the new arms and armour DVD, preparing images and reports from MuseumPlus for use in the new digital catalogue.



## **The Wallace Collection Annual Report and Accounts 2008-09**

### **Conservation**

The Conservation Department enjoyed a busy but rewarding year, which (besides the normal run of conservation work) saw its staff closely involved with the large amounts of gallery refurbishments and re-displays, and in the continuing programme of special exhibitions.

In between the work of moving, cleaning and conserving works of art as a result of the refurbishments and gallery re-displays, the department has also continued with work towards the Collection's major photography and cataloguing projects, with major inroads having been made in the cleaning of works of art largely untouched for over thirty years. The department was also involved with the Facilities team in the major overhaul of the Collection's store at Edmonton.

A particular triumph this year, after many months of tortuous experimentation, has been the successful development of a digital recording system synchronised to play in place of the mechanical musical drum-movement of the Front State Room carillon clock (F96), which was beginning to show signs of wear.

The Department has begun work on repairing mail in the Oriental Armoury prior to its photography, which is scheduled to commence later this year.

External conservators finished work (cleaning and relining) of the family portrait by Gonzales Cocques (P92). The frame for the painting was conserved at the same time. Both arrived back at the Wallace Collection in early March.

Gainsborough's portrait of Mrs. Robinson ('Perdita'), P42, has returned to the Great Gallery after cleaning on 15 June. Tate Britain kindly offered space in their conservation studio and all possible support to an external conservator who carried out the cleaning which commenced in December 2008.

In addition to Conservation work, in October David Edge and Alan Williams together with Arms and Armour curator Tobias Capwell, conducted an initial round of experiments designed to determine the force of lance impacts delivered by a charging knight on horseback. This British Academy-funded project involved the construction of a ballistic pendulum that could measure an impact in joules (units of energy) when struck by a galloping horseman armed with a lance. The project also involved the reconstruction of accurate lances with steel spearheads. The data collected, together with data from future sessions, will tell us a great deal about the level of real protection afforded by armour in the fifteenth and sixteenth centuries.

Later in October Tobias Capwell, David Edge and Robert Elgood conducted research in Italy, primarily in Florence, at the Museo del Bargello and the Museo Stibbert, both of which contain many pieces bearing close relation to objects in the Wallace Collection. Museums and exhibitions in Turin and Bologna were also of importance during the two-week trip. One of the most important outcomes of the trip was the large number of photographs collected for the arms and armour files, of pieces that belong with or relate closely to Wallace Collection armour and weapons. Previously these objects were unknown or only cited textually in the catalogue.

## The Wallace Collection Annual Report and Accounts 2008-09

### Library and Archives

The retrospective cataloguing project continued alongside the acquisition and cataloguing of new material during this year.

Next year the Visitors' Library will celebrate its tenth anniversary. In order to take stock on the services we provide and see how we can further improve them, we have sent out a questionnaire to our library users of the past year.

We continued to find that we are ahead of other art libraries in London in the acquisition and cataloguing of new publications in our collecting areas, and the number of visitors who come to us to read publications unavailable elsewhere continues to increase, which is gratifying. This type of visitor tends to comprise academic researchers, teaching staff, or postgraduate students.

We continue to provide services to students from the IESA MA Course, 'History and business of art and collecting in Paris, London, Florence, Brussels and Maastricht' as well as students on the Courtauld and Wallace Collection MA courses.

Notable purchases for the library include the following rare books:

- Collection de cent-vingt estampes, gravées d'après les tableaux & dessins que composaient le cabinet de M. Poullain : précédée d'un abrégé historique de la vie des auteurs qui la composent ... / cette suite a été exécutée, sous la direction du sieur Fr. Basan ... par de jeunes artistes des deux sexes, dont les talens se font connoître & accroissent de jour en jour, le Sr. Moitte ... en avoit fait les dessins, d'après les tableaux, avant la mort de ce célèbre amateur. Paris : Chez Basan et Poignant, 1781 (The Wallace Collection owns several paintings originating from the Poullain collection.)
- Argens, Jean-Baptiste de Boyer, marquis d', 1704-1771, Examen critique des différentes écoles [sic] de peinture, Berlin, 1768
- Janneck, Franz Christoph. and Christian Ludwig von Hagedorn, Lettre à un amateur de la peinture : avec des éclaircissemens historiques sur un cabinet et les auteurs des tableaux qui le composent : ouvrage entremêlé de digressions sur la vie de plusieurs peintres modernes. A Dresde : Chez George Conrad Walther, 1755. (Both Argens and Hagedorn are important for the study of eighteenth-century art criticism and collecting.)

### Visitors

Overall visitor numbers increased from 346,980 to 359,165 an increase of 3.5%. This is the highest visitor figure for the last century and exceeds our 2012 target. We believe that the increased and sustained activity in advertising and marketing across the UK and internationally over the last 4 years has contributed to this figure, together with our highly successful exhibitions programme in 2007-08 – which included our most popular exhibition to date, 'Osbert Lancaster'. This was particularly remarkable given the closure of the front entrance for the last three months of the year, during which time a temporary side entrance to the Collection was used (see below).



## **The Wallace Collection Annual Report and Accounts 2008-09**

On 16 March 2009 the front entrance reopened to the public, providing a much lighter, spacious environment to welcome the visitor. The fully glazed screen doors provide the visitor with a wonderful taste of the house before them. The work took just over two months and as well as opening up the space two longer, more elegant, side ramps were built and access reinstated from both sides of the front entrance.

The project was generously funded by a combination of the DCMS/Wolfson Museums and Galleries Improvement Fund and the Museum's capital grant-in-aid provided by DCMS.

Phase II of the project in 2009-10 will see the Housekeeper's and Breakfast Rooms refurbished, creating a new shop, cloakroom and visitor information area.

We have carried out a full year's visitor research in 2008-09 with Morris Hargreaves McIntyre, which has re-enforced our knowledge of the visitor satisfaction we provide, demonstrated how successful we have been at attracting first time visitors, as well as a host of other interesting and important data for both the gallery and the DCMS. Further research on how visitors respond to certain galleries and objects will be carried out in the summer.

### **Learning**

The highlight of the year has been the increase in numbers of visitors to the Wallace Collection's Learning programmes: 29,927 adults and 14,774 children took part (last year: 27,207 and 11,800 respectively). We could count a remarkable 86,892 sustained visits for our eLearning resources (last year: 22,207). Total numbers have thus increased remarkably to 44,701 from 39,007 last year, with eLearning resources to 131,593 from 61,042 last year.

Other highlights this year included:

- collecting our Sandford Award for Heritage Education presented by the Heritage Education Trust at a ceremony held at Hampton Court Palace;
- celebrating 10 years of the department and learning at The Wallace Collection;
- the launch of the National Museum Online Learning Project at the end of February 2009. This was the culmination of three years' work and users are now taking part in Creative Spaces for lifelong learners and Webquests for schools;
- confirmation of the DCMS and DCSF funding for our Museum Network Projects for the next two years which amounts to £160,000 per year. Work over the next two years will involve further development of school and new audience programmes across the Network, including Initial Teacher Training, performance arts, creative writing, under 5s and intergenerational projects.

### ***Community and Access Programme***

This year has seen much activity associated with our two access programmes *Sensation!* (for blind and partially-sighted visitors) and *Deaf Visions* (activities for the Deaf community delivered by the Deaf community). In October we held our first *Sensation!* partnership event with the Handel House Museum with thirty people enjoying a

## **The Wallace Collection Annual Report and Accounts 2008-09**

harpichord concert and picture descriptions relating to eighteenth-century English, French and Italian musicians and artists. In January we delivered a very successful *Sensation!* event with the Royal Collection.

For four years we have been running a quarterly programme of practical art activities and gallery talks delivered in British Sign Language and Sign Supported English. This differs from the BSL programmes at many museums as each activity is delivered by artists and lecturers who are deaf, rather than a curator being interpreted. Over the past year we have been working with Deafworks, a training and consultancy organisation for issues around Deafness, to train deaf artists and lecturers to work in museums. The three training days were entitled 'Using a Museum Collection', 'Interacting with the Public' and 'Working in Museums' and gave delegates a comprehensive understanding of how this sector works. Thirteen people completed the training and this gives us a great advantage in employing a team of deaf artists and lecturers to take *DeafVisions* forward in 2009-10.

The training programme for museums and gallery staff interested in working in better ways in the area of mental health and social inclusion was launched at the Wallace Collection in September. This training package aims to broker relationships between the arts and health sectors and show how they can work together to improve provision for people with mental health problems. A successful adaptation of our young refugee and asylum seeker programme, 'We are Here', was developed for adults and took place in May 2008.

Other projects in the year have included, outreach to an after-school club at Mayfair Library, an SSE talk on Painting the Christmas Story by Serena Cant and our re-launched ESOL (English for Speakers of Other Languages) tours. These tours for Entry level 1 and 2 have proven to be popular and teachers have commented on how a visit has aided language learning in a fun and relaxed session.

### ***Schools' Programmes***

The spring term is always the busiest for the Primary School programme and this year was no exception. 'All Things Light and Beautiful', 'Techniques and Technologies of Sculpture' and 'Vive la France' were all fully booked, with 'Vive la France' proving particularly popular. This increased uptake is likely to be because primary schools are being asked to provide all school children aged 7 and upwards with the opportunity to learn a modern foreign language by 2010. With this in mind a further French language session is in development for launch in September 2009.

We have continued to develop our relationship with Tuke School, a secondary school in Peckham catering for students with a range of severe and complex learning needs. This year, twelve KS2 students made medal cabinets and participated in a very successful three-day activity based on our collection of Boulle furniture. This art project included significant performative and sensory elements, bringing in both dance and drama activities suited to the pupils' needs.

## **The Wallace Collection Annual Report and Accounts 2008-09**

A Brent and Ealing primary school outreach project also took place this year. Five schools in these outlying boroughs took part in sessions in the museum followed by art sessions in their schools, both led by an artist. The pupils focussed on the glittering gold boxes with very positive feedback.

Six secondary schools have come to the Wallace during the year for 'Inspiration for Creative Writing'. Students work with an established children's author to explore the collection as a basis for creative writing.

As part of our developing relationship with Camden, we held a two-day training course-Philosophy for Children level one, organised by Camden School improvement services. The course was an introduction on how to teach children thinking and speaking skills to help them with their schoolwork and personal development.

Other projects in the year have included:

- an ambitious collaborative project with Wigmore Hall called 'Tune in with the Tudors' where classes came to the Wallace Collection to see and handle arms and armour, and an outreach program visited the school and taught the children Tudor songs and dances and to make felt hats. The whole project culminating in a performance by 200 children in the Great Gallery.
- our hospital outreach programmes: with visits to St. Georges hospital, Tooting, The Royal Marsden, and the Whittingdon Hospital. Outreach activities included armour handling and landscape painting taking inspiration from Rubens' 'Rainbow Landscape'.
- the secondary school programme, which included 'Naked Bodies' life drawing, 'Ways of Seeing' (an introduction to Art History), 'The Wallace Meets the Turner Prize' with Tate Britain, and 'New Art from Old' with Tate Modern all taking place for AS/A2 level students.

For the next academic year we have designed a new schools leaflet which lists our primary, secondary, Special Educational Needs, teacher InSET and eLearning resources in the same booklet for the first time. This is the first year that we have included key stage three programmes (ages 11-14) following a year of pilot programmes in academic year 2007-08. Two new primary schools programmes have also been piloted this year in the areas of landscape and families and have been added to our key stage one and two programme.

### ***Public Programme***

We now have a firmly established programme of costumed interpreters, with Madame de Pompadour, Sir Richard Wallace and Queen Marie-Antoinette all appearing during the year. These public performances now take place regularly, on the first Friday of the month and have developed quite a following amongst members of the public.

Sir Richard Wallace made several appearances in the galleries, not least at the Nineteenth-Century Christmas Event on 13 December where the public enjoyed Victorian-themed talks, storytelling, craft activities, music and dancing.

## **The Wallace Collection Annual Report and Accounts 2008-09**

Particularly pleasing this year was the very successful concert series, with five well-attended concerts and lectures, all inspired by the Collection. We are very grateful to Mark Ransom for the loan of his beautiful replica eighteenth-century harpsichord.

In addition to general guided tours, the year has seen a significant number of special lunchtime lectures, given by guide lecturers, curatorial staff including the Director as well as conservation and learning staff.

Study days continue to be very popular and included this year the very successful 'Masters of Flemish Painting', in partnership with the Royal Collection. We also held a sell-out Anthony Powell lecture on '*The Genius of Osbert Lancaster*' and his close relationship with Powell.

Family activities included our ever-popular 'Little Draw', Christmas and Chanukah events, and our October half-term programme. The latter revolved around *Osbert Lancaster* and you can see the children's video inspired by his drawings on the Wallace Website.

### **Marketing, Press and Public Relations**

The targeted advertising and media campaign continues. This year saw excellent coverage in the media and press both for the Collection in general and for the exhibitions specifically. We are increasingly emphasising the free nature of our exhibitions and this would appear to be proving popular in the current climate. Whilst we continue to focus on the permanent collection in our marketing, we are increasingly becoming an exhibition destination as well.

Coverage for *Osbert Lancaster*, *Treasures of the Black Death* and *Boucher & Chardin* has been extensive across a wide range of broadsheets, leisure and online media. Advertisements were placed during the year at chosen London Tube stations, in National Trust publications, with Time Out as well as others. The Collection continued to achieve excellent coverage for the permanent collection, in publications as diverse as *Period Living*, *The Guardian*, *Time Out* and *The Times*.

We now also host a Facebook page and Twitter profile online, and our Eurostar collaboration launched on 28th April 2009, with new menus and web updates advertising The Wallace Collection as one of four key destinations to visit.

Some of the success of the increase in visitors to the Children's learning programmes (detailed above) can be attributed to the brand new children's leaflet, which is much more 'family friendly' and eye-catching for this audience.

### **Facilities**

The first responsibility of the Facilities Department is to ensure that Hertford House remains wind and water tight, thereby minimising the risk to the collections. The most important project in recent years in supporting this objective was the renovation of the north, east and west external walls and much of the roof. This project, completed in the year, has dramatically reduced the originally lengthy list of backlog maintenance.

## **The Wallace Collection Annual Report and Accounts 2008-09**

A second key project was the replacement of one of the Armoury ceilings, which was in danger of collapse. This was completed to a high standard in April 2008.

In addition to the day-to-day maintenance of the building and environment, the department has been heavily involved along side the projects team with the Capital works to the Collection, including the Phase III refurbishments and the Front Entrance work.

During the year the department, assisted by the conservation department and other members of staff undertook the significant task of rationalising the Collection's offsite storage, helping to reduce offsite storage costs and document the items held away from Hertford House.

Within Hertford House the environmental systems that minimise the risk of damage and degradation to the works of art were also addressed in year, with filters being replaced helping the system to be more efficient and reduce its energy use and therefore impact on the environment.

The facilities department also has responsibility for the ICT infrastructure within the Wallace Collection, which following upgrades in recent years has been significantly more robust than in the past.

A considerable amount of work was required during the year to secure the future of The Wallace Collection's power supply including work on the back up generator, the uninterruptable power supply batteries, and the rebalancing and monitoring of the electrical incomers. This followed an incident where the local electrical sub-station shorted out, this has now been repaired and the Collection's internal systems for dealing with such incidents have been significantly improved.

Utility cost increases have placed pressure on limited budgets, particularly during the middle of the year with spikes in oil and electricity prices. These have been combated where possible.

Work is ongoing on the tendering the major facilities contract for mechanical and electrical engineering and maintenance work at The Wallace Collection – this has involved considerable research into the future requirements of the Collection in this critical area. To date over 40 expressions of interest have been received which will be reviewed and distilled down to identify the company best placed to support the Collection.

### **Security**

The Security Department includes both the team of security staff that provide 24/7 security cover for the collection plus the gallery teams that work within the galleries helping the visitor.

The external risks that impact on the security of the collection are monitored, with policies and procedures updated accordingly to minimise the risk of loss or damage to the collections. The Head of Security chairs the Security Committee with the Director and key stakeholders to formulate security strategy for the Collection and security policies.

## **The Wallace Collection Annual Report and Accounts 2008-09**

Improvements also continued to be made to technological and physical security, primarily to take advantage of the opportunities afforded by the capital programme, which puts the Collection in a more robust security position.

The training programme put in place for both the security and gallery teams last year has continued to evolve and ensures that the Collection's staff can both support the visitor and secure the works of art.

Thanks to the commitment and dedication of our staff gallery closures have been kept to an absolute minimum during the year, in particular in battling their way in during tube strikes and snow days!

### **Human Resources**

As with every year, the Personnel Manager has had to keep on top of the six monthly changes in employment law, plus assisting managers in all aspects of personnel management, and overseeing staff recruitment. The Staff Handbook has been updated and issued in consultation with Northgate HR to ensure that best practice is maintained and a new, more efficient online employee database has been launched.

### **Income Generation**

#### ***Fundraising***

Fundraising was outstanding in 2008/09 and exceeded its revenue target. The Collection is always grateful to all its supporters for their contributions. Visitors to the Collection give generously through the donation boxes; trusts and foundations support many projects; individuals are members of our ever-growing membership scheme *heroes and heroines* and our corporate membership now stands at nine. The International Council conceived 18 months ago is doing excellent work in recruiting new *heroes and heroines*.

In addition we have received a number of donations in support of the ambitious programme of Catalogues that the Collection has embarked upon (see above) from SJ Phillips, Peter Marino and David Lavender. The department also managed to secure sponsorship from The J Leon Group for the *Treasures of the Black Death* exhibition.

For our programme of gallery restoration, we gratefully received generous donations or pledges from the DCMS/Wolfson Museums and Galleries Improvement Fund; the Monument Trust; and several *heroes and heroines* who have given generously towards the newly refurbished West Room.

Following such a successful year, 2009/10 will be difficult in light of the current economic downturn, however expenditure on fundraising is likely to remain constant as we strive to meet these challenges.

#### ***Corporate Facilities Hire***

The Collection continues to be considered a prestigious venue to hire, however events were down on what was the most successful year to date in 2007/08. This was partly due to the downturn in corporate bookings, following the global economic environment, and



## **The Wallace Collection Annual Report and Accounts 2008-09**

partly due to the closure of the front entrance preventing any events taking place during the final quarter of the year. With this in consideration, we should see making 94% of the targeted budget as an achievement.

Next year will be an extremely challenging year for the department who are working hard to market The Wallace Collection as a magnificent and special place to hold corporate and private events.

### ***Retail and Visitor Services***

This year, the retail department achieved its highest turnover result to date, some 36% over its target, generating over £450,000.

The *Osbert Lancaster* exhibition generated excellent sales of specifically designed stock lines with 3,500 sales of the James Knox book, and the calendar, Christmas cards and tea towels all selling out. Strong exhibition related retail sales have continued through into the *Treasures of the Black Death* exhibition merchandise.

As part of the reopening of the shop and cloakroom, some internal restructuring has taken place. Previously, visitor reception and cloakroom services were managed by the gallery team. Now the retail and visitor services team will take on these functions and become the expanded 'Front of House' team.

### **The Wallace Restaurant**

The contract to run the restaurant was awarded to Peyton and Byrne in 2006, and they duly opened the newly refurbished Wallace Restaurant in September of that year.

2008-09 therefore marks the second full year of trading for the restaurant.

The restaurant maintains the feel of an elegant, airy, courtyard, destination restaurant with a French character. Reviews of the Wallace Restaurant have been good, and this has been reflected in increased numbers of patrons.

Peyton & Byrne pays the Wallace Collection a percentage of turnover, with a guaranteed minimum. The increased numbers of patrons has led to an increase in income from this source in 2008-09:

2008-09	£152,940
2007-08	£136,723

## The Wallace Collection Annual Report and Accounts 2008-09

### **Performance**

The relationship between The Wallace Collection and its sponsoring body, the DCMS, is largely defined by a Funding Agreement. 2008-09 was the first year of a three-year agreement.

The Funding Agreement sets out three key objectives for 2008-11, which were arrived at as part of The Wallace Collection's corporate planning process. The key objectives for that period are:

1) **Scholarship**

To enhance the Wallace Collection's reputation for scholarly research, by investing in research to create a number of academic catalogues on the core collection. Also through a programme of academic and educational activities to meet the needs of all our public from the school child to the international scholar. *Championed by the Collections and Academic Director.*

2) **Cultural Diplomacy**

To improve the way that we interact with our visitors, both at home and abroad. Firstly through physical improvements such as redesigning the front entrance to improve the welcome and information for visitors, and our physical signage and information on site. Secondly, through exploitation of the latest technological opportunities to develop new ways of connecting with our wider visitors, and informing them about our collection, both on site and around the world. *Championed by the Development and Marketing Director.*

3) **Excellence**

To continue with the capital projects and programme of gallery refurbishments and improvements. Thereby seeking to improve the understanding and appreciation of the core collection through its display within Hertford House; once again presented as an opulent family home. *Championed by the Finance and Operations Director.*

These objectives are already being achieved: the Collection continues to invest in research and as noted under the publications section above The Wallace Collection has begun an ambitious programme around new catalogues. The success of our educational and public activities is explained above under the learning section. The marked changes in the Front Entrance together with the continued investment in Wallace Live show how we are improving the way we interact with our visitors. Finally, the completion of the Phase III gallery refurbishments in May 2009 and the ongoing work on the fabric of the building is creating a richer experience for our visitors.

The Collection and the DCMS also continue to monitor performance against performance indicators, however unlike in previous years the DCMS no longer sets targets in relation to these performance indicators, some of the data from these together with comparatives is detailed below.



## **The Wallace Collection Annual Report and Accounts 2008-09**

### **Access**

Following a record-breaking year for visitor numbers in 2007-08 the Collection went one further in 2008-09 with overall visitor numbers increasing from 346,980 to 359,165. This success is not down to any one factor. It can however be attributed to a range of factors including increased advertising, the newly re-opened refurbished galleries, the success of our exhibition programme, and strong word of mouth over the quality of our core collection.

### **Audience Profile**

Visits of children also increased on last year thanks to a combination of targeted marketing and a successful and varied learning and public programme (see above). Visits of children under 16 years old were 24,984 in 2008-09 (2007-08: 20,654).

### **Learning and Outreach**

Visitors to the Wallace Collection's learning programmes in 2008-09 were 29,927 adults and 14,774 children (2007-08: 27,207 and 11,800 respectively). This again is as a result of targeted marketing, the hard work put in by the learning team, and the varied and innovative programmes available.

### **Self Generated Income**

The Collection has once again worked extremely hard on self-generated income in 2008-09 in order to facilitate all of its key objectives. Despite events revenues being down on last year, overall self-generated income has increased and the Collection's reliance on Grant-in-aid has reduced as a result – with the Grant-in-aid constituting 60% of the Collection's income in 2008-09 (2007-08: 62%).

### **Efficiency Savings**

The Collection continues to benefit from the efficiency savings that resulted from the 2004-05 restructure and in addition has achieved cost savings in rationalising the use of off-site storage, in total these savings amount to £180,000 (2007-08: £170,000).

### **Sources of data**

The Collection measures against these and other performance indicators and returns this data to the DCMS periodically. The sources of the various data collected and collated are detailed below:

Visitor numbers are collected through an electronic counting device at the only visitor entrance. Child visits are also collected by a manual counting system, cross-checked against occasional CCTV evidence. The socio-economic profile of our visitors is a percentage generated from our annual visitor surveys, which is then applied to the total number of adult visitors. Education numbers are kept automatically by the education department for the sessions that they run. Our website automatically registers the number of visitors to our site. Net income from trading is taken directly from the accounts of our trading company, Hertford House Marketing Limited. Efficiency savings are measured in line with the guidance set down by central government. All of these sources help the Collection to monitor and report on its performance to the DCMS.

## The Wallace Collection Annual Report and Accounts 2008-09

### Financial Review

#### Financial results

Net incoming resources in the year amounted to £955,000 (2007-08: £187,000). This operating surplus is primarily a result of a successful year of self-generated income. The underlying surplus on a standard income and expenditure account, after adjusting for capital items, was £101,000 (2007-08: £672,000).

During the year the Collection capitalised costs totalling £1,307,000 as assets under construction, which attract no depreciation charge, in relation to the ongoing Phase III Gallery refurbishments and the Front Entrance project at the year end.

The key financial risks to the Collection continue to be the ongoing security of income streams, from both Grant-in-aid and self generated sources (in particular in the current economic climate) and the costs of the ambitious Gallery refurbishments in light of the relatively high fixed costs of maintaining and opening the Collection to the public.

The main features of the financial results were:

- (a) Grant in Aid income for the year was £4,228,000, (2007-08: £4,156,000). This includes £1.5m awarded towards capital improvements to Hertford House, (2007-08 £1.5m) and represents 60% of the Collection's total income for the year (2007-08 62%);
- (b) Fund raising expenditure amounted to £186,000, (2007-08: £216,000). The variance is due to a greater than normal 2007-08 figure which included significant one off investment in donor care plus the costs of setting up the international fundraising committee;
- (c) Marketing and design expenditure amounted to £286,000 (2007-08: £235,000). This reflects the full allocation of design charges in 2008-09 along with a continued focus on the ongoing advertising strategy;
- (d) Trading costs relating to the wholly owned subsidiary, Hertford House Marketing Ltd amounted to £808,000 (2007-08: £790,000). This increase reflects the increase in cost of sales mirrored by the increase in retail income generated for the year – overall income from trading activities was down due to a drop in gallery hire revenues;
- (e) Conservation expenditure amounted to £294,000 (2007-08: £254,000). The increase reflects major external conservation that took place during the year which saw several works of art being conserved including the family portrait by Gonzalez Cocques (P92) and Gainsborough's portrait of Mrs. Robinson ('Perdita'), P42;
- (f) Collection expenditure amounted to £1,492,000 (2007-08: £1,167,000). The increase reflects the additional sums invested in the exhibition programme in year plus the continued growth of the learning department. The increase also reflects a full year's investment in Wallace Live after its launch in November 2007, when prior to this date all costs had been capitalised;

## **The Wallace Collection Annual Report and Accounts 2008-09**

- (g) Security expenditure in 2008-09 was £1,365,000 (2007-08: £1,372,000). The fact it remained level with the previous year reflects the small number of staff vacancies that persisted in this department through the year;
- (h) Building and maintenance expenditure (other than the charge for depreciation) amounted to £951,000 (2007-08: £1,618,000). This major decrease follows the disproportionate increase in 2007-08 from 2006-07 as a result of the renovation of the external walls and the ceiling in one of the armoury galleries. These amounts were not capitalised in 2007-08 and therefore distort the figures that year;
- (i) Other than the charitable donation from Hertford House Marketing Limited to its parent organisation, The Wallace Collection, there were no charitable donations made in the year. £129,500 was received in year from the DCMS/Wolfson Museums and Galleries Improvement fund towards the refurbishment of the Front Entrance.

### **Reserves policy**

The policy of The Wallace Collection is to seek to establish, and then maintain, a level of unrestricted reserves of over £500,000. These are required to provide adequate working capital to ensure that The Collection can operate efficiently and effectively and also to sustain its level of activities by providing some protection against an unexpected downturn in non-grant revenue. At 31 March 2009, the Collection's unrestricted reserves of £312,000 were below the target level. It is the policy of the Trustees that this target be achieved within the next four years. The reserve policy will be reviewed on an annual basis.

### **Fixed assets**

Movements on fixed assets are set out in note 9 to the financial statements. A summary of the key movements are as follows:

- Freehold Land and Buildings were re-valued by reference to official indices at 31 March 2009 to £34,090,000. This resulted in a revaluation decrease of £5,814,000 in 2008-09;
- Total additions during the year amounted to £1,578,000, which primarily related to capital expenditure on the gallery refurbishments and the Front Entrance project;
- Depreciation charge for the year is £724,000. The building is being depreciated over an expected remaining life of 97 years. It is, nevertheless, the Trustees' intention to continue to maintain and improve Hertford House, subject to the availability of adequate funding.

### **Payment of creditors**

During 2008-09 The Wallace Collection paid 90% of undisputed creditors within 30 days of receipt of an invoice (2007-08: 88%).

## **Reference and Administrative Details of the Charity, its Trustees and Advisors**

A list of the Trustees, Senior Officers and Advisors to The Wallace Collection and Hertford House Marketing Ltd is at Annex A.

### **Preparation of the Accounts**

The Accounts have been prepared in a form directed by the Secretary of State for Culture, Media and Sport with the consent of Treasury in accordance with sections 9(4) and 9(5) of the Museums and Galleries Act 1992. The accounts are compliant with the Charities SORP 2005 and with Charity Commission guidance.

The consolidated accounts are for The Wallace Collection and Hertford House Marketing Limited; they exclude the accounts for the Hertford House Trust and the American Friends of The Wallace Collection. This is because these are entirely separate organisations over which the Wallace Collection exercises no control.

### **Audit**

Under statute, the Comptroller and Auditor General is the principal auditor of the Collection's consolidated accounts for the year 2008-09. The audit fee in respect of this work was £17,325. Other than the statutory audits of the Wallace Collection and Hertford House Marketing Limited, and an internal audit service, no other accountancy or audit services were commissioned or undertaken in the year.

So far as the Accounting Officer, and each person who was a Trustee at the date of approving this report, are aware, there is no relevant audit information, being information needed by the external auditor in connection with preparing his report, of which he is unaware. Having made enquiries of the Board of Trustees and Collection's internal auditor, the Accounting Officer has taken all the steps that she is obliged to take as Accounting Officer in order to make herself aware of any relevant audit information and to establish that the external auditor is aware of that information. Having made enquiries of the Accounting Officer, fellow trustees and the Collection's internal auditor, each Trustee has taken all the steps that he/she is obliged to take as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the external auditor is aware of that information.

### **Staff and organisation**

The Wallace Collection is an Equal Opportunity Employer and has agreed statements of policy under Section 2(3) of the Health and Safety at Work Act 1974. Senior officers meet weekly as well as monthly and communicate with staff through weekly team briefings, the full formal monthly staff meetings and regular staff notices and through the Collection's Health and Safety organisation as well as through informal meetings. The Wallace Collection follows the policy issued by the Cabinet Office on the employment of disabled people.

## **The Wallace Collection Annual Report and Accounts 2008-09**

### **Data Handling**

There were no personal data related incidents during the year.

### **Sickness Absence**

Sickness absence accounted for 3.8% of all staff time during 2008/09, or 9.6 days/staff member, however this includes (and is therefore skewed by) those staff members off on long-term sick leave. When these are excluded, the remaining staff absence accounted for 1.6% of staff time, which equates to 4.1 days/staff member.

## **Remuneration Report**

### **Salary Policy**

The Wallace Collection does not have a Remuneration Committee. The Audit Committee can act in lieu of a Remuneration Committee. All staff are employed through the Wallace Collection on equal terms and conditions, including trading company staff. Conditions of pay and employment are in line with standard Civil Service terms. Salaries are reviewed on an annual basis, and uplifted at the start of the financial year. The amount that can be spent on salaries is set each year by the Department for Culture, Media and Sport and HM Treasury.

All staff are positioned within pay bands. No allowances are in payment, other than standard overtime amounts.

When determining salary levels, a number of factors are taken into account

- the projected budget for the annual staff settlement
- salary levels internally and in the market place (through salary surveys)
- job size and whether this has changed over the period (through formal evaluation, where applicable)

## The Wallace Collection Annual Report and Accounts 2008-09

### Senior Management Emoluments

	Salary, including performance pay 2008/09 (2007/08)	Real increase in pension and related lump sum at pension age	Total accrued pension at pension age at 31/3/09 and related lump sum	Cash Equivalent Transfer Value at 31/3/08	Cash Equivalent Transfer Value at 31/3/09	Real increase in CETV after adjustment for inflation and changes in market investment factors
	£k	£k	£k	Nearest £k	Nearest £k	Nearest £k
Dr Rosalind Savill <i>Director</i>	110 - 115 (90-95)	2.5 - 5 plus 10 - 15 lump sum	40 - 45 plus 130 - 135 lump sum	831	977	79
Miss Clare O'Brien <i>Development and Marketing Director</i>	60 - 65 (60-65)	0 - 2.5 plus 0 - 2.5 lump sum	5 - 10 plus 15 - 20 lump sum	75	93	11
Mr Simon Pink <i>Finance and Operations Director</i> <i>(until 7 June 2008)</i>	10 - 15 (60 - 65)	0 - 2.5	10 - 15	95	96	1
Mr Philip Walsh <i>Finance and Operations Director</i> <i>(from 4 August 2008)</i>	35 - 40 Full year equivalent: 55 - 60	0 - 2.5	2.5 - 5	15	24	7
Mr Christoph Vogtherr <i>Head of Collections</i> <i>(from 1 July 2008)</i>	35 - 40 Full year equivalent: 50 - 55	0 - 2.5	0 - 2.5	15	16	-2
Mr Jeremy Warren <i>Collections and Academic Director</i>	60 - 65 (60 - 65)	0 - 2.5 plus - lump sum	15 - 20 plus 35 - 40 lump sum	331	370	12

Salary includes gross salary, performance pay or bonuses, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, private office allowances and any other allowances to the extent that it is subject to UK taxation. The figures in the remuneration report are subject to audit.

The above table shows the member's cash equivalent transfer value (CETV) accrued at the beginning and the end of the reporting period. A CETV is a payment made by the 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 disclosure applies. The accrued pension quoted, is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of Nuvos.

## **The Wallace Collection Annual Report and Accounts 2008-09**

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 valued are 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 disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the Civil Service pension arrangements and for which the CS Vote has received a transfer payment commensurate with the additional pension liabilities being assumed. 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 the guidelines and framework prescribed by the Institute and Faculty of Actuaries and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn. The real increase in CETV 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. Note that the figure for CETV may be different from the closing figure in last 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 Director's salary, terms and conditions are decided by the Chair of Trustees following consultation with the Department for Culture, Media and Sport. Any award is in line with the recommendations of the Senior Salary Review Board. The Director's bonus is decided by the Chairman in consultation with the Trustees, based on the restrictions of the Director's contract and against achievement of the Collection's objectives.

During the year the Director received remuneration of £114,462 (2007/08: £92,260). The difference between years was caused by no annual bonus being paid in the previous year, with the 2007/08 bonus paid during this year. The Director's pension contributions of £25,765 (2007/08: £23,513) were charged to the Collection. Neither the Director, nor any other member of staff, received any benefits-in-kind in year. During the year the Director signed a new contract which will expire in November 2010.

The salary and terms and conditions of the senior managers, other than the Director, are the same as all other members of staff. All senior managers are on permanent contracts.

### **Performance Management**

Performance is formally appraised annually, although ongoing performance management is encouraged. Performance is judged by reference to achievements against set objectives. Performance related pay is not in operation. Bonuses, from a small overall fund, are awarded at the discretion of the Director following recommendations from line managers.



## The Wallace Collection Annual Report and Accounts 2008-09

### Pensions

All Wallace Collection employees are eligible to join the Principal Civil Service Pension Scheme or the Partnership Scheme, which is a stakeholder pension scheme. Full pension details are set out in note 6 to the accounts.

### Benefits in Kind

Benefits in kind, as agreed with HM Revenues and Customs, comprise annual eye tests, annual flu inoculations, and staff uniforms where appropriate. The taxable value of these benefits each year, as agreed with HMRC, is less than one thousand pounds across the entire staff group.

- There were no other benefit in kind or non-cash payments in year;
- No severance or compensation payments were made to any staff in year;

### Policy on duration of contracts, notice periods and termination payments

Notice periods for senior employees are usually three months, with one month for other employees. Termination payments are in accordance with The Wallace Collection contractual terms.

Where new posts are being considered they are usually made on a fixed term basis. The length of term is usually two years, unless tied to specific funding or a project of shorter length. Positions are then only made permanent once the ongoing need, and the funding for the post, is agreed.

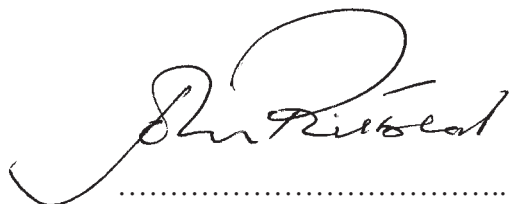
### Trustees

Trustees receive no remuneration for carrying out their role.



.....  
Dame Rosalind Savill  
**Director and Accounting Officer**

7 July 2009



.....  
Sir John Ritblat  
**Chairman**

7 July 2009



## The Wallace Collection Annual Report and Accounts 2008-09

### **Annex A – Trustees**

The Trustees of The Wallace Collection are appointed by the Prime Minister.

The members of the Board of Trustees during the year were:

Sir John Ritblat	- appointed August 2003, appointed Chairman from January 2005.
Lady Irvine of Lairg*	- appointed August 2000, term expired January 2009
Ms Carole Stone	- appointed August 2000, term expired January 2009
Dr Fram Dinshaw*	- appointed March 2001
Martin Drury CBE	- appointed May 2001
Dr Richard Dormont	- appointed July 2003
Sir Timothy Clifford	- appointed August 2003
Mr Adrian Sassoon	- appointed August 2007
Duke of Devonshire	- appointed August 2007
Mr Jasper Conran OBE	- appointed August 2007
Ms Jagdip Jagpal	- appointed August 2007

\* Denotes members of the Audit Committee

In addition, the Board of Trustees may appoint honorary trustees, who do not share the statutory duties of Board members.

Mrs Jane Lewis	- appointed January 1998
Mr Pierre Arizzoli-Clementel	- appointed August 2007
Lord Hertford	- appointed July 2008

A register of interests for all Trustees is held at Hertford House.

#### **The Directors of Hertford House Marketing Ltd. during the year were:**

Sir John Ritblat  
Dame Rosalind Savill DBE CBE FSA

#### **Principal Officers of The Wallace Collection**

Dame Rosalind Savill DBE CBE FBA FSA	- Director
Mr Jeremy Warren FSA	- Director of Collections
Mr Christoph Vogtherr	- Acting Head of Collections
Mr Philip Walsh ACA	- Director of Finance and Operations
Ms Clare O'Brien	- Director of Development and Marketing

#### **Advisers**

Bankers: Lloyds TSB Corporate  
Public and Community Sector  
25 Gresham Street  
London EC2V 7HN

**The Wallace Collection Annual Report and Accounts 2008-09**

Auditors:

The Wallace Collection  
*(Consolidated Accounts)*

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

Hertford House Marketing Ltd.  
*(Trading Company)*

Haysmacintyre  
Southampton House  
317 High Holborn  
London WC1V 7NL

## **Annex B – Exhibitions in 2008-09**

### **Masterpieces from the Louvre: The Collection of Louis La Caze**

**14/02/08 – 18/05/08**

The Wallace Collection's first collaboration with the Louvre, this exhibition brought to Hertford House pictures from the greatest bequest of paintings ever received by France's most important museum. All were acquired by Louis La Caze (1798-1868), a doctor who was a rival collector in Paris to the 4th Marquess of Hertford, the father of Sir Richard Wallace. Included were splendid paintings by, among others, Watteau, Chardin, Boucher and Fragonard as well as one of the most famous of 17th-century Spanish paintings, Ribera's *A Young Beggar (Le Pied-Bot)*.

### **Boucher and Chardin: Masters of Modern Manners**

**12/06/08 – 07/09/08**

Organised jointly with the Hunterian Art Gallery, University of Glasgow, and featuring two of the greatest French paintings of the eighteenth century, by Jean-Siméon Chardin and François Boucher. This was an unprecedented opportunity to see Chardin's *Lady taking Tea* and Boucher's *A Lady on her Daybed*, together. United with other important canvases they evoked a classical moment in French genre painting.

### **Cartoons and Coronets: The Genius of Osbert Lancaster**

**02/10/08 – 11/01/09**

The exhibition '*Cartoons and Coronets: The Genius of Osbert Lancaster*' celebrated the astonishing range of Lancaster as an artist and as a chronicler of style and fashion, drawing on an unparalleled archive of original designs, illustrations, works on paper, sketchbooks, theatre sets and photographs, none of which had been previously exhibited.

### **Treasures of the Black Death**

**18/02/09 – 10/05/09**

The exhibition was of two extraordinary hoards of jewellery, medieval silver vessels and coins, one discovered 650 years after it was concealed, probably by Jews at the most perilous time in their history prior to the Holocaust. They were discovered in the Jewish quarter of Colmar, France, in 1863 and in Erfurt, Germany, in 1998, close to the town's 11th-century synagogue, the oldest in Europe. The exhibition generated considerable publicity for the Wallace Collection in France, Germany, the United States and Israel.

## **The Wallace Collection Annual Report and Accounts 2008-09**

### ***Annex C – Objects Conserved***

In addition to conducting a number of condition surveys during the year on a variety of works of art, the total number of works of art conserved or treated by the Wallace Collection Conservation Department 2008-09 was:

SCULPTURE AND WORKS OF ART: 8

FURNITURE: 5

ARMS AND ARMOUR: 57

PICTURE FRAMES: 11 picture frames and over 150 miniature frames

Works of art conserved externally:

PICTURES: 4

ARMS AND ARMOUR: 1

FURNITURE: 1

CLOCKS: 6

## ***Annex D – Wallace Collection Supporters 2008-09***

### **Individuals**

Anonymous	Lord and Lady Harris of Peckham
Lady Alexander	Mrs Katrin Henkel
Catherine Armitage	Lady Heseltine
Richard Aylmer	Dr Alan J Horan OBE & Mrs Horan
Mrs Miel de Botton Aynsley	Della Howard
Mr & Mrs David Blackburn	Colette and Philip Hubbard
Mr Benjamin Bonas	Hugh Hudson-Davies
Mr Charles Booth-Clibborn	Mrs Caroline Judd
Mr Michael Boxford	Daniel Katz MBE
Mrs James Brice	Mrs Elizabeth Kehoe
Viscountess Bridgeman	Mr Willie Kessler
Elizabeth A R Brown	Mr and Mrs James Kirkman
Susan and John Burns	Mr & Mrs Henry Kravis
Mr and Mrs Peter Cadbury	A. Kurland and Ms Deborah A. David
Mr Charles Cator	David Lavender
Charles and Amanda Haddon-Cave	Mr and Mrs Joe Lewis
The Hon Elizabeth Cayzer	John and Suzy Lewis
The Marquess of Cholmondeley	Mrs Elizabeth Louis
Count Andrzej Ciechanowiecki	Michael Mackenzie
Mrs Veronica Cohen	Whitney MacMillan
Cynthia and Oliver Colman	Peter Marino
Mrs Fiona Costa	J Durval Mergulhao
Mr & Mrs Adam Curtis	Jennifer Montagu
Ms Christine Douglass	Mrs Cherise Moueix
Dame Vivien Duffield	Mr & Mrs John Murray
Mr Raymond Duignan	Mrs Dounia Nadar
Hon Simon Eccles	Mrs Lucy Newmark
Nicholas and Gillian Eeley	Mr and Mrs James Norling
Lord and Lady Egremont	Jean and John Northover
Giles Ellwood	Mrs Annie Norman – In memory of the late A V B Nick Norman
Ms Jennifer Emery	Mr Francis Norton
Ms Amelia C Fawcett CBE	Mr Nicolas Norton
Lt. Commander Paul Fletcher	Mr Jonathan Norton
Mr Francis Ford	Mrs F A R Packard
Mrs Helena Frost	Mrs Roslyn Packer
Mrs Kate Ganz Berlin	Beville Pain
Mr Jonathan Gestetner	Mrs Midge Palley
Nicholas and Judith Goodison	Mrs Catherine Prevost Heeschen
Mrs Helen Gross	The Lord Phillimore
Mr & Mrs William Hallman	Lady Phillips
Dr. Martin Halusa	Mr and Mrs Charles Pridgeon
Michel and Michael Beiny Harkins	Mr Torsten Thiele
Charles and Tineke Pugh	

## **The Wallace Collection Annual Report and Accounts 2008-09**

Sir John Ritblat  
Pamela Roditi  
Kate de Rothschild  
Sir Evelyn de Rothschild  
Charles Russell  
Mr Phillippe Sacerdot  
Mr Wafic Said  
Simon Sainsbury  
Sir James Sassoon  
Mr Timothy Schroder  
Mr Bruno Schroder  
Mrs Kartika Soekarno  
Mr and Mrs Morton Sosland  
Mrs Mimi Stafford  
Mr & Mrs Robert St John  
Mr James Stourton  
The Dowager Lady Swaythling  
Christoph de Taurines

Mrs Valentine Thomas  
Carolyn Townsend  
The Rt Hon Lord Tugendhat  
Dr Lady Tunnicliffe  
Patrick and Rita Vaughan  
Jack Verhoeven  
Cecilia and Arend Versteegh  
Lord and Lady Wolfson of Marylebone  
Jane Wainwright  
Mr Alan Warner  
Mme Helene David-Weill  
The Hon Mrs Simon Weinstock  
Mrs Mary Weston  
Mr Guy Weston  
Clement Wheeler  
Mr Pierre & Dr. Yvonne Winkler  
Mr and Mrs Rainer Zietz  
Mr & Mrs Benjamin Zucker

### **Trusts and Foundations**

The Aurelius Charitable Trust  
The Band Trust  
Tillotson Bradbery Charitable Trust  
The Elizabeth Cayzer Charitable Trust  
The Friends of the BADA Trust  
John S Cohen Foundation  
Excel Fund  
Marc Fitch Fund  
The Foyle Foundation  
The Furniture History Society  
The Rootsein Hopkins Foundation  
The Samuel H. Kress Foundation  
The Kirby Laing Foundation  
The Leche Foundation  
The Lynn Foundation  
John Lyon's Charity  
The Monument Trust  
The Henry Moore Foundation  
The John R Murray Charitable Trust  
The Ofenheim Charitable Trust  
The William Arthur Rudd Memorial Trust  
Schroder Foundation  
Sir Siegmund Warburg's Voluntary Settlement

## **The Wallace Collection Annual Report and Accounts 2008-09**

### **Corporate**

#### *Sponsors*

J. Leon Group

S. J. Phillips Ltd

#### *Members*

Colliers CRE

Delancey

European Credit Management

Morgan Stanley

Pentland Group plc

The Portman Estate

R&M Management (I.O.M) Limited

Total

### **Government**

Departure for Culture, Media and Sport

Departure for Children, Schools and Families

## The Wallace Collection Annual Report and Accounts 2008-09


### **Statement of Trustees' and Accounting Officer's Responsibilities**

Under Sections 9(4) and 9(5) of the Museums and Galleries Act 1992, the Board of Trustees is required to prepare a statement of accounts for each financial year in the form and on the basis determined by the Secretary of State for Culture, Media and Sport with the consent of the Treasury. The accounts are prepared to show a true and fair view of the Collection's financial activities during the year and of its financial position at the end of the year.

In preparing the Collection's accounts\*, the Trustees are required to:

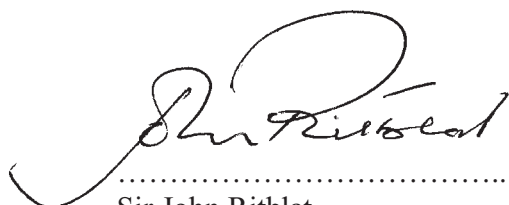
- observe the Accounts Direction issued by the Secretary of State including the relevant accounting and disclosure requirements, and apply them on a consistent basis;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practices 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 presume that the Collection will continue in operation.

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



.....  
Dame Rosalind Savill  
**Director and Accounting Officer**

7 July 2009



.....  
Sir John Ritblat  
**Chairman**

7 July 2009

\* A copy of which is available from the Wallace Collection, Hertford House, Manchester Square, London, W1U 3BN



## ***Statement on Internal Control***

### **Scope of responsibility**

1. As Accounting Officer and Chair of Trustees (as representative of the Board of Trustees), we have responsibility for maintaining a sound system of internal control that supports the achievement of The Wallace Collection's aims and objectives whilst safeguarding the public funds and the Collection's assets for which the Accounting Officer is personally responsible, in accordance with the responsibilities assigned to her in Government Accounting.
2. The Wallace Collection has a three-year Funding Agreement with its government sponsor body, the Department for Culture, Media and Sport, which includes performance indicators to assist the Department in monitoring the Collection's performance and identifies the most significant risks to achieving The Wallace Collection's objectives. Progress against Funding Agreement is formally monitored at least twice a year.

### **The purpose of the system of internal control**

3. The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of departmental 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 Wallace Collection 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**

4. Risk management is an intrinsic part of the everyday decision-making process at The Wallace Collection. Given the tight financial constraint that The Wallace Collection has operated under for many years, it is only natural that risk is considered as part of every management and Trustee decision. This is not only limited to financial risk, where every new project is carefully costed, budgeted for and monitored, but the risk to the fragile Collection and the fabric of Hertford House that is entrusted to our care. The risk assessment and monitoring process is engendered in all staff through the discipline of the budgeting round, plus overt consideration in each of our weekly staff meetings where the topic is a mainstay of discussion. For major projects a Steering Group is established, headed by a senior staff member, and they are charged with ensuring that the project operates to set parameters and budgets. Thus the risks inherent in any new venture are weighed up carefully in advance and are monitored throughout the duration of the project.

## **The Wallace Collection Annual Report and Accounts 2008-09**

### **The risk and control framework**

5. An integral part of our risk management strategy is The Wallace Collection's own risk assessment document. This is updated each year, covers the key risks that the Collection faces and assigns a key individual to manage that risk. Risk is also considered on a continuous basis through discussion at weekly staff meetings, drawing on the experience of senior team members.

6. The Collection's risk appetite is necessarily low, given the history of enforced financial constraint. However where funding has been available, the Collection has in recent years been able to undertake several phases of gallery and building refurbishment. Where the Collection has embarked upon such capital projects, they have first been robustly costed and considered in the context of the potential benefits and risks to the Collection, be financial, reputational or otherwise.

7. The risk priorities of The Wallace Collection in 2008-09 have been:

- Increasing visitor numbers and understanding of the Collection without either undermining the reputation of The Wallace Collection or contravening the terms of Lady Wallace's bequest, primarily through a high profile exhibitions programme and the development of a Collections Management System;
- Managing the impact of the Gallery refurbishments and other capital projects;
- Increasing self generated income without increasing the risk to the fabric of the building; and
- Keeping the precarious balance between financial constraint, increasing pressure to expand services and maintaining and improving the fabric of a Grade II listed building.

### **Review of effectiveness**

8. As Accounting Officer and Chair of Trustees, we have joint responsibility for reviewing the effectiveness of the system of internal control. Our review of the effectiveness of the system of internal control has been informed by the executive managers within The Wallace Collection who have responsibility for the development and maintenance of the internal control framework, and comments made by the internal and external auditors in their management letter and other reports.

9. An internal audit service continued throughout the year. Once again the internal auditor was able to provide the Accounting Officer and Board of Trustees with a significant assurance statement for 2008-09. Internal Audit's overall assessment was that the controls in place were generally sound. Where minor deficiencies have been found action is in place to improve processes. The internal auditor as part of his work in 2009-10 will be instructed to review the Collection's compliance with Cabinet Office guidance on personal data handling.

## The Wallace Collection Annual Report and Accounts 2008-09

10. Both the Board of Trustees and the Audit Committee play a key role in the system of Internal Control:

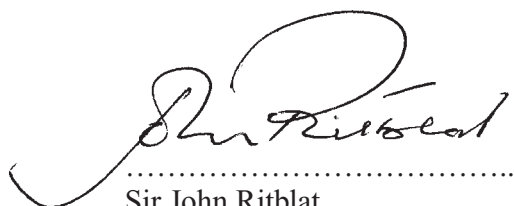
- The Trustee Board brings wide-ranging experience and a fresh perspective to key decision-making discussions. All key issues are brought to the Trustee Board's notice for discussion and ratification; and
- The Audit Committee meets up to four times a year. They support the main Trustee Board and the Accounting Officer by questioning senior management and internal/external audit functions to satisfy themselves that The Wallace Collection has an adequate system of internal control.

11. We have been advised on the implications of the result of our review of the effectiveness of the system of internal control by the Board and the Audit Committee. A plan to address weaknesses and ensure continuous improvement of the system is in place.



.....  
Dame Rosalind Savill  
**Director and Accounting Officer**

7 July 2009



.....  
Sir John Ritblat  
**Chairman**

7 July 2009

## **The Wallace Collection Annual Report and Accounts 2008-09**

### *THE WALLACE COLLECTION*

### *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 Wallace Collection 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 Collection 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 the Treasury, and for ensuring the regularity of financial transactions funded by Parliamentary grant (grant-in-aid). These responsibilities are set out in the Statement of Trustees' and Director's Responsibilities.

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

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Museums and Galleries Act 1992 and directions made thereunder by the Secretary of State for Culture, Media and Sport with the consent of the Treasury. I report to you whether, in my opinion, the information, which comprises the Background Information; Structure, Governance and Management; Review of the Year; Performance; Financial Review; and Reference and Administrative details of the Charity, its Trustees and Advisors, included in the Annual Report, is consistent with the financial statements. I also report whether 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 Wallace Collection 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 Wallace Collection'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 Wallace Collection'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 unaudited part of the Remuneration Report and the Annexes. 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

## **The Wallace Collection Annual Report and Accounts 2008-09**

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 Wallace Collection'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 the Treasury, of the state of The Wallace Collection 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 the Treasury; and
- the information, which comprises the Background Information; Structure, Governance and Management; Performance, Financial Review; and Reference and Administrative details of the Charity, its Trustees and Advisors, included in 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  
10 July 2009*

## The Wallace Collection Annual Report and Accounts 2008-09

### Consolidated Statement of Financial Activities for the year ended 31 March 2009

	Notes	Unrestricted Funds	Restricted funds	Total 2008/09	Total 2007/08
		£000	£000	£000	£000
<b>Incoming resources</b>					
<b>Incoming Resources from generated funds</b>					
Voluntary Income					
Donations and similar resources	2	458	715	<b>1,173</b>	730
Grant-in-Aid	2	4,228	0	<b>4,228</b>	4,156
Other Public Funds	2	0	160	<b>160</b>	160
Activities for generating funds					
Trading income	15	1,450	0	<b>1,450</b>	1,532
Investment income	4	32	5	<b>37</b>	41
<b>Incoming resources from charitable activities</b>					
	3	48	0	<b>48</b>	46
<b>Total incoming resources</b>		<b>6,216</b>	<b>880</b>	<b>7,096</b>	<b>6,665</b>
<b>Resources expended</b>					
<b>Costs of generating funds</b>					
Costs of generating voluntary income					
Fundraising expenditure		186	0	<b>186</b>	216
Marketing and design expenditure		286	0	<b>286</b>	235
Trading: cost of goods sold and other costs	15	808	0	<b>808</b>	790
<b>Charitable activities</b>					
Conservation expenditure		288	6	<b>294</b>	254
Collections expenditure		918	574	<b>1,492</b>	1,167
Security expenditure		1,365	0	<b>1,365</b>	1,372
Building and maintenance expenditure		1,171	495	<b>1,666</b>	2,399
<b>Governance Costs</b>					
	5	34	10	<b>44</b>	45
<b>Total resources expended</b>		<b>5,056</b>	<b>1,085</b>	<b>6,141</b>	<b>6,478</b>
<i>Net (outgoing)/incoming resources before notional costs</i>		1,160	(205)	955	187
<b>Notional costs of capital</b>					
	7	125	26	<b>151</b>	123
<i>Net incoming/(outgoing) resources including notional costs</i>		<b>1,035</b>	<b>(231)</b>	<b>804</b>	<b>64</b>
Reversal of notional costs of capital		125	26	<b>151</b>	123
<b>Net incoming resources before transfers</b>		<b>1,160</b>	<b>(205)</b>	<b>955</b>	<b>187</b>

## The Wallace Collection Annual Report and Accounts 2008-09

### Consolidated Statement of Financial Activities for the year ended 31 March 2009

	Notes	Unrestricted Funds	Restricted funds	Total 2008/09	Total 2007/08
		£000	£000	£000	£000
<b>Transfers</b>					
Gross transfers between funds	13	(568)	568	0	0
<b>Net incoming resources before other recognised gains and losses</b>		<b>592</b>	<b>363</b>	<b>955</b>	<b>0</b>
(Loss)/Gain on revaluation of fixed assets for charity's own use	13	(161)	(5,673)	(5,834)	2,469
<b>Net movement in funds</b>		<b>431</b>	<b>(5,310)</b>	<b>(4,879)</b>	<b>2,656</b>
Fund Balances Brought Forward at 1 April 2008		4,715	36,611	41,326	38,670
<b>Fund Balances Carried Forward at 31 March 2009</b>	13	<b>5,146</b>	<b>31,301</b>	<b>36,447</b>	<b>41,326</b>

All operations of the Collection continued throughout both periods and no operations were acquired or discontinued in either period.

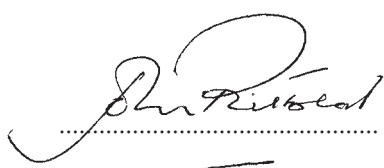
The Collection has no recognised gains or losses other than those shown above and therefore no separate statement of total recognised gains or losses has been presented.

The notes on pages 50-66 form part of these financial statements.

## The Wallace Collection Annual Report and Accounts 2008-09

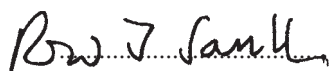
### Consolidated Balance Sheet at 31 March 2009

	Notes	2009 £000	2008 £000
<b>Fixed assets</b>			
Tangible assets	9	<u>35,391</u>	<u>40,371</u>
<b>Current assets</b>			
Stock		231	250
Debtors	10	441	461
Cash at bank and in hand	14	<u>1,157</u>	<u>1,161</u>
		1,829	1,872
<b>Creditors: amounts falling due within one year</b>	11	<u>(773)</u>	<u>(917)</u>
<b>Net current assets</b>		1,056	955
<b>Net assets</b>	12	<u>36,447</u>	<u>41,326</u>
<b>Represented by:</b>			
Restricted income funds	13	30,609	30,246
Restricted revaluation reserve	13	692	6,365
Unrestricted funds:			
Designated funds	13	4,573	4,010
Unrestricted revaluation reserve	13	261	422
General funds	13	<u>312</u>	<u>283</u>
Total funds	13	<u>36,447</u>	<u>41,326</u>



Sir John Ritblat – Chairman

7 July 2009



Dame Rosalind Savill – Director  
and Accounting Officer

7 July 2009

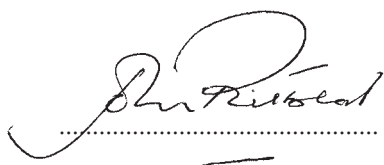
The notes on pages 50-66 form part of these financial statements.



## The Wallace Collection Annual Report and Accounts 2008-09

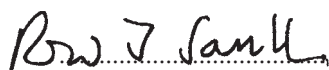
### The Collection Balance Sheet at 31 March 2009

	Notes	2009 £000	2008 £000
<b>Fixed assets</b>			
Investment	15	0	0
Tangible assets	9	<u>35,361</u>	<u>40,350</u>
		35,361	40,350
<b>Current assets</b>			
Stock		116	117
Debtors	10	1,005	1,049
Cash at bank and in hand		<u>593</u>	<u>492</u>
		1,714	1,658
<b>Creditors: amounts falling due within one year</b>	11	<u>(654)</u>	<u>(695)</u>
<b>Net current assets</b>		1,060	963
<b>Net assets</b>		<u>36,421</u>	<u>41,313</u>
<b>Represented by:</b>			
Restricted income funds		30,609	30,246
Restricted revaluation reserve		692	6,365
Unrestricted funds:			
Designated funds		4,543	4,010
Unrestricted revaluation reserve		261	422
General funds		<u>316</u>	<u>270</u>
Total funds		<u>36,421</u>	<u>41,313</u>



Sir John Ritblat – Chairman

7 July 2009



Dame Rosalind Savill – Director  
and Accounting Officer

7 July 2009

The notes on pages 50-66 form part of these financial statements.

## The Wallace Collection Annual Report and Accounts 2008-09

### Consolidated Cash Flow Statement for the year ended 31 March 2009

	Notes	2009 £000	2008 £000
Net cash inflow from operating activities	14 a)	1,537	995
Returns on investment and servicing of finance	14 b)	37	41
Capital expenditure and financial investment	14 b)	<u>(1,578)</u>	<u>(372)</u>
Increase/(decrease) in cash in the year	14 c)	<u>(4)</u>	<u>664</u>

The notes on pages 50-66 form part of these financial statements.

## **The Wallace Collection Annual Report and Accounts 2008-09**

### **Notes to the financial statements for the year ended 31 March 2009**

#### **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 comply with the requirements of the Statement of Recommended Practice 'Accounting and Reporting by Charities' (2005), the HM Treasury Financial Reporting Manual, the Accounts Direction given by the Secretary of State for Culture, Media and Sport and applicable accounting standards.

The consolidated accounts are for The Wallace Collection and its subsidiary Hertford House Marketing Ltd; they exclude the accounts of The Hertford House Trust and The American Friends of the Wallace Collection. This is because these are entirely separate organisations over which the Wallace Collection exercises no control. The accounts for Hertford House Marketing Limited are consolidated with the accounts for the Wallace Collection on a line by line basis.

##### **b) Incoming resources**

All income is accounted for in the year in which it is receivable.

Grant-in-Aid from the Department for Culture, Media and Sport allocated to general purposes is taken to the Statement of Financial Activities in the year to which it relates.

Sponsorship for specific projects and donations income is credited to the Statement of Financial Activities at the point where entitlement and certainty arises. Amounts received in advance are recognised as deferred income, and transferred to the Statement of Financial Activities in the year in which the respective conditions are fulfilled.

Income relating to future periods is counted as deferred and realised in the year to which it relates. Where donations relate to future exhibitions the donations are deferred.

Legacies are credited to income when the Collection becomes entitled to the income and there is certainty of receipt and the amount is quantifiable.

##### **c) Expenditure**

Expenditure is classified under the principal categories of charitable and other expenditure rather than the type of expense, in order to provide more useful information to users of the financial statements. The make up of governance costs and the basis for apportionment is set out in Note 5.

Activities in furtherance of the Collection's objectives comprise direct expenditure including direct staff costs attributable to the activity. Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with the use of resources. Management and administration costs are those incurred in connection with the management of the Collection's assets, organisational administration and compliance with constitutional and statutory requirements.

## **The Wallace Collection Annual Report and Accounts 2008-09**

Costs of generating funds includes fund raising and publicity costs incurred in seeking voluntary contributions for the Collection, and in publicising the Collection.

### **d) Fund accounting**

General funds are available for use at the discretion of the Trustees in furtherance of the general objectives of the Collection.

Designated funds comprise funds which have been set aside at the discretion of the Trustees for specific purposes. The purpose and use of the designated funds are set out in the notes to the financial statements.

Restricted funds are funds subject to specific restriction imposed by donors or by the purpose of the appeal.

### **e) Tangible fixed assets**

Tangible fixed assets with a cost price of £1,000 and above are capitalised and stated at their current cost. Where appropriate, assets of a lower value, but over £500 and purchased in bulk are grouped and capitalised when the combined total exceeds £1,000. The property, Hertford House, was transferred to the Trustees of the Collection by the Secretary of State for the Environment on 22 December 1993. The basis for the valuation for this property is stated in note 9.

Depreciation is provided on all tangible fixed assets, except land and heritage assets, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold land	– not depreciated
Freehold buildings	– over the expected remaining life
Office equipment	– over 4 years (except Wallace Live, 10 years)
Fixtures and fittings	– over 4 years (electrical equipment) 10 years (other fixtures and fittings) and 25 years (refurbishment projects). Capitalised heritage assets (frames) are not depreciated

Assets Under Construction are capitalised and not depreciated until they come into use. At that point they are transferred into other categories of asset and depreciated accordingly.

The fixed assets are re-valued to current costs, where material, using a range of appropriate indices. Impairment reviews are carried out where fixed assets show indications of potential impairments.

### **f) Stock**

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

### **g) Heritage Assets**

The value of objects and pictures in the Collection is considered to be incalculable, and therefore no amount is included for them in the balance sheet. Additions to the works of

## **The Wallace Collection Annual Report and Accounts 2008-09**

art acquired for the library collection or handling collections are, in accordance with the HM Treasury Financial Reporting Manual, capitalised and recognised in the Balance Sheet since 1 April 2001, at the cost or value of the acquisition, where such a cost or value is reasonably obtainable. Such items are not depreciated or re-valued as a matter of routine.

### **h) Leases**

Costs in relation to operating leases are charged to the Statement of Financial Activities over the life of the lease.

### **i) Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the net movement in funds.

### **j) Pension costs**

Past and present employees are covered by the provisions of the Civil Service Pension Scheme. The defined benefit elements of the schemes are unfunded and are non-contributory except in respect of dependants' benefits.

### **k) Notional costs**

In accordance with Treasury guidance, notional costs of capital are charged at 3.5% (2007/08 3.5%) in the Statement of Financial Activities in arriving at "Net incoming/ (outgoing) resources." These are then reversed so that no provision is included in the Balance Sheet.

The Treasury agreed in 2000/01 that Hertford House is regarded as part of the Collection and as such will not be subject to the capital charge.

## **l) Financial Instruments**

### *Financial Assets*

The Museum's financial assets comprise trade and other debtors which have fixed or determinable payments that are not quoted in an active market. The Museum has no intention of trading these. Subsequent to initial recognition at fair value, these assets are carried at amortised cost, less impairment, using the effective interest method.

### *Financial Liabilities*

Trade, other creditors and accruals are recorded at their carrying value, in recognition that these liabilities fall due within 1 year.

### *Impairment of financial assets*

An assessment of whether there is objective evidence of impairment is carried out for all financial assets or groups of financial assets at the balance sheet date. A financial asset, or group of financial assets, is considered to be impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the asset or group of assets that can be reliably estimated.

## The Wallace Collection Annual Report and Accounts 2008-09

Where there is objective evidence that an impairment loss exists on financial assets carried at amortised cost, impairment provisions are made to reduce the carrying value to the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. Any charge to the Statement of Financial Activities represents the movement in the level of provisions, together with any amounts written off, net of recoveries in the year.

### 2. Voluntary Income

£4,228,000 (2007/08 £4,156,000) of Grant in Aid has been received from the Department for Culture, Media and Sport during the year, of which £1,500,000 has been used to fund capital improvements (2007/08 £1,500,000); the remainder was used to fund operating expenditure. An additional £160,000 was received from DCMS/DCSF for strategic commissioning of e-learning and regional partnerships (2007/08 £160,000). Donations and similar charges include a donation of £129,500 (2007/08 £75,000) from the DCMS/Wolfson Museums and Galleries Improvement Fund towards the cost of refurbishing the Collection which is included within accrued income in Note 10.

### 3. Incoming resources from charitable activities

The operating income from collection activities of £48,328 (2007/08 £45,854) includes £35,537 from study and art activities, £12,153 from tours and other miscellaneous income of £638.

### 4. Investment income

	2008/09	2007/08
	£000	£000
Interest receivable	37	41

Interest is earned on short term cash deposits.

## The Wallace Collection Annual Report and Accounts 2008-09

### 5. Total resources expended

a)	Staff costs £000	Other costs £000	Depreciation £000	2008/09 £000	2007/08 £000
<b>Costs of generating funds</b>					
Fundraising	123	63	0	<b>186</b>	216
Marketing and Design	90	196	0	<b>286</b>	235
Trading	430	369	9	<b>808</b>	790
<b>Charitable activities</b>					
Conservation	187	107	0	<b>294</b>	254
Collections	807	685	0	<b>1,492</b>	1,167
Security	1,260	105	0	<b>1,365</b>	1,372
Building and Maintenance	172	779	715	<b>1,666</b>	2,399
Governance	0	44	0	44	45
	<b>3,069</b>	<b>2,348</b>	<b>724</b>	<b>6,141</b>	<b>6,478</b>

### b) Governance costs

Governance costs include:

	2008/09 £000	2007/08 £000
Trustee Board costs	12	14
Legal Fees	4	4
External Audit Fees	22	21
Internal Audit Fees	6	6
Total	<b>44</b>	<b>45</b>

## The Wallace Collection Annual Report and Accounts 2008-09

### c) Support Costs Breakdown by Activity

Support Costs	Fundraising	Marketing & Design	Trading	Conservation	Collections	Security	Building & Maintenance	Total 2008/09	Total 2007/08
	£000	£000	£000	£000	£000	£000	£000	£000	£000
Directorate	20	21	21	20	91	10	20	203	182
Finance	5	8	23	9	45	43	54	187	230
Human Resources	2	1	7	3	13	38	2	66	56
Office support and supplies	6	12	12	6	19	3	3	61	60
<b>Total</b>	<b>33</b>	<b>42</b>	<b>63</b>	<b>38</b>	<b>168</b>	<b>94</b>	<b>79</b>	<b>517</b>	<b>528</b>

Support costs are re-attributed to the main spending areas based on the most appropriate method of apportionment. This may be by proportion of usage (Directorate and Office Support and Supplies), overall expenditure (Finance) or staff numbers (Human Resources).

### d) Breakdown of Costs of Direct Activities

Activity	Activities undertaken directly	Support costs	Total 2008/09	Total 2007/08
	£000	£000	£000	£000
Fundraising expenditure	153	33	186	216
Marketing and design expenditure	244	42	286	235
Trading expenditure	745	63	808	790
Conservation expenditure	256	38	294	254
Collections expenditure	1,324	168	1,492	1,167
Security expenditure	1,271	94	1,365	1,372
Building and maintenance expenditure	1,587	79	1,666	2,399
<b>Total</b>	<b>5,580</b>	<b>517</b>	<b>6,097</b>	<b>6,433</b>

## 6. Staff costs

### a) Staff

	2008/09	2007/08
	£000	£000
Wages and salaries	2,413	2,319
Social security costs	181	175
Pension costs	391	366
	<b>2,985</b>	<b>2,860</b>
Casual staff costs	84	88
	<b>3,069</b>	<b>2,948</b>

The above does not include £55,679 relating to staff costs that were capitalised in year (2007-08 £60,090). These are staff costs relating specifically to capital projects.



## The Wallace Collection Annual Report and Accounts 2008-09

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:

	2008/09	2007/08
£60,001 – £70,000	2	3
£90,001 – £100,000	0	1
£110,000 – £120,000	1	0
	<hr/>	<hr/>
	3	4

### b) Pension Costs

Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS). The PCSPS is a non-contributory and unfunded multi-employer defined benefit scheme but The Wallace Collection is unable to identify its share of the underlying liabilities. A full actuarial valuation was carried out as at 31st March 2007. Details can be found in the resource accounts of the cabinet office: Civil Superannuation ([www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk)).

For 2008/09, employers' contributions of £380,353 were payable to the PCSPS (2007/08: £358,897) at one of four rates in the range 17.1 to 25.5 per cent of pensionable pay, based on salary bands. The scheme's Actuary reviews employer contributions every four years following a full scheme valuation. From 2009-10, the rates will be in the range 16.7% to 24.3%. The contribution rates are set to meet the cost of the benefits accruing during 2008/09 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution.

Employers' contributions of £16,571 (£2007/08: £6,530) were paid to one or more of a panel of four appointed stakeholder pension providers. Employer contributions are age-related and range from 3 to 12.5 per cent of pensionable pay. Employers also match employee contributions up to 3 per cent of pensionable pay. In addition, employer contributions equivalent to 0.8 per cent of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £1,248 (2007/08: £1,124). No contributions were prepaid at that date.

## The Wallace Collection Annual Report and Accounts 2008-09

The average number of employees, analysed by function, was:

	Permanent Staff	Temporary Staff	Managerial Staff	2008/09 Total	2007/08 Total
Directorate	1.5	0.3	1.0	2.8	2.0
Conservation	4.6	0.0	0.0	4.6	4.0
Collections	18.5	0.0	1.8	20.3	16.6
Security	48.6	4.0	0.0	52.6	53.4
Building and Maintenance	3.0	0.0	0.0	3.0	3.0
Fundraising	2.5	0.0	0.5	3.0	3.0
Marketing & Design	1.5	0.0	0.5	2.0	2.0
Trading	9.8	0.0	0.0	9.8	11.6
Finance and HR	3.5	0.0	1.0	4.5	5.4
	93.5	4.3	4.8	102.6	101.0

The above figures relate to full time equivalent staff numbers. This excludes the capitalised element of fixed term staff members whose costs were capitalised. The capitalised element equates to 1.5 full time equivalent staff for the year as a whole.

### c) Trustees

The Trustees neither received nor waived any emoluments during the year (2007/08: £nil). Expenses reimbursed to two of the Trustees for travel and subsistence amounted to £702 (2007/08: one trustee: £220). This was funded from a specific donation.

## 7. Notional cost of capital

Notional cost of capital is calculated as 3.5% (2007/08 3.5%) of the average capital employed by the Collection in the year (excluding Hertford House), less an amount equal to assets originally donated. This amounted to £150,851 (2007/08: £122,639). The Treasury has agreed that Hertford House is part of The Wallace Collection and as such subject to a nil cost of capital charge.

## 8. Net incoming resources

Net incoming resources are stated after charging:

	2008/09 £000	2007/08 £000
Auditors' remuneration:		
NAO audit fee	17	17
Trading subsidiary audit fee	5	4
Internal audit fees	6	6
Operating lease rentals for hire of plant and machinery	19	19

All external auditors' remuneration was for audit work.

## The Wallace Collection Annual Report and Accounts 2008-09

### 9. Tangible fixed assets

#### Group

	<b>Freehold land and buildings £000</b>	<b>Fixtures and fittings £000</b>	<b>Office Equipment £000</b>	<b>Assets Under Construction £000</b>	<b>Total £000</b>
<b>Cost/valuation</b>					
Balance at 1 April 2008	39,904	2,030	647	149	42,730
Additions	0	219	52	1,307	1,578
Transfers	0	0	0	0	0
Disposals	0	0	0	0	0
Revaluation	(5,814)	(95)	0	0	(5,909)
<b>Balance at 31 March 2009</b>	<b>34,090</b>	<b>2,154</b>	<b>699</b>	<b>1,456</b>	<b>38,399</b>
<b>Depreciation</b>					
Balance at 1 April 2008	1,093	1,001	265	0	2,359
Charge for the year	523	129	72	0	724
Disposals	0	0	0	0	0
Revaluation	(52)	(23)	0	0	(75)
<b>Balance at 31 March 2009</b>	<b>1,564</b>	<b>1,107</b>	<b>337</b>	<b>0</b>	<b>3,008</b>
<b>Net book value</b>					
<b>Balance at 31 March 2009</b>	<b>32,526</b>	<b>1,047</b>	<b>362</b>	<b>1,456</b>	<b>35,391</b>
Balance at 31 March 2008	38,811	1,029	382	149	40,371

Fixtures and fittings includes frames that are heritage assets with a net book value of £69,122, additions in the year totalled £4,789.

The net book value at 31 March 2009 represents tangible fixed assets used for:

	<b>Freehold land and buildings £000</b>	<b>Fixtures and fittings £000</b>	<b>Office Equipment £000</b>	<b>Assets Under Construction £000</b>	<b>Total £000</b>
Charitable purposes	32,526	1,036	343	1,456	35,361
Trading Activities	0	11	19	0	30
	<b>32,526</b>	<b>1,047</b>	<b>362</b>	<b>1,456</b>	<b>35,391</b>

## The Wallace Collection Annual Report and Accounts 2008-09

### The Collection

	Freehold land and buildings £000	Fixtures and fittings £000	Office Equipment £000	Assets Under Construction £000	Total £000
<b>Cost/valuation</b>					
Balance at 1 April 2008	39,904	1,972	580	149	42,605
Additions	0	219	34	1,307	1,560
Transfers	0	0	0	0	0
Disposals	0	0	0	0	0
Revaluation	(5,814)	(95)	0	0	(5,909)
<b>Balance at 31 March 2009</b>	<b>34,090</b>	<b>2,096</b>	<b>614</b>	<b>1,456</b>	<b>38,256</b>
<b>Depreciation</b>					
Balance at 1 April 2008	1,093	956	206	0	2,255
Charge for the year	523	127	65	0	715
Disposals	0	0	0	0	0
Revaluation	(52)	(23)	0	0	(75)
<b>Balance at 31 March 2009</b>	<b>1,564</b>	<b>1,060</b>	<b>271</b>	<b>0</b>	<b>2,895</b>
<b>Net book value</b>					
<b>Balance at 31 March 2009</b>	<b>32,526</b>	<b>1,036</b>	<b>343</b>	<b>1,456</b>	<b>35,361</b>
Balance at 31 March 2008	38,811	1,016	374	149	40,350

### Freehold buildings

The Wallace Collection is housed in Hertford House, Manchester Square, London, W1U 3BN. The freehold title to this property was transferred to the Trustees of the Wallace Collection from the Secretary of State for the Environment on 22 December 1993 at its then net book value. The property was revalued at £35,000,000 on a depreciated replacement cost basis at 31 March 2006 by an independent surveyor in accordance with the Royal Institution of Chartered Surveyors' Appraisal and Valuation Manual, First Edition. In between full five yearly revaluations the land, building and fixtures and fittings are revalued on an annual basis using Office for National Statistics official indices.

## The Wallace Collection Annual Report and Accounts 2008-09

### 10. Debtors

	Group 2009 £000	Group 2008 £000	Collection 2009 £000	Collection 2008 £000
Trade debtors	98	238	3	32
Other debtors	16	19	16	19
VAT debtors	115	80	133	130
Amount due from subsidiary	–	–	647	772
Prepayments and accrued income	212	124	206	96
	441	461	1,005	1,049

None of the above is expected to be received after more than one year.

There are no material balances outstanding at 31 March 2009 relating to the Whole of Government Accounts.

### 11. Creditors: amounts falling due within one year

	Group 2009 £000	Group 2008 £000	Collection 2009 £000	Collection 2008 £000
Trade creditors	167	358	160	335
Taxation and Social Security	118	84	118	84
Accruals	330	215	325	204
Deferred Income	158	260	51	72
	773	917	654	695

There are no material balances outstanding at 31 March 2009 relating to the Whole of Government Accounts.

### 12. Analysis of net assets between funds

	Unrestricted funds £000	Restricted funds £000	Total £000
<b>Fund balances at 31 March 2009 are represented by:</b>			
Tangible fixed assets	4,701	30,690	35,391
Current assets	1,218	611	1,829
Current liabilities	(773)	0	(773)
<b>Total net assets</b>	5,146	31,301	36,447

## The Wallace Collection Annual Report and Accounts 2008-09

### 13. Statement of funds

	Balance at 1 April 2008 £000	Income £000	Expenditure £000	Revaluation £000	Transfers £000	Balance at 31 March 2009 £000
<b>Unrestricted funds</b>						
Designated funds:						
Capital projects fund (a)	3,628	1,578	(230)	0	(536)	4,440
Revaluation Reserve	422	0	0	(161)	0	261
Deferred Project Reserve (b)	(124)	124	0	0	0	0
Designated capital fund (c)	441	133	(441)	0	0	133
Designated non capital fund (d)	65	0	(65)	0	0	0
General funds	283	4,381	(4,320)	0	(32)	312
<b>Total unrestricted funds</b>	<b>4,715</b>	<b>6,216</b>	<b>(5,056)</b>	<b>(161)</b>	<b>(568)</b>	<b>5,146</b>
<b>Restricted income funds</b>						
Capital reserve (e)	29,957	0	(495)	0	536	29,998
Revaluation Reserve	6,365	0	0	(5,673)	0	692
Conservation projects (f)	0	6	(6)	0	0	0
Learning fund (g)	0	225	(206)	0	0	19
Publication fund (h)	0	284	(173)	0	0	111
Archive project (i)	104	0	0	0	0	104
Curatorial Projects (j)	0	16	(16)	0	0	0
Exhibitions fund (k)	14	133	(179)	0	32	0
Gallery Refurbishment (l)	165	208	0	0	0	373
Chairman's Fund (m)	6	8	(10)	0	0	4
<b>Total restricted funds</b>	<b>36,611</b>	<b>880</b>	<b>(1,085)</b>	<b>(5,673)</b>	<b>568</b>	<b>31,301</b>
<b>Total funds</b>	<b>41,326</b>	<b>7,096</b>	<b>(6,141)</b>	<b>(5,834)</b>	<b>0</b>	<b>36,447</b>

a) The Capital Projects Fund comprises the Collection's fixed assets purchased using unrestricted funds.

b) The Deferred Project reserve was cleared during the year.

c) The Designated capital reserve reflects amounts designated from general income for future capital projects. It will be cleared in the coming year by expenditure on the final stages of phase III of the gallery refurbishments and phase I of the front entrance project.

d) The designated non capital fund reflects amounts designated from general income for future non capital projects.

e) The Capital Reserve Fund represents the net book value of the property and other fixed assets received from restricted funds.

f) The Conservation Projects Fund was set up in 1998 with funding received from a number of sponsors specifically for conservation projects.

## **The Wallace Collection Annual Report and Accounts 2008-09**

g) The Learning Fund was established to manage additional funding in the form of a donation to assist with the cost of the Collection's learning department. This was boosted in 2008-09 by a £160,000 donation from DCMS/DCSF for strategic commissioning of e-learning and regional partnerships.

h) The Publication reserve reflects donations towards the Collection's scholarship activities.

i) The archive fund was set up by a bequest in 2005/06 in order to facilitate the cataloguing and research of the Collection archives.

j) The curatorial fund was set up in 2005/06 with a donation to allow the purchase of a historic picture frame. It continues with donations towards curatorial purchases and activities.

k) The Exhibition fund was set up in 2005/06 in order to facilitate the Collection's temporary exhibition programme. The transfer represents the unrestricted funds used to help facilitate the exhibitions during the year.

l) The Gallery Refurbishment Fund represents those restricted funds specifically raised to fund the next set of gallery refurbishments.

m) The Chairman's Fund receives donations from the Chairman to enable the Wallace Collection to make various payments for the benefit of the Wallace Collection including the reimbursement of certain Trustee expenses incurred on Collection business.

The transfer between capital reserves reflects a presentation adjustment from 2007-08 in the 2008-09 capital reserves.

## The Wallace Collection Annual Report and Accounts 2008-09

### 14. Cash flow information

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

	2008/09 £000	2007/08 £000
Net (outgoing)/incoming resources for the year	955	187
Depreciation	724	792
Investment income received	(37)	(41)
Loss/(profit) on disposal of fixed assets	0	65
(Increase)/decrease in stock	19	(56)
(Increase)/decrease in debtors	20	(89)
Increase/(decrease) in creditors	(144)	137
<b>Net cash inflow from operating activities</b>	<b>1,537</b>	<b>995</b>

#### b) Analysis of cash flows

	2008/09 £000	2007/08 £000
<b>Returns on investments and servicing of finance</b>		
Interest received	37	41
<b>Capital expenditure and financial investment</b>		
Payments to acquire tangible fixed assets	1,578	372

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

	2008/09 £000	2007/08 £000
(Decrease)/Increase in cash in the year	(4)	664
Movement in net funds in the year	(4)	664
Net funds at 1 April (note 14(d))	1,161	497
<b>Net funds at 31 March (note 14(d))</b>	<b>1,157</b>	<b>1,161</b>

#### d) Analysis of net funds

	1-Apr 2008 £000	Cash Flow £000	31-Mar 2009 £000
Cash at bank and in hand	1,161	(4)	1,157



## The Wallace Collection Annual Report and Accounts 2008-09

### 15. Hertford House Marketing Limited

The Collection owns the whole of the issued share capital of 2 issued shares of £1 nominal value, of Hertford House Marketing Limited, a company registered in England & Wales. The company's principal activities are Corporate Event hire, Retail, the Picture Library and the running of the Wallace Restaurant franchise. Hertford House Marketing Limited commenced formal trading on 1 April 2000. The Chairman of Trustees and the Collection's Director are the only directors of the company.

#### Income and Expenditure Account:

	2008/09 £000	2007/08 £000
Turnover	1,450	1,532
Cost of Sales	(258)	(180)
Gross profit	1,192	1,352
Administrative Expenses	(607)	(642)
Operating Profit	585	710
Interest Receivable	20	18
Contribution to The Wallace Collection	(594)	(727)
Net Profit before Tax	11	1
Tax	0	0
Net Profit/ (Loss) after Tax	11	1

	2009 £000	2008 £000
<b>Reconciliation to SoFA:</b>		
Cost of Sales	258	180
Administrative Expenses	607	642
less: Audit fee included in Governance	(5)	(4)
less: Intercompany sales	(52)	(28)
Per Consolidated SoFA	808	790

#### Balance sheet:

	2009 £000	2008 £000
Tangible Fixed Assets	30	21
Current Assets	781	1,036
Current Liabilities	(786)	(1,043)
Net Assets	25	14

## The Wallace Collection Annual Report and Accounts 2008-09

	2009 £000	2008 £000
Share Capital	0	0
Reserves	25	14
Net Assets	25	14

### 16. Financial commitments

At 31 March 2009 the Collection had annual commitments under non-cancellable operating leases for equipment as follows:

Operating leases expiring within:

	2009 £000	2008 £000
In under one year	0	0
In the second to fifth years inclusive	19	19
Over five years	0	0
	19	9

Hertford House Marketing Ltd has no such financial commitments.

### 17. Financial Instruments:

FRS29 Financial Instruments: Disclosures requires entities to provide disclosures which allow users of the accounts to evaluate the significance of financial instruments for the entity's financial position and performance and the nature and extent of risks arising from financial instruments during the period.

The majority of financial instruments relate to contracts to buy non-financial items in line with the Museum's expected purchase and usage requirements and the Museum is therefore exposed to little credit, liquidity or market risk.

#### *Liquidity Risk*

Approximately 60% of the Museum's income is provided as Grant-in-Aid from the Department for Culture, Media and Sport. The remaining proportion is therefore generated via self-generated income, which is volatile. The risk is managed by the reserves policy for general funds which seeks to build these funds to £500,000. As the cash requirements of the Charity are met largely through Grant in Aid received from the Department of Culture, Media and Sport, financial instruments play a more limited role in creating risk than would apply to a non-public sector body of a similar size.

## The Wallace Collection Annual Report and Accounts 2008-09

### *Foreign Currency Risk*

As the Museum's policy is to convert foreign currency into sterling on receipt, the Museum's exposure to foreign currency risk is not significant.

### *Interest Rate Risk*

The Museum draws down its annual Grant-in-Aid allocation according to its monthly cash flow requirements; All of the Museum's financial assets represents cash held for these short term requirements and therefore earns interest at a floating rate. None of the Museum's financial assets carry fixed rates of interest. As only a small proportion of income (2008-09: £36,268) is generated from interest earned, the Museum is not exposed to significant interest rate risk.

## 18. Capital commitments

At 31 March 2009 capital expenditure commitments were as follows:

	2009	2008
	£000	£000
Authorised by the Trustees and contracted for	680	0

## 19. Related party transactions

The Wallace Collection is a non-departmental public body of the Department for Culture, Media and Sport. The DCMS is regarded as a related party. During the year, the Wallace Collection has had a number of material transactions with the Department. During the year, no Trustee, key manager or related parties has undertaken any material transactions with the Wallace Collection. The Chairman generously supports the Collection through the 'Chairman's Fund', the details of which are shown in note 13. The DCFS as a government body is also considered to be a related party.

## 20. Post Balance Sheet Events

There were no significant events after the year end.

The accounts were authorised for issue on 10 July 2009 by the Accounting Officer.

## 21. Contingent Liabilities

There were no contingent liabilities as at 31 March 2009.



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