

Victoria and Albert Museum
Annual Report and Accounts 2018-2019

Victoria and Albert Museum Annual Report and Accounts 2018-2019

Presented to Parliament pursuant to Section 9(8) of the Museums and Galleries Act 1992

Ordered by the House of Commons to be printed on 11 July 2019

© Victoria and Albert Museum copyright 2019

The text of this document (this excludes, where present, the Royal Arms and all departmental or agency logos) may be reproduced free of charge in any format or medium provided that it is reproduced accurately and not in a misleading context.

The material must be acknowledged as Trustees of the Victoria and Albert Museum copyright and the document title specified. Where third party material has been identified, permission from the respective copyright holder must be sought.

Any enquiries related to this publication should be sent to us at press.office@vam.ac.uk

This publication is available at <https://www.gov.uk/official-documents>

ISBN 978-1-5286-1230-2

CCS0419003234 07/19

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by the APS Group on behalf of the Controller of Her Majesty's Stationery Office

Contents

	Page
Annual Report including Trustees' Report	2
Financial Review	15
Remuneration and Staff Report	22
Statement of Trustees' and Director's Responsibilities	25
Governance Statement	26
The Certificate and Report of the Comptroller and Auditor General	32
Financial Statements	
Consolidated Statement of Financial Activities	36
Consolidated and Museum Balance Sheets	40
Consolidated Cash Flow Statement	41
Notes to the Consolidated Financial Statements	42

The Annual Report including Trustees' Report

Introduction

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

The V&A was part of the government's Department of Education and Science and operated under the auspices of an Advisory Council until 1 April 1984, when it acquired Trustee status with the passing of the National Heritage Act 1983 (The Act).

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

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

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

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

V&A Mission

To be recognised as the world's leading museum of art, design and performance, and to enrich people's lives by promoting research, knowledge and enjoyment of the designed world to the widest possible audience.

V&A Strategic Objectives

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

To achieve this we aim to:

1. Create a world-class learning and visitor experience across all V&A sites and collections
2. Focus and deepen the relevance of our collections to the UK creative and knowledge economy
3. Expand the V&A's international reach, reputation and impact
4. Showcase the best of digital design and deliver an outstanding digital experience
5. Diversify and increase private and commercial funding sources

Highlights of 2018-19

The V&A had another remarkably popular year attracting over four million visitors, with a total of 4,293,188 people visiting our museums in South Kensington and Bethnal Green.

A series of blockbuster exhibitions alongside two major FuturePlan projects – the Photography Centre and the The Ruddock Family Cast Court – drew large audiences to the V&A. Highlights this year included the opening of *Christian Dior: Designer of Dreams*, which saw tickets for the entire run selling out three weeks after opening, and an extension to the run selling out three days after going on sale. *Frida Kahlo: Making Her Self Up*, set off a "Frida mania" across the UK, and the V&A's Digital Architecture & Design department presented its first major exhibition, *The Future Starts Here*, closely followed by *Videogames: Design/Play/Disrupt*, the first ever exhibition to celebrate videogames as one of the most important design mediums today. In October 2018, the Duchess of Cambridge opened the V&A's new Photography Centre in her first act as royal patron. Since opening, the centre has attracted 5,000 visitors a day.

V&A Dundee opened to huge acclaim on 15 September 2018, and due to overwhelming response, exceeded its first-year audience target of 500,000 just six months later. V&A Dundee was developed in partnership with and is operated by Design Dundee Limited.

In October 2018, radical plans were unveiled to transform the V&A Museum of Childhood, redefining east London's much-loved first museum around learning through play - with a mandate from local children to create the world's most 'joyful' museum.

The architectural vision for the V&A East project was announced in November 2018; two new sites in London's Olympic Park in Stratford, opening in 2023. A new V&A museum at Stratford Waterfront will host an unprecedented partnership with the Smithsonian Institution. A unique Collection and Research Centre will open at Here East. They will join leading art institutions including Sadler's Wells, the BBC, UCL and London College of Fashion on East Bank, a new cultural and education district.

Building on a successful first year, the V&A expanded its flagship education programme DesignLab Nation into five cities.

Underscoring the museum's own commitment to sustainability, in November 2018 we hosted UK Parliament's largest ever Select Committee hearing on improving sustainability in the fashion industry, with leading figures including Claire Bergkamp, Sustainability & Innovation Director, Stella McCartney Ltd, Graeme Raeburn, Designer and activist Livia Firth in attendance.

The museum also continued its commitment to developing public engagement. A public call out for lost designs by British fashion icon Mary Quant resulted in over 1,000 responses, leading to 35 acquisitions for the V&A's collection, while Dan Vo, the V&A's LGBTQ Tour Coordinator, was given the Radical Changemaker Award by the Museums Association.

Other highlights of the year included:

- Four exhibitions toured to 12 different UK venues and were seen by almost 190,000 people
- The Arts Council England/V&A Purchase Grant Fund was suspended between April and September 2018 whilst the delegated agreement with Arts Council England was finalised. Since reopening in September 2018, 64 grants totalling £528k have been awarded
- The *David Bowie Is* touring exhibition broke the 2 million visitor mark on its final destination in New York
- The V&A highlighted the craftsmanship and beauty of the Maqdala treasures within the context of the collection's complex history with the display *Maqdala 1868*, which opened on 5 April 2019
- The Museum of Childhood's Chinese New Year event saw its busiest day in the past 12 years with 5,195 visitors

V&A South Kensington exhibitions 2018-19

Exhibition attendance during the financial year was as follows:

Title	Dates	Visitors*
Winnie-the-Pooh: Exploring a Classic	9/12/17 - 8/4/18	11,999
Ocean Liners: Speed and Style	3/2/18 - 17/06/18	69,461
Fashioned from Nature	21/4/18 - 27/1/19	175,794
The Future Starts Here	12/05/18 - 4/11/18	110,154
Frida Kahlo: Making Her Self Up	16/6/18 - 18/11/18	284,420
Jameel Prize 5	28/6/18 - 25/11/18	150,888
Videogames: Design/Play/Disrupt	8/9/18 - 24/2/19	138,829
Christian Dior: Designer of Dreams	2/2/19 - 1/9/19	181,844

* Visitor numbers shown are for the period 1 April 2018 to 31 March 2019. Total visitors for the full run of *Winnie-the-Pooh: Exploring a Classic* were 139,377, and for *Ocean Liners: Speed and Style* were 143,107.

V&A Museum of Childhood exhibitions 2018-19

Title	Dates
Century Of The Child: Nordic Design For Children 1900 to Today	30/03/18 - 02/09/18
Dream On	10/02/18 - 20/01/19
A Pirate's Life For Me	20/10/18 - 22/04/19

Performance against strategic objectives

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

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

The experience the V&A delivers for our visitors is uniquely tied to all of the museum's activities, collections and public programme. Visitors to the V&A are invited to explore the world-class collections, galleries and exhibitions on display, and encounter a wide range of stories spanning 5,000 years of human ingenuity across numerous genres.

The V&A has continued to improve its visitor experience in 2018-19, staging a critically-acclaimed programme of immersive exhibitions, including the phenomenally popular *Frida Kahlo: Making Her Self Up* and *Christian Dior: Designer of Dreams*.

High-profile and well-attended events continue to build on the V&A's reputation for innovative programming, such as our Friday Late programme and Fashion in Motion series, a wide range of displays, and the display of new acquisitions to our collections.

The V&A continually strives to inspire creativity in all our audiences, from under-fives, to those in schools, colleges and universities, community groups, adult learners and museum professionals, achieved through on- and off-site events and outreach.

There were 327,143 instances of engagement with V&A South Kensington Learning department programmes during the past year against a target of 289,850. Working across all audiences, the V&A continued to adapt and develop to meet audience needs. This resulted in a varied public programme spanning art, design, technology and performance, that aimed to spark curiosity and imagination and provide new skills, knowledge and engaging social experiences.

The museum had unusually high engagement, well above trend, in certain areas in 2017-18, due to the opening of the Exhibition Road quarter. Compared to this, there was an expected drop off in engagement from certain groups in 2018-19. Visits by adults from lower socio-economic groups decreased both as a share of overall visits (from 10% to 6%), and in absolute terms (from 228,324 to 144,037). However, 2017-18 was a peak year, following an increase in free programming in 2017-18 for the opening of the V&A Exhibition Road Quarter. Visits from lower socio-economic groups were also less likely to include a paid-for exhibition – 25%, compared to 51% of visits by higher socio-economic groups. Overall, more than a third of visits to the museum included a paid-for exhibition.

Last year also saw a 37% decrease in the number of adults aged 18+ participating in on-site activities at the V&A. There are two main reasons for this: firstly, in 2017-18, our programmes received additional funding from the National Lottery Heritage Fund for the opening of the V&A Exhibition Road Quarter, which led to an overall increase in visitor figures to the museum. Secondly, in 2017-18, the Learning Department ran a digital installation as part of the London Design Festival. This installation was a one-off instance that significantly boosted figures for "digital learning" during the year, something not expected to be replicated the following year.

Realising and sustaining FuturePlan**Cast Courts**

The V&A's iconic Cast Courts reopened in December. First opened in 1873, they are the only galleries in the museum that display the same collection of objects as when they originally opened. After extensive

conservation, the treasures of the Ruddock Family Cast Court have all been fully restored, including the full-scale replica of Trajan's Column and the 12th-century Pórtico de la Gloria.

Many other historic casts have been restored, from medieval Spanish reliefs to Celtic crosses and major French and German Renaissance sculptures. Highlights include the 16th-century tomb by Peter Vischer from Nuremberg, figures and reliefs by the south-German sculptor Tilman Riemenschneider and works by the French artist Jean Goujon.

Conservation work carried out in the Cast Courts also included extensive research into the original decorative scheme of the galleries, reinstating the rooms' original colours, architectural details and finishes. In the Chitra Nirmal Sethia Gallery, the 19th-century ceramic tiled floor, executed by the inmates of Woking Female Prison, has also been restored, while repairs to the glazed roof, ceiling and walls have returned the court to its original splendour. The exhibits have been reconfigured with new interpretation to provide a wider understanding of the history of the objects and reveal the processes behind the creation of the casts and how these processes have evolved into the 3D printing that is now a critical part of reproducing and preserving both lost and endangered cultural heritage – a process that is at the heart of the ReACH initiative launched by the V&A in 2017.

The V&A Photography Centre

The V&A doubled the space dedicated to photography at the museum when it opened phase one of the V&A Photography Centre on 12 October 2018. Designed by David Kohn Architects, the new centre will better display the V&A's collection of over 800,000 photographs. It consists of four galleries, including the Bern and Ronny Schwartz Gallery and the Modern Media Gallery, and shows the history of photography with the major display *Collecting Photography: From Daguerreotype to Digital*. The Modern Media Gallery shows a frequently changing selection of new acquisitions, a 'Light Wall' for displaying screen-based photography, and a 'Dark Tent' projection area.

To mark the opening, the V&A commissioned two internationally renowned artists to produce new works. Thomas Ruff created a monumental series inspired by Linnaeus Tripe's 1850s paper negatives of India and Burma, held in the V&A's collection. American artist Penelope Umbrico created *171 Clouds from the V&A Online Collection, 1630 – 1885*, in which she found details of clouds found in paintings in the V&A collection and transformed them into a digital projection for the first work to feature on the Light Wall.

Engendering learning and participation

Busiest day at V&A Museum of Childhood for 12 years

This year's V&A Museum of Childhood Chinese New Year event saw its busiest day since reopening in 2007, with 5,195 visitors to the museum on 9 February 2019. A highlight of this popular family day was the "Lion" dance performance, which took place on the Marble Floor, the main space in the building. This also contributed to the busiest week of the year so far outside of school holidays, with 13,012 visitors over the course of the week.

Trailblazing exhibition for families and early years

A Pirate's Life for Me opened in October 2018 and served as a trailblazer for new working practices at the museum and attracting fresh audiences. The exhibition not only drew visitors who have never been to the museum before, but firmly established a framework for future exhibitions for children aged 0-8 and accompanying adults. This immersive exhibition featured many elements that were co-designed with children, from animations and soundtracks to audio stories and "wanted" posters. Exhibition dwell time increased significantly and in some cases reached two hours. Some visitors reported coming back six times to see the exhibition.

Playing with Buildings community exhibition

Playing with Buildings is a collaborative project with the University of East London that brings together architects, artists, photographers and students across the educational spectrum. First-year BSc Architecture students have used the V&A Museum of Childhood as the site of inspiration for their introduction to architectural design and making. Invited to rethink how visitors might interact with the museum, the students interrogated the building – inside, outside and the spaces in between – to design new, inventive areas for playing and learning. Physically exploring the architecture of the museum, they developed a spatial awareness and understanding of its potential, using their bodies and senses as tools. Participants turned their studies into a series of full-scale designs, which were put on display in an exhibition in the Front Room Gallery.

Creating equality and diversity

LGBTQ working group and inclusive tours

The V&A has a strong track record in supporting the LGBTQ community. The LGBTQ Working Group is comprised of museum staff with an interest in using the V&A's collections to explore issues of gender, sexuality and identity. They look to unearth previously hidden or unknown LGBTQ histories in the collections. The V&A's LGBTQ Tour Coordinator, Dan Vo, who has been a V&A Ambassador since 2013, was named Radical Changemaker 2018 by the Museums Association.

The museum launched a Female Voices Tour to coincide with International Woman's Month. Guides conducted special tours to explore the V&A's collection to uncover the contributions of women to art and design as patrons, muses, creators, business partners and more.

Into the Light: An Ethiopian Cultural Day

To coincide with the *Maqdala 1868* display, the V&A, held Into the Light: An Ethiopian Cultural Day. It was a day of Ethiopian music, dance, storytelling, hands-on crafts, gallery tours and talks including an introduction to the work of Ethiopian contemporary artists with a talk led by Rakeb Sile, founder of the celebrated Addis Fine Arts Gallery and a curator-led tour of the display.

Future Activity

This year will see the launch of the V&A's most ambitious schools programme to date. V&A Innovate, which launches in 2019, will champion Design and Technology as an essential subject and exciting career pathway. Available to every school in England, V&A Innovate introduces key stage 3 (KS3) students to some of the core design principles used across the industry, supporting teachers and preparing students for the new design and technology GCSE. Alongside this, Learning and National Programmes will continue to engage with audiences across all ages and stages, from families, young people, schools, colleges, higher education and adult learning, including professional development.

The Museum of Childhood is undergoing a radical transformation of its Grade II-listed Bethnal Green building. Scheduled to be reopened in time for the museum's 150th anniversary in 2022, the redevelopment was developed in collaboration with local children through a series of co-design workshops. Gina Koutsika will join as Creative and Skills Director to help steer this project to completion.

In South Kensington, the V&A is undertaking a landmark project to enhance our visitors' understanding and enjoyment of the Raphael Cartoons and the gallery in which they hang, to coincide with the 500th anniversary of Raphael's death in 2020.

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

The V&A Research Institute

Since the 2016 launch of the V&A Research Institute (VARI), supported by the Andrew W. Mellon Foundation, collaborative research projects are bringing new scholarship to bear on parts of the V&A's collections and developing new approaches to research, training, display and interpretation, in order to enhance access to our collections and knowledge about them.

This year has seen the "Opening the Cabinet of Curiosities" research project come to fruition. Exploring the 19th-century afterlife of the early modern cabinet of curiosities, and its influence on 21st-century modes of display and art practice, this project has brought researchers and artists together to investigate some of the histories of collecting represented in the V&A. *A Field Guide to Curiosity: a Mark Dion Project*, a small publication co-edited by Lisa Skogh (V&A) and Earle Havens (Johns Hopkins University), captures one strand of this research, exploring both the artistic world of Mark Dion and the notion of the V&A as a large-scale cabinet of curiosities. A separate strand of research has sought to uncover more challenging histories of collecting, specifically the collecting of art objects through the profits of the enslavement of peoples. Similarly involving a creative collaboration, this time between researcher Hannah Young (V&A) and artist, poet and filmmaker Victoria Adukwei Bulley, this research led to a symposium on "Troubling Objects: Interrogating Collecting and Collections", held at the V&A in September 2018, which interrogated institutional practices.

Such collaborations between researchers and practitioners have been a continued and strong aspect of VARI's work and public engagement, leading to the creation of new work that has been showcased and shared at events such as London Design Festival and the Courtauld Institute's annual RES|FEST. Visiting Professor Eric

de Visscher's research into the "sonic museum" led to the creation of *Resonant Bodies*, a site-specific sound installation in the South Asia Gallery by sound artist Caroline Devine. Rachel Ara, the VARI Embedded Artist in Residence, produced *The Transubstantiation of Knowledge*, a mixed-reality experience located in the Medieval and Renaissance Galleries that explored systems of knowledge and power by interweaving stories from Franciscan nuns, computer code and contemporary technologies. And in East London, Aquí Thami, the VARI Offsite Artist in Residence, collaborated with Rabbits Road Press in Newham on a community art project, working with a group of young East London women – the DIY Rabbits – on an interactive poster exhibition.

Research in the digital sphere has been a particular focus this year. A number of projects supported by the Andrew W. Mellon Foundation are piloting new ways in which digital technologies can make the V&A's research and collections more widely available to a global audience. Crowd-sourced transcription is being trialled as a collaborative tool to transcribe our little-known collection of manuscripts by Charles Dickens, and was tested with great success at the annual "Dickens Universe" conference in July 2018. The challenge of collecting complex digital objects is also being addressed, both through an Andrew W. Mellon Foundation project and through an AHRC / Smithsonian Institution Fellowship in Digital Scholarship which is enabling curator Marie Foulston to undertake research into the collecting of videogames in collaboration with the Cooper Hewitt Smithsonian Museum of Design in New York.

Postgraduate programmes continue to be an important part of the V&A's research culture, involving collaborations with a number of higher education institutions across the UK. This year we welcomed six new PhD students through the AHRC-funded Collaborative Doctoral Partnership scheme. We were delighted that one of our students recently awarded his PhD, Matthew Wells (V&A / RCA) also won the prestigious 2019 Theodor-Fischer-Preis, awarded by the Zentralinstitut für Kunstgeschichte in Munich for producing a PhD dissertation of outstanding quality in the field of 19th-to-21st-century architectural history. In addition to collaborative doctorates, this year the V&A has also welcomed doctoral students to undertake AHRC-funded placements. And at MA-level, the MA in the History of Design and Material Culture, co-taught by the V&A and Royal College of Art, continues to train the next generation of collections-based researchers, with a new focus on performance and photography as well as material culture.

Fashion in Motion

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

Carla Fernández

Carla Fernández works in ethical fashion, documenting and preserving the rich textile heritage of Mexico's indigenous communities while creating contemporary designs. Her designs displayed at the V&A presented a departure from the Western canon, bringing fresh textures and silhouettes to contemporary fashion.

Holly Fulton

Holly Fulton's work draws from Art Deco lines and Bauhaus shapes, as well as Pop Art painting and psychedelic illustration. For her V&A displays she used hand-rendered, digitally-manipulated prints coupled with unusual fabrications to create strong, unified looks.

Fashion in Motion: inspired by Christian Dior

To coincide with the V&A's exhibition *Christian Dior: Designer of Dreams*, a unique selection of 20 outfits was created by Central Saint Martins BA Fashion Design Womenswear students in response to the history of the House of Dior.

Realising national engagement

The V&A is committed to providing the best possible physical and intellectual access to its collections. V&A staff provide training and advice to government bodies, museum colleagues and the public as well as many other organisations across the world. They are actively involved in Subject Specialist Networks and serve on boards and committees. The V&A works collaboratively with UK museums and universities, local authorities, charities, schools and community groups in a variety of ways, through both formal and flexible agreements.

DesignLab Nation

DesignLab Nation, the V&A's three-year flagship national secondary schools programme, more than doubled its reach and expanded into three new regions. The programme aims to inspire the next generation of designers, makers and innovators across the country, and to help young people develop the essential

skills for the workplace of the future: critical thinking, creativity and collaboration. After a successful pilot year (2017-18), working with regional museums, designers and schools in two areas of the UK (Blackburn and Coventry), the programme this year expanded its reach to Sheffield, Stoke-on-Trent and Sunderland.

Supporting acquisitions

Arts Council England confirmed its support with a grant of £3,000,000 to assist the work of the V&A Purchase Grant Fund for a further four years until 2022. The Arts Council England/V&A Purchase Grant Fund was suspended between April and September 2018 while the delegated agreement with Arts Council England was finalised. Since reopening on 12 September, 64 grants totalling £528,184 were awarded. The Fund enables everyone to engage with the best of what has been and what is being created in the UK and elsewhere through their local museums, galleries and libraries.

Academic partnerships

The V&A continued its commitment to world-class education, with 22 PhD students doing Collaborative Doctoral Partnerships, funded by the Arts and Humanities Research Council, working across 15 different university partners and involving 23 V&A staff as supervisors. The V&A/RCA History of Design postgraduate programme, delivered in collaboration with the Royal College of Art, is training approximately 90 students across the programme this year. Learning Academy Courses were attended by museum colleagues from across the UK.

Knowledge networks

The V&A is a founding partner in Culture in Crisis, bringing together those with a shared interest in protecting cultural heritage, providing a forum for sharing information, inspiring and supporting action and raising public awareness. A conference, *Planning for the Unthinkable*, was held at the V&A on 29 November 2018.

National loans

The V&A maintained its commitment to loaning world-class objects to institutions nationwide. Loan highlights included eight objects to Strawberry Hill House and Garden's exhibition *Lost Treasures of Strawberry Hill: Masterpieces from Horace Walpole's Collection* to celebrate the tercentenary of Walpole's birth, aiming to show some of the finest objects in his famous collection in their original locations (20 October 2018-24 February 2019); and 26 objects loaned from the Metalwork collections to *Spellbound: Magic, Ritual and Witchcraft*, at the Ashmolean Museum, Oxford (31 August 2018-6 January 2019), a large-scale exhibition exploring the concept of "magical thinking".

National touring exhibitions

In 2018-19, four exhibitions toured to 12 different UK venues, attracting almost 190,000 visitors.

Title	Venue	Dates	Visitors
Clangers, Bagpuss & Co	Wolverhampton Art Gallery	10/02/18 - 29/04/18	33,750
	Ferens Art Gallery, Hull	12/05/18 - 29/07/18	53,180
	Cartwright Hall, Bradford	04/08/18 - 07/10/18	3,497
Game Plan: Board Games Rediscovered	The Novium, Chichester	17/03/18 - 01/07/18	10,573
	New Lanark Visitor Centre, Lanark	21/07/18 - 04/11/18	25,413
	St Albans Museum & Art Gallery	01/12/18 - 03/03/19	9,295
Woman's Hour Craft Prize	Mottisfont, National Trust	25/04/18 - 24/06/18	38,525
	Bristol Museum & Art Galley	07/07/18 - 02/09/18	6,025
	Rheged Centre, Penrith	14/09/18 - 28/10/18	1,287
	Chester Old Library (Chester Visual Arts)	30/11/18 - 16/03/19	3,561
Pop Art in Print	Royal Albert Memorial, Exeter	12/05/18 - 26/08/18	3,234
	Banbury Museum, Banbury	01/12/18 - 03/03/19	2,069

Loans highlights

In 2018-19 the V&A lent 1,482 objects to temporary exhibitions at 109 UK venues and 106 venues overseas. Additionally, 1,590 long-term loans supported permanent displays at 122 venues in the UK and 12 venues overseas. The V&A also has approximately 38,000 objects, which form part of the Wedgwood Collection, on long-term loan at the Wedgwood Museum in Stoke-on-Trent, with 8,000 of those objects on display there.

	Short term	Long term
Number of objects	1,482	1,590
Number of UK venues	109	122
Number of overseas venues	106	12

Acquisition highlights

Developing the V&A's collections is essential to ensure the ongoing evolution of the world's leading museum of art, design and performance. The museum's new acquisitions represent the best of historic and contemporary design and reflect changing and diverse societies.

The V&A looks after 2.7 million objects, library items and archives in its collections. In 2018-19, 351,936 items were added to the collection, with a total value of £8.2 million. Of this, the cost of objects purchased was £2.2 million, made possible by funding largely from external sources, including generous support from the Art Fund, V&A Members and many private donors. The value of objects donated, either directly or via the Acceptance in Lieu scheme, was £6.0 million.

The V&A continues to play a significant role in the fight to save key heritage objects for the nation, safeguarding their future in national public collections.

The continued acquisition of historical and contemporary design objects adds to the overall understanding of the collections and challenges established interpretations of particular periods, styles or movements.

Highlights include:

- Mae West Lips sofa by Salvador Dalí and Edward James
- The Ivan Kyncl photographic archive
- 18th-century woman's outer kimono (*uchikake*)
- Beyoncé Knowles-Carter's "papillon" ring by Glenn Spiro
- 17th-century casket from the Viceroyalty of Peru (Colombia)
- Dress from The Search for the Golden Fleece Collection by Alexander McQueen
- 51 designs for *Examples of Chinese Ornament* by Owen Jones
- 63 photographs from the Linda McCartney Archive

Future Activity

In November 2018, the V&A announced exciting plans for two sites opening in 2023 on the London Olympic Park in Stratford. The V&A East project will create two interconnected sites in Queen Elizabeth Olympic Park, London: a brand-new museum at Stratford Waterfront, and a new Collection and Research Centre at Here East. Opening in 2023, V&A East will also host a unique and unprecedented partnership between the V&A and the Smithsonian Institution – the largest museum and research complex in the world.

The V&A will also be undertaking a full decant of Blythe House, the storage and education space shared with the Science Museum Group and the British Museum. Blythe House stores over two million V&A objects, and the decant will rehouse them all to new storage and display spaces in the V&A East complex. This huge project is scheduled to be completed by the end of 2023.

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

An ongoing engagement with the Chinese cultural and creative scene

Building on the V&A's ongoing work in China – which has so far included opening the museum's first international gallery in Shenzhen, in a major collaboration with China Merchants Shekou Holdings – this year we established a partnership with Modern Media and the Shao Zhong Art Foundation.

Modern Media Group is a wide-ranging cross-media communication group based in Shanghai covering culture, art, fashion, lifestyle and business. The company publishes some of the most popular titles in China and has a significant online presence, including the newly acquired video platform, Nowness. Shao Zhong Art Foundation was founded in 2013 and aims to support Chinese contemporary art and cultural exchange between China and the wider international community, as well as collecting important works by Chinese and international artists.

As well as sponsoring a gallery in the Photography Centre they will host touring exhibitions in China, bringing the V&A's collection and exhibition programme to an international audience.

Partnership with La Biennale di Venezia

Responding to the 2018 Architecture Biennale's theme "FREESPACE", the exhibition *Robin Hood Gardens: A Ruin in Reverse* presented a 9 metre-high salvaged section of the façade of Robin Hood Gardens, the Brutalist housing estate designed by Alison and Peter Smithson. A specially commissioned installation by artist Do Ho Suh showed a panoramic portrait of the architecture and interiors of the condemned 1972 estate. Through archival film and images the exhibition explored the utopian vision of the Smithsons, and documentary interviews with architects, critics and residents highlighted their analysis of the estate's legacy and ideas on the future of social housing.

International training

The V&A runs a series of week-long intensive courses that offer unique training opportunities for museum professionals from overseas to work with V&A colleagues and peers on specific aspects of museum practice. The courses are led by V&A experts and include both talks and hands-on workshops. Participants are invited to share examples of projects from their institutions that they could develop during and after the course.

V&A international touring exhibitions 2018-19

The V&A has increased its presence in international touring, sending 10 exhibitions overseas, up from 7 in 2017-18. We sent exhibitions to 15 overseas venues in 10 countries, up from 12 venues in 8 countries in 2017-18. Visitor figures for international touring exhibitions more than doubled last year, with 1,103,833 people visiting a V&A international touring exhibition (a figure which does not include visitors to *Jameel Prize 5* at Jameel Arts Centre, Dubai), up from a total of 535,899 in 2017-18.

Title	Venue	Dates	Visits
Small Stories: At Home in a Dolls' House	Museum of Decorative Arts, Prague	17/02/18 - 13/06/18	20,319
Shoes: Pleasure and Pain	Swire tour - Taikoo Hui, Guangzhou	24/05/18 - 26/06/18	94,596
	Swire tour - Taikoo Li Sanlitun, Beijing	26/07/18 - 26/08/18	73,372
	Swire tour - Pacific Place, Hong Kong	28/09/18 - 28/10/18	65,183
David Bowie Is	Brooklyn Museum, New York City	02/03/18 - 15/07/18	275,550
Balenciaga: Shaping Fashion	McCord Museum, Montreal	15/06/18 - 14/10/18	91,767
	Textile Museum, Boras	15/12/18 - 22/04/19	39,731
	The High, Atlanta	03/06/18 - 02/09/19	81,933
Winnie-the-Pooh: Exploring a Classic	Museum of Fine Arts, Boston	22/09/18 - 06/01/19	96,667
	Bunkamura Museum of Art, Tokyo	09/02/18 - 14/04/19	182,968
You Say You Want a Revolution: Records and Rebels 1966-70	ING, Brussels	24/10/18 - 10/03/19	59,131
Master Strokes: Dutch and Flemish Drawings from the V&A	Art Gallery of Alberta, Edmonton	27/10/18 - 27/01/19	2,212

Fabric of India	Cincinnati Art Museum	19/10/18 - 06/01/19	14,705
Opera: Passion, Power and Politics	Royal Opera House Muscat, Oman	19/10/18 - 06/01/19	5,699
Jameel Prize 5	Jameel Arts Centre, Dubai	24/04/19 - 14/09/19	-

Future Activity

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

The V&A will continue its activities in Shekou, both in the museum and with education programmes in the area. We will also develop our relationship with Modern Media and the Shao Zhong Art Foundation to ensure that our collection is reaching an even wider audience across China. 2020 will see the V&A, once again, participating in the Venice Architecture Biennale placing our work at the centre at one of the largest and most visited exhibitions devoted to architecture and design in the world.

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

2018-19 continues to be a successful year for the V&A's digital engagement. The museum has recently conducted some analysis on how the website is performing against KPIs set in its original business case. The key objective was to drive more visits from online to the building. Recent annual and quarterly results reveal that the museum is achieving this. The V&A website has a high awareness among visitors and remains on course to drive visits to the website up by more than an additional 100,000 per year.

Videogames

Videogames are one of the most important design disciplines of our time, and the exhibition *Videogames: Design/ Play/ Disrupt* explored how a new wave of designers, players and critics are pushing the boundaries of the medium in a variety of playful and radical new ways. Part of the core remit of the V&A is to explore and present innovative design and the cultures that surround them. The museum has a long history of engaging with and collecting digital design, from early computer art in the 1960s through to major exhibitions such as *Decode: Digital Design Sensations* in 2009-10, which surveyed contemporary digital and interactive art and technology.

Commission for the digital wall

The museum commissioned artist Penelope Umbrico to create a digital photographic artwork for the digital wall in the new photography centre. We are now acquiring this piece for our collection. This acquisition of this piece means the collection spans the history of photographic media from the daguerreotype to cutting-edge digital technology.

The Rosalinde and Arthur Gilbert Collection

The museum has continued to use technology to offer new access to the collections. In a project funded by the Gilbert Trust For The Arts, we have photographed the extraordinary micromosaics in the collection in a way that offers new interactive functionality. The photographs allow the user to see the objects in a level of detail impossible for the unaided eye. The development of a new technology known as the International Image Interoperability Framework (IIIF) allows these high-resolution images to be shared across the web. This approach can now be used across other projects in the museum.

V&A Dundee website

The V&A developed a new website for V&A Dundee, which moved onto the main museum web domain. The new site draws from a shared design language with the museum's existing website, and uses the same content management system. This means that the V&A Dundee website benefits from all the front-end features of the main site and the back-end functionality to support efficient content management.

Site-wide search

This enormously complex project saw the V&A developing search functionality for the website. The system pulls up the most relevant results, handles misspelling and serves up results dynamically. The design was formulated to be as intuitive as possible, and allows all the different forms of content from across the website – including articles, blogs and objects – to be surfaced for all users.

Future Activity

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

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

5. DIVERSIFY AND INCREASE PRIVATE AND COMMERCIAL FUNDING SOURCES

Private fundraising

During a successful period of fundraising, a total of £22.3 million was raised directly for the museum, of which £6.2 million was generated by V&A Membership subscriptions and a further £7.5 million was raised towards FuturePlan, the V&A's ongoing major capital programme. October 2018 saw HRH The Duchess of Cambridge officially open phase one of the new Photography Centre, with two of the three new galleries named, The Bern and Ronny Schwartz Gallery and The Modern Media Gallery. Progress was also made towards the fundraising target for phase two, with over £1 million in new pledges from a variety of individuals, trusts and foundations.

Having secured the full fundraising target for the second and final phase of the Cast Courts restoration project in 2017-18, the West Court was subsequently renamed The Ruddock Family Cast Court and the Central Gallery became known as the Chitra Nirmal Sethia Gallery. Both reopened to the public November 2018. Fundraising began towards the visionary reimagining of the V&A's Museum of Childhood and pledges totalling £2.25 million were secured in 2018-19. Good progress was made also towards the £2 million fundraising target for the redevelopment of the Raphael Court with £1.6 million secured from individuals, trusts and foundations.

Thanks to the generosity of William Bollinger, the William and Judith Bollinger Jewellery Gallery refurbishment was completed, and the refreshed gallery reopened in April 2019 with Queen Victoria's sapphire and diamond coronet, saved and gifted to the V&A by William Bollinger, on display at the heart of the gallery.

Thanks to support from the Art Fund, The Foyle Foundation, Sarah Nichols, The Staples Trust, The Zochonis Charitable Trust, Outset Contemporary Art Fund and many other generous trusts and foundations across the UK, we are delighted to now be running DesignLab Nation in five regional hubs across England. This national initiative aims to equip young people with the skills and confidence needed to succeed in the creative sector. Other grants were secured in support of the Create! Programme for young people and sessions at the V&A South Kensington and the Museum of Childhood for young people with special educational needs and disabilities.

We are also enormously grateful to the National Heritage Memorial Fund, Art Fund, V&A Members, Christian Levett, the Griffin Fund, Friends of the National Art Library and other legacy donors, trusts, foundations and individuals for helping us to continue to secure important acquisitions for the V&A.

Acquisition highlights included Rachel Kneebone's *The Raft of Medusa I* and two iconic works by Salvador Dalí – the Mae West Lips Sofa and a pair of Champagne Standard Lamps, both designed for Edward James' Monkton House. We also jointly acquired the *Portrait of James Adam* by Antonio Zucchi with the National Galleries of Scotland.

The V&A would like to thank everyone who has included a gift in their Will to the Museum. Donations from Wills not only enable the V&A to purchase acquisitions, but also help fund our capital projects such as the redevelopment of the new Photography Centre, the Museum of Childhood and the Raphael Galleries.

Further important acquisitions were also made possible thanks to the generosity of the Photographs Acquisition Group which continues to offer valuable support and encouragement to the curatorial team and Photography collection.

The exhibition programme attracted significant funding from returning supporters including American Express, Swarovski and Volkswagen Group. We are delighted to have also developed new relationships with Grosvenor Britain & Ireland and the King's Road. Driven by the popular exhibition programme, Corporate Membership continued to grow substantially, attracting more first-time supporters and significantly exceeding the year's target. The museum was granted a marriage license in late 2018 and four spaces within the museum are now licensed to hold civil ceremonies. Venue hire has continued to generate unrestricted income for the museum and achieved a turnover of £1.5 million.

The past twelve months at the V&A have been exceptional for the growth of membership highlighting its importance as one of the largest streams of self-generated unrestricted funds for the V&A. With over 80,000 active memberships, 75% of which include a guest facility, gross income from membership subscriptions was £6.2 million with an additional £0.5 million generated from events and gift aid income.

Our loyal community of Director's Circle patrons continued to expand and, along with the increasingly popular Young Patrons' Circle, both schemes surpassed targets and generated vital unrestricted income for the museum.

How we fundraise

The V&A's development team has an exceptional reputation in the sector for fundraising professionally, responsibly and sensitively. Partnerships and donations are considered in line with our statutory obligations and charitable aims and our Due Diligence and Gift Acceptance Policy is reviewed annually by the Board of Trustees. Many of the museum's fundraising team are members of the Institute of Fundraising and the museum is registered with the Fundraising Regulator, whose Code of Fundraising Practice and Fundraising Promise set a standard of fundraising activity in the UK. Our Legacies team are members of the Institute of Legacy Management.

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

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

Commercial

In its most successful year to date, the main shop at South Kensington grossed £7.3 million, which is 30% up on figures from 2017-18. The success of the main shop was reflected in a very strong year across the whole of V&A Retail, with gross sales at £15 million.

Frida Kahlo: Making Herself Up was exceptionally successful in retail sales, with a trading profit of £1.5 million. For this exhibition, V&A Retail worked with Mexican artisans to bring their work to a new UK audience. Exhibition catalogues also proved popular across the board, with a total of 64,240 sold at a 74.3% margin, totalling £1.4 million in gross sales.

Away from the museum, 2018-19 was an exceptional year for V&A books, with co-editions of catalogues published in Japan, Korea, the US and most major European markets. The Licensing business continues to build internationally, with a strategic focus on China, where demand for and interest in cultural brands is rising fast. Catering operations have benefited from the enormous success of the new Members' Room, which is operating at near capacity.

Future activity

We recognise the increased need for financial resilience. Through capital fundraising we will ensure that we are able to invest in the third phase of FuturePlan over the years ahead and sustain the increased levels of unrestricted income which is vital to support our permanent collections and scholarly activities.

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

Our commercial growth in the next year will come from our strategy for our core business (Retail, Publishing & Licensing) as well as our exceptional fashion exhibitions. Longer term, we are looking at ways in which the V&A can meet the global demand for our exhibitions in a way that continues to be both profitable and complementary to our work in the UK.

Additional information

Performance indicators

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

	2018-19	2017-18
Number of visits to the museum	4,293,188	4,396,557
V&A South Kensington	3,870,024	3,993,315
V&A Museum of Childhood	417,260	397,218
Blythe House	5,904	6,024
Number of overseas visits	1,662,931	1,948,920
V&A South Kensington	1,604,731	1,895,783
V&A Museum of Childhood	58,200	53,137
No. of children aged 16 and under attending museum sites	565,535	584,029
V&A South Kensington	393,400	439,500
V&A Museum of Childhood	172,135	144,529
No. of facilitated and self-directed visits to the museum by children under 18 in formal education	121,666	91,238
V&A South Kensington	61,720	56,680
V&A Museum of Childhood	59,946	34,558
No. of instances of children under 18 participating in onsite organised activities	160,585	140,597
V&A South Kensington	74,243	81,315
V&A Museum of Childhood	86,342	59,282
Number of instances of adults aged 18 and over participating in onsite activities at the museum	219,303	318,181
V&A South Kensington	182,712	287,066
V&A Museum of Childhood	36,591	31,115
Number and % of visits by UK adult visitors aged 18 and over from National Statistics–Socio Economic Classification (NS-SEC) groups 5–8	144,037 6% of UK adult visits	228,324 10% of UK adult visits
V&A South Kensington	111,653 6% of UK adult visits	194,400 10% of UK adult visits
V&A Museum of Childhood	32,384 13% of UK adults	33,924 12% of UK adults
Number and % of visits by UK visitors from an ethnic minority background	540,121 21% of UK visits	459,060 20% of UK visits
V&A South Kensington	443,600 20% of UK visits	376,200 19% of UK visits
V&A Museum of Childhood	96,521 28% of UK visits	82,860 29% of UK visits
Number of unique web visits	15,684,609	13,344,539
% of visitors who would recommend a visit		
V&A South Kensington	99%	99%
V&A Museum of Childhood	98%	99%
Number of UK loan venues	231	241
Number of loan venues (UK & Overseas)	349	347

Self-generated income	£63,036,000	£55,114,000
Admission income	£9,470,000	£5,976,000
Trading profit	£7,659,000	£8,077,000
Charitable Giving	£16,160,000	£19,447,000
Of which donated objects	£5,991,000	£754,000
Charitable Giving as % of baseline GiA	40%	51%

Financial Review

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

Trading companies

The museum owns 100 per cent of the issued share capital of V&A Enterprises Ltd (VAE), which carries out trading operations on behalf of the museum. In respect of profits earned for the year ended 31 March 2019, VAE will contribute £7.6 million (2018: £7.2 million) to the museum as a distribution under Gift Aid. The museum also owns 100 per cent of the issued share capital of V&A Holdings Ltd which in turn owns 100 per cent of the issued share capital of V&A Ltd. There was no trading activity undertaken by V&A Holdings Ltd during the year. V&A Ltd undertakes consultancy work on behalf of the museum and contributed £0.1 million to the group (2018: £0.8 million) in the year. A further wholly owned subsidiary of V&A Holdings Ltd, V&A Museum Events Ltd, which undertakes certain fundraising activities in support of the museum’s charitable objectives is also part of the group. There was no trading activity undertaken by V&A Museum Events Ltd during the year (2018: no activity). Further details are given in note 8 to the accounts. The accounts consolidate the results of the museum with those of its trading subsidiaries.

Related charities

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

- The Gilbert Trust for the Arts (charity no. 1055853). The V&A manages the Trust’s collections under a long-term agreement; the Trust has a minority of its Trustees appointed solely by the museum.
- The V&A Foundation (charity no. 1144508). It has the same charitable objectives as the V&A, and a minority of its Trustees are appointed by the V&A. In the year ended March 2019, the Foundation made grants to the museum of £1.9 million (2018: £6.8 million).
- Design Dundee Limited (charity no. SCO41219). The V&A is a founding partner of Design Dundee Limited. The Deputy Director of the V&A is a member of the Design Dundee Limited board and the V&A provides ongoing support in relation to the opening and operating of the V&A Dundee.

None of these charities are controlled by the V&A. However, as the V&A appoints more than 20% of the trustees of the Gilbert Trust for the Arts, a portion of its net assets have been included in the V&A’s financial accounts, as required under FRS102. None of the activities or financial results of the V&A Foundation or Design Dundee Limited have been consolidated within the museum’s results in this report.

Results for the year

The year to 31 March 2019 saw a varied public programme that drew in over four million visitors for the second year in a row. Total unrestricted income including government funding was £78.8 million (2018: £73.6 million), thanks to another strong year for our trading activities, supported by a successful exhibition programme that helped to deliver a significant increase in the number of V&A members. With inflation increasing, good cost control helped ensure that an operating surplus was generated, which will allow us to deliver further investments in our infrastructure in future years.

Total government funding was £40.7 million (2018: £37.8 million), the increase reflecting the drawdown of additional funds for our planned move from Blythe House in addition to the £37.2m core Grant in Aid figure set in the 2015 Comprehensive Spending Review.

The main factors that are likely to affect the financial performance or position going forward include the number of visitors, both to view our permanent collection and those attending our exhibition programme; our continued ability to fundraise successfully for our FuturePlan programme; and the outcome of the upcoming Comprehensive Spending Review.

Fixed assets

Capital expenditure for the museum in the year was £8.9 million (2017: £10.8 million). Work on the Cast Courts, the first phase of the new Photography Centre, and the Jewellery Gallery were all completed in the year, and work continues on phase two of the Photography Centre and other FuturePlan projects.

The depreciation charge for the year was £14.5 million (2018: £13.8 million). A desktop valuation of the V&A Estate was performed by Gerald Eve, Chartered Surveyors at March 2019; the last full quinquennial valuation was undertaken in March 2018. V&A South Kensington was re-valued at £435.6 million (2018: £435.8 million) and the Museum of Childhood at Bethnal Green at £16.1 million (2018: £15.9 million). In 2018, following the signing of a five-year rent-free lease with DCMS, the V&A portion of the site at Blythe House was transferred to DCMS and a loss on disposal of £8.8 million was recognised in the Statement of Financial Activities in that year.

Heritage assets

Spend on objects for the collection amounted to £2.2 million (2018: £6.8 million) with a significant portion being funded from private donations. The decrease compared to the previous year reflects the purchase in 2018 of Queen Victoria's coronet, generously funded by William Bollinger, which went on public display in April 2019. In addition, objects with a value of £6.0 million (2018: £0.8 million) were donated to the museum in the year, the largest of which was the transfer of the Royal Photographic Society collection to the V&A from the Science Museum Group. Further detail is given in note 6c to the Accounts.

Reserves policy

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

The Grant in Aid (GiA) received from DCMS represented 39 per cent of the museum's income in the year (2018: 41 per cent). The rest of the operational costs are financed by self-generated funds such as exhibition and trading income. These funding streams are volatile and their associated risks are managed through the museum's policy for maintaining general and designated funds, and providing contingencies for annual and project budgets.

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

Taking an overall view of the annual operational activities, the level of self-generated income, GiA and planned capital investment, the Trustees believe that the minimum level of reserves should be £8.5 million (2017-18: £8.5 million). This target level of reserves represents three to six months of the V&A's non GiA-funded operating expenditure.

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

While the V&A had funds of £631.4 million at 31 March 2019 (2018: £615.3 million), the Trustees have access to only the combined total of certain General and Designated funds whose value is £20.9 million (2018: £18.0 million - see note 17). Of this amount £8.5 million is held to meet the requirement for general reserves set out above. The remaining £12.4 million is held to manage funding risk for FuturePlan projects, and for specific building and IT infrastructure projects planned over the next two to three years. The balance of funds are restricted, with the vast majority representing capital assets, mainly the two V&A sites at South Kensington and Bethnal Green and the portion of the collection that is valued under Heritage Assets accounting.

Principal risks and uncertainties

A description of the principal risks and uncertainties facing the charity and its subsidiary undertakings, as identified by the charity trustees, together with a summary of their plans and strategies for managing those risk is shown within the Governance Statement on pages 28-29.

Investment policy

The Trustees' Investment Policy is governed by the Trustees Act 2000 and based on a consideration of the risk, return and cash flow requirements arising from each category of funds, unrestricted, restricted and permanent endowments. The policy is currently implemented through investment in a number of portfolios managed by Partners Capital LLP. The market value of museum investments, long and short-term, was £29.4 million at 31 March 2019 (2018: £29.6 million). The objectives and performance for the funds overseen by the V&A Investment Committee are as follows:

<i>Fund</i>	<i>Overall objective</i>	<i>Actual net return (income + gain - costs) %</i>	<i>Actual net return (income + gain - costs) £</i>
Short term fund	To meet the requirement for general reserves in order to manage the financial impact of a significant risk crystallising. Investment timeframe of less than one year.	0.24%	£15,811
Reserve fund	To meet specific restricted and designated expenditure purposes, whilst preserving capital in real terms with the potential for moderate real growth. Investment timeframe of 5 years.	2.65%	£381,771
Endowments	To fund the purchase of new collection items, maintain existing collections and to support the ongoing activities of the V&A (consistent with the purposes of each underlying trust) whilst preserving capital in real terms. Perpetual investment timeframe.	5.01%	£300,946
Bollinger endowment	To fund future renovations of the gallery allowing all fixtures & fittings to be kept current. To invest only in UK Government debt and or to be invested by an external professional financial adviser with the highest priority being the preservation of capital. Investment timeframe of 10 years.	0.19%	£4,927

Fund performance is measured against a composite benchmark designed to measure the performance of the strategic asset allocation agreed in the investment policies, as this is the best test of our investment manager's performance. The asset allocation profile is agreed for each fund and reviewed at least annually. The portfolios are partially protected from foreign exchange rate fluctuations through the deployment of appropriate hedging strategies. There is a target allocation to Sterling of 75% of the investment assets' value, although to account for fluctuations in the value of the investment assets, the actual allocation to Sterling is permitted to range from 65% to 85%. The composition of the 25% allocation to non-Sterling currencies comprises mainly US Dollars and emerging market currencies. All investments are made in accordance with the museum's Ethical Investment Policy, which is reviewed annually by the museum's Investment Committee.

Payment policy

The museum aims to settle all bills within 30 days or in accordance with the suppliers' terms of business. In 2019 60% (2018: 44%) of invoices were settled on time.

Political gifts & donations

The V&A makes no political gifts and as a charity does not normally make donations to other charities. It provides some services free of charge to associated charities. It also awarded £0.5 million to other organisations under the Purchase Grants Fund scheme to enable acquisitions (2018: £0.8 million, see note 5a).

Auditors' disclosure and remuneration

The Comptroller and Auditor General is the auditor of the museum's consolidated accounts. As far as the Accounting Officer and Board of Trustees are aware there is no relevant audit information of which the entity's auditors are unaware. The Accounting Officer and Board of Trustees have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the entity's auditors are aware of that information. The audit fee paid to the National Audit Office was £49,000 (2018: £44,250).

Additionally, a sum of £76,800 (2018: £28,775) was paid to auditors of other entities in the group including £56,500 (2017: £8,140) for non-audit services, this increase being due to fees incurred in submitting the V&A's first claim under the new Museums and Galleries Exhibition Tax Relief.

Sustainability

Sustainable development is crucial to the V&A, and has been a strategic priority since 2005. The museum continues to make progress in reducing its environmental impact and is a leader in the sector. All FuturePlan projects include measures to minimise energy use, with a focus on sustainability. The V&A remains a leading participant in wider discussions in the museum sector on a range of sustainability topics and is a member of the South Kensington 1851 Carbon Reduction Masterplan. The 'living roof' area and the beehives continue to flourish and to provide a biodiverse environment within an urban landscape.

The V&A won Best Creative Programming at the 2018 Creative Green Awards for *Fashioned from Nature*. This has been used as a model for good practice, and has been shared between other museums.

In 2018-19, the V&A worked with Julie's Bicycle to develop a Sustainability Strategy and Policy built around the museum's core principles of Ingenuity, Imagination and Society. Consultations were held with key departmental leads to support the development of V&A's Environmental Policy. We established a Green Champions network across departments and an annual 'carbon insetting fund' of £10,000 has been provided to this group to develop innovative sustainable schemes and projects across the museum. The Sustainability Steering Group meets quarterly with representation across all major departments to monitor and evaluate this, and wider activity.

The V&A has temporarily recruited a Sustainability Coordinator on a part-time basis to integrate sustainable practice into the wider programming of the museum with support from the Sustainability Steering Group. We have implemented changes such as the removal of paper cups from the Staff Canteen and reusable cups being issued to all staff to reduce consumption of single-use goods throughout the museum.

One of the key focuses of the work with Julie's Bicycle has been an aim to reduce the amount of paper that is used within the V&A, and a move to use more recycled paper within the organisation as a whole, especially for internal meetings. Beyond this, we are encouraging as many meetings as possible to go paperless. We have also asked our contractors to do this, with our FM provider providing mainly paperless service reports, reactives and PPM works.

The Learning team incorporate a great degree of sustainability-focused content into their programme. They are currently running a schools competition with DesignLab Nation to create the wrap for a clothes-recycling bin, in collaboration with TRAIID. Two of the current artists in residence have sustainable themes at the heart of their practice. The upcoming V&A exhibition programme includes *FOOD: Bigger Than the Plate*, and *Cars: Accelerating the Modern World*, which are both looking to communicate a sustainability element.

Waste and recycling

The implementation of a new housekeeping contract has increased the amount of waste streams which in turn increased the amount of overall recycling. There has been a roll-out of central office hubs bins with the view to increase recycling. The V&A recycles all dry recyclable items, such as paper, card, cans and non-heavy-duty plastics. The museum also recycles coffee granules, glass, batteries, printer cartridges and Kimtech Disposable Gloves. Food Waste is also sent to an anaerobic digester, and food caddies are being rolled out to offices. The V&A's general waste is removed to a modern incineration plant, which operates with a 0% to landfill efficiency. Waste is used to generate electricity, and the waste product is processed into aggregate used by the road building industry. Green waste is removed by the V&A landscape partner for composting.

The Exhibitions team works with designers to use existing set build/sourcing build from previous V&A exhibitions where possible. Approximately 90% of the *Videogames: Design/Play/Disrupt* exhibition will be re-used at the showing at V&A Dundee.

A large volume of remaining exhibitions and museum materials are recycled and rehoused across a large community of artists, creative and production teams. This year the museum has donated a substantial volume of materials to local schools, community groups, homeless shelters and production companies that have been repurposed for creative community projects. The V&A's beehives are being replaced with newly refurbished hives made from the V&A's exhibition crates.

Sustainable procurement

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

Key sustainability data

		Unit	2018-19	2017-18
CO ₂ emissions	Scope 1 emissions (direct)	tonnes of CO ₂	175	159
	Scope 2 emissions (indirect)	tonnes of CO ₂	4,142	4,237
	Total emissions tonnes of CO ₂	tonnes of CO ₂	4,317	4,396
Related Energy Consumption	Electricity	MWh	8,581	8,402
	Gas	MWh	7,643	6,491
	Total	MWh	16,224	14,893
Financial Indicators	Expenditure on energy	£'000	1,407	1,368
	Expenditure on official business travel	£'000	614	600
Waste	Waste sent to landfill	tonnes	-	-
	Waste recycled / re-used	tonnes	234	287
	Waste incinerated	tonnes	352	370
	Composted	tonnes	28	-
	Total waste disposed	tonnes	614	657
Finite Resource Consumption	Water Consumption	m ³	48,810	48,567
	Water Supply Cost	£'000	124	125

Against a background of escalating energy costs, 2018-19 saw a change in certain sustainability figures, including an increase in direct Scope 1 CO₂ emissions. Extended opening hours for many exhibitions and events, including *Frida Kahlo: Making Herself Up* and *Christian Dior: Designer of Dreams*, required extended periods of lighting and climate control, which resulted in an increase in the use of certain utilities. However, improvements have been made, including a reduction in waste production across the year, which includes 28 tonnes of waste that has been composted.

Our People at the V&A

The V&A directly employs approximately 1,000 people, to enable the success of the museum by utilising and applying their considerable skill, experience and knowledge. The V&A engages its people in a programme of activities designed to engage employees, facilitate communication between departments, solicit feedback, work together to make improvements and enable employees to understand what the museum does and the vital role they play in its success.

Employee Engagement

The museum regularly surveys employees to understand how they feel about working at the V&A. In 2018, a shortened "Pulse" engagement survey was conducted that gathered input from all employees, to capture progress from a full survey which ran in 2017.

In addition to the engagement survey, a programme of engagement activities exists, including the Management Forum (a regular meeting for Heads of Division and Departments to discuss current issues and exchange information), All Staff meetings (run bi-monthly with Director's update and presentations from different museum departments), as well as bi-monthly "Spotlight On" sessions, to focus more deeply on a particular subject area, breakfast meetings with the Chairman and other Senior employees, and staff lunch meetings with Trustees. Many different channels are used to communicate with staff, including the Director's Fortnightly Blog, the Deputy Director's monthly blog and regular news stories via the intranet. The V&A Strategic Plan and other key documents, such as Trustee Board minutes, are made available to all staff electronically or in hard copy. Employee representatives from the museum's three recognised trade unions meet V&A Management every two months and undertake formal pay negotiations.

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

Employee Absence

The average amount of sick-day absence is 5.8 days (2018: 7.1 days). If long-term sickness (any absence over three weeks in duration) is excluded, the figure falls to 3.3 days (2018: 3.7 days).

Diversity

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

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

The V&A policy in relation to disabled employees' forms part of the museum's Diversity Policy and we are a committed Disability Confident Employer. In our current workforce 9% of employees have declared themselves as having a disability.

88.9% of employees have chosen to declare against protected characteristics, creating the following employee profile: 74.7% white, 3.0% black, 5.5% Asian, 3.5% mixed, 2.2% other. 11.1% have chosen not to declare. The gender profile is 70% female and 30% male.

Trade Union Activity

The V&A recognises three trade unions in Prospect, PCS and FDA for museum employees and meets regularly to facilitate effective communication and negotiation. Union representatives are granted reasonable requests for paid facility time, to carry out their union duties and details are shown below for the year April 2018-March 2019.

The total number of employees who were relevant union officials was 14 (11 on an FTE basis) and all spent between 1-50% of their paid working time on facility time. The total cost of facility time was £22,201, the total pay bill during this time was £37m, and therefore the percentage of the total pay bill spent on facility time was 0.07%. Finally, the time spent on paid trade union activities as a percentage of total paid facility time hours was 6%.

Legal and Administrative Information

Principal Address

Victoria and Albert Museum
Cromwell Road
London SW7 2RL

Bankers

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

Solicitors

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

Investment Advisors

Partners Capital LLP
5 Young Street
London W8 5EH

Auditors-Internal

RSM Risk Assurance LLP
Floor 6
25 Farringdon Street
London EC4A 4AB

Auditors-External

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

Trading companies

Haysmacintyre LLP
10 Queen Street Place
London EC4R 1AG

Remuneration and Staff Report

Remuneration Committee Membership

The membership of the Remuneration Committee comprised the following Trustees:

Nicholas Coleridge CBE; Trustee (Chair)

Robert Glick; Trustee

Nick Hoffman; Trustee

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

Remuneration policy for senior managers

The Remuneration Committee reviews salaries of all senior managers employed by the museum on Senior Manager contracts. Employment contracts are either standard museum terms and conditions of employment, or standard V&A Enterprises Ltd (VAE) terms and conditions of employment, except where they apply to pay determination, which is subject to review by the Remuneration Committee.

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

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

The committee met on one occasion in June 2018 to determine performance bonuses and the senior staff pay award.

Performance assessment and payment

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

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

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

Policy on duration of contracts, notice periods and termination payments

Senior employees (including the Director) are permanent employees of either the museum or of VAE.

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

All museum employees (unless choosing to opt-out) are members of either a defined contribution group personal pension or the Principal Civil Service Pension Scheme (PCSPS) which has associated redundancy and early retirement conditions. Termination payments for staff on VAE terms and conditions are determined by The Employment Rights Act 1996 unless individual contracts define other terms.

Senior managers' remuneration disclosure (subject to audit)

The Board of Trustees of the V&A, who hold overall responsibility for the museum, are not remunerated. Expenses paid are disclosed in note 5d (page 51).

The director's and senior managers' emoluments and pension details for 2018-19 are shown in the table overleaf. The V&A has prepared this remuneration report in accordance with the Government Financial Reporting Manual, which requires disclosure of information about directors' remuneration, where 'directors' is interpreted to mean those who influence decisions of the V&A as a whole. In the V&A's opinion, this means the Trustees, Director and Deputy Director. The monetary value of benefits-in-kind covers any benefits provided by the employer and treated by the HM Revenue & Customs as a taxable emolument. There were no benefits-in-kind during the year and there were no additional emoluments paid other than as disclosed overleaf.

	Total salary earned		Bonus Paid		Pension Benefits		Total	
	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19	2017-18	2018-19
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Dr Tristram Hunt Director	135-140	140-145	Nil	10-15	54	55	190-195	205-210
Tim Reeve Deputy Director & Chief Operating Officer	115-120	120-125	5-10	10-15	40	36	165-170	165-170

	Accrued pension at pension age as at 31 March 2019 - Related lump sum	Real increase in pension at pension age - Real increase in related lump sum	CETV at 31 March 2019	CETV at 31 March 2018	Real increase in CETV
	£'000	£'000	£'000	£'000	£'000
Dr Tristram Hunt Director	5-10	2.5-5	73	33	24
	Nil	Nil			
Tim Reeve Deputy Director & Chief Operating Officer	35-40	0-2.5	635	536	13
	85-90	Nil			

Cash Equivalent Transfer Values

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

Real increase in CETV

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

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of Classic, Premium and Classic Plus and 65 for members of Nuvos and Alpha. For more details on the pension schemes see note 5c (page 50).

Exit packages (subject to audit)

<i>Exit package cost band</i>	<i>Number of compulsory redundancies</i>	<i>Number of other departures agreed</i>	<i>Total number of exit packages by cost band</i>
<£10,000	6 (1)	1 (-)	7 (1)
£10,000 - £25,000	1 (3)	2 (3)	3 (6)
£25,000 - £50,000	1 (-)	3 (4)	4 (4)
£50,000 - £100,000	- (-)	2 (2)	2 (2)
Total number of exit packages	8 (4)	8 (9)	16 (13)
Total resource cost	£69,142 (£35,797)	£269,464 (£319,674)	£338,606 (£355,471)

Figures in brackets are for the prior year.

For employees of the museum, redundancy and other departure costs are payable in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Where the museum has agreed early retirements, the additional costs are met by the museum and not the Civil Service pension scheme. For individuals employed by VAE, redundancy and other departure costs are payable in accordance with the provisions of their employment contract.

Fair Pay: based on the March 2019 payroll, the highest-earning employee is banded at £155-£160k p.a. including performance pay and any other benefits in kind (2018: £135-140k) and the median employee c. £27k (2018: £27k). This is a ratio of 5.83:1 (2018: 5.09:1). The V&A reports its gender pay gap annually. In its most recent published report the V&A had an overall mean gender pay gap of 7.1% and a median gender pay gap of 0%, both unchanged from the previous reporting period.

Off-payroll appointments

For the year ended 31 March 2019, there were no off-payroll engagements for more than £245 per day and that lasted for longer than six months. Consultancy spend for the year ended 31 March 2019 was nil (2018: nil).



Dr Tristram Hunt
Director and Accounting Officer
5 July 2019



Nicholas Coleridge CBE
Chairman of Trustees
5 July 2019

STATEMENT OF TRUSTEES' AND DIRECTORS' RESPONSIBILITIES

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

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

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

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

The Accounting Officer for DCMS has designated the Director as the Accounting Officer for the museum. His relevant responsibilities as Accounting Officer, including his responsibility for the propriety and regularity of the public finances for which he is answerable, and for the keeping of proper records and for safeguarding the V&A's assets, are set out in Managing Public Money published by HM Treasury.

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



Dr Tristram Hunt
Director and Accounting Officer
5 July 2019



Nicholas Coleridge CBE
Chairman of Trustees
5 July 2019

Governance Statement

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

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

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

Board of Trustees

The V&A Board is a body corporate with between 12 and 20 members. At 31 March 2019 there were 17 Trustees including Nicholas Coleridge CBE, the Chair of the Board of Trustees. Trustees serve an initial term of up to four years and are eligible for reappointment at the end of that time. However, under the rules laid down by the Commissioner for Public Appointments, Trustees are restricted to serving two terms or a maximum period of 10 years. Trustees are not remunerated but are able to claim expenses.

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

During the year two Trustees retired from the Board, sadly, one Trustee died unexpectedly, four new Trustees were appointed, and two trustees, plus the Chair, were reappointed for further four-year periods. Details of the Trustees during the year are shown in Table A.

Trustee Appointment & Induction

Appointments to the V&A Board of Trustees, including that of the Chair, are made by the Prime Minister following the DCMS process for public appointments. Appointment to the Board is governed by selection on merit, on the basis of equality of opportunity for all, and is subject to monitoring by the Commissioner for Public Appointments. There is one ex-officio member of the Board, Dr Paul Thompson, the Vice Chancellor of the Royal College of Art. Dr Thompson has served as a Trustee since September 2009 and as his appointment is ex-officio, the general principle that a trustee should serve for no more than ten years has been disapplied. On appointment, Trustees are provided with a Trustee Handbook that gives information on the V&A, outlines the roles and responsibilities of Trustees and senior staff, and refers to other guidelines on public service and conduct of public appointees. New Trustees are personally introduced to their role by the Chair and the Director, involving other V&A staff as necessary. DCMS also provides a booklet for Board members of its NDPBs.

Delegation of Authority

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

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

The primary operational decision-making body of the V&A is the Executive Board (EB) comprising senior staff members and chaired by the Director, Dr Tristram Hunt. The full composition of the EB is shown at Table C. It meets fortnightly to review all operational issues.

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

Compliance with Governance Codes

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

The museum is also mindful of the Charity Governance Code for Larger Charities. A review of the museums' compliance with that Code was undertaken in 2018 and Trustees are content that the museum complies where appropriate.

The museum maintains the following policies, available on the website, which are periodically reviewed and updated:

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

Committees of the Board

Much of the Board's business is conducted through its 10 committees. Details of their scope and structure are given in Table B.

Board performance

A number of strategic issues were considered by Trustees during the year including: the move to a multi-site model with the work progressing on V&A East to provide a new museum on the Waterfront at the Queen Elizabeth Olympic Park, and the Collection and Research Centre at Here East. Another priority is the associated transfer of the V&A's collections currently in Blythe House. The partnership with the Smithsonian Institution, which will contribute to V&A East, continues to develop.

The Trustees have been kept informed as major projects have been completed, notably the Photography Gallery Phase 1 (October 2018) and the Cast Courts (November 2018). The Board received updates on the progress of V&A Dundee, which opened to the public in September 2018, with a formal opening by HRH The Duchess of Cambridge in February 2019.

The Board has been apprised of the progress of FuturePlan which this year began the delivery of projects which include a new wayfinding scheme at South Kensington, a redesign of the V&A Museum of Childhood and the refurbishment of the William & Judith Bollinger Jewellery Gallery.

The Trustees received reports on the V&A's compliance with GDPR, the terms on which the use of museum images are made available for free and the museum's plans for a negotiated or no-deal EU Exit.

During the year the Trustees also considered routine business including: agreeing the budget; reviewing the museum's financial management, performance of investments and progress against performance indicators; considering the forthcoming Public Programme; the plans for forthcoming capital works; the annual Safety Report; and departmental updates from a number of curatorial departments.

The Trustees undertook an annual self-assessment exercise to appraise the Board's performance and identify areas for future development, as required by the Corporate Governance in central government departments: Code of good practice 2017. The findings were reported to the Board by the Chair at the meeting held on 29 November 2018. The results of the review were positive, showing that Trustees felt that the Board was well run, and that their views and engagement were sought and encouraged. In addition a senior Trustee, Mark Damazer CBE, provided feedback to the Chair on his performance.

Audit Committee

The Audit Committee is responsible for reviewing the museum's risks, reviewing the controls in place to manage them, and monitoring its compliance with statutory requirements (including the Annual Report & Accounts). During the year the Committee reviewed all the Internal Audit reports it had commissioned and agreed the Internal Audit plan for 2019-20 to cover the areas where it would be most beneficial. It reviewed the Strategic Risk Register at each meeting and updated the Risk Management Policy. It also reviewed the external audit of the Annual Report & Accounts for 2017-18 and approved the Governance Statement.

The areas reviewed by Internal Audit during the year included Procurement, Key Financial Controls, Physical Security, Health & Safety, Key Performance Indicators, Learning Programmes, Budgeting, Forecasting and Reporting, Collections Security and Management and Risk Management and Governance. In addition, follow-up work was performed to provide assurance on the implementation of recommendations from internal audit work undertaken by the previous Internal Auditor. In its Annual Report, Internal Audit was able to give reasonable assurance on the effectiveness of the V&A's risk management, control and governance processes over the year.

Risk management and control

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

Identification and assessment of risk

The museum has two risk registers: Operational and Strategic.

Operational Risk Registers are maintained by line management at a local level and embrace a wide range of risks and issues that concern discrete and containable elements of the V&A's operations such as collections management; staff recruitment, development and appraisal; financial management and fraud prevention; information systems security; audience development and procurement. Managers are expected to regularly review and update their view of risk and highlight major new risks arising to the Executive Board during the year.

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

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

The Strategic Risk Register is discussed and updated on a regular basis by the museum's Executive Board; the Audit Committee reviews the updated Strategic Risk Register at its meetings.

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

Monitoring of risk

The museum has a well-worked out process for identifying and continually assessing risks to its ongoing operations and services to the public. Many of these risks change with circumstances and time, but for 2018-19 the major risks (and mitigating steps) for the museum were:

- The funding environment – whilst DCMS has guaranteed the level of Grant in Aid settlements until 2019 - 20 there remains uncertainty around future Grant in Aid settlements which means that the museum has to place increasing reliance on private fundraising and visitor income for both revenue and capital projects. This is partly mitigated by the reserves held, and the long term financial strategy, developed alongside the five year plan.
- Ensuring the security of visitors, staff, volunteers and collections at a time of global instability. The museum has a thorough and flexible security strategy that responds to changes in risk.
- Delivering major projects, in particular V&A East and the decant of reserve collections from Blythe House into a new Collection and Research Centre. These projects are closely scrutinised by Trustees and the EB.
- The museum's ability to sustain visitor numbers as a result of the weaker tourism economy which could affect future attendance and earned income. The museum offers a compelling and varied programme of exhibitions and events.

- The volatility connected to exhibition visitors and its impact on the museum's business model. The Trustees ensure that the museum's exhibition programme retains a broad appeal.
- The adverse impact on the museum's reputation if its large scale capital projects fail to meet expectations or are delivered late. The Trustees monitor this activity closely through the FuturePlan and V&A East Committee and receive regular progress reports.
- The adverse impact on the museum's reputation if its overseas projects fail to meet expectations. The Trustees monitor this activity closely and receive regular progress reports at Board Meetings.
- Finding resources to enable investment in IT, digital, the collections management systems and other infrastructure. A robust business case process operates to decide which projects to take forward whilst ensuring priorities are met; this is monitored by the Commercial Strategy Committee.
- Recruiting and retaining appropriate staff. A staff development and succession strategy has been developed alongside the five year plan.

The Trustees are mindful of the continuing pressures created by a flat Grant in Aid settlement and the need to manage resource accordingly.

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

- the Executive Board meets fortnightly to review all operational issues;
- the Trustees and senior management have agreed a Strategic Plan which outlines key short- and medium-term objectives and appropriate indicators. This ensures that scarce resources are applied to key corporate priorities;
- the Audit Committee receives regular reports from the Internal Auditors on the steps taken to manage risks in all areas of activity;
- the museum also receives reports from the External Auditors arising from their annual audit;
- the Finance Committee reviews the financial management of the museum;
- the FuturePlan and V&A East Committee oversees the V&A estate, oversees the development of the V&A Waterfront Museum and the Collection & Research Centre, and oversees the decant of V&A collections from Blythe House and Dean Hill Park to the CRC;
- the Collections Committee monitors key aspects of collections management and major acquisition and loan proposals;
- the Research Committee (formerly the Research Advisory Committee) considers research priorities and strategy;
- the Museum of Childhood Committee monitors the policies and performance of the V&A Museum of Childhood;
- the Investment Committee provides oversight of investment policy and management of investment advisors;
- the Remuneration Committee reviews salaries of all senior managers including staff employed by VAE;
- the Commercial Strategy Committee oversees the commercial activities of the museum;
- the Visitor Experience Committee represents the visitor in the development and implementation of the V&A's visitor experience strategy.

EU Exit

The museum is mindful of those risks that may be impacted by a negotiated or no-deal EU Exit. The EB works closely with DCMS to identify and minimise the impact of all risks associated with the UK's exit from the EU and, via the Audit Committee, the Trustees receive regular updates on the risks and the steps being taken to mitigate them.

Whistleblowing Arrangements

The museum upholds the core values detailed in the Code of Professional Ethics of the Museums Association and the International Council of Museums, and actively promotes their implementation. In line with these commitments, the museum encourages employees and others with serious concerns about any aspect of the museum's work to come forward and voice those concerns, and expects its managers to encourage employees

to express their views openly. This is clearly documented in the Whistleblowing section of the V&A's People Policies and Guidance.

Data Quality

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

Data Protection

The museum takes the protection of personal data very seriously and is mindful of the General Data Protection Regulations (GDPR) which came into force in May 2018. In 2017-18 the museum carried out an audit of the data being processed across the museum and implemented policies, processes and systems that enable the museum to comply with the terms of the GDPR. As part of that process a Data Protection Officer and a separate Data Protection & Information Compliance Executive have been appointed. There have been no known significant losses of personal data held by the museum during the year.

Accounting Officer's and Chair's Conclusion

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

Table A

Board of Trustees at date of signing 31 March 2019				
Name	Term expires	Attendance		
		Board	Audit	Rem
Nicholas Coleridge CBE (Chair)	31/10/2023	6/6	4/4	1/1
Jonathan Anderson	03/02/2023	1/1		
Dr Genevieve Davies	03/02/2023	1/1		
Ben Elliot	31/12/2021	5/6		
Robert Glick	14/09/2019	6/6		1/1
Andrew Hochhauser QC	19/04/2019	6/6	4/4	
Nick Hoffman	14/09/2019	6/6	4/4	1/1
Steven Murphy	31/12/2021	6/6		
Professor Lynda Nead	31/12/2021	6/6		
Kavita Puri	01/07/2022	4/5		
Dame Theresa Sackler	27/11/2019	5/6		
Caroline Silver	01/07/2022	4/6	1/4	
Sir John Sorrell	19/04/2019	5/6		
Marc St John	03/02/2023	1/1		
Dr Paul Thompson	(ex officio as Vice Chancellor of the Royal College of Arts)	5/6		
Edmund de Waal OBE	27/11/2019	6/6		
Nigel Webb	31/12/2021	6/6		
Other Trustees who served during the year				
Mark Damazer CBE	27/11/2018	2/3		
Professor Margot Finn	25/11/2018	2/3		
Mark Sebba (d. July 2018)	01/07/2022	2/2	2/2	

Table B

Committees of the Board of Trustees during the year		
<i>Committee</i>	<i>Primary functions</i>	<i>Chair</i>
Audit	Financial reporting, risk management & assurance	Andrew Hochhauser QC
Collections	Acquisition, disposal & loan of the collection	Edmund de Waal OBE
Commercial Strategy	Overseeing and advising on the museum's commercial strategy	Steven Murphy
Finance	Overseeing the museum's financial position	Caroline Silver
FuturePlan and V&A East	To guide the strategy of the FuturePlan capital projects, in particular V&A East	Nigel Webb
Investment	Monitoring investment performance & policy	Caroline Silver
Museum of Childhood	Policies & practice of the MoC	Sir John Sorrell
Remuneration	Remuneration of senior staff	Nicholas Coleridge CBE
Research	Overseeing research policy & projects	Professor Lynda Nead
Visitor Experience	Developing visitor experience strategy	Steven Murphy

Table C

V&A Executive Board during the year	
Dr Tristram Hunt	Director (Chair)
Tim Reeve	Deputy Director & Chief Operating Officer
Dr Antonia Boström	Director of Collections
Sophie Brendel	Director of Marketing, Communications & Visitor Experience
Dr Helen Charman	Director of Learning & National Programmes
Jane Ellis	Director of Finance & Resources, appointed 18/03/2019
Heather Francis	Director of Finance & Resources, left 14/12/2018
Jane Lawson	Director of Development
Jen Penfound	Interim Director of Finance & Resources and Head of IT, appointed from 01/12/2018 until 15/03/2019
Dr Philippa Simpson	Director of Design, Estate & FuturePlan, appointed 19/11/2018
Judy Roberts	Head of HR, appointed 01/12/2018
Alex Stitt	Director of Commercial, Digital & Exhibitions



Dr Tristram Hunt
Director and Accounting Officer



Nicholas Coleridge CBE
Chairman of Trustees

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

Opinion on financial statements

I certify that I have audited the financial statements of the Victoria and Albert Museum for the year ended 31 March 2019 under the Museums and Galleries Act 1992. The financial statements comprise: the Consolidated Statement of Financial Activities, the Consolidated and Museum Balance Sheet, the Consolidated Cashflow Statement and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). I have also audited the information in the Remuneration and Staff Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of group and of Victoria and Albert Museum's affairs as at 31 March 2019 and of its net income for the year then ended; and
- the financial statements have been properly prepared in accordance with the Museum and Galleries Act 1992 and Secretary of State directions issued thereunder.

Opinion on regularity

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

Basis of opinions

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

Conclusions relating to going concern

I am required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the Victoria and Albert Museum's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

Responsibilities of the Trustees and Director

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the Victoria and Albert Museum's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
- In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Other Information

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

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Gareth Davies

Comptroller and Auditor General
9 July 2019

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

Consolidated Statement of Financial Activities

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2019 Total funds £'000	Restated 2018 Total funds £'000
Income and receipt of endowments						
<i>Income from donations and legacies</i>						
– Grant in Aid	2a	35,273	5,403	-	40,676	37,806
– Donations, legacies and similar income	2b	2,674	11,266	-	13,940	17,520
– Lottery income		-	503	-	503	-
– Donated objects	6c	-	5,991	-	5,991	754
		<u>37,947</u>	<u>23,163</u>	<u>-</u>	<u>61,110</u>	<u>56,080</u>
<i>Income from other trading activities</i>						
– Trading Income	8	21,109	-	-	21,109	21,710
– Sponsorship		1,717	-	-	1,717	1,927
		<u>22,826</u>	<u>-</u>	<u>-</u>	<u>22,826</u>	<u>23,637</u>
Investment income	3	88	65	38	191	140
<i>Income from charitable activities</i>						
– Admissions & exhibition fees (inc loans & touring)		9,530	-	-	9,530	6,013
– Membership income		6,179	-	-	6,179	3,375
– Other Trading		879	-	-	879	870
		<u>16,588</u>	<u>-</u>	<u>-</u>	<u>16,588</u>	<u>10,258</u>
Other income		1,364	1,028	-	2,392	2,868
Income from Associate	9	-	605	-	605	56
Total income		<u>78,813</u>	<u>24,861</u>	<u>38</u>	<u>103,712</u>	<u>93,039</u>
Expenditure						
<i>Expenditure on raising funds</i>						
– Costs of generating voluntary income		7,125	1,312	-	8,437	8,105
– Trading costs	8	13,453	-	-	13,453	13,633
– Investment management costs		33	33	59	125	67
		<u>20,611</u>	<u>1,345</u>	<u>59</u>	<u>22,015</u>	<u>21,805</u>
<i>Expenditure on charitable activities</i>						
– Charitable Activities	5a	52,536	19,089	-	71,625	66,307
– Loss on disposal of Bythe House		-	-	-	-	8,777
Total expenditure		<u>73,147</u>	<u>20,434</u>	<u>59</u>	<u>93,640</u>	<u>96,889</u>
Net income / (expenditure) before gains and losses on investments		5,666	4,427	(21)	10,072	(3,850)
Gains on investment assets	7	175	309	191	675	612
Net income / (expenditure)	4	<u>5,841</u>	<u>4,736</u>	<u>170</u>	<u>10,747</u>	<u>(3,238)</u>

Consolidated Statement of Financial Activities (*cont'd*)

	Notes	Unrestricted funds	Restricted funds	Endowment funds	2019 Total funds	Restated 2018 Total funds
		£'000	£'000	£'000	£'000	£'000
Transfers between funds	16	<u>(2,949)</u>	<u>3,010</u>	<u>(61)</u>	<u>-</u>	<u>-</u>
Net income / (expenditure) before other recognised gains and losses		2,892	7,746	109	10,747	(3,238)
Gain on revaluation of fixed assets for the charity's own use	6	<u>-</u>	<u>5,371</u>	<u>-</u>	<u>5,371</u>	<u>1,019</u>
Net movement in funds		2,892	13,117	109	16,118	(2,219)
Fund balances brought forward at 1 April		<u>18,189</u>	<u>590,330</u>	<u>6,761</u>	<u>615,280</u>	<u>617,499</u>
Fund balances carried forward at 31 March	16	<u>21,081</u>	<u>603,447</u>	<u>6,870</u>	<u>631,398</u>	<u>615,280</u>

All operations of the museum continued throughout both periods and no operations were acquired or discontinued in either period. There are no recognised gains or losses other than those shown above.

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

Prior Year Consolidated Statement of Financial Activities

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Restated 2018 Total funds £'000
Income and receipt of endowments					
<i>Income from donations and legacies</i>					
– Grant in Aid	2a	35,353	2,453	-	37,806
– Donations, legacies and similar income	2b	2,591	14,929	-	17,520
– Lottery income		-	-	-	-
– Donated objects	6c	-	754	-	754
		<u>37,944</u>	<u>18,136</u>	<u>-</u>	<u>56,080</u>
<i>Income from other trading activities</i>					
– Trading Income	8	21,710	-	-	21,710
– Sponsorship		1,277	650	-	1,927
		<u>22,987</u>	<u>650</u>	<u>-</u>	<u>23,637</u>
Investment income	3	53	50	37	140
<i>Income from charitable activities</i>					
– Admissions & exhibition fees (inc loans & touring)		6,013	-	-	6,013
– Membership income		3,375	-	-	3,375
– Other Trading		870	-	-	870
		<u>10,258</u>	<u>-</u>	<u>-</u>	<u>10,258</u>
Other income		2,385	483	-	2,868
Income from Associate	9	-	56	-	56
Total income		<u>73,627</u>	<u>19,375</u>	<u>37</u>	<u>93,039</u>
Expenditure					
<i>Expenditure on raising funds</i>					
– Costs of generating voluntary income		6,883	1,222	-	8,105
– Trading costs	8	13,633	-	-	13,633
– Investment management costs		22	24	21	67
		<u>20,538</u>	<u>1,246</u>	<u>21</u>	<u>21,805</u>
<i>Expenditure on charitable activities</i>					
– Charitable Activities	5a	50,036	16,271	-	66,307
– Loss on disposal of Blythe House		-	8,777	-	8,777
Total expenditure		<u>70,574</u>	<u>26,294</u>	<u>21</u>	<u>96,889</u>
Net income / (expenditure) before gains and losses on investments		3,053	(6,919)	16	(3,850)
Gains on investment assets		182	340	90	612
Net income / (expenditure)	4	<u>3,235</u>	<u>(6,579)</u>	<u>106</u>	<u>(3,238)</u>

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

	Notes	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2018 Total funds £'000
Transfers between funds	16	<u>(3,560)</u>	<u>3,560</u>	<u>-</u>	<u>-</u>
Net (expenditure) / income before other recognised gains and losses		(325)	(3,019)	106	(3,238)
Gain on revaluation of fixed assets for the charity's own use	6	<u>-</u>	<u>1,019</u>	<u>-</u>	<u>1,019</u>
Net movement in funds		(325)	(2,000)	106	(2,219)
Fund balances brought forward at 1 April		<u>18,514</u>	<u>592,330</u>	<u>6,655</u>	<u>617,499</u>
Fund balances carried forward at 31 March	16	<u>18,189</u>	<u>590,330</u>	<u>6,761</u>	<u>615,280</u>

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

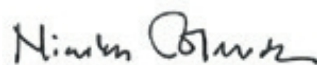
Consolidated and Museum Balance Sheets

	Notes	Group 2019 £'000	Museum 2019 £'000	Restated Group 2018 £'000	Restated Museum 2018 £'000
Fixed assets					
Tangible assets	6a	458,905	458,880	458,969	458,916
Intangible assets	6b	185	185	321	321
Heritage assets	6c	112,294	112,294	104,115	104,115
Investments	7,8	20,850	21,052	23,036	23,239
Investment in Associate	9	20,785	-	20,180	-
		<u>613,019</u>	<u>592,411</u>	<u>606,621</u>	<u>586,591</u>
Current assets					
Stock	10	5,287	2,887	3,233	1,404
Debtors due within one year	11	10,883	15,459	7,178	10,598
Short Term Investments	7	8,568	8,568	6,552	6,552
Cash		12,714	5,768	7,455	2,567
		<u>37,452</u>	<u>32,682</u>	<u>24,418</u>	<u>21,121</u>
Current liabilities					
Creditors due within one year	12	(16,893)	(12,408)	(13,370)	(10,331)
Provisions due within one year	14	(115)	(7)	(169)	(61)
Net current assets		<u>20,444</u>	<u>20,267</u>	<u>10,879</u>	<u>10,729</u>
Total assets less current liabilities		<u>633,463</u>	<u>612,678</u>	<u>617,500</u>	<u>597,320</u>
Creditors due after one year	12	(2,065)	(2,065)	(2,214)	(2,214)
Provisions due after one year	14	-	-	(6)	(6)
Net assets		<u>631,398</u>	<u>610,613</u>	<u>615,280</u>	<u>595,100</u>
Represented by					
Designated funds		19,580	19,580	16,658	16,658
General funds		1,501	1,501	1,531	1,531
Total Unrestricted funds	16	<u>21,081</u>	<u>21,081</u>	<u>18,189</u>	<u>18,189</u>
Restricted funds	16	394,476	394,476	387,335	387,335
Revaluation Reserve	16	188,186	188,186	182,815	182,815
Investment in Associate	16	20,785	-	20,180	-
Total Restricted Funds		<u>603,447</u>	<u>582,662</u>	<u>590,330</u>	<u>570,150</u>
Total Income funds		<u>624,528</u>	<u>603,743</u>	<u>608,519</u>	<u>588,339</u>
Endowment funds	16	6,870	6,870	6,761	6,761
Total funds		<u>631,398</u>	<u>610,613</u>	<u>615,280</u>	<u>595,100</u>

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



Dr Tristram Hunt
Director and Accounting Officer
5 July 2019



Nicholas Coleridge CBE
Chairman of Trustees
5 July 2019

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

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

Consolidated Cashflow Statement

Year ended 31 March 2019

	Notes	2019 £'000	Restated 2018 £'000	
Net cash inflow from operating activities	a	15,028	11,944	
Cash flows from investing activities				
Returns on investments		191	140	
Income from associate		(605)	(56)	
Purchase of property, plant and equipment (inc. heritage assets)		(10,202)	(17,104)	
Purchase of investments	7	(2,172)	(3,730)	
Proceeds from the sale of investments	7	3,019	3,676	
Net cash used in investing activities		(9,769)	(17,074)	
Increase/(Decrease) in cash and cash equivalents	c	5,259	(5,130)	
a) Reconciliation of net income to net cash inflow from operating activities				
Net income		10,747	(3,238)	
Investment income		(191)	(140)	
Donated assets		(5,991)	(754)	
Depreciation		14,260	13,565	
Amortisation		249	250	
Loss on disposal of fixed assets		-	8,806	
Gain on investments		(675)	(612)	
Increase in stocks		(2,054)	(1,309)	
(Increase)/Decrease in debtors		(3,705)	654	
Increase/(Decrease) in creditors due within one year		2,597	(4,169)	
Decrease in provisions due within one year		(54)	(324)	
Decrease in creditors due after one year		(149)	(775)	
Decrease in provisions due after one year		(6)	(10)	
Net cash inflow from operating activities		15,028	11,944	
b) Reconciliation of net cash flow to movement in net funds				
Increase/(Decrease) in cash in the period		5,259	(5,130)	
Non-cash movement in Short Term Investments		2,016	(3,559)	
Movement in net funds in the period		7,275	(8,689)	
Net funds at 1 April		14,007	22,696	
Net funds at 31 March		21,282	14,007	
c) Analysis of net funds				
	At 1 April 2018	Cashflow	Non-cash changes	At 31 March 2019
	£'000	£'000	£'000	£'000
Cash at bank and in hand	7,455	5,259	-	12,714
Short Term Investments	6,552	-	2,016	8,568
Net funds	14,007	5,259	2,016	21,282

All cash in bank is held in commercial bank accounts.

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

Notes to the Consolidated Financial Statements

1) Accounting policies

a) Basis of Accounting

The financial statements of the museum, which is a public benefit entity under Financial Reporting Standard 102 (FRS102), have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and with the exception of investments which have been included at market value, and comply with Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP), Government Financial Reporting Manual, applicable accounting standards (FRS102) and the Accounts Direction issued by the Department for Digital, Culture, Media & Sport in 2019 with the consent of Treasury in accordance with the Museums and Galleries Act 1992.

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

Consolidated accounts have been prepared which include the museum accounts, the museum's trading subsidiaries V&A Enterprises Ltd (registered no. 01955898), V&A Museum Events Ltd and V&A Ltd, consolidated on a line-by-line basis. The museum Trustees act as Trustees to all the individual funds within the museum accounts. The museum owns the whole of the issued share capital of V&A Enterprises Ltd and V&A Holdings Ltd (a holding company which in turn owns the share capital of V&A Ltd and V&A Museum Events Ltd). The Gilbert Trust for the Arts is accounted for as an associate of the museum and has been consolidated using the equity method in accordance with FRS102. The V&A Foundation and Design Dundee Ltd are separate charitable companies run by their own board of Trustees and are not consolidated into the museum's accounts.

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

b) Fund accounting

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

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

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

c) Incoming resources

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

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

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

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

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

Membership income is recognised in the period it is received.

All other income is accounted for on a receivable basis.

d) Expenditure

Expenditure is classified under the principal categories of Charitable Activities and Raising Funds rather than by type of expense, in order to provide more useful information to the users of the financial statements. Direct expenditure including directly-attributable staff costs are allocated directly to the activities to which they relate.

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

Grant expenditure is accounted for when the recipient has indicated acceptance of the terms of the grant, and any conditions attached to the award of the grant have been met. Depreciation has been allocated to activities on a basis consistent with the use of assets and is charged based upon opening asset values.

Termination benefits are recognised as a liability and an expense only when there is a demonstrable commitment either:

- (a) to terminate the employment of an employee or group of employees before their normal retirement date; or
- (b) to provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

All other liabilities are recognised as they fall due.

e) Heritage assets

Additions to the collection are capitalised and recognised on the Balance Sheet at the cost or value of the acquisition, where such a cost or valuation is reasonably obtainable. Such items are not depreciated as they are deemed to have indefinite lives. The museum's management policy in respect of its heritage assets is summarised in note 6.

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

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

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

f) Tangible fixed assets

Tangible fixed assets are accounted for using modified historical cost accounting where the effect is material. Assets with a value greater than £2,000 are capitalised and included in the balance sheet. Depreciation has been provided on all opening gross book values of tangible assets except land, calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

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

For assets under construction, depreciation is not charged until the year the asset is brought into use. A full year of depreciation is charged in the year of acquisition, and none in the year of disposal.

A full professional valuation is carried out every five years by Gerald Eve (Chartered Surveyors) on Land and Buildings and was last performed on 31 March 2018. A desktop revaluation is carried out every year between full revaluations.

g) Intangible assets

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

Intangible assets are stated at cost less amortisation.

h) Investments

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

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

Simple forward currency contracts are used within the investment portfolios to minimise the effect of currency fluctuations. These are classified as Held for Trading and are accounted for in accordance with IAS39 as permitted by FRS102, and are valued according to market prices for matching contracts at the balance sheet date.

i) Financial Instruments

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

j) Stock and work in progress

Stock is valued at the lower of cost and net realisable value. Stock comprises goods for resale and the cost of exhibitions not yet opened. Exhibition costs are recognised over the duration of the exhibition's run at the V&A.

k) Pension cost

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

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

l) Operating leases

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

m) Foreign currencies

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

2a) Grant in Aid income

Grant in Aid of £40.676m was received from the Department for Digital, Culture, Media and Sport during the year (2017-18: £37.806m). This represents 39% of the total income for the museum. The balance of funding, including the majority of capital improvements, comes from self-generated income. Included within the total Grant in Aid received is an amount restricted to capital works which for 2018-19 totalled £4.203m (2017-18: £1.903m). This increase related to Grant in Aid to support the move from Blythe House.

2b) Donations, legacies and similar income

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2019 Total £'000	2018 Total £'000
Donations and Legacies	1,374	11,266	-	12,640	16,470
Corporate Members	662	-	-	662	490
Director's Circle	638	-	-	638	560
	<u>2,674</u>	<u>11,266</u>	<u>-</u>	<u>13,940</u>	<u>17,520</u>

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

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2019 Total funds £'000	2018 Total funds £'000
Income and receipt of endowments					
<i>Income from donations and legacies</i>					
– Grant in Aid	35,273	5,403	-	40,676	37,806
– Donations, legacies and similar income	2,674	11,266	-	13,940	17,520
– Lottery income	-	503	-	503	-
– Donated objects	-	5,991	-	5,991	754
– Covenant of profits from subsidiaries	7,656	-	-	7,656	8,077
<i>Income from other trading activities</i>					
– Trading Income	-	-	-	-	-
– Sponsorship	1,717	-	-	1,717	1,927
Investment income	<u>88</u>	<u>65</u>	<u>38</u>	<u>191</u>	<u>140</u>
	<u>47,408</u>	<u>23,228</u>	<u>38</u>	<u>70,674</u>	<u>66,224</u>
<i>Income from charitable activities</i>					
– Admissions & exhibition fees (inc loans & touring)	9,530	-	-	9,530	6,013
– Membership income	6,179	-	-	6,179	3,375
– Other Trading	879	-	-	879	870
	<u>16,588</u>	<u>-</u>	<u>-</u>	<u>16,588</u>	<u>10,258</u>
Other income	<u>1,364</u>	<u>1,028</u>	<u>-</u>	<u>2,392</u>	<u>2,868</u>
Total income	<u>65,360</u>	<u>24,256</u>	<u>38</u>	<u>89,654</u>	<u>79,350</u>

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

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2019 Total funds £'000	2018 Total funds £'000
Expenditure on					
<i>Expenditure on raising funds</i>					
– Costs of generating voluntary income	7,125	1,312	-	8,437	8,105
– Trading costs	-	-	-	-	-
– Investment management costs	33	33	59	125	67
	<u>7,158</u>	<u>1,345</u>	<u>59</u>	<u>8,562</u>	<u>8,172</u>
<i>Expenditure on charitable activities</i>					
– Charitable Activities	52,536	19,089	-	71,625	66,307
– Loss on disposal of Blythe House	-	-	-	-	8,777
Total expenditure	<u>59,694</u>	<u>20,434</u>	<u>59</u>	<u>80,187</u>	<u>83,256</u>
Net income / (expenditure) before gains and losses on investments	5,666	3,822	(21)	9,467	(3,906)
Gains on investment assets	175	309	191	675	612
Net income / (expenditure)	<u>5,841</u>	<u>4,131</u>	<u>170</u>	<u>10,142</u>	<u>(3,294)</u>
Transfers between funds	(2,949)	3,010	(61)	-	-
Net income / (expenditure) before other recognised gains and losses	<u>2,892</u>	<u>7,141</u>	<u>109</u>	<u>10,142</u>	<u>(3,294)</u>
Gain on revaluation of fixed assets for the charity's own use	-	5,371	-	5,371	1,019
Net movement in funds	<u>2,892</u>	<u>12,512</u>	<u>109</u>	<u>15,513</u>	<u>(2,275)</u>
Fund balances brought forward at 1 April	<u>18,189</u>	<u>570,150</u>	<u>6,761</u>	<u>595,100</u>	<u>597,375</u>
Fund balances carried forward at 31 March	<u>21,081</u>	<u>582,662</u>	<u>6,870</u>	<u>610,613</u>	<u>595,100</u>

3) Investment Income

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	2019 Total £'000	2018 Total £'000
Interest receivable	20	-	-	20	8
UK equities and Investment funds	<u>68</u>	<u>65</u>	<u>38</u>	<u>171</u>	<u>132</u>
	<u>88</u>	<u>65</u>	<u>38</u>	<u>191</u>	<u>140</u>

4) Net income is stated after charging

	Group 2019 £'000	Museum 2019 £'000	Group 2018 £'000	Museum 2018 £'000
External Auditors' remuneration	72	49	64	44
Operating lease payments				
– Land and Buildings	138	103	196	103
– Other	20	20	47	47

There were no non-audit services provided by the Comptroller and Auditor General during 2018-19 (2017-18: nil).

5a) Total expenditure

	Direct Costs	Grants Made To Other Charities	Allocated Support Costs	Depreciation & loss on disposal	2019 Total	2018 Total
	£'000	£'000	£'000	£'000	£'000	£'000
<i>Expenditure on raising funds</i>						
Costs of generating voluntary income	5,581	-	1,619	1,237	8,437	8,105
Trading costs	13,426	-	-	28	13,454	13,633
Investment management costs	124	-	-	-	124	67
	<u>19,131</u>	<u>-</u>	<u>1,619</u>	<u>1,265</u>	<u>22,015</u>	<u>21,805</u>
<i>Charitable Activities</i>						
Collections & Learning	29,284	736	14,802	11,910	56,732	54,861
Exhibitions	12,084	-	1,522	1,287	14,893	11,446
	<u>41,368</u>	<u>736</u>	<u>16,324</u>	<u>13,197</u>	<u>71,625</u>	<u>66,307</u>
Loss on disposal of Blythe House	-	-	-	-	-	8,777
Total expenditure	<u>60,499</u>	<u>736</u>	<u>17,943</u>	<u>14,462</u>	<u>93,640</u>	<u>96,889</u>

Grants totalling £0.528m were paid out via the Purchase Grant Fund.

	2019 £'000	2018 £'000
Governance Costs (Direct)		
External Audit Fees (museum only)	49	44
Internal Audit Fees	45	37
Legal costs	20	-
Staff costs	<u>129</u>	<u>123</u>
	<u>243</u>	<u>204</u>

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

	Information services & support	Projects & Estates	Finance & Administration	Human Resources	Other Central Costs	Museum of Childhood - Administration	Governance	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>Expenditure on raising funds</i>								
Costs of generating voluntary income	348	782	165	86	149	67	22	1,619
<i>Charitable Activities</i>								
Collections & Learning	3,184	7,145	1,509	788	1,359	617	201	14,803
Exhibitions	327	735	155	81	140	63	20	1,521
	<u>3,859</u>	<u>8,662</u>	<u>1,829</u>	<u>955</u>	<u>1,648</u>	<u>747</u>	<u>243</u>	<u>17,943</u>

5b) Wages and salaries	2019	2018
	£'000	£'000
Wages and salaries	29,112	27,732
Social security costs	2,865	2,761
Pension costs	3,561	3,651
Agency and temporary staff	<u>1,375</u>	<u>1,451</u>
	36,913	35,595
Early retirement and redundancy costs	<u>339</u>	<u>355</u>
	37,252	35,950

During the year restricted funding for staff costs was received totalling £2.367m (2017-18: £1.653m).

V&A Enterprises Ltd's staff costs were £17.029m (2017-18: £13.599m) of which £3.955m (2017-18: £3.581m) was for trading activities and £13.074m (2017-18: £10.017m) was for services provided to the V&A. More information on the make-up of early retirement and redundancy costs is shown within the Remuneration and Staff Report on page 24.

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:

	2019	2018
£60,001 - £70,000	9	7
£70,001 - £80,000	11	12
£80,001 - £90,000	5	4
£90,001 - £100,000	2	3
£100,001 - £110,000	2	2
£110,001 - £120,000	2	2
£120,001 - £130,000	-	1
£130,001 - £140,000	1	-
£140,001 - £150,000	-	-
£150,001 - £160,000	<u>1</u>	<u>1</u>
	33	32

Of the employees listed above, 19 (2018: 20) are members of the Principal Civil Service Pension Scheme, and the total pension contributions payable in the year for these employees was £354,905 (2018: £380,895). Of the remaining, 13 (2018: 12) employees are members of the V&A Enterprises Limited defined contribution scheme, and the total pension contributions payable in the year for these employees was £85,808 (2018: £77,097) and 1 employee is opted out (2018: nil). Remuneration relating to key management personnel is disclosed in further detail in the Remuneration and Staff Report.

5c) Pension disclosure

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme. The Victoria and Albert Museum is unable to identify its share of the underlying assets and liabilities. The scheme actuary provided a statement in the 2016–17 Annual Report and Accounts of Civil Superannuation, based on an assessment of the liabilities as at 31 March 2015, with an approximate updating to 31 March 2017 to reflect known changes. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation. The Victoria and Albert Museum is only liable for the contribution they have made directly.

For 2018-19, employer's contributions of £2.829m were payable to the PCSPS (2018: £3.127m) at one of four rates in the range 20.0% to 24.5% of pensionable earnings, based on salary bands. The scheme Actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2018-19 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

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

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

Employee contributions changed in April 2017 and are now between the rate of 4.6% to 8.05% of pensionable earnings for Classic, Premium, Classic Plus, Nuvos and Alpha. Benefits in Classic accrue at the rate of 1/80th of final pensionable salary for each year of service. In addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum. Classic Plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as per Classic. In Nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. Its benefits reflect pay throughout an individual's career allowing members to work longer and more flexibly. Each scheme year (1st April to 31st March) pension will be built up at the rate of 2.3% of staff's pensionable earnings. Pensions payable under Classic, Premium, Classic Plus, Nuvos and Alpha are increased annually in line with Pensions Increase Legislation. Benefits in Alpha build up in a similar way to Nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

Employees joining after 1 October 2002 could opt to open a partnership pension account, a stakeholder pension with an employer contribution, rather than join a PCSPS scheme. Employer's contributions of £41,939 (2018: £51,644) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% and 14.75% of pensionable earnings. Employers also match employee contributions up to 3% of pensionable earnings. Employers also contribute a further 0.5% of pensionable pay to cover the cost of centrally-provided risk benefit cover (death in service or ill health retirement).

NEST (National Employment Savings Trust) is a pension scheme that has been set up by the Government for employers to use to comply with auto-enrolment. From 1 December 2013, we are using NEST as the pension scheme for any workers on zero hours contracts. Those workers who earn more than £833 per month (£10,000 pa) will be automatically enrolled into NEST, but can then opt out if they wish. Workers can also choose to opt in at any point, as long as they are aged at least 22 and earning less than £10,000 pa. Employer and total contributions will increase over a transition period until April 2019 of between 1% and 3% for employers and 2% and 8% for a total minimum contribution. Employer contributions paid during the year were £17,068 (2018: £8,454).

The museum's trading company, V&A Enterprises Ltd, operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund with Aviva. Employer's total contributions paid during the year was £670,352 (2018: £461,044).

From 1 January 2016 following the introduction of new terms and conditions, new starters are employed by V&A Enterprises Ltd and have been auto enrolled into a Group Personal Pension Scheme which is managed by Aviva.

On joining, employees contribute 3% of gross salary (2.4% of net pay) and the museum also contributes the sum of 2%. Contributions are deducted from net pay and are paid directly to Aviva.

On completion of 6 months' service and successfully concluding Probation, employees may then choose to enhance their personal contributions to the pension scheme. The museum will contribute the sum of 10% of basic annual salary, provided that the employee also contributes at least 3.5% of gross salary (2.8% of net pay). Employees can elect to contribute more than the 2.5% of gross salary; however, the V&A's contribution will remain fixed at 10%.

5d) Trustees

The Trustees neither received nor waived any emoluments during the year (2018: nil).

No Trustees were reimbursed for expenses during the year (2018: £10,212).

5e) Average number of employees (*)

	2019	2018
Generating voluntary income	77	74
Trading	113	118
Collections & Learning	706	684
Exhibitions	73	68
	<u>969</u>	<u>944</u>

(*) based on full-time equivalents.

Of the above employees, 856 are full time permanent employees of the museum and its subsidiaries (2018: 857), 64 are externally-funded posts (2018: 42), and the remaining 49 employees are temporary staff (2018: 45).

6a) Tangible fixed assets

Group	Land & Buildings	Furniture & fittings	Equipment	Assets in course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 April 2018	451,659	5,692	12,415	3,966	473,732
Transfers	6,650	-	-	(6,650)	-
Additions	571	372	827	7,054	8,824
Disposals	-	(133)	(894)	-	(1,027)
Revaluation	(7,071)	-	-	-	(7,071)
At 31 March 2019	451,809	5,931	12,348	4,370	474,458
Depreciation					
At 1 April 2018	86	4,714	9,963	-	14,763
Charged for the year	12,461	443	1,355	-	14,259
Disposals	-	(133)	(894)	-	(1,027)
Revaluation	(12,442)	-	-	-	(12,442)
At 31 March 2019	105	5,024	10,424	-	15,553
Net book value					
At 31 March 2019	451,704	907	1,924	4,370	458,905
At 31 March 2018	451,573	978	2,452	3,966	458,969

The net book value at 31 March 2019 represents fixed assets of the Group for:

	Land & Buildings	Furniture & fittings	Equipment	Assets in course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Direct charitable activities	451,704	891	1,915	4,370	458,880
Other activities	-	16	9	-	25
Total	451,704	907	1,924	4,370	458,905

6a) Tangible fixed assets (cont'd)

Museum	Land & Buildings	Furniture & fittings	Equipment	Assets in course of construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or valuation					
At 1 April 2018	451,659	5,305	12,052	3,966	472,982
Transfers	6,650	-	-	(6,650)	-
Additions	571	372	827	7,054	8,824
Disposals	-	(133)	(894)	-	(1,027)
Revaluation	(7,071)	-	-	-	(7,071)
At 31 March 2019	451,809	5,544	11,985	4,370	473,708
Depreciation					
At 1 April 2018	86	4,357	9,624	-	14,067
Charged for the year	12,461	429	1,340	-	14,230
Disposals	-	(133)	(894)	-	(1,027)
Revaluation	(12,442)	-	-	-	(12,442)
At 31 March 2019	105	4,653	10,070	-	14,828
Net book value					
At 31 March 2019	451,704	891	1,915	4,370	458,880
At 31 March 2018	451,574	948	2,428	3,966	458,916

Land & Buildings

On the 31st March 2019 a desktop valuation of the freehold properties comprising the Victoria and Albert Museum Estate was carried out by an external valuer, Gerald Eve LLP, a regulated firm of Chartered Surveyors. The valuation was prepared in accordance with the requirements of the RICS Valuation - Professional Standards, January 2014 amendment and FRS102. The site at South Kensington was valued at £435.6m and the site at Bethnal Green at £16.1m. These valuations include some plant and machinery that is included in Fixtures & Fittings and Equipment.

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

All land and buildings are freehold.

6b) Intangible Assets

Museum	Intangible assets £'000	Assets in course of construction £'000	Total £'000
Cost or valuation			
At 1 April 2018	999	-	999
Transfers	-	-	-
Additions	-	113	113
Disposals	-	-	-
At 31 March 2019	999	113	1,112
Amortisation			
At 1 April 2018	678	-	678
Charged for the year	249	-	249
Disposals	-	-	-
At 31 March 2019	927	-	927
Net book value			
At 31 March 2019	72	113	185
At 31 March 2018	321	-	321

No intangible assets are held within the trading subsidiaries

6c) Heritage Assets

Additions of £8.2m (2018: £7.5m) were made to the Collection. The additions comprise the following elements:

	2019 £'000	2018 £'000	2017 £'000	2016 £'000	2015 £'000
Opening balance brought forward					
Donated objects (shown at valuation)	61,993	61,239	57,117	54,303	37,425
Acquisitions (shown at cost)	42,122	35,340	33,455	31,383	24,320
	104,115	96,579	90,572	85,686	61,745
Donations of objects by gift or bequest	5,991	737	1,030	1,273	16,878
Donations of objects under the acceptance in lieu scheme	-	17	3,092	1,541	-
	5,991	754	4,122	2,814	16,878
Acquisitions	2,188	6,782	1,885	2,072	7,063
Total Additions	8,179	7,536	6,007	4,886	23,941
Closing balance carried forward					
Donated objects (shown at valuation)	67,984	61,993	61,239	57,117	54,303
Acquisitions (shown at cost)	44,310	42,122	35,340	33,455	31,383
	112,294	104,115	96,579	90,572	85,686

No objects were disposed of during 2018-19. In the prior year seven dolls received by the V&A Museum of Childhood in 1984 as a gift were disposed of under Section B of the National Heritage Act 1983, Objects Unsuitable for Retention.

Further information on the museum's heritage assets

The V&A holds 1,537,505 museum objects and works of art within its collections, as well as 1,126,575 library items and 1,022 archival collections. Of these approximately 1% have been included in the balance sheet of the museum and the table above. At 31 March 2019, 65,506 items were on display with access to other items available through reading and study rooms or by arrangement. Further access can be obtained from reference facilities and publications, the museum website, selected third party websites, and other electronic media. These objects are held within the following collections:

Asian Collections 135,589 objects and 1 archival collection:

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

Furniture, Textiles & Fashion Collections 84,262 objects:

The Western Furniture and Woodwork collections date from the medieval period to current times and are unique in their international scope. However, the greatest strength lies in the holdings of British furniture made between 1700 and 1900, and international furniture of the 20th century. The Textile collection is the world's largest and the most wide-ranging of its kind, with examples from Africa, the Americas and Europe, extending in date from the 3rd century BC to the present day, primarily from Western Europe. A major strength is the collection of British 20th-century textiles. The Fashion collection consists of mainly British fashionable clothes and accessories for both sexes, from 1600 to the present. Contemporary and 20th-century collections hold small, representative selections from key designers worldwide.

Sculpture, Metalwork Ceramics & Glass Collections 149,225 objects:

The Western Sculpture collection is the most comprehensive holding of post-classical European sculpture in the world. The Metalwork collection contains Western decorative metalwork, silver and jewellery ranging in date from the Bronze Age to the present day. It is unique in its comprehensiveness and diversity and includes the national collection of English silver. The Ceramics collection is without parallel in the world and, by virtue of its size, quality and range, may be considered pre-eminent in its entirety. This includes approximately 38,000 objects which form part of the Wedgwood Museum Collection and were gifted to the V&A during 2014-15 by Art Fund. The Glass collection is the most comprehensive in Europe, and the stained glass holdings are unparalleled anywhere.

Word & Image Collections 1,051,104 objects, 383 archival collections, 1,024,364 library items:

The Word & Image collections encompass design, drawings, paintings, prints, photographs, digital artworks and the art of the book. They provide a national centre for primary source material for the study of design. The collection of 19th-century British oil paintings includes the principal collection of John Constable, and the foreign oil paintings collection is of national significance. The museum has the national responsibility for collecting watercolours and English portrait miniatures. The Photographs collection, which incorporates the Royal Photographic Society collection donated in 2018-19, is international and spans the whole history of the subject from 1839 to the present. The Prints collection, uniquely in Britain, embraces 'fine' prints and commercial production. The Department holds an internationally significant collection of computer-generated artworks from the 1960s to the present day. The National Art Library's holdings of the art, craft and design of the book encompass every aspect of the book from illuminated manuscripts to paperbacks, and its documentary collections include some major manuscript holdings. The statistics for library collections above also include reference materials held in local departmental libraries. Contemporary production is a priority in all relevant fields; digital media represents a current challenge. The department is especially active in areas where the fine and applied arts intersect.

Childhood Collections 36,403 objects and 61 archival collections:

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

examples of children's own creativity, agency and imaginative works expressed through their writing and works of art and design.

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

Theatre & Performance Collections 80,060 objects, 577 archival collections, 102,211 library items:

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

Design, Architecture and Digital Collections 862 objects:

The Design, Architecture and Digital collections encompass contemporary architecture and urbanism, furniture, product and digital design, and in addition, the department shares responsibility for the collection of designs with Word and Image and for the collection of 20th-century furniture and product design with Furniture, Textiles and Fashion. This breadth is reflected in its collection and acquisition practices, which focus on contemporary design and the collection of 20th-century and contemporary architectural drawings, designs and models. Design, Architecture and Digital is further responsible for Rapid Response Collecting, a contemporary collecting initiative that enables the museum to acquire objects in response to major moments in history that touch the world of design and manufacturing.

Preservation & Management

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

The museum has established standards of care for the preservation of collections that are regularly reviewed. These standards reflect public access requirements, research and exhibition needs, funding and staff resources, and urgency of care and are available online in the form of the Collections Information and Access Policy and Collections Care and Conservation Policy. The museum is guided by 'A Code of Practice on Archives for Museums and Galleries in the United Kingdom' (Standing Conference on Archives and Museums, 3rd edition, 2002) and The National Archives' standard for record repositories, 2004.

The V&A is fully accredited as a museum by Arts Council England and as of November 2016 has gained accreditation as an Archival Service. The museum's Acquisition and Disposal Policy is available on the V&A website (www.vam.ac.uk) as part of the V&A Collections Development Policy. This policy was reviewed in 2018-19 and will be approved by the Trustees' Collections Committee in June 2019. The National Heritage Act 1983, as amended by the Museums and Galleries Act 1992 sets out the museum's statutory framework and powers of disposal.

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

7) Investments

	<u>Short Term Investments</u>		<u>Fixed Asset Investments</u>	
	Group	Museum	Group	Museum
	2019	2019	2019	2019
	£'000	£'000	£'000	£'000
Market value at 1 April 2018	6,552	6,552	23,036	23,239
Additions to portfolio	2,047	2,047	126	126
Withdrawals from portfolio	(31)	(31)	(2,987)	(2,987)
Net gain on revaluation	-	-	675	675
Market value at 31 March 2019	8,568	8,568	20,850	21,052
of which				
Historical cost at 31 March 2019	8,568	8,568	18,695	18,897
Unrealised investment gain at 31 March 2019	-	-	2,155	2,155
Analysis of gain by asset class				
Gain on assets Available for Sale	-	-	2,126	2,126
Gain on assets Held for Trading	-	-	29	29
	-	-	2,155	2,155
Investment assets in the UK				
Government stocks & Corporate bonds	8,501	8,501	3,113	3,113
Investment Funds	-	-	909	909
Cash & currency hedges	67	67	148	148
Unlisted Equities (trading subsidiary)	-	-	-	202
Multi Asset Investment Funds	-	-	11,154	11,154
Investment assets outside the UK				
Multi Asset Investment Funds	-	-	4,126	4,126
Investment Funds	-	-	1,338	1,338
Cash & currency hedges	-	-	62	62
	8,568	8,568	20,850	21,052

The Role of Financial Instruments

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

Liquidity and Credit Risk

The largest single source of income (39%) is received by way of Grant in Aid which is drawn down according to need, and as a result the museum is not exposed to significant liquidity or credit risk. The remainder of the museum's activity is funded by self-generated income and funds given for restricted purposes such as capital projects.

Market Risk

Foreign Currency Risk

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

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

Interest Rate Risk

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

8) Trading subsidiaries

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

The museum also owns 100% of the issued share capital of V&A Holdings Ltd which in turn owns 100% of the issued share capital of V&A Ltd and V&A Museum Events Limited; during the year V&A Ltd undertook consultancy work. No activity was undertaken during the year by V&A Museum Events Limited.

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

	V&A Enterprises Ltd		V&A Ltd	
	2019	2018	2019	2018
Profit and loss account	£'000	£'000	£'000	£'000
Turnover	20,941	19,964	168	1,746
Cost of sales	<u>(6,658)</u>	<u>(6,012)</u>	<u>(60)</u>	<u>(905)</u>
Gross Profit	14,283	13,952	108	841
Administrative expenses	<u>(6,733)</u>	<u>(6,710)</u>	<u>(2)</u>	<u>(6)</u>
Trading profit	7,550	7,242	106	835
Recharged staff costs income	13,074	10,017	-	-
Recharged staff costs expense	(13,074)	(10,017)	-	-
Interest receivable and similar income	1	-	-	-
Loan Interest Payable	-	-	-	-
Profit on Ordinary Activities before Taxation & Distributions	7,551	7,242	106	835
Tax on profit	2	-	-	-
Profit after tax	7,553	7,242	106	835
Balance sheet				
Tangible fixed assets	25	53	-	-
Current assets	10,044	6,092	1,266	2,561
Creditors due within one year	(9,867)	(5,943)	(1,266)	(2,561)
Creditors due after one year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net assets	202	202	-	-
Share capital and reserves	202	202	-	-
Profit and loss account	-	-	-	-
Shareholders' Funds	202	202	-	-

8) Trading subsidiaries (cont'd)

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

	V&A Enterprises Ltd		V&A Ltd	
	2019	2018	2019	2018
	£'000	£'000	£'000	£'000
Turnover	20,941	19,964	168	1,746
Intercompany transactions	-	-	-	-
Trading income included within SOFA	20,941	19,964	168	1,746
Cost of sales	6,658	6,012	60	905
Administrative expenses	6,733	6,710	2	6
Interest payable	-	-	-	-
Taxation	-	-	-	-
<i>Intercompany transactions</i>	-	-	-	-
Trading costs included within SOFA	13,391	12,722	62	911
Interest receivable and similar income	-	-	-	-
<i>Intercompany transactions</i>	-	-	-	-
Included in Investment Income per SOFA	-	-	-	-

9) Associates

Since 2008, the museum has been entitled to appoint four trustees to the board of the Gilbert Trust for the Arts, a separate charity that owns a collection of silver, gold, micromosaics and gold boxes, on long-term loan to the V&A. The Gilbert Trust also owns an endowment, the returns of which are used to fund the display and upkeep of the collection by the V&A, and associated research and outreach activities.

In accordance with the requirements of FRS102 and the SORP, the V&A is required to account for the Gilbert Trust as an associate using the equity method. An investment asset has been recognised at a value based on the V&A's hypothetical share of the net assets of the Gilbert Trust, calculated with reference to the proportion of trustees nominated by the V&A. At 31 March 2019, this was £20.8m (2018: 20.2m) representing 40% (2018: 36%) of the net assets of the Gilbert Trust. The V&A's hypothetical share of the results of the Gilbert Trust are shown in the table below. The actual value of the V&A's incoming resources from the Gilbert Trust are shown within note 20. While the Gilbert Trust saw a net reduction in funds in the year, the change in the proportion attributed to the V&A as a result of a trustee retiring from the board has resulted in an increase in the investment value shown on the V&A's balance sheet, and this movement is included within income in the consolidated Statement of Financial Activities.

	2019	2018
	£'000	£'000
Investment income	30	25
Total income	30	25
Expenditure on raising funds	(24)	(18)
Expenditure on charitable activities	(129)	(106)
Total expenditure	(153)	(123)
Net expenditure before gains and losses on investments	(123)	(99)
Gains on investments	146	155
Net income	23	56
Loss on revaluation of Heritage Assets	(1,337)	-
Net movement in funds	(1,314)	56

10) Stock

	Group	Museum	Group	Museum
	2019	2019	2018	2018
	£'000	£'000	£'000	£'000
Stock	2,400	-	1,829	-
Exhibition Costs	<u>2,887</u>	<u>2,887</u>	<u>1,404</u>	<u>1,404</u>
	<u>5,287</u>	<u>2,887</u>	<u>3,233</u>	<u>1,404</u>

11) Debtors

	Group	Museum	Group	Museum
	2019	2019	2018	2018
	£'000	£'000	£'000	£'000
Trade debtors	3,553	2,394	2,609	1,393
Less provision for Doubtful debts	(8)	(8)	(13)	(13)
Other debtors	179	149	172	109
Prepayments and accrued income	6,394	5,652	2,944	2,287
Recoverable taxation (VAT)	765	732	1,466	1,466
Amounts due from subsidiary undertaking	-	6,540	-	5,356
	<u>10,883</u>	<u>15,459</u>	<u>7,178</u>	<u>10,598</u>

12) Creditors

	Group	Museum	Group	Museum
	2019	2019	2018	2018
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade creditors	1,294	1,122	2,606	2,382
Other creditors	10	10	30	13
Accruals	9,272	6,545	7,202	5,609
Deferred income	13 1,549	454	1,326	510
Deferred exhibition income	13 3,620	3,620	1,090	1,090
Taxation and social security costs	1,148	657	1,116	727
Amounts owed to subsidiary undertaking	-	-	-	-
	<u>16,893</u>	<u>12,408</u>	<u>13,370</u>	<u>10,331</u>
Amounts falling due after one year				
Deferred income - after one year	13 <u>2,065</u>	<u>2,065</u>	<u>2,214</u>	<u>2,214</u>
	<u>2,065</u>	<u>2,065</u>	<u>2,214</u>	<u>2,214</u>

13) Deferred Income

	2019	2018
	£'000	£'000
As at 1 April	4,630	5,888
Deferred in current year	17,041	6,077
Released from previous year	<u>(14,438)</u>	<u>(7,335)</u>
As at 31 March	<u>7,233</u>	<u>4,630</u>

Of this balance £1.896m represents funds given to the museum by Royal Institute of British Architects in relation to its occupation of certain office and gallery spaces in the museum. An amount representing an annual rental payment is released each year.

14) Provisions

	Group 2019	Museum 2019	Group 2018	Museum 2018
	£'000	£'000	£'000	£'000
As at 1 April	175	67	459	459
Provision in year	-	-	160	52
Paid in year	(60)	(60)	(444)	(444)
As at 31 March	<u>115</u>	<u>7</u>	<u>175</u>	<u>67</u>
Provisions - within one year	115	7	169	61
Provisions - after one year	-	-	6	6
	<u>115</u>	<u>7</u>	<u>175</u>	<u>67</u>

Provisions include amounts that may be payable to staff, elements of which relate to early retiring employees for whom the museum will continue to pay PCSPS contributions until they reach relevant pensionable age. In 2017-18 a provision for dilapidations payable on exit of the warehousing facility was taken and the unutilised provision (£340k) relating to the Exhibition Road Quarter was released.

15) Financial commitments

At 31 March 2019 the group had annual commitments under non-cancellable leases as follows:

	2019	2019	2018	2018
	Land & Buildings	Other	Land & Buildings	Other
	£'000	£'000	£'000	£'000
Operating leases which expire:				
Within one year	131	20	138	45
In the second to fifth year	412	106	412	89
After five years	309	44	412	59
	<u>852</u>	<u>170</u>	<u>962</u>	<u>193</u>

V&A Enterprises Ltd has a three month commitment being the notice term on a rolling operating lease contract. The other subsidiaries of the museum do not have any financial commitments.

16) Statement of funds

	Restated As at 1 April 2018	Incoming Resources	Resources Expended	Transfers	Fixed Assets - Gains/losses on Revaluation	Investments - Gains/losses under Fair Values	As at 31 March 2019
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted Funds							
General Income funds	1,531	78,813	(73,085)	(5,933)	-	175	1,501
Designated Income funds	16,658	-	(62)	2,984	-	-	19,580
Total Unrestricted Funds	18,189	78,813	(73,147)	(2,949)	-	175	21,081
Restricted Funds							
<i>Restricted Income Funds</i>							
- Acquisitions for the Collection ¹	582	881	(10)	(815)	-	41	679
- Restricted Income funds	5,894	6,212	(5,659)	(262)	-	126	6,311
- Museum Development funds ¹	(639)	9,191	(168)	(5,128)	-	-	3,256
- Endowment funds income	961	78	(117)	(7)	-	142	1,057
	6,798	16,362	(5,954)	(6,212)	-	309	11,303
<i>Restricted Asset Funds</i>							
Restricted Capital funds ²	276,422	1,903	(14,480)	7,034	-	-	270,879
Revaluation Reserve	182,815	-	-	-	5,371	-	188,186
Heritage Assets ¹	104,115	5,991	-	2,188	-	-	112,294
Associate	20,180	605	-	-	-	-	20,785
	583,532	8,499	(14,480)	9,222	5,371	-	592,144
Total Restricted Funds	590,330	24,861	(20,434)	3,010	5,371	309	603,447
Endowment Funds							
Endowments ³	6,761	38	(59)	(61)	-	191	6,870
Total Endowment Funds	6,761	38	(59)	(61)	-	191	6,870
Total Funds	615,280	103,712	(93,640)	-	5,371	675	631,398

¹ Transfers are made each year from Income to Restricted Capital funds in respect of certain capital assets acquired, since the assets are subject to restrictions on their disposal. The Museum Development fund was in deficit at the start of the year due to the timing of donations received in respect of the Exhibition Road Quarter.

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

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

Unrestricted funds

General Income Funds – the general funds consist of the accumulated surplus or deficit on the Statement of Financial Activities. The amount of these available for use at the discretion of the Trustees in furtherance of the general objectives of the museum is detailed in note 17.

Designated Income funds – a collection of funds which have been set aside at the discretion of the Trustees for specific purposes, primarily used to fulfil the Trustees' reserve policy and to fund specific capital projects (see page 16).

Restricted funds

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

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

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

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

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

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

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

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

Endowment funds

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

Fair Value

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

	2019 £'000	2018 £'000
Unrestricted	770	871
Restricted	735	961
Endowment	650	702
	<u>2,155</u>	<u>2,534</u>

17) Statement of fund commitments as at 31st March

	2019 £'000	Restated 2018 £'000
Funds available for spending at Trustees' discretion:		
General income funds (excluding investment in V&A Enterprises Ltd)	1,501	1,531
Designated income funds	19,378	16,456
	<u>20,879</u>	<u>17,987</u>
Funds raised for specific purposes:		
Restricted income funds	11,303	6,798
Total funds available for spending	<u>32,182</u>	<u>24,785</u>
Funds not available for Trustees' spending:		
Designated income funds - share capital of V&A Enterprises	202	202
Endowment funds (Capital element)	6,870	6,761
Capital funds (Fixed Assets)	592,144	583,532
Total funds not available for spending	<u>599,216</u>	<u>590,495</u>
Total funds in balance sheet	<u>631,398</u>	<u>615,280</u>

18) Analysis of group net assets between funds

	Unrestricted Funds	Restricted Funds	Endowment Funds	2019 Total	Restated 2018 Total
	£'000	£'000	£'000	£'000	£'000
Fund balances at 31 March 2019 are represented by:					
Tangible and intangible fixed assets and heritage assets	25	571,359	-	571,384	563,405
Investments	12,924	21,841	6,870	41,635	43,216
Current assets	27,205	10,247	-	37,452	24,418
Current liabilities	(17,008)	-	-	(17,008)	(13,539)
Liabilities due after one year	(2,065)	-	-	(2,065)	(2,220)
Net assets	<u>21,081</u>	<u>603,447</u>	<u>6,870</u>	<u>631,398</u>	<u>615,280</u>

19) Capital commitments

	2019	2018
	£'000	£'000
Capital expenditure commitments were as follows:		
Contracted for, but not provided in the accounts	<u>1,267</u>	<u>670</u>

The majority of the capital commitments relate to design, fit-out, construction and professional fees on the Museum of Childhood, Fashion Gallery and the Café floor.

20) Related Party Transactions

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

Relationship	Related Party	Donations/ Grants Received/ (Made)	Amount Sold	Amount Purchased	Year end balance Debtors	Year end balance (Creditors)
		£'000	£'000	£'000	£'000	£'000
DCMS funded bodies	Arts Council	585	-	-	-	-
	British Library	-	-	-	-	-
	British Museum	-	664	570	353	(473)
	British Film Institute	-	-	2	-	-
	English Heritage	-	-	3	-	-
	Imperial War Museum	-	1	-	-	-
	The National Gallery	-	2	-	-	-
	National Portrait Gallery	-	23	1	-	-
	Science Museum Group	4,500	750	20	265	(1)
	Natural History Museum	-	53	1,562	2	(303)
	Tate	-	9	-	-	-
Exhibition Road Cultural Group	-	-	21	-	-	
Nicholas Coleridge CBE, Edmund De Waal OBE, Nick Hoffman, Dr Tristram Hunt and Dr Antonia Boström are Trustees; Anthony Misquitta is Co Secretary	Gilbert Trust for the Arts	315	-	-	-	-
Nicholas Coleridge CBE and Dame Theresa Sackler are Trustees; Anthony Misquitta is Co Secretary	V&A Foundation	1,891	6	-	-	-
Sir John Sorrell is a Director	London Design Festival Ltd	-	16	20	10	-
Sir John Sorrell is a Trustee and Chairman	Creative Industries Federation	-	-	5	-	-
Paul Thompson is Vice Chancellor of the RCA; Dr Tristram Hunt is a Trustee	Royal College of Art	-	339	29	-	-
Paul Thompson is a Board Member	Ashmolean Museum	-	4	-	-	-
Tristram Hunt is a Director	Design Dundee Ltd	-	203	-	33	-
Sir John Sorrell is President and a Director	London Design Biennale	-	-	27	-	-
Robert Glick is a Trustee	Sadler's Wells Ltd	-	7	3	-	-
Nicholas Coleridge CBE is a Director	The Conde Nast Publications Ltd	-	-	1	-	-

20) Related Party Transactions (cont'd)

Dr Genevieve Davies is a Trustee	Royal Opera House	-	24	-	-	-
Ben Elliot is a Co-Founder	Quintessentially	-	1	-	-	-
Sir John Sorrell is Chairman	University Of The Arts London	6	1	-17	6	-

In addition, two trustees made personal donations worth a total of £7,750 to the museum during the year.

No other trustees or staff members obtained any personal pecuniary benefit from these transactions and no trustee or staff member had any other material transactions with the museum in the year.

No trustees held any significant interests which would conflict with their management responsibilities of the museum.

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

The Chief Operating Officer is a Director of V&A Museum Events Ltd, V&A Ltd and V&A Holdings Ltd.

21) Contingent Liabilities

There are no contingent liabilities as at 31st March 2019 (2018: Nil).

22) Post Balance Sheet Events

On 10 May 2019 the V&A's obligation to enter into a 100 year lease on commercial terms for the new Collections and Research Centre at V&A East became unconditional. The lease has been accounted for as a finance lease in accordance with FRS102 which will give rise to a lease liability and corresponding asset estimated at £64.2m.

There were no other reportable events between 31 March 2019 and the date the accounts were authorised for issue. The financial statements were authorised for issue on the date they were certified by the Comptroller and Auditor General.

23) Changes in accounting policies and prior year adjustments

As set out in note 9, since 2008 the V&A has appointed a minority of trustees to the board of the Gilbert Trust for the Arts. Since the proportion of trustees appointed by the V&A exceeds 20%, the V&A is required to account for the Gilbert Trust as an associate. This accounting treatment was not followed previously, and therefore the prior year's results have been restated to provide a consistent presentation. The impact of accounting for the Gilbert Trust as an associate has had the following effect:

	Unrestricted funds £'000	Restricted funds £'000	Endowment funds £'000	Total funds £'000
Statement of Financial Activities				
Net income as previously stated (2017-18)	3,235	(6,635)	106	(3,294)
Associate accounting restatement	-	56	-	56
Net income restated (2017-18)	<u>3,235</u>	<u>(6,579)</u>	<u>106</u>	<u>(3,238)</u>
Balance Sheet				
Funds as previously stated at 31 March 2017	18,514	572,206	6,655	597,375
Associate accounting restatement	-	20,124	-	20,124
Funds restated at 31 March 2017	<u>18,514</u>	<u>592,330</u>	<u>6,655</u>	<u>617,499</u>
Funds as previously stated at 31 March 2018	18,189	570,150	6,761	595,100
Associate accounting restatement	-	20,180	-	20,180
Funds restated at 31 March 2018	<u>18,189</u>	<u>590,330</u>	<u>6,761</u>	<u>615,280</u>

