

The Wallace Collection
Annual Report and Accounts 2015-16

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The Wallace Collection Annual Report and Accounts 2015-16

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Annual Report

Background information

The Wallace Collection was formed by four generations of Marquesses of Hertford and by Sir Richard Wallace (the illegitimate son of the fourth Marquess), between the 1780s and the 1880s. Since the 1870s the collections have been housed in Hertford House, Manchester Square, London, W1U 3BN, one of the Hertford-Wallace residences and a Grade II listed building. It was bequeathed to the nation by Lady Wallace in 1897 and opened to the public on 22 June 1900. The building has been undergoing major refurbishment since the 1990s. Admission to the museum is free.

A Treasury Minute of 28 July 1897 appointed the first Board of Trustees, which acts on the authority of a Declaration of Trust dated 27 July 1899, and of the Museums and Galleries Act 1992, which specifies the Board's general function to maintain, exhibit and grant access to, and promote public understanding and enjoyment of the Collection. Responsibility for Government financing of the Wallace Collection rests with the Secretary of State for Culture, Media and Sport, from whom the museum receives a Grant-in-Aid out of monies provided by Parliament. The museum is a Non-Departmental Public Body sponsored by the Department for Culture, Media and Sport. It is a charity exempt from registration under the Charities Act 2011. It has a wholly-owned subsidiary, Hertford House Marketing Limited, whose results are consolidated with the Wallace Collection's results for the purpose of these accounts.

The museum contains Old Master paintings, miniatures, sculpture, French furniture, porcelain and goldsmiths' work, European, African and Asian arms and armour, and medieval and Renaissance works of art. All are of the highest quality and of international importance. Its holdings of French eighteenth-century art, European princely arms and armour, and Old Master paintings are internationally outstanding. Lady Wallace's bequest stipulated that the collection should be preserved as a national museum 'unmixed with other works of art'. The museum therefore keeps its own collection separate and does not lend.

The Collections

The works of art in the Collection, broken down by collection category comprise:

Pictures (paintings, watercolours, drawings and etchings)	777
Miniatures	317
Furniture	525
Sculpture	481
European Arms and Armour	1,342
Oriental Arms and Armour	1,057
Asian and African Art	98
Porcelain	287
Earthenware	203
Glass	59
Limoges enamels	29
Gold boxes	89
Works of Art	341
Manuscript cuttings	32

These objects (5,637 in total) encompass a superb range of fine and decorative arts from the fifteenth to the nineteenth centuries. They are housed in twenty-seven rooms and galleries on the ground and first floors, with additional Exhibition Galleries, Visitors' Library, Lecture Theatre, Meeting Room, Education Studio and Conservation Gallery on the lower ground floor.

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The Wallace Collection is prohibited by the terms of Lady Wallace's bequest and subsequent statute from adding to its permanent collection. Objects and archival material relevant to the Collection and the family history are occasionally acquired for the Hertford House Historic Collection. The Library and archives, held in addition to the collection, are continually updated and are an excellent source of material to enable study of eighteenth-century French art, European princely arms and armour, and French and British collecting between 1700 and 1900. There is also a handling collection of objects used for teaching and demonstration.

Objectives

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

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

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

The Trustees therefore consider the Wallace Collection's principal aim one of stewardship, specifically:

- To safeguard this unique and varied Collection, making it accessible for the present and preserving it for future generations.

And to achieve this, the museum's subsidiary aims are to:

- Promote the understanding and enjoyment of the Collection;
- Maintain and improve the conservation and display of the works of art;
- Foster and encourage the study of eighteenth-century French art, of European princely arms and armour as well as of French and British collecting in these areas between 1700 and 1900; and
- Maintain Hertford House and its services.

The Trustees believe that these objectives are for the public benefit and have had regard to the Charity Commission's guidance on public benefit when making decisions to which it is relevant.

In 2014, a Ten Year Plan was approved by the Trustees providing a road map for future activities to support and broaden these aims. Until 2024, the museum wants to develop into:

- a leading centre for French eighteenth-century art and for European princely arms and armour;
- a welcoming, accessible and inspirational museum promoting our core areas to a diverse audience and encouraging learning;
- a museum with an up-to-date infrastructure and with sufficient space for its collections, visitors, staff and activities.

The three main areas of the Ten Year Plan – research and collection, visitors, infrastructure and finance – provide the main structure of the annual report.

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Achievements and performance

Research and Collection

Research

Throughout the year, the Wallace Collection has excelled with important, internationally visible research projects. Individual projects necessarily run over several years, but two major research campaigns have come to completion.

This year has seen the final phase of the Reynolds project at the Wallace Collection. The museum has led on ground-breaking research on Reynolds's painting techniques, the artist's working methods and the notoriously difficult conservation of his works. As a result, fundamental knowledge about Reynolds's painting techniques was produced and half of the museum's twelve works by Reynolds could be cleaned. The project was accompanied by an advisory panel to guarantee highest standards and a comprehensive discussion with specialists in the field. The resulting knowledge will be crucial for many other collections preserving works by Reynolds. The project was supported by the Paul Mellon Centre and several other donors.

From 12 March to 7 June 2015, the results were presented as an exhibition with international loans – *Joshua Reynolds. Experiments in Paint* – that attracted over 30,000 visitors, one of the most successful exhibitions ever held at the Wallace Collection. The accompanying catalogue is an important contribution to eighteenth-century studies.

For over a decade, research on the Italian sculptures in the museum has been on-going. In March, the Wallace Collection could launch its two-volume catalogue written by Jeremy Warren, an important contribution to the field and to a better perception of the museum internationally.

Long-term research on our collection of Ottoman, Near Eastern and Asian arms and armour is on-going. The area covers a large number of languages and many areas of scholarly specialisation. Cataloguing the collection is only possible as a group effort. This past year has seen the completion of first groups of catalogue entries on Indonesian and Japanese works as well as major progress on Indo-Persian works. Neutron diffraction analysis of more than twenty Indo-Persian blades as part of the European programme at the Rutherford-Appleton Laboratory near Harwell has been carried out with important results that will feed into the cataloguing project. Research is building up towards the refurbishment of the gallery and is increasingly made available online in the collections database.

Because of the extensive knowledge on arms and armour and metal analysis at the Wallace Collection, the museum was a partner in the analysis of both the helm and sword of Henry V in Westminster Abbey.

Teaching collaborations with the Université Lille III, Oxford University and the Attingham Trust are now well established. The lecture series on the history of collecting continues successfully.

Staff Publications

Curatorial

- Capwell, Tobias, 'The 15th-century Brass at Trotton: A Hero of Agincourt as Armoured Icon', *Newsletter of the Monumental Brass Society* (2015), pp. 570–2
- Capwell, Tobias, 'Furnish'd in Warlike Sort: Arms and Armour at Agincourt', *Medieval Warfare Magazine*, (special number 2015), pp. 43–52
- Capwell, Tobias, *Armour of the English Knight 1400-50*, London 2015

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- Capwell, Tobias, 'To teche the Frensshmen curtesye' English Archers and Men-at-Arms in the Age of Agincourt', *Military History Monthly*, 65, February 2016, pp. 40–46.
- Capwell, Tobias, 'Diary: Samuel Rush Meyrick: The Man Behind the Medieval Revival', *Apollo*, February 2016, p. 21.
- Flynn, Hayley, (with Peter Moore), 'John Collett's Temple Bar and the Discovery of a Preparatory Study', *The Burlington Magazine*, 157, 2015, pp. 460–4
- Higgott, Suzanne, 'In Periculo Fortis – A painted enamel by Claudius Popelin for Alfred-Émilien, comte de Nieuwerkerke, in context', *The Decorative Arts Society Journal*, 39, 2015, pp. 80–111.
- Higgott, Suzanne, 'Survey of Venetian and Façon de Venise Enamelled and Gilded Glass Made c. 1500-1550 and Excavated from Reliably Dated Contexts in Great Britain', *Atti Classe di Scienze Fisiche, Matematiche e Naturali*, 173, 1, 2014/2015, *Study Days on Venetian Glass Approximately 1700's*, Venice 2015, pp. 69–90.
- Vogtherr, Christoph, 'Jean-Honoré Fragonard, der große Unbekannte', [review: Fragonard. Poesie & Leidenschaft, exhibition, Karlsruhe, Staatliche Kunsthalle, 2014], *Kunstchronik* 68, 2015, pp. 200–205.
- Vogtherr, Christoph, 'Karoline Luise von Baden und Friedrich II. von Preußen - zwei fürstliche Gemäldesammler des Alten Reiches im Vergleich', in: Christoph Frank and Wolfgang Zimmermann (ed.), *Aufgeklärter Kunstdiskurs und höfische Sammelpraxis. Karoline Luise von Baden im europäischen Kontext*, Berlin/Munich 2015, pp. 214–21.
- Vogtherr, Christoph, 'Die Erwerbungen von Gemälden auf dem Pariser Kunstmarkt durch Friedrich II. von Preußen ab 1755 - ein Sammler und seine Bezugsquellen', *Die Bildergalerie Friedrichs des Großen. Geschichte - Kontext - Bedeutung*, Regensburg 2015, pp. 241–256.
- Vogtherr, Christoph, Review: 'Chr. Smentek, Mariette and the Science of the Connoisseur in Eighteenth-Century Europe, Farnham/Burlington(VT) 2014', *The Burlington Magazine* 158, 2016, p. 299.
- Vogtherr, Christoph, Review: exhibitions 'Rêveries italiennes, Valenciennes, Musée des Beaux-Arts, Dansez, embrassez qui vous voudrez, Lens, Louvre, 2015/2016', *The Burlington Magazine* 158, 2016, pp. 313–15.
- de Wit, Ada, 'New light on a staircase of 1699–1700 in Museum Boijmans Van Beuningen, Rotterdam', *The Burlington Magazine* 158, 2016, pp. 103–109.

Conservation

- Edge, David, 'The Analysis of Indian Arms and Armour at the Wallace Collection, London', *Metals and Civilizations (Proceedings of BUMA VII, the seventh International Conference on the 'Beginnings of the Use of Metals and Alloys')*, National Institute of Advanced Studies, Bangalore 2015, pp. 205–212.
- Edge, David, Williams, Alan et al., 'Non-Destructive Methods of Analysis Applied to Oriental Swords', *Gladius* 35, December 2015, pp.139–58.
- McArthur, Graeme (with John Taylor, Paul Craddock), 'The conservation and technical investigation of a hollow-cast Egyptian bronze', *British Museum Technical Research Bulletin* 9 (2015), pp. 111–120
- Williams, Alan, 'Leonardo and Steel-making', *The Crucible (Historical Metallurgy Society News)*, 89, August 2015, pp. 4–5
- Williams, Alan, 'Crucible Steel in Medieval Indian and European Swords', *Metals and Civilizations (Proceedings of BUMA VII, the seventh International Conference on the*

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'Beginnings of the Use of Metals and Alloys'), National Institute of Advanced Studies, Bangalore 2015, pp. 198–204.

- Williams, Alan, Edge, David, et al., 'Characterization of an Indian sword: classic and non-invasive methods of investigation in comparison' in *Applied Physics A*, 119, 1 (2015) pp. 97–105.
- Williams, Alan, Edge, David et al., 'Determination of the manufacturing methods of Indian swords through neutron diffraction', *Microchemical Journal*, November 2015 (available online)
- Williams, Alan, Edge, David, et al., 'Determination of the Manufacturing Methods of Indian Swords through Neutron Diffraction', *Microchemical Journal* 125, March 2016, pp. 273–8.
- Williams, Alan, Edge, David, Capwell, Tobias, 'An Experimental Investigation of Late Medieval Combat with the Couched Lance', *Journal of the Arms and Armour Society* XXII, 1, March 2016, pp. 1–17

Presentation of the Collection, Galleries Improvements and Displays

After the opening of the new Great Gallery in the previous financial year, attention has now concentrated on improvements in the existing galleries, including, lighting, new labels and interpretation material.

Major conservation work has also improved the appearance of many galleries. This is particularly apparent with the conservation of picture frames that is possible on a new scale after the creation of a position of Assistant Conservator for frames. Ten frames were conserved, often in part reconstructed. More than sixty works of mainly Asian arms and armour were conserved and re-displayed.

Smaller displays in the galleries included presentations of the treatment of two Italian tables (from the sixteenth and nineteenth centuries) in the Great Gallery and of Thomas Lawrence's portrait of the Countess of Blessington and its frame. Due to financial limitations there were no major exhibitions held during the year, an activity that will finally resume in the coming year.

The Reserve Gallery housing works currently not on display has received new shelving and lighting improving safety of the objects and access to the collection.

Collections Database

More than 800 entries on the collections database (Wallace Live) have been substantially improved during the year, over a thousand new images, mainly of objects that had not previously been photographed, have been added. This is substantial progress in a collection of under 6,000 objects.

As part of a new policy to put previous Wallace Collection catalogues online, the entries of the 1988 catalogue of Sèvres porcelain by Rosalind Savill have now been attached to the database entries.

Library and Archive

Major progress has been made throughout the year on the cataloguing of library and archive (see the following section).

Progress against the Ten Year Plan

Future research projects will focus on the main areas as specified in the Ten Year Plan: French eighteenth-century art and European arms and armour. Important projects in the field of French eighteenth-century art have already been successfully launched.

Research on furniture by the cabinet maker Jean-Henri Riesener has been on-going, leading to important discoveries about his technique, workshop practice and the subsequent history of works in the museum. Riesener is considered one of the greatest cabinet makers of the eighteenth century, and the museum own one of the finest groups of his work internationally. The Wallace Collection has now

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established a common framework with Waddesdon Manor and the Royal Collection – two other leading Riesener collections – to pursue the research on a wider basis and with an international advisory panel.

An exhibition at the end of next year will highlight the outstanding collection of French gilt-bronze objects at the Wallace Collection. Research on the presentation and the accompanying publication has been on-going.

The museum has undertaken extensive technical examinations of four paintings on panel by Antoine Watteau. The Wallace Collection owns the largest group outside the Louvre. Research on the results is on-going.

The collaboration with Westminster Abbey on Henry V's armour reflects the importance of arms and armour research at the museum.

For the library and archive at the Wallace Collection, progress towards the Ten Year Plan aims has been particularly substantial. The position of a library assistant for cataloguing has been made possible by external funding. As a result, the retrospective cataloguing of the library is progressing quickly and will be finished in the coming year – a major step to improve the research facilities at the Wallace Collection for museum staff, scholars and the general public. Historic sale catalogues, books on French painting, conservation, iconography and architecture have been added to the online catalogue this year. A catalogue of the Meyrick archive, containing major material on arms and armour has been completed and is now online. Internally, progress has been made towards better records management.

Major improvements have been made on the contents of the collections database, an important tool to make previous and present collections research available to a wide, international public.

Visitors

Introduction

The Director of Public Engagement leads the Public Engagement Directorate which incorporates Press and Marketing, the Events and Corporate Membership scheme, Education, Community, Access and Public programme, Gallery Team, the Retail department and managing the Restaurant and Café franchise. This year has seen the inclusion of museum's Publications.

The overarching objective of the Public Engagement team is to contribute to the museum's Ten Year Plan and specifically its aim:

- to be a welcoming, accessible and inspirational museum promoting our core areas to a diverse audience and encouraging learning.

In addition to the aim to attract and engage with visitors there is also a responsibility to increase income for the museum notably through the activities of the Events/Corporate Membership scheme, retail activity and the performance of the restaurant and café franchise. Inevitably visitor numbers influence these strands of income generation and 2015-16 has seen a year of consolidation of visitor numbers following the increase in visitor numbers in 2014-15 with the reopening of the refurbished Great Gallery.

The challenge of maintaining visitor numbers comes at a time when reductions in funding to the museum resulted in temporary exhibitions planned for the year being cancelled. Hence the need to maximise on the opportunities of the Joshua Reynolds: Experiments in Paint exhibition (which began in the 2014-15 financial year but ran until early June 2015) and to taking a creative approach to marketing the permanent collection through themed campaigns and programmes, for example,

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marking 300 years of the death of Louis XIV and the 600 year anniversary of the Battle of Agincourt. These activities have supplemented the regular programme of public events and activities and resulted in visitor numbers of 426,763, thereby effectively matching last years' figure of 427,836.

This result together with significant progress in furthering our ten year plan aims – notably through the audience development activities reported in this section – has seen the Public Engagement department work in a cohesive and productive way.

Press and Marketing

The Louis XIV themed season took place during the autumn and included a series of free film showings, lectures - including an evening lecture by David Bintley, Director of the Royal Birmingham Ballet, where he discussed his latest work, *The King Dances*, a reimagining of the 1653 *Ballet de la Nuit*, in which a 14-year old Louis XIV danced the role of Apollo the sun god, and a lecture by Dr Vogtherr about Versailles and the 'Sun King's apartments – together with various talks and activities related to the reign of Louis XIV.

The Sinews of War : Arms and Armour from the Age of Agincourt was a display mounted by Professor Tobias Capwell (Curator of Arms and Armour) in the museum's porphyry court. The display provided material evidence that led to greater understanding of the historical events and context of the battle. As part of the Agincourt 600 initiative various talks, activities and schools programmes took place related to this display.

During the year the museum has continued to present concerts that relate to the collection and in May, in association with the London Festival of Baroque Music presented the Baroque Players and French harpsichordist Béatrice Martin in a concert that was also broadcast on BBC Radio 3's early Music Show.

To promote the themed seasons and to encourage engagement with the permanent collection five short films have been produced that have been released on our website and through YouTube and Facebook. These have included an introductory Louis XIV film and short features on specific items including the Hercules Pistols, 19th century Gold Boxes, the furniture of André-Charles Boulle, the work of Charles le Brun and a special film related to our Open Furniture month. The reception has been extremely encouraging with these films being viewed in excess of 300,000 times, on Facebook and You Tube combined.

Our digital and social media activity continues to grow; website sessions have increased to over 600,000, Twitter followers have increased by 20% to 30,000 and Facebook 'likes' have increased by 228% on 2014-15

Education and Community

The number of participants in our programme of activities for schools slightly decreased during 2015-16, due in part to changes in the curriculum that have reduced the level of emphasis on topics that the Wallace Collection is able to offer as a part of its educational work. However, the museum continues to offer free workshops to schools with creative activity at the centre of our provision.

Amongst the many activities and projects the annual Takeover Day is particularly noteworthy. The Wallace Collection partnered again this year with our local state school St Vincent's Catholic Primary School, Marylebone celebrating children and young people's contribution to the world of work. Overall, ninety-six pupils (primary and secondary) participated in the event and forty two (primary) pupils worked on the day in the Public Engagement department alongside museum staff. Duties undertaken included joining the Front of House team, welcoming visitors, dealing with enquiries, giving directions, working in the museum shop restocking shelves, pricing products and serving customers

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Another highlight was a new collaborative project devised with Donmar Warehouse linked to their production of *Les Liaisons Dangereuses*. The 'Take the Stage' project for sixth form drama students focussed on the social and cultural context of the play and the techniques and etiquette of duelling in the eighteenth century. The museum's collection of French paintings, porcelain and furniture of the period together with arms and armour, provided ideal material for talks, discussions and practical demonstrations.

During the year, 272 events for primary schools took place, 165 secondary school events and 24 for SEN and hospital settings. This reached a total of 10,276 participants.

The Community programme reached 2,812 participants across a wide range of activities and locations. A few examples of projects delivered are outlined below;

- In October we held four 'Out of the Frame' Big Draw events with older people in care settings in and outside of London. For the first time we hosted a Big Draw event at the Collection, in partnership with Westminster Arts for people experiencing dementia and their carers. Participants were given the opportunity to explore different types of drawing materials in our education spaces and then went in to the galleries and selected artworks and drew directly from them.
- In February we hosted our first of four 'discover the Wallace Collection' sessions for people living with dementia and their carers. The session was themed around our open furniture month. Many participants reminisced about their own experiences of writing and using writing desks.
- In March we held our first session with a new community group from the Muslim Cultural Heritage Centre based in Westbourne Park. Very enthusiastic women attending a tea and tour of the Collection. The aim of the session was to introduce them to the museum and plan their five week art project inspired by our works of art.
- Throughout the year our Refugee tour guides have delivered several tours of the museum to other community groups, including Crisis Skylight English classes and Islington Refugee services. These sessions have been really successful, with over 30 people turning up for one of the tours, many of whom had never been to the museum before.
- The generous support of the Lord Leonard and Lady Estelle Wolfson Foundation has allowed the Wallace Collection to work with Stagertext, a charity which provides captioning and live subtitling to make our public programme more accessible to people who are deaf, deafened or hard of hearing. With the help of Stagertext we are now able to offer a proportion of our talks and lectures accessible through live subtitles, also known as speech-to-text transcription. A speech-to-text reporter, working from home, listens to what is being said via a mobile phone or loudspeaker and sends a verbatim transcription to a web browser. This is then delivered as text to handheld tablets or is projected directly onto the screen in the lecture theatre. We ran trials in August and began delivering our advertised events in September with great success.

Our varied programme of public events, classes, workshops, talks, lectures runs throughout the year with over 1,000 events delivered in 2015-16. A few examples of the public programme are mentioned below;

- Back on Display – five objects from the museum's reserve collection took turns in the spotlight for two weeks each in the temporary exhibition galleries. This display was organised by a group of staff drawn from across the museum.
- Open Furniture month (February) – a series of lectures and talks showing designs and

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craftsmanship, usually unseen, of many of the museum's extraordinarily fine collection of furniture.

- Stations of the Cross - the Wallace Collection worked closely with Dr Aaron Rosen from King's College London on a multi-venue project for Lent. Linking fourteen locations across London, the aim was to tell the story of the Passion in a new way, for people of different faiths. The Stations were located in religious as well as secular spaces, from cathedrals to museums and presented art works ranging from Old Master paintings to contemporary video installations. As well as hosting two debates, our Treasure of the Month, *Simon of Cyrene helps Jesus carry the cross*, twenty-four plaques after Albrecht Dürer's Small Passion woodcut series, Limoges, France, c.1570- c.1625, was part of the trail and the event attracted new visitors to the Collection. The Twitter account hashtag for the trail, which included art works at the National Gallery, St Pauls and Westminster Cathedral, had over 1.5m impressions.
- A significant portion of the Wallace Collection's public programme is delivered by our volunteer guide lecturers. During the year over 650 tours were led by these dedicated, enthusiastic and generous individuals. We would not be able to function as effectively and provide the quantity and quality of public engagement without their commitment. Volunteers also help in education, collection services and other departments and the Wallace Collection acknowledges their contribution and thanks them all for their ongoing support.

In line with the museum's ten year plan and specific to the work of the Public Engagement department is the aim to develop our audience by engaging a younger audience and broadening our visitor demographic. Much of the work outlined above links directly to this objective, notably the community programme which also incorporates and is informed by the work of the museum's Access committee. Other specific audience development projects are the 'Lates' programme and the recently launched 'Wallace Youth' initiative.

- 2015-16 has seen three 'Lates' and, due to financial pressures, the transition from these events being free to being charged for. Reaching a younger audience was achieved by marketing to new audiences through fruitful partnerships with The Londonist and Y Plan. Audiences have increased for each 'Late' beginning with the Experiments in Paint event (linked to the Joshua Reynolds exhibitions) in June, followed by the October Late themed around the 300th anniversary of the death of Louis XIV (430 guests enjoyed a range of entertainments, including Cire Trudon, the official wax candle providers for Louis's court at Versailles, Alternative London, who ran Molière-inspired street art mask-making workshops and Norwegian artist, Kim Thomé, who created an installation referencing our Boulle marquetry). The third 'Late' of the year was in February and once again was curated by Sadie Lee for LGBTQI history month. *Look OUT* was sold out and our busiest ever Late with over 450 tickets sold. The quality of artists attracted a new and diverse audience.
- In June, with financial support from Lloyds Banking Group, we extended our Young Curators programme and created Wallace Youth – a group of 25 young people between 14 and 18 years was established who will work with the museum to shape and influence its endeavours to attract a younger visitor. The group have been active in public programming, contributed to content of our *What's On* publication and have taken part in workshops, visited other galleries and attended an art history course in addition to their regular monthly meetings. As this group becomes more established and knowledgeable it is anticipated that their involvement and input will significantly increase.

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Events and Corporate Membership

2015-16 was a successful year for corporate event hire. Corporates booked early and a significant proportion added private views and guides to the basic venue hire. While the overall number of events did not increase significantly, the value of the events did increase with an average increase of 11% on 2014-15. In 2015-16 we secured 12 new corporate members.

Although there is increasing competition within the sector, 78 events bookings were secured during 2015-16 and the income generated exceeded budget. Hertford House and its collection of art works provides a unique venue for corporate entertaining and the team have enjoyed a highly successful year in maximising the opportunities available.

Retail

The year has seen a restructuring of the Front of House and Retail team, resulting in a greater focus and the introduction of specific retail experience to the department's activities. A Retail Operations manager has been appointed together with a part-time Product Buyer and Developer. A thorough review of stock and product has taken place and operational improvements have been made. The average spend per visitor has increased and further plans are being formulated to increase the income generated through retail activity.

The restructure has allowed for improved management of our publications and book buying and March saw a very successful launch of the new Wallace Collection catalogue – *Italian Sculpture* by Jeremy Warren.

Gallery Team

The Gallery Team continue to perform an important role in the engagement of the museum with its visitors. A training programme ran during this period that reiterated the importance of the Gallery Team's role and the need for them to be welcoming, informative and engaging. The value of 'word of mouth' recommendation by visitors is understood and valued and through the training programme, ensuring staffing levels are maintained and the strengthening of the management structure and procedures, the Gallery Team has performed to a very high standard throughout the year.

Wallace Restaurant and Café

Peyton and Byrne reported a significant increase of in the number of covers in 2015-16, however, more visitors choose to eat in the café rather than the restaurant resulting in income falling by 6%. A greater degree of collaboration, notably linked to extended opening times of the Joshua Reynolds exhibition and the catering offer at the 'Lates' has been extremely positive and bodes well for future developments and marketing initiatives.

Progress against the Ten Year Plan

2015-16 has seen significant progress on several areas relating to the objective of a welcoming, accessible and inspirational museum promoting our core areas to a diverse audience and encouraging learning identified in the Ten Year Plan.

The museum's Access Committee has been reconvened and, following an internal audit, has implemented various improvements and initiatives. New self-propelled wheel chairs have been bought, new braille floor plans made available, improvements to signage, Stagertext, BSL assisted, and events for blind and partially sighted visitors are run regularly as part of our public programme and a new hearing loop has been purchased. A review of the museum's Access Policy has recently been completed and the associated action plan updated.

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Various audience development initiatives have been devised and ongoing projects reviewed and adapted or expanded. A range of activities has taken place targeting excluded or marginalised groups in society, for example, developing our programme of refugee tours and taking part in Refugee Week (a week that celebrates the contribution of refugees to the UK and promotes better understanding of why people seek sanctuary); our ‘Out of the Frame’ programme that delivers workshops in a variety of settings in and outside London for people experiencing dementia; and a five-week art project using the Collection to inspire a group of women from the Muslim Cultural Heritage Centre to create their own works.

The launching of the Wallace Youth project has allowed us to expand the scope of the Young Curators programme to involve young people (aged 14 to 18 years) from local secondary schools. These young people will also have the opportunity to play an active role in the museum, including, but not limited to:

- Advising management on policies and programmes that directly affect other young people
- Helping to plan the programme for young people offered at the Museum
- Volunteering at young people’s workshops and/or family events
- Developing apps, films or other digital content for the Museum
- Writing for the Wallace Collection Blog
- Delivering specialist ‘Brief Encounter’ talks during the school holidays
- Participating in the Takeover Day.

The other major achievement has been the continued success of the ‘Lates’ programme that has attracted a younger, often first-time visitor to the museum. In excess of 1,200 have attended these events and having worked various partners on these events, for example, with University of the Arts, London and the LGBTQI community, we have broadened the demographic of our visitors and increased levels of engagement with a more diverse audience.

Infrastructure and Finance

The infrastructure and finance functions of the museum are supported by the Building and Projects, Security, Finance, Human Resources and IT teams. During the year, the Security team continued to work with colleagues in the Gallery Team to ensure the security of the Collection, visitors and staff.

Progress against the Ten Year Plan

The Ten Year Plan objective that falls in this section is a museum with an up-to-date infrastructure and with sufficient space for its collections, visitors, staff and activities.

During the year, the final elements of work on the Great Gallery refurbishment were completed and changes were made to the Reserve Gallery that improved the environment for the objects stored in it. Preliminary work on the planned refurbishment of the West Galleries was undertaken. There was also a review and major audit of the ISIS display-case alarm system.

A substantial refurbishment of the public lift took place that was funded by the DCMS.

The fire alarm system was upgraded and work continued on the programme of electrical testing. Repairs were made to the roof, some of the plant and machinery was refurbished, and the drainage for the museum was improved. A major tendering exercise for the building services contract was carried out.

Support arrangements for the museum’s computer servers were rationalised. An upgrade to the IT cabling infrastructure was started.

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Several energy efficiency measures were implemented including the installation of more LED lighting.

The Wallace Collection is not required to produce a Sustainability Report as it employs fewer than 240 full-time staff. Nonetheless, sustainability is an issue that it takes seriously and an energy and sustainability review of the year was carried out. This has led to the agreement of an action plan by the Senior Management Team and the establishment of a sustainability group.

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Financial Review

Financial results

The museum launched an endowment fund for the first time during the year and secured £4.3m of donations to the fund. The endowment is a permanent one from which the museum can use the income to support its unrestricted and restricted activities.

The largest source of income (after donations to the endowment fund) was Grant in Aid from the Department for Culture, Media and Sport. At £2.791m (2014-15: £2.962m) this represented 49% of the group's non-endowment income for the year (2014-15: 47%).

Other donations reached £1.248m, a fall on the previous year (£1.828m) reflecting the completion of the majority of the refurbishment of the Great Gallery in 2014-15. (While income received for capital projects, such as refurbishments, is shown in the accounts in the year it is received, the expenditure – in the form of depreciation - is spread over the life of the asset that it funds.)

Trading income grew to £1.568m from £1.374m in 2014-15. The main area of growth was in gallery hire income following the completion of the Great Gallery refurbishment.

Expenditure fell from £6.412m in 2014-15 to £6.161m. The main reason for the fall was the completion of the Great Gallery work.

Investment policy and objectives

Following the establishment of the endowment fund, the museum now has financial investments. The investment objectives are to achieve a minimum income yield of 3% and capital growth in real terms over the time horizon of the investment portfolio. There are no specific restrictions on asset types and investment structures subject to their suitability to the portfolio objectives. However, investments in hedge funds, derivative strategies, structured products, real estate and other alternative asset classes are to be considered in the context of the portfolio's long term objectives and agreed in advance with the museum and its investment advisors. No direct investments are permitted in tobacco or armament companies.

Two investment fund managers were appointed during the year, Rathbone Investment Management Limited and Troy Asset Management Limited.

Financial risks

The key financial risks to the museum continue to be maintaining and increasing income to cover the relatively high costs of maintaining an historic listed building with the infrastructure needed for the Collection and funding properly the objectives of the museum.

Reserves policy

The reserves policy agreed by the Trustees is to hold unrestricted and undesignated reserves of between one and three months' expenditure with a target of three month's expenditure in order to enable financial stability and act as a safeguard against volatile and unpredictable income streams and unforeseen expenditure or liabilities. The balance at 31 March 2016 of £1.55m (2014-15: £1.329m) represents cover of approximately three months, as in 2014-15.

The Audit Committee reviews the reserves policy and makes recommendations to the Board for its consideration when circumstances change significantly and at least annually.

Payment of creditors

During 2015-16, the Wallace Collection paid 92% of undisputed creditors within 30 days of receipt of an invoice (2014-15: 92%).

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Performance

In addition to financial measures, the museum also continues to monitor performance against some key performance indicators, agreed with its sponsor body the DCMS and detailed below:

		2015-16	2014-15
Key performance indicators:			
	Number of visits to the museum	426,703	427,836
	Charitable giving (fundraising)	£5,583,000	£1,828,000
Other performance indicators:			
Access			
	Number of unique website visits	611,587	600,838
Audience profile			
	Number of visits by children under 16	22,569	17,113
	Number of overseas visits	157,880	175,412
Learning			
	Number of facilitated and self-directed visits to the museum by visitors under 18 in formal education	10,276	11,440
	Number of instances of visitors under 18 participating in on site organised activities	10,442	11,734
Visitor satisfaction			
	% of visitors who would recommend a visit	90	83
	% of visitors who were very satisfied with their visit	94	84
Self generated income			
	Trading income (net profit)	£553,010	£437,000

Sources of data

The museum measures these and other performance indicators and returns this data to the DCMS periodically.

Visitor numbers are collected through an electronic counting device at the visitor entrance. Child visits are collected by a manual counting system. Education numbers are kept by the Education department for the sessions that they run. The website registers the number of visitors to our site. Visitor recommendation and satisfaction percentages are taken from visitor surveys carried out by an independent company. Net income from trading is taken from the accounts of our trading company, Hertford House Marketing Limited. All of these sources help the museum to monitor and report on its performance to the DCMS.

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

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

Preparation of the Accounts

The Accounts have been prepared in a form directed by the Secretary of State for Culture, Media and Sport with the consent of Treasury in accordance with sections 9(4) and 9(5) of the Museums and Galleries Act 1992. The accounts are compliant with the Charities SORP 2015, Financial Reporting Standard 102, the Charities Act 2011 and with Charity Commission guidance.

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The consolidated accounts are for the Wallace Collection and Hertford House Marketing Limited; they exclude the accounts for the Wallace Collection Foundation (formerly the Hertford House Trust), as this is an entirely separate organisation over which the Wallace Collection exercises no control.

Audit

Under statute, the Comptroller and Auditor General is the principal auditor of the Wallace Collection's consolidated accounts for the year 2015-16. The audit fee in respect of this work was £21,000. Other than the statutory audits of the Wallace Collection and Hertford House Marketing Limited, and an internal audit service, no other accountancy or audit services were commissioned or undertaken in the year. External auditors are engaged for the trading subsidiary audit and internal audit services.

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

Staff and organisation

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

Sickness absence

Sickness absence accounted for 1.96% of all staff time during 2015–16 (2014–15: 4.87%), or 4.97 days per staff member (2014–15: 12.32 days). Last year, a small number of staff were on long-term sick leave which contributed to the higher figures. Most of these have since left.

Dr Christoph Vogtherr
Director and Accounting Officer

7 July 2016

António Horta-Osório
Chairman

7 July 2016

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Remuneration Report

The figures in the remuneration report are subject to audit.

In accordance with the Financial Reporting Manual the Wallace Collection has prepared this Remuneration Report containing certain information about directors' remuneration. 'Directors' is interpreted to mean persons in senior positions having authority or responsibility for directing or controlling the major activities of the museum. These members of staff constitute the Senior Management Team (Annex A), however, executive authority over the decisions of the museum as a whole remains in the hands of the Director, guided by the Chairman and Board of Trustees.

The Chairman and Board of Trustees neither received nor waived any remuneration for their services during the year (2014-15: £Nil). The emoluments and pension details of the Director are disclosed below, together with the rest of the Senior Management Team.

	Salary		Bonus		Pension benefits		Total	
	2015-16 £000	2014-15 £000	2015-16 £000	2014-15 £000	2015-16 £000	2014-15 £000	2015-16 £000	2014-15 £000
Dr Christoph Vogtherr Director	85-90	85-90	10-15	10-15	37	35	140-145	135-140
Derek Purnell Director of Public Engagement	60-65	55-60	-	-	-	-	60-65	55-60
Sarah Harmer Head of Fundraising	65-70	55-60	-	-	-	-	65-70	55-60
David Edgar Director of Finance and Operations (from 11 May 2015)	50-55 (Full year 60-65)	-	-	-	21	-	75-80	-
Jeremy Warren Director of Collections (until 31 March 2015)	-	65-70	-	-	-	27	-	90-95
Phil Walsh Director of Finance & Operations (until 13 February 2015)	-	50-55 (Full year 65-70)	-	-	-	16	-	75-80

The value of pension benefits is calculated as the real increase in pension multiplied by 20 plus the real increase in any lump sum less the contributions made by the individual. The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

Total remuneration includes salary, performance related pay, and benefits in kind. It does not include employer pension contributions or the cash equivalent transfer values of pensions.

A payment of £74,253 in respect of redundancy and compensation in lieu of notice was made in 2015-16 to Jeremy Warren, who was Director of Collections and a member of the Senior Management Team until 31 March 2015. He continued work for the museum in another capacity until September 2015 and his pay in that capacity was £29,811 with pension benefits of £16,000. No severance or compensation payments were made to senior managers during 2014-15.

An Interim Director of Finance was employed through an agency. Payments to the agency amounted to £16,836 between 1 April and 29 May 2015 (2014-15: £17,934).

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	Accrued pension at pension age as at 31 March 2016 £000	Real increase in pension at pension age £000	Cash equivalent transfer value at 31 March 2016 £000	Cash equivalent transfer value at 31 March 2015 £000	Real increase in CETV £000
Dr Christoph Vogtherr Director	10-15	0-2.5	196	155	13
David Edgar Director of Finance and Operations (from 11 May 2015)	0-5	0-2.5	18	-	14

Sarah Harmer and Derek Purnell chose not to be covered by the Civil Service pension arrangements during the reporting year or the previous year.

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

The real increase in CETV reflects the increase in CETV that is funded by the employer. It does not include 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.

One of the senior managers (to 31 March 2015), Jeremy Warren, received an additional five days leave per annum in line with the Wallace Collection's policy for all staff in relation to long service. No other benefits in kind or non-cash benefits of value were received by senior managers.

The banded remuneration of the Director in the current financial year was £100,000–105,000 (2014–15: £95,000–100,000). This was 5.1 times the median remuneration of the workforce (2014–15: 5.0 times). The median total remuneration of the workforce in the current financial year was £20,200 (2014–15: £19,402). Total remuneration includes salary, non-consolidated performance-related pay and benefits in kind.

The Director's performance-related bonus is decided by the Remuneration Committee, which consists of the Chairman, plus the Trustee members of the audit committee (Annex A), and is based on the restrictions of the Director's contract and against achievement of the museum's objectives. The Director's contract commenced in October 2011 and is open ended, with a notice period of thirteen weeks. The other senior managers are on permanent contracts with three-month notice periods.

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The performance of staff is formally appraised annually with the Director conducting the appraisals of members of the Senior Management Team.

The majority of staff members are employed on permanent contracts. Some individuals working on discrete short-term projects are employed on contracts which match the duration of the projects concerned. Staff are paid according to the nature of the role they perform and each job is graded and included in one of eleven salary bands.

Pension benefits

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date civil servants participated in the Principle Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within ten years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between ten years and 13 years and five months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. The pension figures quoted show pension earned in PCSPS or alpha – as appropriate. Where the member has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 3.5% and 8.05% of pensionable earnings for classic (and members of alpha who were members of classic immediately before joining alpha) and between 4.6% and 8.05% for premium, classic plus, nuvos and all other members of alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial 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 hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on their pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated 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.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% up to 30 September 2015 and 8% and 14.75% from 1 October 2015 (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of

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pensionable salary up to 30 September 2015 and 0.5% of pensionable salary from 1 October 2015 to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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 the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted show pension earned in PCSPS or alpha – as appropriate. Where the member has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of the pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk.

Dr Christoph Vogtherr
Director and Accounting Officer

7 July 2016

António Horta-Osório
Chairman

7 July 2016

The Wallace Collection Annual Report and Accounts 2015-16

Statement of Trustees' and Accounting Officer's Responsibilities

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

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

- observe the Accounts Direction issued by the Secretary of State including the relevant accounting and disclosure requirements, and apply them on a consistent basis;
- make judgements and estimates that are reasonable;
- state whether applicable accounting standards and statements of recommended practices have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Wallace Collection will continue in operation.

The Accounting Officer for the Department for Culture, Media and Sport has designated the Director as the Accounting Officer for the Collection. 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 Wallace Collection's assets, are set out in the Non-Departmental Public Bodies' Accounting Officer Memorandum, issued by the Treasury and published in Managing Public Money.

Dr. Christoph Vogtherr
Director and Accounting Officer

7 July 2016

António Horta-Osório
Chairman

7 July 2016

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

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Governance Statement

The Wallace Collection is governed by a Declaration of Trust dated 27 July 1899, and the Museums and Galleries Act 1992. The Wallace Collection is a non-departmental public body sponsored by the Department for Culture, Media and Sport (DCMS), and is a charity exempt from registration under the Charities Act 2011. As an exempt charity, it is regulated by the DCMS, rather than the Charity Commission.

The Wallace Collection is governed by a Board of Trustees answerable to the Secretary of State for Culture, Media and Sport. The Minister is, in turn, answerable to Parliament. The Director of the Wallace Collection is accountable both to the Board as Chief Executive and to the DCMS permanent secretary (as DCMS accounting officer) as Accounting Officer. Further detail is given in the Statement of Trustees' and Accounting Officer's Responsibilities above.

The Board of Trustees

The Board of Trustees of the Wallace Collection is responsible for the overall management and direction of the Wallace Collection. The Director of the Wallace Collection is responsible to the Board of Trustees and is accountable to the DCMS permanent secretary for compliance with the Management Statement and Financial Memorandum. Within the framework of their statutory duties as stated under the Museums and Galleries Act 1992, the role of the Trustees is generally concerned with policy and strategy, leaving operational issues to the Director. The Board is chiefly responsible for:

- The setting of key strategic objectives;
- Reviewing overall performance;
- Appointing the Director (in consultation with the Prime Minister);
- Endorsing appointments to key management positions;
- Considering the remuneration of senior staff.

There are two sub committees of the Board, the Audit Committee and Investment Committee.

The Board of Trustees meets not less than four times a year, as does the Audit Committee, and details of attendance are shown at Annex A. The Audit Committee, together with the Chairman, fulfil the role of a Remuneration Committee. Other committees on which Trustees are invited to serve include the International Council (concerned with fundraising). The Investment Committee was created following the setting up of the Endowment Fund and meets as necessary to appoint investment managers and review the performance of the investment funds and managers. It receives professional advice in support of its work.

Both the main Board and the Audit Committee receive detailed reports ahead of each meeting compiled by the Director and his staff. These reports cover every aspect of Wallace Collection work and life over the previous quarter, and form a useful basis for Trustee discussions. The Trustees are happy with the quality and layout of these reports and provide feedback to ensure that they remain an excellent source of information and data.

The Trustees believe that they have complied with their duty in section 11 of the Charities Act 2011 to have due regard to guidance published by the Charity Commission.

Board effectiveness

The Board keeps its effectiveness under review. This includes appraisals of each Trustee by the Chairman and an appraisal of the Chairman by another member of the Board. The conclusion of the most recent assessment of effectiveness through a questionnaire concluded that the Board overall felt its effectiveness was either above average or fully satisfactory.

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Wallace Collection Staff

The Director is responsible for resource allocation, leading strategic management, developing the cultural agenda and sustaining the values of the Wallace Collection. He is assisted by the other members of the Senior Management Team who are the Director of Public Engagement, Director of Finance and Operations, and Head of Fundraising. Each is supported by a number of department heads who are responsible for specific areas of activity within the museum. The Senior Management Team meets once a fortnight and there is a monthly full staff meeting. The Director meets each member of the Senior Management Team on a regular basis. In this way the Director can satisfy himself that he is informed on all operational issues in order that he can report to the Board of Trustees.

The Director is satisfied that all of his Accounting Officer duties have been satisfactorily met up to the date of this report.

Trustee appointments

The Trustees are appointed by the Prime Minister. The minimum number of Trustees is set at six, and there is no maximum. At 31 March 2016, there were nine in post (Annex A). Following a competitive process, and consultation with other Trustees and with the Director, the Chairman recommends nominees (no fewer than two for each Trusteeship at a time) to the DCMS who in turn recommend names to the Prime Minister. Traditionally, the Prime Minister chooses from among the names put forward, and appointments are apolitical. The procedure is subject to the recommendations of the Nolan report. Usually appointments are for not more than four years in the first instance, but with the option of reappointment. Trustees can resign by notice in writing to the Prime Minister.

The Trustees appoint their own Chairman, who normally serves until retirement from the Board. The Chairman can resign as Chairman by notice in writing to the Board.

Trustees receive appropriate training on appointment, primarily through a programme of department visits and meetings with the Director and Senior Management Team. An introductory Trustees Handbook of key documents and publications including the Corporate Plan, the Annual Report and Accounts, and the organisation chart is provided.

A register of Trustees' interests is maintained and is available for public inspection on request; this is reviewed by all Trustees at least once a year. Trustees are required to declare any conflicts or potential conflicts of interest at Board and committee meetings, and these are recorded in the minutes. Depending on the nature of the conflict or potential conflict, the Chair may require a Trustee to leave the meeting, or not take part in a discussion or decision on a particular issue. There were no declared potential conflicts of interest in relation to items discussed during the year.

Compliance with Corporate Governance Code

The Wallace Collection is mindful of the Corporate Governance Code for central government departments and the Trustees are content that the museum complies as appropriate for a non-departmental public body.

Report from Audit Committee

The Audit Committee is responsible for reviewing the museum's key risks, and the controls in place to manage them, and monitoring its compliance with statutory requirements – including the Annual Report and Accounts. The Committee reports on its work at each Board meeting. During the year, it received and considered management accounts at each meeting. It received reports from external auditors on the accounts for 2014-15 and on planning for the 2015-16 audit. The internal auditor reported to the Committee on his findings. The risk register was received and reviewed in its entirety during the course of the year.

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Report from Investment Committee

The Investment Committee considered and agreed an investment policy for the investment of the endowment fund. It also appointed investment fund managers. In carrying out its work, it received professional advice from investment advisors.

Risk

Risk is unavoidable and the resources available for managing risk are finite. The aim of risk management within the museum is therefore to achieve an optimum response to risk, prioritised in accordance with an evaluation of the risks. The approach adopted takes into account the HM Treasury guidance on management of risk (“The Orange Book”) with reference as appropriate to best practice guidance from the National Audit Office and risk management standards. The museum assesses risk through consideration of the likelihood of something happening, and the impact that would arise if the risk were actually to occur.

The Senior Management Team including the Director (the SMT) who are responsible for the strategic management of the Wallace Collection, and as part of this set the tone for the museum’s approach to, and appetite for, risk. This varies depending upon the specific issue. This approach is considered to be appropriate to the Wallace Collection given its size and enables it to maintain a flexible approach to risk.

The museum works to meet the objectives set out in the Ten Year Plan and the Achievements and Performance section of this report sets out progress against these objectives. The day to day risks associated with these activities are managed, constantly challenged and updated through the meetings of staff set out under the Wallace Collection Staff section above.

These risks, be they financial, reputational or otherwise, are recorded on, and managed through a Risk Register. This was created by the SMT who also ensure it is regularly updated, and this register is reviewed by the Audit Committee and considered by the Board. It covers the key risks that the Wallace Collection faces and assigns a key individual to manage each risk.

Risk management is therefore an intrinsic part of the everyday decision-making process at the Wallace Collection. Given the tight financial constraints that the Wallace Collection has operated under for many years, it is only natural that risk is considered as part of management and Trustee decisions.

Risk is not only limited to financial risk, where every new project is carefully costed, budgeted for and monitored, but the risk to the fragile Collection and the fabric of Hertford House that is entrusted to the Trustees’ care. The risk assessment and monitoring process is engendered in all staff through the discipline of the budgeting round, plus overt consideration in each of our weekly staff meetings where the topic is a mainstay of discussion. For major projects a Steering Group is established, headed by a senior staff member, and they are charged with ensuring that the project operates to set parameters and budgets. Thus the risks inherent in any new venture are weighed up carefully in advance and are monitored throughout the duration of the project.

The key risk priorities of the Wallace Collection in 2015–16 have continued to be:

- Managing the impact of increasing visitor numbers whilst improving their understanding of the Collection;
- Planning for the future against a backdrop of reduced funding;
- Increasing self generated income without increasing the risk to the fabric of the building or to the mission of the museum;
- Guaranteeing the scholarly quality of the museum’s activities and improving its international position under severe financial constraints;

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- Securing the Collections and protecting them from theft and damage; and
- Keeping the precarious balance between financial constraint, increasing pressure to expand services and maintaining and improving the fabric of a Grade II listed building.

Both the Board of Trustees and the Audit Committee play a key role in the monitoring of these risks and the internal controls in place to mitigate them.

The Board brings wide-ranging experience and a fresh perspective to key decision-making discussions, and all key issues are brought to the Trustee Board's notice for discussion and ratification. The Audit Committee supports the main Trustee Board and the Accounting Officer by questioning senior management and the internal and external audit functions to satisfy themselves that the Wallace Collection has an adequate system of internal control in order to adequately manage key risks. It has done this by inviting designated responsible risk holders within the museum to report on their work on a regular basis, and has also received substantial assurance from the Internal Auditor that the internal controls in place are sound.

The Board consider this to be an effective risk management strategy, and is confident that the Wallace Collection is successfully managing the key risk priorities noted above.

Data handling

The Wallace Collection has suffered no protected personal data incident during 2015–16 or prior years and has made no such report to the Information Commissioner's office.

Dr Christoph Vogtherr
Director and Accounting Officer

7 July 2016

António Horta-Osório
Chairman

7 July 2016

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Annex A - Trustees

The Trustees of the Wallace Collection are appointed by the Prime Minister. The members of the Board of Trustees during the year were:

Board Member	Appointed	Further notes	Attendance
António Horta-Osório	January 2015	Chairman	4/4
Adrian Sassoon	August 2007; reappointed August 2011	Term ended on 7 August 2015	1/2
Dr Ashok Roy	January 2013	-	3/4
The Duke of Devonshire CBE	August 2007; reappointed August 2011	Term ended on 7 August 2015	2/2
Professor Frances Corner OBE	September 2009; reappointed September 2013	Chair and Member of the Audit Committee until 28 September 2015 (2/2)	3/4
Sir Hugh Roberts GCVO, FSA	January 2013	-	4/4
Jagdip Jagpal	August 2007; reappointed August 2011	Term ended on 7 August 2015	1/2
Professor Jasper Conran OBE	August 2007; reappointed August 2011	Term ended on 7 August 2015	1/2
Jennifer Eady QC	January 2013	-	4/4
Jessica Pulay	January 2013	Member of the Audit Committee; Chair from 29 September 2015 (3/3)	4/4
Kate de Rothschild Agius	January 2013	-	4/4
Rupert Hambro CBE	January 2013	Member of the Audit Committee from 25 January 2016 (1/1)	3/4
Timothy Schroder	January 2013	-	3/4

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

Mrs Jane Lewis	appointed January 1998
Mr Pierre Arizzoli-Clementel	appointed August 2007
The Marquess of Hertford DL	appointed July 2008; reappointed January 2015

HRH The Countess of Wessex GCVO	Royal Patron
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A register of interests for all Trustees is held at Hertford House.

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Principal Officers of the Wallace Collection (the Senior Management Team)

Dr Christoph Vogtherr	Director
Sarah Harmer	Head of Fundraising
Derek Purnell	Director of Public Engagement
David Edgar	Director of Finance and Operations (from 11 May 2015)
David Robertson	Interim Director of Finance (from 19 February to 29 May 2015)

Directors of Hertford House Marketing Limited during the year

Dr Christoph Vogtherr
Dr David Edgar (appointed 14 April 2015)

Bankers

Lloyds Banking Group
25 Gresham Street
London EC2V 7HN

Auditors

The Wallace Collection
(*Consolidated Accounts*)

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

Hertford House Marketing Limited
(*Trading Company*)

haysmacintyre
24 Red Lion Square
London WC1R 4AG

Investment advisors

LJ Athene Investment Advisors Limited
9 Clifford Street
London W1S 2FT

Guggenheim Investment Advisors (Suisse) SA
8 rue St-Leger
1205 Geneva

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Annex B - Wallace Collection Supporters 2015–16

The list below gratefully acknowledges individuals, trusts and foundations and corporate members who have generously supported the Wallace Collection from 1 April 2015 to 31 March 2016.

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And all those who wish to remain anonymous

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And all those who wish to remain anonymous

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Mr Patrick K. F. Donlea FCA
Giles Ellwood
Michael MacCallan
Whitney and Elizabeth MacMillan
Jennifer Montagu
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Matthew Olley
Christylle Philips
Charles and Caroline Pridgeon
Sir David and Lady Sieff
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Patricia Wengraf Ltd

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And all those who wish to remain anonymous

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The Michael Samuel Charitable Trust

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TOTAL

Hertford House Members

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Caitlin Zaiken

And all those who wish to remain anonymous

Other generous supporters

Department for Culture, Media and Sport
Wallace Collection Foundation (formerly
Hertford House Trust)

The Wallace Collection Annual Report and Accounts 2015-16

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

I certify that I have audited the financial statements of The Wallace Collection for the year ended 31 March 2016 under the Museums and Galleries Act 1992. The financial statements comprise: the Consolidated Statement of Financial Activities, the Collection's Statement of Financial Activities, the Consolidated Balance Sheet, the Collection's Balance Sheet, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Trustees, Accounting Officer and auditor

As explained more fully in the Statement of Trustees' and Accounting Officer's Responsibilities, the Trustees and the Director as Accounting Officer are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Museums and Galleries Act 1992. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Wallace Collection's and the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Wallace Collection; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate and report.

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

Opinion on regularity

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

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of the Wallace Collection's affairs as at 31 March 2016 and of its net income/expenditure for the year then ended; and

The Wallace Collection Annual Report and Accounts 2015-16

- the financial statements have been properly prepared in accordance with the Museums and Galleries Act 1992 and Secretary of State directions issued thereunder.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Museums and Galleries Act; and
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General

13 July 2016

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

The Wallace Collection Annual Report and Accounts 2015-16

Consolidated Statement of Financial Activities for the year ended 31 March 2016

	Notes	Unrestricted Funds £000	Restricted Funds £000	Endowment Fund £000	Total 2015-16 £000	Unrestricted Funds - restated £000	Restricted Funds - restated £000	Endowment Fund £000	Total 2014-15 - restated £000
Income and endowment funds from:									
Donations and legacies	2	699	549	4,335	5,583	674	1,154	-	1,828
Grant in Aid	2	2,791	-	-	2,791	2,962	-	-	2,962
Charitable activities	3	81	-	-	81	55	-	-	55
Other trading activities	15	1,568	-	-	1,568	1,374	-	-	1,374
Investments	4	20	38	-	58	2	-	-	2
Total		5,159	587	4,335	10,081	5,067	1,154	-	6,221
Expenditure on:									
Raising funds									
Fundraising		234	42	-	276	280	-	-	280
Marketing and design		289	12	-	301	345	-	-	345
Trading: cost of goods sold and other costs	15	958	-	-	958	899	-	-	899
Charitable activities									
Conservation	5	194	71	-	265	135	103	-	238
Collections		948	272	-	1,220	1,101	149	-	1,250
Security		1,306	-	-	1,306	1,270	-	-	1,270
Building and maintenance		1,115	717	-	1,832	628	1,502	-	2,130
Total		5,044	1,114	-	6,158	4,658	1,754	-	6,412
Net gains/(losses) on investments		-	-	32	32	-	-	-	-
Net income/(expenditure)	7	115	(527)	4,367	3,955	409	(600)	-	(191)
Transfers between funds	13	-	-	-	-	(46)	46	-	-
		115	(527)	4,367	3,955	363	(554)	-	(191)
Other recognised gains/(losses):									
Gains/(losses) on revaluation of fixed assets		73	698	-	771	640	3,934	-	4,574
Net movement in funds		188	171	4,367	4,726	1,003	3,380	-	4,383
Reconciliation of funds									
Total funds brought forward		5,646	41,307	-	46,953	4,643	37,927	-	42,570
Total funds carried forward	12	5,834	41,478	4,367	51,679	5,646	41,307	-	46,953

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

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

Expenditure in 2014-15 has been restated to include governance costs which were previously shown as a separate line.

The notes on pages 41 to 53 form part of these financial statements.

The Wallace Collection Annual Report and Accounts 2015-16

Collection Statement of Financial Activities for the year ended 31 March 2016

	Unrestricted Funds £000	Restricted Funds £000	Endowment Fund £000	Total 2015-16 £000	Unrestricted Funds £000	Restricted Funds £000	Endowment Fund £000	Total 2014-15 £000
Income and endowment funds from:								
Donations and legacies	1,257	549	4,335	6,141	1,111	1,154	-	2,265
Grant in Aid	2,791	-	-	2,791	2,962	-	-	2,962
Charitable activities	81	-	-	81	55	-	-	55
Other trading activities	657	-	-	657	605	-	-	605
Investments	20	38	-	58	2	-	-	2
Total	4,806	587	4,335	9,728	4,735	1,154	-	5,889
Expenditure on:								
Raising funds								
Fundraising	234	42	-	276	280	-	-	280
Marketing and design	289	12	-	301	344	-	-	344
Trading	601	-	-	601	592	-	-	592
Charitable activities								
Conservation	194	71	-	265	135	103	-	238
Collections	947	272	-	1,219	1,102	149	-	1,251
Security	1,306	-	-	1,306	1,270	-	-	1,270
Building and maintenance	1,116	717	-	1,833	628	1,502	-	2,130
Total	4,687	1,114	-	5,801	4,351	1,754	-	6,105
Net gains/(losses) on investments	-	-	32	32	-	-	-	-
Net income/(expenditure)	119	(527)	4,367	3,959	384	(600)	-	(216)
Transfers between funds	-	-	-	-	(46)	46	-	-
	119	(527)	4,367	3,959	338	(554)	-	(216)
Other recognised gains/(losses):								
Gains/(losses) on revaluation of fixed assets	73	698	-	771	640	3,934	-	4,574
Net movement in funds	192	171	4,367	4,730	978	3,380	-	4,358
Reconciliation of funds								
Total funds brought forward	5,621	41,307	-	46,928	4,643	37,927	-	42,570
Total funds carried forward	5,813	41,478	4,367	51,658	5,621	41,307	-	46,928

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

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

The notes on pages 41 to 53 form part of these financial statements.

The Wallace Collection Annual Report and Accounts 2015-16

Balance Sheet at 31 March 2016

	Notes	Group 2016 £000	Group 2015 £000	Collection 2016 £000	Collection 2015 £000
Fixed assets					
Tangible assets	8a	45,532	45,447	45,527	45,439
Heritage assets	8b	82	82	82	82
Investments	8c	4,215	-	4,215	-
		<u>49,829</u>	<u>45,529</u>	<u>49,824</u>	<u>45,521</u>
Current assets					
Stock		286	433	156	238
Debtors	9	444	352	684	880
Cash at bank and in hand	14	1,686	1,364	1,358	746
		<u>2,416</u>	<u>2,149</u>	<u>2,198</u>	<u>1,864</u>
Liabilities					
Creditors					
Amounts falling due within one year	10a	(479)	(605)	(314)	(337)
Provisions for liabilities and charges	11	-	(120)	-	(120)
Net current assets		<u>1,937</u>	<u>1,424</u>	<u>1,884</u>	<u>1,407</u>
Total assets less current liabilities		51,766	46,953	51,708	46,928
Creditors					
Amounts falling due after more than one year	10b	(87)	-	(50)	-
Net assets	12	<u>51,679</u>	<u>46,953</u>	<u>51,658</u>	<u>46,928</u>
Represented by:					
Unrestricted funds					
Designated funds	13	3,203	3,307	3,203	3,299
Unrestricted revaluation reserve	13	1,078	1,010	1,078	1,010
General funds	13	1,553	1,329	1,532	1,312
		<u>5,834</u>	<u>5,646</u>	<u>5,813</u>	<u>5,621</u>
Restricted funds					
Restricted income funds	13	35,342	35,921	35,342	35,921
Restricted revaluation reserve	13	6,136	5,386	6,136	5,386
		<u>41,478</u>	<u>41,307</u>	<u>41,478</u>	<u>41,307</u>
Total income funds		47,312	46,953	47,291	46,928
Endowment fund	13	4,367	-	4,367	-
Total funds	13	<u>51,679</u>	<u>46,953</u>	<u>51,658</u>	<u>46,928</u>

Dr Christoph Vogtherr
Director and Accounting Officer

7 July 2016

António Horta-Osório
Chairman

7 July 2016

The notes on pages 41 to 53 form part of these financial statements.

The Wallace Collection Annual Report and Accounts 2015-16

**Consolidated Statement of Cash Flows
for the year ended 31 March 2016**

	Notes	2016 £000	2015 £000
Cash flows from operating activities:			
Net cash provided by (used in) operating activities	14	<u>309</u>	<u>1,211</u>
Cash flows from investing activities:			
Dividends and interest from investments		58	2
Purchase of property, plant and equipment		(197)	(806)
Purchase of investments		<u>(4,182)</u>	<u>-</u>
Net cash provided by (used in) investing activities		<u>(4,321)</u>	<u>(804)</u>
Cash flows from financing activities:			
Receipt of endowment		<u>4,335</u>	<u>-</u>
Net cash provided by (used in) financing activities		<u>4,335</u>	<u>-</u>
Change in cash and cash equivalents in the year			
Cash and cash equivalents at beginning of the year		<u>1,364</u>	<u>957</u>
Cash and cash equivalents at end of the year		<u>1,686</u>	<u>1,364</u>

The notes on pages 41 to 53 form part of these financial statements.

The Wallace Collection Annual Report and Accounts 2015-16

Notes to the financial statements for the year ended 31 March 2016

1. Accounting policies

a) Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and comply with the requirements of the Statement of Recommended Practice 'Accounting and Reporting by Charities' (2015), the Charities Act 2011, the HM Treasury Financial Reporting Manual, the Accounts Direction given by the Secretary of State for Culture, Media and Sport and applicable accounting standards including Financial Reporting Standard 102.

The format of the Statement of Financial Activities and various notes has changed from that of the previous year as a result of the requirements of the new Statement of Recommended Practice.

The accounts are consolidated and include Hertford House Marketing Limited, a trading subsidiary, in which the Wallace Collection owns the whole of the issued share capital of two shares of £1 nominal each.

b) Going concern

The accounts have been prepared on a going concern basis. There are no material uncertainties about the group's ability to continue as a going concern.

c) Income

Income is recognised when receipt is probable.

Grants for fixed assets are recognised in the Statement of Financial Activities when they are receivable.

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

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

Income relating to future periods is counted as deferred and recognised in the year to which it relates.

Where donations relate to future exhibitions the donations are deferred.

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

d) Expenditure

Expenditure is recognised on an accruals basis and classified under the principal categories of charitable and other expenditure rather than the type of expense, in order to provide more useful information to users of the financial statements.

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

Where expenditure relates to future exhibitions the costs are deferred and recognised in the year the exhibition opens.

Grants payable are recognised when a grant has been approved and this has been communicated to the recipient.

Support costs are apportioned between activities on the bases that are most appropriate to each category of support cost. These bases include the expenditure for each activity, the number of staff involved in each activity, and analyses of use by each activity.

The Wallace Collection Annual Report and Accounts 2015-16

e) Fund accounting

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

The endowment fund comprises donations made on condition that the capital value of the donation is held in perpetuity. The income is allocated to the unrestricted or restricted funds in accordance with the wishes of the donor.

f) Tangible fixed assets

Tangible fixed assets with a cost of £2,000 and above are capitalised and stated at their current cost. Where appropriate, assets of a lower value, but over £1,000 and purchased in bulk are grouped and capitalised when the combined total exceeds £2,000. This avoids the unnecessary capitalisation of comparatively low value items.

The property, Hertford House, was transferred to the Trustees of the museum by the Secretary of State for the Environment on 22 December 1993. The basis for the valuation for this property is stated in note 8(a).

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

Freehold land	- not depreciated
Freehold buildings	- over the expected remaining life with the associated plant over 20 years
Office equipment	- over four years (except Wallace Live which is depreciated over the expected remaining life of seven years)
Fixtures and fittings	- over four years (electrical equipment) ten years (other fixtures and fittings) and 25 years (refurbishment projects).

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

Fixed assets are re-valued to current costs. A quinquennial valuation of land and buildings is carried out by a professional valuer. In the years between quinquennial valuations, land is re-valued with reference to GDP indices published by the Office for National Statistics, and buildings by Building Cost Information Service tender price indicators. Impairment reviews are carried out where fixed assets show indications of potential impairments.

g) Stock

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

h) Heritage assets

Formed by four generations of Marquesses of Hertford and by Sir Richard Wallace, the Wallace Collection was bequeathed to the nation by Lady Wallace in 1897. Her bequest stipulated that it should be preserved as a national museum 'unmixed with other works of art'. Owing to this stipulation the Wallace Collection neither acquires nor disposes of works of art.

In the Trustees' opinion, appropriate and relevant information on cost or value is not available for the museum's collections for assets purchased before 2001. This is owing to the lack of information on purchase cost, the diverse nature of the objects, and the volume of items held.

In the Trustees' opinion, conventional valuation approaches lack sufficient reliability and any valuation is likely to incur significant cost that is likely to be onerous. Even if valuations could be obtained the costs would not be at commensurate with any benefits to the museum management, curatorial staff, the public, or users of the financial statements. For this reason the Collections are not recognised as assets in the museum's balance sheet.

Expenditure which is required to preserve or prevent further deterioration of individual Collection items is recognised in the Statement of Financial Activities when it is incurred.

There is no separate accession register as such for the Wallace Bequest since this function is deemed to be fulfilled by the original bequest documentation and subsequent catalogues.

The Wallace Collection Annual Report and Accounts 2015-16

h) Heritage assets (continued)

Since the Wallace Collection is prohibited by the terms of Lady Wallace's bequest and subsequent statute from adding to or disposing of its permanent collection, objects and archival material relevant to the Collection and the family history are occasionally acquired for the Hertford House Historic Collection subsequent to the 1897 bequest. An accession register has been implemented for the Hertford House Historic Collection. Additions with a cost price in excess of £2,000 are capitalised and recognised in the balance sheet at the cost or value of the acquisition. Such items are not depreciated as they are deemed to have indefinite lives. Items are not revalued as a matter of course unless significantly impaired. To date no impairments have occurred of capitalised items.

i) Leases

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

j) Foreign currencies

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

k) Pension costs

Past and present employees are covered by the provisions of the Civil Service Pension Scheme. The defined benefit elements of the schemes are unfunded and are non-contributory except in respect of dependants' benefits. The Wallace Collection is unable to identify its share of the underlying liabilities.

l) Financial instruments

Financial assets

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

The museum also holds investments purchased using donations to its permanent endowment fund. These are included at market valuation.

Financial liabilities

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

Impairment of financial assets

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

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

m) Taxation

The Wallace Collection is exempt under section 505 of the Income and Corporation Taxes Act 1988 from taxes on income arising from the pursuit of its charitable objectives. The trading subsidiary, Hertford House Marketing Limited, donates its profit to the Wallace Collection at the year end, so no tax is due on this.

n) Provisions for liabilities

Provisions are made for liabilities where the timing and amount of the liability is uncertain.

o) Public benefit entity

The Wallace Collection is a public benefit entity and meets the public benefit requirement in the Charities Act 2011.

The Wallace Collection Annual Report and Accounts 2015-16

2. Donations and legacies, and Grant in Aid

	Unrestricted £000	Restricted £000	Endow- ment £000	Total 2015-16 £000	Unrestricted £000	Restricted £000	Endow- ment £000	Total 2014-15 £000
Donations	699	303	4,335	5,337	674	269	-	943
Other capital income	-	246	-	246	-	885	-	885
	<u>699</u>	<u>549</u>	<u>4,335</u>	<u>5,583</u>	<u>674</u>	<u>1,154</u>	<u>-</u>	<u>1,828</u>

Grant in Aid of £2,791,000 (2014-15 £2,962,000) was received from the Department for Culture, Media and Sport of which £327,000 (2014-15 £297,000) was for capital purposes.

3. Income from charitable activities

	2015-16 Unrestricted £000	2014-15 Unrestricted £000
Study days and art activities	41	21
Tours and filming	28	22
Miscellaneous other income	12	12
	<u>81</u>	<u>55</u>

4. Income from investments

	Unrestricted £000	Restricted £000	Total 2015-16 £000	Unrestricted £000	Restricted £000	Total 2014-15 £000
Interest receivable	3	7	10	2	-	2
UK investment funds	15	30	45	-	-	-
UK equities	1	1	2	-	-	-
Overseas equities	1	-	1	-	-	-
	<u>20</u>	<u>38</u>	<u>58</u>	<u>2</u>	<u>-</u>	<u>2</u>

5. Expenditure

5a)	Direct costs £000	Support costs £000	Deprec- iation £000	Total 2015-16 £000	Direct costs £000	Support costs - restated £000	Deprec- iation £000	Total 2014-15 - restated £000
Raising funds								
Fundraising	234	42	-	276	237	43	-	280
Marketing and design	261	40	-	301	287	57	-	344
Trading	887	68	3	958	846	50	3	899
Charitable activities								
Conservation	230	35	-	265	203	35	-	238
Collections	1,076	144	-	1,220	1,113	136	-	1,249
Security	1,206	100	-	1,306	1,173	97	-	1,270
Building and maintenance	848	104	880	1,832	1,020	109	1,003	2,132
	<u>4,742</u>	<u>533</u>	<u>883</u>	<u>6,158</u>	<u>4,879</u>	<u>527</u>	<u>1,006</u>	<u>6,412</u>

Support costs in 2014-15 have been restated to include governance costs which were previously shown separately.

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6b) Pension costs

Present and past employees are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS) and the Civil Servant and Other Pension Scheme (CSOPS). The PCSPS and CSOPS - known as 'alpha' - are non-contributory and unfunded multi-employer defined benefit schemes but the Wallace Collection is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2012. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservicepensions.org.uk/about-us/scheme-valuations).

For 2015-16, employers' contributions of £360,276 were payable to the PCSPS (2014-15: £336,606) 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 usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2015-16 to be paid when the member retires, and not the benefits paid during this period to existing pensioners.

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

Employers' contributions of £50,704 (2014-15: £48,803) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 3% to 12.5% of pensionable earnings up to 30 September 2015 and from 8% to 14.75% of pensionable earnings from 1 October 2015. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions equivalent to 0.8% of pensionable pay, were payable to the PCSPS to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

Contributions due to the partnership pension providers at the balance sheet date were £4,500 (2014-15: £3,886). No contributions were prepaid at that date.

6c) Average number of employees

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

	2015-16	2015-16	2014-15	2014-15
	Headcount	Full-time equivalent	Headcount	Full-time equivalent
Director's Office	2.2	2.0	2.0	2.0
Conservation	5.4	5.3	4.2	4.0
Collections	18.7	16.7	18.0	17.0
Security and Gallery	52.5	43.3	51.8	41.1
Building and Maintenance	2.4	2.4	2.3	2.3
Fundraising	3.0	3.0	2.9	2.9
Marketing and Design	4.0	3.6	3.5	3.5
Trading	12.0	10.5	15.8	13.0
Finance, HR and IT	6.0	5.4	5.9	5.3
	<u>106.2</u>	<u>92.2</u>	<u>106.4</u>	<u>91.1</u>

6d) Trustees

The Trustees neither received nor waived any emoluments during the year (2014-15: £nil). Expenses reimbursed to one Trustee (2014-15: one) for travel amounted to £40 (2014-15: £242).

6e) Compensation for loss of office

Exit package and cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
Less than £10,000	1	-	1
£10,000 to £25,000	1	-	1
£25,001 to £50,000	-	1	1
£50,001 to £100,000	1	-	1
Total number of exit packages	<u>3</u>	<u>1</u>	<u>4</u>
Total cost of exit packages in £000	92	32	124

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. £120,000 of these exit costs were provided for in 2014-15.

No redundancy and other departure costs were paid in 2014-15.

7. Net income/(expenditure)

Net income/(expenditure) is stated after charging:

	2015-16	2014-15
	£000	£000
External audit fees: NAO	25	17
External audit fees: trading subsidiary auditors	8	8
Other fees: trading subsidiary auditors	1	-
Internal audit fees	6	6
Operating lease rentals for the hire of plant and machinery	11	10

The NAO audit fee for 2015-16 comprises a fee of £21,000 in respect of 2015-16 and an under-provision of £4,000 in respect of 2014-15.

No services were provided by the NAO for non-audit work.

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8a) Tangible fixed assets Group

	Freehold land and buildings £000	Fixtures and fittings £000	Office equip- ment £000	Assets under construction £000	Total £000
Cost or valuation					
Balance at 1 April 2015	41,292	6,038	854	17	48,201
Additions	132	63	-	2	197
Revaluation	758	16	-	-	774
Balance at 31 March 2016	42,182	6,117	854	19	49,172
Depreciation					
Balance at 1 April 2015	-	2,156	598	-	2,754
Charge for the year	594	211	78	-	883
Revaluation	-	3	-	-	3
Balance at 31 March 2016	594	2,370	676	-	3,640
Net book value					
Balance at 31 March 2016	41,588	3,747	178	19	45,532
Balance at 31 March 2015	41,292	3,882	256	17	45,447

The net book value at 31 March 2016 represents tangible fixed assets used for:

	Freehold land and buildings £000	Fixtures and fittings £000	Office equip- ment £000	Assets under construction £000	Total £000
Charitable purposes	41,588	3,742	178	19	45,527
Trading activities	-	5	-	-	5
	41,588	3,747	178	19	45,532

The Wallace Collection

	Freehold land and buildings £000	Fixtures and fittings £000	Office equip- ment £000	Assets under construction £000	Total £000
Cost or valuation					
Balance at 1 April 2015	41,292	6,021	821	17	48,151
Additions	132	63	-	2	197
Revaluation	758	16	-	-	774
Balance at 31 March 2016	42,182	6,100	821	19	49,122
Depreciation					
Balance at 1 April 2015	-	2,146	566	-	2,712
Charge for the year	594	209	77	-	880
Revaluation	-	3	-	-	3
Balance at 31 March 2016	594	2,358	643	-	3,595
Net book value					
Balance at 31 March 2016	41,588	3,742	178	19	45,527
Balance at 31 March 2015	41,292	3,875	255	17	45,439

The Wallace Collection is housed in Hertford House, Manchester Square, London, W1U 3BN. The freehold title to this property was transferred to the Trustees of the Wallace Collection from the Secretary of State for the Environment on 22 December 1993 at its then net book value.

The freehold property comprising the Wallace Collection was valued as at 31 March 2015 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 Financial Reporting Standard (FRS) 15 (UK GAAP). The property was categorised as specialised and consequently valued on a Depreciated Replacement Cost (DRC) basis.

Between the full quinquennial revaluations the land and building are revalued on an annual basis using appropriate indices.

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8 b) Heritage assets

	2015-16 £000	2014-15 £000
Opening and closing balance		
Acquisitions (at cost)	<u>82</u>	<u>82</u>

Objects and archival material relevant to the Collection and the family history are occasionally acquired for the Hertford House Historic Collection subsequent to the 1897 bequest.

8 c) Investments

	Group 2016 £000	Group 2015 £000	Collection 2016 £000	Collection 2015 £000
Market value at 1 April	-	-	-	-
Additions	4,182	-	4,182	-
Net gain/(loss) on revaluation	33	-	33	-
Market value at 31 March	<u>4,215</u>	<u>-</u>	<u>4,215</u>	<u>-</u>

	Group 2016 £000	Group 2015 £000	Collection 2016 £000	Collection 2015 £000
At market value:				
UK investment funds	1,996	-	1,996	-
Fixed interest bonds	196	-	196	-
UK equities	915	-	915	-
Overseas equities	377	-	377	-
Infrastructure & property	107	-	107	-
Cash	624	-	624	-
	<u>4,215</u>	<u>-</u>	<u>4,215</u>	<u>-</u>
At cost	<u>4,182</u>	<u>-</u>	<u>4,182</u>	<u>-</u>

All investments are stated at fair value at 31 March 2016. Valuations for investments with an active market are based on published quoted prices at or close to the balance sheet date. Valuations for other investments are based on recent valuation reports.

Cash held in investments is not available for use to further charitable activities as it forms part of the permanent endowment fund from which only the income is available for charitable activities.

9. Debtors

	Group 2016 £000	Group 2015 £000	Collection 2016 £000	Collection 2015 £000
Trade debtors	194	249	7	-
Other debtors	30	15	20	15
VAT debtors	19	21	70	87
Amount due from subsidiary	-	-	388	720
Prepayments and accrued income	201	67	199	58
	<u>444</u>	<u>352</u>	<u>684</u>	<u>880</u>

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

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10a) Creditors: amounts falling due within one year

	Group 2016 £000	Group 2015 £000	Collection 2016 £000	Collection 2015 £000
Trade creditors	126	135	115	111
Taxation and Social Security	96	93	96	93
Accruals	54	101	45	93
Deferred income	202	268	57	32
Other creditors	1	8	1	8
	<u>479</u>	<u>605</u>	<u>314</u>	<u>337</u>

10b) Creditors: amounts falling due after more than one year

	Group 2016 £000	Group 2015 £000	Collection 2016 £000	Collection 2015 £000
Deferred income	<u>87</u>	<u>-</u>	<u>50</u>	<u>-</u>

The movement on the deferred income account (in total for amounts due within and in more than one year) is as follows:

	Group 2016 £000	Group 2015 £000	Collection 2016 £000	Collection 2015 £000
Deferred income at 1 April	268	256	32	79
Released from previous year	(268)	(256)	(32)	(79)
Deferred in current year	<u>289</u>	<u>268</u>	<u>107</u>	<u>32</u>
Deferred income at 31 March	<u>289</u>	<u>268</u>	<u>107</u>	<u>32</u>

Collection deferred income relates to a grant received in advance and income from benefactors. Group deferred income also includes income relating to events taking place in subsequent periods.

11. Provisions

	Group 2016 £000	Group 2015 £000	Collection 2016 £000	Collection 2015 £000
Provision at 1 April	120	-	120	-
Addition in the year	-	120	-	120
Utilised in the year	<u>(120)</u>	<u>-</u>	<u>(120)</u>	<u>-</u>
Provision at 31 March	<u>-</u>	<u>120</u>	<u>-</u>	<u>120</u>

The provision of £120,000 was made in respect of redundancy costs and was calculated on the basis of statutory and contractual obligations. Payments in respect of the redundancy costs were made during 2015-16.

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12. Analysis of consolidated net assets between funds

	Unrestricted funds £000	Restricted funds £000	Endowment fund £000	Total 2016 £000
Fixed assets	4,279	41,335	4,215	49,829
Current assets	2,021	243	152	2,416
Current liabilities	(429)	(50)	-	(479)
Liabilities due after one year	(37)	(50)	-	(87)
Total net assets	5,834	41,478	4,367	51,679

13. Consolidated statement of funds

	Balance at 1 April 2015 £000	Income £000	Expenditure £000	Revaluation £000	Transfers £000	Balance at 31 March 2016 £000
Unrestricted funds						
Designated funds:						
Capital projects (a)	3,295	-	(219)	-	115	3,191
Heritage assets (b)	12	-	-	-	-	12
Revaluation reserve	1,010	-	-	73	(5)	1,078
General funds	1,329	5,159	(4,825)	-	(110)	1,553
Total unrestricted funds	5,646	5,159	(5,044)	73	-	5,834
Restricted funds						
Capital reserve (c)	35,755	-	(661)	-	35	35,129
Heritage assets (d)	70	-	-	-	-	70
Revaluation reserve	5,386	-	-	698	52	6,136
Conservation projects (e)	12	59	(71)	-	-	-
Education fund (f)	2	83	(82)	-	-	3
Infrastructure fund (g)	1	109	(26)	-	-	84
Publication fund (h)	16	44	(57)	-	-	3
Archive and library fund (i)	66	38	(71)	-	-	33
Curatorial projects (j)	17	26	(25)	-	-	18
Fundraising fund (k)	-	42	(42)	-	-	-
Collection Services fund (l)	-	49	(49)	-	-	-
Gallery refurbishment (m)	(18)	137	(30)	-	(87)	2
Total restricted funds	41,307	587	(1,114)	698	-	41,478
Endowment fund	-	4,335	-	32	-	4,367
Total funds	46,953	10,081	(6,158)	803	-	51,679

- a) The capital projects fund comprises the net book value of the museum's tangible fixed assets purchased using unrestricted funds.
- b) The heritage assets fund represents the value of heritage assets held by the Hertford House Historic Collection which have been purchased using unrestricted funds.
- c) The capital reserve fund represents the net book value of the museum's tangible fixed assets purchased using restricted funds.
- d) The heritage assets restricted fund represents the value of heritage assets held by the Hertford House Historic Collection which have been purchased using restricted funds given for this purpose.
- e) The conservation projects fund includes funds specifically for conservation projects from various donors.
- f) The education fund assists with the cost of the museum's education department.
- g) The infrastructure fund represents those restricted funds specifically raised to for infrastructure projects.
- h) The publication fund reflects donations towards the museum's scholarship activities.
- i) The archive and library fund holds income from the endowment fund restricted to that work and other donations for archival work.
- j) The curatorial fund is for donations towards curatorial purchases and activities.
- k) The fundraising fund is for donations to support fundraising activity.
- l) The Collection Services fund is for donations for exhibitions and other work by the department.
- m) The gallery refurbishment fund represents those restricted funds specifically raised for that purpose. The transfer relates to the restricted element of the works under construction during the year.

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14. Reconciliation of consolidated net (expenditure)/income to net cash inflow from operating activities

	Notes	2015-16 £000	2014-15 £000
Net (expenditure)/income for the year (as per the statement of financial activities)		(412)	(191)
Adjustments for:			
Depreciation charges	8	883	1,006
Dividends and interest from investments	4	(58)	(2)
(Increase)/decrease in stock		147	(64)
Decrease/(increase) in debtors	9	(92)	427
(Decrease)/increase in creditors		(39)	(85)
(Decrease)/increase in provisions	11	(120)	120
Net cash provided by (used in) operating activities		<u>309</u>	<u>1,211</u>
		Group	Group
		2016	2015
		£000	£000

Analysis of cash and cash equivalents

Cash in hand		<u>1,686</u>	<u>1,364</u>
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15. Hertford House Marketing Limited

The Wallace Collection owns the whole of the issued share capital of two shares of £1 nominal value of Hertford House Marketing Limited, a company registered in England and Wales (company number 3183595). The company's principal activities are corporate event hire, retail, the Picture Library and the running of the Wallace Restaurant franchise. The museum's Director was a director throughout the year.

Profit and loss account

	2015-16 £000	2014-15 £000
Turnover	1,568	1,374
Cost of sales	<u>(288)</u>	<u>(220)</u>
Gross profit	1,280	1,154
Administrative expenses	<u>(729)</u>	<u>(718)</u>
Operating profit	551	436
Interest receivable	<u>2</u>	<u>1</u>
Profit on ordinary activities before gift aid payment	553	437
Payment under gift aid to the Wallace Collection	<u>(555)</u>	<u>(439)</u>
Net (loss)/ profit before and after tax	<u>(2)</u>	<u>(2)</u>

Reconciliation to the Statement of Financial Activities

	2015-16 £000	2014-15 £000
Cost of sales	288	220
Administrative expenses	<u>729</u>	<u>718</u>
	1,017	938
Less: audit fee included in support costs		(8)
Less: intercompany sales	<u>(59)</u>	<u>(38)</u>
Per Consolidated SoFA	<u>958</u>	<u>892</u>

Balance sheet

	2016 £000	2015 £000
Tangible fixed assets	5	8
Current assets	658	1,071
Current liabilities	(605)	(1,056)
Liabilities due after one year	<u>(37)</u>	<u>-</u>
Net assets	<u>21</u>	<u>23</u>
Share capital	-	-
Reserves	<u>21</u>	<u>23</u>
Net assets	<u>21</u>	<u>23</u>

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16. Financial commitments

At 31 March 2015, the museum had total future minimum lease payments under non-cancellable operating leases for equipment as follows:

	2016 £000	2015 - restated £000
Not later than one year	11	10
Later than one year and not later than five	<u>8</u>	<u>14</u>
Total	<u>19</u>	<u>24</u>

The 2015 figure is restated following the change in reporting requirements as a result of FRS102.

Hertford House Marketing Limited has no such financial commitments.

17. Financial instruments

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

Many of the museum's financial instruments relate to contracts to buy non-financial items in line with the museum's expected purchase and usage requirements and the museum is therefore exposed to little credit, liquidity or market risk. However, the museum now holds fixed asset investments following the establishment of its permanent endowment fund and is exposed to market risk on these. It seeks to manage this risk through the use of professional investment advisors and fund managers.

Liquidity Risk

Approximately 49% (2014-15: 47%) of the museum's non-endowment income was provided as Grant in Aid from the Department for Culture, Media and Sport. The remaining proportion is self-generated income. The risk is managed by the reserves policy for general funds which seeks to build these funds to three months expenditure. As the cash requirements of the museum are met largely through Grant in Aid received from the Department of Culture, Media and Sport, financial instruments play a more limited role in managing risk than would apply to a non-public sector body of a similar size.

Foreign Currency Risk

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

Interest Rate Risk

The museum draws down its annual Grant in Aid allocation according to its monthly cash flow requirements. The museum's current financial assets represents cash held for these short term requirements and therefore earns interest at a floating rate. None of the museum's financial assets carry fixed rates of interest. As only a relatively small proportion of income £56,958 (2014-15: £2,097) is generated from interest earned, the museum is not exposed to significant interest rate risk.

18. Capital commitments

At 31 March 2016, capital expenditure commitments were as follows:

	2016 £000	2015 £000
Authorised by the Trustees and contracted for	<u>-</u>	<u>95</u>

The commitment in 2015 related to the refurbishment of the Great Gallery, and was undertaken by the Trustees, following receipt of a pledge letter from the Wallace Collection Foundation (formerly the Hertford House Trust) in respect of the funds required to complete the project. The Wallace Collection Foundation in turn has been generously supported by the Monument Trust.

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19. Related party transactions

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

Relationship	Related party	Grants received £000	Purchases £000
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DCMS funded bodies:

Imperial War Museum	-	1
Victoria & Albert Museum	-	1

The Director is a Trustee*:

Wallace Collection Foundation (formerly Hertford House Trust)	342
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A Trustee is a Director:

Lloyds Bank Group	The Lloyds Bank Group has acted as the Wallace Collection's bankers for many years on normal business terms. The Lloyds Bank Group became a corporate member (via the Wallace Collection's trading subsidiary) during the year and made a donation of £952,000 to the endowment fund.
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A Trustee is a Trustee:

Wallace Collection Foundation (formerly Hertford House Trust) *	342
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* With reduced voting rights

No Trustees or staff member obtained any personal 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. Several Trustees are also supporters of the museum, and they are shown in Annex B to the Annual Report. The total donations received from Trustees in the year was £44,431 including gift aid (2014-15: £96,442).

20. Contingent liabilities

There were no contingent liabilities as at 31 March 2016 (2015: Nil).

21. Post balance sheet events

The result of the referendum held on 23 June was in favour of the UK leaving the European Union. This is a non-adjusting event. A reasonable estimate of the financial effect of this event cannot be made. There were no other significant events after the year end up to the date the accounts were authorised for issue.

The accounts were authorised for issue on the date of the Comptroller and Auditor General's certification.

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