

The Wallace Collection  
Annual Report and Accounts 2020-21

HC 776

# The Wallace Collection

## Annual Report and Accounts 2020-21

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

Ordered by the House of Commons to be printed 26 January 2022



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ISBN: 978-1-5286-3100-6

E-Number: E02700991

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK by HH Associates Ltd. on behalf of the Controller of Her Majesty's Stationery Office

# The Wallace Collection Annual Report and Accounts 2020-21

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# The Wallace Collection Annual Report and Accounts 2020-21

## Annual Report and Trustees' Report

### *Objectives and Achievements*

#### **Background/introductory information**

The Wallace Collection was formed by four generations of the Marquesses of Hertford and by Sir Richard Wallace (the supposed illegitimate son of the Fourth Marquess) between the 1780s and the 1880s. Since the 1870s the Collection has been housed in Hertford House, Manchester Square, London, W1U 3BN, one of the Hertford-Wallace residences and a Grade II listed building. The Collection was bequeathed to the nation by Lady Wallace, Sir Richard's widow, in 1897 and opened to the public on 22 June 1900. Admission to the permanent collection 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 to promote public understanding and enjoyment of the Collection. Responsibility for Government financing of the Wallace Collection rests with the Secretary of State for Digital, 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 Digital, Culture, Media and Sport (DCMS). 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, 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 acclaimed.

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

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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 an additional Temporary Exhibition Gallery, Visitors' Library, Theatre, Meeting Room and Learning Studio on the lower ground floor.

Notably, in 2019-20, the Collection obtained permission to loan works of art and thereby develop stronger partnerships and relationships with other arts institutions; the first loan agreed with the Board of Trustees was Titian's *Perseus and Andromeda*, which the National Gallery in London borrowed as part of their *Titian: Love, Desire, Death* exhibition. This exhibition opened in March 2020, but unfortunately was closed almost immediately due to COVID-19 and reopened in July 2020. In 2020-21, the Collection's Titian travelled on to the Prado Museum in Madrid, Spain as part of the exhibition. In Summer 2021 the painting will be exhibited at the Isabella Stewart Gardner Museum in Boston, USA which is the final venue for this sell-out exhibition.

### Aims, Objectives and Priorities

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.”

In 2019, following consultation with DCMS, the Charity Commission granted an Order under section 105 of the Charities Act 2011 to authorise the temporary lending and borrowing of objects for exhibitions or displays. The following powers were vested in the Board of Trustees:

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“1.2.1. Being satisfied that it is expedient in the interests of the Charity that it should do so, the Commission authorises the Charity:

- (1) to lend any objects in the Charity’s collection (whether the loan is for purposes of public exhibition or not and whether, under the terms of the loan, the object is to remain in the United Kingdom or not) provided that in deciding whether or not to lend an object, and in determining the time for which, and the conditions subject to which, an object is to be lent, the Charity:
  - (a) shall give special consideration to the request for the loan of an object for public exhibition; and
  - (b) subject to that, shall have regard to the interests of students and other persons visiting the Charity’s collection, the sustainability of the prospective borrower, the purpose of the loan and the physical condition and degree of rarity of the object and any risk to which it is likely to be exposed.”

The Trustees of the Wallace Collection consider the museum’s principal aim is ‘to safeguard this unique and varied Collection, making it accessible for the present and preserving it for future generations.’ In order to achieve this aim the Collection has, under the banner of “*Making Culture Matter*” set itself the following objectives and priorities for the period 2018-2021:

1. Broaden and deepen visitor engagement;
2. Maintain and preserve the Collection for future generations;
3. Support excellence in curatorial research;
4. Connect with new audiences through an enhanced digital presence;
5. Lay a strong financial foundation for the future; and
6. Embark upon a capital investment programme to transform visitor experience.

These objectives and priorities are described in further detail in this annual report.

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## *Achievements and Performance*

### *Responding to COVID-19*

2020-21 was an extraordinarily challenging year for the Wallace Collection, as it was for all cultural institutions, due to the COVID-19 pandemic. On 18 March 2020, the Wallace Collection closed its doors to the public for the first time since the Second World War and was open only intermittently and with reduced capacities, for a total of just under 17 weeks, during the 2020-21 financial year. Compared to the record visitor numbers of 487,000 in 2019-20, the museum received only 26,000 visitors in 2020-21. However, the Collection's staff showed exceptional dedication and drive in reaching out to audiences digitally through an entirely new programme of online engagement. Although the majority of staff worked from home or were furloughed, a core team kept the building and collections safe; essential maintenance and capital improvements were also carried out to Hertford House, including to many public spaces, taking advantage of the absence of visitors.

### **Broadening and deepening visitor engagement *and* Connecting with new audiences through an enhanced digital presence**

As a result of the national lockdown and the closure of the Collection for long periods throughout the year, as well limited capacities to ensure a COVID secure environment during the periods the Collection was open, visitors numbers were only 5% of pre-COVID levels. Historically, the Collection's focus has been to enthuse and inspire our onsite audiences, which as resources are limited, inevitably meant less investment in our online presence. However, throughout 2020-21 the Collection devoted all available time possible to create meaningful and exciting content that could be shared with online audiences through events, blogs, videos, social media and other programming.

- More than 7,000 individuals engaged with over 180 events, which included:
  - live online talks and concerts;
  - online courses;
  - family livestreams and storytelling;
  - primary and secondary school workshops;
  - community sessions;
  - and access events.
  
- There have been more than 17,000 subsequent views of our online talks and concerts, and almost 3,000 views on our online family programming. Our family learning resources which were created during lockdown for children who were being homeschooled have been downloaded almost 300 times.

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- Participants in online talks and courses came from six continents, and those who joined our in-depth courses came from 13 countries across the world, including Japan, Australia, Singapore, Sweden and the United States of America.

To complement our online programme, in December 2020, the Collection opened a display in the galleries which was the culmination of a major collaborative research project with Waddesdon Manor and the Royal Collection Trust on Jean-Henri Riesener. Riesener was the foremost cabinetmaker in Paris during the second half of the eighteenth-century. Enjoying the patronage of the French court, his Paris workshop produced extraordinary furniture, of which some of the finest examples are in the Wallace Collection. The display showed the furniture in the round so that visitors could admire the workmanship and the makers marks.

### **Maintaining and preserving the Collection for future generations**

The Wallace Collection took the unique opportunity afforded to the museum by being closed to the public to carry out several essential updates to infrastructure to ensure that the works of art are in the best possible environment for their care and preservation.

- An extensive pest review was undertaken following the Integrated Pest Management Procedures, with particular attention being given to the number of clothes moths in the museum which can cause extensive damage to fragile textiles on furniture or works of art. This review resulted in the removal of several upholstered benches in place for visitor use which were deemed to be infested and potential sources of contamination.
- A critical upgrade of the building's climate control system was undertaken as part of an upgrade to three Air Handling Units. The system is crucial to ensure temperature and relative humidity within the Collection remain within set parameters. Monitoring systems have also been improved, as has the management of the BMS (Building Management System) all contributing to reducing the risks of damage to paintings and artwork through temperature and humidity fluctuations.

Due to COVID-19, many of the Collection's conservation plans were put on hold until staff were safely able to come back on site; however, the museum was still able to continue with three important projects:

- Technical Analysis was carried out on one of the Collection's masterpieces, *The Laughing Cavalier* by Frans Hals. It was a historic moment as it was the first time that the painting has been looked at in this way. The results will be important for the upcoming exhibition on Hals at the Collection in Autumn 2021.
- As part of the ongoing Research Project on Jean-Honoré Fragonard, three paintings by the artist were conserved over the year: *The Souvenir*, *Say Please*, and *Girl reading a*

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*book*. All three paintings were suffering from thick, discoloured varnish which has now been removed to let light back into the pictures.

- The “Views of Venice” project which sees work by Canaletto and Guardi cleaned and conserved was completed in March 2020 with the final four paintings returning the Collection from the Hamilton Kerr Institute where the research and conservation work has been completed.

### Supporting excellence in curatorial research

Many of the curatorial staff were unable to carry out their normal duties and therefore were placed on furlough for parts of 2020-21. However, progress was made in two key projects:

- The Collection’s research on its Ottoman, Middle Eastern and Asian Arms and Armour continued. Hertford House is home to one of the finest collections of non-European arms and armour in the world. It provides an unusually comprehensive view of its key areas – India, the Ottoman Empire and Iran – over the eighteenth and nineteenth centuries, although some of its star pieces were made as early as the fifteenth century. These functional weapons and prestigious luxury objects are integral to the story of the Wallace Collection, yet they have never been thoroughly researched and studied. To address this, Dr Tobias Capwell, Curator of Arms and Armour at the Wallace Collection, initiated a major research and cataloguing project for all the 915 arms and armour from India, the Ottoman Empire and Iran. This project, which encompasses new photography and conservation of the objects, will culminate in the publication of the first catalogue of arms and armour from India, Iran and the Ottoman Empire in March 2023.
- 2020-21 was the culmination of the museum’s multi-year research project on Jean-Henri Riesener, who was the foremost cabinetmaker in Paris during the second half of the eighteenth century. Enjoying the patronage of the French court, his Paris workshop produced extraordinary furniture, of which some of the finest examples are in the Wallace Collection. Together with Waddesdon Manor and the Royal Collection Trust, the major project exploring the creativity and ingenuity of Riesener’s work concluded with the publication of the first major work on the artist, *Jean-Henri Riesener and his Legacy*. This book, edited by Senior Curator Helen Jacobsen, was published in Autumn 2020 and presents the research undertaken by Helen and the analysis of the materials, structure and mechanisms used in the making of the furniture undertaken by Jürgen Huber, the Collection’s Senior Furniture Conservator. The Collection also put on a display in the galleries, and created a special ‘digital micro-site’ for the dissemination of research on this great artist.
- In 2019-20, the Wallace Collection launched a major conservation and research project focusing on the artist, Jean-Honoré Fragonard. The Wallace Collection is fortunate to own eight exquisite works by Fragonard, one of the most popular artists of the

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eighteenth century. This ensemble is crucial to the identity of the museum, yet they have not been studied in depth. Led by Yuriko Jackall, Curator of French Paintings, the project aims to address these gaps in knowledge. Five paintings will be cleaned and conserved, and an international team of art historians, scientists, and conservators will advise, bringing to bear sophisticated new imaging techniques. These will provide a deeper understanding of Fragonard's technique in order to shed new light upon his evolution as an artist.

The Wallace Collection publications for the year are:

- Tobias Capwell, 'Theatre of War: Armoured Combat at the Festivals of Binche', in McGowan, Margaret and Ronald Mulryne, eds, *Charles V, Prince Philip, and the Politics of Succession: Imperial Festivities in Hainaut 1549* (Turnhout: Brepols, 2020), chapter 11.
- Lucy Davis, ed., *Rubens: The Two Great Landscapes* (Philip Wilson Publishers, London), 2020.
- Ada de Wit, 'Review of P. Rabbitts's *Grinling Gibbons Master Carver*'. *The Georgian* (November).
- Suzanne Higgott, 'Unmasking an Enigma: Who Was Lady Wallace and What Did She Achieve?' in *19 Interdisciplinary Studies in the Long Nineteenth Century*, Issue 31, 2021, 'Women Collectors: Taste, Legacy, and Cultural Philanthropy c. 1850–1920' (not paginated).
- Yuriko Jackall, 'Boilly at the Wallace Collection', *Colnaghi Studies Journal* 6 (March 2020): pp.120– 133 (with Nicole Ryder).
- Yuriko Jackall, 'Review. *Fancy in Eighteenth-Century Visual Culture.*' *Burlington Magazine* 162 (November 2020), pp. 1004–1006.
- Yuriko Jackall, "Portrait of a Friendship: Adélaïde Labille-Guiard's Self-Portrait With Two Pupils, 1785" online publication on <https://www.afterallartschool.org/essays/adelaide-labille-guiards/> (Art School, a collaboration between Afterall, Central Saint Martins, and Museu de Arte de Sao Paulo), is a multimedia platform for collective reflection on the present and potential futures of teaching and learning in art.
- Helen Jacobsen with M. Jackson, R. Bird (eds) *Jean-Henri Riesener. Cabinetmaker to Louis XVI and Marie Antoinette* (PWP).
- Helen Jacobsen, 'Cabinetmakers in 18th-century Paris' in *A Idadede Ouro do Mobilário Francês* (The Golden Age of French Furniture, from the Palace to the Workshop), Museu Calouste Gulbenkian, ex. cat. (March 2020).
- Lelia Packer 'Perseus and Andromeda' in Wivel et al., *Titian: Love, Desire, Death* (The National Gallery, London), 2020, pp.132–145.

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## **Laying a strong financial foundation for the future**

The financial effects of the pandemic on the Wallace Collection were far-reaching and unprecedented. Most sources of self-generated income disappeared overnight as the museum closed to the public. Venue hire, retail, restaurant, and ticketing income for 2020-21 were substantially under the anticipated budget, amounting to almost a £1.7 million decrease in planned for income from these sources.

However, revenue from donations and grants was stronger than anyone could have predicted, as the museum's long-term supporters rallied to the Collection in a time of crisis. It is only thanks to the support of these individuals and trusts, alongside the emergency funding package from DCMS and access to the furlough scheme, that the Wallace Collection was able to end the year in better than anticipated financial position.

The Collection also undertook thorough review of all overheads, postponed spend where possible and implemented a recruitment freeze. The majority of these savings are temporary will be unsustainable once the Collection opens permanently.

It is expected that the impact on self-generated income, particularly commercial income, will continue for the foreseeable future as visitor numbers are not expected to return to pre COVID levels for several years.

## **Embarking upon a capital investment programme to transform visitor experience**

Thanks to the generosity of several donors, the Wallace Collection has been able to make the most of this period of closure as unique opportunity to carry out a major programme of renovation, redecoration, and relighting.

Chandeliers have been cleaned, revealing sparkling crystals; new track lighting has been installed to ensure each work of art is shown in the best possible detail; and old paintwork has been refreshed. Decades old carpets have been removed to expose the original Carrara marble staircases.

The Entrance Hall, which was last refurbished in 1994, now has new Yellow Siena marbled paintwork, which will be the perfect backdrop for newly redisplayed works of art, now lit to reveal their true magnificence. In particular, the Collection's two spectacular cartoons by François Boucher, which greet guests as they ascend the staircase, will now be able to be seen in their true splendour. Downstairs, the visitor toilet facilities have also been renovated for the first time in over twenty years.

Thanks to the support from the DCMS- sponsored Museum Infrastructure Fund the Collection has been able to complete the work to the facade of Hertford House including the side elevations where hundred year old and weather damage stucco had been identified as

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dangerous. Further DCMS funding also enabled the refurbishment of three Air Handling Units and installation of more energy efficient water softeners.

The size and the layout of Hertford House places considerable constraints on the Collection's aim to improve the experience of visitors. During 2019-20 much consideration had been given by the Trustees and the Senior Management Team on how to proceed with developing a Masterplan for the Collection to address these issues. This project was on hold for all of 2020-21, although it is hoped that it will be restarted in January 2022.

### *Financial Review*

#### **Financial results**

Net income for the year is £2.914m (2019-20: £0.244m loss), however this result is flattered by a £2.196m revaluation gain on investments (2019-20 £1.237m revaluation loss) as stock markets recovered from the losses seen in the previous financial year. If this amount is excluded the net income/expenditure before gains/losses on investments is £0.718m (2019-20: £0.993m) of which restricted net income is £1.149m (2019-20: £0.570m) and unrestricted £0.441m net expenditure (2019:20 £0.283m net income).

Income fell by 15.3% to £7.252m (2019-20:£8.558m); the closure of the Museum for the majority of the year had a significant impact on the level of self-generated income, in particular visitor related income and from other trading activities. The largest source of income in 2020-21 was Grant-in-Aid from the Department for Digital, Culture, Media and Sport. At £4.091m (2019-20: £3.910m) this represented 59% of the group's non-endowment income for the year (2019-20: 48%).

Grants and donations of £2.593m were £0.4m higher than the £2.152m achieved last year, and this increase is predominantly caused by £0.888m of income from the Coronavirus Job Retention Scheme; excluding income from this scheme, donations fell by 21% or £0.447 to £1.705m largely due to a one off legacy received in 2019.

Trading income of £174k was only 12% of the £1.498m generated in 2018-19, with all revenue revenues generating operations (restaurant, event hire, and retail) severely impacted by the closure of the museum and the reduced capacities and other restrictions during the periods the museum was open. .

The museum launched an endowment fund in 2015-16 and has continued to build the fund since. Donations in the year of £0.011m are considerably lower than the £0.140m raised in 2019-20 however this can be explained by the fact that the Development team have been focussed on raising unrestricted donations to cover immediate operating requirements

Expenditure fell by £1.031m to £6.534m as a result of costs cutting exercise and recruitment freeze. Funded projects, including exhibitions, have been postponed. Trading: costs of goods sold and other costs has decreased by 79% in line with the fall in income.

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## **Investment policy and objectives**

Following the establishment of the endowment fund, the museum 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, Rathbone Investment Management Limited and Troy Asset Management Limited, were appointed in 2015-16, with the guidance of investment advisors. There has been no change in fund managers during the year.

The total return on the portfolio for the year to March 2021 was 31.62%. The income return was 2.90% and the capital return was 28.72%. The total return over performed the target of UK RPI plus 3% which was 4.51% in 2020-21. The 12 month income yield to March 2021 was 2.59%, which did not exceed the income yield target of 3%.

## **Financial risks**

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

The museum is dependent on self-generated income to deliver fully its strategic, charitable and statutory objectives. COVID-19 has had, and will continue to have, a significant impact on all these income streams for the foreseeable future, and any projections for these income streams are highly uncertain. This includes all those that are related to public visitors, sponsorship and philanthropy, and others related to the state of the economy and, as a result, the Collection's reliance on Government funding has significantly increased. Whilst additional emergency Grant in Aid has been made available to support recovery from the pandemic impacts, there remains uncertainty around future Grant in Aid settlements. Recovery is likely to be slow, meaning that increased reliance on Government funding will continue to be a risk in a challenging fiscal environment over the coming years. The ability to manage the risk will depend on the outcome of the Government's Spending Review scheduled for autumn 2021, as well as on the recovery of income streams for the foreseeable future after the Collection re-opens to the general public and all other self-generated income business activities recommence.

## **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 months' 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 2021 of £1.236m (2019-20: £1.502m) represents cover of just over two months budgeted expenditure (2019-20 three months).

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

### Payment of creditors

During 2020-21, the Wallace Collection paid 95% of undisputed creditors within 30 days of receipt of an invoice (2019-20: 94%).

### Performance

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

		2020-21	2019-20
<b>Key performance indicators:</b>			
	Number of visits to the museum	25,597	487,182
	Charitable giving (fundraising)	£1,712,000	£2,127,000
<b>Other performance indicators:</b>			
<b>Access</b>			
	Number of unique website visits	487,000	734,000
<b>Audience profile</b>			
	Number of visits by children under 16	1,024	16,086
	Number of overseas visits	1,836	155,898
<b>Learning</b>			
	Number of facilitated and self-directed visits to the museum by visitors under 18 in formal education	-	9,513
	Number of instances of visitors under 18 participating in on site organised activities	-	10,394
<b>Visitor satisfaction</b>			
	% of visitors who would recommend a visit	95	92
	% of visitors who were very satisfied with their visit	94	90
<b>Self-generated income</b>			
	Trading income (net profit)	£2,000	£628,000

### Sources of data

The museum measures these and other performance indicators and returns this data to 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 reported in the accounts of our trading company, Hertford House Marketing Limited. All these sources help the museum to monitor and report on its performance to DCMS on a regular basis.

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

### **Preparation of the Accounts**

The Accounts have been prepared in a form directed by the Secretary of State for Digital, Culture, Media and Sport with the consent of HM Treasury in accordance with sections 9(4) and 9(5) of the Museums and Galleries Act 1992. The accounts are compliant with the Charities Statement of Recommended Practice (FRS102), Charities Act 2011 and with Charity Commission guidance.

The consolidated accounts are for the Wallace Collection and Hertford House Marketing Limited; they exclude the accounts for the Wallace Collection in America Inc, 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 2019-20. The audit fee in respect of this work was £20,000. 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.

### **Fundraising Regulator**

The Wallace Collection is registered with the Fundraising Regulator whose key function is to adjudicate on fundraising complaints. Fundraising for the Collection is performed entirely by the in-house development team and no external professional fundraisers are, or were in the past year, involved in any fundraising. There have been no complaints made to either the Collection directly or to the Fundraising Regulator about the Collection's fundraising practices. The Wallace Collection protects vulnerable people and other members of the public from unreasonable intrusion, in that it does not cold call, operate telephone fundraising, street fundraising, undertake direct marketing campaigns or exert pressure on them to give money.

### **Staff and organisation**

The Wallace Collection is an Equal Opportunity Employer and has agreed statements of policy under Section 2(3) of the Health and Safety at Work Act 1974. Senior officers meet weekly 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 3.09% of all staff time during 2020-21 (2019-20: 4.19%), or 7.83 days per staff member (2019-20: 10.61 days), if long term sickness is excluded the number of days per staff member is 3.55.

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## Trade Union Facility Time

In accordance with the Trade Union (Facility Time Requirements) regulations 2017, all entities are required to present information on trade union facility time in their organisations. Facility time is paid time off for union representatives to carry out trade union activities.

	2020-21	2019-20
<b>Table 1: Relevant Union Officials</b>		
Number of employees who were relevant union officials during the period	4	4
Full time equivalent employee number	4	4
<b>Table 2: Percentage of time spent on facility time</b>		
	No of Employees	No of Employees
0%	3	1
1-50%	1	3
51-99%	0	0
100%	0	0
<b>Table 3: Percentage of pay bill spent on facility time</b>		
Pay spent on facility time	£437	£547
Total wage bill	£3,521,832	£3,653,000
Percentage of facility time against total pay bill	0%	0%
<b>Table 4: Paid union activities</b>		
Paid union activities	0%	0%

## Sustainability

The Museum is exempt from the requirement under the FReM (HM Treasury Financial Reporting Manual) to provide a sustainability report as it falls below the size threshold for reporting.

Dr Xavier Bray  
**Director and Accounting Officer**

19 January 2022

Eric Ellul  
**Acting Chairman**

19 January 2022

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## Remuneration Report

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 (2019-20: £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	
	2020-21 £000	2019-20 £000	2020-21 £000	2019-20 £000	2020-21 £000	2019-20 £000	2020-21 £000	2019-20 £000
Dr Xavier Bray Director	110-115	105-110	15-20*	5-10	43	41	170-75	150-155
Derek Purnell Chief Operating Officer (left July 2020)	20-25 (Full Year 70-75)	70-75	-	-	-	-	20-25 (Full Year 70-75)	70-75
Sarah Harmer Director of Development	75-80	70-75	-	-	-	-	75-80	70-75
Melanie Newlands Director of Finance and Commerce	65-70	60-65	-	-	27	24	95-100	85-90

\* relates to 2019-20 Financial Year

*The table above has been subject to audit*

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.

No redundancy, severance or compensation payments were made to senior managers during 2019-20.

No senior managers were employed through an agency in 2020-21.

Sarah Harmer and Derek Purnell chose not to be covered by the Civil Service pension arrangements during the reporting year or the previous year. Both were members of the partnership pension account, which is a stakeholder pension arrangement provided by Scottish Widows. Details of the scheme are included in the 'pension benefits' section below.

## The Wallace Collection Annual Report and Accounts 2020-21

	Accrued pension at pension age as at 31 March 2021 £000	Real increase in pension at pension age £000	Cash equivalent transfer value at 31 March 2021 £000	Cash equivalent transfer value at 31 March 2020 £000	Real increase in CETV £000
Dr Xavier Bray Director	10-15	2.5-5	122	89	22
Melanie Newlands Director of Finance and Commerce	0-5	0-2.5	58	38	14

*The table above has been subject to audit*

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.

No benefits in kind or non-cash benefits of value were received by senior managers.

The banded remuneration of the Director in post at the end of the financial year was £125,000 to £130,000 (2019-20: £110,000-£115,000). This was 5.43 times the median remuneration of the workforce (2019-20: 4.88 times). The median total remuneration of the workforce in the current financial year was £23,476 (2019-20: £23,038). Total remuneration includes salary, non-consolidated performance-related pay and benefits in kind. The increase in the multiple of median remuneration is due to a higher bonus paid to the Director during the year. The bonus relates to prior year performance (2019-20) and no bonuses will be paid for 2020-21 due to the financial climate the Collection faces.

*The above information has been subject to audit*

## The Wallace Collection Annual Report and Accounts 2020-21

The Director's performance-related bonus of up to 15% of salary 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 annual objectives and targets. Any bonus payment is not pensionable and is non-consolidated. The current Director's contract commenced in October 2016 and is open-ended, with a notice period of thirteen weeks. The other senior managers are on permanent contracts with three-month notice periods.

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. There were no off-payroll arrangements during the year.

### Exit Packages

	Number of compulsory redundancies agreed		Number of other departures agreed		Total number of exit packages by cost band	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
<b>Exit Package Cost Band</b>						
£10,000-£25,000	-	-	1	-	1	-
<b>Total number of exit packages</b>	-	-	<b>1</b>	-	<b>1</b>	-
<b>Total resource cost (£'000)</b>	-	-	<b>17</b>	-	<b>17</b>	-

*The table above has been subject to audit*

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

### 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 Principal 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.

## The Wallace Collection Annual Report and Accounts 2020-21

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 8% and 14.75% (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 0.5% of pensionable salary 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.)

## The Wallace Collection Annual Report and Accounts 2020-21

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk).

Dr Xavier Bray  
**Director and Accounting Officer**

19 January 2022

Eric Ellul  
**Acting Chairman**

19 January 2022

# The Wallace Collection Annual Report and Accounts 2020-21

## 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 Digital, Culture, Media and Sport with the consent of HM 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, of its financial position at the end of the year, and changes in funds and cash flows in the financial year.

In preparing the Wallace Collection's accounts, the Trustees and Accounting Officer 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 on a reasonable basis;
- 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 Digital, 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 *Managing Public Money*, issued by HM Treasury.

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.

## **The Wallace Collection Annual Report and Accounts 2020-21**

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

Dr. Xavier Bray  
**Director and Accounting Officer**

19 January 2022

Eric Ellul  
**Acting Chairman**

19 January 2022

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

# The Wallace Collection Annual Report and Accounts 2020-21

## 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 Digital, Culture, Media and Sport (DCMS), and is a charity exempt from registration under the Charities Act 2011. As an exempt charity, it is regulated by DCMS, rather than the Charity Commission.

The Wallace Collection is governed by a Board of Trustees answerable to the Secretary of State for Digital, 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 Permanent Secretary of DCMS 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 Permanent Secretary of DCMS for compliance with the Management Statement and Financial Memorandum. Within the framework of their statutory duties as stated under the Museums and Galleries Act 1992, the role of the Trustees is 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; and
- Considering the remuneration of senior staff.

There are three sub committees of the Board: the Audit Committee, the Fundraising Committee and the 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 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 Wallace Collection Annual Report and Accounts 2020-21

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 most recent assessment of Board effectiveness through a questionnaire concluded that the Board overall felt its effectiveness was either fully satisfactory or exceeded expectations.

## 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 Finance and Commerce and Director 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 weekly and there is a monthly full staff meeting. The Director meets both members 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.

## 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 2021, there were eight 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 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. António Horta-Osório's term as Chairman of the Board of Trustees came to an end on the 31 December 2021. Eric Ellul was elected Acting Chairman by the Board until a new Chairman is appointed; a recruitment process is ongoing.

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

## **The Wallace Collection Annual Report and Accounts 2020-21**

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 a non-departmental public body and a charity. It 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 2019-20 and on planning for the 2020-21 audit. The internal auditor reported to the Committee on his findings and was able to provide the Committee and Trustees with significant assurance that the Collection generally has good controls; however, recommendations were made for a number of areas reviewed, with some controls requiring attention. The risk register was received and reviewed in its entirety during the course of the year.

### **Report from Investment Committee**

The Investment Committee kept the performance of the fund managers that it had appointed in 2015-16 under review. 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 (SMT), including the Director, is 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 in the Aims, Objectives and Priorities section of this report and monitors progress against these objectives. The day-to-day risks associated with these activities are managed, challenged and updated through the meetings of staff set out under the Wallace Collection Staff section above.

These risks, 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. The register is

## The Wallace Collection Annual Report and Accounts 2020-21

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 a 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 also includes 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 consideration in meetings with relevant staff throughout the year. 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 2020-21 are:

- The funding environment – the immediate impact of the COVID-19 pandemic was closure of the Collection and a consequent severe reduction in self-generated income. This significantly increased reliance on Government funding. Whilst additional emergency Grant in Aid has been made available to support recovery from the pandemic impacts, there remains uncertainty around future Grant in Aid settlements. Recovery is likely to be slow, meaning that increased reliance on Government funding will continue to be a risk in a challenging fiscal environment over the coming years.
- Pandemic recovery – there remains a risk that the recovery is slower than anticipated with a consequential adverse impact on projected levels of self-generated income. Expected contraction in the tourism economy and reduction in domestic and overseas visitor numbers compound this risk. There remains a significant downside risk, particularly in 2021-22 and 2022-23, which is partly mitigated by reserves held.
- As a result of the reorganisation and budget constraints caused by COVID-19, as well as a prolonged period of furlough and remote working, there is a risk of reduced staff engagement and productivity. Regular staff communications and surveys have been in place throughout the pandemic and work will commence on developing a new People Strategy as part of planning for the post-pandemic workplace.
- Ensuring the security of visitors, staff, volunteers and collections at a time of global instability. The museum has a thorough and flexible security strategy that responds to changes in risk.
- Balancing appropriately financial constraints and increasing pressure to expand services and maintain and improve 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

## **The Wallace Collection Annual Report and Accounts 2020-21**

that the Wallace Collection has an adequate system of internal controls 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 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.

### **Whistleblowing Arrangements**

The Collection upholds the core values detailed in the code of Professional Ethics of the Museums Association and actively promotes their implementation. In line with these commitments, the Collection encourages employees and others with serious concerns on any aspect of the Collections to come forward and voice those concerns, and expects its managers to encourage employees to express their views openly.

### **Data quality**

The Board of Trustees have gained assurance that the data quality of the information it receives is sound through a mix of both internal and external audit work and its own challenge of the data presented.

### **Data handling**

The Wallace Collection maintains a record of incidents involving the loss, unauthorised disclosure or unsecure disposal of personal data, the release of which risks causing harm or distress to the individuals concerned. The incident record includes the nature of the incident, the nature of the data involved, the number of people potentially affected and the steps taken to notify the individual concerned. Based on severity, these incidents are reported to the Information Commissioner's Office. There were no incidents during the year reported to the ICO.

Dr Xavier Bray  
**Director and Accounting Officer**

19 January 2022

Eric Ellul  
**Acting Chairman**

19 January 2022

## The Wallace Collection Annual Report and Accounts 2020-21

### 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:

<b>Board Member</b>	<b>Appointed</b>	<b>Further notes</b>	<b>Attendance</b>
António Horta-Osório*	January 2015 reappointed January 2019 for 2 years	Chairman	4/4
Marilyn Berk	9 January 2017	Member of the Audit Committee (4/4)	4/4
Jennifer Eady QC	6 January 2013 - reappointed 7 January 2017 Term extended by six months on 8 January 2021	-	3/4
Eric Ellul	9 January 2017	Member of the Audit Committee (4/4)	4/4
Dounia Nadar	9 January 2017 Retired 9 January 2021	-	3/3
Jessica Pulay	6 January 2013 - reappointed 7 January 2017 Term extended by six months on 8 January 2021	Chair of the Audit Committee (4/4)	4/4
Jemima Rellie	9 January 2017 Retired 9 January 2021	Member of the Audit Committee (3/3)	3/3
Kate de Rothschild Agius	6 January 2013 for five years - reappointed 6 January 2018	-	4/4
Dr Ashok Roy	6 January 2013 for five years - reappointed 6 January 2018	-	4/4
Timothy Schroder	6 January 2013 for five years- reappointed 6 January 2018	-	4/4

\* António Horta-Osório's term as Chairman of the Board of Trustees came to an end on the 31 December 2021. Eric Ellul was elected Acting Chairman by the Board until a new Chairman is appointed; a recruitment process is ongoing.

## The Wallace Collection Annual Report and Accounts 2020-21

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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The Audit Committee has two external independent members, Jim Close (attendance 4/4) and Martin James (attendance 3/4), in addition to the Trustees who are members.

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

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

Dr Xavier Bray	Director
Sarah Harmer	Director of Development
Melanie Newlands	Director of Finance and Commerce
Derek Purnell (left 31 July 2020)	Chief Operating Officer

### Directors of Hertford House Marketing Limited during the year

Dr Xavier Bray  
Melanie Newlands

### 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

# The Wallace Collection Annual Report and Accounts 2020-21

## **Investment advisors**

Alvarium Investment Advisors (UK) Limited  
10 Old Burlington Street  
London W1S 3AG

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

# The Wallace Collection Annual Report and Accounts 2020-21

## Annex B - Wallace Collection Endowment Donors and Benefactors 2020–21

The list below gratefully acknowledges all of the Donors to the Wallace Collection Endowment since its inception and all of those who have generously supported the Wallace Collection from 1 April 2020 to 31 March 2021.

### Donors to the Wallace Collection Endowment

*£1 million and above*

The Monument Trust

*£500,000 and above*

Lionel and Ariane Sauvage

*£100,000 and above*

Mr Stanley Gordon Clarke  
Sir Siegmund Warburg's Voluntary Settlement

*£10,000 and above*

Kate de Rothschild Agius and Marcus Agius  
Lady Alexander of Weedon  
Alexis and Anne-Marie Habib Foundation  
Mr Omar Ali & Mrs Saira Ali  
Alvarium Guggenheim  
Nada Bayoud and Andrew Wynn  
Marilyn Berk  
The Boston Consulting Group  
Sir Francis Brooke Bt. & The Hon. Lady Brooke  
Timothy and Andrea Collins  
Michael and Angela Cronk  
Mr and Mrs Michel David-Weill  
Mr and Mrs Deschamps  
The Desmond Foundation  
Eric and Virginie Ellul  
Mme Alice Goldet  
António and Ana Horta-Osório

The John Armitage Charitable Trust  
Christian and Florence Levett  
The Lord Leonard and Lady Estelle Wolfson Foundation  
Lord and Lady Lupton  
The Michael and Nicola Sacher Charitable Trust  
Albéric and Audrey de Montgolfier  
Mr and Mrs Nadar  
Sir John and Lady Ritblat  
Robert de Rothschild  
Sir Hugh and Lady Stevenson

*and*

Aberdeen Asset Management  
Prince Ayn Aga Khan  
Mr and Mrs Nicolas Cattelain  
Mr and Mrs R. J. Elliott  
Lt Cdr Paul Fletcher  
The Geoffrey and Julian Agnew Charitable Trust  
David and Janice Gu  
J.P. Morgan  
Annika Lejeune  
Lloyds Banking Group  
Mrs Clare McKeon  
Morgan Stanley  
In memory of the late A.V.B. (Nick) Norman  
Roslyn Packer AC  
Jessica Pulay  
Röbbig München  
Richard Sachs  
Adrian Sassoon  
Timothy and Ellen Schroder  
The Tavolozza Foundation  
UBS Group AG  
Arend and Cecilia Versteegh  
The Wallace Collection in America  
Andy Xue

# The Wallace Collection Annual Report and Accounts 2020-21

## Benefactors of the Wallace Collection

### *Director's Circle (£5,000 per annum)*

Kate de Rothschild Agius and Marcus Agius  
Lady Alexander of Weedon  
Nada Bayoud and Andrew Wynn  
Marilyn Berk  
Raya Bohsali  
Sir Bruce Bossom, Bt  
Michael and Angela Cronk  
Dame Vivien Duffield  
Mr and Mrs R. J. Elliott  
Thomas and Elsebeth Gatacre  
Mr and Mrs William Iselin  
Russell and Irina Jacobs  
Annika Lejeune  
Lord and Lady Lupton  
The Magic Trust  
Mrs Clare McKeon  
Mr and Mrs Nadar  
Roslyn Packer AC  
Mrs Douglas Rae  
Philip and Sarah Richards  
Jake and H el ene Marie Shafran  
Dasha Shenkman OBE  
Sir Hugh and Lady Stevenson  
Rijnhard & Elsbeth van Tets

### *Conservator's Circle (£2,500 per annum)*

Mr and Mrs Nick Barton  
Christopher Clarke  
Joanna Hewitt  
Lady Lowther  
Mrs Annie Mackeson-Sandbach  
Ivetta Rabinovich  
Paul Rivlin  
Timothy and Ellen Schroder  
Rima Tatjana Shour  
Tony Swinnerton  
Thomas and Catrin Treadwell

### *Curator's Circle (£1,500 per annum)*

Julian Agnew  
Ambassador Victor Ashe  
Mr James and Lady Emma Barnard (The  
Barness Trust)  
Nicholas Berwin  
Mrs Charles H. Brown  
Ian Butchoff  
Kate Cheetham  
Eric Coatalem  
Oliver and Cynthia Colman  
Mrs M. David-Weill  
Patrick K. F. Donlea  
Dame Jennifer Eady  
Lt. Cdr. Paul Fletcher  
Sam Fogg Esq.  
John and Patricia Glasswell  
Mme Alice Goldet  
Rima Hakim-Connelly  
Katrin Henkel  
Hugh Hudson-Davies  
The John Armitage Charitable Trust  
James and Clare Kirkman  
David Lawson  
Ms Laura Lindsay  
Anthony Loehnis  
Richard Mansell-Jones  
Hugh and Victoria Merrill  
Suzie Newman  
Simon and Midge Palley  
Patricia Wengraf Ltd.  
Lord and Lady Phillimore  
Jessica Pulay  
Jonathan Refoy  
Richard Sachs  
Anthony and Jacqueline Todd  
Mark Van Oss  
Alan and Sue Warner  
Lynne Woolfson

## The Wallace Collection Annual Report and Accounts 2020-21

### *Young Benefactors (£750 per annum)*

Laurine Heerema  
Phoebus Istavrioglu  
Dr Claudio Koeser  
The Hon Clarence Tan

### *Companions (£600 per annum)*

Viscountess Bridgeman, The Bridgeman Art  
Library  
Mr Charles Cator  
Lord Cholmondeley  
Dee Singh Datta  
Giles Ellwood and Philippe Sacerdot  
Jennifer Montagu  
In memory of the late A.V.B. (Nick) Norman  
Nicholas and Christylle Phillips

# The Wallace Collection Annual Report and Accounts 2020-21

## Annex C - Wallace Collection Donors 2020–21

### Donors

The A&O New Change Group  
Kate de Rothschild Agius and Marcus Agius Lady Alexander of Weedon  
Richard and Mara Aylmer  
Mr James and Lady Emma Barnard (The Barnes Trust)  
Mr and Mrs Nick Barton  
Guy and Margaret Beringer  
Susan Bloomberg  
Bloomberg L.P.  
Sir Francis & The Hon. Lady Brooke  
Dána Burstow  
Peter and Sally Cadbury  
Centro de Estudios Europa Hispánica (CEEH)  
Kate Cheetham  
Christopher Clarke  
Michael and Angela Cronk  
Delhi Art Gallery (DAG)  
John and Patricia Glasswell  
Nigel Grey-Turner  
Soo and Jonathan Hitchin  
António and Ana Horta-Osório  
Howard Ricketts Limited  
Colette and Philip Hubbard  
Russell and Irina Jacobs  
Regina Jaglom Wachter  
Colleen Keck  
James and Clare Kirkman  
Richard Mansell-Jones  
Don and Lisa McGown  
Mrs Clare McKeon  
Patrick Mears  
Christopher and Sophie North  
Mervyn and Jill Parry  
Nicholas and Christylle Phillips  
David Pike  
Basil and Maria Postan  
Jessica Pulay  
Adrian Sassoon  
Timothy and Ellen Schroder  
Dasha Shenkman OBE

# The Wallace Collection Annual Report and Accounts 2020-21

## Trusts and Foundations

The Aldama Foundation  
The Band Trust  
The Belvedere Trust  
The Bruno Schroder Trust  
The Circles of Art  
City Bridge Trust  
The Clore Duffield Foundation  
The Curtain Foundation  
The D'Oyly Carte Charitable Trust  
The Elizabeth Cayzer Charitable Trust  
The Excel Fund  
The Garfield Weston Foundation's Weston Culture Fund  
The John Armitage Charitable Trust  
The Leverhulme Trust  
The Magic Trust  
The Manny & Brigitta Charitable Foundation  
The Michael & Nicola Sacher Charitable Trust  
The NJT Foundation  
The Ofenheim Charitable Trust  
The Tavolozza Foundation

*And all those who wish to remain anonymous*

# The Wallace Collection Annual Report and Accounts 2020-21

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

### Opinion on financial statements

I certify that I have audited the financial statements of the Wallace Collection for the year ended 31 March 2021 under the Museums and Galleries Act 1992. The financial statements comprise: The Consolidated Statement of Financial Activities, the Consolidated and Collection Balance Sheets, the Consolidated Statement of Cash Flows and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of the Wallace Collection's affairs as at 31 March 2021 and of its net income for the year then ended; and
- 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 regularity

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

### Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Wallace Collection in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Wallace Collection's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Wallace

## **The Wallace Collection Annual Report and Accounts 2020-21**

Collection's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Trustees and the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

### **Other Information**

The other information comprises information included in the Annual Report and Trustee's Report but does not include the financial statements and my auditor's certificate thereon. The Trustees and the Accounting Officer are responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

### **Opinion on other matters**

In my opinion:

- the parts of the Remuneration Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Museums and Galleries Act 1992.
- the information given in the Annual Report and Trustee's 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**

In the light of the knowledge and understanding of the Wallace Collection and its environment obtained in the course of the audit, I have not identified material misstatements in the Annual Report and Trustees' Report.

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 parts of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

### **Responsibilities of the Board of Trustees and Director as Accounting Officer**

As explained more fully in the Statement of Trustees' and Accounting Officer's Responsibilities the Board of Trustees and the Accounting Officer are responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;

## The Wallace Collection Annual Report and Accounts 2020-21

- internal controls as Trustees and the Director determine is necessary to enable the preparation of the financial statements to be free from material misstatement, whether due to fraud or error.
- assessing the group and the Wallace Collection's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees and the Accounting Officer either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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

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

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

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the internal auditor and those charged with governance, including obtaining and reviewing supporting documentation relating to the Wallace Collection's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
    - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Wallace Collection's controls relating to the Museum and Galleries Act 1992, Managing Public Money, and the Charities Act 2011.
    - discussing among the engagement team including key personnel from the component auditors, and involving relevant internal and external specialists, including experts in the valuation of land and buildings, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals and the application of the Coronavirus Job Retention Scheme.
- obtaining an understanding of the Wallace Collection and the group's framework of authority as well as other legal and regulatory frameworks that the Wallace Collection and group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Wallace Collection and group. The key laws and regulations I considered in this context included the Museum and Galleries Act 1992, Managing Public Money, Employment Law, Tax Legislation, the Coronavirus Act 2020 and the Charities Act 2011.

## The Wallace Collection Annual Report and Accounts 2020-21

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee and legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board of Trustees;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- in addressing the risk of revenue recognition due to fraud, assessing the recognition of grants and donations in line with the accounting framework and undertaking procedures to test the completeness of grants, donations and legacies;
- in addressing the risk of fraud in the Coronavirus Job Retention Scheme undertaking procedures to test -that claims to HM Revenue and Customs were in line with the scheme rules and procedures to test whether employees were working whilst claiming under the scheme.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of my certificate.

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

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

### Report

I have no observations to make on these financial statements.

**Gareth Davies**  
**Comptroller and Auditor General**

20 January 2022

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

## The Wallace Collection Annual Report and Accounts 2020-21

### Consolidated Statement of Financial Activities for the year ended 31 March 2021

	Notes	Unrestricted Funds £000	Restricted Funds £000	Endowment Fund £000	Total 2020-21 £000	Unrestricted Funds £000	Restricted Funds £000	Endowment Fund £000	2019-20 £000
<b>Income and endowment funds from:</b>									
Donations and legacies	2	622	1,083	11	1,716	998	1,154	140	2,292
Grant-in-Aid	2	3,226	865	-	4,091	2,830	1,080	-	3,910
Furlough income	2	-	888	-	888	-	-	-	-
Charitable activities	3	114	-	-	114	503	-	-	503
Other trading activities	14	174	-	-	174	1,498	-	-	1,498
Investments	4	148	121	-	269	196	159	-	355
<b>Total</b>		<b>4,284</b>	<b>2,957</b>	<b>11</b>	<b>7,252</b>	<b>6,025</b>	<b>2,393</b>	<b>140</b>	<b>8,558</b>
<b>Expenditure on:</b>									
<b>Raising funds</b>									
Fundraising	5	405	14	-	419	434	-	-	434
Marketing and design	5	205	23	-	229	225	-	-	225
Trading: cost of goods sold and other costs	14	182	-	-	182	865	-	-	865
<b>Charitable activities</b>									
Conservation		258	107	-	365	121	225	-	346
Collections		1,055	424	-	1,479	1,090	676	-	1,766
Security		1,128	543	-	1,671	1,741	-	-	1,741
Building and maintenance		1,492	697	-	2,188	1,266	922	-	2,188
<b>Total</b>		<b>4,725</b>	<b>1,808</b>	<b>-</b>	<b>6,534</b>	<b>5,742</b>	<b>1,823</b>	<b>0</b>	<b>7,565</b>
Net gains/(losses) on investments	8c	-	-	2,196	2,196	-	-	(1,237)	(1,237)
<b>Net income/(expenditure)</b>	7	<b>(441)</b>	<b>1,149</b>	<b>2,207</b>	<b>2,914</b>	<b>283</b>	<b>570</b>	<b>(1,097)</b>	<b>(244)</b>
Transfers between funds	12	-	-	-	-	-	-	-	-
		(441)	1,149	2,207	2,914	283	570	(1,097)	(244)
<b>Other recognised gains/(losses):</b>									
Gains/(losses) on revaluation of fixed assets		(275)	(915)	-	(1,191)	(41)	(1,458)	-	(1,499)
<b>Net movement in funds</b>		<b>(717)</b>	<b>233</b>	<b>2,207</b>	<b>1,724</b>	<b>242</b>	<b>(888)</b>	<b>(1,097)</b>	<b>(1,743)</b>
<b>Reconciliation of funds</b>									
Total funds brought forward		6,812	42,720	8,173	57,706	6,570	43,608	9,270	59,448
<b>Total funds carried forward</b>	12	<b>6,095</b>	<b>42,953</b>	<b>10,380</b>	<b>59,428</b>	<b>6,812</b>	<b>42,720</b>	<b>8,173</b>	<b>57,705</b>

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

The Group 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 45 to 57 form part of these financial statements.

## The Wallace Collection Annual Report and Accounts 2020-21

### Balance Sheet at 31 March 2021

	Notes	Group 2021 £000	Group 2020 £000	Collection 2021 £000	Collection 2020 £000
<b>Fixed assets</b>					
Tangible assets	8a	46,159	47,330	46,149	47,317
Heritage assets	8b	86	82	86	82
Investments	8c	10,247	8,040	10,247	8,040
		<u>56,492</u>	<u>55,452</u>	<u>56,482</u>	<u>55,439</u>
<b>Current assets</b>					
Stock		186	212	17	63
Debtors	9	876	928	875	903
Cash at bank and in hand	13	2,762	1,703	2,733	1,598
		<u>3,824</u>	<u>2,843</u>	<u>3,625</u>	<u>2,564</u>
<b>Liabilities</b>					
Creditors					
Amounts falling due within one year	10a	(844)	(536)	(733)	(354)
Net current assets		<u>2,980</u>	<u>2,307</u>	<u>2,892</u>	<u>2,210</u>
Total assets less current liabilities		59,472	57,759	59,374	57,649
Creditors					
Amounts falling due after more than one year	10b	(44)	(54)	-	-
<b>Net assets</b>	11	<u>59,428</u>	<u>57,705</u>	<u>59,374</u>	<u>57,649</u>
<b>Represented by:</b>					
<b>Unrestricted funds</b>					
Designated funds	12	3,513	3,688	3,506	3,680
Unrestricted revaluation reserve	12	1,347	1,622	1,364	1,638
General funds	12	1,236	1,502	1,171	1,439
		<u>6,096</u>	<u>6,812</u>	<u>6,041</u>	<u>6,757</u>
<b>Restricted funds</b>					
Restricted income funds	12	36,410	35,220	36,367	35,220
Restricted revaluation reserve	12	6,542	7,500	6,586	7,500
		<u>42,952</u>	<u>42,720</u>	<u>42,953</u>	<u>42,720</u>
Total income funds		49,048	49,532	48,994	49,477
<b>Endowment fund</b>	12	10,380	8,173	10,380	8,173
<b>Total funds</b>	12	<u>59,428</u>	<u>57,705</u>	<u>59,374</u>	<u>57,650</u>

The notes on pages 45 to 57 form part of these financial statements.

Dr Xavier Bray  
Director and Accounting Officer

19 January 2022

Eric Ellul  
Acting Chairman

19 January 2022

## The Wallace Collection Annual Report and Accounts 2020-21

### Consolidated Statement of Cash Flows for the year ended 31 March 2021

	Notes	2021 £000	2020 £000
<b>Cash flows from operating activities:</b>			
Net cash provided by (used in) operating activities	13	<u>1,853</u>	<u>1,317</u>
<b>Cash flows from investing activities:</b>			
Dividends and interest from investments	4	269	355
Purchase of property, plant and equipment	8a	(1,058)	(1,189)
Purchase of heritage assets	8b	(4)	-
Purchase of investments	8c	<u>(11)</u>	<u>(199)</u>
Net cash provided by (used in) investing activities		<u>(804)</u>	<u>(1,033)</u>
<b>Cash flows from financing activities:</b>			
Receipt of endowment	2	<u>11</u>	<u>140</u>
Net cash provided by (used in) financing activities		<u>11</u>	<u>140</u>
<b>Change in cash and cash equivalents in the year</b>			
Cash and cash equivalents at beginning of the year		<u>1,703</u>	<u>1,279</u>
Cash and cash equivalents at end of the year		<u>2,762</u>	<u>1,703</u>

The notes on pages 45 to 57 form part of these financial statements.

# The Wallace Collection Annual Report and Accounts 2020-21

## Notes to the financial statements for the year ended 31 March 2019

### 1. Accounting policies

#### a) Basis of accounting

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

The 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 the going concern basis. Under Section 2 of the Museums and Galleries Act 1992, the Museum has a statutory responsibility to care and preserve the objects in its collection and make them available to the public, and the Trustees and Accounting Officer have assumed in making the going concern assessment that sufficient Government funding support will continue to be made available to fulfil this responsibility. Additional Grant-in-Aid has been made available for the year ending March 2022.

#### c) Income

Income is recognised when the museum becomes entitled to it, its receipt is probable and the amount can be measured reliably.

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

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

The museum has made use of the Coronavirus Job Retention Scheme, with approval from DCMS. This was used to contribute to the cost of furloughing staff where work could not be found for them in the year and is shown gross in the accounts. Staff costs are shown in full within expenditure and are not net of this income. Income is accounted for when staff have been furloughed.

Sponsorship for specific projects and donations are recognised when the museum becomes entitled to the income, there is probability of receipt and the amount is quantifiable. 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.

Legacies are credited to income when the museum becomes entitled to the income, receipt is probable and the amount is quantifiable.

Investment income is recognised as an addition to unrestricted funds unless there is a restriction as to the use of the income. Restricted income is allocated to the restricted fund to which the income relates. Net gains or losses in the market value of investments are allocated to the endowment fund.

Included in other trading activities is income from sales which is included in the financial statements in the year in which the goods or services are supplied. Charitable activities income includes ticket sales for exhibitions and these are recognised in the statement of financial activities when the ticket holders attend the respective exhibitions. All other income is accounted for on a receivable basis.

Donated services and goods are recognised as income and expenditure when the museum becomes entitled to them, receipt is probable and the amount can be measured reliably. The services and goods are valued at the price that the museum would have paid in the open market for services or goods of equivalent value.

#### 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.

Support costs are apportioned between activities on the basis 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 2020-21

### 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 £3,500 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 £3,500. 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	- the structure is depreciated over 95 years; the fit out over 25 years and the associated plant over 20 years. The refurbishment of the Great Gallery is depreciated over 95 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 security equipment) and 25 years (refurbishment projects).

Depreciation on additions is charged from the date of purchase. When the acquisition date is not identifiable a full year's depreciation is charged.

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.

All material classes of fixed assets are revalued to current costs. A quinquennial valuation of land and buildings is carried out by a professional valuer. In the years between quinquennial valuations, a desk top valuation is performed. 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 2020-21

### **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) Pension costs**

Past and present employees are covered by the provisions of the Principal Civil Service Pension Scheme which is an unfunded, multi-employer, defined-benefit scheme. The Wallace Collection is unable to identify its share of the underlying liabilities. Additional details of the scheme are in Note 6b.

### **j) 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.

### **k) 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, distributes its profit to the Wallace Collection at the year end, so no tax is due on this.

### **l) 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 2020-21

### 2. Donations and legacies, and Grant in Aid

	Unrestricted £000	Restricted £000	Endow- ment £000	Total 2020-21 £000	Unrestricted £000	Restricted £000	Endow- ment £000	2019-20
Donations	582	1,083	11	1,676	721	853	140	1,714
Legacies	40	-	-	40	277	301	-	578
Coronavirus Job Retention Scheme		888		888				
	<u>622</u>	<u>1,971</u>	<u>11</u>	<u>2,605</u>	<u>998</u>	<u>1,154</u>	<u>140</u>	<u>2,292</u>

Unrestricted donations include £42,000 of pro bono investment and HR support (2019-20 £36,000). The matching expenditure has been included in fundraising costs.

Grant-in-Aid of £4,091,000 (2019-20 £3,910,000) was received from the Department for Digital, Culture, Media and Sport of which £1,152,000 (2019-20 £1,368,000) was for capital purposes.

The Collection claimed £888,000 in 2020-21 from HMRC towards the cost of furloughing staff, with approval from DCMS. Activity reduced significantly across the museum and we were unable to find work for all employees throughout the year. Our use of furlough varied throughout the year through opening and closing of the museum, reflecting Government social distancing guidance. In total 107 members of staff were furloughed during the year (76 employees on permanent contract and 31 employees on zero hour contracts)

### 3. Income from charitable activities

	2020-21 Unrestricted £000	2019-20 Unrestricted £000
Ticket Income	28	317
Study days and art activities	23	48
Tours and filming	9	31
Miscellaneous other income	<u>54</u>	<u>107</u>
	<u>114</u>	<u>503</u>

### 4. Income from investments

	Unrestricted £000	Restricted £000	Total 2020-21 £000	Unrestricted £000	Restricted £000	2019-20 £000
UK investment funds	27	23	50	44	38	82
Fixed interest bonds	25	21	46	30	26	56
UK equities	52	45	97	70	61	131
Overseas equities	32	27	59	34	29	63
Infrastructure and property	6	6	12	6	5	11
Interest receivable	<u>4</u>	<u>-</u>	<u>4</u>	<u>12</u>	<u>-</u>	<u>12</u>
	<u>147</u>	<u>122</u>	<u>269</u>	<u>196</u>	<u>159</u>	<u>355</u>

### 5. Expenditure

	Direct costs	Support costs	Deprec- iation	Total 2020-21	Direct costs	Support costs	Deprec- iation	2019-20
<b>Raising funds</b>								
Fundraising	323	97	-	419	376	58	-	434
Marketing and design	157	72	-	229	186	39	-	225
Trading	147	33	2	182	781	81	3	865
<b>Charitable Activities</b>								
Conservation	327	38	-	365	303	43	-	346
Collections	1,349	131	-	1,479	1,571	195	-	1,766
Security	1,524	147	-	1,671	1,613	128	-	1,741
Building and maintenance	986	168	1,035	2,189	961	143	1,084	2,188
	<u>4,812</u>	<u>685</u>	<u>1,037</u>	<u>6,534</u>	<u>5,791</u>	<u>687</u>	<u>1,087</u>	<u>7,565</u>

## The Wallace Collection Annual Report and Accounts 2020-21

### 5b) Support costs breakdown by activity

	Governance £000	Human Resources £000	Finance & IT £000	Office Supplies £000	Director's Office £000	Total 2020-21 £000	2019-20 £000
<b>Raising funds</b>							
Fundraising	2	2	21	6	66	97	58
Marketing and design	1	1	10	5	55	72	39
Trading	1	3	7	1	22	33	81
<b>Charitable activities</b>							
Conservation	2	2	21	2	11	38	42
Collections	7	7	89	4	23	130	195
Security	8	16	100	1	22	148	129
Building and maintenance	11	1	133	1	22	168	143
	<u>31</u>	<u>31</u>	<u>382</u>	<u>21</u>	<u>219</u>	<u>685</u>	<u>687</u>

Basis of allocation of support costs	Expenditure	Staff numbers	Expenditure	Estimated use	Estimated use
--------------------------------------	-------------	---------------	-------------	---------------	---------------

### 6. Staff costs

6a)	2020-21 £000	2019-20 £000
Wages and salaries	2,787	2,892
Social security costs	223	238
Pension costs	<u>512</u>	<u>523</u>
	3,521	3,653
Temporary staff	<u>60</u>	<u>137</u>
	3,581	3,790
Redundancy Costs	<u>17</u>	<u>-</u>
	<u>3,598</u>	<u>3,790</u>

No staff costs were capitalised (2019-20: £nil).

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

	2020-21	2019-20
£60,001 – £70,000	1	1
£70,001 – £80,000	1	2
£100,001 – £110,000	-	-
£110,001 – £120,000	-	1
£120,001 – £130,000	<u>1</u>	<u>-</u>
	<u>3</u>	<u>4</u>

## The Wallace Collection Annual Report and Accounts 2020-21

### 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 2016. Details can be found in the resource accounts of the Cabinet Office: Civil Superannuation (<https://www.civilservicepensionscheme.org.uk/about-us/scheme-valuations/>).

For 2020-21, employers' contributions of £442,654 were payable to the PCSPS (2019-20: £444,201) at one of four rates in the range 26.6% to 30.3% 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 2020-21 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 £73,575 (2019-20: £79,249) were paid to one or more of a panel of three appointed stakeholder pension providers. Employer contributions are age-related and range from 8% to 14.75% of pensionable earnings. Employers also match employee contributions up to 3% of pensionable earnings. In addition, employer contributions equivalent to 0.5% 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 £5,693 (2019-20: £6,865). No contributions were prepaid at that date.

### 6c) Average number of employees

The average number of employees, across the reporting period and analysed by function, was:

	2020-21	2020-21	2019-20	2019-20
	Headcount	Full-time equivalent	Headcount	Full-time equivalent
Director's Office	2.0	2.0	2.0	2.0
Conservation	4.9	4.9	3.8	3.8
Collections	21.3	19.3	24.7	22.9
Security and Gallery	50.8	40.5	56.4	45.2
Building and Maintenance	3.0	2.5	2.3	2.6
Fundraising	4.9	4.9	4.8	4.8
Marketing and Design	2.0	2.0	2.1	2.0
Trading	7.0	6.7	7.1	6.8
Finance, HR and IT	3.5	3.3	4.0	3.8
	<u>99.4</u>	<u>86.1</u>	<u>107.2</u>	<u>93.9</u>

### 6d) Trustees

The Trustees neither received nor waived any emoluments during the year (2019-20: £nil). No expenses were reimbursed to any Trustee (2019-20: £nil).

## 7. Net income/(expenditure)

Net income/(expenditure) is stated after charging:

	2020-21	2019-20
	£000	£000
External audit fees: NAO	20	22
External audit fees: trading subsidiary auditors	7	6
Other fees: trading subsidiary auditors	4	3
Internal Audit Fees	9	8
Operating lease rentals for the hire of plant and machinery	10	11

No fees were paid to the NAO for non-audit work.

## The Wallace Collection Annual Report and Accounts 2020-21

### 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 2020	43,683	6,911	1,084	64	51,742
Additions	353	125	121	457	1,056
Transfers	-	-	45	(45)	-
Disposals	-	-	(170)	-	(170)
Revaluation	(1,480)	(682)	-	-	(2,162)
Balance at 31 March 2021	42,556	6,354	1,079	477	50,465
Depreciation					
Balance at 1 April 2020	-	3,439	973	-	4,412
Charge for the year	707	237	93	-	1,037
Disposals	-	-	(170)	-	(170)
Revaluation	(706)	(265)	-	-	(971)
Balance at 31 March 2021	-	3,412	895	-	4,307
Net book value					
Balance at 31 March 2021	42,556	2,943	184	477	46,159
Balance at 31 March 2020	43,683	3,472	111	64	47,330

The net book value at 31 March 2021 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	42,556	2,932	184	477	46,148
Trading activities	-	11	-	-	11
	42,556	2,943	184	477	46,159

### 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 2020	43,683	6,876	1,050	64	51,673
Additions	353	125	121	457	1,056
Transfers	-	-	45	(45)	-
Disposals	-	-	(144)	-	(144)
Revaluation	(1,480)	(682)	-	-	(2,162)
Balance at 31 March 2021	42,556	6,319	1,072	477	50,422
Depreciation					
Balance at 1 April 2020	-	3,416	939	-	4,355
Charge for the year	707	236	93	-	1,035
Disposals	-	-	(144)	-	(145)
Revaluation	(707)	265	-	-	(971)
Balance at 31 March 2021	-	3,387	888	-	4,274
Net book value					
Balance at 31 March 2021	42,556	2,932	184	477	46,149
Balance at 31 March 2020	43,683	3,460	111	64	47,317

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 is valued every five years by an external valuer, Gerald Eve LLP, a regulated firm of Chartered Surveyors. The last full valuation was performed at 31 March 2020 and 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. A desk top valuation is performed by Gerald Eve in the years in between a full valuation.

## The Wallace Collection Annual Report and Accounts 2020-21

### 8 b) Heritage assets

	2020-21 £000	2019-20 £000
Balance at 1 April 2020	82	82
Additions	4	-
Balance at 31 March 2021	<u>86</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 2021 £000	Group 2020 £000	Collection 2021 £000	Collection 2020 £000
Market value at 1 April 2020	8,040	9,077	8,040	9,077
Additions	11	199	11	199
Disposals	-	-	-	-
Net gain/(loss) on revaluation	<u>2,196</u>	<u>(1,237)</u>	<u>2,196</u>	<u>(1,237)</u>
Market value at 31 March 2021	<u>10,247</u>	<u>8,040</u>	<u>10,247</u>	<u>8,040</u>

	Group 2021 £000	Group 2020 £000	Collection 2021 £000	Collection 2020 £000
At market value:				
UK investment funds	1,962	1,799	1,962	1,799
Fixed interest bonds	765	854	765	854
UK equities	4,410	3,014	4,410	3,014
Overseas equities	2,498	1,778	2,498	1,778
Infrastructure and property	509	391	509	391
Cash	104	204	104	204
	<u>10,247</u>	<u>8,040</u>	<u>10,247</u>	<u>8,040</u>
At cost	<u>8,608</u>	<u>8,597</u>	<u>8,608</u>	<u>8,597</u>

All investments are stated at fair value at 31 March 2021. 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. Fixed asset investments are held for the purposes of producing a long-term return and are not intended to be spent within the next 12 months.

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 2021 £000	Group 2020 £000	Collection 2021 £000	Collection 2020 £000
Trade debtors	73	174	40	42
Other debtors	48	54	48	54
VAT debtors	260	43	262	77
Amount due from subsidiary	-	-	71	158
Prepayments and accrued income	496	657	454	572
	<u>876</u>	<u>928</u>	<u>875</u>	<u>903</u>

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

## The Wallace Collection Annual Report and Accounts 2020-21

### 10a) Creditors: amounts falling due within one year

	Group	Group	Collection	Collection
	2021	2020	2021	2020
	£000	£000	£000	£000
Trade creditors	501	105	498	95
Taxation and Social Security	109	119	109	119
Accruals	137	163	126	140
Deferred income	98	140	-	0
Other creditors	-	9	-	0
	<u>844</u>	<u>536</u>	<u>733</u>	<u>354</u>

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

	Group	Group	Collection	Collection
	2021	2020	2021	2020
	£000	£000	£000	£000
Deferred income	<u>44</u>	<u>54</u>	<u>-</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	Group	Collection	Collection
	2021	2020	2021	2020
	£000	£000	£000	£000
Deferred income at 1 April	194	275	-	17
Released from previous year	(54)	(171)	-	(17)
Deferred in current year	-	90	-	-
Deferred income at 31 March	<u>141</u>	<u>194</u>	<u>-</u>	<u>-</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.

## The Wallace Collection Annual Report and Accounts 2020-21

### 11. Analysis of consolidated net assets between funds

	Unrestricted funds £000	Restricted funds £000	Endowment fund £000	Total 2021 £000
Fixed assets	4,862	41,383	10,247	56,492
Current assets	2,123	1,568	133	3,824
Current liabilities	(844)	-	-	(844)
Liabilities due after one year	(44)	-	-	(44)
<b>Total net assets</b>	<b>6,096</b>	<b>42,951</b>	<b>10,380</b>	<b>59,427</b>

### 12. Consolidated statement of funds

	Balance at 1 April 2020 £000	Income £000	Expenditure £000	Revaluation £000	Transfers £000	Balance at 31 March 2021 £000
<b>Unrestricted funds</b>						
Designated funds:						
Capital projects (a)	3,676	-	(346)	-	171	3,501
Heritage assets (b)	12	-	-	-	-	12
Revaluation reserve	1,622	-	-	(275)	0	1,347
General funds	1,502	4,284	(4,379)	-	(171)	1,236
<b>Total unrestricted funds</b>	<b>6,812</b>	<b>4,284</b>	<b>(4,725)</b>	<b>(275)</b>	<b>-</b>	<b>6,096</b>
<b>Restricted funds</b>						
Capital reserve (c)	34,532	-	(690)	-	930	34,772
Heritage assets (d)	70	-	-	-	-	70
Revaluation reserve	7,500	-	-	(915)	(44)	6,541
Conservation projects (e)	65	263	(18)	-	-	310
Education fund (f)	20	158	(40)	-	-	138
Infrastructure fund (g)	279	1,075	(30)	-	(887)	437
Publication fund (h)	-	-	-	-	-	-
Archive and library fund (i)	20	40	-	-	-	60
Curatorial projects (j)	155	123	(140)	-	-	138
Collection Services fund (k)	-	369	(6)	-	-	362
Gallery refurbishment (l)	-	41	4	-	-	44
Temporary Exhibition infrastructure (n)	78	-	-	-	-	78
Corona Virus Job Retention scheme	-	888	(888)	-	-	-
<b>Total restricted funds</b>	<b>42,720</b>	<b>2,957</b>	<b>(1,809)</b>	<b>(915)</b>	<b>(0)</b>	<b>42,951</b>
<b>Endowment fund</b>	<b>8,173</b>	<b>11</b>	<b>-</b>	<b>2,196</b>	<b>-</b>	<b>10,380</b>
<b>Total funds</b>	<b>57,705</b>	<b>7,253</b>	<b>(6,535)</b>	<b>1,006</b>	<b>-</b>	<b>59,427</b>

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 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 Collection Services fund is for donations for exhibitions and other work by the department.

l) 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.

m) The educational and research fund is for activities in those areas which are supported by Endowment Fund income.

n) The temporary exhibition infrastructure fund is for the ticketing and other infrastructure costs associated with starting a paid exhibition programme.

## The Wallace Collection Annual Report and Accounts 2020-21

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

	Notes	2020-21 £000	2019-20 £000
Net income/(expenditure) for the year (as per the statement of financial activities)		708	853
Adjustments for:			
Depreciation charges	8a)	1,037	1,087
Dividends and interest from investments	4	(269)	(355)
(Increase)/decrease in stock		27	32
Decrease/(increase) in debtors	9	52	(139)
(Decrease)/increase in creditors	10	298	(161)
Net cash provided by (used in) operating activities		<u>1,853</u>	<u>1,317</u>
		Group	Group
		2021	2020
		£000	£000

### Analysis of cash and cash equivalents

Cash held in commercial banks		2,759	1,700
Cash in hand		<u>3</u>	<u>3</u>
		<u>2,762</u>	<u>1,703</u>

Prior year cash has been reclassified to reflect the fact that this is split between cash held in commercial banks and cash in hand

### 14. 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, image licensing and the running of the Wallace Restaurant franchise. The museum's Director was a director throughout the year.

### Statement of comprehensive income

	2020-21 £000	2019-20 £000
Turnover	174	1,497
Cost of sales	<u>(55)</u>	<u>(299)</u>
Gross profit	119	1,198
Administrative expenses	<u>(117)</u>	<u>(572)</u>
Operating profit	2	626
Interest receivable	<u>0</u>	<u>2</u>
Profit on ordinary activities before gift aid payment	<u>2</u>	<u>628</u>

Profit of £3,000 (2019-20 £632,000) was distributed under gift aid to the Wallace Collection.

### Reconciliation to the Consolidated Statement of Financial Activities

	2020-21 £000	2019-20 £000
Cost of sales	55	299
Administrative expenses	<u>117</u>	<u>572</u>
Gross Profit	173	871
Less: intercompany sales	<u>-</u>	<u>(6)</u>
Per Consolidated Statement of Financial Activities	<u>173</u>	<u>865</u>

### Balance sheet

	2021 £000	2020 £000
Tangible fixed assets	11	13
Current assets	242	442
Current liabilities	(184)	(374)
Liabilities due after one year	<u>(44)</u>	<u>(54)</u>
Net assets	<u>25</u>	<u>27</u>
Share capital	-	-
Reserves	<u>26</u>	<u>27</u>
Net assets	<u>26</u>	<u>27</u>

The Current Assets include stock of £170,492 (2019-20 £149,713).

## The Wallace Collection Annual Report and Accounts 2020-21

### 15. Financial commitments

At 31 March 2021, the museum had total future minimum lease payments under non-cancellable operating leases for equipment as follows:

	2021 £000	2020 £000
Not later than one year	9	10
Later than one year and not later than five years	8	17
Later than five years	-	-
Total	<u>17</u>	<u>27</u>

Hertford House Marketing Limited has no such financial commitments.

### 16. Financial instruments

FRS 102 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 holds fixed asset investments following the establishment of its permanent endowment fund in 2015-16 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 59% (2019-20: 46%) of the museum's non-endowment income was provided as Grant-in-Aid from the Department for Digital, 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 Digital, 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 £3,000 (2019-20: £11,000) is generated from interest earned, the museum is not exposed to significant interest rate risk.

### 17. Related party transactions

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

## The Wallace Collection Annual Report and Accounts 2020-21

### 17. Related party transactions (continued)

Related party	Nature of relationship	Grants, donations or income received	Purchases	Outstanding balance at 31 March 2021
		£000	£000	
Lloyds Bank Group	António Horta-Osório is the Group Chief Executive of the Lloyds Banking Group	The Lloyds Bank Group has acted as the Wallace Collection's bankers for many years on normal business terms.		
Lloyds Bank Group	António Horta-Osório is the Group Chief Executive of the Lloyds Banking Group	23	-	-
Wallace Collection Foundation (formerly Hertford House Trust)	António Horta-Osório is an ex officio trustee* of the Wallace Collection Foundation.	-	-	204

\* With reduced voting rights

Wallace Collection in America, Inc

The Wallace Collection in America, Inc (WCiA) is a US tax-exempt organisation under section 501(c) (3) of the US Internal Revenue Code. It is incorporated in the State of Delaware. The objectives of the WCiA are to educate the public about art in general and to raise awareness among Americans and others about the activities and collections of the Wallace Collection. It is able to make grants to the Wallace Collection and other organisations in pursuit of these objectives.

The WCiA has a board of three directors. One of the three directors was a Trustee at the Wallace Collection for part of the year.

During the year grants of £nil (2019-20 £142,828) were made to the Wallace Collection. At 31 March 2021, the WCiA had net assets of £474,033 in the form of cash at bank (2019-20 £191,123)

The WCiA has not been consolidated in the group accounts of the Wallace Collection as the Wallace Collection did not exercise control during the period.

No Trustees or staff member obtained any personal benefit from the transactions disclosed above and no Trustee and 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. Donations received from Trustees and their close family members in the year were £45,010 including gift aid (2019-20: £92,194). Donations received without conditions from Trustees and other related parties totalled £69,227 (2019-20: £119,194).

Compensation for key management personnel has been disclosed in the remuneration report.

### 18. Contingent liabilities

There were no contingent liabilities as at 31 March 2021 (2020: Nil).

### 19. Post balance sheet events

The accounts were authorised for issue on the date of the Comptroller and Auditor General's certification. There were no reportable events between the balance sheet date and the date the accounts were authorised for issue.

978-1-5286-3100-6  
E02700991