

NATIONAL ARMY MUSEUM
REGISTERED CHARITY NUMBER 237902
CONSOLIDATED FINANCIAL STATEMENTS
31ST MARCH 2014

**NATIONAL ARMY MUSEUM
FOREWORD AND REPORT OF COUNCIL
YEAR ENDED 31 MARCH 2014**

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REFERENCE AND ADMINISTRATIVE INFORMATION

Introduction

The accounts of the National Army Museum (NAM) are presented for the financial year ended 31 March 2014. The accounts are prepared in accordance with a direction given by the Secretary of State for Defence under Section 30(3) of the National Heritage Act 1983 and law applicable to charities in England and Wales.

The NAM is a charity registered with the Charity Commission (reference no. 237902) and a Non-Departmental Public Body, sponsored by the Ministry of Defence.

Address and principal office of Museum

National Army Museum, Royal Hospital Road, Chelsea, London SW3 4HT

Subsidiary Company

The Museum undertakes trading activities through its wholly owned subsidiary, National Army Museum Trading Limited (company number 06707366) (NAMTL).

Professional Advisers

Bankers

Lloyds Bank Plc
25 Gresham Street
London
EC2V 7HN

Solicitors

Charles Russell LLP
5 Fleet Place
London
EC4M 7RD

Auditors

The Comptroller and Auditor General
157 – 197 Buckingham Palace Road
London
SW1W 9SP

Internal Auditors

Daly, Hoggett & Co.
5-11 Mortimer Street
London
W1T 3HS

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STRUCTURE, GOVERNANCE AND MANAGEMENT

Background Information

The National Army Museum (NAM) was established by Royal Charter in 1960 to collect, preserve, and exhibit objects and records relating to the Regular and Auxiliary forces of the British Army and of the Commonwealth, and to encourage research into their history and traditions. Devolved status was accorded to the Museum under the terms of the National Heritage Act 1983. The annual Grant-in-Aid, made through the Ministry of Defence (MOD), is administered by the Director General of the Museum on behalf of the governing body, the Council of the National Army Museum.

Appointment of Members of Council

At a Privy Council Meeting on 22 May 2002, Her Majesty The Queen approved amendments to the Royal Charter of the National Army Museum. In line with para 7(2) of the amended Royal Charter the Members of Council at the date on which the Article came into effect, who had been nominated by the Army Board continued to be Members of the Council and the *ex officio* Members ceased to be Members from that date. In line with para 7(3) of the amended Royal Charter, vacancies in the Membership occurring after the coming into effect of the amended Royal Charter are filled by persons nominated by the Council and approved by the Army Board. Para 8(1) of the amended Royal Charter states that the Chairman of the Council of the National Army Museum shall be nominated by the Council from among its Members and shall hold office (unless he or she shall earlier resign) for the residue of the period for which he or she has been appointed a Member. General Sir Jack Devereall was re-elected Chairman of Council at the 142nd Meeting on 22 March 2012. The Museum's Royal Charter was revised with effect from 8 July 2009. The relevant clause relating to the appointment of Members of Council is as follows: "7(1) The Membership of the Council shall be such number of persons as the Council shall from time to time determine being not more than twelve nor fewer than five". Members of Council have affirmed their commitment to the Principles of Public Life.

A Register of Interests is maintained for Members of Council. This may be inspected on request at the Museum by prior appointment with the Director General.

Members of Council

General Sir Jack Devereall KCB OBE (Chair)
Mr Keith Baldwin
Mr Mihir Bose (until 21 October 2013)
Mr Patrick Bradley
Mr Algy Cluff (from 26 April 2013)
Brigadier Douglas Erskine Crum
The Rt Hon The Lord Hamilton of Epsom
Professor William Philpott
Major General Charles G C Vyvyan CB CBE MA MSc
Lieutenant General Sir Barney W B White-Spunner KCB CBE
Mrs Deborah Younger

Recruitment, Appointment and Training of Trustees

New members of Council are sought through national channels with applicants being interviewed by members of Council assisted by external assessors. Appointments are then approved by the Army Board. All new members receive information as laid down by the Charity Commission. They also visit the Museum for induction training provided by the Director General and other members of staff.

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Organisation Structure and Decision-Making Process

The overall direction and operation of the NAM is vested in the Council of the Museum. The Council of the National Army Museum consists of up to twelve members who serve for a period of three years from the date of their nomination. The Committees of Council, with their membership during the year, were:

Acquisition & Disposal Professor William Philpott (Chair)
 Mr Mihir Bose (until October 2013)
 Professor Brian Holden Reid MA PhD FRHistS FRGS FRUSI
 (nominated member)

Audit & Risk Assurance Mrs Deborah Younger (Chair)
 Mr Jeremy Archer (nominated member)
 Mr Keith Baldwin

Building for the Future Brigadier Douglas Erskine Crum (Chair)
 The Rt Hon The Lord Hamilton of Epsom
 Lieutenant General Sir Barney W B White-Spunner KCB CBE

Nominations General Sir Jack Deverell KCB OBE (Chair)
 Mr Keith Baldwin
 Professor William Philpott

Nominated Members are appointed by Council to serve on specific committees to supplement the experience of Main Council Members of these Committees.

The Nominations Committee was formed for the specific purpose of seeking new Members of Council and appointing a new Director General of the Museum. It sits with an independent external assessor as required.

The day-to-day operations are controlled by the Director General of the NAM with the assistance of the Management Team. The following were the members of the Management Team during the year:

Mrs Janice Murray	Director General
Mr Mike O'Connor	Museum Director
Mr David Bownes	Assistant Director (Collections)
Miss Emma Carver	Assistant Director (Public Programmes) until 5 July 2013
Miss Genevieve Adkins	Assistant Director (Public Programmes) from 9 September 2013
Ms Rosemary Gilbert	Assistant Director (Development)
Miss Teresa Scott	Assistant Director (Human Resources)

Regular meetings of the Management Team take place, together with meetings involving heads of department and subject specialists, to ensure the smooth running of the NAM, with reference to the Museum's Mission Statement and Purpose and the Museum's Risk Management Policy & Matrix of Risks. The Matrix of Risks, which is regularly updated and is used to determine the Museum's Internal Audit Programme.

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OBJECTIVES AND ACTIVITIES

The National Army Museum's objectives were set out in its Royal Charter, first granted in 1960. Its preamble states that the National Army Museum was established 'for the purpose of collecting, preserving and exhibiting objects and records relating to the history of Our Army so that the achievements, history and traditions of Our Army should be better made known'.

'Our Army' is defined by Her Majesty The Queen in Council as including 'the Standing Army, Militia, Yeomanry, Volunteers, Territorial Army of the British Islands, Territorial Army and Volunteer Reserve of the United Kingdom, Our Predecessors' Army in India and the Armies of the East India Company and the Land Forces of Our and Our Predecessors' possessions beyond the seas'.

In July 2011 the Museum adopted a new Strategic Plan. This plan which includes the Redevelopment of the Museum adopted the following Vision, Mission and Core Values:

Vision:

'To be the leading authority on the history of the British Army and a first class museum that moves, inspires, challenges, educates and entertains'.

Mission:

'To gather, maintain and make known the story of the British Army and its role and impact in world history. To provide a museum experience that meets the widest range of public need and connects the British public with its Army'.

Core Values:

Relevance, Insight, Quality, Enjoyment, Access, Learning.

The Plan includes five Key Strategic Objectives:

- Create memorable, relevant and accessible activities aligned to audience need in order to maximise audiences and generate footfall.
- Establish the NAM, nationally and internationally, as the first choice for the history and life of the British Army.
- Maximise financial resilience, organisational efficiency and sustainability.
- Safeguard and make accessible the collections and associated knowledge.
- Develop a national footprint by establishing a network of partnerships, linkages and working relationships.

The re-development of the Museum aims to achieve growth of 30% in visitor numbers and 20% in learning audiences while ensuring visitor satisfaction levels do not fall below 96%; an increase in commercial income of 150% and aims to raise £22 million in external funding over the Plan period (2011-2016).

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ACHIEVEMENTS AND PERFORMANCE

Chelsea Re-Development

Following May 2012's exciting news that the Museum had received initial support of £11m for its £23.25m Heritage Lottery Fund (HLF) bid, *Building for the Future*, work to progress re-development has dominated the Museum's work programme, culminating in a Round Two submission in December 2013 and on-going effort to secure finance to support the project.

An external technical team working with Museum staff took forward building plans to RIBA Stage D and submitted an application for planning permission to the Royal Borough of Kensington and Chelsea. Exhibition proposals were developed and staff progressed all elements of the Activity Plan and Interpretation Plan.

Travelling exhibitions, learning, outreach and community projects were all trialled and developed. An extensive Activity Plan has been developed which will see 60 projects delivered in 30 locations across the UK between 2014 - 2016.

Planning for the decant and re-location from Chelsea continued with works at the Museum's outstation at Stevenage and the packing and safe removal of over 100,000 objects from storage at Chelsea, including the entire print collection, edged weapons and medals collections.

Further audience research was commissioned and extensive audience evaluation and consultation carried out in March and August 2013.

Throughout the year, thousands of people, from toddlers to teachers, across the UK took part in consultation workshops, panels and surveys to share their ideas and opinions about what they wanted from a refreshed Museum. Their generous input helped to shape and strengthen the Museum's redevelopment and enabled us to submit in December 2013 an exciting and compelling proposal for our Round Two HLF bid and in December a Planning Permission application for the works.

Work on a Visual Communications and Re-positioning Project for the Museum commenced in January 2014.

Access and Audience Development

The Council of the National Army Museum continues to believe that the most important objective of the Museum is to provide the widest possible access to its Collection and to the professional expertise of its staff. This is achieved in a variety of ways. Access is provided through exhibitions, public events, outreach, the loan of important objects to other museums, assisting researchers in the Templer Study Centre, answering enquiries, providing formal learning sessions, the website and through public access to the Museum. Admission to the Museum and to all its exhibitions has always been free and this commitment to free public access is demonstrated in much of the work the Museum does.

Whilst the key effort of the year was focussed on the development of the Building for the Future Project, fundraising and the submission of the Round Two application to the Heritage Lottery Fund, the Museum also had a successful year in terms of service delivery and visitor satisfaction and exceeded planned targets. The Museum received a total of 245,162 visitors and Website visits continued to increase, up 1% on 2012-13.

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Special Exhibitions and Permanent Galleries

From July 2013 – March 2014, *Unseen Enemy* revealed the stories of the men and women who search for, make safe and deal with the impact of improvised explosive devices (IEDs). The special exhibition used personal interviews, images and mementoes to capture the courage and camaraderie of the service personnel who come into daily contact with these deadly devices and their effects in Afghanistan.

The display was developed with unprecedented access to individuals from the Army, Royal Air Force and Royal Navy, and followed the journey from the context and creation of IEDs to their consequences. It included a range of the equipment used in detecting and disarming devices such as bomb suits and robots, and also charted the medical response to the aftermath of an explosion and the equipment used at the point of injury and at Camp Bastion hospital.

Unseen Enemy also presented the story of the adversary, looking at the reasons for their strategic use of the IED in Afghanistan. It also raised questions about the wider effects on Afghan society and the long-term legacy of these devices.

'IED exhibition sensitively displayed: Excellent information from young lady curating'

'IED exhibition was brilliant will recommend- very interactive, shame its only temp!'

'I visited your museum today for the first time. A fine memorable destination. The IED section was a stark reminder of the conditions our people have to bear. Good luck with the rebuild. I will be back'

As part of the Museum's outreach projects, the White Space became a dedicated area to showcase the results of our exciting collaborations and workshops. *British Lion, Chinese Dragon; War and Sikhs; Coatee to Couture, Old and Bold* and *Piece Makers* all showcased remarkable objects from the Collection, online blogs and community events.

Education that Informs, Entertains and Inspires

The provision of learning opportunities for all is at the heart of the Museum's mission.

Sessions taught by the Museum's experienced and knowledgeable educators are available to school groups, Army groups and adult learners. There were 21,985 learner visits in the year. The War Horse collaboration with the National Theatre toured four cities and reached an estimated 2,049 children, whilst last year's increase in sessions attended by service personnel continued.

Informal learning was supported by 46 days of free events. The Lunchtime-Lecture programme was attended by 4,006 people with 8 lectures being made available as podcasts.

13 celebrity speakers and 5 targeted talk events were held by experts such as Jeremy Paxman and John Keay, as well as a series of in-depth discussion events covering a broad range of topics from the Crimean War to the First World Wars. Access to the paper-based collection continues to be a source of inspiration to many visitors. The number of visitors to the Templer Study Centre during the year 2013-14 was 1,255 (up by 52 on last year's figure). During the year 453 new tickets were issued.

Three academic conferences were held at the Museum:

- 'Charting the Crimean War' (28 June), in partnership with the University of Leicester;
- 'Making military history in museums' (13 September), in partnership with the University of Leicester;
- The Armies in 1914 (15 March), in partnership with King's College London and the British Commission for Military History.

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In addition, the Collections Division hosted one seminar 'Your Country Needs You - British Army recruiting posters, 1640-2013' (7 September).

During the year the Museum answered 4,370 written enquiries (2012-13: 3,767). Enquiries covered many topics but the bulk of questions were about the Museum's Collection, family history and general military history.

Reaching out to People and Museums

As well as encouraging its staff to research the Collection when preparing new exhibitions, writing new educational tools or cataloguing objects, the Museum helps the research of people around the world.

Assistance to other institutions and regional support

In the spirit of professional cooperation the Museum provides assistance, where possible, to other institutions.

The Museum continued to provide strong support to the regimental museum community. The firearms course, run in successful collaboration with the Royal Armouries, was expanded to a further 8 venues. Three Regimental Curators' Courses were held in Bury, London and Edinburgh and attended by representatives of 29 military museums. 40 visits were made to Regimental and Corps museums across the UK as part of the Museum's advisory service, which included the disposal of surplus display and storage material to 15 military museums.

The Museum jointly organised an ethnographical research project with the National Museum of Scotland entitled 'Hidden in Plain Sight' which aims to identify and reinterpret culturally significant material held in military museums.

The Collections Division actively promoted the NAM's collections through 30 talks held at venues throughout the UK, including Bermuda National Trust, Henley Art Appreciation Society, Barnes Probus Club, Bruce Castle Museum, City & Islington College, Derby University, London College of Fashion, Chelsea College of Art and the University of Hertfordshire.

Assistance was also provided to the Chelsea Society and the Army Civil Engagement Team. Study days were also held for the UK Punjab Heritage Association and students of West London College.

Across the Country

Museum staff represented the NAM at five major external events attended by 95,000 visitors: Sandhurst Heritage Day (June), Chalke Valley History Festival (June), Sheffield Fayre (August), British Military Tournament (December) and *Who Do You Think You Are? Live* (February).

Three community outreach pilot projects were delivered offering community groups collaborative opportunities for development and learning:

- 'British Lion Chinese Dragon': developed with the Ming-Ai Institute, leading to a number of joint workshops re-interpreting important Chinese artefacts from the collection, attendance at community events, online blogs and an exhibition in the White Space;
- 'War & Sikhs': developed with the Anglo-Sikh heritage trail, leading to joint re-interpretation workshops, attendance at community events, online blogs and an exhibition in the White Space;
- 'Old and Bold': developed with the Royal Hospital Chelsea, leading to 12 filmed interviews with Chelsea Pensioners which have been uploaded onto the Museum's website.

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World War One Commemorations

In August the Museum launched plans for its programme of national, regional and digital activities relating to the First World War centenary. The Museum's four-year long widespread programme of commemoration will span the country from Wales and the West Country up to the North East of England and Scotland, delivering a diverse range of thought-provoking exhibitions, permanent displays, partnerships and public events at regimental and regional museums.

In January 2014 the Museum took over the War Memorials Adjudication role to investigate cases of First and Second World War soldiers and officers who are currently not commemorated as war casualties.

Publications

A new NAM publication, *Wives and Sweethearts*, authored by Dr Alastair Massie (Head of Academic Access) was published by Simon Schuster in January 2014.

The Museum's oil paintings were published in book form as part of the Public Catalogue Foundation's project 'Your Paintings', complementing the web presence.

The Collections Division authored 12 published articles (including a regular feature for Medal News).

A commercial agreement enabled the digitisation of the Museum's Soldiers Effects Records (1901-1929) which record the effects of soldiers killed in action. These will be released to the public in August 2014.

In November 2013, the Museum was delighted to secure an award for its Indian Army Collection in the latest round of grants from the Esmée Fairbairn Collections Fund (EFCF). The NAM was one of the six cultural organisations to be awarded funding from EFCF for projects to develop their collections-based work. The grant will enable the Museum to research and digitise items from its Indian Army Collection as part of the Museum's extensive First World War commemorations programme and better tell the story of the two-million strong volunteer army India raised to fight alongside the allies at the same time that it was seeking independence from Britain.

Loans

As in every year, the Museum is called upon to lend objects to exhibitions around the world: a tribute to the Museum's wide-ranging and diverse Collection. Some exhibitions are international blockbusters, others are smaller affairs but all provide an opportunity for the Museum's artefacts to be seen by a wider public.

71 items were loaned to 10 institutions including 21 of the Museum's large vehicles loaned to the Tank Museum at Bovington and placed on public display, whilst 7 inward loans were returned to their owners.

Loans out included:

A wax button mould (NAM. 2013-02-27-1) for the exhibition *Tinker, Tailor, Soldier, Button Maker* at Redoubt Museum, Eastbourne.

A self portrait by Rex Whistler (NAM. 1994-01-113), for the exhibition *A Talent Cut Short* at Salisbury & South Wiltshire Museum.

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Items including medals, ivory chess pieces and a jacket (NAM. 1988-01-20, NAM. 1962-09-35-5, NAM. 1962-03-46-1; -4; -5; -8; -9; -11; -17; -19; -25, NAM. 1964-08-43) were also provided for *East of India: power, trade and Australia 1788-1857* at the Australian National Maritime Museum.

A tankard, statuette and grenadier cap (NAM. 1970-11-12, NAM. 1991-06-17, NAM. 1999-07-31) for the exhibition *In the Name of the Rose* at Fairfax House, York.

A watch and cap (NAM. 1992-10-97-1 and NAM. 1992-10-70-4) played an important part for the Middlesex Guildhall Centenary display at The Supreme Court of the United Kingdom.

Two prints and painting were borrowed by Tate Britain (NAM. 1971-02-33-239 & 240; 1973-08-103) for *Ceilings & Stairs*.

An oil painting by Samuel Wale, c1758 (NAM. 1993-11-43) was loaned for exhibition *William Kent, 1686-1748: Designing Georgian Britain*.

In March the Museum was delighted to loan the De Pass VC group (NAM. 1995-04-2-1 to -4) and a recruiting poster (NAM. 1977-06-80-7) to the Jewish Museum London as part of its First World War commemorations.

A Dynamic, World-Class Collection

Major Acquisitions 2013-14

Over 5,000 items were accessioned into the permanent collection during 2013-14, to both support our existing holdings and to develop the collection in new directions. Through these acquisitions the NAM strengthens its position as the first choice for the history and life of the British Army.

In April the Museum was fortunate to be given a group of miniature medals awarded to General Sir James Willcocks GCB GCMG KCSI DSO (1857-1926), 1882-1920 (NAM. 2013-04-1 to -20). He commanded the Indian Army Expeditionary Force A (made up of the Indian Corps and the Indian Cavalry Corps) in France from September 1914 to September 1915.

June saw a poignant reminder about current conflicts in Afghanistan. The Museum received the memorial to Lt Mark Evison, Platoon Commander 1st Bn Welsh Guards (NAM. 2013-06-28-1 to -28; 2013-06-30). Lt Evison was fatally wounded in Afghanistan on 9 May 2009. He died after sustaining injuries while on patrol outside Check Point Haji Alem in Helmand Province, Afghanistan. This donation was given by Mrs Margaret Evison, Lt Evison's mother.

Over the summer, the Museum purchased an internationally significant collection of Second World War posters hand-signed by the designer Abram Games (NAM. 2013-07-2-1 to -45). Games was one of the 20th century's greatest graphic designers and the collection will be an incredible new resource for researchers.

NAM's first contemporary collecting project reflecting the experience of the British Army in Afghanistan and its portrayal in popular culture was completed. Over 150 items were collected for the project (in line with the aims of the *Contemporary Collecting Policy*, 2012), ranging from officially issued items of military kit, oral histories, the work of embedded artists, souvenirs, toys and games.

In October Field Marshal Sir John Chapple generously donated his unique collection of Indian Army insignia to the Museum (NAM. 2013-10-20). It encompasses every regiment and unit from the Honourable East India Company and includes Cavalry, Infantry, Services and Corps, Staff, the Auxiliary Force India units, as well as a selection of the Indian State Forces who served in both World Wars. The 9,000 items span over a century from the 19th century until Partition in 1947 and took the Field Marshal 70 years to collect. The collection is currently on display in the Indian Army Memorial Room, Sandhurst. The Field Marshal served on the Council of the National Army Museum from 1981 to 2003. He is currently Honorary Vice Patron of the National Army Museum.

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In November the Museum purchased the original telex message from Major General Sir Jeremy Moore to London announcing the victory over Argentina and the recapture of the Falkland Islands, 15 June 1982 (NAM. 2013-11-17-1 to -5).

The collecting year was rounded off with several rare British Army recruiting posters from the Caribbean (NAM. 2014-03-7-1 to -4), illustrating the far-reaching impact of soldiering.

Purchase Grant

The Museum receives £117,000 Purchase Grant per annum from the Ministry of Defence to purchase important items for its collections. The following items were bought during the year

Accession Number	Object	Purchase price in £s (incl VAT)	Purchased from
NAM. 2013-05-2	'Join the brave throng that goes marching along', chromolithograph recruiting poster, c1915.	250.00	Tony Scalon
NAM. 2013-05-8	India General Service Medal 1908-35, 1724 Bugler Jiwan Singh, 34th (Royal) Sikh Pioneers.	151.00	Wellington Auctions
NAM. 2013-07-1 - 1 to -8	Collection of recruiting posters, 1960-69.	261.20	Onslow Auctions
NAM. 2013-07-2-1 to -45	Collection of recruiting posters after Abram Games, 1939-1945.	57,000.00	Naomi Games
NAM. 2013-07-4	'Kabul Street Scene, 2012', oil on ammunition box by Douglas Farthing, 2012.	300.00	Armed Forces Art Society
NAM. 2013-08-1	'Ethical Choices, Helmand Province, Afghanistan, 2007', watercolour on paper by Gordon Rushmer, 2007.	500.00	Gordon Rushmer
NAM. 2013-08-15	'Heavy Fire: Afghanistan' computer game, 2011.		
NAM. 2013-08-16	Supacat Jackal (or Weapon-Mounted Installation Kit) model kit, 2012.		
NAM. 2013-08-17	Tank Commander model figure, 2008.		
NAM. 2013-08-18	Taleban Hunting Club patch badge, c2013.		
NAM. 2013-08-19	Taleban Hunting Club T-shirt, c2013.		
NAM. 2013-08-20	'We were winning when I left' T-shirt, c2013.		
		330.01	Purchase via David Bownes

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NAM. 2013-08-21	105mm cartridge fired from an L118 light gun in Forward Operating Base Inkerman, Sangin.		
NAM. 2013-08-22-1 to -12	Twelve Army Air Force Exchange Services (AAFES) and Expeditionary Force Institutes (EFI) gift tokens of varying value and currency (British and American), 2007-09.		
NAM. 2013-08-23	Unofficial identity tag for 11th Light Brigade, Herrick II, c2013.		
NAM. 2013-08-24	'Keep Calm and Support our Troops', fridge magnet printed with motto on military camouflage pattern background, c2013.		
NAM. 2013-08-25	Badge commemorating Cpl Channing Day, an army medic killed while on foot patrol in Afghanistan on 24 October 2012, c2012.		
NAM. 2013-09-1	'Pointlessness' (or 'Gone Tomorrow'), pen and ink with watercolour by Steve Bell, 2013 (cartoon published in the <i>Guardian</i>).	1,056.00	Steve Bell
NAM. 2013-09-2	'The Great Game', appliquéd textile by War Boutique, 2011.	4,800.00	Andipa Gallery
NAM. 2013-09-4	Afghan war rug, 2013.	56.99	Purchase via David Bownes
NAM. 2013-09-7	Magazine: <i>The Spectator</i> , 16 March 2013.	4.00	
NAM. 2013-09-19	Souvenir key ring with camouflage background, c2013.		Purchase via David Bownes
NAM. 2013-09-20	Op HERRICK silver lapel badge, c2013.		
NAM. 2013-09-21-1 to -5	Collection of phone cards issued to British troops in Afghanistan on Operation HERRICK, c2013.		
NAM. 2013-09-22	'Our War' DVD, 2011.	76.43	
NAM. 2013-09-23	H.M. Armed Forces metal detector toy, 2009.		
NAM. 2013-09-24	London 2012 Olympic Games Mascot 'Wenlock' in Queen's Guard uniform with Olympic badge, 2011.		

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NAM. 2013-09-25	A View of the Savoy from the River Thames, c1550 - c1559.		
NAM. 2013-09-26	'Ye Griffe having become an aged [and] worn out veteran taketh his leave of India', c1840, lithograph by Ens Bethune Donald Grant, 35th Bengal Light Infantry, c1840.	280.80	Grosvenor Prints
NAM. 2013-10-4-1 to -6	6 tin badges printed 'troops out of Afghanistan', 2006-11.		
NAM. 2013-10-5-1 to -3	Collection of t-shirts worn by protesters, 2006-11.		
NAM. 2013-10-8-1 to -6	Collection of protest placards, 2006-11.	68.90	Stop the War Coalition
NAM. 2013-09-1	Five leaflets titled 'Afghanistan: troops out now' protesting against Afghanistan war, c2010.		
NAM. 2013-10-12 to -16	Collection of watercolours by Gordon Rushmer, 2007.	2,700.00	Gordon Rushmer
NAM. 2013-10-39	'Handheld Interagency Detection Equipment/ collecting biometric info', acrylic ink by Matthew Cook, 2012.		
NAM. 2013-10-40	'Afghan National Army leave their patrol base at dawn for the forming up point, Operation Saafir-e-palang', acrylic ink by Matthew Cook, 2012.	2,208.00	Matthew Cook
NAM. 2013-11-12 to -15	Collection of watercolours by Julia Midgley, 2012.	1,480.00	Julia Midgley
NAM. 2013-11-16	Proclamation by Charles II recalling all British subjects then serving with the French army following the peace treaty between Britain and the Netherlands, 19 May 1675.		
NAM. 2013-11-17-1 to -5	Original telex message from Major Gen Sir Jeremy Moore to London announcing the victory over Argentina and the recapture of the Falkland Islands, 15 June 1982. Also with associated documents.	14,399.84	Mullock's Ltd
NAM. 2013-11-23-1 to -26	Tea set consisting of a teapot, sugar bowl and twelve cups and saucers, c1914 - c1918.	395.00	Carole Miller

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NAM. 2013-11-24	Manuscript record book compiled by clerks on behalf of the Adjutant General Harry Calvert (later Lieutenant General Sir Harry Calvert, 1st Baronet GCB GCH), at Horse Guards, relating to the period from April 1812 to September 1815.	1,080.00	Chiswick Auctions
NAM. 2013-12-10	Doll in Grenadier Guards uniform, Lenci 300 series, possibly 1930s.	540.00	Bonhams
NAM. 2013-12-12-1 to -3 & NAM. 2014-01-2	Collection of drawings by Ronald Searle, 1943.	4,107.60	Dix Noonan Webb Ltd
NAM. 2014-01-4	'In The Middle', mixed-media oil collage artwork by Douglas Farthing, 2007.	1,200.00	Douglas Farthing
NAM. 2014-01-7	Ceramic figure, c1914-18.	5,870.00	David Cohen Fine Art
NAM. 2014-01-8	Ceramic figure, c1914-18.		
NAM. 2014-01-9-1 to -4	Four pencil drawings by Colthurst, nd.		
NAM. 2014-01-10	Oil painting of First World War British POW in Germany		
NAM. 2014-01-11	Chart weight, black glass, Board of Ordnance, said to have been from Sandown Fort, Isle of Wight, late 18th century to early 19th century.	80.00	Andrew Jackson
NAM. 2014-02-6-1 to -6	A hand-written bound war diary compiled by Captain Kevin McGimpsey, Adjutant to 3 PARA, 2 April to 21 May 1982.	3,250.00	Bonhams
NAM. 2014-02-42	'Britishers Enlist To-Day - 280 Broadway', colour lithograph recruiting poster after Guy Lipscombe, 1917.	395.00	David Cohen Fine Art
NAM. 2014-03-7-1 to -4	Collection of British West Indies First World War recruiting posters.	1,528.86	Gary Burkan
NAM. 2014-04-1	'Fragments No 9', poster after Bruce Bairnsfather, advertising 'Fragments from France' No 9, 10 Sep 1919.	201.80	Lockdales Antique Auctions
NAM. 56939 & 56940	National Memorial Arboretum guidebook and kids guidebook.	13.00	National Memorial Arboretum

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Disposal

Disposal of items from the Collections is a key part of the Museum's collections management programme. In combination with continued acquisition, focussed disposals will ensure that the Museum's Collections remain fit to tell the Army's stories. All disposals are processed in line with the Museum's Acquisition & Disposal Policy, along with the Museum Association's Code of Ethics. Destruction is only considered as a last resort or when an item poses a Health and Safety risk to staff or the public. This year 15 items or groups of items were disposed of. Two of these groups of items were returned to owners and had been included in the financial statements at a value of £10,350. The remaining items were destroyed and had no carrying value in the financial statements. The long-term result of the Museum's disposal programme is a leaner, fitter Collection, more focussed on the needs of our visitors and users and better fitted to fulfil the requirements of the Museum's Royal Charter.

Conservation and Collections Care

This year conservation was carried out on several key paintings in preparation for outward loan including John Wootton's painting 'King George II at the Battle of Dettingen' (1743) and Samuel Wale's 'A View of the west front Horse Guards, with the Treasury and Downing Street beyond' (1758). A programme for the restoration of the Pink Panther Land Rover and a Second World War Bofors gun also got underway, which will start in earnest in September 2014. Conservators also provided expert advice to the public and other institutions around the world.

As part of the Museum's HLF bid, the Museum finalised its Collections Conservation Management Plan to ensure the on-going preservation of the Museum's Collection for the next ten years.

Documentation

Accessions and retrospective cataloguing are entered on the Museum's centralised Collections Database (CABAL). New object accession numbers issued during 2013-14 totalled 467 (2012-13: 334); new printed book accession numbers issued during 2013-14 totalled 3,533 (2012-13: 322). The computerisation of retrospective documentation and cataloguing and the digitisation of all areas of the Collection have continued. The overall totals for CABAL entries from 1998 to 31 March 2014 are therefore 102,795 data records (last year 100,616) with 415,274 component part records (last year 393,353) plus 54,777 book records (last year 51,240). 4,204 record photographs of the Collection and 10,424 reference photographs (predominantly curatorial Collection shots and accessioned contemporary digital images) have been added to CABAL in 2013-14 (last year respectively: 6,540/12,111).

The barcoding of medal, print and armoury collections held at Chelsea was completed in preparation for the decant of the entire collection to Stevenage.

People and Resources

Volunteers

The *Building For the Future* project cannot be realised without the steadfast support and great enthusiasm of volunteers. The Museum, working with military charities, volunteer centres and diverse community groups, continued to build on the huge success of the last few years.

94 volunteers gave a total of over 10,000 hours of their time and supported staff in a whole range of activities: from collections management to front of house roles and learning. Two Volunteer Supervisors were appointed, external relationships developed to diversify the volunteers' base and a Museum Volunteering Strategy was developed and implemented.

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By giving up their precious time and skills our volunteers enable us to undertake new and more ambitious projects and activities. By 2016 we aim to develop the Museum's current programme and create even more opportunities.

'Volunteering with the National Army Museum has been an invaluable experience.'

'It has improved my self confidence no end and I truly know where I would like to work in the future!'

'The edged weaponry collection was extremely interesting to work with'

Staff

In September the Museum welcomed Miss Genevieve Adkins as the new Assistant Director (Public Programmes). Miss Adkins' previous appointments have included Director, Centre of Interpretation Studies at Perth College UHI, Head of Interpretation at Historic Scotland and Head of Interpretation and Education at Historic Royal Palaces.

Management training was delivered to all managers in relation to managing the project, managing change and motivating teams. Crisis Management training was delivered to all senior staff and members of the Marketing & Communications Department.

An equality and diversity e-learning module has been developed and is being completed by all staff and volunteers. Refresher H&S e-learning has been initiated for all staff and volunteers. A museum-wide Training Needs Analysis has been completed for 2014-16.

A Staff & Volunteer Training Plan has been developed for 2014-16 incorporating key skills required for the delivery phase of the project and a new Visitor Services staffing model has been developed for front-of-house services and activities for the Museum re-opening in 2016.

Building Improvements

The Museum continued to transform its Stevenage Out-station to ensure its facilities continue to be world-class. A brand new, state of the art conservation suite and photographic suite was installed, along with bespoke storage for our extensive uniform and sword collections.

Development Fundraising

The focus in 2013-14 has been on securing match funding to support the Round Two application to the HLF. Additionally, funding support has been secured from Key Stakeholders, the Ministry of Defence, the National Army Museum Development Trust (NAMDT) and the Society of Friends of the National Army Museum.

In order to support fundraising the Development Division has been increased in size with two additional staff posts supporting the Corporate and HNWI spheres, bringing the fundraising team to five plus a volunteer. A new Fundraising Strategy for the period 2013-16 and a Case for Support were developed and funding packages identified.

The National Army Museum Foundation has been registered at Companies House (No. 8391033), and with the Charity Commission (No. 115283). A bank account has been opened and all funds raised will be deposited in this account. A Fundraising Sub-Committee has been established under the Chairmanship of Mr Algy Cluff.

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Future Plans

Building For the Future

The Museum submitted its Heritage Lottery Fund Round Two submission in December 2013 and received the approval of the grant in April 2014. This grant amounting to £11.5m will make up approximately half of the total project cost of £23.25m, the remainder of which has been raised through the fundraising efforts of the Museum and its supporters. In this regard, NAM has additionally received confirmation of funding from the Ministry of Defence of £5m towards these costs. The NAM as part of the process submitted its revised Planning Permission application in December 2013. This application was approved in March 2014. Following both approvals the Museum closed its doors to the public on 30 April and is scheduled to re-open in the Summer of 2016.

Focusing on four key areas, *Building for the Future* will enhance the Museum's onsite, offsite and online elements. Planned outreach activities will be linked to important upcoming anniversaries including the First World War in 2014 and the Battle of Waterloo in 2015. *Building for the Future* will:

- **Revolutionise the visitor experience**

The major redevelopment of the building and overhaul of Museum displays will create a more welcoming and engaging experience, with a predicted 30% rise in visitors by 2016;

- **Improve conservation of and access to the Collection**

Consisting of over a million items, the Collection will be housed in new, environmentally controlled stores. We will also be undertaking a significant programme of digitisation, which will enable easier and greater access to NAM's unique items online;

- **Establish an on-going programme of learning and outreach**

Deliver an extensive programme of outreach across the country, opening up the Collection to over half a million people during 2014-16. Community workshops, art projects and outreach exhibitions will take the Collection to the doorsteps of local communities. These will be made possible through a range of partnerships including the pre-existing national network of 136 regimental military museums;

- **Embed new working models of service delivery and public engagement**

The *Building for the Future project* will enable the NAM to redesign the way it works to become more audience focussed and commercially sustainable.

The *Building for the Future* project will mark the most ambitious piece of restructuring work to the Chelsea site in over thirty years, providing the NAM with the opportunity to upgrade the existing site to meet the needs of its growing audiences and its national Collection.

**NATIONAL ARMY MUSEUM
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FINANCIAL REVIEW

Consolidated Results for the Year ended 31 March 2014

Total incoming resources for the Museum in 2013-14 amounted to £7,497,904 (2012-13 £7,315,713). The principal funding source of the Museum is Grant-in-Aid funding received from the Ministry of Defence. In 2013-14 this was £6,140,131 (2012-13 £6,392,874). Total resources expended amounted to £11,315,080 (2012-13 £7,217,936). Resources expended includes an exceptional item in relation to the impairment of tangible fixed assets of £4,099,142 as shown in note 6. After adjustment for the revaluation of the Museum's leasehold property and other recognised gains and losses, the net movement in funds for the year showed a decrease of £1,082,134 (2012-13 increase of £526,249).

The Museum's net assets as at 31 March 2014 amounted to £87,802,622 (31 March 2013 £88,884,756).

Changes in Tangible Fixed Assets

Movements in tangible fixed assets are shown in note 8 to the accounts. The Museum had its leasehold property independently revalued at 31 March 2014 and details of this revaluation are also shown in note 8.

During the year the Museum spent £110,478 on additions to tangible fixed assets. The principal items purchased related to the development of a new Conservation suite at Stevenage at a cost of £39,004.

On 1 May 2014 the National Army Museum temporarily closed to the public in order to undertake major refurbishment works. As a result an impairment review has been conducted on all the relevant assets. The total impairment charge was £4,099,142.

Policy on reserves

The NAM's reserves, are defined for the purposes of this policy, as the amounts shown as 'Investments' and 'Net Current Assets' which are attributed to unrestricted funds. As at 31 March 2014, the level of the Museum's reserves stood at £866,259 (31 March 2013 £715,781).

Grant-in-Aid funds are used to support the day to day operations of the NAM.

The NAM aims to grow its unrestricted funds by means of prudent investment and proactive fundraising so that it has sufficient funds available to deal with such matters that arise and are not covered by Grant-in-Aid including funding future plans and to ensure the Museum can sustain any funding reductions.

The NAM aims to build up its restricted funds so that they can be used as needed in accordance with restrictions imposed by the donors.

Investment Policy

The NAM invests surplus funds other than Grant-in-Aid in prudent investments with the aim of maximising funds towards the future development of the Museum. As a result these funds will be invested in British Government Fund Gilts, Cash Investments and Equity and Bond Funds. Professionally managed equity based funds which have long-term growth as their key objective are also acceptable.

The NAM is not permitted to invest Grant-in-Aid funds.

NATIONAL ARMY MUSEUM
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Trading activities

NAM undertakes the majority of its trading activities through NAMTL which supports NAM by gift aiding its profits. The overall trading profit before exceptional items has increased to £104,483 from £102,837 for the previous year (see note 5).

Relationship with related parties

Details of related parties and transactions with these parties are shown in note 17 of the financial statements.

Payment of Creditors

The Museum aims to settle all undisputed invoices within thirty days or in accordance with suppliers' terms of business.

The Museum's actual payment performance during the year was that 100% (2012/13 98%) of bills were paid within the thirty day target.

Equality, Diversity & Access

The National Army Museum (NAM) is an Equal Opportunities Employer.

The NAM is committed to providing a working environment in which members of staff are able to realise their full potential and contribute to the Museum's success. The NAM will also take all reasonable steps to provide a work environment in which all workers are treated with respect and dignity and that is free of harassment. In order to create conditions, in which this goal can be realised, the NAM is committed to identifying and eliminating barriers, discriminatory practices, procedures, and attitudes throughout the Museum. Members of staff are expected and required to support this commitment, assisting in its realisation in all possible ways.

It is the NAM's policy not to discriminate against its workers on the basis of their gender, sexual orientation, marital or civil partnership status, any gender reassignment, race, religion or belief, colour, nationality, ethnic or national origin, disability or age, pregnancy or trade union membership or employment status. The NAM will not condone any form of harassment, whether engaged in by workers or by third parties such as clients, customers, contractors and suppliers. Our workers and applicants for employment shall not be disadvantaged by any policies or conditions of service, which cannot be justified as necessary for operational purposes. The NAM shall, at all times, strive to work within legislative requirements as well as promoting best practice, and is committed to the development of a diverse workforce. The Museum has issued an Equal Opportunities Policy Statement, and undertakes equal opportunities monitoring.

Employee Consultation and Involvement

The Director General and Senior Management Team consult with the staff through the NAM's Staff/Management Forum, which was set up to encourage increased levels of communication and consultation across the whole of the Museum, and in shifting to a different and more progressive, delivery-focussed culture of working, exchanging views and ideas, discussing problems and planning for the future.

Communication and involvement with the staff is also maintained through various committees/groups, which include the Health & Safety Committee, regular Departmental and Divisional meetings, one-to-ones, monthly staff briefings and internal memoranda.

Sickness Absence Data

The National Army Museum employed 69 members of staff at 31 March 2014 (58 full-time and 11 part-time) and monitored sick absence as part of its commitment in promoting the health, safety and welfare of all members of staff. Information collated from the Department of Human Resources is available to the Museum's Management Team who are responsible for identifying potential risks arising from any patterns that may occur and also made available to NAM Council. During 2013-14, there were 444.5 (full time equivalent) days lost to sick absence compared to 217.5 days lost in 2012-13. For the purposes of this sick data the NAM does not include three short-term paid internships.

NATIONAL ARMY MUSEUM
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During the period, the average number of days' sickness absence per employee was 6.35 (long-term incidents of sickness absence have been excluded to give a more accurate picture of sickness absence at NAM). This equate to 3% of time lost to sickness.

A policy on the management of attendance is in place to promote arrangements for dealing with sickness absence in a manner, which is fair and sensitive to staff, as well as minimising the effect of absences on operational requirements.

Environmental Policy

The NAM carries out all its activities with the environment in mind. It has a written environmental policy which is briefed to all staff and is available on the Museum's intranet. Where applicable, all companies that carry out "works" on the NAM estate are required to submit copies of their environmental policies prior to any contract being awarded. The NAM has a recycling programme in place and currently recycles all paper, card, batteries, metal and lamps. As part of its HLF application the Museum has placed a requirement on the Architects and Designers employed on the Building for the Future (BftF) project that will ensure that when it is completed, the BftF project will achieve a "Very Good" BREEAM Standard. To achieve this standard the designs will include measures to reduce the consumption of electricity, water and gas. In addition to the above, the Museum offers shower and changing facilities for staff which helps encourage a cycle to work ethic.

Personal Data Loss

The Museum has identified no personal data related incidents during 2013-14. An incident is defined as a loss, unauthorised disclosure or insecure disposal. Protected personal data is information that links an identifiable living person with information about them which, if released, would put the individual at significant risk of harm or distress; the definition includes sources of information that because of the nature of the individuals or the nature, source or extent of the information, is treated as protected personal data by the Museum.

Social and Community Issues

The NAM consults regularly with its stakeholders and local users. It is part of its HLF submission and it is actively working with groups both locally and nationally to maximise inclusivity. It has established an Access and Outreach Department which is engaging with all areas of the NAM audience as well as looking at ways to extend that audience.

Auditors

These accounts are audited by the Comptroller and Auditor General in accordance with the Museum's Royal Charter. No non-audit services are provided to the Museum by the auditor.

The cost of the audit of the Museum and its trading company for 2013-14 is £23,525 (2012-13: £15,000) of which £19,025 relates to the audit of the Museum and £4,500 to the audit of NAMTL.

So far as the Accounting Officer (AO) and Council Members are aware, there is no relevant audit information of which the Museum's auditors are unaware. Furthermore, the AO and Council Members have taken all the necessary steps to make sure they are aware of any relevant information and to establish that the Museum's auditors are also aware of that information.

MRS JANICE MURRAY
DIRECTOR GENERAL

GENERAL SIR JACK DEVERELL
CHAIRMAN, ON BEHALF OF
COUNCIL

National Army Museum
17th July 2014

NATIONAL ARMY MUSEUM
REMUNERATION REPORT
YEAR ENDED 31ST MARCH 2014

REMUNERATION POLICY

The Director General of the National Army Museum is employed by the Council of the Museum on terms and conditions that are similar to MOD civil servants. She holds an open ended appointment and her salary is set on an annual basis by the Audit and Risk Assurance Committee of Council.

Other members of the Management Team are also employed on terms and conditions similar to MOD civil servants. Their salary levels are set by the Museum's Human Resources Department by reference to strict MOD guidelines and approved by the Director General.

The NAM operates a performance appraisal review (PAR) system, which broadly follows the guidelines of the MOD civilian system. The marking system is based on agreed aims and objectives between the Line Manager (LM) and the member of staff. The PARs are completed and brought to the PAR Award group where the marking is assessed against peer groups so as to eliminate any under/over marking and anomalies. Dependent on whether MOD is paying performance award in year, the group would then assign a value to marks in line with the MOD levels of award. The findings of the Group are then passed to the A&RA Committee for a further check before being passed to the Council for approval.

SALARY AND PENSION ENTITLEMENTS

The salary and pension entitlements of the Management Team of the Museum were as follows (with comparative salary disclosures for 2012/13).

	Mrs J Murray £'000	Mr M O'Connor £'000	Miss T Scott £'000	Mr D Bownes £'000	Miss E Carver £'000 (to 05/07/2013)	Miss G Adkins £'000 (from 09/09/2013)	Mrs R Gilbert £'000
Salary 2013/14	100-105	65-70	60-65	60-65	15-20	30-35	65-70
Performance pay 2013/14	5-10	N/A	N/A	N/A	N/A	N/A	N/A
Salary 2012/13	90-95	65-70	60-65	60-65	40-45	N/A	5-10
Performance pay 2012/13	5-10	N/A	0-5	N/A	N/A	N/A	N/A
Value of pension benefits for single total figure of remuneration							
2013-14	25	34	8	24	8	(3)	N/A
2012-13	28	24	9	25	25	N/A	N/A
Real increase in pension and related lump sum at 60	0-2.5 plus N/A lump sum	0-2.5 plus N/A lump sum	0-2.5 plus 0-2.5 lump sum	0-2.5 plus N/A lump sum	0-2.5 plus N/A lump sum	0-2.5 plus N/A lump sum	0-2.5 plus N/A lump sum
Total accrued pension at 60 as at 31 March 2014 and related lump sum	35-40 plus 95-100 lump sum	10-15 plus N/A lump sum	10-15 plus 40-45 lump sum	0-5 plus N/A lump sum	10-15 plus N/A lump sum	0-5 plus N/A lump sum	0-5 plus N/A lump sum
Cash equivalent transfer value as at 31 st March 2014	781	252	173	31	186	8	N/A
Cash equivalent transfer value as at 31 st March 2013 (restated)	711	205	158	15	175	N/A	N/A
Real increase/(decrease) in cash equivalent transfer value as funded by employer	22	30	3	10	9	(3)	N/A

**NATIONAL ARMY MUSEUM
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The Cash equivalent transfer values (CETV) as at 31st March 2013 have been restated due to the CETV factors being updated to comply with the Occupational Pension Schemes (Transfer Values)(Amendment) Regulations 2008.

The annual equivalent figures for Miss G Adkins who joined the Management Team in the year 2013/14 were a salary of £60,000 to £65,000 and real increase in pension of £0 to £2,500. The annual equivalent salary for Miss E Carver who left the Management Team in the year 2013/14 was a salary of £60,000 to £65,000 and real increase in pension of £0 to £2,500.

The annual equivalent figures for members of the Management Team who joined in the year 2012/13 were for Miss E Carver a salary of £60,000 to £65,000 and real increase in pension of £0 to £2,500 whilst for Mrs R Gilbert this was a salary of £65,000 to £70,000 and real increase in pension of £0 to £2,500.

	2013-14	2012-13
Band of highest paid director's total remuneration (£'000)	110-115	100-105
Median total remuneration	33,432	33,128
Remuneration ratio	3.4	3.1

Median total remuneration is calculated by excluding the remuneration of the highest paid director and by including full time equivalent remuneration for all staff.

The Remuneration ratio has increased as following a bench marking exercise the highest paid director's salary was increased to reflect the market and increased responsibility in the light of NAM's re-development.

The table above has been subject to audit.

The opening cash equivalent transfer value (CETV) figures as at 31 March 2014 may be different from the closing figures in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.

None of the above received any benefits in kind during the year (2012/13 £Nil).

No members of the Council received any remuneration during the year (2012/13 £Nil). During the year reimbursements were made to members of the Council totalling £436 (2012/13 £1,008) for travel and subsistence and £273 (2012/13 £440) for hospitality.

For 2013-14 employers' pension contributions for the Museum as a whole of £399,607 were payable to the PCSPS (2012-13 £384,473) at rates based on salary bands as follows:

Band one	-	£21,500 and under	16.7%
Band two	-	£21,501 - £44,500	18.8%
Band three	-	£44,501 - £74,500	21.8%
Band four	-	£74,501 and over	24.3%

Rates will remain the same next year, subject to revalorisation of the salary bands. Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Salary

"Salary" includes gross salary, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, private office allowances and any other allowance to the extent that it is subject to UK taxation.

Benefits in Kind

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the HM Revenue and Customs as a taxable emolument.

Pension Benefits

Pension benefits are provided through the Principal Civil Service Pension Schemes (PCSPS). This scheme is an unfunded multi-employer defined benefits scheme but the National Army Museum is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2012. Details can be found in the resource accounts for these schemes, which are published and laid before the House of Commons.

**NATIONAL ARMY MUSEUM
REMUNERATION REPORT
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Principal Civil Service Pension Scheme (PCSPS)

From 1 October 2002, civil servants may be in one of three statutory based 'final salary' defined benefit schemes (classic, premium and classic plus). From 30 July 2007 this also includes Nuvos. The schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under the Classic, Premium and Classic Plus are increased annually in line with changes in the Pensions Increase Legislation. New entrants after 30 July 2007 may choose between membership of Nuvos or joining a good quality 'money purchase' stakeholder based arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set between 1.5% and 8.25% dependent on which scheme the individual belongs to i.e. Classic, Classic Plus, Premium or Nuvos. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition a lump sum equivalent to three years' pension is payable on retirement. For Premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike Classic, there is no automatic lump sum (but members may give up or commute some of their pension to provide a lump sum). Classic Plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as classic. For Nuvos, pension builds up each scheme year, at the rate of 2.3% of pensionable earnings, there is no automatic lump sum (but members have an option to take a tax free lump sum in exchange for part of their pension).

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, these will be matched by the employer up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Further details about Civil Service pension arrangements can be found at the website www.civilservice.gov.uk/pensions.

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

A 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 the scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries, and do take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

MRS JANICE MURRAY
DIRECTOR GENERAL

GENERAL SIR JACK DEVERELL
CHAIRMAN, ON BEHALF OF
COUNCIL

National Army Museum

17th July 2014

NATIONAL ARMY MUSEUM

FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2014

STATEMENT OF COUNCIL'S AND DIRECTOR GENERAL'S RESPONSIBILITIES

Under Section 30(3) of the National Heritage Act 1983 and law applicable to charities in England and Wales, the Council is required to prepare financial statements for each financial year which give a true and fair view of the National Army Museum's financial activities and of its financial position at the end of the year.

In preparing financial statements, giving a true and fair view, the Council is required to:

- Observe the accounts direction issued by the Secretary of State in compliance with Charity Law, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the charity will continue in operation.

Under law applicable to charities in England and Wales, the Council is responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charity and which enable the Council to ensure that the financial statements comply with the applicable law. The Council is also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Secretary of State has appointed the Director General, the senior full time Museum official, as the Accounting Officer for the National Army Museum. Her relevant responsibilities as Accounting Officer, including her responsibility for the propriety and regularity of Parliamentary funded (Grant in Aid) finances for which she is answerable and for the keeping of proper records, are set out in the Non-Departmental Bodies' Accounting Officer's Memorandum issued by the Treasury and published in 'Managing Public Money'.

MRS JANICE MURRAY
DIRECTOR GENERAL

GENERAL SIR JACK DEVERELL
CHAIRMAN, ON BEHALF OF
COUNCIL

National Army Museum

17th July 2014

NATIONAL ARMY MUSEUM
GOVERNANCE STATEMENT
YEAR ENDED 31ST MARCH 2014

This Governance Statement sets out the arrangements for the governance of the National Army Museum (NAM), including the Council and Committee structure for the Members. It specifically shows how the organisation identifies and manages key risks and provides the assurance from the Chairman of the NAM Council and Accounting Officer previously contained in the Statement on Internal Control.

The Governance Framework

The National Army Museum is a charity registered with the Charity Commission (registration number 237902) governed in accordance with its Royal Charter.

The Museum is an accredited national museum and Non-Departmental Public Body obliged to comply with HM Treasury financial reporting requirements set out in the Financial Reporting Manual and the guidance contained in Managing Public Money. There is a Financial Framework document in place that defines the arrangements between the Museum and its Sponsor Department - the Ministry of Defence, relating to the receipt of Grant-in-Aid and the conditions for its expenditure. This Framework was revised in 2010.

The NAM Council and the Committee Structure

The National Army Museum is governed by the NAM Council under the chairmanship of General Sir Jack Deverell KCB OBE. The Charities Act 2011 requires the Council Members to exercise proper stewardship over the Museum and to take care of its collections.

The Director General of the Museum is the Accounting Officer responsible to Parliament for the day-to-day management of the Museum as set out in Chapter 3 of Managing Public Money.

Council Members are appointed by the NAM Council and approved by the Army Board. They are appointed for a term of three years and can be appointed for further terms of equivalent length. The NAM Council may appoint nominated external members to serve on specific sub committees to supplement the experience of Main Council Members. The nominated external members offer a level of expertise and independence that the Council Members may not have.

The NAM Council Members receive induction training under the direction of the Director General and are encouraged to familiarise themselves with the Museum's operations through work in committees where they are supported by the Museum's divisional Directors.

The NAM Council met on three occasions during 2013-14. Listed below are the Council Members and their attendance at Council meetings:

Post	Name	Attendance
Chairman	General Sir Jack Deverell KCB OBE	3
Members	Mr Keith Baldwin	3
	Mr Mihir Bose (Ret'd October 2013)	0
	Mr Patrick Bradley	3
	Mr Algy Cluff (Appt'd April 2013)	1
	Brigadier Douglas Erskine Crum	3
	The Rt Hon The Lord Hamilton of Epsom	3
	Professor William Philpott	3
	Major General Charles G C Vyvyan CB CBE MA MSc	1
	Lieutenant General Sir Barney W B White-Spunner KCB CBE	3
	Mrs Deborah Younger	2

**NATIONAL ARMY MUSEUM
GOVERNANCE STATEMENT
YEAR ENDED 31ST MARCH 2014**

Full minutes of all NAM Council and Committee meetings are maintained and the attendance of Council Members are recorded therein. Copies of NAM Council meetings are published on the NAM website.

Register of Interests

A register of Members' relevant interests is maintained and is the first item on the Agenda at all meetings of the Council and all committee meetings. Members are required to declare the fact that if they have an interest, pecuniary or otherwise, in any matter being considered by the Council. In this period no such interests were declared.

NAM Council Committees

NAM Council Members have established a number of committees for specific purposes and to ensure the effective conduct of business. These are Audit & Risk Assurance, Acquisition & Disposal, Building for the Future and Nominations.

The full Council has approved the terms of reference of each of these committees and, where it is practical, members do not sit on more than two committees.

Audit and Risk Assurance Committee

During 2013-14 the Audit and Risk Assurance Committee met three times. The Committee members and their attendance at the meetings are listed below:

Post	Name	Attendance
Chair	Mrs Deborah Younger	2
Member	Mr Keith Baldwin	3
Nominated Member	Mr Jeremy Archer	3

There were no separate meetings of the Audit & Risk Assurance Committee to deal with performance related pay awards during this period.

Acquisition and Disposal Committee

The Acquisition and Disposal Committee met twice during 2013-14. Listed below are the members of the Committee and their attendance at the meetings:

Post	Name	Attendance
Chair	Professor William Philpott	2
Member	Mr Mihir Bose (until October 2013)	1
Nominated Member	Professor Brian Holden Reid MA PhD FRHistS FRGS FRUSI	2

Building for the Future Committee

The NAM Council established in 2013 the Building for the Future Committee to oversee the redevelopment project. This Committee met four times in this period and below are the members of the Committee and attendance at the meetings:

NATIONAL ARMY MUSEUM
GOVERNANCE STATEMENT
YEAR ENDED 31ST MARCH 2014

Post	Name	Attendance
Chair	Brigadier Douglas Erskine Crum	4
Members	The Rt Hon The Lord Hamilton of Epsom	3
	Lieutenant General Sir Barney W B White-Spunner KCB CBE	2

Nominations Committee

Post	Name
Chair	General Sir Jack Deverell KCB OBE
Members	Mr Keith Baldwin
	Professor William Philpott

The NAM established the NAM Foundation, which acts as a fundraising body for the NAM and a repository for donations primarily for the Building for the Future project. The NAM Foundation met formally once in 2013.

Full minutes of all NAM Council and Committee meetings are maintained and the attendance of Council Members are recorded therein. Copies of NAM Council meetings are published on the NAM website.

The NAM Council has established a subsidiary company (NAM Trading Ltd), the Board of which includes five Directors. Decisions taken by this company remain the responsibility of the Directors of NAMTL.

NAM Council Members' Performance

The principal achievements of the Museum during the year are highlighted elsewhere in the Financial Statements, NAM Council Minutes and Business Plans and the Director General attends meetings of the Army Heritage Committee where she reports on the plans of the NAM. Additionally, meetings are held with the Command Secretary (Land Forces), Adjutant General and Heritage Branch. These meetings are reported to the full NAM Council.

NAM Committee minutes are circulated to all Council Members with routine papers for all Council meetings where committee chairs highlight any matters of particular concern for the attention of the full Council.

There is a wide range of information and data (financial and otherwise) routinely available to Council Members, including management accounts. The Director General works closely with the Museum Director and the Head of Finance to refine the financial information supplied to Council ensuring that the information is available both on time and in a format which enables the Members to exercise proper oversight of the Museum.

Review of Effectiveness of Internal Control

To meet the responsibilities above, the NAM has in place a system of internal control. A framework contained within the Financial Procedures Manual, which all members of the Management Team (MT), Heads of Departments and all staff employed at the NAM must sign up to, supports this system of control. In addition all staff have been trained in the Bribery Act and a copy of the policy can be found on the NAM Intranet. Additionally, the MT on a monthly basis reviews budgets and cost centres to ensure that the spend profile is maintained and any anomalies are accounted for. To support the system, additional input is received from independent internal audit, external audit and, in this accounting period, by Defence Internal Audit (DIA) on behalf of the Sponsor Department. The NAM received a "Substantial Assurance" grade from this latest audit.

The NAM recognises that two non-contractual payments have been made which do not comply with Managing Public Money. This has been brought to the attention of the Sponsor Department (Land Forces) and is seeking retrospective approval for these payments which totalled £28,000. The NAM confirms that systems are in place to ensure that this does not reoccur and that no other payments of this nature have been made in year.

NATIONAL ARMY MUSEUM
GOVERNANCE STATEMENT
YEAR ENDED 31ST MARCH 2014

Internal Auditors

The Museum's internal auditors are Daly, Hoggett & Co who work to the Public Sector Internal Audit Standards and provide an independent opinion on the matters subject of review through the internal audit programme.

The Museum has a Risk Matrix to support its management of risk in the "normal" operations of the Museum. This Risk Matrix is used to identify the work to be undertaken by the internal auditors. Council's A&RA Committee signs off the work programme and the same committee receives the report of the internal auditors at its end of year meeting.

In 2013/14 the programme covered a review of the Risk Matrix and the Terms of Reference for the Internal Auditors; the findings contained in the two respective reports are presently being addressed. There were no recorded instances of data loss during the year.

The risks contained in the Risk Matrix have also been taken into account in the development of the Museum's strategic direction (through a process of cross-referencing between the specific risks and the principal strategic objectives) thereby mitigating some or all of those risks. The future internal audit programme will look at the remaining risks, which include the sufficiency of funding in the form of Grant-in-Aid. This risk represents a constant challenge to the Museum and, indeed, could put at risk delivery of the standards expected of the Accounting Officer. The Museum Director retains overall responsibility for the key control systems of the Museum and he supports directly the work of the A&RA Committee.

The internal auditors also provide an annual statement of assurance to the Accounting Officer and the NAM Council on the work performed in the year.

External Auditors

The external auditor of the Museum is the Comptroller and Auditor General (C & AG). The accounts are consolidated with the accounts of the NAM's trading subsidiary (NAMTL). The NAO is invited to attend the regular meetings of the A&RA Committee which includes the "end of year" presentation of the Consolidated Accounts to the A&RA Committee at its June Meeting, where it discusses their findings with the Committee and there is an opportunity to discuss the report without NAM staff being present.

Risk Management

A Risk Management Statement has been drawn up with reference to the HM Treasury publication *Management of Risk - A Strategic Overview* (January 2001), the Adjutant-General's 'Corporate Governance & Risk Management Policy Statement' (13 July 2001), and the Cabinet Office & HM Treasury publication, *Your Delivery Strategy* (September 2001).

The NAM Council affirms that in all situations where MOD Grant-in-Aid is concerned, the appetite for risk is conservative. The need to pay the staff, fund the provision of utilities, ensure compliance with Health & Safety at Work and other legislation/mandatory requirements, attend to the well-attested structural and engineering defects at NAM Chelsea, curate the Collections and open the Museum daily to the public leave no room for the assumption of more extreme risks. In all other instances, Council's risk assessment is made on a case-by-case basis, and is reviewed by Council at its periodic meetings, having regard to the NAM's Strategic Plan, Business Plan and investment and other professional advice taken by Council and the Director General of the Museum, who reports to Council.

As mentioned previously, regular reviews are carried out on the Risk Matrix and risks that are identified are addressed but in all cases, the A&RA Committee acting on behalf of the NAM Council, reviews the matrix annually at its autumn meeting.

NATIONAL ARMY MUSEUM
GOVERNANCE STATEMENT
YEAR ENDED 31ST MARCH 2014

The identification and evaluation of risk is an integral part of the NAM's performance management. Input into the Risk Matrix is museum-wide and all departments are required to provide input via their Heads of Division. The NAM assesses its risks under the following categories:

- a. Governance;
- b. Finance;
- c. Building;
- d. Security;
- e. Employment;
- f. Collections.

The Museum's Risk Matrix is maintained under the guidance of the A&RA Committee and focuses on the key risks posed to the Museum. These risks are assessed in terms of likelihood of occurrence and their potential impact. Appropriate mitigation activity is identified and recorded. With risks of an inevitable nature, the Museum has developed contingency plans, which are being revised in line with the successful HLF funding application.

In addition to the operational risks to the NAM of the Building for the Future (BftF) project – the major redevelopment of the Museum brings its own project specific risks. A register of these project risks is a requirement of the Heritage Lottery Fund (HLF) and identifies all risks to the BftF project and is managed by the external Project Manager. This is reported to, and reviewed by, the BftF Committee at their regular meetings and is also reported to the HLF at the regular meetings with the Project Board. The A&RA Committee, which receives, and comments on this register provide an added level of scrutiny.

Information Risk Management

The NAM has established an Information Asset Ownership group comprised of the Senior Information Risk Officer and Information Asset Owners from across the Museum's divisions. The group ensures that the Information Assurance Policy is complied with. The group meets regularly and discusses the management of information held by the NAM.

All staff are required as part of their induction to carry out on-line training in accordance with the National Archives directions. Information Sharing Agreements are in place with bodies that share NAM information.

Any information issues that arise are handled by the appropriate IAO/s and referred to the group where necessary. Any incident of data loss or mishandling is handled in accordance with the Information Commissioner's guidance and reported to his office as required.

**NATIONAL ARMY MUSEUM
GOVERNANCE STATEMENT
YEAR ENDED 31ST MARCH 2013**

The NAM Council's Statement of Assurance

We have responsibility, on behalf of the full NAM Council, for the overall effectiveness of the Museum's governance arrangements and their compliance with Corporate Governance in Central Government Departments Code of Practice 2011 so far as this may be seen to apply to an 'Arms-Length Body' (as defined in Managing Public Money).

MRS JANICE MURRAY
DIRECTOR GENERAL

GENERAL SIR JACK DEVERELL
CHAIRMAN, ON BEHALF OF
COUNCIL

National Army Museum

17th July 2014

NATIONAL ARMY MUSEUM
FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2014

THE REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE COUNCIL OF THE NATIONAL ARMY MUSEUM

I have audited the financial statements of the National Army Museum for the year ended 31 March 2014 under the Museum's Royal Charter of 1960 as amended in 1988. The financial statements comprise the Consolidated Statement of Financial Activities, the Group and Parent Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Council, the Accounting Officer and auditor

As explained more fully in the Statement of Council's and Director General's Responsibilities, the Council and the Director General as Accounting Officers are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and express an opinion on the financial statements in accordance with the Museum's Royal Charter of 1960 as amended in 1988. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

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

Opinion on Regularity

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

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view, of the state of the group's and of National Army Museum's affairs as at 31 March 2014 and of its incoming resources and application of resources for the year then ended; and
- the financial statements have been properly prepared in accordance with the Charities Act 2011 and Secretary of State directions issued thereunder.

**NATIONAL ARMY MUSEUM
FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2014**

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Charities Act 2011; and
- the information given in the Foreword and Report of Council for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records 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.

Sir Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Date

NATIONAL ARMY MUSEUM
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31ST MARCH 2014

	NOTE	Unrestricted Funds	Restricted Funds	Restricted Grant in Aid Funds	Total Funds 2013/14	Total Funds 2012/13
		£	£	£	£	£
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income:						
Grants and donations		473,984	276,206	25,000	775,190	396,444
Activities for generating funds:						
Commercial trading operation:	5	559,579	-	-	559,579	511,037
Investment income	2	1,037	6,457	327	7,821	7,921
		1,034,600	282,663	25,327	1,342,590	915,402
Other incoming Resources						
Grant-in-aid (operating)		-	-	6,023,131	6,023,131	6,275,874
Grant-in-aid (purchases)		-	-	117,000	117,000	117,000
Sundry income		15,091	-	92	15,183	7,437
TOTAL INCOMING RESOURCES		1,049,691	282,663	6,165,550	7,497,904	7,315,713
RESOURCES EXPENDED						
Cost of generating funds:						
Fundraising costs of grants and donations	4	54,712	14,038	285,378	354,128	44,756
Commercial trading operations	4 & 5	450,662	9,421	37,160	497,243	408,200
		505,374	23,459	322,538	851,371	452,956
Cost of charitable activities:						
Collections and exhibitions	4	2,927,969	848,880	3,130,083	6,906,932	4,232,089
Curatorial	4	231,330	121,204	1,186,707	1,539,241	1,013,343
Learning	4	266,742	84,863	439,090	790,695	383,595
Publicity	4	47,001	27,459	432,968	507,428	643,659
		3,473,042	1,082,406	5,188,848	9,744,296	6,272,686
Governance Costs	4	130,127	31,277	558,009	719,413	492,294
TOTAL RESOURCES EXPENDED	6 & 7	4,108,543	1,137,142	6,069,395	11,315,080	7,217,936
Net (outgoing)/ incoming Resources for the year	6	(3,058,852)	(854,479)	96,155	(3,817,176)	97,777
Unrealised gains/(losses)						
Investments		-	13,062	-	13,062	21,107
Revaluation of tangible fixed assets		3,128,567	(439,536)	32,949	2,721,980	407,365
NET MOVEMENT IN FUNDS		69,715	(1,280,953)	129,104	(1,082,134)	526,249
Balances brought forward at 1 April 2013		64,487,581	21,191,811	3,205,364	88,884,756	88,358,507
Balances carried forward at 31 March 2014		64,557,296	19,910,858	3,334,468	87,802,622	88,884,756

None of the Museum's activities were acquired or discontinued during the year. All of the Museum's recognised gains and losses for the year are included above.

The net outgoing resources for the year is stated after an exceptional impairment change of £4,099,142. Further details of this exceptional item are shown in Note 6 of the financial statements.

NATIONAL ARMY MUSEUM
CONSOLIDATED & CHARITY BALANCE SHEET
YEAR ENDED 31ST MARCH 2014

		2014				2013			
		GROUP		CHARITY		GROUP		CHARITY	
		£	£	£	£	£	£	£	£
FIXED ASSETS									
Tangible assets	8	18,695,908		18,695,908		20,705,220		20,703,736	
Heritage Assets	9	66,116,223		66,116,223		65,556,446		65,556,446	
Investments	10	<u>222,384</u>		<u>222,385</u>		<u>209,322</u>		<u>209,323</u>	
			85,034,515		85,034,516		86,470,988		86,469,505
CURRENT ASSETS									
Stock of finished goods		44,862		-		70,512		-	
Debtors	11	357,990		528,059		567,057		704,471	
Cash	12	<u>2,578,495</u>		<u>2,414,593</u>		<u>2,023,301</u>		<u>1,911,820</u>	
		2,981,347		2,942,652		2,660,870		2,616,291	
CURRENT LIABILITIES									
CREDITORS:									
Amounts falling due within one year	13	<u>213,240</u>		<u>174,545</u>		<u>247,102</u>		<u>202,524</u>	
NET CURRENT ASSETS									
			<u>2,768,107</u>		<u>2,768,107</u>		<u>2,413,768</u>		<u>2,413,767</u>
TOTAL ASSETS LESS CURRENT LIABILITIES									
			<u>87,802,622</u>		<u>87,802,623</u>		<u>88,884,756</u>		<u>88,883,272</u>
RESERVES									
Unrestricted funds		64,557,296		64,557,297		64,487,581		64,486,097	
Restricted funds	14	19,910,858		19,910,858		21,191,811		21,191,811	
Restricted Grant-in-Aid Funds		<u>3,334,468</u>		<u>3,334,468</u>		<u>3,205,364</u>		<u>3,205,364</u>	
	15	<u>87,802,622</u>		<u>87,802,623</u>		<u>88,884,756</u>		<u>88,883,272</u>	

The financial statements were approved by the Council on 17th July 2014 and signed on its behalf by:

MRS JANICE MURRAY
DIRECTOR GENERAL

GENERAL SIR JACK DEVERELL
CHAIRMAN

NATIONAL ARMY MUSEUM
CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31ST MARCH 2014

	Unrestricted Funds	Restricted Funds	Restricted Grant in Aid Funds	Total Funds 2013/14	Total Funds 2012/13
	£	£	£	£	£
Net cash inflow from operating activities (see below)	152,896	82,239	524,799	759,934	690,342
Return on investments and servicing of finance					
Interest received	1,037	209	327	1,573	2,935
Investment income	-	6,248	-	6,248	4,986
	1,037	6,457	327	7,821	7,921
Capital Expenditure					
Payments to acquire:					
Tangible fixed assets	-	-	(110,478)	(110,478)	(413,452)
Heritage assets	-	-	(103,183)	(103,183)	(21,561)
Proceeds from sale:					
Tangible fixed assets	-	-	1,100	1,100	-
	-	-	(212,561)	(212,561)	(435,013)
Increase/(Decrease) in cash	153,933	88,696	312,565	555,194	263,250

Reconciliation of Changes in Resources to Net Cash Inflow/(Outflow) from Operating Activities

Changes in resources before revaluations	(3,058,852)	(854,479)	96,155	(3,817,176)	97,777
Investment income	(1,037)	(6,457)	(327)	(7,821)	(7,921)
Depreciation	95,218	484,326	163,084	742,628	753,880
Impairment charge	3,574,886	461,132	63,124	4,099,142	-
(Profit)/Loss on disposal of tangible fixed assets	-	-	(1,100)	(1,100)	9,904
Loss on disposal of heritage assets	10,651	-	-	10,651	3,035
Donated heritage assets	(467,245)	-	-	(467,245)	-
(Decrease)/Increase in creditors	(27,750)	-	(6,112)	(33,862)	22,406
Decrease/(Increase) in stocks	25,650	-	-	25,650	(10,887)
Decrease/(Increase) in debtors	1,375	(2,283)	209,975	209,067	(177,852)
Net cash inflow from operating activities	152,896	82,239	524,799	759,934	690,342

The notes on pages 36 to 52 form a fundamental part of these financial statements.

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2014

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, the Statement of Recommended Practice: Accounting and Reporting by Charities issued in 2005 and guidance issued by H.M. Treasury.

The accounts have been prepared under the historical cost convention modified by the revaluation of tangible fixed assets, heritage assets and investments.

(b) Basis of Consolidation

Consolidated financial statements have been prepared in respect of the charity and its wholly owned subsidiary, National Army Museum Trading Limited.

The Consolidated Statement of Financial Activities includes the result of National Army Museum Trading Limited on a line by line basis. A separate Statement of Financial Activities for the charity itself is not presented as the charity has taken advantage of the exemptions afforded by paragraph 397 of SORP 2005.

The Consolidated Balance Sheet includes the net assets of National Army Museum Trading Limited on a line by line basis.

The financial statements of National Army Museum Trading Limited used in consolidation are those for the period ended 31 March 2014.

(c) Incoming Resources

Incoming resources are included gross without the deduction of expenditure.

(d) Grants Receivable

Grant in Aid is recorded on a received basis. Other revenue grants including Heritage Lottery Fund grants are credited to incoming resources on the earlier of the date of receipt or when they are receivable, unless they relate to a grant for expenditure in future accounting periods, in which case they are deferred.

Grants for the purchase of fixed assets are credited to a restricted fund within incoming resources when receivable.

(e) Other Voluntary Income

The Museum derives voluntary income from legacies, gifts and monies placed in donation boxes in the Museum. This income is recognised in the statement of financial activities when received. Donated services and facilities are included as income based on managements' judgement of their market value.

(f) Basis of Cost Allocation

Collections and exhibitions costs are those incurred in acquiring and preserving objects and records relating to the British Army for the education, inspiration and enjoyment of the present generation and its successors, together with the presentation of the Museum's collections to its users.

Curatorial costs are those incurred in the research and interpretation of the Museum's collections to its users, including dealing with enquiries from the general public.

Learning costs are those incurred in engaging and educating the general public, including children, in historic and contemporary issues relating to the British Army.

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2014

Publicity costs are those costs that are incurred in promotion of the Museum, specific exhibitions and in support of the off site activities of the NAM.

Other non directly attributable costs are allocated based on staff costs and floor space as appropriate using the following percentages:

	Staff Costs Percentage	Floor Space Percentage
Fundraising costs	6.38	1.49
Trading operations	2.12	1.00
Collections and exhibitions	38.85	79.34
Curatorial	26.61	6.30
Learning	6.59	7.27
Publicity	5.41	1.28
Governance costs	<u>14.04</u>	<u>3.32</u>
	<u>100.00</u>	<u>100.00</u>

(g) Pensions Cost

The majority of Museum staff, are covered by the provisions of the Principal Civil Service Pension Scheme, which provides benefits based on final pensionable pay. The pensions cost charged to the Statement of Financial Activities is represented by the contributions payable under the PCSPS to the Cabinet Office at rates determined from time to time by the Government Actuary's Department. A small number of other staff are also entitled and are paid contributions to National Employment Savings' Trust or personal pension policies.

(h) Taxation

As a Registered Charity, the National Army Museum's charitable status has been recognised by HM Revenue & Customs. Non-recoverable Value Added Tax (VAT) arising from expenditure is charged to the statement of financial activities. All expenditure is stated net of any recoverable VAT.

All of the income is applied for charitable purposes and therefore the charity is exempt from Corporation Tax. All the taxable profits of the trading subsidiary are distributed to the Charity under Gift Aid. The Corporation Tax liability of the trading subsidiary for the period ending 31 March 2014 was £Nil (2013:£Nil).

(i) Tangible Fixed Assets and Depreciation

Fixed assets are stated at their estimated current cost. For land and buildings this estimate is based on independent professional valuations obtained every five years, updated in the intervening years by the application of appropriate indices. For other assets, the estimate is based on historic cost updated thereafter by the application of appropriate indices. Fixed assets with a cost of less than £1,000 are not capitalised.

Depreciation is provided on all tangible fixed assets on a straight-line basis over their estimated useful lives. These are principally:

Leasehold Buildings	48 years
Fit-out of Buildings	20 years
Plant and Machinery	21 years
Short Leasehold Improvements	41 years
Computer Equipment	5 years
Fixtures and Fittings	10 years

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2014

The useful lives for leasehold buildings, fit-out of buildings and plant and machinery have been updated to reflect those advised as part of the 2014 property revaluation.

The museum continuously reviews its fixed assets to ensure they do not fall below recoverable amounts in line with the provisions of FRS11 (the impairment of fixed assets and goodwill). Any asset that falls below its recoverable amount is adjusted to reflect the fall in value or is disposed of.

(j) Heritage Assets

(i) Valuation and Management

The National Army Museum's permanent Collection is reported in the Balance Sheet at valuation, except where the work involved in valuation exceeds the benefit to users of the financial statements.

Heritage assets comprise of approximately one million items. Some have been individually valued by curatorial staff. The remainder of the valuation has been estimated based on the average value of different classes of item.

The Collection was valued at estimated market value at 31 March 2010 as part of the implementation of FRS30. During this reporting period, the total figure for Heritage Assets has been adjusted according to acquisitions and disposals at market value.

For valuation purposes the Collection was divided into two categories. The first category comprised Victoria Crosses, George Crosses, field marshals' batons, oil paintings and other high-value items of fine and decorative art, coatees, rare books, oral history interviews, sound discs and film records. These were valued by expert members of staff, some of them with the assistance of former colleagues. The valuations of the historic military vehicles part of the collection is supported by a third party valuation of the historic military vehicles made in 2008-9 by Julian Shoolheifer Limited (Fine Art Valuers) PO Box 186, Saffron Walden, CB10 9AY.

The remainder of the Collection was valued by expert members of staff on the basis of auction realisations, knowledge of their specialist areas and inflation-adjusted prices paid for exhibits purchased by the Museum.

(ii) Depreciation

Depreciation is not provided on historic heritage assets due to the fact that they have an indefinite life. The carrying value of individual items is reviewed and written down where required.

(iii) Preservation Costs and Management

Expenditure which, in the Council's view, is required to preserve or clearly prevent further deterioration of individual collection items is written off and recognised in the Statement of Financial Activities when it is incurred.

(iv) Acquisitions and Disposals

The Museum's collecting activities are subject to the availability of objects and financial resources with every effort made to achieve a balanced collection in terms of both geography and chronology. The Acquisition and Disposals Policy also takes into account the needs of other museums.

By definition, the Museum has a long-term purpose and maintains a permanent Collection in relation to its stated objectives. The Council accepts the principle that, except for sound curatorial reasons, there is a strong presumption against the disposal of any items from the Museum's Collection.

Final approval for the disposal of a heritage asset rests with the Acquisition and Disposal Committee and this authority is devolved from the Museum's Trustees, the Council of the NAM. A curator recommends the object for disposal and relevant paperwork is counter-signed by the head of department concerned and the Assistant Director (Collections).

A copy of the Museum's Full Acquisition & Disposal Policy is available on its website.

NATIONAL ARMY MUSEUM
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(k) Investments

Investments are included at their market value as at the year-end. Gains or losses arising from disposals of fixed asset investments, together with unrealised gains and losses are included in the statement of financial activities.

(l) Stocks

Stocks are stated at the lower of cost or net realisable value.

(m) Liabilities

Where expenditure has been incurred but remains unpaid at the year end a liability is recorded by the Museum. Where amounts have not been invoiced an estimate is made of the amount to be accrued and included as a liability.

(n) Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight-line basis over the period of the lease.

(o) Financial Instruments

The Museum's financial assets and liabilities consist of cash and cash equivalents, trade debtors, trade creditors, and accrued expenses. The fair value of these items approximates their carrying value due to their short term value. Unless otherwise noted, the Museum is not exposed to significant interest, foreign exchange or credit risks arising from these instruments.

(p) Restricted and unrestricted funds

Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of overhead costs.

Unrestricted funds are donations and other incoming resources received or generated for the Museum's charitable purposes.

2. Investment Income

	Unrestricted Funds	Restricted Funds	Restricted Grant in Aid Funds	Total Funds 2013/14	Total Funds 2012/13
	£	£	£	£	£
Interest receivable	1,037	209	327	1,573	2,935
Other investment income	-	6,248	-	6,248	4,986
	<u>1,037</u>	<u>6,457</u>	<u>327</u>	<u>7,821</u>	<u>7,921</u>

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3. Allocation of support costs

The Museum allocates its support costs as shown in the table below and then further apportions those costs between the charitable activities undertaken. Support costs are allocated on a basis consistent with the use of resources.

Support Costs	Allocated to Charitable Activities £	Allocated to Costs of generating funds £	Governance £	Total £
General administration	76,649	9,400	4,628	90,677
Information technology	112,075	11,930	19,706	143,711
External Audit - Museum	-	-	19,025	19,025
External Audit - Subsidiary	-	-	4,500	4,500
Internal Audit	-	-	5,140	5,140
Legal and other Professional Fees	777,299	15,861	36,690	829,850
Trustees expenses	-	-	763	763
	<hr/>			
TOTAL 2013/14	966,023	37,191	90,452	1,093,666
	<hr/>			
TOTAL 2012/13	763,835	2,628	41,521	807,984
	<hr/>			

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
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4. Resources expended

	<u>Cost of generating funds:</u>		<u>Cost of charitable activities:</u>				<u>Governance</u> <u>Costs</u> £	<u>Total</u> <u>2013-14</u> £	<u>Total</u> <u>2012-13</u> £
	<u>Fundraising</u> <u>Costs</u> £	<u>Trading</u> <u>Operations</u> £	<u>Collections and</u> <u>Exhibitions</u> £	<u>Curatorial</u> £	<u>Learning</u> £	<u>Publicity</u> £			
Staff costs	202,119	206,951	1,424,958	870,800	249,782	168,059	440,438	3,563,107	3,386,729
Premises costs	12,658	8,495	673,993	53,518	61,759	10,873	28,203	849,499	869,157
Collections maintenance	49,396	-	426,877	-	-	-	-	476,273	644,147
Educational events	-	-	-	-	47,129	-	-	47,129	18,946
Advertising and promotion	-	-	-	-	-	196,250	-	196,250	423,200
Other costs	-	212,836	-	-	-	-	-	212,836	275,954
Depreciation and profit on disposal	11,045	7,627	598,809	46,703	53,894	9,488	24,612	752,178	766,819
Exceptional item – impairment of tangible fixed assets (note 6)	60,906	42,147	3,253,371	257,519	297,169	52,322	135,708	4,099,142	-
Notional rent	-	-	25,000	-	-	-	-	25,000	25,000
Support costs (note 3)	18,004	19,187	503,924	310,701	80,962	70,436	90,452	1,093,666	807,984
TOTAL 2013/14	354,128	497,243	6,906,932	1,539,241	790,695	507,428	719,413	11,315,080	7,217,936
TOTAL 2012/13	44,756	408,200	4,232,089	1,013,343	383,595	643,659	492,294	7,217,936	

For the year ended 31 March 2014 a review of how costs are allocated has been undertaken to give the users of the financial statements a better understanding of how the Museum's resources are applied. Premises costs and depreciation have been allocated on the basis of floor space utilised by the relevant department. Support costs which cannot be specifically attributed have been allocated on the basis of budgeted staff costs.

Notional rent relates to the estimated cost for the use of a donated facility at RMA Sandhurst based on the Museum renting similar premises on a commercial basis. The Museum is responsible for meeting some costs of cleaning, maintenance, and electricity relating to the items accommodated there.

Other trading operations costs include £121,371 in respect of the purchase of goods for resale.

The increase in governance costs reflects additional management time spent on the Building for the Future project.

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
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5. Commercial Trading Operations

	Trading Income	Trading Expenditure (Note 4)	Trading Profit and Loss Account	2012/13
	£	£	£	£
Museum Shop Sales	237,923		237,923	224,801
Less: Cost of Sales				
Opening Stock			70,512	59,625
Purchases			121,371	136,615
Closing Stock			(44,862)	(70,512)
		147,021	147,021	125,728
Shop Gross Profit			90,902	99,073
Other Trading Income	321,656		321,656	286,236
Other Trading Expenditure		308,075	308,075	282,472
Trading Operating Profit			104,483	102,837
Exceptional item - Impairment		42,147	42,147	-
			62,336	102,837
Totals	559,579	497,243		

6. Exceptional Item – Impairment of Tangible Fixed Assets

On 1 May 2014 the NAM temporarily closed to the public in order to undertake major refurbishment works. As a result an impairment review of tangible fixed assets was undertaken to identify those assets which were to be scrapped or otherwise disposed of during these works. This included obtaining a new valuation of NAM's long leasehold land and buildings. Further details of this valuation are given in note 8.

This revaluation has given rise to an exceptional impairment charge on the NAM's long leasehold land and buildings of £4,008,672. An impairment charge has also arisen on NAM's fixtures and fittings of £90,380. The total impairment charge of £4,099,142 has only arisen as a result of these refurbishment works.

Without this charge the Consolidated Statement of Financial Activities would have shown net incoming resources of £281,966 compared to £97,777 for the previous year.

NATIONAL ARMY MUSEUM
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	Unrestricted Funds £	Restricted Funds £	Restricted Grant In Aid Funds £	Total 2013/14 £	Total 2012/13 £
7. Total Resources Expended					
Total resources expended is stated after charging the following items:					
Auditors' remuneration					
- audit services	4,500	-	19,025	23,525	15,000
- non audit services	-	-	-	-	-
Staff costs					
- wages and salaries	118,459	-	2,309,994	2,428,453	2,193,077
- social security costs	9,518	-	170,121	179,639	169,027
- pension costs	1,500	-	402,697	404,197	384,752
- temporary staff and recruitment costs	31,255	-	519,563	550,818	639,873
	<u>160,732</u>	-	<u>3,402,375</u>	<u>3,563,107</u>	<u>3,386,729</u>
Operating lease costs					
- land and buildings	192,391	-	-	192,391	192,391
- other	7,849	-	-	7,849	11,940
	<u>200,240</u>	-	-	<u>200,240</u>	<u>204,331</u>

Excluding the Director General and members of the management team, no employees received remuneration for 2013-14 excluding pension contributions, greater than £60,000 (2012-13 no employees). Details of the remuneration of the Director General and the management team are shown in the Remuneration Report.

Staff costs – wages and salaries include £10,000 (2012/13 £Nil) in respect of an out of court settlement.

The average number of senior management and staff was:

	2013/14	2012/13
Collections and exhibitions	32	33
Curatorial	23	22
Learning	5	6
Publicity	3	3
Trading	7	5
Fundraising	<u>4</u>	<u>1</u>
	<u>74</u>	<u>70</u>

Of the above staff 6 are employed on short term contracts with all other staff employed on a full time contract. The above includes 11 part time staff members.

NATIONAL ARMY MUSEUM
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8a. Group Tangible Fixed Assets

	Long Leasehold Land and Buildings £	Short Leasehold Improvements £	Computer Equipment £	Fixtures & Fittings £	Total £
<u>VALUATION</u>					
At commencement of year	20,067,502	605,171	461,830	2,032,949	23,167,452
Additions at cost	4,179	80,958	16,368	8,973	110,478
On revaluation	2,882,511	(4,803)	35,605	42,370	2,955,683
Disposals	-	-	(43,230)	(4,064)	(47,294)
Impairment	(4,712,804)	-	-	-	(4,712,804)
At end of year	18,241,388	681,326	470,573	2,080,228	21,473,515
<u>DEPRECIATION</u>					
At commencement of year	571,434	21,852	368,794	1,500,152	2,462,232
Charge for year	566,292	16,618	50,243	109,475	742,628
On revaluation	197,704	(153)	17,661	18,491	233,703
Disposals	-	-	(43,230)	(4,064)	(47,294)
Impairment	(704,042)	-	-	90,380	(613,662)
At end of year	631,388	38,317	393,468	1,714,434	2,777,607
<u>NET BOOK VALUE</u>					
At 31 March 2014	17,610,000	643,009	77,105	365,794	18,695,908
At 31 March 2013	19,496,068	583,319	93,036	532,797	20,705,220

8b. Charity Tangible Fixed Assets

	Long Leasehold Land and Buildings £	Short Leasehold Improvements £	Computer Equipment £	Fixtures & Fittings £	Total £
<u>VALUATION</u>					
At commencement of year	20,067,502	605,171	461,830	2,030,828	23,165,331
Additions at cost	4,179	80,958	16,368	8,973	110,478
On revaluation	2,882,511	(4,803)	35,605	42,370	2,955,683
Disposals	-	-	(43,230)	(4,064)	(47,294)
Impairment	(4,712,804)	-	-	-	(4,712,804)
At end of year	18,241,388	681,326	470,573	2,078,107	21,471,394
<u>DEPRECIATION</u>					
At commencement of year	571,434	21,852	368,794	1,499,515	2,461,595
Charge for year	566,292	16,618	50,243	109,262	742,415
On revaluation	197,704	(153)	17,661	18,491	233,703
Disposals	-	-	(43,230)	(4,064)	(47,294)
Impairment	(704,042)	-	-	89,109	(614,933)
At end of year	631,388	38,317	393,468	1,712,313	2,775,486
<u>NET BOOK VALUE</u>					
At 31 March 2014	17,610,000	643,009	77,105	365,794	18,695,908
At 31 March 2013	19,496,068	583,319	93,036	531,313	20,703,736

NATIONAL ARMY MUSEUM
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Included in long leasehold land and buildings is a sum of £6,600,000 (2012/13 £5,024,580) for land, which has not been depreciated.

As previously noted an impairment review of tangible fixed assets has been undertaken. This included requesting that Gerald Eve, Chartered Surveyors undertake a 31 March 2014 valuation of the long leasehold land and buildings in light of the Museum's plans. The valuation was undertaken in accordance with the RICS Appraisal and Valuation Manual and valued on the Depreciated Replacement Cost basis given the specialist nature of the property. This valuation took into account those items that were likely to be scrapped or otherwise disposed of during the re-development.

The valuation apportioned the total land and buildings as follows:

	£
Land	6,600,000
Structure of buildings	9,467,000
Fit-out of buildings	489,000
Plant and machinery	<u>1,054,000</u>
	<u>17,610,000</u>

This valuation resulted in an impairment charge in respect of the buildings, fit-out, plant and machinery element of the valuation of £4,008,762 and a revaluation surplus in respect of the land of £1,540,000.

The Museum is housed in a purpose built property in Chelsea on land owned by the Royal Hospital Chelsea, the lease is for 999 years at a peppercorn rent of one guinea per annum. The lease restricts the use of the building to that of a Museum for the collection, preservation and exhibition of objects and records relating to the history of the Military Forces of Her Majesty and her predecessors etc. All material tangible fixed assets are used in Direct Charitable Activities.

9. Heritage Assets

(a) Valuation

	Museum Collection £
At commencement of year	65,556,446
Additions	570,428
Disposals	<u>(10,651)</u>
At end of year	<u>66,116,223</u>
Net Book Value at 31 March 2014	<u>66,116,223</u>
Net Book Value at 31 March 2013	<u>65,556,446</u>
The valuation at 31 March 2014 comprises:	
Exhibits	35,133,903
Fine and decorative arts	19,329,457
Archives, photographs, film and sound	10,499,951
Printed books	<u>1,152,912</u>
	<u>66,116,223</u>

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(b) Five year financial summary of heritage asset transactions

	2014	2013	2012	2011	2010
	£	£	£	£	£
<u>Additions</u>					
Purchases	103,183	21,561	44,284	14,728	241,772
Donations	467,245	-	49,615	49,270	46,267
Total Additions	<u>570,428</u>	<u>21,561</u>	<u>93,899</u>	<u>63,998</u>	<u>288,039</u>
<u>Disposals</u>					
Carrying Value	10,651	3,035	33,242	131,982	104,214
Sale Proceeds	-	161	70,760	44,381	22,249

Donations for 2014 represents 9,000 items relating to the Indian Army (see Note 17).

(c) Grant Received

During the year the Museum received grants towards the purchase of items for its collection of £117,000 (2013 - £117,000). These grants were used to fund the purchase of heritage assets noted above with any unspent grants being carried forward to fund future acquisitions. The total of grants carried forward at 31 March 2014 is £284,395 (2013 - £270,578).

10. Unlisted Investments	Group 2014 £	Charity 2014 £	Group 2013 £	Charity 2013 £
Investment in subsidiary undertaking (note 10a)	-	1	-	1
<u>Other investments</u>				
Market value at beginning of year	209,322	209,322	188,215	188,215
Add: acquisitions at cost	-	-	-	-
Less: disposals	-	-	-	-
Net unrealised investment (loss)/gains	<u>13,062</u>	<u>13,062</u>	<u>21,107</u>	<u>21,107</u>
Market value at end of year	<u>222,384</u>	<u>222,384</u>	<u>209,322</u>	<u>209,322</u>
Total unlisted investments	<u>222,384</u>	<u>222,385</u>	<u>209,322</u>	<u>209,323</u>

Other investments consist of investments in collective investment schemes. The historic cost of these investments was £111,114 (2013 - £111,114).

10a. Investment in Subsidiary Undertaking

Investment in subsidiary undertakings represents the charity's interest in 100% of the issued share capital of National Army Museum Trading Limited which is incorporated in England and Wales and operates a souvenir shop and other trading activities for the Museum. The company's aggregate capital and reserves were as follows:

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The assets and liabilities of the subsidiary were:	2014	2013
	£	£
Fixed assets	-	1,484
Current assets	219,385	192,972
Creditors: amounts falling due within one year	(219,384)	(192,971)
	<u>1</u>	<u>1,485</u>
	2014	2013
	£	£
Share capital	1	1
Profit retained in subsidiary	-	1,484
	<u>1</u>	<u>1,485</u>

A summary of the Company's trading results is shown in note 10b. Audited accounts will be filed with the Registrar of Companies.

10b. Income from Trading Company

The Consolidated Statement of Financial Activities includes the result of the trading subsidiary as follows:

National Army Museum Trading Limited

	2014	2013
	£	£
Turnover	554,613	508,687
Cost of sales and administrative expenses	(422,132)	(422,938)
Interest receivable	55	48
Charitable contribution under Gift Aid	(134,020)	(86,009)
	<u>(1,484)</u>	<u>(212)</u>

11. Debtors

	Group 2014 £	Charity 2014 £	Group 2013 £	Charity 2013 £
Trade Debtors	16,531	9,943	7,228	2,237
VAT Debtor	125,649	128,794	262,261	265,907
Prepayments and accrued income	206,180	205,273	293,144	291,578
Amounts Due From Subsidiary				
Undertaking	-	43,526	-	58,740
Gift Aid Payment Due from Subsidiary Undertaking	-	134,020	-	86,009
Other Debtors	9,630	6,503	4,424	-
	<u>357,990</u>	<u>528,059</u>	<u>567,057</u>	<u>704,471</u>
Debtors Comprise:				
Other Central Government Bodies	125,657	128,794	262,269	265,907
Local Authorities	128,972	128,972	126,308	126,308
Public Corporations	648	648	951	951
Bodies External to Government	102,713	269,645	177,529	311,305
	<u>357,990</u>	<u>528,059</u>	<u>567,057</u>	<u>704,471</u>

NATIONAL ARMY MUSEUM

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12. Cash	Group 2014 £	Charity 2014 £	Group 2013 £	Charity 2013 £
Unrestricted Funds	1,158,353	994,451	1,004,420	892,939
Restricted Funds	739,355	739,355	650,659	650,659
Grant-In-Aid operating account	395,387	395,387	96,961	96,961
Grant-In-Aid exhibits reserve	285,400	285,400	271,261	271,261
	<u>2,578,495</u>	<u>2,414,593</u>	<u>2,023,301</u>	<u>1,911,820</u>

Cash consists of balances with UK commercial banks and small amounts of cash in hand.

13. Creditors: Amounts falling due within one year	Group 2014 £	Charity 2014 £	Group 2013 £	Charity 2013 £
Trade Creditors	21,672	21,030	11,227	9,863
Other Creditors	-	-	361	361
Accruals and deferred income	191,568	153,515	235,514	192,300
	<u>213,240</u>	<u>174,545</u>	<u>247,102</u>	<u>202,524</u>

Creditors Comprise:

Public Corporations	296	296	-	-
Bodies External to Government	212,944	174,249	247,102	202,524
	<u>213,240</u>	<u>174,545</u>	<u>247,102</u>	<u>202,524</u>

14. Restricted Funds

	Balance 1 April 2013 £	<u>Movement in Resources</u>			Balance 31 March 2014 £
		Incoming £	Outgoing £	Transfer £	
NAM Land and Buildings	18,338,482	-	(1,384,994)	-	16,953,488
Leinster Regiment Museum Fund	5,759	-	-	-	5,759
Indian Divisions Memorial Fund	15,929	199	(68)	-	16,060
Middlesex Regiment Account	156,414	2,858	(169)	-	159,103
CCP Lawson Bequest	129,972	16,274	-	-	146,246
WRAC Association Account	15,428	338	(121)	-	15,645
NAM Building Appeal Fund	8,010	-	-	-	8,010
Bufs' Collection Fund	107,464	190	-	-	107,654
War Memorial Fund	29,259	18	-	-	29,277
Other Restricted Grants and Donations	1,732,536	-	-	-	1,732,536
NAM Building for the Future Fund	652,558	266,809	(182,436)	-	736,931
Waterloo Bicentenary	-	5,226	(5,077)	-	149
Brothers in Arms (Esmée Fairbairn)	-	4,171	(4,171)	-	-
	<u>21,191,811</u>	<u>296,083</u>	<u>(1,577,036)</u>	<u>-</u>	<u>19,910,858</u>

The NAM Land and Buildings Fund represents the net book value of land and buildings. These assets were funded entirely by public donations in the period leading up to and after the acquisition of the lease and the building of the Museum in 1967.

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The Leinster Regiment Museum Fund was established with the object of the maintenance of the memorial and chattels for the former Prince of Wales's Leinster Regiment (Royal Canadians).

The Indian Division Memorial Fund was gifted to the Museum in 1988 for the purchase and maintenance of military exhibits connected with the pre-partition Indian Army and the Indian Division of World War Two.

The Middlesex Regiment Account is for the upkeep and maintenance of Middlesex Regiment Memorabilia.

The CCP Lawson Bequest is for the upkeep of the articles forming the bequest. Any surplus income to be used for the purchase of exhibits.

The WRAC Association Account was transferred to the National Army Museum along with the regimental collection in 1993 when the WRAC Museum was closed and is for the general upkeep of this collection.

The NAM Building Appeal Fund has been set up to assist with the cost of future building work at the Museum.

The Buffs' Collection Fund is to be used for the maintenance and display of Buffs' collection.

The War Memorial Fund represents amounts received towards the ongoing upkeep and maintenance of the memorial, which was donated to NAM by the Consignia Heritage Board.

Other restricted grants and donations represent amounts received from the National Army Museum Development Trust and other parties in connection with grants for capital expenditure.

NAM Building for the Future Fund represents monies allocated for capital expenditure and refurbishment of the Museum's buildings.

The Brothers in Arms Esmée Fairbairn Fund is to be used to research the NAM's Indian Army collection, and to digitise related objects within the collection.

The Waterloo Bicentenary digital legacy creation is a joint project with Waterloo 200 and Culture24 and is funded by the Heritage Lottery Fund.

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15. Analysis of Net Assets Between Funds

Group	Tangible and Heritage Fixed Assets £	Investments £	Other Net Assets £	Total 2014 £	Total 2013 £
<u>Restricted Funds</u>					
NAM Land and Buildings	16,953,488	-	-	16,953,488	18,338,482
Leinster Regiment Museum Fund	-	-	5,759	5,759	5,759
Indian Divisions Memorial Fund	1,882	4,373	9,805	16,060	15,929
Middlesex Regiment Account	16,544	92,394	50,165	159,103	156,414
CCP Lawson Bequest	-	118,162	28,084	146,246	129,972
WRAC Association Account	-	7,455	8,190	15,645	15,428
NAM Building Appeal Fund	-	-	8,010	8,010	8,010
Bufs' Collection Fund	16,186	-	91,468	107,654	107,464
War Memorial Fund	-	-	29,277	29,277	29,259
Other Restricted Grants and Donations	1,634,086	-	98,450	1,732,536	1,732,536
NAM Building for the Future Fund	-	-	736,931	736,931	652,558
Waterloo Bicentenary	-	-	149	149	-
Brothers in Arms (Esmée Fairbairn)	-	-	-	-	-
	18,622,186	222,384	1,066,288	19,910,858	21,191,811
Unrestricted Funds	63,691,037	-	866,259	64,557,296	64,487,581
Restricted Grant-In-Aid Funds	2,498,908	-	835,560	3,334,468	3,205,364
	84,812,131	222,384	2,768,107	87,802,622	88,884,756

Charity

For the Charity the analysis of restricted funds is as for the group above.

Unrestricted funds comprises:

	£
Tangible and heritage fixed assets	63,691,037
Investments	1
Other net assets	866,259
	<u>64,577,297</u>

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16. Operating Lease Commitments

At 31 March 2014, the Museum had annual commitments under non-cancellable operating leases as follows:

	2014	2013
	£	£
Operating leases expiring:		
Land and buildings:		
over five years	192,391	192,391
Other:		
within one year	983	-
within one to five years	3,917	7,391

17. Related Party Transactions

National Army Museum Trading Limited

The relationship of the Museum to the Company is disclosed in note 10a, and the balances due from the company at the year end are disclosed in note 11. Mrs Murray and Mr Bradley are directors of National Army Museum Trading Limited and also Members of Council or the Management Team of the Museum.

National Army Museum Foundation

The National Army Museum Foundation was incorporated under the Companies Act 2006 as a private company limited by guarantee on 6 February 2013, number 8191033. The Foundation is charged with raising funds to support the development of the National Army Museum. There were no transactions between the National Army Museum and the National Army Museum Foundation during 2013/14.

National Army Museum Development Trust

The National Army Museum Development Trust ("the Trust") is a registered charity, number 278939, connected with the Museum. The principal address of the Trust is care of the National Army Museum, Royal Hospital Road, London, SW3 4HT.

The funds of the Trust may be applied, at the discretion of the Trust's trustees, to further the charitable purposes of the Museum or other charitable purposes or institutions. The trustees may not, unless they see special reason, make a payment to the Museum without specifying the particular purpose for which it is to be used, being a purpose for which public funds are not expected to be available. The National Army Museum received a grant from the Trust during 2013/14 of £Nil (2012/13 £47,783).

The balance of funds held by the Trust at 31 December 2013 was £1,442,655 (31 December 2012 £1,220,466). The control and administration of these funds remains, at all times, the full responsibility of the Trust's trustees.

Friends of the National Army Museum

During the year the National Army Museum received a grant of £50,000 (2012/13 £50,000) from the Friends of the National Army Museum, a registered charity number 234325. The control and administration of these funds remains, at all times, the full responsibility of the Friend's trustees.

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2014

Ministry of Defence

The National Army Museum is classified for administrative purposes by the Ministry of Defence (“the MOD”) as an Executive Non-Departmental Public Body which it sponsors. The MOD is regarded as a related party. Grant-in-Aid funding from the MOD is separately disclosed in the Statement of Financial Activities.

Field Marshall Sir John Chapple GCB CBE DL

During the year the National Army Museum received a generous donation from Sir John Chapple in relation to 9,000 items relating to the Indian Army. This donation is included in Incoming Resources as an unrestricted donation. Field Marshal Sir John Chapple is an Honorary Vice Patron of the National Army Museum and served on the Council of the Museum from 1981 to 2003.

18. Capital Commitments

	2014	2013
	£	£
Authorised at 31 st March 2014 but not contracted for	19,000,000	-

The above commitments relate to building work to be undertaken as part of the Building for the Future project in respect of which no amounts are currently contracted.

19. Post Balance Sheet Events

On 1st May 2014 the National Army Museum temporarily closed to the public in order to undertake major refurbishment works. This resulted in an impairment to the carrying value of tangible fixed assets which has been adjusted for in these financial statements. Details of the impairment are shown in Notes 6 and 8.

The annual report and financial statements were authorised for issue by the Accounting Officer on the date that the audit certificate was signed by the Comptroller and Auditor General.