

NATIONAL  
**ARMY**  
MUSEUM

**NATIONAL ARMY MUSEUM**  
**REGISTERED CHARITY NUMBER 237902**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**31<sup>st</sup> MARCH 2020**

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Presented to Parliament pursuant under the Government Resources and Accounts Act 2000

Ordered by the House of Commons to be printed on 23 November 2020

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ISBN 978-0-901721-49-5

**NATIONAL ARMY MUSEUM**  
**TRUSTEES REPORT AND REPORT OF COUNCIL**  
**YEAR ENDED 31ST MARCH 2020**

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**REFERENCE AND ADMINISTRATIVE INFORMATION**

**Introduction**

The accounts of the National Army Museum (NAM) are presented for the financial year ended 31st March 2020. 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).

**Address and principal office of the Museum**

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**Professional Advisers**

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**PERFORMANCE REPORT**

OVERVIEW

**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 (GiA), made through the Ministry of Defence (MoD), is administered by the Director of the Museum on behalf of the governing body, the Council of the National Army Museum.

**Social Investment and Public Benefit**

The Council of the Museum recognises its responsibilities with regard to social investment and public benefit. The Museum pays due regard to the Charity Commission guidance in particular PB1, PB2 and PB3. The following sections of these accounts show that commitment to the investment and how the Charity Commission guidance has been complied with.

**Overall 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 2018 the Museum undertook a review of its operations and produced a Strategic Plan which is used as a basis for future Business Plans. This review had a single aim, to stabilise the Museum in order to set the conditions for growth in 2019-20 and beyond. In addition, the Museum updated its Mission and Core Values as well as introducing a series of values and outputs:

Mission

'To tell the story of Our Army and the people who have served in it. To inspire, engage and educate through our world class Museum and Collections.

The current Strategic Plan has five key 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.

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Values

Integrity, Rigour, Empathy, Creativity, Teamwork, Accessibility

Outputs

The Museum's main sponsor department, MoD, provides Grant-in-Aid to NAM for three reasons. Firstly, it wants to engage and inspire the public with the story of Our Army. Secondly, it expects NAM to support the education and research of those with an interest in British military history. Thirdly, it views NAM as a place where the historical provenance of the Army's values and ethos are explained using history and the stories of those that have served. NAM fulfils its objects and meets the Army's needs by providing two outputs:

- Output 1: Museum in London with free access to the public that tells the story of Our Army and the people who served in it.
- Output 2: Institutional historical research service that is accessible to the public.

The Business Plan has five Key Strategic Objectives:

- Strategic Objective 1: - Connect the British public to the story of Our Army
- Strategic Objective 2: - Become the leading authority on the history of Our Army
- Strategic Objective 3: - Safeguard and make accessible our collections and expertise to the widest possible audience
- Strategic Objective 4: - Enable and support networks of military museums and heritage organisations in the UK
- Strategic Objective 5 - (Primary Enabling Objective): Build greater financial resilience and sustainability

**Achievements, Objectives and Performance for the Year**

The Council of the National Army Museum continues to believe that the most important objective for the Museum is to provide the increase the widest possible access to its Collections to include those on display at Chelsea, and at its Reserve Collection store at Stevenage which while maintaining the security of the Collections have been adapted to allow greater controlled access via an appointment system with the expert subject matter staff.

Chelsea

The Museum at Chelsea has continued to be the focus of attention for the Management Team in an effort to increase visitor numbers and visitor related income. This has been helped by a vibrant programme of temporary exhibitions.

These have included 'The Art of Persuasion: Wartime posters by Abram Games' in the main exhibition space (6 April – 24 November 2019). The smaller Focus Gallery included a number of exhibitions. These included 'Rise of the Lionesses: 70<sup>th</sup> Anniversary of the Women's Royal Army Corps' (28 June – 20 October 2019) which also coincided with the centenary of the establishment of the Women's Army Auxiliary Corps Association. The Women's Royal Army Corps Association also generously supported the exhibition. This was followed by 'Danger Tree' (1 November – 5 January 2020) an immersive exhibition which used digital technology to uncover layers of information associated with oil paintings. The final exhibition of the year 'Tribute Ink', opened on the 31<sup>st</sup> January 2020. This was a joint touring project between the Royal British Legion and the National Memorial Arboretum which the Museum was delighted to host. A reception to launch the exhibition was very successful and was introduced by a number of people, including the Army Sergeant Major, who brought his own knowledge of the topic to bear on a growing part of the Army's culture.

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Stevenage

During this year over 500 objects have been produced for researchers on booked visits to the Museum's Collection Centre at Stevenage. In addition, a monthly scheduled tours programme commenced, which provided the general public with the opportunity to undertake a guided visit and understand the behind the scenes work which takes place there. The Stevenage offer has also been designed to provide support to both the membership and patrons programme, whereby bespoke and unique experiences can be delivered as a benefit to people in either of those schemes.

Key Risks and Reserves

The operational budget for the NAM for 2019-20 before depreciation of assets was £7.5m the majority of which is funded annually via Grant-in-Aid (GiA) from its Sponsor Department - MoD.

The risks to the Museum are regularly reviewed by the Senior Management Team and the Performance, Audit & Risk Assurance Committee (PA&RA). Throughout the period of this report it was recognised that the greatest potential financial risk to the Museum was the level of settlement of the Final Account for the redevelopment project. However, this was finally settled in March at below the proposed Final Account valuation, thus removing this item from the Risk Matrix.

The main risk remaining on the Risk Matrix albeit a very low-likelihood, would be the withdrawal of MoD/GiA funding. The Museum remains largely funded from GiA from the MoD and as such should this happen it would present the Museum with major concerns. There are no indications from the Sponsor Department that this option is being considered and the Museum has received repeated assurances of ongoing funding and as such the Museum expects to be in a position where it can continue to operate effectively and grow. The removal of this funding and, if no alternative was secured, would have immediate consequences for the Museum, resulting in its closure within a three-month period.

However, and recognising this second risk, the Museum's Reserves Policy has been developed in accordance with guidance from the Charity Commission detailed in its publication 'Charity Reserves: building resilience' and to meet the requirements of SORP 2019 (FRS 102). This policy recognises the cost of closure, including external contracts, local authority rates, utilities, staff salaries (including redundancy costs for those staff not paid via MoD). This policy assumes that those staff currently on analogous terms to Civil Service pay and conditions and currently paid through MoD, would continue to be funded through to closure by the Sponsor Department, this would include the liability for any redundancy costs. The settling of the redevelopment Final Account in March 2020 now allows the Museum to work towards building the Museum's Unrestricted Reserves to £1,000,000. It is the NAM Council's view that this Reserves Policy will provide the Museum with adequate financial stability and the means for it to meet its charitable objectives and operational expenditure for at least three months.

At the end of the Financial Year, the Museum like other similar institutions suffered lockdown due to the outbreak of Covid-19. This meant that the Museum's trading arm, NAMTL is now forecast to make a loss in the current year from the originally projected surplus. This has been fed into the NAM group budget with a very rapid reforecasting of the previously agreed forecast budget for 2020/21 carried out and approved by the NAM Council.

It was recognised very early on in lockdown that this could be for an extended period, and the Museum would require many actions to be carried out so that whenever the Museum was able to re-open it was done in a Covid-19 secure way. Following the advice of government and Public Health England (PHE) the Museum carried out several actions. These included:

- Risk Assessment carried out under the guidance issued by the Health and Safety Executive which is placed on the Museum's Intranet and Website;



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- Because the amount of stored water that would be used by visitors was dramatically reduced, the Museum put in place a regime of turning over water overnight, minimising storage and the regular disinfection of water supplies. This was done to ensure that any possibility of a Legionella outbreak from stored water was minimised/contained. Subsequently, the Museum also installed a treatment plant to maintain the safety of the water supplies;
- Deep cleaning regime was carried out continually during lockdown period;
- The Museum maximised the use of mobile/home working for all staff with just a small team of core key workers (mainly Finance and Facilities) working on the Museum premises. The home/mobile working was carried out utilising the Museum's pool of laptops (with additional purchases from savings achieved in the reforecast budget), ipads (previously used by the public for learning sessions) and with a wide use of Zoom and Teams conference calls.

#### *Current Position*

#### *Restricted Reserves*

NAM currently holds a Restricted Reserve, excluding land and buildings and heritage assets, of £474,000 (2018-19: £681,000) to support specific elements of acquisition, care or display of collections or specific projects supporting educational, research or outreach activity.

#### *Unrestricted Reserves*

The current cash and cash equivalent value of Unrestricted Reserves shows a surplus of £97,000 compared to a deficit of £154,000 at the end of the previous year, an improvement of £251,000 over the year.

#### *Oversight*

The Council of NAM, via its PA&RA Committee, reviews the level of funds in both Restricted and Unrestricted Reserves four times a year. The Policy is reviewed annually at the Council's autumn meeting, prior to the Business Plan for the following year being finalised.

#### *Delegated Authority to utilise Reserves*

The Director as Accounting Officer has the delegated authority to utilise both Unrestricted and Restricted Reserves within his delegated financial limits. Any expenditure beyond these limits is to be referred to NAM Council for confirmation.

#### **Assessment of Going Concern**

Covid-19 has impacted heavily on the Museum and its operations. Since the Museum re-opened on 7 July, we have seen visitor numbers reduce by approximately 85% on pre-COVID levels. It is envisaged that, although there may be a slight recovery in 2021 estimated at approximately 50%, there may not be a full recovery until late 2022.

Once the Covid-19 lockdown occurred, the NAM/NAMTL group projected a loss of income from its 2020-21 budget of approximately £536,000. In order to ensure financial stability the Museum has reforecast across its budgets and cashflows to March 2022. This reforecast was reviewed and approved by NAM Council. NAM continues to monitor its budgets and cashflows as and when further government and PHE advice is received.

The National Army Museum remains a going concern for the foreseeable future. This is evidenced by the support it has received historically and continues to receive with its allocation of GiA. Further evidence of support is contained in the letter of support from the Sponsor Department dated 23 September 2020.

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The revised Financial Framework document agreed between NAM and the Sponsor Department on change of Director in 2018 further evidences the Sponsors continuing support. The Museum received its full allocation of the GiA control total for 2019-20 and has received confirmation of continuing GiA funding for 2020-21 of £6,678,000 together with an ongoing commitment for 2021-22.

**PERFORMANCE ANALYSIS**

**Strategic Objective 1:**

**Connect the British Public to the Story of Our Army**

**1.1.1 Refining Museum Gallery Displays**

Work has continued to refine the gallery displays and more strongly link the interior of the Museum with Our Army. During this year this has included the installation of a Second World War tracked Universal Carrier into the Foyer area, to link with the 75<sup>th</sup> Anniversary of the D-Day landings and start of the Normandy campaign. This was moved to the entrance of the Soldier Gallery, and replaced with a Fox Armoured Reconnaissance Vehicle and large section of the Berlin Wall ahead of the Museum's opening of the major exhibition 'Foe to Friend' which was in preparation during the course of the year.

Resources were constrained and limited the degree of work that was carried out in-year to improve the current displays however, the Museum did carry out a considerable amount of work in different areas of the Museum.

Activities for 2019-20 included:

- The continued refinement of several displays within the permanent galleries;
- Installation of Army Headdress display and display of Rory Lewis photographs in the Foyle centre;
- Display of additional objects and paintings from the collection on the 4<sup>th</sup> floor balcony and in the Boardroom so that they reflect the richness of Our Army's heritage and have an impact on our guests.

**1.1.2 Maximising Museum Footfall**

In order to have maximum public impact, the Museum in 2018-19 agreed to develop and pursue a broad public offer that is balanced in its appeal to different generations and levels of knowledge. The Museum delivered this in 2019-20 by producing a public programme which was audience focussed in order to drive regular attendance and attract new audiences. The Museum's over-arching Public Programme delivered in excess of 32,000 visitors in the year. Particular highlights include the newly introduced Spotlight Saturday's which delivered 5,700 visitors and the firmly established Friday Insight Programme which delivered 3,735 visitors. The Museum continued to partner with others, e.g. Royal British Legion to support the events programme and installed their Tribute Ink temporary exhibition.

**1.1.2.1 Army and Veteran Groups:** Working with the Army, regimental associations and veterans' groups, NAM Army and Veteran groups produced 1,277 visitors this year.

**1.1.2.2 Schools:** NAM's curriculum-linked schools programme offers exciting ways for children from Key Stage 1 to 5 to engage with inspiring stories from the collection. Workshops have been developed to fit the requirements of the National Curriculum, while exploring inspiring stories about Our Army from the collection using real and replica artefacts to help connect pupils with the past. History and humanities-focussed workshops reinforce the importance of understanding the relationship between the story of Our Army and society today. In addition to formal learning programmes with schools, the Museum learning team has run an active dementia programme with pensioners at the Royal Hospital Chelsea. They have also developed two costumed interpreter characters this year which included Walter Tull, a professional footballer and officer in the Middlesex Regiment during the First World War, and a Second World War nurse.

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Additionally, the Arts Award programme has been developed with schools to enable young people to use the Museum's subject to inspire their arts and leadership talents. Overall school visits were 11,022 in the year.

1.1.2.3 Other Groups: Ad hoc guided museum tours which were not part of the public programme of events attracted 266 visitors this year.

1.1.2.4 Family Activities: Family activities ran throughout the year with a focus on school holiday periods and incorporating family activity into larger Museum planned events such as the Spotlight Saturday programme. Family activities generated 8,000 visitors over the course of the year.

1.1.2.5 Special Events: The Museum ran a number of special events throughout the year, including the Spotlight Saturday programme which was established this year. Putting either key anniversaries or Army specialisms in focus. Running bi-monthly, these events generated 5,700 visitors. In addition to this programme, the Museum participated in the inaugural Chelsea History Festival - a partnership with the Royal Hospital Chelsea and Chelsea Physic Garden. The programme consisting of a series of talks, musical performances and family friendly activity and sought to act as a place to pause, reflect and celebrate our past. This well received event produced 10,000 visitors across the festival period and going forward will continue annually in the Autumn each year.

1.1.2.6 Special Exhibitions:

This year NAM continued the combination of a major exhibition alongside a minor exhibition, supported with continuing development of our *Explore* series of digital military history content. The piloting of major and minor exhibitions which was agreed in 18/19 has allowed the Museum to develop a sustainable rhythm of one major exhibition per year of 450m<sup>2</sup> and two smaller exhibitions each of 50m<sup>2</sup>. The Museum's major exhibition, *The Art of Persuasion* attracted 11,343 visitors over the eight months that the exhibition was open. This was to be followed in January/February 2020 by the *Kingsman Experience* in collaboration with Disney and 20<sup>th</sup> Century Fox. This was unfortunately delayed until September 2020 partly as a result of the closure of the Museum and also the decision by the film studio to delay the release of the latest *Kingsman* film.

In addition, smaller exhibitions and "pop up" displays in the foyer and atrium area, which have been either hosted or produced internally have been accommodated. These included:

- D-Day travelling exhibition;
- D-Day photographic display;
- A collaboration with the Polish Embassy in a pop up exhibition;
- *The Rise of the Lionesses* in collaboration with the WRAC Association;
- *Danger Tree*;
- *Tribute Ink* in collaboration with the Royal British Legion;
- Army Photographic competition, 10 years of winners and awards ceremony.

1.1.2.9 Venue hire generated visitors of 6,036, attracting bookings from Army and Armed Forces charities and associations, government departments, corporate organisations and private individuals.

1.1.2.10 General Museum visits were 104,410, 43% of the total audience and up from 94,644 for the previous year.

1.1.2.11 Physical Outreach – The Museum's extensive handling collection and pop-up exhibitions are used to connect audiences from a wide cross-section of society, including the Army community itself, with the history of Our Army. The Museum has continued to work with particular emphasis on diverse communities with strong historical links with Our Army, such as the Indians, Pakistanis, Somalis, East and West Africans. This has proved particularly useful when researching the collections.

1.1.2.12 Public Outreach: NAM attended the Royal Military Academy Sandhurst (RMAS) Open Day in June 2019 with a pop-up display which reached over 10,000.

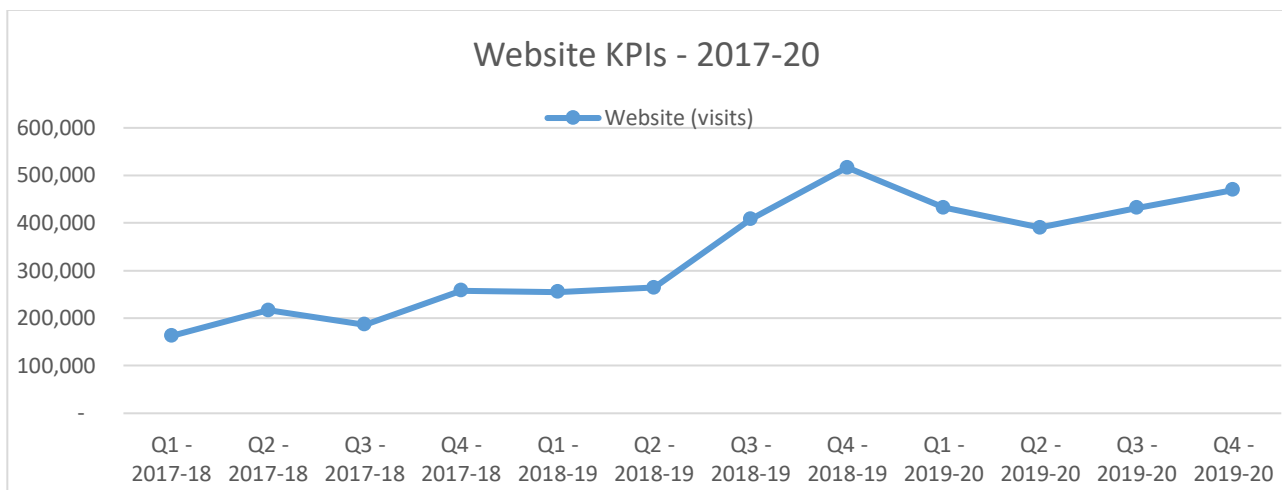
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1.1.2.13 Sandhurst: NAM has worked closely with RMAS and the Sandhurst Trust to completely refurbish the Indian Army Memorial Room. This included a completely revised picture hang, and new displays of silver, badges and medals. The room was formally re-opened in September 2019 with guests which included the representatives from all of the linked nations from the Indian sub-continent. A further phase of work saw the west corridor of Old College completely re-hung in March 2020, with a selection of prints and photographs, and memorial plaques relating to the Punjab Frontier Force. The revitalising of Sandhurst has drawn an audience of over 10,000 visitors in 2019-20 despite it being “behind the wire”.

1.1.2.14 Army Outreach: NAM has continued to work with the serving Army and has curated and displayed several pop up exhibitions at MOD Main Building, the Royal Military Academy Sandhurst, Army Headquarters, Home Command. It is not possible to quantify visitors to these displays as they are under the control of the Army.

1.1.2.15 Digital Outreach

Following the Museum’s re-opening in 2017 website visits have continued to grow year on year as indicated below:



It has been another record-breaking year for website engagement, with the Museum achieving an overall figure of 1,723,206, which represents an increase of 15% on the forecast and a 19% increase on last year’s previous record breaking year. See table below.

	2019/20 Forecast	2019/20 Actual
Website Visits	1,500,000	1,723,206

The main success story of this year has been the growth in visits to the Explore section of the website, the significant increase in digital visitors both visiting these pages whilst also reading to the end of the articles demonstrates that the website is becoming increasingly valued as a destination for quality content on the history and traditions of Our Army

Digital advertising continues to be a useful and cost-effective part of our media campaigns – as we trial different content and messaging across different formats and learn more about which platforms work best for which proposed outcome – e.g. conversion, click-through or prospecting/awareness-building.

Overall social media impressions for the year are slightly below last year. This is impacted by a number of factors, including volume, algorithms and spend (paid vs organic activity). And while there has been a drop in the total number of engagements, the number of engagements per message has increased on last year, as a result of working closely with partners (e.g. Army, TRBL etc). Although new social media followers have dropped, this is primarily on Facebook (still the Museum’s most successful channel) and is partly due to saturation of the channel alongside other more popular channels e.g. Twitter and concerns over privacy and data sharing scandals.

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This year saw the Museum pilot a closed community project with the WRAC, this high engagement and interaction project was successful in developing a dedicated audience. This project was completed in conjunction with the Collections Division and also assisted in both identification of objects and the on-going collecting work of the Museum.

As part of the partnership with the Royal Hospital Chelsea and The Chelsea Physic Garden in producing the inaugural Chelsea History Festival the NAM website also hosted content for the Chelsea History Festival. In addition the Web team also led on the creation and development of the Chelsea History Festival website.

#### **1.1.2.16 Marketing and Communications**

The Museum's marketing, advertising and communications activity continued to be mainly focussed around tactical campaigns, featuring our exhibitions, our public programme activity and also key events and anniversaries as the Museum was not in a position to complete a brand campaign this year.

The Art of Persuasion exhibition was supported by above and below the line content, which allowed us to focus our messaging on different target audiences. This approach allowed us to attract new audiences to the Museum with 65% of attendees to the exhibition being first time visitors.

The Summer Mission campaign was continued this year. This year's theme was Fun and Games, drawing its inspiration from The Art of Persuasion exhibition with a number of different activities through the course of the school holiday period. We also ran targeted family campaigns to drive repeat attendance. Family attendances continued to grow at the Museum with family audiences accounting for 22% of overall visitors last year. The summer campaign was also supported by the tank challenge activation which took place at Victoria Train Station, Duke of York Square and also within the Museum itself.

Partnerships have proved both to be useful and successful ways for the Museum to amplify its messaging and reach out to new audiences. Working in close partnership with the Royal British Legion (RBL) we were able to deliver an exciting launch event, capture new press attention and create a combined social and digital campaign that attracted a new audience for the Museum. We also then supported a successful Tribute Ink Late event in early March, which despite the impending advance of Covid-19, attracted almost 300 visitors, again many of them first-time visitors to NAM. Alongside the work with the RBL, we also gained fantastic reach working with the Army to deliver the Army Photographic & Film Competition Awards and pop-up exhibition. This gained TV coverage across a number of news channels including on ITV's Lorraine show, and was shared and commented on successfully across social media.

Our benchmarked brand awareness survey has shown that much of this activity is starting to have greater impact with our audiences, with our awareness growing 16 percentage points year-on-year from 24 to 40%.

### **Strategic Objective 2:**

#### **Become the leading authority on the history of Our Army**

Establishing NAM as the leading authority on the history of Our Army is a journey that will take years, not months. It will also be something that can only be achieved by working in partnership with other institutions. A detailed four-year plan has been developed. Activity for this year can be grouped into the following areas.

##### **2.2.1 Research and Collections Advisory Group**

The group has continued to meet during this year and has been consulted on a number of areas including the academic programme, and the refurbishment of the Museum's permanent galleries. This has included the new Master Narrative for the Museum, which will provide a consistent framework against which the Museum can undertake a whole range of activity – from the exhibitions programme, through to gallery refurbishments. This year this has included the review of the text for the Museum's Insight Gallery, which will form the first component of the Museum's permanent gallery renewal programme. In addition, the former Head of Research and Academic Access now retains a role as Curator Emeritus, providing coaching and mentoring to colleagues, as well as important links back to institutional knowledge.

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2.2.2 Academic Partnerships

Partnerships have continued to develop very positively with the University of Kent where a Massive Open Online Course (MOOC) ‘The British Army 1815-1945’ was developed. A project with the University of Roehampton to record the memories of veterans from the Korean War was also successfully completed. The Post-Doctoral Research fellowship with Cambridge University was also established to enable a research project around the British Indian Army to be started.

A bi-annual meeting with the Historical Branch (Army) is also now programmed, enabling the Museum to understand and engage with that part of the Army’s activity.

2.2.3 Regimental and Corps Museums

The National Army Museum Regimental Museums Liaison team continued to build on its work in 2019-20. The annual Regimental Museums conference is now firmly embedded within the Museum calendar and is designed around the needs of the Regimental and Corps Museums community. Further explanation of this team’s work is indicated under Strategic Objective 4.

2.2.4 Templer Study Centre

Visits to the Templer Study Centre have been maintained this year, with a more active and co-ordinated activity on strengthening the Museum’s printed books collections. In addition, physical changes to the space occupied by the centre have taken place. This includes the creation of a new space for general reading and where small meetings and seminars can be held. It includes furnishings and bookshelves on open access, which hold a broad range of books for general reading. The new space is now known as the Auchinleck Room. Both the Auchinleck Room and the existing reading room have been decorated with busts of military commanders, as well as a series of images depicting soldiers of the Empire and Commonwealth. The improvements were launched to the Museum’s Research and Collections Advisory Panel in January 2020.

2.2.5 Public Programme

The 2019-20 public programme has continued to develop and broaden. As well as the well-established ‘Friday Insights’ series regular evening events have been held during the week. At weekends a new strand of programming, ‘Spotlight Saturdays’ have been very successfully introduced. These have used a number of different themes which have been exploited by a wide range of activity, ranging from the very active participation of the Army, family programming to include younger visitors, as well as talks, lectures and collections-related activity. To date these have included a diverse range of subjects including cavalry, military medicine, the Royal Engineers. The Museum also participated in the Royal Armoured Corps 80<sup>th</sup> Anniversary activity, including the hosting of a Challenger 2 Main Battle Tank (MBT) which was safely and skilfully positioned outside of the Museum entrance on the day of the anniversary.

2.2.6 Venue of Choice for Subject Matter Expert Groups

The Museum established itself as a preferred London venue for military museums and other institutions that are involved with the study, research and communication of the history of Our Army. The Army Museums Ogilby Trust (AMOT), Society for Army Historical Research, The Centre for Historical Analysis and Conflict Research, British Council for Military History all hosted events at the Museum this year. In addition the Museum has also been successful in developing its relationships with the wider defence diplomatic community hosting events with the Embassies of Kosovo and Egypt as well as an event with the Bangladesh High Commission.

2.2.7 Book Launches

Private book launches attracted 451 visitors. Public Programme events, such as Friday Insights and Audience with the Author were also used as opportunities for book sales, with a total of 45 events held as part of the public

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programme which included the opportunity for additional book sales. Across all book launch activities 822 books were sold generating income in excess of £16,000.

#### 2.2.8 Conferences

Academic Conferences have also featured during the course of the year, either being organised by the Museum or in partnership with others. This year they included the conference ‘Propaganda: Persuasion, information, deception’ run by the Museum, which linked to the Museum’s special exhibition. The Museum also hosted the conference ‘End and beginnings: Legacies of the First World War’ in partnership with the British Commission for Military History (BCMh) and the Western Front Association (WFA). The Museum also hosted the annual general meeting of the Army Records Society (ARS) and maintains an active dialogue with the Society for Army Historical Research (SAHR).

#### 2.2.9 War Graves Adjudication Unit (WGAU)

Historically, since the foundation of the National Army Museum’s War Graves Adjudication Unit (WGAU) at the beginning of 2014, the aim has been for its researchers to complete and return to the Commonwealth War Graves Commission (CWGC) an average of fifteen verdicts a month in response to any cases of the apparent non-commemoration of eligible military personnel raised by members of the public. Over the period of this year the unit consisting of one full time member of staff, has received 82 non commemoration cases, 10 identification cases, 4 mis-identification cases and 2 General Register Office cases.

### **Strategic Objective 3:**

#### **Safeguard, and make accessible, our collections, and expertise, to the widest possible audience**

##### 3.3.1 Outreach

The Museum created a pop-up exhibition on the 75<sup>th</sup> Anniversary of the Normandy Campaign. It was sent to the MOD Main Building, Army Headquarters, Home Command and Cardiff Castle between June and December 2019. It is expected that these displays will have reached at least 10,000 members of the public, service personnel and families.

##### 3.3.2 Stevenage

In addition to the research visits and regular monthly visits which have taken place this year, the Museum has reached out to specialist groups with interests linked to those of the Museum. This has included both the Orders and Medals Research Society (OMRS) and the Military Historical Society (MHS).

##### 3.3.3 Collecting Development

The Museum is still in discussion with Equipment Support Branch in the MoD to obtain on loan current “in-service” iconic artefacts for display in the entrance area. Firm allocations of both a Lynx Mark 9 helicopter and a Challenger 2 tank have been made and plans for their display have been formulated. The Collections Development and Review Department manage the bulk of offers of material for the Museum collections and also review auction sales in both the UK and abroad to acquire material in line with the Museum’s Collections Development Policy.

##### 3.3.4 Collections Management and Care

The Museum Standards and Care team is now a well-established team, providing high professional standards to their areas of work. They have successfully managed the programme for loans, both in and out, and completed all required audit activity. The conservation function has been strengthened this year to enable one conservator to work on the exhibitions programme, and for the other to work on preventive conservation activity to include environmental monitoring and integrated pest management.

##### 3.3.5 Archives

This year the Museum achieved full Archives Accreditation with The National Archives (TNA) for the archives service. A firm relationship with Defence Business Services for the transfer of public records, not selected for preservation by The National Archives (TNA), is now in place. This has resulted in the acquisition of a number of different records and will provide a regular route to potential archive acquisitions. This year has also since the accession of the first tranche of the archive of the Coldstream Guards, which is being added to the permanent collections.

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**3.3.6 Notable Acquisitions**

The Museum was able to strengthen its collections with a number of important acquisitions. These included the Conspicuous Gallantry Cross medal group for Warrant Officer (Class 1) Terence Thompson for his gallantry in Iraq in 2004. The same category of material also included the Distinguished Conduct Medal to Corporal Tani, King's African Rifles for gallantry in Portuguese East Africa. The acquisition of the tricorne hat for Sergeant Bill Speakman VC, helped document the service of a well known Army veteran, for many years resident at the Royal Hospital Chelsea. Four important paintings by the artist A J Dubois Drahonet were purchased at auction in Paris, making an important addition to the two works of this accomplished artist, which were first added to the collections in the 1960s.

**3.3.7 Disposals**

The Museum has completed the repatriation of two locks of hair belonging to Emperor Tewodros II which were taken during the Abyssinian Campaign of 1868. The handover to the Minister of Culture was completed with a large event and ceremony at the Museum which was completed in the presence of many guests from the Ethiopian community. A visit from relatives of the Emperor to view our stored collections in Stevenage was hosted by Museum staff.

**3.3.8 Loans Out**

Loans out have continued to provide additional access to the stored collection. This year this included a section of the Berlin Wall which was loaned to the National Museum of Denmark, and a uniform loaned to the Museum of the American Revolution in Philadelphia. A loan of the painting 'King William III and his army at the Siege of Namur, 1695' by Jan Wyck (1645 (c)-1700), was made to Tate Britain for their well attended exhibition 'The Baroque Age in Britain 1660-1714'.

**3.3.9 Collections Audit**

The Museum's work around collections audit continues to grow, with fully completed procedures now available on the Museum intranet, and an associated training package, to ensure that this important activity is embedded in everyone's work. Targeted work around particular areas of the collection including the musical instruments collection and the uniform collection have resolved many discrepancies in documentation, located 'missing' objects and resolved documentation issues. A Documentation Plan now exists to enable targeted activity around parts of the collection where there is most need.

**Strategic Objective 4:**

**Enable and support networks of Military Museums and Heritage Organisations, in the UK**

**4.4.1 Support to Regimental and Corps Museums**

As a major part of the Museum's support to the Regimental & Corps Museums community, the NAM Regimental & Corps Museums Liaison team provided training on museum best practice for 214 curators throughout the UK in 2019-20.

In 2019-20 the Museum continued to expand its offer in response to the requirements of the network and organised 19 bespoke training courses for military collections, examples of which include:

- Regimental Curator's Course, a week-long course running twice annually in London in the spring and autumn
- Radiation Awareness & Supervisor courses, organised in partnership with Defence Science Technology Laboratory (DSTL)
- Textile Conservation Training
- Marketing for Military Museums course
- Fundraising Workshops
- Learning Services for Military Museums, one session organised in Edinburgh and a second in London
- Modes (Collections Management System) training
- Introduction to Preventative Conservation course
- Firearms in Museums training, three one-day courses organised in London and Leeds

The NAM Regimental & Corps Museums Liaison team dealt with an average of 19 enquiries per month and visited 12 museums in 2019-20 for advisory support.



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On a case-by-case basis, we will continue to act as expert advocates for Regimental and Corps Museums applying for and supporting grant applications. The Museum additionally continues to support regimental colleagues working alongside MOD Heritage Branch and the Army Museums Ogilby Trust.

#### 4.4.2 International Partnerships

The NAM has worked to develop international partnerships based on shared military heritage in 2019-20. This includes facilitating visits and exploring collaboration with military museums and relevant heritage organisations from France, the United States, Brazil, Poland, India and other countries.

In an example of this work in October 2019 the NAM ran the first ever International Military Museum Curator's Course in partnership with the United Service Institution of India (USI) and supported by the British High Commission. 27 people attended the course organised in Delhi in October 2019, representing military museums and collections from throughout India. The NAM has additionally worked with the USI on collaborative research initiatives, developing joint publications as well as contributing expertise to each other's public events and lecture programmes.

#### 4.4.3 Networks

The Museum has continued to work with Regimental & Corps Museum curators to establish and organise regional network hubs for military museums which aim to help them to share museum best practice, advice and guidance relating to the military museums sector, as well as exploring the potential for sharing resources and collaborative initiatives. The Museum encourages each network to initiate at least one joint project within the next year and NAM assists with project planning, coordinating and seeking funding.

Examples of recent activity within these hubs includes:

- London Military Museums Network: Developed a touring exhibition on the impact of the First World War in London using stories from the member museum's unique collections.
- Eastern Military Museums Network: The group has focused on joint-promotion through establishing social media accounts and is exploring other shared marketing options and resources.
- NAM is currently in discussion with the military museums in Northern Ireland to initiate a cross border Irish military museums network. Once this is established, there will be regional military museum networks covering the entirety of the UK.

The NAM additionally organises an annual conference specifically for UK Regimental & Corps museums on relevant sector updates, projects and military museum best practice. The 3<sup>rd</sup> annual conference was held in April 2019 and was the best-attended to date, with 130 attendees representing 72 different army museums in the UK. The conference included presentations from the V&A Purchase Grant Fund, the Royal British Legion, Art Fund as well as from other military museums in the UK.

#### 4.4.4 Digitisation

The departure of two Museum photographers this year has created the opportunity for the Museum to refocus the way that digitisation work can be undertaken. A new system to request photography was introduced, to enable requests to be managed against longer term projects. The Field Marshal Sir John Chapple collection continues to make solid progress, with over half of the 8,500 badges having now been photographed. Photography work is now being linked to other areas of activity, including collections viewing requests and other projects. This year this has also included photography of many of the Museum's drums, as well as captured Japanese flags, ahead of interest in the 75<sup>th</sup> anniversary of Victory over Japan (VJ). The Museum has completed the digitisation of its oral history collections, which amount to over 800 recordings which were in magnetic tape format and were difficult to access. A project to digitise the Museum's film and video collection has also been scoped and budgeted for.

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**Strategic Objective 5:**

**Build greater financial resilience and sustainability (Primary Enabling Objective)**

5.5.1 Fundraising

The Museum has a Partnership and Philanthropy Team that includes a Philanthropy Manager and a Patron and Membership Manager, both of whom, raise funds to support the Museum's core work. The Philanthropy Manager delivers a fundraising target in accordance with the annual and longer term business plan in order to meet operational, exhibition and project requirements. Their work typically involves approaching appropriate Trusts and Foundations and Corporate Partners.

The Patron and Membership Manager is currently consolidating the dissolution of the external Society of Friends Charity and launching a new Museum membership scheme. The Patron scheme will be advertised on the Museum's website but neither the Member or Patron schemes involve activities that target members of the public. The Museum is a registered member of the Fundraising Preference Service and receives weekly reports. There has been no complaints in 2019-20.

The review of the strategy for funding has been streamlined to focus on clear projects that are required to be funded rather than a "global" ask. This is focussed on those signees of the Armed Forces Covenant and more specifically the companies that are members of the Defence Growth Partnership. Exhibition tickets and associated events are now among the benefits to be enjoyed by our Corporate Partners. The Museum was also successful in bringing the Society of Friends of the National Army Museum (SOFNAM) into the Museum's new Membership scheme. SOFNAM members have been successfully transferred into the Museum's scheme and are working with a newly formed Membership Advisory panel to continue to grow and develop the Museum's scheme.

5.5.2 Trading

Trading income totalled £681,000 including £576,000 generated by NAMTL compared to £789,000 for 2018-19. These figures have been impacted by the reduced footfall and subsequent closure of the Museum in March due to the Covid-19 pandemic and we have estimated that overall income was reduced by £36,000 for this financial year as a result.

Retail shop income saw a reduction in sales of 24% compared to last year's income performance. There were a number of factors which affected the retail performance this year. Alongside the impact of Covid-19 there was also a significant decrease in exhibition related product sales with these sales being 84% down this year compared to last. Last year saw 2 exhibitions in Special Forces and Alfred Munnings which had strong retail product opportunities compared to this year's Abram Games exhibition which had a more specialist audience and largely book related product offer. In addition an increase in repeat visits and visits to Play Base have resulted in a decline in conversion rate and guidebook sales.

Play Base occupancy saw a significant increase this year with attendance increasing to 64% of capacity from 54% last year and subsequent income increasing by 8%. The pricing structure remained consistent throughout the year with different pricing structures for online and in venue purchasing. Overall visitors to Play Base for the year were in excess of 75,000 and accounted for 32% of the Museum's total visitors.

Birthday Parties saw a reduction in income of 17% compared to last year. A reduced performance in Q1 saw an initial decrease and this was then further impacted by cancellations as a result of Covid-19. Whilst the average party value saw an increase of 3% this was as a result of price increases half way through the year.

Utilisation of our spaces for venue hire increased this year with use increasing by 41% and income by 3%. We have continued to be a destination for the Army, Defence military charity network and this year have established ourselves within the Defence Diplomatic Community. Bookings from these groups accounted for 32% of the bookings this year, an increase on last year's performance.

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**5.5.3 IT Systems**

IT systems have continued to be reviewed with increased use of Cloud systems. This has the added benefit of reducing the reliance on expensive hardware. This redirection of resources and ways of working became particularly relevant when at the end of this reporting period the Covid-19 lockdown occurred.

Because of the upgrades in place the Museum was able to quickly activate remote systems of working utilising Cloud systems for access to the Museum's finance packages including payment of invoices, Collections Management System, Customer Relationship Management system, Zoom and Teams conferencing and several other specific to department's software packages.

A rapid review of budgets at the end of the financial year and the first quarter of 2020-21 freed up resources for the purchase of additional hardware including laptops for all staff requiring full access to all systems and the deployment of iPads used for delivery of learning sessions allowed other staff limited access to other systems.

**5.5.4 Data Protection**

All staff carry out training on Data Protection/General Data Protection Regulations (GDPR) as part of their induction training with regular refresher testing annually. The previous GDPR review carried out in 2018 as part of the Internal Audit was tested by the new Incoming Internal Auditors and the Museum was shown to have progressed with only three medium risk items observed. There were three minor losses of Personal Data in this period which did not require reporting. An incident is defined as a loss, unauthorised disclosure or insecure disposal.

**5.5.5 Health and Safety**

The monitoring of Health and Safety (H&S) was a recent internal audit topic and the Museum received a good report on the systems and processes in place. The Museum will continue to monitor its compliance with Health and Safety legislation. Training is given to all staff in risk assessment, working at height, driving awareness, environmental awareness, equality and diversity, CoSHH and first aid. The PA&RA Committee receive regular reports on accidents and Health and Safety in general. Due to the Covid-19 lockdown the Museum in accordance with Public Health England and government advice carried out a risk assessment of the Museum's operations both while closed and looking towards future re-opening. It also put in place in order to maintain contact with the now remotely working staff, regular "Zoom" meetings for all.

**5.5.6 Fire Safety**

The Museum has had two visits from the local fire brigade where they acquaint all members of the "watch". Legacy faults from the original redevelopment installation have now been resolved. The faults were minor and did not affect the overall operation and had no detriment to fire safety.

**5.5.7 Emergency Planning**

Post-project the Museum has developed its Emergency Plan which was tested most recently in July 2019 at Stevenage. Items requiring attention have all been closed. The Emergency Plan procedures were also examined as part of the H&S internal audit.

**Financial Review**

*Consolidated Results for the Year Ended 31st March 2020*

Total incoming resources for the Museum in 2019-20 amounted to £7,448,000 (2018-19 - £8,110,000). The principal funding source of the Museum is Grant-in-Aid funding received from the Ministry of Defence. In 2019-20 this was £6,616,000 (2018-19 - £7,210,000). The 2018-19 Grant-in-Aid included a one-off award of £750,000.

Total resources expended amounted to £7,413,000 (2018-19 - £6,903,000). Expenditure for the period increased as a result of an increase in staff costs of £475,000 to £4,160,000 as a result of an increase in average staff numbers. Additional staff being employed to maintain and improve the overall quality of the NAM experience following increases in visitor numbers. Resources expended includes non-cash expenditure in respect of the depreciation of

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tangible fixed assets, the reversal of previous impairment provisions and the donation of heritage assets of £484,000 (2018-19 - £386,000).

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 an increase of £479,000 (2018-19 - £1,041,000).

The Museum’s net assets as at 31st March 2020 amounted to £107,706,000 (31st March 2019 - £107,227,000).

*Changes in Tangible Fixed Assets*

Movements in tangible fixed assets are shown in note 7 to the accounts. During the year, the Museum spent £184,000 on additions to tangible fixed assets.

**Future Plans**

The focus of the NAM over this reporting period was to look at gallery refinements and where funding allowed, carry out work in accordance with the new Interpretation Strategy. The Museum focussed on producing one large temporary exhibition in the main exhibition space and several smaller exhibitions in the Focus Gallery, Atrium and front entrance area. It will continue to build on the success of the large exhibitions and, working with partners, where necessary further develop the Focus gallery exhibitions in line with the Interpretation Strategy. The Museum is currently awaiting permission from the Sponsor Department to transfer two “iconic” large service equipment items to be displayed in the Atrium and externally adjacent to the Museum entrance. Academic partnerships will continue to be a focus for the Academic Research Department who, working with Cambridge University, have funded a post graduate post for 2020.

Due to the restrictions affecting the Museum e.g. loss of income, social distancing and reduction in visitor numbers, the Museum is revisiting its five-year exhibition plan to assess what can and cannot be carried out as a result of Covid-19. We are also having to revisit how we deliver our recognised functions in terms of the learning and lecture series. The Museum aims to provide these digitally and as Covid-19 restrictions relax, allow socially distanced “live” audiences.

**Targets and Key Performance Indicators**

Summarised below is the performance of the Museum against some key performance indicators over the last year

		2018/19	2019/20	Variance
Audiences	Play Base	68,841	75,283	9%
	School visits	7,671	11,022	44%
	TSC visitors	1,193	1,106	-7%
	General visitors	154,943	153,661	-1%
	Total footfall	232,648	241,072	4%
	Digital footfall	1,444,454	1,723,206	19%
	Online: collections	18%	0%	
	Online: what's on/stories	66%	71%	8%
	Members (Patrons)	15(10)	578(30)	3753% (200%)
	Trip Advisor rating	3.71	4.17	12%

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		2018/19	2019/20	Variance
<b>NAMTL</b>	Venue hire revenue	£78,655	£81,085	3%
	Other revenue	£577,515	£494,658	-14%
	Total revenue	£656,170	£575,743	-12%
	Expenditure	£545,769	£481,803	-12%
	Net profit	£110,401	£93,940	-15%
<b>Collections</b>	Enquiries	3,860	4,144	7%
	Objects photographed	11,000	11,827	8%
	Objects published online	1,883	2,186	16%
	Accessions (archives and objects)	286	178	-38%

<b>People</b>	FTE	69	83	20%
	Volunteers	50	82	64%
	Turnover	16.7%	19.6%	17%

		Budget 19/20	Actual 19/20	Variance
<b>Finance (Consolidated Group Accounts)</b>	Income	£7,504,412	£7,448,000	-1%
	Expenditure	£7,997,042	£7,413,000	-7%
	Surplus/Deficit	(£492,630)	£35,000	£527,630
	Donations	£360,000	£134,000	-63%



BRIGADIER JUSTIN MACIEJEWSKI DSO MBE  
 DIRECTOR AND ACCOUNTING OFFICER



GENERAL SIR RICHARD SHIRREFF KCB CBE  
 CHAIRMAN, ON BEHALF OF COUNCIL

4<sup>th</sup> November 2020

National Army Museum  
 4<sup>th</sup> November 2020

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**ACCOUNTABILITY REPORT**

**CORPORATE GOVERNANCE REPORT**

**DIRECTOR'S REPORT**

**Members of Council**

At a Privy Council Meeting on 8<sup>th</sup> July 2009, 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, 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. 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".

The Council has chosen to subscribe to the principles of the Commissioner for Public Appointments Code of Practice for Public Appointments Procedures. In particular, Members of the Council have affirmed their commitment to the Principles of Public Life.

**Register of Interests**

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. No matters are noted in this Register which have given rise to specific conflicts with regard to Council's management responsibilities. In this period no such interests were declared.

**Members of Council**

Members of Council who served during the reporting period were as follows:

General Sir Richard Shirreff KCB CBE (Chair)  
Mr Patrick Aylmer  
Dr Jonathan Boff  
Mrs Judith Donovan CBE  
Mr John Duncan OBE  
Lieutenant General Sir Simon Mayall KBE CB  
Mr Guy Perricone  
Dr Paul Schreier  
Ms Jessica Spungin  
Mrs Sabine Vandenbroucke  
Mr William Wells

**Recruitment, Appointment and Training of Council Members**

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 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 an initial period of three years from the date of their nomination.

The NAM Council has established a number of committees for specific purposes and to ensure the effective conduct of business. In 2018 the NAM Council agreed to address the areas of responsibility of these Committees. The result of that work is the following revised list of committees:

Collections & Research Committee

Performance, Audit, & Risk and Assurance Committee

Remuneration & Appointments Committee Development Committee

Development Committee (formed 17 April 2019)

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.

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

Brigadier Justin Maciejewski DSO MBE	Director and Accounting Officer
Mr Mike O'Connor OBE	Deputy Director (Operations and Resources)
Mr Ian Maine	Assistant Director (Collections and Programmes)
Ms Teresa Scott	Assistant Director (Human Resources)
Ms Dawn Watkins (NAMTL)	Assistant Director (Enterprise)

In 2019 the SMT made several minor changes to the structure of departments to better suit the on-going needs of the Museum. Regular meetings of the SMT 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, Strategic Plan, Business Plan and the Museum's Risk Management Policy & Matrix of Risks. The Matrix of Risks, which is regularly updated, is used as the basis of Internal Audit.

**STATEMENT OF COUNCIL'S AND ACCOUNTING OFFICER'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, that give a true and fair view, the Accounting Officer and Council are 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 on a reasonable basis;

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- State whether applicable accounting standards and statements of recommended practice as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures 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, the senior full time Museum official, as the Accounting Officer for the National Army Museum. Their relevant responsibilities as Accounting Officer, including their responsibility for the propriety and regularity of Parliamentary funded (Grant-in-Aid) finances for which they are answerable, for the keeping of proper records and safeguarding of the National Army Museum's assets are set out in the Non-Departmental Bodies' Accounting Officer's Memorandum issued by the Treasury and published in 'Managing Public Money'.

The Accounting Officer confirms that, as far as he is aware, there is no relevant audit information of which the Museum's auditor are unaware, and that all steps have been taken to make himself aware of relevant audit information and to make this available to the Museum's auditors.

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

## **GOVERNANCE STATEMENT**

This Governance Statement sets out the arrangements for the governance of the 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 NAM is a charity registered with the Charity Commission (registration number 237902) governed in accordance with its Royal Charter originally issued.

The Museum is a national museum as defined in the National Heritage Act 1983 Schedule 2 and Executive Non-Departmental Public Body (ENDPB) 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.



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**The NAM Council and the Committee Structure**

The NAM is governed by the NAM Council under the chairmanship of General Sir Richard Shirreff KCB CBE. The Charities Act 2011 requires the Council Members to exercise proper stewardship over the Museum and to take care of its collections.

The Director 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. Each Accounting Officer has received full induction and access to all records to satisfy themselves on the Governance and the Financial Statements of the Museum.

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 a further term of equivalent length. The NAM Council may appoint nominated external members to serve on specific 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.

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

The NAM Council Members receive induction training under the direction of the Director and are encouraged to familiarise themselves with the Museum's operations through work in committees where they are supported by the Museum's divisional Assistant Directors. Additionally, all Members of Council received trustee training from the Museum's legal advisors early in their tenure.

The NAM Council met on four scheduled occasions during 2019–20. Listed over are the Council Members and their attendance at Council meetings

<b>Post</b>	<b>Name</b>	<b>Meetings whilst Member/Meeting Attendance</b>
Chair	General Sir Richard Shirreff KCB CBE	4/4
Members	Mr Patrick Aylmer	4/4
	Dr Jonathan Boff	4/3
	Mrs Judith Donovan CBE	4/3
	Mr John Duncan OBE	4/3
	Lieutenant General Sir Simon Mayall KBE CB	4/3
	Mr Guy Perricone	4/4
	Dr Paul Schreier	4/4
	Ms Jessica Spungin	4/3
	Mrs Sabine Vandenbroucke	4/4
	Mr William Wells	4/4

**NAM Council Committees**

The Committees are listed below with their membership and attendance at meetings.

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.

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Performance, Audit, & Risk and Assurance Committee

During 2019-20 the Performance Audit & Risk Assurance (PA&RA) Committee had four planned meetings. The Committee members and their attendance at the meetings are listed below:

<b>Post</b>	<b>Name</b>	<b>Meetings whilst Member/Meeting Attendance</b>
Chair	Mr Patrick Aylmer	4/4
Members	Mr John Duncan OBE	4/3
	Mr Guy Perricone	4/4
	Mrs Sabine Vandenbroucke	4/4
	Mr Robin Grimston	4/4

The Committee scrutinised the draft Financial Statements for 2018-19 and recommended them to be approved by NAM Council in November 2019. They have responsibility for the review and scrutiny of the 2019-20 Financial Statements and recommending them for approval to NAM Council. They selected the Internal Audit topics and reviewed the reports produced by the Internal Auditors. Additionally, at their November meeting, they were briefed on the Performance Awards for the previous reporting period, which were in line with MoD guidance. The Committee reviews the abridged version of the Risk Matrix at each meeting where high risks to the Museum operations are discussed. The Committee also oversaw the settlement of the Building for the Future Final Account.

Collections & Research Committee

This held two planned meetings during 2019-20. Listed below are the members of the Committee and their attendance at the meetings:

<b>Post</b>	<b>Name</b>	<b>Meetings whilst Member/Meeting Attendance</b>
Chair	Lieutenant General Sir Simon Mayall KBE CB	2/2
Members	Mr John Duncan OBE	2/2
	Dr Jonathan Boff	2/2
	Mrs Sabine Vandenbroucke	2/2
	Professor William Philpott	2/2

The Committee reviewed the Collections Audit and the recommendations from the recent Internal Audit. They also reviewed the Collections Development Policy.

Remuneration & Appointments Committee

This Committee due to diary co-ordination issues, had no physical meetings during 2019-20. However, they did consult via emails. The Committee members are listed below:

The Committee members are listed below:

<b>Post</b>	<b>Name</b>	<b>Meetings whilst Member/Meeting Attendance</b>
Chair	General Sir Richard Shirreff KCB CBE	0/0
Members	Ms Jessica Spungin	0/0
	Mr William Wells	0/0

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Development Committee

This is a newly formed Committee established on 17 April 2019 and held five planned meetings during 2019/20.

<b>Post</b>	<b>Name</b>	<b>Meeting whilst Member/Meeting Attendance</b>
Chair	My William Wells	5/5
Members	Mr Patrick Aylmer	5/5
	Dr Paul Schreier	5/5
	Mrs Judith Donovan CBE	5/4
	Mr Guy Perricone	5/4
	Mr Tim Cooke	5/4

The Committee's main Terms of Reference are:

- To steer and guide NAM's activity programme
- To function as fundraising advocates for the NAM and the exhibition programme
- To build relationships with potential sponsors and corporate partners
- To provide guidance, advice and feedback to the Director and his team on development matters
- To scrutinise the exhibition programme for its suitability for possible sponsorship

NAMTL

National Army Museum Trading Limited (NAMTL) is the established trading arm of the Museum. Its Board consists of six directors. The Board updates the NAM Council on its accounts and decisions made. 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 Plan. The Director attends meetings of the Army Heritage Committee where he reports on the plans of the NAM. Additionally, meetings were held with the Sponsor Department including Director Army Resources and the Chief Accountant Army Resources. These meetings are reported to the full NAM Council. Additionally, Army Resources are invited to attend NAM Council meetings to update the Council on matters affecting the Museum and to receive assurance on governance and the use of GiA.

NAM Council minutes are circulated to all Council Members with routine papers for all Council meetings. Committee chairs brief all NAM Council meetings and highlight any matters of particular concern.

There is a wide range of information and data (financial and otherwise) routinely available to Council Members, including management accounts. The Director works closely with the Deputy Director and the Head of Finance to refine the financial information supplied to Council. Members are satisfied that the information is available both on time and in a format that 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 was updated in Autumn 2019. This document lays down the procedures and systems that all staff employed at the NAM must sign up to ensure that financial controls are in place to reduce wasted expenditure and produce value for money. Access to the Museum's accountancy system is restricted to the role of the individual. Levels of access are password protected which expire and must be renewed every thirty days. All staff receive regular training on the Bribery Act, Data Protection Act and copies of these policies can be found on the NAM Intranet and as part of the induction procedure and Staff Handbook. An Information Asset Group responsible for all information assets has been established which reports annually to NAM Council via the PA&RA Committee.

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Additionally, the Senior Management Team (SMT) reviews budgets and cost centres on a monthly basis 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 and external audit.

**Internal Auditors**

The Museum's current internal auditors, RSM Risk Assurance Services LLP (RSM) were appointed in October 2019 as part of a joint tender process by the NAM, the National Museum of the Royal Navy and the RAF Museum. RSM who work to the Public Sector Internal Audit Standards and provide an independent opinion on the matters subject to review through the internal audit programme. They will also work across the three service Museums to provide a "joined up service" that will measure, where possible, each Museum to achieve best practice.

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 PA&RA Committee signs off the work programme and the same committee receives the internal auditors report at its end of year meeting.-

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. During this reporting period, the Internal Auditors reported on the previous year's internal audit reports and additionally looked at Financial Controls, Site Security, GDPR and Collections Accountability. The majority of the audit due to Covid-19 restrictions was carried out remotely. However, the overall Internal Audit Opinion for 2019-20 is that the governance, risk management and control framework provides moderate assurance, and that some improvements are required to enhance the adequacy and effectiveness of the controls.

**External Auditors**

The external auditor of the Museum is the National Audit Office (NAO) on behalf of the Comptroller and Auditor General. The accounts are consolidated with the accounts of the NAM's trading subsidiary (NAMTL) who are audited by Kreston Reeves LLP. The NAO is invited to attend the regular meetings of the PA&RA Committee which includes the "end of year" presentation of the Consolidated Financial Statements where it discusses their findings with the Committee.

**Risk Management**

A Risk Management Statement has been drawn up with reference to the HM Treasury Publication - Risk Management Assessment Framework (2009), JSP 462 (April 2017) Financial Management and Charging Policy Manual, 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 and curate the Collections leaves 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 of the Museum, who reports to Council.

As mentioned previously on page 24 regular reviews are carried out of the Risk Matrix and risks that are identified are addressed but, in all cases, the PA&RA Committee, acting on behalf of the NAM Council, reviews the matrix annually at its autumn meeting. 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.

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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 PA&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.

The risk matrix already reflected consideration of the possibility of a Global Virus. Since the closure of the Museum as a result of Covid-19, risk management has been focused on putting in place a Covid-19 safe plan for both staff and visitors to enable the Museum to re-open with guidance from the government and PHE.

#### **Information Risk Management**

The NAM's Information Asset Ownership group comprises of the Senior Information Risk Officer (SIRO) and Information Asset Owners (IAO) from across the Museum's divisions. The group ensures that the Museum's Information Assurance Policy, Data Protection Act and Freedom of Information Act Legislation 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 online training in accordance with the National Archives directives. Information Sharing Agreements are in place with bodies that share NAM information.

Any information issues that arise are handled by the appropriate IAOs 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.

#### **Statement of Assurance**

The Accounting Officer has 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 2017 so far as this may be seen to apply to an 'Arms-Length Body' (as defined in *Managing Public Money*).

#### **Auditors**

These accounts are audited by the NAO on behalf of the Comptroller and Auditor General in accordance with current legislation and 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 2019-20 is £35,415 (2018-19: £33,450) of which £30,000 relates to the audit of the Museum including £2,000 (2018-19: £4,500) in relation to additional work on the 2018-19 audit expensed in the current year and £5,415 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.

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**REMUNERATION AND STAFF REPORT**

**Remuneration Policy**

The Director of the Museum is employed by the Council of the National Army Museum on terms and conditions that are similar to MOD senior civil servants. They hold an open-ended appointment and their salary is set on an annual basis by the Remuneration and Appointments Committee of Council by reference to the recommendations of the Senior Salaries Review Body. They are the only senior civil service staff or equivalent employee of the Museum.

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

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. Dependent on direction from MOD on whether it is paying performance awards for the year, the Performance Award Group meet and assigns a value to marks in line with the MOD levels of award. The findings of the Group are then passed to the PA&RA Committee for a further check before being passed to the Council for approval.

**Salary and Pension Entitlements (Subject to audit)**

The salary and pension entitlements of the Management Team of the Museum as detailed on page 21 were as follows (with comparative salary disclosures for 2018/19).

	Salary (£'000)		Performance Pay (£'000)		Benefits in kind (to nearest £100)		Pension benefits (£'000)		Total remuneration (£'000)	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
Justin Maciejewski <i>Director</i>	140-145	135-140	5-10	-	-	-	-	-	150-155	135-140
Mike O'Connor <i>Deputy Director</i>	70-75	70-75	-	-	-	-	12	10	80-85	80-85
Teresa Scott <i>Assistant Director - Human Resources</i>	65-70	65-70	0-5	0-5	-	-	37	23	105-110	85-90
Ian Maine <i>Assistant Director – Collections and Programmes</i>	65-70	65-70	0-5	0-5	-	-	-	-	65-70	65-70
Dawn Watkins <i>Assistant Director – Enterprise</i>	65-70	65-70	0-5	0-5	-	-	-	-	65-70	65-70

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	Accrued pension at pension age as at 31 March 2020 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2020	CETV at 31 March 2019	Real increase in CETV	Employers contribution to NEST pension or personal
	£'000	£'000	£'000	£'000	£'000	£(nearest £100)
Justin Maciejewski <i>Director</i>	-	-	-	-	-	6,700
Mike O'Connor <i>Deputy Director</i>	20-25	0-2.5	414	402	11	-
Teresa Scott <i>Assistant Director - Human Resources</i>	20-25 plus a lump sum of 45-50	0-2.5 plus a lump sum of 0-2.5	367	329	20	-
Ian Maine <i>Assistant Director – Collections and Programmes</i>	-	-	-	-	-	3,600
Dawn Watkins <i>Assistant Director – Enterprise</i>	-	-	-	-	-	3,900

None of the above received any benefits in kind during the year (2018/19 £Nil).

No members of the Council received any remuneration during the year (2018/19 £Nil). During the year reimbursements were made to members of the Council totalling £2,536 (2018/19 £1,791) for travel and subsistence and £Nil (2018/19 £Nil) for hospitality.

### 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 NAM is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation is carried out periodically. Details can be found in the resource accounts for these schemes, which are published and laid before the House of Commons.

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**Principal Civil Service Pension Scheme (PCSPS)**

From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS) which has four sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65. These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year and pensions payable are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha between 1 June 2015 and 1 February 2022.

Employee contributions are salary-related and range between 4.6% and 8.05% for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004. The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary. The accrued pension quoted is the pension the member is entitled to receive when they reach pension age. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes but note that part of that pension may be payable from different ages.). Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk).

**Cash Equivalent Transfer Values and Real increase in CETV**

A Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax. The real increase in CETV reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee and uses common market valuation factors for the start and end of the period.



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**Compensation for loss of office (Subject to audit)**

No amounts were paid in respect of compensation for loss of office to any of the Management Team.

**Fair pay disclosure (Subject to audit)**

	2019/20	2018/19
Band of highest paid director's total remuneration (£'000)	150-155	135-140
Median total remuneration (£)	30,019	28,945
Remuneration ratio	5.1	4.8

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

The full time equivalent total remuneration ranged from £20,573 to £150,000-155,000.

**Staff Report**

**Staff costs and staff numbers (Subject to audit)**

	2019/20	2018/19
	£'000	£'000
<b>Staff costs comprise:</b>		
Wages and salaries	2,888	2,506
Social security costs	284	251
Pension costs	331	248
Redundancy costs	0	5
Temporary staff and recruitment costs	657	675
	<u>4,160</u>	<u>3,685</u>

Excluding the Director and members of the senior management team, no employees received remuneration for 2019-20 excluding pension contributions, greater than £60,000 (2018-19 no employees).

The average number of senior management and staff was:

	2019/20	2018/19
Collections	44	33
Curatorial	24	21
Education	4	5
Publicity	5	4
Trading	14	14
Fundraising	2	2
	<u>93</u>	<u>79</u>

24 (2018-19: 25) of the above staff are male and 69 (2018-19: 54) female. 23 (2018-19: 16) staff are employed on short term contracts with all other staff employed on a full time contract. The above includes an average of 23 (2018-19: 11) part time staff members for the year.

**Consultancy and off-payroll arrangements**

NAM has engaged no individuals during the year under short term arrangements that could be seen to be similar to those envisaged by HM Treasury Guidance on off- payroll arrangements (2019: no individuals). Total expenditure for other consultancy services in the year was £23,867 (2019: £3,350).

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**Sickness and Absence data**

The NAM employed 93 members of staff at 31<sup>st</sup> March 2020 (68 full-time and 25 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 2019-20, there were 548 (full time equivalent) days lost to sick absence compared to 399 days lost in 2018-19.

During the period, the average number of days' sickness absence per employee was 5.8 compared to 5.1 days in 2018-19 (long-term incidents of sickness absence have been excluded to give a more accurate picture of sickness absence at NAM). No specific reasons for the increase were identified with the overall sickness rate being in line with that of other museums and heritage organisations. 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. In addition, the NAM has introduced a wellbeing initiative, which includes establishing and training Mental Health First Aiders, and training all line managers to raise awareness of mental health and wellbeing.

**Equality, Diversity & Access**

The 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, disability, 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 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.

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**Employer Pensions**

For 2019-20 employers' pension contributions for the Museum of £246,000 were payable to the PCSPS (2018-19 £200,000) at rates based on salary bands as follows:

Band one	-	£23,000 and under	26.6%
Band two	-	£23,001 - £45,500	27.1%
Band three	-	£45,501 - £77,000	27.9%
Band four	-	£77,001 and over	30.3%

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.

Members of staff not eligible to join the PCSPS are automatically enrolled in the National Employment Savings Trust (NEST) with employer pension contributions of 5 per cent with effect from 1<sup>st</sup> April 2019. Prior to this employer pension contributions were 4 per cent from 1<sup>st</sup> August 2018 and 2 or 3 per cent from 1<sup>st</sup> April 2018 to 31<sup>st</sup> July 2018. Total employer contributions in this regard were £85,000 (2018-19 £48,000).

**Civil service and other compensation schemes – exit packages (Subject to audit)**

There were no approved exit packages during the year (2018-19 £5,040).

**Trade Union Facility Time (these tables are not subject to audit)**

	2019/20	2018/19
<b>Table 1</b>		
Number of employees who were relevant union officials during the period	0	0
<b>Table 2</b>		
Percentage of time		
0%	0	0
1-50%	0	0
51-99%	0	0
100%	0	0
<b>Table 3</b>		
Total cost of facility time	£0	£0
Total pay bill	£3,503,000	£3,010,000
Percentage of the total pay bill spent on facility time	0%	0%
<b>Table 4</b>		
Time spent on paid trade union activities as a percentage of total paid facility time	0%	0%

**PARLIAMENTARY ACCOUNTABILITY AND AUDIT REPORT**

**Regularity of Expenditure (Subject to Audit)**

NAM receives Grant-in-Aid (GiA) from MOD in support of its overall activities.

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The total operating GiA for the last five financial years being as follows:

	£'000
2019-20	6,486
2018-19	7,084
2017-18	7,219
2016-17	5,906
2015-16	5,929

Part of the GiA is used to cover the salaries of staff paid directly by MOD whilst the remaining GiA is received by NAM in a separate bank account.

In addition NAM received additional GiA for the purchase of Heritage Assets of £130,000.

Controls and procedures are in place to ensure only allowable expenditure is incurred on this account. Annual budgets are prepared for the expenditure of this GiA with monthly reporting of actual expenditure and anticipated outturns being made to the Management Team coupled with regular reporting to the PA&RA Committee.

These procedures help ensure that GiA is appropriately managed and that there is no overspend of GiA that cannot be funded from the Museum's other resources.

**Other considerations (Subject to Audit)**

NAM has no remote contingent liabilities that require notification to HM Treasury.

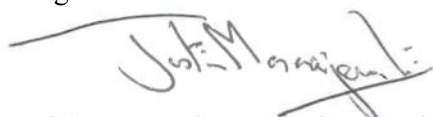
There are no contingent liabilities, gifts, fees, charges or losses and special payments requiring further disclosure that have not been reported elsewhere in these financial statements.

**Long-term expenditure trends**


Expenditure over the last five financial years as reported in the financial statements is summarised as follows:

	2020	2019	2018	2017	2016
	£'000	£'000	£'000	£'000	£'000
Staff costs	4,160	3,685	3,544	3,250	2,918
Premises costs	1,050	1,074	946	415	592
Collection maintenance	357	574	694	1,443	804
Events and promotion	528	472	783	504	437
Depreciation and loss on disposal	862	894	901	482	420
Impairment and impairment reversal	(378)	(649)	(1,192)	7,659	0
Administration and other	834	853	973	935	797
	<u>7,413</u>	<u>6,903</u>	<u>6,649</u>	<u>14,688</u>	<u>5,968</u>

Expenditure for 2016 was reduced by over £1 million a year as a result of temporary cost savings achieved by NAM during the Museum's closure.



BRIGADIER JUSTIN MACIEJEWSKI DSO MBE  
DIRECTOR AND ACCOUNTING OFFICER



GENERAL SIR RICHARD SHIRREFF KCB CBE  
CHAIRMAN, ON BEHALF OF COUNCIL

**NATIONAL ARMY MUSEUM**  
**AUDITORS' REPORT**  
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**THE CERTIFICATE AND REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT**

**Opinion on financial statements**

I certify that I have audited the financial statements of National Army Museum for the year ended 31 March 2020 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as adopted by the European Union. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of the National Army Museum's affairs as at 31 March 2020 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.

**Opinion on regularity**

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

**Basis of opinions**

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

**Conclusions relating to going concern**

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the National Army Museum's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the National Army Museum have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the National Army Museum's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**NATIONAL ARMY MUSEUM**  
**AUDITORS' REPORT**  
**YEAR ENDED 31ST MARCH 2020**

**Responsibilities of the Trustees and Accounting Officer**

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

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

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000 and section 151 of the Charities Act 2011.

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the National Army Museum's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.
- Conclude on the appropriateness of the National Army Museum's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my report. However, future events or conditions may cause the group to cease to continue as a going concern.

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

**NATIONAL ARMY MUSEUM**  
**AUDITORS' REPORT**  
**YEAR ENDED 31ST MARCH 2020**

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

**Other Information**

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

**Opinion on other matters**

In my opinion:

- the parts of the Remuneration Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Government Resources and Accounts Act 2000;
- in the light of the knowledge and understanding of the group and the parent and its environment obtained in the course of the audit, I have not identified any material misstatements in the Trustees' Report; and
- the information given in the Trustees' Report which I provide a positive consistency opinion on for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which I report by exception**

I have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in my opinion:

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

**Report**

I have no observations to make on these financial statements.

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

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

**Date: 12<sup>th</sup> November 2020**

**NATIONAL ARMY MUSEUM**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**YEAR ENDED 31ST MARCH 2020**

	NOTE	Unrestricted Funds	Restricted Funds	Total Funds 2019/20	Total Funds 2018/19
		£'000	£'000	£'000	£'000
<b>Income and endowments from:</b>					
Donations and legacies	4				
Grant-in-Aid		6,486	130	6,616	7,210
Other		93	41	134	95
		<u>6,579</u>	<u>171</u>	<u>6,750</u>	<u>7,305</u>
Trading activities	4	681	0	681	789
Investments		0	8	8	8
		<u>7,260</u>	<u>179</u>	<u>7,439</u>	<u>8,102</u>
<b>Other</b>		9	0	9	8
<b>TOTAL</b>		<u><u>7,269</u></u>	<u><u>179</u></u>	<u><u>7,448</u></u>	<u><u>8,110</u></u>
<b>Expenditure on:</b>					
Raising funds	5	1,313	32	1,345	1,313
Charitable activities	5	5,750	318	6,068	5,590
<b>TOTAL</b>		<u><u>7,063</u></u>	<u><u>350</u></u>	<u><u>7,413</u></u>	<u><u>6,903</u></u>
<b>Operating surplus/(deficit)</b>		<b>206</b>	<b>(171)</b>	<b>35</b>	<b>1,207</b>
Net (losses)/ gains on investments		0	(43)	(43)	(3)
<b>Net income/(expenditure)</b>		<u><b>206</b></u>	<u><b>(214)</b></u>	<u><b>(8)</b></u>	<u><b>1,204</b></u>
<b>Transfers between funds</b>		49	(49)	0	0
<b>Other recognised gains/(losses):</b>					
Gains/(losses) on revaluation of fixed assets		27	460	487	(163)
<b>Net movement in funds</b>		<u><b>282</b></u>	<u><b>197</b></u>	<u><b>479</b></u>	<u><b>1,041</b></u>
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward		63,919	43,308	107,227	106,186
<b>Total funds carried forward</b>		<u><u>64,201</u></u>	<u><u>43,505</u></u>	<u><u>107,706</u></u>	<u><u>107,227</u></u>

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 Statement of Financial Activities for the Charity alone is detailed in note 2 to the financial statements.

The notes of pages 40 to 57 form part of these financial statements



**NATIONAL ARMY MUSEUM**  
**CONSOLIDATED BALANCE SHEET**  
**YEAR ENDED 31ST MARCH 2020**

	NOTE	2020				2019			
		Group		Charity		Group		Charity	
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>FIXED ASSETS</b>									
Tangible assets	7	40,102		40,100		39,975		39,975	
Heritage assets	8	<u>67,429</u>		<u>67,429</u>		<u>67,108</u>		<u>67,108</u>	
			107,531		107,529		107,083		107,083
<b>CURRENT ASSETS</b>									
Stocks		132		0		134		0	
Debtors	9	448		616		697		824	
Investments	10/11	197		197		240		240	
Cash at bank and in hand	11	<u>375</u>		<u>341</u>		<u>468</u>		<u>395</u>	
		1,152		1,154		1,539		1,459	
<b>CURRENT LIABILITIES</b>									
<b>CREDITORS:</b>									
<b>Amounts falling due within one year</b>									
	12a	<u>(626)</u>		<u>(626)</u>		<u>(904)</u>		<u>(868)</u>	
<b>NET CURRENT ASSETS/ (LIABILITIES)</b>			526		528		635		591
<b>CREDITORS:</b>									
<b>Amounts falling due after more than one year</b>									
	12b	<u>(351)</u>		<u>(351)</u>		<u>(491)</u>		<u>(491)</u>	
<b>TOTAL NET ASSETS</b>			<u>107,706</u>		<u>107,706</u>		<u>107,227</u>		<u>107,183</u>
<b>RESERVES</b>									
Unrestricted Funds			64,000		64,000		63,745		63,701
Unrestricted Revaluation			<u>201</u>		<u>201</u>		<u>174</u>		<u>174</u>
<b>Total Unrestricted Funds</b>	13		<u>64,201</u>		<u>64,201</u>		<u>63,919</u>		<u>63,875</u>
Restricted Funds			40,970		40,970		41,233		41,233
Restricted Revaluation			<u>2,535</u>		<u>2,535</u>		<u>2,075</u>		<u>2,075</u>
<b>Total Restricted Funds</b>	13		<u>43,505</u>		<u>43,505</u>		<u>43,308</u>		<u>43,308</u>
	14		<u>107,706</u>		<u>107,706</u>		<u>107,227</u>		<u>107,183</u>

The financial statements were approved by the Council on 4<sup>th</sup> November 2020 and signed on its behalf by:



BRIGADIER JUSTIN MACIEJEWSKI DSO MBE  
DIRECTOR AND ACCOUNTING OFFICER



GENERAL SIR RICHARD SHIRREFF KCB CBE  
CHAIRMAN, ON BEHALF OF COUNCIL

The notes on pages 40 to 57 form a fundamental part of the these financial statements

**NATIONAL ARMY MUSEUM**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**YEAR ENDED 31ST MARCH 2020**

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2019/20 £'000	Total Funds 2018/19 £'000
<b>Cash flows from operating activities:</b>				
Net cash provided by (used in) operating activities	424	(57)	367	824
<b>Cash flows from investing activities:</b>				
Purchase of tangible assets	(154)	(30)	(184)	(191)
Purchase of heritage assets	0	(300)	(300)	(256)
Net cash provided by (used in) investing activities	(154)	(330)	(484)	(447)
<b>Cash flows from financing activities:</b>				
Repayments of borrowing	(19)	0	(19)	(412)
Net cash provided by (used in) financing activities	(19)	0	(19)	(412)
<b>Change in cash and cash equivalents in the reporting period</b>				
	251	(387)	(136)	(35)
<b>Cash and cash equivalents at the beginning of the reporting period</b>	(154)	862	708	743
<b>Cash and cash equivalents at the end of the reporting period</b>	97	475	572	708

An analysis of cash and cash equivalents together with an analysis of changes in net debt is given in note 11 of the financial statements.

**Reconciliation of net income/(expenditure) to net cash flow from operating activities**

<b>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</b>	206	(214)	(8)	1,204
<b>Adjustments for:</b>				
Depreciation charges	137	725	862	886
Interest payable	18	0	18	31
Impairment and impairment reversal	0	(378)	(378)	(649)
Loss/(profit) on the disposal of fixed assets	0	0	0	8
Tangible fixed asset adjustments	0	60	60	0
Heritage assets disposals by donation	0	0	0	141
Donated heritage assets	0	(21)	(21)	0
Transfer between funds	49	(49)	0	0
(Increase)/decrease in stocks	2	0	2	39
(Increase)/decrease in debtors	234	15	249	(126)
Increase/ (decrease) in creditors	(222)	(195)	(417)	(710)
<b>Net cash provided by (used in) operating activities</b>	424	(57)	367	824

The notes on pages 40 to 57 form a fundamental part of these financial statements

**NATIONAL ARMY MUSEUM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31ST MARCH 2020**

**1. ACCOUNTING POLICIES**

The principal accounting policies adopted, judgements and key sources of estimation uncertainty in the preparation of the financial statements are as follows:

**(a) Basis of Preparation**

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1<sup>st</sup> January 2019) – (Charities SORP (FRS 102)) and guidance issued by H.M. Treasury.

NAM meets the definition of a public benefit entity under FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy notes.

**(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 and Balance Sheet include the results and 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 2020.

**(c) Going Concern**

The financial statements have been prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Museum's needs. We have considered a period of twelve months from the date of approval of the financial statements. The assumption relies on the continuation of Ministry of Defence funding at a similar level for the foreseeable future. The Museum has received confirmation of funding for 2020-21 together with an ongoing commitment and letter of support from its Sponsor Department for the period to March 2022. In order to ensure financial stability NAM Council has reviewed and approved reforecast budgets and cash flows through to March 2022.

**(d) Incoming Resources**

Incoming resources are included gross without the deduction of expenditure.

**(e) Donations and Legacies**

Grant-in-Aid is recorded on a received basis.

Grant-in-Aid is a payment by a public sector funder to finance part of NAM's operations in support of NAM's overall activities. Except where Grant-in-Aid has been awarded for a specific purpose such as the purchase of exhibits or redevelopment of NAM it is regarded as an unrestricted fund as it relates to the general operations of NAM without significant restrictions being placed on how the funds can be spent.

Other revenue 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 and heritage assets are credited to a restricted fund within incoming resources when receivable.

**(f) Other Voluntary Income**

The Museum derives voluntary income from donations, legacies, gifts and monies placed in donation boxes in the Museum. The income is recognised in the statement of financial activities where there is evidence of entitlement, receipt is probable and its amount can be measured reliably. Donated services and facilities are included as income based on management's judgement of their market value.

**(g) Expenditure on Charitable activities**

NAM has allocated its expenditure on charitable activities to the following areas of activity:

**NATIONAL ARMY MUSEUM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31ST MARCH 2020**

Collections 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.

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

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.

**(h) Allocation of support and governance costs**

Support and governance costs are those functions that assist NAM but do not directly undertake either Charitable or Fundraising activities. These costs include general administration, finance, personnel and governance costs which support NAM's activities. These costs have been allocated between the cost of raising funds and expenditure on charitable activities. Costs not directly attributable to a specific category have been allocated based on the cost of staff time incurred.

**(i) Pensions Cost**

Long serving Museum staff, are covered by the provisions of the Principal Civil Service Pension Scheme ("PCSPS"), 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. PCSPS is a multi-employer scheme and NAM is unable to identify its share of any pension liability. Those staff not covered by the PCSPS are also entitled and are paid contributions to National Employment Savings' Trust or personal pension policies.

**(j) 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 including capital expenditure is stated net of any recoverable VAT. VAT is then reclaimed from HM Revenue & Customs in accordance with section 33 of the VAT Act 1994.

All of the income is applied for charitable purposes and therefore the charity is exempt from Corporation Tax. All of 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 2020 was £Nil (2019:£Nil).

**(k) 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 government issued indices provided by the Ministry of Defence. For other assets, the estimate is based on historic cost updated thereafter by the application of these indices. Fixed assets with a cost of less than £500 are not capitalised.

As a result of COVID-19, the circumstances and impact on markets has led to an increased level of uncertainty in indices used to revalue land and property. In the view of management however, the level of uncertainty attributable to revaluation of NAM's land and buildings would not be material to the financial statements as a result of the nature of the land and buildings held and the resultant indices applied. There is no evidence to show that the indices used are materially incorrect, and they remain the most appropriate indices to employ, although management do recognise that the inherent uncertainty may lead to a revision of values, albeit not considered to be material, when the potential impact of market changes are recognised in future indices.

**NATIONAL ARMY MUSEUM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31ST MARCH 2020**

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

Leasehold Buildings	57 years
Fit-out of Buildings	48 years
Plant and Machinery	34 years
Short Leasehold Improvements	41 years
Computer Equipment	5-10 years
Fixtures and Fittings	10 years

The useful lives for leasehold buildings, fit-out of buildings and plant and machinery have been based on those advised as part of the 2017 property revaluation (see note 7).

The Museum does not capitalise website costs and development costs on internally generated projects, but treats these as expenditure as they are incurred. Expenditure on permanent exhibitions is capitalised in accordance with this policy whilst all expenditure on temporary exhibitions is written off as the expenditure is incurred.

The Museum continuously reviews its fixed assets to ensure they do not fall below recoverable amounts. Any asset that falls below its recoverable amount is adjusted to reflect the fall in value or is disposed of.

**(1) Heritage Assets**

**(i) Valuation and Management**

Heritage assets are recorded at the deemed cost carrying value established at 31<sup>st</sup> March 2010 with the introduction of FRS 30 adjusted for the cost of additions and the value of disposals since this date and any impairments in respect of material elements of the collection.

NAM conducts an annual review of its heritage assets for any impairment to the collection. No impairments were identified for the current or preceding year.

Donated assets are included based on internal estimates by the relevant curator using their experience and judgement and by reference to third parties, if considered appropriate.

Heritage assets comprise of approximately one million items. For the 2010 valuation 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.

**NATIONAL ARMY MUSEUM**  
**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31ST MARCH 2020**

**(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.

**(m) 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.

**(n) Stocks**

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

**(o) 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.

**(p) 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.

All Museum leases are currently operating leases and it has no finance leases.

**(q) 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.

The loan from the Royal Borough of Kensington and Chelsea has been assessed as a basic financial liability and is being measured using an amortised cost basis.

**(r) Restricted and unrestricted funds**

Restricted funds are to be used for specified purposes as laid down by the donor, details of restricted funds are given in note 14 of the financial statements. 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.

**NATIONAL ARMY MUSEUM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31ST MARCH 2020**

**2. Statement of Financial Activities for the Charity alone**

	Unrestricted Funds	Restricted Funds	Total Funds 2019/20	Total Funds 2018/19
	£'000	£'000	£'000	£'000
<b>Income and endowments from:</b>				
Donations and legacies				
Grant-in-Aid	6,486	130	6,616	7,210
Other	232	41	273	95
	<u>6,718</u>	<u>171</u>	<u>6,889</u>	<u>7,305</u>
Trading activities	106	0	106	142
Investments	2	8	10	11
	<u>6,826</u>	<u>179</u>	<u>7,005</u>	<u>7,458</u>
<b>Other</b>	8	0	8	8
<b>TOTAL</b>	<u><u>6,834</u></u>	<u><u>179</u></u>	<u><u>7,013</u></u>	<u><u>7,466</u></u>
<b>Expenditure on:</b>				
Raising funds	850	32	882	787
Charitable activities	5,734	318	6,052	5,581
<b>TOTAL</b>	<u><u>6,584</u></u>	<u><u>350</u></u>	<u><u>6,934</u></u>	<u><u>6,368</u></u>
<b>Operating surplus/(deficit)</b>	<b>250</b>	<b>(171)</b>	<b>79</b>	<b>1,098</b>
Net gains/(losses) on investments	0	(43)	(43)	(3)
<b>Net income/(expenditure)</b>	<u><b>250</b></u>	<u><b>(214)</b></u>	<u><b>36</b></u>	<u><b>1,095</b></u>
<b>Transfers between funds</b>	49	(49)	0	0
<b>Other recognised gains/(losses):</b>				
Gains/(losses) on revaluation of fixed assets	27	460	487	(163)
<b>Net movement in funds</b>	<u><b>326</b></u>	<u><b>197</b></u>	<u><b>523</b></u>	<u><b>932</b></u>
<b>RECONCILIATION OF FUNDS</b>				
Total funds brought forward	63,875	43,308	107,183	106,251
<b>Total funds carried forward</b>	<u><u>64,201</u></u>	<u><u>43,505</u></u>	<u><u>107,706</u></u>	<u><u>107,183</u></u>

**NATIONAL ARMY MUSEUM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31ST MARCH 2020**

**3. Consolidated Statement of Financial Activities analysis of comparative amounts for year ended 31<sup>st</sup> March 2019**

	Unrestricted Funds	Restricted Funds	Total Funds 2018/19
	£'000	£'000	£'000
<b>Income and endowments from:</b>			
Donations and legacies			
Grant-in-Aid	7,084	126	7,210
Other	24	71	95
	<u>7,108</u>	<u>197</u>	<u>7,305</u>
Trading activities	789	0	789
Investments	0	8	8
	<u>7,897</u>	<u>205</u>	<u>8,102</u>
<b>Other</b>	8	0	8
<b>TOTAL</b>	<u><u>7,905</u></u>	<u><u>205</u></u>	<u><u>8,110</u></u>
<b>Expenditure on:</b>			
Raising funds	1,304	9	1,313
Charitable activities	5,293	297	5,590
<b>TOTAL</b>	<u><u>6,597</u></u>	<u><u>306</u></u>	<u><u>6,903</u></u>
<b>Operating surplus/(deficit)</b>	<b>1,308</b>	<b>(101)</b>	<b>1,207</b>
Net gains/(losses) on investments	0	(3)	(3)
<b>Net income/(expenditure)</b>	<u><u>1,308</u></u>	<u><u>(104)</u></u>	<u><u>1,204</u></u>
<b>Transfers between funds</b>	(180)	180	0
<b>Other recognised gains/(losses):</b>			
Gains/(losses) on revaluation of fixed assets	50	(213)	(163)
<b>Net movement in funds</b>	<u><u>1,178</u></u>	<u><u>(137)</u></u>	<u><u>1,041</u></u>
<b>RECONCILIATION OF FUNDS</b>			
Total funds brought forward	62,741	43,445	106,186
<b>Total funds carried forward</b>	<u><u>63,919</u></u>	<u><u>43,308</u></u>	<u><u>107,227</u></u>



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**4. Income and endowments**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total Funds 2019/20</b>	<b>Total Funds 2018/19</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>(a) Donations and legacies comprise:</b>				
Grant-in-Aid:				
-Operating	6,486	0	6,486	7,084
-Exhibits	0	130	130	126
	6,486	130	6,616	7,210
Grants towards acquisition of heritage assets:				
-Heritage Lottery Fund	0	0	0	5
	0	0	0	5
Other restricted donations				
- Donated heritage assets	0	21	21	0
- Special Forces Exhibition	0	0	0	1
- Munnings Exhibition Fund	0	0	0	52
- Development of Foyle learning suite	0	20	20	0
- Other Temporary Exhibitions	0	0	0	13
	0	41	41	66
Other unrestricted donations	93	0	93	24
Total other donations	93	41	134	95
Total donations and legacies	6,579	171	6,750	7,305
<b>(b) Trading income comprises</b>				
- Shop sales	201	0	201	266
- Playbase and childrens parties	247	0	247	256
- Exhibitions	81	0	81	127
- Room hire	81	0	81	79
- Other	71	0	71	61
	681	0	681	789

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**5. Expenditure**

**(a) Expenditure on Raising Funds comprise:**

	Trading	Fundraising	Total 2019/20	Total 2018/19
	£'000	£'000	£'000	£'000
Staff costs	517	206	723	697
Premises costs	26	31	57	76
Cost of sales	169	0	169	216
Subsidiary overheads	24	0	24	23
Collections maintenance	0	9	9	25
Depreciation and loss on disposal	28	34	62	86
Impairment and impairment reversal	(12)	(15)	(27)	(62)
General administration costs	11	67	78	31
Consultancy	1	1	2	0
Insurance and professional fees	4	5	9	19
Support costs	107	47	154	144
Governance	59	26	85	58
	934	411	1,345	1,313

**(b) Expenditure on Charitable Activities comprise:**

	Collections	Curatorial	Education	Publicity	Total 2019/20	Total 2018/19
	£'000	£'000	£'000	£'000	£'000	£'000
Staff costs	1,149	803	341	265	2,558	2,271
Premises costs	560	147	72	47	826	851
Collections maintenance	348	0	0	0	348	549
Event costs	0	0	101	0	101	91
Promotion costs	0	0	0	427	427	381
Depreciation and loss on disposal	327	161	78	51	617	641
Impairment and impairment reversal	(143)	(71)	(34)	(22)	(270)	(465)
General administration costs	132	67	31	21	251	229
Consultancy	9	4	2	1	16	3
Insurance and professional fees	50	25	12	8	95	143
Interest payable	18	0	0	0	18	31
Support costs	343	159	85	112	699	618
Governance costs	188	87	46	61	382	247
	2,981	1,382	734	971	6,068	5,590

**(c) Governance and support costs comprise:**

	2019/20				2018/19		
	Finance	Human Resources	Information Technology	Total Support	Governance	Support	Governance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Staff costs	275	166	147	588	291	545	172
Premises costs	32	29	57	118	49	110	37
Depreciation and loss on disposal	36	32	61	129	54	125	42
Impairment and impairment reversal	(16)	(14)	(27)	(57)	(24)	(91)	(31)
General administration costs	15	12	25	52	22	44	15
External audit	0	0	0	0	35	0	33
Internal audit	0	0	0	0	14	0	11
Consultancy	1	1	2	4	2	1	0
Insurance and professional fees	5	5	9	19	19	28	21
Trustees expenses and meeting costs	0	0	0	0	5	0	5
	348	231	274	853	467	762	305

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Governance and support costs in respect of staff, premises, depreciation and administration have been allocated based on the estimated time spent by staff on these activities and the cost of these staff. Other costs have been allocated based on the amounts invoiced for these services.

Trustees expenses of £2,536 (2019: £1,791) relate to travel expenses reimbursed for 4 trustees (2019 – 2 trustees). In addition, NAM incurred £2,482 (2019: £3,242) in relation to Trustee meeting costs.

<b>6. Total expenditure is stated after charging the following items:</b>	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total 2019/20</b>	<b>Total 2018/19</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Auditors' remuneration				
- audit services	35	0	35	33
Staff costs				
- wages and salaries	2,888	0	2,888	2,506
- social security costs	284	0	284	251
- pension costs	331	0	331	248
- redundancy costs	0	0	0	5
- temporary staff and recruitment costs	657	0	657	675
	<u>4,160</u>	<u>0</u>	<u>4,160</u>	<u>3,685</u>
<b>Operating lease costs</b>				
- land and buildings	235	0	235	257
- other	13	0	13	13
	<u>248</u>	<u>0</u>	<u>248</u>	<u>270</u>

The external audit fee for the Charity was £30,000 (2019: £27,500). This fee includes £2,000 in relation to additional work on the 2018-19 audit expensed in the current year (2019: £4,500). During the year NAM did not contract any non-audit services from its external auditor, the National Audit Office (NAO).

The external audit fee for the subsidiary NAMTL was £5,415 (2019: £5,950).

Redundancy costs for 2018/19 related to one approved exit package during the year.

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**7. Tangible Fixed Assets**

<b>GROUP</b>	<b>Long Leasehold Land and Buildings</b>	<b>Short Leasehold Improvements</b>	<b>Computer Equipment</b>	<b>Fixtures &amp; Fittings</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b><u>VALUATION</u></b>					
At commencement of year	40,223	826	413	1,328	42,790
Additions at cost	30	0	28	126	184
On revaluation	838	12	6	9	865
Disposals	0	0	0	(5)	(5)
Adjustments	(60)	0	0	0	(60)
At end of year	41,031	838	447	1,458	43,774
<b><u>DEPRECIATION</u></b>					
At commencement of year	1,449	137	329	900	2,815
Charge for year	717	20	21	88	846
On revaluation	8	0	3	5	16
Disposals	0	0	0	(5)	(5)
At end of year	2,174	157	353	988	3,672
<b><u>NET BOOK VALUE</u></b>					
At 31 March 2020	38,857	681	94	470	40,102
At 31 March 2019	38,774	689	84	428	39,975

All fixed assets are owned by the Charity with the exception of £2,000 of fixtures and fittings owned by National Army Museum Trading Limited.

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Included in long leasehold land and buildings is a sum of £9,074,000 (2018/19 £8,675,000) for land, which has not been depreciated.

Gerald Eve, Chartered Surveyors undertook a valuation of the long leasehold land and buildings as at 31<sup>st</sup> March 2017 following the reopening of the Museum. 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.

The valuation apportioned the total land and buildings as follows:

	£'000
Land	8,800
Structure of buildings	13,858
Fit-out of buildings	4,201
Plant and machinery	11,995
	<u>38,854</u>

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.

**8. Heritage Assets**

**(a) Carrying value**

	<b>Museum Collection £'000</b>
At commencement of year	67,108
Additions	321
Disposals	-
At end of year	<u>67,429</u>
Net Book Value at 31 March 2020	<u>67,429</u>
Net Book Value at 31 March 2019	<u>67,108</u>

	<b>2020 £'000</b>	<b>2019 £'000</b>
The carrying value comprises:		
Exhibits	35,640	35,379
Fine and decorative arts	20,109	20,055
Archives, photographs, film and sound	10,527	10,521
Printed books	1,153	1,153
	<u>67,429</u>	<u>67,108</u>

During the year the Museum disposed of two locks of hair belonging to Emperor Tewodros II which were included in the Collection at nil value.

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**(b) Five year financial summary of heritage asset transactions**

	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<u>Additions</u>					
Purchases	300	256	105	253	312
Donations	21	-	30	150	-
Total Additions	<u>321</u>	<u>256</u>	<u>135</u>	<u>403</u>	<u>312</u>
<u>Disposals</u>					
Sales Proceeds	-	-	-	-	-
Donations	-	(141)	-	-	-
	<u>-</u>	<u>(141)</u>	<u>-</u>	<u>-</u>	<u>-</u>

**(c) Grant Received**

During the year the Museum received grants towards the purchase of items for its collection of £130,000 (2019 - £126,000) as part of its Grant-in-Aid funding. These grants were used to fund the purchase of heritage assets noted above with any unspent grants being carried forward to fund future acquisitions.

<b>9. Debtors</b>	<b>Group</b>	<b>Charity</b>	<b>Group</b>	<b>Charity</b>
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Trade debtors	53	21	39	10
VAT debtor	154	168	217	235
Prepayments and accrued income	239	238	438	432
Amounts due from subsidiary undertaking	0	187	0	144
Other debtors	2	2	3	3
	<u>448</u>	<u>616</u>	<u>697</u>	<u>824</u>

Amounts due from subsidiary undertaking represents an unsecured loan made in March 2017 to National Army Museum Trading Limited. The loan is repayable over 5 years and carries interest at 1% per annum. Included in the amount due is £38,000 (2019: £79,000) repayable after more than one year.

<b>10. Unlisted Investments</b>	<b>Group</b>	<b>Charity</b>	<b>Group</b>	<b>Charity</b>
	<b>2020</b>	<b>2020</b>	<b>2019</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Investment in subsidiary undertaking (note 10a)	-	-	-	-
<u>Other investments</u>				
Market value at beginning of year	240	240	243	243
Add: acquisitions at cost	-	-	-	-
Less: disposals	-	-	-	-
Net unrealised investment (loss)/gains	<u>(43)</u>	<u>(43)</u>	<u>(3)</u>	<u>(3)</u>
Market value at end of year	<u>197</u>	<u>197</u>	<u>240</u>	<u>240</u>
Total unlisted investments	<u>197</u>	<u>197</u>	<u>240</u>	<u>240</u>

Other investments consist of investments in collective investment schemes. The historic cost of these investments was £111,000 (2019 - £111,000).

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**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:

The assets and liabilities of the subsidiary were:

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Fixed assets	2	-
Current assets	255	267
Creditors: amounts falling due within one year	(219)	(144)
Creditors: amounts falling due after more than one year	(38)	(79)
	<u>-</u>	<u>44</u>
	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Share capital	-	-
Surplus/(deficit) retained in subsidiary	-	44
	<u>-</u>	<u>44</u>

The issued share capital of National Army Museum Trading Limited is £1.

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

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Turnover	575	655
Cost of sales and administrative expenses	(481)	(546)
Interest receivable	0	0
	<u>94</u>	<u>109</u>

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**11. Cash and Cash Equivalents**

	<b>Group 2020 £'000</b>	<b>Charity 2020 £'000</b>	<b>Group 2019 £'000</b>	<b>Charity 2019 £'000</b>
Cash at bank and in hand	375	341	468	395
Investments	197	197	240	240
	<u>572</u>	<u>538</u>	<u>708</u>	<u>635</u>

**Analysis of changes in net debt**

	<b>At start of year £'000</b>	<b>Cash- flows £'000</b>	<b>Interest payable £'000</b>	<b>Other non- cash changes £'000</b>	<b>At end of year £'000</b>
Cash	468	(93)	0	0	375
Cash equivalents - investments	240	0	0	(43)	197
	<u>708</u>	<u>(93)</u>	<u>0</u>	<u>(43)</u>	<u>572</u>
Loans falling due within one year	0	(19)	18	140	139
Loans falling due after more than one year	491	0	0	(140)	351
	<u>491</u>	<u>(19)</u>	<u>18</u>	<u>0</u>	<u>490</u>
Total	<u>217</u>	<u>(74)</u>	<u>(18)</u>	<u>(43)</u>	<u>82</u>

**12a. Creditors: Amounts falling due within one year**

	<b>Group 2020 £'000</b>	<b>Charity 2020 £'000</b>	<b>Group 2019 £'000</b>	<b>Charity 2019 £'000</b>
Trade creditors	129	120	325	323
Accruals and deferred income	358	310	579	520
Amounts due to subsidiary undertaking	0	57	0	25
Other creditors	139	139	0	0
	<u>626</u>	<u>626</u>	<u>904</u>	<u>868</u>

**12b. Creditors: Amounts falling due after more than one year**

	<b>Group 2020 £'000</b>	<b>Charity 2020 £'000</b>	<b>Group 2019 £'000</b>	<b>Charity 2019 £'000</b>
Other creditors	351	351	491	491
	<u>351</u>	<u>351</u>	<u>491</u>	<u>491</u>

During the year ended March 2018, the Museum received an unsecured loan of £1,000,000 from the Royal Borough of Kensington and Chelsea. The loan is repayable in instalments over 5 years. Other creditors falling due within one year represent the capital repayments of this loan falling due within 12 months of the balance sheet date.



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**13. Funds Analysis**

	Balance 1 April 2019	Income	Expenditure	Transfers	Gains and losses	Balance 31 March 2020
	£'000	£'000	£'000	£'000	£'000	£'000
<b>RESTRICTED FUNDS</b>						
NAM Land and Buildings	36,699	20	(347)	(50)	0	36,322
NAM Land and Buildings revaluation	2,075	0	0	0	460	2,535
Restricted Heritage Assets	3,853	21	0	300	0	4,174
Grant-in-Aid exhibits reserve	169	130	0	(299)	0	0
Funds for upkeep and maintenance of specific parts of NAM collection	504	8	0	0	(43)	469
Brothers in Arms (Esmée Fairbairn)	5	0	0	0	0	5
John Ellerman Foundation	3	0	(3)	0	0	0
	<u>43,308</u>	<u>179</u>	<u>(350)</u>	<u>(49)</u>	<u>417</u>	<u>43,505</u>
<b>UNRESTRICTED FUNDS</b>						
Unrestricted funds	63,745	7,269	(7,063)	49	0	64,000
Unrestricted funds revaluation	174	0	0	0	27	201
	<u>63,919</u>	<u>7,269</u>	<u>(7,063)</u>	<u>49</u>	<u>27</u>	<u>64,201</u>
<b>TOTAL FUNDS</b>	<u><u>107,227</u></u>	<u><u>7,448</u></u>	<u><u>(7,413)</u></u>	<u><u>0</u></u>	<u><u>444</u></u>	<u><u>107,706</u></u>

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The NAM Land and Buildings Fund represents the net book value of its Long Leasehold 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. Under the terms of NAM's lease of the land and buildings they can only be used for the purposes 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 and hence their classification as a restricted fund.

Restricted Heritage Assets represent those assets acquired by NAM from restricted donations including the annual exhibits Grant-in-Aid.

The Grant-in-Aid exhibits reserve relates to specific Grant-in-Aid received for the purchase of heritage assets which remains unspent at the end of the financial year.

Funds for the upkeep and maintenance of specific parts of the NAM Collection relate to amounts transferred to NAM towards the upkeep and maintenance of various items of the Collection when these items were transferred or bequeathed to NAM which remained unspent at the end of the financial year.

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 John Ellerman Foundation Fund represents funds received towards the cost of a project officer to support the United Kingdom's regional network of regimental and corps museums.

The restricted Land and Buildings income relates to a specific donation from The Foyle Foundation for costs incurred in the development of the Foyle learning suite.

The net transfer in the year of £49,000 from restricted funds to unrestricted funds represents a transfer in respect of the redevelopment of the Museum which is no longer funded from the Museum's general reserves less the cost of Long Leasehold Land and Buildings additions in the year which were funded from general reserves.

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**14. Analysis of Group Net Assets Between Funds**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Total 2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Tangible fixed assets	1,245	38,857	40,102
Heritage fixed assets	63,255	4,174	67,429
Other net assets	(299)	474	175
	<u>64,201</u>	<u>43,505</u>	<u>107,706</u>

The above net assets include Revaluation Reserves of:

	<b>2020 £'000</b>	<b>2019 £'000</b>
<b>Tangible fixed assets</b>		
Unrestricted	201	174
Restricted	2,535	2,075
	<u>2,736</u>	<u>2,249</u>

The restricted revaluation reserve relates to revaluations of the Long Leasehold Land and Buildings.

**15. Operating Lease Commitments**

At 31 March 2020, the Museum had total future minimum commitments under non-cancellable operating leases as follows:

	<b>2020</b>		<b>2019</b>	
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
	Land and buildings	Other	Land and buildings	Other
Due within one year	232	13	232	9
Due between one and five years	929	11	929	11
Due after five years	1,477	-	1,709	-
	<u>2,638</u>	<u>24</u>	<u>2,870</u>	<u>20</u>

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**16. 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 with the company at the year end are disclosed in notes 9 and 12a. Mrs Donovan, Mr Schreier and Mr Maciejewski acted as directors of National Army Museum Trading Limited and also Members of Council or the Management Team of the Museum during the year.

National Army Museum Foundation

The National Army Museum Foundation was incorporated under the Companies Act 2006 as a private company limited by guarantee, it is also a separate independent registered charity. It was set up with the primary purpose of raising funds to support the development of the National Army Museum. At all times the control and administration of the Funds of the Foundation have remained the responsibility of its own trustees. During the year the Foundation donated £nil (2019: £nil) towards the redevelopment of the Museum.

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. There were no transactions between the National Army Museum and the National Army Museum Development Trust during 2019/20 and 2018/19.

The balance of funds held by the Trust at 31 December 2019 was £607,459 (31 December 2018 £558,839). The control and administration of these funds remains, at all times, the full responsibility of the Trust’s trustees.

Society of Friends of the National Army Museum

The Society of Friends of the National Army Museum (SoFNAM), a registered charity number 234325, was wound up during the year with its surplus funds of £34,970 being donated to the Museum. The former members of SoFNAM becoming members of the Museum and forming a Members Advisory Group which continues to offer an exchange of ideas with the Museum.

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 (ENDPB) which it sponsors. The MOD is regarded as a related party. Grant-in-Aid funding from the MOD is separately disclosed in note 4(a) of the Financial Statements.

**17. Capital Commitments**

	<b>2020</b>	<b>2019</b>
	<b>£'000</b>	<b>£'000</b>
Authorised and contracted for at 31st March 2020	-	-
Authorised at 31st March 2020 but not contracted for	-	-

**18. Post Balance Sheet Events**

Since the balance sheet date, the Government has announced a second lockdown for England effectively closing the Museum until 2 December 2020. This closure whilst regretted, is not expected to have a material impact on the Museum’s budgets and cash flows. The position is kept under constant review by management and the Trustees.

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.