

NATIONAL
ARMY
MUSEUM

NATIONAL ARMY MUSEUM
REGISTERED CHARITY NUMBER 237902
CONSOLIDATED FINANCIAL STATEMENTS
31st MARCH 2019

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**NATIONAL ARMY MUSEUM
TRUSTEES REPORT AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2019**

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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 2019. 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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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 and during this period the Museum updated its Strategic Plan. This Plan had a single aim, stabilising 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 Plan has five Key Objectives:

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

Values

Integrity, Rigour, Empathy, Creativity, Teamwork, Accessibility

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Outputs

The Museum's main sponsor, the Army, 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.

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 widest possible access to its Collections both at the Chelsea and Stevenage sites and as part of outreach activities by its professional expert 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 the success of the Museum's first two charging temporary exhibitions:

- Special Forces: In the Shadows;
- Alfred Munnings: War Artist, 1918, this was an exhibition in collaboration with the Canadian War Museum, The Munnings Art Museum and generously supported by Juddmonte and the Beaverbrook Canadian Foundation

These very different exhibitions brought their own distinctive audiences some of whom were not natural visitors to the Museum. The Museum was extremely proud that Her Majesty, the Queen and their Royal Highnesses the Prince of Wales and the Duchess of Cornwall all visited the Munnings exhibition.

In addition to these large temporary exhibitions, the Museum also installed another exhibition space to accommodate smaller exhibitions in what is known as the Focus gallery. This gives support to the main galleries and temporary exhibitions with a fully comprehensive public programme of events and "pop up" exhibitions. One of these very well received small exhibitions was the display of Rory Lewis portraits and art from the Service Charity, Combat Stress who assist veterans by using art as a form of therapy.

The co-location of the Museum's extensive archives adjacent to the Templer Study Centre allows the excellent study centre staff and team of volunteers to provide the level of service required by our readers. This has been further enhanced by the provision of an "online" booking service which allows readers to search for subject matter, order it for a specific time and be allocated a study area.

The learning offer has greatly expanded since last year with many of our former schools returning and new ones booking both taught and self-guided sessions.

Stevenage

The Collections storage site has shown an increase in visitors who by appointment, wish to view and study the collection. Work has continued on location, cataloguing and consecration to the collection. The transfer of the Grenadier Guards archive to NAM has brought with it a fantastic study opportunity.

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Key Risks and Reserves

The operational budget for the NAM for 2018-19 before depreciation of assets was £8.1m 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). Previously it was recognised that the greatest risk to the Museum was the level of settlement of the Final Account for the redevelopment project. With the majority of this Final Account having been settled this risk is now significantly reduced.

The main recognised risk and albeit, of a lower-likelihood is now the withdrawal of MOD/GiA funding. The Museum remains largely funded from GiA from the MOD. 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 funding 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 2015 (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 intention of Council once the redevelopment Final Account has been settled, is to build the Museum's Unrestricted Reserves to £1,000,000.

Current Position

Restricted Reserves

NAM currently holds a Restricted Reserve, excluding land and buildings and heritage assets, of £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 deficit of £154,000 reducing from a deficit of £749,000 at the end of the previous year, an improvement of £595,000 over the year.

Level of Reserves

The Museum, once the redevelopment Final Account is settled, will seek to raise its Unrestricted Reserves to £1,000,000.

The current plans for trading and fundraising include the raising of significant funds each year to help achieve this. The driving of audiences and associated spend per head will in turn increase the trading profit. The Museum has recently commenced charging for some temporary exhibitions.

Based on budgeted trading profit and obtaining Charity Commission approval for the reclassification of part of its Restricted Funds the Museum expects to reach this level of Unrestricted Reserves within five years.

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The Director as Accounting Officer has the delegated authority to utilise both Unrestricted and Restricted Reserves for opportunities or issues that arise within 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.

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.

Assessment of Going Concern

The National Army Museum is 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 Triennial Review which was published on 9th February 2017. This review recognises the Service Museums support of the heritage objectives of the MoD and recommends their retention as ENDPBs/NDPBs. 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 has also received its GiA control total for the 2019-20 financial year.

PERFORMANCE ANALYSIS

Objective 1:

Connect the British Public to the Story of Our Army

1.1.1 Refining Museum Gallery Displays

The feedback received from the public makes it clear that a degree of refinement is needed to the current galleries and public spaces to better inspire and connect the public to the history of Our Army. The Director and Assistant Director (Collections and Programmes) are working on this refinement.

Resources are constrained and limit the degree of work that can be conducted in-year to improve the current displays and increase the impact of the Museum on visitors; £10,000 was set aside for these tasks within the Collections and Exhibitions expenditure. The priorities for 2018-19 were:

- Refine certain displays (e.g. Northern Ireland, cap-badge display in Army gallery), the labelling of some objects (e.g. recruiting objects) and certain backdrops (e.g. the Ethics walls in Battle Gallery).
- Display objects and paintings from the collection on the 4th 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 no longer bases its programme around annual themes, such as Security or Gender, but rather a variety of distinct projects which taken together will offer something to a broad spectrum of the British public, the community with strong links to Our Army and the global audience with an interest in military history.

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The offer now is both physical, based on and off-site, and digital, harnessing our existing website, digital collection and growing social media presence. The coherence of what is offered is achieved by faithfully linking what we do to our Mission and Values. The programme has been developed pragmatically from the bottom up seizing opportunities offered by external high-profile events and anniversaries (e.g. Commonwealth Heads of Government (CHOG) or the WW1 Centenary). We continue to partner with others, e.g. Commonwealth War Graves Commission. NAM will be proactive in identifying and attracting specific specialist groups to visit the Museum.

1.1.2.1 Army and Veteran Groups: By working with the Army, regimental associations and veterans groups, NAM aims to attract visitors through organised group tours. In 2018-19 Army and Veteran Groups attracted 2,057 visitors.

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. New Science Technology Engineering and Maths (STEM) workshops have become one of the most popular offers since re-opening, and new workshops will help position NAM as an important STEM provider in London. We attracted 8,768 school visitors in 2018-19.

1.1.2.3 Other Groups: We attract additional visitors through offering guided tours to other organisations, such as University Alumni Groups or other Museum Friends organisations.

1.1.2.4 Family Activities: We organise weekend family activities once a month (such as 'tank wars'). We attracted 9,866 visitors from Family Activities in 2018-19.

1.1.2.5 Special Events: NAM organised special events around the 100th Anniversary of the Armistice which attracted 4,888 visitors.

1.1.2.6 Special Exhibitions:

This year NAM piloted the combination of a major exhibition alongside a minor exhibition, supported with continuing development of our *Explore* series of digital military history content. The longer-term ambition is to hold 2 major exhibitions per year, each of 450m², and 3 smaller ones of 50m².

The major exhibitions will alternate between a 'three-dimensional' exhibition, comprising images, objects and interactives, which will run from early April to the end of October every year, and a 'two-dimensional' exhibition based around paintings and prints from within the collection or from the National Museum Network; these will run from late November to early March and create a space that can be exploited for corporate hire during the November to March period. A four-year programme of exhibitions, and a rolling planning process, was developed and in place in October 2018 to allow systematic fundraising efforts to commence.

During this reporting year, the Special Forces exhibition ran from April to October and attracted 15,112 visitors with overall attendance for the exhibition run at 17,519 with a visitor conversion rate of 12%. Income was £67,590 for the April – October period and total income £81,000 including gift aid donations. The exhibition attracted a largely adult audience with 83% of tickets purchased by visitors aged over 16. Visitors were primarily from London, accounting for 51% of the audience. The most common motivation for visiting the exhibition was an interest/connection to Special Forces. The overall rating for the exhibition was 9/10 with 95 % of visitors stating that they would recommend the exhibition. The special exhibitions programme allowed the Museum to begin a programme of installation and changes of large objects linked with both the exhibition and public and programme. This has included the installation of a Coyote

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Tactical Support Vehicle (CSV) to link with the Special Forces exhibition and the installation of a First World War Howitzer to link with the Centenary of the Armistice in 1918.

1.1.2.7 Alfred Munnings: War Artist 1918 opened on 30th November. The exhibition developed in collaboration with the Canadian War Museum in partnership with The Munnings Art Museum featured 41 paintings supplemented with objects from NAM's collection. Sponsored by The Beaverbrook Foundation and Juddmonte Group, the exhibition attracted 13,664 visitors and generated income of £52,474 over its 3-month run. Visitors from London and the South East accounted for 61% of the audience with 60% of the audience aged 55+ and 56% female. The exhibition rating was 9.9/10 with 98% of the visitors stating they would recommend the exhibition.

1.1.2.8 Hungary's Hussars and Our Army: Was a modest 50m² exhibition, using the Focus Gallery, that ran concurrently with the Munnings exhibition. It complemented the Cavalry theme of Munnings and helped to make NAM a destination for those who love horses, whilst Christmas shopping in London. Led by NAM, this exhibition was curated jointly with the Hungarian Military Historical Institute. The Hungarian Embassy held a major Anglo-Hungarian event at NAM in the run-up to the exhibition. The footfall reached 3,000, most of which came from subject matter experts, those interested in fashion and the Hungarian community in London.

The visitor engagement and feedback to these exhibitions is now carefully monitored helping to shape and develop the programme further. A growing series of capital items associated with the construction of exhibitions is now being used to drive down staging costs, so that re-usable showcases and Audio-Visual hardware and software can be re-used and re-configured in successive exhibitions.

1.1.2.9 Venue hire generated visitors of 6,134, 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 94,644, 40% of the total audience.

1.1.2.11 Physical Outreach - NAM continues to use the handling collection and pop-up exhibitions to connect audiences from a wide cross-section of society, including the Army community itself, with the history of Our Army.

There is a particular emphasis on diverse communities within the UK not currently connected with the modern British Army but with strong historical links with Our Army, such as the Indians, Pakistanis, Somalis, East and West Africans.

1.1.2.12 Public Outreach: NAM's presence at the Sikh New Year Festival in Trafalgar Square and at The Oval for the England vs India Test Match represent examples of external events targeted at a range of difference audiences. The target for outreach at such events is 30,000 over the coming year.

Public Outreach = 27,200 contacts achieved 2018-19.

1.1.2.13 Sandhurst: NAM is working closely with The Royal Military Academy Sandhurst (RMAS) and the Sandhurst Trust to enhance and maximise the impact of the Indian Army collection displayed in Old College. NAM will assist in the training of the Sandhurst volunteers to enable better explanation of the collection on display and to support Sandhurst Heritage open days. The overall target for engagement with NAM collection housed at RMAS is 25,000 over the year. NAM attended the RMAS Open Day on 17 June 2018 with a pop-up display in the Indian Army Memorial Room, which attracted 10,000 visitors.

1.1.2.14 Army Outreach: NAM will connect with the serving Army on the theme of the Centenary of the Last 100 Days of World War 1 (WW1). A pop-up exhibition on the Last 100 Days of WW1 was curated and deployed to the MOD Main Building, The Royal Military Academy Sandhurst, Army Headquarters, Home Command and the Defence

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Academy between August and November 2018. It is expected that these displays will attract at least 5,000 service personnel and families.

100 days = 10,300 visitors achieved 2018-19.

1.1.2.15 Digital Outreach

It's been a record-breaking year for website engagement, and this is shown in the target for website visits over the year being 915,000, whereas the end of the year figure was 1,444,354, demonstrating a huge increase of 75% over 2018-19.

	2018-19 Target	2018-19 Actual
Onsite Visitors	257,000	234,549
Website Visits	915,000	1,444,354
Outreach	61,000	49,304

This was achieved by the focussed activity outlined above (with key growth coming around exhibition and marketing launch campaigns as well as key military anniversaries) as well as the ongoing improved awareness and access of the nam.ac.uk site through increased organic search.

Following on from the website testing and analysis carried out with our digital partner Deeson at the end of the previous year, we have implemented a new measurement framework to monitor website activity and interactions.

The new framework means we are better able to measure website performance against strategic objectives. It has allowed us to improve how we track and quantify website engagement, impact and reach from a more qualitative base, allowing us to deliver more relevant and usable insight as well as allowing us to communicate potentially more useful measurements of success.

We have split this across three core areas: *Tell the Story*, measures both engagement with stories and access to the Collection, *Generate Revenue* looks at conversion from key visit and events pages, and thirdly *Build Reputation* looks at answering Army history and raising awareness of nam.ac.uk as a destination for knowledge.

	Connect with stories	Connect with collection	Drive footfall	Increase event sign-ups	Position as leading authority	Strengthen brand
Benchmark	50%	14,500	7,000	10%	30,000	8,000
Q1	n/a	18,566	6,678	n/a	31,760	9,433
Q2	n/a	20,455	6,095	n/a	32,076	9,273
Q3	44%	24,877	7,841	9%	63,442	10,808
Q4	40%	24,080	10,371	10%	72,225	11,308
Average	42%	21,995	7,746	10%	49,876	10,206

There is still work to be done in optimising goals/metrics to ensure we get the most accurate insights, especially relating to revenue from ticket sales, however, throughout the year, we have exceeded or met the benchmark in five out of six categories.

Website development continued throughout the year, with ongoing improvements to access pages and content and improved functionality and surfacing of content. The biggest achievement here was the testing and implementation of the integral site search facility that was launched in February 2019. The site search has been developed and customised to allow users to search topics through different terminology, using content to group together similar search terms.

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The website content over the year has focussed on a number of key areas, a key part of which has been exhibition related content. These focussed on the Special Forces stories series along with related parachute content for the summer programme, horse and First World War content to support Alfred Munnings/Call in the Cavalry. Additionally, we have produced many for regimental and campaign histories and supported these with specific content to aid impact (such as specially commissioned maps and videos).

The 100th year anniversary of the end of the First World War occurred in November 2018 and this was marked by the release of the final Soldier Story. The team had created a separate microsite as a focus for all First World War content and had spent the last four years creating 54 Soldier Stories, focusing on individuals covering the length and breadth of the UK. Up to November 2018, the stories had been viewed over 130,000 times. Almost 600 objects were added to the Online Collection as a result of this project.

These centenary commemorations were also marked with a specific social media campaign which highlighted 100 objects covering the 100 days leading up to Armistice Day. The Centenary Collection campaign featured 100 tweets, 8 Museum Choice objects with stories (these included video content and voices of staff explaining why objects were inspiring or significant) and an online visitors' poll. Overall the project gained over 68,000 impressions across Facebook, Twitter and Instagram with over half of these from the video posts.

Social media outputs have grown from strength to strength during the year with the impressions target of 8,600,000 being exceeded by almost 75% to reach 15,044,817. Although this is a huge figure, often most social media activity can be accounted for through advertising spend. In order to achieve this reach figure however, we achieved a split of organic reach of 6.5m and paid reach of 8.5m reflecting ongoing improvements of our organic content.

There continues to be differences in social media platforms, with Instagram proving popular for younger audiences and working particularly well with "influencer" content and Facebook working well with our traditional audience.

Twitter has continued to grow and remains a core channel for organic partnerships and sharing of content with other organisations.

Echoing the creation and focus on digital content creation, much of the focus for social media content has been around exhibitions, public programme and key anniversaries and notable dates and has supported integrated campaigns across the Museum.

In addition to the Centenary Collection campaign, key highlights across the year have included video content focussed on exhibitions, an animated video of toy paratroopers participating in the summer activities and opportunities to use trending hashtags, one of which was the 'Museum Duck Hunt', a jovial 'competition' on Twitter between museums to see which had the best duck. Our entry, using the GMC DUKW vehicle in our collection, earned 57,000 impressions and gained a mention in the media including The Times.

1.1.2.16 Marketing and Communications

Without the ability to use a strong brand campaign this year, our marketing, advertising and communications activity was mainly focussed around a variety of tactical campaigns, featuring our exhibitions, our public programme activity and also key events and anniversaries.

This led with the initial activity and messaging to focussing on the Special Forces exhibition. We worked closely with the exhibition ambassadors to maximise impact across social media and gain interest for specific supporting SF events. We created both above and below the line content, allowing us to focus messages to different target markets, thus enabling us to create expert-focussed video content for our core market and family-friendly messages to coincide with our school holiday campaign.

Throughout the school holidays, we have created targeted activity and messaging to drive families into the Museum. The biggest campaign was the *Summer Mission: Parachutes* activity that ran throughout July & August 2018. We ran a multi-media campaign starting with our launch activation in Chelsea with the 3-D parachute mat and running across the tube and rail network as well as print, digital and targeted family sites. Social media and guerrilla marketing tactics also played a big part of this campaign, which included on-street targets around local targets and focussed *parachute* social content, utilising content from the website as well as our collection.

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Although the summer period recorded the longest number of high temperature days on record, we were able to engage with 3,610 visitors in the parachute adventures workshops and 667 visitors took up the kids go free to Special Forces offer across July and August. This significantly contributed to our annual statistic that 50% of our visitors are part of a family group. The average for Q2 across the benchmarking consortium was 38%.

Another key focus of our activity was to promote the *Alfred Munnings: War Artist, 1918* exhibition. Whilst Munnings himself has a recognised profile, we had limited time and resources to create a buzz around this exhibition, with much of the messaging and details coming through at the last minute from our exhibition partner in Canada.

That said, we were able to create a high-profile campaign and mobile interest in such an exhibition, working closely with stakeholders to maximise press interest and galvanise support for partners and interested stakeholders, and allow us to reach out to newer audiences. All this supported our in-house content, videos and advertising campaign that helped bring 13,664 visitors to the exhibition, rating the exhibition 9.9 (out of 10) and 98% that would recommend it to others.

During our second year of opening, we have supported our tactical and exhibition activity with an Always-On programme across both our owned and paid channels. This has included the racking of leaflets across key tourist and visitor sites throughout the capital and beyond as well as trialling additional digital content through Google Display Network (GDN) and other digital sites. The aim of this is to keep the Museum's name available and promoted across channels even when there isn't a specific message to communicate.

We have also developed a proposition for our Group's audience, including updating our online content and physical collateral, all of which contains targeted content and offers for this potentially large sector of visitors. Roll out and promotion of this will take place during the coming year.

Support for the wider museum has continued during the year with marketing and communications driving local relationships, engagement with DCMS and key Army stakeholders to support public anniversaries and events. This has cemented our relationships with key partners, embedding us into the local community, as well as beginning to make the museum the go-to partner for high profile stakeholders and selected media.

Our benchmarked brand awareness has shown that much of this activity is starting to have greater impact with our audiences, with our awareness growing 5% year-on-year from 19% to 24% **(refers to our annual benchmarking survey by MHM)*

There remains a need however, to fully review the Museum's audiences and agree a more formalised approach to our audience development, segmentation and identifying of priorities for attracting and engaging with visitors. This work, along with reviewing how we communicate with these segments and audiences, is already underway at the end of the year, however it will be fully explored and delivered during the current year.

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 was developed over the course of this year by the newly appointed Head of Collections Research and Academic Access. It is believed that the Army Heritage Strategy will set the right conditions for the implementation of this Plan. Activity for this year can be grouped into the following areas.

2.2.1 Research and Collections Advisory Group

This year NAM established a new broadly-based Research and Collections Advisory Group comprising subject matter experts and field leaders in different object types (e.g. medals or weapons), periods of history and, where appropriate, regions significant to the history of Our Army, such as India and Africa. The group supports the work of the Assistant Director (Collections and Programmes) and is co-ordinated by the Head of Collections Research and Academic

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Access. In addition, the former Head of Research and Academic Access now fulfils a role as Curator Emeritus, providing coaching and mentoring to colleagues, as well as important links back to institutional knowledge.

2.2.2 Academic Partnerships

Academic partnerships were reinvigorated with the forming of the new Research and Collections Advisory Group, which first met in January 2019. New partnerships were formed with Royal Holloway, and existing partnerships with the University of Kent, and the University of Birmingham were maintained.

A successful conference on the subject of commemoration of the First World War was held in November 2018 that brought international scholars to the Museum, with two further conferences held at NAM in June and July 2019 - the latter working with the Western Front Association and the British Commission for Military History. The Departmental Head also presented to international peers and colleagues at ICOMAM in Ljubljana in Slovenia in September 2018. The partnership with National Museums of Scotland (NMS) - 'Baggage and Belonging: Military Collections and the British Empire (1750-1900)' - continued and the AHRC funding secured in the previous year enabled their Post-Doctoral Researcher to visit NAM and other regimental museums via NAM's Regimental and Corps Museums network. The Museum has worked with the War Studies Department at the Royal Military Academy Sandhurst, the Centre for Historical Analysis and Conflict Research and University Faculties, such as the War Studies Department at King's College.

New ground has been broken in building the Museum's relationship and partnership with the Army this year. NAM participation on Commander Field Army's Op REFLECT battlefield study provided brilliant exposure for the Museum, enabling positive contacts to be made with the military and academic community. At the same time, the Museum's Army Group offer has grown significantly. Further battlefield studies are planned for 2019/20.

The relationship with British Forces Germany on shared projects has established a new model of how we can effectively work together. The Museum is a founding member of the Army's Intellectual Hub, which includes such organisations as the Centre for Historical Analysis and Conflict Research. This has seen the Army increasingly turn to NAM for our expertise.

The Collections Division provides guided tours to every serving Army group that visit the Museum. This provides staff with the opportunity to meet the Army today and has resulted in exchange visits to military units, including attendance at a night training exercise for some of the curators, providing them with insights at first hand into how the modern Army works.

2.2.3 Regimental and Corps Museums

In 2018-19 the National Army Museum Regimental Museums Liaison team continued to build on its work. 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

The Museum revised the way it answers around 2,000 public enquiries per year, with the aim of answering 50% within ten days and the remainder within 20 days. An online pre-ordering system for books and archive items was introduced which enable readers to gain more from their visit here. The Duty Curator system has been maintained and adjusted to support this. Planning on how to better use the 'Discover More' area will also begin. These actions are aimed at achieving a target audience of 3,500 compared to 2,519 actual visitors in this reporting period.

2.2.5 Public Programme

The 2018-19 public programme has continued to develop and broaden. The Museum's monthly Wednesday late opening is now always supported by programme activity. Some of this is linked to the exhibitions programme, and has included a variety of formats, from book launches, in conversation, panel discussions or collections-led activity.

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An “in conversation” event with Jason Fox, from the Channel 4 Television series around Special Forces proved very popular. Similarly, lectures and presentations around First World War cavalry from Allan Mallinson and NAM Curators providing access to collections from store, linked to the Munnings exhibition have been well received. Family programmes have been particularly popular with activities scheduled for half-term and school holidays. These programmes are well-attended and help interpret subjects covered in the Museum’s temporary exhibitions and permanent galleries through creative interactive activities. In 2018-19, 9,826 people participated in family programmes. There was the launch of the ‘Spotlight Saturday’ programme, designed to bring larger scale events to the Museum, which got off to a very successful start in February when over 1,600 attended on a single day linked with the ‘Call in the Cavalry’. This event was strongly supported by the Household Cavalry, who provided horses, farriers and a wide range of modern equipment and soldiers for people to meet at the event. Spotlight Saturdays now run with an Army presence whenever possible to link the subject with the Army today. The highly successful Friday Insight talks will continue to be a core part of the Museum's public programme aimed at those with a deep interest in military history.

The Museum is now focussed on giving a platform to authors of recently published books, members of the Research and Collections Advisory Group, young up-and-coming historians and our own curatorial team. The target for Friday Insight talks was 3,750 this year, but actual visitors were 4,694.

2.2.6 Venue of Choice for Subject Matter Expert Groups

The Museum is seeking to establish the Boardroom 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. We have developed stronger links with the Army Museums Ogilby Trust (AMOT), the Society for Army Historical Research, The Army Records Society, The Historical Branch (Army), The Centre for Historical Analysis and Conflict Research and the British Military History Society. NAM’s aim over this period is to host two meetings per month for charitable organisations whose objectives fall within the objects of the Museum. These are not regarded as a commercial opportunity but rather the opportunity for NAM to become the centre of a vibrant military history scene.

Opportunities for working together to increase NAM’s authority will emerge through increased interaction with like-minded organisations.

2.2.7 Book Launches

Book launches attracted 667 visitors this year, in addition we also hosted meet the author events. There were 5 book launches held, with a total of 261 units sold, accounting for £5,630 in income. Public Programme events, such as Friday Insights and meet the author events were also used as opportunities for book sales, with a total of 198 units sold, accounting for £3,902 in income. This accounted for a combined total of £9,532 in income.

2.2.8 Conferences

The Museum will continue to organise one conference a year on the theme of Remembrance with a longer term ambition to hold two. The target is for 100 people to attend the Conference - a mixture of academics and the general public. Conference visitors this year were 85.

2.2.9 War Graves Adjudication Unit (WGAU)

The WGAU continued to complete work with regard to cases of non-commemoration or identification of burials from the First and Second World Wars. The relationship with the Commonwealth War Graves Commission has been strengthened with reciprocal staff visits. A total of 170 cases of non-commemoration were sent for adjudication by the Commonwealth War Graves Commission (CWGC), 19 cases of identification and 4 cases of amendment for overseas were dealt with by this “one-person unit”.

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Objective 3:

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

3.3.1 Outreach

In 2018, the Museum attended a number of external events reaching a range of different audiences. This included attendance at the Sikh Vaisakhi Festival in Trafalgar Square and the staging of a First World War commemorative cricket match between England and India at The Oval in September 2018. The match included representatives of the British Army and Indian Army who had served alongside each other during The Great War.

The Museum also produced a travelling display to mark the end of the Centenary Celebrations of The Great War. This travelled to a number of external locations, including the MOD Main Building and Army Headquarters in Andover. In addition, our work with the MOD included a presence at the Sandhurst Open Day visited by around 10,000 people.

3.3.2 Stevenage

NAM has significantly increased public access to its collection at Stevenage through a programme of organised group visits aimed at specialist groups and subject matter experts. Stevenage-based staff have been reorganised into a single large office freeing up a room suitable as a group object handling room, for groups up to 15 in size. Modest redecoration, new signage and dedicated visitor parking was carried out in October 2018.

3.3.3 Collecting Development

The Museum continues to collect in line with NAM's Collecting Policy priorities as set by the Collections Committee. The Museum is currently in discussion with Equipment Support Branch in the MOD to obtain on loan current "in service" iconic artefacts for display in the entrance area, these include an Apache AH, a Challenger 2 tank and a Land Rover WMIK. To help facilitate this, the Department of Collections Development and Review was reconfigured to

provide specialist points of contact. These staff now have responsibility for the development of targeted areas of collecting, whilst maintaining the ability to work flexibly across the Museum.

3.3.4 Collections Management and Care

Having achieved full accreditation in October 2017, the Museum new workflows have been introduced for material arriving for the collections which enable them to be treated for any infestation and photographed on entry.

This year the Collections Standards and Care team have made significant improvements in formalising policies and procedures in line with the requirements of Spectrum 5.0 for Museum Accreditation. Significant work has gone into making the acquisition processes more efficient. Further work on the collections management system has allowed us to better document with over 9,000 items being seen and audited during the year. The volunteer programme continues to deliver great benefits to the collection with 535 uniform items being re-packed for conservation this year alone.

3.3.5 Archives

The Museum is working towards full Archives Accreditation with The National Archives (TNA) for the archives service, it will submit an application in the summer of 2019. Work on the long-term revision and updating of Collections Conservation Management Plan (CCMP) and undertaking a review of the Collections Management System with a view to potential future replacement has continued and the Museum will continue to improve and develop new workflows to speed up the documentation of new acquisitions as well as revisit the material and documentation backlogs.

3.3.6 Notable Acquisitions

The Museum has continued to add value with notable additions to the collection across a wide range of collection types.

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One of the more unusual routes to acquisition was a Victoria Cross awarded for the Battle of Inkerman which was acquired for £30,000. This was found on the River Thames foreshore. Subsequent metallurgical analysis confirmed that it was a genuine VC. By a process of elimination, it was ascertained to have belonged to either John Byrne of the 68th Durham Light Infantry or Pte John McDermond of the 47th Lancashire Regiment.

An oil painting of John Churchill, Duke of Marlborough at the Siege of Tournay, 1709 by John Wootton (1682-1764) acquired for £68,750 finally provided the Museum with a high-quality representation of this key figure in the Army's story. A rare survival of what would have been a much more commonplace item was achieved with the purchase of Royal Horse Artillery Other Ranks First Pattern Light Dragoon Helmet - probably the only surviving example.

The Archives collection continues to grow and reflect the Army's more recent activity. The scrapbook covering the attachment of Major Phillip Wright, Grenadier Guards, to the British Military Advisory and Training Team (BMATT) Zimbabwe documents the formation during 1981 of a battalion in the new army composed of former guerillas. Modern representations of the Army in digital media were also made through the acquisition of portrait photographs of the British Army by Rory Lewis in a project he undertook from 2016 to 2018.

3.3.7 Disposals

The only major disposals undertaken during this period were:

Object Number	Description
1982-08-196	Universal Carrier No2 Mk II 1942 (c)
1998-09-60	Comet A34 Cruiser Tank 1945

Several smaller items have been earmarked for disposal in 2019 – 20.

The Museum agreed to repatriate two locks of hair belonging to Emperor Tewodros in response to a request from the Ethiopian government. The hair is considered to be of cultural sensitivity to Ethiopian citizens.

All disposals were undertaken in accordance with the Museum's Collections and Disposals Policy.

3.3.8 Loans Out

Loans out have continued to provide additional access to the stored collection, significantly this year we loaned the T.E. Lawrence robe and dagger to a Musee de L'Armee exhibition. A number of watercolours were lent to the SOAS Exhibition, Empire of the Sikhs and we have continued to support regimental museums including lending the Victoria Cross of Capt Arthur Hugh Henry Batten-Pooll, VC MC to the Somerset Military Museum.

3.3.9 Collections Audit

The Museum introduced new due diligence checks on a risk-managed basis for selected acquisitions and commenced the physical audit of items at NAM Stevenage. This will ensure the recently introduced system of object audit completions for staff producing collections items for readers or researchers is maintained. This will also include staff accessing material for their own research or possible exhibition. This will produce several thousand audit instances per year. A programme to fully audit the printed books collection is in progress with over half of the books collection having been audited this year. Audit of the rest of the collections is now being fully documented with over 1,000 items seen and recorded this year.

Objective 4:

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

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4.4.1 Army Review of Heritage Strategy

NAM hosted the Army Review of Heritage Strategy, led by Lt Gen (Ret'd) Andrew Graham. NAM worked alongside AMOT and Home Command in support of this review which is due to be published in the summer/autumn of 2019.

4.4.2 Support to Regimental and Corps Museums

The Museum continues to support regimental colleagues working alongside MOD Home Command museums and the Army Museums Ogilby Trust. NAM hosted the AMOT Conference in October 2018 and will continue to provide flexi-desk space for AMOT at NAM.

As part of the Museum's support to the Regimental Museum community NAM dealt with approximately 25 enquiries per month and visited 30 museums in 2018-19. 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. This is currently averaging one application a month.

In 2018-19 the Museum organised 17 training courses which included:

- Regimental Curators Course, two week-long courses in London, in April and in October;
- GDPR training, three courses, two in London, one in York, in March;
- Conservation Hazards, two courses, one in London in May, one in Edinburgh in June;
- Collections move training, one course in London in July;
- Emergency response training, one course in London in August;
- Reconsidering Ethnographic collections (joint course with National Museums Scotland) in London, in September;
- Modes (Collections Management System) training, one course in London in September;
- Project Argus training, one course in London in September;
- Ad Lib (Collections Management System) training, one course in Edinburgh in September;
- Firearms in Museums training, two one-day courses in London and Leeds, both in November.

4.4.3 Networks

The Museum established local network hubs for museums. 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.

Recent activity within these hubs includes:

- Wales and West Military Museums Network: Carried out an advocacy project amongst seventeen-member museums. NAM provided a textile conservation training programme;
- London Military Museums Network: Initiated a project to employ a Conservation Officer to work with all member museums for a contracted period of two years (an initial scoping project has been delivered towards this goal);
- Northern Military Museums Forum: Was split into two distinctive geographical networks, North East and North West. NAM facilitated a social-media training course, and a video coaching project;
- Corps Museums Network: This group ran a collections condition survey with seven of its members;
- Association of Scottish Military Museums: Supported by NAM this hub successfully applied for National Recognition status from Museums Galleries Scotland (MGS) as a Collection of National Significance;
- Eastern Military Museums Network: Has been established; its initial projects will be a resilience fund application and trustee training courses for its members;
- Southern Army Museums: Has been established.

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- NAM and AMOT are currently in discussion with the military museums in Northern Ireland to initiate a cross border Irish military museums network. Once this is established, we will have achieved regional military museum networks covering the whole of the UK.

4.4.4 Digitisation

Digital photography of existing collections is now being programmed with over 1,000 Indian Army badges from the Field Marshal Sir John Chapple collection being photographed this year, ahead of being placed online. The Museum has also digitised 200 oral histories in the past year.

Objective 5:

Build greater financial resilience and sustainability (Primary Enabling Objective)

5.5.1 Fundraising

The Development Team reviewed the strategy for exhibition funding after the success of the Munnings exhibition. It was decided that building a pipeline of Corporate Partners from the Defence Industry would be a more reliable and sustainable funding stream than pursuing exhibition sponsorship. The pipeline is based on 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. In this reporting period the team raised £65,000 for the successful Munnings and WRAC exhibitions.

5.5.2 Trading

Trading income totalled £789,000.

Retail income was driven by increases in spend per head (SPH) and conversion with SPH growing to £1.19 (24% increase) and conversion increasing to 9% (13% increase). The focus on books and book launch activities saw the book category increase to 30% of retail shop sales. Exhibition ranges supported growth with both Special Forces and Alfred Munnings exhibition related product accounting for 25% of sales.

Play Base occupancy saw a slight decline this year to 57% of capacity. Pricing structure remained consistent throughout the year with different pricing structures for online and in venue purchasing. The booking fee introduced for online purchases assisted in driving income and year on year revenues increased by 13% in spite of decreased occupancy. Overall visitors to Play Base for the year were 68,842 (29% of total visitors to the Museum).

Birthday Parties were a successful income stream this year, generating income of £113,000, an increase of over 50%. Volume and average party spend saw year on year increases. The average party value increased by 27% with the introduction of new catering packages as well as introducing larger spaces for parties and additional Play Base sessions to upgrade the offering.

Utilisation of our spaces for venue hire increased this year with use increasing by 212% and income by 54%. We have established ourselves within Our Army and the wider military charity network. With use of the Museum by these groups representing 28% of the total utilisation.

5.5.3 IT Systems

Due to resource constraints brought about by the need to finalise payment for the Museum redevelopment, IT investment was reduced below the “normal” levels this year and spending was confined to maintenance and sustainment of existing IT infrastructure and software systems. NAM continued to customise by department, Salesforce (its Customer Relationship Management System) to ensure the system meets the needs of individual departments and complies with GDPR.

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5.5.4 Data Protection

Training on Data Protection/General Data Protection Regulations (GDPR) is given to all staff as part of the induction process; this training is regularly updated on an annual 'anniversary' basis. Recently, the Museum completed its GDPR compliance roll-out and is now compliant with GDPR. Cleansing of databases is well underway and the Museum has set itself the target of having all personal details of audiences who no longer wish to engage with the Museum removed from the database within six months. Personal data not yet cleansed or awaiting responses is behind a "firewall with access restrictions in place to prevent accidental disclosure. GDPR is an item reviewed by the PA&RA Committee and was validated as part of the Internal Audit process during 2018.

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.

5.5.6 Fire Safety

The Museum has regular visits from the local fire brigade where they acquaint all members of the "watch". Despite there being issues with the project installed fire alarm system, NAM carries out regular fire alarm tests and evacuation drills with 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 February 2019. Items requiring attention have all been closed. The Emergency Plan procedures were also examined as part of the H&S internal audit. The next testing of the Plan will be in the Summer 2019 where it will test responses at Stevenage.

Financial Review

Consolidated Results for the Year Ended 31st March 2019

Total incoming resources for the Museum in 2018-19 amounted to £8,110,000 (2017-18 £8,241,000). The principal funding source of the Museum is Grant-in-Aid funding received from the Ministry of Defence. In 2018-19 this was £7,210,000 (2017-18 £7,345,000). Income generated from trading activities increased by 44 percent to £789,000 from £549,000 for the previous year. An analysis of trading income is shown in note 4(b) to the financial statements. Total resources expended amounted to £6,903,000 (2017-18 £6,649,000). The increase arises due to a reduction in the amount of the reversal of previous impairment provisions by £543,000 over the previous year. An analysis of long term expenditure trends is shown on page 34. 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 £1,041,000 (2017-18 £1,730,000).

The Museum's net assets as at 31st March 2019 amounted to £107,227,000 (31st March 2018 £106,186,000).

Changes in Tangible Fixed Assets

Movements in tangible fixed assets are shown in note 7 to the accounts.

During the year, the Museum spent £191,000 on additions to tangible fixed assets.

Future Plans

The focus of the NAM over this reporting period was to stabilise the Museum after the redevelopment. Following on from the re-opening in 2017, the Museum reviewed its outcomes over the past year since re-opening and where necessary and based on audience research and feedback sought to refine the offer for our audiences. It will also consolidate its position as the first choice for the history and life of the British Army.

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As mentioned elsewhere in this report the Collections Conservation Management Plan, will continue to be progressed in line with the commitment to the care of the collections and this along with the review of the project Business and Sustainability Plan and existing Strategic Plan, will be used to inform the Strategic Plan for 2019-24.

Targets and Key Performance Indicators

Summarised below is the performance of the Museum against some key performance indicators over the last three years.

Measure	2016-17 Budget	2016-17 Actual	2017-18 Budget	2017-18 Actual	2018-19 Budget	2018-19 Actual
<u>Access</u>						
Number of visitors	57,000	2,000	261,000	233,000	257,000	235,000
Website visits	880,000	575,000	1,000,000	824,000	915,000	1,444,000
Social media impressions	8,000,000	4,851,000	8,000,000	8,624,000	8,600,000	15,050,000
Number of outreach participants	180,000	101,038	60,000	61,000	61,000	49,000
<u>Visitor Satisfaction</u>						
% of visitors who would recommend a visit	n/a	96%	n/a	93%	n/a	94%
Stories of Our Army are relevant to me	n/a	n/a	n/a	69%	n/a	74%
Feels like a 21 st Century Museum	n/a	n/a	n/a	93%	n/a	96%
Would visit the Museum again	n/a	n/a	n/a	86%	n/a	86%

J C W MACIEJEWSKI DSO MBE
DIRECTOR AND ACCOUNTING OFFICER

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

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ACCOUNTABILITY REPORT

CORPORATE GOVERNANCE REPORT

DIRECTOR'S REPORT

Members of Council

At a Privy Council Meeting on 8th 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.

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

The Right Honourable The Lord Hamilton of Epsom – retired 1st November 2018

Lieutenant General Sir Simon Mayall

Mr Guy Perricone

Dr Paul Schreier

Ms Jessica Spungin

Mrs Sabine Vandenbroucke

Mr William Wells

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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.

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 -formerly Acquisition & Disposal

Performance, Audit, & Risk and Assurance Committee – formerly Audit & Risk Assurance

Building for the Future
Committee

Note: This Committee, due to the completion of the redevelopment with just snagging to be signed off, was discontinued in 2018 with responsibility for the closedown of the Final Account passed to the Performance, Audit & Risk Assurance Committee reporting to the NAM Council.

Remuneration & Appointments Committee

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. The following were the members of the Management Team during the year:

Mr Justin Maciejewski DSO MBE	Director
Mr Mike O'Connor OBE	Deputy Director (Operations and Resources)
Mr Ian Maine	Assistant Director (Collections and Programmes formerly Collections)
Ms Teresa Scott	Assistant Director (Human Resources)
Ms Dawn Watkins (NAMTL)	Assistant Director (Enterprise formerly Commercial & Visitor Experience)

In 2018 the NAM Senior Management Team was reconfigured 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.

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Personal Data Loss

All staff carry out Data Protection Act training as part of their induction and e-learning programme. The Museum has identified one personal data related incident during 2018-19. An incident is defined as a loss, unauthorised disclosure or insecure disposal. Protected personal data is information that links an identifiable living person with information about them which, if released, would put the individual at significant risk of harm or distress; the definition includes sources of information that because of the nature of the individuals or the nature, source or extent of the information, is treated as protected personal data by the Museum. The Museum worked on compliance with General Data Protection Regulations which became effective from May 2018 and has in place the necessary actions to ensure that the Museum is well placed with regard to compliance to minimise risk to the Museum.

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;
- 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.

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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 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.

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 2018–19. Listed below are the Council Members and their attendance at Council meetings:

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Post	Name	Meetings whilst Member/Meeting Attendance
Chair	General Sir Richard Shirreff KCB CBE	4/4
Members	Mr Patrick Aylmer	4/4
	Dr Jonathan Boff	4/2
	Mrs Judith Donovan CBE	4/3
	Mr John Duncan	4/4
	The Right Honourable The Lord Hamilton of Epsom	3/3
	Lieutenant General Sir Simon Mayall	4/2
	Mr Guy Perricone	4/4
	Dr Paul Schreier	4/4
	Ms Jessica Spungin	4/4
	Mrs Sabine Vandenbroucke	4/4
	Mr William Wells	4/4

Register of Interests

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

NAM Council Committees

The revised 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.

Performance, Audit, & Risk and Assurance Committee

During 2018 - 19 the Performance Audit & Risk Assurance (PA&RA) Committee had four meetings. The Committee members and their attendance at the meetings are listed below:

Post	Name	Meetings whilst Member/Meeting Attendance
Chair	Mr Patrick Aylmer	4/4
Members	Mr John Duncan from 11 July 2018	4/2
	Mr Guy Perricone	4/4
	Mrs Sabine Vandenbroucke	4/4
	Mr Robin Grimston from 11 July 2018	4/3

The Committee scrutinised the draft Annual Accounts for 2017-18 and recommended them for approval by 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. After the disbandment of the BtF Committee, the Committee assumed the responsibility of completing the closure of the redevelopment Final Account. The Committee reviews the Risk matrix at each meeting.

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Collections & Research Committee

This held two planned meetings during 2018-19. Listed below are the members of the Committee and their attendance at the meetings:

Post	Name	Meetings whilst Member/Meeting Attendance
Chair	Lieutenant General Sir Simon Mayall from 26 April 2018	2/2
Members	Mr John Duncan from 24 April 2018	2/1
	Dr Jonathan Boff	2/2
	Mrs Sabine Vandembroucke	2/2
	Professor William Philpott	2/2

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

Building for the Future Committee

Post	Name	Meetings whilst Member/Meeting Attendance
Chair	Brigadier Douglas Erskine Crum	6/6
Members	General Sir Richard Shirreff	6/4
	Mr William Wells	6/5
	Mr Keith Baldwin	6/5
	The Rt Hon The Lord Hamilton of Epsom	6/5

Remuneration & Appointments Committee

This Committee had no meetings during 2018-19. The Committee members are listed below:

General Sir Richard Shirreff KCB CBE (Chair)
Ms Jessica Spungin
Mr William Wells

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.

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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 due to be updated in Autumn 2019, which all staff employed at the NAM must sign up to, supports the system of financial control. 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. During this reporting period this group has focussed on the requirements of GDPR to ensure NAM compliance with the legislation due to come into effect May 2018. The Agenda and minutes for this Committee are briefed to all departments by their divisional report.

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, BDO (formerly Moore Stephens) 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. The NAM, along with the other major service Museums will work together in 2019 to tender for a framework agreement on Internal Audit to hopefully reduce costs for this service through economies of scale.

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) was thereby mitigating some or all of those risks.

The PA&RA Committee decided to carry out initial audits on only two specific topics; Collections Review and GDPR during the reporting period. The Internal Auditors felt that as there were only two topics that they were unable to give an overall assurance on the internal controls. This was explained to the Committee.

The overall findings from both of these audits was generally satisfactory.

The Internal Auditors also provide an annual report to the PA&RA on the key areas of risk reviewed to the Accounting Officer and the NAM Council on the work performed in the year.

External Auditors

The external auditor of the Museum is the 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 Accounts 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).

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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. 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.

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

We have responsibility, on behalf of the full NAM Council, for the overall effectiveness of the Museum's governance arrangements and their compliance with Corporate Governance in Central Government Departments Code of Practice 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 2018-19 is £33,450 (2017-18: £25,425) of which £27,500 relates to the audit of the Museum including £4,500 in relation to additional work on the 2017-18 audit expensed in the current year and £5,950 to the audit of NAMTL.

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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.

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 23 were as follows (with comparative salary disclosures for 2017/18).

	Salary (£'000)		Performance Pay (£'000)		Benefits in kind (to nearest £100)		Pension benefits (£'000)		Total remuneration (£'000)	
	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18
Justin Maciejewski <i>Director (from 26 February 2018)</i>	135-140	10-15 (FTE 135-140)	-	-	-	-	-	-	135-140	10-15
Janice Murray <i>Director General (to 31 October 2017)</i>	-	60-65 (FTE 105-110)	-	0-5	-	-	-	13	-	80-85
Mike O'Connor <i>Deputy Director *</i>	70-75	70-75	-	-	-	-	10	23	80-85	95-100
Teresa Scott <i>Assistant Director - Human Resources</i>	65-70	65-70	0-5	0-5	-	-	23	19	85-90	85-90
Genevieve Adkins <i>Assistant Director - Public Programmes (to 18 August 2017)</i>	-	20-25 (FTE 60-65)	-	-	-	-	-	10	-	30-35
Ian Maine <i>Assistant Director - Collections and Programmes</i>	65-70	60-65	0-5	-	-	-	-	-	65-70	60-65
Laura Palmer <i>Assistant Director - Development (17 October 2016 to 21 July 2017)</i>	-	15-20 (FTE 60-65)	-	-	-	-	-	-	-	15-20
Dawn Watkins <i>Assistant Director - Enterprise</i>	65-70	65-70	0-5	-	-	-	-	-	65-70	65-70

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	Accrued pension at pension age as at 31 March 2019 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2019	CETV at 31 March 2018	Real increase in CETV	Employers contribution to NEST pension or personal
	£'000	£'000	£'000	£'000	£'000	£(nearest £100)
Justin Maciejewski <i>Director (from 26 February 2018)</i>	-	-	-	-	-	5,600
Janice Murray <i>Director General (to 31 October 2017)</i>	-	-	-	271	-	-
Mike O'Connor <i>Deputy Director *</i>	20-25	0-2.5	402	368	9	-
Teresa Scott <i>Assistant Director - Human Resources</i>	20-25 plus a lump sum of 45-50	0-2.5	329	273	9	-
Genevieve Adkins <i>Assistant Director - Public Programmes (to 18 August 2017)</i>	-	-	-	61	-	-
Ian Maine <i>Assistant Director - Collections and Programmes</i>	-	-	-	-	-	2,500
Laura Palmer <i>Assistant Director - Development (17 October 2016 to 21 July 2017)</i>	-	-	-	-	-	-
Dawn Watkins <i>Assistant Director - Enterprise</i>	-	-	-	-	-	2,200

* Mike O'Connor acted as Interim Director from 1st November 2017 until 25th February 2018.

The opening cash equivalent transfer value (CETV) figures as at 31st March 2019 may be different from the closing figures in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.

None of the above received any benefits in kind during the year (2017/18 £Nil).

No members of the Council received any remuneration during the year (2017/18 £Nil). During the year reimbursements were made to members of the Council totalling £1,791 (2017/18 £1,829) for travel and subsistence and £Nil (2017/18 £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

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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.

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.

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)

	2018-19	2017-18
Band of highest paid director's total remuneration (£'000)	135-140	135-140
Median total remuneration (£)	28,945	34,689
Remuneration ratio	4.8	4.0

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 ratio has increased due to changes in the staff mix which has resulted in a reduction in the median total remuneration.

The full time equivalent remuneration ranged from £19,890 to £135,000-140,000.

Staff Report

Staff costs and staff numbers (Subject to audit)

	2019 £'000	2018 £'000
Staff costs comprise:		
- wages and salaries	2,506	2,392
- social security costs	251	244
- pension costs	248	248
- redundancy costs	5	0
- temporary staff and recruitment costs	675	660
	<u>3,685</u>	<u>3,544</u>

Excluding the Director and members of the senior management team, no employees received remuneration for 2018-19 excluding pension contributions, greater than £60,000 (2017-18 no employees).

The average number of senior management and staff was:

	2018/19	2017/18
Collections	33	25
Curatorial	21	19
Education	5	3
Publicity	4	5
Trading	14	26
Fundraising	2	4
	<u>79</u>	<u>82</u>

25 of the above staff are male and 54 female. 16 staff are employed on short term contracts with all other staff employed on a full time contract. The above includes 11 part time staff members.

Redundancy costs relate to one approved exit package during 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 (2018: one individual at a total cost of £58,100). Total expenditure for other consultancy services in the year was £3,350 (2018: £3,000).

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Sickness and Absence data

The NAM employed 90 members of staff at 31st March 2019 (67 full-time and 23 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 2018-19, there were 399 (full time equivalent) days lost to sick absence compared to 423 days lost in 2017-18.

During the period, the average number of days' sickness absence per employee was 5.1 compared to 5.7 days in 2017-18 (long-term incidents of sickness absence have been excluded to give a more accurate picture of sickness absence at NAM). 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 2018-19 employers' pension contributions for the Museum of £200,000 were payable to the PCSPS (2017-18 £233,000) at rates based on salary bands as follows:

Band one	-	£23,000 and under	20.0%
Band two	-	£23,001 - £45,500	20.9%
Band three	-	£45,501 - £77,000	22.1%
Band four	-	£77,001 and over	24.5%

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 4 per cent with effect from 1st August 2018. Prior to this employer pension contributions were 2 per cent except in the case of senior staff where this rate was increased to 3 per cent and 4 per cent for the Director. Total employer contributions in this regard were £48,000 (2017-18 £15,000).

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

There was one approved exit package during the year at a cost of £5,040 (2017-18 None).

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

	2019	2018
Table 1		
Number of employees who were relevant union officials during the period	0	0
Table 2		
Percentage of time		
0%		
1-50%	0	0
51-99%	0	0
100%	0	0
Table 3		
Total cost of facility time	£0	£0
Total pay bill	£3,010,000	£2,884,000
Percentage of the total pay bill spent on facility time	0%	0%
Table 4		
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
2018-19	7,084
2017-18	7,219
2016-17	5,906
2015-16	5,929
2014-15	5,740

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 £126,000.

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:

	2019 £'000	2018 £'000	2017 £'000	2016 £'000	2015 £'000
Staff costs	3,685	3,544	3,250	2,918	3,162
Premises costs	1,074	946	415	592	708
Collection maintenance	574	694	1,443	804	638
Events and promotion	472	783	504	437	410
Depreciation and loss on disposal	894	901	482	420	454
Impairment and impairment reversal	(649)	(1,192)	7,659	0	0
Administration and other	853	973	935	797	576
	<u>6,903</u>	<u>6,649</u>	<u>14,688</u>	<u>5,968</u>	<u>5,948</u>

Expenditure for 2016 and 2015 was reduced by over £1 million a year as a result of temporary cost savings achieved by NAM during the Museum's closure.

J C W MACIEJEWSKI DSO MBE
DIRECTOR AND ACCOUNTING OFFICER

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

16th January 2020

National Army Museum
16th January 2020

NATIONAL ARMY MUSEUM
AUDITORS' REPORT
YEAR ENDED 31ST MARCH 2019

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 2019 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 United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). I have also audited the information in the Remuneration Report and Staff Report, and the Accountability Report disclosures that are described in those reports 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 National Army Museum's affairs as at 31 March 2019 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 am required to conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the National Army Museum's ability to continue as a going concern for a period of at least twelve months from the date of approval of the financial statements. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern. I have nothing to report in these respects.

NATIONAL ARMY MUSEUM
AUDITORS' REPORT
YEAR ENDED 31ST MARCH 2019

Responsibilities of the Trustees/Board and Accounting Officer

As explained more fully in the Statement of Council's and Accounting Officer's Responsibilities, the Council 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.

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.

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

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

**NATIONAL ARMY MUSEUM
AUDITORS' REPORT
YEAR ENDED 31ST MARCH 2019**

Other Information

The Council and Accounting Officer are responsible for the other information. The other information comprises information included in the Trustees' Report and Report of Council 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 and Staff 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 Report of Council; and
- the information given in the Trustees' Report and Report of Council 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 which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Trustees' Report and the Report of Council 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

22nd January 2020

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

NATIONAL ARMY MUSEUM
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31ST MARCH 2019

	NOTE	Unrestricted Funds	Restricted Funds	Total Funds 2018/19	Total Funds 2017/18
		£'000	£'000	£'000	£'000
Income and endowments from:					
Donations and legacies	4				
Grant-in-Aid		7,084	126	7,210	7,345
Other		24	71	95	333
		<u>7,108</u>	<u>197</u>	<u>7,305</u>	<u>7,678</u>
Trading activities	4	789	0	789	549
Investments		0	8	8	7
		<u>7,897</u>	<u>205</u>	<u>8,102</u>	<u>8,234</u>
Other		8	0	8	7
TOTAL		<u><u>7,905</u></u>	<u><u>205</u></u>	<u><u>8,110</u></u>	<u><u>8,241</u></u>
Expenditure on:					
Raising funds	5	1,304	9	1,313	1,403
Charitable activities	5	5,293	297	5,590	5,246
TOTAL		<u><u>6,597</u></u>	<u><u>306</u></u>	<u><u>6,903</u></u>	<u><u>6,649</u></u>
Operating surplus/(deficit)		1,308	(101)	1,207	1,592
Net (losses)/ gains on investments		0	(3)	(3)	(2)
Net income/(expenditure)		<u><u>1,308</u></u>	<u><u>(104)</u></u>	<u><u>1,204</u></u>	<u><u>1,590</u></u>
Transfers between funds		(180)	180	0	0
Other recognised gains/(losses):					
Gains/(losses) on revaluation of fixed assets		50	(213)	(163)	140
Net movement in funds		<u><u>1,178</u></u>	<u><u>(137)</u></u>	<u><u>1,041</u></u>	<u><u>1,730</u></u>
RECONCILIATION OF FUNDS					
Total funds brought forward		62,741	43,445	106,186	104,456
Total funds carried forward		<u><u>63,919</u></u>	<u><u>43,308</u></u>	<u><u>107,227</u></u>	<u><u>106,186</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.

NATIONAL ARMY MUSEUM
CONSOLIDATED BALANCE SHEET
YEAR ENDED 31ST MARCH 2019

NOTE	2019				2018			
	Group		Charity		Group		Charity	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
FIXED ASSETS								
Tangible assets	7	39,975	39,975		40,192		40,192	
Heritage assets	8	67,108	67,108		66,993		66,993	
		107,083	107,083		107,185		107,185	
CURRENT ASSETS								
Stocks		134	0		173		0	
Debtors	9	697	824		571		734	
Investments	10/11	240	240		243		243	
Cash at bank and in hand	11	468	395		500		475	
		1,539	1,459		1,487		1,452	
CURRENT LIABILITIES								
CREDITORS:								
Amounts falling due within one year								
NET CURRENT ASSETS/ (LIABILITIES)	12a	(904)	(868)		(1,797)		(1,697)	
		635	591		(310)		(245)	
CREDITORS:								
Amounts falling due after more than one year								
	12b	(491)	(491)		(689)		(689)	
TOTAL NET ASSETS								
		107,227	107,183		106,186		106,251	
RESERVES								
Unrestricted Funds		63,745	63,701		62,617		62,682	
Unrestricted Revaluation		174	174		124		124	
Total Unrestricted Funds	13	63,919	63,875		62,741		62,806	
Restricted Funds		41,233	41,233		41,157		41,157	
Restricted Revaluation		2,075	2,075		2,288		2,288	
Total Restricted Funds	13	43,308	43,308		43,445		43,445	
	14	107,227	107,183		106,186		106,251	

The financial statements were approved by the Council on 16th January 2020 and signed on its behalf by:

J C W MACIEJEWSKI DSO MBE
 DIRECTOR AND ACCOUNTING OFFICER

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

The notes on pages 41 to 58 form a fundamental part of the these financial statements

NATIONAL ARMY MUSEUM
CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31ST MARCH 2019

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2018/19 £'000	Total Funds 2017/18 £'000
Cash flows from operating activities:				
Net cash provided by (used in) operating activities	1,018	(194)	824	(831)
Cash flows from investing activities:				
Purchase of tangible assets	(11)	(180)	(191)	(353)
Purchase of heritage assets	0	(256)	(256)	(105)
Proceeds from sale of tangible assets	0	0	0	0
Net cash provided by (used in) investing activities	(11)	(436)	(447)	(458)
Cash flows from financing activities:				
Repayments of borrowing	(412)	0	(412)	(157)
Cash inflows from new borrowing	0	0	0	1,000
Net cash provided by (used in) financing activities	(412)	0	(412)	843
Change in cash and cash equivalents in the reporting period				
	595	(630)	(35)	(446)
Cash and cash equivalents at the beginning of the reporting period	(749)	1,492	743	1,189
Cash and cash equivalents at the end of the reporting period	(154)	862	708	743

An analysis of cash and cash equivalents is given in note 11 of the financial statements.

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

Net income/(expenditure) for the reporting period (as per the statement of financial activities)	1,308	(104)	1,204	1,590
Adjustments for:				
Depreciation charges	153	733	886	897
Interest payable	31	0	31	29
Impairment and impairment reversal	0	(649)	(649)	(398)
Loss/(profit) on the disposal of fixed assets	0	8	8	4
Heritage assets disposals by donation	0	141	141	0
Donated heritage assets	0	0	0	(30)
Transfer between funds	(180)	180	0	0
(Increase)/decrease in stocks	39	0	39	(105)
(Increase)/decrease in debtors	(201)	75	(126)	1,624
Increase/ (decrease) in creditors	(132)	(578)	(710)	(4,442)
Net cash provided by (used in) operating activities	1,018	(194)	824	(831)

The notes on pages 41 to 58 form a fundamental part of these financial statements

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2019

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 1st January 2015) – (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 2019.

(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 Trustees of the Museum are content that this level of funding will exist for the foreseeable future.

(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 including Heritage Lottery Fund grants are credited to incoming resources on the earlier of the date of receipt or when they are receivable, unless they relate to a grant for expenditure in future accounting periods, in which case they are deferred.

Grants for the purchase of fixed 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 2019

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 2019 was £Nil (2018:£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.

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

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2019

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.

(I) Heritage Assets

(i) Valuation and Management

Heritage assets are recorded at the deemed cost carrying value established at 31st 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.

(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.

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2019

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 2019

2. Statement of Financial Activities for the Charity alone

	Unrestricted Funds	Restricted Funds	Total Funds 2018/19	Total Funds 2017/18
	£'000	£'000	£'000	£'000
Income and endowments from:				
Donations and legacies				
Grant-in-Aid	7,084	126	7,210	7,345
Other	24	71	95	333
	<u>7,108</u>	<u>197</u>	<u>7,305</u>	<u>7,678</u>
Trading activities	142	0	142	14
Investments	3	8	11	11
	<u>7,253</u>	<u>205</u>	<u>7,458</u>	<u>7,703</u>
Other	8	0	8	7
TOTAL	<u><u>7,261</u></u>	<u><u>205</u></u>	<u><u>7,466</u></u>	<u><u>7,710</u></u>
Expenditure on:				
Raising funds	778	9	787	970
Charitable activities	5,284	297	5,581	5,211
TOTAL	<u><u>6,062</u></u>	<u><u>306</u></u>	<u><u>6,368</u></u>	<u><u>6,181</u></u>
Operating surplus/(deficit)	1,199	(101)	1,098	1,529
Net gains/(losses) on investments	0	(3)	(3)	(2)
Net income/(expenditure)	<u>1,199</u>	<u>(104)</u>	<u>1,095</u>	<u>1,527</u>
Transfers between funds	(180)	180	0	0
Other recognised gains/(losses):				
Gains/(losses) on revaluation of fixed assets	50	(213)	(163)	140
Net movement in funds	<u>1,069</u>	<u>(137)</u>	<u>932</u>	<u>1,667</u>
RECONCILIATION OF FUNDS				
Total funds brought forward	62,806	43,445	106,251	104,584
Total funds carried forward	<u><u><u>63,875</u></u></u>	<u><u><u>43,308</u></u></u>	<u><u><u>107,183</u></u></u>	<u><u><u>106,251</u></u></u>

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2019

3. Consolidated Statement of Financial Activities analysis of comparative amounts for year ended 31st March 2018

	Unrestricted Funds	Restricted Funds	Total Funds 2017/18
	£'000	£'000	£'000
Income and endowments from:			
Donations and legacies			
Grant-in-Aid	7,219	126	7,345
Other	5	328	333
	<u>7,224</u>	<u>454</u>	<u>7,678</u>
Trading activities	549	0	549
Investments	0	7	7
	<u>7,773</u>	<u>461</u>	<u>8,234</u>
Other	7	0	7
TOTAL	<u><u>7,780</u></u>	<u><u>461</u></u>	<u><u>8,241</u></u>
Expenditure on:			
Raising funds	1,356	47	1,403
Charitable activities	4,917	329	5,246
TOTAL	<u><u>6,273</u></u>	<u><u>376</u></u>	<u><u>6,649</u></u>
Operating surplus/(deficit)	1,507	85	1,592
Net gains/(losses) on investments	0	(2)	(2)
Net income/(expenditure)	<u><u>1,507</u></u>	<u><u>83</u></u>	<u><u>1,590</u></u>
Transfers between funds	(55)	55	0
Other recognised gains/(losses):			
Gains/(losses) on revaluation of fixed assets	52	88	140
Net movement in funds	<u><u>1,504</u></u>	<u><u>226</u></u>	<u><u>1,730</u></u>
RECONCILIATION OF FUNDS			
Total funds brought forward	61,237	43,219	104,456
Total funds carried forward	<u><u>62,741</u></u>	<u><u>43,445</u></u>	<u><u>106,186</u></u>

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
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4. Income and endowments

	Unrestricted Funds	Restricted Funds	Total Funds 2018/19	Total Funds 2017/18
	£'000	£'000	£'000	£'000
(a) Donations and legacies comprise:				
Grant-in-Aid:				
-Operating	7,084	0	7,084	7,219
-Exhibits	0	126	126	126
	<u>7,084</u>	<u>126</u>	<u>7,210</u>	<u>7,345</u>
Grants towards Building redevelopment:				
-National Army Museum Foundation	0	0	0	69
-FCC Recycling (UK) Limited	0	0	0	151
	<u>0</u>	<u>0</u>	<u>0</u>	<u>220</u>
Grants towards acquisition of heritage assets:				
-Heritage Lottery Fund	0	5	5	0
	<u>0</u>	<u>5</u>	<u>5</u>	<u>0</u>
Other restricted donations				
- Donated heritage assets	0	0	0	30
- Special Forces Exhibition	0	1	1	29
- Murray Conservation Fund	0	0	0	16
- John Ellerman Foundation	0	0	0	33
- Munnings Exhibition Fund	0	52	52	0
- Other Temporary Exhibitions	0	13	13	0
	<u>0</u>	<u>66</u>	<u>66</u>	<u>108</u>
Other unrestricted donations	24	0	24	5
Total other donations	<u>24</u>	<u>71</u>	<u>95</u>	<u>333</u>
Total donations and legacies	<u>7,108</u>	<u>197</u>	<u>7,305</u>	<u>7,678</u>
(b) Trading income comprises				
- Shop sales	266	0	266	224
- Playbase and childrens parties	256	0	256	199
- Exhibitions	127	0	127	11
- Room hire	79	0	79	51
- Other	61	0	61	64
	<u>789</u>	<u>0</u>	<u>789</u>	<u>549</u>

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2019

5. Expenditure

(a) Expenditure on Raising Funds comprise:

	Trading £'000	Fundraising £'000	Total 2018/19 £'000	Total 2017/18 £'000
Staff costs	501	196	697	844
Premises costs	23	53	76	80
Cost of sales	216	0	216	155
Subsidiary overheads	23	0	23	12
Depreciation and loss on disposal	26	60	86	99
Impairment and impairment reversal	(19)	(43)	(62)	(131)
Collections	0	25	25	65
General administration costs	9	22	31	48
Consultancy	0	0	0	0
Insurance and professional fees	6	13	19	24
Support costs	102	42	144	144
Governance	41	17	58	63
	928	385	1,313	1,403

(b) Expenditure on Charitable Activities comprise:

	Collections £'000	Curatorial £'000	Education £'000	Publicity £'000	Total 2018/19 £'000	Total 2017/18 £'000
Staff costs	1,045	768	251	207	2,271	1,996
Premises costs	566	155	63	67	851	738
Collections maintenance	549	0	0	0	549	694
Event costs	0	0	91	0	91	173
Promotion costs	0	0	0	381	381	610
Depreciation and loss on disposal	316	177	71	77	641	642
Impairment and impairment reversal	(229)	(128)	(52)	(56)	(465)	(849)
General administration costs	113	62	26	28	229	300
Consultancy	1	1	1	0	3	3
Insurance and professional fees	71	39	16	17	143	155
Interest payable	31	0	0	0	31	29
Support costs	322	141	61	94	618	521
Governance costs	129	56	24	38	247	234
	2,914	1,271	552	853	5,590	5,246

(c) Governance and support costs comprise:

	2018/19			2017/18			
	Finance £'000	Human Resources £'000	Information Technology £'000	Total Support £'000	Governance £'000	Support £'000	Governance £'000
Staff costs	264	142	139	545	172	524	180
Premises costs	53	30	27	110	37	95	33
Depreciation and loss on disposal	61	34	30	125	42	119	41
Impairment and impairment reversal	(44)	(25)	(22)	(91)	(31)	(157)	(55)
General administration costs	21	12	11	44	15	55	20
External audit	0	0	0	0	33	0	25
Internal audit	0	0	0	0	11	0	8
Consultancy	1	0	0	1	0	0	0
Insurance and professional fees	14	7	7	28	21	29	39
Trustees expenses and meeting costs	0	0	0	0	5	0	6
	370	200	192	762	305	665	297

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
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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 £1,791 (2018: £1,829) relate to travel expenses reimbursed for 2 trustees (2018 – 2 trustees). In addition, NAM incurred £3,242 (2018: £4,032) in relation to Trustee meeting costs.

6. Total expenditure is stated after charging the following items:	Unrestricted Funds	Restricted Funds	Total 2018/19	Total 2017/18
	£'000	£'000	£'000	£'000
Auditors' remuneration				
- audit services	33	0	33	25
Staff costs				
- wages and salaries	2,491	15	2,506	2,392
- social security costs	249	2	251	244
- pension costs	248	0	248	248
- redundancy costs	5	0	5	0
- temporary staff and recruitment costs	675	0	675	660
	<u>3,668</u>	<u>17</u>	<u>3,685</u>	<u>3,544</u>
Operating lease costs				
- land and buildings	257	0	257	212
- other	13	0	13	18
	<u>270</u>	<u>0</u>	<u>270</u>	<u>230</u>

The external audit fee for the Charity was £27,500 (2018: £20,000). This fee includes £4,500 in relation to additional work on the 2017-18 audit expensed in the current year. 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 £5,950 (2018: £5,425).

Redundancy costs relate to one approved exit package during the year.

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS

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7. Group and Charity Tangible Fixed Assets

	£'000	Long Leasehold Land and Buildings	Short Leasehold Improvements	Computer Equipment	Fixtures & Fittings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<u>VALUATION</u>						
At commencement of year		39,615	802	428	1,318	42,163
Additions at cost		180	0	4	7	191
Transfers		0	0	0	0	0
Impairment		(180)	0	0	0	(180)
On revaluation		616	24	5	21	666
Disposals		(8)	0	(24)	(18)	(50)
At end of year		40,223	826	413	1,328	42,790
<u>DEPRECIATION</u>						
At commencement of year		716	116	334	805	1,971
Charge for year		715	20	17	103	855
On revaluation		18	1	2	10	31
Disposals		0	0	(24)	(18)	(42)
At end of year		1,449	137	329	900	2,815
<u>NET BOOK VALUE</u>						
At 31 March 2019		38,774	689	84	428	39,975
At 31 March 2018		38,899	686	94	513	40,192

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Included in long leasehold land and buildings is a sum of £8,675,000 (2017/18 £8,888,000) for land, which has not been depreciated.

Gerald Eve, Chartered Surveyors undertook a valuation of the long leasehold land and buildings as at 31st 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

	Museum Collection £'000
At commencement of year	66,993
Additions	256
Disposals	(141)
At end of year	<u>67,108</u>
Net Book Value at 31 March 2019	<u>67,108</u>
Net Book Value at 31 March 2018	<u>66,993</u>

	2019 £'000	2018 £'000
The carrying value comprises:		
Exhibits	35,379	35,413
Fine and decorative arts	20,055	19,923
Archives, photographs, film and sound	10,521	10,504
Printed books	1,153	1,153
	<u>67,108</u>	<u>66,993</u>

NATIONAL ARMY MUSEUM
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(b) Five year financial summary of heritage asset transactions

	2019 £'000	2018 £'000	2017 £'000	2016 £'000	2015 £'000
<u>Additions</u>					
Purchases	256	105	253	312	27
Donations	-	30	150	-	-
Total Additions	<u>256</u>	<u>135</u>	<u>403</u>	<u>312</u>	<u>27</u>
<u>Disposals</u>					
Sales Proceeds	-	-	-	-	-
Donations	(141)	-	-	-	-
	<u>(141)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

During the year the Museum donated two heritage assets to The Tank Museum, being a Comet Tank with a value of £120,000 which was deemed as too large for display in Chelsea, and a Universal Carrier with a value of £21,600 which was a duplicate vehicle in the NAM Collection and was donated to The Tank Museum to fill a gap in their collection.

(c) Grant Received

During the year the Museum received grants towards the purchase of items for its collection of £126,000 (2018 - £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.

9. Debtors	Group	Charity	Group	Charity
	2019	2019	2018	2018
	£'000	£'000	£'000	£'000
Trade debtors	39	10	68	1
VAT debtor	217	235	202	217
Prepayments and accrued income	438	432	209	206
Amounts due from subsidiary undertaking	0	144	0	218
Other debtors	3	3	92	92
	<u>697</u>	<u>824</u>	<u>571</u>	<u>734</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 £79,000 (2018: £119,000) repayable after more than one year.

10. Unlisted Investments	Group	Charity	Group	Charity
	2019	2019	2018	2018
	£'000	£'000	£'000	£'000
Investment in subsidiary undertaking (note 10a)	-	-	-	-
<u>Other investments</u>				
Market value at beginning of year	243	243	245	245
Add: acquisitions at cost	-	-	-	-
Less: disposals	-	-	-	-
Net unrealised investment (loss)/gains	(3)	(3)	(2)	(2)
Market value at end of year	<u>240</u>	<u>240</u>	<u>243</u>	<u>243</u>
Total unlisted investments	<u>240</u>	<u>240</u>	<u>243</u>	<u>243</u>

Other investments consist of investments in collective investment schemes. The historic cost of these investments was £111,000 (2018 - £111,000).

NATIONAL ARMY MUSEUM
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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:

	2019	2018
	£'000	£'000
Fixed assets	-	-
Current assets	267	269
Creditors: amounts falling due within one year	(144)	(215)
Creditors: amounts falling due after more than one year	(79)	(119)
	<u>44</u>	<u>(65)</u>
	2019	2018
	£'000	£'000
Share capital	-	-
Surplus/(deficit) retained in subsidiary	44	(65)
	<u>44</u>	<u>(65)</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

	2019	2018
	£'000	£'000
Turnover	655	535
Cost of sales and administrative expenses	(546)	(471)
Interest receivable	0	0
Net profit/(loss)	<u>109</u>	<u>64</u>

NATIONAL ARMY MUSEUM
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11. Cash and Cash Equivalents

	Group 2019 £'000	Charity 2019 £'000	Group 2018 £'000	Charity 2018 £'000
Cash at bank and in hand	468	395	500	475
Investments	240	240	243	243
	<u>708</u>	<u>635</u>	<u>743</u>	<u>718</u>

12a. Creditors: Amounts falling due within one year

	Group 2019 £'000	Charity 2019 £'000	Group 2018 £'000	Charity 2018 £'000
Trade creditors	325	323	588	563
Accruals and deferred income	579	520	1,026	951
Amounts due to subsidiary undertaking	0	25	0	0
Other creditors	0	0	183	183
	<u>904</u>	<u>868</u>	<u>1,797</u>	<u>1,697</u>

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

	Group 2019 £'000	Charity 2019 £'000	Group 2018 £'000	Charity 2018 £'000
Other creditors	491	491	689	689
	<u>491</u>	<u>491</u>	<u>689</u>	<u>689</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. Due to additional repayments made in the current year there is no requirement to make any capital repayments in the next 12 months.

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
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13. Funds Analysis	Balance 1 April 2018 £'000	Income £'000	Expenditure £'000	Transfers £'000	Gains and losses £'000	Balance 31 March 2019 £'000
RESTRICTED FUNDS						
NAM Land and Buildings	36,611	0	(92)	180	0	36,699
NAM Land and Buildings revaluation	2,288	0	0	0	(213)	2,075
Restricted Heritage Assets	3,733	5	(141)	256	0	3,853
Grant-in-Aid exhibits reserve	299	126	0	(256)	0	169
Funds for upkeep and maintenance of specific parts of NAM collection	489	22	(4)	0	(3)	504
Munnings Exhibition Fund	0	52	(52)	0	0	0
Brothers in Arms (Esmée Fairbairn)	5	0	0	0	0	5
John Ellerman Foundation	20	0	(17)	0	0	3
	<u>43,445</u>	<u>205</u>	<u>(306)</u>	<u>180</u>	<u>(216)</u>	<u>43,308</u>
UNRESTRICTED FUNDS						
Unrestricted funds	62,617	7,905	(6,597)	(180)	0	63,745
Unrestricted funds revaluation	124	0	0	0	50	174
	<u>62,741</u>	<u>7,905</u>	<u>(6,597)</u>	<u>(180)</u>	<u>50</u>	<u>63,919</u>
TOTAL FUNDS	<u>106,186</u>	<u>8,110</u>	<u>(6,903)</u>	<u>0</u>	<u>(166)</u>	<u>107,227</u>

NATIONAL ARMY MUSEUM
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The net transfer in the year of £180,000 from unrestricted funds to restricted funds relates to further costs of the redevelopment of the Museum funded from the Museum's general reserves.

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 remain 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 Munnings Exhibition Fund represents specific donations received to be applied towards the costs of this temporary exhibition which commemorated the work of Sir Alfred Munnings.

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
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14. Analysis of Group Net Assets Between Funds

	Unrestricted Funds	Restricted Funds	Total 2019
	£'000	£'000	£'000
Tangible fixed assets	1,201	38,774	39,975
Heritage fixed assets	63,255	3,853	67,108
Other net assets	(537)	681	144
	<u>63,919</u>	<u>43,308</u>	<u>107,227</u>

The above net assets include Revaluation Reserves of:

	2019 £'000	2018 £'000
Tangible fixed assets		
Unrestricted	174	124
Restricted	2,075	2,288
	<u>2,249</u>	<u>2,412</u>

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

15. Operating Lease Commitments

At 31 March 2019, the Museum had total future minimum commitments under non-cancellable operating leases as follows:

	2019		2018	
	£'000	£'000	£'000	£'000
	Land and buildings	Other	Land and buildings	Other
Due within one year	232	9	212	4
Due between one and five years	929	11	847	10
Due after five years	1,709	-	1,742	-
	<u>2,870</u>	<u>20</u>	<u>2,801</u>	<u>14</u>

NATIONAL ARMY MUSEUM
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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 (2018: £69,000) 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 2018/19 and 2017/18.

The balance of funds held by the Trust at 31 December 2018 was £558,839 (31 December 2017 £572,283). 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, a registered charity number 234325, did not provide any funding for the Museum in 2018-19 (2017/18 £Nil). The control and administration of these funds remains at all times the full responsibility of the Society's trustees.

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

	2019	2018
	£'000	£'000
Authorised and contracted for at 31st March 2019	-	-
Authorised at 31st March 2019 but not contracted for	-	-

18. Post Balance Sheet Events

The Society of Friends of the National Army Museum voted in May 2019 to take steps to be dissolved. It is expected that this will be completed in 2020 following Charity Commission approval with all remaining assets of the Society being transferred to the National Army Museum at this time.

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.