

NATIONAL
ARMY
MUSEUM

NATIONAL ARMY MUSEUM
REGISTERED CHARITY NUMBER 237902
CONSOLIDATED FINANCIAL STATEMENTS
31st MARCH 2022

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Presented to Parliament pursuant to the Charities Act 2011 and under Royal Charter

(relating to National Army Museum, 1960)

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**NATIONAL ARMY MUSEUM
TRUSTEES REPORT AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2022**

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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 2022. The accounts are prepared in accordance with a direction given by H. M. Treasury in accordance with article 14 of the National Army Museum Royal Charter 1960 and law applicable to charities in England and Wales.

The NAM is a charity registered with the Charity Commission (reference no. 237902).

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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 as Accounting Officer 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, and 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'.

The current Strategic Plan was agreed by NAM Council in 2018 and the Museum uses this as a basis for future Business Plans. This Strategic Plan had a single aim, to stabilise the Museum in order to set the conditions for growth in 2019-20 and beyond. In addition, the Museum updated its Mission and Core Values as well as introducing a series of values and outputs:

Mission

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

The current Strategic Plan has five key Objectives:

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

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Values

Integrity, Rigour, Empathy, Creativity, Teamwork, Accessibility

Outputs

The Museum's main sponsor department, MoD, provides Grant-in-Aid to NAM for three reasons. Firstly, it wants to engage and inspire the public with the story of Our Army. Secondly, it expects NAM to support the education and research of those no matter what age 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: A Museum in London with free access to the public that tells the story of Our Army and the people who served in it. Additionally, and since the Covid-19 measures were relaxed, the Museum offers pre-booked access to its Reserve Collection store in Stevenage.
- Output 2: Institutional historical research service that is accessible to the public.

The Business Plan has five Key Strategic Objectives:

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

Achievements, Objectives and Performance for the Year

This reporting period began during the Covid-19 and carried on through to when the government relaxed the various restrictions in place during the pandemic. The effect of this as previously documented had a considerable impact on the Museum in terms of visitor numbers and associated non-public income from its commercial activities. It is worth noting that the Museum was one of the first national museums to re-open when government guidelines allowed. As previously indicated, at the height of the pandemic some of the planned objectives have either been put on hold or deferred until there was a clearer understanding of the effects and aftermath of the pandemic. The Council of the National Army Museum continues to believe that the most important objective for the Museum is to increase the widest possible access to its Collections which includes those items on display at Chelsea, and at its Reserve Collection store in Stevenage and online which, while maintaining the security of the Collections, has been adapted to allow greater controlled access via an appointment system with the expert subject matter staff contextualising.

As described previously the effects of the Covid-19 pandemic during this reporting period placed severe restrictions on the ability for the Museum to grow audiences, raise non-public income and attract fundraising. The NAM Council put in place the necessary measures to ensure the Museum was maintained as a going concern. These measures, some of which were painful, were effective in ensuring this. This has been recognised by the Sponsor Department who have given an assurance that they will support the Museum going forward

Chelsea

Upon re-opening, the Museum at Chelsea continued to be the focus of attention for the Senior Leadership Team (SLT) in an effort to increase visitor numbers and visitor related income. This has been helped by a vibrant programme of temporary exhibitions and lecture programme which were developed under Covid-19 restrictions and installed towards the latter part of this reporting period.

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The Museum recognised that although there were limited opportunities to receive audiences in person in Chelsea it could reach out virtually utilising Crowd casting and provide these remote audiences with content, lectures, discussions, and other forms of interaction with NAM.

Volunteering during this period has been sketchy with a natural reluctance for the public to commit to working in enclosed environments. That being said, the Museum as a Covid-19 safe environment, has been keen to welcome volunteers back. This keenness has been met with patchy acceptance, but there is an upward movement as people become more accepting of the removal of Covid-19 measures. The Museum has designed various projects and activities which have traditionally been of benefit both to the individual and the Museum.

The large temporary exhibition space housing 'Foe to Friend: The British Army in Germany since 1945' remains in the large special exhibition space to enable it to reach more people as the Museum's visitor numbers improve. This exhibition was opened during the pandemic period and it was felt by the SLT that in order to maximise access and visitor opportunities it should be extended to both allow gallery refinements to be carried out and ensure value for money. This exhibition continues to be popular with the large veteran's community who had previously served in Germany. It has also been updated to reflect the 'Regional Land Hubs', of which Sennelager in the state of North Rhine-Westphalia is one, which were set out in the Integrated Defence Review in Autumn 2021.

The smaller Focus Gallery has continued to run exhibitions on a six-monthly cycle. During this reporting year this has included the 'West Indian Soldier' run in partnership with the West India Committee as part of a National Lottery Heritage Funded project to make the stories of West Indian service personnel more widely known. The exhibition featured several exhibits from both the Museum's own collections, and those of the West India Committee. In addition, a small number of other loans were included, including the memorial plaque of Euan Lucie-Smith 1st Battalion Royal Warwickshire Regiment. The plaque had been recently acquired by the regimental museum, with advocacy and support from the National Army Museum. Additional digital material was created to support the exhibition, including learning resources, and on-line catalogue entries. A number of linked events also featured in the public programme. This exhibition was followed by the exhibition 'Brothers in Arms', which followed the Sherwood Rangers Yeomanry, a tank regiment in their fight from the Normandy Landings to the end of the war. Based on the best-selling book by James Holland it was guest curated by him and included loans from several families of the men who were featured in the exhibition.

Stevenage

Mobilising the under-used stored collections continues to receive attention. The relationship with the Military Historical Society (MHS) has continued, this time with nearly 30 items of headwear which were featured in their publication on the British Army's headdress during the Second World War. A number of short films have also been produced around specialist items of uniform and equipment by a YouTube producer, which have gained large numbers of viewings and comments.

Key Financial Risks and Reserves

The risks to the Museum are regularly reviewed by the Senior Leadership Team and the Performance, Audit & Risk Assurance Committee (PARA). Throughout the period of this report, the main identified risk was the recovery from the consequences and aftermath of Covid-19 and the effect it had on NAM's operational budget of £7.4M (before depreciation) and in particular, its commercial income.

A secondary risk remaining on the Risk Matrix, albeit a very low likelihood, would be the complete withdrawal or large reduction of GiA funding. The Museum remains largely funded from GiA from the MOD and should this happen, it would present the Museum with a major problem. If no alternative was secured, it could have immediate consequences for the Museum, resulting in its possible closure within a three-month period. 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 the Museum expects to be in a position where it can continue to operate effectively and grow, secure in the knowledge that its Sponsor Department recognises its value to the Army and is supporting it.

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However, and recognising this second risk, the Museum has further assessed its Reserves Policy in accordance with guidance from the Charity Commission as 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 settling of the Redevelopment Final Account in March 2020 would have ordinarily allowed the Museum to work towards building the Museum's Unrestricted Reserves up to its target of £1,000,000. However, and as mentioned previously, the pandemic severely restricted the Museum's ability to generate additional funds which would have been placed into its Unrestricted Reserves. The Museum now that it is fully open, will seek to grow its commercial income via NAMTL over the next four years by increasing the corporate hire and birthday party offers along with the retail and online opportunities. It is assessed that this, along with the greater emphasis on paid for and hosted visits and events along with greater visibility of tap to donate will allow the Museum to achieve its target of £1,000,000.

It is the NAM Council's view that this Reserves Policy once the value is raised to the target figure 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.

Current Position

Restricted Reserves

NAM currently holds a Restricted Reserve, excluding land and buildings and heritage assets, of £553,000 (2020-21: £540,000) to support specific elements of acquisition, care or display of collections or specific projects supporting educational, research or outreach activity.

Unrestricted Reserves

The current cash and cash equivalent value of Unrestricted Reserves shows a surplus of £441,000 compared to a surplus of £104,000 at the end of the previous year, an improvement of £337,000 over the year.

Oversight

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

Delegated Authority to utilise Reserves

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

Assessment of Going Concern

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 Museum's 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 Sponsor's continuing support. The Museum received its full allocation of the GiA control total for 2021-22 and has received confirmation of continuing GiA operational funding for 2022-23 of £6,910,000 together with an ongoing written commitment for 2023-24. NAMTL was profitable for 2021-22 and continues to be profitable with profits forecast to increase during the remainder of 2022-23.

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PERFORMANCE ANALYSIS

Strategic Objective 1:

Connect the British Public to the Story of Our Army

1.1 Gallery Refreshment Programme

The gallery refreshment programme has continued at pace, with the completion of the ‘Global Gallery’ scheduled for the end on May 2022. In keeping with the Museum’s engagement with audiences, all of the proposed gallery titles were tested in both on-site surveys and on-line communities. Additionally, both summative work on the recently completed ‘Formation’ gallery was undertaken, as well as formative work for future galleries which will help shape the ways these are curated, while still remaining aligned with the Museum’s Master Narrative.

1.2 Focus Gallery

The creation of a smaller temporary exhibition space allows the Museum to install smaller exhibitions that it feels enhance the story of Our Army but may not require the larger Temporary Gallery. Examples of these types of exhibitions include Unknown Warrior, West Indian Soldier and Brothers in Arms.

1.3 Museum Foyer Displays

Work has continued to add more content to areas outside of the main gallery spaces. The largest one of these was the installation of a Lynx Mark 9a helicopter, acquired directly from the MOD. Advantage was taken of the additional closure days to undertake the complex operation of receiving the helicopter from Middle Wallop and suspending it in the main atrium space. Aside from the contractor who installed the helicopter, much very useful help in completing the helicopter to display standard, and the fitting of the rotors was undertaken by specialists from the Royal Electrical and Mechanical Engineers. This installation has provided a focal point for discussion for visitors as well as offering a “backdrop” for pop up exhibitions and talks in the Atrium. The Museum received from the British Poles a gift of a bust of the Polish General Wladyslaw Anders, which has been installed in the entrance walkway and unveiled with the Polish Embassy in attendance.

The Museum also utilises the Atrium space at the lower part of the Museum. Here during this period, the Museum has installed amongst other displays, The Royal Army Dental Corps Centenary exhibition and Long Shadows of War.

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Lynx Mark 9a Helicopter suspended in the Atrium

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The wide range of the Army's ceremonial identity (uniforms) was also completed with the installation of eight figures. They represented all branches of the Army and included The King's Troop Royal Horse Artillery, The Queen's Gurkha Engineers and the Royal Gibraltar Regiment, amongst others.

1.4 Maximising Museum Footfall

Maximising in person museum footfall continued to be challenging this year. The Museum successfully and safely re-opened to the public alongside the Government reopening dates for the Museum and Galleries sector at step 3 of the roadmap, although with conditions and restrictions in place at this stage.

Understandably the overall footfall for the year was down from pre Covid-19 levels, with 73,575 visitors attending the Chelsea Site between 17th May 2021 and end March 2022.

Having had success in delivering its public programme and activities to reach audiences digitally, the Museum continued to offer this as part of its core offer which resulted in participants/engagements over the periods with the level of Digital Outreach continuing to increase as noted in paragraph 1.12.

1.5 Army and Veteran Groups

Working with the Army, regimental associations and veterans' groups, NAM Army and Veteran groups produced 1,195 visitors this year.

1.6 Schools

The last year has seen the on-site formal learning visits re-establish themselves rapidly, producing 5,033 school visitors. The digital delivery methods established during the pandemic still attracted 5,899 attendees. The combination of both formats was roughly equivalent to the total schools figure for 2019-2020. New resources and workshops were also developed including an interactive timeline 'Britain, the Army and the Cold War' designed for secondary schools.

1.7 Other Groups

Group visits were gradually reintroduced as restrictions were lifted and the capacities allowed. The Museum hosted 120 group visitors between September 2021 and March 2022.

1.8 Family Activities

Onsite family events attracted 1,720 children and adults. Further on-line content was also developed for families including the film 'Let's Talk Tanks' which explored the everyday lives of tank crews during the Second World War.

1.9 Public Programme and Special Events

Recognising that the hybrid approach adopted towards the end of 2020-21 was still in demand the Museum continued to offer its regular Friday Insight programme both physically and in digital format. Friday Insights delivered an audience of 17,712 both nationally and internationally across its live and catch-up service.

Overall, there were 91 public programme and Special Event Activity, 48 of which were the Friday Insight Programme.

Other highlights included the creation and delivery of a series of five virtual battlefield tours which blended the latest technology with original artefacts to take participants on the ground to explore battlefields with research curators from the Museum introducing items from our collection to illustrate the story and bring events of the battles to life.

Following the success of the virtual tour of the Foe to Friend exhibition last year the Museum also produced and released a virtual tour of the Brothers in Arms focus exhibition hosted by James Holland. This virtual tour received 4,221 views.

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In addition, the Museum participated in the third Chelsea History Festival in partnership with the Royal Hospital Chelsea and the Chelsea Physic Garden. As with the Museum's public programme there were some hybrid elements with a combination of in-person and some digital events taking place. A total of 70 events took place with an in-person attendance of 5,444 across the festival period. As in the previous year the programme consisted of a series of talks, musical performances and family friendly activities and sought to act as a place to pause and reflect on our past. New to the festival this year was the introduction of history village, an interactive event held on Burtons Court which allowed visitors to step back in time and bring history to life with living historians, serving military units and local cultural organisations.



The band of the Welsh Guards performing at History Village.

1.10 Special Exhibitions

In addition to the Focus gallery programme and the main special exhibition, smaller exhibitions and “pop up” displays are a regular feature in the foyer and atrium area. This year these have included the Royal Army Dental Corps 100th anniversary, The Last Hussar (a photographic study of the Queen's Royal Hussars in Germany in 1919) and Susan Hakuba's 'Long Shadow of War' which comprised photographic portraits of German people and their reflections on the Second World War. The start of the 40th Anniversary of the Falklands War was also marked with a joint exhibition 'Falklands at 40' developed with the Falkland Islands government.

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1.11 Army Engagement

The Museum has continued to enhance the Army's infrastructure with artworks and imagery. This year there have been further additions to Robertson House at Sandhurst, and works have also been hung in the office of the Chief of the General Staff in London.

1.12 Digital Outreach

It has been another record-breaking year for website engagement, with the Museum achieving website visits for the year of 2,530,361, compared to 2,012,705 for 2020-21 which represents a 26% increase on last year's previous record-breaking year.

This year visits to the What's On section of the website increased significantly, with a 66% increase compared to last year. Whilst this is a large increase, it is one which would be expected given a larger programme of activity taking place in the Museum and the Museum being open to the public for a longer period compared to the previous year.

Digital advertising continued to be a useful and cost-effective part of our media campaigns this year and has seen our audience segmentation model being utilised to more directly target and attract key audience segments. The focus of these campaigns was largely to drive physical visits to the Museum and the Focus Gallery exhibitions which also supports the increase in visits to the What's On section with these campaigns linking through to this section of the website.

1.13 Marketing Operations

Whilst the Museum's approach to Marketing returned to a more traditional model of attracting footfall to Chelsea, we were also mindful that pre-pandemic visitor behaviour would not return immediately. Understanding that visitor confidence to return to indoor activities, travel into central London was low the approach was to utilise digital advertising rather than large, expensive out of home campaigns.

The digital campaigns put in place included a campaign to support the hybrid Friday Insight offering, West Indian Soldier Exhibition and the Brothers in Arms Exhibition.

The Museum's benchmarked brand awareness survey has shown that the Museums awareness is 67%, although this is not fully comparable to previous years due to a different data set used this year because of Covid-19.

The Chelsea History Festival was a key moment in the year and for this we delivered an integrated marketing and communications campaign. A highlight of this year's campaign was the significant radio coverage achieved, with broadcast reach of over 1 billion listeners, largely bolstered by inclusion in the Arts Hour on the BBC World Service.

Our benchmarked brand awareness survey has shown that much of this activity is starting to have greater impact with our audiences, increasing our awareness compared to other similar institutions.

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Strategic Objective 2:

Becoming the Leading Authority on the History of Our Army

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

2.1 People

A new role of Historian has been created, with the focus of conducting and encouraging research. Two highly qualified scholars have been appointed, with an aspiration for future expansion. A newly established Archives, Library and Information team will be led by a Head of Archives, Library and Information. This re-prioritisation of resources will ensure sufficient capacity to further develop the Templer Study Centre, manage large-scale archival projects, support new Archives Assistant roles, and conduct a programme of Internships within the team. A second postdoctoral research fellow has been appointed, based in Cambridge, to study the Army of the late 18th and early 19th century.

2.2 Archives

Several major new acquisitions are underway, ranging from the archives of the Coldstream Guards to the papers of the Army Football Association. The transfer to the Museum of the papers of the late Field Marshal Sir John Chapple has also been agreed with the Chapple family.

2.3 Output

NAM staff and fellows have published their scholarship in a range of formats, from edited collections and academic articles to pieces in the NAM's in-house magazine. The Museum has continued to support the Army by conducting research into candidates for commemoration by the Commonwealth War Graves Commission (CWGC). Throughout the period, NAM staff have shared their expertise with the public through the public programme and Chelsea History Festival.

2.4 Academic Partnerships

Collaborations have been developed with national and international academic partners, from the Centre for Geopolitics in Cambridge to the United Services Institution of India in Delhi. This has produced joint ventures including research projects and co-convened scholarly symposia. We have supported several applications to UKRI bodies, including the Arts and Humanities Research Council. As a project partner, the NAM will both support and benefit from these projects, all of which relate closely to our collections. The topics range from the origins of the Armed Forces Covenant and welfare in the English Civil Wars, to death in service after 1945 and advertising for military recruitment.

2.5 Convening

The NAM hosted several academic conferences, including a major gathering of British and Irish scholars to examine the service of Irish soldiers in the British Army. Many study visits and seminars were also held at the Museum, and agreements are now in place to host MA programmes from the Universities of Birmingham, Buckingham and Royal Holloway.

2.6 Regimental and Corps Museums

The National Army Museum Regimental Museums Liaison team continued to build on its work, with a very successful shift to primarily digital delivery. The annual Regimental Museums conference took place entirely digitally with record attendance and is now firmly embedded within the Museum calendar. It is designed around the needs of the Regimental and Corps Museums community. Further explanation of this team's work is given under Strategic Objective 4.

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2.7 Templer Study Centre

Visits to the Templer Study Centre (TSC) have started to build back up. The Centre attracted a total of 340 users. The Museum answered 4,216 enquiries. This figure was slightly down but reflects a new policy to provide more resources for enquirers to find answers to their questions directly. It is hoped more resources to provide easier ways to access both information and the collections themselves can be developed in the future.

2.8 Public Programme

The Public Programmes Team has been reaching out to academics at universities both at home and internationally to take part in or lead the discussions in the Museum's public programme activity. Over the course of the year we have worked with academics from Kings College London, Cambridge, Bristol, Birmingham, Exeter, Oxford, Glasgow, Nottingham, Wolverhampton, Kent, Manchester Metropolitan, Essex and Syracuse Universities.

In addition to this, the programme has partnered with a number of organisations to deliver joint events, these have included the Museum of Military Medicine, The Western Front Association, The Commonwealth War Graves Commission and Combat Stress.

2.9 Venue of Choice for Subject Matter Expert Groups

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

2.10 Book Launches

Under Covid-19 restrictions the Museum continued to take part in book launches but understandably these were very limited both in number and value. They mainly took place in conjunction with the Friday Insight Programme and some hybrid events programmes.

2.11 Conferences

Academic Conferences have also been delivered digitally during the course of the year, being organised by the Museum in partnership with others.

2.12 War Graves Adjudication Unit (WGAU)

The National Army Museum's War Graves Adjudication Unit (WGAU) was formed in 2014. On behalf of the MOD, it researches and adjudicates cases of possible non- commemoration of eligible military personnel, raised through the CWGC. Since 2017, the WGAU has also acted on behalf of the MOD to make recommendations on 'Identification' (ID) cases, where a previously 'unknown' burial may be identified based on new evidence or research.

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Cases are provided to the WGAU including evidence required according to the criteria outlined in CWGC's Commemorations Policy. The WGAU reviews the evidence, supplements with original research, and provides a recommendation/adjudication.

The WGAU conducts high-quality research and provides independent and impartial adjudication based on expert analysis, in the interests of ensuring fair and equal commemoration of war dead. Understandably due to Covid-19 restrictions over this period cases provided from CWGC have been reduced however taking this into account the unit which currently consists of one full time member of staff, has returned over sixteen cases per month. This comprised 183 non-commemoration cases and 12 identification cases.

In carrying out its research on identification cases, the WGAU has received invaluable assistance from among others the archives of the Royal Artillery Museum, Cumbria Archive Service (Barrow), Nottinghamshire Archives, Camden Local Studies & Archives Centre, Northampton Museum & Art Gallery, and Imperial War Museum.

Strategic Objective 3:

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

3.1 Collections Centre, Stevenage

During this year, 260 objects from the stored collections have been produced for viewing, whenever possible under Covid-19 restrictions, for researchers on booked visits to the Museum's Collection Centre at Stevenage.

3.2 Collections Development

Despite a reduced curatorial capacity, the Museum also continued to respond to every offer of donations of collections material which it is offered. In addition, all major sales and specialist auctions continue to be monitored.

Material relating to Our Army, as expressed in the Museum's founding charter, continues to be sought and acquired whenever possible. This includes a range of material including the watercolour portrait depicting Company Sergeant-Major Luseni Chitumbi, King's African Rifles, 1953 (c).

3.3 Collections Management and Care

The Museum Standards and Care team continues to provide high standards of documentation, care and management of the Museum's collections. This year over 6,300 collection records have been added to the collections database, with associated new photography, or digital copies being made.

Both preventive and active conservation are also ensuring the survival of collections for years to come. Some detailed and specialist work on the uniform of Capt John Malcolmson VC involved specialist work to the fragile silk lining of his jacket, as well as the specialist repair of the horsehair plume on his uniform helmet. A programme of audit around the museum's model soldiers collection improved records for over 1,000 individual model soldiers and vehicles.

3.4 Archives

This year has also seen further work on the archive of the Coldstream Guards, which is being added to the permanent collections. The acquisition of a large group of papers to the Staveley family was also acquired and forms a large cataloguing project across a multi-generational collection. This year an important collection of Crimean war letters and papers relating to George Charles Bingham, 3rd Earl of Lucan were purchased at auction and have also been added to the archive.

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3.5 Notable Acquisitions

Last year was an exceptional one for acquisitions to the Museum's collections. The highlight of the year was the acquisition of the oil painting 'The Dawn of Waterloo' by Lady Butler. Strong competition at auction made this the most expensive acquisition for many years, but a number of sources of support, including the Art Fund enabled it to be secured for the collections. A study of the 1st (Royal) Dragoons (1767) completed by the Swiss military artist, David Morier, was also secured at auction.

The Museum was also able to acquire by private treaty sale 'Wounded horses from the front' (1918), completed by noted artist Algernon Talmage. A more recent art commission, a ceramic portrait bust of Maj Gen Susan Ridge CB, documented the first female to reach General Officer rank.

3.6 Collections Audit

Over 6,000 items within the Museum's collections have been audited, either on an ad-hoc or planned basis. The audit of the Museum's weapons collection has enabled much more useful information to be recorded, and in many cases published on-line.

Strategic Objective 4:

Enable and Support Networks of Military Museums and Heritage Organisations, in the UK

4.1 Support to Regimental and Corps Museums

In 2021-22 the NAM Regimental & Corps Museums Liaison team returned the training programme to a face to face model, while capitalising on advances gained from the digital offer of last year. This hybrid offer has proven extremely successful with 27 courses delivered and attendance considerably increased. The courses are available to staff, trustees and volunteers working in UK Army museums and collections and provide skills development and best practice. Course examples include:

- Regimental Curator's Course, a week-long course delivered in April and October 2021
- Radiation Awareness & Supervisor courses, organised in partnership with Defence Science Technology Laboratory (DSTL)
- Collections Hazards
- Modes Collections Management System courses
- Emergency response training
- Firearms in Museums training, organised in partnership with the Royal Armouries in Leeds

The hybrid NAM courses trained over 300 curators, trustees and volunteers from Regimental and Corps Museums throughout the UK in 2021-22.

Weekly updates are provided from the team to the entire network detailing the upcoming training offer but also offering job opportunities around the network as well as supporting projects and events for individual members.

The NAM Regimental & Corps Museums Liaison team dealt with an average of 25 enquiries per month for advisory support to museum curators. The Museum additionally continues to support regimental colleagues working alongside MOD Heritage Branch and the Army Museums Ogilby Trust to provide advice and support to the Regimental and Corps Museum network.

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4.2 International Partnerships

The NAM continues to develop international partnerships based on shared military heritage in 2021-22. This includes facilitating virtual work and exploring collaboration with military museums and relevant heritage organisations from Ireland, the United States, India, Poland and other countries.

An example of this work is in October 2021 the NAM ran the third annual Military Museum Curator's Course in partnership with the United Service Institution of India (USI) and supported by the British High Commission. The course was delivered virtually due to the pandemic to museum staff from military museums throughout India with sessions on museum best practice and project updates. Additional project work with the US has included a highly successful joint lecture series undertaken with the United States Army Heritage and Education Centre (USAHEC)

4.3 Networks

The Museum has continued to work with Regimental & Corps Museum curators to convene regional network hubs for Military Museums which aim to help them to share museum best practice, advice and guidance relating to the military museums sector, as well as exploring the potential for sharing resources and collaborative initiatives. These networks are now well established and cover the entirety of the UK. The Museum encourages each network to initiate collaborative projects amongst museums in their regions for mutual support and benefit and the NAM particularly assists with project planning, coordinating, and seeking funding. All networks have now moved to a hybrid meeting structure, with regular attendance either in person or via digital systems. This has proven to be greatly beneficial with attendance up around all networks. A side benefit is the potential savings in travel and subsistence costs.

Strategic Objective 5:

Build greater Financial Resilience and Sustainability (Primary Enabling Objective)

5.1 Fundraising

The review of the strategy for funding has been streamlined to focus on clear projects that are required to be funded rather than a "global" ask. This is focussed on those signees of the Armed Forces Covenant and more specifically the companies that are members of the Defence Growth Partnership. Exhibition tickets and associated events are now among the benefits to be enjoyed by our Corporate Partners. The Museum is currently focussing on support for research partnerships growing on the current numbers.

Generous grants totalling £145,000 were received from the Art Fund, enabling important works of art to be secured and a £50,000 grant was also received from the National Army Museum Development Trust towards this purchase.

5.2 Trading

During the Covid-19 pandemic trading income was decimated, however once the Museum was able to trade again there was a marked increase of trading income during 2021-22 to £418K. This compares to £681K for 2019-20 being the last pre-pandemic year. The Museum was able to reopen in late May 2021, although reduced footfall and the reduced confidence of customers did have a impact on income and profit.

The Museum's retail outlet contributed the largest income and generated income of £122k.

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Play Base re-opening coincided with the Museums re-opening, however occupancy was operated at a reduced capacity in order to give our customers confidence that the space was being operated with their safety and comfort in mind. For the year it generated an income of £75K.

The popular children's Birthday Party offer was re-introduced in September 2021 and generated £68K over the seven months of operation.

Confidence in use of the venue for corporate/private hire did increase, with income of £55K, largely generated between September and November before a number of postponements and cancellations due to the rise in Covid-19 cases due to the Omicron variant of Covid-19.

Other income received in the year included support in the form of Omicron hospitality and leisure grants alongside furlough scheme payments.

5.3 IT Systems

During this reporting period, the Museum has consolidated on a 'cloud first' strategy for its service delivery that allows "best-of-breed" technology to be deployed offering maximum flexibility and cost effectiveness. We are continuing to capitalise on our use of cutting-edge hardware and software to further the Museum's mission, as well as refining existing services to maximise revenue generating potential and establish firm foundations for future services. Purchasing of new and replacement ICT equipment is in line with the Greening Government Commitment. The Museum during this reporting period disposed of approximately 0.5t of unserviceable, unsupported and zero value ICT items. These items were disposed of via an externally verified, Zero Waste to Landfill government accredited company who operate under a CCS framework agreement. This work is carried out in their WEEE-compliant recycling facility which operates under an award of Distinction from ADISA.

5.4 Data Protection

Data protection is always at the forefront of the Museum's operations and this is a standing item on the PARA Committee agenda. This is even more relevant with the mobile working format. Staff are briefed on induction and carry out regular refresher training via the Museum's E-learning system software. Work continues on GDPR to ensure that only relevant data is held. As previously mentioned the Museum has funding available to continue the work under the guise of GDPR but has seen some uptake on a records management position which it is actively pursuing. There have been no known incidents of loss of data during this reporting period. An incident is defined as a loss, unauthorised disclosure or insecure disposal. Recent penetration testing did not identify major issues.

5.5 Fraud

The Museum working with the MoD Fraud Defence Team has produced a Fraud Risk Matrix with Heat Map which is regularly reviewed. The Museum is currently classed as Low/Medium risk. There were no known instances of fraud or attempted fraud during this period. Staff carry out Fraud and Bribery Training as part of their induction and annually.

5.6 Sustainability

The refurbished Museum was designed and built in 2017 considering the need to ensure that it met the current Building Information Modelling standards at that time. Currently the Museum has no plans for capital investment on its restricted site. However, it recognises the requirements of the "Green Book 2020" and the supplementary guidance requiring an ENCA assessment for any future capital plans. Additionally, the Museum due to its limited footprint and capital plans, has discounted the need at this time for a Biodiversity Action Plan. As mentioned previously, the redevelopment of the Museum in 2015-17 did recognise the need however limited, to plan for the BREEAM requirements to the VERY GOOD standard, which was awarded. This amongst other areas, included rainwater storage and harvesting, segregation

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of waste and storm water, cycle racks, “cycle to work” assistance and limited “soft” landscaping whilst maintaining the security requirements of the Metropolitan Police Service Counter Terrorism advisors.

The Museum has several initiatives in place to help create a more sustainable and environmentally aware institution which includes energy and utility conservation systems, a responsible recycling and waste management programme, and conscientious use of environmentally friendly cleaning products.

The Museum has recently revised its Environmental Policy which in sets out the steps necessary for the Museum to undertake to meet Net Zero by 2050. The policy confirms the Museum’s commitment to improving sustainability across all activities and the estate. The Museum’s goal is to strive to be a more environmentally friendly organisation year on year.

The strategy put forward has been developed and approved by the Environmental Committee and sets out clear objectives over the coming 3-year period to reduce the negative effects of our activities, make informed improvements to sustainability across all sites, and limit our emissions to help the devastating contribution to Climate Change.

Alongside the Policy Statement, a series of broad aims inform specific, measurable, objectives. It is the responsibility of the Environmental Committee to monitor performance against these targets.

The Museum is making efforts to keep establish comprehensive records and data on environmental performance. To this end, the Museum is taking steps to calculate and monitor its emissions or carbon footprint using the period April 2019 – March 2020 as a baseline. This will be included in the next period of reporting. Data for the subsequent periods including the current period of reporting is however “inconsistent” because of the various closure and re-opening because of Covid-19 measures.

All staff receive environmental awareness training as part of their staff induction and refresher training through the Museum’s e-learning platform is provided at regular intervals.

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The following measures and metrics are in place to allow the Museum to report on its performance:

Waste Management		2021-22	2020-21	2019- 20 (benchmark year)
Non-Financial indicators (kgs)	General Waste (waste to energy)	14,700	7,200	23,100
	Recycled	15,315	7,200	23,100
	Total Waste	30,015	14,400	46,200
	% Recycled	51	50	50
	Metal	1,892	-	2,540

Alongside regular collections of general waste and recycling, the Museum has dedicated streams for the recycling of metals, wood, paper, acrylic*, batteries*, cooking oil, foodwaste* and hazardous waste and operates a Zero to Landfill policy. General waste is sent to energy recovery and mixed recycling is collected at all sites. The Museum has in place effective metal recycling. All hazardous waste is safely stored, removed, and disposed of by licensed and experienced contractors.

*The Museum café is operated by a privately operated third-party contractor who is responsible for the recycling of food waste and cooking oil. Data for the period ending 31 March 2022 is not available to the Museum but will be included in the next year's reporting. Food waste and single use plastics produced by the café are currently collected as separate waste streams to the general waste. NAM as an institution does not produce a significant amount of food or single use plastic waste warranting additional reporting lines.

*The Museum has recently added battery and acrylic recycling streams to its Waste Management.

* The move during Covid-19 (20-21) towards digital working reduced the paper purchased to 60 reams although once the Museum re-opened and staff were operating full time in the office this increased to 110 reams. The Museum now needs to demonstrate this this figure will be reduced more in-line with the 20-21 amount.

The Museum has introduced new recycling points in key locations (Café and Templer Study Centre), improving efficiency of its recycling programme.

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Travel		2021-22	2019- 20 (benchmark year)
Non-financial indicators (miles)	Distance by train	-	27,300
	Distance by plane	-	3,062
	Distance by car	-	2,509
	Total distance travelled (Miles)	-	39,589
Financial indicators	Total cost (£)	-	16,906

The above are estimated figures for transport used by staff and are based on work related journeys only. They do not include day to day transport from private homes to either of the Museum sites.

As part of its efforts to calculate its carbon emissions the Museum is monitoring business travel. The above give an estimate of miles travelled and associated costs. Emissions will be reported in the next period of reporting.

The Museum recognises that emissions from travel are a large contributor to climate change and the pollution of air. Therefore, the Museum has set out incentives to encourage the use of bicycles and electric vehicles.

The Museum continues to offer a Cycle to Work Scheme to all staff to encourage use of bicycles to travel to and from work.

In 2022, the Museum will seek an appropriate contractor to install six Electric Vehicle Charging Points across the Museum Estate making use of the available OZEV Workplace Charging Scheme grants.

The Museum lease vehicle will be changed to a zero-emission electric vehicle.

While the Museum endeavours to reduce its consumption of energy and water supplies it does recognise the potential conflict in the consumption of these utilities as it seeks to grow back its visitor numbers after Covid-19. Increased visitors will require power to maintain the designed climatic conditions for the collections as well as providing power for catering facilities.

Energy Consumption		2021-22	2020-21	2019-20 (benchmark year)
Energy Consumption (thousand kWh)	Gas	1,207,032	1,273,106	1,364,636
	Electricity	1,585,106	1,445,598	1,683,479

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		2021-22	2020-21	2019-20 (benchmark year)
Financial Indicators (£)	Total Energy Costs (£)	243,113	256,269	275,587
	Water (m3)	The Museum does not currently have available data on water consumption or costs. This will be collated and included in the next period of reporting.		
<p>The Museum currently monitors and records its consumption of electricity and gas on a monthly basis.</p> <p>The Museum is committed to procuring renewable energy where practical. Electricity supply at National Army Museum, Chelsea is currently subject to Renewable Obligation.</p> <p>The Museum is currently looking at options to increase where possible the proportion of energy consumption from renewable sources such as solar and wind. To that end, the Museum is investigating the potential to install solar photovoltaics (PV) panels on its roof at our Chelsea site. This will help cut energy costs and carbon emissions long term.</p> <p>All lighting in the office, meeting rooms and stairwells are triggered by movement sensors with a set run time.</p> <p>Office and meeting room lights are sensitive to ambient lux levels.</p> <p>Gallery lighting are LED and utilise sensors to reduce consumption. Lights automatically dim when not required. Back of House lights are similarly controlled.</p> <p>New LED lighting has been installed across the Museum’s Estate in the following areas:</p> <p>National Army Museum, Stevenage - High Bay lighting in Bay 1, Bay 2 and conservation lab;</p> <p>National Army Museum, Chelsea - Office meeting rooms, Director’s office, conference room.</p>				

5.7 Green House Emissions

The National Army Museum is working towards calculating its carbon emissions and monitoring these more effectively. The Museum is currently collecting all the relevant historic data to calculate the best estimate of its carbon emissions from its activities which will help inform a target based and data led reduction in emissions.

5.8 Health and Safety (H&S)

The Museum continues to ensure that all staff, volunteers and contractors comply with the H&S procedures in place. Accidents are few and regularly reported to the PARA Committee as a standing agenda item. There have been no major accidents during the period of this report

5.9 Fire Safety

Fire safety training both theory and practical are carried out regularly at the Museum. The Museum has regular visits from the local fire brigade where they acquaint all new members of the "watch" on the layout of the building and the potential hazards of the items stored within.

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5.10 Emergency Planning

The Museum has its Emergency Plan which is regularly tested. Items requiring attention have all been closed and training for new starters has been implemented especially with regard to working with hazardous materials e.g. collections containing asbestos and radioactive material. The Emergency Plan procedures were also examined as part of the H&S internal audit, which found no major shortfalls.

Financial Review

Consolidated Results for the Year Ended 31st March 2022

Total incoming resources for the Museum in 2021-22 amounted to £7,798,000 (2020-21 - £7,229,000). The principal funding source of the Museum is Grant-in-Aid funding received from the Ministry of Defence. In 2021-22 this was £7,000,000 (2021-22 - £6,843,000).

Total resources expended amounted to £2,653,000 (2020-21 - £7,687,000). Resources expended includes non-cash expenditure (credits) in respect of the depreciation of tangible fixed assets and the reversal of previous impairment provisions of £(4,014,000) (2020-21 – expenditure of £970,000).

After adjustment for the revaluation of the Museum's leasehold property and other recognised gains and losses, the net movement in funds for the year showed an increase of £6,105,000 (2020-21 – decrease £1,424,000).

The Museum's net assets as at 31st March 2022 amounted to £112,387,000 (31st March 2021 - £106,282,000).

Changes in Tangible Fixed Assets

Movements in tangible fixed assets are shown in note 7 to the accounts. During the year, the Museum spent £209,000 on additions to tangible fixed assets.

Future Plans

The Museum is continuing to concentrate on its refinement of the galleries taking into account audience feedback and exposure restrictions on many of the delicate items that are on display. To ensure continuity of the story of Our Army, the Museum has extended the exhibition 'Foe to Friend' so as to maximise availability for viewing. This exhibition opened during Covid-19 restrictions which prevented a large segment of our audience from seeing it. NAM as indicated in last year's Consolidated Accounts received from the Sponsor Department, the Lynx 9A helicopter, which is installed in the Atrium, NAM is still waiting to receive from the Sponsor Department a machine gun to mount in the open doorway which will complete the installation of this iconic equipment. The Museum has completed its review of talent within the organisation and will look to recruit additional staff to fill any gaps in expertise. The Museum will continue to expand its internal research function, embedding new hires and developing a vibrant and collaborative research culture to harness the potential of the collections. We will develop our digital presence, including publishing regular research-led content, as well as working towards relaunching the Museum's physical publications programme. We will explore new academic links and develop our existing partnerships, including hosting a series of reciprocal academic events with the University of Cambridge. We will host "Masters" classes in association with several universities, providing expertise and archival material. Our Archives, Library and Information team will upscale our digitisation and legacy cataloguing projects, ensuring that we cement our reputation for providing an outstanding service to external researchers, as well as actively showcasing our internationally significant holdings. Alongside this, the Museum will develop a research fund to provide support to emerging and established scholars, helping to ensure the long-term sustainability of British military history in both academic and heritage settings. The Museum as the major partner in the successful Chelsea History Festival and working with our neighbouring partners the Royal Hospital Chelsea and the Chelsea Physic Garden will continue to grow this annual event with the increased use of digital and "in person" venues which will further enhance the reputation of the Museum.

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Targets and Key Performance Indicators

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

		2020-21	2021-22	Variance
Audiences	Play Base	953	18,831	1,876%
	School visits	300	5,033	1,578%
	TSC visitors	170	340	100%
	General visitors	10,113	49,371	388%
	Total footfall	11,536	73,575	538%
	Digital footfall	2,012,705	2,530,361	26%
	Online: collections	18%	14%	-22%
	Online: what's on/stories	79%	82%	4%
	Members (Patrons)	582(26)	476(39)	-18(50%)
	Trip Advisor rating	79%	82%	4%

Collections	Enquiries	4,306	4,216	-2%
	Objects photographed	2,057	2,857	39%
	Objects published online	4,612	3,016	-35%
	Accessions (archives and objects)	352	179	-49%

People	FTE	73.7	75.7	3%
	Volunteers	7	15	114%
	Turnover	13%	31.9%	145%

Finance (Consolidated Group Accounts)	Income	£7,229,000	£7,798,000	8%
	Expenditure including depreciation	£7,687,000	£2,653,000	-65%
	Surplus/(Deficit) (before gains and losses)	(£458,000)	£5,145,000	1223%
	Donations	£165,000	£306,000	85%

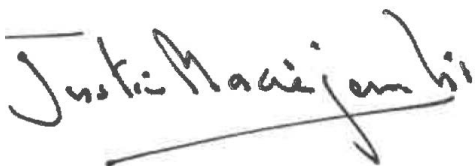
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		2020-21	2021-22	Variance
NAMTL	Venue Hire	£4,257	£54,917	1,190%
	Other Revenue	£115,050	£301,842	162%
	Total Revenue	£119,307	£356,759	199%
	Expenditure	£235,566	£274,660	17%
	Net Profit/(Loss)	(£116,259)	£82,099	171%

BRIGADIER JUSTIN MACIEJEWSKI DSO MBE
DIRECTOR AND ACCOUNTING OFFICER

LIEUTENANT GENERAL SIR SIMON MAYALL KBE CB
CHAIRMAN, ON BEHALF OF COUNCIL

16th November 2022



National Army Museum
16th November 2022



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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. In this period no such interests were declared.

Members of Council

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

Lieutenant General Sir Simon Mayall KBE CB (Chair from 30 September 2021)

General Sir Richard Shirreff KCB CBE (Chair until 30 September 2021) – resigned from Council November 2021

Lieutenant General Sir George Norton KCVO CBE (Deputy Chair) – joined Council November 2021

Mr Patrick Aylmer

Dr Jonathan Boff

Mrs Judith Donovan CBE

Mr John Duncan OBE

Mr Guy Perricone

Professor Andrew Roberts PhD

Dr Paul Schreier

Mrs Jessica Spungin – resigned from Council May 2021

Mrs Sabine Vandenbroucke

Mr William Wells

In addition to The Council there are two honorary advisors:

Mr Richard Hughes – Honorary Advisor on legal matters

Ms Brenda Hobday – Honorary Advisor on public relations and marketing matters

Recruitment, Appointment and Training of Council Members

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

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Organisation Structure and Decision-Making Process

The overall direction and operation of the NAM is vested in the Council of the Museum. The Council of the National Army Museum consists of up to twelve Members who serve for an initial period of three years from the date of their nomination. The Members can extend their tenure by an additional three years in agreement with the Chairman and remaining Council members.

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

Collections & Research Committee

Performance, Audit & Risk Assurance Committee

Remuneration & Appointments Committee

Development 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 (SMT). The following were the members of the Management Team during the year:

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

Towards the end of 2020 the Museum undertook a re-organisation across several departments to meet 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 & Risk Matrix. The Risk Matrix, which is regularly updated, is used as the basis of Internal Audit. The Museum is also subject to visits and receives advice from the MoD Fraud office who maintain a Fraud Risk Register and heat map across the MoD. The Museum is recognised as low risk.

STATEMENT OF TRUSTEES 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, as Trustees, is required to prepare financial statements for each financial year which give a true and fair view of the National Army Museum's financial activities and of its financial position at the end of the year.

In preparing financial statements, that give a true and fair view, the Accounting Officer and Council are required to:

- Observe the accounts direction issued by the Secretary of State in compliance with Charity Law, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;

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- State whether applicable accounting standards and statements of recommended practice as set out in the Government Financial Reporting Manual have been followed, and disclose and explain any material departures in the financial statements;
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the charity will continue in operation.

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

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

The Trustees and Accounting Officer confirm that the annual report and accounts as a whole are fair, balanced and understandable and that they take responsibility for the annual report and accounts and the judgements required for determining that they are fair, balanced and understandable.

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'.

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. The arrangements and systems for governance have been in place for the year under review and up to the date of the approval of the annual report and financial statements.

The Governance Framework

The NAM is a charity registered with the Charity Commission (registration number 237902) governed in accordance with its Royal Charter originally issued.

The Museum is a national museum as defined in the National Heritage Act 1983 Schedule 2 and Executive Non-Departmental Public Body (ENDPB) obliged to comply with HM Treasury financial reporting requirements set out in the Financial Reporting Manual and the guidance contained in Managing Public Money. There is a Financial Framework document in place that defines the arrangements between the Museum and its Sponsor Department - the Ministry of Defence, relating to the receipt of Grant-in-Aid and the conditions for its expenditure.

The NAM Council and the Committee Structure

The NAM is governed by the NAM Council. The Charities Act 2011 requires the Council Members to exercise proper stewardship over the Museum and to take care of its collections.

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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 for four scheduled meetings during 2021-22. However, the Council continued to meet both in person and for some members, on Zoom. Covid-19 proved that this was an efficient way of ensuring maximum attendance at meetings. Listed below are the Council Members and their attendance at Council meetings.

Post	Name	Meetings whilst Member/Meeting Attendance
Chair	Lieutenant General Sir Simon Mayall KBE CB	4/4
	General Sir Richard Shirreff KCB CBE	2/2
Deputy Chair	Lieutenant General Sir George Norton KCVO CBE	2/2
Members	Mr Patrick Aylmer	4/4
	Dr Jonathan Boff	4/3
	Mrs Judith Donovan CBE	4/4
	Mr John Duncan OBE	4/4
	Mr Guy Perricone	4/4
	Professor Andrew Roberts PhD	4/1
	Dr Paul Schreier PhD	4/4
	Ms Jessica Spungin	0/0
	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 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. Previously during the Covid-19 pandemic the Council carried out the majority of its meetings on Zoom however the Council was pleased that once restrictions had been removed it returned to "face to face" meetings.

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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.

Performance, Audit & Risk Assurance Committee

During 2021-22 the Performance, Audit & Risk Assurance (PARA) Committee had four planned 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	4/3
	Mr Guy Perricone	4/3
	Mrs Sabine Vandenbroucke	4/4
	Mr Robin Grimston	4/4
	Ms Brenda Hobday	4/2

The Committee scrutinised the draft Annual Accounts for 2020-21 and recommended them to be approved by NAM Council in November 2021. They selected the Internal Audit topics and reviewed the reports produced by the Internal Auditors. Additionally, at their November meeting, they were briefed on the Performance Awards for the previous reporting period, which were in line with MoD guidance. The Committee reviews the abridged version of the Risk Matrix at each meeting where high risks to the Museum operations are discussed.

Collections & Research Committee

This held two planned meetings during 2021-22. 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	2/2
Members	Mr John Duncan	2/1
	Dr Jonathan Boff	2/2
	Mrs Sabine Vandenbroucke	2/2
	Professor William Philpott	2/2

The Committee reviewed the development of research activity and collections development. They also approved a number of collections disposals.

Remuneration & Appointments Committee

This held one planned meeting during 2021-22 where they discussed the Director's salary increase in accordance with the SCS scheme. 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	1/1
Members	Mrs Sabine Vandenbroucke	1/1
	Mr William Wells	1/1

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Development Committee

This had planned to hold three meetings during 2021-22. However due to unforeseen issues the June and September meetings were cancelled. Listed below are the members of the Committee and their attendance at the meetings:

Post	Name	Meeting whilst Member/Meeting Attendance
Chair	Mr William Wells	1/1
Members	Mr Patrick Aylmer	1/1
	Dr Paul Schreier	1/1
	Mrs Judith Donovan	1/1
	Mr Guy Perricone	1/1

Due to Covid-19, the Development Committee refocussed its plans and revised its fundraising strategy to coincide with the launch of and financial support for the NAM Institute, a corporate funded strategy in line with the third year of the Chelsea History Festival and a partnership with the Telegraph Extra.

NAMTL

National Army Museum Trading Limited (NAMTL) is the established trading arm of the Museum. Its Board consists of three directors. The Board updates the NAM Council on its accounts and decisions made. Decisions taken by this company remain the responsibility of the Directors of NAMTL.

NAM Council Members' Performance.

The principal achievements of the Museum during the year are highlighted elsewhere in the Financial Statements, NAM Council Minutes and Business Plan. The Director attends meetings of the Army Heritage Committee where he reports on the plans of the NAM. Additionally, meetings were held with the Sponsor Department including Director Army Resources and the Chief Accountant Army Resources. These meetings are reported to the full NAM Council. Additionally, Army Resources are invited to attend NAM Council meetings to update the Council on matters affecting the Museum and to receive assurance on governance and the use of GiA.

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

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

Review of Risk Management and Internal Control Systems

Risk Management

A Risk Management Statement has been drawn up with reference to the HM Treasury Publication - Risk Management Assessment Framework (2009), JSP 462 (April 2017) Financial Management and Charging Policy Manual, and the Cabinet Office & HM Treasury publication, *Your Delivery Strategy* (September 2001).

The NAM Council confirms that the Risk Management Systems in place for this reporting period (2021-22) 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

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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.

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 PARA Committee and focuses on the key risks posed to the Museum. These risks are assessed in terms of likelihood of occurrence and their potential impact. Appropriate mitigation activity is identified and recorded.

The Museum's Risk Matrix is used as a basis for adjudging the risks associated with the operations of the Museum and as a guide for the Internal Auditors to select internal audit topics. Risks are reviewed by the Senior Leadership Team (SLT) and updated accordingly taking on board any recommendations from previous Internal Audit reports. The two greater risks during this period of reporting were the possibility no matter how remote, of the withdrawal or lessening of Grant in Aid funding and the recovery from the Covid-19 pandemic.

The PARA Committee regularly receives updates on the highest risks on the Risk Matrix at their quarterly meetings and are fully involved with the Internal Auditors in selecting the internal audit topics. The Committee usually selects at least four areas for audit each year so that the Internal Auditors can provide sufficient assurance to the PARA Committee.

Governance – The NAM Council feels that is appropriately established with the correct skill sets required to advise, guide and challenge the executive to ensure that the Museum is operated in accordance with its Royal Charter and the objects of the charity.

Finance – A framework contained within the Financial Procedures Manual was updated in Autumn 2019 i.e. pre Covid-19 and is due to be reviewed by the end of the current year. This document lays down the procedures and systems that all staff employed at the NAM must sign up to ensure that financial controls are in place to reduce wasted expenditure and produce value for money. Access to the Museum's accountancy system is restricted to the role of the individual. Levels of access are password protected which expire and must be renewed every thirty days. There is a clear line of responsibility for the signing off of any purchase orders and all staff as part of their induction receive a briefing on financial matters by the Deputy Director. They are also required to carry out 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.

Additionally, the SLT reviews budgets and cost centres on a monthly basis to ensure that the spend profile is maintained and any anomalies are accounted for.

The Museum works with the MoD Fraud Team to produce and review a Fraud Risk Matrix which forms part of the MoD global Fraud Risk Register. The reviews are carried out in accordance with the MoD team's programme with the most recent carried out in August 2022.

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Building – The Museum premises at Chelsea was redeveloped in 2017 which included major structural alterations and the installation of plant which maintains the correct climatic conditions for the protection of the collections, staff and visitors. The Museum has in place a contracted maintenance company to ensure that the building and plant are maintained to the correct levels. The Museum storage facilities at Stevenage are leased properties which the Museum is responsible for and contracts are in place for their maintenance.

Security – The Museum has both 24/7 physical and digital alarm systems in place for the protection of the collections, staff and visitors from loss, damage and injury. All alarm systems are fully maintained and monitored 24/7 off site. The Museum works closely with the local police and counter terrorism teams and regularly carries out appropriate training.

Employment – NAM is an equal opportunities employer and its policy is not to discriminate against its staff during recruitment, selection and employment. All staff receive equal opportunities for appropriate training helping them identify discriminatory acts or practices or acts of harassment or bullying. Remuneration for all members of staff follows MoD pay grades with the exception of some members of the front of house teams who are paid London Living Wage. The Museum is committed to equal pay in employment and job evaluations are carried out for all posts. Terms of Employment, benefits and facilities are reviewed from time to time in order to ensure that there is no unlawful discrimination.

Collections – The Museum, as an accredited Museum, complies with all recommendations of the accreditation awarding body. Collection are collected, located and maintained in line with these standards which are overseen and regularly audited by the Collections Care and Standards Team with the Collections Research Committee who authorise any substantial disposals. The same processes are followed for Archive Accreditation.

Internal Auditors

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

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

The risks contained in the Risk Matrix have also been taken into account in the development of the Museum's strategic direction (through a process of cross-referencing between the specific risks and the principal strategic objectives) thereby mitigating some or all of those risks. During this reporting period, the Internal Auditors reported on the previous year's internal audit reports and additionally looked at:

Month End Processes – Reasonable Assurance

Collections Management (Acquisitions) – Substantial Assurance

IT Remote Working – Partial Assurance

Purchasing, Contracts and Tendering – Partial Assurance

Three Service Museum Thematic Review on Marketing – Partial Assurance

The necessary procedures have been implemented to address the recommendations made.

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The overall Internal Audit Opinion for 2021-22 is that the work provides moderate assurance, and that some improvements are required to enhance the adequacy and effectiveness of the controls.

External Auditors

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

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.

Whistleblowing

The Museum has a whistleblowing policy in place available to all staff and contained in the Staff Handbook. Whistleblowing is a standard agenda item for the Performance Audit and Risk Assurance Committee reporting to NAM Council. There was one instance of whistleblowing reported to the Museum in the year which was primarily around Covid-19, the redundancy process, and interpretation. This was responded to in a written statement by the Director.

Statement of Assurance

The Accounting Officer has responsibility, on behalf of the full NAM Council, for the overall effectiveness of the Museum's governance arrangements and their compliance with Corporate Governance in Central Government Departments Code of Practice 2018 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 2021-22 is £38,750 (2020-21: £33,690) of which £32,700 (2020-21: £28,840) relates to the audit of the Museum and £6,050 (2020-21: £4,850) to the audit of NAMTL.

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

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REMUNERATION AND STAFF REPORT

Remuneration Policy

The Director of the Museum is employed by the Council of the National Army Museum on terms and conditions that are similar to MOD senior civil servants. He holds an open-ended appointment and his 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. He is the only senior civil service staff or equivalent employee of the Museum.

Other members of the Senior 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 Senior Management Team of the Museum as detailed on page 26 were as follows (with comparative salary disclosures for 2020/21).

	Salary (£'000)		Performance Pay (£'000)		Benefits in kind (to nearest £100)		Pension benefits (£'000)		Total remuneration (£'000)	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
Justin Maciejewski <i>Director</i>	140-145	140-145	0-5	0-5	-	-	-	-	145-150	145-150
Mike O'Connor <i>Deputy Director</i>	70-75	70-75	-	-	-	-	3	25	75-80	95-100
Teresa Scott <i>Assistant Director - Human Resources</i>	65-70	65-70	0-5	0-5	-	-	17	27	85-90	95-100
Ian Maine <i>Assistant Director – Collections and Programmes</i>	65-70	65-70	0-5	0-5	-	-	-	-	70-75	70-75
Dawn Watkins <i>Assistant Director – Enterprise</i>	65-70	65-70	0-5	0-5	-	-	-	-	70-75	70-75

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	Accrued pension at pension age as at 31 March 2022 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2022	CETV at 31 March 2021	Real increase in CETV	Employers contribution to NEST pension or personal
	£'000	£'000	£'000	£'000	£'000	£(nearest £100)
Justin Maciejewski <i>Director</i>	-	-	-	-	-	7,100
Mike O'Connor <i>Deputy Director</i>	20-25	0-2.5	450	442	2	-
Teresa Scott <i>Assistant Director - Human Resources</i>	25-30 plus a lump sum of 45-50	0-2.5 plus a lump sum of 0	425	397	5	-
Ian Maine <i>Assistant Director – Collections and Programmes</i>	-	-	-	-	-	3,600
Dawn Watkins <i>Assistant Director – Enterprise</i>	-	-	-	-	-	3,600

None of the above received any benefits in kind during the year (2020/21 £Nil).

No members of the Council received any remuneration during the year (2020/21 £Nil). During the year reimbursements were made to members of the Council totalling £1,012 (2020/21 £124) for travel and subsistence and £3,091 (2020/21 £Nil) for hospitality.

Salary

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

Benefits in Kind

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

Pension Benefits

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

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Principal Civil Service Pension Scheme (PCSPS)

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

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

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.

Compensation for loss of office (Subject to audit)

No amounts were paid in respect of compensation for loss of office to any of the Leadership Team for the current or preceding year.

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Fair pay disclosure (Subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the remuneration of the organisation's workforce.

The following percentage changes applied to remuneration at the National Army Museum:

	2021/22	2020/21
	%	%
Salary:		
Highest paid director	0	0
Staff Average	1.0	3.2
Performance pay:		
Highest paid director	0	-66.7
Staff Average	169.8	-22.0

The mid-point of the banded remuneration of the highest-paid director in the National Army Museum in the financial year 2021-22 was £142,500 (2020-21, £142,500). This was 5.6 times (2020-21, 5.6) the 25th percentile salary, which was £25,388 (2020-21, £25,388), 4.7 times (2020-21, 4.7) the median remuneration of the workforce, which was £30,200 (2020-21, £30,749) and 3.5 times (2020-21, 3.8) the 75th percentile salary, which was £40,717 (2020-21, £37,639). All of the pay and benefits is represented by salary with changes in ratios resulting from minor changes in the staff mix at NAM. No staff received any benefits in kind in 2021-22 or 2020-21.

In 2021-22 0 (2020-21, 0) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £15,641 to £142,500 (2020-21, £20,573 to £142,500).

Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer-value of pensions.

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.

Staff Report

Staff costs and staff numbers (Subject to audit)

	2021/22	2020/21
	£'000	£'000
Staff costs comprise:		
Wages and salaries	2,677	2,934
Social security costs	274	283
Pension costs	307	326
Redundancy costs	131	61
Temporary staff and recruitment costs	655	595
	<u>4,044</u>	<u>4,199</u>

Excluding the Director and members of the Senior Management Team, no employees received remuneration for 2021-22 excluding pension contributions, greater than £60,000 (2020-21 no employees).

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The average number of senior management and staff was:

	2021/22	2020/21
Collections	42	42
Curatorial	23	21
Education	8	7
Publicity	2	5
Trading	7	12
Fundraising	2	4
	<u>84</u>	<u>91</u>

25 (2020-21: 26) of the above staff are male and 59 (2020-21: 65) female. 9 (2020-21: 6) staff are employed on short term contracts with all other staff employed on a full-time contract. The above includes an average of 20 (2020-21: 22) part time staff members for the year.

Consultancy and off-payroll arrangements

NAM has engaged no individuals during the year under short term arrangements that could be seen to be similar to those envisaged by HM Treasury Guidance on off- payroll arrangements (2021: no individuals). Total expenditure for other consultancy services in the year was £946 (2021: £23,425).

Sickness and Absence data

The NAM employed 85 members of staff at 31 March 2022 (60 full-time and 25 part-time) and monitored sick absence as part of its commitment in promoting the health, safety and welfare of all members of staff. Information collated from the Department of Human Resources is available to the Museum's Management Team who are responsible for identifying potential risks arising from any patterns that may occur and also made available to NAM Council. During 2021-22, there were 490 (full time equivalent) days lost to sick absence compared to 223 days lost in 2020-21.

During the period, the average number of days' sickness absence per employee was 5.8 compared to 2.8 days in 2020-21 (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.

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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.

Employer Pensions

For 2021-22 employers' pension contributions for the Museum of £216,000 were payable to the PCSPS (2020-21 £234,000) at rates based on salary bands as follows:

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

Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Members of staff not eligible to join the PCSPS are automatically enrolled in the National Employment Savings Trust (NEST) with employer pension contributions of 5 per cent. Total employer contributions in this regard were £91,000 (2020-21 £92,000).

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

(Comparative data for the prior year is shown in brackets)

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	4 (12)	- (-)	4 (12)
£10,000 - £25,000	- (-)	- (-)	- (-)
£25,000 - £50,000	1 (1)	- (-)	1 (1)
£50,000 - £75,000	- (-)	- (-)	- (-)
£75,000 - £100,000	1 (-)	- (-)	1 (-)
Total number of approved exit packages	6 (13)	- (-)	6 (13)
Total resource cost/£	131,233 (61,782)	- (-)	131,233 (61,782)

There were no special severance packages paid by the Museum for 2021-22 or 2020-21.

NATIONAL ARMY MUSEUM
TRUSTEES REPORT AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2022

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

	2021/22	2020/21
Table 1		
Number of employees who were relevant union officials during the period	0	0
Table 2		
Percentage of time		
0%	0	0
1-50%	0	0
51-99%	0	0
100%	0	0
Table 3		
Total cost of facility time	£0	£0
Total pay bill	£3,389,000	£3,604,000
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.

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

	£'000
2021-22	6,870
2020-21	6,713
2019-20	6,486
2018-19	7,084
2017-18	7,219

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

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

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

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

NATIONAL ARMY MUSEUM
TRUSTEES REPORT AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2022

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:

	2022	2021	2020	2019	2018
	£'000	£'000	£'000	£'000	£'000
Staff costs	4,044	4,199	4,160	3,685	3,544
Premises costs	888	1,028	1,050	1,074	946
Collection maintenance	542	530	357	574	694
Events and promotion	398	270	528	472	783
Depreciation and loss on disposal	884	970	862	894	901
Impairment and impairment reversal	(4,898)	0	(378)	(649)	(1,192)
Administration and other	795	690	834	853	973
	<u>2,653</u>	<u>7,687</u>	<u>7,413</u>	<u>6,903</u>	<u>6,649</u>

BRIGADIER JUSTIN MACIEJEWSKI DSO MBE
DIRECTOR AND ACCOUNTING OFFICER

LIEUTENANT GENERAL SIR SIMON MAYALL KBE CB
CHAIRMAN, ON BEHALF OF COUNCIL

16th November 2022

National Army Museum
16th November 2022



NATIONAL ARMY MUSEUM
AUDITORS' REPORT
YEAR ENDED 31ST MARCH 2022

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

Opinion on financial statements

I have audited the financial statements of the National Army Museum and its Group for the year ended 31 March 2022 under the Charities Act 2011 and under Royal Charter relating to the National Army Museum 1960.

The financial statements comprise: the National Army Museum and its Group's:

- Consolidated and Charity Balance sheet as at 31 March 2022;
- Consolidated Statement of Financial Activities. Consolidated Cash Flow Statement for the year ended 31 March 2022; and
- The related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom accounting standards including Financial Reporting Standards (FRS) 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion, the financial statements:

- give a true and fair view of the state of the National Army Museum and its Group's affairs as at 31 March 2022 and its net income for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Charities Act 2011, the Royal Charter relating to the National Army Museum 1960 and HM Treasury directions issued thereunder.

Opinion on regularity

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

Basis for opinions

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

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

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

NATIONAL ARMY MUSEUM
AUDITORS' REPORT
YEAR ENDED 31ST MARCH 2022

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the National Army Museum and its Group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the National Army Museum and its Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

Other Information

The other information comprises information included in the Trustees' Report, but does not include the financial statements nor my auditor's report. The Trustees and Accounting Officer are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with directions made under the Royal Charter relating to the National Army Museum 1960.

In my opinion, based on the work undertaken in the course of the audit:

- those parts of the Trustees' Report subject to audit have been properly prepared in accordance with directions made under the Royal Charter relating to the National Army Museum 1960; and
- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the National Army Museum and its Group and its environment obtained in the course of the audit, I have not identified material misstatements in the Trustees' Report.

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

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept by the National Army Museum or its Group or returns adequate for my audit have not been received from branches not visited by my staff; or

NATIONAL ARMY MUSEUM
AUDITORS' REPORT
YEAR ENDED 31ST MARCH 2022

- the financial statements and the parts of the Trustees' Report, subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by the Charities Act 2011 have not been made or parts of the Remuneration Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Trustees and Accounting Officer for the financial statements

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

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Trustees and the Accounting Officer determine are necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error; and
- assessing the National Army Museum and its Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees and the Accounting Officer either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and report on the financial statements in accordance with the Royal Charter relating to the National Army Museum 1960 and the Charities Act 2011.

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

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the National Army Museum and its Group's accounting policies and its key performance indicators.
- Inquiring of management, the National Army Museum's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the National Army Museum and its Group's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;

NATIONAL ARMY MUSEUM

AUDITORS' REPORT

YEAR ENDED 31ST MARCH 2022

- detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the National Army Museum and Group's controls relating to the National Army Museum's compliance with the Royal Charter relating to the National Army Museum 1960, Charities Act 2011 and Managing Public Money.
- discussing among the engagement team including significant component audit teams and involving relevant internal and external specialists, including property valuations, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the National Army Museum and its Group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the National Army Museum and Group's framework of authority as well as other legal and regulatory frameworks in which the National Army Museum and Group operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the National Army Museum and its Group. The key laws and regulations I considered in this context included, the Royal Charter relating to the National Army Museum 1960, the Charities Act 2011, Managing Public Money, Employment Law and Tax Legislation.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management and the Performance, Audit and Risk Assurance Committee concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Council and internal audit reports;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- in addressing the risk of fraud in revenue recognition, assessing the recognition of income in line with the accounting framework and undertaking procedures to test the completeness of income.

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

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

NATIONAL ARMY MUSEUM
AUDITORS' REPORT
YEAR ENDED 31ST MARCH 2022

Other auditor's responsibilities

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

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

Gareth Davies
Comptroller and Auditor General

Date 21 November 2022

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

NATIONAL ARMY MUSEUM
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31ST MARCH 2022

	NOTE	Unrestricted Funds	Restricted Funds	Total Funds 2021/22	Total Funds 2020/21
		£'000	£'000	£'000	£'000
Income and endowments from:					
Donations and legacies	4				
Grant-in-Aid		6,870	130	7,000	6,843
Other		62	244	306	165
		<u>6,932</u>	<u>374</u>	<u>7,306</u>	<u>7,008</u>
Trading activities	4	352	66	418	150
Investments		0	6	6	6
		<u>7,284</u>	<u>446</u>	<u>7,730</u>	<u>7,164</u>
Other	4	68	0	68	65
TOTAL		<u>7,352</u>	<u>446</u>	<u>7,798</u>	<u>7,229</u>
Expenditure on:					
Raising funds	5	942	(450)	492	1,186
Charitable activities	5	5,808	(3,647)	2,161	6,501
TOTAL		<u>6,750</u>	<u>(4,097)</u>	<u>2,653</u>	<u>7,687</u>
Operating surplus/(deficit)		602	4,543	5,145	(458)
Net gains/(losses) on investments	10	0	12	12	47
Net income/(expenditure)		<u>602</u>	<u>4,555</u>	<u>5,157</u>	<u>(411)</u>
Transfers between funds		0	0	0	0
Other recognised gains/(losses):					
Gains/(losses) on revaluation of fixed assets		101	847	948	(1,013)
Net movement in funds		<u>703</u>	<u>5,402</u>	<u>6,105</u>	<u>(1,424)</u>
RECONCILIATION OF FUNDS					
Total funds brought forward		64,367	41,915	106,282	107,706
Total funds carried forward		<u><u>65,070</u></u>	<u><u>47,317</u></u>	<u><u>112,387</u></u>	<u><u>106,282</u></u>

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

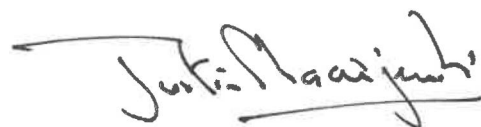
The Statement of Financial Activities for the Charity alone is detailed in note 2 to the financial statements.

The notes of pages 50 to 68 form part of these financial statements

NATIONAL ARMY MUSEUM
CONSOLIDATED AND CHARITY BALANCE SHEET
YEAR ENDED 31ST MARCH 2022

	NOTE	2022		2021	
		Group	Charity	Group	Charity
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	7	43,657	43,655	38,486	38,484
Heritage assets	8	<u>67,971</u>	<u>67,971</u>	<u>67,544</u>	<u>67,544</u>
		111,628	111,626	106,030	106,028
CURRENT ASSETS					
Stocks		76	0	121	0
Debtors	9	880	997	492	595
Investments	10/11	365	415	244	294
Cash at bank and in hand	11	<u>415</u>	<u>242</u>	<u>332</u>	<u>313</u>
		1,736	1,654	1,189	1,202
CURRENT LIABILITIES					
CREDITORS:					
Amounts falling due within one year	12a	<u>(939)</u>	<u>(866)</u>	<u>(757)</u>	<u>(722)</u>
NET CURRENT ASSETS/ (LIABILITIES)		797	788	432	480
CREDITORS:					
Amounts falling due after more than one year	12b	<u>(38)</u>	<u>0</u>	<u>(180)</u>	<u>(133)</u>
TOTAL NET ASSETS		<u>112,387</u>	<u>112,414</u>	<u>106,282</u>	<u>106,375</u>
RESERVES					
Unrestricted Funds		64,695	64,722	64,093	64,186
Unrestricted Revaluation		<u>375</u>	<u>375</u>	<u>274</u>	<u>274</u>
Total Unrestricted Funds	13	<u>65,070</u>	<u>65,097</u>	<u>64,367</u>	<u>64,460</u>
Restricted Funds		44,564	44,564	40,466	40,466
Restricted Revaluation		<u>2,753</u>	<u>2,753</u>	<u>1,449</u>	<u>1,449</u>
Total Restricted Funds	13	<u>47,317</u>	<u>47,317</u>	<u>41,915</u>	<u>41,915</u>
	14	<u>112,387</u>	<u>112,414</u>	<u>106,282</u>	<u>106,375</u>

The financial statements were approved by the Council on 16th November 2022 and signed on its behalf by:



BRIGADIER JUSTIN MACIEJEWSKI DSO MBE
DIRECTOR AND ACCOUNTING OFFICER



LIEUTENANT GENERAL SIR SIMON MAYALL KBE CB
CHAIRMAN, ON BEHALF OF COUNCIL

The notes on pages 50 to 68 form a fundamental part of the these financial statements

NATIONAL ARMY MUSEUM
CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31ST MARCH 2022

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2021/22 £'000	Total Funds 2020/21 £'000
Cash flows from operating activities:				
Net cash provided by/(used in) operating activities	700	258	958	794
Cash flows from investing activities:				
Purchase of tangible assets	(209)	0	(209)	(367)
Proceeds from sale of heritage assets	0	0	0	26
Purchase of heritage assets	0	(391)	(391)	(145)
Net cash provided by/(used in) investing activities	(209)	(391)	(600)	(486)
Cash flows from financing activities:				
Repayments of borrowing	(154)	0	(154)	(354)
Cash inflows from new borrowing	0	0	0	50
Net cash provided by/(used in) financing activities	(154)	0	(154)	(304)
Change in cash and cash equivalents in the reporting period	337	(133)	204	4
Cash and cash equivalents at the beginning of the reporting period	104	472	576	572
Cash and cash equivalents at the end of the reporting period	441	339	780	576

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

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

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2021/22 £'000	Total Funds 2020/21 £'000
Net income/(expenditure) for the reporting period (as per the statement of financial activities)	602	4,555	5,157	(411)
Adjustments for:				
Depreciation charges	166	718	884	970
Interest payable	2	0	2	14
Impairment and impairment reversal	0	(4,898)	(4,898)	0
Loss/(profit) on the disposal of heritage assets	0	0	0	44
Donated heritage assets	0	(36)	(36)	(40)
Transfer between funds	0	0	0	0
(Increase)/decrease in stocks	45	0	45	11
(Increase)/decrease in debtors	(314)	(74)	(388)	(44)
Increase/ (decrease) in creditors	199	(7)	192	250
Net cash provided by/(used in) operating activities	700	258	958	794

The notes on pages 50 to 68 form a fundamental part of these financial statements

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2022

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 2019) – (Charities SORP (FRS 102)) and guidance issued by H.M. Treasury in that the Financial Reporting Manual is applied insofar as it does not contradict the Statement of Recommended Practice.

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 (“NAMTL”) (Company Number: 06707366).

The Consolidated Statement of Financial Activities and Balance Sheet include the results and net assets of NAMTL on a line by line basis.

The financial statements of NAMTL used in consolidation are those for the period ended 31 March 2022.

(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 at least twelve months from the date of approval of the financial statements. The assumption relies on the continuation of Ministry of Defence funding at a similar level for the foreseeable future. The Museum has received confirmation of funding for 2022-23 together with an ongoing commitment and letter of support from its Sponsor Department for the period to March 2024. In order to ensure financial stability NAM Council has reviewed and approved budgets and cash flows through to March 2024.

(d) Incoming Resources

Incoming resources are included gross without the deduction of expenditure.

(e) Donations and Legacies

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

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

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

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

(f) Other Voluntary Income

The Museum derives voluntary income from donations, legacies, gifts and monies placed in donation boxes in the Museum. The income is recognised in the statement of financial activities where there is evidence of entitlement, receipt is probable and its

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2022

amount can be measured reliably. Donated services and facilities are included as income based on management's judgement of their market value.

(g) Government grants

Government grants are recognised at the fair value of the asset received or receivable. Grants are not recognised until there is reasonable assurance that the Museum will comply with the conditions attaching to them and the grants will be received. Grants relating to claims made under the Government job retention scheme and in respect of interest under the bounce back loan scheme are recognised as income in respect of the period to which they relate. Grants under the local restrictions support scheme are recognised when the Museum became entitled to the grant.

(h) Expenditure on Charitable activities

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

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.

(i) 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.

(j) 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.

(k) 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 2022 was £Nil (2021: £Nil).

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2022

Deferred tax is recognised on any tax losses in the trading subsidiary to the extent that it is probable that these will be recovered against future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

(l) 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. The land and buildings were professionally revalued at 31st March 2022 (see note 7). 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.

Any revaluations are recorded as other recognised gains and losses in the Statement of Financial Activities and reflected in revaluation reserves except where they relate to the reversal of previous impairment provisions.

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	(52 years from 1st April 2022)
Fit-out of Buildings	48 years	(45 years from 1st April 2022)
Plant and Machinery	34 years	(27 years from 1st April 2022)
Short Leasehold Improvements	41 years	
Computer Equipment	5-10 years	
Fixtures and Fittings	10 years	

The useful lives for leasehold buildings, fit-out of buildings and plant and machinery have been based on those advised as part of the 2017 property revaluation. The 2022 Property revaluation (see note 7) has updated these useful lives and these revised useful lives will be used for calculating depreciation in future years. The changes to the useful lives are not expected to materially affect the level of depreciation charged in future years.

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.

(m) Heritage Assets

(i) Valuation and Management

Heritage assets are recorded at the deemed cost carrying value established at 31st March 2010 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 periodic reviews 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

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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 periodically reviewed and written down where required.

(iii) Preservation Costs and Management

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

(iv) Acquisitions and Disposals

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

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

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

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

(n) 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. All investments are held in tradeable securities and are capable of being converted into cash in the short-term and are, therefore, regarded as current assets.

(o) Stocks

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

(p) 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.

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(q) 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, except for the long leasehold land and building of the NAM Museum in Chelsea, which is capitalised under tangible fixed assets on the Balance Sheet and where the present value of minimum lease payments is not material over the life of the lease.

(r) Financial Instruments

The Museum's financial assets and liabilities consist of cash and cash equivalents, short-term investments, 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.

(s) 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.

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2. Statement of Financial Activities for the Charity alone

	Unrestricted Funds	Restricted Funds	Total Funds 2021/22	Total Funds 2020/21
	£'000	£'000	£'000	£'000
Income and endowments from:				
Donations and legacies				
Grant-in-Aid	6,870	130	7,000	6,843
Other	62	244	306	165
	6,932	374	7,306	7,008
Trading activities	42	66	108	73
Investments	2	6	8	9
	6,976	446	7,422	7,090
Other	38	0	38	0
TOTAL	7,014	446	7,460	7,090
Expenditure on:				
Raising funds	670	(450)	220	977
Charitable activities	5,808	(3,647)	2,161	6,478
TOTAL	6,478	(4,097)	2,381	7,455
Operating surplus/(deficit)	536	4,543	5,079	(365)
Net gains/(losses) on investments	0	12	12	47
Net income/(expenditure)	536	4,555	5,091	(318)
Transfers between funds	0	0	0	0
Other recognised gains/(losses):				
Gains/(losses) on revaluation of fixed assets	101	847	948	(1,013)
Net movement in funds	637	5,402	6,039	(1,331)
RECONCILIATION OF FUNDS				
Total funds brought forward	64,460	41,915	106,375	107,706
Total funds carried forward	65,097	47,317	112,414	106,375

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3. Consolidated Statement of Financial Activities analysis of comparative amounts for year ended 31st March 2021

	Unrestricted Funds	Restricted Funds	Total Funds 2020/21
	£'000	£'000	£'000
Income and endowments from:			
Donations and legacies			
Grant-in-Aid	6,713	130	6,843
Other	23	142	165
	6,736	272	7,008
Trading activities	103	47	150
Investments	0	6	6
	6,839	325	7,164
Other	65	0	65
TOTAL	6,904	325	7,229
Expenditure on:			
Raising funds	1,109	77	1,186
Charitable activities	5,766	735	6,501
TOTAL	6,875	812	7,687
Operating surplus/(deficit)	29	(487)	(458)
Net gains/(losses) on investments	0	47	47
Net income/(expenditure)	29	(440)	(411)
Transfers between funds	64	(64)	0
Other recognised gains/(losses):			
Gains/(losses) on revaluation of fixed assets	73	(1,086)	(1,013)
Net movement in funds	166	(1,590)	(1,424)
RECONCILIATION OF FUNDS			
Total funds brought forward	64,201	43,505	107,706
Total funds carried forward	64,367	41,915	106,282

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4. Income and endowments

	Unrestricted Funds	Restricted Funds	Total Funds 2021/22	Total Funds 2020/21
	£'000	£'000	£'000	£'000
(a) Donations and legacies comprise:				
Grant-in-Aid:				
-Operating	6,870	0	6,870	6,713
-Exhibits	0	130	130	130
	<u>6,870</u>	<u>130</u>	<u>7,000</u>	<u>6,843</u>
Grants towards acquisition of heritage assets:				
-The Art Fund	0	145	145	16
-National Army Museum Development Trust	0	50	50	0
	<u>0</u>	<u>195</u>	<u>195</u>	<u>16</u>
Other restricted donations				
- Donated heritage assets	0	36	36	40
- Grant towards tank installation display	0	(21)	(21)	65
- Research fellowship	0	33	33	10
- Other projects	0	1	1	11
	<u>0</u>	<u>49</u>	<u>49</u>	<u>126</u>
Other unrestricted donations				
- National Army Museum Foundation	44	0	44	0
- Other	18	0	18	23
	<u>62</u>	<u>0</u>	<u>62</u>	<u>23</u>
Total other donations	<u>62</u>	<u>244</u>	<u>306</u>	<u>165</u>
Total donations and legacies	<u>6,932</u>	<u>374</u>	<u>7,306</u>	<u>7,008</u>
(b) Trading income comprises				
- Shop sales	122	0	122	39
- Playbase and childrens parties	143	0	143	4
- Exhibitions	42	66	108	74
- Room hire	55	0	55	7
-Catering commission	2	0	2	0
- Other	4	0	4	4
	<u>368</u>	<u>66</u>	<u>434</u>	<u>128</u>
Deferred tax on NAMTL(profit)/ loss	<u>(16)</u>	<u>0</u>	<u>(16)</u>	<u>22</u>
	<u>352</u>	<u>66</u>	<u>418</u>	<u>150</u>
(c) Other operating income comprises				
- Government Covid-19 support grants	30	0	30	65
- Membership income	36	0	36	0
- Other	2	0	2	0
	<u>68</u>	<u>0</u>	<u>68</u>	<u>65</u>

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5. Expenditure

(a) Expenditure on Raising Funds comprise:

	Trading	Fundraising	Total 2021/22	Total 2020/21
	£'000	£'000	£'000	£'000
Staff costs	351	136	487	697
Premises costs	37	18	55	61
Cost of sales	125	0	125	23
Subsidiary overheads	14	0	14	6
Collections maintenance	0	46	46	29
Depreciation and loss on disposal	52	26	78	79
Impairment and impairment reversal	(288)	(145)	(433)	0
General administration costs	30	14	44	48
Consultancy	1	1	2	2
Insurance and professional fees	8	4	12	16
Support costs	30	9	39	135
Governance	18	5	23	90
	378	114	492	1,186

(b) Expenditure on Charitable Activities comprise:

	Collections	Curatorial	Education	Publicity	Total 2021/22	Total 2020/21
	£'000	£'000	£'000	£'000	£'000	£'000
Staff costs	1,466	839	315	167	2,787	2,654
Premises costs	499	148	46	27	720	787
Collections maintenance	411	0	0	85	496	501
Event costs	10	0	73	0	83	49
Promotion costs	0	0	0	315	315	221
Depreciation and loss on disposal	333	210	65	38	646	655
Impairment and impairment reversal	(1,841)	(1,164)	(364)	(211)	(3,580)	0
General administration costs	164	100	32	18	314	236
Consultancy	4	2	1	0	7	20
Insurance and professional fees	51	32	10	6	99	127
Interest payable	1	0	0	0	1	14
Support costs	100	15	16	41	172	743
Governance costs	58	9	10	24	101	494
	1,256	191	204	510	2,161	6,501

(c) Governance and support costs comprise:

	2021/22				2020/21	
	Finance	Human Resources	Information Technology	Total Support	Governance	Governance
	£'000	£'000	£'000	£'000	£'000	£'000
Staff costs	186	123	172	481	289	301
Premises costs	21	23	16	60	53	72
Depreciation and loss on disposal	29	34	22	85	75	93
Impairment and impairment reversal	(162)	(184)	(125)	(471)	(414)	0
General administration costs	15	15	12	42	35	34
External audit	0	0	0	0	39	34
Internal audit	0	0	0	0	18	12
Consultancy	0	1	0	1	1	3
Interest payable	0	0	0	0	1	0
Insurance and professional fees	5	5	3	13	23	35
Trustees expenses and meeting costs	0	0	0	0	4	0
	94	17	100	211	124	584

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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 £1,012 (2021: £124) relate to travel expenses reimbursed for 3 trustees (2021 – 2 trustees). In addition, NAM incurred £3,091 (2021: £Nil) in relation to Trustee meeting costs.

6. Total expenditure is stated after charging the following items:	Unrestricted Funds	Restricted Funds	Total 2021/22	Total 2020/21
	£'000	£'000	£'000	£'000
Auditors' remuneration				
- audit services	39	0	39	34
Staff costs				
- wages and salaries	2,677	0	2,677	2,934
- social security costs	274	0	274	283
- pension costs	307	0	307	326
- redundancy costs	131	0	131	61
- temporary staff and recruitment costs	655	0	655	595
	4,044	0	4,044	4,199
Operating lease costs				
- land and buildings	238	0	238	242
- other	14	0	14	13
	252	0	252	255

The external audit fee for the Charity was £32,700 (2021: £28,840). 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 £6,050 (2021: £4,850). No non-audit services were provided by the auditor of NAMTL.

Redundancy costs for 2021/22 related to six approved exit packages during the year (2021: thirteen). There were no special severance packages for 2021/22 or 2020/21.

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7. Tangible Fixed Assets

	Long Leasehold Land and Buildings	Short Leasehold Improvements	Computer Equipment	Fixtures & Fittings	Total
<u>GROUP</u>	£'000	£'000	£'000	£'000	£'000
<u>VALUATION</u>					
At commencement of year	39,945	784	501	1,865	43,095
Additions at cost	0	0	22	187	209
On revaluation	2,142	47	1	53	2,243
Disposals	0	0	0	(48)	(48)
At end of year	42,087	831	524	2,057	45,499
<u>DEPRECIATION</u>					
At commencement of year	2,885	178	387	1,159	4,609
Charge for year	718	20	17	87	842
On revaluation	(3,603)	15	0	25	(3,563)
Disposals	0	0	0	(46)	(46)
At end of year	0	213	404	1,225	1,842
<u>NET BOOK VALUE</u>					
At 31 March 2022	42,087	618	120	832	43,657
At 31 March 2021	37,060	606	114	706	38,486

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

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Included in long leasehold land and buildings is a sum of £9,352,000 (2020/21 £8,505,000) for land, which has not been depreciated.

The long leasehold property known as the National Army Museum was valued as at 31 March 2022 by an external valuer, Gerald Eve LLP, a regulated firm of Chartered Surveyors. The valuation was prepared in accordance with the requirements of the RICS Valuation – Global Standards 2022 and the national standards and guidance set out in the UK national supplement (November 2018), as well as FRS102, the Charities SORP and guidance issued by HM Treasury. The valuations of specialised properties were derived using the Depreciated Replacement Cost (DRC) method. The valuation is reported under the special assumption to exclude any value of development opportunities for which planning permission would be required and has not been granted or where development has not yet commenced.

The valuation apportioned the total land and buildings as follows:

	£'000
Land	9,352
Structure of buildings	16,930
Fit-out of buildings	5,579
Plant and machinery	10,226
	<u>42,087</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	67,544	
Additions	427	
Disposals	<u>0</u>	
At end of year	<u>67,971</u>	
Net Book Value at 31 March 2022	<u>67,971</u>	
Net Book Value at 31 March 2021	<u>67,544</u>	
	2022 £'000	2021 £'000
The carrying value comprises:		
Exhibits	35,686	35,658
Fine and decorative arts	20,598	20,202
Archives, photographs, film and sound	10,534	10,531
Printed books	1,153	1,153
	<u>67,971</u>	<u>67,544</u>

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(b) Five year financial summary of heritage asset transactions

	2022	2021	2020	2019	2018
	£'000	£'000	£'000	£'000	£'000
<u>Additions</u>					
Purchases	391	145	300	256	105
Donations	36	40	21	-	30
Total Additions	<u>427</u>	<u>185</u>	<u>321</u>	<u>256</u>	<u>135</u>
<u>Disposals</u>					
Sales Proceeds	-	26	-	-	-
Carrying Value	-	(70)	-	(141)	-
	<u>-</u>	<u>(44)</u>	<u>-</u>	<u>(141)</u>	<u>-</u>

(c) Grant Received

During the year the Museum received grants towards the purchase of items for its collection of £130,000 (2021 - £130,000) 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
	2022	2022	2021	2021
	£'000	£'000	£'000	£'000
Trade debtors	20	11	21	15
VAT debtor	167	175	152	151
Prepayments and accrued income	463	461	191	189
Amounts due from subsidiary undertaking	0	127	0	140
Other debtors	230	223	128	100
	<u>880</u>	<u>997</u>	<u>492</u>	<u>595</u>

Amounts due from subsidiary undertaking includes an unsecured loan to NAMTL of £124,000 (2021:£140,000). The loan is repayable over 5 years and carries interest at 1% per annum. Included in the amount due is £96,000 (2021: £124,000) repayable after more than one year.

Other debtors for the group includes £6,000 (2021: £22,000) for a deferred tax asset in relation to trading losses of NAMTL which will be carried forward and offset against the tax arising on future NAMTL taxable profits.

10. Unlisted Investments

	Group	Charity	Group	Charity
	2022	2022	2021	2021
	£'000	£'000	£'000	£'000
Investment in subsidiary undertaking (note 10a)	-	50	-	50
<u>Other investments</u>				
Market value at beginning of year	244	244	197	197
Add: acquisitions at cost	360	360	-	-
Less: disposals	(251)	(251)	-	-
Net unrealised investment (loss)/gains	12	12	47	47
Market value at end of year	<u>365</u>	<u>365</u>	<u>244</u>	<u>244</u>
Total unlisted investments	<u>365</u>	<u>415</u>	<u>244</u>	<u>294</u>

Other investments represent a portfolio managed by Brewin Dolphin Limited. The historic cost of these investments was £360,000 (2021 - £111,000).

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10a. Investment in Subsidiary Undertaking

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

The assets and liabilities of the subsidiary were:

	2022	2021
	£'000	£'000
Fixed assets	2	2
Current assets	266	176
Creditors: amounts falling due within one year	(112)	(51)
Creditors: amounts falling due after more than one year	(134)	(171)
	<u>22</u>	<u>(44)</u>
	2022	2021
	£'000	£'000
Share capital	50	50
Surplus/(deficit) retained in subsidiary	(28)	(94)
	<u>22</u>	<u>(44)</u>

The issued share capital of National Army Museum Trading Limited is £50,000 (2021: £50,000).

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

	2022	2021
	£'000	£'000
Turnover	326	54
Cost of sales and administrative expenses	(274)	(235)
Other Operating income	30	65
Net profit/(loss) before taxation	<u>82</u>	<u>(116)</u>
Taxation -deferred tax	16	(22)
Net profit/(loss) after taxation	<u>66</u>	<u>(94)</u>

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11. Cash and Cash Equivalents

	Group 2022 £'000	Charity 2022 £'000	Group 2021 £'000	Charity 2021 £'000
Cash at bank and in hand	415	242	332	313
Investments	365	415	244	294
	<u>780</u>	<u>657</u>	<u>576</u>	<u>607</u>

Analysis of changes in net debt

	At start of year £'000	Cash- flows £'000	Interest payable £'000	Other non- cash changes £'000	At end of year £'000
Cash	332	83	0	0	415
Cash equivalents - investments	244	109	0	12	365
	<u>576</u>	<u>192</u>	<u>0</u>	<u>12</u>	<u>780</u>
Loans falling due within one year	20	(154)	2	142	10
Loans falling due after more than one year	180	0	0	(142)	38
	<u>200</u>	<u>(154)</u>	<u>2</u>	<u>0</u>	<u>48</u>
Total	<u>376</u>	<u>346</u>	<u>(2)</u>	<u>12</u>	<u>732</u>

12a. Creditors: Amounts falling due within one year

	Group 2022 £'000	Charity 2022 £'000	Group 2021 £'000	Charity 2021 £'000
Bank loans and overdrafts	10	0	3	0
Trade creditors	198	195	223	221
Accruals and deferred income	731	671	514	484
Amounts due to subsidiary undertaking	0	0	0	0
Other creditors	0	0	17	17
	<u>939</u>	<u>866</u>	<u>757</u>	<u>722</u>

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

	Group 2022 £'000	Charity 2022 £'000	Group 2021 £'000	Charity 2021 £'000
Bank loans and overdrafts	38	0	47	0
Other creditors	0	0	133	133
	<u>38</u>	<u>0</u>	<u>180</u>	<u>133</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 was repayable in instalments over 5 years. Other creditors falling due within one year represented the capital repayments of this loan falling due within 12 months of the balance sheet date. In August 2021, NAM decided to repay the loan early.

Bank loans and overdrafts represents a £50,000 unsecured loan received in the year ended March 2021 under the Government backed bounce back loan scheme.

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13. Funds Analysis

	Balance 1 April 21	Income	Expenditure	Transfers	Gains and losses	Balance 31 March 2022
	£'000	£'000	£'000	£'000	£'000	£'000
RESTRICTED FUNDS						
NAM Land and Buildings	35,611	0	4,180	(457)	0	39,334
NAM Land and Buildings revaluation	1,449	0	0	457	847	2,753
Restricted Heritage Assets	4,315	231	0	131	0	4,677
Grant-in-Aid exhibits reserve	1	130	0	(131)	0	0
Funds for upkeep and maintenance of specific parts of NAM collection	522	6	0	0	12	540
Funds received for specific NAM projects	12	13	(17)	0	0	8
Chelsea History Festival sponsorship	0	66	(66)	0	0	0
Brothers in Arms (Esmée Fairbairn)	5	0	0	0	0	5
	41,915	446	4,097	0	859	47,317
UNRESTRICTED FUNDS						
Unrestricted funds	64,093	7,352	(6,750)	0	0	64,695
Unrestricted funds revaluation	274	0	0	0	101	375
	64,367	7,352	(6,750)	0	101	65,070
TOTAL FUNDS	106,282	7,798	(2,653)	0	960	112,387

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The NAM Land and Buildings Fund represents the net book value of its Long Leasehold Land and Buildings. These assets were funded entirely by public donations in the period leading up to and after the acquisition of the lease and the building of the Museum in 1967. Under the terms of NAM's lease of the land and buildings they can only be used for the purposes of a Museum for the collection, preservation and exhibition of objects and records relating to the history of the Military Forces of Her Majesty and her predecessors and hence their classification as a restricted fund.

The NAM Land and Buildings revaluation reserve (Restricted Funds) represents the result of revaluations subsequent to initial recognition. As at 31 March 2022 this does not include revaluation gains on Long Leasehold Buildings. This is because revaluation gains do not yet exceed previous impairment charges for the asset (NAM Museum Building in Chelsea). Revaluation of the building has resulted in previous charges for impairment being reversed through credits to expenditure in the Statement of Financial Activities, in accordance with the Charities SORP (FRS 102).

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

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

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

Funds received for specific NAM projects relates to donations and sponsorships received for specified purposes and events. At 31 March 2022 there were £8,000 of unspent funds in relation to donations received for fellowship research.

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.

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14. Analysis of Group Net Assets Between Funds

	Unrestricted Funds	Restricted Funds	Total 2022
	£'000	£'000	£'000
Tangible fixed assets	1,570	42,087	43,657
Heritage fixed assets	63,294	4,677	67,971
Other net assets	206	553	759
	<u>65,070</u>	<u>47,317</u>	<u>112,387</u>

The above net assets include Revaluation Reserves of:

	2022 £'000	2021 £'000
Tangible fixed assets		
Unrestricted	375	274
Restricted	<u>2,753</u>	<u>1,449</u>
	<u>3,128</u>	<u>1,723</u>

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

15. Operating Lease Commitments

At 31 March 2022, the Museum had total future minimum commitments under non-cancellable operating leases as follows:

	2022 £'000	£'000	2021 £'000	£'000
	Land and buildings	Other	Land and buildings	Other
Due within one year	271	11	232	9
Due between one and five years	1,086	-	929	8
Due after five years	<u>1,197</u>	<u>-</u>	<u>1,244</u>	<u>-</u>
	<u>2,554</u>	<u>11</u>	<u>2,405</u>	<u>17</u>

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16. Related Party Transactions

National Army Museum Trading Limited

The relationship to NAMTL is disclosed in note 10a together with summary financial information, and the balances due with NAMTL at the year end are disclosed in notes 9 and 12a. Mrs Donovan, Ms Spungin and Mr Maciejewski acted as directors of National Army Museum Trading Limited and also Members of Council or the Senior 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. The Foundation had four trustees of which one is also a trustee of NAM.

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 took the decision to close and to donate all its remaining assets to NAM. This resulted in a donation for the year from the Foundation of £44,000 (2021: £nil).

National Army Museum Development Trust

The National Army Museum Development Trust ("the Trust") is a registered charity, number 278939, connected with the Museum.

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. During the year the Trust donated £12,000 (2021: £10,000) to the Museum to assist in meeting the costs of a research fellowship and £50,000 (2021:£nil) towards the acquisition of heritage assets.

The net assets of the Trust at 31 December 2021 were £578,341 (31 December 2020 £555,123). The control and administration of these funds remains, at all times, the full responsibility of the Trust's trustees. None of the Trust's trustees are also trustees of NAM.

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

	2022	2021
	£'000	£'000
Authorised and contracted for at 31st March 2022	-	-
Authorised at 31st March 2022 but not contracted for	-	-

18. Post Balance Sheet Events

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

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