

**The Corps of Royal Electrical and
Mechanical Engineers Museum
Report and Audited Financial Statements
31 December 2020**



The Corps of Royal Electrical and Mechanical Engineers Museum

Reference and administrative details

For the year ended 31 December 2020

Charity number 272740

Registered office and operational address The REME Charity, RHQ REME
The Prince Philip Barracks
MoD Lyneham
Lyneham
Chippenham
SN15 4XX

Trustees The trustees who served during the year and up to the date of this report were as follows:

The REME Charity - sole corporate trustee

Trustees of The REME Charity:
Maj Gen S M Andrews CBE Chairman
Col M J A Bullard MBE
Col (Retd) R Fram MC
Mr A P Graham
Capt PCD Hembury
Col C P Phillips CBE
Ms C C Robinson
Col A J Rogers ADC
Col D G Scott
Col M A Simpson QVRM TD VR

Principal staff	Lt Col (Retd) M J Tizard	Corps Secretary and Chief Executive Officer
	Major (Retd) R J Henderson	Museum Director
	Mrs Claire Barrett	Treasurer (resigned 3 March 2021)
	Mr Stephen Butcher	Treasurer (appointed 1 February 2021)

Bankers Holts Farnborough Branch
Royal Bank of Scotland Plc Lawrie House
Victoria Road
Farnborough
GU14 7NR

Solicitors Wilsons Solicitors LLP
Alexandra House
St Johns Street
Salisbury
Wiltshire
SP1 2SB

Auditors Godfrey Wilson Limited
Chartered accountants and statutory auditors
5th Floor Mariner House
62 Prince Street
Bristol
BS1 4QD

The Corps of Royal Electrical and Mechanical Engineers Museum

Report of the trustees

For the year ended 31 December 2020

The trustees present their report along with the financial statements of the charity for the year ended 31 December 2020. The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the accounts and comply with the charity's Trust Deed, the Charities Act 2016, the Charities (Accounts and Reports) Regulations, and the Charities Statement of Recommended Practice (FRS102) effective 1 January 2019.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing document

The REME Museum appointed The REME Charity as its sole corporate trustee on 7 June 2016. First registered on 10 December 1976, the Governing Document was a Trust Deed; unincorporated association, which was varied by scheme on 28 April 1998 and further amended by scheme on 7 June 2016.

Background

The REME Museum was first established in 1958 and was located in Moat House in Arborfield. Later the REME Museum was expanded and the collection was held over two locations, the main museum moved from Moat House to a new location in Hazebrouck Barracks in Arborfield and a vehicle collection was established in Prince Phillip Barracks in Bordon. In November 2015, and as part of the larger Defence Technical Training Change Programme move, the REME Museum relocated to its current location in MoD Lyneham. The main collection is held in Building 311 and the reserve vehicle collection is held in building 184, a hangar at A site.

Recruitment and appointment of trustees

Trustees are selected by virtue of their knowledge, experience and expertise and are invited onto the Board of Trustees after recommendation. They are encouraged to keep themselves up to date with current regulatory, reporting and compliance related matters thereby enabling them to fulfil their obligations. Succession plans are in place to ensure the Board remains current and effective. There were no changes to the Board of Trustees in 2020.

Organisational structure and governance

The REME Charity is the sole corporate trustee of The REME Museum. The REME Charity has a board of trustees, which are an independent decision making governing body that meets at least twice a year. The board consists of 10 trustees led by a Chairman. Trustees are given responsibility for different areas of the business, with the Museum having a dedicated trustee, Col (Retd) R Fram MC. The Museum Development Committee meets twice yearly and short, medium, and long term plans are reviewed. The execution of the day to day running of the business is delegated to the Museum Director.

Relationships with other charities

The Museum Fund is a restricted fund within the REME Charity, which has the responsibility for governance, invests the Museum's reserves, provides an annual grant and employs the museum staff. The Museum Development Fund raises its own income through donations, independently of the REME Charity.

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Report of the trustees

For the year ended 31 December 2020

Risk management

The REME Charity maintains a risk register which includes risk to the Museum and is reviewed annually. Risks are categorised in five main areas, Impact, Financial Sustainability, Compliance, Operational and Hazards and Reputation. The REME Museum is dependent on MOD support for staff wages and its building infrastructure and support from the REME Charity. If the MoD funded Grant in Aid ceased and the MOD decided to charge rent for the building, this would have significant impact on the Museum's ability to operate profitably. The Museum is working to become self-sufficient but in the short term, has the financial backing of The REME Charity.

OBJECTS AND ACTIVITIES

Public benefit

The trustees have had regard to the Charity Commission's guidance on public benefit. The REME Museum provides public benefit by educating the visitors about the character, activities and history of the British Army and specifically the Corps of REME. It does this by telling a compelling story of those who served in the REME, by providing a community hub to build and strengthen the links between the military and civilian communities, and by providing a place of education for soldiers and school children.

Object

The defined object of the REME Museum is to uphold the traditions of the Corps of REME and to perpetuate its deeds.

The REME Museum fulfils its object by holding and maintaining the Corps Collections and ensuring that new members of the Corps are educated in its history. It accurately accounts for all items in the collections and ensures appropriate security measures are in place. It shares its history through loans to other museums and through allowing the general public access to its collections and/or historical records.

2020 themes and activities

The COVID -19 pandemic disrupted many of our planned themes and activities during 2020. The Museum followed Government rules and guidelines and was closed for two periods throughout the year; March to July and November / December 2020. The impact was that many of our themes and activities could not be followed through as we would have liked. The following was achieved:

a) **Education.** The pandemic had only a small impact on the number of recruits passing through Lyneham and out of the lockdown periods the Museum Business Development manager delivered a steady programme of weekly presentations explaining Corps history and the part the REME Museum plays in its maintenance. Unfortunately, the education officer was unable to continue with the school visit programme but did provide outreach sessions and during lockdown provided online video and activity sessions;

b) **The Tourist Route.** The year started on a positive note with a number of coach and bus tour operators planning visits to the Museum. However, the pandemic caused a complete cessation of activities and no tours visited the Museum from the end of March 2020;

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Report of the trustees

For the year ended 31 December 2020

c) **Reputation.** The Museum's reputation continues to build and for an unprecedented third year in a row, it was awarded the Hidden Gem Award from Visit England. The Museum has been awarded the Trip Advisor Travellers' Choice award 2020 and the café was also awarded the South West England, Taste of the West Silver Award and is becoming the social place to visit. During the lockdown plans were made to install a themed children's play park and work will be undertaken in 2021;

d) **Social Media.** Whilst in lockdown staff were able to continue to work from home with laptops provided by MOD Lyneham. A lot of good work was achieved promoting the Museum on our social media platforms. A planned programme of posts ensured a range of interests groups were engaged and our follower numbers have significantly increased;

e) **Virtual Tour.** As visitors were unable to visit in person during lockdown the Museum commissioned a virtual tour which was made available to view on our website;

f) **Corporate hire.** A large drop down screen has been installed in our largest gallery as well as modifying some fixed displays to become mobile to provide a larger usable space; and

g) **Collections care.** The Museum took part in the South West Museums development project entitled Pest Partners in 2020. We have also conducted a collection care survey throughout 2020 using data from our Tiny Tags data loggers. Once all the data has been analysed we will identify areas for improvement. We have provided additional shelving in the main Museum but have yet, due to the pandemic, to provide bespoke shelving and storage for the reserve weapons collection in the Armoury in camp.

Strategies to achieve objects

The Trustees make an annual estimate of the likely financial call on the Museum based upon historical data and a planned budget. Due to the COVID-19 pandemic many of the assumptions made in the planning could not be realised and a larger than normal grant amounting to £47,160 (2019: £30,250) from the REME Charity was required. Income to the Museum Development Fund comes from donations to the Gold Card scheme. The scheme is open to serving members of REME and provides free admission for life for the individual concerned and their family, in return for a small monthly donation over four years. These income strategies enable the object to be met.

Significant charitable activities

The COVID-19 pandemic vastly reduced the activities that could be undertaken. The commemoration of the 75th anniversary of the takeover of the former VW factory at Wolfsburg by the British Army, which was due to be a flagship event for the year, was unfortunately cancelled.

ACHIEVEMENTS AND PERFORMANCE

Performance management

The REME Museum recognises the importance of managing performance and it does this by measuring a number of key areas and setting targets in the annual plan. This was not a normal year and the COVID-19 pandemic has made it difficult to make any comparisons from previous years. Nevertheless, data was recorded across many areas including; the number of visitors; the income generated; museum expenditure; the number of research queries from the public; the number and value of losses from the collections.

The Corps of Royal Electrical and Mechanical Engineers Museum

Report of the trustees

For the year ended 31 December 2020

2020 performance

The COVID-19 pandemic hit during the Museum's third full operating year and it has had a considerable impact on the recorded performance figures. The Museum received a total of 5,191 visitors and generated a total income of £25,670. Unsurprisingly the number of research enquiries increased to 569. A total of 326 new items were added to the collections with no reported losses. The Museum's educational programme delivered formal education workshops to 147 school pupils at the Museum and to a further 279 pupils within schools, which is considerably down on previous years. Despite the COVID-19 pandemic the Museum's reputation continues to grow with excellent feedback on both social media and in person.

Performance achieved against fundraising target

The Museum Development Fund raised £95,845 through the Gold Card Scheme and the Museum generated a further £25,359 from admissions, research, education and corporate hire. While the Museum Development fund met its income targets, all other areas were down due to the pandemic.

Factors outside of the charity's control

No one could have predicted the impact the COVID-19 pandemic would have on the Museum. Other areas included the reliance upon the MoD for the provision of infrastructure, utilities, IT and telephones and a percentage of staff costs are outside the control of the charity.

Infrastructure

Roof leaks caused a temporary closure of the Museum in 2020 however these were repaired in December. The vinyl flooring lifting is a cause for concern and the Garrison Support Unit in conjunction with the Defence Infrastructure Organisation are investigating a number of costed remedial options. The upgrades to the fire alarms and emergency lighting raised during a fire officer's inspection in February 2017 are being undertaken in 2021, in the interim the building is still classified fit to open to the public. Whilst a formal lease has yet to be received, the Museum does have a signed letter from the MoD stating that terms have been agreed for a 30 year lease by the Secretary of State for Defence and the lease is in the process of being concluded.

FINANCIAL REVIEW

Reserves policy

The trustees' policy is not to keep a reserve in the Museum Fund because the Fund is essentially underwritten by the REME Charity. However, the REME Charity does not underwrite the Museum Development Fund. The trustees have decided to restrict expenditure from this fund to mounting exhibitions and the purchase of portable items in order to consolidate and improve the museum in Lyneham. The trustees assess that maintaining cash reserves of at least £100k would be an appropriate planning figure at present to meet this requirement.

Funding sources

The REME Charity (Registered Number 1165868) provides a grant to assist with the operational costs for the REME Museum and to ensure its continued operation. The REME Charity also manages an investment portfolio of which the Museum has an aliquot shareholding of 2.4827% (2019: 1.2489%); quarterly dividends are received. As a result of the COVID-19 pandemic it became difficult to spend money from the Museum Development fund and in June 2020, £150,000 was transferred to investments. Grant in Aid, admissions, room rental and archival research provide other revenue and the Gold Card Scheme provided funding for the Development Fund.

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Report of the trustees

For the year ended 31 December 2020

Income for the year totalled £435,352 (2019: £403,036). This is split between the Development Fund and the Museum Fund as follows:

Museum Fund income for the year totalled £311,051 (2019: £304,870) and included £179,511 MoD Grant in Aid (2019: £170,443), £22,014 (2019: £49,075) in admission and corporate entertainment fees, £1,455 (2019: £2,727) in research fees, £1,889 (2019: £3,608) in education fees, £47,160 (2019: £32,250) in grants from the REME Charity and other grants and donations of £9,594 (2019: £6,747), as well as services and facilities donated by MoD of £49,428 (2019: £42,020).

Development Fund income (including restricted funds) for the year totalled £124,301 (2019: £98,166). The Museum Gold Card Scheme is a free admission membership scheme which serving officers' and soldiers' can volunteer for. A small monthly donation is collected over a 4 year period and is placed in the Museum Development Fund. In 2020 this generated an income of £95,485 (2019: £92,299) against a target of £82,803 (2019: £82,799). A restricted grant of £20,000 was received to build outdoor children's play equipment (2019: £nil). Other income comprised investment income of £8,150 (2019: £4,902) and grants, donations, other trading income and bank interest of £306 (2019: £965).

Expenditure

Expenditure for the year totalled £410,232 (2019: £394,342). This is split between the Development Fund and the Museum Fund as follows:

Museum Fund expenditure totalled £322,482 (2019: £318,376) and includes depreciation of £11,431 (2019: £13,509), staff costs (including salaries, donated staff time and freelance staff costs) of £267,698 (2019: £254,703), donated facilities costs of £27,963 (2019: £27,700) and other expenditure of £15,390 (2019: £22,464), which includes expenditure on displays and exhibitions, children's educational activities and other office and premises costs. Staff costs are supported by the Grant in Aid donation from MoD of £179,511 (2019: £170,443).

Development Fund expenditure (including restricted funds) totalled £87,750 (2019: £75,966) and includes depreciation of £47,020 (2019: £43,308), contractor costs of £7,718 (2019: £6,413), Advertising and marketing costs of £6,741 (2019: £18,468) and other expenditure of £26,271 (2019: £7,777) which includes expenditure on exhibits, small equipment, IT, website and other office expenses.

Investment policy

The Museum Development Fund has an investment aliquot share of 2.4827% in the REME Charity portfolio and follows their investment policy.

COVID-19

The trustees have considered the impact that the COVID-19 pandemic will have on the charity's current and future financial position. The charity holds unrestricted, general reserves of £2.8m, designated reserves that can be drawn down if necessary of £485k and a cash balance of £165k. The trustees therefore consider it appropriate to adopt the going concern basis of preparation of the accounts, as detailed in note 1(b) to the financial statements.

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Report of the trustees

For the year ended 31 December 2020

PLANS FOR FUTURE PERIODS

Future aims, objectives and planned outputs

The Museum has now been through 3 full operating years since relocating. Our future aims are based around the following areas:

a) Increasing visitor numbers; it is planned to try and increase footfall by targeting the group travel trade. The Museum is working with the group travel trade section of VisitWiltshire tourism board and will sign up to Travel Exchange GB (TXGB). TXGB links the content, availability and pricing on our booking system directly to participating distributors of our choice. This provides wider visibility of the Museum's offers to the group travel trade industry;

b) The Museum is extending its events programme to seven activities for 2021 along with 3 school half term and Easter activities weeks. The events will entice a number of visitors from different elements of society which will not only generate more income but expose a wider audience to the history and stories of the Corps. All of these will be dependent on Covid-19 restrictions in place at the time;

c) Marketing; we took advantage of a free offer to use Google ads to promote the Museum. We will monitor the success of the targeted ads campaigns to determine if we are achieving a greater increase in website traffic. We will look to restart the project to commission a new, permanent and external sculpture that had to be put on hold in 2020 due to the pandemic. The sculpture will be bold, contemporary with an enduring visual impact that causes people to pause and think, whilst simultaneously conveying the fact that it is a 'sign/landmark' for the REME Museum;

d) We were invited to attend a number of VW related shows in 2020 which unfortunately were cancelled due the pandemic. We will be purchasing a clever frame temporary exhibition system to provide a professional travelling exhibition stand for any of these shows that are able to go ahead in 2021. Our presence at these shows not only promotes REME involvement in the VW story but will market the Museum;

e) Electronic Point of Sales; the Museum plans to install a new integrated till system which will also work with the new proposed on line ticketing system. This is delayed until pandemic restrictions are lifted and an on-site survey can be carried out;

f) Information Technology; the Museum launches its new website in 2021 with an integrated online ticket booking system to follow; and

g) Collections Care; using the information gathered from the 2020 study we will prioritise areas for improvement. Bespoke weapons storage will be purchased to improve the storage of the reserve weapons collections in the Armoury in camp.

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Report of the trustees

For the year ended 31 December 2020

STATEMENT OF RESPONSIBILITIES OF THE TRUSTEES

The trustees are responsible for preparing the trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the charity and the incoming resources and application of resources, including the net income or expenditure, of the charity for the year. In preparing those financial statements the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the constitution. The trustees are 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 are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Auditors

Godfrey Wilson Limited were re-appointed as auditors to the charity during the year and have expressed their willingness to continue in that capacity.

Approved by the trustees on 21 April 2021 and signed on their behalf by



Maj Gen S M Andrews CBE - Chairman of Trustees

Independent auditors' report

To the members of

The Corps of Royal Electrical and Mechanical Engineers Museum

Opinion

We have audited the financial statements of The Corps of Royal Electrical and Mechanical Engineers Museum (the 'charity') for the year ended 31 December 2020 which comprise the statement of financial activities, balance sheet and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 December 2020 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Independent auditors' report

To the members of

The Corps of Royal Electrical and Mechanical Engineers Museum

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report. We have nothing to report in respect of the following matters in relation to which the Charities Act 2011 requires us to report to you if, in our opinion:

- sufficient accounting records have not been kept;
- the financial statements are not in agreement with the accounting records and returns; or
- we have not obtained all the information and explanations necessary for the purposes of our audit.

Responsibilities of the trustees

As explained more fully in the trustees' responsibilities statement set out in the trustees' report, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity'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 either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Our responsibilities for the audit of the financial statements

Our 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 an auditor's report that includes our 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.

A further description of our 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 our auditor's report.

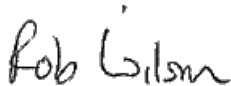
Independent auditors' report

To the members of

The Corps of Royal Electrical and Mechanical Engineers Museum

Use of our report

This report is made solely to the charity's trustees, as a body, in accordance with section 144 of the Charities Act 2011 and the regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Date: 23 April 2021

GODFREY WILSON LIMITED

Chartered accountants and statutory auditors
5th Floor Mariner House
62 Prince Street
Bristol
BS1 4QD

The Corps of Royal Electrical and Mechanical Engineers Museum

Statement of financial activities

For the year ended 31 December 2020

	Note	Restricted £	Unrestricted £	2020 Total £	2019 Total £
Income from:					
Donations	3	-	381,615	381,615	338,274
Charitable activities	4	20,000	24,296	44,296	51,535
Other trading activities	5	-	1,062	1,062	7,875
Investments	6	-	8,379	8,379	5,352
Total income		<u>20,000</u>	<u>415,352</u>	<u>435,352</u>	<u>403,036</u>
Expenditure on:					
Raising funds		-	11,111	11,111	10,599
Charitable activities		<u>1,500</u>	<u>397,621</u>	<u>399,121</u>	<u>383,743</u>
Total expenditure	8	<u>1,500</u>	<u>408,732</u>	<u>410,232</u>	<u>394,342</u>
Net income		18,500	6,620	25,120	8,694
Transfers between funds		-	-	-	-
Other recognised gains					
Gains/(losses) on revaluation of heritage assets		<u>-</u>	<u>(166)</u>	<u>(166)</u>	<u>716,185</u>
Net movement in funds	9	18,500	6,454	24,954	724,879
Reconciliation of funds:					
Total funds brought forward		<u>3,781</u>	<u>3,302,978</u>	<u>3,306,759</u>	<u>2,581,880</u>
Total funds carried forward		<u><u>22,281</u></u>	<u><u>3,309,432</u></u>	<u><u>3,331,713</u></u>	<u><u>3,306,759</u></u>

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in note 17 to the accounts.

The Corps of Royal Electrical and Mechanical Engineers Museum

Balance sheet

As at 31 December 2020

	Note	£	2020 £	2019 £
Fixed assets				
Tangible assets	12		191,237	224,970
Heritage assets	13		<u>2,752,713</u>	<u>2,750,253</u>
			2,943,950	2,975,223
Current assets				
Debtors	14	230,861		83,891
Cash at bank and in hand		<u>164,917</u>		<u>257,436</u>
		395,778		341,327
Liabilities				
Creditors: amounts falling due within 1 year	15	<u>(8,015)</u>		<u>(9,791)</u>
Net current assets			<u>387,763</u>	<u>331,536</u>
Net assets	16		<u>3,331,713</u>	<u>3,306,759</u>
Funds	17			
Restricted funds			22,281	3,781
Unrestricted funds				
Designated funds			484,961	466,910
General funds			<u>2,824,471</u>	<u>2,836,068</u>
Total charity funds			<u>3,331,713</u>	<u>3,306,759</u>

Approved by the trustees on 21 April 2021 and signed on their behalf by



Maj Gen S M Andrews CBE - Chairman of Trustees

The Corps of Royal Electrical and Mechanical Engineers Museum

Notes to the financial statements

For the year ended 31 December 2020

1. Accounting policies

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 in preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

The Corps of Royal Electrical and Mechanical Engineers Museum 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 note.

b) Going concern basis of accounting

The accounts have been prepared on the assumption that the charity is able to continue as a going concern despite the ongoing impact of the Covid-19 pandemic. As described in the trustees annual report, the pandemic has meant that the museum has had to close to the public for significant periods in the year which has resulted in a substantial reduction in admission revenue. The charity holds unrestricted, general reserves of £2.8m, designated reserves that can be drawn down if necessary of £485k and a cash balance of £165k. For these reasons the trustees consider that the charity has sufficient cash reserves to continue as a going concern for a period of at least 12 months from the date on which these financial statements are approved.

c) Income

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from the government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

d) Donated services and facilities

Donated professional services and donated facilities are recognised as income when the charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the charity of the item, is probable and the economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), general volunteer time is not recognised.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the charity which is the amount the charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

e) Interest receivable

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the charity: this is normally upon notification of the interest paid or payable by the bank.

The Corps of Royal Electrical and Mechanical Engineers Museum

Notes to the financial statements

For the year ended 31 December 2020

1. Accounting policies (continued)

f) Funds accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the charity. Designated funds are unrestricted funds of the charity which the trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the charity's work or for specific projects being undertaken by the charity.

g) Expenditure and irrecoverable VAT

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably.

Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.

h) Allocation of support and governance costs

Support costs are those functions that assist the work of the charity but do not directly undertake charitable activities. Governance costs are the costs associated with the governance arrangements of the charity, including the costs of complying with constitutional and statutory requirements and any costs associated with the strategic management of the charity's activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities on the proportion of total costs basis:

	2020	2019
Raising funds	2.7%	2.7%
Charitable activities	97.3%	97.3%

i) Tangible fixed assets

Depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life. The depreciation rates in use are as follows:

Furniture and equipment	4 to 10 years straight line basis
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Items of equipment are capitalised where the purchase price exceeds £2,000.

j) Heritage assets

The charity is the repository of thousands of items, the majority of which have been donated over many years both by individuals and by regimental units that have been closed. Most of the items held are either donated to the Museum or gifted by the Ministry of Defence. Items are recorded at cost when an acquisition has been made by purchase. The valuation of such a diverse and varied collection and the lack in many cases of comparable market values has meant an equally diverse approach in obtaining valuations which are by their nature subjective. It has been necessary to use many sources of valuation expertise. These have included professional valuations as in the case of the small arms collection, guidance from the National Army Museum and recourse to the many web sites, trade magazines, auction houses and professional catalogues covering different aspects of the collection. The trustees have valued the heritage assets where available by reference to these experts, however valuations are often informal and no written valuations are available. The assets are considered to have indeterminate lives and the trustees therefore do not consider it appropriate to charge depreciation.

The Corps of Royal Electrical and Mechanical Engineers Museum

Notes to the financial statements

For the year ended 31 December 2020

1. Accounting policies (continued)

k) Debtors

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due.

l) Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

m) Creditors

Creditors and provisions are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

n) Financial instruments

The trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value with the exception of bank loans which are subsequently recognised at amortised cost using the effective interest method.

o) Pension costs

The charity's payroll is operated by The REME Charity (the parent charity) which operates a defined contribution pension scheme for the employees. There are no further liabilities other than that already recognised in the SOFA.

p) Accounting estimates and key judgements

In the application of the charity's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key sources of estimation uncertainty that have a significant effect on the amounts recognised in the financial statements are described below.

Depreciation

As described in note 1i to the financial statements, depreciation is provided at rates calculated to write down the cost of each asset to its estimated residual value over its expected useful life.

Valuation of heritage assets

The charity's heritage assets are stated at their estimated fair value as disclosed in note 1j and note 13.

The Corps of Royal Electrical and Mechanical Engineers Museum

Notes to the financial statements

For the year ended 31 December 2020

2. Prior period comparatives: statement of financial activities

	Restricted £	Unrestricted £	2019 Total £
Income from:			
Donations	-	338,274	338,274
Charitable activities	4,000	47,535	51,535
Other trading activities	-	7,875	7,875
Investments	-	5,352	5,352
Total income	4,000	399,036	403,036
Expenditure on:			
Raising funds	-	10,599	10,599
Charitable activities	219	383,524	383,743
Total expenditure	219	394,123	394,342
Net income	3,781	4,913	8,694
Transfers between funds	(1,328)	1,328	-
Other recognised gains			
Gains on revaluation of heritage assets	-	716,185	716,185
Net movement in funds	2,453	722,426	724,879

The Corps of Royal Electrical and Mechanical Engineers Museum

Notes to the financial statements

For the year ended 31 December 2020

3. Income from donations

	Restricted £	Unrestricted £	2020 Total £	2019 Total £
MoD Grant-In-Aid	-	179,511	179,511	170,443
Serving officers and soldiers (Gold Card)	-	95,845	95,845	92,299
Donated services and facilities*	-	49,428	49,428	42,020
The REME Charity	-	47,160	47,160	30,250
Donated heritage assets	-	2,286	2,286	2,231
Individuals	-	210	210	500
Other donations	-	-	-	324
Coronavirus Job Retention Scheme	-	7,157	7,157	-
Others	-	18	18	207
Total income from donations	-	381,615	381,615	338,274

All income from donations in the prior year was unrestricted.

* Donated services and facilities consists of:

	2020 Total £	2019 Total £
Donated staff time	21,465	14,320
Donated facilities - office premises	11,844	11,732
Donated facilities - utilities and office equipment	16,119	15,968
	49,428	42,020

The Corps of Royal Electrical and Mechanical Engineers Museum

Notes to the financial statements

For the year ended 31 December 2020

4. Income from charitable activities

	Restricted £	Unrestricted £	2020 Total £
Museum admissions	-	20,952	20,952
Children's activities	-	1,889	1,889
Research	-	1,455	1,455
Grants	20,000	-	20,000
Total income from charitable activities	20,000	24,296	44,296

Prior period comparative

	Restricted £	Unrestricted £	2019 Total £
Museum admissions	-	41,200	41,200
Children's activities	-	3,608	3,608
Research	-	2,727	2,727
Grants	4,000	-	4,000
	4,000	47,535	51,535

5. Income from other trading activities

	Restricted £	Unrestricted £	2020 Total £	2019 Total £
Corporate entertainment and room hire	-	1,062	1,062	7,875

All income from other trading activities in the prior year was unrestricted.

6. Investment income

Investment income includes interest earned on cash held in deposit accounts and investments by The REME Charity on behalf of the charity. At 31 December 2020 The REME Charity's investments balance, reported in those accounts as 'Aliquot shares', includes a total market value of £318,406 (2019: £149,717) held on behalf of the charity. The charity's share of income generated by the investments was £8,150 (2019: £4,902). Interest earned on cash held in deposit accounts was £229 (2019: £450).

The Corps of Royal Electrical and Mechanical Engineers Museum

Notes to the financial statements

For the year ended 31 December 2020

7. Government grants

The charity receives government grants, defined as funding from the Ministry of Defence to fund charitable activities and grants from the Coronavirus Job Retention Scheme. The total value of such grants in the period ending 31 December 2020 was £186,668 (2019: £170,443). There are no unfulfilled conditions or contingencies attaching to these grants in the current or prior year.

8. Total expenditure

	Raising funds £	Charitable activities £	Support and governance costs £	2020 Total £
Cost of events	1,477	-	-	1,477
Staff costs (note 10)	7,718	246,233	21,465	275,416
Other staff costs	-	183	-	183
Displays and exhibits	-	4,019	-	4,019
Materials, maintenance and repairs	-	13,276	351	13,627
Subscriptions	-	2,074	-	2,074
Software and website costs	-	6,070	-	6,070
Facilities - building	-	-	11,844	11,844
Facilities - utilities and office equipment	-	-	16,119	16,119
Cleaning	-	-	2,556	2,556
Other office costs	-	-	6,465	6,465
Advertising and marketing	-	-	7,011	7,011
Legal and professional	-	-	4,920	4,920
Depreciation	-	58,451	-	58,451
Sub-total	9,195	330,306	70,731	410,232
Allocation of support and governance costs	1,916	68,815	(70,731)	-
Total expenditure	11,111	399,121	-	410,232

Total governance costs were £4,920 (2019: £4,770).

The Corps of Royal Electrical and Mechanical Engineers Museum

Notes to the financial statements

For the year ended 31 December 2020

8. Total expenditure (continued)

Prior year comparative

	Raising funds £	Charitable activities £	Support and governance costs £	2019 Total £
Cost of events	2,002	-	-	2,002
Staff costs (note 10)	6,413	233,970	14,320	254,703
Other staff costs	-	1,175	-	1,175
Displays and exhibits	-	4,628	-	4,628
Materials, maintenance and repairs	-	4,081	3,013	7,094
Subscriptions	-	1,846	-	1,846
Software and website costs	-	2,138	-	2,138
Facilities - building	-	-	11,732	11,732
Facilities - utilities and office equipment	-	-	15,968	15,968
Cleaning	-	-	7,346	7,346
Other office costs	-	-	3,782	3,782
Advertising and marketing	-	-	20,341	20,341
Legal and professional	-	-	4,770	4,770
Depreciation	-	56,817	-	56,817
Sub-total	8,415	304,655	81,272	394,342
Allocation of support and governance costs	2,184	79,088	(81,272)	-
Total expenditure	10,599	383,743	-	394,342

The Corps of Royal Electrical and Mechanical Engineers Museum

Notes to the financial statements

For the year ended 31 December 2020

9. Net movement in funds

This is stated after charging:

	2020 £	2019 £
Depreciation	58,451	56,817
Trustees' remuneration	Nil	Nil
Trustees' reimbursed expenses	Nil	Nil
Auditors' remuneration:		
▪ Statutory audit (including VAT)	4,920	4,770

10. Staff costs and numbers

Staff costs were as follows:

	2020 £	2019 £
Staff salaries recharged by The REME Charity	246,233	233,970
Donated staff costs	21,465	14,320
Freelance staff	7,718	6,413
	275,416	254,703

No employee earned more than £60,000 during the year.

The key management personnel of the charity comprise the Trustees, the Corps Secretary and Museum Director.

The total employee remuneration of the key management personnel paid by the charity and recognised as a gift in kind were £41,604 and £2,732, respectively (2019: £41,254 and £2,609).

	2020 No.	2019 No.
Average head count	13.00	14.00

11. Taxation

The charity is exempt from corporation tax as all its income is charitable and is applied for charitable purposes.

The Corps of Royal Electrical and Mechanical Engineers Museum

Notes to the financial statements

For the year ended 31 December 2020

12. Tangible fixed assets

	Total £
Furniture and equipment	
Cost	
At 1 January 2020	811,810
Additions in year	<u>24,718</u>
At 31 December 2020	<u>836,528</u>
Depreciation	
At 1 January 2020	586,840
Charge for the year	<u>58,451</u>
At 31 December 2020	<u>645,291</u>
Net book value	
At 31 December 2020	<u><u>191,237</u></u>
At 31 December 2019	<u><u>224,970</u></u>

The Corps of Royal Electrical and Mechanical Engineers Museum

Notes to the financial statements

For the year ended 31 December 2020

13. Heritage assets

	Documentary Archive £	Medals £	Models £	Pictorial Archive £	Vehicles £	Weapons £	Other £	Total £
Brought forward at 1 January 2020	59,197	157,662	211,415	190,680	1,526,700	452,790	151,809	2,750,253
Acquisitions	244	1,608	100	-	-	10	664	2,626
Revaluations	-	-	-	-	-	-	(166)	(166)
Carried forward at 31 December 2020	<u>59,441</u>	<u>159,270</u>	<u>211,515</u>	<u>190,680</u>	<u>1,526,700</u>	<u>452,800</u>	<u>152,307</u>	<u>2,752,713</u>

All heritage assets are deemed to be measured at valuation. The majority of heritage assets are donated items which are recognised on receipt at valuation. There is insufficient data available to disclose those assets measured at cost however the amount held at cost is a minor proportion of the total heritage assets.

Five year financial summary of heritage asset transactions:

	2020 £	2019 £	2018 £	2017 £	2016 £
Additions					
Purchases	340	-	500	-	-
Donations	<u>2,286</u>	<u>2,231</u>	<u>2,627</u>	<u>1,813</u>	<u>24,387</u>
Total additions	<u>2,626</u>	<u>2,231</u>	<u>3,127</u>	<u>1,813</u>	<u>24,387</u>
Disposals					
Carrying value	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,415</u>	<u>80,000</u>
Sales proceeds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Revaluation	<u>(166)</u>	<u>716,185</u>	<u>-</u>	<u>4,525</u>	<u>-</u>

The Corps of Royal Electrical and Mechanical Engineers Museum

Notes to the financial statements

For the year ended 31 December 2020

13. Heritage assets (continued)

The REME Museum of Technology was established in 1958 to house and preserve the heritage of the Corps of Royal Electrical and Mechanical Engineers. The Museum aims to promote a broader understanding of the functions of the Corps, its interaction with society and its role in providing equipment engineering support to the Army. It also provides an information resource for members of the Corps, researchers, educationalists and general public.

The collection which has been built up over many years reflects the wide range of equipment for which the Corps is responsible including tanks, weapons, helicopters and electronic equipment. The Museum also houses and maintains a comprehensive collection of medals, uniforms, documents and pictorial records covering the many activities of the Corps since its formation in October 1942.

The Museum follows a strict acquisition policy and only accepts items which either relate to the heritage of the Corps or clearly illustrate the changes in engineering and repair techniques associated with equipment responsibilities. Most of the items held are either donated to the Museum or gifted by the Ministry of Defence. Items are recorded at cost when an acquisition has been made by purchase.

The valuation of such a diverse and varied collection and the lack in many cases of comparable market values has meant an equally diverse approach in obtaining valuations. It has been necessary to use many sources of valuation expertise. These have included professional valuations as in the case of the small arms collection, guidance from the National Army Museum and recourse to the many web sites, trade magazines, auction houses and professional catalogues covering different aspects of the collection.

During 2013, the museum director revisited the valuations of the collections with the assistance of specialist publications and experts in the various items. During 2019 the vehicles collection was revalued using the same methods.

A full inventory is maintained of all items accessioned into the collection including valuations on the Museum's collection management database. Information provided includes the provenance and acquisition source of each item.

14. Debtors

	2020 £	2019 £
Trade debtors	1,400	3,827
Prepayments	-	2,587
Accrued income	52,514	51,272
Due from REME Charity	176,947	26,205
	<u>230,861</u>	<u>83,891</u>

The Corps of Royal Electrical and Mechanical Engineers Museum

Notes to the financial statements

For the year ended 31 December 2020

15. Creditors : amounts due within 1 year

	2020	2019
	£	£
Accruals	<u>8,015</u>	<u>9,791</u>

16. Analysis of net assets between funds

	Restricted funds £	Designated funds £	General funds £	Total funds £
Fixed assets	-	174,617	2,769,333	2,943,950
Current assets	22,281	310,344	63,153	395,778
Current liabilities	<u>-</u>	<u>-</u>	<u>(8,015)</u>	<u>(8,015)</u>
Net assets at 31 December 2020	<u>22,281</u>	<u>484,961</u>	<u>2,824,471</u>	<u>3,331,713</u>
 Prior year comparative				
	Restricted funds £	Designated funds £	General funds £	Total funds £
Fixed assets	-	196,920	2,778,303	2,975,223
Current assets	3,781	269,990	67,556	341,327
Current liabilities	<u>-</u>	<u>-</u>	<u>(9,791)</u>	<u>(9,791)</u>
Net assets at 31 December 2019	<u>3,781</u>	<u>466,910</u>	<u>2,836,068</u>	<u>3,306,759</u>

The Corps of Royal Electrical and Mechanical Engineers Museum

Notes to the financial statements

For the year ended 31 December 2020

17. Movements in funds

	At 1 January 2020 £	Income £	Expenditure £	Gains on revaluation of assets £	Transfers between funds £	At 31 December 2020 £
Restricted funds						
British Museum Project	3,781	-	-	-	-	3,781
Museum Play Park Fund	-	20,000	(1,500)	-	-	18,500
Total restricted funds	3,781	20,000	(1,500)	-	-	22,281
Unrestricted funds						
<i>Designated funds:</i>						
Museum Development	466,910	104,301	(86,250)	-	-	484,961
<i>Total designated funds</i>	466,910	104,301	(86,250)	-	-	484,961
General funds	2,836,068	311,051	(322,482)	(166)	-	2,824,471
Total unrestricted funds	3,302,978	415,352	(408,732)	(166)	-	3,309,432
Total funds	3,306,759	435,352	(410,232)	(166)	-	3,331,713

Purposes of restricted funds

British Museum Project This fund represents grant funding received from Money & Medals Network to fund training for the Museum Assistant Curator.

Museum Play Park Fund This relates to a grant from The Armed Forces Covenant Fund Trust that supports community projects. The REME Museum was granted £20,000 for the installation of a children's play park in the grounds of the Museum to benefit the REME family and wider community. The work will be completed in 2021.

Purposes of designated funds

Museum Development The museum development fund represents income and expenditure the trustees have set aside for the development of the museum over and above the day to day running.

The Corps of Royal Electrical and Mechanical Engineers Museum

Notes to the financial statements

For the year ended 31 December 2020

17. Movements in funds (continued)

Prior year comparative	At 1 January 2019 £	Income £	Expenditure £	Gains on revaluation of assets £	Transfers between funds £	At 31 December 2019 £
Restricted funds						
British Museum Project	-	4,000	(219)	-	-	3,781
Restricted funds < £1,000	1,328	-	-	-	(1,328)	-
Total restricted funds	1,328	4,000	(219)	-	(1,328)	3,781
Unrestricted funds						
<i>Designated funds:</i>						
Museum development	444,710	98,166	(75,966)	-	-	466,910
<i>Total designated funds</i>	<i>444,710</i>	<i>98,166</i>	<i>(75,966)</i>	<i>-</i>	<i>-</i>	<i>466,910</i>
General funds	2,135,842	300,870	(318,157)	716,185	1,328	2,836,068
Total unrestricted funds	2,580,552	399,036	(394,123)	716,185	1,328	3,302,978
Total funds	2,581,880	403,036	(394,342)	716,185	-	3,306,759

18. Related party transactions

The charity's parent entity is The REME Charity (company number 10036700, charity number 1165868), incorporated in the UK. The consolidated accounts are available on the Companies House website. The registered address is the same as that of The REME Museum. The REME Charity is the controlling party and is the sole corporate trustee.

During the year the charity received donations totalling £47,160 from The REME Charity (2019: £30,250). The REME Charity operates payroll and manages transactions through their bank account for the charity. As described in note 6 to the accounts, The REME Charity also holds investments for the charity. The market value of the investments at 31 December 2020 was £318,406 (2019: £149,717). The original transfer of cash for investment is represented in the intercompany balance. At the year end £176,947 was due from The REME Charity (2019: £26,205).

During the year, approximately £5,400 (2019: £12,000) of "free charges" was donated to the REME family in research fees, entrance fees and conference room bookings.