

NATIONAL
ARMY
MUSEUM

NATIONAL ARMY MUSEUM
REGISTERED CHARITY NUMBER 237902
CONSOLIDATED FINANCIAL STATEMENTS
31st MARCH 2018

**NATIONAL
ARMY
MUSEUM**

**NATIONAL ARMY MUSEUM
REGISTERED CHARITY NUMBER 237902
CONSOLIDATED FINANCIAL STATEMENTS
31st MARCH 2018**

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

Ordered by the House of Commons to be printed on 22nd November 2018

Copyright @National Army Museum 2018

All rights reserved. No part of this publication may be reproduced, or transmitted, in any form or by any means, electronic or mechanical, including photography, recording or any other storage or retrieval system, without prior permission in writing from the publisher, nor otherwise be circulated in any form of binding or cover other than in which it is published and without a similar condition including this condition being imposed on the subsequent publisher

ISBN 978-0-901721-47-1

NATIONAL ARMY MUSEUM
TRUSTEES REPORT AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2018

CONTENTS	PAGE
Trustees Report and Report of Council	
Reference and Administrative Information	2
Performance Report	
Overview	3
Performance Analysis	6
Accountability Report	
Corporate Governance Report	17
Statement of Council's and Accounting Officer's Responsibilities	19
Governance Statement	20
Remuneration and Staff Report	25
Parliamentary Accountability and Audit Report	31
The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament	33
Consolidated Statement of Financial Activities	36
Consolidated Balance Sheet	37
Consolidated Cash Flow Statement	38
Notes to the Financial Statements	39

NATIONAL ARMY MUSEUM
TRUSTEES REPORT AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2018

REFERENCE AND ADMINISTRATIVE INFORMATION

Introduction

The accounts of the National Army Museum (NAM) are presented for the financial year ended 31st March 2018. The accounts are prepared in accordance with a direction given by the Secretary of State for Defence under Section 30(3) of the National Heritage Act 1983 and law applicable to charities in England and Wales.

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

Address and principal office of the Museum

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

Professional Advisers

Bankers

Lloyds Bank Plc
25 Gresham Street
London
EC2V 7HN

Solicitors

Charles Russell Speechlys LLP
5 Fleet Place
London
EC4M 7RD

Auditors

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

Internal Auditors

Moore Stephens LLP
150 Aldersgate Street
London
EC1A 4AB

NATIONAL ARMY MUSEUM
TRUSTEES REPORT AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2018

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 General of the Museum on behalf of the governing body, the Council of the National Army Museum.

Social Investment and Public Benefit

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

Overall Objectives and Activities

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

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

In July 2011 the Museum adopted a new Strategic Plan, which adopted the following Vision, Mission and Core Values:

Vision:

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

Mission:

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

The Strategic Plan has five Key Strategic Objectives:

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

These reflected the aim of the Museum to complete a major development of its site at Chelsea, vacate the stores at RMAS Sandhurst, launch a national outreach programme, raise £22million in external funding over the Plan period and

NATIONAL ARMY MUSEUM
TRUSTEES REPORT AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2018

achieve significant growth in visitor numbers and commercial income.

A review of the Strategic Plan in March 2016 showed that the vast majority of the over-arching and detailed Planning objectives had been met, with the exception of the re-opening of the Museum after the redevelopment of the Chelsea site.

The re-opening of the Museum to the public took place on 30th March 2017. It was unclear how the challenges faced by the museum sector in London during the period when National Army Museum was closed would impact on the Museum.

It was decided to extend the original plan to cover the Museum's first year of operations, March 2017-18, the appointment of the new Director General and some new Council Members to replace those who had completed their statutory terms on the Council. Justin Maciejewski DSO MBE was appointed as the new Director General of National Army Museum at the end of the period covered by this report. The Council extends its thanks to Janice Murray for all the work she did to ensure the completion of the Museum rebuild. The National Army Museum now enters a new Chapter with infrastructure fit for the 21st century.

Objectives, Achievements and Performance for the Year

Chelsea Redevelopment

As indicated previously in this report the Museum re-opened to the public on 30th March 2017. However, it continued to fundraise after the re-opening to allow it to cover the increased costs of the redevelopment. The causes of the increase are mainly attributable to design changes, contractor labour costs and the rise in the price of materials. This project was supported by the Heritage Lottery Fund and as at 31st March 2018 funding was on target.

The re-opening of the Museum in March 2017 meant that after 3 years of closure NAM could once again focus on its core purpose to tell the story of Our Army. The completely modernised, fully accessible 21st century galleries with state-of-the-art interactives and audio-visual presentations allow audiences to briefly scan through information provided by the caption or for those requiring more in-depth knowledge, they can search through the accompanying interactive information. The co-location of the Museum's extensive archives adjacent to the Templer Study Centre allow its excellent study centre staff to provide the level of service and response expected by our researchers.

Other Objectives

The Council of the National Army Museum continues to believe that the most important objective for the Museum is to provide the widest possible access to its Collections both at the Chelsea site and as part of outreach activities, and to the professional expertise of its staff. During the past year although the Museum has reduced its outreach activities to re-focus on the on-site offer, Museum staff continued to deliver projects and services to the public across the country with a focus on learning, outreach and supporting commemorations.

Key Risks and Reserves

The operational budget for the NAM for 2017-18 before depreciation of assets is £7.2m the majority of which is funded annually via Grant-in-Aid (GiA) from its Sponsor Department - MOD.

The risks to the Museum are regularly reviewed by the Senior Management Team and the Audit and Risk Assurance Committee. The greatest risk in this reporting period was the level of settlement of the Final Account for the redevelopment project. To minimise the risk, the Museum is working with the contractors and project managers to concentrate on the settlement of the substantiated final accounts of both the Management Contractor and the exhibition fit out contractors and this has largely been achieved. It is anticipated that finalisation of the rebuilding project will occur during the coming year, 2018-2019.

NATIONAL ARMY MUSEUM
TRUSTEES REPORT AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2018

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

However, and recognising this second risk, the Council of the National Army Museum has developed a Reserves Policy in accordance with guidance from the Charity Commission detailed in its publication 'Charity Reserves: building resilience' and to meet the requirements of SORP 2015 (FRS 102). This policy recognises the cost of closure, including external contracts, local authority rates, utilities, staff salaries (including redundancy costs for those staff not paid via MoD). This policy assumes that those staff currently on analogous terms to Civil Service pay and conditions and currently paid through MoD, would continue to be funded through to closure by the Sponsor Department, this would include the liability for any redundancy costs.

Current Position

Restricted Reserves

NAM currently holds a Restricted Reserve, excluding land and buildings and heritage assets, of £813,000 to support specific elements of acquisition, care or display of collections or specific projects supporting educational, research or outreach activity.

Unrestricted Reserves

The current cash and cash equivalent value of Unrestricted Reserves shows a deficit of £749,000 compared to £2,484,000 at the end of the previous year an improvement of £1,735,000 over the year.

Level of Reserves

The Council of the Museum has approved that the minimum level of Unrestricted Reserves be set at £550,000.

The use of unrestricted reserves to cover the cost of the redevelopment has reduced reserves below the agreed level. The Museum, once the project final accounts are settled, will seek to restore its unrestricted reserves back to this level. The current plans for trading and fundraising include the raising of significant funds each year to help achieve this.

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

Oversight

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

It is the NAM Council's view that this Reserves Policy will provide the Museum with adequate financial stability and the means for it to meet its charitable objectives and operational expenditure for at least three months.

**NATIONAL ARMY MUSEUM
TRUSTEES REPORT AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2018**

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 throughout the redevelopment project. Further evidence of support is contained in the Triennial Review which was published on 9th February 2017. This report recognises that the Service Museums support the heritage objectives of the MoD and recommends their retention as ENDPBs/NDPBs.

During this reporting period, the Museum received the final instalment of its 49% grant support from the Heritage Lottery Fund which was awarded for the £23.75m redevelopment project. After completion of the Evaluation Report and the Activity Plan feedback (as required by the HLF) the Museum received the balance of the grant which covered retention fees in November 2017.

PERFORMANCE ANALYSIS

Strategic Objective 1:

Create memorable, relevant and accessible activities aligned to audience need in order to maximise audiences and generate footfall

The Museum has gone through a radical transformation to maximise access to, and engagement with, the Collection and to meet the needs of twenty first century audiences.

The main Chelsea site redevelopment was a major structural intervention of what was recognised as a “brutal” design. Working with the design team, the building was reconfigured to create a more welcoming, accessible and flexible environment, enabling the Museum to manage an increase in visitor numbers and will encourage greater public engagement with ideas of defence, worldwide influence and security, both past and present.

The redeveloped building includes five permanent thematic galleries, laid out over four floors – Insight, Soldier, Army, Battle and Society galleries tell the story of Our Army in a way more easily understood by modern IT-savvy audiences. The new galleries house over 2,500 objects in correct climatic conditions that help to preserve the historically sensitive collections. The displays have been supplemented with in-gallery handling trolleys and trails, scheduled tours and a programme of family-focused events for the new Museum.

For the first time the Museum has a dedicated temporary exhibition space enclosing approximately 500m² of closely controlled air-conditioned environment. Our first temporary exhibition, War Paint, was successfully completed in time for the opening of the Museum on 30th March 2017 and ran until 17th November 2017. This exhibition was supported by a programme of tours and talks by our volunteer tour guides, curators and artists. Following on from the success of this opening exhibition, MET Studio were appointed to design the 2017-18 temporary exhibition. The Museum’s first chargeable exhibition - Special Forces: In the Shadows – was installed in this area and opened on 17th March 2018. This exhibition tells the story of the formation of the Special Forces from their early beginnings and includes the wide use of technology and iconic items that have never before been publicly displayed. Regular meetings were held with key stakeholders in the formation of the displays and to ensure support in the sourcing of content of this sensitive subject.

Not forgetting the need to become more sustainable, the Museum has installed a fully equipped café with seating for 150; a new shop and Play Base, a specially designed play area where children aged 2 to 8 can learn through play. These, together with the stunning central atrium, expansive entrance and signage, give visitors a much better social experience than ever before and the building is, for the first time, fully accessible at all levels to all visitors.

NATIONAL ARMY MUSEUM
TRUSTEES REPORT AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2018

These new facilities provide greater opportunities for commercial activities thus supporting the need to make the Museum more financially sustainable.

Prior to closure, the Museum had an excellent well received learning offer and wishing to build on this the redevelopment sought to provide new learning facilities which now include a three-room Learning Centre provided with its own access and fitted out with full audio-visual facilities. In addition to this the Museum has constructed a Templer Study Centre adjacent to the Archives with drop-in facilities for non-specialists.

Following the Museums re-opening the Museum submitted an application and was shortlisted for the Museums and Heritage award for its permanent galleries.

In 2017/18 The Museum's audience figures were as follows

	Plan (set Sept 2017) 2017/18	2017/18 Actual
Onsite Visitors	261,219	232,932
Website Visits	1,000,000	823,755
Outreach	60,000	61,000

Through our visitor exit surveys we have been able to test the performance of our galleries and our commercial offer, visitor satisfaction was at 93% for this year and 93% of people who visited said that they would recommend it to others.

2017-18 saw the launch of the Museum's new learning programme including new STEM sessions. The Museum's suite of fourteen schools workshops map the Museum's resources and programmes against the new 2014 KS1-3 National Curriculum and KS4-5 exam board specifications for History, Design and Technology, Computing and Science, English, and PSHE. A Remembrance themed Schools Open Day in November 2017 and poetry outreach workshop engaged with more than 200 children around the history of the poppy and the First World War. In 2017-18, the Learning team delivered more than 11,000 contacts, exceeding the annual target by 10%.

The Museum's Friday Insights lecture series continued to be a successful strand of the programme with more than 2,700 attendees at 51 lectures. These talks are a key strand of the Museum's engagement strategy with our traditional audiences, and lectures are delivered by high-calibre expert speakers from universities and highly-respected research institutions. These lectures included the well-received Women Soldiers and Partition series which were supported by online, events and learning offer.

Strategic Objective 2:

Establish the NAM, nationally and internationally, as the first choice for the history and life of the British Army

The internet is now one of the most important ways of reaching new audiences. As part of the redevelopment, a staged transition of the NAM's website and on-line offer was carried out. This year saw the roll-out of our Phase 2 developments including improvements to both design and functionality. The new website included the following:

- tagging and filtering on our events, stories and learning resources to make it easier for users to find relevant content;
- enhanced image captioning and linking to better expose our digitised collection assets;

NATIONAL ARMY MUSEUM
TRUSTEES REPORT AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2018

- interactive polls and quizzes to encourage engagement with our stories, and;
- integrated web forms for online data capture.

As a newly opened museum and visitor attraction, we created a variety of content designed to enhance both the visitor experience and commercial opportunities. We added promotional material relating to Venue Hire and our Learning offer, as well as stories providing wider context to our public programme, including the War Paint and Special Forces exhibitions.

We produced specialist stories and digital media focusing on items on display in the galleries, and highlighting important acquisitions such as the Malcolmson VC and the Niagara watercolour. Using an “object of the month” approach, we were able to involve the wider workforce in generating content that tied in with topical events or wider programming. Throughout this period, we also continued to publish monthly “Soldier’s Stories” via our First World War microsite.

Projected targets for the year were reasonably high to reflect the predicted number of visitors to the Museum itself. Actual visits to the website over the year were lower than anticipated at a similar ratio to the shortfall in actual visits to the museum. Additionally, with the redeveloped site only relaunching in February 2017, initial organic traffic to the site was lower than anticipated. However, this recovered quickly and performed particularly strongly towards the end of the year.

NAM had a great start to the year with social media engagements peaking around the re-opening of the Museum. The development of a focused content strategy, coupled with creative content delivered across our social platforms, led to an increased profile and engagements throughout the year. This enabled us to exceed our annual engagement target by 8%. Much of this engagement related to the wider integrated advertising and communications campaign activity.

Website:	Plan 2017/18	Actual 2017/18
Visits	1,000,000	823,755
Unique visits	880,000	582,687
Social Media: passive engagements	8,000,000	8,624,022

The re-opening of the museum marked the launch of our integrated communications campaign, designed to raise our profile amongst a range of audience segments and to create interest in our offer. At the forefront of this was our *Open to Question* advertising campaign. This featured a range of creative executions designed to appeal to different target audiences but all featuring different and interesting objects and stories from within the Museum’s collection. Each advert featured items from our broad collection and were used to highlight unusual ideas or stories that would provoke interest in the NAM. We used this approach to work through all channels with the out of home activity focusing on impactful and fun creatives across the tube and bus shelter networks as well as national media. We then used more traditional items in our executions to speak to our expert and empathiser audiences, ensuring that while the creative was different, the overall positioning and message was consistent. This approach allowed us the flexibility to speak to the different audiences whilst also allowing us to adapt this for our digital and social campaign activity. This was then extended to a single focus family-friendly campaign over the summer period that engaged directly with our family audiences through our *Tank* creative, focussing on the interactivity and fun element of the Museum for a day out.

NATIONAL ARMY MUSEUM
TRUSTEES REPORT AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2018

This resulted in large numbers of visitors coming to the museum for the first time over the summer holidays (traditionally a quieter period for us) with a large number of families specifically asking for the Tank interactive.

Our paid marketing was supported by our earned communications, with our press relations ramping up, allowing us to cement relationships with traditional media contacts. We also invested in developers' key relationships and through a series of events were able to reach out and build new relationships and networks with a wide variety of journalists, influencers and bloggers. Coverage across the period exceeded previous years and general sentiment was positive from most, if not all, of the media.

Working in an integrated way with our campaign activity, we were able to maximise on targeted media, for example creating wide coverage and interest across family press throughout the summer period and linking to our summer advertising campaign. We developed an "always on" approach to marketing to ensure that the museum had a presence across our own digital and social channels, but also across paid and earned media and third-party sites and partnerships. All customer touchpoints and collateral were updated to ensure our new visual identity was rolled out consistently across channels and third parties. We continued to develop and evolve our brand and messaging across the year responding to visitor feedback and insight and commercial needs.

Strategic Objective 3:

Maximise financial resilience, organisational efficiency and sustainability.

Staff

The resignation of the Museum's Director General in October required the NAM Council to carry out a recruitment process for a successor. This recruitment was carried out via the appointment of a "head-hunter" recruitment agency. This process was carried out during the Summer/Autumn of 2017 resulting in the appointment of the new Director General at the end of February 2018, Justin Maciejewski DSO MBE.

The Museum also saw the ending of several "fixed term" contracts which were established for the redevelopment purposes. Against this was the recruitment of staff for the re-opened Museum roles particularly within the Collections and Public Programmes Divisions.

Fundraising

Actual fundraising totalled £298,000 details of which are shown in note 4 to the financial statements.

Commercial

The Café, Shop and Play Base all launched alongside the reopening of the Museum. Venue Hire and Birthday Parties were launched softly in the opening months, with a further focus placed on these activities as the year progressed. Finally the online shop launched to coincide with the start of Christmas trading.

The actual turnover was £534,608 operating profit was £63,486. Whilst the performance did not achieve it's expected Results this is largely as a consequence of failing to meet the footfall target.

Training

The Museum recognises the need for general and specific to task training and staff are encouraged via their personal development discussions with their Line Managers to undertake training. Undertaken this financial year has been training in:

- Conservation
- Facilities
- Various health and safety courses
- Information technology infrastructure
- Various museum professional courses

NATIONAL ARMY MUSEUM
TRUSTEES REPORT AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2018

Strategic Objective 4:

Safeguard and make accessible the collections and associated knowledge

Special Exhibition

The Museum successfully developed and launched the exhibition 'Special Forces: In the Shadows' in March 2018. The exhibition was well received and uses a highly innovative design concept to explore the hidden world of the UK's Special Forces. The exhibition covers all components of the Special Forces from the Special Air Service through to newer, less well-known units, such as the Special Reconnaissance Regiment (SRR). Alongside a wide variety of objects, many loaned from a number of sources, a series of interactive components enable different aspects of the Special Forces, from selection and training, through to skills they develop to be explored.

Collections Development

The Museum continues to actively collect and now has a robust process for decisions around acquisitions of items for the collections, which now also includes acquisition reasons documenting the process. Work continues to progress the project to record the drawdown of British Forces from Germany, with further fieldwork including visits to a number of locations in Germany to be undertaken during the course of the year. It is the intention to hold a major exhibition on the British Army in Germany since 1945 during 2018.

Major Acquisitions

Preparation for the Museum's major exhibition on Special Forces brought forward collecting activity around that area. This included a wide variety of new oral history interviews, including not only members of the Special Forces but a number of others associated with some of their operations, including Kate Adie, a BBC journalist at the time of the storming of the Iranian Embassy in 1980. Other material included items relating to WO1 D J 'Dia' Harvey, Special Air Service, late Hampshire Regiment, who served during the period 1964-1995. The collection included a combat smock used for surveillance during the Falklands War, survival kit and medal group. The earlier period of the Special Forces story was partly documented with the framed medal group and archive associated with Lt James Arthur Riccomini MBE MC, 2nd Special Air Service who served during the Second World War.

Linked with the collecting activity around British Forces Germany was the Queen's Gallantry medal group awarded to Anthony R Haw, 14 Intelligence Company, and Green Howards, who was decorated for gallantry whilst serving with BRIXMIS (British Commanders'-in-Chiefs Mission to Soviet Forces in Germany). This was linked with an oral history interview with Major General Brian Davis, Royal Artillery which covered his time in the Army, from joining as a young officer until 1949 to retiring in 1986.

Specifically it covers his time in Germany as Chief of the British Commanders'-in-Chief Mission to the Soviet Forces in Germany (BRIXMIS) in 1981 and 1982.

The Museum continues to acquire important photographic collections. We received the photographic collections of the Grenadier Guards, following the transfer of their manuscript material a year earlier. The collection comprises a large album collection and loose prints and covers the period from the 1850s to the present day. Other very rare material included a collection of images of the Cape Coloured Labour Corps, which included extremely rare portrait photographs taken in South Africa while the unit was being formed for service in France and Flanders during the First World War.

Archive items continue to strengthen the Museum's holdings, either by purchase or donations. One especially interesting acquisition was the typescript copy of one of three journals of Lt Gen George Cookson, Royal Artillery, covering the period 1767-1819. This collection also included the rare Sultan's Gold medal for Egypt awarded to him in 1801.

Much more modern material included the identification badge and other archive items collected and used by Maj Steve Little when he was deployed on Operation BACKWELL to Somalia between May 2016 to November 2016. This acquisition also helps to document the breadth of what the Army continues to do, outside of large scale deployments. Other more modern three-dimensional material includes the collection of uniform items associated with

NATIONAL ARMY MUSEUM
TRUSTEES REPORT AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2018

Sgt Chantelle Taylor, Royal Army Medical Corps, used by her during an operational tour in Afghanistan in 2008. Collecting material in digital formats continues to grow year on year. One example of a complete collection in digital format was the press release included with a collection of 425 digital photographs to record part of Operation GRITROCK. The Army provided support for the government of Sierra Leone in the face of a severe outbreak of the deadly Ebola virus in West Africa during 2014 and 2015.

Oral history activity remains a very active area of collecting. Among recordings undertaken this year was one with Barbara ('Babs') Anderson, nee Cockerill, pay clerk in the Women's Royal Army Corps who served from 1968 to 1973. Anderson discusses training, sport and fitness, reasons for joining up and the opportunities the Women's Royal Army Corps presented.

The art collections have also been enriched by a wide variety of material. Two oil paintings included one of Captain (later Ensign) Thomas Fowke (1654-1708), Colonel Nicholas Lepell's Regiment of Foot, 1685 (c). This is by an unknown artist, but in the circle of Willem (William) Wissing (1656-1687). Collections of recent operational activity have included a pen and ink drawing by Matthew Cook from 2003. This depicted the border with the demilitarized zone between Iraq and Kuwait, with a pigeon in a cage for use as a NBC warning in the foreground. Cook was 'The Times' War Artist, in Iraq during 2003.

The global nature of recruitment into Our Army is reflected in the acquisition of the recruitment poster for the Ceylon Garrison Artillery entitled, 'Our Allies the Colonies'.

The annual Purchase Grant received as part of Grant in Aid from our sponsor the Army, was £126,000.

Disposals

No disposals of Collection items were completed during this reporting period, however some large objects have been earmarked for disposal, subject to the correct procedure outlined by the Museums Association.

Collections Management and Care

This year the Museum received full accreditation from Arts Council England, following a successful re-accreditation submission. New workflows have been introduced for material arriving for the collections, enabling them to be treated for any infestation and photography of all new acquisitions taking place. The volunteer programme continues to deliver great benefits to the collection with 535 uniform items being re-packed for conservation this year alone.

A programme to fully audit the printed books collection is in progress with over half of the books collection having been audited this year. Audit of the rest of the collections is now being fully documented with over 1,000 items seen and recorded this year.

The Museum continues to work with the National Archives towards full archives accreditation. The Museum remains a registered place of deposit for archives.

Loans activity has also continued, with loans being made both nationally and internationally to the Palais de Tokyo in Paris, the National Museum of Singapore, the Compton Verney House Trust and the Science Museum. Loans to other service Museums included a section of the Berlin Wall being placed on a five-year loan to the Fleet Air Arm Museum.

NATIONAL ARMY MUSEUM
TRUSTEES REPORT AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2018

Loans to Regimental Museums included the loan of a Military Cross awarded for service in Afghanistan to the Museum of the Mercian Regiment, as part of their ten-year anniversary of the regiment.

Digital

Digital photography of existing collections is now being programmed with over 1,000 Indian Army badges from the Field Marshal Sir John Chapple collection being photographed this year, ahead of being placed online.

Knowledge Management

The Collections Division now has quarterly training events known as ‘collections hacks’ in place. These enable staff to bring forward training and development activity as well as an opportunity for informal peer-to-peer coaching. External specialist training around conservation, collections hazards and disaster planning has also been completed. Attendance at conferences, both National and International is also encouraged for members of the Museum team.

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

Strategic Objective 5:

Develop a national footprint for NAM by establishing a network of national partnerships, linkages and working relationships.

Outreach

In 2017, the Museum attended a number of external events and festivals, reaching a range of different audiences. This included attendance at the Sikh Vaisakhi Festival in Trafalgar Square.

The Museum also worked in partnership with the Department for Culture Media and Sport (DCMS) on the official Passchendaele centenary commemorations, producing a travelling display, which was taken to Flanders and seen by the 8,000 visitors to the commemorative events.

In addition, our work with the MOD included a presence at the Sandhurst Open Day involving over 10,000 people. In addition to this a joint project with HQ London District and The Big Ideas Company was undertaken to commemorate the commonwealth contribution to a wide variety of Labour Corps units who served during the First World War. The relationships with the Punjab Heritage Association and Ming-Ai remain strong, with the Museum hosting a temporary exhibition from the latter during January 2018, which showed the history of the Chinese Labour Corps.

Academic Partnerships were also maintained. The partnership with National Museums of Scotland (NMS) - 'Baggage and Belonging: Military Collections and the British Empire (1750-1900)' - continued with the recruitment by the NMS of a Post-Doctoral researcher who has spent time at NAM working on the Museum's collections.

War Graves Adjudication Unit (WGAU)

The WGAU vacant post was filled in the autumn of 2017 and has submitted its first report to the Sponsor Department. A total of 136 cases of non-commemoration were sent for adjudication by the Commonwealth War Graves Commission CWGC over the year.

Regimental Museums

In 2017-18 the National Army Museum Regimental Museums Liaison team built on its considerable work that was carried out in 2016-17 and has considerably expanded its “offer” to the Regimental and Corps Museums. 39 Regimental and Corps Museums received direct support through training, an advisory service and project development guidance for the Military Museum Networks. The team has been expanded from a single to two staff positions.

NATIONAL ARMY MUSEUM
TRUSTEES REPORT AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2018

Training courses provided

The NAM ran two Regimental Curator's Courses, three Firearms in Museums and three GDPR courses, two Modes Complete Database, one Collections Move and one Emergency Response course in 2017-2018. Four of these courses were peripatetic, with one Regimental Curator's Course and one Firearms in Museums being offered in Edinburgh, one Firearms in Museums in Leeds and one GDPR training in York to make NAM training more accessible to the regions. In this year, 159 Regimental & Corps Museums staff, volunteers and trustees attended NAM training courses.

Open Day

In 2017 the NAM held the first Regimental & Corps Museums Open Day in recognition of the redevelopment. 105 people from Regimental & Corps Museums attended, representing 53 different museums. The NAM will continue to host this Open Day annually as a conference on sector best practice.

Regional Networks

In the past year the Regimental Museum Liaison Team has been instrumental in bringing museum professionals together and supporting the creation of two additional regional networks of army museums, namely the Eastern Military Museums Association (EMMA) and Southern Army Museums (SAM). In the past year, either RMLO or ARMLLO attended 23 regional network meetings.

The NAM made 22 advisory visits to Regimental and Corps Museums and answered an average of 30 enquiries per month. RMLO works with the V&A Purchase Grant to advise on a variety of army objects looking to be purchased by museums and the RMLO team advised in the Army Museums Review. They additionally supported Regimental and Corps Museums meetings at the NAM for trustee meetings, governance review and museum moves that are occurring throughout the network.

School Outreach

The 2017-18 public programme saw 51 Friday Insights talks, 6 Army Now evening panel discussions and two conferences, attended by 3,093 people. Family programmes have been particularly popular with activities scheduled for half-term and school holidays. These programmes are well-attended and help interpret subjects covered in the Museum's temporary exhibitions and permanent galleries through creative interactive activities. In 2017-18 10,469 people participated in family programmes. Overall, more than 16,200 people took part in the Museum's programmes.

Exploring Military Chelsea

Following the success of 2015's Explosive Summer and Little Soldiers outreach programme, the Learning team again worked with RBKC play services to deliver a series of outreach events during the summer, centred around the Museum's new Play Base.

First World War: Volunteers & Conscripts

As a focal part of our ongoing WW1 commemoration programme, the 'First World War in Focus' microsite continued to grow this year with: 12 soldiers' stories, 16 WW1 news stories, 5 Volunteers & Conscripts videos, 3 WW1 Learning Resource Packs and 1 Somme Centenary downloadable exhibition, which included content drawing attention to the centenaries of the Battle of the Somme, the Easter Rising and the introduction of military conscription.

We also developed an interactive video resource entitled 'Do you enlist?' This represents an experimental new way of engaging audiences with our subject matter. The resource exposes users to the consequences of conscription, volunteering and conscientious objection in the First World War by allowing them to choose their own path through a series of inter-related stories.

NATIONAL ARMY MUSEUM
TRUSTEES REPORT AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2018

This activity gained 181 pieces of coverage, generating coverage of 23.5 million and an AVE of £446k. However, Soldiers' Stories gained the most coverage, generating 102 pieces of the coverage and a circulation of 4.4m consisting of 24 print pieces, 13 broadcast and 65 online pieces.

Digital Learning Resources

A set of Citizenship-based teaching resources was produced entitled 'Take a View on the Army'. These were designed to develop critical thinking about the role of the British Army and the impact it has on society. The resources consisted of videos, downloadable PowerPoints and guidance notes for teachers. Further WW1 learning resources have been published online exploring the Battle of the Somme, the Easter Rising, and the story of conscription.

Events and Outreach

Lunchtime lectures continued rebranded as Daytime talks. We trialled new topics and event formats such as a panel discussion titled 'From Shellshock to PTSD: A discussion on how best to support our troops' in May 2016, and an interview with the Dad's Army film scriptwriter Hamish McColl in July 2016.

Our pop-up Every Man's Club in Spitalfields specifically engaged families and saw 79 parents and children enjoy an immersive First World War leisure time experience, with egg and chips, a Happy Hoppers film lent to us by the original Every Man's Club in Belgium, a magic show and workshop, and interactions with actors in character as First World War Tommies.

Academic Partnerships

The partnership with National Museums of Scotland (NMS) - 'Baggage and Belonging: Military Collections and the British Empire (1750-1900)' - continued and AHRC funding has been received by NMS to recruit a Post-Doctoral researcher who will spend time at NAM. In addition, the Passions of War Project with the University of Leicester has developed with a series of workshops and lectures.

Academic partnerships also continued with meetings of the Academic Advisory Panel and attendance and delivery of a lecture at a conference as part of the Passions of War network. Scoping work on ways the Grenadier Guards archive can be used by the academic community and work around the British Army in Germany are being developed.

The planned partnerships with the Royal College of Art, School of Oriental and African Studies and the University of Hertfordshire did not proceed as none of these projects have been developed by their respective institutions.

The planned partnership with the University of Cardiff did not proceed as the University did not receive AHRC funding; however, the project is still continuing and lectures and a workshop by the Museum are being hosted this year.

Our partnership with the Golden Tours Foundation continues and last year included a presentation at their conference in Brighton. The Museum also worked with the British Council and as a result has partnered with the Indian Partition Museum, attending their conference and delivering a lecture in Delhi. This will be reciprocated with a visit and lecture during the forthcoming year. The Museum was also invited to Pakistan and sponsored by the British Council to deliver a paper at the International Museums and Heritage Conference in Lahore. Attendance at both of these conferences provided useful contacts for potential future work and collaborations.

Initial meetings have been held with The National Archives (TNA) in order to generate a partnership with them, which can be strengthened and developed. The Museum delivered a lecture as part of their Somme activity programme last year.

NATIONAL ARMY MUSEUM
TRUSTEES REPORT AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2018

Financial Review

Consolidated Results for the Year ended 31st March 2018

Total incoming resources for the Museum in 2017-18 amounted to £8,241,000 (2016-17 £14,487,000). The principal funding source of the Museum is Grant-in-Aid funding received from the Ministry of Defence. In 2017-18 this was £7,345,000 (2016-17 £6,032,000). Total resources expended amounted to £6,649,000 (2016-17 £14,688,000). 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 £1,730,000 (2016-17 £1,209,000).

The Museum's net assets as at 31st March 2018 amounted to £106,186,000 (31 March 2017 £104,456,000).

Changes in Tangible Fixed Assets

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

During the year, the Museum spent £353,000 on additions to tangible fixed assets.

Future Plans

The focus of the Museum over this reporting period was to progress the redevelopment of the Museum following the re-opening in March 2017. Following on from the re-opening, the Museum will review its outcomes over the past year since re-opening and where necessary and based on audience research and feedback refine the offer for our audiences. It will also consolidate its position as the first choice for the history and life of the British Army. As mentioned elsewhere in this report the Collections Conservation Management Plan, will continue to be progressed in line with the commitment to the care of the collections and this along with the review of the project Business and Sustainability Plan and existing Strategic Plan, will be used to inform the post project Strategic Plan for 2018-22.

Targets and Key Performance Indicators

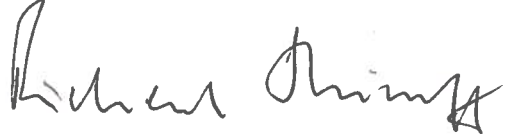
The performance of the Museum against some key performance indicators over three years is shown below:

Ser	Measure	2015-16 Plan	2015-16 Actual	2016-17 Plan	2016-17 Actual	2017-18 Reforecast Plan	2017-18 Actual
1	Number of visitors to the Museum	0	0	57,000	1,894	261,219	232,932
2	Number of website visits	720,000	722,541	880,000	575,431	1,000,000	823,755
3	Social Media/reach/ impressions/views	n/a	n/a	8,000,000	4,851,340	8,000,000	8,624,022
4	Number of outreach participants	120,000	222,268	180,000	101,038	60,000	61,000
5	% of people who recommend a visit	n/a	n/a	n/a	96%	n/a	93%
6	% of people who said they learned something new	n/a	n/a	n/a	90%	n/a	n/a
7	Trading profit/(loss)	£12,380	£(20,513)	£(15,583)	£(108,207)	£385,205	£63,486
8	Amount of Income raised through fundraising	£1,500,000	£2,058,000	£1,030,000	£2,000,000	£737,840	£298,000

NATIONAL ARMY MUSEUM
TRUSTEES REPORT AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2018



MR J MACIEJEWSKI DSO MBE
DIRECTOR GENERAL
AND ACCOUNTING OFFICER



GENERAL SIR RICHARD SHIRREFF
CHAIRMAN, ON BEHALF OF
COUNCIL

1st November 2018

National Army Museum
1st November 2018

NATIONAL ARMY MUSEUM
TRUSTEES REPORT AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2018

ACCOUNTABILITY REPORT

CORPORATE GOVERNANCE REPORT

DIRECTOR GENERAL'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 General. No matters are noted in this Register which have given rise to specific conflicts with regard to Council's management responsibilities.

Members of Council

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

General Sir Richard Shirreff KCB CBE (Chair)

Mr Patrick Aylmer

Mr Keith Baldwin – retired 23rd November 2017 on completion of term as a Council member

Dr Jonathan Boff – appointed 23rd November 2017

Mr Patrick Bradley – retired 23rd November 2017 on completion of term as a Council member

Brigadier Douglas Erskine Crum – retired 23rd November 2017 on completion of term as a Council member

Mrs Judith Donovan – appointed 23rd November 2017

Mr John Duncan – appointed 23rd November 2017

The Right Honourable The Lord Hamilton of Epsom

Lieutenant General Sir Simon Mayall – appointed 23rd November 2017

Mr Guy Perricone – appointed 23rd November 2017

Professor William Philpott – retired 23rd November 2017 on completion of term as a Council member

Dr Paul Schreier – appointed 23rd November 2017

Ms Jessica Spungin

Mrs Sabine Vandenbroucke – appointed 23rd November 2017

Mr William Wells

Lieutenant General Sir Barney W B White-Spunner KCB CBE – retired 23rd November 2017 on completion of term as a Council member

Mrs Deborah Younger – retired 23rd November 2017 on completion of term as a Council member

The Chairman of the Council of the National Army Museum wishes to extend his thanks to those retiring Council members for their service to the Museum whilst members of Council.

NATIONAL ARMY MUSEUM
TRUSTEES REPORT AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2018

For continuity of the Building for the Future Project, and the finalisation of the Final Account the NAM Council agreed to maintain Brigadier Douglas Erskine Crum and Mr Keith Baldwin as members of the Building for the Future Committee. This Committee, along with General Sir Richard Sherriff and The Right Honourable The Lord Hamilton of Epsom, and to ensure adequate accountability to NAM Council was supplemented by the additional attendance of Mr William Wells and Ms Jessica Spungin.

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 General and other members of staff.

Organisation Structure and Decision-Making Process

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

<u>Acquisition & Disposal</u>	Professor William Philpott (Chair) Professor Brian Holden Reid MA PhD FRHistS FRGS FRUSI (nominated member)
<u>Audit & Risk Assurance</u>	Mrs Deborah Younger (Chair) retired July 2017 Mr Jeremy Archer (nominated member) retired July 2017 Mr Patrick Aylmer (Chair) from July 2017 Mr Keith Baldwin retired November 2017 Mr Guy Perricone from November 2017 Mrs Sabine Vandembroucke from November 2017
<u>Building for the Future</u>	Brigadier Douglas Erskine Crum (Chair) Mr Keith Baldwin The Right Honourable The Lord Hamilton of Epsom General Sir Richard Shirreff KCB CBE Lieutenant General Sir Barney W B White-Spunner KCB CBE retired June 2017 Mr William Wells in attendance from June 2017 Ms Jessica Spungin in attendance from June 2017
<u>Remuneration & Appointments</u>	General Sir Richard Shirreff KCB CBE (Chair) Mr Keith Baldwin Professor William Philpott

The day-to-day operations are controlled by the Director General of NAM with the assistance of the Management Team. On 31st October 2017 Mrs Janice Murray resigned from the post of Director General. The Museum appointed Mr Mike O'Connor as Interim Director General while the process of recruiting a new Director General was undertaken. This recruitment via an external head hunter, resulted in the appointment of Mr Justin Maciejewski DSO MBE as Director General from 26th February 2018. The following were the members of the Management Team during the year:

**NATIONAL ARMY MUSEUM
TRUSTEES REPORT AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2018**

Mrs Janice Murray	Director General resigned 31 st October 2017
Mr Justin Maciejewski	Director General from 26 th February 2018
Mr Mike O'Connor	Museum Director and appointed Interim Director General 1 st November 2017
Miss Genevieve Adkins	Assistant Director (Public Programmes) resigned 18 th August 2107
Mr Ian Maine	Assistant Director (Collections)
Ms Laura Palmer	Assistant Director (Development) resigned 21 st July 2017
Miss Teresa Scott	Assistant Director (Human Resources)
Miss Dawn Watkins (NAMTL)	Assistant Director (Commercial & Visitor Experience)

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

Personal Data Loss

All staff carry out Data Protection Act training as part of their induction and e-learning programme. The Museum has identified no personal data related incidents during 2017-18. An incident is defined as a loss, unauthorised disclosure or insecure disposal. Protected personal data is information that links an identifiable living person with information about them which, if released, would put the individual at significant risk of harm or distress; the definition includes sources of information that because of the nature of the individuals or the nature, source or extent of the information, is treated as protected personal data by the Museum. The Museum has been working on compliance with General Data Protection Regulations which became effective from May 2018 and has in place the necessary actions to ensure that the Museum is well placed with regard to compliance to minimise risk to the Museum.

STATEMENT OF COUNCIL'S AND ACCOUNTING OFFICER'S RESPONSIBILITES

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

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

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

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

NATIONAL ARMY MUSEUM
TRUSTEES REPORT AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2018

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

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

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

GOVERNANCE STATEMENT

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

The Governance Framework

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

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

The NAM Council and the Committee Structure

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

The Director General of the Museum is the Accounting Officer responsible to Parliament for the day-to-day management of the Museum as set out in Chapter 3 of Managing Public Money. During the year with changes in the Director General, NAM had three different Accounting Officers: Mrs J Murray until 31st October 2017, Mr M O'Connor from 1st November 2017 until 25th February 2018 and Mr J Maciejewski from 26th February 2018. 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 sub committees to supplement the experience of Main Council Members. The nominated external members offer a level of expertise and independence that the Council members may not have.

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.

NATIONAL ARMY MUSEUM
TRUSTEES REPORT AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2018

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

The NAM Council met on three scheduled occasions during 2017–18. In addition to the "normal" meetings a Special Meeting of Council was held to discuss issues relating to the Building for the Future (BfF) redevelopment project, as well as a Strategic Planning Away Day. The Council received a redevelopment project briefing outside of the "normal" schedule of meetings. Listed below are the Council Members and their attendance at Council meetings:

Post	Name	Meetings whilst Member/ Meeting Attendance
Chairman	General Sir Richard Shirreff KCB CBE	3/3
Members	Mr Patrick Aylmer	3/3
	Mr Keith Baldwin	1/0
	Mr Patrick Bradley	1/1
	Brigadier Douglas Erskine Crum	1/0
	The Right The Honourable Lord Hamilton of Epsom	3/3
	Professor William Philpott	1/0
	Ms Jessica Spungin	3/3
	Mr William Wells	3/3
	Lieutenant General Sir Barney W B White-Spunner KCB CBE	1/0
	Mrs Deborah Younger	1/0

New Members from November 2017

Dr Jonathan Boff	2/2
Mrs Judith Donovan	2/1
Mr John Duncan	2/2
Mr Guy Perricone	2/2
Dr Paul Schreier	2/2
Mrs Sabine Vandenbroucke	2/1

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

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

NATIONAL ARMY MUSEUM
TRUSTEES REPORT AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2018

Audit & Risk Assurance Committee

During 2017-18 the Audit & Risk Assurance (A&RA) Committee had three planned meetings. The Committee members and their attendance at the meetings are listed below:

Post	Name	Meetings whilst Member/ Meeting Attendance
Chair until July 2017	Mrs Deborah Younger	1/1
Member and Chair from July 2017	Mr Patrick Aylmer	3/3
Member until November 2017	Mr Keith Baldwin	2/2
Nominated Member	Mr Jeremy Archer	3/1
Member from November 2017	Mr Guy Perricone	2/2
Member from November 2017	Mrs Sabine Vandembroucke	2/2

The Committee were briefed at their November meeting on Performance Awards for the previous reporting period, which were in line with MoD guidance.

Acquisition & Disposal Committee

The Acquisition & Disposal Committee had one planned meeting during 2017-18. Listed below are the members of the Committee and their attendance at the meetings:

Post	Name	Meetings whilst Member/ Meeting Attendance
Chair	Professor William Philpott	1/1
Member	Professor Brain Holden-Reid MA PhD FRHistS FRGS FRUSI	1/1

Building for the Future Committee

The NAM Council established in 2013 the Building for the Future (BfF) Committee to oversee the redevelopment project. Due to the critical timetabling redevelopment work this Committee had eleven formal planned meetings in this period. Listed below are the members of the Committee and attendance at the meetings:

Post	Name	Meetings whilst Member/ Meeting Attendance
Chair	Brigadier Erskine Crum	11/10
Member	The Right Honourable The Lord Hamilton of Epsom	11/8
Member	Mr Keith Baldwin	11/11
Member	General Sir Richard Shirreff KCB CBE	11/7
Member until July 2017	Lieutenant General Sir Barney WB White-Spunner KCB CBE	2/2
	In attendance	
From June 2017	Ms Jessica Spungin	9/5
From June 2017	Mr William Wells	9/5

**NATIONAL ARMY MUSEUM
TRUSTEES REPORT AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2018**

Remuneration & Appointments Committee

The Remuneration & Appointments Committee with the resignation of the Director General and recruitment of new Council members held six planned meeting in this reporting period. Listed below are the members and their attendance:

Post	Name	Meetings whilst Member/ Meeting Attendance
Chair	General Sir Richard Shirreff KCB CBE	6/6
Member	Mr Keith Baldwin	6/6
Member	Professor William Philpott	6/6

NAMTL

National Army Museum Trading Limited (NAMTL) is the established trading arm of the Museum. Its Board consists of four directors. Decisions taken by this company remain the responsibility of the Directors of NAMTL.

NAM Council Members' Performance.

The principal achievements of the Museum during the year are highlighted elsewhere in the Financial Statements, NAM Council Minutes and Business Plan. The Director General attends meetings of the Army Heritage Committee where they report on the plans of the NAM. Additionally, meetings were held with the Director Army Resources and the Chief Accountant Army Resources. These meetings are reported to the full NAM Council. Additional, 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. In 2018 the Council will be carrying out an audit of its effectiveness.

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

Review of Effectiveness of Internal Control

To meet the responsibilities above, the NAM has in place a system of internal control. A framework contained within the Financial Procedures Manual, which all staff employed at the NAM must sign up to, supports the system of financial control. Access to the Museum's accountancy system is restricted to the role of the individual. Levels of access are password protected which expire and must be renewed every thirty days. All staff have received training on the Bribery Act, Data Protection Act and copies of these policies can be found on the NAM Intranet and as part of the induction procedure and Staff Handbook. An Information Asset Group responsible for all information assets has been established which reports annually to NAM Council. During this reporting period this group has focussed on the requirements of GDPR to ensure NAM compliance with the legislation due to come into effect May 2018

Additionally, the Management Team (MT) reviews budgets and cost centres on a monthly basis to ensure that the spend profile is maintained and any anomalies are accounted for. To support the system, additional input is received from independent internal and external audit.

**NATIONAL ARMY MUSEUM
TRUSTEES REPORT AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2018**

Internal Auditors

The Museum's internal auditors, Moore Stephens who work to the Public Sector Internal Audit Standards and provide an independent opinion on the matters subject to review through the internal audit programme.

The Museum has a Risk Matrix to support its management of risk in the "normal" operations of the Museum. This Risk Matrix is used to identify the work to be undertaken by the internal auditors. Council's A&RA Committee signs off the work programme and the same committee receives the 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. The future internal audit programme will look at the remaining risks, which include the sufficiency of funding in the form of GiA.

The main risk during this period is the settlement of the Final Account of the redevelopment project. This risk will continue to represent a challenge to the Museum and, indeed until settlement, could put at risk delivery of the standards expected of the Accounting Officer. The Museum Director retains overall responsibility for the key control systems of the Museum and he supports directly the work of the A&RA Committee.

The internal auditors also provide an annual Statement of Assurance on the key areas of risk reviewed to the Accounting Officer and the NAM Council on the work performed in the year.

External Auditors

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

Risk Management

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

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

As mentioned previously, regular reviews are carried out of the Risk Matrix and risks that are identified are addressed but, in all cases, the A&RA Committee, acting on behalf of the NAM Council, reviews the matrix annually at its autumn meeting. The identification and evaluation of risk is an integral part of the NAM's performance management. Input into the Risk Matrix is museum-wide and all departments are required to provide input via their Heads of Division. The NAM assesses its risks under the following categories:

- a. Governance;
- b. Finance;
- c. Building;

**NATIONAL ARMY MUSEUM
TRUSTEES REPORT AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2018**

- d. Security;
- e. Employment;
- f. Collections.

The Museum's Risk Matrix is maintained under the guidance of the A&RA Committee and focuses on the key risks posed to the Museum. These risks are assessed in terms of likelihood of occurrence and their potential impact. Appropriate mitigation activity is identified and recorded.

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 IAO/s and referred to the group where necessary. Any incident of data loss or mishandling is handled in accordance with the Information Commissioners guidance and reported to his office as required.

There were no recorded instances of data loss during the year.

Statement of Assurance

We have responsibility, on behalf of the full NAM Council, for the overall effectiveness of the Museum's governance arrangements and their compliance with Corporate Governance in Central Government Departments Code of Practice 2017 so far as this may be seen to apply to an 'Arms-Length Body' (as defined in *Managing Public Money*).

Auditors

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

The cost of the audit of the Museum and its trading company for 2017-18 is £25,425 (2016-17: £24,150) of which £20,000 relates to this year's audit of the Museum and £5,425 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.

REMUNERATION AND STAFF REPORT

Remuneration Policy

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

NATIONAL ARMY MUSEUM
TRUSTEES REPORT AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2018

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

The NAM operates a performance appraisal review (PAR) system, which broadly follows the guidelines of the MOD civilian system. The marking system is based on agreed aims and objectives between the Line Manager (LM) and the member of staff. Dependent on direction from MOD on whether is paying performance award in year, the Performance Award Group meet and then would then assign a value to marks in line with the MOD levels of award. The findings of the Group are then passed to the A&RA Committee for a further check before being passed to the Council for approval.

Salary and Pension Entitlements (Subject to audit)

The salary and pension entitlements of the Management Team of the Museum as detailed on page 19 were as follows (with comparative salary disclosures for 2016/17).

	Salary (£'000)		Performance Pay (£'000)		Benefits in kind (to nearest £100)		Pension benefits (£'000)		Total remuneration (£'000)	
	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17	2017/18	2016/17
Justin Maciejewski <i>Director General</i> <i>(from 26 February 2018)</i>	10-15 (FTE 135-140)	-	-	-	-	-	-	-	10-15	-
Janice Murray <i>Director General</i> <i>(to 31 October 2017)</i>	60-65 (FTE 105-110)	105-110	0-5	5-10	-	-	13	39	80-85	155-160
Mike O'Connor <i>Museum Director *</i>	70-75	65-70	-	-	-	-	23	18	95-100	85-90
Teresa Scott <i>Assistant Director - Human Resources</i>	65-70	60-65	0-5	0-5	-	-	19	27	85-90	90-95
Genevieve Adkins <i>Assistant Director - Public Programmes (to 18 August 2017)</i>	20-25 (FTE 60-65)	60-65	-	-	-	-	10	25	30-35	85-90
Ian Maine <i>Assistant Director - Collections</i>	60-65	60-65	-	-	-	-	-	-	60-65	60-65
Laura Palmer <i>Assistant Director - Development (17 October 2016 to 21 July 2017)</i>	15-20 (FTE 60-65)	25-30 (FTE 60-65)	-	-	-	-	-	-	15-20	25-30
Dawn Watkins <i>Assistant Director - Commercial & Visitor Experience</i>	65-70	60-65	-	-	-	-	-	-	65-70	60-65

* Mike O'Connor was appointed Interim Director General on 1 November 2017 and served until 25 February 2018.

NATIONAL ARMY MUSEUM
TRUSTEES REPORT AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2018

	Accrued pension at pension age as at 31 March 2018 and related lump sum	Real increase in pension and related lump sum at pension age	CETV at 31 March 2018	CETV at 31 March 2017	Real increase in CETV	Employers contribution to NEST pension or personal
	£'000	£'000	£'000	£'000	£'000	£(nearest £100)
Justin Maciejewski <i>Director General (from 26 February 2018)</i>	-	-	-	-	-	500
Janice Murray <i>Director General (to 31 October 2017)</i>	10-15	0-2.5	271	252	13	-
Mike O'Connor <i>Museum Director*</i>	15-20	0-2.5	368	338	22	-
Teresa Scott <i>Assistant Director - Human Resources</i>	15-20 plus a lump sum of 45-50	0-2.5	273	249	5	-
Genevieve Adkins <i>Assistant Director - Public Programmes (to 18 August 2017)</i>	5-10	0-2.5	61	56	4	-
Ian Maine <i>Assistant Director - Collections</i>	-	-	-	-	-	2,000
Laura Palmer <i>Assistant Director - Development (17 October 2016 to 21 July 2017)</i>	-	-	-	-	-	600
Dawn Watkins <i>Assistant Director - Commercial & Visitor Experience</i>	-	-	-	-	-	1,800

The opening cash equivalent transfer value (CETV) figures as at 31st March 2018 may be different from the closing figures in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.

None of the above received any benefits in kind during the year (2016/17 £Nil).

No members of the Council received any remuneration during the year (2016/17 £Nil). During the year reimbursements were made to members of the Council totalling £1,829 (2016/17 £1,117) for travel and subsistence and £Nil (2016/17 £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.

**NATIONAL ARMY MUSEUM
TRUSTEES REPORT AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2018**

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 Management Team.

Fair pay disclosure (Subject to audit)

	2017-18	2016-17
Band of highest paid director's total remuneration (£'000)	135-140	115-120
Median total remuneration (£)	34,689	28,047
Remuneration ratio	4.0	4.2

NATIONAL ARMY MUSEUM
TRUSTEES REPORT AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2018

Median total remuneration is calculated by excluding the remuneration of the highest paid director on an annualised basis and by including full time equivalent remuneration for all staff. The ratio has reduced due to changes in the staff mix which has resulted in an increase in the median total remuneration.

The full time equivalent remuneration ranged from £13,764 to £135,000-140,000.

Staff Report

Staff costs and staff numbers (Subject to audit)

	2018	2017
	£'000	£'000
Staff costs comprise:		
- wages and salaries	2,392	2,291
- social security costs	244	235
- pension costs	248	287
- temporary staff and recruitment costs	660	448
	<u>3,544</u>	<u>3,261</u>

Excluding the Director General and members of the senior management team, no employees received remuneration for 2017-18 excluding pension contributions, greater than £60,000 (2016-17 no employees).

The average number of senior management and staff was:

	2017/18	2016/17
Collections	25	29
Curatorial	19	21
Education	3	3
Publicity	5	3
Trading	26	9
Fundraising	4	2
	<u>82</u>	<u>67</u>

28 of the above staff are male and 54 female. 23 staff are employed on short term contracts with all other staff employed on a full time contract. The above includes 19 part time staff members.

Consultancy and off-payroll arrangements

The total expenditure on consultancy in the year was £3,000 (2017: £19,610).

NAM has engaged one individual 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 at a total cost of £58,100 (2017: £139,620).

At 31st March 2018 one of these arrangements was ongoing.

All of these arrangements were risk assessed to consider whether assurance was required that the individual is paying the right amount of tax and this assurance was obtained.

None of the engagements relate to the engagement of senior officials with significant financial responsibility.

Sickness and Absence data

The NAM employed 75 members of staff at 31st March 2018 (60 full-time and 15 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

NATIONAL ARMY MUSEUM
TRUSTEES REPORT AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2018

Council. During 2017-18, there were 423 (full time equivalent) days lost to sick absence compared to 260 days lost in 2016-17. The increase in sick absence was due to a number of doctor certified absences across 4 divisions. The reasons for the period of absence were unconnected and all were managed in accordance with the Museum's Managing Attendance Policy and in consultation with our Occupational Health Service Provider.

During the period, the average number of days' sickness absence per employee was 5.7 compared to 2.8 days in 2016-17 (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.

Equality, Diversity & Access

The NAM is an Equal Opportunities Employer.

The NAM is committed to providing a working environment in which members of staff are able to realise their full potential and contribute to the Museum's success.

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

It is the NAM's policy not to discriminate against its workers on the basis of their gender, sexual orientation, marital or civil partnership status, any gender reassignment, disability, race, religion or belief, colour, nationality, ethnic or national origin, disability or age, pregnancy or trade union membership or employment status. The NAM will not condone any form of harassment, whether engaged in by workers or by third parties such as clients, customers, contractors and suppliers. Our workers and applicants for employment shall not be disadvantaged by any policies or conditions of service, which cannot be justified as necessary for operational purposes.

The NAM shall, at all times, strive to work within legislative requirements as well as promoting best practice, and is committed to the development of a diverse workforce. The Museum has issued an Equal Opportunities Policy Statement, and undertakes equal opportunities monitoring.

Employee Consultation and Involvement

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

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

Employer Pensions

For 2017-18 employers' pension contributions for the Museum of £233,418 were payable to the PCSPS (2016-17 £275,356) at rates based on salary bands as follows:

Band one	-	£23,000 and under	20.0%
Band two	-	£23,001 - £45,500	20.9%
Band three	-	£45,501 - £76,000	22.1%
Band four	-	£76,001 and over	24.5%

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

NATIONAL ARMY MUSEUM
TRUSTEES REPORT AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2018

Members of staff not eligible to join the PCSPS are automatically enrolled in the National Employment Savings Trust (NEST) with employer pensions contributions of 1 per cent except in the case of senior staff where this rate is increased to 3 per cent and 4 per cent for the Director General.

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

No amounts were paid or exit packages entered into in the current or preceding year.

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

	2018	2017
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	£2,884,000	£2,813,000
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
2017-18	7,219
2016-17	5,906
2015-16	5,929
2014-15	5,740
2013-14	6,023

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

In addition NAM received additional GiA for the purchase of Heritage Assets of £126,000.

Controls and procedures are in place to ensure only allowable expenditure is incurred on this account. Annual budgets are prepared for the expenditure of this GiA with monthly reporting of actual expenditure and anticipated outturns being made to the Management Team coupled with regular reporting to the A & 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 2018

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

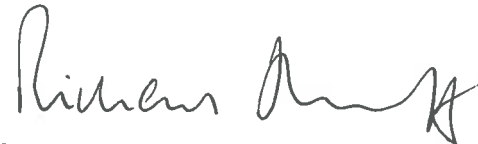
Expenditure over the last five financial years as reported in the financial statements is summarised as follows:

	2018	2017	2016	2015	2014
	£'000	£'000	£'000	£'000	£'000
Staff costs	3,544	3,250	2,918	3,162	3,563
Premises costs	946	415	592	708	849
Collection maintenance	694	1,443	804	638	476
Events and promotion	783	504	437	410	290
Depreciation	901	482	420	454	752
Impairment and impairment reversal	(1,192)	7,659	0	0	4,099
Administration and other	973	935	797	576	1,286
	<u>6,649</u>	<u>14,688</u>	<u>5,968</u>	<u>5,948</u>	<u>11,315</u>

The expenditure for 2018 reflects the normal recurring costs of operating the Museum and the fact that the redeveloped Museum has been open for the whole year. Expenditure for 2016 and 2015 reduced by over £1 million a year from the average for the previous three years excluding the impairment provision as a result of temporary cost savings achieved by NAM during the Museum's closure.



MR J MACIEJEWSKI DSO MBE
DIRECTOR GENERAL
AND ACCOUNTING OFFICER



GENERAL SIR RICHARD SHIRREFF
CHAIRMAN, ON BEHALF OF
COUNCIL

1st November 2018

National Army Museum
1st November 2018

**NATIONAL ARMY MUSEUM
AUDITORS' REPORT
YEAR ENDED 31ST MARCH 2018**

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

Opinion on financial statements

I certify that I have audited the financial statements of the National Army Museum for the year ended 31 March 2018 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). I have also audited the information in the Remuneration Report and Staff Report and the Accountability Report disclosures that are described in those reports as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of the National Army Museum's affairs as at 31 March 2018 and of its net income for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and Secretary of State directions issued thereunder.

Opinion on regularity

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

Basis of opinions

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

Responsibilities of the Council and Accounting Officer

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

NATIONAL ARMY MUSEUM
AUDITORS' REPORT
YEAR ENDED 31ST MARCH 2018

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

NATIONAL ARMY MUSEUM
AUDITORS' REPORT
YEAR ENDED 31ST MARCH 2018

Other Information

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

Opinion on other matters

In my opinion:

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

Matters on which I report by exception

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

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

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General

Date 13 November 2018

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

NATIONAL ARMY MUSEUM
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31ST MARCH 2018

	NOTE	Unrestricted Funds	Restricted Funds	Total Funds 2017/18	Total Funds 2016/17 (Restated - Note 14)
		£'000	£'000	£'000	£'000 (Note 3)
Income and endowments from:					
Donations and legacies	4				
Grant-in-Aid		7,219	126	7,345	6,032
Other		5	328	333	8,401
		<u>7,224</u>	<u>454</u>	<u>7,678</u>	<u>14,433</u>
Trading activities	4	549	0	549	41
Investments		0	7	7	10
		<u>7,773</u>	<u>461</u>	<u>8,234</u>	<u>14,484</u>
Other		7	0	7	3
TOTAL		<u><u>7,780</u></u>	<u><u>461</u></u>	<u><u>8,241</u></u>	<u><u>14,487</u></u>
Expenditure on:					
Raising funds	5	1,356	47	1,403	1,757
Charitable activities	5	4,917	329	5,246	12,931
TOTAL	6	<u><u>6,273</u></u>	<u><u>376</u></u>	<u><u>6,649</u></u>	<u><u>14,688</u></u>
Operating surplus/(deficit)		1,507	85	1,592	(201)
Net (losses)/ gains on investments		0	(2)	(2)	24
Net income/(expenditure)		<u><u>1,507</u></u>	<u><u>83</u></u>	<u><u>1,590</u></u>	<u><u>(177)</u></u>
Transfers between funds		(55)	55	0	0
Other recognised gains/(losses):					
Gains on revaluation of fixed assets		52	88	140	1,386
Net movement in funds		<u><u>1,504</u></u>	<u><u>226</u></u>	<u><u>1,730</u></u>	<u><u>1,209</u></u>
RECONCILIATION OF FUNDS					
Total funds brought forward		61,237	43,219	104,456	103,247
Total funds carried forward		<u><u>62,741</u></u>	<u><u>43,445</u></u>	<u><u>106,186</u></u>	<u><u>104,456</u></u>

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

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

**NATIONAL ARMY MUSEUM
CONSOLIDATED BALANCE SHEET
YEAR ENDED 31ST MARCH 2018**

NOTE	2018				2017			
	Group		Charity		Group		Charity	
	£'000	£'000	£'000	£'000	(Restated - Note 14)		£'000	£'000
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
FIXED ASSETS								
Tangible assets	7	40,192	40,192	40,202	40,202	40,202	40,202	
Heritage assets	8	66,993	66,993	66,858	66,858	66,858	66,858	
		107,185	107,185	107,060	107,060	107,060	107,060	
CURRENT ASSETS								
Stocks		173	0	68	0	0	0	
Debtors	9	571	734	2,195	2,407	2,407	2,407	
Investments	10/11	243	243	245	245	245	245	
Cash at bank and in hand	11	500	475	944	834	834	834	
		1,487	1,452	3,452	3,486	3,486	3,486	
CURRENT LIABILITIES								
CREDITORS:								
Amounts falling due within one year	12a	(1,797)	(1,697)	(6,056)	(5,962)	(5,962)	(5,962)	
NET CURRENT LIABILITIES		(310)	(245)	(2,604)	(2,604)	(2,604)	(2,476)	
CREDITORS:								
Amounts falling due after more than one year	12b	(689)	(689)	0	0	0	0	
TOTAL NET ASSETS		106,186	106,251	104,456	104,456	104,584	104,584	
RESERVES								
Unrestricted Funds		62,617	62,682	61,165	61,293	61,165	61,293	
Unrestricted Revaluation		124	124	72	72	72	72	
Total Unrestricted Funds	13	62,741	62,806	61,237	61,365	61,237	61,365	
Restricted Funds		41,157	41,157	41,019	41,019	41,019	41,019	
Restricted Revaluation		2,288	2,288	2,200	2,200	2,200	2,200	
Total Restricted Funds	13	43,445	43,445	43,219	43,219	43,219	43,219	
	14	106,186	106,251	104,456	104,456	104,584	104,584	

The financial statements were approved by the Council on 1st November 2018 and signed on its behalf by:



MR J MACIEJEWSKI DSO MBE
DIRECTOR GENERAL
AND ACCOUNTING OFFICER



GENERAL SIR RICHARD SHIRREFF
CHAIRMAN, ON BEHALF OF
COUNCIL

The notes on pages 39 to 56 form a fundamental part of the these financial statements

NATIONAL ARMY MUSEUM
CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31ST MARCH 2018

	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds 2017/18 £'000	Total Funds 2016/17 (Restated Note 14) £'000
Cash flows from operating activities:				
Net cash provided by (used in) operating activities	970	(1,801)	(831)	12,635
Cash flows from investing activities:				
Purchase of tangible assets	(78)	(275)	(353)	(17,483)
Purchase of heritage assets	0	(105)	(105)	(253)
Proceeds from sale of tangible assets	0	0	0	0
Net cash provided by (used in) investing activities	(78)	(380)	(458)	(17,736)
Cash flows from financing activities:				
Repayments of borrowing	(157)	0	(157)	0
Cash inflows from new borrowing	1,000	0	1,000	0
Net cash provided by (used in) financing activities	843	0	843	0
Change in cash and cash equivalents in the reporting period	1,735	(2,181)	(446)	(5,101)
Cash and cash equivalents at the beginning of the reporting period	(2,484)	3,673	1,189	6,290
Cash and cash equivalents at the end of the reporting period	(749)	1,492	743	1,189

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

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

Net income/(expenditure) for the reporting period (as per the statement of financial activities)	1,507	83	1,590	(177)
Adjustments for:				
Depreciation charges	181	716	897	482
Interest payable	29	0	29	0
Impairment and impairment reversal	0	(398)	(398)	7,659
Loss/(profit) on the disposal of fixed assets	4	0	4	0
Donated heritage assets	0	(30)	(30)	(150)
Transfer between funds	(55)	55	0	0
(Increase)/decrease in stocks	(105)	0	(105)	(32)
(Increase)/decrease in debtors	423	1,201	1,624	469
Increase/ (decrease) in creditors	(1,014)	(3,428)	(4,442)	4,384
Net cash provided by (used in) operating activities	970	(1,801)	(831)	12,635

The notes on pages 39 to 56 form a fundamental part of these financial statements

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2018

1. ACCOUNTING POLICIES

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

(a) Basis of Preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1st January 2015) – (Charities SORP (FRS 102)) and guidance issued by H.M. Treasury.

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

(b) Basis of Consolidation

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

The Consolidated Statement of Financial Activities and Balance Sheet include the results and net assets of National Army Museum Trading Limited on a line by line basis.

The financial statements of National Army Museum Trading Limited used in consolidation are those for the period ended 31 March 2018.

(c) Going Concern

The financial statements have been prepared on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the Museum's needs. We have considered a period of twelve months from the date of approval of the financial statements. The assumption relies on the continuation of Ministry of Defence funding at a similar level for the foreseeable future. The Trustees of the Museum are content that this level of funding will exist for the foreseeable future.

(d) Incoming Resources

Incoming resources are included gross without the deduction of expenditure.

(e) Donations and Legacies

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

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

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

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

(f) Other Voluntary Income

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

(g) Expenditure on Charitable activities

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

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2018

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

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

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

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

(h) Allocation of support and governance costs

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

(i) Pensions Cost

Long serving Museum staff, are covered by the provisions of the Principal Civil Service Pension Scheme ("PCSPS"), which provides benefits based on final pensionable pay. The pensions cost charged to the Statement of Financial Activities is represented by the contributions payable under the PCSPS to the Cabinet Office at rates determined from time to time by the Government Actuary's Department. PCSPS is a multi-employer scheme and NAM is unable to identify its share of any pension liability. Those staff not covered by the PCSPS are also entitled and are paid contributions to National Employment Savings' Trust or personal pension policies.

(j) Taxation

As a Registered Charity, the National Army Museum's charitable status has been recognised by HM Revenue & Customs. Non-recoverable Value Added Tax (VAT) arising from expenditure is charged to the statement of financial activities. All expenditure including capital expenditure is stated net of any recoverable VAT. VAT is then reclaimed from HM Revenue & Customs in accordance with section 33 of the VAT Act 1994.

All of the income is applied for charitable purposes and therefore the charity is exempt from Corporation Tax. All 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 2018 was £Nil (2017:£Nil).

(k) Tangible Fixed Assets and Depreciation

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

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

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

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2018

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

The Museum does not capitalise website costs and development costs on internally generated projects, but treats these as expenditure as they are incurred.

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

(I) Heritage Assets

(i) Valuation and Management

During the year NAM reviewed its policy on the valuation of Heritage Assets, and in line with most other national museums, given the subjective nature of these valuations and the contents of the collection the NAM considers it appropriate to hold these assets at deemed cost, without regular revaluation.

As a result, the NAM's policy is to record the collection at the deemed cost carrying value established at 31st March 2010 with the introduction of FRS 30 adjusted for the cost of additions since this date and any impairments in respect of material elements of the collection.

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

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

This change of policy has no impact on the amounts included in the financial statements for previous years or amounts reported in the Statement of Financial Activities.

Heritage assets comprise of approximately one million items. For the 2010 valuation the Collection was divided into two categories. The first category comprised Victoria Crosses, George Crosses, field marshals' batons, oil paintings and other high-value items of fine and decorative art, coatees, rare books, oral history interviews, sound discs and film records. These were valued by expert members of staff, some of them with the assistance of former colleagues. The valuations of the historic military vehicles part of the collection is supported by a third party valuation of the historic military vehicles made in 2008-9 by Julian Shoolheifer Limited (Fine Art Valuers) PO Box 186, Saffron Walden, CB10 9AY.

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

(ii) Depreciation

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

(iii) Preservation Costs and Management

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

(iv) Acquisitions and Disposals

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

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

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2018

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

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

(m) Investments

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

(n) Stocks

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

(o) Liabilities

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

(p) Operating lease agreements

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

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

(q) Financial Instruments

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

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

(r) Restricted and unrestricted funds

Restricted funds are to be used for specified purposes as laid down by the donor, details of restricted funds are given in note 14 of the financial statements. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of overhead costs.

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

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2018

2. Statement of Financial Activities for the Charity alone

	Unrestricted Funds	Restricted Funds	Total Funds 2017/18	Total Funds 2016/17 (Restated - Note 14)
	£'000	£'000	£'000	£'000
Income and endowments from:				
Donations and legacies				
Grant-in-Aid	7,219	126	7,345	6,032
Other	5	328	333	8,401
	<u>7,224</u>	<u>454</u>	<u>7,678</u>	<u>14,433</u>
Trading activities	14	0	14	1
Investments	4	7	11	11
	<u>7,242</u>	<u>461</u>	<u>7,703</u>	<u>14,445</u>
Other	7	0	7	3
TOTAL	<u><u>7,249</u></u>	<u><u>461</u></u>	<u><u>7,710</u></u>	<u><u>14,448</u></u>
Expenditure on:				
Raising funds	923	47	970	1,610
Charitable activities	4,882	329	5,211	12,931
TOTAL	<u><u>5,805</u></u>	<u><u>376</u></u>	<u><u>6,181</u></u>	<u><u>14,541</u></u>
Operating surplus/(deficit)	1,444	85	1,529	(93)
Net gains/(losses) on investments	0	(2)	(2)	24
Net income/(expenditure)	<u>1,444</u>	<u>83</u>	<u>1,527</u>	<u>(69)</u>
Transfers between funds	(55)	55	0	0
Other recognised gains/(losses):				
Gains on revaluation of fixed assets	52	88	140	1,386
Net movement in funds	<u>1,441</u>	<u>226</u>	<u>1,667</u>	<u>1,317</u>
RECONCILIATION OF FUNDS				
Total funds brought forward	61,365	43,219	104,584	103,267
Total funds carried forward	<u><u>62,806</u></u>	<u><u>43,445</u></u>	<u><u>106,251</u></u>	<u><u>104,584</u></u>

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2018

3. Consolidated Statement of Financial Activities analysis of comparative amounts for year ended 31st March 2017

	Unrestricted Funds	Restricted Funds	Total Funds 2016/17
	(Restated - Note 14)		
	£'000	£'000	£'000
Income and endowments from:			
Donations and legacies			
Grant-in-Aid	5,906	126	6,032
Other	1	8,400	8,401
	<u>5,907</u>	<u>8,526</u>	<u>14,433</u>
Trading activities	41	0	41
Investments	0	10	10
	<u>5,948</u>	<u>8,536</u>	<u>14,484</u>
Other	3	0	3
TOTAL	<u>5,951</u>	<u>8,536</u>	<u>14,487</u>
Expenditure on:			
Raising funds	889	868	1,757
Charitable activities	5,786	7,145	12,931
TOTAL	<u>6,675</u>	<u>8,013</u>	<u>14,688</u>
Operating surplus/(deficit)	(724)	523	(201)
Net gains/(losses) on investments	0	24	24
Net income/(expenditure)	<u>(724)</u>	<u>547</u>	<u>(177)</u>
Transfers between funds	(4,658)	4,658	0
Other recognised gains/(losses):			
Gains/(losses) on revaluation of fixed assets	18	1,368	1,386
Net movement in funds	<u>(5,364)</u>	<u>6,573</u>	<u>1,209</u>
RECONCILIATION OF FUNDS			
Total funds brought forward	66,601	36,646	103,247
Total funds carried forward	<u><u>61,237</u></u>	<u><u>43,219</u></u>	<u><u>104,456</u></u>

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2018

4. Income and endowments

	Unrestricted Funds	Restricted Funds	Total Funds 2017/18	Total Funds 2016/17
	£'000	£'000	£'000	£'000
(a) Donations and legacies comprise:				
Grant-in-Aid:				
-Operating	7,219	0	7,219	5,906
-Exhibits	0	126	126	126
	7,219	126	7,345	6,032
Grants towards Building redevelopment:				
-Heritage Lottery Fund	0	0	0	6,153
-National Army Museum Foundation	0	69	69	810
-FCC Recycling (UK) Limited	0	151	151	540
-Other	0	0	0	650
	0	220	220	8,153
Other restricted donations				
- Grants for purchase of heritage assets	0	0	0	97
- Donated heritage assets	0	30	30	150
- Special Forces Exhibition	0	29	29	0
- Murray Conservation Fund	0	16	16	0
- John Ellerman Foundation	0	33	33	0
	0	108	108	247
Other unrestricted donations	5	0	5	1
Total other donations	5	328	333	8,401
Total donations and legacies	7,224	454	7,678	14,433
(b) Trading income comprises				
-Shop sales	224	0	224	3
-Other	325	0	325	38
	549	0	549	41

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2018

5. Expenditure

Comparative amounts for 2016/17 have been restated - see Note 14

(a) Expenditure on Raising Funds comprise:

	Trading	Fundraising	Total 2017/18	Total 2016/17
	£'000	£'000	£'000	£'000
Staff costs	557	287	844	445
Premises costs	25	55	80	18
Cost of sales	155	0	155	48
Subsidiary overheads	12	0	12	22
Depreciation and loss on disposal	31	68	99	45
Impairment and impairment reversal	(41)	(90)	(131)	711
Collections	0	65	65	43
General administration costs	14	34	48	124
Consultancy	0	0	0	1
Insurance and professional fees	7	17	24	16
Support costs	93	51	144	203
Governance	40	23	63	81
	893	510	1,403	1,757

(b) Expenditure on Charitable Activities comprise:

	Collections	Curatorial	Education	Publicity	Total 2017/18	Total 2016/17
	£'000	£'000	£'000	£'000	£'000	£'000
Staff costs	918	682	207	189	1,996	2,101
Premises costs	552	113	40	33	738	364
Collections maintenance	694	0	0	0	694	1,443
Event costs	0	0	173	0	173	45
Promotion costs	0	0	0	610	610	459
Depreciation and loss on disposal	410	141	50	41	642	352
Impairment and impairment reversal	(542)	(187)	(66)	(54)	(849)	5,583
General administration costs	191	67	23	19	300	371
Consultancy	2	1	0	0	3	15
Insurance and professional fees	99	34	12	10	155	122
Interest payable	29	0	0	0	29	0
Support costs	270	98	51	102	521	1,486
Governance costs	123	44	22	45	234	590
	2,746	993	512	995	5,246	12,931

(c) Governance and support costs comprise:

	2017/18				2016/17		
	Finance	Human Resources	Information Technology	Total Support	Governance	Support	Governance
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Staff costs	264	144	116	524	180	507	197
Premises costs	49	26	20	95	33	24	9
Depreciation	61	33	25	119	41	63	22
Impairment and impairment reversal	(80)	(44)	(33)	(157)	(55)	1,004	361
General administration costs	28	15	12	55	20	66	24
External audit	0	0	0	0	25	0	24
Internal audit	0	0	0	0	8	0	7
Consultancy	0	0	0	0	0	3	1
Insurance and professional fees	15	8	6	29	39	22	25
Trustees expenses	0	0	0	0	6	0	1
	337	182	146	665	297	1,689	671

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2018

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 £1,829 (2017: £1,117) relate to travel expenses reimbursed for 2 trustees (2017 – 2 trustees).

6. Total expenditure Total expenditure is stated after charging the following items:

	Unrestricted Funds	Restricted Funds	Total 2017/18	Total 2016/17
	£'000	£'000	£'000	£'000
Auditors' remuneration				
- audit services	25	0	25	24
Staff costs				
- wages and salaries	2,366	26	2,392	2,291
- social security costs	242	2	244	235
- pension costs	248	0	248	287
- temporary staff and recruitment costs	660	0	660	448
	<u>3,516</u>	<u>28</u>	<u>3,544</u>	<u>3,261</u>
Operating lease costs				
- land and buildings	212	0	212	192
- other	18	0	18	15
	<u>230</u>	<u>0</u>	<u>230</u>	<u>207</u>

The external audit fee for the Charity was £20,000 (2017: £20,000). During the year NAM did not contract any non-audit services from its external auditor, the National Audit Office (NAO).

The external audit fee for the subsidiary NAMTL was £5,425 (2017: £4,150).

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2018

7. Group and Charity Tangible Fixed Assets	£'000					Total
	Long Leasehold Land and Buildings	Short Leasehold Improvements	Computer Equipment	Fixtures & Fittings	£'000	£'000
VALUATION						
At commencement of year	38,854	788	489	1,249	41,380	41,380
Additions at cost	275	0	26	52	353	353
Transfers	0	0	0	0	0	0
Impairment	(275)	0	0	0	(275)	(275)
On revaluation	761	14	9	29	813	813
Disposals	0	0	(96)	(12)	(108)	(108)
At end of year	39,615	802	428	1,318	42,163	42,163
DEPRECIATION						
At commencement of year	0	96	391	691	1,178	1,178
Charge for year	716	20	39	122	897	897
On revaluation	0	0	0	0	0	0
Disposals	0	0	(96)	(8)	(104)	(104)
At end of year	716	116	334	805	1,971	1,971
NET BOOK VALUE						
At 31 March 2018	38,899	686	94	513	40,192	40,192
At 31 March 2017	38,854	692	98	558	40,202	40,202

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2018

Included in long leasehold land and buildings is a sum of £8,888,000 (2016/17 £8,800,000) for land, which has not been depreciated.

Gerald Eve, Chartered Surveyors undertook a valuation of the long leasehold land and buildings as at 31st March 2017 following the reopening of the Museum. The valuation was undertaken in accordance with the RICS Appraisal and Valuation Manual and valued on the Depreciated Replacement Cost basis given the specialist nature of the property.

The valuation apportioned the total land and buildings as follows:

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

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

8. Heritage Assets

(a) Carrying value

	Museum Collection £'000
At commencement of year	66,858
Additions	135
At end of year	<u>66,993</u>
Net Book Value at 31 March 2018	<u>66,993</u>
Net Book Value at 31 March 2017	<u>66,858</u>

	2018 £'000	2017 £'000
The carrying value comprises:		
Exhibits	35,413	35,296
Fine and decorative arts	19,923	19,909
Archives, photographs, film and sound	10,504	10,500
Printed books	1,153	1,153
	<u>66,993</u>	<u>66,858</u>

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2018

(b) Five year financial summary of heritage asset transactions

	2018 £'000	2017 £'000	2016 £'000	2015 £'000	2014 £'000
<u>Additions</u>					
Purchases	105	253	312	27	103
Donations	30	150	-	-	467
Total Additions	135	403	312	27	570
<u>Disposals</u>					
Carrying Value	-	-	-	-	11
Sale Proceeds	-	-	-	-	-

(c) Grant Received

During the year the Museum received grants towards the purchase of items for its collection of £126,000 (2017 - £126,000) as part of its Grant-in-Aid funding. These grants were used to fund the purchase of heritage assets noted above with any unspent grants being carried forward to fund future acquisitions.

9. Debtors	Group 2018 £'000	Charity 2018 £'000	Group 2017 £'000	Charity 2017 £'000
	Trade debtors	68	1	7
VAT debtor	202	217	762	749
Prepayments and accrued income	209	206	136	132
Amounts due from subsidiary undertaking	0	218	0	232
Donations receivable	0	0	1,290	1,290
Other debtors	92	92	0	0
	571	734	2,195	2,407

10. Unlisted Investments	Group 2018 £'000	Charity 2018 £'000	Group 2017 £'000	Charity 2017 £'000
	Investment in subsidiary undertaking (note 10a)	-	-	-
<u>Other investments</u>				
Market value at beginning of year	245	245	221	221
Add: acquisitions at cost	-	-	-	-
Less: disposals	-	-	-	-
Net unrealised investment (loss)/gains	(2)	(2)	24	24
Market value at end of year	243	243	245	245
Total unlisted investments	243	243	245	245

Other investments consist of investments in collective investment schemes. The historic cost of these investments was £111,000 (2017 - £111,000).

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2018

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:

	2018	2017
	£'000	£'000
Fixed assets	-	-
Current assets	269	197
Creditors: amounts falling due within one year	(215)	(164)
Creditors: amounts falling due after more than one year	(119)	(162)
	<u>(65)</u>	<u>(129)</u>
	2018	2017
	£'000	£'000
Share capital	0	0
Deficit retained in subsidiary	(65)	(129)
	<u>(65)</u>	<u>(129)</u>

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

10b. Income from Trading Company

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

National Army Museum Trading Limited

	2018	2017
	£'000	£'000
Turnover	535	40
Cost of sales and administrative expenses	(471)	(148)
Interest receivable	0	0
Charitable contribution under Gift Aid	0	0
Net profit/(loss)	<u>64</u>	<u>(108)</u>

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2018

11. Cash and Cash Equivalents

	Group 2018 £'000	Charity 2018 £'000	Group 2017 £'000	Charity 2017 £'000
Cash at bank and in hand	500	475	944	834
Investments	243	243	245	245
	<u>743</u>	<u>718</u>	<u>1,189</u>	<u>1,079</u>

12a. Creditors: Amounts falling due within one year

	Group 2018 £'000	Charity 2018 £'000	Group 2017 £'000	Charity 2017 £'000
Trade creditors	588	563	1,413	1,376
Accruals and deferred income	1,026	951	4,643	4,586
Other creditors	183	183	0	0
	<u>1,797</u>	<u>1,697</u>	<u>6,056</u>	<u>5,962</u>

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

	Group 2018 £'000	Charity 2018 £'000	Group 2017 £'000	Charity 2017 £'000
Other creditors	689	689	0	0
	<u>689</u>	<u>689</u>	<u>0</u>	<u>0</u>

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

NATIONAL ARMY MUSEUM

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2018

13. Funds Analysis	Balance 1 April 2017 (Restated - Note 14)	Income	Expenditure	Transfers	Gains and losses	Balance 31 March 2018
	£'000	£'000	£'000	£'000	£'000	£'000
RESTRICTED FUNDS						
NAM Land and Buildings	36,654	0	(318)	275	0	36,611
NAM Land and Buildings revaluation	2,200	0	0	0	88	2,288
NAM Building for the Future Fund	0	220	0	(220)	0	0
Restricted Heritage Assets	3,598	30	0	105	0	3,733
Grant-in-Aid exhibits reserve	278	126	0	(105)	0	299
Funds for upkeep and maintenance of specific parts of NAM collection	468	23	0	0	(2)	489
Special Forces Exhibition Fund	0	29	(29)	0	0	0
Brothers in Arms (Esmée Fairbairn)	6	0	(1)	0	0	5
John Ellerman Foundation	15	33	(28)	0	0	20
	43,219	461	(376)	55	86	43,445
UNRESTRICTED FUNDS						
Unrestricted funds	61,165	7,780	(6,273)	(55)	0	62,617
Unrestricted funds revaluation	72	0	0	0	52	124
	61,237	7,780	(6,273)	(55)	52	62,741
TOTAL FUNDS	104,456	8,241	(6,649)	0	138	106,186

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2018

The net transfer in the year of £55,000 from unrestricted funds to restricted funds relates to the cost of the redevelopment of the Museum funded from the Museum's general reserves.

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

The NAM Building for the Future Fund represents specific amounts received for the redevelopment of the Museum. These amounts have now been spent and transferred to the NAM Land and Buildings Fund.

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

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

Funds for the upkeep and maintenance of specific parts of the NAM Collection relate to amounts transferred to NAM towards the upkeep and maintenance of various items of the Collection when these items were transferred or bequeathed to NAM which remain unspent at the end of the financial year. These funds include £16,000 in respect of a fund set up to mark the tenure of Janice Murray as Director General. The funds from which are to be used towards the conservation of NAM's collection.

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

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

The Special Forces Exhibition Fund represents specific donations received to be applied towards the costs of this temporary exhibition.

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2018

14. Analysis of Group Net Assets Between Funds

	Unrestricted Funds	Restricted Funds	Total 2018
	£'000	£'000	£'000
Tangible fixed assets	1,293	38,899	40,192
Heritage fixed assets	63,260	3,733	66,993
Net current assets	(1,812)	813	(999)
	62,741	43,445	106,186
	62,741	43,445	106,186

The above net assets include Revaluation Reserves of:

	2018 £'000	2017 £'000
Tangible fixed assets		
Unrestricted	124	72
Restricted	2,288	2,200
	2,412	2,272
	2,412	2,272

Revaluation Reserves and Restatement to Comparative Amounts for 2016/17

Upon adoption of the 2015 SORP (FRS 102) NAM applied the transitional exemptions and did not create revaluation reserves for Long Leasehold Land and Buildings as it did not hold historical information to enable it to do so. In 2017/18 NAM have elected to no longer apply these exemptions and have retrospectively created revaluation reserves dating back to 1st April 2015. In calculating these Reserves NAM identified that upward revaluations of part of tangible fixed assets had been netted off against the impairment of other tangible fixed assets in 2016/17. As a result comparative amounts have been grossed up so that the impairment expenditure for 2016/17 is increased by £1,386,000 over that previously reported with a corresponding increase in the revaluation credit for the year. This restatement has no effect on the net asset values previously reported.

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

15. Operating Lease Commitments

At 31 March 2018, the Museum had total future minimum commitments under non-cancellable operating leases as follows:

	2018		2017	
	£'000	£'000	£'000	£'000
	Land and buildings	Other	Land and buildings	Other
Due within one year	212	4	192	18
Due between one and five years	847	10	770	14
Due after five years	1,742	-	1,876	-
	2,801	14	2,838	32
	2,801	14	2,838	32

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2018

16. Related Party Transactions

National Army Museum Trading Limited

The relationship of the Museum to the Company is disclosed in note 10a, and the balances due from the company at the year end are disclosed in note 9. Mr Bradley, Mrs Donovan, Mr Schreier, Mrs Murray and Mr Maciejewski acted as directors of National Army Museum Trading Limited and also Members of Council or the Management Team of the Museum during the year.

National Army Museum Foundation

The National Army Museum Foundation was incorporated under the Companies Act 2006 as a private company limited by guarantee, it is also a separate independent registered charity. It was set up with the primary purpose of raising funds to support the development of the National Army Museum. At all times the control and administration of the Funds of the Foundation have remained the responsibility of its own trustees. During the year the Foundation donated £69,000 (2017: £810,000) towards the redevelopment of the Museum.

National Army Museum Development Trust

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

The funds of the Trust may be applied, at the discretion of the Trust's trustees, to further the charitable purposes of the Museum or other charitable purposes or institutions. The trustees may not, unless they see special reason, make a payment to the Museum without specifying the particular purpose for which it is to be used, being a purpose for which public funds are not expected to be available. There were not transactions between the National Army Museum and the National Army Museum Development Trust during 2017/18 and 2016/17.

The balance of funds held by the Trust at 31 December 2017 was £572,283 (31 December 2016 £536,334). The control and administration of these funds remains, at all times, the full responsibility of the Trust's trustees.

Society of Friends of the National Army Museum

The Society of Friends of the National Army Museum, a registered charity number 234325, did not provide any funding for the Museum in 2017-18 (2016/17 £Nil). The control and administration of these funds remains at all times the full responsibility of the Society's trustees.

Ministry of Defence

The National Army Museum is classified for administrative purposes by the Ministry of Defence ("the MOD") as an Executive Non-Departmental Public Body (ENDPB) which it sponsors. The MOD is regarded as a related party. Grant-in-Aid funding from the MOD is separately disclosed in note 4(a) of the Financial Statements.

17. Capital Commitments

	2018	2017
	£'000	£'000
Authorised and contracted for at 31st March 2018	-	-
Authorised at 31st March 2018 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 audit certificate was signed by the Comptroller and Auditor General.