

National Army Museum Trading Limited
Financial Statements
31 March 2020

National Army Museum Trading Limited

Financial Statements

Year ended 31 March 2020

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National Army Museum Trading Limited

Directors' Report

Year ended 31 March 2020

The directors present their report and the financial statements of the company for the year ended 31 March 2020.

Directors

The directors who served the company during the year were as follows:

Ms J A Spungin
Mr R Grimston
Mr P Schreier –resigned 4 October 2019
Mr D K Smurthwaite
Mrs J Donovan
Mr J Maciejewski

Events after the end of the reporting period and the effects of covid-19

Particulars of events after the reporting date are detailed in note 12 to the financial statements.

At the end of the financial year, the Museum like other similar institutions suffered lockdown due to the outbreak of Covid-19. This resulted in an urgent need for the Museum and the Company to reforecast its and group budgets, as the Company was forecasting a considerable drop in income which would impact significantly on the Company and its parent, the National Army Museum. Company activities were significantly curtailed as footfall was non-existent in the first three months of the new financial year with only minimal income being generated. The Company modelled the various scenarios around government and Public Health England (PHE) guidance, settling on two different options.

The Museum re-opened to the public on 7 July in a Covid-19 safe way. Initially, the Museum noticed a new type of visitor who, because they were new, increased the spend per head with strong sales activity especially during the half term in October 2020. Gradually, the Museum has re-opened areas which allow the Company to open up several revenue generating activities such as the Playbase soft play area and room hire. These green shoots coupled with ongoing restructuring to significantly reduce costs and the support offered by the parent body give the directors confidence that the Company is a going concern. The directors currently anticipate with the second lockdown from 5 November that trading will return to current levels once the Museum is able to re-open.

The board will continue to monitor the budgets and performance as changes are made in government and PHE advice.

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

National Army Museum Trading Limited

Directors' Report *(continued)*

Year ended 31 March 2020

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on 2/11/2020 and signed on behalf of the board by:



Ms J A Spangin
Director

Registered office:
National Army Museum
Royal Hospital Road
London
SW3 4HT

National Army Museum Trading Limited

Independent Auditor's Report to the Members of National Army Museum Trading Limited

Year ended 31 March 2020

Opinion

We have audited the financial statements of National Army Museum Trading Limited (the 'company') for the year ended 31 March 2020 which comprise the statement of income and retained earnings, statement of financial position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

National Army Museum Trading Limited

Independent Auditor's Report to the Members of National Army Museum Trading Limited *(continued)*

Year ended 31 March 2020

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of directors

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

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We 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 our 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' 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 company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

National Army Museum Trading Limited

Independent Auditor's Report to the Members of National Army Museum Trading Limited *(continued)*

Year ended 31 March 2020

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We 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 we identify during our audit.

Use of our report

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Kreston Reeves LLP

Alison Jones FCA (Senior Statutory Auditor)

For and on behalf of
KRESTON REEVES LLP
Chartered Accountants & statutory auditor
One Jubilee Street
Brighton
East Sussex
BN1 1GE

30 November 2020

National Army Museum Trading Limited

Statement of Income and Retained Earnings

Year ended 31 March 2020

	Note	2020 £	2019 £
Turnover		575,743	656,170
Cost of sales		<u>169,391</u>	<u>215,583</u>
Gross profit		406,352	440,587
Administrative expenses		<u>310,465</u>	<u>327,428</u>
Operating profit		95,887	113,159
Other interest receivable and similar income		27	18
Interest payable and similar expenses		<u>1,974</u>	<u>2,776</u>
Profit before taxation	7	93,940	110,401
Tax on profit		<u>380</u>	<u>12,395</u>
Profit for the financial year and total comprehensive income		<u>93,560</u>	<u>98,006</u>
Dividends paid and payable		(138,727)	-
Retained earnings/(losses) at the start of the year		<u>45,167</u>	<u>(52,839)</u>
Retained earnings at the end of the year		<u>-</u>	<u>45,167</u>

All the activities of the company are from continuing operations.

The notes on pages 8 to 11 form part of these financial statements.

National Army Museum Trading Limited

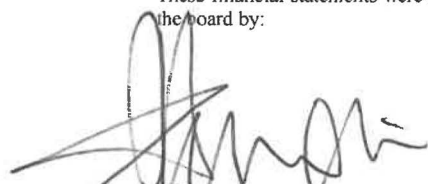
Statement of Financial Position

31 March 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	8	2,002	–
Current assets			
Stocks		130,937	133,627
Debtors	9	90,556	60,402
Cash at bank and in hand		33,991	73,538
		<u>255,484</u>	<u>267,567</u>
Creditors: amounts falling due within one year	10	<u>218,936</u>	<u>143,360</u>
Net current assets			<u>36,548</u>
Total assets less current liabilities			<u>38,550</u>
Creditors: amounts falling due after more than one year			
Amounts owed to parent undertaking		38,169	79,039
Provisions			
Taxation including deferred tax		380	–
Net assets			<u>45,168</u>
Capital and reserves			
Called up share capital		1	1
Profit and loss account		–	45,167
Shareholders funds		<u>1</u>	<u>45,168</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on 21/1/2020 and are signed on behalf of the board by:



Ms. A. Spungin
Director

Company registration number: 06707366

The notes on pages 8 to 11 form part of these financial statements.

National Army Museum Trading Limited

Notes to the Financial Statements

Year ended 31 March 2020

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is National Army Museum, Royal Hospital Road, London, SW3 4HT.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

(a) Basis of preparation

The financial statements have been prepared on the historical cost basis.

The financial statements are prepared in sterling, which is the functional currency of the entity.

(b) Going concern

As a result of restrictions arising from Covid-19 the Museum closed to the public on 18 March 2020 with the result that only minimal income was generated by the company until the Museum re-opened on 7 July 2020. Visitor numbers since re-opening are significantly below pre-Covid levels and as a result the company has still to return to trading profitably. In order for the company to meet its liabilities as they fall due, the company is reliant on support from its parent company, the National Army Museum. This support has included the recapitalisation of the company subsequent to the balance sheet date with an increase in its share capital of £49,999 to £50,000 together with a further loan for £50,000 and as a result the directors consider the company to be a going concern.

(c) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported.

(d) Revenue recognition

The turnover shown in the profit and loss account represents amounts earned during the year from retail sales, room hire, birthday parties, children's soft play activities and related services, exclusive of Value Added Tax.

(e) Taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period.

The company has entered into a deed of covenant with its parent company obligating it to donate the lower of its taxable or distributable profits within nine months of the year end. As a result no current tax liability arises on the trading profits for the year. In addition the company has taken advantage of the exemption available in FRS 102 from the requirement to account for deferred tax on this donation.

Deferred tax is recognised in respect of all other timing differences at the reporting date. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

(f) Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses.

National Army Museum Trading Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

3. Accounting policies *(continued)*

(g) Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures and fittings - 10 years straight line

(h) Stocks

Stocks are measured at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing the stock to its present location and condition.

(i) Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

(j) Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

(k) Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided.

4. Corporation tax charge

No current taxation liability arises for the year as a result of the donation of the company's taxable profits for the year under a deed of covenant to the parent company. The taxation charge for the year represents the provision of deferred tax on short term timing differences which reverse in subsequent years.

The taxation charge for the prior year represented the reversal of a deferred tax asset in respect of brought forward tax losses which have been utilised prior to the donation of the prior year's profits.

5. Auditor's remuneration

	2020	2019
	£	£
Fees payable for the audit of the financial statements	<u>5,415</u>	<u>5,950</u>

6. Employee numbers

The average number of persons employed by the company during the year amounted to 17 (2019: 16).

National Army Museum Trading Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

7. Profit before taxation

Profit before taxation is stated after charging:

	2020 £	2019 £
Depreciation of tangible assets	<u>222</u>	<u>–</u>

8. Tangible assets

	Fixtures and fittings £	Total £
Cost		
At 1 April 2019	–	–
Additions	<u>2,224</u>	<u>2,224</u>
At 31 March 2020	<u>2,224</u>	<u>2,224</u>
Depreciation		
At 1 April 2019	–	–
Charge for the year	<u>222</u>	<u>222</u>
At 31 March 2020	<u>222</u>	<u>222</u>
Carrying amount		
At 31 March 2020	<u>2,002</u>	<u>2,002</u>
At 31 March 2019	<u>–</u>	<u>–</u>

9. Debtors

	2020 £	2019 £
Trade debtors	<u>32,297</u>	23,967
Amounts owed by parent undertaking	<u>57,006</u>	30,328
Other debtors	<u>1,253</u>	6,107
	<u>90,556</u>	<u>60,402</u>

10. Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	<u>8,801</u>	1,733
Amounts owed to parent undertaking	<u>54,884</u>	64,591
Amount owed to parent undertaking under deed of covenant	<u>93,560</u>	–
Social security and other taxes	<u>13,518</u>	18,777
Other creditors	<u>48,173</u>	58,259
	<u>218,936</u>	<u>143,360</u>

11. Reserves

During the year the company entered into a deed of covenant with its parent company obligating it to donate the lower of its taxable or distributable profits to its parent company. As the obligation did not exist at the end of the prior year, the amount shown in the Statement of Income and Retained Earnings for the charitable donation payable to the National Army Museum includes the donations in respect of the company's profits for both the current and prior year.

12. Events after the end of the reporting period

Subsequent to the year end the company, in order to improve its financial strength and robustness, increased its share capital from £1 to £50,000 by the issue of a further 49,999 ordinary shares at £1 each to its parent company. In addition, the company has also received a further loan from its parent company for £50,000.

National Army Museum Trading Limited

Notes to the Financial Statements *(continued)*

Year ended 31 March 2020

13. Controlling party

The ultimate parent company is the National Army Museum.

The ultimate controlling party is the Trustees of the National Army Museum.

National Army Museum Trading Limited

Management Information

Year ended 31 March 2020

The following pages do not form part of the financial statements.

National Army Museum Trading Limited

Detailed Income Statement

Year ended 31 March 2020

	2020 £	2019 £
Turnover		
Museum Shop Sales	200,743	265,592
Catering Commission	43,344	43,654
Reproduction Fees	–	8,288
Room Hire	81,085	78,655
Playbase Income	153,579	142,679
Birthday Parties	93,598	112,990
Other Trading Income	3,394	4,312
	<u>575,743</u>	<u>656,170</u>
Cost of sales		
Opening stock	133,627	173,550
Purchases	108,618	112,587
Room Hire and Party Costs	58,083	63,073
	<u>300,328</u>	<u>349,210</u>
Closing stock	130,937	133,627
	<u>169,391</u>	<u>215,583</u>
Gross profit	<u>406,352</u>	<u>440,587</u>
Overheads		
Administrative expenses	310,465	327,428
	<u>–</u>	<u>–</u>
Operating profit	95,887	113,159
Other interest receivable and similar income	27	18
Interest payable and similar expenses	(1,974)	(2,776)
	<u>–</u>	<u>–</u>
Profit before taxation	<u>93,940</u>	<u>110,401</u>

National Army Museum Trading Limited

Notes to the Detailed Income Statement

Year ended 31 March 2020

	2020	2019
	£	£
Administrative expenses		
Administrative staff salaries	250,674	268,801
Contractors fees	1,573	9,685
Staff pension contributions	17,848	9,091
Premises costs	635	–
Repairs and maintenance	6,007	6,133
Travel and subsistence	616	771
Staff training and welfare	343	–
Staff recruitment	504	894
Membership and subscriptions	85	92
Hospitality	130	176
Advertising	180	265
Legal and professional fees	4,658	5,386
Computer consultancy expenses	2,200	–
Accountancy fees	5,910	5,920
Auditors remuneration	5,415	5,950
Depreciation of fixtures and fittings	222	–
Bad debts	4,883	4,124
Credit card charges	8,350	9,893
Bank charges	232	247
	<u>310,465</u>	<u>327,428</u>
Other interest receivable and similar income		
Bank interest receivable	<u>27</u>	<u>18</u>
Interest payable and similar expenses		
Other interest payable and similar charges	<u>1,974</u>	<u>2,776</u>