

NATIONAL ARMY MUSEUM
REGISTERED CHARITY NUMBER 237902
CONSOLIDATED FINANCIAL STATEMENTS
31ST MARCH 2013

NATIONAL ARMY MUSEUM
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YEAR ENDED 31ST MARCH 2013

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**NATIONAL ARMY MUSEUM
FOREWORD AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2013**

REFERENCE AND ADMINISTRATIVE INFORMATION

Introduction

The accounts for the National Army Museum are presented for the financial year ended 31 March 2013. 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 National Army Museum is a charity registered with the Charity Commission (reference no. 237902) and a Non-Departmental Public Body, sponsored by the Ministry of Defence.

Address and principal office of Museum

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

Subsidiary Company

The Museum undertakes trading activities through its wholly owned subsidiary, National Army Museum Trading Limited (Company number 6707366)

Professional Advisers

Bankers

Lloyds TSB Bank Plc
25 Gresham Street
London
EC2V 7HN

Solicitors

Charles Russell
5 Fleet Place
London
EC4M 7RD

Auditors

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

Internal Auditors

Daly, Hoggett & Co.
5-11 Mortimer Street
London
W1T 3HS

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STRUCTURE, GOVERNANCE AND MANAGEMENT

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, 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.

Appointment of Members of Council

At a Privy Council Meeting on 22 May 2002, 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 the Members of Council at the date on which the Article came into effect, who had been nominated by the Army Board continued to be Members of the Council and the *ex officio* Members ceased to be Members from that date. In line with para 7(3) 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. General Sir Jack Deverell was re-elected Chairman of Council at the 142nd Meeting on 22 March 2012. The Museum's Royal Charter was revised with effect from 8 July 2009. 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."

Council has chosen to subscribe to the Commissioner for Public Appointments Code of Practice for Public Appointments Procedures. In particular, Members of Council have affirmed their commitment to the Principles of Public Life.

Members of Council have due regard to the guidance on the public benefit requirements as issued by the Charity Commission.

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.

Members of Council

General Sir Jack Deverell KCB OBE (Chair)
Mrs Judith Anthony
Mr Keith Baldwin
Mr Mihir Bose
Mr Patrick Bradley
Brigadier Douglas Erskine Crum (from March 2013)
The Rt Hon The Lord Hamilton of Epsom (from May 2012)
Professor William Philpott
Major General Charles G C Vyvyan CB CBE MA MSc
Lt Gen Sir Barney W B White-Spunner KCB CBE (from July 2012)
Mrs Deborah Younger

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Recruitment, Appointment and Training of Trustees

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 a period of three years from the date of their nomination. The Committees of Council, with their membership during the year, were:

Acquisition & Disposal Professor William Philpott (Chair)
Mr Mihir Bose
Professor Brian Holden Reid MA PhD FRHistS FRGS FRUSI (nominated member)

Audit & Risk Assurance Mrs Deborah Younger (Chair)
Mr Jeremy Archer (nominated member)
Mr Keith Baldwin

This Committee was formerly known as Audit and Remuneration.

Capital Campaign General Sir Jack Deverell KCB OBE (Chair)
Steering Group Mr Patrick Bradley
Major General Charles G C Vyvyan CB CBE MA MSC
Mr Timothy Cooke (nominated member)

Building for the Future Brigadier Douglas Erskine Crum (Chair)
Sub Committee The Rt Hon The Lord Hamilton of Epsom
Lt Gen Sir Barney W B White-Spunner KCB CBE

Nominations General Sir Jack Deverell KCB OBE (Chair)
Mr Keith Baldwin
Professor William Philpott

The Nominations Committee was formed for the specific purpose of seeking new Members of Council and appointing a new Director General of the Museum. It sits with an independent external assessor.

The day-to-day operations are controlled by the Director General of the NAM with the assistance of the Management Team. The following were the members of the Management Team during the year:

Mrs Janice Murray	Director General from 25 October 2012 previously Director
Mr Mike O'Connor	Museum Director from 1 November 2012 previously Assistant Director (Operations)
Mr David Bownes	Assistant Director (Collections)
Ms Emma Carver	Assistant Director (Public Programmes) from 9 July 2012
Mrs Rosemary Gilbert	Assistant Director (Development) from 18 February 2013
Miss Teresa Scott	Assistant Director (Human Resources)

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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 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.

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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 the British Army and a first class museum that moves, inspires, challenges, educates and entertains'.

Mission:

'To gather, maintain and make known the story of the British 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'.

Core Values:

Relevance, Insight, Quality, Enjoyment, Access, Learning.

The Plan includes 5 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.

As a result of the Building for the Future redevelopment 2014-16, the Plan aims to achieve growth of 30% in visitor numbers and 20% in learning audiences while ensuring visitor satisfaction levels do not fall below 96% in the first year after reopening; an increase in commercial income of 150% and aims to raise £22million in external funding over the Plan period.

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ACHIEVEMENTS AND PERFORMANCE

2012-13: A Year at the National Army Museum

Chelsea Development

The year got off to a terrific start with the announcement in May 2012 that the Museum had been successful in its Round 1 bid for £11.35m from the Heritage Lottery Fund (HLF), which includes £350,000 of development funding.

The project aims to see the radical transformation of NAM's offer for on-site, off-site and online audiences through a programme of redevelopment and outreach activities. The project will include the renovation of the visitor experience at the Chelsea site, with new galleries to reinterpret the Collection, much improved education facilities and increased access to the Collection.

This radical transformation was underpinned in December with the appointment of a team led by interdisciplinary designers BDP and accompanied by exhibition designers, Event Communications. The project is managed by project managers and cost consultants, Focus Consultants.

BDP and Event Communications bring their expertise together to reconfigure the building to provide greater public access and facilities, improved learning spaces and create innovative and exciting new gallery spaces. The team will work alongside NAM's internal team to update and reinterpret the story of the British Army and to present the Museum's Collection. Focus Consultants will be working with all partners to oversee and ensure the smooth running of the venture.

In addition, NAM is now busy developing an extensive outreach programme working alongside the pre-existing national network of regimental museums. This programme will establish a range of digital and off-site projects that will include touring exhibitions, volunteer and training opportunities. These activities will be linked to the upcoming First World War and Battle of Waterloo anniversaries in 2014 and 2015.

Volunteers

The *Building For the Future* project cannot be realised without the steadfast support and great enthusiasm of volunteers. The Museum, working with military charities, volunteer centres and community groups, undertook the recruitment of the biggest programme of volunteers the Museum has ever seen. This followed the successful pilot programme in January 2011 and many volunteers have gone on to secure PhD placements, work experience and paid employment, including within the Museum.

33 volunteers now support staff in the auditing of the Collection, cataloguing, records management, invigilation of the Templer Study Centre, learning and photography.

By giving up their time and skills, our volunteers enable us to undertake new and more ambitious projects and activities. The Museum is in the process of creating a wide range of community volunteering opportunities. These will allow our community stakeholder groups to be involved with the future development of the Museum. By 2016, we aim to develop the Museum's current programme and create even more opportunities.

'I am thoroughly enjoying my time here and it is great to see the progress we have made!'

'The best 6 months I have EVER done!'

'Great opportunity to mentor other volunteers'

'During the barcoding, it was nice to get to see the collection first hand, there really are some beautiful items there!'

People

In February the Museum welcomed Mrs Rosemary Gilbert to the newly created post of Assistant Director (Development). Mrs Gilbert will be responsible for developing an overarching strategy for securing grants, sponsorship, donations and legacies, now and in the future.

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This expansion of the fundraising team to support the redevelopment is part of the Museum's ongoing commitment to meet its HLF goals and deliver a world-class museum, which will safeguard the fascinating story of the British Army for future generations to enjoy, learn from and discover.

Accreditation Success

In March the Museum was delighted to learn that it had once again been awarded Full Accreditation, this time by Arts Council England (ACE), who took over the running of the scheme in 2011. The Museum was first awarded Full Accreditation in February 2009 but, as with all participants of the scheme, NAM must prove it is continuing to meet the standard by submitting a return every two years. Full Accreditation status signifies to the Museum's stakeholders and visitors that it is in 'good running order' and is managing collections effectively for the enjoyment and benefit of users.

All the Museum's curators, along with our excellent volunteers, spent significant amounts of time in the stores at Chelsea and at Stevenage, doing unglamorous but necessary work. Collections management procedures were also revised and updated, and new training rolled out to members of staff. All this work ensures that the Collection continues to be fit for purpose and fulfils the Museum's Strategic Plan.

The achievement of Full Accreditation is particularly well deserved for the Museum and it is vital for seeking grants and support for our ambitious *Building for the Future* programme. It is a sign to all of the NAM's stakeholders that the Museum is ready for all the great opportunities that lie ahead.

Access and Audience Development

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 Collection and to the professional expertise of its staff. This is achieved in a variety of ways. Access is provided through public events, outreach, the loan of important objects to other museums, assisting researchers in the Templer Study Centre, answering enquiries, providing formal learning sessions, the website and through public access to the Museum. Admission to the Museum and to all its exhibitions has always been free and this commitment to free public access is demonstrated in much of the work the Museum does.

The Museum continues to develop and monitor its target audience through focus groups and surveys. A selection of visitor comments (all presented as written) gives a snapshot of the success the Museum has had in reaching a wide range of audiences:

'Honestly speaking I came for an hour but then after spending 6 hrs here, I am longing to come back. This is an amazing place.'

'this very extensive museum was probably the most interesting we have ever been in, It was an incredible experience.'

'Great place, great artwork, great displays and very peaceful experience.'

'OUTSTANDING MUSEUM - EXCELLENT STAFF - GREAT WARM SMILES - 10/10 FOR FOOD - YOU SHOULD BE PROUD! THANK YOU'

'Excellent is an understatement.'

'The breadth & depth of information & exhibits is astonishing. So well laid out and well documented. Well done! Cafe good too. keep up the good work'

'Amazing and wonderful look at the British Military History.'

'We've brought 2 grandchildren with us. they loved it 4th Visit. NAM gets better!'

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Special Exhibitions and Permanent Galleries

In May the White Space's successful rolling programme continued with *Jubilee: 60 Years of the Sovereign and Her Soldiers*. This dazzling display, which closed in December, celebrated Her Majesty Queen Elizabeth II's Diamond Jubilee.

As Head of State and Head of the Armed Services, The Queen's role is inherently linked with the Army. The display followed The Queen's changing Army role, from active service during World War Two to ceremonial roles such as Trooping the Colour and presentation of honours.

The Jubilee display drew on the Museum's Collection to showcase private and official images and artefacts. It was also an ideal opportunity to showcase The Queen's original Auxiliary Territorial Service (ATS) uniform (NAM. 1994-03-285-1 to -6). The khaki uniform of tunic, skirt, shirt, tie and cap was worn by The Queen when, as Princess Elizabeth, she held the honorary commission of Brigadier in the Women's Royal Army Corps and volunteered with the ATS as a mechanic during World War Two.

However not all our displays are large-scale affairs. In September, as part of London Design Festival 'Art in Miniature', the Museum displayed one of the tiniest military exhibitions ever. The exhibition, curated by Hat-Trick Design, focused on eight postage stamps commemorating key dates in the history of the British Army from the Crimean War to the present day. The project also helped celebrate the mini-masterpieces of Royal Mail stamp design.

This year the Museum's Special Exhibition *War Horse: Fact & Fiction* was extended due to popular demand. The exhibition, which closed in March, was seen by over 230,000 visitors. The touching 'real life' stories of the horses and men who depended on them were illustrated through the Museum's rich collection encouraging visitors to think about the millions of War Horses who have supported the British Army across time.

The Museum is keen to capitalise on this remarkable success, and is looking to appoint a leading international cultural consultancy to develop the exhibition into a worldwide tour. It is envisaged that the exhibition will tour at venues across the world from January 2014.

In February *Britain's Greatest Battles* opened in the White Space, building upon the Museum's recent and popular examinations of *Britain's Greatest Generals* and *Foes*. It was devised by the Museum to demonstrate the personal and global impact of these battles and to commemorate the most notable clashes the British Army has ever seen, and draw attention to some lesser-known ones.

Exploring 400 years of British Army history, from the English Civil War to the current conflict in Afghanistan, this exhibition gave visitors the key facts, described the impact and looked at the legacy of 20 of Britain's greatest battles.

Original artefacts told the stories behind the battles and the real-life experiences of the soldiers who fought in them. They revealed how tactics, bravery, logistics, innovation and luck helped the British Army secure victory and where it found its fiercest challenges and bitterest setbacks.

Visitors were invited to vote with live polling stations in the exhibition and on the Museum's website. Voting closed on 20 March with five shortlisted and the poll culminated in a series of targeted talks on 20 April by leading authors and journalists. The winner was Imphal/Kohima.

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Education that Informs, Entertains and Inspires

The provision of learning opportunities for all is at the heart of the Museum's mission. This year saw a continuing increase in attendance, to over 23,000, the sixth annual rise in succession.

Formal learning

Sessions taught by the Museum's experienced and knowledgeable educators are available to school groups, Army groups and adult learners. Once again, the Museum was pleased to observe an increase in bookings and attendance at these sessions. Enhanced provision for the services has led to an impressive 93% increase in attendance.

	2012-13	% change from previous year
Primary	6856	+6
Secondary	9158	-23
Services	6441	+93
Groups	847	-28
TOTAL	23302	+2

Special talks were also held by world-renowned experts such as Dan Snow, Lord Ashdown and Antony Beevor, as well as a series of in-depth discussion events covering a broad range of topics from Army medicine to the Falklands War. These ticketed events were attended by over 1,800 visitors. Lunchtime lectures continued to be very popular with average attendance up 12%, resulting in over 4,300 visitors across the year.

A Dynamic, World-Class Collection

Major acquisitions 2012-13

Over the year the Museum continued to add items to its nationally-important collections. Through these acquisitions the NAM strengthens its position as the first choice for the history and life of the British Army. Some objects are intended for immediate display in the galleries, while others are added to fill gaps in the study collection.

In April the Museum was fortunate to be given a group of 52 letters from 1782 (NAM. 2012-08-2-79 to -130), detailing replies to the Deputy Adjutant General from Colonels of the Regiments of Foot. The Colonels had been asked to choose a county name for their regiment. This illuminating correspondence sheds light on each regiment's claim to their strong and local connection.

Curators are also keen not to miss out on chances to acquire new examples of clothing and equipment for the Collection. Examples of the Multi Terrain Pattern (MTP) (NAM. 2012-04-16 to -20 & -22) were acquired, which was first introduced in March 2010 to soldiers serving in Afghanistan. Last year it was rolled out across all units and the old designs of Disruptive Pattern Material (DPM) will be phased out by 2016.

A medical bergen (NAM. 2012-10-15-1 to -85) was also acquired which belonged to Army Medic LCpl Chris Schivas, 16 Medical Unit, and was used in Afghanistan between 2007-08 and 2010. As the use of improvised explosive devices (IEDs) has increased over recent years, so the immediate treatment of wounds incurred by these devices has advanced and the equipment adapted. The bergen, complete with a 'bone drill' which injects pain relief straight through the bone and into the marrow of the severely injured, is a stark reminder of the dangers facing the soldiers on duty in Afghanistan today.

These contemporary objects have been illuminated with further archival material and photographs. This includes a typed diary (NAM. 2013-03-6) with 32 embedded images written by Capt David Henson, 33 Regiment (Explosive Ordnance Disposal), Royal Engineers. It covers the first 116 days of his Herrick 13 tour prior to becoming a double amputee after an IED attack. The diary describes his service as a Royal Engineer Search Advisor (RESA) in Afghanistan dealing with IEDs.

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As part of the Diamond Jubilee celebrations, the Museum acquired a Fortnum and Mason Jubilee gift tin containing tea and biscuits (NAM.2012-12-58). This tin continues a long tradition of sending parcels of home comforts to support British soldiers fighting around the globe and joins the other important tins in the Museum's Collection which stretch back to the Boer War.

The British Army also had an important role during the London 2012 Olympic Games which gave the opportunity to acquire more contemporary material. The Museum was fortunate to acquire an Olympic shoulder badge (NAM. 2012-08-3) which was given to all soldiers who participated in the Games.

The relationship between the public and the British Army has also been captured with an extensive selection of bracelets made by various Armed Forces charities (NAM. 2013-02-3 to -7).

The Museum is also delighted when further stories and insights can be added to items already in the Collection. In July the Museum received a second child's dressing gown (NAM. 2012-07-4) relating to Anthony Mallaby, to add to his other one already in the Collection (NAM. 2001-07-1147). Anthony's father, Maj Gen Aubertin Walter Sothorn Mallaby, collected and wore some of the badges which were then sewn onto the dressing gown. Maj Gen Mallaby served in the 2nd Punjab Regiment and for the latter part of the World War Two was Director of Military Operations in the War against Japan. He was killed in action in Indonesia in 1945.

Items were also acquired to augment and enhance the Museum's Fine and Decorative Art Collection. A pen and ink drawing entitled 'The Reason Why', c1897 – c1898 (NAM. 2012-08-4) by William Theobald Maud is a rare depiction of the Egyptian Army fighting under the command of Maj Gen Sir Horatio Herbert (later FM 1st Earl) Kitchener (1850-1916). It shows the Egyptian Army marching up the Upper Nile towards Omdurman.

The Museum was also delighted to acquire a pair of stirrups owned by Henry William Paget, 1st Marquess of Anglesey, c1815 – 54 (NAM. 2012-12-56). In 1812 Paget became the 2nd Earl of Uxbridge and at the Battle of Waterloo, he commanded the British cavalry and horse artillery in Wellington's army. He lost his leg when it was shattered by a piece of shot which narrowly missed Wellington. These were most likely made for Paget during his service after Waterloo, as the design of one stirrup appears to have been made to accommodate his artificial leg.

In January the Museum received a remarkable London and North Eastern Railway (LNER) model train with tracks (NAM. 2013-01-15-1 to -6). This was made by SSgt Ernest John Trimmer, Royal Army Ordnance Corps, while a prisoner of war at Stalag 383, following his capture in Corinth, Greece, 26 April 1941. All the materials were scavenged from cocoa tins and Red Cross parcel packaging.

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Purchase Grant

The Museum receives £117,000 Purchase Grant per annum from the Sponsor Department to purchase important items for its collections. The following items were bought during the year:

Accession number	Object	Purchase price in £s (including VAT)	Purchased from
NAM. 2012-06-1	Pencil study of a horse of the 7th Hussars by Denis Dighton, c1825.	2,145.00	Bloomsbury Historical Consultancy
NAM. 2012-06-2	Two sided sheet of sketches of items of equipment and horse furniture of the 10th Light Dragoons (Hussars) pencil drawing by Denis Dighton, c1812 - c1820.		
NAM. 2012-06-3	Watercolour by an unknown artist, c1812-c1815. Shows an officer of the 95th Regiment of Foot (Riflemen).		
NAM. 2012-06-6	Collection of archives relating to Lt (later Capt) James Girdlestone, 2nd Bn 31st (Huntingdonshire) Regiment of Foot, nd.	4,550.00	Bonhams
NAM. 2012-06-7	Miniature of Lt (later Capt) James Girdlestone, 2nd Bn 31st (Huntingdonshire) Regiment of Foot, nd.		
NAM. 2012-06-8	Military General Service Medal 1793-1814, with clasps: Nivelles, Pyrenees, Vittoria, Albuhera, Busaco and Talavera. Awarded to Lt (later Capt) James Girdlestone, 2nd Bn 31st (Huntingdonshire) Regiment of Foot.		
NAM. 2012-06-9	Letter written by Gabriel Spiers, Capt Deeds' Coy 3rd Bn Rifle Brigade, in Agra, India, 1 May 1859.		
NAM. 2012-06-10-1 to -6	A collection of First World War recruiting posters published by the Parliamentary Recruiting Committee.	400.00	John Burningham
NAM. 2012-07-2	'Comradeship! / Territorials'. Recruiting poster by Albert Bailey, 1920.	626.00	Onslow Auctions Limited
NAM. 2012-07-3	'Protect Your Heritage. Join the Territorial Army'. Recruiting poster by E R Blair, c1920.		

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NAM. 2012-08-1-1	'Come Now/ Your arms/ uniform and/ accoutrements/ are ready/ waiting for you/ Lord Kitchener at Guildhall, July, 1915/ Be honest with yourself'. Chromolithograph recruiting poster, 1915.	725.00	David Cohen Fine Art Ltd
NAM. 2012-08-1-2	'Come and do/ your bit/ join now'. Chromolithograph recruiting poster after 'P.J.W.', 1915.		
NAM. 2012-08-1-3	'Which? / Have you a/ reason -/ or only an excuse -/ for not enlisting now!' Typographical chromolithograph recruiting poster, 1915.		
NAM. 2012-08-1-4	'Halt!/ Go into training/ and/ help/ the boys/ at the front'. Typographical chromolithograph recruiting poster, 1915.		
NAM. 2012-08-1-5	'Each recruit brings peace nearer'. Chromolithograph recruiting poster, c1915.		
NAM. 2012-08-1-6	'Concitoyens'. Typographical chromolithograph poster, 1919.		
NAM. 2012-08-4	'The Reason Why'. Pen and ink drawing by William Theobald Maud (1865-1903), c1897 - c1898.	760.00	Marani Fine Art
NAM. 2012-09-5	'Repetition'. Mixed media on canvas, unsigned, by SqnLdr Martin Balshaw, Royal Air Force, 2012.	750.00	Martin Balshaw
NAM. 2012-09-8	'The 6th Dragoon Guards at Chobham Camp, 14 Jun-25 Aug 1853'. Oil on panel attributed to Samuel Henry Alken, nd.	620.00	Sworders Fine Art Auctioneers
NAM. 2012-10-18	Collection of approximately 200 pieces of correspondence from employees of book auctioneers Hodgson and Company who served in the British Army during World War One, 1914-1919.	772.80	Bloomsbury Auctions
NAM. 2012-11-18	Map: Wallis's New Map of the Present Seat of War between the Allied Powers and France. Exhibiting the Course of the Rhine from Switzerland to the Sea, 1815.	550.00	Altea Gallery Ltd

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NAM. 2012-11-32	Inside Mastiff 33A ("Withdrawing, we don't retreat"), Feb 2010. Oil on paper by Jules (Julian) George, Ministry of Defence war artist, 2011.	9,500.00	Jules George
NAM. 2013-01-14	'Who's Absent'. Recruiting Poster, c1915	165.00	Tony Scanlon Posters

Accessions to the Collection

Accessions and retrospective cataloguing are entered on the Museum's centralised Collections Database and Network Infrastructure (CABAL). Work has also continued on the important retrospective documentation of all areas of the Collection. New accession numbers issued during 2012-13 totalled 322 (2011-12: 202), plus 137 new accessions to the Printed Books collection. The overall totals for CABAL entries from 1998 to 31 March 2013 are therefore 100,690 data records plus 51,240 book records (last year 51,095), and 393,353 part records (last year 356,034). It should be recognised that these part records may include many additional items under one accession number.

Loans

As in every year, the Museum is called upon to lend objects to exhibitions around the world: a tribute to the Museum's wide-ranging and diverse Collection. Some exhibitions are international blockbusters, others are smaller affairs but all provide an opportunity for the Museum's artefacts to be seen by a wider public.

In August the Museum loaned over 40 items relating to The Buffs (Royal East Kent Regiment) as part of the Beaney Institute's re-display in Canterbury. The loan agreement is initially for 10 years.

In March several important watercolours (NAM. 1971-02-33-106; -139; -495-7 & 1987-06-12) were loaned for the exhibition *The India of the Maharajas*, Schloss Schallaburg Castle, Austria. The exhibition is scheduled to close in November.

Also running until November, an oil on canvas of King George II at the Battle of Dettingen by John Wootton, c1743 (NAM. 1961-07-116) was loaned in March for the exhibition *Secrets of the Royal Bedchamber* at Hampton Court Palace.

Disposal (See Note 8 Page 44)

Disposal of items from the Collections is a key part of the Museum's collections management programme. In combination with continued acquisition, focussed disposals will ensure that the Museum's Collections remain fit to tell the Army's stories. All disposals are processed in line with the Museum's Acquisition & Disposal Policy, along with the Museum Association's Code of Ethics. Destruction is only considered as a last resort or when an item poses a Health and Safety risk to staff or the public.

This year 930 items or groups of items were disposed of. The vast majority of these 771 items (83%) were duplicate prints, badges and buttons, which were all transferred to other museums. Of the remaining 159 items (17%), five were destroyed because of being in poor condition and 154 books were recycled. This has helped free up valuable space in the stores and fill gaps in other museum collections.

The long-term result of the Museum's disposal programme is a leaner, fitter Collection, more focussed on the needs of our visitors and users and better fitted to fulfil the requirements of the Museum's Royal Charter.

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Conservation and Collections Care

NAM conservators, as well as managing routine conservation for loans and Special Exhibitions, spent over £50,000 on conservation for key parts of the Collection. This included over 40 First World War posters and further work on the Museum's historically significant colours and flags. After seven years careful conservation work, the Museum's unique Triumph 3-wheeled army motorcycle (NAM. 1994-11-9-1) was completed. Conservators also provided expert advice to the public and other institutions around the world.

As part of the Museum's HLF bid, Halahan Associates were appointed in September to research and write the Museum's Conservation Management Plan. The Plan will ensure the on-going preservation of the Museum's Collection for the next ten years.

Building Improvements

The Museum received a substantial in-year grant to construct additional storage facilities within its Stevenage Out-station. These facilities will be used to accommodate the current collections housed at Chelsea during its HLF refurbishment project. After the project some collections will remain at Stevenage to allow easier access to the returned collections at Chelsea.

Reaching out to People and Museums

Supporting the research of others

As well as encouraging its staff to research the Collection when preparing new exhibitions, writing new educational tools or cataloguing objects, the Museum helps the research of people around the world. One way this is done is by responding to enquiries from the public, from other institutions and commercial enterprises. The programme of Identification and Advice sessions, launched in 2010 and staffed by the Museum's curators, continued to go from strength to strength. Attendance figures were up on last year, with over 80 members of the public seeking expert advice from our staff. (2012-13 figures: over 70)

Museum curators also attended the ever popular *Who Do You Think You Are? Live* to assist members of the public with their research. Staff were also present at the British Military Tournament and Stevenage Armed Forces Day. Articles were also written for SOFNAM, *Britain at War* and *Medal News*.

During the year 2012-13 the Museum answered 3,767 written enquiries (2011-12: 3,240). Of these replies, 98 were overdue under the Museum's policy of answering all enquiries within 20 working days (2011-12: 164) and 10 were requests under the Freedom of Information Act 2000 (2011-12: 12). In addition the Museum's curators answered 1,830 enquiries by telephone. Written enquiries cover many topics but the bulk of questions were about the Museum's Collection, family history and general military history. The statistics for the main enquiry types are as follows:

	Total	Collection Research	Family History	Military History	Commercial	Other Subjects
2012-13	3767	35%	27%	24%	8%	6%

Templer Study Centre

Access to the paper-based collection continues to be a source of inspiration to many visitors. The number of visitors to the TSC during the year 2012-13 was 1,203. During the year 475 new tickets were issued, and a further 82 renewed.

NATIONAL ARMY MUSEUM
FOREWORD AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2013

Assistance to other institutions and regional support

In the spirit of professional cooperation the Museum provides assistance, where possible, to other institutions. The appointment of a full-time Regimental Museums Liaison Officer last year has already fostered strong relationships with our regimental partners. Aside from the provision of the twice-yearly week-long Regimental Curators' Course, 35 regimental museums were visited to ascertain their needs and plan for upcoming anniversaries. In partnership with the Royal Armouries, a two-day firearms course was also arranged for regimental curators.

Staff gave talks at many external institutions, including the Essex Family History Society, Keble College (Oxford), London Metropolitan Archives, Imperial War Museum, Nuneaton Museum & Art Gallery, Westminster University, and London Transport Museum.

As part of the HLF redevelopment, Outreach Curators have been busy organising monthly workshops with volunteers recruited by the Anglo Sikh Heritage Trail. Scheduled to take place at the NAM and in venues in West London, the West Midlands and Southampton, these will lead to filmed re-interpretation of key artefacts from the Collection.

The team are also working with the Ming-Ai Institute to reinterpret key artefacts from the Collection relating to the experience of Chinese soldiers within the British Army. Two project roadshows were arranged and curators distributed 4,000 postcards promoting the project at the Chinese Spring Festival.

The Museum is also working with artist Susan Stockwell to develop a programme working with soldiers in rehabilitation. Soldiers will be reflecting on items that are significant to them – letters, love tokens, photos, mementos, old uniform and ration packaging. The story of the project and the results of the workshops will form part of a touring exhibition that will visit venues across the country.

Curators have also embarked on an exciting new pilot project, working in collaboration with the Royal Hospital Chelsea, to record the exceptional memories and experiences of the brave Chelsea Pensioners, safeguarding their stories for future generations to explore.

Future Plans

Exhibitions

The Museum's packed programme of events and exhibitions will continue with *Unseen Enemy*, opening on 19 July. This special exhibition tells the story of improvised explosive devices (IEDs) in recent conflicts, focusing on the British Army's experience in Afghanistan. It will include first-hand accounts and exclusive insights into the creation, detection and impact of these deadly devices.

Building For the Future

The Museum is continuing with its project which required submission of its RIBA Stage C plans to the HLF monitors on 18 April. Success at this stage will allow the Museum to progress its plans to RIBA Stage D's (HLF Round Two) submission in October 2013. The Museum should then receive a decision on its plans from the HLF in early 2014. During this period the Museum will be further developing its outreach programme and fundraising activities. The current (subject to funding) scheduled closure of the National Army Museum will be March 2014 with handover to the contractors in August 2014.

NATIONAL ARMY MUSEUM
FOREWORD AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2013

FINANCIAL REVIEW

Consolidated Results for the Year ended 31 March 2013

Total incoming resources for the Museum in 2012-13 amounted to £7,315,713 (2011-12 £6,496,345). The principal funding source of the Museum is Grant-in-Aid funding received from the Ministry of Defence. In 2012-13 this was £6,392,874 (2011-12 £5,753,900). Total resources expended amounted to £7,217,936 (2011-12 £6,821,834). 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 £526,249 (2011-12 £6,585,641).

The Museum's net assets as at 31 March 2013 amounted to £88,884,756 (31 March 2012 £88,358,507).

Changes in Tangible Fixed Assets

Movements in tangible fixed assets are shown in note 7 to the accounts. The Museum had its leasehold property independently revalued at 31 March 2012 and details of this revaluation are also shown in note 7.

During the year the Museum spent £413,452 on additions to tangible fixed assets. The principal items purchased being the development of a new Mezzanine floor at Stevenage at a cost of £308,405.

Policy on reserves

The NAM's reserves, are defined for the purposes of this policy, as the amounts shown as 'Investments' and 'Net Current Assets' which are attributed to unrestricted funds. As at 31 March 2013, the level of the Museum's reserves stood at £715,781 (31 March 2012 £896,580).

Grant-in-Aid funds are used to support the day to day operations of the NAM.

The NAM aims to grow its unrestricted funds by means of prudent investment and proactive fundraising so that it has sufficient funds available to deal with such matters that arise and are not covered by Grant-in-Aid including funding future plans and to ensure the Museum can sustain any funding reductions.

The NAM aims to build up its restricted funds so that they can be used as needed in accordance with restrictions imposed by the donors.

Investment Policy

The NAM invests surplus funds other than Grant-in-Aid in prudent investments with the aim of maximising funds towards the future development of the Museum. As a result these funds will be invested in British Government Fund Gilts, Cash Investments and Equity and Bond Funds. Professionally managed equity based funds which have long-term growth as their key objective are also acceptable.

The NAM is not permitted to invest Grant-in-Aid funds.

Trading activities

NAM undertakes the majority of its trading activities through NAMTL which supports NAM by gift aiding its profits. The overall trading profit has increased to £102,837 from £67,070 for the previous year (see note 5). Whilst shop sales have declined this has been more than compensated for from increases in income from birthday parties and children's soft play activities.

Relationship with related parties

Details of related parties and transactions with these parties are shown in note 16 of the financial statements.

NATIONAL ARMY MUSEUM
FOREWORD AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2013

Payment of Creditors

The Museum aims to settle all undisputed invoices within thirty days or in accordance with suppliers' terms of business.

The Museum's actual payment performance during the year was that 98% (2011/12 98%) of bills were paid within the thirty day target.

Equality, Diversity & Access

The National Army Museum (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 to 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, 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-focused 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.

Sickness Absence Data

The National Army Museum employed 73 members of staff at 31 March 2013 (63 full-time and 10 part-time) and monitored sick absence as part of its commitment in promoting the health, safety and welfare of all members of staff. Information collated from the Department of Human Resources is available to the Museum's Management Team who are responsible for identifying potential risks arising from any patterns that may occur and also made available to NAM Council. During 2012-13, there were 217.5 (full time equivalent) days lost to sick absence this compared to 374 days lost in 2011-12. For the purposes of this sick data the NAM does not include three short-term paid internships.

During the period, the average number of days' sickness absence per employee was 2.9 (long-term incidents of sickness absence have been excluded to give a more accurate picture of sickness absence at NAM). This equate to 1.4% of time lost to sickness.

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.

NATIONAL ARMY MUSEUM
FOREWORD AND REPORT OF COUNCIL
YEAR ENDED 31ST MARCH 2013

Environmental Policy

The NAM carries out all its activities with the environment in mind. Where applicable, all companies that carry out "works" on the NAM estate are required to submit copies of their environmental policies prior to any contract being awarded. The NAM has a recycling programme in place and currently recycles all paper, card, batteries, metal and lamps. As part of its HLF application the Museum has placed a requirement on the Architects and Designers employed on the Building for the Future (BftF) project that will ensure that when it is completed, the BftF project will achieve a "Very Good" BREEAM Standard. To achieve this standard the designs will include measures to reduce the consumption of electricity, water and gas. In addition to the above, the Museum offers shower and changing facilities for staff which helps encourage a cycle to work ethic.

Personal Data Loss

The Museum has identified no personal data related incident during 2012-13. 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.

Social and Community Issues

The NAM consults regularly with its stakeholders and local users. It is part of its HLF submission and it is actively working with groups both locally and nationally to maximise inclusivity. It has established an Access and Outreach Department which is engaging with all areas of the NAM audience as well as looking at ways to extend that audience.

Auditors

These accounts are audited by the Comptroller and Auditor General in accordance with 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 2012-13 is £15,000 (2011-12: £13,000).

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.

MRS JANICE MURRAY
DIRECTOR GENERAL

GENERAL SIR JACK DEVERELL
CHAIRMAN, ON BEHALF OF
COUNCIL

National Army Museum

12th July 2013

**NATIONAL ARMY MUSEUM
REMUNERATION REPORT
YEAR ENDED 31ST MARCH 2013**

REMUNERATION POLICY

The Director General of the National Army Museum is employed by the Council of the Museum on terms and conditions that are similar to MOD civil servants. She holds an open ended appointment and her salary is set on an annual basis by the Audit and Risk Assurance Committee of Council (See page 25).

Other members of the Management Team are also employed on terms and conditions similar to MOD civil servants. Their salary levels 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. The PARs are completed and brought to the PAR Award group where the marking is assessed against peer groups so as to eliminate any under/over marking and anomalies. Dependent on whether MoD is paying performance award in year, the group would then assign a value to marks inline 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

The salary and pension entitlements of the Management Team of the Museum were as follows (with comparative salary disclosures for 2011/12).

	Mrs J Murray £'000	Mr M O'Connor £'000	Miss T Scott £'000	Mr D Bownes £'000	Miss E Carver £'000(from 09/07/2012)	Mrs R Gilbert £'000(from 18/02/2013)
Salary 2012/13	90-95	65-70	60-65	60-65	40-45	5-10
Performance pay 2012/13	5-10	N/A	0-5	N/A	N/A	N/A
Salary 2011/12	90-95	60-65	60-65	0-5	N/A	N/A
Performance pay 2011/12	0-5	N/A	0-5	N/A	N/A	N/A
Real increase/(decrease) in pension and related lump sum at 60	0-2.5 plus N/A lump sum	0-2.5 plus N/A lump sum	0-2.5 plus 0-2.5 lump sum	0-2.5 plus N/A lump sum	0-2.5 plus N/A lump sum	0-2.5 plus N/A lump sum
Total accrued pension at 60 as at 31 March 2013 and related lump sum	45-50 plus N/A lump sum	10-15 plus N/A lump sum	10-15 plus 35-40 lump sum	0-5 plus N/A lump sum	10-15 plus N/A lump sum	0-5 plus N/A lump sum
Cash equivalent transfer value as at 31 st March 2013	778	216	158	15	161	N/A
Cash equivalent transfer value as at 31 st March 2012	730	182	144	1	137	N/A
Real increase/(decrease) in cash equivalent transfer value as funded by employer	5	21	4	11	15	N/A

NATIONAL ARMY MUSEUM
REMUNERATION REPORT
YEAR ENDED 31ST MARCH 2013

The annual equivalent figures for members of the Management Team who joined in the year for Miss E Carver was salary of £60,000 to £65,000 and real increase in pension of £0 to £2,500 whilst for Mrs R Gilbert these were salary of £65,000 to £70,000 and real increase in pension of £0 to £2,500.

The annual equivalent figures for 2011/12 for Mr D Bownes who joined during that year were salary £60,000 to £65,000 and real increase in pension of £0 to £2,500.

	2012-13	2011-12
Band of highest paid director's total remuneration (£'000)	100-105	95-100
Median total remuneration	33,128	33,128
Remuneration ratio	3.0	2.9

Median total remuneration is calculated by excluding the remuneration of the highest paid director and by including full time equivalent remuneration for all staff.

The table above has been subject to audit.

The opening cash equivalent transfer value (CETV) figures as at 31 March 2012 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 (2011/12 £Nil).

No members of the Council received any remuneration during the year (2011/12 £Nil). During the year reimbursements were made to members of the Council totalling £1,008 (2011/12 £1,131) for travel and subsistence and £440 (2011/12 £1,775) for hospitality.

For 2012-13 employers' pension contributions for the Museum as a whole of £384,473 were payable to the PCSPS (2011-12 £430,918) at rates based on salary bands as follows:

Band one	-	£21,500 and under	16.7%
Band two	-	£21,501 - £44,500	18.8%
Band three	-	£44,501 - £74,500	21.8%
Band four	-	£74,501 and over	24.3%

Rates will remain the same next year, subject to revalorisation of the salary bands. 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.

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 National Army Museum is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2007. Details can be found in the resource accounts for these schemes, which are published and laid before the House of Commons.

**NATIONAL ARMY MUSEUM
REMUNERATION REPORT
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Principal Civil Service Pension Scheme (PCSPS)

From 1 October 2002, civil servants may be in one of three statutory based 'final salary' defined benefit schemes (classic, premium and classic plus). From 30 July 2007 this also includes Nuvos. The schemes are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under the Classic, Premium and Classic Plus are increased annually in line with changes in the Pensions Increase Legislation. New entrants after 30 July 2007 may choose between membership of Nuvos or joining a good quality 'money purchase' stakeholder based arrangement with a significant employer contribution (partnership pension account).

Employee contributions are set between 1.5% and 8.25% dependent on which scheme the individual belongs to i.e. Classic, Classic Plus Premium or Nuvos. Benefits in classic accrue at the rate of 1/80th of pensionable salary for each year of service. In addition a lump sum equivalent to three years' 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 (but members may give up or commute some of their pension to provide a lump sum). Classic Plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as classic. For Nuvos, pension builds up each scheme year, at the rate of 2.3% of pensionable earnings, there is no automatic lump sum (but members have an option to take a tax free lump sum in exchange for part of their pension).

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but where they do make contributions, these will be matched by the employer up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Further details about Civil Service pension arrangements can be found at the website www.civilservice.gov.uk/pensions

The real increase in CETV is effectively funded by the employer. It takes account of the increase in accrued pension due to inflation, contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement) and uses common market valuation factors for the start and end of the period.

A 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 the 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 the disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries, and do take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

MRS JANICE MURRAY
DIRECTOR GENERAL

GENERAL SIR JACK DEVERELL
CHAIRMAN, ON BEHALF OF
COUNCIL

National Army Museum

12th July 2013

NATIONAL ARMY MUSEUM

FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2013

STATEMENT OF COUNCIL'S AND DIRECTOR GENERAL'S RESPONSIBILITIES

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

In preparing financial statements, giving a true and fair view, the Council is 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 that are reasonable and prudent;
- State whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the charity will continue in operation.

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

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

MRS JANICE MURRAY
DIRECTOR GENERAL

GENERAL SIR JACK DEVERELL
CHAIRMAN, ON BEHALF OF
COUNCIL

National Army Museum

12th July 2013

NATIONAL ARMY MUSEUM
FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2013

GOVERNANCE STATEMENT

This Governance Statement sets out the arrangements for the governance of the National Army Museum (NAM), including the Council and Committee structure for the Members. It specifically shows how the organisation identifies and manages key risks and provides the assurance from the Chairman of the NAM Council and Accounting Officer.

The Governance Framework

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

The Museum is an accredited national museum and Non-Departmental Public Body 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 which 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 current Financial Framework was revised in 2010.

The NAM Council and the Committee Structure

The National Army Museum is governed by the NAM Council under the chairmanship of General Sir Jack Deverell KCB OBE. 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.

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 further terms of equivalent length. The NAM Council may appoint co-opted members to serve on specific sub committees to supplement the experience of main Council Members. To provide additional support and expertise the NAM Council receives advice from external nominated Honorary Members. The fields of additional advice covered are:

Legal
History and Collections
Investments

The Honorary Members of Council have no voting rights on the Council.

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 sub-committees where they are supported by the Museum's Divisional Assistant Directors.

NATIONAL ARMY MUSEUM
FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2013

The following individuals served as Council Members during 2012-2013.

Chairman	General Sir Jack Deverell KCB OBE (Appt'd Jun 2004)	Chairman, Capital Campaign Steering Group (Attended three meetings of Council)
Members	Mrs Judith Anthony (Appt'd May 2010)	Director, National Army Museum Trading Ltd (NAMTL) (Attended three meetings of Council and three of NAMTL Board)
	Mr Keith Baldwin (Appt'd Nov 2010)	Member, Audit & Risk Assurance (A&RA) Committee (Attended two meetings of Council and three of A&RA Committee)
	Mr Patrick Bradley (Appt'd May 2010)	Member, Chairman, National Army Museum Trading Ltd (Attended two meetings of Council, and three of NAMTL Board)
	Mr Mihir Bose (Appt'd Dec 2007)	Member, Acquisition & Disposal (A&D) Committee (Attended two meetings of Council and two meetings of A&D Committee)
	Brigadier Douglas Erskine Crum (Appt'd Mar 2013)	Member, Chair of the Building for the Future Committee
	The Rt Hon Lord Hamilton of Epsom (Appt'd May 2012)	Member (Attended three meetings of Council)
	Professor William Philpott (Appt'd Apr 2011)	Chairman, A&D Committee (Attended three meetings of Council and two of A&D Committee)
	Major General Charles G C Vyvyan CB CBE MA MSc (Appt'd June-2005)	Member, Capital Campaign Steering Group (Attended three meetings of Council)
	Lieutenant General Sir Barney White-Spunner (Appt'd Jul 2012)	NAM Council (Attended one meeting of Council)
Mrs Deborah Younger (Appt'd Nov 2010)	Chair, Audit & Risk Assurance Committee (from March 2012) (Attended two meetings of Council and three of A&RA Committee).	

The NAM Council met formally on three occasions in 2012-13. Minutes of meetings are produced and available in the Museum website.

This year other than the usual Museum business, the NAM Council has focused on the Building for the Future Redevelopment. As explained elsewhere in these accounts the NAM Council has established the NAM Foundation, which along with the Development Office is charged with fundraising for the project. The Council has also established a sub committee, reporting to the Council that will have oversight of the redevelopment. Direction was given to the NAM Management Team to ensure the removal of all collections in storage at the Royal Military Academy Sandhurst into the NAM's site at Stevenage and for further alterations to the Stevenage site to accommodate

NATIONAL ARMY MUSEUM
FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2013

the collections currently held at NAM Chelsea which will be required to be moved for the redevelopment work. The various Council sub committees report to the main Council for comment and approval. In this period the Audit and Risk Assurance Committee had an external review carried out into the Health and Safety policies and procedures at the NAM. They also reviewed the format of the Risk Matrix and in particular the relationship with the “normal” operating risks of the Museum and the BftF redevelopment.

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. 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 Sub-Committees

NAM Council Members have established a number of sub-committees for specific purposes and to ensure the effective conduct of business. These are:

Audit & Risk Assurance (A&RA) (formerly Audit and Remuneration the title of which was changed by NAM Council at its 143rd meeting). The A&RA Committee held three meetings in 2012-13;

Acquisition & Disposal (A&D). The A&D Committee held two meetings in 2012-13;

Capital Campaign Steering Group (CCSG). The CCSG met informally on several occasions and once formally in 2012-13.

To support the successful First Round pass of the Heritage Lottery Fund (HLF) submission for the Building for the Future (BftF) Project, the Capital Campaign Steering Group met informally on several occasions to consider raising funds to progress the major development of the Chelsea site. The Group approved a recommendation to establish the NAM Foundation to take on the role of fundraising for the capital development.

In March 2013, the NAM Council voted to establish a BftF sub committee of Council and-its first formal meeting was held on 15 April 2013. The BftF sub committee consists of:

Brigadier Douglas Erskine Crum (Chair)
The Rt Hon The Lord Hamilton of Epsom
Lt Gen Sir Barney W B White-Spunner KCB CBE

The terms of reference for each of these sub-committees have been approved by the NAM Council and, where it is practical, Members do not sit on more than two sub-committees. There were no separate meetings of the A&RA Committee to deal with salaries during this period as the Museum was subject to the Government Pay Freeze; however, the Committee did recommend to NAM Council performance awards in line with MoD negotiations at its 30th Meeting on 18 October 2012.

Full minutes of all NAM Council and sub-committee meetings are maintained and the attendance of Council Members is recorded therein. Copies of NAM Council meetings are published on the NAM website.

The NAM Council has established a subsidiary company (NAM Trading Ltd), the Board of which includes five Directors. Decisions taken by this company remain the responsibility of the Directors of the company.

NATIONAL ARMY MUSEUM
FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2013

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 Plans and the Director General attends meetings of the Army Heritage Committee where she reports on the plans of the NAM. Additionally, meetings are held with the Command Secretary (LF), Adjutant General and Heritage Branch. These meetings are reported to the full NAM Council.

Sub-committee minutes are circulated to all Council Members with routine papers for all Council meetings where sub-committee chairs highlight any matters of particular concern or for decision by the-NAM Council.

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 ensuring that it is available both on time and in a format which enables the Members to exercise proper oversight of the Museum. The members of the A&RA Committee, Director General, Museum Director and Head of Finance attended a training day covering the Role of A&RA Committees and Good Practice – this took place on 22 April 2013.

Review of Effectiveness of Internal Control

To meet the responsibilities above, the NAM has in place a system of internal control based around a Financial Procedures Manual (FPM). All staff are required to read and comply with the information contained within the Manual. To ensure knowledge of this Manual all members of the MT, Heads of Department (HOD) and all staff employed by NAM/NAMTL must sign to acknowledge the contents of the Manual and where appropriate their financial delegation and responsibilities. Staff have received a briefing on the Bribery Act and a copy of this policy can be found on the NAM Intranet. A further level of financial control is attained by the NAM MT meeting on a monthly basis to review budgets and cost centres 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 audit and at irregular intervals by Defence Internal Audit (DIA) on behalf of the Sponsor Department.

Internal Auditors

The Museum's internal auditors are Daly, Hoggett & Co who work to the Government 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 and this 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 sub-committee receives the report of the internal auditors.

During this accounting period the programme covered a review of the format of the Risk Matrix and of Health and Safety; the findings contained in the two respective reports are presently being addressed. There have been no instances of data loss during the year.

The risks contained in the Risk Register 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 insufficiency of funding in the form of Grant-in-Aid. This risk represents a constant challenge to the Museum and, indeed, 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 to the A&RA Committee on the work performed in the year. They confirmed that no matters had arisen from their work that they considered had a material impact on the Governance and Activities of the Museum.

NATIONAL ARMY MUSEUM
FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2013

External Auditors

The external auditor of the Museum and its trading subsidiary (NAMTL), is the Comptroller and Auditor General. The accounts are consolidated. Previously the NAO has been invited to attend the June meeting of the A&RA Committee in order to present and discuss the Audit Completion Report. It was noted in the previous year that, according to guidance from the Treasury, the National Audit Office (NAO) should be invited to attend all A&RA Committee Meetings. The A&RA Committee noted this point, and sought and received approval from the full NAM Council at its 143rd Meeting for the NAO to attend all A&RA Committee meetings.

Additionally, the NAM is subject to periodic audit by Defence Internal Audit (DIA) on behalf of the Sponsor Department.

Risk Management

A Risk Management Statement has been drawn up with reference to the HM Treasury publication *Management of Risk - A Strategic Overview* (January 2001), the Adjutant General's 'Corporate Governance & Risk Management Policy Statement' (13 July 2001), 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, attend to the well-attested structural and engineering defects at NAM Chelsea, curate the Collections and open the Museum daily to the public 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 on 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. However the identification and evaluation of risk is an integral part of the NAM's performance management and input into the Risk Matrix is museum-wide and all departments are required to provide input via their Heads of Division.

As mentioned previously in this statement the A&RA Committee as part of its Internal Audit process asked for the format of the Risk Matrix to be reviewed. This was completed and the Matrix is now under review. The Museum has reduced the current categorisation of risks from six to three and these are:

- a. External;
- b. Operational;
- c. Change.

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. With risks of an inevitable nature, the Museum has developed contingency plans, which are being revised in line with the successful HLF funding application. The A&RA Committee annually request sight of the Risk Matrix at its October meeting.

**NATIONAL ARMY MUSEUM
FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2013**

The Risk Matrix currently identifies the following as the principal risks posed to the Museum.

Risk	Grading	Likelihood	Mitigation Action	Notes
Failure to raise sufficient funds to meet the requirements of the HLF Round Two Application	Acute	Acute	Employment of sufficient staff to raise funds. Capital Campaign Steering Group established to target potential donor/grant making bodies	Regular meetings of CCSG and reviews of monies raised and targets. Additional resourcing allocated to fundraising
Level of MOD Grant-in-Aid insufficient to meet Museum's requirements	Acute	High	Budgets have been realigned to take account of GiA and HLF funding requirements	Assurance received from Sponsor Department for continued support
Delay in confirmation of Grant-in-Aid	Very High	Very High	Regular contact with Sponsor Department to ensure any issues are dealt with immediately	Draft budgets are built into Business Plan and amended as soon as GiA is confirmed

Information Risk Management

The NAM has established an Information Asset Ownership group comprised of the Senior Information Risk Officer (SIRO) and Information Asset Owners (IAOs) from across the Museum departments. The group has established an Information Assurance Policy and reviewed supporting documents, policies and procedures to ensure that they all support best practice and legal requirements. The group meets regularly and discusses the management of information and its associated risks.

All staff undertake Information Assurance training in accordance with the requirements of the National Archives. Information Sharing Agreements continue to be established with external bodies.

Any information issues that arise are handled by the appropriate IAOs and referred to the group where necessary. Any incident of data loss or mishandling are handled in line with the Information Commissioner guidance.

Building for the Future Project

In 2012 the NAM received approval from the HLF to progress to Round Two of its BtF redevelopment. This approval required the NAM to contract via the OJEU process, the professional and technical appointments to plan and control the project. Recognising the complexities of the project the NAM appointed a Project Manager (PM) with the additional role of Client side Cost Control (Quantity Surveying). This enhanced role of the PM allows the NAM to have tighter control of the budget, as any proposed changes would be required to be justified and costed before being presented to the NAM Project Team for approval. The PM is also responsible for identifying and managing the project risks and they maintain a separate Project Risk Register. This Risk Register is reviewed monthly by the NAM Project Team, the HLF Monitors and the BtF Committee.

**NATIONAL ARMY MUSEUM
FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2013**

The NAM Council's 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 2011 so far as this may be seen to apply to an 'Arms-Length Body' (as defined in Managing Public Money).

MRS JANICE MURRAY
DIRECTOR GENERAL

GENERAL SIR JACK DEVERELL
CHAIRMAN, ON BEHALF OF
COUNCIL

National Army Museum

12th July 2013

**NATIONAL ARMY MUSEUM
FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2013**

INDEPENDENT AUDITOR'S REPORT TO THE SECRETARY OF STATE FOR DEFENCE

I have audited the consolidated financial statements of the National Army Museum for the year ended 31 March 2013 under the Museum's Royal Charter of 1960 as amended in 1988. These comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Council, the Director General and auditor

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

My responsibility is to audit and express an opinion on the financial statements in accordance with the Museum's Royal Charter of 1960 as amended in 1988. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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. This includes an assessment of: whether the accounting policies are appropriate to the National Army Museum's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Foreword and Report of Council, Financial Review, Remuneration Report and the Governance Statement to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the incoming and outgoing resources have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

In my opinion, in all material respects, the incoming and outgoing resources have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view, of the state of the National Army Museum's and the group's affairs as at 31 March 2013 and of the incoming resources and application of resources, including the income and expenditure, of the group for the year then ended; and
- the financial statements have been properly prepared in accordance with the Charities Act 2011.

**NATIONAL ARMY MUSEUM
FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2013**

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Charities Act 2011; and
- the information given in the Foreword and Report of Council and Financial Review 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
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or 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.

**Amyas C E Morse
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP**

Date

NATIONAL ARMY MUSEUM
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
YEAR ENDED 31ST MARCH 2013

	NOTE	Unrestricted Funds	Restricted Funds	Restricted Grant in Aid Funds	Total Funds 2012/13	Total Funds 2011/12
		£	£	£	£	£
INCOMING RESOURCES						
Incoming resources from generated funds:						
Voluntary income:						
Grants and donations		11,675	359,769	25,000	396,444	235,678
Activities for generating funds:						
Commercial trading operation:	5	511,037	-	-	511,037	397,710
Investment income	2	886	6,773	262	7,921	6,762
		523,598	366,542	25,262	915,402	640,150
Other incoming Resources						
Grant-in-aid (operating)		-	-	6,275,874	6,275,874	5,636,900
Grant-in-aid (purchases)		-	-	117,000	117,000	117,000
Sundry income		6,520	-	917	7,437	102,295
TOTAL INCOMING RESOURCES		530,118	366,542	6,419,053	7,315,713	6,496,345
RESOURCES EXPENDED						
Cost of generating funds:						
Fundraising costs of grants and donations	4	-	-	44,756	44,756	25,269
Commercial trading operations	4 & 5	370,656	4,873	32,671	408,200	330,640
		370,656	4,873	77,427	452,956	355,909
Cost of charitable activities:						
Collections and exhibitions	4	129,371	450,509	3,652,209	4,232,089	4,652,229
Curatorial	4	18,168	121,807	873,368	1,013,343	941,924
Education	4	10,901	73,084	299,610	383,595	271,192
Publicity	4	6,060	24,361	613,238	643,659	510,017
		164,500	669,761	5,438,425	6,272,686	6,375,362
Governance Costs	4	8,640	-	483,654	492,294	90,563
TOTAL RESOURCES EXPENDED	6	543,796	674,634	5,999,506	7,217,936	6,821,834
Net incoming /(outgoing) Resources for the year		(13,678)	(308,092)	419,547	97,777	(325,489)
Unrealised gains/(losses)						
Investments		-	21,107	-	21,107	(522)
Revaluation of tangible fixed assets		24,020	322,192	61,153	407,365	6,911,652
NET MOVEMENT IN FUNDS		10,342	35,207	480,700	526,249	6,585,641
Balances brought forward at 1 April 2012		64,477,239	21,156,604	2,724,664	88,358,507	81,772,866
Balances carried forward at 31 March 2013		64,487,581	21,191,811	3,205,364	88,884,756	88,358,507

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.

NATIONAL ARMY MUSEUM
CONSOLIDATED & CHARITY BALANCE SHEET
YEAR ENDED 31ST MARCH 2013

	2013				2012			
	GROUP		CHARITY		GROUP		CHARITY	
	£	£	£	£	£	£	£	£
FIXED ASSETS								
Tangible assets	7	20,705,220	20,703,736		20,648,187		20,646,490	
Heritage Assets	8	65,556,446	65,556,446		65,537,920		65,537,920	
Investments	9	<u>209,322</u>	<u>209,323</u>		<u>188,215</u>		<u>188,216</u>	
		86,470,988	86,469,505		86,374,322		86,372,626	
CURRENT ASSETS								
Stock of finished goods		70,512	-		59,625		-	
Debtors	10	567,057	704,471		389,205		520,579	
Cash	11	<u>2,023,301</u>	<u>1,911,820</u>		<u>1,760,051</u>		<u>1,654,971</u>	
		2,660,870	2,616,291		2,208,881		2,175,550	
CURRENT LIABILITIES								
CREDITORS:								
Amounts falling due within one year	12	<u>247,102</u>	<u>202,524</u>		<u>224,696</u>		<u>191,365</u>	
NET CURRENT ASSETS								
		<u>2,413,768</u>	<u>2,413,767</u>		<u>1,984,185</u>		<u>1,984,185</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES								
		<u>88,884,756</u>	<u>88,883,272</u>		<u>88,358,507</u>		<u>88,356,811</u>	
RESERVES								
Unrestricted funds		64,487,581	64,486,097		64,477,239		64,475,543	
Restricted funds	13	21,191,811	21,191,811		21,156,604		21,156,604	
Restricted Grant-in-Aid Funds		<u>3,205,364</u>	<u>3,205,364</u>		<u>2,724,664</u>		<u>2,724,664</u>	
	14	<u>88,884,756</u>	<u>88,883,272</u>		<u>88,358,507</u>		<u>88,356,811</u>	

The financial statements were approved by the Council on 12th July 2013 and signed on its behalf by:

MRS JANICE MURRAY
DIRECTOR GENERAL

GENERAL SIR JACK DEVERELL
CHAIRMAN

The notes on pages 35 to 51 form a fundamental part of these financial statements.

NATIONAL ARMY MUSEUM
CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 31ST MARCH 2013

	Unrestricted Funds	Restricted Funds	Restricted Grant in Aid Funds	Total Funds 2012/13	Total Funds 2011/12
	£	£	£	£	£
Net cash inflow from operating activities (see below)	19,112	127,496	543,734	690,342	502,061
Return on investments and servicing of finance					
Interest received	886	1,787	262	2,935	1,338
Investment income	-	4,986	-	4,986	5,424
	886	6,773	262	7,921	6,762
Capital Expenditure					
Payments to acquire:					
Tangible fixed assets	-	-	(413,452)	(413,452)	(374,616)
Heritage assets	-	-	(21,561)	(21,561)	(44,282)
Proceeds from sale:					
Heritage assets	-	-	-	-	70,760
	-	-	(435,013)	(435,013)	(348,138)
Increase/(Decrease) in cash	19,998	134,269	108,983	263,250	160,685

Reconciliation of Changes in Resources to Net Cash Inflow/(Outflow) from Operating Activities

Changes in resources before revaluations	(13,678)	(308,092)	419,547	97,777	(325,489)
Investment income	(886)	(6,773)	(262)	(7,921)	(6,762)
Depreciation	75,621	504,831	173,428	753,880	730,265
Loss on disposal of tangible fixed assets	-	758	9,146	9,904	45,778
Loss/(Profit) on disposal of heritage assets	3,035	-	-	3,035	(37,518)
Donated heritage assets	-	-	-	-	(49,615)
Increase in creditors	12,023	-	10,383	22,406	123,483
Increase in stocks	(10,887)	-	-	(10,887)	(2,219)
Decrease/(Increase) in debtors	(46,116)	(63,228)	(68,508)	(177,852)	24,138
Net cash inflow from operating activities	19,112	127,496	543,734	690,342	502,061

The notes on pages 35 to 51 form a fundamental part of these financial statements.

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2013

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, the Statement of Recommended Practice: Accounting and Reporting by Charities issued in 2005 and guidance issued by H.M. Treasury.

The accounts have been prepared under the historical cost convention modified by the revaluation of tangible fixed assets, heritage assets and investments.

(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 includes the result of National Army Museum Trading Limited on a line by line basis. A separate Statement of Financial Activities for the charity itself is not presented as the charity has taken advantage of the exemptions afforded by paragraph 397 of SORP 2005.

The Consolidated Balance Sheet includes the 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 31st March 2013.

(c) Incoming Resources

Incoming resources are included gross without the deduction of expenditure.

(d) Grants Receivable

Grant in Aid is recorded on a received basis. 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 assets are credited to a restricted fund within incoming resources when receivable.

(e) Other Voluntary Income

The Museum derives voluntary income from legacies, gifts and monies placed in donation boxes in the Museum. This income is recognised in the statement of financial activities when received. Donated services and facilities are included as income based on managements' judgement of their market value.

(f) Basis of Cost Allocation

Collections and exhibitions 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.

Certain costs are allocated based on management judgement.

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2013

(g) Pensions Cost

The majority of Museum staff, are covered by the provisions of the Principal Civil Service Pension Scheme, 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 Paymaster General at rates determined from time to time by the Government Actuary. A small number of other staff are also entitled and are paid contributions to National Employment Savings' Trust or personal pension policies.

(h) 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 is stated net of any recoverable VAT.

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 31st March 2013 was £Nil.

(i) 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 indices. For other assets, the estimate is based on historic cost updated thereafter by the application of appropriate 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 are principally:

Leasehold Buildings	62 years
Fit-out of Buildings	14 years
Plant and Machinery	16 years
Short Leasehold Improvements	41 years
Computer Equipment	5 years
Fixtures and Fittings	10 years

The museum continuously reviews its fixed assets to ensure they do not fall below recoverable amounts in line with the provisions of FRS11 (the impairment of fixed assets and goodwill). Any asset that falls below its recoverable amount is adjusted to reflect the fall in value or is disposed of.

(j) Heritage Assets

(i) Valuation and Management

The National Army Museum's permanent Collection is reported in the Balance Sheet at valuation, except where the work involved in valuation exceeds the benefit to users of the financial statements.

Heritage assets comprise of approximately one million items. Some have been individually valued by curatorial staff. The remainder of the valuation has been estimated based on the average value of different classes of item.

The Collection was valued at estimated market value at 31st March 2010 as part of the implementation of FRS30. During this reporting period, the total figure for Heritage Assets has been adjusted according to acquisitions and disposals at market value.

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2013

For valuation purposes 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.

The Museum preserves and manages its Collection in accordance with its Royal Charter and the protocols of a Fully Accredited Museum. Regular condition surveys are conducted on discrete parts of the Collection. The staff of the Collections Division is managed by the Assistant Director (Collections). The Museum welcomes enquiries about its Collection and more information is available on the website about the Museum's Enquiries Policy. The paper-based collection is viewable in the Templer Study Centre and all other items by appointment with the relevant curatorial department.

(iv) Acquisitions and Disposals

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

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

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

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

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2013

(k) 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.

(l) Stocks

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

(m) 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.

(n) 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.

(o) 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.

(p) Restricted and unrestricted funds

Restricted funds are to be used for specified purposes as laid down by the donor. 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.

2. Investment Income

	Unrestricted Funds	Restricted Funds	Restricted Grant in Aid Funds	Total Funds 2012/13	Total Funds 2011/12
	£	£	£	£	£
Interest receivable	886	1,787	262	2,935	1,338
Other investment income	-	4,986	-	4,986	5,424
	<u>886</u>	<u>6,773</u>	<u>262</u>	<u>7,921</u>	<u>6,762</u>

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2013

3. Allocation of support costs

The Museum allocates its support costs as shown in the table below and then further apportions those costs between the charitable activities undertaken. Support costs are allocated on a basis consistent with the use of resources.

Support Costs	Allocated to Charitable Activities £	Allocated to Costs of generating funds £	Governance £	Total £
General administration	99,866	2,628	-	102,494
Information technology	151,304	-	-	151,304
External Audit	-	-	15,000	15,000
Internal Audit	-	-	4,640	4,640
Legal and other Professional Fees	512,665	-	20,509	533,174
Trustees expenses	-	-	1,372	1,372
	<hr/>			
TOTAL 2012/13	763,835	2,628	41,521	807,984
	<hr/>			
TOTAL 2011/12	417,729	1,630	35,645	455,004
	<hr/>			

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2013

4. Resources expended

	<u>Cost of generating funds:</u>		<u>Cost of charitable activities:</u>				<u>Governance Costs</u>	<u>Total 2012-13</u>	<u>Total 2011-12</u>
	<u>Fundraising Costs</u>	<u>Trading Operations</u>	<u>Collections and Exhibitions</u>	<u>Curatorial</u>	<u>Education</u>	<u>Publicity</u>			
	£	£	£	£	£	£	£	£	
Staff costs	44,756	195,252	1,436,322	829,382	254,273	175,971	450,773	3,386,729	3,439,311
Premises costs	-	-	869,157	-	-	-	-	869,157	745,226
Collections maintenance	-	-	644,147	-	-	-	-	644,147	707,100
Educational events	-	-	-	-	18,946	-	-	18,946	6,475
Advertising and promotion	-	-	-	-	-	423,200	-	423,200	307,304
Other costs	-	202,750	73,204	-	-	-	-	275,954	325,373
Depreciation and loss on disposal	-	7,570	428,120	183,961	110,376	36,792	-	766,819	776,041
Notional rent	-	-	25,000	-	-	-	-	25,000	60,000
Support costs (note 3)	-	2,628	756,139	-	-	7,696	41,521	807,984	455,004
TOTAL 2012/13	44,756	408,200	4,232,089	1,013,343	383,595	643,659	492,294	7,217,936	6,821,834
TOTAL 2011/12	25,269	330,640	4,652,229	941,924	271,192	510,017	90,563	6,821,834	

Rent relates to the estimated cost for the use of a donated facility at RMA Sandhurst based on the Museum renting similar premises on a commercial basis. The Museum is responsible for meeting some costs of cleaning, maintenance, and electricity relating to the items accommodated there.

Other trading operations costs include £136,615 in respect of the purchase of goods for resale.

Governance costs includes additional management time spent on the Building for the Future project.

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2013

5. Commercial Trading Operations

	<u>Trading Income</u>	<u>Trading Expenditure (Note 4)</u>	<u>Trading Profit and Loss Account</u>	2011/12
	£	£	£	£
Museum Shop Sales	224,801		224,801	268,234
Less: Cost of Sales				
Opening Stock			59,625	57,406
Purchases			136,615	142,834
Closing Stock			(70,512)	(59,625)
		125,728	<u>125,728</u>	<u>140,615</u>
Shop Gross Profit			99,073	127,619
Other Trading Income	286,236		286,236	129,476
Other Trading Expenditure		<u>282,472</u>	282,472	190,025
Totals	<u>511,037</u>	<u>408,200</u>		
			<u>102,837</u>	<u>67,070</u>

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2013

	Unrestricted Funds £	Restricted Funds £	Restricted Grant In Aid Funds £	Total 2012/13 £	Total 2011/12 £
6. Total Resources Expended					
Total resources expended is stated after charging the following items:					
Auditors' remuneration					
- audit services	4,000	-	11,000	15,000	13,000
- non audit services	-	-	-	-	-
Staff costs					
- wages and salaries	85,988	-	2,107,089	2,193,077	2,173,899
- social security costs	7,384	-	161,643	169,027	191,979
- pension costs	-	-	384,752	384,752	430,918
- temporary staff and recruitment costs	70,968	-	568,905	639,873	678,886
	<u>164,340</u>	-	<u>3,222,389</u>	<u>3,386,729</u>	<u>3,475,682</u>
Operating lease costs					
- land and buildings	192,391	-	-	192,391	163,856
- other	11,940	-	-	11,940	11,716
	<u>204,331</u>	-	-	<u>204,331</u>	<u>175,572</u>

Excluding the Director General and members of the management team, no employees received remuneration for 2012-13 excluding pension contributions, greater than £60,000 (2011-12 no employees). Details of the remuneration of the Director General and the management team are shown in the Remuneration Report.

The average number of senior management and staff was:

	2012/13	2011/12
Collections and exhibitions	33	34
Curatorial	22	17
Education	6	5
Publicity	3	4
Trading	5	3
Fundraising	<u>1</u>	<u>-</u>
	<u>70</u>	<u>63</u>

Of the above staff 11 are employed on short term contracts with all other staff employed on a full time contract. The above includes 10 part time staff members.

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2013

7a. Group Tangible Fixed Assets

	Long Leasehold Land and Buildings £	Short Leasehold Improvements £	Computer Equipment £	Fixtures & Fittings £	Total £
<u>VALUATION</u>					
At commencement of year	19,690,000	283,739	444,920	2,222,918	22,641,577
Additions at cost	25,815	308,405	22,719	56,513	413,452
On revaluation	351,687	13,027	29,314	50,380	444,408
Disposals	-	-	(35,123)	(296,862)	(331,985)
At end of year	<u>20,067,502</u>	<u>605,171</u>	<u>461,830</u>	<u>2,032,949</u>	<u>23,167,452</u>
<u>DEPRECIATION</u>					
At commencement of year	-	6,939	337,352	1,649,099	1,993,390
Charge for year	567,030	14,760	53,275	118,815	753,880
On revaluation	4,404	153	13,290	19,196	37,043
Disposals	-	-	(35,123)	(286,958)	(322,081)
At end of year	<u>571,434</u>	<u>21,852</u>	<u>368,794</u>	<u>1,500,152</u>	<u>2,462,232</u>
<u>NET BOOK VALUE</u>					
At 31 March 2013	<u>19,496,068</u>	<u>583,319</u>	<u>93,036</u>	<u>532,797</u>	<u>20,705,220</u>
At 31 March 2012	<u>19,690,000</u>	<u>276,800</u>	<u>107,568</u>	<u>573,819</u>	<u>20,648,187</u>

7b. Charity Tangible Fixed Assets

	Long Leasehold Land and Buildings £	Short Leasehold Improvements £	Computer Equipment £	Fixtures & Fittings £	Total £
<u>VALUATION</u>					
At commencement of year	19,690,000	283,739	444,920	2,220,797	22,639,456
Additions at cost	25,815	308,405	22,719	56,513	413,452
On revaluation	351,687	13,027	29,314	50,380	444,408
Disposals	-	-	(35,123)	(296,862)	(331,985)
At end of year	<u>20,067,502</u>	<u>605,171</u>	<u>461,830</u>	<u>2,030,828</u>	<u>23,165,331</u>
<u>DEPRECIATION</u>					
At commencement of year	-	6,939	337,352	1,648,675	1,992,966
Charge for year	567,030	14,760	53,275	118,602	753,667
On revaluation	4,404	153	13,290	19,196	37,043
Disposals	-	-	(35,123)	(286,958)	(322,081)
At end of year	<u>571,434</u>	<u>21,852</u>	<u>368,794</u>	<u>1,499,515</u>	<u>2,461,595</u>
<u>NET BOOK VALUE</u>					
At 31 March 2013	<u>19,496,068</u>	<u>583,319</u>	<u>93,036</u>	<u>531,313</u>	<u>20,703,736</u>
At 31 March 2012	<u>19,690,000</u>	<u>276,800</u>	<u>107,568</u>	<u>572,122</u>	<u>20,646,490</u>

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
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Included in long leasehold land and buildings is a sum of £5,020,580 (2011/12 £5,060,000) for land, which has not been depreciated.

The long leasehold land and buildings were last externally valued at 31 March 2012 by Gerald Eve, Chartered Surveyors. 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:

	£
Land	5,060,000
Structure of buildings	9,670,000
Fit-out of buildings	2,090,000
Plant and machinery	<u>2,870,000</u>
	<u>19,690,000</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 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) Valuation

	Museum Collection £
At commencement of year	65,537,920
Additions	21,561
Disposals	<u>(3,035)</u>
At end of year	<u>65,556,446</u>
Net Book Value at 31 March 2013	<u>65,556,446</u>
Net Book Value at 31 March 2012	<u>65,537,920</u>
The valuation at 31 March 2013 comprises:	
Exhibits	34,666,507
Fine and decorative arts	19,233,260
Archives, photographs, film and sound	10,503,767
Printed books	<u>1,152,912</u>
	<u>65,556,446</u>

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
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(b) Five year financial summary of heritage asset transactions

	2013	2012	2011	2010	2009
	£	£	£	£	£
<u>Additions</u>					
Purchases	21,561	44,284	14,728	241,772	491,231
Donations	-	49,615	49,270	46,267	NRA
Total Additions	<u>21,561</u>	<u>93,899</u>	<u>63,998</u>	<u>288,039</u>	<u>NRA</u>
<u>Disposals</u>					
Carrying Value	3,035	33,242	131,982	104,214	NRA
Sale Proceeds	161	70,760	44,381	22,249	25,984

NRA: The above amounts are not readily available and the cost of obtaining this information is considered by the Museum out of proportion to the benefit to users of the financial statements.

(c) Grant Received

During the year the Museum received grants towards the purchase of items for its collection of £117,000 (2012 - £117,000). These grants were used to fund the purchase of heritage assets noted above with any unspent grants being carried forward to fund future acquisitions. The total of grants carried forward at 31st March 2013 is £270,578 (2012 - £175,139).

9. Unlisted Investments	Group 2013 £	Charity 2013 £	Group 2012 £	Charity 2012 £
Investment in subsidiary undertaking (note 9a)	-	1	-	1
<u>Other investments</u>				
Market value at beginning of year	188,215	188,215	188,737	188,737
Add: acquisitions at cost	-	-	-	-
Less: disposals	-	-	-	-
Net unrealised investment (loss)/gains	<u>21,107</u>	<u>21,107</u>	<u>(522)</u>	<u>(522)</u>
Market value at end of year	<u>209,322</u>	<u>209,322</u>	<u>188,215</u>	<u>188,215</u>
Total unlisted investments	<u>209,322</u>	<u>209,323</u>	<u>188,215</u>	<u>188,216</u>

Other investments consist of investments in collective investment schemes. The historic cost of these investments was £111,114 (2012 - £111,114).

9a. 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:

NATIONAL ARMY MUSEUM
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The assets and liabilities of the subsidiary were:	2013	2012
	£	£
Fixed assets	1,484	1,696
Current assets	192,972	172,966
Creditors: amounts falling due within one year	(192,971)	(172,965)
	<hr/> 1,485	<hr/> 1,697
	2013	2012
	£	£
Share capital	1	1
Profit retained in subsidiary	1,484	1,696
	<hr/> 1,485	<hr/> 1,697

A summary of the Company's trading results is shown in note 9b. Audited accounts will be filed with the Registrar of Companies

9b. Income from Trading Company

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

National Army Museum Trading Limited

	2013	2012
	£	£
Turnover	508,687	400,170
Cost of sales and administrative expenses	(422,938)	(372,720)
Interest receivable	48	71
Charitable contribution under Gift Aid	(86,009)	(27,733)
	<hr/> (212)	<hr/> (212)

10. Debtors

	Group 2013 £	Charity 2013 £	Group 2012 £	Charity 2012 £
Trade Debtors	7,228	2,237	7,117	609
VAT Debtor	262,261	265,907	128,096	134,784
Prepayments and accrued income	293,144	291,578	253,482	251,740
Amounts Due From Subsidiary				
Undertaking	-	58,740	-	105,211
Gift Aid Payment Due from Subsidiary Undertaking	-	86,009	-	27,733
Other Debtors	4,424	-	510	502
	<hr/> 567,057	<hr/> 704,471	<hr/> 389,205	<hr/> 520,579
Debtors Comprise:				
Other Central Government Bodies	262,269	265,907	128,104	134,784
Local Authorities	126,308	126,308	122,776	122,776
Public Corporations	951	951	-	-
Bodies External to Government	177,529	311,305	138,325	263,019
	<hr/> 567,057	<hr/> 704,471	<hr/> 389,205	<hr/> 520,579

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
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11. Cash	Group 2013 £	Charity 2013 £	Group 2012 £	Charity 2012 £
Unrestricted Funds	1,004,420	892,939	984,422	879,342
Restricted Funds	650,659	650,659	516,390	516,390
Grant-In-Aid operating account	96,961	96,961	83,758	83,758
Grant-In-Aid exhibits reserve	271,261	271,261	175,481	175,481
	<u>2,023,301</u>	<u>1,911,820</u>	<u>1,760,051</u>	<u>1,654,971</u>

Cash consists of balances with UK commercial banks and small amounts of cash in hand.

12. Creditors: Amounts falling due within one year	Group 2013 £	Charity 2013 £	Group 2012 £	Charity 2012 £
Trade Creditors	11,227	9,863	24,825	13,480
Other Creditors	361	361	864	864
Accruals and deferred income	235,514	192,300	199,007	177,021
	<u>247,102</u>	<u>202,524</u>	<u>224,696</u>	<u>191,365</u>

Creditors Comprise:

Bodies External to Government	<u>247,102</u>	<u>202,524</u>	<u>224,696</u>	<u>191,365</u>
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13. Restricted Funds

	Balance 1 April 2012 £	<u>Movement in Resources</u>			Balance 31 March 2013 £
		Incoming £	Outgoing £	Transfer £	
NAM Land and Buildings	18,515,045	320,880	(497,443)	-	18,338,482
Leinster Regiment Museum Fund	5,746	13	-	-	5,759
Indian Divisions Memorial Fund	15,674	255	-	-	15,929
Middlesex Regiment Account	148,111	8,303	-	-	156,414
CCP Lawson Bequest	112,732	17,240	-	-	129,972
WRAC Association Account	14,984	444	-	-	15,428
NAM Building Appeal Fund	8,010	-	-	-	8,010
Bufs' Collection Fund	108,073	190	(799)	-	107,464
War Memorial Fund	29,241	18	-	-	29,259
Other Restricted Grants and Donations	1,691,584	217,183	(176,231)	-	1,732,536
NAM Building for the Future Fund	507,404	145,315	(161)	-	652,558
	<u>21,156,604</u>	<u>709,841</u>	<u>(674,634)</u>	<u>-</u>	<u>21,191,811</u>

The NAM Land and Buildings Fund represents the net book value of 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.

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
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The Leinster Regiment Museum Fund was established with the object of the maintenance of the memorial and chattels for the former Prince of Wales's Leinster Regiment (Royal Canadians).

The Indian Division Memorial Fund was gifted to the Museum in 1988 for the purchase and maintenance of military exhibits connected with the pre-partition Indian Army and the Indian Division of World War Two.

The Middlesex Regiment Account is for the upkeep and maintenance of Middlesex Regiment Memorabilia.

The CCP Lawson Bequest is for the upkeep of the articles forming the bequest. Any surplus income to be used for the purchase of exhibits.

The WRAC Association Account was transferred to the National Army Museum along with the regimental collection in 1993 when the WRAC Museum was closed and is for the general upkeep of this collection.

The NAM Building Appeal Fund has been set up to assist with the cost of future building work at the Museum.

The Buffs' Collection Fund is to be used for the maintenance and display of Buffs' collection.

The War Memorial Fund represents amounts received towards the ongoing upkeep and maintenance of the memorial, which was donated to NAM by the Consignia Heritage Board.

Other restricted grants and donations represent amounts received from the National Army Museum Development Trust and other parties in connection with grants for capital expenditure such as the development of the computerised collections management system and buildings refurbishment expenditure together with monies received that are specifically earmarked for the NAM Building for the Future Fund.

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2013

14. Analysis of Net Assets Between Funds

Group	Tangible and Heritage Fixed Assets £	Investments £	Other Net Assets £	Total 2013 £	Total 2012 £
<u>Restricted Funds</u>					
NAM Land and Buildings	18,338,482	-	-	18,338,482	18,515,045
Leinster Regiment Museum Fund	-	-	5,759	5,759	5,746
Indian Divisions Memorial Fund	1,882	4,442	9,605	15,929	15,674
Middlesex Regiment Account	16,544	92,562	47,308	156,414	148,111
CCP Lawson Bequest	-	104,742	25,230	129,972	112,732
WRAC Association Account	-	7,576	7,852	15,428	14,984
NAM Building Appeal Fund	-	-	8,010	8,010	8,010
Bufs' Collection Fund	16,186	-	91,278	107,464	108,073
War Memorial Fund	-	-	29,259	29,259	29,241
Other Restricted Grants and Donations	1,634,086	-	98,450	1,732,536	1,691,584
NAM Building for the Future Fund	-	-	652,558	652,558	507,404
	<u>20,007,180</u>	<u>209,322</u>	<u>975,309</u>	<u>21,191,811</u>	<u>21,156,604</u>
Unrestricted Funds	63,771,800	-	715,781	64,487,581	64,477,239
Restricted Grant-In-Aid Funds	2,482,686	-	722,678	3,205,364	2,724,664
	<u>86,261,666</u>	<u>209,322</u>	<u>2,413,768</u>	<u>88,884,756</u>	<u>88,358,507</u>

Charity

For the Charity the analysis of restricted funds is as for the group above.

Unrestricted funds comprises:

	£
Tangible and heritage fixed assets	63,770,316
Investments	1
Other net assets	<u>715,780</u>
	<u>64,486,097</u>

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2013

15. Operating Lease Commitments

At 31st March 2013, the Museum had annual commitments under non-cancellable operating leases as follows:

	2013	2012
	£	£
Operating leases expiring:		
Land and buildings:		
over five years	192,391	192,391
Other:		
within one year	-	-
within one to five years	7,391	11,940

16. Related Party Transactions

National Army Museum Trading Limited

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

National Army Museum Foundation

The National Army Museum Foundation was incorporated under the Companies Act 2006 as a private company limited by guarantee on 6 February 2013, number 8191033. An application for its registration as a charity has been lodged with the Charity Commission. The Charity Commission has requested amendments to the objects, and once these have been approved by resolution of the subscribers then registration will be completed. No funds have, therefore, been attributed to the Foundation in the financial year to 31 March 2013.

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. The National Army Museum received a grant from the Trust during 2012/13 of £47,783 (2011/12 £83,300).

The balance of funds held by the Trust at 31 December 2012 was £1,220,466 (31 December 2011 £1,137,489). The control and administration of these funds remains, at all times, the full responsibility of the Trust's trustees.

Friends of the National Army Museum

During the year the National Army Museum received a grant of £50,000 (2011/12 £Nil) from the Friends of the National Army Museum, a registered charity number 234325.

NATIONAL ARMY MUSEUM
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 2013

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 which it sponsors. The MoD is regarded as a related party. Grant-in-Aid funding from the MoD is separately disclosed in the Statement of Financial Activities.

17. Capital Commitments

	2013	2012
	£	£
Authorised at 31 st March 2013 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.