

# Royal Air Force Museum Account 2014-15

# Royal Air Force Museum Account 2014-15

Presented to Parliament pursuant to Section 3(3) of the Government Resources And Accounts Act 2000 (Audit of Public Bodies) Order 2003

Ordered by the House of Commons to be printed on 15 July 2015

The National Audit Office scrutinises public spending for Parliament and is independent of government.

The Comptroller and Auditor General (C&AG), Sir Amyas Morse KCB,  
is an Officer of the House of Commons and leads the NAO, which employs some 810 people.

The C&AG certifies the accounts of all government departments  
and many other public sector bodies.

He has statutory authority to examine and report to Parliament on whether departments and the bodies they  
fund have used their resources efficiently, effectively, and with economy.

Our studies evaluate the value for money of public spending, nationally and locally. Our recommendations and  
reports on good practice help government improve public services, and our work led to audited savings of  
£1.15 billion in 2014



© Crown copyright 2015

This publication is licensed under the terms of the Open Government Licence v3.0 except  
where otherwise stated.

To view this licence, visit [nationalarchives.gov.uk/doc/open-government-licence/version/3](http://nationalarchives.gov.uk/doc/open-government-licence/version/3)  
or write to the Information Policy Team, The National Archives, Kew, London TW9 4DU,  
or email: [psi@nationalarchives.gsi.gov.uk](mailto:psi@nationalarchives.gsi.gov.uk).

Where we have identified any third party copyright information you will need to obtain permission from the  
copyright holders concerned.

ISBN: 9781910305454

Printed on paper containing 75% recycled fibre content minimum

Printed in the UK on behalf of the Controller of Her Majesty's Stationery Office

# Contents

	Page
<b>Annual Report</b>	
Administrative information	2
Foreword	3
Objectives and Activities; Achievements and Performance	4
Financial Review	7
Remuneration Report	9
Governance Statement	13
Statement of Board of Trustees' and Chief Executive Officer's responsibilities	17
<b>Financial Statements</b>	
The Certificate and Report of the Comptroller and Auditor General	18
Consolidated Statement of Financial Activities	20
Consolidated Balance Sheet	21
Consolidated Cash Flow Statement	22
Notes to the Financial Statements	23

## Administrative information

### **Address of the charity**

Royal Air Force Museum  
Grahame Park Way  
Hendon  
London  
NW9 5LL

### **Registered charity number**

244708

### **Names and addresses of other relevant organisations:**

#### **Auditor**

Comptroller and Auditor General  
National Audit Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP

#### **Solicitors**

Devonshires  
30 Finsbury Circus  
London  
EC2M 7DT

#### **Bankers**

Barclays Bank Plc  
PO Box 12820  
Whetstone  
London  
N20 0WE

# Foreword

## Charitable Objects

The object of the charity is to educate and inform the public and members of the Royal Air Force about:

- The history and traditions of the Royal Air Force and
- The role of the Royal Air Force in relation to the armed forces of the realm, other air forces and aviation generally in particular, but not exclusively, by collecting, conserving, preserving, managing, exhibiting and storing documents, items, artefacts and other materials in the collection.

The ambition of the Museum is to ensure that the RAF's story endures and enriches future generations.

The vision of the museum is to be a world-leading museum that engages, inspires and connects everyone with the RAF story through exploration of its people and its collections.

## Our purpose

The RAF has shaped our nation and our society. It has influenced how we live our lives today through its impact on world events, society and technology.

The purpose of the Museum is to tell the story of the RAF through its people and collections.

- For our nation, we help people to understand the impact of the RAF on the world.
- For visitors, we make our collections and the RAF story relevant and stimulating.
- For current and former RAF personnel and their families, we preserve, honour and share the stories of their service.

# Objectives and Activities; Achievements and Performance

## Background and Review of the Year

The Royal Air Force (RAF) Museum was established in 1968 as a legacy of the RAF's fiftieth anniversary, opening on the London (Hendon) site in 1972. As we approach the RAF Centenary in 2018 our vision and mission will link us more closely with the RAF story and its people. These will be delivered through an ambitious Centenary Programme that will transform the Hendon site and a Centenary Legacy Programme that will complete this transformation through developments at Cosford that are due to complete in 2022.

The first stage of the Centenary Programme, 'The First World War in the Air', opened successfully in December 2014 with generous support from the Heritage Lottery Fund (HLF) and BAE Systems. Fundraising for the subsequent phases due to open in 2018 has continued apace and, with the support of the Board of Trustees, the Museum has secured further pledges, including £2.5 million from the Treasury in LIBOR fines, making up just over half of the overall target for the capital programme.

2014-15 has also seen the introduction of a new Senior Management Team to lead the development and running of the London, Cosford and Stafford sites. The new team is working to deliver the Museum's strategic aims and Centenary Programme through a new corporate plan which explores the organisation's future resilience through income generation, efficiency savings and improved governance.

The Museum also received a number of external awards and commendations. These included being the first Museum in the UK to receive an Autism Access Award; a commendation at the London Volunteers in Museums awards; two Outstanding Achievement Awards for the website at the Interactive Media Awards 2014; a commendation for the Museum's Membership Magazine RADAR at the 2014 MemCom Awards; an Excellence Award from the Chartered Institute of Public Relations for our 'Raising the Dornier' campaign and a Highly Commended for our Apprenticeship scheme at the National Apprentice Awards.

## Visitor Numbers

During 2014-15 the Museum achieved a substantial increase in visitor numbers at both its London and Cosford sites. This growth in numbers has been driven by three strategic decisions made by the Trustees of the Museum in late 2013: to invest more in the marketing of the museum's London and Cosford sites to key audiences; to create engaging temporary exhibitions and events, promoting them through social media; and to invest in a new, technology-based counting system for visitor numbers as recognised throughout the Museum and Visitor Attraction sectors. As a result of these decisions visitor numbers increased by 56% at the Museum's London site to 369,109 and those to Cosford increased by 9% to 355,416, including the Cosford Air Show.

Both sites also received Certificates of Excellence once again from TripAdvisor, each site receiving satisfaction rates from reviewers above 90%.

The Museum completed the revamp of its various digital platforms (mobile phone website, Navigator website, National Cold War exhibition website) and launched a new website [www.rafmuseumstoryvault.com](http://www.rafmuseumstoryvault.com) in August 2014 which contains 300,000 digitised First World War Casualty Cards. Total visits to the Museum's main website were recorded at 1,032,139, with 4.3 million pages of information read, whilst those to the Museum's mobile phone website leapt 41% to over 303,000 visits with over 845,000 pages of information read.

The Museum's social media channels also showed substantial growth during the year with Facebook fans for London almost doubling to 29,993 whilst Cosford's figures grew to 6,437. The Museum's Twitter Feed and viewings via YouTube also showed significant growth; as per last year, the Museum's Twitter Feed and Facebook pages generated both research enquiries and donations (artefacts and money) to the Museum.

## Learning

The Museum's Hendon site has welcomed over 31,000 students and teachers from 623 schools for formal learning sessions and self-guided tours. The Access and Learning team delivered 681 workshops – with primary schools studying topics related to the Second World War continuing to form the largest group. However, this year has also seen an increase in secondary schools and colleges visiting for engineering-related studies.

The range of formal education programmes has broadened over the year by introducing First World War study days linked to our new First World War in the Air gallery for members of the University of the Third Age which have both proved popular and increased revenue.

At Cosford the Schools Programme continued to flourish with well over 27,000 students and teachers using the Museum for educational activities. In all 652 school workshops were delivered to 640 schools.

Let's Fly – our Early Years session – continues to be popular and develops the language skills of Key Stage 1 children through storytelling and rhymes. KS1 & KS2 pupils participated in our WW2 workshop Spirit of the Blitz & Rockets session. The activities develop children's historical & scientific knowledge, together with communication and presentation skills to support areas of the National Curriculum.

Work with secondary schools on the Cold War resulted in one teacher producing a Cold War resource pack for schools studying for their GCSEs. This was approved by both OCR & AQA exam boards and now features on our website.

Over the financial year the Cosford team worked closely with the RAF and schools in events such as International Women's Day, Sonic Boom, the BAE Roadshow, Scalextric4Schools and the Jaguar regional final. The Access & Learning team ensured that all pupils could access and participate fully in these STEM (Science, Technology, Engineering and Maths) activities.

As a result of our attendance at the STEM Regional Big Bang Festival in 2013 we were invited to participate in activities with the University of Wolverhampton, including a joint project around our forthcoming VC10 – to create a classroom inside the iconic aircraft with the help of local schools and British architect and TV personality George Clarke.

Other successes have included ever-growing links with local dementia groups that have also partnered schools in an intergenerational project, and a very positive relationship with the University of Wolverhampton.

## Exhibitions

The First World War in the Air exhibition opened at both sites during 2014-15 with generous support from the Heritage Lottery Fund, BAE Systems and the City Bridge Trust.

Temporary exhibitions included 'Biggles and Chums'; 'An Enduring Relationship - a history of friendship Between the Royal Air Force and the Royal Air Force of Oman'; 'Sir Alan Cobham's Flying Circus – A Life of a Pioneering Aviator'; 'The Great War Commemorative Touring Exhibition'; and the award winning 'Pilots of the Caribbean: Volunteers of African Heritage in the Royal Air Force', which included a tour to Glasgow as part of the RAF's contribution to the Commonwealth Games.

## Information and Public Access

August 2014 saw the launch of two online resources which will make parts of the Museum's collections available to a wider audience. An important collection of First World War casualty records, together with the text of the RAF Muster Roll (listing all men who transferred into the RAF on its creation in April 1918) and details of officers from the first Air Force List, have been digitised. A website [www.rafmuseumstoryvault.org.uk](http://www.rafmuseumstoryvault.org.uk) supported by the Esmée Fairbairn Collections Fund now gives access to some 30,000 personnel records which previously could only be seen by appointment in our reading room. Digital access greatly reduces the need to handle the records and thus contributes to their long-term preservation.



An innovative collaboration between the RAF Museum, the German Militärhistorisches Museum der Bundeswehr and the French Musée de l'Air et de l'Espace has created Three Pilots – One War <http://www.3p1w.eu/>. This website uses extracts from the papers of Second Lieutenant Bernard Rice of the Royal Flying Corps, Lieutenant Jean Chaput of the French Army Air Service (Aéronautique Militaire) and Vizefeldwebel (Sergeant) Peter Falkenstein, a German bomber pilot on the Western Front. The extracts will be published on the website exactly 100 years after they were written.

A total of 613 researchers visited the reading room during the year, compared to 520 the previous year, although the number of written enquiries was significantly down at 2,991 against 3,499 in the previous year. Telephone enquiries also reduced, from 2,145 to 1,909. This reduction may be a consequence of information being made available via the StoryVault website.

The Museum collaborated with the University of Birmingham and the BBC in the production of a Massive Open Online Course (MOOC) on aviation in the First World War. The course, delivered via the Internet attracted 10,000 students when first presented; another 4,000 took part when the course was repeated.

The Trenchard Air Power Lecture Series is a new initiative from the Museum, in association with the Royal Aeronautical Society and the University of Wolverhampton, and enhances the Museum's academic programme. The evening lectures, at the RAeS headquarters in London and the University of Wolverhampton's main campus, cover a wide range of topics and attract a new audience. They are complemented by a series of free First World War themed lunchtime lectures at the London site.

## Collection and Management of Heritage Assets

Conservation work on the Dornier Do 17 bomber raised from the English Channel in 2013 continues at the Museum's Michael Beetham Conservation Centre.

The Museum's Crossley Tender vehicle, which dates from the First World War, has been restored to running order by a team of volunteers. In July it took part in the Worshipful Company of Carmen's annual Cart Marking ceremony in the City of London.

Preparation of VC10 C1K XR808 for movement by road from Bruntingthorpe to RAFM Cosford continues. Initial dismantling by a contractor commenced in September 2014; once in situ at Cosford it will be interpreted and made accessible to the public.

Cataloguing work continued on the Jack Bruce collection of photographs, supported generously by the First World War Aviation Historical Society, Cross and Cockade. Some 18,000 photographs have been catalogued, mostly of British-built aircraft, and work is now progressing on foreign-built aircraft. It is hoped to make the collection available online.

The national collection has been developed with acquisitions including:

- Pilot's flying log books of Air Cdre Geoffrey Nicholas Ernest Tindal-Carill-Worsley CB CBE
- 1940s personal diary of AM Sir Harold Brownlow Morgan (Micky) Martin
- Medal bar of six to Captain G F W Zimmer R.A.F. Zimmer, who transferred to the Royal Flying Corps in October 1916. Captain Zimmer learned to fly in Egypt and served on the Western Front before returning to the UK as an instructor.
- 1982 pattern Warrant Officer RAF Bandmaster and RAF Central Band Director of Music full dress uniform.
- Mark Postlethwaite's oil painting 'Harriers over Belize'
- Two oil paintings from the closing down of RAF Leuchars, one showing RAF Museum-owned Phantom FGR2 XV424 in its 1979 Alcock and Brown anniversary scheme and the Frank Wootton canvas 'RAF Wattisham – 56 Squadron Lightnings'

## Financial Review

### Statement of Financial Activities

**Income:** The Museum received £8,336,169 of Grant in Aid (2014: £9,283,000 including £1,150,000 for specific building maintenance requirements). Other income included donations and legacies. The income generated by the trading company on non-charitable activities was £2,373,221 (2014: £2,386,650) (SOFA). Total Incoming Resources amounted to £13,090,536 (2014: £13,420,901) (SOFA).

**Resources Expended:** The total of resources expended amounted to £12,813,072 (2014: £12,651,847 (note 18)). The majority of costs, including the costs of salaries, are in respect of charitable activities.

After adjustment for recognised gains totalling £25,573,843 (2014: £850,208), the net movement of funds for the year was an increase of £277,464 (2014: £769,054). (SOFA)

### Balance Sheet

The value of the group net assets has increased during the year, and now stands at £90,095,534 at the Year End (2014: £64,244,047) (Consolidated Balance Sheet).

This is a direct result of the quinquennial revaluation of the Land and Buildings at the Museum sites by professional valuers. The significant upward revaluation in part reflects new investment in the Museum, such as the First World War in the Air exhibition, but in the main the increase in property prices over the past five years.

### Income and Costs of Generating Funds

**Trading Company:** Any non-charitable activities are undertaken by RAF Museum Enterprises Ltd, a wholly owned subsidiary of the Trustees. The company produced a turnover of £2,373,221 (2014: £2,386,650) (Note 4b) and the associated costs of trading were £2,058,693 (2014: £2,127,515) (Note 4b). During the year, a number of Museum staff and other resources were utilised in furtherance of those activities resulting in a cross charge amounting to £293,600 (2014: £207,230) being paid to the Museum. The outstanding balance this year in respect of the Gift Aid is £314,000 (2014: 254,532) (Note 11).

**Donations:** During the year, a total of £1,913,879 (2014: £1,053,922) (Note 3) was received by way of general donations to the work of the Museum. These were given by members of the public, legacies and by companies associated with the aerospace industry. The figure includes a number of heritage assets valued at £40,250 (2014: £236,800) (Note 3), which the Museum also received during the year.

**RAF Museum American Foundation:** The American Foundation was incorporated in the United States of America on the 2 January 2002, and was granted exempt status from Federal income tax under section 501 (c) (3) of the Internal Revenue Codes on the 31 May 2002. This is an independent organisation with separate and distinct management functions, established in order to raise funds in support of the work of the RAF Museum.

### Reserves

The level of charitable unrestricted funds which are readily accessible to the Trustees at 31 March 2015 was £696,113 (2014: £244,259) inclusive of designated funds of £9,478 (Note 19 pg 38) (2014: £9,478) (Note 19).

During the year, and with reference to guidance from the Charity Commission, the Trustees re-confirmed their commitment to the reserves policy to hold unrestricted and undesignated reserves of at least £500,000 in order to enable financial stability and act as a safeguard against volatile and unpredictable income streams and unforeseen expenditure or liabilities.

The Finance Committee monitors the levels of reserves at the Museum on a quarterly basis as part of their review of the Management Accounts. The Board of Trustees reviews the reserves policy when circumstances change and at least annually.

### Payment of Creditors

The Museum's policy, in accordance with the Government-wide standard on the payment of creditors, is to settle all undisputed bills within 30 days or in accordance with the supplier's terms of business. The Museum's actual payment performance during the year was an average of 33 days (2014: 39 days).

### Investment Policy

The Trustees continually monitor levels of all the Charity's funds. Available funds are currently invested in a variety of term deposits to maximise the level of return but with minimum risk. The amounts and terms of the investments are based on the Trustees' opinion of the immediate and future needs of the Museum and the Chairman of the Finance Committee reviewed the principal deposits during 2014-15.

### Auditors

The accounts are audited by the Comptroller and Auditor General in accordance with the Government Resources and Accounts Act 2000. The standard fee for the audit of the Group 2014-15 accounts was £27,500 (2013-14: £24,385 plus £3,000 for extra work on audit opinion regularity).

So far as I, as Accounting Officer of the Museum and as we, as its Trustees, are aware:

- a there is no relevant audit information of which the Museum's auditors are unaware; and
- b we have taken all the steps that we ought to have taken to make ourselves aware of any relevant audit information and to establish that the Museum's auditors are aware of that information

### Personal Data Loss

The Museum has not identified any personal data related incidents during 2014-15 or in the previous 5 financial years. 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 related, 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.

### Environmental Policy

The Museum has a number of initiatives in place which underpin the creation of a more sustainable and environmentally friendly organisation. These include energy conservation measures (for example the increased use of LED lighting), a comprehensive recycling programme and new building construction which is consistent with reducing the Museum's carbon footprint.

# Remuneration Report

The figures in the remuneration report are subject to audit.

In accordance with the Financial Reporting Manual the RAF Museum has prepared this Remuneration Report containing certain information about directors' remuneration. 'Directors' is interpreted to mean persons in senior positions having authority or responsibility for directing or controlling the major activities of the Museum.

Single figure of total remuneration	Salary	Performance Related pay and bonuses	Benefits in kind (to nearest £100)	Pension Benefits	<b>Total 2014-15</b>	Total 2013-14
	2014-15 (2013-14)	2014-15 (2013-14)	2014-15 (2013-14)	2014-15 (2013-14)		
	£000	£000		£000	<b>£000</b>	£000
<b>Maggie Appleton, CEO</b> (from 12 January 2015)	20-25 Full year equivalent				<b>20-25 Full year equivalent</b>	
	95-100 (-)	- (-)	- (-)	- (-)	<b>95-100</b>	- (-)
<b>Karen Whitting, Director of Public Programmes</b>	65-70 (60-65)	- (-)	- (-)	- (-)	<b>65-70</b>	60-65
<b>Philip Walsh, CFO</b> (from 16 February 2015)	5-10 Full year equivalent				<b>5-10 Full year equivalent</b>	
	75-80 (-)	- (-)	- (-)	- (-)	<b>75-80</b>	-
<b>Peter Dye, (Director General – Retired)</b> (until 31 August 2014)	85-90 Full year equivalent				<b>85-90 Full year equivalent</b>	
	95-100 (95-100)	- (0-5)	- (-)	- (-)	<b>95-100</b>	95-100
<b>John Kitchen, (Director Corporate Services – Retired)</b> (until 28 February 2015)	60-65 Full year equivalent				<b>60-65 Full year equivalent</b>	
	80-85 (80-85)	- (0-5)	- (-)	- (-)	<b>80-85</b>	80-85

Pension benefits	Real increase in pension and lump sum at pension age £000	Accrued pension at 31/03/15 and related lump sum £000	CETV at 31/03/15 £000	CETV at 31/03/14 £000	Real increase in CETV £000	Employer contribution to Nest pension Nearest £000
<b>Maggie Appleton, CEO</b> (from 12 January 2015)	N/A	N/A	N/A	N/A	N/A	400
<b>Karen Whitting, Director of Public Programmes</b>	N/A	N/A	N/A	N/A	N/A	1,300
<b>Philip Walsh, CFO</b> (from 16 February 2015)	N/A	N/A	N/A	N/A	N/A	200
<b>Peter Dye, (Director General – Retired)</b> (retired 31 August 2014)	N/A	N/A	N/A	N/A	N/A	–
<b>John Kitchen, (Director Corporate Services – Retired)</b> (retired 28 February 2015)	N/A	N/A	N/A	N/A	N/A	–

Besides the above listed directors, there are no other employees whose emoluments for the year exceeded £60,000

None of the directors were members of the Principal Civil Service Pension Scheme (PCSPS) and the Museum did not fund any Civil Service pension contributions for them in 2014-15. As of 1 May 2014 under the auto-enrolment scheme the Museum made employer's contribution to the directors' pension at the rate of 2% of their salary. The directors received no other benefits. All of the directors have contracts of employment carrying a period of notice of three months.

The remuneration ratio in the Museum is 4.59 (2014: 4.63) – this represents the pay of the highest paid director as a multiple of the median pay award (the median salary is £21,560 (2014: £21,389)). This is a direct consequence of the application of the Museum pay system which is based upon data supplied by Croner Rewards Ltd. The same data is used to determine the salaries of the Directors and any performance awards are made under the Museum appraisal-linked system which applies to all staff. The Directors are all full-time employees employed on standard terms and conditions.

Peter Dye retired on 31 August 2014 from his post as Director General and Accounting Officer of the Royal Air Force Museum after five years in the appointment; he received a severance payment of £47,500. The interim Accounting Officer and Director General was John Kitchen, Director of Corporate Services, who retired on 28 February 2015.

Maggie Appleton was appointed as Chief Executive Officer on the 12 January 2015 and will take the Museum forward as it approaches the Centenary of the Royal Air Force in 2018, building on the strategy that the Trustees have put in place.

The Board of Trustees comprised 14 members, including two co-opted trustees, none of whom were full time employees of the institution and they were reimbursed with £264 in expenses. (2014: £542)

### Sickness absence

The Royal Air Force Museum employed 181 members of staff as at 31 March 2015. Periods of sickness absence are recorded in full days. The average number of days of sickness absence was 5 days per person (2014: 7). Long term absences have been excluded.

## Pension Costs and Benefits

The PCSPS is an unfunded multi-employer defined benefit scheme but the Royal Air Force Museum is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2012. Details can be found in the resource account of the Cabinet Office: Civil Superannuation ([www.civilservice.gov.uk/pensions](http://www.civilservice.gov.uk/pensions)).

For 2014-15 employers' contributions of £172,811 were payable (2013-14 £178,746) through the PCSPS.

The applicable rates for the PCS pension scheme are shown below:

<b>2014-15</b>		<b>2015-16</b>	
Gross Salary	Rate %	Gross Salary	Rate %
74,501 and over	24.3	75,001 and over	24.5
43,501 – 74,500	21.8	45,001 – 75,000	22.1
21,501 – 43,500	18.8	22,001 – 45,000	20.9
Up to 21,500	16.7	Up to 22,000	20.0

The contribution rates reflect benefits as they are accrued, not when costs are actually incurred, and reflect past experience of the scheme. Pension benefits are provided through the Civil Service pension arrangements in place prior to 30th July 2007, with the unfunded cost of benefits met by monies voted by Parliament each year.

Further details about the Civil Service pension arrangements can be found at the website: [www.civilservice.gov.uk/pensions](http://www.civilservice.gov.uk/pensions)

The real increase in CETV reflects the increase in CETV that is funded by the employer. It does not include the increase in accrued pension due to inflation, contributions paid by the employee (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 Cash Equivalent Transfer Value (CETV) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

The figures include the value of any pension benefit in another scheme or arrangement which the member has transferred to the Civil Service pension arrangements. They also include any additional pension benefit accrued to the member as a result of their buying additional pension benefits at their own cost. CETVs are worked out in accordance with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008 and do not take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are taken.

## Reporting of civil service and other compensation schemes – exit packages

(Comparative data is shown in brackets)

<b>Exit package cost band</b>	<b>Number of compulsory redundancies</b>	<b>Number of other departures agreed</b>	<b>Total number of exit packages by cost band</b>
<£10,000	2 (-)	- (-)	2 (-)
£10,000–£25,000	1 (-)	- (-)	1 (-)
£25,000–£50,000	- (-)	1 (-)	1 (-)
£50,000–£75,000	- (-)	- (-)	- (-)
Total number of exit packages	3 (-)	1 (-)	4 (-)
Total resource cost/ £	19,487 (-)	47,500 (-)	66,987 (-)

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by pension scheme and are not included in the table.

*ACM Sir Glenn Torpy GCB CBE DSO*  
Chairman  
on behalf of the Board of Trustees  
6 July 2015

*Maggie Appleton MBE*  
Chief Executive Officer  
Royal Air Force Museum  
6 July 2015

## Governance Statement

This Governance Statement sets out the arrangements for the governance of the Museum, including the board and committee structure for the Trustees. It specifically shows how the organisation identifies and manages key risks and provides the assurance from the Chairman of the Board of Trustees and Accounting Officer.

### The Governance Framework

The Royal Air Force Museum is a charity registered with the Charity Commission (registration number 244708) governed in accordance with a Deed of Trust dated 4 June 2007.

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 branch, the Ministry of Defence, relating to the receipt of Grant-in-Aid and the conditions for its expenditure. This Framework was revised in 2010.

### The Trustees and the Committee Structure

The Royal Air Force Museum is governed by a Board of Trustees under the chairmanship of Air Chief Marshal Sir Glenn Torpy GCB CBE DSO. The Charities Act 2011 requires the Trustees to exercise proper stewardship over the Museum and to take care of its collections.

The Chief Executive Officer 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.

Trustees are appointed by the Secretary of State for Defence in accordance with the provisions of the public appointments process set out in Office of the Commissioner of Public Appointments Code of Practice. They are appointed for a term of five years and can be appointed for a second term of equivalent length. The Board of Trustees may appoint up to three additional co-opted Trustees to serve on the Board and both co-opted Trustees and other individuals may serve on specific sub-committees to supplement the experience of Board members.

The Trustees receive induction training under the direction of the Chief Executive Officer and are encouraged to familiarise themselves with the Museum's operations through work in sub-committees where they are supported by the Museum's other Directors.

The following individuals served as Trustees during 2014-2015:

Board Member	Appointed	Further notes	Board Attendance	Sub-Committee attendance			Fund raising
				Audit & Risk	Finance	Development	
Air Chief Marshal Sir Glenn Torpy GCB CBE DSO BSC (Eng) FRAeS FCGI	05-Jul-11	Chairman	4/4	–	1/3	2/4	1/3
Mr Malcolm White OBE FRAeS	24-Sep-12	Co-opted & Chairman Development Committee	4/4	–	–	4/4	–
Mr Brendan Connor	24-Aug-05	Chairman Staffing & Remuneration Committee	2/4	–	3/3	–	–
Sir Gerry Grimstone	09-Dec-08	Chairman Audit & Risk Committee	1/4	2/2	–	–	–



Mr John Michaelson	09-Dec-08	-	3/4	-	-	-	-
Mr Robin Southwell	09-Dec-08	-	2/4	-	-	2/4	2/3
Mr Alan Spence	09-Dec-08	-	4/4	-	-	-	-
The Rt Hon Lord Hutton of Furness PC	05-Jul-11	-	2/4	-	-	0/4	0/3
Mr Michael Schindler	05-Jul-11	-	3/4	2/2	3/3	4/4	-
Mr Andrew Reid	05-Jul-11	-	2/4	1/2	-	2/4	-
Mr Richard Holman FCA	05-Jul-11	Chairman Finance Committee	4/4	-	3/3	4/4	-
Mr Alan Coppin	08-Jul-13	Co-opted & Chairman Fundraising Committee	2/4	-	-	-	3/3
Dr Carol Cole	23-Mar-15	-	3/4	-	-	-	-
Dr Rodney Eastwood	23-Mar-15	-	4/4	-	-	-	-

NB. The Staffing and Remuneration committee did not meet in the year.

## Register of Interests

A register of Trustees' interests is maintained. Trustees are required to declare the fact that if they have an interest, pecuniary or otherwise, in any matter being considered by the Board. In this period no such interests were declared.

## The Board of Trustees Sub -Committees

The Trustees have established a number of sub-committees for specific purposes and to ensure the effective conduct of business. At their meeting on 1 June 2015 Trustees agreed a restructure of the sub-committees to now comprise Audit & Risk, Finance (incorporating responsibility for Investment), Centenary (established to lead and support the fundraising for and governance of the Centenary Programme and incorporating the previous Development and Fund Raising Committees) and Staffing & Remuneration. The Museum also has an Academic Research Board under the chairmanship of Professor Richard Overy. The terms of reference of each of these sub-committees have been approved by the Full Board. The table above shows the number of meetings and attendance. Minutes of all Board and sub-committee meetings are maintained.

The Trustees have established two subsidiary companies, the shares of which are held by or on behalf of the Trustees although the decisions taken by these companies remain primarily their responsibility. The Board of Royal Air Force Museum Enterprises Ltd includes two independent non-executive Directors.

## The Board of Trustees' Performance.

The principal achievements of the Museum during the year are highlighted elsewhere in these Financial Statements, including the improved visitor numbers and the First World War in the Air exhibition opening, and the Board have supported the organisation to achieve these. Specifically the Board has focused on the delivery of the Strategic plan, and the recruitment of the new Senior Management Team, both of which have been completed and give the Museum impetus in the lead up to the RAF Centenary.

Sub-committee minutes are circulated to all Trustees with routine papers for the quarterly meetings of the Full Board and sub-committee chairs highlight any matters of particular concern for the attention of the Full Board.

There is a wide range of information and data (financial and otherwise) routinely available to Trustees, including management accounts (monthly to the Finance Committee and quarterly to the Full Board) which the Board considers adequate management information.

## Internal Auditors

The Museum's internal auditors are Moore Stephens who work to the Public Sector Internal Audit Standards and provide an independent opinion on the matters subject to review through the internal audit programme. The work programme is signed-off by the Trustees' Audit & Risk Committee and the report of the internal auditors is received by that same sub-committee.

As part of this plan Moore Stephens have carried out several reviews this past year. The Internal Auditors provide an annual report on progress against the internal audit plan for 2014-15. The report includes the Internal Auditors independent opinion on whether controls in the relevant business area are suitably designed, effective and consistently applied, together with recommendations for improvement. The audit opinion takes together the assurance ratings and recommendations of individual Internal Audit assignments conducted in 2014-15, management's responsiveness to internal audit recommendations and the direction of travel with regard to internal control, governance and risk management.

The opinion for 2014-15 is that there is some risk that management's objectives may not be fully achieved. Improvements are required in those areas to enhance the adequacy and / or effectiveness of governance, risk management and internal control – in particular on the procurement audit assignment which was rated as amber.

Further to this the Internal Auditors noted the following developments which give an indication of the direction of travel with regard to the internal control, governance and risk management at the RAF Museum.

- Significant change in the senior management structure and personnel, with the appointment of a new CEO and a professionally qualified accountant appointed as Chief Financial Officer.
- Appointment of two leads for the two sites, again with relevant external experience.
- A noticeable professionalisation of procurement practice since the new management structure has been put in place.

The Audit and Risk Committee accept the opinion and findings of the Internal Auditors and consider the improvements noted to be positive evidence of action on the recommendations made. Progress against recommendations will continue to be monitored by the Committee as part of the Internal Audit follow up review process.

## External Auditors

The external auditor of the Museum is the Comptroller and Auditor General with the audit conducted by the National Audit Office. The external auditor of its trading subsidiary, Royal Air Force Museum Enterprises Ltd, is Hillier Hopkins LLP. The accounts are consolidated.

## Risk Management

The Museum's internal control system is designed to manage risk to a reasonable level, rather than eradicate all risk of failure. It can only provide reasonable and not absolute assurance of effectiveness therefore. In managing risk we identify the opportunities and risks in achieving our strategic objectives, evaluate the likelihood of those risks being realised, the impact should they be realised and the controls in place to manage them efficiently and effectively. The Museum's approach to risk management and the process for implementation are in a Risk Management Strategy. The strategy is supported by our strategic risk register, which groups our highest priority risk areas into key strategic risks.

Risk management overall is viewed as a dynamic process which actively seeks to incorporate good practice. It is responsive and current and is managed through regular review of both internal developments and external factors – the political, social, economic, demographic, technological, environmental and legal developments that may influence our exposure to risks or opportunities.

As a Non Departmental Public Body (NDPB) the Museum has a low risk appetite in relation to compliance, regulation and to our key strategic risks. In areas where we aim to be relevant and influential, we are prepared to take calculated risks. Risk appetite was set by the Trustees at an away day facilitated by the internal auditors in the year – it is then reviewed by SMT and any changes reported to the Audit & Risk Committee annually. The SMT determine whether our overall risk profile is commensurate with our risk appetite. The key risk identified and the actions taken to date are set out below.

The RAF Museum corporate plan sets out to build a robust financial model for the future, with operational savings to be identified, trading activity to be increased, and programmes developed that attract funding support. These actions will help to secure the Museum's long term financial position.

The Museum's improved visitor numbers in part addresses the risk of a loss of audience. The Centenary plan focuses on ensuring that the museum remains relevant to visitors through innovative exhibitions and programming, and seeks to capitalise on the regeneration in Colindale at the London site.

In response to internal audit findings and the need to improve collections storage and management a collections review is underway that will support both care of the collection and development and delivery of exhibition programming. An important strand of this review is delivery of digitisation of the archives, opening access to audiences while ensuring collection care is maintained – this will require considerable investment which is the reason for the risk of failure to adequately care for collections remaining at a medium level.

As with financial stability the risks from major incidents, of any nature, can only be mitigated to a certain amount through capital investment in infrastructure, such as IT to manage data loss risks and, and tightening of procedures in response to a major incident.

The recruitment of the new Chief Executive and senior management team, together with a new organisational structure working across the business has helped to mitigate the people risk in the organisation – however the risk has moved on from lack of leadership capacity to one of embedding the new team and structures.

## Assurance Statement by the Audit & Risk Committee

The Audit and Risk Committee is reasonably confident that the reliability, integrity, quality and comprehensiveness of the assurances provided by the RAF Museum's internal and external auditors, and by management, are presently sufficient to support the Board and Accounting Officer in their decision making and in the fulfilment of their accountability obligations. The Audit & Risk Committee will continue to draw to the Board's and Accounting Officer's attention any matters of serious concern. No significant internal control issues have arisen over the course of the past year.

## The Board's Statement of Assurance

We have responsibility, on behalf of the Full Board of Trustees, 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*).

We are both satisfied that these arrangements have proved effective for the financial year 2014-15 subject of these Financial Statements

ACM Sir Glenn Torpy GCB CBE DSO  
Chairman  
on behalf of the Board of Trustees  
6 July 2015

Maggie Appleton MBE  
Chief Executive Officer  
Royal Air Force Museum  
6 July 2015

## Statement of Board of Trustees' and Chief Executive Officer's responsibilities

Under Section 30(3) of the National Heritage Act 1983 and law applicable to charities in England and Wales, the Board of Trustees is required to prepare financial statements for each financial year which give a true and fair view of the Royal Air Force 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 Board of Trustees is required to:

- a observe any accounts direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- b make judgements and estimates that are reasonable and prudent;
- c state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d prepare the financial statements on a going concern basis, unless it is inappropriate to presume that the charity will continue in operation.

Under the law applicable to charities in England and Wales, the Board of Trustees is responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the charity and which enable the Board to ensure that the financial statements comply with applicable law. The Board 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 Permanent Under-Secretary of the Ministry of Defence has appointed the senior full time official, the Chief Executive Officer, as the Accounting Officer for the Royal Air Force Museum. Her relevant responsibilities as Accounting Officer, including her responsibility for the propriety and regularity of expenditure from Grant-in-Aid provided by Parliament and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officer's Memorandum issued by the Treasury and published in *Managing Public Money*.

*ACM Sir Glenn Torpy GCB CBE DSO*  
Chairman  
on behalf of the Board of Trustees  
6 July 2015

*Maggie Appleton MBE*  
Chief Executive Officer  
Royal Air Force Museum  
6 July 2015

# The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament

I certify that I have audited the financial statements of Royal Air Force Museum for the year ended 31 March 2015 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Consolidated Statement of Financial Activities, the Group 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 Trustees, Director General and Auditor

As explained more fully in the Statement of Board of Trustees' and Chief Executive Officer's Responsibilities, the Trustees and the Chief Executive 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, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. 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 Royal Air Force Museum's and the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Royal Air Force Museum; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

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

## Opinion on regularity

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

## Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of Royal Air Force Museum's affairs as at 31 March 2015 and of its incoming resources and application of resources for the year then ended; and
- the financial statements have been properly prepared in accordance with the Charities Act 2011 and Secretary of State directions issued thereunder.

## Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Charities Act 2011; and
- the information given in Objectives and Activities: Achievements and Performance 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 returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

## Report

I have no observations to make on these financial statements.

*Sir Amyas C E Morse KCB*  
Comptroller and Auditor General

9 July 2015

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

## Consolidated Statement of Financial Activities for the year ended 31 March 2015

	Notes	Unrestricted Funds 2015 £	Grant in Aid Funds 2015 £	Restricted Funds 2015 £	Total Funds 2015 £	Total Funds 2014 £
<b>Incoming resources</b>						
<b>Incoming resources from generated funds</b>						
Grant in Aid (Operating)		-	8,227,169	-	8,227,169	8,024,000
Grant in Aid (Purchase of exhibits)		-	109,000	-	109,000	109,000
Grant in Aid (Maintenance Projects)	3b		-	-	-	1,150,000
Other grants and donations	3a	303,724	-	1,610,155	1,913,879	1,053,922
Special events		125,304	-	-	125,304	55,877
Other income		321,677	-	12,841	334,518	629,693
Commercial trading operations	4b	2,373,221	-	-	2,373,221	2,386,650
Investment income and interest		2,493	-	4,952	7,445	11,759
<b>Total incoming resources</b>		<b>3,126,419</b>	<b>8,336,169</b>	<b>1,627,948</b>	<b>13,090,536</b>	<b>13,420,901</b>
<b>Resources Expended</b>						
<b>Costs of generating funds:</b>						
Fund raising and publicity	5	399,115	30,012	-	429,127	325,491
Commercial trading operations	4b	2,058,693	-	-	2,058,693	2,127,515
Sub total cost of generating funds		2,457,808	30,012	-	2,487,820	2,453,006
<b>Net incoming resources available for charity application</b>		<b>668,611</b>	<b>8,306,157</b>	<b>1,627,948</b>	<b>10,602,716</b>	<b>10,967,895</b>
<b>Charitable activities:</b>						
Operation of Museum	6a	210,820	8,923,435	1,079,833	10,214,088	10,056,449
Purchase of exhibits		-	750	-	750	467
<b>Governance costs</b>	5	-	110,414	-	110,414	141,925
<b>Total resources expended</b>		<b>210,820</b>	<b>9,034,599</b>	<b>1,079,833</b>	<b>10,325,252</b>	<b>10,198,841</b>
<b>Net (outgoing)/incoming resources for the year</b>		<b>457,791</b>	<b>(728,442)</b>	<b>548,115</b>	<b>277,464</b>	<b>769,054</b>
<b>Gains and losses on revaluations of fixed assets for the charity's own use</b>		<b>457,460</b>	<b>20,339,811</b>	<b>4,741,078</b>	<b>25,538,349</b>	<b>853,501</b>
<b>Gains and losses on revaluations and disposals of investment assets</b>		<b>(168)</b>	<b>-</b>	<b>35,662</b>	<b>35,494</b>	<b>(3,293)</b>
<b>Net movement in funds</b>		<b>915,083</b>	<b>19,611,369</b>	<b>5,324,855</b>	<b>25,851,307</b>	<b>1,619,262</b>
<b>Funds b/fwd at 1 April 2014</b>		<b>2,277,438</b>	<b>43,227,224</b>	<b>18,739,385</b>	<b>64,244,047</b>	<b>62,624,785</b>
<b>Funds c/fwd at 31 March 2015</b>		<b>3,192,521</b>	<b>62,838,593</b>	<b>24,064,240</b>	<b>90,095,354</b>	<b>64,244,047</b>

All of the Group's activities are classed as continuing. All recognised gains and losses are included above.

The notes on pages 23 to 40 form part of these financial statements.

## Consolidated Balance Sheet for the year ended 31 March 2015

	Notes	<b>Group</b> 2015 £	Group 2014 £	<b>Charity</b> 2015 £	Charity 2014 £
<b>Fixed assets</b>					
Tangible assets (Excluding Heritage Assets)	9	<b>65,151,041</b>	<b>40,340,669</b>	<b>65,093,927</b>	40,281,402
Heritage Assets	9a	<b>21,061,639</b>	<b>21,005,430</b>	<b>21,061,639</b>	21,005,430
Investments	4a	–	–	<b>100,002</b>	100,002
<b>Total Fixed Assets</b>		<b>86,212,680</b>	<b>61,346,099</b>	<b>86,255,568</b>	61,386,834
<b>Current assets</b>					
Stocks	10	<b>168,367</b>	<b>138,451</b>	–	–
Debtors	11	<b>506,078</b>	<b>791,636</b>	<b>770,253</b>	972,411
Investments	12	<b>420,229</b>	<b>379,756</b>	<b>420,229</b>	379,756
Cash at bank	13	<b>3,837,197</b>	<b>2,511,855</b>	<b>3,525,779</b>	2,321,207
<b>Total Current Assets</b>		<b>4,931,871</b>	<b>3,821,698</b>	<b>4,716,261</b>	3,673,374
<b>Creditors</b>					
Amounts falling due within one year	14	<b>(1,049,197)</b>	<b>(923,750)</b>	<b>(802,973)</b>	(741,983)
<b>Net Current Assets</b>		<b>3,882,674</b>	<b>2,897,948</b>	<b>3,913,288</b>	2,931,391
<b>Net Assets/Liabilities</b>		<b>90,095,354</b>	<b>64,244,047</b>	<b>90,168,856</b>	64,318,225
<b>Reserves</b>					
	18/19				
Unrestricted funds		<b>3,192,521</b>	<b>2,277,438</b>	<b>3,266,023</b>	2,351,616
Grant in Aid Operating account		<b>60,968,410</b>	<b>41,465,291</b>	<b>60,968,410</b>	41,465,291
Grant in Aid exhibits reserve		<b>1,870,183</b>	<b>1,761,933</b>	<b>1,870,183</b>	1,761,933
Other restricted funds		<b>24,064,240</b>	<b>18,739,385</b>	<b>24,064,240</b>	18,739,385
		<b>90,095,354</b>	<b>64,244,047</b>	<b>90,168,856</b>	64,318,225

Approved by the Board of Trustees on 6 July 2015 and signed on its behalf by

*ACM Sir Glenn Torpy GCB CBE DSO*  
Chairman  
on behalf of the Board of Trustees

*Maggie Appleton MBE*  
Chief Executive Officer  
Royal Air Force Museum

*The notes on pages 23 to 40 form part of these financial statements.*



## Consolidated Cash Flow Statement for the year ended 31 March 2015

### Reconciliation of net incoming resources to net cash flow from operating activities

	Restricted Funds				Total Funds 2014
	Unrestricted Funds	Grant in Aid Funds	Other Funds	Total Funds	
	2015	2015	2015	2015	
	£	£	£	£	£
<b>Net Incoming Resources</b>	<b>457,791</b>	<b>(728,442)</b>	<b>548,115</b>	<b>277,464</b>	769,053
Interest receivable	(2,379)	–	(4,952)	(7,331)	(11,655)
Interest payable	1,401	–	–	1,401	2,924
Dividends received	(114)	–	–	(114)	(105)
Depreciation of tangible assets	84,055	1,088,552	552,285	1,724,892	1,592,908
(Profit)/loss on disposal of assets	–	–	–	–	200,000
(Increase)/decrease in stocks	(29,916)	–	–	(29,916)	8,957
(Increase)/decrease in debtors	48,246	132,468	104,844	285,558	(420,182)
(Decrease)/increase in creditors	12,448	112,999	–	125,447	(180,052)
<b>Net cash flow from operating activities</b>	<b>571,532</b>	<b>605,577</b>	<b>1,200,292</b>	<b>2,377,401</b>	1,961,848
<b>Net cash flow from operating activities</b>	<b>571,532</b>	<b>605,577</b>	<b>1,200,292</b>	<b>2,377,401</b>	1,961,848
<b>Returns on investments and servicing of finance</b>					
Bank interest received	2,379	–	4,952	7,331	11,655
Finance charges paid	(1,401)	–	–	(1,401)	(2,924)
Dividends received	114	–	–	114	105
<b>Capital expenditure</b>					
Purchase of tangible fixed assets	–	(183,549)	(869,575)	(1,053,124)	(1,351,611)
Proceeds from disposal of tangible fixed assets	–	–	–	–	–
<b>Management of liquid resources</b>					
Purchase of current asset investments	–	–	(4,979)	(4,979)	–
Proceeds from disposal of current asset investments	–	–	–	–	–
<b>(Decrease)/increase in cash in the period</b>	<b>572,624</b>	<b>422,028</b>	<b>330,690</b>	<b>1,325,342</b>	619,073

The cash flow statement should be read together with note 16, which reconciles the net cash flow to the movement in net funds, and note 17, which analyses the changes in net funds.

*The notes on pages 23 to 40 form part of these financial statements.*

# Notes to the Financial Statements for the year ended 31 March 2015

## 1 Accounting Policies

### *Basis of Accounting*

The financial statements have been prepared in accordance with applicable accounting standards, under the historical cost convention as modified by the revaluation of fixed assets.

The financial statements comply with the Statement of Recommended Practice: Accounting and Reporting by Charities ('SORP 2005') and with the Accounts Direction issued by HM Treasury.

### *Basis of Consolidation*

Consolidated financial statements have been prepared in respect of the charity and its wholly owned subsidiaries, Royal Air Force Museum Enterprises Ltd and The Royal Air Force Museum Investments Limited. The Consolidated Statement of Financial Activities includes the results of Royal Air Force Museum Enterprises Ltd. 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 Royal Air Force Museum Enterprises Ltd and Royal Air Force Museum Investments Limited on a gross basis.

The financial statements of Royal Air Force Museum Enterprises Ltd used in consolidation are those for the year to 31 March, 2015.

The Royal Air Force Museum Investments Limited was formed to hold, on behalf of the Trustees, the real property assets of the charity. In March 2005, the leasehold property was transferred to this company from the charity, and in January 2008, the freehold property followed.

### *Recognition of Incoming Resources*

Grants (including Grant-in-Aid) are credited to incoming resources on the earlier date of when they are received or when they are receivable, unless they relate to a specified future period, in which case, they are deferred. Voluntary income and donations are accounted for as they are received. Earned income is accounted for as it is receivable. Donations in kind are recognised at their fair value, with an equivalent charge made to resources expended.

### *Resources Expended*

Resources expended are included in the statement of financial activities on an accruals basis, inclusive of any irrecoverable VAT.

Fundraising expenditure comprises costs incurred in inducing individuals and organisations to contribute financially to the Museum's work. This includes advertising costs and the costs of staging special events.

Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

### *Commercial Trading Activities*

Income from commercial activities is included in the period in which the group is entitled to its receipt.

### *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 or other incoming resources received or generated for the charity's general purposes.

### *Tangible Fixed Assets*

The charity's tangible fixed assets are capitalised at historic cost on acquisition, and revalued annually using indices calculated by the Defence Statistics. Fixed assets with a cost of less than £1,000 are not capitalised. Any gains or losses on revaluation are reported as unrealised until an asset is disposed. Depreciation is provided at rates calculated to write off the value of each asset over its expected useful life, as follows:

Freehold buildings	over 30 to 50 years
Leasehold property	over the lease term
Fixtures, fittings and equipment	3 to 5 years straight line
Plant and machinery	5 years straight line
Simulator	15 years straight line
Motor vehicles	4 years straight line

Heritage assets are accounted for as a distinct category with indefinite life and are therefore not depreciated.

Assets in the course of construction are not depreciated or revalued until brought into use.

### *Impairment*

The RAF Museum assesses whether there is any indication of impairment for all fixed assets at the balance sheet date. A fixed asset is considered to be impaired if the recoverable amount of the asset has fallen below its carrying amount on the balance sheet, as a result of damage, deterioration or poor performance.

If any indication of impairment exists, the Museum shall estimate the recoverable amount of the asset, determined as the higher of its fair value less costs to sell the asset and its value in use. The method of estimation used shall be that deemed most suitable for the type of asset.

Where there is objective evidence that an impairment loss exists, an impairment charge will be made in the SOFA to reduce the carrying value of the asset to the estimated recoverable amount.

### *Exhibition costs*

Long term exhibition equipment is capitalised as a fixed asset. Temporary exhibition costs are written off as resources expended in the year they are incurred.

### *Heritage Assets*

Heritage Assets acquired after 1 April 2001 have been capitalised, but not revalued or depreciated.

The Museum has policies on Heritage Asset acquisition, preservation and maintenance and disposals. The full list can be obtained from the RAF Museum Website, following the link:

<http://www.rafmuseum.org.uk/london/policy-performance/collections.cfm>

The Museum records heritage assets on a Collections database. The collection can be divided between the accessioned collection, and the un-accessioned collection.

### *Valuation*

If available, valuation is based on acquisition costs increased by restoration costs (if applicable).

The capitalisation of exhibits has followed the internal policy of the inclusion of items valued at £1,000 or above, and the addition of less valuable objects has been considered only if they constituted a part of a specific collection.

For donated assets, in most cases valuations are based on internal estimates determined by the relevant curator's experience and judgement, as an accurate figure is very difficult to establish. In some cases (e.g. a significant painting), a dealer may be sometimes consulted for advice.

The Museum's response to the introduction of FRS 30 was to deploy internal resources to the task of valuation in respect of those exhibits which were added to the collection before 2001, and which represent a materially significant part of the collection.

Given the diverse nature of the collection (and the unique nature of some items) and also taking into account changing market conditions, the resulting valuations represent indicative estimates. The valuations of the most significant items from pre- 2001 period were added to the total value of all exhibits by the end of the year and the requirement of FRS30 has been met. The exhibits will not be re-valued in future periods; however impairment reviews will be periodically carried out by the Museum.

#### *Investments*

Investments held as fixed assets are stated at cost less provision for permanent diminution in value. Those held as current assets are stated at their market value. Term deposits of less than one year are classified as investments within current assets.

Dividends are brought into account in the Statement of Financial Activities when received.

#### *Leasing*

Assets held under finance leases, where the lease terms give rights approximating to ownership, are capitalised with an equivalent liability recognised under creditors due within one and after one year as appropriate. Rentals payable under operating leases are charged to resources expended as they are incurred.

#### *Stock*

Stock is valued at the lower of cost and net realisable value. Specific provision is made for obsolete and slow moving items.

#### *Financial Instruments*

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

#### *Pensions*

Pension benefits for a small number of longer serving staff are provided through the Civil Service pension arrangements. These staff members may be in one of four defined benefit schemes; either a final salary scheme (classic, premium or classic plus); or a whole career scheme (nuvos). These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus and nuvos are increased annually in line with Pensions Increase legislation. Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 1.5% and 6.85% of pensionable earnings for classic and 3.5% and 8.85% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer is not obliged and is not currently contributing any employer contributions into the stakeholder pension product. The employee may choose their level of contribution and Members may retire between 50 and 75.

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus and 65 for members of nuvos.

Further details about the Civil Service pension arrangements can be found at the website [www.civilservicepensionscheme.org.uk](http://www.civilservicepensionscheme.org.uk)

New Career Average pension arrangements will be introduced from 1 April 2015. Classic, premium, classic plus and nuvos members will join the new scheme, or take advantage of the transitional arrangements in place. Further details of this new scheme are available at <http://www.civilservicepensionscheme.org.uk/members/the-new-pension-scheme-alpha/>

From May 2014 the Museum has automatically enrolled all staff into a NEST pension scheme unless employees choose to opt out. The NEST pension scheme is a defined contribution pension scheme that was created as part of the government's workplace pensions reforms under the Pensions Act 2008.

## 2 Taxation

All of the charity's income is applied for charitable purposes and therefore the charity is exempt from Corporation Tax. The Corporation Tax liability of the trading subsidiary for the year ended 31 March 2015 was £ 0 (2014: £0).

### 3a Other grants and donations

	Un-restricted Fund	Grant in Aid Operating Funds	Restricted Funds	Total Funds	Total Funds
	2015	2015	2015	2015	2014
	£	£	£	£	£
Society of Friends of the RAF Museum	-	-	-	-	9,198
Exhibits Donated	-	-	40,250	40,250	236,800
Heritage Lottery Grant for First World War Exhibition	-	-	320,863	320,863	-
Heritage Lottery Grant for Dornier Recovery	-	-	-	-	343,826
Other Donations for Dornier Recovery and Exhibition	-	-	4,529	4,529	157,437
Cosford Air Show Donation	-	-	40,700	40,700	65,000
Contributions towards Curators Salaries	-	-	42,400	42,400	105,150
Donation for VC10 from BAE	-	-	41,000	41,000	-
Donations for Centenary Project	-	-	1,005,000	1,005,000	-
GLA Grant for WiFi	-	-	69,391	69,391	-
Other	303,724	-	46,022	349,746	136,511
	<b>303,724</b>	-	<b>1,610,155</b>	<b>1,913,879</b>	1,053,922

**3b Grant in Aid Received for Maintenance Projects**

The museum received no Project Specific Grant in Aid this Year (2014: £1,150,000)

	<b>2015</b>	2014
	<b>£</b>	£
Restoration of Building 52	–	500,000
Fire Suppression at Cosford	–	650,000
	<u>–</u>	<u>1,150,000</u>

**4a Investment in subsidiary undertakings**

Of the investment of £100,002 (2014: £100,002), £100,000 represents the charity's interest in 100% of the issued share capital of Royal Air Force Museum Enterprises Limited which is incorporated in England and Wales and operates souvenir shops and other trading activities at Hendon and Cosford. The company's aggregate capital and reserves were as follows:

	<b>2015</b>	2014
	<b>£</b>	£
The assets and liabilities of the subsidiary were:		
Fixed assets	<b>57,114</b>	59,268
Current assets	<b>659,753</b>	483,058
Creditors: amounts falling due within one year	<b>(690,369)</b>	(516,503)
	<u><b>26,498</b></u>	<u>25,823</u>
	<b>2015</b>	2014
	<b>£</b>	£
At 1 April, 2014	<b>25,823</b>	21,145
Profit/(Loss) retained in subsidiary	<b>675</b>	4,678
At 31 March, 2015	<u><b>26,498</b></u>	<u>25,823</u>

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

The remaining £2 represents the charity's interest on 100% of the issued share capital of The Royal Air Force Investments Limited, which is incorporated in England and Wales and holds the real property assets of the charity for administrative purposes.

The Directors of RAF Museum Enterprises Limited have assessed that the subsidiary is a going concern and the Trustees are content, therefore, that the investment in the subsidiary retains its value.

**4b Income from trading company**

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

**Royal Air Force Museum Enterprises Limited**

	2015	2014
	£	£
<b>Turnover</b>	<b>2,373,221</b>	2,386,650
Cost of sales, administrative expenses and taxation.	<b>(2,058,693)</b>	(2,127,515)
	<b>314,528</b>	259,135
Interest receivable	<b>147</b>	75
Interest paid	-	-
<b>Net Profit/(Loss)</b>	<b>314,675</b>	259,210
Gift Aid to RAF Museum	<b>(314,000)</b>	(254,532)
<b>Surplus (Deficit) in subsidiary</b>	<b>675</b>	4,678

**5 Allocation of support**

The trust allocates its support costs as shown in the table below and then further apports those costs between the charitable activities undertaken (see note 6). Support costs are allocated on a basis consistent with the use of resources.

Support Cost				2015	2014
	Museum Operation	Governance	Fund Raising and Publicity	Total	Total
	£	£	£	£	£
Staff Costs	<b>842,456</b>	<b>51,044</b>	<b>83,809</b>	<b>977,309</b>	1,091,870
Premises Costs	<b>2,462</b>	-	<b>1,258</b>	<b>3,720</b>	3,767
Motor Expenses	<b>15,038</b>	-	-	<b>15,038</b>	12,671
Travel, Subsistence and Hospitality	<b>41,065</b>	<b>8,287</b>	<b>6,789</b>	<b>56,141</b>	60,068
Administration Expenses	<b>378</b>	-	<b>3,026</b>	<b>3,404</b>	5,328
Legal, Professional and Consultancy*	<b>40,060</b>	<b>51,083</b>	-	<b>91,143</b>	93,159
Fundraising & Publicity	-	-	<b>332,316</b>	<b>332,316</b>	108,529
Repairs and Maintenance	<b>1,625</b>	-	<b>563</b>	<b>2,188</b>	2,723
Depreciation	<b>3,936</b>	-	<b>1,366</b>	<b>5,302</b>	4,890
Financial	<b>1,401</b>	-	-	<b>1,401</b>	2,925
Sundry including VAT write back	<b>160,297</b>	-	-	<b>160,297</b>	64,772
<b>Total</b>	<b>1,108,718</b>	<b>110,414</b>	<b>429,127</b>	<b>1,648,259</b>	1,450,702

\* Included in Legal, Professional and Consultancy, under Governance heading, is the audit fee payable to the National Audit Office amounting to £20,500.

**6a Analysis of charitable expenditure**

					2015	2014
	Education	Access & Exhibition Programmes	Information & Public Services	Management of Heritage Assets	Total	Total
	£	£	£	£	£	£
School programmes and curriculum development	59,971	–	–	–	59,971	36,089
Events and exhibitions	–	351,459	369,873	–	721,332	591,301
Department of Research Information Services	–	–	–	5,280	5,280	7,547
M B Conservation Centre	–	–	–	94,906	94,906	93,005
Department of Collection Management	–	–	–	14,649	14,649	14,161
Visual Arts	–	–	–	16,725	16,725	23,618
Salaries	327,975	611,778	2,282,347	849,970	4,072,070	3,900,194
Central premises costs	95,197	1,648,456	5,937	521,260	2,270,850	2,462,622
Depreciation	71,404	1,236,443	3,581	390,978	1,702,406	1,570,204
Disposal of Exhibit	–	–	–	–	–	200,000
Travel, Subsistence & Hospitality	6,248	6,399	2,761	7,566	22,974	62,337
Administration expenses	10,591	15,697	72,244	20,803	119,335	111,050
Sundry expenses	–	–	594	4,278	4,872	1,035
Support costs	69,575	471,260	333,313	234,570	1,108,718	983,286
<b>Total</b>	<b>640,961</b>	<b>4,341,492</b>	<b>3,070,650</b>	<b>2,160,985</b>	<b>10,214,088</b>	<b>10,056,449</b>

**6b Allocation of other operating costs by fund**

	Unrestricted	GIA	Restricted	2015 Total	2014 Total
	£	£	£	£	£
Total per the SOFA					
Fund raising and publicity	399,115	30,012	–	429,127	325,491
Operation of Museum	210,820	8,923,435	1,079,833	10,214,088	10,056,449
Governance	–	110,414	–	110,414	141,925
	<b>609,935</b>	<b>9,063,861</b>	<b>1,079,833</b>	<b>10,753,629</b>	<b>10,523,865</b>
Less: staff costs (Note 8)	(137,066)	(4,862,056)	(50,257)	(5,049,379)	(4,992,064)
Less: depreciation (Note 5 & Note 6a)	(66,871)	(1,088,552)	(552,285)	(1,707,708)	(1,575,094)
	<b>405,998</b>	<b>3,113,253</b>	<b>477,291</b>	<b>3,996,542</b>	<b>3,956,707</b>



## 7 Analysis of support for charitable activities

This table shows the cost of the main charitable activities and the sources of revenue directly to support those activities.

					2015	2014
	Education	Access & Exhibition Programmes	Information & Public Services	Management of Heritage Assets	Total	Total
	£	£	£	£	£	£
Costs	640,961	4,341,492	3,070,649	2,160,985	10,214,088	10,056,499
Grants and Lottery Funding	(6,900)	(320,863)	(16,595)	–	(344,358)	(343,826)
Donations	(27,920)	(1,201,121)	–	(36,756)	(1,265,797)	(583,630)
Other direct revenue	(51,078)	(11,945)	(14,156)	(7,841)	(85,020)	(163,420)
Net cost funded from other income	<u>555,063</u>	<u>2,807,563</u>	<u>3,039,898</u>	<u>2,116,388</u>	<u>8,518,912</u>	<u>8,965,573</u>

## 8 Staff costs and numbers

	Un-restricted Fund	Grant in Aid Operating Funds	Restricted Funds	Total Funds	Total Funds
	2015	2015	2015	2015	2014
	£	£	£	£	£
Salaries and wages	128,074	4,241,186	44,346	4,413,606	4,398,727
Temporary agency staff	–	1,818	–	1,818	4,345
Social security costs	7,876	409,033	5,025	421,934	410,246
Pension costs	1,116	210,019	886	212,021	178,746
	<u>137,066</u>	<u>4,862,056</u>	<u>50,257</u>	<u>5,049,379</u>	<u>4,992,064</u>

The above costs exclude the trading subsidiary.

Number of employees in the Museum is 181 (2014:182)

### Note (a)

'Salary' includes gross salary; performance pay or bonuses; 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.

**9 Tangible fixed assets – group**

	Freehold property	Leasehold Property	Fixtures, Fittings & Equipment	Plant, Machinery & Vehicles	Assets under Construction	Heritage Assets	Total
	£	£	£	£	£	£	£
<b>Cost or valuation</b>							
At 1st April 2014	35,334,972	10,018,020	3,986,716	565,333	–	21,005,430	70,910,471
Additions	146,284	–	840,472	10,159	–	56,209	1,053,124
Disposals	–	–	–	–	–	–	–
Revaluations	15,870,344	2,638,080	8,779	1,436	–	–	18,518,639
At 31 March 2015	<u>51,351,600</u>	<u>12,656,100</u>	<u>4,835,967</u>	<u>576,928</u>	<u>–</u>	<u>21,061,639</u>	<u>90,482,234</u>
<b>Depreciation</b>							
At 1 April 2014	4,100,698	1,457,661	3,543,280	462,733	–	–	9,564,372
Charged in the year	1,088,021	382,750	220,081	34,040	–	–	1,724,892
Disposals	–	–	–	–	–	–	–
Revaluations	(5,188,719)	(1,840,411)	8,723	697	–	–	(7,019,710)
At 31 March 2015	<u>–</u>	<u>–</u>	<u>3,772,084</u>	<u>497,470</u>	<u>–</u>	<u>–</u>	<u>4,269,554</u>
<b>Net Book values</b>							
At 31 March 2015	<u>51,351,600</u>	<u>12,656,100</u>	<u>1,063,883</u>	<u>79,458</u>	<u>–</u>	<u>21,061,639</u>	<u>86,212,680</u>
At 1 April 2014	<u>31,234,274</u>	<u>8,560,359</u>	<u>443,436</u>	<u>102,600</u>	<u>–</u>	<u>21,005,430</u>	<u>61,346,099</u>

**Tangible fixed assets – charity**

	Freehold property	Leasehold Property	Fixtures, Fittings & Equipment	Plant, Machinery & Vehicles	Assets Under Construction	Heritage Assets	Total
	£	£	£	£	£	£	£
<b>Cost or valuation</b>							
At 1 April 2014	35,334,972	10,018,020	3,326,662	311,792	–	21,005,430	69,996,876
Additions	146,284	–	827,436	8,164	–	56,209	1,038,093
Disposals	–	–	–	–	–	–	–
Revaluations	<u>15,870,344</u>	<u>2,638,080</u>	<u>8,779</u>	<u>1,436</u>	–	–	<u>18,518,639</u>
At 31 March 2015	<u>51,351,600</u>	<u>12,656,100</u>	<u>4,162,877</u>	<u>321,392</u>	–	<u>21,061,639</u>	<u>89,553,608</u>
<b>Depreciation</b>							
At 1 April 2014	4,100,698	1,457,661	2,908,355	243,330	–	–	8,710,044
Additions	1,088,021	382,750	211,983	24,954	–	–	1,707,708
Disposals	–	–	–	–	–	–	–
Revaluations	<u>(5,188,719)</u>	<u>(1,840,411)</u>	<u>8,723</u>	<u>697</u>	–	–	<u>(7,019,710)</u>
At 31 March 2015	<u>–</u>	<u>–</u>	<u>3,129,061</u>	<u>268,981</u>	–	–	<u>3,398,042</u>
<b>Net book values</b>							
At 31 March 2015	<u>51,351,600</u>	<u>12,656,100</u>	<u>1,033,816</u>	<u>52,411</u>	–	<u>21,061,639</u>	<u>86,155,566</u>
At 1 April 2014	<u>31,234,274</u>	<u>8,560,359</u>	<u>418,307</u>	<u>68,462</u>	–	<u>21,005,430</u>	<u>61,286,832</u>

Group tangible fixed assets as at 31 March 2015 include the tangible fixed assets of Royal Air Force Museum Enterprises Limited with a net book value of £57,114 (2014: £59,268). While the Museum is required to follow HM Treasury's guidance and therefore revalues its tangible fixed assets annually, the trading company is not subject to Treasury guidance and does not revalue its fixed assets.

The Museum's freehold property was professionally revalued as at 31 March 2015. The revaluation was carried out by Gerald Eve, Chartered Surveyors and Property Consultants, in accordance with the Royal Institution of Chartered Surveyors Appraisal and Valuation Manual. Freehold property, which comprises the RAF Museum site, Hendon, was valued on the basis of depreciated replacement cost.

On the 21 January 2008 the title of the deeds to the Museum's freehold property was transferred from the former Trustees to a subsidiary, The Royal Air Force Museum Investments Limited.

On 16 March 2005, the ownership of the leasehold property at Cosford, was transferred from the Charity, to a subsidiary company, The Royal Air Force Museum Investments Limited.

However, while the legal ownership remains with the company, in substance the RAF Museum retains the risks and rewards associated with these assets. In accordance with FRS 5 the RAF Museum has recognised these assets in the balance sheet.

There are no longer any Tangible Fixed Assets held under Finance Leases in the Royal Air Force Museum Group.

## 9a Heritage Assets

The number of Heritage Assets which the Museum acquires through donations means that the total book value of Heritage Assets is a mixture of cost (for purchased exhibits) and valuation (for donated exhibits). At 31 March 2015 the book value comprised:

	2015	2014
	£	£
Heritage Assets recorded at cost	<b>2,299,482</b>	2,283,523
Heritage Assets recorded at valuation	<b>18,762,157</b>	18,721,907
Total book value of heritage assets	<b><u>21,061,639</u></b>	<u>21,005,430</u>

### Summary of Heritage Asset Acquisitions and Disposals over the last six years (From April 2010 – March 2015)

Year ended	31.03.2010	31.03.2011	31.03.2012	31.03.2013	31.03.2014	31.03.2015
	£	£	£	£	£	£
Book value brought forward	4,089,738	4,349,240	18,103,334	18,883,444	20,152,140	21,005,430
Add acquisitions						
Purchased At cost	182,302	93,750	23,124	58,095	816,490	15,959
Donated At valuation	77,200	362,000	307,700	1,330,601	236,800	40,250
Total acquisitions	259,502	455,750	330,824	1,388,696	1,053,290	56,209
Revaluations	–	13,298,344	449,286	–	–	–
Disposals	–	–	–	(120,000)	(200,000)	–
Book value carried forward	<b><u>4,349,240</u></b>	<b><u>18,103,334</u></b>	<b><u>18,883,444</u></b>	<b><u>20,152,140</u></b>	<b><u>21,005,430</u></b>	<b><u>21,061,639</u></b>

## 10 Stocks

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
Goods for resale	<b>168,367</b>	138,451	–	–

## 11 Debtors

	Group		Charity	
	2015	2014	2015	2014
	£	£	£	£
Trade debtors	<b>214,406</b>	373,544	<b>86,425</b>	265,105
Amounts due from subsidiary undertaking	–	–	<b>97,290</b>	22,212
Other debtors	<b>118,317</b>	125,834	<b>151,166</b>	183,824
Prepayments and accrued income	<b>173,355</b>	292,258	<b>121,372</b>	246,738
Gift Aid donation from the subsidiary	–	–	<b>314,000</b>	254,532
	<b><u>506,078</u></b>	<u>791,636</u>	<b><u>770,253</u></b>	<u>972,411</u>

**12 Investments – group and charity**

	<b>2015</b>	2014
	<b>£</b>	£
Quoted investments:		
Market value on 1 April 2014	<b>379,756</b>	383,049
Additions	<b>4,979</b>	–
Net unrealised investment (losses)/gains	<b>35,494</b>	(3,293)
Market value at 31 March 2015	<b>420,229</b>	379,756
Historical cost at 31 March 2015	<b>370,868</b>	365,889

**13 Cash at bank and in hand**

	<b>Group</b>		<b>Charity</b>	
	<b>2015</b>	2014	<b>2015</b>	2014
	<b>£</b>	£	<b>£</b>	£
Unrestricted Funds	<b>1,007,531</b>	434,907	<b>696,113</b>	244,259
Grant in Aid (operational) Funds	<b>1,397,433</b>	1,067,664	<b>1,397,433</b>	1,067,664
Grant in Aid (purchase grant) Funds	<b>131,514</b>	39,255	<b>131,514</b>	39,255
Other restricted funds	<b>1,300,719</b>	970,029	<b>1,300,719</b>	970,029
	<b>3,837,197</b>	2,511,855	<b>3,525,779</b>	2,321,207

All Cash is held at Commercial Bank Accounts apart from £12,010 which represents the Group's petty cash held at the museums.

Note 13 should be read together with note 17, the analysis of net funds which discloses the movement of cash in the financial year.

**14 Creditors – Amounts falling due within one year**

	<b>Group</b>		<b>Charity</b>	
	<b>2015</b>	2014	<b>2015</b>	2014
	<b>£</b>	£	<b>£</b>	£
Amounts owed to subsidiary undertakings	–	–	<b>2</b>	2
Trade creditors	<b>666,385</b>	597,802	<b>544,707</b>	499,316
Taxation and social security	<b>102,200</b>	103,874	<b>93,001</b>	89,058
Other creditors	<b>9,222</b>	505	<b>8,583</b>	505
Accruals and deferred income	<b>271,390</b>	221,569	<b>156,680</b>	153,102
	<b>1,049,197</b>	923,750	<b>802,973</b>	741,983

**15 Creditors – Amounts falling due after more than one year**

There were no Creditors for amounts falling due after one year.

**16 Reconciliation of net cash flow to movement in net funds**

	Unrestricted Funds	Grant in Aid	Restricted Funds	Total Funds
	£	£	£	£
(Decrease)/increase in cash in period	572,624	422,028	330,690	1,325,342
Cash outflow from decrease in financing	-	-	-	-
Cash outflow from purchase of liquid resources	-	-	4,979	4,979
Change in net funds resulting from cash flow	<u>572,624</u>	<u>422,028</u>	<u>335,669</u>	<u>1,330,321</u>
Repayment of bank overdraft	-	-	-	-
Change in market value of liquid resources	(168)	-	35,662	35,494
	<u>(168)</u>	<u>-</u>	<u>35,662</u>	<u>35,494</u>
<b>Net funds at 1 April 2014</b>	416,223	1,125,228	1,350,160	2,891,611
<b>Net funds at 31 March 2015</b>	<u>988,679</u>	<u>1,547,256</u>	<u>1,721,491</u>	<u>4,257,426</u>

**17 Analysis of net funds**

	1 April 2014	Cash flow	Other changes	31 March 2015
	£	£	£	£
Cash at bank and in hand (See note 13)	2,511,855	<b>1,325,342</b>	-	<b>3,837,197</b>
Current asset investments	379,756	<b>4,979</b>	<b>35,494</b>	<b>420,229</b>
	<u>2,891,611</u>	<u><b>1,330,321</b></u>	<u><b>35,494</b></u>	<u><b>4,257,426</b></u>

**18 Movement of funds**

	Unrestricted Funds	Grant in Aid Operating Funds	Purchase Grant Funds	Restricted Funds	Total Funds	Total Funds
	2015	2015	2015	2015	2015	2014
	£	£	£	£	£	£
<b>Incoming resources</b>						
Grant in Aid	–	8,227,169	109,000	–	8,336,169	8,133,000
Grant in Aid (maintenance projects)	–	–	–	–	–	1,150,000
Other grants and donations	303,724	–	–	1,610,155	1,913,879	1,053,922
Special events	125,304	–	–	–	125,304	55,877
Interest on deposits	2,379	–	–	4,952	7,331	11,654
Other income	321,677	–	–	12,841	334,518	629,693
Dividends received	114	–	–	–	114	105
Commercial trading operations	2,373,221	–	–	–	2,373,221	2,386,650
<b>Total incoming resources</b>	<b>3,126,419</b>	<b>8,227,169</b>	<b>109,000</b>	<b>1,627,948</b>	<b>13,090,536</b>	<b>13,420,901</b>
<b>Resources expended</b>						
Staff costs (Note 8)	137,066	4,862,056	–	50,257	5,049,379	4,992,064
Purchase of exhibits	–	–	750	–	750	467
Other operating costs (Note 6)	405,998	3,113,253	–	477,291	3,996,542	3,956,707
Depreciation (Note 5 & Note 6)	66,871	1,088,552	–	552,285	1,707,708	1,575,094
Commercial trading operation	2,058,693	–	–	–	2,058,693	2,127,515
Total resources expended	2,668,628	9,063,861	750	1,079,833	12,813,072	12,651,847
<b>Net (outgoing)/incoming resources for the year</b>	<b>457,791</b>	<b>(836,692)</b>	<b>108,250</b>	<b>548,115</b>	<b>277,464</b>	<b>769,054</b>
Gains and losses on revaluations of fixed assets	457,460	20,339,811	–	4,741,078	25,538,349	853,501
Gains and losses on revaluations and disposals of investments	(168)	–	–	35,662	35,494	(3,293)
<b>Net movement in funds for the year</b>	<b>915,083</b>	<b>19,503,119</b>	<b>108,250</b>	<b>5,324,855</b>	<b>25,851,307</b>	<b>1,619,262</b>
Funds b/fwd at 1 April 2014	2,277,438	41,465,291	1,761,933	18,739,385	64,244,047	62,624,785
<b>Funds c/fwd at 31 March 2015</b>	<b>3,192,521</b>	<b>60,968,410</b>	<b>1,870,183</b>	<b>24,064,240</b>	<b>90,095,354</b>	<b>64,244,047</b>

## Reconciliation of total resources expended to the SOFA

	Unrestricted Funds 2015 £	Grant in Aid Funds 2015 £	Restricted Funds 2015 £	Total Funds 2015 £	Total Funds 2014 £
<b>Resources expended per the SOFA</b>					
<b>Costs of generating funds:</b>					
Fund raising and publicity	399,115	30,012	–	429,127	325,491
Commercial trading operations	2,058,693	–	–	2,058,693	2,127,515
	<u>2,457,808</u>	<u>30,012</u>	<u>–</u>	<u>2,487,820</u>	<u>2,453,006</u>
<b>Charitable activities:</b>					
Operation of Museum	210,820	8,923,435	1,079,833	10,214,088	10,056,449
Purchase of exhibits	–	750	–	750	467
Governance costs	–	110,414	–	110,414	141,925
	<u>210,820</u>	<u>9,034,599</u>	<u>1,079,833</u>	<u>10,325,252</u>	<u>10,198,841</u>
<b>Total resources expended</b>	<u>2,668,628</u>	<u>9,064,611</u>	<u>1,079,833</u>	<u>12,813,072</u>	<u>12,651,847</u>



**19 Analysis of group net assets between funds**

	Grant in Aid		Purchase Grant funds	Restricted funds	Total funds	Total funds
	Unrestricted funds	Operating funds				
	2015	2015				
	2015	2015	2015	2015	2015	2014
	£	£	£	£	£	£
Tangible fixed assets	<b>2,102,586</b>	<b>60,026,634</b>	<b>1,738,669</b>	<b>22,344,791</b>	<b>86,212,680</b>	61,346,099
Cash at bank and in hand	<b>1,007,531</b>	<b>1,397,433</b>	<b>131,514</b>	<b>1,300,719</b>	<b>3,837,197</b>	2,511,855
Other net current assets	<b>82,404</b>	<b>(455,657)</b>	–	<b>418,730</b>	<b>45,477</b>	386,093
Total assets less current liabilities	<b>3,192,521</b>	<b>60,968,410</b>	<b>1,870,183</b>	<b>24,064,240</b>	<b>90,095,354</b>	64,244,047
Net assets	<b>3,192,521</b>	<b>60,968,410</b>	<b>1,870,183</b>	<b>24,064,240</b>	<b>90,095,354</b>	64,244,047

**Analysis of other restricted funds**

	2014	Inflow	Outflow	2015
	£	£	£	£
<b>Fixed Assets purchased from Restricted Funds</b>	17,286,423	<b>5,610,653</b>	<b>552,285</b>	22,344,791
<b>Cash Balances (Arising from Cash donated for specific Projects)</b>				
Watchtower Funds	1,224,571	<b>39,059</b>	<b>832,890</b>	430,740
World War I Exhibition	–	<b>326,114</b>	<b>326,114</b>	–
Henshaw Curator	–	<b>20,000</b>	<b>20,000</b>	–
Centenary Project	–	<b>1,005,000</b>	–	1,005,000
Cross & Cockade Curator	–	<b>8,900</b>	<b>8,900</b>	–
Cobham Curator	–	<b>13,500</b>	<b>13,500</b>	–
Digitisation Officer	4,612	–	<b>4,612</b>	–
Education Project	–	<b>3,000</b>	–	3,000
Collections Care Officer	3,245	–	<b>3,245</b>	–
Friends Fund	9,198	<b>527</b>	–	9,725
BIS Training	–	<b>16,595</b>	<b>16,595</b>	–
Evans Legacy	3,763	–	–	3,763
Air Show Funds	36,056	<b>40,700</b>	–	76,756
Cosford LMA Funds	28,486	<b>14,455</b>	–	42,941
Test Pilot Project	7,700	–	<b>7,700</b>	–
Apprentice Exchanges	29	<b>9,479</b>	<b>9,157</b>	351
Bomber Command Hall Refurbishment Fund	95,491	–	–	95,491
Cosford Collections Project	8,939	–	<b>400</b>	8,539
Casualty Cards	10,000	–	<b>10,000</b>	–
Lincolnshire Grant	17,129	<b>6,000</b>	<b>20,964</b>	2,165
Dornier Project	–	<b>4,539</b>	<b>4,539</b>	–
VC10	–	<b>41,000</b>	<b>4,291</b>	36,709
WiFi Project	–	<b>69,391</b>	<b>69,391</b>	–
Other Projects	3,743	<b>4,101</b>	<b>3,575</b>	4,269
<b>Total restricted assets</b>	<b>18,739,385</b>	<b>7,233,013</b>	<b>1,908,158</b>	<b>24,064,240</b>

	2014	Inflow	Outflow	2015
	£	£	£	£
<b>Analysis of trustees designated funds</b>				
Bomber Command Hall	9,478	-	-	9,478

Designated funds are included within Unrestricted funds.

## 20 Commitments

The Group has no current Finance Lease Obligations.

During the year, the Museum made operating lease payments amounting to £573,444 (2014: £545,730). At the 31 March 2015, the Museum had annual commitments under non-cancellable operating leases as follows:

	Group and charity	
	2015	2014
	£	£
<b>Operating leases expiring:</b>		
Plant and machinery:		
within one year	-	-
in the second to fifth years	45,097	36,089
Land and Buildings:		
after five years	530,150	530,150
	<u>575,247</u>	<u>566,239</u>

## Capital commitments

There were no other Capital Commitments at 31 March 2015.

## 21 Related Parties

Related parties with which the Museum had transactions during the year or balances at the year-end were as follows:

### *Royal Air Force Museum Enterprises Ltd*

The relationship of the Museum to the company is disclosed in note 4, and the balances due from the company at the year-end are disclosed in note 13.

### *The Royal Air Force Museum Investments Limited*

The company was formed to hold, on behalf of the Trustees, the real property assets of the charity and thus minimise the administrative burden whenever a change in Trustees takes place. The leasehold property was transferred to this company from the charity in March 2005 and the freehold property in January 2008.

### *Ministry of Defence*

The Royal Air Force Museum is a Non-Departmental Public Body, sponsored by the Ministry of Defence (the MOD). The MOD is regarded as the related party. Grant in Aid funding from the MOD is separately disclosed in the Statement of Financial Activities.

The Trustees' involvement with the RAF Museum Enterprises Ltd and the RAF Museum Investments Ltd is disclosed within the Governance statement (page 11).

Sir Gerry Grimstone (Chair of the Museum Audit & Risk Committee) is also the Ministry of Defence Lead NonExecutive Director.

## **22 Contingent liabilities**

There were no contingent liabilities as at 31 March 2015 (2014: Nil)

## **23 Post balance sheet events**

There were no post balance sheet events.

The accounts were authorised for issue by the Board and the Accounting Officer on the same date as the Comptroller and Auditor General's opinion.

For further information about the National Audit Office please contact:

National Audit Office  
Press Office  
157-197 Buckingham Palace Road  
Victoria  
London  
SW1W 9SP  
Tel: 020 7798 7400  
Email: [enquiries@nao.gsi.gov.uk](mailto:enquiries@nao.gsi.gov.uk)

DG Ref: 10787

ISBN 978-1-910305-45-4



9 781910 305454