

BOARD OF TRUSTEES OF THE ROYAL ARMOURIES

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

HC 807

BOARD OF TRUSTEES OF THE ROYAL ARMOURIES

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2020

Presented to Parliament pursuant to paragraphs 29 (7) and 30 (4) of Schedule 1 to the National Heritage Act 1983.

Ordered by the House of Commons to be printed on 24 March 2021



© **Royal Armouries** copyright **2021**

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.

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

This publication is available at <https://www.gov.uk/official-documents>

Any enquiries regarding this publication should be sent to us at enquiries@armouries.org.uk

ISBN 978-1-5286--2144-1

CCS0420500350 03/21

Printed on paper containing 75% recycled fibre content minimum.

Printed in the UK by the APS Group on behalf of the Controller of Her Majesty's Stationery Office.

CONTENTS

	Page
Trustees' and Accounting Officer's Annual Report	2
Remuneration Report	32
Statement of the Trustees' and Accounting Officer's Responsibilities	37
Governance Statement	39
Certificate and Report of the Comptroller and Auditor General	49
Consolidated Statement of Financial Activities	54
Consolidated Balance Sheet	56
Consolidated Statement of Cash Flows	57
Notes to the Financial Statements	58

TRUSTEES' AND ACCOUNTING OFFICER'S ANNUAL REPORT

INTRODUCTION

The Royal Armouries is Britain's national museum of arms and armour, and one of the most important museums of its type in the world. Its origins lie in the Middle Ages, and at its core is the celebrated collection originating in the nation's working arsenal, assembled over many centuries at the Tower of London. In the reign of Elizabeth I, selected items began to be arranged for display to visitors, making the Royal Armouries heir to one of the oldest deliberately-created visitor attractions in the country.

The collection of nearly 70,000 objects – apart from the c. 2,100 loans to other bodies – is now displayed and housed at the Tower of London, at our purpose-built museum in Leeds and at Fort Nelson, near Portsmouth. Since 2005 the museum has also managed the collection of small arms assembled since the early 19th century by the British Army (the former Pattern Room), now also in Leeds and known as the National Firearms Centre (NFC).

OBJECTIVES AND ACTIVITIES

The charitable objectives of the Board of Trustees of the Royal Armouries are set out under the provisions of the National Heritage Act 1983 and are as follows:

- To care for, preserve and add to the objects in the collection of arms, armour and associated objects;
- To secure that the objects are exhibited to the public;
- To secure that the objects are available to persons seeking to inspect them in connection with study or research;
- To maintain a record relating to their collection, to arms and armour generally and to the Tower;
- To promote the public's enjoyment and understanding of arms and armour, both by means of the Board's collection and by such other means as they consider appropriate.

The primary activity undertaken in relation to these objectives is the operation of the Royal Armouries museum across the three sites in Leeds, Portsmouth and the Tower of London. More details of the Corporate Plan and activities undertaken are given in the Achievements and Performance section below.

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Royal Armouries was established in its present form by the National Heritage Act (1983) and is a Non-Departmental Public Body (NDPB) sponsored by the Department for Digital, Culture, Media and Sport (DCMS) but operating at 'arm's length' from it. A new four-year *Management Agreement* with the DCMS was signed in December 2016, and receipt of Grant-in-Aid is dependent upon the Royal Armouries' compliance with the agreement. The Royal Armouries is an exempt charity under the Charities Act 1993.

The governing body is the Board of Trustees, established in 1984. Trustees are appointed by the Secretary of State for Digital, Culture, Media and Sport, apart from one appointed by HM The Queen and another, the Constable of the Tower of London, who is a member *ex-officio*.

The Board of Trustees is responsible for overseeing the affairs of the Royal Armouries and determining its overall strategy. The number of Trustees who may serve at any one time may not be less than 6 or more than 11. A list of Trustees who served in the financial year is given on page 4. Trustees are not remunerated for their services but are eligible to claim reasonable expenses. The Board of Trustees met four times during the year.

The Board of Trustees appoint a member of staff to be responsible for providing leadership to the Royal Armouries and reporting to the Board of Trustees in all matters relating to the Royal Armouries performance. Since 30 September 2013 the role has been undertaken by the Director General & Master, who also holds responsibility as Accounting Officer.

There are three sub-committees of the Board of Trustees:

- Finance and Capital Development Committee
- Audit Committee
- Remuneration Committee

Board of Trustees of the Royal Armouries

The following persons were members of the Board of Trustees of the Royal Armouries in 2019/20 and served on the sub-committees shown:

	Date of appointment	Expiry of appointment
Chair		
Hemant Patel	02.11.18	01.11.19
John Procter	02.11.19	01.11.23
Members		
Major General Sir Sebastian Roberts KCVO OBE	05.02.11	04.02.22
Professor Anne Curry	03.03.14	02.03.20
Dr Andrew Burnett CBE	03.03.14	02.09.21
General the Lord Houghton GCB CBE	01.08.16	31.07.21
Paul Kirkman	28.09.18	27.09.22
Jonathan Sands	28.09.18	27.09.22
Neil Grant	01.10.18	30.09.22
Paul Mancey	18.11.19	18.11.23
Monica Turner	18.11.19	18.11.23
Andrew Latchmore	18.11.19	18.11.23

Trustee Sub-Committees

Sub Committee	Chair	Members
<i>Audit</i>	Andrew Burnett	Neil Grant Andrew Latchmore (from 12.12.19) Paul Mancey (from 12.12.19) Andrew Broome (co-opted external member) Brian Boullier (co-opted external member)
<i>Finance and Capital Development</i>	Neil Grant	Hemant Patel (to 01.11.19) Paul Kirkman John Procter (from 02.11.19) Andrew Latchmore (from 12.12.19) Monica Turner (from 12.12.19)
<i>Remuneration</i>	Hemant Patel (to 01.11.19) John Procter (from 02.11.19)	Andrew Burnett Neil Grant Paul Kirkman

Recruitment and Appointment of New Trustees

The process for appointing new trustees is in accordance with the procedures defined by the DCMS under which descriptions of the roles required would be advertised, interviews conducted and recommendations made for appointment by the Secretary of State for Digital, Culture, Media and Sport. During the year Paul Mancey, Andrew Latchmore and Monica Turner were appointed as Trustees by DCMS. Hemant Patel served as Interim Chair until John Procter was appointed as permanent Chair from 2 November 2019.

Upon appointment, new trustees go through a formal induction process, which includes a full briefing by the Chair, Accounting Officer and members of the Executive Board.

Executive Board

Dr Edward Impey – Director General & Master

Rod Taylor – Chief Operating Officer

Malcolm Duncan – Finance Director

Emma Carver – Public Engagement Director and Interim Masterplan Director (to 31 October 2020)

Laura Bell – Director of Collections

Frank Riley – Director of National Firearms Centre and Interim Director of Collections (from 3 February 2020 to 30 November 2020)

Siona Mackelworth – Interim Public Engagement Director (to 31 October 2020)

Staff Communications

Communications between staff and senior management have been supported by a programme of frequent staff meetings at all three sites, covering strategy, performance and updates on projects, programmes and the development of the Corporate Plan, and monthly e-newsletters. Staff representation is by the Prospect Trade Union.

Sickness Absence

The average number of days lost per head due to sickness absence during the year was 7.7 (2018/19: 6.4). Excluding those members of staff who were on long term sickness over 4 weeks, the average number of days was 4.1 (2018/19: 4.3).

Financial Instruments and Risk

Details of financial instruments are given in Note 23 to the financial statements. There is not considered to be any material risk in relation to financial instruments.

Fundraising Practices

Fundraising activities at the Royal Armouries are led by the Development Team, which is made up of four suitably qualified and experienced fundraisers. No fundraising activity was carried out by professional fundraisers or commercial participators during the year.

The Team is led by the Head of Development, who is responsible for monitoring the work of the Team through regular team meetings, one to one meetings and project updates, and reports into the Public Engagement Director.

The Royal Armouries voluntarily subscribes to the Fundraising Regulator who sets and maintains the standards for charitable fundraising. These standards ensure that fundraising is respectful, open, honest and accountable to the public. The Royal Armouries Development Team comply with the standards for fundraising as outlined in the Code of Fundraising Practice which the Fundraising Regulator sets through its Standards Committee. Three of the four current members of staff in the Development Team are independent members of the Institute of Fundraising.

All fundraising conducted on behalf of Royal Armouries, whether by staff or volunteers, must comply with the Code of Practice of the Institute of Fundraising, the professional body for UK fundraising, in addition to all relevant legislation, including but not limited to Charities Act 2011, Equality Act 2010, Bribery Act 2010 and Data Protection Act 2018.

Internally, staff or volunteers fundraising for the Royal Armouries must also comply with the charity's policies and procedures pertaining to fundraising, including but not limited to Ethics Policy, Cash Handling Policy, Gifts & Hospitality Policy, Information & Records Management Policy, Information Security Policy, Data Protection Policy, Anti Money Laundering Policy and Anti-Fraud Policy.

With regard to the organisational Ethics Policy, the Development Team has its own Due Diligence process to which it refers when ethical issues are raised in association with the organisation's fundraising.

To date, Royal Armouries has received no complaints about its fundraising activities.

Trade Union Facility Time

As required by the Trade Union (Facility Time Publication Requirements) Regulations 2017 the following information is reported:

i) Relevant Union Officials

Number of employees who were relevant union officials during the relevant period	5
Full-time equivalent employee number	3.5

ii) Percentage of time spent on facility time

Percentage of time	Number of employees
0%	1
1-50%	4
51-99%	-
100%	-

iii) Percentage of paybill spent on facility time

Total Cost of facility time	£690
Total paybill	£5,487,000
% of total paybill spent on facility time	0.013%

iv) Paid trade union activities

Time spent on trade union activities as a % of total paid facility time hours	0.62%
---	-------

Data and Information Risk

The Finance Director is the Senior Information Risk Owner and is responsible for the development of information risk policies and protocols. There were no protected personal data related incidents reportable to the Information Commissioner's Office in 2019/20.

Equal Opportunities

It is the Royal Armouries' policy that all individuals shall have equal opportunity for employment and advancement in the Royal Armouries on the basis of their ability, qualifications and relative merits. There is no discrimination based on gender, marital status, sexual orientation, race, religion or physical disability. The Royal Armouries is committed to ensuring that the policy is effective and maintains pace with evolving requirements, wherever necessary.

A review and audit of workforce diversity is required to help establish the basis for the development of a forward looking diversity strategy and action plan. This audit work had been planned for Summer 2020 but was delayed by the impact of COVID-19. A revised programme will be developed to undertake the audit and produce a strategy and action plan during 2021/22 which will identify and promote improvements wherever necessary and possible in the museums diversity performance and aspirations.

At 31 March 2020 the Royal Armouries, Royal Armouries (International) Limited and Royal Armouries Trading & Enterprises Ltd had 186 full, part-time and casual contract employees in total split as follows:

	Male	Female	Total
Executive	4	3	7
Staff	94	85	179
Total	<hr/> 98 <hr/>	<hr/> 88 <hr/>	<hr/> 186 <hr/>

161 of the staff were on permanent contracts with the remaining 25 on fixed term or casual contracts.

Sustainability Report

The Royal Armouries is exempt from producing a sustainability report on the basis that it has less than 250 FTE employees.

Relationship between Charity and Other Parties

Details of bodies consolidated into these accounts are contained in Note 1.1 to the financial statements. Details of related party transactions are contained in Note 16 to the financial statements.

The Royal Armouries is a Non-Departmental Public Body whose parent body is the DCMS. The DCMS, and other entities for which DCMS is regarded as the parent company, are regarded as a related parties.

The *Royal Armouries Development Trust* (RADT) is a charity connected to the Royal Armouries. It was established on 10 May 1990 to pursue such charitable purposes as the Trustees, with the consent of the Board of Trustees of the Royal Armouries, think fitting. The RADT solely supports the development of the Royal Armouries. As a result of some Trustees sitting on both boards it is deemed there is common control and hence the Accounts are consolidated into the Royal Armouries' financial statements. The decision was taken during the year by the Trustees of RADT to grant any remaining funds to the Royal Armouries and close the Trust. In accordance with the RADT Trust Deed this was ratified by the Board of Trustees of the Royal Armouries in December 2019. The RADT bank funds were paid over to the Royal Armouries in August 2020 and the process to transfer the investments to the Royal Armouries was started in advance of dissolving the Trust with the Charities Commission.

The *Arms and Armour Heritage Trust* (AAHT), formed in June 2011, has the ability to award grants to support the achievement of the Royal Armouries' charitable objectives as well as grants to other charities supporting the efficiency of the Armed Services. The AAHT is a completely self-regulating and independent trust. The Trust Deed ensures that no serving Royal Armouries Board of Trustees member can be a trustee. The Accounting Officer and Finance Director will attend meetings but have no voting powers.

As a result of its independence, the accounts of the AAHT are not consolidated into the Royal Armouries' financial statements. A Commercial Licence Agreement has also been agreed detailing the charges to be made by the Royal Armouries for administrative support and venue hire provided.

The Royal Armouries did not award any grants to the AAHT during the year. The AAHT awarded a £200k grant to the Royal Armouries in 2016/17 to be paid equally over four years to support a number of important initiatives including publishing, research, public engagement and the NFC.

In 2009 a decision was taken by the Royal Armouries Board of Trustees to set up a trading company to run commercial activities previously undertaken by the charity. Royal Armouries Trading & Enterprises Ltd (RATE), incorporated on 14 September 2010, is a wholly-owned subsidiary of the charity and hence its accounts are consolidated into the Royal Armouries' financial statements. The charity transferred its commercial trading activities to the new company on 1 April 2011. The company's activities are overseen by a board of directors, chaired by a Trustee and comprising a mixture of Trustees, Executive Board members and independent members. Day to day operational responsibility is delegated to the Chief Operating Officer.

In July 2018, ownership of Royal Armouries (International) Limited, the company that operates the catering and corporate event business at the Leeds museum site, was gifted to the Royal Armouries by DCMS. As a wholly-owned subsidiary of the charity its accounts are consolidated into the Royal Armouries financial statements with effect from August 2018. The company's activities are overseen by a board of directors, currently chaired by the Accounting Officer with day to day operational responsibility delegated to the Chief Operating Officer.

In line with the strategic direction of the company that had been set by the DCMS chaired Programme Board in 2018, the core operating activities were transferred to RATE between November 2018 and March 2019. The company became dormant in May 2019 and following work to transfer all remaining assets and liabilities, an application to dissolve the company was made in March 2020.

The Tower of London houses part of the Royal Armouries' collection of arms and armour, and the Royal Armouries is also the institutional Keeper of Tower History. The Tower of London itself, however, is in the care of Historic Royal Palaces. The relationship between the Royal Armouries and Historic Royal Places is defined in a Memorandum of Understanding. General the Lord Houghton, who holds the post of Constable of the Tower of London, is an *ex-officio* Trustee and is also a Trustee of Historic Royal Palaces.

PERFORMANCE INDICATORS

The Royal Armouries entered into a new four year Management Agreement with DCMS in December 2016. This agreement confirms the 12 performance indicators for the Royal Armouries. The actual performance achieved against each of the indicators for 2018/19 and 2019/20 is set out in the table below. Explanations of key movements are given in the Achievements and Performance section on pages 12 to 26 and the Financial Review on pages 28 to 31.

Those key performance indicators marked with an asterisk (*) do not include figures for the Tower of London, for which the information is either not available from Historic Royal Palaces or else is not relevant.

Performance Indicator	2019/20 Out-turn	2018/19 Out-turn
Total number of visits	2,180,308	2,294,347
Number of unique users visiting the website	369,999	907,219
Number of children aged 16 and under visiting the Royal Armouries	486,707	525,390
Number of overseas visitors	1,266,284	1,477,534
Number of visitors under 18, in formal education, attending the Royal Armouries in facilitated and self-directed visits *	23,525	20,550
Number of visitors under 18 participating in on-site organised activities *	18,990	14,632
Percentage of visitors who would recommend a visit	91%	95%
Admissions income *	£58,709	£96,051
Trading income- Net Profit *	£1,836,854	£1,116,791
Fundraising income (excluding lottery funding)	£207,332	£909,622
Ratio of fund raising to Grant-in-Aid	2.8%	9.6%
Number of UK loan venues	95	94 (restated)

ACHIEVEMENTS AND PERFORMANCE

On the 28 March 2019, the Trustees of the Royal Armouries signed off a re-statement of the Purpose of the organisation, replacing that of 2014. It is:

To use and develop our expertise to preserve, study, present and interpret the national collection of arms and armour, ensuring its continued relevance and positive contribution to public life in perpetuity.

At the same time, the Royal Armouries Vision was also re-stated as follows:

As history's expert witness, we shall inspire people to discover and understand how many of the most compelling narratives of human endeavour and experience have been, and continue to be, shaped by arms and armour.

The Trustees also signed off the new Royal Armouries Corporate Plan 2019-2024. Whereas the previous Plan classified the organisation's work and ambitions under ten AIMS, its replacement sets out three, supported by subordinate Objectives. In brief, the three AIMS respectively address the museum's public offer, its ambitions for institutional pre-eminence in the field of arms and armour, and the pursuit of sustainability in all senses of the term. The Plan can be found in full at <https://royalarmouries.org/wp-content/uploads/2019/04/Royal-Armouries-Corporate-Plan-2019-2024.pdf>.

The new AIMS are as follows:

AIM 1: THE ROYAL ARMOURIES PUBLIC OFFER: *we will make significant and measurable improvements to the presentation and interpretation of the collection and to the visitor experience at our sites and digitally, whilst expanding our education and participation programmes, conforming with the Royal Armouries brand.*

AIM 2: THE STUDY, MANAGEMENT AND CONSERVATION OF ARMS AND ARMOUR: *the Royal Armouries will become the pre-eminent international authority on arms and armour, its historical and cultural significance, management, conservation, presentation and interpretation.*

AIM 3: ORGANISATIONAL SUSTAINABILITY: *the Royal Armouries will, so far as possible and consistent with our brand, become sustainable financially, achieving organisational sustainability through the transformation of our processes, culture, long-term planning, and environmental policies.*

The Annual Report 2019/20 is ordered according to the three AIMS. Objectives are not mentioned, but each activity or result will have been in support of one or more of them.

The Royal Armouries and COVID-19, 2019/20

The following sections describe some of the museum's achievements and aspects of its performance during the year. However, the final quarter of the year was of course subject to the emerging impact of COVID-19: although this will be fully felt in 2020/21 and the detailed consequences covered in next year's report, the pandemic was under way, action being taken by government, and the effects noted, well before 1 April 2020. The main impacts were on visitor numbers, commercial activity, the completion of key projects and above all, following the introduction of government restrictions and full UK lockdown on 23rd March, the closure of all sites to visitors and the need for most staff to work from home.

To take these effects in order, after a strong performance for most of the Financial Year, visitor numbers at all three sites in the last few weeks were down against the target for that period as the COVID-19 situation began to have an impact. Likewise, a strong commercial performance in the first nine months slowed in the final quarter, culminating in the loss of virtually all projected commercial income for the March period following lockdown. All this had an impact on the progress and completion on almost all public programme projects, such as the opening of our exhibition *Tudor Power and Glory*, about the Field of Cloth of Gold, as well as on maintenance and building infrastructure work. On the staff front, arrangements for remote working were swiftly put in place on a carefully prioritised basis whilst ensuring key controls were maintained, but output and efficiency was inevitably compromised. These rapid and fundamental changes to working practices certainly presented challenges, but the hard work, resilience, ingenuity and courage of Royal Armouries colleagues, before April 2020 and since have been remarkable and duly noted by management, Trustees, and the DCMS.

AIM 1: THE ROYAL ARMOURIES PUBLIC OFFER

Display and events

The launch of the *Make: Believe* display, programme of events and supporting marketing and communications activities were a highlight of this year's programme in Leeds. The event season and display were the culmination of the four-year National Lottery Heritage Fund-supported project *Collecting Cultures: Arms and Armour in Popular Culture*. The programme concluded with the development and launch of a new permanent display in October 2019. Events included an innovative and popular 'independent cinema' series of lates, and a *How to be a Superhero* event that attracted over 18,000 visitors over nine days, exceeding the target by 100%. As part of *Museums at Night*, Natalia Lee, armourer and stunt expert who has worked on high profile projects including *Game of Thrones*, delivered a lecture and demonstration with our live interpretation team to an audience of over 200 at the Museum. The programme was covered extensively in national and regional media.

The Events and Informal Learning Team delivered a full programme of special events at Leeds and Fort Nelson as planned. With two exceptions Leeds events hit or exceeded their footfall targets. As well as another sell-out *International Tournament*, a particular highlight was the *Monarchs: Ranjit Singh* event which attracted visitors from all over the UK and diversified audiences. The Fort Nelson special events programme was similarly successful, both the Saxon and Roman *Invasion!* events, for example, attracting nearly 2,000 visitors, roughly 50% above target. The *War That Never Was*, an immersive theatrical event, sold out for the second year running. The programme in Leeds led to engagement averaging at 74% across the year, 12% ahead of target, an achievement that was assisted by the popularity of the *Make: Believe* theme and display, and the second successful John Waller Display Combat Internship. At Fort Nelson, in spite of the continued suspension of the popular daily gun firing demonstrations, the event programme, mainly run over holidays and highlight weekends, reached 7% of annual total footfall. The team in Leeds also continued to deliver a number of British Sign Language supported events, including for the *International Tournament* and provided new autism-friendly backpacks for use by visitors.

The Royal Armouries almost completed a temporary exhibition *Tudor Power & Glory: The Field of Cloth of Gold*, scheduled to open at the end of March 2020 and to be accompanied by an event programme, but COVID-19 intervened. The exhibition was to mark the 500th anniversary of the meeting of Francis I of France and Henry VIII of England in 1520.

Learning

Leeds and Fort Nelson welcomed 31,904 learners, formal and non-formal, early years to adult, of which 23,525 were school students. Almost 90% of schools rated the service 'outstanding'. This was achieved through relationship-building, a comprehensive review of the schools booking process by the Education Team, proactive marketing, including use of social media platforms, a new focus on live interpretation and active, discovery learning, and the delivery, for example, of a sell-out *Normans* study day at Leeds. Plans for new Tudor and Second World War programmes were developed, and successfully piloted, but their introduction was halted due to the pandemic. Working with the School of Education at Leeds Beckett University, and the Leeds Cultural Education Partnership, the 'Mightier than the Sword' literacy project was likewise developed as a pilot working with schools in Leeds, with corporate funding secured by the Development Team, but this too had to be paused for the same reason.

The pause in onsite programmes led to the rapid development of an online Home Learning Hub, offering, before the end of March 2020, filmed sessions on the Vikings and Tudors with accompanying digital resource packs prepared for carers, parents and schools.

Digital Engagement

The Digital Engagement Team undertook the National Lottery Heritage Fund-supported scoping phase of a major project which is intended to transform the museum's online engagement with audiences and to establish a digital offer which represents a 'fourth site' for the museum. During this phase the team scoped a digital infrastructure solution to support rollout of the strategy as well as a 'digital playground' for the Royal Armouries Museum in Leeds. Significant digital audience research was completed with the input of volunteers to identify target segments or 'personas' for digital engagement, to understand online needs, visitor journeys and interests more fully. A new approach to content creation and online interpretation was also developed, along with a training programme which will equip staff to deliver the digital transformation. The rollout of the strategy will help the museum to grow online audiences and reach out to under-represented groups.

As shown by the performance indicators on p11 the number of unique users visiting the website fell between 2018/19 and 2019/20. This was due in part to a spike in visits in 2018/19 following the introduction of a refreshed interim main website as well as online interest in the 14-18 Now *Poppies: Wave* display. In 2019/20 the level of visits settled to a more usual pattern of activity. There was also a shift towards use of social media channels rather than the website by some audiences.

Marketing

The Royal Armouries' press and media activity achieved a circulation of 213,092,421 and an advertising value equivalency of £3,770,458, and through our four main social media channels we achieved an impressions/reach of 14,466,837. We also achieved over 1,000,000 views on our YouTube channel.

The marketing campaigns in Leeds supported two major seasons of events, *Monarchs* (May – September 2019) and *Make: Believe* (October 2019 – February 2020), prompting and accompanied by extensive media coverage for the opening of the display and the associated events programme. A public relations campaign to support purchase of the Star Wars blasters for the display also attracted significant media and audience engagement. Other campaigns promoted partnership events including *Leeds Light Night*, *Waterfront Festival* and *Heritage Open Days*. At Fort Nelson marketing supported the events programme for *Invasion* and *Fort Live* as well as providing a broader awareness-raising campaign.

The appointment of a Marketing Insight Officer has supported the development of our understanding of audience behaviour through digital metric analysis as well traditional market research. This work is informing our forward planning for marketing and communications activity, particularly online.

Publishing

The Royal Armouries publishing function had a successful year, with 2,875 books sold to the trade through our main distributors, Unicorn and University of Chicago Press. We also exceeded our target of over £50,000 of internal and trade sales net of selling costs and commission. In partnership with the Wallace Collection, we published *The Art of Fencing: The Forgotten Discourse of Camillo Palladini* by Piermarco Terminiello and edited by Joshua Pendragon. Camillo Palladini's manuscript for his discourse on fencing is housed in the De Walden Library at the Wallace Collection, London. Hitherto unpublished and largely unknown, it is of central importance to a modern understanding of Italian rapier play in the sixteenth century.

Two titles were published in our series of reproductions of popular training booklets for the newly-recruited Home Guard in the Second World War by Colonel G A Wade: *House to House Fighting* and *Defence of Houses*. Casemate also published the *Home Guard Training Pocket Manual* edited by Lee Johnson. The ever-popular title, *Torture and Punishment at the Tower of London* was updated and republished. *Littlecote: The English Civil War Armoury* by Thom Richardson and Graeme Rimer, sold out in 2016, was reprinted. Two further publications were delayed due to COVID-19 and will be published during 2020/21.

Placemaking

The Events and Informal Learning Team supported the city-wide cultural initiatives *Light Night* and the Waterfront Festival, partly funded by Leeds Waterfront Enhancement Fund. The Royal Armouries' contribution to *Light Night* attracted in excess of 8,000 visitors over the two nights who enjoyed the spectacle of our five-metre high, battling, boogying 'Light Knights' commissioned from West Yorkshire-based Handmade Parade. We also hosted a light and sound artist on site and displayed a British Library manuscript in the museum to tie in with the Library's *Light Night* activities. We also held a *Meet the Army* event in July 2019, and created a laurel-hedge maze in the square for the enjoyment of residents and museum visitors.

AIM 2: THE STUDY, MANAGEMENT AND CONSERVATION OF ARMS AND ARMOUR

Loans

The Royal Armouries loan programme, inward and outward, offers a powerful means of furthering the study and appreciation of arms and armour in the UK and abroad. During the year we borrowed only one object for temporary display, partly thanks to the coincidence of planned loan arrivals and the onset of COVID-19, but have retained 1,444 inward loans from 126 lenders, and loaned twenty-five additional objects to seven other venues, whilst maintaining 2,107 existing loans to 113 other venues. A selection of the new outward loans are described below:

Whitworth Museum and Art Gallery, Manchester: the founding of the Whitworth collection is explored in the exhibition 'Standardisation and Deviation' (opened 14 December 2019, originally to have closed August 2020, now extended to February 2021). The Royal Armouries lent two Whitworth Rifles (XII.2120, XII.2446) and related ammunition (XX.4925, XX.4964). Whitworth's precision engineering, quality control, and special hexagonal bore and bullet gave these rifles greater range, accuracy and penetration than traditionally-made contemporaries. Their high price, however, meant that they were only purchased in small numbers, including by civilian target shooters and by marksman fighting for the Confederate States in the American Civil War. Most famously a Whitworth bullet killed the Union General John Sedgewick shortly after he was said to remark that sharpshooters '...couldn't hit an elephant at this distance'. Together, these objects illustrate the ingenuity of Whitworth's inventions and the source of the funding used to build his collection.

The Metropolitan Museum of Art, New York: The Royal Armouries lent six objects to the Met for display in their exhibition '*The Last Knight: The Art, Armor, and Ambition of Maximilian I*' (7 October 2019 – 5 January 2020). The exhibition marked the 500th anniversary of the Emperor's death and focused on the significance of armour and chivalry in late medieval and Renaissance Europe through the lens of his life. The loan consisted of IV.502 (Tilting helm), IV.468 (Armet), III.71 (Backplate), III.72 (Breastplate), II.167 (Rennzeug jousting armour) and VI.6 -12 (the Burgundian bard).

West Berkshire County Council for display at Shaw House, Shaw, Berkshire: A long-term display about the history of the Littlecote Armoury and the Civil War/Commonwealth arms and armour assembled by Colonel Alexander Popham at Littlecote House, Wiltshire, has been created ten miles away at Shaw House, Newbury. Shaw House is an Elizabethan country house which served as Charles I's personal headquarters during the Second Battle of Newbury in 1644. The aim of the loan is to support the outreach activities of West Berkshire County Council and the West Berkshire Museum, centred on the Civil War and the two battles of Newbury (1643 and 1644), as well as to re-establish the significance of the local connection to the armoury formerly on display at Littlecote House. The loan runs from March 2019 and until February 2022 and comprises ten items of arms and armour.

Acquisitions

The Royal Armouries continues to expand its collection through the acquisition of items by purchase and accepting gifts, a process governed by our Collections Development Policy and its criteria. A selection of the 210 items acquired in the period 2019/20 are described below:

Filipino Helmet, 18th-19th century, probably Mindanao, Southern Philippines, XXVIA.340. Acquisition of a helmet of a type associated with the arms and armour of the Philippines has been a longstanding ambition: while the Royal Armouries possesses two mail and plate coats of the sort usually associated with the predominantly Islamic Moro peoples of Mindanao (Southern Philippines), we have no helmet to go with them, leaving an obvious gap. In addition, the helmet perfectly illustrates how the arms and armour of the Philippines maintained its distinctive identity, whilst also absorbing and reinterpreting European features. In this case it is an 18th - or 19th - century take on the combed burgonet, a popular European form in the 16th and 17th centuries, brought to the Philippines by traders, missionaries, bureaucrats and soldiers. Lot 714 in Auction 92, 'Fine Antique Arms & Armour' at Czerny's International Auction House, Sarzana, Italy, on 15 June 2019.

Basket-hilted Parrying Dagger, late 16th - early 17th century, Scotland, possibly English, X.1830. This dagger is one of a very small group of Northern English or Lowland Scottish late 16th - early 17th - century daggers, characterised by a basket guard outside of the hand. It is the first example to be acquired by the Royal Armouries. Acquired at Anthony Cribb Ltd, Lot 125, Sale 30 July 2019.

Pattern 1796 Light Cavalry Officer's sword & scabbard, 1796-99, Britain, IX.5714 A & B. A very unusual and fine version of this pattern of sword. The decoration on the backpiece, knuckle-guard and scabbard is of a kind unrepresented on these types of swords in the collection. The object is also of interest in bearing an inscription identifying its original owner, George Paterson, who was made Captain when the Fifehire Fencible Cavalry was raised on 8 May 1795, made Major 20 February 1797 and was still serving in 1800, when the regiment was disbanded. Lot 290 in Auction 92, 'Fine Antique Arms & Armour' at Czerny's International Auction House, Sarzana, Italy, on 15 June 2019.

Conservation and infrastructure

The year saw significant improvements to the display and conservation environment at Leeds and Fort Nelson. At Leeds, Phase 1 of the project to increase the environmentally-controlled storage space and provide new facilities in the National Firearms Centre (NFC) was completed in August 2019. At the Fort, with the aid of specific DCMS funding, the dilapidated 'Artillery Hall' – a steel-framed fabric-skinned proprietary RUBB building of the 1980s – was completely refurbished and re-covered in January 2020. The new covering incorporates 150mm of insulation, providing much greater capacity to control interior temperature and humidity. In addition, a segregated conservation zone has been created and an upgraded lighting system installed, while the whole ambience of the interior and the display of the collection benefit from the clean white surfaces of the new lining.

On the conservation science front, the museum's preliminary study of Concentric Ring Corrosion (CRC), which severely damages ferrous metal items, has been completed. This is not, as had been suspected, of biological origin, but appears to be caused by salt contamination and environmental conditions. The priority now is to investigate the effect on the process of improved air handling.

Meanwhile, object conservation has included the treatment and re-mounting of a 19th-century Japanese armour (*tokei gusoku*), previously boxed and unfit for display, for loan to Lotherton Hall, Leeds. The armour features a helmet with a snarling *shishi* crest and an 'old-man' style face mask complete with wrinkles, moustache and beard. Interventive conservation carried out in preparation for the *Make: Believe* exhibition also gave the team the opportunity to tackle the challenges presented by more modern materials such as plastics (examples being the Monty Python helmets) which were not made with long-term durability in mind.

Professional networks

The museum plays a vibrant and active part in the wider museum community, and this year led the re-establishment of the Museums Weapon Group. This was first established in 1990 to promote the exchange of information and resources between UK museum staff responsible for arms and armour collections, but had been in abeyance for a decade. Notably, it coordinated the collective museum response to major police amnesties and 'buy-ins' carried out in advance of changes in legislation. The revived Group, chaired by the Royal Armouries, brings together the British Army, RAF and Royal Navy heritage sections, the National Museums of Northern Ireland and Scotland, the National Army Museum and Imperial War Museums, the Royal Air Force Museum, the National Museums of the Royal Navy, and the Army Museums Ogilby Trust.

Further to this, the museum continues to provide curatorial support to other organisations in the sector. Produced in collaboration with the National Army Museum, the Museum Curators Firearms course is in its ninth year of providing specialist training for smaller organisations responsible for the care of firearms. Its syllabus covers the legal responsibilities of museums for firearms, the classification and legal status of firearms and ammunition, and firearms-specific conservation. Members of the Collections Department have also provided informal mentoring to members of the National Army Museum curatorial team.

Research

The museum has continued to implement its updated Research Strategy, with a renewed focus on significant research questions in the field of arms and armour. A supplementary Research Ethics Policy has also been implemented, and a policy facilitating Open Access to research results generated by the museum is in draft. In addition, an agreement with the University of Leeds has given museum staff access to specialist training provided by the Organisational Development and Professional Learning team.

During the year internal research projects have been undertaken on a range of subjects, including those on the foot combat armours worn at the Field of Cloth of Gold, imports of arms and armour to medieval England, the historic practice of identifying arms and armour from Africa and Asia as 'Crusader' (or otherwise medieval), on European medieval daggers, the development of 14th-century armour, on the Black Prince's shield at Canterbury Cathedral and extensive research on the 'Era of Assassination' (1849 - 1914) in preparation for a potential temporary exhibition.

Active collaboration with other researchers in the field also continues, including supporting the AHRC-funded Warhorse research project led by the University of Exeter. In addition, the museum has been named as project partner on a second AHRC funding bid, intended to study royal masculinities in England between 1485 and 1715.

Our longstanding partnership with the White Rose Consortium for the Arts and Humanities facilitated a postdoctoral Innovation Placement, allowing Dr Alex Shaw to study squad weapons and tactics of the Second World War: through the partnership, the museum has selected a candidate for its first Collaborative Doctoral Award, jointly supervised with the University of Leeds.

Research dissemination

As well as carrying out research, the museum has played an active role in relaying its results to the public, and in helping others to do so. Our peer-reviewed journal, *Arms & Armour: Journal of the Royal Armouries* continued to play an important part in this: the two issues of volume sixteen, published in 2019/20, contain three book reviews and ten articles on subjects as wide ranging as the materiality of conflict displayed in museums to the use of the lance in the late Middle Ages.

Another important means of dissemination is through organising or participating in conferences, which this year included the 'Weapons in Society' event in September 2019, managed in partnership with the White Rose Consortium for the Arts and Humanities, Northern Bridge, and the Heritage Consortium. This featured interdisciplinary contributions from postgraduate and early career researchers on the topic of arms and armour.

The museum also held a specialist conference on the 13th-century fencing manual (I.33) in May 2019, and has been working towards the organisation of a conference commemorating the quincentenary of the Field of Cloth of Gold.

Museum staff also contributed to the University of Leeds's annual International Medieval Congress. This included two streams on 'Medieval Arms and Armour,' each consisting of three research papers, delivering an evening handling session to delegates and chairing a 'round table' discussion.

In addition, the museum staged a series of lectures in Leeds between September 2019 and March 2020, given by staff and external scholars.

Staff publications 2019/20

In the course of the year staff published a number of peer-reviewed articles, book reviews and contributions to special interest periodicals. A selection of these are listed below.

Lawrence, M., (ed.), 2018, *Stumbling Towards Victory: The Final Year of the Great War*, Leeds: Royal Armouries

Bennett, N., 2019, book review of *Arms & Armour of India, Nepal & Sri Lanka: Types, Decoration and Symbolism*, Reddy, R. (London, 2018), in *Arms & Armour* 16.2, 219-222

-2020, 'Armour for an Age of Peace', in K. Almqvist and Y. Duke Bergman (eds.), *Japan's Past and Present*(Stockholm), 350-367

Downen, K., Marek, L., Uciechowska, A., Myśkow, E. 2019, 'Two 12th-century kite shields from Szczecin, Poland', *Arms & Armour* 16.2, 121-148

Downen, K., 2019. 'Morion of the Guard of Karl Zurf Zu Schonwert, Grand Huntsman of the County of Tyrol', *The Field*, 334, 163

Ferguson, J.S., 2019. "'You Never Dreamt of a Poysoned Bullet": "Forbidden" Ammunition from the Sixteenth Century to the Present', in J. Tucker (ed.), *The Right to Bear Arms: Historical Perspectives and the Debate on the Second Amendment*, Washington, D.C., 95-112

-2019. 'The Ferguson breech-loading rifle', *The Field*, 333, 171

-2019. 'The Thorneycroft Patent Rifle', *Arms and Armour* 16.2, 175-195

Impey, E., 2019. "'A Desperat Wepon": Re-Hafted Scythes at Sedgemoor, in Warfare and at the Tower of London', *The Antiquaries Journal*, 99, 225-70

Mercer, M., 2019. 'Prince Henry Stuart, The Deeds of Alexander and the Importance of Decorated Royal Armour', *Journal of the Arms and Armour Society* 23:1, 1-23

Murray-Flutter, M., 2019. 'A Pencil Pistol', *The Field*, 334, 173

-2019. 'Niuwerkerke and his cased gun', *The Field*, 334, 167

-2020. 'An Indo-European sporting gun', *The Field*, 334, 103

Piper, L., 2019. 'Tailored for Combat: The Conservation of an Elizabethan Jack of Plate', *Arms and Armour* 16.2, 196-218

Woosnam-Savage, R. C., 2019. 'Wiese silver hunting hangar and scabbard', *The Field*, 334, 153

-2020. 'To Show Their Bare Backsides in England', in Martyn Lawrence (ed.) *Torture and Punishment at the Tower of London*, Leeds: Royal Armouries, 52-53

-2020. book review of Terjanian, P. (ed.), *The Last Knight: The Art, Armor and Ambition of Maximilian I* (New Haven and London), in *Arms & Armour* 17.1, 107-109

Yallop, H., 2019. 'A Sword for a System: The Pattern 1796 Light Cavalry Sword', in Lisa Deutscher et al. (eds.), *The Sword: Form and Thought. Proceedings of the second Sword Conference 19/20 November 2015*, Deutsches Klingmuseum Solingen, Woodbridge, 216-235

-2020. 'Two Ducal Hangers', *The Field*, 335, 101

AIM 3: ORGANISATIONAL SUSTAINABILITY

Commercial activity

In spite of the sudden COVID-19-related downturn in March 2020, the Royal Armouries had a successful trading year, in many respects its best ever. Most income streams achieved or exceeded their targets, with the commercial events, car parks and specialist training businesses being particularly successful. As a result, Royal Armouries Trading & Enterprises Ltd was able to gift the museum £1.844m.

The retail shop space in Leeds was refitted and re-displayed, responding to the development of the adjacent and now interconnecting café, which resulted in further growth in conversion and an initial increase in spend per head of 30%, later settling at 20%. The café servery at Fort Nelson was also upgraded and refurbished, consistent with the Royal Armouries brand guidelines, to provide a better user experience and increase turnover. The Fort Nelson EPOS systems were replaced, to support retail sales operations and improve stock management and re-ordering. The Royal Armouries on-line picture licensing system was also launched, making it easier for customers to license images without the need for personal involvement by staff.

Meanwhile our agreements with the Army to provide specialist training (the 'Realities of War' programme) saw adjustments in fee structure, and the volume of business with Border Force clients saw a substantial increase.

ICT

Improving digital support infrastructure for operational and trading activity was an important focus for the year with a series of digital development projects being initiated and progressed. Most importantly, progress was made with the implementation of an overall ICT strategy. The Royal Armouries Customer Relationship Management (CRM) system specification was developed, put out to tender and a contract awarded.

Staff

The development of the Royal Armouries' staff engagement strategy made considerable progress during the year. A partnership was entered into with Blue Edge consultancy and the draft of the new policy, entitled 'One Armouries', was finalised at the end of the year. In addition, a new employment contract (now known as 'RA 2020') that offers a more progressive, flexible and modern package which will be used for most future appointments was put into use.

Developing the Master's Plan

The dominant project in the programme this year was the development of a strategy for the future presentation and interpretation of the subject of arms and armour and our collection at our three sites and online. Significant progress has been made in exploring and understanding the significance and impact of arms and armour through *Perspectives on Significance*, a series of essays by scholars in adjacent subjects such as science and technology, art history, world history, sociology and anthropology. This work has informed our thinking and an intensive programme of workshops, led by an internal project team but benefitting from additional wider consultation as our ideas take form.

The intention is to provide strategic direction for the presentation of the collection and to ensure that each site makes a distinct contribution to the whole story whilst playing to its strengths. This has been particularly important to ensure that the rapidly-developing plans for Project Meyrick are not arrived at in isolation. The strategy will be drafted in full and tested with audiences in 2020/21.

The redevelopment of the museum in Leeds (Project Meyrick)

Having identified a short list of options with a very wide range in respect of cost and ambition in January 2019, this year we concentrated our efforts on identifying the *preferred option* for development to RIBA Stage 1. With support from Ove Arup and architects Group Ginger and Feilden Clegg Bradley we embarked on a programme to assess their feasibility. To inform the potential layout of the building and to answer the question of how much additional space the museum might require we commissioned measured surveys and, in consultation with museum staff, made an assessment of spatial requirements by function.

Alongside this we explored the potential for income generation through the reconfiguration of the building and the relocation of some of our existing income-generating activity. To guide and temper our ambition we commissioned a fundraising feasibility study which provided a convincingly realistic estimate of the sum we might be able to raise.

Culture Consortium Leeds

The Royal Armouries has continued to work closely with cultural partners to develop an effective forum for promoting and influencing the contribution that we collectively make to the life of the city and to our sector. The Museum has retained the chair for a third year, during which the Consortium completed its first major project, the first year of an economic and engagement impact assessment. This is a longitudinal study intended to run for (at least) five years providing tracking and trend data as the city's cultural offer develops.

We have also enjoyed a busy guest speaker programme covering subjects such as tackling climate change, tourism, the arts contribution to health and wellbeing and Leeds 2023. The Consortium now has seventeen member institutions.

PLAN FOR FUTURE PERIODS

As predicted before the end of the Financial Year and noted above (p13) plans for 2020/21 and beyond have been severely affected by the impact of COVID-19. Restrictions imposed during both the three English lockdowns and the tier system, have meant that all three sites have been required to be closed for the majority of the year.

When the sites were allowed to be open, visits needed to pre-book and numbers were limited to a COVID Secure maximum. Visitors attended in respectable numbers. It is anticipated that when we are allowed to reopen later in 2021 that it will be necessary to operate in the same manner. We recognise that we will need to proceed with caution, and do not necessarily expect to have all internal spaces at all sites open, nor to be able to offer a full live interpretation programme and all other services, until at least Summer 2021.

However, as envisaged in March, remote digital engagement with the public has vastly increased in scope, scale and reach, and continues to develop: indeed, valuable lessons have been learned about the potential of digital engagement, which will become an increasingly important part of our public offer in the future.

On the financial front, whereas in March we were forecasting the museum's largest ever contribution from commercial activity in 2020/21, the current outlook is significantly reduced, with a whole range of obvious implications for planned activities. However, the Government Furlough scheme has provided a vital life-line, while DCMS have set aside an additional £700k of Grant-in-Aid, drawn from the cultural and heritage support package, for the museum's use if and when there is sufficient demonstration of need. Rebuilding our commercial activities, in particular our catering and events business at Leeds, managed in partnership with Compass, will be a major priority for many months, and preparatory work is under way.

Finally, once we have taken the core component of the Museum's Master Plan (Project Meyrick, above, p25) to RIBA Stage 1, giving us the brief for a highly attractive, feasible and ultimately fundable project, we will be working towards its implementation. The rate at which we do this, and full financial feasibility of all its components, however, has inevitably been affected by COVID-19, and will be subject to reviews at quarterly intervals, starting in April 2021. Meanwhile, work will continue on the interpretation strategy for the collection, improvements in the way we work, increasing our focus on audiences and their expansion and diversification, and our active engagement with stakeholders, including the local business community and Leeds City Council.

REFERENCE AND ADMINISTRATION DETAILS

A register of Trustees' interests is held and this is regularly updated. It is available on request. The Secretary of State for Digital, Culture, Media and Sport was appointed principal regulator of the Royal Armouries on 1 June 2010, with the implementation of the relevant provisions under the Charities Act 2006.

Royal Armouries Addresses

Principal Address:
Royal Armouries
Armouries Drive
Leeds
LS10 1LT

Website: www.royalarmouries.org

Royal Armouries
Fort Nelson
Portsdown Hill Road
Portsmouth
Hampshire
PO17 6AN

Royal Armouries
HM Tower of London
London
EC3N 4AB

List of Royal Armouries Advisers and Auditors

External Auditors for Royal Armouries

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

Internal Auditors

Mazars LLP
One St Peter's Square
Manchester
M2 3DE

Bankers

NatWest plc
Bishopsgate Business Centre
London
EC2P 2AP

Solicitors

Burges Salmon LLP
One Glass Wharf
Bristol
BS2 0ZX

External Auditors for Royal Armouries Trading & Enterprises Ltd

Grant Thornton UK LLP
No 1 Whitehall Riverside
Whitehall road
Leeds
LS1 4BN

Investment Advisers to RADT

Charles Stanley & Co. Ltd
25 Luke Street
London
EC2A 4AR

The fees paid for audit services are disclosed in Note 5.

FINANCIAL REVIEW

Overview of Financial Position

The financial statements have been prepared in accordance with the Charities Statement of Recommended Practice (Charities SORP (FRS102)), Accounting and Reporting for Charities and by reference to the Government Financial Reporting manual. In accordance with the SORP, the total amount of grant and other income received for capital projects is included in the Statement of Financial Activities (SOFA) on page 54.

Overall visitor levels to the Royal Armouries across all three sites during 2019/20 were 5% lower than last year with a reduction at Fort Nelson following the success of the 14-18 Now *Poppies*: Wave display in 2018/19 more than offsetting a 15% growth at Leeds and relatively static numbers at the Tower of London. Visitor numbers at all three sites were impacted in final quarter of the year by the COVID-19 pandemic which ultimately resulted in the closure of all three sites in late March 2020. The performance indicators on p11 show that the % of visitors who would recommend a visit has fallen slightly year on year. This is mainly attributed to the fact that last year the 14-18 Now *Poppies*: Wave display at Fort Nelson had a particularly high recommendation rate which increased the overall 2018/19 indicator.

In 2019/20 the Royal Armouries recorded £1,441k net income before transfers for general unrestricted funds. In addition, a restricted funds deficit of £1k has been recorded by the Royal Armouries Development Trust. More information on this can be found at Note 25 on page 82.

Incoming resources for the period amounted to £12,100k comprising of Grant-in-Aid of £7,834k, Donations and Legacies of £278k, Charitable Activity income of £191k, Other Trading income of £3,786k and Investment income of £11k.

The value of Donations and Legacies in 2019/20 is lower than 2018/19 as the comparative reflects both the gifting of shares in Royal Armouries (International) Limited (£1,967k) and the donation of the Ruben's painting accepted in lieu by HM Government and allocated to the Royal Armouries (£566k). Other Trading Income is lower than 2018/19 due in part to the fact that the prior year included the trading uplift seen at Fort Nelson during the 14-18 Now *Poppies*: Wave display. Also, with the outsourcing of the Leeds catering and event operation to Compass, only the profit share from the operation is reflected in income this year rather than the gross turnover which was reflected in the prior year. The Royal Armouries share of gate income from Historic Royal Palaces has contributed £336k towards the Tower of London operating costs.

Resources expended in the period in furtherance of the Royal Armouries charitable objectives as set out on page 2, amounted to £13,612k and with investment losses of £2k results in net expenditure of £1,514k (before transfers and revaluations). £4,092k was attributable to depreciation, impairment and amortisation provisions; these were financed from the capital project income credited to designated and restricted funds in previous years.

Total resources expended included salaries and related employee costs of £5,849k, this being £491k lower than 2018/19 primarily due to the fact that the 2018/19 value included Royal Armouries (International) Limited staff for 6 months between its acquisition in late July 2018 and January 2019 when staff were transferred to the Compass Group under TUPE regulations. Salary and related employee expenditure accounted for 43% of operational cost with depreciation, amortisation and impairment at £4,092k accounting for 30%.

The performance of the group's trading subsidiary, Royal Armouries Trading & Enterprises Ltd, showed a significant increase with comprehensive income for the year of £1,837k being recorded against £787k in 2018/19. The increase was due to a full year of commission from catering and event activities in Leeds and the profit share from the Leeds carpark previous reflected in Royal Armouries (International) Limited. The comprehensive income has been gift aided to the Royal Armouries.

Following the gifting of the entire share capital of Royal Armouries (International) Limited to the Royal Armouries by DCMS in July 2018, its business streams were transferred to Royal Armouries Trading & Enterprises Ltd, firstly the event and catering business in November 2018 and then the Leeds car park income in April 2019 and its assets were transferred to the Royal Armouries. As a result the company become dormant in May 2019. An application to strike off the company was made to Companies House in March 2020.

Charitable donations of £0 were made during the year (2018/19: £75k) and no grants were awarded (2018/19: £0).

Balance Sheet

Of the fund balances at 31 March 2020:

- restricted funds, subject to specific restriction by the providers of the funds, amounted to £52,382k (2018/19: £51,819k), the majority of which comprise the value of buildings;
- designated funds, which includes designated unrestricted funds and those set aside to finance tangible fixed assets other than those classed as restricted, amounted to £14,415k (2018/19: £14,742k); and

- the surplus on general unrestricted funds available for use in furtherance of the general objectives of the Royal Armouries amounted to £2,000k (2018/19: £3,289k).

By virtue of the National Heritage Act 1983, the Royal Armouries was vested with the property and objects, which formed part of the collection of arms and armour, or were associated with the maintenance or administration of the collection. The value of the collection was not identified in the records passing into the Royal Armouries ownership and the Trustees have determined that the cost of obtaining valuations for the pre-2001 collection is not commensurate to the benefits provided by doing so.

In accordance with the Financial Reporting Manual, additions to the collection since 1 April 2001 are capitalised and recognised in the Balance Sheet, at the cost or value of the acquisition. Such items are not depreciated or revalued as a matter of routine. Acquisitions and donations to the value of £74k were capitalised in 2019/20.

Debtors decreased by £277k to £870k due primarily to RAI trade debtor and accrued income balances not being present in the current year's balance. Creditors have decreased by £681k to £12,798k primarily due to the absence of any RAI liabilities.

Historically, under the terms of its government grant, the Royal Armouries is required to break-even, taking one year with another. A range of museum freedoms measures were introduced in the June 2013 Spending Review which includes some flexibility around carrying forward surpluses and more freely accessing them in future years.

Whilst this gives some flexibility in terms of committing funds in future years, the Royal Armouries is still mindful of not committing funds beyond those available, even though this means that some projects cannot be pursued and others can proceed only as fast as funding permits. It actively pursues other sources of funding for activities that cannot be financed by grant. Nevertheless, the future financial viability of the Royal Armouries is critically dependent on continued government Grant-in-Aid. The funds of the Royal Armouries are adequate to support its future requirements only in the technical sense that commitments are not made beyond the resources available.

Reserves Policy

The policy on reserves is reviewed by the Trustees as part of the annual planning and budget setting process. The museum freedom measures mean that access to historic reserves is easier and building up reserves from current year operating surpluses to cover anticipated future costs is more practical and relevant.

The Trustees recognise that a General Reserve allows the organisation to deal with short-term fluctuations in income, to provide adequate working capital and to underpin budgetary risk arising from capital expenditure projects.

The Trustees have considered the scale, complexity and risk profile of the Royal Armouries, and taken account of the funding base which consists of Grant-in-Aid from the DCMS and self-generated income. The former has historically been reasonably foreseeable, given that it is normally subject to a multi-year funding agreement, but in the current climate the level of this can no longer be assumed. Self-generated income is always liable to fluctuation depending on economic circumstances and visitor activity.

After considering these factors, the Trustees consider that a minimum General Reserve balance of £2.0 million should be maintained, representing around twelve months of operational expenditure not covered by the current level of Grant-in-Aid. In addition the Trustees have designated £1.546m of unrestricted reserves against a number of ongoing projects including masterplan, building infrastructure renewal and museum offer.

Although the Royal Armouries total reserves at 31 March 2020 are shown as £68.8 million on the balance sheet, other than the £2.0m of General Reserves and £1.546m of Designated Funds, all of the reserves are tied up in restricted funds, fixed assets and the Royal Armouries Development Trust Fund, none of which can be used for other purposes.

Payment of Creditors

The Royal Armouries continues to review the efficiency of its operations and aims to comply with best practice wherever possible. The Royal Armouries aims to settle all bills within 30 days or in accordance with the supplier's terms of business. In 2019/20, the Royal Armouries paid approximately 70% (2018/19: 67%) of supplier invoices within the target of 30 days.

John Procter
Chair

Date 11 March 2021

Edward Impey
Accounting Officer

Date 11 March 2021

REMUNERATION REPORT

Remuneration Committee

The membership of the Remuneration Committee is:

Hemant Patel (Chair to 01.11.19)

John Procter (Chair from 02.11.19)

Neil Grant

Andrew Burnett

Paul Kirkman

Policy on the Remuneration of the Director General & Master and Directors

The Remuneration Committee reviews and approves the salaries of the Accounting Officer and Directors with reference to any guidance from the Government. At a meeting in March 2020 it was agreed that a 2.5% cost of living increase should be awarded to all Directors effective from 1 April 2019 in line with the award made to the majority of staff.

Policy on Duration of Contracts, Notice Period and Termination Payments

The Director General & Master and Directors are permanent employees of the Royal Armouries. Notice periods are between three and six months and all termination payments are in accordance with the Royal Armouries contractual terms.

Civil Service Pensions

Pension benefits are provided through the Civil Service pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) 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 4.6% and 8.05% of pensionable earnings for members of classic (and members of alpha who were members of classic immediately before joining alpha), premium, classic plus, nuvos and all other members of alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. 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. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 8% and 14.75% (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.5% of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

Cash Equivalent Transfer Value

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 the 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 Pensions 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.

Real Increase in CETV

This is the element of the increase in accrued pension funded by the employer. It excludes increases due to inflation and contributions paid by the employee. It is worked out using common market valuation factors for the start and end of the period.

The following disclosures have been audited.

	Salary (Annual Equivalent) £'000		Pension Benefit to nearest £1,000 *		Total Remuneration £'000	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
E Impey	120-125 (120-125)	120-125 (120-125)	39,000	36,000	160-165	155-160
R Taylor	90-95 (90-95)	75-80 (75-80)	31,000	31,000	120-125	105-110
E Carver	65-70 (65-70)	65-70 (65-70)	26,000	27,000	95-100	90-95
M Duncan	65-70 (65-70)	65-70 (65-70)	27,000	27,000	95-100	90-95
F Riley	60-65 (60-65)	55-60 (55-60)	23,000	22,000	80-85	80-85
S Mackelworth	65-70 (65-70)	65-70 (65-70)	27,000	27,000	95-100	90-95
L Bell	65-70 (65-70)	65-70 (65-70)	27,000	26,000	95-100	90-95

* The value of pension benefits accrued during the year is calculated as (the real increase in pension multiplied by 20) plus (the real increase in any lump sum) less (the contributions made by the individual). The real increases exclude increases due to inflation or any increase or decreases due to a transfer of pension rights.

Salary is gross salary and allowances only as no overtime is paid to Directors. No bonuses were paid to directors during 2019/20 (2018/19: 0) and there were no benefits in kind in either 2019/20 or 2018/19. Trustees receive no emoluments however they are reimbursed for legitimate expenses, see Note 4b of the financial statements.

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median remuneration of the organisation's workforce.

The annual equivalent remuneration of the highest paid director in the Royal Armouries in 2019/20 was £120-125k (2018/19: £120-125k). This was 5.7 times (2018/19: 6.0) the median remuneration of the workforce, which was £21,525 (2018/19: £20,283).

In 2019/20 (and 2018/19) no employee received remuneration in excess of the highest paid director. Remuneration ranged from £16,010 to £123,250 (2018/19: £15,269 to £120,244). Remuneration includes salary and allowances but does not include employer pension contributions.

	Accrued pension at pension age as at 31/03/20 (related lump sum) £'000	Real increase in pension (related lump sum) at pension age £'000	CETV at 31 March 2020 £'000	CETV at 31 March 2019 £'000	Real Increase in CETV £'000	Employer contribution to partnership pension account £'000
E Impey	35-40 (0-5)	0-2.5 (0-2.5)	731	657	38	-
R Taylor	10-15 (0-5)	0-2.5 (0-2.5)	152	123	18	-
E Carver	5-10 (0-5)	0-2.5 (0-2.5)	133	108	15	-
M Duncan	10-15 (0-5)	0-2.5 (0-2.5)	137	113	14	-
F Riley	10-15 (0-5)	0-2.5 (0-2.5)	186	154	21	-
S Mackelworth	5-10 (0-5)	0-2.5 (0-2.5)	102	76	17	-
L Bell	5-10 (0-5)	0-2.5 (0-2.5)	69	54	7	-

John Procter
Chair

Date 11 March 2021

Edward Impey
Accounting Officer

Date 11 March 2021

STATEMENT OF THE TRUSTEES' AND THE ACCOUNTING OFFICER'S RESPONSIBILITIES

Under Schedule 1 Section 29 of The National Heritage Act 1983 the Secretary of State for Digital, Culture, Media and Sport (with the consent of HM Treasury) has directed the Board of Trustees of the Royal Armouries to prepare for each financial year a statement of accounts in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Royal Armouries and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

In preparing the accounts, the Trustees and the Accounting Officer are required to comply with the requirements of the *Government Financial Reporting Manual* and in particular to:

- Observe the Accounts Direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- Make judgements and estimates on a reasonable basis;
- State whether applicable accounting standards as set out in the *Government Financial Reporting Manual* and in the Statement of Recommended Practice: Accounting and Reporting for Charities (Charities SORP (FRS 102)) have been followed, and disclose and explain any material departures in the accounts; and
- Prepare the financial statements on a going concern basis.

The Accounting Officer of the Department for Digital, Culture, Media and Sport has designated the Director General & Master, Edward Impey, as the Accounting Officer of the Royal Armouries. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Board of Trustees' assets, are set out in *Managing Public Money* issued by HM Treasury.

The Trustees and the Accounting Officer, who were in office on the date of approval of these financial statements, have confirmed, as far as they are aware, that the Royal Armouries has disclosed all relevant information to their auditors. Having made enquiries of the Board of Trustees and the Board's auditor, the Accounting Officer has confirmed that he has taken all the steps that he ought to have taken in order to make himself aware of any information relevant to the audit and to establish that the auditor is aware of that information.

The Accounting Officer has confirmed that the annual report and accounts as a whole is fair, balanced and understandable and that he takes personal responsibility for the annual report and accounts and the judgments required for determining that it is fair, balanced and understandable.

John Procter
Chair

Date 11 March 2021

Edward Impey
Accounting Officer

Date 11 March 2021

ROYAL ARMOURIES GOVERNANCE STATEMENT

Purpose

This statement covers the Royal Armouries governance arrangements for the year ended 31 March 2020 and up to the date on which the financial statements were approved by the Board of Trustees. The Accounting Officer has responsibility for ensuring that the organisation maintains a sound system of internal control that supports the achievement of the Royal Armouries policies, aims and objectives, whilst safeguarding public funds and museum assets. The purpose of the Governance Statement is to show how these responsibilities have been met in the course of the year.

Governance Framework

The Strategic direction of the Royal Armouries is set by a Board of non-executive Trustees, who also serve as Trustees of the Charity. One Trustee is appointed by HM The Queen; the Constable of the Tower of London is an *ex-officio* Trustee and the remaining Trustees and Chair are appointed by the Secretary of State for Digital, Culture, Media and Sport.

Operational issues and the implementation of strategy are delegated to an Executive Board led by the Director General & Master of the Armouries. On the advice of the Board of Trustees, DCMS appointed the Director General & Master of the Royal Armouries to be the Accounting Officer. Chapter 3 of *Managing Public Money* sets out the responsibilities of an Accounting Officer and these include personal responsibility for safeguarding the public funds of which they have charge, propriety and regularity in handling public funds and ensuring that the Royal Armouries is run according to the highest standards of governance, decision-making and financial management.

The Trustees have a duty under section 17 of the Charities Act 2011 to have due regard to guidance published by the Charity Commission and the Trustees consider that they have complied with this duty.

Control Environment

The Executive Board continues to hold regular risk review meetings and risk management remains a standing agenda item for the Audit Committee.

It is recognised that there needs to be a continual process of control review and improvements. This remains a key focus of the Audit Committee and the Executive Board, although there are currently no major areas of concern.

The Internal Audit programme has been structured to ensure that key areas such as finance, HR, payroll, procurement and IT are regularly reviewed but also that other areas of concern can be included if necessary.

The Royal Armouries has in place policies and procedures to manage conflicts of interest. At each Board of Trustees and Committee meeting all attendees are asked to declare any conflict of interest and the details are recorded in the formal minutes. A Register of Interests for Trustees and Directors is maintained and updated bi-annually. It is a requirement that potential conflicts of interest are disclosed in advance and where appropriate the individual concerned would take no direct part in the decision making process. Likewise, it is a requirement that potential conflicts of interest in the procurement and recruitment processes are disclosed and that the individuals should not participate in the decision making process.

The Board of Trustees

The Board met four times in 2019/20, once at each of the sites in Leeds, Tower of London, and Fort Nelson and once by video conference. The Board considers the information presented to it and where appropriate will request amendments to formats or such additional information as may be required to improve the understanding of the operations and activities of the organisation.

At 3 March 2021, The Board comprised the Chair and nine Trustees and full details are included on page 4 of this report.

An annual board effectiveness review was not undertaken during 2019/20 due to the change in Chairs. The 2020/21 review was undertaken in autumn 2020. The Chair also conducted annual one to one reviews with each Trustee during 2019/20.

Over the course of the year key topics discussed by the Board included:

- Reports from the Board sub-committees on progress of key issues including audit control points, financial planning, risk and health and safety;
- Operational updates;
- Chair and Trustee recruitment
- Masterplanning;
- Fundraising;
- New Royal Armouries employment contract
- Visitor numbers
- The 2019/20 Annual Operating Plan;

Board Papers are prepared by the Executive Board and circulated at least one week prior to meetings. Regular reports are provided on strategy, policy, governance, financial position, meetings of sub-committees and operational issues. The Board considers these to be of an appropriate standard to support detailed discussion, and where relevant supplementary information is provided through verbal update or presentation at meetings.

Table of attendance at meetings during 2019/20.

	Board	Audit	Finance & Capital Development	Remuneration
Hemant Patel	2/2	1/2	1/2	2/2
John Procter	2/2	2/3	2/2	1/1
Sebastian Roberts	2/4	-	-	-
Anne Curry	2/4	-	-	-
Andrew Burnett	4/4	5/5	-	3/3
Nicholas Houghton	2/4	-	-	-
Paul Kirkman	4/4	-	4/4	1/1
Jonathan Sands	3/4	-	-	-
Neil Grant	4/4	5/5	4/4	3/3
Paul Mancey	2/2	2/2	-	-
Andrew Latchmore	1/2	1/2	1/2	-
Monica Turner	2/2	-	2/2	-
Andrew Broome*	-	1/4	-	-
Brian Boullier*	-	3/4	-	-

*Andrew Broome and Brian Boullier are independent co-opted members of the Audit Committee and as such only attend that committee.

Committees of the Board

The Board has established a number of Committees to provide support and monitoring on matters of risk, control and governance. These Committees are Remuneration, Finance & Capital Development and Audit.

Remuneration Committee

The Remuneration Committee reviews the salaries of the Accounting Officer and Directors. The Committee met in March 2020 and concluded that it was appropriate to award the same 2.5% cost of living increase effective from 1 April 2019 that had been awarded to the majority of staff.

Finance and Capital Development Committee

This Committee has responsibility for reviewing the annual budget, quarterly re-forecasts, the outturn and all capital projects and income generating ventures valued at more than £50,000. The Accounting Officer, Finance Director, Chief Operating Officer and Public Engagement Director routinely attend the meetings.

Audit Committee

The Board of Trustees has delegated authority to the Audit Committee for reviewing the integrity of the annual report and accounts, together with the effectiveness of the system of internal control and risk management systems. Specific duties include working with the external auditors to consider the nature and scope of the audit together with its outcomes, cost effectiveness and the audit fee. The Audit Committee will also review and discuss with management and auditors the financial statements including Accounting Policies, significant judgements and estimates and compliance with relevant financial reporting standards. Finally, the Audit Committee reviews and comments on the Governance Statement and the appointment of Internal Auditors, together with the scope of their work and its outcomes.

The Trustee membership of the Committee is complemented by additional co-opted members with specific skills. Current co-opted members bring knowledge and experience in the areas of IT, legal and Health and Safety.

The Accounting Officer, Chief Operating Officer, Finance Director and the internal and external auditors routinely attend the meetings.

A report from the Audit Committee has been adopted as a standing item on the Board Agenda to ensure that matters of risk and control receive the appropriate attention.

The Committee has received and reviewed reports and presentations from management, internal and external auditors to fulfil its terms of reference. In particular, the Committee considered:

- Accounting principles, policies and procedures adopted in the financial statements and the accounting issues dealt with in the accounts;
- The external audit planning document, the detailed findings following audit and recommendations therein;
- Areas covered by internal audit during 2019/20 which included School and Education, Fraud Risk Management, Licensing Arrangements and Procurement and Contract Management;
- Implementation of recommendations from current and prior year audits;

- Policies due for renewal;
- The Cabinet Office Counter Fraud Standard;
- Health and Safety issues;
- Management resource levels;
- The Strategic Risk Register;
- Emerging risks around the COVID-19 pandemic

Royal Armouries Trading & Enterprises Ltd

Royal Armouries Trading & Enterprises Ltd (RATE) is a wholly owned subsidiary of the Royal Armouries and is managed by a Board of Directors with relevant skills and experience including sales, finance and marketing. The objectives of RATE are set out in its Memorandum and Articles of Association and its Statutory Accounts are approved by the Board of RATE and subject to external audit by Grant Thornton UK LLP.

A number of measures are in place to provide assurance to the Accounting Officer that RATE is operating in the best interests of the Royal Armouries. These include a Service Level Agreement which is reviewed and approved annually and Trustees who serve on both Boards. In addition, the Accounting Officer is also appointed as a Director of RATE and attends Board meetings in that capacity together with a senior member of the Royal Armouries Finance Team.

The RATE Business Plan is agreed with the Royal Armouries Board of Trustees and there are regular updates to the Royal Armouries Board of Trustees on the financial performance of RATE activities and the anticipated financial contribution for the year.

RATE saw a significant increase in comprehensive income in 2019/20 from £789k to £1,837k, reflecting a full year's income share of the catering and event business from the contract with the Compass Group and the profit share from the Leeds car park following the transfer from Royal Armouries (International) Limited. Original projections for profitability from continuing activities in 2020/21 were in excess of £2.5m reflecting the continued growth in most areas of trading, however these projections have been very significantly impacted by the COVID-19 situation. The current expectation is that the company will make a small loss for 2020/21, but forecasts for the following year support the fact that the company is still a viable going concern.

Royal Armouries (International) Limited

Royal Armouries (International) Limited (RAI), which operated the concession for catering and corporate events in Leeds and received the profit share from the Leeds car park, had been bought from independent shareholders by DCMS in January 2018. It subsequently became a wholly owned subsidiary of the Royal Armouries in July 2018 following the gifting of the entire share capital by DCMS.

The strategic direction of the company was set by a DCMS chaired programme board consisting of members from DCMS, HM Treasury, Royal Armouries and an independent member. The programme board agreed that the activities of RAI should be transferred and combined with RATE so that all of the Royal Armouries commercial activity was undertaken by one subsidiary company, that the delivery of the event and catering activity should be outsourced and ultimately that RAI should be dissolved.

In line with the strategic direction, the core operating activities were transferred to RATE between November 2018 and March 2019. The company became dormant in May 2019 and following work to transfer all remaining assets and liabilities, an application to dissolve the company was made in March 2020.

Although the company did not trade during the year, the activity undertaken to transfer the assets and liabilities was overseen by a board of directors consisting of two members of the Royal Armouries Executive Board. The board is currently chaired by the Accounting Officer of the Royal Armouries with the Chief Operating Officer of the Royal Armouries designated as Managing Director.

Executive Board

The team supporting the Accounting Officer comprises:

- Chief Operating Officer
- Public Engagement Director
- Finance Director
- Director of Collections
- Director of National Firearms Centre
- Masterplan Director

The Executive Board, which generally meets weekly, is responsible for keeping under review all controls, policies and procedures and in particular to ensure at an operational level that the organisation complies with changes in the law or with instructions and guidance from the sponsoring department, HM Treasury and the Charity Commission.

System of Internal Control

The Accounting Officer and the Board of Trustees are responsible for setting a system of internal control and reviewing its effectiveness and the Executive Board is responsible for implementing and maintaining the system of controls. This system is designed to manage rather than eliminate the risk of failing to achieve aims, objectives and conformity with policies; it therefore provides reasonable but not absolute assurance of effectiveness.

A corporate Risk Register is maintained centrally along with registers held and maintained by each Department. All of the registers are formatted according to the same template, using common classifications. The corporate register and key changes to departmental registers are reviewed and discussed at regular risk management meetings attended by the Executive Board and other members of staff as appropriate. The corporate Risk Register is also reviewed by the Audit Committee.

Where significant risks are recognised and accepted, potential impacts are identified and appropriate mitigating actions put in place. The key residual risk areas identified in our Strategic Risk Register are:

- **Financial Resilience.**

The uncertainty around the outcome of the anticipated spending review, economic uncertainty around the EU exit issue, external cost pressures and the impact of COVID-19 on self-generated income mean that it has been necessary to prepare a range of financial forecasts.

- **Public Offer.**

The lack of investment in many of the Leeds museum's galleries in recent years due to financial constraints and a variety of legacy issues from how the museum building was configured mean there is concern over how appealing the offer is to visitors. The masterplan project has started to look at how these issues can be resolved.

Independent Assurance

The Accounting Officer has responsibility for reviewing the effectiveness of the system of internal control and the review is informed by the work of the internal auditors and the executive directors. Collectively, they have responsibility for the development and maintenance of the internal control framework, and also take into account comments by the external auditors made in their management letter and other reports.

In order to provide the assurance necessary to support completion of this Governance Statement, the Accounting Officer has taken into account the reports provided by the Internal Auditor; the minutes of Trustee and Committee meetings; discussions with the Chair of Audit Committee and other long serving Trustees together with the information provided by the current Executive Board and a review of the Management Accounts.

Internal Audit for 2019/20 was provided under contract by Mazars LLP, who undertook three levels of audit, that is to say, strategic audits through which the design of controls were tested, compliance audits, whereby adherence to previously tested processes and controls are checked and confirmed and advisory audits where the design of controls in place are reviewed but not tested.

The audit areas and outcomes were:

OPINION

Strategic Audit

- | | |
|---------------------------------------|----------|
| • Fraud Risk Management | Adequate |
| • Procurement and Contract Management | Adequate |

Compliance Audit

- | | |
|--------------------------|---------------------|
| • Licensing Arrangements | Partially Compliant |
|--------------------------|---------------------|

Advisory Audit

- | | |
|-------------------------|-----|
| • Schools and Education | N/A |
|-------------------------|-----|

The partially compliant opinion indicated that the audit testing identified instances where processes and controls were not followed or applied in the case of a small number of the samples tested. The instances were highlighted to management along with recommended actions which management agreed to adopt in order to reduce the likelihood of future non-compliance. Mazars also provided assurance to the Audit Committee on the implementation of internal audit recommendations including outstanding points from prior years.

In their Annual Report, Mazars concluded that "on the basis of our audit work, our opinion on the framework of governance, risk management, and control is Moderate in its overall adequacy and effectiveness. Certain weaknesses and exceptions were highlighted by our audit work, however none were considered fundamental. These matters have been discussed with management, to whom we have made a number of recommendations. All of these have been, or are in the process of being addressed, as detailed in our individual reports."

Overall, the view of the Board of Trustees and Accounting Officer is that governance, risk management and internal control have been sufficient to allow the Royal Armouries to continue its usual operations. The level of inherent risk has remained at a level that is considered to be appropriate by the Audit Committee and the Board of Trustees.

Compliance with the Corporate Governance Code

Changes in recent years, including the recent board effectiveness review, mean that the Royal Armouries generally complies with the intentions of the 'Corporate Governance in Central Government Departments: Code of Good Practice 2017', in so far as it is relevant to an NDPB.

Whistleblowing Policy

The museum upholds the core values detailed in the Code of Professional Ethics of the Museums Association. In line with these, the museum is committed to the highest standards of openness, probity and accountability. A vital part of accountability and openness is having a way for our people, including contractors and agency staff, to voice any concerns responsibly and effectively. The Royal Armouries has a clear policy and processes, through which issues may be raised both internally and externally and encourages employees and others with serious concerns about any aspect of the museum's work to come forward and voice those concerns, and expects its managers to encourage employees to express their views openly. This process is clearly documented in the organisation's Whistleblowing policy which is available to all staff.

There have been no internal whistleblowing activities brought to the attention of Royal Armouries management or Trustees in the period covered by this Annual Report.

Data and Information Security Management

The Royal Armouries has an information management strategy with which all staff must comply. The Royal Armouries Archives & Records Manager acts as the Departmental Records Officer, Freedom of Information Officer and Data Controller. The Royal Armouries Finance Director has been designated as the Senior Information Risk Owner and Freedom of Information champion.

The Royal Armouries has reviewed the status of information and data security during the year to ensure that information is correctly managed and safeguarded. These are contained in the Royal Armouries Records and Information Management Policy and the Information Security Policy.

There were no protected personal data related incidents reportable to the Information Commissioner's Office in 2019/20.

The requirements of the government's transparency agenda have been implemented within the required timelines. Staff capacity and systems are in place to carry through this work on a continuous basis.

John Procter
Chair

Date 11 March 2021

Edward Impey
Accounting Officer

Date 11 March 2021

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

Opinion on financial statements

I certify that I have audited the financial statements of the Board of Trustees of the Royal Armouries for the year ended 31 March 2020 under the National Heritage Act 1983. The financial statements comprise: the Consolidated Statement of Financial Activities, the Consolidated and Museum Balance Sheets, the Consolidated Statement of Cash Flows and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) as adopted by the European Union. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of the Board of Trustees of the Royal Armouries' affairs as at 31 March 2020 and of its net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the National Heritage Act 1983 and Secretary of State directions issued thereunder.

Opinion on regularity

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

Emphasis of Matter

I draw attention to Note 7 to the financial statements, which describes the basis for valuing the Museum's property. Management consider that there is a 'material valuation uncertainty' associated with this balance. Consequently, less certainty and a higher degree of caution should be attached to management's valuation than would normally be the case. My opinion is not modified in respect of this matter.

Basis of opinions

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

Conclusions relating to going concern

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

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

Responsibilities of the Board of Trustees and Accounting Officer

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

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the National Heritage Act 1983.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise

from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

obtained up to the date of my report. However, future events or conditions may cause the group to cease to continue as a going concern.

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

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

Other Information

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

Opinion on other matters

In my opinion:

- the parts of the Remuneration Report to be audited have been properly prepared in accordance with Secretary of State directions made under the National Heritage Act 1983;
- in the light of the knowledge and understanding of the group and the parent and its environment obtained in the course of the audit, I have not identified any material misstatements in the Trustees' and Accounting Officer's Annual Report; and
- the information given in the Trustees' and Accounting Officer's Annual Report which I provide a positive consistency opinion on for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts 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.

Gareth Davies

Date 15 March 2021

Comptroller and Auditor General

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

THE BOARD OF TRUSTEES OF THE ROYAL ARMOURIES

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2020

		Unrestricted funds		Restricted funds	Total funds
	Notes	General	Designated		2019/20
		£000	£000	£000	£000
Income and endowments from					
Grant-in-Aid	2	6,325	1,509	-	7,834
Donations and legacies	3	45	-	233	278
Charitable activities	3	191	-	-	191
Other trading activities	3	3,786	-	-	3,786
Investments		8	-	3	11
Total Income and endowments		10,355	1,509	236	12,100
Expenditure on					
Raising Funds	4	(1,596)	(55)	(84)	(1,735)
Charitable activities	4	(7,318)	(1,722)	(2,837)	(11,877)
Total Expenditure		(8,914)	(1,777)	(2,921)	(13,612)
Net (losses) on investments	11	-	-	(2)	(2)
Net income / (expenditure)		1,441	(268)	(2,687)	(1,514)
Transfers between funds		(2,730)	(107)	2,837	-
Other recognised gains / (losses)					
Gains on revaluation of fixed assets	7	-	48	413	461
Net movement in funds		(1,289)	(327)	563	(1,053)
Reconciliation of funds:					
Total Funds brought forward		3,289	14,742	51,819	69,850
Total Funds carried forward		2,000	14,415	52,382	68,797

All activities are on an ongoing basis.

There are no recognised gains or losses in the current or preceding year, other than the net income / (expenditure) as disclosed in the Statement of Financial Activities.

The notes on pages 58 to 84 form an integral part of these accounts.

THE BOARD OF TRUSTEES OF THE ROYAL ARMOURIES

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2019

		Unrestricted funds		Restricted funds	Total funds
	Notes	General	Designated		2018/19
		£000	£000	£000	£000
Income and endowments from					
Grant-in-Aid	2	6,482	2,979	-	9,461
Donations and legacies	3	55	-	2,924	2,979
Charitable activities	3	209	-	-	209
Other trading activities	3	4,807	-	-	4,807
Investments		5	-	5	10
Total Income and endowments		11,558	2,979	2,929	17,466
Expenditure on					
Raising Funds	4	(3,669)	(122)	(276)	(4,067)
Charitable activities	4	(6,890)	(3,818)	(1,495)	(12,203)
Total Expenditure		(10,559)	(3,940)	(1,771)	(16,270)
Net (losses) on investments	11	-	-	(3)	(3)
Net (expenditure)		999	(961)	1,155	1,193
Transfers between funds		(3)	(81)	84	-
Other recognised gains / (losses)					
Gains on revaluation of fixed assets	7	-	1,039	(1,813)	(774)
Net movement in funds		996	(3)	(574)	419
Reconciliation of funds:					
Total Funds brought forward		2,293	14,745	52,393	69,431
Total Funds carried forward		3,289	14,742	51,819	69,850

All activities are on an ongoing basis.

There are no recognised gains or losses in the current or preceding year, other than the net income / (expenditure) as disclosed in the Statement of Financial Activities.

The notes on pages 58 to 84 form an integral part of these accounts.

THE BOARD OF TRUSTEES OF THE ROYAL ARMOURIES

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2020

	Notes	2019/20		2018/19	
		Group	Museum	Group	Museum
		£000	£000	£000	£000
Fixed Assets					
Intangible Assets	6	27	27	26	26
Tangible Assets	7	71,385	71,383	73,079	68,800
Heritage Assets	8	4,084	4,084	4,025	4,025
Investments	11	153	-	152	-
Investments in Subsidiary	12	-	150	-	2,117
		<u>75,649</u>	<u>75,644</u>	<u>77,282</u>	<u>74,968</u>
Current Assets					
Stocks	13	182	72	171	65
Debtors	14	870	2,397	1,147	4,089
Cash at Bank and in Hand		<u>4,940</u>	<u>3,256</u>	<u>4,738</u>	<u>3,126</u>
		<u>5,992</u>	<u>5,725</u>	<u>6,056</u>	<u>7,280</u>
Creditors					
Amounts falling due within one year	15	(1,585)	(1,488)	(2,368)	(1,790)
Net Current Assets		<u>4,407</u>	<u>4,237</u>	<u>3,688</u>	<u>5,490</u>
Total Assets less Current Liabilities		<u>80,056</u>	<u>79,881</u>	<u>80,970</u>	<u>80,458</u>
Creditors: Amounts falling due after more than one year	15	(11,213)	(11,213)	(11,111)	(11,111)
Provision for Liabilities and Charges		(46)	(45)	(9)	(9)
Net Assets		<u>68,797</u>	<u>68,623</u>	<u>69,850</u>	<u>69,338</u>
The funds of the charity					
Income Funds					
Restricted Reserves	21	52,382	52,206	51,819	51,642
Unrestricted Reserves					
Designated funds	21	14,415	14,415	14,742	14,742
General	21	2,000	2,002	3,289	2,954
Total Funds		<u>68,797</u>	<u>68,623</u>	<u>69,850</u>	<u>69,338</u>

The notes on pages 58 to 84 form an integral part of these accounts.

The financial statements of pages 54 to 57 were approved by the Board of Trustees and were signed on their behalf by:

John Procter
Chair

Date 11 March 2021

Edward Impey
Accounting Officer

Date 11 March 2021

THE BOARD OF TRUSTEES OF THE ROYAL ARMOURIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2020

	Notes	2019/20	2018/19
		£000	£000
Cash Flows from operating activities:			
Net Cash provided by / (used in) operating activities	22	2,025	1,645
Cash Flows from investing activities:			
Dividends and interest from investments		11	10
Purchase of intangible fixed assets	6	(15)	(12)
Purchase of tangible fixed assets		(1,269)	(308)
Disposal of tangible fixed assets	7	-	-
Purchase of heritage fixed assets	9	(54)	(124)
Proceeds from the sale of investments	11	53	73
Purchase of investments	11	(56)	(78)
Net cash provided by (used in) investing activities		(1,330)	(439)
Cash Flows from financing activities:			
Cash inflows from new borrowing		-	1,200
Finance lease capital payment		(493)	(493)
Net cash provided by (used in) financing activities		(493)	707
Change in cash and cash equivalents in the period		202	1,913
Cash and cash equivalents at the beginning of the reporting period		4,738	2,825
Cash and cash equivalents at the end of the reporting period		4,940	4,738

Cash and cash equivalent balances comprise money held in commercial bank accounts and cash in hand.

The notes on pages 58 to 84 form an integral part of these accounts.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

1.1 Basis of accounting

The accounts have been prepared in accordance with the accounts direction given by the Secretary of State for Digital, Culture, Media and Sport, with the approval of the Treasury in accordance with the National Heritage Act 1983, a copy of which can be obtained from the Royal Armouries. These accounts have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and the required valuation methods for financial instruments. The accounts comply with the Charities SORP (FRS 102), applicable accounting standards, have regard to the requirements of HM Treasury's Financial Reporting Manual and, in the case of subsidiaries comply with the requirements of the Companies Act 2006. The Museum is a public benefit entity.

The consolidated financial statements incorporate those of the Royal Armouries Development Trust, Royal Armouries (International) Limited and Royal Armouries Trading & Enterprises Ltd. Arms and Armour Heritage Trust is not consolidated into the Group Accounts as they are independent of the Royal Armouries. In the Museum accounts the investment in Royal Armouries Trading & Enterprises Ltd is stated at cost and the investment in Royal Armouries (International) Limited is stated at fair value.

All financial statements are made up to 31 March 2020. The consolidation has been carried out on a line by line basis.

1.2 Going Concern

The Trustees are satisfied, on the evidence available, that the Grant-in-Aid the Secretary of State for Digital, Culture, Media and Sport has made available, together with estimated self-generated other income over the next 12 months and reserves, are adequate to meet known and reasonably foreseeable circumstances likely to arise in that period. In addition Trustees have taken into account that under Section 18 of the National Heritage Act 1983 the Royal Armouries has a statutory responsibility for keeping its collections and making them available for inspection by the public and as such sufficient government funding will continue to be made available to fulfil this responsibility. The Trustees believe that there are no material uncertainties about the charity's ability to continue and, therefore, the accounts can be prepared on the basis of a going concern.

1.3 Incoming resources

In general, income is accounted for when a transaction or other event results in an increase in the Royal Armouries' assets or a reduction in its liabilities. Grant-in-Aid is recognised in the year in which it is received.

Income from donations and legacies, including capital grants, is included in incoming resources when there is evidence of entitlement, receipt is probable and the amount can be reliably measured. Income from Charitable activities and Other Trading activities is recognised upon performance of services rendered in accordance with contractual terms.

Gifts in kind are recognised as incoming resources at a reasonable estimate of their current value on receipt.

1.4 Expenditure

Expenditure is classified under the principal categories of costs of raising funds and costs of charitable activities rather than the type of expense, in order to provide more useful information to the users of the accounts.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 Accounting policies (continued)

1.4 Expenditure (continued)

Expenditure on raising funds are those associated with generating voluntary income and the cost of trading activities, which includes the cost of goods sold and other associated costs.

Expenditure on charitable activities comprises all the resources incurred in undertaking its work to meet its charitable objectives. Such costs include those incurred on care of the collection, providing an educational and interpretation programme and all costs associated with the visitor experience.

Support costs, where possible, have been directly allocated to an activity cost category, or alternatively, apportioned on the basis of floor area occupied by an activity, or by the number of people employed within an activity. Directorate, Administrative Support and Governance costs have been allocated using headcount whilst Shared Services has been allocated based upon floor space.

1.5 Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Royal Armouries and which have not been designated for other purposes.

Designated funds comprise unrestricted funds which have been set aside at the discretion of the Trustees for specific purposes. The use of the designated funds is set out in the Note 21 to the accounts on page 77.

Restricted funds are funds subject to specific restriction by the providers of the funds or the purposes of the appeal.

Transfers between funds occur when designated funds allocated for collection acquisitions are moved to restricted funds and backlog depreciation following tangible fixed asset revaluations.

1.6 Intangible fixed assets

Intangible fixed assets reflect the cost of software licences for a number of front line and back office systems together with the cost of developing the Royal Armouries' website. The assets are valued at historic cost. Amortisation is provided in the year following capitalisation on a straight line basis over 3 years.

1.7 Tangible fixed assets

In line with HM Treasury guidance and FRS 102 Section 17, the land and buildings are professionally valued every 5 years with the remaining lives adjusted accordingly. Due to the outbreak of COVID-19, and the unprecedented set of circumstances it presents, the valuation of property, plant and equipment is reported as subject to "material valuation uncertainty". See Note 7 for further details of valuations. Other tangible fixed assets other than the collection assets (see Note 1.8) were professionally revalued as at 31 March 2006.

The Museum has adopted a policy of using appropriate Building Cost Information Service indices to adjust the carrying values of its land and buildings, and Office for National Statistics indices to adjust the carrying values of its plant and machinery and fixtures and fittings, in the years when they are not professionally re-valued.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 Accounting policies (continued)

1.7 Tangible fixed assets (continued)

Depreciation is provided on all tangible assets, using the straight-line method, from the year following acquisition at rates calculated to write off the cost less the estimated residual value of each asset over its expected useful life as follows:

Leasehold land	999 years
Buildings	15 to 76 years
Plant & machinery	10 to 38 years
Fixtures, fittings & equipment	4 to 20 years

Tangible fixed assets are defined as assets costing £2,500 or more with a useful life of greater than 1 year. Where the net book value of a fixed asset is higher than its recoverable amount, it will be impaired and written down to its recoverable value.

1.8 Heritage fixed assets

The Royal Armouries is the National Museum of Arms and Armour and has one of the largest collections of arms and armour in the world which comprises the National Collection of Arms and Armour, National Artillery Collection and National Firearms Centre. It is also the keeper of the Tower of London history.

The collection of heritage assets is held to support the Royal Armouries' charitable objectives defined in the National Heritage Act 1983 including; the care and preservation of the collection; increasing knowledge, understanding and appreciation of the collection; upkeep of records relating to the collection and Tower of London.

The Trustees do not consider that reliable cost or valuation information can be obtained for the vast majority of the collection. This is because of the diverse nature of the assets held, the uniqueness of certain individual items, the number of assets held and the lack of comparable market values. The Trustees also consider the cost of obtaining valuations is not commensurate to the benefits of inclusion to the user of the accounts.

The Royal Armouries does not therefore recognise these assets on its Balance Sheet, other than acquisitions since 2001 which are reported at cost, where the object was purchased or at the museum curator's best estimate of market value where the object was donated. The threshold for capitalisation is £2,500 for individual collection additions.

As the additions are deemed to have indeterminate lives and high residual values the Trustees do not consider it appropriate to charge depreciation.

Subject to the approval of the Trustees, the Royal Armouries may dispose of items from the collection and this normally occurs when the item is deemed unsuitable for retention in the collection and disposal is not detrimental to the public interest, where it is a duplicate of an item already held or the object is damaged. It is usual for disposal proceeds to be used in furtherance of the collection.

Expenditure which, in the Trustees view, is required to preserve or clearly prevent further deterioration of individual collection items is charged to the Statement of Financial Activities when it is incurred.

1.9 Stock

Stock is valued at the lower of cost or net realisable value and comprises goods for resale.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 Accounting policies (continued)

1.10 Pensions

Past members of Royal Armouries staff and those who started their current roles before January 2020 are covered by the provisions of the Civil Service pension arrangements, which is an unfunded multi-employer defined benefit scheme with the cost of benefits met by monies voted by Parliament each year. The Royal Armouries, and other bodies covered by the arrangements meet the cost of pension cover provided for staff they employ by payment of charges calculated on an accruing basis. There is a separate statement for the Civil Service pension arrangements as a whole.

Members of Royal Armouries staff who have started since January 2020, present and past members of Royal Armouries Trading & Enterprises Ltd and past members of Royal Armouries (International) Limited are covered by the provisions of a defined contribution scheme administered by the People's Pension. Contributions to all schemes are included as expenses in the Statement of Financial Activities in the period to which they relate.

1.11 Finance and Operating leases

Leases of assets that transfer substantially all the risks and rewards incidental to ownership are classified as finance leases.

Finance leases are capitalised at commencement of the lease as assets at the fair value of the leased asset or, if lower, the present value of the minimum lease payments calculated using the interest rate implicit in the lease.

Assets are depreciated over the shorter of the lease term and the estimated useful life of the asset. Assets are assessed for impairment at each reporting date. The capital element of lease obligations is recorded as a liability on inception of the arrangement.

Lease payments are apportioned between capital repayment and finance charge, using the effective interest rate method, to produce a constant rate of charge on the balance of the capital repayments outstanding.

Leases that do not transfer all the risks and rewards of ownership are classified as operating leases. Rentals applicable to operating leases are charged to the Statement of Financial Activities on a straight line basis, over the lease term.

1.12 Taxation

Any cumulative trading profits generated through Royal Armouries Trading & Enterprises Ltd and Royal Armouries (International) Limited are paid to the parent under Gift Aid and the levels of non-primary purpose trading remaining in the main charity are such that no corporation tax provision has been made.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 Accounting policies (continued)

1.13 Financial Instruments

The Royal Armouries classifies its financial assets into loans and receivables and available for sale. All financial liabilities are recorded at amortised cost.

Loans and receivables are financial assets with fixed or determinable payments that are not quoted on an active market. Consisting of trade and other debtors there is no intention to trade these loans and receivables and these assets are valued at amortised cost less impairment, where appropriate. Available for sale financial assets are investments that the Royal Armouries does not plan to hold until maturity. Subsequent to initial recognition these assets are recorded at fair value, with any realised and unrealised gains and losses reflected in the Statement of Financial Activities.

2. Grant-in-Aid

Grant-in-Aid received from DCMS in 2019/20 was £7,834,000 (2018/19: £9,461,000). The full amount has been credited to income during the year.

The money is available for running costs, capital improvements and collection purposes in accordance with the funding agreement. The sum of £963k (2018/19: £2,406k) has been designated by the Trustees for the purposes of capital projects with a further £54k (2018/19: £81k) designated by the Trustees for the purposes of collection asset purchases and £492k (2018/19: £492k) designated by the Trustees to meet the current liability for minimum lease payments of the leasehold land finance leases.

3. Analysis of Income and Endowments

	2019/20 £000	2018/19 £000
Donation of shares in Royal Armouries (International) Limited	-	1,967
Other Donations	57	165
Grants	172	271
Heritage asset donations	49	576
Donations and Legacies	278	2,979
Event Income	59	97
Educational Income	62	49
Other Operating Income	70	63
Charitable activities	191	209
Share of HRP gate receipt	336	287
Trading activity	3,450	4,520
Other Trading activities	3,786	4,807

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Total Expenditure

	Staff costs	Other direct costs	Impairment, Depreciation & Disposals	Allocated Support Cost	2019/20
	£000	£000	£000	£000	£000
Cost of generating voluntary income	141	18	-	48	207
Fund raising: cost of goods and other costs	325	607	322	274	1,528
Raising Funds	466	625	322	322	1,735
Care of the collection	1,363	383	967	966	3,679
Education	492	109	273	281	1,155
Visitor Experience	1,247	1,199	2,532	2,065	7,043
Charitable activities	3,102	1,691	3,772	3,312	11,877
Total Expenditure	3,568	2,316	4,094	3,634	13,612

Support Costs

					Basis of allocation
Directorate	1,101	300	-	(1,401)	Headcount
Administrative support	441	(190)	-	(251)	Headcount
Shared services	739	1,137	-	(1,876)	Space
Governance Costs	-	106	-	(106)	Headcount
	2,281	1,353	-	(3,634)	
	5,849	3,669	4,094	-	

4. Total Expenditure

	Staff costs	Other direct costs	Impairment, Depreciation & Disposals	Allocated Support Cost	2018/19
	£000	£000	£000	£000	£000
Cost of generating voluntary income	152	251	-	59	462
Fund raising: cost of goods and other costs	1,322	1,623	266	394	3,605
Raising Funds	1,474	1,874	266	453	4,067
Care of the collection	1,264	336	1,188	965	3,753
Education	428	121	336	263	1,148
Visitor Experience	1,166	1,021	3,112	2,003	7,302
Charitable activities	2,858	1,478	4,636	3,231	12,203
Total Expenditure	4,332	3,352	4,902	3,684	16,270

Support Costs

					Basis of allocation
Directorate	1,016	192	-	(1,208)	Headcount
Administrative support	282	359	-	(641)	Headcount
Shared services	710	1,029	-	(1,739)	Space
Governance Costs	-	96	-	(96)	Headcount
	2,008	1,676	-	(3,684)	
	6,340	5,028	4,902	-	

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Total resources expended (continued)

4a Staff Costs	Permanent staff	Contract and agency staff	2019/20 Total	2018/19 Total
	£000	£000	£000	£000
Salaries and wages	3,834	619	4,453	5,212
National Insurance contributions	358	21	379	416
Pension costs	884	33	917	738
Early retirement costs	-	-	-	-
Movement on provisions	-	-	-	-
Redundancy costs	93	-	93	9
Holiday pay accrual	7	-	7	(35)
	5,176	673	5,849	6,340

Total spend on contingent labour is disclosed under contract and agency staff. As at 31 March 2020 there were no off-payroll engagements for more than £245 per day (2018/19: £245 per day) that had lasted longer than six months (2018/19: 0).

There were 2 redundancies during the year (2018/19: 1).

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19
<£10,000	-	1	-	-	-	1
£10,000 - £25,000	-	-	-	-	-	-
£25,000 - £50,000	-	-	1	-	1	-
£50,000-£100,000	-	-	1	-	1	-
Total number of exit packages	-	1	2	-	2	1
Total resource cost (£0,000)	-	9	93	-	93	9

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 the decision was made.

The average number of employees, analysed by function, was:

	Group	
	2019/20	2018/19
Cost of generating voluntary funds	4	5
Fundraising: cost of goods sold and other costs	19	86
Care of the collection	44	47
Education	13	12
Visitor Experience	73	74
	153	224

Director General & Master of the Armouries

Details of the Director General & Master of the Armouries and Directors remuneration are contained within the Remuneration report.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Total resources expended (continued)

Employees receiving remuneration over £60,000

The number of employees, including the Director General & Master of the Armouries and Directors whose emoluments as defined for taxation purposes amounted to over £60,000 in the year were as follows:

	2019/20	2018/19
£60,001 - £70,000	5	4
£70,001 - £80,000	-	1
£90,001 - £100,000	1	-
£120,001 - £130,000	1	1

Pension Scheme

Under the terms of Schedule 1 of the National Heritage Act 1983, the Board of Trustees of the Royal Armouries provides pensions for staff, and employment with the Royal Armouries is included among the categories of employment to which a superannuation scheme under section 1 of the Superannuation Act applies. In accordance with the schedule, the Royal Armouries pays a monthly sum determined by the Treasury to meet its liabilities under the Civil Service pension arrangements attributable to the future pensions in respect of employees who are or have been in the service of the Royal Armouries.

The Civil Service pension arrangements are unfunded multi-employer defined benefit schemes but the Royal Armouries is unable to identify its share of the underlying assets and liabilities. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation (www.civilservicepensionscheme.org.uk).

For 2019/20, employers' contributions of £894k were payable to the civil service (2018/19: £710k) at one of four rates in the range 26.6% to 30.3% of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2019/20 to be paid when the member retires and not benefits paid during this period to existing pensioners.

Employees can opt to open a **partnership** pension account, a stakeholder pension with an employer contribution. Employers' contributions of £1k (2018/19: £9k) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and from 1 October range from 8% to 14.75% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £0.1k, 0.5% of pensionable pay were payable to the Civil Service pension arrangements to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

As at the balance sheet date there were no current employees contributing to a **partnership** pension and there were contributions of £0.0k (2018/19: £0.4k) due to the **partnership** pension providers at the balance sheet date and no prepaid contributions at that date.

Royal Armouries Trading & Enterprises Ltd and Royal Armouries (International) Limited both operate a defined contribution pension scheme with the People's Pension for its employees. The assets of the scheme are held independently from those of the company in a separately administered fund.

For Royal Armouries Trading & Enterprises Ltd employee contributions are paid at rates between 2% and 5% of pensionable pay and employer contributions at rates between 4% and 7%. For 2019/20 Employers' contributions of £22k (2018/19: £7k) were payable to the People's Pension and at the balance sheet date contributions amounting to £3k (2018/19: £1k) were payable.

For Royal Armouries (International) Limited employee contributions are paid at rates between 3% and 5% of pensionable pay and employer contributions at rates between 2% and 5%. For 2019/20 from the date of acquisition Employers' contributions of £0k (2018/19: £12k) were payable to the People's Pension and at the balance sheet date contributions amounting to £0.0k (2018/19: £0.1k) were payable.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4b. Trustees

No member of the Board of Trustees of the Royal Armouries received any emoluments during the year. Ten Royal Armouries Trustees, one co-opted member of the Audit Committee and two Directors of Royal Armouries Development Trust incurred expenses for their travel and subsistence costs during the year, with £4,008 reimbursed and £9,208 paid directly to third parties (2018/19: Eight Royal Armouries Trustees, one co-opted member of the Audit Committee and two Directors of Royal Armouries Development Trust incurred expenses for their travel and subsistence costs during the year, with £1,823 reimbursed and £6,859 paid directly to third parties).

5. Net Income / (Expenditure)

	2019/20 £000	2018/19 £000
Net income / (expenditure) is stated after charging:		
Operating lease rentals	13	13
Finance lease charge	595	589
External auditor for audit work	78	79
External auditor for non-audit work	3	3
Internal Auditor	16	17
Legal services	43	34
Travel and subsistence costs	163	139
Loss on disposal of fixed assets	-	12

All auditors' remuneration was in respect of audit work with the exception of £2,650 that was paid to Grant Thornton for accounts preparation and tax compliance work in relation to Royal Armouries Trading & Enterprises Ltd. The National Audit Office charged £58k (2018/19: £65k) on behalf of the Comptroller and Auditor General for the audit of the Royal Armouries. Grant Thornton charged £20k for the audit of Royal Armouries Trading & Enterprises Ltd (2018/19: £12k) and £0 (2018/19: £1,500) was charged by Volans, Leach and Schofield for the audit of the Royal Armouries Development Trust.

Expenditure of £45,859 was incurred on 'advisory consultancy' including tax planning and accounting advice in respect of the acquisition of Royal Armouries (International) Limited and the subsequent group restructuring during the year (2018/19: £57,800).

6. Intangible Fixed assets (Group and Museum)

	Website Development £000	Software Licences £000	Total £000
Cost as at 1 April 2019	31	79	110
Additions	15	-	15
Disposals	(-)	(-)	(-)
Cost as at 31 March 2020	46	79	125
Amortisation as at 1 April 2019	7	77	84
Disposals	(-)	(-)	(-)
Amortisation during year	12	2	14
Amortisation as at 31 March 2020	19	79	98
Net Book Value at 31 March 2020	27	-	27
Net Book Value at 31 March 2019	24	2	26

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Tangible Fixed assets

Group					
Cost	Assets in Course of Construction £000	Leasehold Land & Buildings £000	Plant and Machinery £000	Fixtures Fittings and Equipment £000	Total £000
As at 1 April 2019	-	63,138	7,244	8,730	79,112
Additions	113	273	171	744	1,301
Disposals	-	-	-	(229)	(229)
Impairment	-	-	-	-	-
Revaluations	-	124	82	151	357
As at 31 March 2020	113	63,535	7,497	9,396	80,541
Depreciation					
As at 1 April 2019	-	390	150	5,493	6,033
Charge for the year	-	2,185	608	663	3,456
Disposals	-	-	-	(229)	(229)
Revaluation	-	(205)	4	97	(104)
As at 31 March 2020	-	2,370	762	6,024	9,156
Net Book Value at 31 March 2020	113	61,165	6,735	3,372	71,385
Net Book Value at 31 March 2019	-	62,748	7,094	3,237	73,079

Museum					
Cost	Assets in Course of Construction £000	Leasehold Land & Buildings £000	Plant and Machinery £000	Fixtures Fittings and Equipment £000	Total £000
As at 1 April 2019	-	58,788	7,244	8,667	74,699
Additions	113	273	171	744	1,301
Transfer from subsidiary	-	4,350	-	-	4,350
Disposals	-	-	-	(192)	(192)
Impairment	-	-	-	-	-
Revaluations	-	124	82	151	357
As at 31 March 2020	113	63,535	7,497	9,370	80,515
Depreciation					
As at 1 April 2019	-	322	150	5,427	5,899
Charge for the year	-	2,084	608	668	3,360
Transfer from subsidiary	-	169	-	-	169
Disposals	-	-	-	(192)	(192)
Revaluation	-	(205)	4	97	(104)
As at 31 March 2020	-	2,370	762	6,000	9,132
Net Book Value at 31 March 2020	113	61,165	6,735	3,370	71,383
Net Book Value at 31 March 2019	-	58,466	7,094	3,240	68,800

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Tangible Fixed assets (continued)

A full valuation of buildings and plant and machinery at Fort Nelson on the basis of depreciated replacement cost was carried out by Rushton International, RICS qualified asset valuers, in March 2017. The building will be depreciated over a 25-year period & plant and machinery over a 10-year period.

A full valuation of the Leeds Museum building and the plant and machinery on the basis of depreciated replacement cost was carried out by Gerald Eve as at 31 March 2019. Following this valuation the building will be depreciated over a 53-year period & plant and machinery over a 12-year period.

As part of the fair value acquisition accounting for Royal Armouries (International) Ltd (RAI), a valuation of the New Dock Hall exhibition centre using an income approach was undertaken by Gerald Eve as at 31 July 2018. Following this valuation the building will be depreciated over a 39 year period. On 30 January 2020 the building was transferred internally from RAI to Royal Armouries. This has nil net impact on the valuation of these assets to the group. A further valuation of New Dock Hall was undertaken by Gerald Eve as at 31 March 2020.

Due to the outbreak of COVID-19 Gerald Eve consider that less weight can be attached to previous market evidence for comparison purposes, to inform opinions of value. As a result the valuation of our property portfolio is reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to the valuation than would normally be the case.

For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration above does not mean that the valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation.

The land and building value includes 2 plots of land that were leased in 1996 under 999 year agreements. The leases are recognised as finance leases. The land was professionally valued by Gerald Eve as at 31 March 2019.

The land and building value also includes the NFC premises that were leased in 2002 under a 150 year peppercorn lease. The lease is recognised as a finance lease. The lease was valued on the basis of depreciated replacement cost by Gerald Eve as at 31 March 2019 with the building being depreciated over a 59-year period & plant and machinery over a 21-year period.

A full valuation on all fixtures and fittings was also carried out by Rushton International as at 31 March 2006. The values thereafter have been adjusted using indices issued by the Office for National Statistics.

The net book value of the building and plant and machinery on a historic cost basis at 31 March 2020 for both the Group and Museum was £36.0m and £1.4m respectively.

8. Heritage Fixed Assets (Group and Museum)

	Armour and Weapons £000	Works of Art £000	Archive £000	Total £000
Cost or valuation as at 1 April 2019	3,286	666	73	4,025
Additions	54	-	5	59
Cost or valuation as at 31 March 2020	3,340	666	78	4,084
Cost	2,054	100	78	2,232
Valuation	1,286	566	-	1,852
Total	3,340	666	78	4,084

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. Heritage Fixed Assets (Group and Museum) (continued)

There have been no disposals of heritage assets during 2019/20.

The collection comprises 570 pieces of armour or weapons, 7 works of art and 14 sets of archive material that were either acquired or donated since 2001. This represents a very small part of the overall collection which is detailed further in Note 10.

Details of the significant additions and donations are given in the Trustee and Accounting Officer Annual Report on pages 17-19.

9. Five year financial summary of heritage asset transactions

	2019/20 £000	2018/19 £000	2017/18 £000	Restated 2016/17 £000	Restated 2015/16 £000
<u>Purchases</u>					
Armour and weapons	49	74	17	15	53
Works of art	-	50	-	-	15
Archive	5	-	-	5	8
<u>Donations</u>					
Armour and weapons	5	3	23	11	97
Works of art	-	566	-	-	-
Total	59	693	40	31	173

10. Further information on museum collection of heritage assets

The collection of heritage assets is broken down into three sections: armour and weapons, works of art and archives.

The collection is preserved at three sites across the United Kingdom; the Tower of London, the head office and main museum in Leeds and at the Museum of Artillery at Fort Nelson near Portsmouth. In addition, many objects are loaned to exhibitions and long term displays nationally and internationally.

Upon acquisition, items are assigned a unique reference number and this, together with details on the provenance, location, valuation, conservation history, academic and other general information, is recorded on the collection management database.

Armour and weapons

The core collection was founded on the arsenal of the British army preserved in the Tower of London, augmented by Royal arms and armour brought into the Tower in 1649 and by purchases, gifts and other forms of acquisition since 1831. The core collection comprises almost 7,000 pieces of armour and 40,500 weapons, ranging from the Neolithic period to the present day from across the globe.

Fort Nelson in Portsmouth houses that part of the national artillery collection not held by the Royal Collection, the Royal Artillery Collection or on loan to other institutions.

The NFC contains a collection of nearly 18,000 weapons which were initially formed by the Ministry of Defence Pattern Room in Enfield and latterly the Royal Ordnance Factory in Nottingham. This collection was gifted to the Royal Armouries by the Ministry of Defence in 2005.

The NFC collection services the User Group identified by the Ministry Of Defence and comprises the Police, UK Border Agency, HM Revenue and Customs and various military and forensic organisations.

Approximately 1,800 pieces of armour are on display with around 450 on loan; 5,000 weapons are on display with around 1,500 on loan. The remainder is available to the public in the museum's study collections.

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. Further information on museum collection of heritage assets (continued)

Works of art

The museum holds approximately 1,000 pieces of art, comprising paintings, prints, drawings, sculptures and other works of art. Of these 20 are on display within the museum.

Many of these artworks are represented in the image library; a developing resource providing income for the museum. A particular focus will be the recording of the artworks held in the archives at the Tower of London which are expected to generate significant interest from potential purchasers.

Archive

The archives contain some 200 or so major collections, including those of the previous Master of the Armouries, Sir James Mann, and the Royal Small Arms Factory, Enfield, as well as some 500,000 individual items, many relating to the history of the Tower of London and its institutions, and including maps and plans, early photographs and stereographs.

Heritage assets of particular importance

Some of the objects are of exceptional international importance including four of the six surviving personal armours of Henry VIII, the armours of Charles I, Charles II and James II, all of which have been in the collection since the time of their original owners in the 16th and 17th centuries.

Among many important artillery pieces on display at Fort Nelson are two remarkable examples: a huge bronze bombard cast in two parts and weighing a total of 20 tons, made in 1464 for the Turkish Sultan Mehmet II, and a mid-15th Century wrought iron gun, probably made in England and now known as the Boxted Bombard, one of very few guns of this period surviving in Europe today.

The NFC holds many pieces which are of considerable historical and technological importance. These include the first production example of what in World War I would become the famous, or infamous, Maxim machine gun made at the Royal Small Arms Factory, Enfield, in the early 1890s, serial number 1.

There is also a collection of 'sealed pattern' weapons, each produced to act as the exact model against which all other examples of that particular firearm, which could be made in the tens of thousands, were to be judged.

There is also a unique set of manufacturing gauges used at the Royal Small Arms Factory in the production of the Pattern 1853 Enfield percussion rifled musket. The manufacture by machine of all the components of this rifle represented a breakthrough in mass production technology and was a watershed in achieving the creation of complex objects from truly interchangeable parts.

The library holds a small number of medieval manuscripts, including the earliest known fencing manual, a medieval firework book, and two manuscripts relating to the tournament, as well as special collections of early print books on fencing manuals, and military manuals and drill books.

Further information regarding iconic pieces of the collection is available on the Royal Armouries website.

Preservation and management

The core collection is managed by a team of specialist curators and registrars who control the collection in accordance with policies approved by the Board of Trustees. The condition of the collection is maintained by a dedicated team of specialist conservators. Both groups report to the Interim Head of Collections & Research. Further information on the preservation and management of the collection, including the detailed conservation policy, is available on the Royal Armouries website.

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Investments

	Group	
	2019/20 £000	2018/19 £000
Investments as at 1 April	152	150
Additions	56	78
Disposals	(53)	(73)
Gain/(loss) in value	(2)	(3)
Investments as at 31 March	153	152

The investments comprise government stock, fixed interest bonds and funds. All are held within the Royal Armouries Development Trust (RADT).

Subsequent to initial recognition these assets are recorded at fair value, with any realised and unrealised gains and losses reflected in the Statement of Financial Activities.

12. Investments in subsidiaries

The museum owns 100% of the issued share capital of Royal Armouries Trading & Enterprises Ltd. Royal Armouries Trading & Enterprises Ltd (RATE) has capital consisting of 150,000 £1 shares all of which have been issued at par. The share issue occurred on 29 July 2010 and became fully paid up on 29 March 2011.

The entire share capital of Royal Armouries (International) Limited, a company registered in England and Wales, was gifted to the Board of Trustees of the Royal on 24 July 2018. Following the reorganisation of trading activities across the group, the company became dormant in May 2019 and all remaining assets and liabilities were transferred to the Royal Armouries. As a result the investment in the company has been impaired by £520k to nil.

13. Stocks

	Group	
	2019/20 £000	2018/19 £000
Stocks valued at cost	188	177
Less: provisions for publications and other slow moving stocks	(6)	(6)
	182	171
	Museum	
	2019/20 £000	2018/19 £000
Stocks valued at cost	72	65
	72	65

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Debtors

	2019/20		2018/19	
	Group	Museum	Group	Museum
	£000	£000	£000	£000
Trade debtors	266	86	622	143
Other debtors	7	8	19	12
Amounts due from subsidiaries	-	1,710	-	3,588
VAT recoverable	53	156	-	121
Prepayments and accrued income	544	437	512	226
Provision for bad debts	-	-	(6)	(1)
	870	2,397	1,147	4,089

15. Creditors

Amounts falling due within one year

	2019/20		2018/19	
	Group	Museum	Group	Museum
	£000	£000	£000	£000
Trade creditors	29	30	538	373
Tax and Social Security	184	166	241	169
Other creditors	18	18	26	27
Obligations under finance lease	493	493	493	493
Accruals and deferred income	849	769	1,067	725
DCMS Loan	12	12	3	3
	1,585	1,488	2,368	1,790

Amounts falling due after more than one year

	Group & Museum	
	2019/20	2018/19
	£000	£000
Obligations under finance lease	10,013	9,911
DCMS Loan	1,200	1,200
	11,213	11,111

The movement on the deferred income account in the year was as follows:

	2019/20	2018/19
	£000	£000
As at 1 April 2019	474	62
On acquisition of RAI	-	315
Amounts released from previous years	(470)	(371)
Income deferred in the current year	16	468
As at 31 March 2020	20	474

Income has been deferred as it relates to sponsorship relating to more than one financial year and deposits for future corporate events.

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. Creditors (continued)

As at 31 March 2020 the future minimum lease payments were as follows:

	2019/20 Land & Buildings £000	2018/19 Land & Buildings £000
Not later than one year	493	493
Later than one year and not later than five years	1,970	1,970
Later than five years	670,412	670,904
Total gross payments	672,875	673,367
Less: finance charges	(662,369)	(662,963)
Total Lease Liability	10,506	10,404

The finance lease liability relates to two 999 year agreements entered into in 1996 for the rent of two areas of land in Leeds. The first is the site on which the new museum building was built. The second is land adjacent to the museum building that was initially a surface car park, but has been under leased and subsequently developed with a mixture of commercial and housing properties. Both agreements have fixed rental payments across the 999 year term. Both agreements includes a number of contingent rent conditions relating to the non-museum use of the site. No contingent rent payments have been made.

As detailed in Note 7, the museum leases the NFC premises on a 150 year lease. The lease is on a peppercorn rent basis and as such the lease liability is nil.

16. Related party transactions

The Royal Armouries is a Non-Departmental Public Body whose parent department is the Department for Digital, Culture, Media and Sport. During the year the Royal Armouries has had various material transactions with the Department and with other entities for which the Department is regarded as the parent department.

As a result of the Constable of the Tower of London sitting on the Royal Armouries Board of Trustees, Historic Royal Palaces is regarded as a related party. The following table highlights the financial transactions in the year together with the balances outstanding at the end of the financial year. The figure are shown net of any associated VAT.

	2019/20 Income £000	2019/20 Costs £000	2019/20 Debtor £000	2019/20 Creditor £000
Historic Royal Palaces				
- Income relates to a contribution to site expenditure. Costs relate to our share of operating costs	336	17	171	2

There were no material related party transactions with the Trustees, key managerial staff, or other related parties during the year. Key management compensation is disclosed in the remuneration report on pages 32-36.

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Financial Commitments (Group and Museum)

As at 31 March 2020 the Royal Armouries had commitments to future minimum lease payments under non-cancellable operating leases as follows:

	Land £000	Other £000	2019/20 £000	2018/19 £000
Not later than one year	4	8	12	13
Later than one year and not later than five years	16	-	16	24
Later than five years	306	-	306	310
	326	8	334	347

The Royal Armouries had previously entered into non-cancellable contract with Royal Armouries (International) Ltd which is not a lease or other service concession arrangement. The benefit of this agreement was transferred to Royal Armouries Trading and Enterprises Limited as of 1 April 2019. The payments to which the Royal Armouries is committed as at 2019/20, analysed by the period during which the commitments expire, are as follows:

	2019/20 £000	2018/19 Restated £000
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	4	4
	4	4

Contingent payments during the period amounted to £679k.

As detailed in Note 14 the Royal Armouries is the lessor on an area of land in Leeds by virtue of entering into a 150 year underlease on the land. The underlease has an element of contingent rent. The future minimum lease payments receivable under the non-cancellable operating lease are as follows:

	2019/20 £000	2018/19 £000
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	13	13
	13	13

Contingent rent recognised as income during the period amounted to £679k.

18. Contingent Liabilities (Group and Museum)

There were no contingent liabilities as at 31 March 2020 or 31 March 2019.

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. Capital Commitments (Group and Museum)

	2019/20 £000	2018/19 £000
Capital expenditure contracted but not provided for in the accounts	178	-
Capital expenditure authorised but not contracted for	559	638

The expenditure authorised but not contracted for relates to the capital budget approved for 2020/21.

20. Analysis of group net assets between funds

	Group		Restricted funds	Total
	Unrestricted funds	Designated		
	General £000	£000	£000	£000
Funds balances as 31 March 2020 are represented by:				
Intangible fixed assets	-	27		27
Tangible fixed assets	2	23,261	48,122	71,385
Heritage fixed assets	-	-	4,084	4,084
Investments	-	-	153	153
Current assets	3,135	2,833	24	5,992
Current liabilities	(1,091)	(493)	(1)	(1,585)
Non current liabilities	-	(11,213)	-	(11,213)
Provisions for Charges & Liabilities	(46)	-	-	(46)
Total net assets	2,000	14,415	52,382	68,797

	Group		Restricted funds	Total
	Unrestricted funds	Designated		
	General £000	£000	£000	£000
Funds balances as 31 March 2019 are represented by:				
Intangible fixed assets	-	26	-	26
Tangible fixed assets	2,312	23,150	47,617	73,079
Heritage fixed assets	-	-	4,025	4,025
Investments	-	-	152	152
Current assets	2,859	3,170	27	6,056
Current liabilities	(1,873)	(493)	(2)	(2,368)
Non current liabilities	-	(11,111)	-	(11,111)
Provisions for Charges & Liabilities	(9)	-	-	(9)
Total net assets	3,289	14,742	51,819	69,850

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. Analysis of group net assets between funds (continued)

	Museum			
	Unrestricted funds		Restricted funds	Total
	General £000	Designated £000	£000	£000
Funds balances as 31 March 2020 are represented by:				
Intangible fixed assets	-	27	-	27
Tangible fixed assets	-	23,261	48,122	71,383
Heritage fixed assets	-	-	4,084	4,084
Investments	150	-	-	150
Current assets	2,892	2,833	-	5,725
Current liabilities	(995)	(493)	-	(1,488)
Non current liabilities	-	(11,213)	-	(11,213)
Provision for Charges & Liabilities	(45)	-	-	(45)
Total net assets	2,002	14,415	52,206	68,623

	Museum			
	Unrestricted funds		Restricted funds	Total
	General £000	Designated £000	£000	£000
Funds balances as 31 March 2019 are represented by:				
Intangible fixed assets	-	26	-	26
Tangible fixed assets	-	23,150	45,650	68,800
Heritage fixed assets	-	-	4,025	4,025
Investments	150	-	1,967	2,117
Current assets	4,110	3,170	-	7,280
Current liabilities	(1,297)	(493)	-	(1,790)
Non current liabilities	-	(11,111)	-	(11,111)
Provision for Charges & Liabilities	(9)	-	-	(9)
Total net assets	2,954	14,742	51,642	69,338

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. Statement of funds

	1 April 2019 £000	Income £000	Expenditure £000	Group Revaluation £000	Transfers £000	31 March 2020 £000
Unrestricted funds						
General fund	3,289	10,355	(8,914)	-	(2,730)	2,000
Designated fund – assets	10,216	1,017	(1,168)	15	(206)	9,874
Designated fund - land lease	4,526	492	(609)	33	99	4,541
Total unrestricted funds	18,031	11,864	(10,691)	48	(2,837)	16,415
Restricted funds						
Buildings	30,128	-	(1,877)	-	49	28,300
National Firearms Centre	1,075	-	(45)	-	-	1,030
Sponsorship and						
Donations	5,202	184	(953)	-	2,734	7,167
Heritage Assets	2,178	-	-	-	54	2,232
Donated Assets	1,847	49	(44)	-	-	1,852
Revaluation Reserve	11,212	-	-	413	-	11,625
RADT	177	3	(2)	(2)	-	176
Total restricted funds	51,819	236	(2,921)	411	2,837	52,382
Total funds	69,850	12,100	(13,612)	459	-	68,797

	1 April 2019 £000	Income £000	Expenditure £000	Museum Revaluation £000	Transfers £000	31 March 2020 £000
Unrestricted funds						
General fund	2,954	9,984	(8,206)	-	(2,730)	2,002
Designated fund - assets	10,216	1,017	(1,168)	15	(206)	9,874
Designated fund - land lease	4,526	492	(609)	33	99	4,541
Total unrestricted funds	17,696	11,493	(9,983)	48	(2,837)	16,417
Restricted funds						
Buildings	30,128	-	(1,877)	-	49	28,300
National Firearms Centre	1,075	-	(45)	-	-	1,030
Sponsorship and						
Donations	5,202	184	(953)	-	2,734	7,167
Heritage Assets	2,178	-	-	-	54	2,232
Donated Assets	1,847	49	(44)	-	-	1,852
Revaluation Reserve	11,212	-	-	413	-	11,625
Total restricted funds	51,642	233	(2,919)	413	2,837	52,206
Total funds	69,338	11,726	(12,902)	461	-	68,623

The use of restricted funds is restricted to specific purposes by conditions imposed by the providers of the funds or the nature of the appeal. The Leeds Museum building was funded by a combination of public and private sector finance, and those funds have been utilised wholly on the development of the Leeds Museum. In addition, the Royal Armouries has received other donations and contributions for specified purposes. Those funds have been or will be wholly utilised for their intended purpose.

The Designated fund is split into two distinct funds. The Designated fund - assets is a fund which the Board of Trustees of the Royal Armouries has designated as being allocated to finance capital expenditure other than that associated with the Land and Buildings. The Designated fund – land lease is a fund which holds the net liability arising from the finance leases of the Leeds site. The Board of Trustees designate incoming resources from Grant-in-Aid to meet the current liability for minimum lease payments.

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. Statement of funds (continued)

The Royal Armouries Development Trust restricted fund is available for the promotion and furtherance of any of the Royal Armouries' charitable purposes as the Trustees, with the consent of the Royal Armouries' Board of Trustees think fit.

The transfers between reserves primarily reflect instances where there has been expenditure from one reserve on capital assets that by their nature need to form part of a different reserve. £101k was transferred from general reserves to designated reserves to cover capital expenditure in excess of designated income and a further £49k was transferred from general reserves to restricted reserves to cover capital expenditure on restricted assets. £54k was transferred from designated reserves to restricted reserves to reflect the expenditure on heritage assets not funded by restricted grants. £1,034k and £1,700k was transferred to restricted reserves from general and designated funds respectively to cover the costs of an inter-company loan to Royal Armouries (International) that was waived as part of the corporate restructuring of the group.

As well as the above transfers, £1,546k was transferred from general to designated reserves to reflect the designation by Trustees of unrestricted general funds in excess of the minimum reserve balance against future projects.

22. Cash flow information (Group)

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

	2019/20 £000	2018/19 £000
Net income / (expenditure) for the period	(1,514)	1,193
Investment Interest received	(11)	(10)
DCMS loan interest	12	3
Depreciation, impairment and amortisation	4,092	4,890
Loss on sale of fixed assets	-	12
Loss on investments	2	3
Donated assets – collection items	(5)	(569)
Donated assets – fixed assets	-	(4,558)
Movement in payables relating to items not passing through the Statement of Financial Activity	(173)	(757)
(Increase) in stocks	(11)	(36)
(Increase) in debtors	277	(314)
Increase in creditors	(681)	1,782
Increase / (Decrease) in provisions	37	6
Net cash provided by operating activities	2,025	1,645

NOTES TO THE FINANCIAL STATEMENTS (continued)

22. Cash flow information (Group) (continued)

Analysis of changes in net debt

	At start of year	Cashflows	Other non- cash changes	At end of year
	£'000	£'000	£'000	£'000
Cash	4,738	202		4,940
DCMS loan falling due in less than 1 year	(3)	3	(12)	(12)
DCMS loan falling due in more than 1 year	(1,200)	-	-	(1,200)
Finance lease obligations	(10,404)	493	(595)	(10,506)
Total	(6,869)	698	(607)	(6,778)

23. Financial Instruments

Credit risk

The Royal Armouries has cash deposits of £4,940k (2018/19: £4,738k) which are held with National Westminster Bank Plc, part of the UK Government owned RBS and Barclays Plc. Royal Armouries has never suffered any loss in relation to cash held by its bankers. 78% of trade and other debtor balances are with related parties or organisations working closely with us so the risks are not regarded as material.

Liquidity risk

The Royal Armouries has a £1.2m loan from DCMS and relies primarily on DCMS grants for its cash requirements. Grant-in-Aid from DCMS accounts for 65% of income (2018/19: 65%). This is further enhanced by the Trustee reserve policy which sets out the level of general reserve required as a minimum. As such the Royal Armouries has little exposure to liquidity risk.

Interest rate risk

The Royal Armouries draws down its annual Grant-in-Aid allocation according to its monthly cash flow requirements. Under 1% of overall incoming resources, £11k (2018/19: £10k) was generated from interest earned during 2019/20 so the Royal Armouries has negligible interest rate risk.

Foreign currency risk

All material assets and liabilities are denominated in sterling so they are not exposed to any currency risk.

Fair value

The balances shown on the Balance Sheet and in the notes to the accounts for fixed asset investments, short term deposits, receivables and payable have a maturity of less than one year and therefore it is assumed that the fair value of these is approximate to the book value.

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. Financial Instruments (continued)

Financial assets and liabilities by category

	Group		
	Measured at fair value 2019/20 £000	Measured at cost 2019/20 £000	Total 2019/20 £000
Fixed asset investments	153	-	153
Cash	-	4,940	4,940
Trade and other debtors	-	273	273
Trade and other payables	-	(59)	(59)
	153	5,154	5,307

	Group		
	Measured at fair value 2018/19 £000	Measured at cost 2018/19 £000	Total 2018/19 £000
Fixed asset investments	152	-	152
Cash	-	4,738	4,738
Trade and other debtors	-	641	641
Trade and other payables	-	(564)	(564)
	152	4,815	4,967

	Museum	
	Measured at cost 2019/20 £000	Total 2019/20 £000
Cash	3,256	3,256
Trade and other debtors	94	94
Trade and other payables	(60)	(60)
	3,290	3,290

	Museum	
	Measured at cost 2018/19 £000	Total 2018/19 £000
Cash	3,126	3,126
Trade and other debtors	155	155
Trade and other payables	(400)	(400)
	2,881	2,881

NOTES TO THE FINANCIAL STATEMENTS (continued)

24. Summary of Results of consolidated entries

	RAM 2019/20 £000	RATE 2019/20 £000	RADT 2019/20 £000	RAI 2019/20 £000	Intercompany & Consolidation adjustments 2019/20 £000	TOTAL 2019/20 £000
Income and endowments from						
Grant-in-Aid	7,834	-	-	-	-	7,834
Donations and legacies	2,824	-	-	-	(2,546)	278
Charitable activities	191	-	-	-	-	191
Other trading activities	869	2,750	-	31	136	3,786
Investments	8	-	3	-	-	11
Total Income and endowments	11,726	2,750	3	31	(2,410)	12,100
Expenditure on						
Raising Funds	(1,025)	(1,592)	(2)	581	303	(1,735)
Charitable activities	(11,877)	-	-	-	-	(11,877)
Total Expenditure	(12,902)	(1,592)	(2)	581	303	(13,612)
(Loss) on revaluation of investments	-	-	(2)	-	-	(2)
Net (expenditure)/income	(1,176)	1,158	(1)	612	(2,107)	(1,514)
Other recognised gains / (losses)						
Capital Contribution	-	679	-	-	(679)	-
Gift Aid payable by RATE to RAM	-	(1,844)	-	(702)	2,546	-
Gains on revaluation of fixed assets	461	-	-	-	-	461
Net movement in funds	(715)	(7)	(1)	(90)	(240)	(1,053)

	RAM 2018/19 £000	RATE 2018/19 £000	RADT 2018/19 £000	RAI 2018/19 £000	Intercompany & Consolidation adjustments 2018/19 £000	TOTAL 2018/19 £000
Income and endowments from						
Grant-in-Aid	9,461	-	-	-	-	9,461
Donations and legacies	3,774	-	-	-	(795)	2,979
Charitable activities	209	-	-	-	-	209
Other trading activities	792	2,229	-	2,284	(498)	4,807
Investments	5	-	5	-	-	10
Total Income and endowments	14,241	2,229	5	2,284	(1,293)	17,466
Expenditure on						
Raising Funds	(1,166)	(1,442)	(3)	(2,194)	738	(4,067)
Charitable activities	(12,203)	-	-	-	-	(12,203)
Total Expenditure	(13,369)	(1,442)	(3)	(2,194)	738	(16,270)
(Loss) on revaluation of investments	-	-	(3)	-	-	(3)
Net (expenditure)/income	872	787	(1)	90	(555)	1,193
Other recognised gains / (losses)						
Gift Aid payable by RATE to RAM	-	(795)	-	-	795	-
Gains on revaluation of fixed assets	(774)	-	-	-	-	(774)
Net movement in funds	98	(8)	(1)	90	240	419

NOTES TO THE FINANCIAL STATEMENTS (continued)

25. Royal Armouries Development Trust

The Royal Armouries Development Trust (Registered Charity Number 803617) is a charity connected to the Royal Armouries. It was established on 10 May 1990 to pursue such charitable purposes as the Trustees, with the consent of the Board of Trustees of the Royal Armouries, think fitting. The Development Trust solely supports the development of the Royal Armouries.

As a result of some Trustees sitting on both boards it is deemed there is common control and hence the Accounts are consolidated into the Royal Armouries' financial statements. Royal Armouries Development Trust accounts are independently examined by Volans, Leach and Schofield, Woodhouse Lane, Leeds.

	2019/20 £000	2018/19 £000
Income and Expenditure Account		
Income	-	-
Administrative costs	(2)	(3)
Grant to Royal Armouries	-	-
Grant to the Arms and Armour Heritage Trust	-	-
Interest receivable	3	5
Gain/ (loss) on investments	(2)	(3)
(Deficit)	(1)	(1)
Balance Sheet		
Investments	153	152
Current assets	24	27
Creditors	(1)	(2)
Net Assets	176	177
Unrestricted reserves	158	159
Restricted reserves	18	18
Total Funds	176	177

The restricted fund relates to donations received to fund the developments at Fort Nelson.

26. Royal Armouries Trading & Enterprises Limited

The Royal Armouries owns all the issued share capital of 150,000 issued shares of £1 nominal value of Royal Armouries Trading & Enterprises Ltd, a company registered in England and Wales (Company number 07374477). The company's principal activities are retail, catering, corporate events, sale of images and licensing and specialised training. The company commenced trading on 1 April 2011. The share issue occurred on 29 July 2010 and became fully paid up on 29 March 2011.

	2019/20 £000	2018/19 £000
Statement of Comprehensive Income		
Turnover	2,750	2,229
Cost of sales	(457)	(578)
Gross profit	2,293	1,651
Administrative expenses	(1,135)	(864)
Profit for the financial year	1,158	787
Capital contribution	679	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,837	787
Gift aid payment	(1,844)	(795)
CHANGE IN PROFIT & LOSS ACCOUNT	(7)	(8)

NOTES TO THE FINANCIAL STATEMENTS (continued)

26. Royal Armouries Trading & Enterprises Limited (continued)

The company is an employer in its own right and directly employs a small number of staff. A large portion of the staff resource continues to be provided by staff employed by the Royal Armouries for which a management charge is made to the company which includes personnel costs.

Income from the trading company has been consolidated onto the Statement of Financial Activities on the other trading activities income line. Costs have been included in the expenditure on raising funds cost line.

	At 31 March 2020 £000	At 31 March 2019 £000
Statement of Financial Position		
Fixed Assets	2	4
Current assets	2,001	1,182
Creditors	(1,855)	(1,031)
Net Assets	148	155
Share Capital	150	150
Profit and Loss	(2)	5
Shareholder Funds	148	155

Creditors include a net balance due to the parent charity of £1,656 (2018/19: £854k) consisting of £1,844k (2018/19: £795k) due to the parent charity for a Gift Aid donation and £188k receivable from (2018/19: £59k due to) the parent charity for outstanding management charges.

27. Royal Armouries (International) Limited

Company number 02868025

The entire share capital of Royal Armouries (International) Limited, a company registered in England and Wales, was gifted to the Board of Trustees of the Royal on 24 July 2018. The company's principal activities were retail, catering and corporate events.

	At 31 March 2020 £000	For the 8 months to 31 March 2019 £000
Profit and Loss Account		
Turnover	31	2,284
Cost of sales	(2)	(251)
Gross profit	29	2,033
Administrative expenses	583	(1,943)
Operating profit	612	90
Gift Aid payable to the Royal Armouries	(702)	-
(LOSS) / PROFIT FOR THE FINANCIAL YEAR	(90)	90

Income from the trading company has been consolidated onto the Statement of Financial Activities on the other trading activities income line. Costs have been included in the expenditure on raising funds cost line.

NOTES TO THE FINANCIAL STATEMENTS (continued)

27. Royal Armouries (International) Limited (continued)

	At 31 March 2020 £000	At 31 March 2019 £000
Balance Sheet		
Fixed Assets	-	10,322
Current assets	60	1,714
Creditors	(60)	(4,355)
Net Assets	<u>-</u>	<u>7,681</u>
Share Capital	-	1,054
Profit and Loss	-	6,627
Shareholder Funds	<u>-</u>	<u>7,681</u>

28. Post Balance Sheet Events

On 27 January 2021, the Board of Trustees of the Royal Armouries approved a £250,000 loan facility to Royal Armouries Trading & Enterprises Limited. The loan was made under a formal loan agreement and is interest bearing. On 28 January Royal Armouries Trading & Enterprises Limited drew down £150,000 of the loan facility.

The financial statements were authorised for issue by the Accounting Officer and Trustees on the date they were certified by the Comptroller and Auditor General.

