

BOARD OF TRUSTEES OF THE ROYAL ARMOURIES

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

HC 762

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

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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. There is a *Management Agreement* in place with DCMS 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 six 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 2020/21 and served on the sub-committees shown:

	Date of appointment	Expiry of appointment
Chair		
John Procter	02.11.19	01.11.23
Members		
Major General Sir Sebastian Roberts KCVO OBE	05.02.11	04.02.22
Dr Andrew Burnett CBE	03.03.14	02.09.21
General the Lord Houghton GCB CBE	01.08.16	31.07.22
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
Professor Steven Gunn	01.03.21	28.02.25

Trustee Sub-Committees

Sub Committee	Chair	Members
<i>Audit</i>	Andrew Burnett (to 02.09.21) Andrew Latchmore (from 03.09.21)	Neil Grant Andrew Latchmore Paul Mancey Andrew Broome (co-opted external member) Brian Boullier (co-opted external member)
<i>Finance and Capital Development</i>	Neil Grant	Paul Kirkman John Procter Andrew Latchmore Monica Turner
<i>Remuneration</i>	John Procter	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 Professor Steven Gunn was appointed as a Trustee by DCMS.

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 (to 31 August 2021 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 3.7 (2019/20: 7.7). Excluding those members of staff who were on long term sickness over 4 weeks, the average number of days was 1.7 (2019/20: 4.1).

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	7
Full-time equivalent employee number	3.5

ii) Percentage of time spent on facility time

Percentage of time	Number of employees
0%	2
1-50%	5
51-99%	-
100%	-

iii) Percentage of paybill spent on facility time

Total Cost of facility time	£579
Total paybill	£5,686,630
% of total paybill spent on facility time	0.01%

iv) Paid trade union activities

Time spent on trade union activities as a % of total paid facility time hours	0.46%
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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 2020/21.

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 has been developed to undertake the audit and produce a strategy and action plan during the second half of 2021/22 which will identify and promote improvements wherever necessary and possible in the museums diversity performance and aspirations.

At 31 March 2021 the Royal Armouries, Royal Armouries (International) Limited and Royal Armouries Trading & Enterprises Ltd had 189 full, part-time and casual contract employees in total split as follows:

	Male	Female	Total
Executive	4	2	6
Staff	94	89	183
Total	98	91	189

168 of the staff were on permanent contracts with the remaining 21 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 related parties.

The *Royal Armouries Development Trust* (RADT) was 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 supported the development of the Royal Armouries. As a result of some Trustees sitting on both boards it was deemed there was common control and hence the Accounts are consolidated into the Royal Armouries' financial statements. The decision was taken during 2019 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 investments were transferred to the Royal Armouries in April 2021. An application to dissolve the Trust was submitted to the Charities Commission in May 2021 and the Trust was dissolved as of 7 July 2021.

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 and no grants were received by the Royal Armouries from AAHT.

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 and remains ongoing.

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 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 2019/20 and 2020/21 is set out in the table below. Explanations of key movements are given in the Achievements and Performance section on pages 12 to 30 and the Financial Review on pages 32 to 35.

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	2020/21 Out-turn	2019/20 Out-turn
Total number of visits	136,937	2,180,308
Number of unique users visiting the website	395,132	369,999
Number of children aged 16 and under visiting the Royal Armouries	30,474	486,707
Number of overseas visitors	1,574	1,266,284
Number of visitors under 18, in formal education, attending the Royal Armouries in facilitated and self-directed visits *	129	23,525
Number of visitors under 18 participating in on-site organised activities *	0	18,990
Percentage of visitors who would recommend a visit	89%	91%
Admissions income *	£1,665	£58,709
Trading income- Net Profit *	£0	£1,836,854
Fundraising income (excluding lottery funding)	£147,898	£207,332
Ratio of fund raising to Grant-in-Aid	1.8%	2.8%
Number of UK loan venues	95	95

ACHIEVEMENTS AND PERFORMANCE

The following section is organised according to the three high-level AIMS of the five-year Corporate Plan approved by Trustees, along with the re-statement of the Purpose and Vision of the organisation dated March 2019. While the impact of the COVID-19 pandemic means that the detail of the Corporate Plan is under revision, the AIMS remain unchanged. They are:

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 Royal Armouries, visitors, staff and COVID-19

As anticipated in the Annual Report 2019/20, the impact of the COVID-19 pandemic and the associated 'Lock-downs' changed the nature of the Armouries' work and working practices in 2020/21 almost beyond recognition. The details of the year's achievements and performance under these circumstances are set out under the relevant AIM below, and the effect of the pandemic is evident throughout the text. The following paragraphs, however, focus on the impact of the pandemic on people – the museum's visitors and their experiences, and on the museum's staff and theirs.

The 2020/21 year started with the Tower of London, Fort Nelson and the Leeds museum all fully closed to visitors. Between then and the end of the 2020/21 financial year there were two periods of opening at the three sites, although subject to restrictions. The Tower re-opened on 10th July 2020, the Fort on 11th August 2020 (outside areas) and 5th October 2020 (interiors and galleries) and Leeds on 16th September 2020.

All sites closed again on the 5th November 2020. The Fort was then open 2nd -19th December 2020 and the Tower 3rd -16th December 2020. Leeds remained closed in this period due to local ('Tier 3') restrictions. External areas at the Fort re-opened on the 12th April 2021, and internal areas, along with Leeds and the Tower, on the 19th May 2021. During the periods of opening, all sites were closed on Mondays and Tuesdays, except during school holidays.

The visitor experience during the periods of opening was far from normal. Visitors were required to book in advance and to attend at a given time, so that numbers on site at Leeds and the Fort could be controlled and two-metre social distancing between households maintained. HRP made similar arrangements at the Tower. The total number of visitors on any one day at Leeds was capped initially at 340, and at 300 at the Fort. Whilst most areas of the Fort and the Leeds museum were accessible, visitors were required to follow prescribed, clearly marked, one-way routes, invited to use hand-sanitisers positioned throughout the building, and to wear facemasks. Further measures, such as withdrawal of touch-screen interactives and hygiene messaging were also introduced.

At Leeds, objects of particular interest, including acknowledged 'Treasures' of the collection, were highlighted by extra wayfinding and interpretation, creating a form of guided route. One of the two cafés in Leeds remained closed, as did the Fort café, although there temporary outdoor catering was provided instead. Live interpretation, normally a vital part of the visitor offer in Leeds, was not possible in its normal guise for 'distancing' reasons. Members of the team were on hand, however, in costume, to guide and interact with visitors, and offered demonstrations manageable by one person.

In spite of the drawbacks, if mitigated by these measures, a lot of positive and unsolicited feedback was received from visitors. Two examples are quoted below.

- (re Fort Nelson, September 2020) Despite all that is going on in the world we had a lovely afternoon. The staff were absolutely brilliant and couldn't have been friendlier or more helpful on our visit, all with big welcoming smiles on each of their faces too! Despite obviously a few attractions closed due to the government guidelines, the effort made....to provide a fulfilled visit was very evident and we really appreciate the time and effort in order for the Fort to be safely re opened so thank you!

- (re Leeds, September 2020). This is the first day out / visit we have had as a family since March and the start of lockdown. I felt very safe and relaxed bringing my son here. I wanted to mention that we really loved the engagement as soon as we approached the front doors from the 'dancing knight', who was really friendly and welcoming. Also we spoke at length to one of the curators/performers on the 2nd floor he really engaged with our son and displayed a really impressive level of knowledge on his subject. It added to our visit and left us feeling that our visit mattered to the museum. Thanks for a great day.

Across the year, however, the total number of visitors to Armouries sites was, obviously, far smaller than usual, adding up to 136,037 as opposed to the 2,180,208 achieved in 2019/20 (at Leeds, 10,200 v. 220,053; at the Fort, 92,192 v. 16,451; at the Tower, 1,865,963 v. 1,110,286). School visits were not possible at Leeds at any time between 17th March 2020 and 19th May 2021, although three school parties did visit the Fort in the brief window between relaunching the programme in October and closure on 5th November. Ninety-five percent of visitors agreed that appropriate health and safety measures were in place at both sites and that they felt safe on site. No Royal Armouries sites or activities were linked with any outbreak or recorded spreading of the virus.

The percentage of visitors who would recommend a visit remained fairly constant at 89% (2019/20 – 91%). The Net Promoter Score, which is calculated from the proportion of visitors likely to recommend a visit minus the detractors, remained reasonably strong with 57% at the Fort (2019/20 – 67%), and 52% at Leeds (2019/20 – 68%), a good result under the circumstances.

During closure, security staff remained on site at Leeds round the clock and daily at the Fort, and at both sites the Armouries cleaners maintained a regular routine, keeping staff on site safe and reducing the risk of pest infestation. Estates and Finance staff were also regular attenders; the museum owes many thanks to all of them, travelling as they were to and from work on a regular basis, usually by public transport, putting themselves and their households at increased risk of infection.

Other staff were admitted to their sites only under exceptional circumstances, so as to protect them and those already present. Meanwhile, all staff whose jobs could realistically be done remotely (in most cases at home) were required to do so, including during the periods of re-opening. Providing them with remote working functionality was a major challenge at such short notice, with a skeleton team, and a contractual arrangement with the supplier designed for wholly different circumstances. It therefore had to be done in phases, beginning with an agreed group of core staff, but it was available to almost all relevant employees by year end. Most staff whose jobs could only be done on museum premises - a total of thirty in the first instance - were Furloughed shortly after the introduction of the scheme on 20th March 2020 (backdated to 17th March 2020, the date of closure), and then again, although in some case only partly, at its successive extensions (5th November 2020, 17th December 2020, 4th March 2021).

At the same time the nature of people's work and their outputs saw major changes. Education staff, for example, worked on providing on-line teaching materials, and the Public Engagement Department, working with curatorial staff, turned to digital means of engaging the museum's audiences. As no museum can operate without meetings, these continued, but using a variety of virtual meeting software, a way of working known to very few staff in March but which swiftly became all too familiar. The Board of Trustees' meetings of the 25th June, 24th September, 10th December 2020 and 25th March 2021 were all held virtually, as were the intervening Trustee Sub-Committee meetings. The same obviously applied to external meetings and contacts, including those with DCMS, who held regular and extremely helpful briefings for their Arm's Length Bodies throughout the year. The National Museum Directors' Council also continued to meet, and proved an invaluable forum for exchanging experiences, ideas and information.

Virtual meetings were also arranged to replace the museum's quarterly on-site staff briefings by Directors and managers, nine within the financial year, to which all Armouries staff were invited, and at which the Director General, other Executive Board members and staff spoke to substantial audiences. The aim was to provide updates on closure and opening arrangements, the museum's finances, other topical issues and to thank, encourage and reassure. In addition, the Marketing & Communications Team issued a weekly 'light-reading' newsletter, and managers were in regular contact with staff working remotely or Furloughed. Many teams set up structured programmes of communication, training and development online to maintain morale and provide pastoral support. Some organised virtual social gatherings, 'quiz nights' and other events which proved very popular.

Nevertheless, within the general and bewildering context of a national crisis and fears related to the virus itself, the abandonment of familiar routines and wholly new ways of living and working took their toll. Whether being part of a skeleton team on Armouries premises, working at home, or on Furlough, the situation has affected the wellbeing of staff and their families and households. Issues arising from isolation, cramped and shared spaces, shared or poor Internet connections, home-schooling and childcare have affected everyone in some combination or degree, although few people missed spending time and money on commuting. In the background many felt real professional regret that the museum was unable to do its core job of showing and explaining the collection and the history of arms and armour to the public.

The following reflections from members of staff cover a range of these experiences.

- Working from home has been challenging. I missed working in the office and collaboration with colleagues, and although I got used to using Teams for meetings, it is not the same. During school closures my son was at home and required home schooling which proved to be continuously difficult when I was working. I was part furloughed which helped and I was supported by my managers. Fortunately, it did not impact on my work performance too much, but it was very stressful the majority of the time as it was a busy period for the department I work in. Shorter working weeks due to furlough, busy projects at work, poor technology at home and a 5-year-old at home were certainly not easy to handle for months on end.
- What I initially thought would be a couple weeks off work turned into almost a year. At first I found it challenging as the lack of direction and purpose was hard to come to terms with. However, after a couple of months of mopingI started to find that drive again. With the team being furloughed it was difficult at first, but our team established weekly Zoom quizzes to keep us connected. In the first lockdown I really engaged with these quizzes and wrote all sorts of crazy and wacky rounds which everyone enjoyed. Then when we locked down for the second time I was asked to host and run the weekly quiz and I've been doing it at 4pm every Monday ever since. Even just this small responsibility really helped push me through the lockdown and stopped me from stagnating, so as a result, I am in a much happier place to return to the new, hopefully post-covid, world.

- Working primarily at home has been a challenge for those of us who work with the collection and rely upon library access, and it is difficult to see the museum and stores bereft of the visiting public and researchers. However, the opportunity to provide access and reach new audiences via social media (YouTube) has been very rewarding.

Plans are in place to support staff in returning to more familiar routines, and monitor morale and welfare during what for some may be a prolonged and tricky second phase of transition. How the Royal Armouries fared financially during the last year is set out in detail elsewhere in this report. But, as it relates to people, it is worth noting that unlike some other National Museums and cultural bodies, the Royal Armouries itself (as opposed to RA Venues) made no redundancies in 2020-21 as a direct consequence of the pandemic. This owed partly to a combination of strategic use of reserves, ruthless and timely economising, the continuance of some commercial income streams, the vital lifeline of the Job Retention Scheme, and extra government support through the Infrastructure Fund and the Cultural Recovery Fund. Obviously, it also owed to continued receipt of Grant in Aid, but in addition, ironically, to the Royal Armouries proportionately light dependence on commercial income, largely wiped out by the pandemic. Overall, it should be said that the support of government and the DCMS for the Royal Armouries and our sector as a whole, throughout the year, has been essential and very much appreciated.

AIM 1: THE ROYAL ARMOURIES PUBLIC OFFER

Display and events

At the time of the COVID-19 outbreak in March 2020 the Royal Armouries had almost completed a temporary exhibition in Leeds entitled *Tudor Power & Glory: The Field of Cloth of Gold*. The historic event itself was perhaps the single largest and most expensive summit-meeting-cum-sporting-gathering of the 16th century, staged just south of Calais by King Henry VIII of England and the French king, Francis I. The exhibition would have marked its 500th anniversary. At its heart were to have been a number of exceptional and highly significant items in the Armouries collection relating to the event, most notably two foot combat armours belonging to Henry VIII. Important items were also to be borrowed from other collections, notable from the Musée de l'Armée in Paris and the Metropolitan Museum of Art, New York. With the advent of the first Lockdown, however, progress stalled, although the intention remained to complete the exhibition as intended and open it when possible, but in November 2020 travel difficulties and spiralling shipping costs led to the cancellation of the overseas loans. This undermined a basic premise of the special exhibition, and the decision was taken to to-repurpose the completed work as a new and important contribution to the permanent displays in the Tournament Gallery.

The accompanying event programme was also cancelled, but on the 3rd June 2020, close to the anniversary of the event itself (7th -20th June 1520), an online exhibition was launched, attracting 19,296 visitors. Supporting material on social media channels generated 31,279 views, and views of content produced in partnership with the educational YouTube channel, Extra Credits, an additional 751,782.

In the War Gallery, *Firefight*, a new display on the Second World War, was completed, although not opened as planned. It tells the story of how Britain, Germany, the Soviet Union and the United States modernised their weapons, training, and industrial infrastructure from the 1930s to 1945. In the process it looks at the equipment of single British and German front-line infantry squads and how new tools helped each man to do his job. On the home front, it looks at the work of women and men in factories and the designers who came up with new, effective and cost-effective weapons. Finally, it examines the shift in British philosophy from a gentlemanly peacetime footing to the wartime mantra of "kill, kill, kill"! All of this was critical to winning the 'firefight' - the basic building block for victory in each battle, each campaign and, ultimately, the war itself.

Learning

The on-site learning offer was reduced to almost nil across the year, although Fort Nelson was able to welcome a total of 129 students from three schools in the Autumn term. At both the Fort and Leeds, although bookings were made in the later part of the term, they were cancelled in advance of the 5th November lockdown. The 'Mightier than the Sword' literacy project developed with Leeds Beckett University was paused, and will now be piloted next academic year. But while overall learning numbers reached only 0.5% of last year's figure, this exceptional year needs to be put in the rosier context of the previous five, in which the Formal Learning Action Plan (2016-21) hit all its growth targets in year 4 (2019/20): in other words, as planned, the team increased schools footfall from 13,000 to 24,000 at Leeds and Fort Nelson in four years with six staff and no increase in maintenance or marketing overheads.

Digital Engagement

As with the rest of the cultural sector, closure and Lockdown led to a seismic increase in digital activity. To do this the Public Engagement Department became, in effect, a digital production company, generating content across multiple platforms. These included a Home Learning Hub to support home-schooling, online content for the Field of Cloth of Gold anniversary, material on the Second World War, and themed programmes such as 'Royal Armouries at Home' and 'Heroes and Legends'.

New content was also created for use by Facebook, YouTube and Twitter, and the Armouries opened its first Instagram account. The number of unique website users during the year stood at 395,132 of which 60% were visiting Collections Online, highlighting the shift from its use largely as a source of visit and event information (down by 43%) to exploration of collections resources (up by 114%).

The most important new departure of the year, however, was prompted by the grant of £429,000 from the National Lottery Heritage Fund, confirmed in March 2021, to implement the Royal Armouries Digital Engagement strategy, which will be a major focus for the Public Engagement Department for the next two years. The new digital infrastructure which this project will deliver will include a new website, and a 'digital playground' in the museum in Leeds which will provide an introduction and a way into the collection for visitors new to the subject of arms and armour.

Marketing

With the major programmes of on-site public engagement activity largely on hold, the Marketing Team concentrated its efforts on social media, creating engaging original content, as well as maintaining contact with staff through new communication initiatives, supporting the online shop, and keeping visitors informed about plans for closure and re-opening. Press and media activity achieved a circulation of 213,092,421 with an advertising value equivalency of £2,343,286. The three main social media channels however achieved 17,184,417 impressions (reach) and 1,425,945 recorded views on the Armouries' YouTube channel. The reopening of Fort Nelson in August and Leeds in September were accompanied by the launch of a new membership scheme and new marketing collateral.

Publishing

The Royal Armouries publishing function had a successful year under the circumstances, with 3,120 books sold. This included a new initiative to convert existing titles to eBook format in the wake of Lockdown 1. Over £26,000 of internal and trade sales were achieved, the majority of which were online, through the distributors, Unicorn and University of Chicago Press. The year saw the publication of *Tudor Power & Glory: Henry VIII and the Field of Cloth of Gold* (April 2020), intended to accompany the exhibition mentioned above, and two reproductions of Home Guard training booklets written in the Second World War by Colonel G. A. Wade: *House to House Fighting* (April 2020) and *Defence of Houses* (July 2020). As part of our 'Talking Points' series we published a family story from the First World War, *Only Water Between* (December 2020), based on the letters of Captain Jack Adam in the Royal Armouries' archive. As the first in a joint initiative with Boydell & Brewer, the museum published *The Medieval Tournament as Spectacle, Tourneys, Joust and Pas d'Armes*, edited by Alan V. Murray and Karen Watts (September 2020). Staff publications are listed below at page 23.

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

Loans

The Royal Armouries' loans programme, inward and outward, offers a powerful means of furthering the study and appreciation of arms and armour in the UK and abroad, if severely disrupted this year by the pandemic. The Royal Armouries retained 1,441 inward loans from 124 lenders, whilst maintaining 2,117 existing loans to 116 other venues. The one outward loan of the year was to the Box, Plymouth, managed by the Museums Galleries and Archives section of the City Council, for display in their exhibition *Mayflower 400: Legend and Legacy*. Intended to mark the 400th anniversary of the sailing, the exhibition explores its political and religious context, early English colonies in America, the lives of the passengers and the cultural, demographic and personal legacies of the story. The loan is of a snaphance muzzle-loading caliver (XII.11301), a typical English example of the period, and recalls the pilgrims' precautions against possible Spanish attack at sea and Native American hostility on land. Owing to Lockdown it opened later than intended, in September 2020, was then subject to closures, but re-opened in May 2021 and will run until January 2022.

Acquisitions

The Armouries continues to expand its collection through the acquisition of items by purchase and accepting gifts, a process governed by the Collections Development Policy and its criteria. A selection of the 174 items acquired in the Financial year 2020/21 are described below:

Socket bayonet for experimental Gillmore musket, c.1815, England, XXII.387

This is a unique bayonet designed by Lieutenant Joseph A. Gillmore for his experimental musket of c.1815, a lighter and more accurate version of the 'Brown Bess'. It was formerly in the Tower Armouries' collection but either sold or disposed of at some point in the 19th century but is now reunited with the musket to which it belongs, an existing collection item (XII.133). Although Gillmore was a junior officer in the British Army, he is arguably an important national figure in the design of experimental arms. Purchased from a private vendor, December 2020.

Pair of flintlock holster pistols, 19th century, Peć, Kosovo, XXVIF.249

These Kosovan/Albanian pistols from the late Ottoman era have stocks ornamented with relief carving and silver inlay decoration, including the motif of a stylised sword and horseshoe. The museum has approximately fourteen Balkan or Ottoman pistols, but this is the only one of known origin, thanks to this motif, uniquely associated with the town of Peć (Peja). As is usual, the flintlocks and barrels were probably imported from northern Italy. Purchased from a private vendor, July 2020.

Sealed Pattern .303 Mk. VII cartridge, 1910, London, XX.4980

The .303 inch cartridge was introduced as ammunition for the Lee-Metford bolt-action rifle in 1888. The Mark VII version, with an aerodynamic pointed bullet, was adopted in 1910. The example shown is an original 'Sealed Pattern' made at the Royal Laboratory, Woolwich Arsenal. It was used to regulate manufacture of the millions of rounds made for the First World War and beyond. By the 1930s it was in use with rifles, light machine guns, heavy machine guns, vehicle machine guns and aircraft guns. A new version (Mark VIII) with a more streamlined shape and a higher velocity loading was introduced in 1938 for machine gun use, but the Mk. VII round remained the standard issue until .303 was replaced by the 7.62 mm NATO round in 1957.

As in other countries, the idea of the .303 cartridge had been to standardise one type of ammunition for rifles and machine guns, facilitating manufacturing and supply in the field. However, the Second World War created unprecedented demand. In 1936 only the .303 and the .38 revolver cartridge were standard issue. By 1945, thanks to the need for new weapons and a lack of time to standardise, there were fifteen different types of ammunition in use. The object is included in the new 'Firefight' display in Leeds. Acquired as part of the Ministry of Defence Pattern Room Collection.

Conservation and Collections Care

Thanks to COVID-19 related restrictions on access to sites, the Collection Services team shifted the focus of their work from individual objects to the inspection of galleries and stores, and at various points in the year, to preparing for re-opening. Their work has, however, included the complete clean of 2,575 objects in the Hall of Steel in Leeds and the X-raying of twenty-one muskets in response to an important third-party research question, and the fitting of monogrammed tompion plates to artillery displayed outdoors at the Tower.

Whilst working remotely and taking advantage of the recent upgrade to the museum's IT infrastructure, the team also took the opportunity to review policy, procedure, practice and training, related for example to Collections Security, Collections Hazard Management, and Damage and Loss. The team also continued to deliver virtual seminars and training regionally, nationally and internationally.

At the Tower, the Royal Armouries' Conservator maintained a housekeeping brief throughout the year to avoid problems in the museum's premises or with the collection.

Research and Dissemination

Royal Armouries research this year has addressed subjects as varied as medieval daggers and armour to the Second World War Welrod pistol. It has also facilitated the work of external researchers on projects such as the interchangeability of Henry Nock's screwless locks. Continued collaboration with the White Rose College of the Arts and Humanities has resulted in the allocation of two doctoral students, who will spend twenty-five days each cataloguing Henry VIII-period staff weapons. Working with the University of Leeds, the Royal Armouries first Collaborative Doctoral Award student started this year, investigating the accessibility (for research and by visitors) of collections to which this is normally speaking restricted by law.

On-line technology has enabled the museum to stage a summer lecture series featuring specialist contributions from doctoral students, and the more general-audience Winter lectures, which attracted a peak audience of 234 to a talk on firearm forensics. The long-planned Field of Cloth of Gold conference went ahead, on-line, attracting an audience of 677 over two days.

The programme to add and improve catalogue entries in the Collections Management System (EMu) has continued, subject to site access limitations, and has seen 853 records enhanced. This concentrated on bringing entries up to an agreed 'best practice' minimum standard, although some, usually on items subject to enquiries, research work, re-display, or exhibition use, were upgraded beyond this.

Between April 2020 and March 2021 the Collections Department received and responded to 1,060 unique external enquiries on the collection, its history, the institution and the subject of arms and armour in general. These exchanges are an important form of engagement with the public, providing expert and mediated access to the collection – largely invisible to anyone but the correspondents - but a fundamentally important part of the museum's work.

The team have been using other digital platforms and tools to disseminate knowledge. The Keeper of Firearms and Artillery, collaborated with the popular 'Forgotten Weapons' channel on YouTube with a series of nine videos, which have accrued a total of 756,000 views, and also with 'Gamespot' on their YouTube channel under a series called 'Expert Reacts'. The 'Gamespot' series has been phenomenally successful with 21 videos to date each with between 100,000 and 2.2 million views (several with 1 million+). Like/dislike ratios and comment engagement are both extremely good by the channel's own standards and generally. At the end of each video a request for donations is given which raised several thousand pounds.

Following the success of this collaborative work, a series of short videos on the Royal Armouries' own YouTube channel, intended to expand upon the Facebook and Instagram series 'What is This Weapon Wednesdays' has been successful achieving between 32,000 and 108,000 views after just two-three weeks of going live.

Library and Archive Services

Whilst the Library and Archive were closed to the public, the team kept up with routine activities, including developing the collection, cataloguing, fielding enquiries and commissioning conservation work. Cataloguing saw 33,808 archive records enhanced and 11,567 photographs scanned, and the opportunity was taken to bring historic library records up to the standard required by the current system. The Archives and Records Manager worked on legacy financial records, whilst ensuring compliance with Freedom of Information and Subject Access requests as they arose. Meanwhile the Library continued to publish the monthly *Current Awareness Bulletin*, which serves a demanding readership among military, law-enforcement, customs and forensics personnel in the UK and abroad.

Publications 2020/21

In addition to the titles produced by the Armouries publishing team, a substantial number of peer-reviewed articles, contributions to special interest periodicals, and books on arms and armour-related subjects were published by staff, in addition to one by a Trustee. A selection of these are listed below.

Abbott, P., 2020. 'History of the Royal Small Arms Factory, Enfield Lock, during the First World War, prepared in Historical Records Branch by Miss C. M. Irons, 4.7.1921 MUN 5/366', *Arms and Armour Journal of the Royal Armouries* 17.2,1 pp.98-213.

Carr, D., Critchley, R., Downen, K., May, B., and Peare, A., 2020. 'Ballistic Protective Properties of Material Representative of English Civil War Buff Coats and Clothing'. *International Journal of Legal Medicine* 134. pp.1949-56.

Downen, K., and Hurst, S., 2020. *Tudor Power and Glory: Henry VIII and the Field of Cloth of Gold*, Leeds, Royal Armouries.

Ferguson, J., 2020. *Thornycroft to SA80: British Bullpup Firearms 1901-2020*, Nashville, Headstamp Publishing.

Grant, N., 2020, *The Medieval Longsword*, Oxford, Osprey Publishing

Magrath, P., 2020. 'The artillery of the Portsdown Forts with special reference to Fort Nelson', *Arms and Armour Journal of the Royal Armouries* 17.2, pp.178-198.

Mercer, M., 2020. 'Professions and past times: the British ordnance office establishment and the investigation of Mediterranean antiquities, c.1800–1859', *Arms and Armour Journal of the Royal Armouries* 17.2, pp157-178.

Murray-Flutter, M., 2020. 'A sporting painting', *The Field* 335/7394, p.99.

-2020 'An elastic sporting gun', *The Field* 335/7395, p.105.

-2020. 'The Jacob Rifle', *The Field* 335/7396, p.121.

Traynor, L., 2020. 'A Gun by Bartolomeo Cotel', *The Field* 337/7390, p.103

-2020. 'An unusual flintlock breech-loading magazine gun by John Cookson', *The Field* 335/7390, p.97

Wellard, C., 2020. 'A Convenient Flintlock Gun', *The Field* 336/7398, p.158.

Woosnam-Savage, R., 2020. 'Scotch Myths & Scotch Mists: The 'Sinclair-saber' and the arms and armour of the Skottetoget of 1612 – A personal reflection', Fleck, N., Muller, A., and Grieb, H. (eds.), in *Hieb- und stichfest – Waffenkunde und Living History, Festschrift für Alfred Geibig*, Petersberg, pp.108-139.

Yallop, H., 2020. 'Royal Armouries update', *ICOMAM Magazine* 23, pp17-20.

AIM 3 ORGANISATIONAL SUSTAINABILITY

The redevelopment of the museum in Leeds (Project Meyrick)

Working with lead consultant, Arup and their associates Group Ginger and Feilden Clegg Bradley, a feasibility study and assessment of the short-listed options identified the scope of the project and the preferred option. This will entail re-organising the interior of the building to better reflect the museum's purpose and vision by relocating galleries to the ground floor, enhancing the arrival experience and making the collection immediately prominent, whilst moving conferencing and events activity to purpose-built accommodation on the fourth and fifth floors. A programme of construction work, upgrading the building management systems and re-displaying the collection in four new galleries was developed to RIBA Stage 1 and the Strategic Brief approved by Trustees in September 2020.

Since then progress has paused until the museum's financial position and the state of the national economy allow the next stage of the business case (Outline Business Case Part 1) to be developed on a firm footing. Work continued, however, on the development of the Interpretation Strategy, which will govern the rearrangement of the building and the re-display of the collection.

Following the production of a Fundraising Feasibility Study by Achates Philanthropy to inform the options appraisal, the consultancy went on to produce a Combined Revenue & Capital Fundraising Strategy which set out a programme for revenue (annual) fundraising in advance of launching a capital campaign. An action plan for Year 1 of the Strategy was developed but, as with the Outline Business Case, implementation was deferred until the financial prospects of the museum and the nature of the social and economic climate permit a surer basis for long-term planning.

Culture Consortium Leeds

Consortium members met regularly (virtually) over the summer months and into the autumn of 2020, the forum providing a support network as the impact of the pandemic on the sector unfolded. The theatres, performance venues and touring companies were particularly badly affected. The speaker programme resumed in the autumn with visits from the Arts Council, Leeds Civic Trust, the Leeds BID and the new Chief Officer, Culture and Economy at Leeds City Council, Eve Roodhouse. Emma Carver, Royal Armouries Public Engagement Director, stepped down after three years as Chair in December 2020 and was replaced in January by Dominic Gray, Projects Director at Opera North.

Royal Armouries People and Employment

At their December 2020 meeting Trustees approved a revised Reward Strategy, including draft proposals for integrating performance management into reward structures, and a plan for the continuation of remote working for some staff after full re-opening. In addition, Trustees discussed and approved the 'One Armouries' staff engagement programme for refinement and implementation in 2021/22, which will create a renewed clarity of purpose, expectation, shared endeavour and engagement amongst Armouries staff.

Information and Communication Technology

Building on the preparatory work of previous years, the Royal Armouries ICT strategy was implemented in-year by the Operations Department in partnership with an external partner. The strategy aimed to cleanse and migrate the main body of the Armouries server-based live and archived operational data from storage by internally supported servers, to a Microsoft-based 'cloud' hosted location. This enabled staff to work from any location and the use of new technologies, easier statutory compliance and more efficient operation in general. In addition, an 'industry standard' IT configuration has allowed the support arrangements to be contracted out.

Delivering the project involved supplying over 130 new devices to staff, along with associated equipment, and much of it made active in 'remote' locations. This was accompanied by a programme of staff training to maximise user capability levels and avoid interruptions to productivity as the new approach went live. A major associated information migration project was successfully delivered, moving individual and teamwork and data across to MS365. Microsoft 'SharePoint' sites were developed, populated with existing data, and began to store new data, existing information, and which supported staff communications via modern means.

The introduction of MS 'Teams' to a pilot group late in 2019, and rapidly expanded from March 2020, was pivotal in ensuring that much of the museum's work could continue.

Customer Relationship Management

Following detailed specification, the Royal Armouries has procured and installed a proprietary Customer Relationship Management (CRM) system, in partnership with Brightwire, a specialist firm, working with a standard Microsoft platform which integrates well with the Royal Armouries other digital development projects. By the close of the year all but one of the relevant teams had access to data stored in the system and were working with live CRM systems and data.

Estates

A successful bid was made to the DCMS Infrastructure Fund, and £420,000 awarded, enabling four essential maintenance projects to proceed. The first saw the replacement of time-life expired lighting control systems and the introduction of LED units, improving the display of the collection and reducing running costs. The second saw improvements to security infrastructure, largely through upgrading closed circuit television in and around the Leeds building and its introduction for the first time at the Fort, and the third the renewal of the motors and running gear of two lifts. Finally, most of the fire doors in the Leeds building, functioning but twenty-five years old, were replaced or upgraded to meet modern standards. A second bid to the DCMS Infrastructure fund was prepared and submitted early in 2021 for work to be undertaken in 2021/22.

Public Wi-Fi, Leeds. A contract was let to provide wi-fi access to visitors throughout the Leeds museum, so far only accessible in commercial spaces (mainly New Dock Hall, the Royal Armouries Hall, the café), as installed by the previous operators. This will allow digital interaction with visitors and support the implementation of the Digital Engagement Strategy.

Trading and Commercial Operations

Over the past five years the Royal Armouries has developed or acquired four sources of self-generated income – museum-related trading, the conferences, meetings, catering and events business in (known as 'MICE') in Leeds, car parks in Leeds and at Fort Nelson, and Specialist Agency Training for the Home Office and the Ministry of Defence. All of these activities were adversely affected by the pandemic.

Income generation site at Leeds and the Fort was of course non-existent during closure and very much reduced during limited opening. An exception was the online shop and image licensing business, revived once access to the building was possible, but the sums involved were too small to affect the overall picture.

In a normal year the Royal Armouries single largest source of income would be the MICE business, but as with the whole of the hospitality sector, this was wiped out for most of the year by the pandemic. Whereas gross income levels exceeding £5 million were achieved in Leeds in 2019/20, the figure for 2020/21 was under £5,000. The museum's contracted partner, Restaurant Associates Venues (RA Venues) had to make large-scale redundancies and sadly over 100 of their Leeds staff, some of whom had worked on site since the 1990s, lost their employment. It was possible, however, to Furlough a skeleton crew to help sustain the contract and relationship with the Royal Armouries and prepare for re-opening at the right time. Early signs suggest that the market and MICE profitability will at least partially recover during the course of 2021/22.

Car park income at Fort Nelson was reduced to zero during closure, but bookings were possible on-line when open (11th August – 5th November and 2nd December- 19th December). The Leeds car park, which in a normal year might generate over £600,000, traded at between 20% and 30% of normal levels for most of 2021/22. Specialist Agency Training operations were active for only 60% of the year.

Development

As the pandemic took hold, many funders understandably shifted their support to COVID-19 related causes. Nevertheless, the work of the Development Team continued, if part-Furloughed, and the museum is very grateful to funders' acceptance of delays due to Lockdown, such as to the completion of the *Firefight* display, supported by the Garfield Weston Foundation and John S Cohen Foundation. Others provided unsolicited additional donations and sponsorship, including an extra grant for the 'Mightier than the Sword' literacy project from the Anthony and Elizabeth Mellows Charitable Settlement, and one for the Fort Nelson STEM education programme from The Armourers and Brasiers' Gauntlet Trust. A number of Leeds-based businesses kindly supported the museum's provision of free lunches during half-term October 2020 for families which access free school meals during term time.

The single biggest success of the year was the grant of £429,600 received from the National Lottery Heritage Fund for the transformative Digital Vision project (below page 29), announced on 30th March 2021, happily coinciding with the twenty-fifth anniversary of the opening to the public of the museum in Leeds. The museum is both grateful for the grant, but also for the NLHF's understanding of the difficulties in developing the bid under Lockdown conditions and their support in helping the Development Team through the process. No income was recognised in 2020/21 in respect of this grant as no qualifying expenditure had been incurred. The grant will be recognised as income over the 2021/22 and 2022/23 financial years as qualifying expenditure is incurred.

PLAN FOR FUTURE PERIODS

The COVID-19 pandemic has had a major impact on the Royal Armouries' future plans and priorities. The main tasks for 2021/22, necessarily driven and framed by the impact of the COVID-19 pandemic, are as follows.

Staff morale and confidence

The key initiative in this area – 'One Armouries' - will set out to ensure that staff feel engaged and valued by their managers and the organisation, and that their return to more normal but inevitably different working patterns is as smooth and safe as possible. Through a systematic programme of communication and training, an overhauling of the pay and reward structure, supported by the re-organisation of office space and the new IT system, it aims to make the museum a better place to work and enhance its potential for success. Work will also begin on a strategy to enhance to improve diversity of the Armouries' work force.

Rebuilding audiences

Rebuilding the museum's audiences to pre-pandemic levels and beyond over the next few years faces serious challenges. Among these are uncertainties about the future direction of the pandemic and related advice and regulation, the public's appetite to visit museums and the speed of its recovery, and financial constraints. However, through spending as much as is possible and responsible in the circumstances on an attractive public programme accompanied by judicious marketing, it is hoped, as things stand, that visitor numbers will move towards pre-Covid levels as the year progresses.

Commercial recovery

Part of the museum's income, retail and daytime catering at the Fort and in Leeds, depends on visitor numbers, and can only be addressed by the measures mentioned above. Other, small-scale income streams apart, the bulk of previous revenue has come from the MICE business in Leeds, managed in partnership with RA Venues. How far and how fast this will recover is guesswork, and will also depend on COVID-19 related advice and regulation. But whilst events themselves are not yet possible, bookings are picking up. Much depends on the success or otherwise of trading at Christmas. The Armouries will also take measures to improve or add to the spaces available for hire, and building on the appeal of the venue as a museum rather than a 'white space'. 'Paid for attractions' will also be introduced in Leeds. Car park revenue in Leeds and Fort Nelson will depend on usage, but will be helped at the Fort by improvements to facilities and payment methods.

Digital Vision

In the first full year of the Digital Vision Project, a new digital infrastructure will be developed including a new website. Plans will be made for the creation of a 'digital playground' in the museum in Leeds destined to provide an introduction and an online way into the collection for visitors new to the subject of arms and armour.

Project Meyrick

Progress with Project Meyrick, a subset- of the organisation-wide Masterplan which will enlarge and diversify audiences and enhance the long-term sustainability of the organisation, will depend on circumstances. Decisions will be taken during the course of the year as to which parts can be begun or completed in-year.

Inclusive Narratives

The museum will make an assessment of how it displays and explains some collection items and their historical and cultural context, to ensure that they can be enjoyed and understood by a broader audience than may be reached at the moment.

Independent Research Organisation Status (IRO)

IRO status would offer huge advantages to the Royal Armouries. It would provide an external accreditation of the quality of the museum's research, enhance its reputation, encourage organisations seeking to collaborate (including abroad), and potential opportunities for funding. The Armouries aims to submit an application for IRO in 2021/22.

Corporate Plan 2021-26

Revision of the Corporate Plan 2019-24, required by current circumstances, has begun, and will strike a balance between ambition and reality, and be flexible in its timetable whilst seeking to pin down as many programmes and projects as soon as possible. It will be accompanied by and inform a 'Strategic Review' of the culture and organisation of the Armouries to ensure fitness to respond to the opportunities and meet the challenges ahead.

Comprehensive Spending Review

The Armouries will do whatever it can, along with the other National Museums and related ALBs, to support DCMS with data and arguments to help the Department to secure the best possible Grant-in-Aid settlement for the period 2022-25.

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.

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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 58.

The closure of all three physical sites for most of the year and COVID-19 restrictions and requirements in place for the short period of time the sites were able to open impact many aspects of the organisation. Overall visitor levels to the Royal Armouries during 2020/21 were 94% lower than last year. The performance indicators on page 11 show that the percentage of visitors who would recommend a visit has fallen slightly year on year. This is attributed to the impact of the covid secure measures that were in place when the sites were open in 2020/21.

Both the income and cost base of the organisation was impacted by the site closures, COVID-19 restrictions and government support measures in a variety of ways. Incoming resources for the period amounted to £9,909k comprising of Grant-in-Aid of £8,430k, Donations and Legacies of £753k, Charitable Activity income of £67k, Other Trading income of £655k and Investment income of £4k.

The value of Donations and Legacies in 2020/21 is higher than 2019/20 as the current year's balance reflects the £605k received through the Coronavirus Job Retention Scheme (CJRS). Other Trading Income is considerably lower than 2019/20 reflecting the impact of COVID-19 on all areas of trading, The Royal Armouries share of gate income from Historic Royal Palaces has contributed £12k towards the Tower of London operating costs. The performance of the group's trading subsidiary, Royal Armouries Trading & Enterprises Ltd, showed a significant decrease with comprehensive expenditure for the year of £2k being recorded against income of £1,837k in 2019/20 with all business areas being impacted, especially the Leeds catering and event operation and the Leeds car park.

Resources expended in the period in furtherance of the Royal Armouries charitable objectives as set out on page 2, amounted to £10,226k and with investment gains of £5k results in net expenditure of £312k (before transfers and revaluations). £1,449k 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 £5,956k, being £107k higher than 2019/20 due primarily to increases in the national living wage. Salary and related employee expenditure accounted for 58% of operational cost with depreciation, amortisation and impairment at £1,449k accounting for 14%.

Other operating costs of £2,793k were 31% lower than 2019/20 due to a number of factors. Some budgeted costs, such as the visitor event programme and marketing, did not need to be incurred due to site closures, others such as utility costs, were significantly lower due to site closures, whilst others, such as annual maintenance and service costs were unaffected as the sites need to be kept ready for reopening. In addition the reduction in commercial income meant a lot of planned discretionary spend was cancelled or deferred.

In 2020/21 the Royal Armouries recorded £62k net expenditure before transfers for general unrestricted funds. In addition, a restricted funds deficit of £17k has been recorded by the Royal Armouries Development Trust. More information on this can be found at Note 25 on page 86.

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 became 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 (2019/20: £0k) and no grants were awarded (2019/20: £0).

Resource expenditure for 2021/22 has been planned around anticipated resource income levels, including an additional award from the Cultural Recovery Fund and a recovery in commercial trading income following the reopening of the sites and lifting of COVID-19 restrictions. The budget includes a number of discretionary areas of spend which can be flexed depending on actual income levels.

Balance Sheet

Of the fund balances at 31 March 2021:

- restricted funds, subject to specific restriction by the providers of the funds, amounted to £52,673k (2019/20: £52,382k), 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 £13,915k (2019/20: £14,415k); and

- the surplus on general unrestricted funds available for use in furtherance of the general objectives of the Royal Armouries amounted to £2,334k (2019/20: £2,000k).

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 £21k were capitalised in 2020/21.

Group Debtors decreased by £362k to £508k due primarily to the reduced trading levels in RATE meaning the profit share due at 31 March relating to Leeds car park income and the Leeds event and catering operation was lower. Group Creditors have decreased slightly by £42k to £12,756k due to general differences in the timing of spend.

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 £2.0m should be maintained, representing around 12 months of operational expenditure not covered by the current level of Grant-in-Aid. In addition, the Trustees have previously 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 2021 are shown as £68.9 million on the balance sheet, other than the £2.3m 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 2020/21, the Royal Armouries paid approximately 65% (2019/20: 70%) of supplier invoices within the target of 30 days.

John Procter
Chair

Date 4 November 2021

Edward Impey
Accounting Officer

Date 4 November 2021

REMUNERATION REPORT

Remuneration Committee

The membership of the Remuneration Committee is:

John Procter

Neil Grant

Andrew Burnett (to 02.09.2021)

Andrew Latchmore (from 03.09.2021)

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. In line with the 0% pay award made to the majority of staff for 2020/21, no cost of living increase was awarded to Directors.

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		Bonus Payments £'000		Pension Benefit to nearest £1,000 *		Total Remuneration £'000	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
E Impey	120-125 (120-125)	120-125 (120-125)	-	-	43,000	39,000	165-170	160-165
R Taylor	90-95 (90-95)	90-95 (90-95)	-	-	43,000	31,000	135-140	120-125
E Carver	70-75 (70-75)	65-70 (65-70)	1	-	29,000	26,000	95-100	95-100
M Duncan	70-75 (70-75)	65-70 (65-70)	1	-	30,000	27,000	100-105	95-100
F Riley	65-70 (65-70)	60-65 (60-65)	1	-	26,000	23,000	90-95	80-85
S Mackelworth	40-45 (65-70)	65-70 (65-70)	-	-	4,000	27,000	45-50	95-100
L Bell	55-60 (70-75)	65-70 (65-70)	-	-	23,000	27,000	80-85	95-100

* 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. Bonuses were awarded to three directors during 2020/21 (2019/20: 0) and there were no benefits in kind in either 2020/21 or 2019/20. 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 2020/21 was £120-125k (2019/20: £120-125k). This was 5.6 times (2019/20: 5.7) the median remuneration of the workforce, which was £21,781 (2019/20: £21,525).

In 2020/21 (and 2019/20) no employee received remuneration in excess of the highest paid director. Remuneration ranged from £17,004 to £123,250 (2019/20: £16,010 to £123,250). Remuneration includes salary and allowances but does not include employer pension contributions.

	Accrued pension at pension age as at 31/03/21 (related lump sum) £'000	Real increase in pension (related lump sum) at pension age £'000	CETV at 31 March 2021 £'000	CETV at 31 March 2020 £'000	Real Increase in CETV £'000	Employer contribution to partnership pension account £'000
E Impey	35-40 (0-5)	2.5-5.0 (0-2.5)	805	731	43	-
R Taylor	10-15 (0-5)	2.5 -5.0 (0-2.5)	190	152	25	-
E Carver	10-15 (0-5)	0-2.5 (0-2.5)	161	133	17	-
M Duncan	10-15 (0-5)	0-2.5 (0-2.5)	165	137	17	-
F Riley	10-15 (0-5)	0-2.5 (0-2.5)	215	186	23	-
S Mackelworth	5-10 (0-5)	0-2.5 (0-2.5)	107	102	2	-
L Bell	5-10 (0-5)	0-2.5 (0-2.5)	79	65	7	-

John Procter
Chair

Date 4 November 2021

Edward Impey
Accounting Officer

Date 4 November 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 4 November 2021

Edward Impey
Accounting Officer

Date 4 November 2021

ROYAL ARMOURIES GOVERNANCE STATEMENT

Purpose

This statement covers the Royal Armouries governance arrangements for the year ended 31 March 2021 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 regularly. 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 six times in 2020/21, all 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 4 November 2021, The Board comprised the Chair and nine Trustees and full details are included on page 4 of this report.

A board effectiveness review was undertaken in autumn 2020. The Chair also conducted annual one to one reviews with each Trustee during 2020/21.

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;
- Impact of COVID-19 and recovery plans;
- Corporate Planning 2021-25
- Operational updates;
- Trustee recruitment
- Masterplanning;
- Contested Heritage;

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 2020/21.

	Board	Audit	Finance & Capital Development	Remuneration
John Procter	6/6	2/4	2/6	-
Sebastian Roberts	5/6	-	-	-
Andrew Burnett	5/6	4/4	-	-
Nicholas Houghton	5/6	-	-	-
Paul Kirkman	5/6	-	5/6	-
Jonathan Sands	6/6	-	-	-
Neil Grant	6/6	4/4	6/6	-
Paul Mancey	6/6	4/4	-	-
Andrew Latchmore	6/6	4/4	6/6	-
Monica Turner	6/6	-	6/6	-
Steven Gunn	1/1	-	-	-
Andrew Broome*	-	3/4	-	-
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 did not meet during the year and no pay award was made to members of the Executive Board.

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 2020/21 which included Assurance Mapping, Cyber Security, Health, Physical Security and Safety and Key Controls Health Check;
- Implementation of recommendations from current and prior year audits;
- Policies due for renewal;
- Health and Safety issues;
- The Strategic Risk Register including 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.

As anticipated in last year's Annual Report and Accounts, the impact of COVID-19 saw RATE suffer a significant decrease in comprehensive income in 2020/21 from £1,837k to minus £2k. Trading levels have started to recover during 2021/22 as COVID-19 restrictions were relaxed and the expectation is that the company will return to a profitable position. This projection along with 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, was 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.

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. 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 (to 31 August 2021)

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 impact of COVID-19 on self-generated income and the continued uncertainty around the outcome of the delayed spending review 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 is intended to address these issues.
- Trustee Diversity - It is recognised that the current lack of diversity on the Board of Trustees needs to be addressed.
- Corporate Planning - The impact of COVID-19 has required the development of new 5 year corporate plan.

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 2020/21 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. Mazars also provided assurance to the Audit Committee on the implementation of internal audit recommendations including outstanding points from prior years.

The audit areas and outcomes were:

Strategic Audit

- Cyber Security
- Physical Security
- Key Controls

OPINION

Limited Assurance
 Limited Assurance
 A range from effective to not effective

Compliance Audit

- Health and Safety Limited Assurance

Advisory Audit

- Assurance Mapping N/A

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 Limited in its overall adequacy and effectiveness. Significant weaknesses and exceptions were highlighted by our audit work, and 11 Priority 1 recommendations have been raised. Of the three audits undertaken in the year where a formal assurance level was provided, all three received a limited level of assurance. These matters have been discussed with management, to whom we have made several recommendations. The implementation rate of recommendations has remained low during the course of the year. In respect of COVID-19, our annual internal audit opinion reflects the revised audit plan agreed and is not limited in scope, to the extent that the assurance provided by internal audit can only ever be reasonable, not absolute”.

Despite the overall annual Limited opinion from Mazars, having reviewed and discussed the issues raised in each of the audits, the Audit Committee took some assurance from the fact that many of the limitations related to gaps and incomplete record keeping, rather than substantial failures of control. As such considering the issues in the wider context of the organisation and the steps being taking to address the issues, 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.

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.

One whistleblowing allegation was raised during the year direct to the Chair of Trustees. An independent barrister was appointed to investigate the allegation and following a detailed review process concluded that the main allegation was unfounded, although a number of "lessons learnt" steps were identified which were subsequently implemented.

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.

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 2020/21.

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 4 November 2021

Edward Impey

Accounting Officer

Date 4 November 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 2021 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 United Kingdom accounting standards including FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 2021 and of the group's 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 New Dock Hall exhibition centre and the '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 for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law 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 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Board of Trustees of the Royal Armouries in accordance with the ethical requirements that are relevant to my audit of 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

In auditing the financial statements, I have concluded that the Board of Trustees of the Royal Armouries' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Board of Trustees of the Royal Armouries' ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the Trustees and the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

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 certificate thereon. The Trustees and the Accounting Officer are responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, 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 I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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.
- the information given in the Trustees' and Accounting Officer's Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Board of Trustees of the Royal Armouries and its environment obtained in the course of the audit, I have not identified material misstatements in the Annual Report and Trustees' Report.

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.

Responsibilities of the Board of Trustees and Accounting Officer

As explained more fully in the Statement of the Trustees' and the Accounting Officer's Responsibilities the Board of Trustees and the Accounting Officer are responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;

- internal controls as Trustees and the Accounting Officer determine is necessary to enable the preparation of the financial statements to be free from material misstatement, whether due to fraud or error;
- assessing the group and the Royal Armouries' ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees and the Accounting Officer either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

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.

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

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- Inquiring of management, the Board of Trustees of the Royal Armouries Head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Board of Trustees of the Royal Armouries' policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Board of Trustees of the Royal Armouries' controls relating to the National Heritage Act 1983, Managing Public Money, and the Charities Act 2011.

- discussing among the engagement team and including key personnel from the component auditors, and involving relevant internal and external specialists, including experts in the valuation of land and buildings, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, bias in management estimates, posting of unusual journals and the application of the Coronavirus Job Retention Scheme.
- obtaining an understanding of the Board of Trustees of the Royal Armouries and the group's framework of authority as well as other legal and regulatory frameworks that the Board of Trustees of the Royal Armouries and group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Board of Trustees of the Royal Armouries and group. The key laws and regulations I considered in this context included the National Heritage Act 1983, Managing Public Money, Employment Law, Tax Legislation, the Coronavirus Act 2020 and the Charities Act 2011.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee and legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board of Trustees;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- in addressing the risk of revenue recognition due to fraud, assessing the recognition of grants and donations in line with the accounting framework and undertaking procedures to test the completeness of grants, donations and legacies;
- in addressing the risk of fraud in the Coronavirus Job Retention Scheme undertaking procedures to test that claims to HM Revenue and Customs were in line with the scheme rules and procedures to test whether employees were working whilst claiming under the scheme.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

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.

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.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

Date 5 November 2021

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 2021

	Notes	Unrestricted funds		Restricted funds	Total funds
		General	Designated		2020/21
		£000	£000	£000	£000
Income and endowments from					
Grant-in-Aid	2	7,231	1,199	-	8,430
Donations and legacies	3	66	-	687	753
Charitable activities	3	67	-	-	67
Other trading activities	3	655	-	-	655
Investments		2	-	2	4
Total Income and endowments		8,021	1,199	689	9,909
Expenditure on					
Raising Funds	4	(1,161)	(55)	(11)	(1,227)
Charitable activities	4	(6,922)	(1,693)	(384)	(8,999)
Total Expenditure		(8,083)	(1,748)	(395)	(10,226)
Net gains on investments	11	-	-	5	5
Net income / (expenditure)		(62)	(549)	299	(312)
Transfers between funds		396	185	(581)	-
Other recognised gains / (losses)					
Gains/(losses) on revaluation of fixed assets	7	-	(136)	573	437
Net movement in funds		334	(500)	291	125
Reconciliation of funds:					
Total Funds brought forward		2,000	14,415	52,382	68,797
Total Funds carried forward		2,334	13,915	52,673	68,922

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 62 to 88 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 2020

	Notes	Unrestricted funds		Restricted funds	Total funds
		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 (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 62 to 88 form an integral part of these accounts.

THE BOARD OF TRUSTEES OF THE ROYAL ARMOURIES

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2021

	Notes	2020/21		2019/20	
		Group	Museum	Group	Museum
		£000	£000	£000	£000
Fixed Assets					
Intangible Assets	6	10	10	27	27
Tangible Assets	7	71,269	71,269	71,385	71,383
Heritage Assets	8	4,105	4,105	4,084	4,084
Investments	11	157	-	153	-
Investments in Subsidiary	12	-	150	-	150
		<u>75,541</u>	<u>75,534</u>	<u>75,649</u>	<u>75,644</u>
Current Assets					
Stocks	13	176	78	182	72
Debtors	14	508	649	870	2,397
Cash at Bank and in Hand		5,453	5,197	4,940	3,256
		<u>6,137</u>	<u>5,924</u>	<u>5,992</u>	<u>5,725</u>
Creditors					
Amounts falling due within one year	15	(1,434)	(1,369)	(1,585)	(1,488)
		<u>4,703</u>	<u>4,555</u>	<u>4,407</u>	<u>4,237</u>
Net Current Assets					
		<u>80,244</u>	<u>80,089</u>	<u>80,056</u>	<u>79,881</u>
Total Assets less Current Liabilities					
Creditors: Amounts falling due after more than one year	15	(11,322)	(11,322)	(11,213)	(11,213)
Provision for Liabilities and Charges		(-)	(-)	(46)	(45)
		<u>68,922</u>	<u>68,767</u>	<u>68,797</u>	<u>68,623</u>
Net Assets					
The funds of the charity					
Income Funds					
Restricted Reserves	21	52,673	52,514	52,382	52,206
Unrestricted Reserves					
Designated funds	21	13,915	13,915	14,415	14,415
General	21	2,334	2,338	2,000	2,002
		<u>68,922</u>	<u>68,767</u>	<u>68,797</u>	<u>68,623</u>
Total Funds					

The notes on pages 62 to 88 form an integral part of these accounts.

The financial statements of pages 58 to 61 were approved by the Board of Trustees and were signed on their behalf by:

John Procter
Chair

Date 4 November 2021

Edward Impey
Accounting Officer

Date 4 November 2021

THE BOARD OF TRUSTEES OF THE ROYAL ARMOURIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2020/21	2019/20
		£000	£000
Cash Flows from operating activities:			
Net Cash provided by / (used in) operating activities	22	2,009	2,025
Cash Flows from investing activities:			
Dividends and interest from investments		4	11
Purchase of intangible fixed assets	6	(-)	(15)
Purchase of tangible fixed assets		(1,005)	(1,269)
Disposal of tangible fixed assets		3	-
Purchase of heritage fixed assets	9	(6)	(54)
Proceeds from the sale of investments	11	113	53
Purchase of investments	11	(112)	(56)
Net cash provided by (used in) investing activities		(1,003)	(1,330)
Cash Flows from financing activities:			
Finance lease capital payment		(493)	(493)
Net cash provided by (used in) financing activities		(493)	(493)
Change in cash and cash equivalents in the period		513	202
Cash and cash equivalents at the beginning of the reporting period		4,940	4,738
Cash and cash equivalents at the end of the reporting period		5,453	4,940

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

The notes on pages 62 to 88 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 2021. 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 81.

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. 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 2020/21 was £8,430,000 (2019/20: £7,834,000). 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 £701k (2019/20: £963k) has been designated by the Trustees for the purposes of capital projects with a further £6k (2019/20: £54k) designated by the Trustees for the purposes of collection asset purchases and £492k (2019/20: £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

	2020/21 £000	2019/20 £000
Donations	18	57
Coronavirus Job Retention Scheme Grants	605	-
Other Grants	62	172
Heritage asset donations	68	49
Donations and Legacies	753	278
Event Income	2	59
Educational Income	4	62
Other Operating Income	61	70
Charitable activities	67	191
Share of HRP gate receipt	12	336
Trading activity	643	3,450
Other Trading activities	655	3,786

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Total Expenditure

	Staff costs	Other direct costs	Impairment, Depreciation & Disposals	Allocated Support Cost	2020/21
	£000	£000	£000	£000	£000
Cost of generating voluntary income	150	6	-	59	215
Fund raising: cost of goods and other costs	518	128	48	318	1,012
Raising Funds	668	134	48	377	1,227
Care of the collection	1,373	246	366	1,059	3,044
Education	290	63	103	309	765
Visitor Experience	1,295	726	960	2,209	5,190
Charitable activities	2,958	1,035	1,429	3,577	8,999
Total Expenditure	3,626	1,169	1,477	3,954	10,226

Support Costs

					Basis of allocation
Directorate	1,173	99	-	(1,272)	Headcount
Administrative support	401	364	-	(765)	Headcount
Shared services	756	1,062	-	(1,818)	Space
Governance Costs	-	99	-	(99)	Headcount
	2,330	1,624	-	(3,954)	
	5,956	2,793	1,477	-	

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	-	

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Total resources expended (continued)

4a Staff Costs	Permanent staff	Contract and agency staff	2020/21 Total	2019/20 Total
	£000	£000	£000	£000
Salaries and wages	4,089	494	4,583	4,453
National Insurance contributions	382	17	399	379
Pension costs	908	18	926	917
Early retirement costs	-	-	-	-
Movement on provisions	-	-	-	-
Redundancy costs	26	-	26	93
Holiday pay accrual	22	-	22	7
	5,427	529	5,956	5,849

Total spend on contingent labour is disclosed under contract and agency staff. As at 31 March 2021 there were no off-payroll engagements for more than £245 per day (2019/20: £245 per day) that had lasted longer than six months (2019/20: 0).

The closure of all museum sites for the majority of the year meant that a significant number of staff were unable to undertake their normal museum and trading roles at various times across the year. DCMS were made aware of the availability of staff to be redeployed but no opportunities to redeploy any of the staff elsewhere in the public sector were identified. Consequently, both the Royal Armouries and Royal Armouries Trading and Enterprises Ltd utilised the Coronavirus Job Retention Scheme (CJRS) across the whole year with some members of staff being furloughed at the start of the scheme in April 2020 and some members still being furloughed at March 2021. One hundred and five separate members of staff were furloughed to some degree at some point during the course of the year. The total amount of CJRS grant received has been separately disclosed in note 3 above. The receipt of this additional grant income help offset some of the lost commercial income and enabled the organisation to be able to afford to retain all of its workforce ready for the reopening of the museum sites.

There was 1 redundancy during the year (2019/20: 2).

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
<£10,000	-	-	-	-	-	-
£10,000 - £25,000	-	-	-	-	-	-
£25,000 - £50,000	1	-	-	1	1	1
£50,000-£100,000	-	-	-	1	-	1
Total number of exit packages	1	-	-	2	1	2
Total resource cost (£0,000)	26	-	-	93	26	93

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	
	2020/21	2019/20
Cost of generating voluntary funds	5	4
Fundraising: cost of goods sold and other costs	17	19
Care of the collection	44	44
Education	12	13
Visitor Experience	74	73
	152	153

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Total resources expended (continued)

Director General & Master of the Armouries

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

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:

	2020/21	2019/20
£60,001 - £70,000	1	5
£70,001 - £80,000	2	-
£90,001 - £100,000	1	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 started their current roles prior to April 2020 or have been in the service of the Royal Armouries. For new starters since January 2020 the Royal Armouries operates 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.

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 2020/21, employers' contributions of £881k were payable to the civil service (2019/20: £894k) 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 2020/21 to be paid when the member retires and not benefits paid during this period to existing pensioners.

For 2020/21, employers' contributions of £12k were payable to the People's Pension (2019/20: Nil) at rates at rates between 6% and 9%, with employee contributions paid at rates between 3% and 6% of pensionable pay. At the balance sheet date contributions amounting to £2k (2019/20: Nil) were payable.

Employees can opt to open a **partnership** pension account, a stakeholder pension with an employer contribution. Employers' contributions of £0k (2019/20: £1k) 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 £0.0 (2019/20 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 (2019/20: £0.0k) due to the **partnership** pension providers at the balance sheet date and no prepaid contributions at that date.

Royal Armouries Trading & Enterprises Ltd operates 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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

For Royal Armouries Trading & Enterprises Ltd employee contributions are paid at rates between 3% and 7% of pensionable pay and employer contributions at rates between 5% and 9%. For 2020/21 Employers' contributions of £33k (2019/20: £22k) were payable to the People's Pension and at the balance sheet date contributions amounting to £3k (2019/20: £3k) were payable.

4b. Trustees

No member of the Board of Trustees of the Royal Armouries received any emoluments during the year. One Royal Armouries Trustee and one Director of Royal Armouries Development Trust incurred expenses for their travel and subsistence costs during the year, with £Nil reimbursed and £171 paid directly to third parties (2019/20: 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).

5. Net Income / (Expenditure)

	2020/21 £000	2019/20 £000
Net income / (expenditure) is stated after charging:		
Operating lease rentals	12	13
Finance lease charge	601	595
External auditor for audit work	63	78
External auditor for non-audit work	3	3
Internal Auditor	22	16
Legal services	28	43
Travel and subsistence costs	3	163
Loss on disposal of fixed assets	28	-

All auditors' remuneration was in respect of audit work with the exception of £2,950 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 £48k (2019/20: £58k) on behalf of the Comptroller and Auditor General for the audit of the Royal Armouries. Grant Thornton charged £15k for the audit of Royal Armouries Trading & Enterprises Ltd (2019/20: £20k).

Expenditure of £0 was incurred on 'advisory consultancy' during the year (2019/20: £45,859).

6. Intangible Fixed assets (Group and Museum)

	Website Development £000	Software Licences £000	Total £000
Cost as at 1 April 2020	46	79	125
Additions	-	-	-
Disposals	(-)	(-)	(-)
Cost as at 31 March 2021	46	79	125
Amortisation as at 1 April 2020	19	79	98
Disposals	(-)	(-)	(-)
Amortisation during year	17	-	17
Amortisation as at 31 March 2021	36	79	115
Net Book Value at 31 March 2021	10	-	10
Net Book Value at 31 March 2020	27	-	27

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Tangible Fixed assets

Cost	Group				
	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 2020 (Restated)	113	62,422	7,497	9,396	79,428
Additions	81	14	66	749	910
Disposals	-	-	-	(344)	(344)
Transfers	(113)	-	-	113	-
Revaluations	-	1,653	(226)	(477)	950
As at 31 March 2021	81	64,089	7,337	9,437	80,944
Depreciation					
As at 1 April 2020 (Restated)	-	1,257	762	6,024	8,043
Charge for the year	-	1,041	607	596	2,244
Disposals	-	-	-	(313)	(313)
Revaluation	-	22	(22)	(299)	(299)
As at 31 March 2021	-	2,320	1,347	6,008	9,675
Net Book Value at 31 March 2021	81	61,769	5,990	3,429	71,269
Net Book Value at 31 March 2020	113	61,165	6,735	3,372	71,385
Cost	Museum				
	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 2020 (Restated)	113	62,422	7,497	9,370	79,402
Additions	81	14	66	749	910
Disposals	-	-	-	(344)	(344)
Transfers	(113)	-	-	113	-
Revaluations	-	1,653	(226)	(477)	950
As at 31 March 2021	81	64,089	7,337	9,411	80,918
Depreciation					
As at 1 April 2020 (Restated)	-	1,257	762	6,000	8,019
Charge for the year	-	1,041	607	594	2,242
Disposals	-	-	-	(313)	(313)
Revaluation	-	22	(22)	(299)	(299)
As at 31 March 2021	-	2,320	1,347	5,982	9,649
Net Book Value at 31 March 2021	81	61,769	5,990	3,429	71,269
Net Book Value at 31 March 2020	113	61,165	6,735	3,370	71,383

* The Group and Museum opening cost and accumulated depreciation balances for Leasehold Land and Buildings have been restated to correct the fact that the impairment of New Dock Hall in 2019/20 was incorrectly recognised on the depreciation line rather than as an impairment to cost.

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 and again at 31 March 2021. The New Dock Hall and the other property valuations are recognised within the Leasehold Land & Buildings column numbers.

The New Dock Hall, which as at 31 March 2021 has a market value of £3.78 million, is valued based on historic and projected forecast future revenues and costs and is therefore sensitive to assumptions made about revenues and to what extent / how fast they will recover now Covid-19 restrictions have been lifted. Because of the ongoing impact of the COVID-19 situation on the entertainment and event sector as at 31 March 2021 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 New Dock Hall 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 continuing extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. So while there is a significant risk that the valuation of New Dock Hall may require material adjustment in the next accounting period, 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 2021 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 2020	3,340	666	78	4,084
Additions	21	-	-	21
Cost or valuation as at 31 March 2021	3,361	666	78	4,105
Cost	2,060	100	78	2,238
Valuation	1,301	566	-	1,867
Total	3,361	666	78	4,105

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

There have been no disposals of heritage assets during 2020/21.

The collection comprises 574 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 20-21.

9. Five year financial summary of heritage asset transactions

	2020/21	2019/20	2018/19	2017/18	Restated 2016/17
	£000	£000	£000	£000	£000
<u>Purchases</u>					
Armour and weapons	6	49	74	17	15
Works of art	-	-	50	-	-
Archive	-	5	-	-	5
<u>Donations</u>					
Armour and weapons	15	5	3	23	11
Works of art	-	-	566	-	-
Total	21	59	693	40	31

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.

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

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.

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	
	2020/21 £000	2019/20 £000
Investments as at 1 April	153	152
Additions	112	56
Disposals	(113)	(53)
Gain/(loss) in value	5	(2)
Investments as at 31 March	157	153

The investments comprise government stock, fixed interest bonds and funds. As at 31 March 2021, all were held within the Royal Armouries Development Trust (RADT). On 28 April 2021, as part of the dissolution of RADT, the investments were gifted to the Royal Armouries museum.

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	
	2020/21 £000	2019/20 £000
Stocks valued at cost	181	188
Less: provisions for publications and other slow moving stocks	(5)	(6)
	176	182

	Museum	
	2020/21 £000	2019/20 £000
Stocks valued at cost	78	72
	78	72

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Debtors

	2020/21		2019/20	
	Group £000	Museum £000	Group £000	Museum £000
Trade debtors	39	27	266	86
Other debtors	4	5	7	8
Amounts due from subsidiaries	-	150	-	1,710
VAT recoverable	202	216	53	156
Prepayments and accrued income	270	252	544	437
Provision for bad debts	(7)	(1)	-	-
	508	649	870	2,397

15. Creditors

Amounts falling due within one year

	2020/21		2019/20	
	Group £000	Museum £000	Group £000	Museum £000
Trade creditors	267	261	29	30
Tax and Social Security	115	97	184	166
Other creditors	13	13	18	18
Obligations under finance lease	493	493	493	493
Accruals and deferred income	534	493	849	769
DCMS Loan	12	12	12	12
	1,434	1,369	1,585	1,488

Amounts falling due after more than one year

	Group & Museum	
	2020/21 £000	2019/20 £000
Obligations under finance lease	10,122	10,013
DCMS Loan	1,200	1,200
	11,322	11,213

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

	2020/21 £000	2019/20 £000
As a 1 April 2020	20	474
Amounts released from previous years	(18)	(470)
Income deferred in the current year	8	16
As at 31 March 2021	10	20

Income has been deferred as it relates to annual membership and deposits for future corporate events.

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. Creditors (continued)

As at 31 March 2021 the future minimum lease payments were as follows:

	2020/21	2019/20
	Land & Buildings	Land & Buildings
	£000	£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	669,920	670,412
Total gross payments	672,383	672,875
Less: finance charges	(661,768)	(662,369)
Total Lease Liability	10,615	10,506

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 include 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.

	2020/21	2020/21	2020/21	2020/21
	Income	Costs	Debtor	Creditor
	£000	£000	£000	£000
Historic Royal Palaces				
- Income relates to a contribution to site expenditure. Costs relate to our share of operating costs	12	-	11	-

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 36-40.

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Financial Commitments (Group and Museum)

As at 31 March 2021 the Royal Armouries had commitments to future minimum lease payments under non-cancellable operating leases as follows:

	Land £000	Other £000	2020/21 £000	2019/20 £000
Not later than one year	4	7	11	12
Later than one year and not later than five years	16	14	30	16
Later than five years	302	-	302	306
	322	21	343	334

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 2020/21, analysed by the period during which the commitments expire, are as follows:

	2020/21 £000	2019/20 £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 £159k.

As detailed in Note 15 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:

	2020/21 £000	2019/20 £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 £159k.

18. Contingent Liabilities (Group and Museum)

There were no contingent liabilities as at 31 March 2021 or 31 March 2020.

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. Capital Commitments (Group and Museum)

	2020/21 £000	2019/20 £000
Capital expenditure contracted but not provided for in the accounts	-	178
Capital expenditure authorised but not contracted for	1,348	559

The expenditure authorised but not contracted for relates to the capital budget approved for 2021/22.

20. Analysis of group net assets between funds

	Group			Total £000
	Unrestricted funds		Restricted funds	
	General £000	Designated £000	£000	
Funds balances as 31 March 2021 are represented by:				
Intangible fixed assets	-	10	-	10
Tangible fixed assets	-	22,860	48,409	71,269
Heritage fixed assets	-	-	4,105	4,105
Investments	-	-	157	157
Current assets	3,275	2,860	2	6,137
Current liabilities	(941)	(493)	(-)	(1,434)
Non current liabilities	-	(11,322)	-	(11,322)
Provisions for Charges & Liabilities	-	-	-	(-)
Total net assets	<u>2,334</u>	<u>13,915</u>	<u>52,673</u>	<u>68,922</u>

	Group			Total £000
	Unrestricted funds		Restricted funds	
	General £000	Designated £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	<u>2,000</u>	<u>14,415</u>	<u>52,382</u>	<u>68,797</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	Museum			Total £000
	Unrestricted funds		Restricted funds £000	
	General £000	Designated £000		
Funds balances as 31 March 2021 are represented by:				
Intangible fixed assets	-	10	-	10
Tangible fixed assets	-	22,860	48,409	71,269
Heritage fixed assets	-	-	4,105	4,105
Investments	150	-	-	150
Current assets	3,064	2,860	-	5,924
Current liabilities	(876)	(493)	-	(1,369)
Non current liabilities	-	(11,322)	-	(11,322)
Provision for Charges & Liabilities	(-)	-	-	(-)
Total net assets	2,338	13,915	52,514	68,767

	Museum			Total £000
	Unrestricted funds		Restricted funds £000	
	General £000	Designated £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

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. Statement of funds

	1 April 2020 £000	Income £000	Expenditure £000	Group Revaluation £000	Transfers £000	31 March 2021 £000
Group						
Unrestricted funds						
General fund	2,000	8,021	(8,083)	-	396	2,334
Designated fund – assets	9,874	707	(1,130)	(258)	185	9,378
Designated fund - land lease	4,541	492	(618)	122	-	4,537
Total unrestricted funds	<u>16,415</u>	<u>9,220</u>	<u>(9,831)</u>	<u>(136)</u>	<u>581</u>	<u>16,249</u>
Restricted funds						
Buildings	28,300	-	(27)	-	12	28,285
National Firearms Centre	1,030	-	(45)	-	-	985
Sponsorship and						
Donations	7,167	619	(246)	-	(599)	6,941
Heritage Assets	2,232	-	-	-	6	2,238
Donated Assets	1,852	68	(53)	-	-	1,867
Revaluation Reserve	11,625	-	-	573	-	12,198
RADT	176	2	(24)	5	-	159
Total restricted funds	<u>52,382</u>	<u>689</u>	<u>(395)</u>	<u>578</u>	<u>(581)</u>	<u>52,673</u>
Total funds	<u>68,797</u>	<u>9,909</u>	<u>(10,226)</u>	<u>442</u>	<u>-</u>	<u>68,922</u>
Museum						
	1 April 2020 £000	Income £000	Expenditure £000	Revaluation £000	Transfers £000	31 March 2021 £000
Unrestricted funds						
General fund	2,002	7,456	(7,516)	-	396	2,338
Designated fund - assets	9,874	707	(1,130)	(258)	185	9,378
Designated fund - land lease	4,541	492	(618)	122	-	4,537
Total unrestricted funds	<u>16,417</u>	<u>8,655</u>	<u>(9,264)</u>	<u>(136)</u>	<u>581</u>	<u>16,253</u>
Restricted funds						
Buildings	28,300	-	(27)	-	12	28,285
National Firearms Centre	1,030	-	(45)	-	-	985
Sponsorship and						
Donations	7,167	619	(246)	-	(599)	6,941
Heritage Assets	2,232	-	-	-	6	2,238
Donated Assets	1,852	68	(53)	-	-	1,867
Revaluation Reserve	11,625	-	-	573	-	12,198
Total restricted funds	<u>52,206</u>	<u>687</u>	<u>(371)</u>	<u>573</u>	<u>(581)</u>	<u>52,514</u>
Total funds	<u>68,623</u>	<u>9,342</u>	<u>(9,635)</u>	<u>437</u>	<u>-</u>	<u>68,767</u>

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. £191k was transferred from general reserves to designated reserves to cover capital expenditure in excess of designated income and a further £18k was transferred from general reserves to restricted reserves to cover capital expenditure on restricted assets. £6k was transferred from designated reserves to restricted reserves to reflect the expenditure on heritage assets not funded by restricted grants. A further £605k of costs were transferred from general reserves to restricted reserves to reflect staff cost expenditure funded by the coronavirus job retention scheme which has been recognised as restricted income.

22. Cash flow information (Group)

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

	2020/21 £000	2019/20 £000
Net (expenditure) for the period	(312)	(1,514)
Investment Interest received	(4)	(11)
DCMS loan interest	12	12
Depreciation, impairment and amortisation	1,449	4,092
Loss on sale of fixed assets	28	-
(Gain) / Loss on investments	(5)	2
Donated assets – collection items	(15)	(5)
Donated assets – fixed assets	-	-
Movement in payables relating to items not passing through the Statement of Financial Activity	576	(173)
(Increase) / Decrease in stocks	6	(11)
Decrease in debtors	362	277
(Decrease) in creditors	(42)	(681)
Increase / (Decrease) in provisions	(46)	37
Net cash provided by operating activities	2,009	2,025

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	4,940	513		5,453
DCMS loan falling due in less than 1 year	(12)	12	(12)	(12)
DCMS loan falling due in more than 1 year	(1,200)	-	-	(1,200)
Finance lease obligations	(10,506)	493	(602)	(10,615)
Total	(6,778)	1,018	(614)	(6,374)

23. Financial Instruments

Credit risk

The Royal Armouries has cash deposits of £5,453k (2019/20: £4,940k) 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. 52% 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 85% of income (2019/20: 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, £4k (2019/20: £11k) was generated from interest earned during 2020/21 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 2020/21 £000	Measured at cost 2020/21 £000	Total 2020/21 £000
	Fixed asset investments	157	-
Cash	-	5,453	5,453
Trade and other debtors	-	43	43
Trade and other payables	-	(280)	(280)
	157	5,216	5,373

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

	Museum	
	Measured at cost 2020/21 £000	Total 2020/21 £000
	Cash	5,197
Trade and other debtors	32	32
Trade and other payables	(274)	(274)
	4,955	4,955

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

24. Summary of Results of consolidated entries

	RAM 2020/21 £000	RATE 2020/21 £000	RADT 2020/21 £000	RAI 2020/21 £000	Intercompany & Consolidation adjustments 2020/21 £000	TOTAL 2020/21 £000
Income and endowments from						
Grant-in-Aid	8,430	-	-	-	-	8,430
Donations and legacies	557	217	-	-	(21)	753
Charitable activities	67	-	-	-	-	67
Other trading activities	286	769	-	-	(400)	655
Investments	2	-	2	-	-	4
Total Income and endowments	9,342	986	2	-	(421)	9,909
Expenditure on						
Raising Funds	(636)	(1,147)	(3)	-	559	(1,227)
Charitable activities	(8,999)	-	(21)	-	21	(8,999)
Total Expenditure	(9,635)	(1,147)	(24)	-	580	(10,226)
(Loss) on revaluation of investments	-	-	5	-	-	5
Net (expenditure)/income	(294)	(161)	(17)	-	159	(312)
Other recognised gains / (losses)						
Capital Contribution	-	159	-	-	(159)	-
Gift Aid payable by RATE to RAM	-	-	-	-	-	-
Gains on revaluation of fixed assets	437	-	-	-	-	437
Net movement in funds	144	(2)	(17)	-	-	125

	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)

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.

	2020/21 £000	2019/20 £000
Income and Expenditure Account		
Income	-	-
Administrative costs	(3)	(2)
Grant to Royal Armouries	(21)	-
Interest receivable	2	3
Gain/ (loss) on investments	5	(2)
(Deficit)	(17)	(1)
Balance Sheet		
Investments	157	153
Current assets	2	24
Creditors	(-)	(1)
Net Assets	159	176
Unrestricted reserves	141	158
Restricted reserves	18	18
Total Funds	159	176

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.

	2020/21 £000	2019/20 £000
Statement of Comprehensive Income		
Turnover	986	2,750
Cost of sales	(83)	(457)
Gross profit	903	2,293
Administrative expenses	(1,064)	(1,135)
Profit / (loss) for the financial year	(161)	1,158
Capital contribution	159	679
TOTAL COMPREHENSIVE INCOME / (EXPENDITURE) FOR THE YEAR	(2)	1,837
Gift aid payment	(-)	(1,844)
CHANGE IN PROFIT & LOSS ACCOUNT	(2)	(7)

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 2021 £000	At 31 March 2020 £000
Statement of Financial Position		
Fixed Assets	-	2
Current assets	375	2,001
Creditors	(229)	(1,855)
Net Assets	146	148
Share Capital	150	150
Profit and Loss	(4)	(2)
Shareholder Funds	146	148

Creditors include a net balance due to the parent charity of £150k (2019/20: £1,656k) consisting of £0k (2019/20: £1,844k) due to the parent charity for a Gift Aid donation, £0k receivable from (2019/20: £188k receivable from) the parent charity for outstanding management charges and £150k payable to (2019/20 payable to) the parent charity in respect of an inter-company loan.

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 2021 £000	At 31 March 2020 £000
Profit and Loss Account		
Turnover	-	31
Cost of sales	(-)	(2)
Gross profit	-	29
Administrative expenses	-	583
Operating profit	-	612
Gift Aid payable to the Royal Armouries	(-)	(702)
(LOSS) / PROFIT FOR THE FINANCIAL YEAR	(-)	(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 2021 £000	At 31 March 2020 £000
Balance Sheet		
Fixed Assets	-	-
Current assets	-	60
Creditors	(-)	(60)
Net Assets	<u>-</u>	<u>-</u>
Share Capital	-	-
Profit and Loss	-	-
Shareholder Funds	<u>-</u>	<u>-</u>

28. Post Balance Sheet Events

There are no post balance sheet events.

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.

