

**NATIONAL ARMY MUSEUM**  
**REGISTERED CHARITY NUMBER 237902**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**31ST MARCH 2011**

**NATIONAL ARMY MUSEUM**  
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**YEAR ENDED 31ST MARCH 2011**

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**NATIONAL ARMY MUSEUM**  
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**REFERENCE AND ADMINISTRATIVE INFORMATION**

**Introduction**

The accounts for the National Army Museum are presented for the financial year ended 31 March 2011. The accounts are prepared in accordance with a direction given by the Secretary of State for Defence under Section 30(3) of the National Heritage Act 1983 and law applicable to charities in England and Wales.

The National Army Museum is a charity registered with the Charity Commission (reference no. 237902).

**Address and principal office of Museum**

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

**Subsidiary Company**

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

**Professional Advisers**

Bankers

Lloyds TSB Bank Plc  
25 Gresham Street  
London  
EC2V 7HN

Solicitors

Charles Russell  
5 Feet Place  
London  
EC4M 7RD

Auditors

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

Internal Auditors

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

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**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**Background Information**

The National Army Museum (NAM) was established by Royal Charter in 1960 to collect, preserve, and exhibit objects and records relating to the Regular and Auxiliary forces of the British Army and of the Commonwealth, and to encourage research into their history and traditions. Devolved status was accorded to the Museum under the terms of the National Heritage Act 1983. The annual Grant-in-Aid, made through the Ministry of Defence (MOD), is administered by the Director of the Museum on behalf of the governing body, the Council of the National Army Museum.

**Appointment of Members of Council**

At a Privy Council Meeting on 22 May 2002, Her Majesty The Queen approved amendments to the Royal Charter of the National Army Museum. In line with para 7(2) of the amended Royal Charter the Members of Council at the date on which the Article came into effect, who had been nominated by the Army Board continued to be Members of the Council and the *ex officio* Members ceased to be Members from that date. In line with para 7(3) of the amended Royal Charter, vacancies in the Membership occurring after the coming into effect of the amended Royal Charter are filled by persons nominated by the Council and approved by the Army Board. Para 8(1) of the amended Royal Charter states that the Chairman of the Council of the National Army Museum shall be nominated by the Council from among its Members and shall hold office (unless he or she shall earlier resign) for the residue of the period for which he or she has been appointed a Member. General Sir Jack Deverell was elected Chairman of Council at the 125th Meeting on 7 September 2005. The Museum's Royal Charter was revised with effect from 8 July 2009. The relevant clause relating to the appointment of Members of Council is as follows: "7(1) The Membership of the Council shall be such number of persons as the Council shall from time to time determine being not more than twelve nor fewer than five."

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

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

A Register of Interests is maintained for Members of Council. This may be inspected on request at the Museum by prior appointment with the Director.

**Members of Council**

General Sir Jack Deverell KCB OBE (Chairman)  
Mrs Judith Anthony (appointed May 2010)  
Mr Keith Baldwin (appointed November 2010)  
Mr Patrick Bradley (appointed May 2010)  
Mr Mihir Bose  
The Rt Hon Lord Freeman PC MA FCA CRAeS  
Mr Richard Nunneley MBE  
Major General Charles G C Vyvyan CB CBE MA MSc  
Mrs Deborah Younger (appointed November 2010)

**Recruitment, Appointment and Training of Trustees**

New members of Council are sought through national advertisement with subsequent applicants being interviewed by members of Council assisted by external assessors. Appointments are then approved by the Army Board. All new members receive information as laid down by the Charity Commission. They also visit the Museum for induction training provided by the Museum Director and other members of staff.

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**Organisation Structure and Decision-Making Process**

The overall direction and operation of the NAM is vested in the Council of the Museum. The Council of the National Army Museum consists of up to twelve members who serve for a period of three years from the date of their nomination. The Committees of Council, with their membership during the year, were:

<u>Acquisition &amp; Disposal</u>	Mr Mihir Bose Professor Brian Holden Reid MA PhD FRHistS FRGS FRUSI (nominated member)
<u>Audit &amp; Remuneration</u>	Mr Jeremy Archer (nominated member) Mr Patrick Bradley The Rt Hon Lord Freeman PC MA FCA CRAeS (Chair)
<u>Capital Campaign Steering Group</u>	General Sir Jack Deverell KCB OBE (Chair) Mr Patrick Bradley Mr Timothy Cooke (nominated member) Mr Richard Nunneley MBE Major General Charles G C Vyvyan CB CBE MA MSC

This Group replaced the Development Committee during the course of the year.

<u>Nominations</u>	General Sir Jack Deverell KCB OBE (Chair) The Rt Hon Lord Freeman PC MA FCA CRAeS Mr Richard Nunneley MBE
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The Nominations Committee was formed for the specific purpose of seeking new Members of Council and appointing a new Director of the Museum. It sits with an independent external assessor.

The Bye-Laws Committee ceased to exist during this year.

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

Dr Alan Guy	Director until 12 July 2010
Mrs Janice Murray	Director from 2 August 2010
Dr Peter Boyden	Assistant Director (Collections)
Mrs Debbie Harris	Assistant Director (Services)
Mr Mike O'Connor	Assistant Director (Operations)
	Acting Director (13 July – 1 August 2010)
Miss Teresa Scott	Assistant Director (Human Resources)

Frequent meetings of the Management Team take place, together with meetings involving heads of department and subject specialists, to ensure the smooth running of the NAM, with reference to the Museum's Mission Statement and Purpose and the Museum's Risk Management Policy & Matrix of Risks. The Matrix of Risks, which is regularly updated, is used as the basis of Internal Audit.

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**OBJECTIVES AND ACTIVITIES**

The National Army Museum's objectives were set out in its Royal Charter, first granted in 1960. Its preamble states that the National Army Museum was established 'for the purpose of collecting, preserving and exhibiting objects and records relating to the history of Our Army so that the achievements, history and traditions of Our Army should be better made known'.

'Our Army' is defined by Her Majesty The Queen in Council as including 'the Standing Army, Militia, Yeomanry, Volunteers, Territorial Army of the British Islands, Territorial Army and Volunteer Reserve of the United Kingdom, Our Predecessors' Army in India and the Armies of the East India Company and the Land Forces of Our and Our Predecessors' possessions beyond the seas'.

The NAM's Mission Statement, adopted under the 2008-13 Strategic Plan is:

'To interpret and communicate the objects in the Museum's care in ways which inspire, provide enjoyment and provoke questions from diverse audiences.'

As a key part of its Mission the Museum looks to achieve its contribution to the Defence Purpose, and to be more widely recognised as a focal point for the Army's material heritage, ethos and *esprit de corps* so that the NAM acts as a link between the Army and society, helping to ensure that the two do not grow apart. The NAM's Purpose is thus:

- To reconnect the Army with society.
- To link the past with the present.
- To explain the history of the Army so that everyone can see how it has protected society over time.
- To explain what the Army did, why it did it, how it did it, and the impact that it has on Britain, Europe and the world.
- To use objects in its Collection as tools to deliver the ongoing story of the Army and not as an end in themselves.

The Museum's Purpose is used as the basis of its objectives year on year, and the strategies for achieving them are much the same each year, though the balance and particulars change.

**Museum's objectives**

**Achieved through**

To reconnect the Army with society

Implementation of policies and projects to make the Museum instantly recognisable as the national focal point for the Army's rich material heritage.

To explain the history of the Army so that everyone can see how it has protected society over time

Special exhibitions relating to specific campaigns or themes. Permanent chronological gallery displays. Provision of taught education sessions to learners of all ages, both military and civilian.

To explain what the Army did, why it did it, how it did it, and the impact that it has on Britain, Europe and the world

Historical and modern interpretations of the Army's service through exhibitions, academic conferences, free weekly lectures, family event weekends and the Museum's website.

To use objects in its Collection as tools to deliver the ongoing story of the Army and not as an end in themselves

Special exhibitions, virtual exhibitions on the website, refurbished permanent galleries, continued acquisition of objects that can support the telling of diverse stories.

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The specific objectives for the next few years are:

- To continue and progress the policies adopted by the Council of the NAM as set out in the Museum's Strategic Plan.
- To develop offers (in the form of exhibitions, publications, web exhibitions etc) that appeal to existing users and reach out to new users.
- To develop the Museum's Chelsea premises to make them fitter to achieve the Museum's long-term objectives.
- To renew two of the Museum's four major permanent galleries in a phased programme as funding permits.
- To provide the best possible access to the Collections, and to progress solutions to long-term collections management issues as funding permits.

**ACHIEVEMENTS AND PERFORMANCE**

**2010-11: A Year at the National Army Museum**

In July, Dr Alan J Guy retired from the Museum after 33 years' outstanding service including six years as Director. Dr Guy helped transform NAM through his excellent leadership and vision and he was replaced by Mrs Janice Murray BA AMA FRSA, a museum professional with 25 years' experience of successful management of museums and visitor attractions in local and national environments. She was previously Deputy Head of the National Railway Museum and CEO of the Royal Armouries.

In November, as part of the Museum's Strategic Plan, the NAM was successful in obtaining a £600,000 grant from the Ministry of Defence to facilitate the move of its study collection from Sandhurst to world-class storage in Stevenage. As part of this, the Museum initiated a volunteer programme in February to enhance this process and complement the work of paid staff. The move, planned to start in September 2011, will also include the review of this collection - allowing the Museum to increase its environmental sustainability and to carry on collecting, in line with its aims and objectives.

The Museum is always proactively seeking other ways to make the Collection more accessible, understandable and inspiring for more people to enjoy now and in the future. NAM has enjoyed a substantial increase in visitor numbers since 2003 but this has put pressure on the present infrastructure and services. Recognising the need for an extensive redevelopment, the Museum's Management Team launched a competitive tender process to seek design partners in early December.

After a two-stage creative tender, Event Communications was chosen in March 2011 to work with NAM on a Masterplan to realise its vision for a first-class museum experience which will meet the needs and expectations of existing and future audiences.

The Masterplan will guide the physical and operational transformation of NAM, encompassing programming, audience development, educational outreach, collections and research strategy, as well as spatial planning and the redesign of two of the Museum's permanent galleries.

The Plan will focus on improving physical and intellectual access to NAM's rich collections, ensuring that the Museum achieves its aim to connect with visitors across generations and cultures.

This year with the generous support of the NAM Development Trust, the Museum set up its first Funding Development Office with two full time fund-raising posts.

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In January the Museum's website was completely overhauled, allowing much improved access to information. Thirteen online exhibitions were created, increasing NAM's virtual audience.

In partnership with *The Sunday Times* the Museum launched its first-ever, nationwide poll to identify Britain's Greatest General. Throughout history Britain has produced generals that have employed great courage, ingenuity and luck to win impossible victories. Five generals were shortlisted and the poll culminated in a series of targeted talks by leading authors, journalists and historians on 9 April 2011. Field Marshal William Slim and the Duke of Wellington came joint first; although the two winners lived more than a century apart, this clearly illustrates key and successful British military techniques which helped form the British Army today.

Also this year, showing its continued commitment to its visitors, the Museum released a brand new Souvenir Guide, which showcases key objects from the Collection and explains the history and events of the British Army.

At the end of the year, the Museum's café was redeveloped and refurbished, as part of the new catering franchise with the appointment of Creative Events to run the Museum's catering and conferencing services for a two year period.

**Access and Audience Development**

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

The Museum continues to develop and monitor its target audience through focus groups and surveys. Once again visitor attendance at the Museum has risen. This year 246,646 visitors were counted, against 229,029 in 2009-10, a significant increase of 8%. A selection of visitor comments (all presented as written) gives a snapshot of the success the Museum has had in reaching a wide range of audiences:

*NOT ONLY GREAT FUN FOR THE KIDS, REALLY INTERESTING FOR ADULTS. FIRST VISIT WILL DEFINITELY COME AGAIN!*

In addition to repeat visitors, the Museum continues to attract large numbers of first-time attendees, who are impressed with NAM's displays and events:

*We arrived at 12.15 - and left when museum closed we hadn't seen everything so need to come again! What we saw was wonderful and very fascinating*

*I intended to come for a minute and stayed all day*

*The best Army focused museum in Britain*

*It was a few years ago that I last visited. The museum presents a very reasonable and balanced approach to difficult subjects. I am thoroughly impressed, thank you*

*War is such a strong subject that should always be remembered but not repeated. Today war was presented in a way the whole family could engage in we shall be back. Your staff are a credit to you and made the visit more enjoyable*

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A key development introduced this year was the ability to view the Books and Archives catalogue on-line away from the Museum: over 38,000 Printed Books records and 28,000 records from the Archives, Photographs, Film and Sound Department are now available on the Museum's website, allowing even greater access to the Collection. Further updates and other parts of the Collection are planned for the future which will allow this important resource to grow.

In January 2011, to inform and underpin future work, the Museum appointed Morris Hargreaves McIntyre to carry out a major piece of audience research work with users and non-users to investigate opinions, attitudes and perceptions about the Museum. A second phase of the work will run in tandem with the master-planning to test audience reaction to the options or ideas produced by the master-planning work.

At the end of the year, the 72,821 index cards of biographical and service data on officers of the East India Company Armies and the pre-August 1947 Indian Army were digitised and indexed in preparation for being published on the Museum website. This is the Museum's first large digitisation project.

**Special Exhibitions and Permanent Galleries**

*The Museum is a discovery. I had not realised it existed or would be so interesting. Extremely well laid out & researched - both the big and small picture, the political and personal. It should be compulsory for the UK cabinet to come to the brilliant Afghan exhibition*

In September the Museum built upon its reputation as *the* place to understand the Army's operations in Afghanistan, both now and in the past. Complementing the portrayal of the current conflict presented in *Conflicts of Interest*, the new Special Exhibition *The Road to Kabul: British Armies in Afghanistan, 1838–1919* examined the history and often overlooked legacies of the First, Second and Third Afghan Wars and explored the dramatic personal stories of some of the people involved. The British forces fought three wars in Afghanistan, battling to manage a volatile area for over 80 years because of Afghanistan's crucial geographical position between Russia and British India. Fearful of Russian intentions in the area, Britain engaged in a series of wars with Afghanistan in 1839, 1878 and 1919, in an attempt to control the country.

The Museum holds an extensive collection relating to the British Army's involvement in Afghanistan and this exhibition showcased key objects with powerful stories to tell.

Paintings of the current conflict by war artist Matthew Cook brought the exhibition up to date. Cook is a war artist for *The Times* and visited soldiers serving in Afghanistan in both 2006 and 2009. His images depicted all aspects of a modern soldier's life from playing football outside the patrol base to clearing suspected areas of Improvised Explosive Devices (IEDs). Displayed in a separate space within the exhibition they provided a reminder of the British Army's ongoing presence in Afghanistan as well as providing visual parallels between the life of a serving soldier in Afghanistan in the present, and in the past.

The White Space housed another popular display entitled *Indian Armies, Indian Art: Soldiers, Collectors and Artists 1780-1880* which opened in May 2010 and was later accompanied by an exhibition catalogue of the same name. This display explored the fascinating story of the soldiers serving the British in India, principally the period of East India Company rule in India and the early years of British rule. British and Indian cultures merged and co-existed for many years, which can be seen in the multiethnic and multi-faith armies of the East India Company.

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*as a born Indian, and making England my home, I loved it*

*a superb display of art and artefacts*

*Excellent. Among the best in the world!*

Following on from this well-received display, *Wives & Sweethearts* opened to much acclaim on 9 February in time for St. Valentine's Day. The display also caught the current zeitgeist and received considerable national and international press coverage. Spanning over 200 years, it explores all aspects of soldiers' romantic relationships, from the joy of courtships, weddings and births to separation and tragic deaths. A variety of key topics are covered including the fascinating and changing roles of soldiers' partners, nineteenth-century 'Women of the Regiment' who worked as cooks and laundresses and modern Army families where both partners may serve in the Armed Forces.

*I thought it was incredibly moving and well thought through*

*Brilliant selection and elegantly put together*

*A romantic insight into history!*

In October a new display entitled *National Service* opened in the corridor on the third floor, exploring the contribution of Britain's post-war conscripts as they transformed from civilian to soldier. The many experiences these young men went through, including call-up, training, drilling, polishing kit and equipment and deployment, are aptly portrayed in the soldiers' own words. This is contrasted with detail on the political factors that made their service necessary. The display is largely delivered through key oral history extracts, quotations, illustrations and photographs. Objects such as ankle boots, dubbin and a polishing brush reflect the repetitive nature of a serviceman's tasks; the far-flung and exotic locations these men were sent to are shown with a pair of Mau Mau deerskin shorts and a Malayan *parang*. A captured Malayan Communist flag and a Simonov self-loading rifle demonstrate the political causes these men found themselves fighting against.

Throughout the building the Museum continues to illustrate how ordinary soldiers, and the Army as a whole, have contributed to the history of Britain and the world. The permanent galleries, together with the recently-refurbished corridors embody the Museum's core mission: to use objects to inspire, provide enjoyment and provoke questions from diverse audiences.

**Education that Informs, Entertains and Inspires**

The provision of learning opportunities for all is at the heart of the Museum's mission.

Formal learning

Sessions taught by the Museum's experienced and knowledgeable educators are available to school groups, Army groups and adult learners. Once again, the Museum was pleased to observe an increase in bookings and attendance, most noticeably school bookings at GCSE and A-Level.

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	<b>2010-11</b>	<b>% change from previous year</b>
Primary	6329	-12
Secondary	8259	+36
Sixth Form	2097	+40
Army	2288	-6
Adult	394	-55
<b>TOTAL</b>	<b>19367</b>	<b>+7</b>

This year NAM staff also taught over 350 serving soldiers including visits to the 7<sup>th</sup> Armoured Brigade in Germany, the Operations Directorate (Afghanistan) at the MOD in London and officers at the Royal Marines Base at Chivenor in Devon.

Lunchtime lectures

The Museum continues to open its doors to those who want to listen to historians, Army veterans and celebrities, through free weekly lunchtime lectures and paid evening lectures. The lunchtime lecture programme has once again gone from strength to strength, attracting new and larger audiences, with the average weekly attendance up from 79 to 86.

Special events

Once again the Museum saw an increase in attendance at half-term holiday events. In addition to this, twelve Celebrity Speaker events were held over the year attracting leading military experts such as John Simpson, General Sir Richard Dannatt and Peter Snow. An impressive 2,434 visitors attended these including a series of illuminating debates on topics ranging from the Anglo-Zulu War to modern Afghanistan.

<b>Half-term event</b>	<b>2010-11</b>	<b>2009-10 (comparable events)</b>
'Spies & Special Agents', 29 May – 6 June 2010	5573	4795
'Invasion', 23-31 October 2010	9206	8271
'Big Spring Clean', 19-27 February 2011	10288	9035
<b>TOTAL</b>	<b>25067</b>	<b>22101</b>

Publications

In July, the personal journal written by a controversial figure of the Crimean War was published by the Museum, thereby making available a book that its author would have produced himself but for his untimely death. *Expedition to Crimea* is the unexpurgated journal of Captain Louis Edward Nolan, the man who delivered the fateful order that launched the Charge of the Light Brigade. It provides a rare insight into the mind of a man who was at the centre of one of the most important controversies in the history of the British Army. Captain Nolan had a privileged place in the British headquarters staff in the Crimean War, which put him in a good position to observe the conduct of the campaign.

Museum curators also wrote key articles for the SOFNAM newsletter, *Oxford, Dictionary of National Biography*, *The Royal United Services Institute Journal*, *Soldats Napoléoniens* and the Swedish Army Museum's Year Book.

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**A Dynamic, World-Class Collection**

Major acquisitions 2010-11

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

The Department of Archives, Photographs, Film and Sound have acquired a collection of papers of Colonel Louis Augustus Gordon, 2nd Bombay Lancers, 1867-1922. (NAM. 2010-05-8) Gordon served in the 2nd Afghan War and the Boer War, and was the son of Sir Henry William Gordon, General Charles Gordon of Khartoum's elder brother. The Museum also added to its collection of items relating to Thomas Henry Kavanagh VC, Bengal Civil Service. In August, twenty-two diaries covering the period 1859-82 were donated. (NAM. 2010-08-1) He is one of only five civilians to be awarded the Victoria Cross. The Museum is also fortunate to have been donated a collection of letters, papers and documents associated with Lieutenant Colonel John William Carnegie Kirk, 2nd Battalion, Duke of Cornwall's Light Infantry and King's African Rifles, 1896-1962. (NAM. 2010-08-2) The collection includes rare documents relating to the British in Somaliland, 1901-04.

The Department also acquired a particularly poignant set of letters and papers of and relating to Lieutenant Gordon Hugh Davidson, 1st [Bengal] European Light Infantry, 1841-52; Davidson was killed at the Battle of Sobraon, during the 1st Sikh War, 10 February 1846. (NAM. 2011-03-5) Davidson drafted a last letter as he knew he was likely to be killed, having been deputed to carry the regimental colours.

Furthermore, the Department was fortunate to be the successful bidder for four orderly books of the 15th Light Dragoons in Germany, 1760-64; the content reflects the activities of the British Army as a whole in Germany at the time as much as those of the 15th Light Dragoons. Dating from 1760, these leather-bound, handwritten accounts by the officers themselves disclose the remarkable heroics and sometimes questionable antics of the newly-raised regiment. The orderly books highlight the courage and the hard-fighting qualities that the British Army vividly exhibited in battles such as Emsdorf and Warburg. These volumes also record that under the inspirational but lax leadership of the Marquess of Granby, the British Army in Germany during the early 1760s was one of the most ill-disciplined in its history. Marauding was rife, as was high incidence of straggling and drunkenness.

Printed Books' new acquisitions have also touched on the social side of the Army. The Department acquired published and illustrated versions of pantomime scripts performed annually at Christmas by British troops in Salonika during the First World War. (NAM. 51896 & 51897: *Dick Whittington & Aladdin in Macedonia*, both written and produced by members of the 85<sup>th</sup> Field Ambulance; NAM. 51898: *Bluebeard* by members of the 28<sup>th</sup> Division) The British Army had a tradition of amateur theatricals going back to the eighteenth century, which was widespread during the First World War.

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The Department has also continued to add to its rare books collection. A very rare set of regulations for the British Italian Legion raised for the Crimea (NAM. 51705) has been acquired, along with a scarce compilation on mid-eighteenth century militia (NAM. 51865) of which only ten copies are known to exist within the UK. The Museum has acquired a significant list of the army raised under the command of his Excellency, Robert Earle of Essex and Ewe, Viscount Hereford, Lord Ferrers of Chartley, Bouchier and Lovaine. This is a particularly important addition (NAM. 51866) as it is the first known 'Army List' of the Parliamentary army in the Civil War.

In September, the Fine and Decorative Art Department purchased a very rare and extremely unusual work by Delhi artist Jivan Ram, c1844. (NAM. 2010-09-11) It is a portrait (oil on canvas) of Lieutenant & Adjutant William Munro, 39<sup>th</sup> (Dorsetshire) Regiment of Foot. It is important for telling the history of the British in India and the Museum currently has no other nineteenth-century oils by non-Europeans. Amongst other acquisitions, the Department also purchased a rare silver beaker engraved with the badge of the 2<sup>nd</sup> West India Regiment, 1830 (NAM. 2010-07-12). It was probably made by Joseph Angell, a renowned London silversmith and is an important addition to the Collection for explaining the early history of the regiment.

Exhibits major acquisition this year was a Specimen Elizabeth Cross and lapel badge. (NAM. 2010-04-09-1 & -2) It is awarded to [next of kin](#) of members of the [British Armed Forces](#) killed in action or as a result of a terrorist attack since the [Second World War](#) and the first one was awarded on 18 August 2009. The service must have been undertaken on or after 1 January 1948 in general, or after 27 September 1945 in [Palestine](#).

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Purchase Grant

£14,928.60 (including VAT and £2,431.55 carried over from last year) of the total Purchase Grant of £115,000 was expended upon the following important items:

<b>Accession number</b>	<b>Object</b>	<b>Purchase price in £s</b>	<b>Purchased from</b>		
NAM. 2010-05-7	Collection of letters associated with Gen Sir John Cowell, 1858-94.	500.00	Argyll Etkin Ltd		
NAM. 2010-12-12	Four orderly books of the 15th Light Dragoons in Germany, 1760-64	3125.00	Sotheby's		
NAM. 2010-07-16	The Tiger Macaroni, or Twenty More, Kill 'em. Etching by and after Matthew Darly, nd.	1353.60	Grosvenor Prints		
NAM. 2010-07-17	A Macaroni General. Etching by G. T. after Matthew Darly, nd.				
NAM. 2010-07-18	The Madras Tyrant, or the Director of Directors. Etching by and after Matthew Darly, nd.				
NAM. 2010-07-19	Capt <sup>n</sup> . Cut-Lass. Etching by and after Matthew Darly, 1771.				
NAM. 2010-07-20	A Pattern Adjutant. Etching by and after Matthew Darly, 1772.				
NAM. 2010-07-21	The City Trained Bands. Engraving by Toms and Heemskerck after Heemskerck, 1749.				
NAM. 2010-07-22	English heroism. Lithograph by and after Giscard, c1816.				
NAM. 2010-07-12	Beaker engraved with the badge of the 2nd West India Regiment, 1830.			1100.00	Wynyard Wilkinson
NAM. 2010-07-10	Going Home, 13 March 1991. Watercolour signed and dated, lower right, 'Robin Watt/ 1994' by C R G Watt, formerly Major, The Royal Hussars (Prince of Wales's Own), 1994.			1250.00	Robin Watt
NAM. 2010-07-23	Anzin In Snow. Jan 1917. Pencil sketch showing the landscape of Anzin, France in snow, January 1917.	1050.00	David Cohen Fine Art		
NAM. 2010-07-24	Vertical panorama of troops and the machinery of war, World War One, c1917.				
NAM. 2010-08-7	Self portrait on Patrol in the North West Frontier, Pakistan, 2010.	120.00	Armed Forces Art Society		

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NAM. 2010-8-6	Soldier Patrol in dried up riverbed. Grey wash, pen and ink sketch by Sgt Maj Douglas Farthing, Joint Counter Terrorist Training Advisory Team, formerly Parachute Regiment, 2010.	80.00	Armed Forces Society
NAM. 2010-09-4	Medevac in Helmand. Colour photolithograph after a pencil, crayon and wash drawing by Rupert Godeson, March 2006.	200.00	Rupert Godeson
NAM. 2010-09-11	Portrait of Lieutenant and Adjutant William Munro, 39th (Dorsetshire) Regiment of Foot, c1844. Oil on canvas by Jivan Ram, c1844.	6000.00	Indar Pasricha Fine Arts
NAM. 2011-02-6	View of the Camp at Korti from the opposite bank of the Nile. Pencil drawing by Melton Prior, special artist for <i>The Illustrated London News</i> in the Sudan, 1884.	150.00	Michael Holman

Accessions to the Collection

Accessions and retrospective cataloguing are entered on the Museum's centralised Collections Database and Network Infrastructure (CABAL). Work has also continued on the important retrospective documentation of all areas of the Collection. New accession numbers issued during 2010-11 totalled 1,565 (2009-10: 1,518), plus , 3,572 new accessions to the Printed Books collection. The overall totals for CABAL entries from 1998 to 2011 are therefore 94,580 data records plus 43,344 book records (last year 39,722), and 337,583 part records (last year 305,064).

Loans

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

In May, a watercolour of Ciudad Rodrigo, 1812, by Lieutenant Thomas Livingstone Mitchell, 95th Regiment (NAM. 1982-06-31) was lent to Ciudad Rodrigo City Council, Spain. The display closed in December 2010 and was hailed a success, an important contribution to the Bicentennial of the Peninsular War. An International Congress in the city also ensured that the watercolour was seen not only by a national community but also an important international one.

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The Royal Museum of the Armed Forces and of Military History, Brussels, launched a major exhibition in October, focusing on the Belgian contribution to the Korean War. The Museum was pleased to lend several objects from its Collection, including a Chinese bugle, stamp, and horseshoe. In addition to these items, examples of medals and shoulder boards were also lent.

In November, the Museum lent a key work (oil on canvas), by Louis William Desanges (b 1822, fl 1846-87), c1860. (NAM. 1958-12-48) to the Los Angeles County Museum of Art. It shows Thomas Henry Kavanagh VC (1821-82) being disguised as a native, having volunteered to guide the relief force, Siege of Lucknow, Indian Mutiny, 9 November 1857. The exhibition is also being shown at the Musée National des Arts Asiatiques Guimet, Paris until July, further widening access to NAM's Collection.

Closer to home, the Museum lent several framed watercolours and drawings by Eric Dawson to Epping District Forest Museum, Essex in September. (NAM. 2004-11-47, -23, -8, -33, -25, -43, -35, -13, -37, -11) The display celebrated ninety years of the local artist and writer; the Museum was pleased to contribute to the display, which was very well received.

In October, the Museum lent Asia House a coloured lithograph depicting the 18th (Royal Irish) Regiment at the storming of the fortress of Amoy, 12 February 1841. (NAM. 1972-01-33-36-1) The exhibition, entitled *The Tiger in Asian Art*, focused on the animal's enduring and powerful symbol of cultural identity and spans art of the last three thousand years.

### Disposal

Disposal of items from the Collections is a key part of the Museum's collections management programme. In combination with continued acquisition, focussed disposals will ensure that the Museum's Collections remain fit to tell the Army's stories. All disposals are processed in line with the Museum's Acquisition & Disposal Policy, along with the Museum Association's Code of Ethics.

After the NAM unsuccessfully offered non-military badges, buttons and metal letters from the Gaunt collection to the museum community, these items were consigned to auction. They were sold by Dix Noonan Webb in September, realising a net total of £44,381.11.

Also in the last year, many duplicate prints and books have been transferred to regimental museums which help to fill gaps in their collections. The Museum's Institutional Archive has also been developed and previously accessioned items relating to the history of the Museum have been transferred to it. Hazardous items containing asbestos were also safely destroyed, having no place in a national collection. Destruction is only considered as a last resort or when an item poses a Health and Safety risk to staff or the public.

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

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<b>Date of disposal request</b>	<b>ID No</b>	<b>Acc Number</b>	<b>Object</b>	<b>Result of disposal</b>
01-Apr-10	608	Unaccessioned	Medal ribbons (Beyond Economic Repair)	Destruction
23-Apr-10	610	2003-10-26 and -27	Medal group	Return to owner
30-Apr-10	611	1993-09-99	Dessert Plate (Beyond Economic Repair)	Destruction
30-Apr-10	612	1957-09-38-2	Liqueur glass (Beyond Economic Repair)	Destruction
30-Apr-10	613	1966-10-32-1	Glass vase liner (Beyond Economic Repair)	Destruction
14-May-10	617	Various	13 volumes of books	Transfer
19-May-10	618	Various	17 volumes of books	Transfer
24-May-10	619	Unaccessioned	Two respirators (asbestos)	Destruction
25-May-10	636	Various	Eight volumes of books	Transfer
25-May-10	638	Various	10 volumes of books	Transfer
26-May-10	639	Various	33 volumes of books	Transfer
27-May-10	640	Various	60 volumes of books	Transfer
04-Jun-10	641	Various	798 volumes of books	Transfer

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04-Jun-10	642	Various	52 volumes of books	Transfer
09-Jun-10	622	1998-10-126-1	Missal stand	Transfer
10-Jun-10	614	1994-01-42	US M548 cargo carrier	Transfer
10-Jun-10	615	1994-02-129	1 pdr Pom Pom shell	Transfer
10-Jun-10	616	2002-01-33-2	Two .45 cartridge cases	Transfer
10-Jun-10	620	Unaccessioned	120 tear gas capsules	Destruction
10-Jun-10	621	Various	Three pairs of mittens (all containing asbestos)	Destruction
10-Jun-10	624	Various	Mitten, bottle washer, bottle stopper (all containing asbestos)	Destruction
10-Jun-10	625	Unaccessioned	Two civilian respirators (asbestos)	Destruction
10-Jun-10	628	1964-05-23-1	Firewatcher's cloak (asbestos)	Destruction
10-Jun-10	629	1994-07-165 (part)	Brake shoes (asbestos)	Destruction
10-Jun-10	633	Various	Two items containing asbestos	Destruction
11-Jun-10	643	Various	76 volumes of books	Transfer
22-Jun-10	644	2002-03-14 to -22	Nine items of NAM stationery	Transfer

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22-Jun-10	645	Various	Five items of NAM stationery	Transfer
24-Jun-10	646	Unaccessioned	Two books	Transfer
28-Jun-10	630	Unaccessioned	Book of badges and yarns for Admiralty badges	Transfer
29-Jun-10	647	Unaccessioned	45 volumes of books	Transfer
29-Jun-10	648	Various	43 volumes of books	Transfer
29-Jun-10	649	Various	769 volumes of books	Transfer
30-Jun-10	650	Unaccessioned	Gaunt badges	Sale by auction
01-Jul-10	651	Various	13 volumes of books	Transfer
01-Jul-10	652	Unaccessioned	Seven duplicate prints	Transfer
01-Jul-10	653	Various	Two books	Transfer
01-Jul-10	654	Unaccessioned	Three volumes of books	Transfer
01-Jul-10	655	1965-02-130-6	Duplicate print	Transfer
01-Jul-10	656	1998-07-69	Duplicate print	Transfer
01-Jul-10	657	2001-04-515	Duplicate print	Transfer

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01-Jul-10	658	Various	Four volumes of books	Transfer
01-Jul-10	659	1952-07-21	Duplicate print	Transfer
01-Jul-10	660	1960-08-123	Duplicate print	Transfer
01-Jul-10	661	1960-12-304	Duplicate print	Transfer
01-Jul-10	662	1963-01-101-3	Duplicate print	Transfer
01-Jul-10	663	1968-06-28-1	Duplicate print	Transfer
01-Jul-10	664	1976-02-38	Duplicate print	Transfer
01-Jul-10	665	1989-04-116-3183	Duplicate print	Transfer
01-Jul-10	666	1990-04-85-4	Duplicate print	Transfer
01-Jul-10	667	2001-07-27	Duplicate print	Transfer
01-Jul-10	668	Unaccessioned	Book	Transfer
02-Jul-10	669	Various	Nine volumes of books	Transfer
02-Jul-10	670	Various	Seven volumes of books	Transfer
14-Jul-10	627	1998-09-81-1	Diamond T tank transporter tractor	Transfer
20-Jul-10	672	1969-10-489; 1969-10-491; 1969-10-492; 1965-03-44-75	Four duplicate prints	Transfer
20-Jul-10	673	1969-10-557; 1965-11-73-7; 1965-11-73-10	Three duplicate prints	Transfer

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20-Jul-10	674	1997-04-77; 1989-04-51	Two duplicate prints	Transfer
20-Jul-10	675	1990-04-123-27	Duplicate print	Transfer
20-Jul-10	676	1958-01-14	Duplicate print	Transfer
20-Jul-10	677	1963-08-43-7; 1992-10-23	Duplicate print	Transfer
20-Jul-10	678	17892	Duplicate volume of prints	Transfer
20-Jul-10	679	1965-02-130-4	Duplicate print	Transfer
20-Jul-10	680	1972-11-86	Duplicate print	Transfer
20-Jul-10	681	1956-02-855-4	Duplicate print	Transfer
20-Jul-10	682	Unaccessioned	Five duplicate prints	Transfer
20-Jul-10	683	2002-07-37	Volume of duplicate prints	Transfer
22-Jul-10	684	1956-02-665	Oil on canvas	Transfer
23-Jul-10	685	Unaccessioned	Five bags of uniform items (Beyond Economic Repair)	Destruction
03-Aug-10	686	1990-04-123- 33 to -44; 1990-03-124-24	13 duplicate prints	Transfer
04-Aug-10	687	1965-03-44-3 and unaccessioned	Two duplicate prints	Transfer
04-Aug-10	688	2001-04-520	Duplicate print	Transfer

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04-Aug-10	689	1952-01-60	Duplicate print	Transfer
20-Aug-10	691	Unaccessioned	Two navy blue jerseys	Transfer
06-Sep-10	637	1990-11-48	Daimler scout car	Transfer
10-Sep-10	692	Unaccessioned	19 uniform items	Transfer
10-Sep-10	693	Unaccessioned	26 uniform items	Transfer
13-Sep-10	694	2002-02-1172	Medal group	Transfer
13-Sep-10	695	Unaccessioned	Battle dress blouse	Transfer
20-Sep-10	696	1998-10-122; 1998-10-129	Two lecterns	Transfer
01-Oct-10	698	1963-12-251-146	Pattern 1895 British infantry sword	Transfer
08-Oct-10	699	Various	Nine books (No interest to any other institution)	Destruction
13-Oct-10	697	1963-12-211	12 postcards	Transfer
26-Oct-10	702	Unaccessioned	Six duplicate prints	Transfer
26-Oct-10	703	1998-08-48	Duplicate print	Transfer
26-Oct-10	704	2001-04-482; 2001-04-545	Two duplicate prints	Transfer
26-Oct-10	705	1951-02-34	Duplicate print	Transfer

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26-Oct-10	706	1956-09-47	Duplicate print	Transfer
26-Oct-10	707	1961-07-122-4, -5, -8, -10	Four duplicate prints	Transfer
26-Oct-10	708	1961-12-439-42	Duplicate print	Transfer
26-Oct-10	709	1969-09-51-3	Duplicate print	Transfer
26-Oct-10	710	1969-10-340	Duplicate print	Transfer
26-Oct-10	711	1973-02-1-2	Duplicate print	Transfer
26-Oct-10	712	1974-07-84-1	Duplicate print	Transfer
26-Oct-10	713	1980-07-135-1	Duplicate print	Transfer
26-Oct-10	714	1983-08-117	Duplicate print	Transfer
01-Nov-10	715	1994-01-1-67	Oil on board	Transfer
01-Nov-10	716	Unaccessioned	Oil on board	Transfer
02-Nov-10	701	Unaccessioned	Two cable layers (Beyond Economic Repair)	Destruction
25-Nov-10	718	1981-03-9-3 and -4	Ammunition pouches	Transfer
25-Nov-10	719	1982-08-177-3 & 5	Trousers	Transfer
16-Dec-10	722	1972-09-30; 1972-11-1 to 4	Militia documents	Transfer
16-Dec-10	723	1971-01-8; 1971-05-17; 1971-11-32-1 to 9	Militia documents	Transfer

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16-Dec-10	724	1970-11-13-1 to 4	Militia documents	Transfer
16-Dec-10	725	1972-10-21	Militia documents	Transfer
21-Dec-10	726	2009-07-4; 2009-02-88; 2009-02-90; 2009-02-89; 2009-02-86.	Aircrew coverall; metal ID tag; knife and scabbard; flying helmet with microphone; cold weather aircrew jacket; navigation bag; Dalton computer	Transfer
21-Dec-10	727	Unaccessioned	13 navigation archives	Transfer
23-Dec-10	729	Unaccessioned	Collection of uniform items	Transfer
29-Dec-10	730	Unaccessioned	Nine duplicate prints	Transfer
29-Dec-10	731	1969-07-27-9; 1969-10-512; 1965-03-44-55	Three duplicate prints	Transfer
29-Dec-10	732	1979-01-39; 1979-04-21; 1973-11-62	Three duplicate prints	Transfer
29-Dec-10	733	1964-04-8; 1967-09-48-9	Two duplicate prints	Transfer
29-Dec-10	734	1990-09-35-1 to 5	Five duplicate prints	Transfer
29-Dec-10	735	1958-09-6-3; 1958-09-6-5; 1958-09-6-6	Duplicate prints	Transfer
29-Dec-10	736	1968-08-19-17; 1968-06-108	Two duplicate prints	Transfer

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29-Dec-10	737	1993-11-1-122	Duplicate print	Transfer
29-Dec-10	738	1990-01-19	Duplicate print	Transfer
29-Dec-10	739	1966-10-46-4	Duplicate print	Transfer
29-Dec-10	740	1999-04-201	Duplicate print	Transfer
29-Dec-10	741	1965-04-34-16	Duplicate print	Transfer
29-Dec-10	742	1963-06-60-5	Duplicate print	Transfer
29-Dec-10	743	1960-05-222-3	Duplicate print	Transfer
29-Dec-10	744	1960-09-16-14	Duplicate print	Transfer
29-Dec-10	745	1951-02-25-2-16	Duplicate print	Transfer
29-Dec-10	746	1959-11-236	Duplicate print	Transfer
29-Dec-10	747	1995-01-280	Duplicate print	Transfer
29-Dec-10	748	2001-08-878	Duplicate print	Transfer
29-Dec-10	749	1957-07-20	Duplicate print	Transfer
29-Dec-10	750	1993-05-174	Duplicate print	Transfer
29-Dec-10	751	1960-11-63	Duplicate print	Transfer
29-Dec-10	752	1963-09-175	Duplicate print	Transfer

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29-Dec-10	753	2001-04-576	Duplicate print	Transfer
29-Dec-10	754	1994-01-1-127	Duplicate print	Transfer
29-Dec-10	756	1956-05-64	Non-military print	Transfer
29-Dec-10	759	1966-07-21	One duplicate volume of prints	Transfer
29-Dec-10	760	1992-10-21; 1992-10-22	Two duplicate volumes of prints	Transfer
29-Dec-10	761	1960-09-139	Duplicate volume of prints	Transfer
29-Dec-10	763	1961-10-64	Duplicate volume of prints	Transfer
29-Dec-10	792	Unaccessioned	Five duplicate prints	Transfer
29-Dec-10	797	1984-11-2	Duplicate print	Transfer
29-Dec-10	799	2003-01-76; 2003-01-77	Two non-military prints	Transfer
29-Dec-10	801	1994-01-1-83; 1994-01-1-423; 1994-01-1-424	Duplicate prints	Transfer
29-Dec-10	802	1993-11-1-105; 1993-11-1-116; 1993-11-1-222; 1993-11-1-223	Duplicate prints	Transfer
29-Dec-10	803	1967-05-11-4	Duplicate print	Transfer
29-Dec-10	804	1957-02-30-16	Duplicate print	Transfer
29-Dec-10	805	1957-05-3-3	Duplicate print	Transfer

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29-Dec-10	806	1959-11-85	Duplicate print	Transfer
29-Dec-10	808	1961-10-52	Duplicate print	Transfer
29-Dec-10	810	1993-08-289	Duplicate print	Transfer
14-Jan-11	814	2001-08-308	Duplicate print	Transfer
14-Jan-11	815	1990-01-46	Duplicate print	Transfer
14-Jan-11	816	1993-11-1-255	Duplicate print	Transfer
14-Jan-11	817	Unaccessioned	Duplicate print	Transfer
14-Jan-11	819	1965-02-4	Duplicate print	Transfer
14-Jan-11	822	1967-05-11-11	Duplicate print	Transfer
14-Jan-11	823	1997-12-63	Duplicate print	Transfer
14-Jan-11	824	Unaccessioned	Duplicate print	Transfer
26-Jan-11	757	1999-09-43; 1994-01-37; 1994-05-393; 1999-12-32	Minutes, papers, article and photographs	Transfer
26-Jan-11	758	1999-12-40; 1992-08-362; 2000-07-88; 1994-06-174	Invitation card, plan, trophy, certificate, 66 reports, photographs	Transfer
26-Jan-11	762	2001-06-128; 1990-01-4; 1984-02-27; 1963-06-57	Sound cassette, disc and pamphlet	Transfer

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26-Jan-11	764	1977-07-3-1 & 2; 1983-10-150; 1982-06-76; 1979-06-137	Photograph albums	Transfer
26-Jan-11	766	1981-04-3; 1971-10-25; 1971-11-23	Three files of duplicated typescript orders	Transfer
26-Jan-11	767	1992-02-37	Photographs	Transfer
26-Jan-11	768	1989-11-9	Film	Transfer
26-Jan-11	769	1998-06-105	Press pack	Transfer
26-Jan-11	770	1993-02-254	Video cassette	Transfer
26-Jan-11	771	1995-08-50	Video recording	Transfer
26-Jan-11	772	1997-10-64	Survey of military museums (No interest to any other institution)	Destruction
26-Jan-11	773	1996-02-236	23 architect's plans and evaluations	Transfer
26-Jan-11	774	1996-04-22	Typescript press review	Transfer
26-Jan-11	775	1994-05-394	Two postcards	Transfer
26-Jan-11	776	1993-09-65	Folder of brochures and leaflets	Transfer
26-Jan-11	777	1999-12-126	Papers relating to an appointment	Transfer
26-Jan-11	778	1994-12-131	Photographs	Transfer

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26-Jan-11	779	1989-10-117	Photograph	Transfer
26-Jan-11	781	2002-02-1367; 2002-04-824	Video	Transfer
26-Jan-11	782	1987-05-24	Photographs	Transfer
26-Jan-11	783	1993-10-2	Tape recording	Transfer
26-Jan-11	784	1991-03-140	Printed leaflet	Transfer
26-Jan-11	785	2003-04-13	Programme	Transfer
26-Jan-11	786	1984-06-67	Photographs	Transfer
26-Jan-11	787	2005-01-76	Pamphlet (No interest to any other institution)	Destruction
26-Jan-11	788	1962-10-157	Photograph album	Transfer
26-Jan-11	789	1984-06-157	Leaflet	Transfer
26-Jan-11	790	1983-08-85	Photographs	Transfer
26-Jan-11	791	1980-07-138	Photograph	Transfer
26-Jan-11	793	1980-02-36	Photograph	Transfer
26-Jan-11	794	1956-07-58	Photograph	Transfer
26-Jan-11	795	1973-02-3	Binders	Transfer

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26-Jan-11	796	1967-09-71	Notes	Transfer
26-Jan-11	798	1965-08-11	Invitation	Transfer
26-Jan-11	800	1960-06-112	Copy of Royal Charter	Transfer
26-Jan-11	807	1991-08-244	Copies of address	Transfer
26-Jan-11	809	1976-11-35	List of material	Transfer
26-Jan-11	811	1976-12-118	Programme	Transfer
26-Jan-11	812	2008-07-10; 2009-08-62-1 & 2	Files	Transfer
26-Jan-11	813	1963-09-118	Programme	Transfer
28-Jan-11	826	1994-11-3	Morris 'Gutty'	Transfer
28-Jan-11	828	1998-09-80; 1998-09-82	Scammel horse and trailer	Transfer
01-Feb-11	765	1973-04-31; 1996-11-79; 1994-11-161	Visitor books	Transfer
01-Feb-11	829	1994-11-161	Bound volumes (No interest to any other institution)	Destruction
07-Feb-11	831	1992-10-125	NAM report (No interest to any other institution)	Destruction
16-Feb-11	833	1986-07-49; 1986-07-50-1 & 2	Beret, blouse and lanyard	Transfer
16-Feb-11	834	Unaccessioned	12 issues of Choix and several issues of Echo	Transfer

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07-Mar-11	835	1983-06-7-15; 19; 20; 22	Four pairs of puttees	Transfer
07-Mar-11	836	1957-03-18-6 & 7	Pouch and belt	Transfer
07-Mar-11	837	1965-06-62	Diorama	Transfer
07-Mar-11	838	1953-10-61	Tropical helmet	Transfer
23-Mar-11	830	Unaccessioned	Shoulder titles	Transfer

Conservation and Collections Care

In June, the Museum completed its Certified Free From Explosives Programme in all its stores and galleries in Chelsea; this work will continue at the Museum's Sandhurst Out-station. Volunteers have also been assisting curators with all-important cataloguing. In March, the Museum completed improvements to the storage of its radioactive small-sources.

The Conservation Department, as well as managing routine conservation for loans and Special Exhibitions, assisted with the re-display of items in the Museum's *Changing the World* Gallery. This work has allowed items to rest in stores and the introduction of new objects with fresh perspectives and stories.

The Conservation Department further developed the existing Integrated Pest Management Strategy, this time establishing a baseline, which can now be used as a key performance indicator for future years on the incidence of pests at all NAM sites. After last year's successful condition survey on the swords at Chelsea, attention moved towards the collection of silver, swords, flags, colours, uniform and drums at the Museum's Sandhurst Out-station. Such collection surveys, as well as being an excellent indicator of the health of a collection, are a requirement laid down by the Accreditation Standard and must be undertaken for the Museum to retain its status as a Fully Accredited institution. A survey of all the Historic Military Vehicles is planned for next year.

Building and access improvements

This year the Museum received additional funding to replace the old 1960s oil-fired boilers with a new gas system. Additional controls for the air conditioning systems were also acquired to enhance the climate for both displays and stored collections.

Museum policies and practices were also reviewed to ensure that they are compliant with the new Equality Act 2010 and access to the central corridors has been improved with the installation of additional stair lifts.

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**Reaching out to People and Museums**

Supporting the research of others

As well as encouraging its staff to research the Collection when preparing new exhibitions, writing new educational tools or cataloguing objects, the Museum helps the research of people around the world. One way this is done is by responding to enquiries from the public, from other institutions and commercial enterprises. One innovation launched last year was the programme of Identification and Advice sessions, staffed by the Museum's curators. These began on 1 February 2010 and run on the first Monday of each month excluding Bank Holidays. The first year's attendance figures have been strong, with over 50 members of the public seeking expert advice from our staff.

During the year 2010-11 the Museum answered 2,944 enquiries (2009-10: 2,307). Of these replies, 73 were overdue under the Museum's policy of answering all enquiries within 20 working days (2009-10: 42) and 13 were requests under the Freedom of Information Act 2000. 6 were not answered. Enquiries cover many topics but the bulk of questions were about the Museum's Collection, family history and general military history. The statistics for the main enquiry types are as follows:

	<b>Total</b>	<b>Family History</b>	<b>APFS Collection</b>	<b>Books Collection</b>	<b>Exhibits Collection</b>	<b>FDA Collection</b>
<b>2010-11</b>	2,944	22%	14%	7%	6%	2%

Templer Study Centre

Access to the paper-based collection continues to be a source of inspiration to many visitors. The number of visitors to the TSC during the year 2010-11 was 1,387, compared to 892 in 2009-10. This marked increase has been due to the Centre also opening on a Wednesday which was introduced in 2009. During the year 410 new tickets were issued, and a further 180 renewed.

Assistance to other institutions

In the spirit of professional cooperation the Museum provides assistance, where possible, to other institutions. This includes the provision of the twice-yearly week-long Regimental Curators' Course for the curators of Regimental and Corps museums across the country.

The NAM recognises the invaluable research it can provide to the creative industries and to that end the Museum's programme of working with fashion colleges and schools, to expand access to the NAM's uniquely rich collection of dress and textiles, has continued to be successful. Some of the country's leading colleges based in London have participated including the London College of Fashion and the Royal College of Art.

*Visiting the archives at Sandhurst is a true inspiration for designers – they provide a wealth of information to help with our research. To be able to see details close up and make sketches is a million times more valuable than research from books*

*For our innovative BA Fashion degree, it is essential we form links with museum across London. The National Army Museum was generous with its time, providing invaluable research material*

**NATIONAL ARMY MUSEUM**  
**FOREWORD AND REPORT OF COUNCIL**  
**YEAR ENDED 31ST MARCH 2011**

Regional Support

As well as offering its usual support to regimental museums, NAM has actively contributed to the Army Museums Study led by Brigadier J Bourne-May. Additionally, as part of its Strategic Plan, the Museum has identified areas of assistance which it will further develop into detailed plans for 2011/12. The Museum has given expert advice to the Queen's Royal Lancers Museum and commented on and supported external bids for external agencies. NAM staff have also attended many external meetings including those of the Historical Military Group, Soldiers of Oxford Development Group, REME Museum Policy Committee and the Army Heritage Committee.

**Building for the Future**

Future Plans

The Museum is embarking on a new Strategic Plan for the next five years, including the already approved extension to the front entrance of the Museum, bringing the new entrance closer to the street. A Business Plan for 2011-12 has also been launched, allowing the Museum to be even more efficient when planning its future activities and the use of its resources.

NAM continues to find ways to increase its offer to the public through innovative means. In February 2011 one of the Museum's permanent galleries [\*The Making of Britain, 1066-1783\*](#), closed. This makes way for a new corridor display opening in the Spring, exploring the Army's early years up to 1714. The Kids' Zone will be revamped and relocated, making way for a redesigned shop and Special Exhibition space, setting the scene for *War Horse: Fact and Fiction* in October 2011, a major Special Exhibition exploring the hugely popular *War Horse* novel. A hand's-on interactive exhibition for all the family, this compelling story will be brought to life using exclusive material from Michael Morpurgo and the acclaimed stage production by the National Theatre. The touching 'real life' stories of the horses and men who depended on them will be illustrated through the Museum's rich Collection encouraging visitors to think about the millions of War Horses who have supported the British Army across time.

The White Space's successful rolling programme will continue with *Draw your Weapons: The Art of Commando Comics*, opening on the 1 September. This will be yet another colourful and dynamic display, this time exploring the heritage of the war comic from its initial conception, its heroic subject-matter and its continuing popularity. The exhibition will boast original commando equipment and histories from the Museum's Collection as well as the iconic dagger featured on the front of the *Commando* comic. The Museum is pleased to be partnering with leading publisher, DC Thomson, to also showcase key artwork and illustrations from their *Commando* series and share in the comic's 50th anniversary.

**NATIONAL ARMY MUSEUM**  
**FOREWORD AND REPORT OF COUNCIL**  
**YEAR ENDED 31ST MARCH 2011**

**FINANCIAL REVIEW**

**Consolidated Results for the Year ended 31 March 2011**

Total incoming resources for the Museum in 2010-11 amounted to £7,267,198 (2009-10 £6,880,099). The principal funding source of the Museum is Grant-in-Aid funding received from the Ministry of Defence. In 2010-11 this was £6,313,103 (2009-10 £5,514,371). Total resources expended amounted to £6,726,207 (2009-10 £6,860,285). After adjustment for the revaluation of the Museum's leasehold property and other recognised gains and losses, the net movement in funds for the year showed a decrease of £2,215,092 (2009-10 decrease of £3,066,696). This decrease was due to the downward revaluation of the Museum's leasehold property and amortisation charged on this property.

The Museum's net assets as at 31 March 2011 amounted to £81,772,866 (31 March 2010 £83,987,958).

**Changes in Fixed Assets**

Movements in fixed assets are shown in note 8 to the accounts. The Museum had its leasehold property independently revalued at 31 March 2007 and details of this revaluation are also shown in note 8.

During the year the Museum spent £556,384 on additions to fixed assets. The principal items purchased being a new racking storage system at Stevenage with a cost of £247,417 and £93,396 on new computer equipment including new servers.

**Policy on reserves**

The NAM's reserves, are defined for the purposes of this policy, as the amounts shown as 'Investments' and 'Net Current Assets' which are attributed to unrestricted funds. As at 31 March 2011, the level of the Museum's reserves stood at £827,085 (31 March 2010 £659,168).

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

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

The NAM aims to grow its unrestricted funds by means of prudent investment and proactive fundraising so that it has sufficient funds available to deal with such matters that arise as are not covered by Grant-in-Aid.

**NATIONAL ARMY MUSEUM**  
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**YEAR ENDED 31ST MARCH 2011**

**Investment Policy**

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

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

**Relationship with related parties**

Details of related parties and transactions with these parties are shown in note 17 of the financial statements.

**Payment of Creditors**

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

The Museum's actual payment performance during the year was that 100% (2009/10 100%) of bills were paid within the thirty day target.

**Equality, Diversity & Access**

The National Army Museum (NAM) is an Equal Opportunities Employer.

The NAM is committed to providing a working environment in which members of staff are able to realise their full potential and to contribute to the Museum's success. The NAM will also take all reasonable steps to provide a work environment in which all workers are treated with respect and dignity and that is free of harassment. In order to create conditions, in which this goal can be realised, the NAM is committed to identifying and eliminating barriers, discriminatory practices, procedures, and attitudes throughout the Museum. Members of staff are expected and required to support this commitment, assisting in its realisation in all possible ways.

It is the NAM's policy not to discriminate against its workers on the basis of their gender, sexual orientation, marital or civil partnership status, any gender reassignment, race, religion or belief, colour, nationality, ethnic or national origin, disability or age, pregnancy or trade union membership or employment status. The NAM will not condone any form of harassment, whether engaged in by workers or by third parties such as clients, customers, contractors and suppliers. Our workers and applicants for employment shall not be disadvantaged by any policies or conditions of service, which cannot be justified as necessary for operational purposes. The NAM shall, at all times, strive to work within legislative requirements as well as promoting best practice, and is committed to the development of a diverse workforce. The Museum has issued an Equal Opportunities Policy Statement, and undertakes equal opportunities monitoring.

**Employee Consultation and Involvement**

The Director and Senior Management Team consult with the staff through the NAM's Staff/Management Forum, which was set up to encourage increased levels of communication and consultation across the whole of the Museum, and in shifting to a different and more progressive, delivery-focused culture of working, exchanging views and ideas, discussing problems and planning for the future.

Communication and involvement is also maintained through the Floor Teams and various committee groups including the Equality and Access Group, Health & Safety Committee, Departmental and Divisional meetings, one-to-one's, informal meetings and internal memoranda. In addition there is regular access to meetings of the Management Team Human Resources and Finance Committees.

**NATIONAL ARMY MUSEUM**  
**FOREWORD AND REPORT OF COUNCIL**  
**YEAR ENDED 31ST MARCH 2011**

**Sickness Absence Data**

The National Army Museum employed 78 members of staff (73 full-time and 5 part-time) and monitored sick absence as part of its commitment in promoting the health, safety and welfare of all members of staff. Information collated from the Department of Human Resources is available to the NAM Council who are responsible for identifying potential risks arising from any patterns that may occur. During 2010-11, there were 1,074.5 (full time equivalent) days lost to sick absence; the top causes being (highest first) Cold/Flu, Upset Stomach and Back Ache, Sickness/ Migraine. 835 days were for long-term absences associated with Stress & Depression, Asthma, Operations and recuperation periods.

During the period, the average number of days' sickness absence per employee was 3.07 (long-term incidents of sickness absence have been excluded to give a more accurate picture of sickness absence at NAM).

A policy on the management of attendance is in place to promote arrangements for dealing with sickness absence in a manner, which is fair and sensitive to staff, as well as minimising the effect of absences on the NAM's operational requirements.

**Personal Data Loss**

The Museum has not identified any personal data related incidents during 2010-11. An incident is defined as a loss, unauthorised disclosure or insecure disposal. Protected personal data is information that links an identifiable living person with information about them which, if released, would put the individual at significant risk of harm or distress; the definition includes sources of information that because of the nature of the individuals or the nature, source or extent of the information, is treated as protected personal data by the Museum.

**Post Balance Sheet Events**

There have been no post balance sheet events up to and including the date of signature of these accounts, which might affect the reader's understanding of the financial statements.

**Auditors**

These accounts are audited by the Comptroller and Auditor General in accordance with the Museum's Royal Charter. No non-audit services are provided to the Museum by the auditor.

The cost of the audit of the Museum and its trading company for 2010-11 is £13,000 (2009-10: £11,650).

So far as the Accounting Officer is aware, there is no relevant audit information of which the Museum's auditors are unaware. Furthermore, the Accounting Officer has taken all the steps that she ought to have taken to make herself aware of any relevant information and to establish that the Museum's auditors are aware of that information.

MRS JANICE MURRAY  
DIRECTOR

GENERAL SIR JACK DEVERELL  
CHAIRMAN, ON BEHALF OF  
COUNCIL

National Army Museum

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**NATIONAL ARMY MUSEUM  
REMUNERATION REPORT  
YEAR ENDED 31ST MARCH 2011**

**REMUNERATION POLICY**

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

Other members of the Management Team are also employed on terms and conditions similar to MOD civil servants. Their salary levels are set by the Museum's Human Resources Committee and approved by the Director.

**SALARY AND PENSION ENTITLEMENTS**

The salary and pension entitlements of the Management Team of the Museum were as follows (with comparative salary disclosures for 2009/10).

	<b>Dr A Guy £'000 (to 12/07/2010)</b>	<b>Mrs J Murray £'000(from 02/08/2010)</b>	<b>Dr P Boyden £'000</b>	<b>Mr M O'Connor £'000</b>	<b>Miss T Scott £'000</b>	<b>Mrs D Harris £'000</b>
Salary 2010/11	30-35	60-65	60-65	60-65	60-65	60-65
Performance pay 2010/11	5-10	0-5	5-10	5-10	5-10	5-10
Salary 2009/10	95-100	N/A	55-60	55-60	55-60	55-60
Performance pay 2009/10	5-10	N/A	5-10	0	5-10	5-10
Real increase/(decrease) in pension and related lump sum at 60	0-2.5 plus 0-2.5 lump sum	40-42.5 plus N/A lump sum	0-2.5 plus 0-2.5 lump sum	0-2.5 plus N/A lump sum	0-2.5 plus 0-2.5 lump sum	0-2.5 plus 0-2.5 lump sum
Total accrued pension at 60 as at 31 March 2011 and related lump sum	45-50 plus 140-145 lump sum	40-45 plus N/A lump sum	30-35 plus 65-70 lump sum	5-10 plus N/A lump sum	10-15 plus 30-35 lump sum	10-15 plus 35-40 lump sum
Cash equivalent transfer value as at 31 <sup>st</sup> March 2011	1,104	660	702	162	111	124
Cash equivalent transfer value as at 31 <sup>st</sup> March 2010	1,035	-	603	126	91	101
Real increase in cash equivalent transfer value as funded by employer	15	N/A	19	17	5	7

The annual equivalent figures for Mrs J Murray are:

Salary 2010/11	90-95,000
Real increase in pension	60-65,000

**The table above has been subject to audit.**

The Opening CETV figures as at 31 March 2010 may be different from the closing figures in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values)

**NATIONAL ARMY MUSEUM**  
**REMUNERATION REPORT**  
**YEAR ENDED 31ST MARCH 2011**

None of the above received any benefits in kind during the year (2009/10 £Nil).

No members of the Council received any remuneration during the year (2009/10 £Nil). During the year reimbursements were made to three members of the Council totalling £1,081 (2009/10 £500) for travel and subsistence and £1,387 (2009/10 1,018) for hospitality.

For 2010-11 employers' pension contributions for the Museum as a whole of £370,979 were payable to the PCSPS (2009-10 £441,367) at rates based on salary bands as follows:

Band one	-	£21,000 and under	16.7%
Band two	-	£21,001 - £43,000	18.8%
Band three	-	£43,001 - £74,000	21.8%
Band four	-	£74,001 and over	24.3%

Rates will remain the same next year, subject to revalorisation of the salary bands. Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

**Salary**

“Salary” includes gross salary, performance pay or bonuses, overtime, reserved rights to London weighting or London allowances, recruitment and retention allowances, private office allowances and any other allowance to the extent that it is subject to UK taxation.

**Benefits in Kind**

The monetary value of benefits in kind covers any benefits provided by the employer and treated by the HM Revenue and Customs as a taxable emolument.

**Pension Benefits**

Pension benefits are provided through the Principal Civil Service Pension Schemes (PCSPS). This scheme is an unfunded multi-employer defined benefits scheme but the National Army Museum is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2007. Details can be found in the resource accounts for these schemes, which are published and laid before the House of Commons.

**Principal Civil Service Pension Scheme (PCSPS)**

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

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and Nuvos. Benefits in classic accrue at the rate of 1/80<sup>th</sup> of pensionable salary for each year of service. In addition a lump sum equivalent to three years’ pension is payable on retirement. For premium, benefits accrue at the rate of 1/60<sup>th</sup> of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum (but members may give up or commute some of their pension to provide a lump sum). Classic plus is essentially a variation of premium, but with benefits in respect of service before 1 October 2002 calculated broadly as classic. For Nuvos pension builds up each scheme year, at the rate of 2.3% of pensionable

earnings, there is no automatic lump sum (but members have an option to take a tax free lump sum in exchange for part of their pension).

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## **NATIONAL ARMY MUSEUM**

### **REMUNERATION REPORT**

**YEAR ENDED 31ST MARCH 2011**

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

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

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

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves the scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and from 2003-04 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries, and do take account of any actual or potential reduction to benefits resulting from Lifetime Allowance Tax which may be due when pension benefits are drawn.

MRS JANICE MURRAY  
DIRECTOR

GENERAL SIR JACK DEVERELL  
CHAIRMAN, ON BEHALF OF  
COUNCIL

National Army Museum

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**NATIONAL ARMY MUSEUM  
FINANCIAL STATEMENTS  
YEAR ENDED 31ST MARCH 2011**

**STATEMENT OF COUNCIL'S AND DIRECTOR'S RESPONSIBILITIES**

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

In preparing financial statements, giving a true and fair view, the Council is required to:

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

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

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

MRS JANICE MURRAY  
DIRECTOR

GENERAL SIR JACK DEVERELL  
CHAIRMAN, ON BEHALF OF  
COUNCIL

National Army Museum

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**NATIONAL ARMY MUSEUM**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31ST MARCH 2011**

**STATEMENT ON INTERNAL CONTROL**

**1. Scope of responsibility**

As Accounting Officer and members of Council we have joint responsibility for maintaining a sound system of internal control that supports the achievement of the policies, aims and objectives set by the Council of the National Army Museum in the Museum's Corporate Plan, while safeguarding the public funds and the Museum's assets for which the Accounting Officer is personally responsible in accordance with the responsibilities assigned in *Managing Public Money*.

**2. The purpose of the system of internal control**

The system of internal control is designed to manage to a reasonable level, rather than eliminate all risk of failure to achieve the Council's policies, aims and objectives for the Museum; it can therefore only provide reasonable, and not absolute, assurance of effectiveness.

The system of internal control is based on an ongoing process of assessment and scrutiny, overseen by the Audit & Remuneration Committee of the National Army Museum Council, designed to identify and prioritise the principal risks to the achievement of the Council's policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the National Army Museum for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts. The Museum believes its system of internal control accords with Treasury guidance.

**3. Capacity to handle risk**

We have responsibility for reviewing the effectiveness of the system of internal control. The Museum has established the following process to achieve this:

- Management seeks to identify and evaluate any risks to the Museum's business in the context of their potential impact on the achievement of the objectives set by the Council of the National Army Museum.
- The identification, and evaluation, of risk is an integral part of the Museum's performance management, with the provision of appropriate risk awareness and risk management training.
- The Museum has in place a statement of Risk Appetite and Strategy supported by a Risk Register and Matrix.
- The Museum structures already in place, or which will be introduced progressively, to manage risk, in line with the provisions of the Museum's *Corporate Plan*, *Managing Public Money*, the NAM Financial Framework, Treasury guidance and other statements of best practice.
- Meetings of the Museum Director and Senior Management Team, including sub-committees of the Management Team covering Finance, Human Resources, Health & Safety at Work, Security and Governance.

**NATIONAL ARMY MUSEUM**  
**FINANCIAL STATEMENTS**  
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**4. The risk and control framework**

The Council approved at its 120<sup>th</sup> Meeting on 30<sup>th</sup> March 2004 the Museum's Statement of Risk Appetite and Strategy and Risk Matrix. This identifies and controls risks across the whole range of its activities, including museological concerns, as well as building, security, finance, employment and governance issues. The risk matrix records and grades the key risks that the Museum faces, lists the controls that are in place to mitigate the risk, details any action required, assigns control of the risk to an individual and gives a review date and who they must report to. The Audit & Remuneration Committee of Council reviews the risk matrix annually at its Autumn meeting and reports its findings to the full Council.

The National Army Museum has an externally provided Internal Audit facility. The work of the Internal Audit facility is informed by an analysis of the risk to which the Museum is exposed, and annual Internal Audit plans are based on this analysis. The analysis of risk and the Internal Audit plans are endorsed by the Audit & Remuneration Committee and approved by the Accounting Officer. At least annually, the Head of Internal Audit (HIA) provides me with a report on Internal Audit activity in the Museum. The report includes the HIA's independent opinion on the adequacy and effectiveness of the Museum's system of internal control. No matters were noted by the HIA during the year which the HIA considered to be significant to the adequacy and effectiveness of the Museum's system of internal control.

**5. Review of effectiveness**

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the work of the Internal Auditors, the Audit & Remuneration Committee of Council, which oversees the work of the Internal Auditor, the Senior Management Team within the Museum, which has responsibility for the development and maintenance of the control framework, and comments made by the External Auditors, the National Audit Office (NAO), in their management letters and other reports. I have been advised on the implications of the result of my review of the effectiveness of the system of internal control by the Council, the Audit & Remuneration Committee of the Council and a plan to address weaknesses and ensure continuous improvement of the system is in place. Weaknesses identified from these reviews are fully considered, and agreed recommendations for improvements implemented at the first opportunity.

MRS JANICE MURRAY  
DIRECTOR

GENERAL SIR JACK DEVERELL  
CHAIRMAN, ON BEHALF OF  
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National Army Museum

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**NATIONAL ARMY MUSEUM**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31ST MARCH 2011**

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

I have audited the consolidated financial statements of the National Army Museum for the year ended 31 March 2011 under the Museum's Royal Charter of 1960 as amended in 1988. These comprise the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

**Respective responsibilities of the Council, the Director and auditor**

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

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

**Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the National Army Museum's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Council; and the overall presentation of the financial statements. In addition, I read all the financial and non-financial information in the Foreword and Report of Council to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

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

**Opinion on Regularity**

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

**Opinion on Financial Statements**

In my opinion:

- the financial statements give a true and fair view, of the state of the National Army Museum's and the group's affairs as at 31 March 2011 and of the incoming resources and application of resources, including the income and expenditure, of the group for the year then ended; and
- the financial statements have been properly prepared in accordance with the Charities Act 1993 and directions issued thereunder by the Secretary of State for Defence.

**NATIONAL ARMY MUSEUM  
FINANCIAL STATEMENTS  
YEAR ENDED 31ST MARCH 2011**

**Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions made under the Charities Act 1993; and
- the information given in the Foreword and Report of Council for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which I report by exception**

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

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

**Report**

I have no observations to make on these financial statements.

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

**Date**

**NATIONAL ARMY MUSEUM**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
**YEAR ENDED 31ST MARCH 2011**

	NOTE	Unrestricted Funds	Restricted Funds	Restricted Grant in Aid Funds	Total Funds 2010/11	Total Funds 2009/10 (restated see note 6)
		£	£	£	£	£
<b>INCOMING RESOURCES</b>						
<b>Incoming resources from generated funds:</b>						
Voluntary income:						
Grants and donations		14,545	437,120	60,000	511,665	960,528
Activities for generating funds:						
Commercial trading operation:	5	384,621	-	-	384,621	365,809
Investment income	2	957	7,060	50	8,067	7,501
		400,123	444,180	60,050	904,353	1,333,838
<b>Other incoming Resources</b>						
Grant-in-aid (operating)		-	-	6,198,103	6,198,103	5,399,371
Grant-in-aid (purchases)		-	-	115,000	115,000	115,000
Sundry income		46,619	-	3,123	49,742	31,890
<b>TOTAL INCOMING RESOURCES</b>		<b>446,742</b>	<b>444,180</b>	<b>6,376,276</b>	<b>7,267,198</b>	<b>6,880,099</b>
<b>RESOURCES EXPENDED</b>						
<b>Cost of generating funds:</b>						
Fundraising costs of grants and donations	4	-	-	11,676	11,676	13,659
Commercial trading operations	4 & 5	273,566	5,151	56,670	335,387	316,670
		273,566	5,151	68,346	347,063	330,329
<b>Cost of charitable activities:</b>						
Collections and exhibitions	4	90,587	316,256	4,011,801	4,418,644	4,543,365
Curatorial	4	14,306	128,757	885,094	1,028,157	1,074,423
Education	4	8,584	77,254	235,771	321,609	326,640
Publicity	4	2,861	25,752	500,042	528,655	504,582
		116,338	548,019	5,632,708	6,297,065	6,449,010
<b>Governance Costs</b>	4	-	-	82,079	82,079	80,946
<b>TOTAL RESOURCES EXPENDED</b>	7	<b>389,904</b>	<b>553,170</b>	<b>5,783,133</b>	<b>6,726,207</b>	<b>6,860,285</b>
<b>Net incoming /(outgoing) Resources for the year</b>		<b>56,838</b>	<b>(108,990)</b>	<b>593,143</b>	<b>540,991</b>	<b>19,814</b>
Other recognised gains and losses						
Capitalisation of donated heritage assets		49,270	-	-	49,270	-
Disposals of heritage assets		(131,982)	-	-	(131,982)	-
Unrealised gains/(losses)						
Investments		-	5,756	-	5,756	49,032
Revaluation of tangible fixed assets		(184,432)	(2,404,558)	(90,137)	(2,679,127)	(3,135,542)
<b>NET MOVEMENT IN FUNDS</b>		<b>(210,306)</b>	<b>(2,507,792)</b>	<b>503,006</b>	<b>(2,215,092)</b>	<b>(3,066,696)</b>
Balances brought forward at 1 April 2010		1,325,494	17,162,464	2,262,628	20,750,586	23,817,282
Prior year adjustment re heritage assets (note 1 (i))		63,237,372	-	-	63,237,372	63,237,372
		64,562,866	17,162,464	2,262,628	83,987,958	87,054,654
<b>Balances carried forward at 31 March 2011</b>		<b>64,352,560</b>	<b>14,654,672</b>	<b>2,765,634</b>	<b>81,772,866</b>	<b>83,987,958</b>

None of the Museum's activities were acquired or discontinued during the year. All of the Museum's recognised gains and losses for the year are included above.

**NATIONAL ARMY MUSEUM**  
**CONSOLIDATED & CHARITY BALANCE SHEET**  
**YEAR ENDED 31ST MARCH 2011**

	2011				2010 (restated see note 1(i))			
	GROUP		CHARITY		GROUP		CHARITY	
	£	£	£	£	£	£	£	£
<b>FIXED ASSETS</b>								
Tangible assets	8	14,137,964	14,136,055		17,061,684		17,061,684	
Heritage Assets	9	65,477,263	65,477,263		65,545,247		65,545,247	
Investments	10	<u>188,737</u>	<u>188,738</u>		<u>182,981</u>		<u>182,982</u>	
		79,803,964	79,802,056		82,789,912		82,789,913	
<b>CURRENT ASSETS</b>								
Stock of finished goods		57,406	-		44,925		-	
Debtors	11	413,343	625,742		265,142		444,716	
Cash	12	<u>1,599,366</u>	<u>1,428,950</u>		<u>1,025,087</u>		<u>880,515</u>	
		2,070,115	2,054,692		1,335,154		1,325,231	
<b>CURRENT LIABILITIES</b>								
<b>CREDITORS: Amounts falling due within one year</b>	13	<u>101,213</u>	<u>85,790</u>		<u>137,108</u>		<u>127,186</u>	
<b>NET CURRENT ASSETS</b>		<u>1,968,902</u>	<u>1,968,902</u>		<u>1,198,046</u>		<u>1,198,045</u>	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><u>81,772,866</u></u>	<u><u>81,770,958</u></u>		<u><u>83,987,958</u></u>		<u><u>83,987,958</u></u>	
<b>RESERVES</b>								
Unrestricted funds		64,352,560	64,350,652		64,562,866		64,562,866	
Restricted funds	14	14,654,672	14,654,672		17,162,464		17,162,464	
Restricted Grant-in-Aid Funds		<u>2,765,634</u>	<u>2,765,634</u>		<u>2,262,628</u>		<u>2,262,628</u>	
	15	<u><u>81,722,866</u></u>	<u><u>81,770,958</u></u>		<u><u>83,987,958</u></u>		<u><u>83,987,958</u></u>	

The financial statements were approved by the Council on

2011 and signed on its behalf by:

MRS JANICE MURRAY  
DIRECTOR

GENERAL SIR JACK DEVERELL  
CHAIRMAN

**NATIONAL ARMY MUSEUM**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**YEAR ENDED 31ST MARCH 2011**

	Unrestricted Funds	Restricted Funds	Restricted Grant in Aid Funds	Total Funds 2010/11	Total Funds 2009/10
	£	£	£	£	£
<b>Net cash inflow from operating activities (see below)</b>	112,144	413,078	612,102	1,137,324	1,041,166
<b>Return on investments and servicing of finance</b>					
Interest received	957	636	50	1,643	1,847
Investment income	-	6,424	-	6,424	5,654
	957	7,060	50	8,067	7,501
<b>Capital Expenditure</b>					
Payments to acquire:					
Tangible fixed assets (page 32)	(44,623)	-	(511,761)	(556,384)	(1,418,320)
Heritage assets	-	-	(14,728)	(14,728)	(241,772)
	(44,623)	-	(526,489)	(571,112)	(1,660,092)
Increase /(Decrease) in cash	68,478	420,138	85,663	574,279	(611,425)

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

Changes in resources before revaluations	56,838	(108,990)	593,143	540,991	19,814
Investment income	(957)	(7,060)	(50)	(8,067)	(7,501)
Depreciation	65,565	529,128	193,037	787,730	814,907
Loss on disposal of tangible fixed assets	-	-	13,247	13,247	48,523
(Decrease)/Increase in creditors	(9,723)	-	(26,172)	(35,895)	15,470
(Increase)/ Decrease in stocks	(12,481)	-	-	(12,481)	(2,912)
(Increase) /Decrease in debtors	12,902	-	(161,103)	(148,201)	152,865
Net cash inflow from operating activities	112,144	413,078	612,102	1,137,324	1,041,166

The notes on pages 46 to 62 form a fundamental part of these financial statements.

**NATIONAL ARMY MUSEUM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31ST MARCH 2011**

**1. ACCOUNTING POLICIES**

**(a) Basis of Accounting**

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

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

**(b) Basis of Consolidation**

Consolidated financial statements have been prepared in respect of the charity and its wholly owned subsidiary, National Army Museum Trading Limited.

The Consolidated Statement of Financial Activities includes the result of National Army Museum Trading Limited on a line by line basis. A separate Statement of Financial Activities for the charity itself is not presented as the charity has taken advantage of the exemptions afforded by paragraph 304 of SORP 2005.

The Consolidated Balance Sheet includes the net assets of National Army Museum Trading Limited on a line by line basis.

The financial statements of National Army Museum Trading Limited used in consolidation are those for the period ended 31<sup>st</sup> March 2011.

**(c) Grants Receivable**

Grant in Aid is recorded on a received basis. Other revenue grants are credited to incoming resources on the earlier of the date of receipt or when they are receivable, unless they relate to a grant for expenditure in future accounting periods, in which case they are deferred.

Grants for the purchase of fixed assets are credited to a restricted fund within incoming resources when receivable.

**(d) Voluntary Income**

The Museum derives voluntary income from monies placed in donation boxes in the Museum. This income is recognised in the statement of financial activities when received and is used for the purchase of artefacts.

**(e) Basis of Cost Allocation**

Collections and exhibitions costs are those incurred in acquiring and preserving objects and records relating to the British Army for the education, inspiration and enjoyment of the present generation and its successors, together with the presentation of the Museum's collections to its users.

Curatorial costs are those incurred in the research and interpretation of the Museum's collections to its users, including dealing with enquiries from the general public.

Education costs are those incurred in engaging and educating the general public, including children, in historic and contemporary issues relating to the British Army.

**NATIONAL ARMY MUSEUM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31ST MARCH 2011**

**(f) Pensions Cost**

Museum staff, except shop personnel, are covered by the provisions of the Principal Civil Service Pension Scheme, which provides benefits based on final pensionable pay. The pensions cost charged to the Statement of Financial Activities is represented by the contributions payable under the PCSPS to the Paymaster General at rates determined from time to time by the Government Actuary.

**(g) Taxation**

As a Registered Charity, the National Army Museums' charitable status has been recognised by HM Revenue & Customs. Non-recoverable Value Added Tax (VAT) arising from expenditure is charged to the statement of financial activities. All expenditure is stated net of any recoverable VAT.

All of the income is applied for charitable purposes and therefore the charity is exempt from Corporation Tax. All the taxable profits of the trading subsidiary are distributed to the Charity under Gift Aid. The Corporation Tax liability of the trading subsidiary for the period ending 31<sup>st</sup> March 2011 was £Nil.

**(h) Tangible Fixed Assets and Depreciation**

Fixed assets are stated at their estimated current cost. For land and buildings this estimate is based on independent professional valuations obtained every five years, updated in the intervening years by the application of appropriate indices. For other assets, the estimate is based on historic cost updated thereafter by the application of appropriate indices. Fixed assets with a cost of less than £1,000 are not capitalised.

Depreciation is provided on all tangible fixed assets on a straight-line basis over their estimated useful lives. These are principally:

Leasehold Buildings	50 years
Fit-out of Buildings	15 years
Plant and Machinery	10 years
Computer Equipment	5 years
Fixtures and Fittings	10 years

**(i) Heritage Assets**

**(i) Valuation and Management**

The National Army Museum's permanent Collection is reported in the Balance Sheet at market value.

This represents a change in accounting policy for these assets following the implementation of FRS 30: Heritage Assets. Previously, those assets purchased subsequent to 1 April 2001 were included at cost with expenditure prior to this date being written off in the year it was incurred.

The effect of this change in policy is to increase the value of the Museum's net assets at 31 March 2010 by £63,237,372 to that previously reported. The change of policy has no effect on the Museum's net incoming resources for the year for either the current or preceding year.

**NATIONAL ARMY MUSEUM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31ST MARCH 2011**

The Museum's heritage assets are managed by four curatorial departments: Exhibits, Fine & Decorative Art, Printed Books and Archives, Photographs, Film and Sound. These assets comprise the approximately one million items in the accessioned Collection.

The Collection is revalued to estimated market value at the end of each financial year. For valuation purposes the Collection was divided into two. Certain groups of artefacts were individually valued, while the majority were valued as groups.

The first category comprised Victoria Crosses, George Crosses, field marshal's batons, oil paintings and other high-value items of fine and decorative art, coatees, rare books, oral history interviews, sound discs and film records. These were valued by expert members of staff, some of them with the assistance of former colleagues. The valuations of the historic military vehicles part of the collection is supported by a third party valuation of the historic military vehicles made in 2008-9 by Julian Shoolheifer Limited (Fine Art Valuers) PO Box 186, Saffron Walden, CB10 9AY.

The remainder of the Collection was valued by expert members of staff on the basis of auction realisations, knowledge of their specialist areas and inflation-adjusted prices paid for exhibits purchased by the Museum and by multiplying the number of examples of an exhibit type by an estimated mean price.

The Museum maintains full details of its Collection on a computerised database, access to which is available to the general public on request.

**(ii) Depreciation**

Depreciation is not provided on historic heritage assets due to their high residual value. The carrying value of individual items is reviewed annually as part of the valuation process and written down where required.

**(iii) Preservation Costs and Management**

Expenditure which, in the Council's view, is required to preserve or clearly prevent further deterioration of individual collection items is written off and recognised in the Statement of Financial Activities when it is incurred.

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

**(iv) Acquisitions and Disposals**

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

**NATIONAL ARMY MUSEUM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31ST MARCH 2011**

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

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

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

**(j) Investments**

Investments are included at their market value as at the year-end. Gains or losses arising from disposals of fixed asset investments, together with unrealised gains and losses are included in the statement of financial activities.

**(k) Stocks**

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

**(l) Financial Instruments**

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

**(m) Restricted and unrestricted funds**

Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of overhead costs.

Unrestricted funds are donations and other incoming resources received or generated for the Museum's charitable purposes.

**2. Investment Income**

	<b>Unrestricted Funds</b>	<b>Restricted Funds</b>	<b>Restricted Grant in Aid Funds</b>	<b>Total Funds 2010/11</b>	<b>Total Funds 2009/10</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Interest receivable	957	636	50	1,643	1,847
Other investment income	-	6,424	-	6,424	5,654
	<u>957</u>	<u>7,060</u>	<u>50</u>	<u>8,067</u>	<u>7,501</u>

**NATIONAL ARMY MUSEUM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31ST MARCH 2011**

**3. Allocation of support costs**

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

<b>Support Costs</b>	<b>Allocated to Charitable Activities £</b>	<b>Allocated to Costs of generating funds £</b>	<b>Governance £</b>	<b>Total £</b>
General administration	112,094	1,723	-	113,817
Information technology	98,513	-	-	98,513
External Audit	-	-	13,000	13,000
Internal Audit	-	-	3,845	3,845
Legal and other Professional Fees	87,444	-	-	87,444
Trustees expenses	-	-	2,468	2,468
	<hr/>			
TOTAL 2010/11	298,051	1,723	19,313	319,087
	<hr/>			
TOTAL 2009/10	238,705	1,149	19,278	259,132
	<hr/>			

**NATIONAL ARMY MUSEUM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31ST MARCH 2011**

**4. Resources expended**

	<u>Cost of generating funds:</u>		<u>Cost of charitable activities:</u>				<u>Governance</u> <u>Costs</u> £	<u>Total</u> <u>2010-11</u> £	<u>Total</u> <u>2009-10</u> £
	<u>Fundraising</u> <u>Costs</u> £	<u>Trading</u> <u>Operations</u> £	<u>Collections and</u> <u>Exhibitions</u> £	<u>Curatorial</u> £	<u>Education</u> £	<u>Publicity</u> £			
Staff costs	11,676	104,404	2,088,520	879,926	224,154	166,671	62,766	3,538,117	3,552,048
Premises costs	-	4,722	717,460	-	-	-	-	722,182	738,678
Collections maintenance	-	-	662,694	-	-	-	-	662,694	552,133
Educational events	-	-	-	-	9,895	-	-	9,895	22,291
Advertising and promotion	-	-	-	-	-	328,204	-	328,204	319,317
Other costs	-	218,603	79,695	-	-	-	-	298,298	541,779
Depreciation	-	5,935	524,281	143,063	85,838	28,613	-	787,730	814,907
Notional rent	-	-	60,000	-	-	-	-	60,000	60,000
Support costs (note 3)	-	1,723	285,994	5,168	1,722	5,167	19,313	319,087	259,132
<b>TOTAL 2010/11</b>	<b>11,676</b>	<b>335,387</b>	<b>4,418,644</b>	<b>1,028,157</b>	<b>321,609</b>	<b>528,655</b>	<b>82,079</b>	<b>6,726,207</b>	<b>6,860,285</b>
<b>TOTAL 2009/10</b>	<b>13,659</b>	<b>316,670</b>	<b>4,543,365</b>	<b>1,074,423</b>	<b>326,640</b>	<b>504,582</b>	<b>80,946</b>	<b>6,860,285</b>	

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

Other trading operations costs include £160,389 in respect of the purchase of goods for resale.

**NATIONAL ARMY MUSEUM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31ST MARCH 2011**

**5. Commercial Trading Operations**

	2010/11		
	Trading Profit and Loss Account £	Trading Income £	Trading Expenditure (Note 4) £
			2009/10 £
Museum Shop Sales	256,708	256,708	229,615
Less: Cost of Sales			
Opening Stock	44,925		42,013
Purchases	160,389		131,451
Closing Stock	(57,406)		(44,925)
	147,908		128,539
Shop Gross Profit	108,800		101,076
Other Trading Income	127,913	127,913	136,194
Other Trading Expenditure	187,479		188,131
Totals		384,621	335,387
	49,234		
Trading Profit 2010/11	49,234		
Trading Profit 2009/10			49,139

**6. Notional Charges**

Following changes to the 2010-11 Financial Reporting Manual, cost of capital charges are no longer required to be calculated and disclosed within the Statement of Financial Activities. The 2009-10 SOFA has been restated to exclude these charges.

**NATIONAL ARMY MUSEUM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31ST MARCH 2011**

	<b>Unrestricted Funds £</b>	<b>Restricted Funds £</b>	<b>Restricted Grant In Aid Funds £</b>	<b>Total 2010/11 £</b>	<b>Total 2009/10 £</b>
<b>7. Total Resources Expended</b>					
<b>Total resources expended is stated after charging the following items:</b>					
Auditors' remuneration					
- audit services	4,000	-	9,000	13,000	11,650
- non audit services	-	-	-	-	-
Staff costs					
- wages and salaries	46,053	-	2,323,228	2,369,281	2,444,042
- social security costs	3,403	-	249,470	252,873	189,069
- pension costs	-	-	370,979	370,979	441,367
- temporary staff and recruitment costs	1,091	-	588,312	589,403	511,738
	<u>50,547</u>	-	<u>3,531,989</u>	<u>3,582,536</u>	<u>3,586,216</u>
<b>Operating lease costs</b>					
- land and buildings	163,856	-	-	163,856	163,856
- other	12,456	-	-	12,456	15,614
	<u>176,312</u>	-	-	<u>176,312</u>	<u>179,470</u>

Excluding the Director and members of the management team, no employees received remuneration for 2010-11 excluding pension contributions, greater than £60,000 (2009-10 no employees). Details of the remuneration of the Director and the management team are shown in the Remuneration Report.

The average number of senior management and staff was:

	2010/11	2009/10
Collections and exhibitions	39	42
Curatorial	21	22
Education	6	6
Publicity	3	3
Trading	5	5
Fundraising	<u>-</u>	<u>-</u>
	<u>74</u>	<u>78</u>

Of the above staff 16 are employed on short term contracts with all other staff employed on a full time contract. The above includes 5 part time staff members.

**NATIONAL ARMY MUSEUM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31ST MARCH 2011**

**8a. Group Tangible Fixed Assets**

	<b>Long Leasehold Land and Buildings £</b>	<b>Computer Equipment £</b>	<b>Fixtures &amp; Fittings £</b>	<b>Total £</b>
<b><u>VALUATION</u></b>				
At commencement of year	18,368,384	301,055	2,161,967	20,831,406
Additions at cost	84,369	93,395	378,620	556,384
On revaluation	(2,793,659)	26,032	51,926	(2,715,701)
Disposals	-	(10,355)	(132,905)	(143,260)
At end of year	<u>15,659,094</u>	<u>410,127</u>	<u>2,459,608</u>	<u>18,528,829</u>
<b><u>DEPRECIATION</u></b>				
At commencement of year	1,811,133	252,326	1,706,263	3,769,722
Charge for year	583,191	41,932	162,607	787,730
On revaluation	(66,835)	5,993	24,268	(36,574)
Disposals	-	(10,355)	(119,658)	(130,013)
At end of year	<u>2,327,489</u>	<u>289,896</u>	<u>1,773,480</u>	<u>4,390,865</u>
<b><u>NET BOOK VALUE</u></b>				
At 31 March 2011	<u>13,331,605</u>	<u>120,231</u>	<u>686,128</u>	<u>14,137,964</u>
At 31 March 2010	<u>16,557,251</u>	<u>48,729</u>	<u>455,704</u>	<u>17,061,684</u>

**8b. Charity Tangible Fixed Assets**

	<b>Long Leasehold Land and Buildings £</b>	<b>Computer Equipment £</b>	<b>Fixtures &amp; Fittings £</b>	<b>Total £</b>
<b><u>VALUATION</u></b>				
At commencement of year	18,368,384	301,055	2,161,967	20,831,406
Additions at cost	84,369	93,395	376,499	554,263
On revaluation	(2,793,659)	26,032	51,926	(2,715,701)
Disposals	-	(10,355)	(132,905)	(143,260)
At end of year	<u>15,659,094</u>	<u>410,127</u>	<u>2,457,487</u>	<u>18,526,708</u>
<b><u>DEPRECIATION</u></b>				
At commencement of year	1,811,133	252,326	1,706,263	3,769,722
Charge for year	583,191	41,932	162,395	787,518
On revaluation	(66,835)	5,993	24,268	(36,574)
Disposals	-	(10,355)	(119,658)	(130,013)
At end of year	<u>2,327,489</u>	<u>289,896</u>	<u>1,773,268</u>	<u>4,390,653</u>
<b><u>NET BOOK VALUE</u></b>				
At 31 March 2011	<u>13,331,605</u>	<u>120,231</u>	<u>684,219</u>	<u>14,136,055</u>
At 31 March 2010	<u>16,557,251</u>	<u>48,729</u>	<u>455,704</u>	<u>17,061,684</u>

**NATIONAL ARMY MUSEUM**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31ST MARCH 2011**

Included in land and buildings is a sum of £2,193,745 (2009/10 £2,410,709) for land, which has not been depreciated.

The land and buildings were externally valued at 31 March 2007 by Gerald Eve, Chartered Surveyors. The valuation was undertaken in accordance with the RICS Appraisal and Valuation Manual and valued on the Depreciated Replacement Cost basis given the specialist nature of the property.

The valuation apportioned the total land and buildings as follows:

	£
Land	5,730,000
Structure of buildings	11,080,000
Fit-out of buildings	1,580,000
Plant and machinery	<u>2,450,000</u>
	<u>20,840,000</u>

The Museum is housed in a purpose built property in Chelsea on land owned by the Royal Hospital Chelsea, the lease is for 999 years at a peppercorn rent of one guinea per annum. The lease restricts the use of the building to that of a Museum for the collection, preservation and exhibition of objects and records relating the history of the Military Forces of Her Majesty and her predecessors etc. All material tangible fixed assets are used in Direct Charitable Activities.

**9. Heritage Assets**

**(a) Valuation**

	<b>Museum Collection £</b>
Valuation at 31 March 2010 (see page 47; note 1 (i)(i))	
At commencement of year	65,545,247
Additions	63,998
Disposals	<u>(131,982)</u>
At end of year	<u>65,477,263</u>
Net Book Value 31 March 2011	<u>65,477,263</u>
Net Book Value at 31 March 2010	<u>65,545,247</u>
The valuation at 31 March 2011 comprises:	
Exhibits	34,686,437
Fine and decorative arts	19,182,997
Archives, photographs, film and sound	10,460,867
Printed books	<u>1,146,962</u>
	<u>65,477,263</u>

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**(b) Five year financial summary of heritage asset transactions**

	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<u>Additions</u>					
Purchases	14,728	241,772	491,231	44,320	170,973
Donations	<u>49,270</u>	<u>46,267</u>	NRA	NRA	NRA
Total Additions	<u>63,998</u>	<u>288,039</u>	NRA	NRA	NRA
<u>Disposals</u>					
Carrying Value	131,982	104,214	NRA	NRA	NRA
Sale Proceeds	44,381	22,249	25,984	37,612	2,916

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

**(c) Grant Received**

During the year the Museum received grants towards the purchase of items for its collection of £115,000 (2010 - £115,000).

<b>10. Unlisted Investments</b>	<b>Group</b>	<b>Charity</b>	<b>Group</b>	<b>Charity</b>
	<b>2011</b>	<b>2011</b>	<b>2010</b>	<b>2010</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Investment in subsidiary undertaking (note 10a)	-	1	-	1
<u>Other investments</u>				
Market value at beginning of year	182,981	182,981	133,949	133,949
Add: acquisitions at cost	-	-	-	-
Less: disposals	-	-	-	-
Net unrealised investment gains/(loss)	<u>5,756</u>	<u>5,756</u>	<u>49,032</u>	<u>49,032</u>
Market value at end of year	<u>188,737</u>	<u>188,737</u>	<u>182,981</u>	<u>182,981</u>
Total unlisted investments	<u>188,737</u>	<u>188,738</u>	<u>182,981</u>	<u>182,982</u>

The historic cost of these other investments was £111,114 (2010 £111,114).

**10a. Investment in Subsidiary Undertaking**

Investment in subsidiary undertakings represents the charity's interest in 100% of the issued share capital of National Army Museum Trading Limited which is incorporated in England and Wales and operates a souvenir shop and other trading activities for the Museum. The company's aggregate capital and reserves were as follows:

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The assets and liabilities of the subsidiary were:	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Fixed assets	1,908	
Current assets	232,549	192,933
Creditors: amounts falling due within one year	(232,548)	(192,932)
	<u>1,909</u>	<u>1</u>
	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Share capital	1	1
Profit retained in subsidiary	1,908	-
	<u>1,909</u>	<u>1</u>

A summary of the Company's trading results is shown in note 10b. Audited accounts will be filed with the Registrar of Companies

**10b. Income from Trading Company**

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

National Army Museum Trading Limited

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Turnover	381,481	362,264
Cost of sales and administrative expenses	(354,916)	(310,929)
Interest receivable	71	31
Charitable contribution under Deed of Covenant	(24,728)	(49,173)
Net profit	<u>1,908</u>	<u>2,193</u>

<b>Group</b>	<b>Charity</b>	<b>Group</b>	<b>Charity</b>
<b>2011</b>	<b>2011</b>	<b>2010</b>	<b>2010</b>
<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>

**11. Debtors**

Trade Debtors	3,501	16	2,078	277
VAT Debtor	216,102	224,742	80,075	87,432
Prepayments	193,740	192,498	182,559	181,354
Amounts Due From Subsidiary Undertaking	-	183,758	-	126,480
Covenanted Payment Due from Subsidiary Undertaking	-	24,728	-	49,173
Other Debtors	-	-	430	-
	<u>413,343</u>	<u>625,742</u>	<u>265,142</u>	<u>444,716</u>

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<b>12. Cash</b>	<b>Group 2011 £</b>	<b>Charity 2011 £</b>	<b>Group 2010 £</b>	<b>Charity 2010 £</b>
Unrestricted Funds	935,975	765,559	867,497	722,925
Restricted Funds	480,093	480,093	59,955	59,955
Grant-In-Aid operating account	80,544	80,544	95,202	95,202
Grant-In-Aid exhibits reserve	102,754	102,754	2,433	2,433
	<u>1,599,366</u>	<u>1,428,950</u>	<u>1,025,087</u>	<u>880,515</u>

<b>13. Creditors: Amounts falling due within one year</b>	<b>Group 2011 £</b>	<b>Charity 2011 £</b>	<b>Group 2010 £</b>	<b>Charity 2010 £</b>
Trade Creditors	12,481	8,843	51,419	50,952
Other Creditors	354	354	2,352	2,352
Accruals	88,378	76,593	83,337	73,882
	<u>101,213</u>	<u>85,790</u>	<u>137,108</u>	<u>127,186</u>

**14. Restricted Funds**

	<b>Balance</b>	<b><u>Movement in Resources</u></b>			<b>Balance</b>
	<b>1 April 2010 £</b>	<b>Incoming £</b>	<b>Outgoing £</b>	<b>Transfer £</b>	<b>31 March 2011 £</b>
NAM Land and Buildings	15,049,375	-	2,926,794	-	12,122,581
Leinster Regiment Museum Fund	5,732	-	-	-	5,732
Indian Divisions Memorial Fund	15,397	188	-	-	15,585
Middlesex Regiment Account	139,121	6,653	-	-	145,775
CCP Lawson Bequest	105,251	5,017	-	-	110,268
WRAC Association Account	14,507	321	-	-	14,828
Exhibition - Crete	43,961	67	-	(44,028)	-
Exhibition - Veterans of No 1 Commando	1,458	2	-	(1,460)	-
Exhibition - Korean War	3,196	-	-	(3,196)	-
Exhibition - Falklands	400	1	-	(401)	-
Exhibition - Teenagers War	1,693	3	-	(1,696)	-
Exhibition - 1 <sup>st</sup> Battalion Malaysia Rangers	778	1	-	(779)	-
Exhibition - British Army in Berlin	207	1	-	(208)	-
Exhibition - Soldiers of the Raj	729	-	-	(729)	-
NAM Building Appeal Fund	8,002	8	-	-	8,010
Bufs' Collection Fund	110,003	161	2,017	-	108,146
War Memorial Fund	29,208	15	-	-	29,223
Restricted Grants and Donations	1,633,446	11,985	28,917	-	1,616,514
NAM Strategic Plan Fund	-	425,513	-	52,497	478,010
	<u>17,162,464</u>	<u>449,936</u>	<u>2,957,728</u>	<u>-</u>	<u>14,654,672</u>

The NAM Land and Buildings Fund represents the net book value of land and buildings. These assets were funded entirely by public donations in the period leading up to and after the acquisition of the lease and the building of the Museum in 1967.

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The Leinster Regiment Museum Fund was established with the object of the maintenance of the memorial and chattels for the former Prince of Wales's Leinster Regiment (Royal Canadians).

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

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

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

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

All Exhibition amounts were held for future displays. During the year these amounts were transferred to the NAM Strategic Plan Fund one of whose purposes is to allow for the redevelopment of the Museum's galleries.

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

The Buffs' Collection Fund is to be used for the Buffs Museum and Collection (NAM Canterbury).

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

Other restricted grants and donations include amounts received from the National Army Museum Development Trust in connection with the development of the computerised collections management system and monies received in the year specifically earmarked for the NAM Strategic Plan.

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**15. Analysis of Net Assets Between Funds**

<b>Group</b>	<b>Tangible and Heritage Fixed Assets £</b>	<b>Investments £</b>	<b>Other Net Assets £</b>	<b>Total 2011 £</b>	<b>Total 2010 £</b>
<b>Restricted Funds</b>					
NAM Land and Buildings	12,122,581	-	-	12,122,581	15,049,375
Leinster Regiment Museum Fund	-	-	5,732	5,732	5,732
Indian Divisions Memorial Fund	1,882	4,339	9,364	15,585	15,397
Middlesex Regiment Account	16,544	87,922	41,309	145,775	139,121
CCP Lawson Bequest	-	89,079	21,189	110,268	105,251
WRAC Association Account	-	7,397	7,431	14,828	14,507
Exhibition - Crete	-	-	-	-	43,961
Exhibition - Veterans of No 1 Commando	-	-	-	-	1,458
Exhibition - Korean War	-	-	-	-	3,196
Exhibition - Falklands	-	-	-	-	400
Exhibition - Teenagers War	-	-	-	-	1,693
Exhibition - 1st Battalion Malaysia Rangers	-	-	-	-	778
Exhibition - British Army in Berlin	-	-	-	-	207
Exhibition - Soldiers of the Raj	-	-	-	-	729
NAM Building Appeal Fund	-	-	8,010	8,010	8,002
Bufs' Collection Fund	16,186	-	91,960	108,146	110,003
War Memorial Fund	-	-	29,223	29,223	29,208
Restricted Grants and Donations	1,610,881	-	5,633	1,616,514	1,633,446
NAM Strategic Planning Fund	-	-	478,010	478,010	-
	<u>13,768,074</u>	<u>188,737</u>	<u>697,861</u>	<u>14,654,672</u>	<u>17,162,464</u>
Unrestricted Funds	63,525,475	-	827,085	64,352,560	64,562,866
Restricted Grant-In-Aid Funds	2,321,678	-	443,956	2,765,634	2,262,628
	<u>79,615,227</u>	<u>188,737</u>	<u>1,968,902</u>	<u>81,772,866</u>	<u>83,987,958</u>

**Charity**

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

Unrestricted funds comprises:

	<b>£</b>
Tangible and heritage fixed assets	63,523,566
Investments	1
Other net assets	<u>827,085</u>
	<u>64,350,652</u>

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Included in the above figures is the revaluation reserve, the movements on which were as follows:

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
At 1st April 2010	83,843,489	83,830,136
Revaluation in year	(2,715,701)	29,254
Excess of current cost depreciation over historic cost depreciation	(546,617)	(15,901)
	<hr/>	<hr/>
At 31st March 2011	<u>80,581,171</u>	<u>83,843,489</u>

**16. Operating Lease Commitments**

At 31<sup>st</sup> March 2011, the Museum had annual commitments under non-cancellable operating leases as follows:

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Operating leases expiring:		
Land and buildings:		
over five years	163,856	163,856
Other:		
within one year	2,797	10,589
within one to five years	6,407	4,549

**17. Related Party Transactions**

National Army Museum Trading Limited

The relationship of the Museum to the Company is disclosed in note 10a, and the balances due from the company at the year end are disclosed in note 11.

National Army Museum Development Trust

The National Army Museum Development Trust (“the Trust”) is a registered charity, number 278939, connected with the Museum. The principal address of the Trust is care of the National Army Museum Royal Hospital Road, London SW3 4HT.

The funds of the Trust may be applied, at the discretion of the Trust’s trustees, to further the charitable purposes of the Museum or other charitable purposes or institutions. The trustees may not, unless they see special reason, make a payment to the Museum without specifying the particular purpose for which it is to be used, being a purpose for which public funds are not expected to be available. The National Army Museum received a grant from the Trust during 2010/11 of £11,985 (2009/10 £830,000).

The balance of funds held by the Trust at 31 December 2010 was £1,249,394 (31 December 2009 £1,135,577). The control and administration of these funds remains, at all times, the full responsibility of the Trust’s trustees.

Friends of the National Army Museum

During the year the National Army Museum received a grant of £Nil (2009/10 £Nil) from the Friends of the National Army Museum, a registered charity number 234325.

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Ministry of Defence

The National Army Museum is classified for administrative purposes by the Ministry of Defence (“the MoD”) as an Executive Non-Departmental Public Body which it sponsors. The MoD is regarded as a related party. Grant-in-Aid funding from the MoD is separately disclosed in the Statement of Financial Activities.

**18. Contingent Liabilities**

The Museum has a contingent liability in the event of the uninsured loss of exhibit assets loaned to it by third parties. As at 31 March 2011 the aggregate replacement value of inward loans was estimated to be approximately £265,000 (2009/10 £265,000). The Museum’s policy is to reduce this contingent liability by the agreed conversion of loans to gifts or the return of the assets as appropriate and where possible.

**19. Capital Commitments**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Authorised at 31 <sup>st</sup> March 2011 but not contracted for	-	-

**20. Post Balance Sheet Events**

The annual report and financial statements were authorised for issue by the accounting officer on the date that the audit certificate was signed by the Comptroller and Auditor General.