

BOARD OF TRUSTEES OF THE ROYAL ARMOURIES

ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

HC 913

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

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TRUSTEES' AND ACCOUNTING OFFICER'S ANNUAL REPORT

INTRODUCTION

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

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

OBJECTIVES AND ACTIVITIES

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

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

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

STRUCTURE, GOVERNANCE AND MANAGEMENT

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

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

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

The Board of Trustees appoint a member of staff to be responsible for providing leadership to the Royal Armouries and reporting to the Board of Trustees in all matters relating to the Royal Armouries performance. Since 30 September 2013 the role has been undertaken by the Director General & Master, who also holds responsibility as Accounting Officer. Up until 31 January 2022 this post was held by Dr Edward Impey. Following the retirement of Dr Impey, Rod Taylor, Chief Operating Officer, was appointed as interim Director General and acting Accounting Officer and held this role between 1 February 2022 and 2 October 2022. The role was then taken by the new Director General & Master, Nat Edwards from 3 October 2022 when he joined the Royal Armouries.

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

- Finance and Capital Development Committee
- Audit Committee
- Remuneration Committee
- Masterplan Committee (since 30 September 2021)

Board of Trustees of the Royal Armouries

The following persons were members of the Board of Trustees of the Royal Armouries in 2021/22 and served on the sub-committees shown:

	Date of appointment	Expiry of appointment
Chair		
John Procter	02.11.19	01.11.23
Members		
Major General Sir Sebastian Roberts KCVO OBE	05.02.11	04.02.23
Dr Andrew Burnett CBE	03.03.14	02.09.21
General the Lord Houghton GCB CBE	01.08.16	31.07.22
Paul Kirkman	28.09.18	27.09.26
Jonathan Sands	28.09.18	27.09.26
Neil Grant	01.10.18	30.09.26
Paul Mancey	18.11.19	18.11.23
Monica Turner	18.11.19	18.11.23
Andrew Latchmore	18.11.19	18.11.23
Professor Steven Gunn	01.03.21	28.02.25
Barbara Woroncow OBE	01.01.22	31.12.25
General Sir Gordon Messenger KCB DSO* OBE DL	01.08.22	31.07.27

Trustee Sub-Committees

Sub Committee	Chair	Members
<i>Audit</i>	Andrew Burnett (to 02.09.21) Andrew Latchmore (from 03.09.21)	Neil Grant Andrew Latchmore Paul Mancey Andrew Broome (co-opted external member) Brian Boullier (co-opted external member) (to 17 March 22)
<i>Finance and Capital Development</i>	Neil Grant	Paul Kirkman John Procter Andrew Latchmore Monica Turner
<i>Remuneration</i>	John Procter	Andrew Burnett (to 02.09.21) Andrew Latchmore (from 03.09.21) Neil Grant Paul Kirkman
<i>Masterplan (from 30.09.21)</i>	Paul Kirkman	John Procter Jonathan Sands Monica Turner Andrew Latchmore Steven Gunn

Recruitment and Appointment of New Trustees

The process for appointing new trustees is in accordance with the procedures defined by the DCMS under which descriptions of the roles required would be advertised, interviews conducted and recommendations made for appointment by the Secretary of State for Digital, Culture, Media and Sport. During the year Barbara Woroncow OBE was appointed as a Trustee by DCMS.

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

Executive Board

Nat Edwards – Director General & Master (from 3 October 2022)

Dr Edward Impey – Director General & Master (retired on 31 January 2022)

Rod Taylor – Chief Operating Officer (Interim Director General 1 February 2022 to 2 October 2022)

Malcolm Duncan – Finance Director

Emma Carver – Public Engagement Director

Laura Bell – Director of Collections

Frank Riley – Director of National Firearms Centre (to 31 August 2021)

Staff Communications

Communications between staff and senior management have been supported by a programme of virtual staff meetings, with recordings also being made available on the staff intranet site, covering strategy, performance and updates on projects, programmes and the development of the Corporate Plan, and monthly e-newsletters. Staff representation is by the Prospect Trade Union.

Sickness Absence

The average number of days lost per head due to sickness absence during the year was 9.5 (2020/21: 3.7). Excluding those members of staff who were on long term sickness over 4 weeks, the average number of days was 4.6 (2020/21: 1.7).

Financial Instruments and Risk

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

Fundraising Practices

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

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

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

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

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

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

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

Trade Union Facility Time

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

i) Relevant Union Officials

Number of employees who were relevant union officials during the relevant period	4
Full-time equivalent employee number	3.33

ii) Percentage of time spent on facility time

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

iii) Percentage of paybill spent on facility time

Total Cost of facility time	£802
Total paybill	£5,537,335
% of total paybill spent on facility time	0.01%

iv) Paid trade union activities

Time spent on trade union activities as a % of total paid facility time hours	0.71%
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Data and Information Risk

The Finance Director is the Senior Information Risk Owner and is responsible for the development of information risk policies and protocols. Following the cyber incident in January 2022, a potential data breach notification was made to the Information Commissioner's Office because of the risk that a limited amount of staff personal data could have been accessed. Ultimately there was no indication that any data had been accessed and the Information Commissioner's Office confirmed that, due to the particular facts of the case and the remedial measures taken, they were not taking any formal regulatory action.

Equal Opportunities

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

A review and audit of workforce diversity is required to help establish the basis for the development of a forward looking diversity strategy and action plan. This audit work had been planned for Summer 2020 but was delayed by the impact of COVID-19. A revised programme has been developed to undertake the audit and produce a strategy and action plan during the first half of 2022/23 which will identify and promote improvements wherever necessary and possible in the museum's diversity performance and aspirations.

At 31 March 2022 the Royal Armouries, and Royal Armouries Trading & Enterprises Ltd had 182 full, part-time and casual contract employees in total split as follows:

	Male	Female	Total
Executive	2	2	4
Staff	85	93	178
Total	87	95	182

145 of the staff were on permanent contracts with the remaining 37 on fixed term or casual contracts. Neither Royal Armouries (International) Limited nor Royal Armouries Development Trust had any employees at 31 March 2022.

Sustainability Report

The Royal Armouries recognises that its activities impact on society and the environment through the resources it consumes, the waste it produces, the travel and work patterns it encourages amongst its staff and the products it buys.

In recognition of the organisation's commitment to Environmental Sustainability, approval has been given to a five year project to drive forward the sustainability agenda across the organisation. The project aims to:

- Create a route to becoming sustainable as an organisation
- Meet national and international standards and goals
- Maintain and develop local partnerships and outreach - encouraging diversity and collective responsibility
- Lead collaboration and development in environmental sustainability in research and education in museums, collection conservation and heritage sites.

To reinforce the importance of the project within the Royal Armouries, a Sustainability Sponsor will be nominated at Executive Board level. An internal environmental sustainability lead will be responsible for the planning, development and reporting on the Sustainability Strategy but it will be the responsibility of all teams and leaders to deliver Environmental Sustainability in their areas of responsibility, in accordance with organisational objectives and the Annual Operating Plan. The sustainability lead will also work closely with the procurement team to integrate sustainability considerations into the Royal Armouries purchasing activity.

Although the Royal Armouries' formal Policy and Strategy is still to be developed, the organisation demonstrated commitment to carbon reduction when completing the museum wide LED light replacement programme in 2021/22. It is intended that a Sustainability Strategy and Policy for the Royal Armouries will be developed during 2022/23. Once approved by the Board of Trustees it will be published and communicated to staff and the public. Alongside this, using 2021/22 figures as a baseline, the target carbon footprint reduction for the first 10 years will be established.

The first step towards carbon reduction was to complete a carbon footprint baseline assessment. The following tables show figures for 2021/22 which form our baseline. In previous years the Royal Armouries was exempted by de minimis limits from sustainability reporting under the Greening Government Commitments. Revisions to the de minimis limits effective for the year ending 31 March 2022 mean that the Royal Armouries is now required to report under the Greening Government Commitments.

As far as possible, actual figures have been used to calculate greenhouse gas emissions. Where this has not been possible, estimations have been extrapolated from actual data. Comparative data is not available for previous years

Greenhouse Gas Emissions		2021/22 Actual
Non-financial Indicators (tCO2e)	Gross emissions	
	Scope 1- direct energy emissions	631
	Scope 2 – indirect energy emissions	494
	Scope 3 – business travel emissions	3
	Total emissions	1,128
Related energy consumption (kWh)	Electricity – non-renewable	2,139,236
	Gas	3,446,025
	Total kWh	5,585,261
Expenditure (£000)	Electricity	291
	Gas	86
	Business travel	21
	Total Expenditure	398

Waste Management		2021/22 Actual
Non-financial Indicators (tonnes)	Total waste - non-hazardous	725
Expenditure (£000)		44

Finite Resource Consumption – Water and Paper		2021-22 Actual
Non-financial Indicators (m3)		
Water Consumption	Supplied	11,723
Expenditure (£000)		
Water Supply Costs		18
Non-financial Indicators (Reams)		
A4 Paper		149
Expenditure (£000)		
A4 Paper		0.8

Relationship between Charity and Other Parties

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

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

The *Royal Armouries Development Trust* (RADT) was a charity connected to the Royal Armouries. It was established on 10 May 1990 to pursue such charitable purposes as the Trustees, with the consent of the Board of Trustees of the Royal Armouries, think fitting. The RADT solely supported the development of the Royal Armouries. As a result of some Trustees sitting on both boards it was deemed there was common control and hence the Accounts are consolidated into the Royal Armouries' financial statements. The decision was taken during 2019 by the Trustees of RADT to grant any remaining funds to the Royal Armouries and close the Trust. In accordance with the RADT Trust Deed this was ratified by the Board of Trustees of the Royal Armouries in December 2019. The RADT bank funds were paid over to the Royal Armouries in August 2020 and the investments were transferred to the Royal Armouries in April 2021. An application to dissolve the Trust was submitted to the Charities Commission in May 2021 and the Trust was dissolved as of 7 July 2021.

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

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

The Royal Armouries did not award any grants to the AAHT during the year and no grants were received by the Royal Armouries from AAHT.

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

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

In line with the strategic direction of the company that had been set by the DCMS chaired Programme Board in 2018, the core operating activities were transferred to RATE between November 2018 and March 2019. The company became dormant in May 2019 and was dissolved in September 2022.

The Tower of London houses part of the Royal Armouries' collection of arms and armour, and the Royal Armouries is also the institutional Keeper of Tower History. The Tower of London itself, however, is in the care of Historic Royal Palaces. The relationship between the Royal Armouries and Historic Royal Places is defined in a Memorandum of Understanding. General the Lord Houghton, who holds the post of Constable of the Tower of London, is an *ex-officio* Trustee and is also a Trustee of Historic Royal Palaces. General the Lord Houghton held this position until 31 July 2022 after which General Sir Gordon Messenger took over this post.

PERFORMANCE INDICATORS

The Royal Armouries entered into a Management Agreement with DCMS in December 2016. This agreement confirms the 12 performance indicators for the Royal Armouries. The actual performance achieved against each of the indicators for 2020/21 and 2021/22 is set out in the table below. Explanations of key movements are given in the Achievements and Performance section on pages 14 to 31 and the Financial Review on pages 33 to 36.

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

Performance Indicator	2021/22 Out-turn	2020/21 Out-turn
Total number of visits	814,520	136,937
Number of unique users visiting the website	1,019,577	395,132
Number of children aged 16 and under visiting the Royal Armouries	174,857	30,474
Number of overseas visitors	136,005	1,574
Number of visitors under 18, in formal education, attending the Royal Armouries in facilitated and self-directed visits *	6,654	129
Number of visitors under 18 participating in on-site organised activities *	9,505	0
Percentage of visitors who would recommend a visit	87%	89%
Admissions income *	£33,517	£1,665
Trading income - Net Profit *	£921,769	£0
Fundraising income (excluding lottery funding)	£115,442	£147,898
Ratio of fund raising to Grant-in-Aid	1.4%	1.8%
Number of UK loan venues	94	95

ACHIEVEMENTS AND PERFORMANCE

The Royal Armouries, visitors, staff and COVID-19

Over the past year the Royal Armouries has worked to re-establish normal operations for visitors and staff following COVID-19 restrictions. The museum opened again to visitors firstly at Fort Nelson on 12 April 2021 followed by Leeds and the Tower of London on 19 May 2021 and remained open for the rest of the year albeit on reduced opening hours. This period could be characterised as the first stage of post-pandemic recovery in which we saw visitor numbers return to 60% of pre-pandemic levels by the end of the year.

The Royal Armouries' work this year was however affected by a cyber security incident. In early 2022 the Royal Armouries experienced a cyber security incident but was able to keep sites open to visitors throughout. The Royal Armouries worked with Secureworks, a Cyber Incident Recovery Partner recommended by the National Cyber Security Centre (NCSC), and forensic discovery work was undertaken to confirm that the Royal Armouries had experienced a ransomware attack affecting IT systems and hardware.

The museum undertook work to improve its security position before incrementally reinstating applications and hardware on a phased basis. Most users were able to re-access their primary devices and core Microsoft 365 applications by mid-February 2022. A multi-phase programme of work followed where systems were assessed and recovered. This work continues into 2022/23.

At a strategic level, the Royal Armouries has been working with DCMS during the year to make our funding case as part of the 2021 Comprehensive Spending Review and ultimately our settlement for 2022/23 reflected a small inflationary increase. The settlement gives the organisation a financially firm foundation on which to start planning for the next five years.

The challenges of this year have created some upsides for staff engagement such as virtual meetings enabling staff across all sites to participate equally, as well as new challenges and demands. Full employment has driven up costs and made talent very much harder to attract and retain. The trading period saw the beginnings of what has turned out to be a difficult operating environment in this respect, compounded by a succession of 'flat-pay' zero uplifts for most staff coupled with government restrictions that have had to be respected.

Royal Armouries senior staff are rightly proud of the highly able and committed workforce Royal Armouries colleagues have worked hard to recruit, retain and develop over a period of years. We are deeply anxious about sustaining this in the present challenging circumstances, as skilled staff are both hard to come by and lured by higher pay on offer elsewhere.

This year we established the *Inclusive Armouries* framework highlighting the need for increasing understanding of Equality, Diversity and Inclusion (EDI) issues across the organisation. Training was taken up by senior staff on EDI and belonging (EMBED) and on racism and inclusivity (Watch Africa).

Finally, we note the retirement of our Director General & Master of the Armouries, Dr Edward Impey, at the end of January 2022 after more than eight years at the helm. Dr Impey's achievements included the buy-out of Royal Armouries (International) Ltd from the building in Leeds and the subsequent development of the museum's masterplan to RIBA Stage 1. The publication in March 2022 of *Treasures of the Royal Armouries A Panoply of Arms*, edited by Dr Impey, provided a fitting and significant end for his tenure celebrated at a launch party held at the White Tower at the end of the month. The new Director General & Master of the Armouries, Nat Edwards, took up his post on 3 October 2022.

The following section outlines our achievements this year and is organised according to the three high-level AIMS of the existing five-year Corporate Plan 2019-24 along with the re-statement of the Purpose and Vision of the organisation, approved by Trustees in March 2019 and re-endorsed in December 2021. In response to the COVID-19 pandemic we are in the process of developing a new five-year Corporate Plan, the first year of which will be reflected in the 2023/24 accounts. For the year under review the report is organised under the three AIMS of the existing plan. They are:

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

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

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

AIM 1: THE ROYAL ARMOURIES PUBLIC OFFER

Display and events

The installation of the new display in the Tournament gallery in Leeds, *Tudor Power & Glory: The Field of Cloth of Gold*, was completed once staff were able to return to the building following closures due to COVID-19 restrictions and opened in May 2021. The gallery featured in Steph's Packed Lunch, presented by Anton du Beke, which is filmed in Channel 4's new studio at Leeds Dock.

In the Spring of 2021, the West Yorkshire Violence Reduction Unit (WYVRU) expressed interest in developing a display showcasing their work with young people in Leeds. This opportunity was taken up as part of the museum's community engagement plan through which we are actively seeking opportunities to work with local projects and initiatives, especially those with resonance to our subject matter and collection.

With a grant of £14,900 from the WYVRU we collaborated with the Unit and Operation Jemlock to develop a small display called 'At the Sharp End'. This display explains how through their combined efforts they are endeavouring to reduce knife crime in West Yorkshire by working with local communities. This hard-hitting display includes edged weapons retrieved from the streets of West Yorkshire, evidence and first-hand accounts that tackle the difficult subject of violent crime and its effects on both offenders and victims, and artworks created by young people generated through a competition run by the WYVRU. It highlights the positive work being done across West Yorkshire to intervene and prevent youth violence. 'At the Sharp End' opened on 6 January 2022 and was open on the mezzanine of the Tournament gallery until 25 September 2022.

Concept development, design and production took place in year for a new exhibition in the redan at Fort Nelson commemorating the 40th anniversary of the Falklands War (2 April – 14 June 1982). The exhibition explores the idea of 'Fort as witness' in its position as observer of Portsmouth harbour and surrounding areas. The displays include a selection of photographs and articles from the local newspaper, the Portsmouth News, which recorded the departure and return of Royal Navy ships, testimonies from veterans and interviews with those featured in the Portsmouth News photographs and a new display case of small arms. The exhibition opened at the end of May 2022 and is accompanied by an online exhibition.

Formal Learning

From May 2021 the education service resumed business, though with capacity limited by COVID-19 safety considerations for schools, other visitors, and Royal Armouries staff: and further constrained by restricted opening hours. Nevertheless, the Royal Armouries welcomed just over 100 schools to Leeds and Fort Nelson, reaching its self-imposed capacity in any given month, and regretfully turning away 100 more schools whose requests exceeded that capacity.

Remarkably the Leeds team's new experimental venture, a live digital outreach service, launched from scratch in May 2021 exceeded expectations, attracting a further 100 schools, mostly from the museum's regional catchments around our sites in Leeds and Fort Nelson. Both physical and digital services were rated 'outstanding' by 85% of teachers.

Informal learning

Because the live interpretation team at the Leeds site staffed the galleries from May 2021 as an interim measure, the daily programme of performances punctuated by special events did not start in earnest at either site until the summer, and then only outdoors. Particular highlights included the long-delayed Tudor tournament in Leeds and the Fort 150 Victorian Steam Fair at Fort Nelson, both of which sold out, demonstrating the beginning, at least, of a return of visitor confidence.

Although late December 2021 saw a slight drop in visitor numbers due to a midwinter increase in COVID-19 cases, the indoor winter special events programme drove footfall and engagement through the early part of the year. This culminated in the ever-popular Legends Assemble event in the February 2022 half-term, accompanied by daily shows, tours and combat demonstrations. These were warmly received by visitors, as noted in this sample of feedback:

- 'Saxons versus Vikings was the highlight of the visit.'
- 'Overall [it] was a very informative and interesting day out! Must compliment the performance of the WWI soldier on the front line [this] was amazing and spine chilling!'

Community engagement

The part-time community engagement officer delivered 'pop-up museum' events at several community events in the Leeds museum's local wards across the summer of 2021. He worked closely with the online exhibition project officer to support the delivery of a 25th anniversary photography exhibition, and the WYVRU's 'At the Sharp End' display and associated programme. He also collaborated with Leeds 2023 to develop a Royal Armouries contribution to their NLHF-funded *Hidden Histories* pilot project, inspired by the Chevalière d'Éon gift sword and working with trans researchers, artists and communities.

Digital platforms

The year saw a number of initiatives building on those established during the year before at the height of the pandemic as well as audits and reviews to improve accessibility and security. This included submitting the Royal Armouries website to a full accessibility audit. All critical issues were addressed, and the accessibility statement updated.

The cyber security incident had an unforeseen impact on our digital platforms. Some of the platforms were directly affected and taken offline while others, such as the website, were not directly affected but were still submitted to a security review to identify any vulnerabilities. As a result of the review, the main website, Collections Online website and the Image server were migrated to new updated servers.

Digital productions

New productions included a virtual tour of the Royal Armouries Museum in Leeds created using the Matterport platform. This offers visitors the opportunity to explore the museum virtually and discover more about the collection. Virtual tours provide experiences and opportunities for visitors who cannot visit the physical museum, either because of social, economic or geographic constraints. The tour will also whet the appetite of potential visitors and provide PR and marketing collateral. An accessible video tour has also been created highlighting the treasures in the collection led by a narrator.

In 2021 the Royal Armouries Museum celebrated 25 years since opening its doors in Leeds. To mark this occasion, we created a retrospective online exhibition using images and video footage to tell the story of 25 years of the museum in Leeds. To accompany this, the museum partnered with its doorstep communities to create the Leeds Dock Then & Now exhibition, overlaying photographs of the old Clarence Dock over images taken by participants of the current Leeds Dock.

The number of unique website users for 2021/22 was 1,019,577 an increase of 158%, of which 58% were visiting Collections Online. The increase in visits reflects recovery after the pandemic and the impact of re-opening the physical museum is seen in the 390% increase in visits looking for event and visitor information.

The museum's YouTube channel in 2021/22 saw significant uplift, much of it generated by the successful weekly series 'What is this weapon' presented by Jonathan Ferguson, our Keeper of Firearms. We published 65 videos, received 6.3 million views (up 340%), have 206,054 subscribers (up 190%), 516,241 hours (59 years) of content was viewed (up 690%), and the average view duration has increased to 4:55 (up 125%).

Digital Vision Project

Having received the official confirmation of an NLHF grant of £429k to deliver our Digital Vision in March 2021, work began in earnest this year. However, the project suffered some setbacks, including difficulties in recruiting staff at the salary levels previously ascribed, the impact of the cyber security incident and the technical challenge of producing a very complex digital infrastructure tender package. The impact of these issues mean that the new website is now planned to launch in June 2024. We have committed an increase in Royal Armouries funding to the project of £97,000 and have amended the staffing requirements. These are in line with current national digital roles and responsibilities that have evolved through the exigencies of demand for digital skills during the pandemic and are designed to aid recruitment going forward.

The project governance is well established with monthly Digital Vision Project Board meetings. Delivery is divided into five complementary workstreams and a Dependency log.

- Work Package 1 consists of an overhaul of the digital infrastructure and construction of a new website. The tender for this work will be released in April 2022.
- Work Package 2 is the 'Digital Playground', an onsite installation intended to encourage and support exploration of the collection. It will be installed on the second floor in Leeds.
- Work Package 3 is the content framework. This year we audited existing guidelines and processes and started consultation and identifying guidelines and processes that will be required to support the new content plan. An initial audit of current website content indicates high levels of in-depth content around some topics, but low levels of broad content on arms and armour, a situation the project will remedy.
- Work Package 4 relates to staff engagement and training in digital intended to create a knowledgeable and experienced cohort of digital operators.
- Work Package 5 is concerned with audience relationship management and evaluation. We have engaged the Audience Agency (an ACE-funded Sector Support Organisation) to support with online and onsite insight, research and benchmarking into new and existing audiences.

Marketing

Marketing and communications activity throughout the year has been flexible and responsive to the changing consumer confidence linked to the ebb and flow of COVID-19 infection rates. Key messages have been to reassure visitors that it is safe to return as well as highlighting our high-quality events and permanent displays.

Although still below pre-pandemic baseline levels, annual visitor number targets were achieved with 63,225 at Fort Nelson and 146,369 at Leeds. In Q4, visitor numbers increased to 60% of the 2019/20 baseline, which according to DCMS figures is in line with similar museums.

A key improvement made this year has been a step change in the output of promotional video content, primarily for use on social media. This has included new films to mark the reopening of both Fort Nelson and Leeds, as well as videos to promote key events such as the Tudor Tournament and the October 2021 and February 2022 half-term offer. In addition, a new video at the Fort used high-quality drone footage and captured the excitement of visitors exploring the site to bring to life the experience.

In terms of traditional marketing channels, radio campaigns were used due to the short lead-in time, with adverts in Urdu also running on local digital South Asian radio stations popular across West Yorkshire for the first time. An opportunity to use the concourse of Leeds station for free was maximised with a brand activation campaign to promote the Easter Joust in April 2022.

Cementing social media as a method to *engage* online audiences rather than *transmit* has continued to reap dividends. A new Instagram channel for Fort Nelson was also launched. This was a strong year with a total 25,733,421 impressions/reach across the three social media channels, an increase of 8.5m on the previous year. On YouTube, the weekly series featuring explanations of items in our collection by the Keeper of Firearms continued to go from strength-to-strength, driving 6,287,930 views, a yearly increase of 340%.

Press and media activity achieved a circulation of 139,228,180 and an advertising value equivalency of £1,921,891. This does not include the broadcast media achieved including national TV coverage of our reopening and regional TV news coverage of the opening of the new 'At the Sharp End' temporary exhibition. In addition, more filming requests have been fulfilled, including a partnership with the online TV channel History Hit with Dan Snow.

Publishing

The key publication of 2021/22 was *Treasures of the Royal Armouries A Panoply of Arms*, a major cross-departmental collaboration that showcases more than a hundred of the most significant and enduring objects in the collection. Edited by the former Director-General and Master, *Treasures* also includes a foreword personally written by HRH the Earl of Wessex who visited the museum in 2017.

We also reprinted several titles, indicating the continuing appeal of our growing backlist and the resurgence in sales that has taken place since the lockdowns ended. Some of the most enduringly popular books (*Japanese Arms and Armour*, *Arms and Armour of Late Medieval Europe*, *Arms and Armour of the Medieval Joust*) are in the series that offer chronological or thematic overviews of different parts of the collection.

Finally, we are also working on a new five-year publishing strategy with a view to increasing the dissemination, audience reach and commercial appeal of Royal Armouries titles.

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

Loans

The Royal Armouries' loan programme, inward and outward, offers a powerful means of furthering the study and appreciation of arms and armour in the UK and abroad. We retained 1,441 inward loans from 124 lenders and borrowed 68 objects for 'At the Sharp End. Tackling the issue of violent crime' exhibition. Two objects were borrowed on long-term loan.

We loaned 22 objects to seven venues, whilst maintaining 2,067 existing loans to 112 other venues. A selection of the outward loans is described below:

Grinling Gibbons Society. To mark 300 years since the death of the sculptor and carver Grinling Gibbons in 2021, the Grinling Gibbons Society organised the exhibition 'Grinling Gibbons: Centuries in the Making', which opened at Bonhams Bond Street, London, 3-27 August 2021 and Compton Verney Art Gallery & Park, Warwickshire, 25 September 2021 – 30 January 2022. The exhibition celebrated the life of this 17th century craftsman and explored his legacy. The Royal Armouries lent XVII.2 Carved wooden head of Charles I and XVII.3 Carved wooden head of Charles II to the smaller exhibition at Bonhams. The two wooden heads and XVII.18 Equestrian Mannequin were lent to Compton Verney. The objects provided an important indication of the versatility of Gibbons and the diverse array of work undertaken through his workshop, as well as showing Gibbons' important position as the King's Carver that firmly established his career and reputation.

Halesworth and District Museum, Norfolk. Halesworth and District Museum purchased two hoards of Middle Bronze Age items, the Wissett Hoards, which were found close to the museum in 2011 and conserved in 2014, with support from external bodies including the V&A Purchase Fund. The Royal Armouries has lent nine Bronze Age palstaves from the Bramfield Hoard (VII.232, VIII.235, VIII.237, VIII.243, VIII.244, VIII.248, VIII.255, VIII.256, VIII.265), which are displayed next to the other two hoards. These objects were discovered about two and a half miles away from the borrower in 1839. The loan is from March 2022 until March 2025, with the potential to extend after this initial loan period.

The Auckland Project, Bishop Auckland. The Auckland Project's new Spanish Gallery aims to contextualise the cycle of paintings Jacob and his Twelve Sons by Francisco de Zurbarán displayed at Auckland Castle since 1756, to introduce visitors to Spanish art chiefly of the 17th century, and to heighten understanding and appreciation not only of the leading artists of the period but also lesser-known figures. The opening date of the gallery was impacted due to COVID-19, changing to an October 2021 opening date. The Royal Armouries has lent I.1661 Portrait of Charles V by Rubens for a two-year loan period until October 2023. The painting plays a key role in the section of the Gallery examining the Spanish Habsburgs from the Emperor Charles V to the end of the dynasty at the death of King Charles II in 1700. It is displayed alongside paintings from Auckland's collection such as portraits of Philip II of Spain (workshop of Antonis Mor) and his son Prince Don Carlos (by Alonso Coello).

Acquisitions

The Royal Armouries continues to expand its Collection through the acquisition of items by purchase and accepting gifts, a process governed by the Collections Development Policy and its criteria. A selection of the 77 items acquired in the financial year 2021/22 are described below:

Centrefire automatic rifle VHS-K2, manual, magazine and sling, Croatia, about 2019 (5.56 x 45 mm), XXX.543

This is a very recent example of the 'bullpup' concept in which the trigger is moved in front of the breech to shorten the weapon overall. Introduced in 2013, it makes extensive use of glass-reinforced plastic to reduce weight, and is a modular, configurable design. It is the new standard issue rifle for the Croatian military, with 100,000 purchased by Iraq. Purchased from a private vendor, June 2021.

Percussion five-shot revolver - Excelsior, Norwich, Connecticut, America, about 1863, XII.12231

A rare American Civil War (vintage type) revolver produced by Thomas K. Bacon of Connecticut. It is a copy of the Manhattan, itself derived from the famous Colt revolver, exemplifying the significant influence of Samuel Colt upon firearms history. Intended as a pocket revolver for self-defence, they were allegedly popular with Union officers as a 'backup' weapon. Gifted by the Forensic Science Service and accessioned December 2021.

Dutch or German pikeman's pott, Europe, 17th century, IV.2087

This was purchased due to the collection possessing no examples with original cheek pieces and textile lining or 17th century pikeman's potts of possible German manufacture. Purchased at auction, August 2021.

Conservation, Collections Care and Management

The Conservation and Collections Care function has focused its efforts on ensuring the cleanliness of the galleries, tackling the legacy issues of the various lockdowns and the work arising from essential building works, ensuring the Collection is protected across the Royal Armouries' sites. Remedial conservation of objects for internal displays, external loans, research and photography has continued. With travel opening up again loan inspections have recommenced in person, providing much greater oversight than has been possible since the COVID-19 pandemic started. Loans for temporary display can take considerable time and require significant negotiation skills. This year has been no exception with a number of important loans implemented despite challenges such as those posed by the cyber security incident.

Work on identifying and dealing with the hazards that are inherent within the Collection has continued, along with training and advising others and working with outside experts to ensure full compliance and exceeding best practice.

Research and Dissemination

The Royal Armouries continues to carry out research across the chronological and thematic breadth of the Collection, with new projects during the year ranging from early revolver designs to the introduction of infrared sights during and after the Second World War.

In addition, the museum welcomed its first postdoctoral research fellow thanks to a generous donation from Professor Anne Curry, a former Trustee of the museum. The appointed candidate, Doctor Brent Sinclair Thomson, has recently completed his doctorate at the University of Witwatersrand, and will spend nine months examining the impact that the spread of firearms had on politics, society and warfare among the indigenous peoples of South Africa's Cape Colony in the late 18th and early 19th century, with a particular focus on the Khoe-San and Xhosa.

Although COVID-19 restrictions allowed doctoral students from the White Rose College of the Arts and Humanities (WRoCAH) undertaking the Henrician staff weapons placement to spend only a limited time in stores, the project still contributed almost 100 enhanced records to the museum's cataloguing targets, and the museum is working to identify and organise similar projects in future.

The Royal Armouries continues to present its lecture and conference series online, although one event was filmed and streamed from the Leeds museum as a trial of a potential hybrid in-person/online approach for future events. In June 2021 a second Weapons in Society conference was held in collaboration with WRoCAH, Northern Bridge, and the Heritage Consortium; in July and August 2021 the Royal Armouries presented a short summer lecture series of four papers from doctoral students; and from late September 2021 to late February 2022, the museum will host its annual Winter Lecture series. The total peak concurrent live attendance across all events was 1,461, excluding catch-up viewers.

Archive, Records and Library

With the easing of COVID-19 pandemic restrictions, the Library at our Leeds site has been regularly open to booked visitors. The museum has worked within the archive and library sector guidance and will continue to do so, opening more days as demand and guidance supports.

The archive continues to develop, despite the cyber security incident and pandemic having a major impact on documentation and systems. Work continues to improve archive storage facilities across our sites working within the Archive Services Accreditation Plan. Freedom of Information, Subject Access requests and other compliance related information requests are a large part of the Archive and Records Manager's work. The Library's collection continues to grow and evolve, both in numbers of books and in improving the condition of the Collection through conservation. The Library publishes the monthly *Current Awareness Bulletin*, which serves a demanding readership among military, law-enforcement, customs and forensics personnel in the UK and abroad.

Publications

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

Ferguson, J., 2021. 'Operational Trials of the E.M.2 Automatic Rifle in Malaya, 1952–1953,' *Armax: The Journal of Contemporary Arms* vol. 7 no. 1. 21–32.

Impey, E.(ed.) 2022. *Treasures of the Royal Armouries*, Leeds: Royal Armouries

Murray-Flutter, M., 2022. 'The Welrod .32 Silent Pistol' *Arms & Armour*, 19:1.

- 2021. 'A Fabulous Irish Sporting Gun', *The Field* vol. 337 no. 7399, 101.
- 2021. 'A multi-shot Sporting Gun', *The Field* vol. 337 no. 7400, 103.
- 2021. 'Weatherproofing the flintlock'. *The Field* vol. 337 no. 7401, 103.
- 2021. 'A Presentation revolver'. *The Field* vol. 337 no. 7402, 99.
- 2021. 'The blowpipe', *The Field* vol.338, No.7345, 107.
- 2021. 'An eprouvette or powder tester', *The Field* vol. 338 no. 7405, 127.

Wellard, C., 2021. 'Victorian Britain's Small-Bore Conversion Kit', *The Field*, vol. 338 no. 7406, 133.

- 2021. 'As Light as a Feather', *The Field*, vol. 338 no. 7407, 27.

Wilkinson-Keys, E., 2021. 'The Smithfield Tournament of 1467' (Accessed via: <https://martcult.hypotheses.org/1391>)

Woosnam-Savage, R., 2021. 'Of knights, cranes, hoists and winches...; the myth of how knights mounted horses', *Arms & Armour*, 18:2, 224-255.

AIM 3 ORGANISATIONAL SUSTAINABILITY

The redevelopment of the museum in Leeds (Project Meyrick)

The project was paused by the Board of Trustees in September 2020 following approval of the Strategic Brief at RIBA Stage 1 on the grounds of financial uncertainty. The situation was reviewed at the inaugural meeting of the Masterplan Committee in November 2021 and a decision taken to continue on hold until the appointment of a new Director General.

Culture Consortium Leeds (CCL)

The museum continued to participate in the Consortium as a member. The Consortium joint project, the Economic and Engagement Impact Assessment longitudinal survey, is managed by Royal Armouries on their behalf, and has analysed Years 2 and 3 data. A CCL Marketing & Communications sub-group has been set up which is attended by the Head of Marketing & Communications.

People and Employment

The focus for the year was to develop the three key strands of the One Armouries people strategy:

- Reward. Work commenced to develop a bank of data regarding sector pay. This work will support the Reward proposal in terms of potentially Royal Armouries linking pay increases to performance and sector pay. This data source is becoming established and data collection is now an ongoing activity.
- 360 & Performance Appraisal. An internal Pilot 360 process was designed for launch in 2022/23. A suite of policy and procedure documents were developed along with a 360 questionnaire directly linked to the Leadership and Management elements of the One Armouries strategy.
- Flexible Futures. Work was undertaken to develop and launch policies and procedures to support remote / hybrid working across the Royal Armouries. The Royal Armouries has been able to successfully recruit key posts utilising the remote working option.

The 2021/22 year involved a pay freeze year for most staff, except those affected by statutory National Living Wage uplifts, as per the Civil Service Pay Remit Guidance for 2021/22. The guidance did allow for a consolidated payment of £250 (pro rata) for those staff on £24k per annum or less. The National Living Wage (NLW) increased from £8.72 to £8.91, a 2.2% increase which was implemented with effect from April 2021. The Royal Armouries had initially sought to implement a pay award for all staff, however, despite the support and guidance of DCMS, this was not achievable within the parameters allowed by the guidance.

Information and Communication Technology

The Royal Armouries successfully recruited an IT Operations & Projects Manager in July 2021. This new post's main responsibilities are to manage various ICT contracts and services and to support ICT development work. During the year the Royal Armouries moved to a new IT Support provider, with the new supplier, Boxxe, adopting the service in December 2021.

An IT Transformation Plan, derived from an audit of Royal Armouries' infrastructure, had been developed to improve functionality, capability and security and was due to be implemented in year. The plan was seriously disrupted by the cyber security incident although it was possible to complete some agreed elements such as the Microsoft 365 reconfiguration and implementation of multi-factor authentication (MFA) as part of the recovery works as well as increased security and resilience for the Royal Armouries' servers, back up arrangements and network configuration. These initial works need further development and a revised Transformation Plan is in development for 2022/23 to conclude elements identified in the original plan.

Public Wi-Fi at Leeds

The existing infrastructure arrangements have been extended to deliver Wi-Fi access to visitors throughout the Leeds museum creating opportunities for digital interaction with visitors, access for staff and business systems in remote locations around the site and support for the implementation of the Digital Engagement Strategy.

Customer Relationship Management

An organisation-wide Customer Relationship Management (CRM) system has been procured to support a new approach to managing and growing our relationship with audiences. The new approach gives the Royal Armouries a wider view of our audiences across its many activities which wasn't previously possible. With this richer insight Royal Armouries will be able to better able to understand its audiences and ensure what we do is meeting their needs. It underpins the Royal Armouries' plans for driving growth in visitor number, digital traffic, commercial income and fundraising.

Estates

The Royal Armouries successfully bid for £1,138k from the DCMS Public Body Infrastructure Fund across the following five projects:

- **Roller shutter replacement.** The annual safety assessment identified that the roller shutters to the museum galleries, events and retail functions that face into the museum atrium needed upgrading to meet current fire regulations. All shutters installed as part of the original build were removed and replaced with Fire Curtains rated to BS8524-1 and 2 standards. Additional works were undertaken to improve access for maintenance and installation of new fire panel connections.

- **Changing Places.** An existing toilet was upgraded to create a 'Changing Places' facility designed for people with limited mobility. There are an estimated 250,000 people in the UK who have been given a new-found freedom through the provision of these facilities as they are able to stay away from home longer, knowing that they can visit these safe, hygienic bathrooms. This a welcome addition to the South Bank, which can now claim three such facilities.
- **Lifts.** The main scenic visitor lifts were upgraded to replace the motors and running gear in line with the work done to the main staff lifts in 2021/22.
- **Security Upgrades** The final elements of the security upgrade were completed to deliver an upgraded access and intruder system complete with new door controls throughout key areas in the museum. The CCTV upgrade project to install new digital cameras, recording and monitoring equipment was also completed.
- **Lighting.** The final project was the completion of the museum wide LED light replacement programme started in 2021/22 with works to the communal public areas, back of house and office space which improves operating costs, carbon reduction performance and visitor experience.

A further bid was submitted to the DCMS Infrastructure Fund for major works during the 2022/23 financial period.

Trading and Commercial Operations

A strong recovery was accomplished from the pandemic position where the Royal Armouries' trading subsidiary managed to minimise losses to almost zero. Businesses in each of the key quadrants, that is, Museum-related and brand, Specialist Training, Car parks and Catering/Conferencing (MICE), all recovered levels of activity as pandemic restrictions were removed and comprehensive income levels at year end were stronger than had been projected at £0.9 million, about 50% of the Royal Armouries' previous best year's trading outturn.

Development

There have been significant challenges around development over the past year and work has by necessity been deferred until normal operations have resumed and there is clarity about the Royal Armouries' long-term plans. The COVID-19 situation has reduced Development capacity, as three of the team managers were on partial furlough during Q1 of 2021/22 and attractive opportunities elsewhere led to further depletion of the team which by year end consisted of two members. The action plan for Year 1 of the Combined Revenue & Capital Fundraising Strategy produced in consultation with Achatas Philanthropy continues to be deferred until the financial prospects of the museum and the nature of the social and economic climate permit a firmer basis for long-term planning.

As the organisation focused on recovery, the lack of defined projects impacted our ability to submit bids to Trusts and Foundations and statutory sources. Applications to NLHF were also ruled out while the initial stages of the Digital Vision Project were underway. The development of a five-year Corporate Plan 2023-28 and associated five-year strategies, including the Public Engagement Strategy, together with clarity around masterplanning and the appointment of a new Director - General will be important factors in the roll-out of the Fundraising Strategy Action Plan.

Within these constraints, the Development team focused on building foundations in important areas including involvement in the organisation-wide Customer Relationship Management system (CRM); research and development of a new Corporate Membership scheme for launch in 2022; and onboarding new Corporate Partners including our Light Night partner, CitySprint. Visitor Giving and Membership have also been areas of focus with significant improvement seen in online donations generated by our social media content.

The team successfully delivered two events: the launch of the 'At the Sharp End' exhibition in Leeds in January 2022 and an evening reception at the White Tower at the Tower of London to launch the publication *Treasures of the Royal Armouries: A Panoply of Arms* and also to say a formal farewell to Dr Edward Impey on his retirement as Director - General and Master of the Armouries. This was an excellent opportunity to reconnect with funders and stakeholders we have not been able to meet in recent times due to the pandemic.

PLAN FOR FUTURE PERIODS

Staff morale and confidence

The Royal Armouries is preparing to run our staff satisfaction survey, the third in seven years. We look forward to reviewing the findings in year and planning changes and improvements in staff engagement that hopefully the survey findings will help to illuminate.

There are plans in place to bring several new HR roles on board to help improve and extend provision of support across all aspects of Royal Armouries employment.

The next stages of Royal Armouries' 'One Armouries' staff engagement and culture programme are planned for in the coming year to help drive up levels of staff engagement, performance management and other positive cultural outcomes.

Rebuilding audiences

In addition to the longer-term initiatives proposed in the 5-year Public Engagement Strategy accompanying the new Corporate Plan, we will be working to an annual plan that focuses on recovering visitor numbers through our peak-period event programme and its successful promotion. We will also be seeking to build off-peak audiences through enhanced programming and marketing of the 'always on' offer.

Digital Vision Project

In the coming year we will appoint the technical infrastructure contractor and complete most of Phase 1 of the project within year with an expectation to go live with a new website in Summer 2024. We will employ additional project support to enable us to create content plans following Visser and Richardson's 'Digital Engagement in Culture, Heritage and the Arts' to create a Digital Vision Engagement Framework. A tender for the Digital Playground installation will be produced and liaise with volunteers and communities to create and test content. We will be using an iterative, agile methodology, encouraging and facilitating learning in digital competencies across the organisation.

Commercial recovery

A new multi-year plan for managing growth in incomes for Royal Armouries over the 2022-25 period has been prepared. The plan outlines development activity across each of the key primary driver areas for profit. We aim to recover incomes to in the region of £2 million in 2022/23 and, assuming all external circumstances remain conducive, manage growth up to £3 million and towards £4 million in the final stages of that plan's delivery.

Inclusive Armouries

In 2022/23 Royal Armouries will issue a brief for an external academic-led review of the collection and its display, with a view to informing its Inclusive Narratives programme. An in-house diversity audit will be undertaken as part of the staff survey. New, more accurate baselines will be set for our inclusivity targets informed by the Audience Agency visitor profile research and the publication of the 2021 Census data.

Independent Research Organisation Status (IRO)

The Royal Armouries will finalise and submit its application for Independent Research Organisation status in 2022/23. This status will ensure the Royal Armouries can lead and deliver research projects with impact and resource beyond its current infrastructure.

Corporate Plan 2023-28

A new 5-year Corporate Plan has been in development throughout the later stages of last year and will be finalised and approved in 2022. The plan has a strong focus on growth, particularly in visitor numbers at Leeds and Fort Nelson, as well as in earned and fundraised incomes. Other areas of focus include advancing inclusivity across the organisation and improving the Royal Armouries' carbon management performance.

This period is likely to be affected by a series of opportunities and challenges arising out of the combined forces of the pandemic and the ongoing war in Ukraine. We are already feeling the effects of the cost of materials affecting publishing and construction, global pressure on supply chains and the cost-of-living pressures mounting on our audiences in terms of secondary spend and trade sales, as well as our staff in terms of pay expectations.

Project Meyrick

With a new Director General in post from October 2022 it is anticipated that the masterplan will be remobilised. Next steps include the development of the Outline Business Case (Part 1) and design to RIBA Stage 2 for the redevelopment of the museum in Leeds (Project Meyrick) and the production of an accompanying prospectus which will allow the museum to progress conversations with key stakeholders.

REFERENCE AND ADMINISTRATION DETAILS

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

Royal Armouries Addresses

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Solicitors

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External Auditors for Royal Armouries Trading & Enterprises Ltd

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Investment Advisers to RA

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

FINANCIAL REVIEW

Overview of Financial Position

The financial statements have been prepared in accordance with the Charities Statement of Recommended Practice (Charities SORP (FRS102)), Accounting and Reporting for Charities and by reference to the Government Financial Reporting manual. In accordance with the SORP, the total amount of grant and other income received for capital projects is included in the Statement of Financial Activities (SOFA) on page 60.

The reopening of all of the museum sites and relaxing of COVID-19 restrictions in the early part of the year meant trading and visitor levels began to return to pre covid level. Overall visitor levels to the Royal Armouries during 2021/22 were almost 6 times higher than last year which was severely impacted by the COVID-19 closures. The performance indicators on page 13 show that the percentage of visitors who would recommend a visit has fallen slightly year on year. This is attributed to the impact of the covid secure measures that continued to be in place when the sites first reopened early in 2021.

Both the income and cost base of the organisation was impacted by the reopening of sites in a variety of ways. Incoming resources for the period amounted to £12,336k comprising of Grant-in-Aid of £9,733k, Donations and Legacies of £209k, Charitable Activity income of £106k, Other Trading income of £2,287k and Investment income of £1k. In addition to £7,485k of core funding, the Grant-in-Aid funding included £1,110k of funding from the Covid-19 Support Package 2021/22 and £1,138k from the Public Bodies Infrastructure Fund 2021.

The value of Donations and Legacies in 2021/22 is lower than 2020/21 as the prior year's balance reflected the £605k received through the Coronavirus Job Retention Scheme (CJRS) to support staff during the period of prolonged closure. The amount claimed in 2021/22 was much reduced at £93k reflecting the fact that all staff had returned from furlough by the end of June 2021. Other Trading Income is considerably higher than 2020/21 reflecting the impact of COVID-19 restrictions being lifted and museum sites reopening. The Royal Armouries share of gate income from Historic Royal Palaces has contributed £102k towards the Tower of London operating costs. The performance of the group's trading subsidiary, Royal Armouries Trading & Enterprises Ltd, showed a significant increase with comprehensive income for the year of £922k being recorded against expenditure of £2k in 2020/21 with all business areas beginning to recover towards their pre covid levels.

Resources expended in the period in furtherance of the Royal Armouries charitable objectives as set out on page 2, amounted to £11,640k and with investment gains of £2k results in net income of £698k (before transfers and revaluations). £2,065k was attributable to depreciation, impairment and amortisation provisions; these were financed from the capital project income credited to designated and restricted funds in previous years.

Total resources expended included salaries and related employee costs of £5,789k, being £167k lower than 2020/21 due primarily to a number of vacant posts. Salary and related employee expenditure accounted for 50% of operational cost with depreciation, amortisation and impairment at £2,065k accounting for 18%.

Other operating costs of £3,786k were 35% higher than 2020/21 due primarily to operations returning to their pre covid levels.

In 2021/22 the Royal Armouries recorded £1,345k net income before transfers for general unrestricted funds.

Charitable donations of £0 were made during the year (2020/21: £0k) and no grants were awarded (2020/21: £0).

Resource expenditure for 2022/23 has been planned around anticipated resource income levels, including a further award from the Cultural Recovery Fund and continued recovery in commercial trading income. The budget includes a number of discretionary areas of spend which can be flexed depending on actual income levels.

Balance Sheet

Of the fund balances at 31 March 2022:

- restricted funds, subject to specific restriction by the providers of the funds, amounted to £55,403k (2020/21: £52,673k), the majority of which comprise the value of buildings;
- designated funds, which includes designated unrestricted funds and those set aside to finance tangible fixed assets other than those classed as restricted, amounted to £17,489k (2020/21: £13,915k); and
- the surplus on general unrestricted funds available for use in furtherance of the general objectives of the Royal Armouries amounted to £2,500k (2020/21: £2,334k).

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

In accordance with the Financial Reporting Manual, additions to the collection since 1 April 2001 are capitalised and recognised in the Balance Sheet, at the cost or value of the acquisition. Such items are not depreciated or revalued as a matter of routine. Acquisitions and donations to the value of £75k were capitalised in 2021/22.

Group Debtors increased by £201k to £709k due primarily to the recovery of trading levels in RATE meaning the profit share due at 31 March 2022 relating to Leeds car park income and the Leeds event and catering operation was higher. Group Creditors have increased by £805k to £13,561k due to higher levels of spending in the final quarter of 2021/22 compared to last year.

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

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

Reserves Policy

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

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

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

After considering these factors, the Trustees consider that a minimum General Reserve balance of £2.5m should be maintained, representing around 12 months of operational expenditure not covered by the current level of Grant-in-Aid. In addition, the Trustees have designated a total of £2,818k of unrestricted reserves against a number of projects including masterplan, building infrastructure renewal and museum offer. It is anticipated that these reserves will be spent over the next five years.

Although the Royal Armouries total reserves at 31 March 2022 are shown as £75.4 million on the balance sheet, other than the £2.5m of General Reserves and £2.818m of Designated Funds, all of the reserves are tied up in restricted funds, fixed assets and the Royal Armouries Development Trust Fund, none of which can be used for other purposes.

Payment of Creditors

The Royal Armouries continues to review the efficiency of its operations and aims to comply with best practice wherever possible. The Royal Armouries aims to settle all bills within 30 days or in accordance with the supplier's terms of business. In 2021/22, the Royal Armouries paid approximately 67% (2020/21: 65%) of supplier invoices within the target of 30 days.

John Procter
Chair

Date 5 December 2022

Nat Edwards
Accounting Officer

Date 5 December 2022

REMUNERATION REPORT

Remuneration Committee

The membership of the Remuneration Committee is:

John Procter

Neil Grant

Andrew Burnett (to 02.09.2021)

Andrew Latchmore (from 03.09.2021)

Paul Kirkman

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

The Remuneration Committee reviews and makes recommendations to the Trustee Board on the salaries of the Accounting Officer and Directors with reference to any guidance from the Government. In line with the wider Civil Service pay freeze and the 0% pay award made to the majority of staff for 2021/22, no cost of living increase was awarded to Directors.

Policy on Duration of Contracts, Notice Period and Termination Payments

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

Civil Service Pensions

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

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015.

Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. Because the Government plans to remove discrimination identified by the courts in the way that the 2015 pension reforms were introduced for some members, it is expected that, in due course, eligible members with relevant service between 1 April 2015 and 31 March 2022 may be entitled to different pension benefits in relation to that period (and this may affect the Cash Equivalent Transfer Values shown in this report). All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% of pensionable earnings for members of classic, premium, classic plus, nuvos and alpha. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

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

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

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

Cash Equivalent Transfer Value

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

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

Real Increase in CETV

This is the element of the increase in accrued pension funded by the employer. It does not include the increase due to inflation and contributions paid by the employee (including the value of any benefits transferred from another pension scheme or arrangement). It is worked out using common market valuation factors for the start and end of the period.

The following disclosures have been audited.

	Salary (Annual Equivalent) £'000		Bonus Payments £'000		Pension Benefit to nearest £1,000 *		Total Remuneration £'000	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
E Impey	105-110 (120-125)	120-125 (120-125)	-	-	(31,000)	43,000	75-80	165-170
R Taylor	95-100 (95-100)	90-95 (90-95)	-	-	38,000	43,000	135-140	135-140
E Carver	65-70 (65-70)	70-75 (70-75)	-	1	26,000	29,000	90-95	95-100
M Duncan	75-80 (75-80)	70-75 (70-75)	-	1	31,000	30,000	105-110	100-105
F Riley	20-25 (55-60)	65-70 (65-70)	-	1	9,000	26,000	30-35	90-95
L Bell	70-75 (70-75)	55-60 (70-75)	-	-	28,000	23,000	100-105	80-85

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

Salary is gross salary and allowances only as no overtime is paid to Directors. No bonuses were awarded to directors during 2021/22 (2020/21: 3) and there were no benefits in kind in either 2021/22 or 2020/21. Trustees receive no emoluments however they are reimbursed for legitimate expenses, see Note 4b of the financial statements.

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

The banded remuneration of the highest paid director in the Royal Armouries in 2021/22 was £120-125k (2020/21: £120-125k). This was:

- 7.0 times (2020/21: 7.0) the remuneration of the 25th percentile of the workforce, which was £17,488 (2020/21: £17,395). There was no difference between total pay and benefit, and the salary component;
- 5.4 times (2020/21: 5.6) the median remuneration of the workforce, which was £22,694 (2020/21: £21,781). There was no difference between total pay and benefit, and the salary component;

- 4.2 times (2020/21: 4.3) the remuneration of the 75th percentile of the workforce, which was £28,982 (2020/21: £28,765). There was no difference between total pay and benefit, and the salary component.

The salary, allowances, performance pay and bonuses payable of the highest paid director during the year all changed by 0% (2020/21 : 0%). The recruitment of a number of mid and higher salary roles during the year resulted a slight increase in the 25th percentile, median and 75th percentile salaries. These increases resulted in the ratios for each reducing slightly given that there was no change in the remuneration of the highest paid director.

The average percentage increase from 2020/21 in respect of the employees of the entity taken as a whole in respect of salary costs was 1.32%, in respect of allowances and performance pay was 0% and in respect of bonuses was a 100% reduction as no bonuses were paid in 2021/22.

In 2021/22 (and 2020/21) no employee received remuneration in excess of the highest paid director. Remuneration ranged from £16,848 to £123,250 (2020/21: £16,848 to £123,250). Total remuneration includes salary, non-consolidated performance-related pay and benefits-in-kind. It does not include severance payments, employer pension contributions and the cash equivalent transfer value of pensions.

	Accrued pension at pension age as at 31/03/22 (related lump sum) £'000	Real increase in pension (related lump sum) at pension age £'000	CETV at 31 March 2022 £'000	CETV at 31 March 2021 £'000	Real Increase in CETV £'000
E Impey	35-40 (0-5)	0-2.5 (0-2.5)	821	805	(32)
R Taylor	15-20 (0-5)	0-2.5 (0-2.5))	227	190	23
E Carver	10-15 (0-5)	0-2.5 (0-2.5)	187	161	16
M Duncan	10-15 (0-5)	0-2.5 (0-2.5)	193	165	18
F Riley	10-15 (0-5)	0-2.5 (0-2.5)	226	215	8
L Bell	10-15 (0-5)	0-2.5 (0-2.5)	95	79	8

John Procter
Chair

Date 5 December 2022

Nat Edwards
Accounting Officer

Date 5 December 2022

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

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

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

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

The Accounting Officer of the Department for Digital, Culture, Media and Sport had designated the Director General & Master, Edward Impey, as the Accounting Officer of the Royal Armouries prior to his retirement. Between 1 February 2022 and 2 October 2022 Rod Taylor, the Chief Operating Officer, was designated as Accounting Officer pending recruitment of the new Director General & Master. Nat Edwards, the new Director General & Master, was designated as Accounting Officer of the Royal Armouries on his appointment on 3 October 2022. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the Board of Trustees' assets, are set out in *Managing Public Money* issued by HM Treasury.

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

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

John Procter
Chair

Date 5 December 2022

Nat Edwards
Accounting Officer

Date 5 December 2022

ROYAL ARMOURIES GOVERNANCE STATEMENT

Purpose

This statement covers the Royal Armouries governance arrangements for the year ended 31 March 2022 and up to the date on which the financial statements were approved by the Board of Trustees. The Accounting Officer has responsibility for ensuring that the organisation maintains a sound system of internal control that supports the achievement of the Royal Armouries policies, aims and objectives, whilst safeguarding public funds and museum assets. The purpose of the Governance Statement is to show how these responsibilities have been met in the course of the year.

Governance Framework

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

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

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

Control Environment

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

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

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

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

The Board of Trustees

The Board met five times in 2021/22, once in Leeds, one at the Tower of London, once at Fort Nelson, and twice by video conference. Attendance by video conference was also made available for the 'in person' meetings if a Trustee was unable to travel. The Board considers the information presented to it and where appropriate will request amendments to formats or such additional information as may be required to improve the understanding of the operations and activities of the organisation.

At 1 December 2022, The Board comprised the Chair and ten Trustees and full details are included on page 4 of this report.

A board effectiveness review was undertaken in Spring 2022. The Chair also conducted annual one to one reviews with each Trustee during 2021/22.

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

- Reports from the Board sub-committees on progress of key issues including audit control points, financial planning, risk and health and safety;
- Post COVID-19 recovery plans;
- New Corporate Plan and Balanced Scorecard
- Operational updates;
- Trustee and new Director General recruitment
- Masterplanning;
- Cyber security;
- Digital Vision Project;
- Fundraising;

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

Table of attendance at meetings during 2021/22.

	Board	Audit	Finance & Capital Development	Remuneration	Masterplan
John Procter	5/5	2/5	2/4	1/1	1/1
Sebastian Roberts	3/5	-	-	-	-
Andrew Burnett	1/1	1/1	-	-	-
Nicholas Houghton	4/5	-	-	-	-
Paul Kirkman	3/5	-	4/4	1/1	1/1
Jonathan Sands	5/5	-	-	-	1/1
Neil Grant	5/5	5/5	4/4	1/1	-
Paul Mancey	4/5	4/5	-	-	-
Andrew Latchmore	5/5	5/5	4/4	1/1	1/1
Monica Turner	5/5	-	3/4	1/1	1/1
Steven Gunn	5/5	-	-	-	1/1
Barbara Woroncow	1/1	-	-	-	-
Andrew Broome*	-	0/5	-	-	-
Brian Boullier*	-	4/4	-	-	-

*Andrew Broome and Brian Boullier are independent co-opted members of the Audit Committee and as such only attend that committee. Brian Boullier tendered his resignation as an independent member in February 2022.

Committees of the Board

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

Remuneration Committee

The Remuneration Committee reviews the salaries of the Accounting Officer and Directors. The Committee met once during the year and no pay award was made to members of the Executive Board.

Finance and Capital Development Committee

This Committee has responsibility for reviewing the annual budget, quarterly re-forecasts, the outturn and all capital projects and income generating ventures valued at more than £50,000.

The Accounting Officer, Finance Director, Chief Operating Officer and Public Engagement Director routinely attend the meetings.

Masterplan Committee

From 30 September 2021 the Board of Trustees established the Masterplan Committee to support it in carrying out its responsibilities relating overseeing the preparation and delivery of the museum's Masterplan for the redevelopment of its three sites.

The Accounting Officer, Finance Director, Chief Operating Officer, Director of Public Engagement and Collections Director routinely attend the meetings.

Audit Committee

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

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

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

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

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

- Accounting principles, policies and procedures adopted in the financial statements and the accounting issues dealt with in the accounts;
- The external audit planning document, the detailed findings following audit and recommendations therein;

- Areas covered by internal audit during 2021/22 which included cyber security, corporate governance, M365 configuration and key financial controls;
- Implementation of recommendations from current and prior year audits;
- Policies due for renewal;
- Health and Safety issues;
- The Strategic Risk Register

Royal Armouries Trading & Enterprises Ltd

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

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

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

As indicated in last year's Annual Report and Accounts, 2021/22 was seen as a year of recovery in terms of commercial income and this was borne out in the full year outturn which saw comprehensive income in 2021/22 recover to £922k from the minus £2k seen in 2020/21. Trading levels have continued to recover during 2022/23 and the expectation is that overall, the company will return to pre covid income levels. This projection along with forecasts for the following year support the fact that the company is still a viable going concern.

Royal Armouries (International) Limited

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

In line with the strategic direction, the core operating activities were transferred to RATE between November 2018 and March 2019. The company became dormant in May 2019 and was dissolved in September 2022.

Executive Board

The team supporting the Accounting Officer comprises:

Chief Operating Officer

Public Engagement Director

Finance Director

Director of Collections

Director of National Firearms Centre (to 31 August 2021)

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

System of Internal Control

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

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

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

- Staff retention and recruitment – It is recognised that the recent pay freezes along with a buoyant job market is causing significant challenges with staffing and that the 2022/23 pay proposal needs to respond to these as best it can within the wider public sector pay constraints.
- Trustee Diversity - It is recognised that the current lack of diversity on the Board of Trustees needs to be addressed.
- Cyber security – It is recognised that proportionate measures are required to counter the increasing threat of cyber attacks.

Independent Assurance

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

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

Internal Audit for 2021/22 was provided under contract by Mazars LLP, who undertook three levels of audit, that is to say, strategic audits through which the design of controls were tested, compliance audits, whereby adherence to previously tested processes and controls are checked and confirmed and advisory audits where the design of controls in place are reviewed but not tested. Mazars also provided assurance to the Audit Committee on the implementation of internal audit recommendations including outstanding points from prior years.

The audit areas and outcomes were:

Audit area	OPINION
• Cyber Security	Moderate
• Corporate Governance	Moderate
• M365 configuration	Limited
• Key Finance Controls	A range from fully effective to effective with limited exceptions

In their Annual Report, Mazars concluded that “On the basis of our audit work, our opinion on the framework of governance, risk management, and control is Moderate in its overall adequacy and effectiveness. Certain weaknesses and exceptions were highlighted by our audit work and three high priority findings were raised. These matters have been discussed with management, to whom we have made several recommendations. All of these have been, or are in the process of being addressed, as detailed in our individual reports. The Armouries’ average implementation rate of recommendations remains low at 46%, however, it has improved during the course of the year and we are informed that additional resource has been allocated to improve further. In respect of Covid-19, our annual internal audit opinion reflects the revised audit plan agreed and is not limited in scope, to the extent that the assurance provided by internal audit can only ever be reasonable, not absolute”.

Taking into account Mazars’ annual audit opinion, the individual audit outcome and the steps being taken to address audit points, overall, the view of the Board of Trustees and Accounting Officer is that governance, risk management and internal control have been sufficient to allow the Royal Armouries to continue its usual operations. The level of inherent risk has remained at a level that is considered to be appropriate by the Audit Committee and the Board of Trustees.

Whistleblowing Policy

The museum upholds the core values detailed in the Code of Professional Ethics of the Museums Association. In line with these, the museum is committed to the highest standards of openness, probity and accountability. A vital part of accountability and openness is having a way for our people, including contractors and agency staff, to voice any concerns responsibly and effectively. The Royal Armouries has a clear policy and processes, through which issues may be raised both internally and externally and encourages employees and others with serious concerns about any aspect of the museum’s work to come forward and voice those concerns, and expects its managers to encourage employees to express their views openly. This process is clearly documented in the organisation’s Whistleblowing policy which is available to all staff. There were no whistleblowing instances during the year.

Compliance with the Corporate Governance Code

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

Data and Information Security Management

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

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

Following the cyber incident in January 2022, a potential data breach notification was made to the Information Commissioner's Office because of the risk that a limited amount of staff personal data could have been accessed. Ultimately there was no indication that any data had been accessed and the Information Commissioner's Office confirmed that, due to the particular facts of the case and the remedial measures taken that they were not taking any formal regulatory action.

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

John Procter
Chair

Date 5 December 2022

Nat Edwards
Accounting Officer

Date 5 December 2022

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

Opinion on financial statements

I certify that I have audited the financial statements of the Board of Trustees of the Royal Armouries and its Group for the year ended 31 March 2022 under the National Heritage Act 1983.

The financial statements comprise: the Board of Trustees of the Royal Armouries':

- Consolidated and Museum balance sheets as at 31 March 2022;
- Consolidated Statement of Financial Activities for the year then ended,
- Consolidated Statement of Cash Flows for the year then ended, and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom accounting standards including Financial Reporting Standards (FRS) 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion, the financial statements:

- give a true and fair view of the state of the Board of Trustees of the Royal Armouries and its Group's affairs as at 31 March 2022 and of the group's net income for the year then ended;
- have been properly prepared in accordance with the National Heritage Act 1983 and Secretary of State directions issued thereunder.

Opinion on regularity

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

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements of Public Sector Entities in the United Kingdom*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the Board of Trustees of the Royal Armouries and its Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

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

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

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

Other Information

The other information comprises information included in the Trustees' and Accounting Officer's Annual Report, but does not include the financial statements nor my auditor's certificate and report. The Trustees and Accounting Officer are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration Report to be audited has been properly prepared in accordance with Secretary of State directions issued under the National Heritage Act 1983.

In my opinion, based on the work undertaken in the course of the audit:

- those parts of the Trustees' and Accounting Officer's Annual Report subject to audit have been properly prepared in accordance with Secretary of State directions issued under the National Heritage Act 1983; and
- the information given in the Trustees' and Accounting Officer's Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

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

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

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept by the Board of Trustees of the Royal Armouries and its Group or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Trustees' and Accounting Officer's Annual Report, subject to audit are not in agreement with the accounting records and returns; or
- certain disclosures of remuneration specified by the Charities Act 2011 have not been made or parts of the Remuneration Report to be audited is not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Board of Trustees and Accounting Officer for the financial statements

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

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Trustees and the Accounting Officer determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- assessing the Board of Trustees of the Royal Armouries and its Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees and the Accounting Officer either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the Board of Trustees of the Royal Armouries and its Group's accounting policies and performance indicators.
- Inquiring of management, the Board of Trustees of the Royal Armouries' Head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Board of Trustees of the Royal Armouries and its Group's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Board of Trustees of the Royal Armouries and its Group's controls relating to the Board of Trustees of the Royal Armouries' compliance with the National Heritage Act 1983, Charities Act 2011, and Managing Public Money.
- discussing among the engagement team including the significant component audit team-and involving relevant internal and external specialists, including experts in the valuation of land and buildings, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Board of Trustees of the Royal Armouries and its Group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the Board of Trustees of the Royal Armouries and its Group's framework of authority as well as other legal and regulatory frameworks in which the Board of Trustees of the Royal Armouries and its Group operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Board of Trustees of the Royal Armouries and its Group. The key laws and regulations I considered in this context included, the National Heritage Act 1983, The Charities Act 2011, the Coronavirus Act 2020, Managing Public Money, Employment law and tax Legislation.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management, the Audit Committee and legal counsel concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- in addressing the risk of revenue recognition due to fraud, assessing the recognition of grants and donations and other trading income in line with the accounting framework and undertaking procedures to test the completeness of grants, donations and legacies and other trading income.

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

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

Other auditor's responsibilities

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

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

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General

Date 6 December 2022

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

THE BOARD OF TRUSTEES OF THE ROYAL ARMOURIES

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Unrestricted funds		Restricted funds	Total funds
		General	Designated		2021/22
		£000	£000	£000	£000
Income and endowments from					
Grant-in-Aid	2	7,813	1,920	-	9,733
Donations and legacies	3	48	-	161	209
Charitable activities	3	106	-	-	106
Other trading activities	3	2,287	-	-	2,287
Investments		1	-	-	1
Total Income and endowments		10,255	1,920	161	12,336
Expenditure on					
Raising Funds	4	(1,520)	(56)	(28)	(1,604)
Charitable activities	4	(7,390)	(1,730)	(916)	(10,036)
Total Expenditure		(8,910)	(1,786)	(944)	(11,640)
Net gains on investments	11	-	-	2	2
Net income / (expenditure)		1,345	134	(781)	698
Transfers between funds		(1,179)	828	351	-
Other recognised gains / (losses)					
Gains on revaluation of fixed assets	7	-	2,612	3,160	5,772
Net movement in funds		166	3,574	2,730	6,470
Reconciliation of funds:					
Total Funds brought forward		2,334	13,915	52,673	68,922
Total Funds carried forward		2,500	17,489	55,403	75,392

All activities are on an ongoing basis.

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

The notes on pages 64 to 90 form an integral part of these accounts.

THE BOARD OF TRUSTEES OF THE ROYAL ARMOURIES

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDED 31 MARCH 2021

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

All activities are on an ongoing basis.

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

The notes on pages 64 to 90 form an integral part of these accounts.

THE BOARD OF TRUSTEES OF THE ROYAL ARMOURIES

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2022

	Notes	2021/22		2020/21	
		Group	Museum	Group	Museum
		£000	£000	£000	£000
Fixed Assets					
Intangible Assets	6	5	5	10	10
Tangible Assets	7	76,106	76,106	71,269	71,269
Heritage Assets	8	4,180	4,180	4,105	4,105
Investments	11	161	161	157	-
Investments in Subsidiary	12	-	150	-	150
		<u>80,452</u>	<u>80,602</u>	<u>75,541</u>	<u>75,534</u>
Current Assets					
Stocks	13	188	84	176	78
Debtors	14	709	1,356	508	649
Cash at Bank and in Hand		7,604	6,814	5,453	5,197
		<u>8,501</u>	<u>8,254</u>	<u>6,137</u>	<u>5,924</u>
Creditors					
Amounts falling due within one year	15	(2,124)	(2,021)	(1,434)	(1,369)
		<u>6,377</u>	<u>6,233</u>	<u>4,703</u>	<u>4,555</u>
Net Current Assets					
		<u>86,829</u>	<u>86,835</u>	<u>80,244</u>	<u>80,089</u>
Total Assets less Current Liabilities					
		<u>86,829</u>	<u>86,835</u>	<u>80,244</u>	<u>80,089</u>
Creditors: Amounts falling due after more than one year	15	(11,437)	(11,437)	(11,322)	(11,322)
		<u>75,392</u>	<u>75,398</u>	<u>68,922</u>	<u>68,767</u>
Net Assets					
The funds of the charity					
Income Funds					
Restricted Reserves	21	55,403	55,403	52,673	52,514
Unrestricted Reserves					
Designated funds	21	17,489	17,489	13,915	13,915
General	21	2,500	2,506	2,334	2,338
		<u>75,392</u>	<u>75,398</u>	<u>68,922</u>	<u>68,767</u>
Total Funds					

The notes on pages 64 to 90 form an integral part of these accounts.

The financial statements of pages 60 to 63 were approved by the Board of Trustees and were signed on their behalf by:

John Procter
Chair

Date 5 December 2022

Nat Edwards
Accounting Officer

Date 5 December 2022

THE BOARD OF TRUSTEES OF THE ROYAL ARMOURIES

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2021/22	2020/21
		£000	£000
Cash Flows from operating activities:			
Net Cash provided by / (used in) operating activities	22	3,573	2,009
Cash Flows from investing activities:			
Dividends and interest from investments		1	4
Purchase of tangible fixed assets		(866)	(1,005)
Disposal of tangible fixed assets		-	3
Purchase of heritage fixed assets	9	(64)	(6)
Proceeds from the sale of investments		-	113
Purchase of investments	11	(-)	(112)
Net cash provided by / (used in) investing activities		(929)	(1,003)
Cash Flows from financing activities:			
Finance lease capital payment		(493)	(493)
Net cash provided by / (used in) financing activities		(493)	(493)
Change in cash and cash equivalents in the period		2,151	513
Cash and cash equivalents at the beginning of the reporting period		5,453	4,940
Cash and cash equivalents at the end of the reporting period		7,604	5,453

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

The notes on pages 64 to 90 form an integral part of these accounts.

NOTES TO THE FINANCIAL STATEMENTS

1 Accounting policies

1.1 Basis of accounting

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

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

All financial statements are made up to 31 March 2022. The consolidation has been carried out on a line by line basis.

1.2 Going Concern

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

1.3 Incoming resources

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

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

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

1.4 Expenditure

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 Accounting policies (continued)

1.4 Expenditure (continued)

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

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

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

1.5 Fund accounting

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

Designated funds comprise unrestricted funds which have been set aside at the discretion of the Trustees for specific purposes. The use of the designated funds is set out in the Note 21 to the accounts on page 83.

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

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

1.6 Intangible fixed assets

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

1.7 Tangible fixed assets

In line with HM Treasury guidance and FRS 102 Section 17, the land and buildings are professionally valued every 5 years with the remaining lives adjusted accordingly. See Note 7 for further details of valuations. Other tangible fixed assets other than the collection assets (see Note 1.8) were professionally revalued as at 31 March 2006.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 Accounting policies (continued)

1.7 Tangible fixed assets (continued)

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

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

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

1.8 Heritage fixed assets

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

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

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

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

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

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

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

1.9 Stock

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 Accounting policies (continued)

1.10 Pensions

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

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

1.11 Finance and Operating leases

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

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

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

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

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

1.12 Taxation

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

1 Accounting policies (continued)

1.13 Financial Instruments

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

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

2. Grant-in-Aid

Grant-in-Aid received from DCMS in 2021/22 was £9,733,000 (2020/21: £8,430,000). The full amount has been credited to income during the year.

The money is available for running costs, capital improvements and collection purposes in accordance with the funding agreement. The sum of £1,364k (2020/21: £701k) has been designated by the Trustees for the purposes of capital projects with a further £64k (2020/21: £6k) designated by the Trustees for the purposes of collection asset purchases and £492k (2020/21: £492k) designated by the Trustees to meet the current liability for minimum lease payments of the leasehold land finance leases.

3. Analysis of Income and Endowments

	2021/22 £000	2020/21 £000
Donations	67	18
Coronavirus Job Retention Scheme Grants	93	605
Other Grants	11	62
Heritage asset donations	38	68
Donations and Legacies	209	753
Event Income	32	2
Educational Income	5	4
Other Operating Income	69	61
Charitable activities	106	67
Share of HRP gate receipt	102	12
Trading activity	2,185	643
Other Trading activities	2,287	655

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Total Expenditure

	Staff costs £000	Other direct costs £000	Impairment, Depreciation & Disposals £000	Allocated Support Cost £000	2021/22 £000
Cost of generating voluntary income	137	10	-	67	214
Fund raising: cost of goods and other costs	545	482	65	298	1,390
Raising Funds	682	492	65	365	1,604
Care of the collection	1,362	330	517	1,167	3,376
Education	281	92	146	315	834
Visitor Experience	1,262	757	1,352	2,455	5,826
Charitable activities	2,905	1,179	2,015	3,937	10,036
Total Expenditure	3,587	1,671	2,080	4,302	11,640

Support Costs

	Staff costs £000	Other direct costs £000	Impairment, Depreciation & Disposals £000	Allocated Support Cost £000	Basis of allocation
Directorate	1,035	185	-	(1,220)	Headcount
Administrative support	446	584	-	(1,030)	Headcount
Shared services	721	1,223	-	(1,944)	Space
Governance Costs	-	108	-	(108)	Headcount
	2,202	2,100	-	(4,302)	
	5,789	3,771	2,080	-	

4. Total Expenditure

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

Support Costs

	Staff costs £000	Other direct costs £000	Impairment, Depreciation & Disposals £000	Allocated Support Cost £000	Basis of allocation
Directorate	1,173	99	-	(1,272)	Headcount
Administrative support	401	364	-	(765)	Headcount
Shared services	756	1,062	-	(1,818)	Space
Governance Costs	-	99	-	(99)	Headcount
	2,330	1,624	-	(3,954)	
	5,956	2,793	1,477	-	

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Total resources expended (continued)

4a Staff Costs	Permanent staff	Contract and agency staff	2021/22 Total	2020/21 Total
	£000	£000	£000	£000
Salaries and wages	3,894	637	4,531	4,583
National Insurance contributions	366	24	390	399
Pension costs	816	39	855	926
Redundancy costs	44	-	44	26
Holiday pay accrual	(31)	-	(31)	22
	5,089	700	5,789	5,956

Total spend on contingent labour is disclosed under contract and agency staff. As at 31 March 2022 there were no off-payroll engagements for more than £245 per day (2020/21: £245 per day) that had lasted longer than six months (2020/21: 0).

Having closed in November 2021, the museum sites were not fully reopened until mid May 2022 and this meant that a number of staff were unable to undertake their normal museum and trading roles during the first two months of the year. DCMS were made aware of the availability of staff to be redeployed but no opportunities to redeploy any of the staff elsewhere in the public sector were identified. Consequently, both the Royal Armouries and Royal Armouries Trading and Enterprises Ltd continued to utilise the Coronavirus Job Retention Scheme (CJRS) until the end of June 2022. Eighty separate members of staff were furloughed to some degree at some point during the first three months of the year. The total amount of CJRS grant received has been separately disclosed in note 3 above. The receipt of this additional grant income help offset some of the lost commercial income and enabled the organisation to be able to afford to retain all of its workforce ready for the reopening of the museum sites.

There was 1 redundancy during the year (2020/21: 1).

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
£25,000 - £50,000	-	1	1	-	1	1
Total number of exit packages	-	1	-	-	-	1
Total resource cost (£0,000)	-	26	44	-	44	26

Redundancy and other departure costs have been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year the decision was made.

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

	Group	
	2021/22	2020/21
Cost of generating voluntary funds	4	5
Fundraising: cost of goods sold and other costs	15	17
Care of the collection	43	44
Education	11	12
Visitor Experience	74	74
	147	152

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Total resources expended (continued)

4a. Staff Costs (continued)

Director General & Master of the Armouries

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

Employees receiving remuneration over £60,000

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

	2021/22	2020/21
£60,001 - £70,000	1	1
£70,001 - £80,000	2	2
£90,001 - £100,000	1	1
£100,001 - £110,000	1	1
£120,001 - £130,000	-	1

Pension Scheme

Under the terms of Schedule 1 of the National Heritage Act 1983, the Board of Trustees of the Royal Armouries provides pensions for staff, and employment with the Royal Armouries is included among the categories of employment to which a superannuation scheme under section 1 of the Superannuation Act applies. In accordance with the schedule, the Royal Armouries pays a monthly sum determined by the Treasury to meet its liabilities under the Civil Service pension arrangements attributable to the future pensions in respect of employees who started their current roles prior to April 2020 or have been in the service of the Royal Armouries. For new starters since January 2020 the Royal Armouries operates a defined contribution pension scheme with the People's Pension for its employees. The assets of the scheme are held independently from those of the company in a separately administered fund.

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

www.civilservicepensionscheme.org.uk

For 2021/22, employers' contributions of £787k were payable to the civil service (2020/21: £881k) at one of four rates in the range 26.6% to 30.3% of pensionable pay, based on salary bands. The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2021/22 to be paid when the member retires and not benefits paid during this period to existing pensioners.

For 2021/22, employers' contributions of £35k were payable to the People's Pension (2020/21: £12k) at rates at rates between 6% and 9%, with employee contributions paid at rates between 3% and 6% of pensionable pay. At the balance sheet date contributions amounting to £4k (2020/21: £2k) were payable.

Employees can opt to open a **partnership** pension account, a stakeholder pension with an employer contribution. Employers' contributions of £0k (2020/21: £0k) were paid to one or more of the panel of three appointed stakeholder pension providers. Employer contributions are age-related and from 1 October range from 8% to 14.75% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. In addition, employer contributions of £0.0k (2020/21: £0.0k), 0.5% of pensionable pay were payable to the Civil Service pension arrangements to cover the cost of the future provision of lump sum benefits on death in service and ill health retirement of these employees.

As at the balance sheet date there were no current employees contributing to a **partnership** pension and there were contributions of £0.0k (2020/21: £0.0k) due to the **partnership** pension providers at the balance sheet date and no prepaid contributions at that date.

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. Total resources expended (continued)

4a. Staff Costs (continued)

For Royal Armouries Trading & Enterprises Ltd employee contributions are paid at rates between 3% and 7% of pensionable pay and employer contributions at rates between 5% and 9%. For 2021/22 Employers' contributions of £33k (2020/21: £33k) were payable to the People's Pension and at the balance sheet date contributions amounting to £2k (2020/21: £3k) were payable.

4b. Trustees

No member of the Board of Trustees of the Royal Armouries received any emoluments during the year. Eleven Royal Armouries Trustees incurred expenses for their travel and subsistence costs during the year, with £1,100 reimbursed and £4,615 paid directly to third parties (2020/21: One Royal Armouries Trustee and one Director of Royal Armouries Development Trust incurred expenses for their travel and subsistence costs during the year, with £Nil reimbursed and £171 paid directly to third parties).

5. Net Income / (Expenditure)

	2021/22 £000	2020/21 £000
Net income / (expenditure) is stated after charging:		
Operating lease rentals	14	12
Finance lease charge	608	601
External auditor for audit work	71	63
External auditor for non-audit work	3	3
Internal Auditor	28	22
Legal services	29	28
Travel and subsistence costs	63	3
Loss on disposal of fixed assets	15	28

All auditors' remuneration was in respect of audit work with the exception of £3,300 that was paid to Grant Thornton for accounts preparation and tax compliance work in relation to Royal Armouries Trading & Enterprises Ltd. The National Audit Office charged £52.5k (2020/21: £48k) on behalf of the Comptroller and Auditor General for the audit of the Royal Armouries. Grant Thornton charged £18k for the audit of Royal Armouries Trading & Enterprises Ltd (2020/21: £15k).

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

6. Intangible Fixed assets (Group and Museum)

	Website Development £000	Software Licences £000	Total £000
Cost as at 1 April 2021	46	79	125
Additions	-	-	-
Disposals	(3)	(78)	(81)
Cost as at 31 March 2022	43	1	44
Amortisation as at 1 April 2021	36	79	115
Disposals	(3)	(78)	(81)
Amortisation during year	5	-	5
Amortisation as at 31 March 2022	38	1	39
Net Book Value at 31 March 2022	5	-	5
Net Book Value at 31 March 2021	10	-	10

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Tangible Fixed assets

Cost	Group				Total £000
	Assets in Course of Construction £000	Leasehold Land & Buildings £000	Plant and Machinery £000	Fixtures Fittings and Equipment £000	
As at 1 April 2021	81	64,089	7,337	9,437	80,944
Additions	-	380	138	622	1,140
Disposals	-	-	-	(49)	(49)
Transfers	(81)	-	-	81	-
Revaluations	-	4,478	454	470	5,402
As at 31 March 2022	-	68,947	7,929	10,561	87,437
Depreciation					
As at 1 April 2021	-	2,320	1,347	6,008	9,675
Charge for the year	-	842	623	595	2,060
Disposals	-	-	-	(34)	(34)
Revaluation	-	(412)	(256)	298	(370)
As at 31 March 2022	-	2,750	1,714	6,867	11,331
Net Book Value at 31 March 2022	-	66,197	6,215	3,694	76,106
Net Book Value at 31 March 2021	81	61,769	5,990	3,429	71,269
Cost	Museum				Total £000
	Assets in Course of Construction £000	Leasehold Land & Buildings £000	Plant and Machinery £000	Fixtures Fittings and Equipment £000	
As at 1 April 2021	81	64,089	7,337	9,411	80,918
Additions	-	380	138	622	1,140
Disposals	-	-	-	(49)	(49)
Transfers	(81)	-	-	81	-
Revaluations	-	4,478	454	470	5,402
As at 31 March 2022	-	68,947	7,929	10,535	87,411
Depreciation					
As at 1 April 2021	-	2,320	1,347	5,982	9,649
Charge for the year	-	842	623	595	2,060
Disposals	-	-	-	(34)	(34)
Revaluation	-	(412)	(256)	298	(370)
As at 31 March 2022	-	2,750	1,714	6,841	11,305
Net Book Value at 31 March 2022	-	66,197	6,215	3,694	76,106
Net Book Value at 31 March 2021	81	61,769	5,990	3,429	71,269

NOTES TO THE FINANCIAL STATEMENTS (continued)

7. Tangible Fixed assets (continued)

A full valuation of buildings and plant and machinery at Fort Nelson on the basis of depreciated replacement cost was carried out by Gerald Eve, RICS qualified asset valuers, in March 22. The buildings elements will be depreciated over a period of between 10 to 79 years & plant and machinery over a over a period of between 9 to 25 years.

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

As part of the fair value acquisition accounting for Royal Armouries (International) Ltd (RAI), a valuation of the New Dock Hall exhibition centre using an income approach was undertaken by Gerald Eve as at 31 July 2018. Following this valuation, the building will be depreciated over a 39 year period. On 30 January 2020 the building was transferred internally from RAI to Royal Armouries. This had nil net impact on the valuation of these assets to the group. A valuation of New Dock Hall has been undertaken by Gerald Eve as at 31 March annually since 2020. The New Dock Hall and the other property valuations are recognised within the Leasehold Land & Buildings column numbers.

The land and building value includes 2 plots of land that were leased in 1996 under 999 year agreements. The leases are recognised as finance leases. The land was professionally valued by Gerald Eve as at 31 March 2019. The land and building value also includes the NFC premises that were leased in 2002 under a 150 year peppercorn lease. The lease is recognised as a finance lease. The lease was valued on the basis of depreciated replacement cost by Gerald Eve as at 31 March 2019 with the building being depreciated over a 59-year period & plant and machinery over a 21-year period.

A full valuation on all fixtures and fittings was also carried out by Rushton International as at 31 March 2006. The values thereafter have been adjusted using indices issued by the Office for National Statistics. The net book value of the building and plant and machinery on a historic cost basis at 31 March 2022 for both the Group and Museum was £34.3m and £1.1m respectively.

8. Heritage Fixed Assets (Group and Museum)

	Armour and Weapons £000	Works of Art £000	Archive £000	Total £000
Cost or valuation as at 1 April 2021	3,361	666	78	4,105
Additions	75	-	-	75
Cost or valuation as at 31 March 2022	3,436	666	78	4,180
Cost	2,124	100	78	2,302
Valuation	1,312	566	-	1,878
Total	3,436	666	78	4,180

There have been no disposals of heritage assets during 2021/22.

The collection comprises 583 pieces of armour or weapons, 7 works of art and 14 sets of archive material that were either acquired or donated since 2001. This represents a very small part of the overall collection which is detailed further in Note 10.

Details of the significant additions and donations are given in the Trustee and Accounting Officer Annual Report on pages 22 to 23.

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. Five year financial summary of heritage asset transactions

	2021/22 £000	2020/21 £000	2019/20 £000	2018/19 £000	2017/18 £000
<u>Purchases</u>					
Armour and weapons	64	6	49	74	17
Works of art	-	-	-	50	-
Archive	-	-	5	-	-
<u>Donations</u>					
Armour and weapons	11	15	5	3	23
Works of art	-	-	-	566	-
Total	75	21	59	693	40

10. Further information on museum collection of heritage assets

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

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

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

Armour and weapons

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

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

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

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

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

Works of art

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

Archive

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

Heritage assets of particular importance

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

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

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

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

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

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

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

Preservation and management

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. Investments

	Group	
	2021/22 £000	2020/21 £000
Investments as at 1 April	157	153
Additions	57	112
Disposals	(55)	(113)
Gain/(loss) in value	2	5
Investments as at 31 March	161	157

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

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

12. Investments in subsidiaries

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

13. Stocks

	Group	
	2021/22 £000	2020/21 £000
Stocks valued at cost	193	181
Less: provisions for publications and other slow moving stocks	(5)	(5)
	188	176

	Museum	
	2021/22 £000	2020/21 £000
Stocks valued at cost	84	78
	84	78

NOTES TO THE FINANCIAL STATEMENTS (continued)

14. Debtors

	2021/22		2020/21	
	Group £000	Museum £000	Group £000	Museum £000
Trade debtors	408	53	39	27
Other debtors	21	25	4	5
Amounts due from subsidiaries	-	960	-	150
VAT recoverable	57	164	202	216
Prepayments and accrued income	223	154	270	252
Provision for bad debts	(-)	(-)	(7)	(1)
	709	1,356	508	649

15. Creditors

Amounts falling due within one year

	2021/22		2020/21	
	Group £000	Museum £000	Group £000	Museum £000
Trade creditors	6	3	267	261
Tax and Social Security	177	162	115	97
Other creditors	31	31	13	13
Obligations under finance lease	493	493	493	493
Accumulated holiday pay	54	54	94	85
Accruals and deferred income	1,351	1,266	440	408
DCMS Loan	12	12	12	12
	2,124	2,021	1,434	1,369

Amounts falling due after more than one year

	Group & Museum	
	2021/22 £000	2020/21 £000
Obligations under finance lease	10,237	10,122
DCMS Loan	1,200	1,200
	11,437	11,322

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

	2021/22 £000	2020/21 £000
As a 1 April 2021	10	20
Amounts released from previous years	(10)	(18)
Income deferred in the current year	6	8
As at 31 March 2022	6	10

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. Creditors (continued)

As at 31 March 2022 the future minimum lease payments were as follows:

	2021/22	2020/21
	Land & Buildings	Land & Buildings
	£000	£000
Not later than one year	493	493
Later than one year and not later than five years	2,070	1,970
Later than five years	669,328	669,920
Total gross payments	671,891	672,383
Less: finance charges	(661,161)	(661,768)
Total Lease Liability	10,730	10,615

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

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

16. Related party transactions

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

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

	2021/22	2021/22	2021/22	2021/22
	Income	Costs	Debtor	Creditor
	£000	£000	£000	£000
Historic Royal Palaces				
- Income relates to a contribution to site expenditure. Costs relate to our share of operating costs	102	-	39	-

There were no material related party transactions with the Trustees, key managerial staff, or other related parties during the year. Key management compensation is disclosed in the remuneration report on pages 37 to 41.

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. Financial Commitments (Group and Museum)

As at 31 March 2022 the Royal Armouries had commitments to future minimum lease payments under non-cancellable operating leases as follows:

	Land £000	Other £000	2021/22 £000	2020/21 £000
Not later than one year	4	12	16	11
Later than one year and not later than five years	16	40	56	30
Later than five years	297	-	297	302
	317	52	369	343

The Royal Armouries had previously entered into non-cancellable contract with Royal Armouries (International) Ltd which is not a lease or other service concession arrangement. The benefit of this agreement was transferred to Royal Armouries Trading and Enterprises Limited as of 1 April 2019. The payments to which the Royal Armouries is committed as at 2020/21, analysed by the period during which the commitments expire, are as follows:

	2021/22 £000	2020/21 £000
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	3	4
	3	4

Contingent payments during the period amounted to £327k.

As detailed in Note 15 the Royal Armouries is the lessor on an area of land in Leeds by virtue of entering into a 150 year underlease on the land. The underlease has an element of contingent rent. The future minimum lease payments receivable under the non-cancellable operating lease are as follows:

	2021/22 £000	2020/21 £000
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	13	13
	13	13

Contingent rent recognised as income during the period amounted to £327k.

18. Contingent Liabilities (Group and Museum)

There were no contingent liabilities as at 31 March 2022 or 31 March 2021.

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. Capital Commitments (Group and Museum)

	2021/22 £000	2020/21 £000
Capital expenditure contracted but not provided for in the accounts	6	-
Capital expenditure authorised but not contracted for	1,887	1,348

The expenditure contracted but not provided for in the accounts relates to the cost of the final phase of the CRM project which was completed in Q1 of 22/23. The expenditure authorised but not contracted for relates to the capital budget approved for 2022/23.

20. Analysis of group net assets between funds

	Group			Total £000
	Unrestricted funds		Restricted funds	
	General £000	Designated £000	£000	
Funds balances as 31 March 2022 are represented by:				
Intangible fixed assets	-	5	-	5
Tangible fixed assets	-	25,044	51,062	76,106
Heritage fixed assets	-	-	4,180	4,180
Investments	-	-	161	161
Current assets	4,131	4,370	-	8,501
Current liabilities	(1,631)	(493)	(-)	(2,124)
Non current liabilities	-	(11,437)	-	(11,437)
Total net assets	2,500	17,489	55,403	75,392

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	Museum			Total £000
	Unrestricted funds		Restricted funds £000	
	General £000	Designated £000		
Funds balances as 31 March 2022 are represented by:				
Intangible fixed assets	-	5	-	5
Tangible fixed assets	-	25,044	51,062	76,106
Heritage fixed assets	-	-	4,180	4,180
Investments	150	-	161	311
Current assets	3,884	4,370	-	8,254
Current liabilities	(1,528)	(493)	-	(2,021)
Non current liabilities	-	(11,437)	-	(11,437)
Provision for Charges & Liabilities	(-)	-	-	(-)
Total net assets	2,506	17,489	55,403	75,398

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. Statement of funds

	1 April 2021 £000	Income £000	Expenditure £000	Group Revaluation £000	Transfers £000	31 March 2022 £000
Unrestricted funds						
General fund	2,334	10,255	(8,910)	-	(1,179)	2,500
Designated fund – assets	9,378	1,428	(1,163)	2,490	828	12,961
Designated fund - land lease	4,537	492	(623)	122	-	4,528
Total unrestricted funds	16,249	12,175	(10,696)	2,612	(351)	19,989
Restricted funds						
Buildings	28,285	-	(611)	-	380	28,054
National Firearms Centre	985	-	(48)	-	-	937
Sponsorship and						
Donations	6,941	123	(258)	-	(93)	6,713
Heritage Assets	2,238	-	-	-	64	2,302
Donated Assets	1,867	38	(27)	-	-	1,878
Revaluation Reserve	12,198	-	-	3,160	-	15,358
Investments	159	2	(-)	-	-	161
Total restricted funds	52,673	163	(944)	3,160	351	55,403
Total funds	68,922	12,338	(11,640)	5,772	-	75,392
				Museum		
	1 April 2021 £000	Income £000	Expenditure £000	Revaluation £000	Transfers £000	31 March 2022 £000
Unrestricted funds						
General fund	2,338	9,277	(7,930)	-	(1,179)	2,506
Designated fund - assets	9,378	1,428	(1,163)	2,490	828	12,961
Designated fund - land lease	4,537	492	(623)	122	-	4,528
Total unrestricted funds	16,253	11,197	(9,716)	2,612	(351)	19,995
Restricted funds						
Buildings	28,285	-	(611)	-	380	28,054
National Firearms Centre	985	-	(48)	-	-	937
Sponsorship and						
Donations	6,941	123	(258)	-	(93)	6,713
Heritage Assets	2,238	-	-	-	64	2,302
Donated Assets	1,867	38	(27)	-	-	1,878
Revaluation Reserve	12,198	-	-	3,160	-	15,358
Investments	-	161	-	-	-	161
Total restricted funds	52,514	322	(944)	3,160	351	55,403
Total funds	68,767	11,519	(10,660)	5,772	-	75,398

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

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. Statement of funds (continued)

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

The transfers between reserves primarily reflect instances where there has been expenditure from one reserve on capital assets that by their nature need to form part of a different reserve. £380k was transferred from designated reserves to restricted reserves to cover capital expenditure on restricted assets. £64k was transferred from designated reserves to restricted reserves to reflect the expenditure on heritage assets not funded by restricted grants. A further £93k of costs were transferred from general reserves to restricted reserves to reflect staff cost expenditure funded by the coronavirus job retention scheme which has been recognised as restricted income.

As well as the above transfers, an additional £1,272k was transferred from general to designated reserves to reflect the designation by Trustees of unrestricted general funds in excess of the minimum reserve balance against future projects.

22. Cash flow information (Group)

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

	2021/22 £000	2020/21 £000
Net income/(expenditure) for the period	698	(312)
Investment Interest received	(1)	(4)
DCMS loan interest	12	12
Depreciation, impairment and amortisation	2,065	1,449
Loss on sale of fixed assets	15	28
(Gain) / Loss on investments	(2)	(5)
Donated assets – collection items	(11)	(15)
Movement in payables relating to items not passing through the Statement of Financial Activity	205	576
(Increase) / Decrease in stocks	(12)	6
(Increase) / Decrease in debtors	(201)	362
Increase / (Decrease) in creditors	805	(42)
Increase / (Decrease) in provisions	(-)	(46)
Net cash provided by operating activities	3,573	2,009

NOTES TO THE FINANCIAL STATEMENTS (continued)

22. Cash flow information (Group) (continued)

Analysis of changes in net debt

	At start of year	Cashflows	Other non- cash changes	At end of year
	£'000	£'000	£'000	£'000
Cash	5,453	2,151		7,604
DCMS loan falling due in less than 1 year	(12)	12	(12)	(12)
DCMS loan falling due in more than 1 year	(1,200)	-	-	(1,200)
Finance lease obligations	(10,615)	493	(608)	(10,730)
Total	(6,374)	2,656	(620)	(4,338)

23. Financial Instruments

Credit risk

The Royal Armouries has cash deposits of £7,604k (2020/21: £5,453k) which are held with National Westminster Bank Plc, part of the UK Government owned RBS. Royal Armouries has never suffered any loss in relation to cash held by its bankers. 86% (2020/21: 52%) of trade and other debtor balances are with related parties or organisations working closely with us so the risks are not regarded as material.

Liquidity risk

The Royal Armouries has a £1.2m loan from DCMS and relies primarily on DCMS grants for its cash requirements. Grant-in-Aid from DCMS accounts for 79% of income (2020/21: 85%). This is further enhanced by the Trustee reserve policy which sets out the level of general reserve required as a minimum. As such the Royal Armouries has little exposure to liquidity risk.

Interest rate risk

The Royal Armouries draws down its annual Grant-in-Aid allocation according to its monthly cash flow requirements. Under 1% of overall incoming resources, £1k (2020/21: £4k) was generated from interest earned during 2021/22 so the Royal Armouries has negligible interest rate risk.

Foreign currency risk

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

Fair value

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

23. Financial Instruments (continued)

Financial assets and liabilities by category

	Group		
	Measured at fair value 2021/22 £000	Measured at cost 2021/22 £000	Total 2021/22 £000
Fixed asset investments	161	-	161
Cash	-	7,604	7,604
Trade and other debtors	-	429	429
Trade and other payables	-	(37)	(37)
	161	7,996	8,157

	Group		
	Measured at fair value 2020/21 £000	Measured at cost 2020/21 £000	Total 2020/21 £000
Fixed asset investments	157	-	157
Cash	-	5,453	5,453
Trade and other debtors	-	43	43
Trade and other payables	-	(280)	(280)
	157	5,216	5,373

	Museum	
	Measured at cost 2021/22 £000	Total 2021/22 £000
Cash	6,814	6,814
Trade and other debtors	78	78
Trade and other payables	(34)	(34)
	6,858	6,858

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

24. Summary of Results of consolidated entries

	RAM 2021/22 £000	RATE 2021/22 £000	RADT 2021/22 £000	Intercompany & Consolidation adjustments 2021/22 £000	TOTAL 2021/22 £000
Income and endowments from					
Grant-in-Aid	9,733	-	-	-	9,733
Donations and legacies	1,272	20	-	(1,083)	209
Charitable activities	106	-	-	-	106
Other trading activities	407	2,052	-	(172)	2,287
Investments	1	-	-	-	1
Total Income and endowments	11,519	2,072	-	(1,255)	12,336
Expenditure on					
Raising Funds	(624)	(1,479)	-	499	(1,604)
Charitable activities	(10,036)	-	(161)	161	(10,036)
Total Expenditure	(10,660)	(1,479)	(161)	660	(11,640)
(Loss) on revaluation of investments	-	-	2	-	2
Net (expenditure)/income	859	593	(159)	(595)	698
Other recognised gains / (losses)					
Capital Contribution	-	327	-	(327)	-
Gift Aid payable by RATE to RAM	-	(922)	-	922	-
Gains on revaluation of fixed assets	5,772	-	-	-	5,772
Net movement in funds	6,631	(2)	(159)	-	6,470

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

25. Royal Armouries Development Trust

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

The decision was taken during 2019 by the Trustees of RADT to grant any remaining funds to the Royal Armouries and close the Trust. In accordance with the RADT Trust Deed this was ratified by the Board of Trustees of the Royal Armouries in December 2019. The RADT bank funds were paid over to the Royal Armouries in August 2020 and the investments were transferred to the Royal Armouries in April 2021. An application to dissolve the Trust was submitted to the Charities Commission in May 2021 and the Trust was dissolved as of 7 July 2021.

As a result of some Trustees sitting on both boards it was deemed there is common control and hence the Accounts are consolidated into the Royal Armouries' financial statements.

	2021/22 £000	2020/21 £000
Income and Expenditure Account		
Income	-	-
Administrative costs	(-)	(3)
Grant to Royal Armouries	161	(21)
Interest receivable	-	2
Gain/ (loss) on investments	(2)	5
(Deficit)	<u>(159)</u>	<u>(17)</u>
Balance Sheet		
Investments	-	157
Current assets	-	2
Creditors	(-)	(-)
Net Assets	<u>-</u>	<u>159</u>
Unrestricted reserves	-	141
Restricted reserves	-	18
Total Funds	<u>-</u>	<u>159</u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

26. Royal Armouries Trading & Enterprises Limited

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

	2021/22	2020/21
Statement of Comprehensive Income	£000	£000
Turnover	2,072	986
Cost of sales	<u>(363)</u>	<u>(83)</u>
Gross profit	1,709	903
Administrative expenses	<u>(1,114)</u>	<u>(1,064)</u>
Profit / (loss) for the financial year	595	(161)
Capital contribution	<u>327</u>	<u>159</u>
TOTAL COMPREHENSIVE INCOME / (EXPENDITURE) FOR THE YEAR	922	(2)
Gift aid payment	<u>(922)</u>	<u>(-)</u>
CHANGE IN PROFIT & LOSS ACCOUNT	<u>-</u>	<u>(2)</u>

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

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

	At 31 March 2022 £000	At 31 March 2021 £000
Statement of Financial Position		
Fixed Assets	-	-
Current assets	1,316	375
Creditors	<u>(1,170)</u>	<u>(229)</u>
Net Assets	146	146
Share Capital	150	150
Profit and Loss	<u>(4)</u>	<u>(4)</u>
Shareholder Funds	146	146

Creditors include a net balance due to the parent charity of £960k (2020/21: £150k) consisting of £922k (2020/21: £0k) due to the parent charity for a Gift Aid donation, £0k receivable from (2020/21: £0k receivable from) the parent charity for outstanding management charges and £38k payable to (2020/21: £150k payable to) the parent charity in respect of an inter-company loan.

NOTES TO THE FINANCIAL STATEMENTS (continued)

27. Royal Armouries (International) Limited

Company number 02868025

The entire share capital of Royal Armouries (International) Limited, a company registered in England and Wales, was gifted to the Board of Trustees of the Royal on 24 July 2018. The company's principal activities were retail, catering and corporate events, but following the transfer of activities to Royal Armouries Trading and Enterprises Limited during the 2019/20 year, the company has been dormant since May 2019.

	At 31 March 2022 £000	At 31 March 2021 £000
Balance Sheet		
Fixed Assets	-	-
Current assets	-	-
Creditors	(-)	(-)
Net Assets	<u>-</u>	<u>-</u>
Share Capital	-	-
Profit and Loss	-	-
Shareholder Funds	<u>-</u>	<u>-</u>

28. Post Balance Sheet Events

There are no post balance sheet events.

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

