

**BOARD OF TRUSTEES OF THE ROYAL ARMOURIES**

**ANNUAL REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2023**

HC 537

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

Ordered by the House of Commons to be printed on 19 February 2024

HC 537



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ISBN 978-1-5286-4656-7

E03058417 02/24

Printed on paper containing 40% recycled fibre content minimum.

Printed in the UK by the HH Associates Ltd. on behalf of the Controller of His Majesty's Stationery Office.

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# **TRUSTEES' AND ACCOUNTING OFFICER'S ANNUAL REPORT**

## **ANNUAL REPORT**

### **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 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 2011.

The governing body is the Board of Trustees, established in 1984. Trustees are appointed by the Secretary of State for 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. Rod Taylor, Chief Operating Officer, was appointed as interim Director General and acting Accounting Officer 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

## Board of Trustees of the Royal Armouries

The following persons were members of the Board of Trustees of the Royal Armouries in 2022/23 and served on the sub-committees shown:

	<b>Date of appointment</b>	<b>Expiry of appointment</b>
<b>Chair</b>		
John Procter	02.11.19	01.11.27
<b>Members</b>		
Major General Sir Sebastian Roberts KCVO OBE	05.02.11	09.03.23
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	17.11.27
Monica Turner	18.11.19	17.11.27
Andrew Latchmore	18.11.19	17.11.27
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
Lt General Sir Edward Smyth-Osbourne KCVO CBE	30.05.23	29.05.27

## Trustee Sub-Committees

<b>Sub Committee</b>	<b>Chair</b>	<b>Members</b>
<i>Audit</i>	Andrew Latchmore	Neil Grant Paul Mancey Andrew Broome (co-opted external member) Adam Beaumont (co-opted external member) (from 20.12.22)
<i>Finance and Capital Development</i>	Neil Grant	Paul Kirkman John Procter Andrew Latchmore Monica Turner
<i>Remuneration</i>	John Procter	Andrew Latchmore Neil Grant Paul Kirkman
<i>Masterplan</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 Culture, Media and Sport. Following the death of Major General Sir Sebastian Roberts in March 2023, Lt General Sir Edward Smyth-Osbourne was appointed King's Representative in May 2023. 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)

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

Malcolm Duncan – Finance Director

Emma Carver – Public Engagement Director (to 14 December 2022)

Laura Bell – Director of Collections

Florence Symington – Director of Brand & Audiences (from 10 October 2022)\*

\* Florence Symington was initially appointed as Interim Director of Brand & Audiences. After a full recruitment process she was appointed to the role on a permanent basis from 1 April 2023.



An organisational restructure in autumn 2022 resulted in the creation of a new Director of Brand and Audience role and the Public Engagement Director role becoming redundant.

### **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 10.2 (2021/22: 9.5). Excluding those members of staff who were on long term sickness over 4 weeks, the average number of days was 8.2 (2021/22: 4.6).

### **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. Following the organisational restructure in autumn 2022, the Team reports direct to the Director General and Master having previously reported 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	3
Full-time equivalent employee number	2.29

#### ii) Percentage of time spent on facility time

Percentage of time	Number of employees
0%	-
1-50%	3
51-99%	-
100%	-

#### iii) Percentage of paybill spent on facility time

Total Cost of facility time	£878
Total paybill	£5,840,651
% of total paybill spent on facility time	0.02%

#### iv) Paid trade union activities

Time spent on trade union activities as a % of total paid facility time hours	1.17%
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## Data and Information Risk

The Finance Director is the Senior Information Risk Owner and is responsible for the development of information risk policies and protocols. There were no protected personal data related incidents reportable to the Information Commissioner's Office in 2022/23.

## 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.

At 31 March 2023 the Royal Armouries, and Royal Armouries Trading & Enterprises Ltd had 202 full, part-time and casual contract employees in total split as follows:

	Male	Female	Total
<b>Executive</b>	3	2	5
<b>Staff</b>	95	102	197
<b>Total</b>	98	104	202

149 of the staff were on permanent contracts with the remaining 53 on fixed term or casual contracts.

## 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 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 Palaces is defined in a Memorandum of Understanding. The postholder 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.

## 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 environmental sustainability strategy, "*Armouries Tomorrow*", 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 environmental sustainability strategy is currently under development, once approved by the Board of Trustees it will be published and communicated to staff and the public. Using 2021/22 figures as a baseline, the target carbon footprint reduction for the first 10 years will be established. The environmental sustainability strategy will also include other issues not fully addressed in policy, including adaptation to and mitigation of the impacts of climate change, the creation of a specific position on single use plastics and a review of procurement policy to enhance sustainability considerations. New Key Performance Indicators (KPIs) will be created to enable the Executive to more accurately track sustainability performance alongside other KPI data in 2023/24. The current ICT strategy includes measures to reduce the impact of ICT and digital including the introduction of an e-signing platform to remove the need to print legal documents and the rationalisation of servers to reduce energy consumption.

As the Armouries move into the 700th anniversary year and progress is made on advancing the Masterplan which will include significant construction work, presently under-examined areas of sustainability policy will become more prominent, most notably natural recovery and sustainable construction, both of which will be referenced in the new environmental sustainability strategy. While the Leeds site is a former brownfield site with much of the surrounding waterways managed by the Canals and River Trust, changes in this area due to masterplan developments will be examined with an eye to both the impact on and potential benefits for nature in the area.

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. The Royal Armouries does not have a car fleet.

<b>Greenhouse Gas Emissions</b>		<b>2022/23 Actual</b>	<b>2021/22 Baseline</b>
<b>Non-financial Indicators (tCO2e)</b>	Gross emissions		
	Scope 1- direct energy emissions	562	631
	Scope 2 – indirect energy emissions	389	494
	Scope 3 – business travel emissions	38	3
	<b>Total emissions</b>	<b>989</b>	<b>1,128</b>
<b>Related energy consumption (kWh)</b>	Electricity – non-renewable	2,011,367	2,139,236
	Gas	3,079,692	3,446,025
	<b>Total kWh</b>	<b>5,091,059</b>	<b>5,585,261</b>
<b>Expenditure (£000)</b>	Electricity	318	291
	Gas	142	86
	Business travel	52	21
	<b>Total Expenditure</b>	<b>512</b>	<b>398</b>

Waste has been reduced in 2022/23 compared to 2021/22. A zero-landfill company is currently used for disposal, however a breakdown of how the waste is disposed of is not currently provided. The ability to provide this analysis will be a requirement of the new waste management contract due to be tendered in 2023/24. We have also cut the use of single use plastics across our site, in particular reducing the amount of plastic packaging sold by our catering and retail operations.

<b>Waste Management</b>		<b>2022/23 Actual</b>	<b>2021/22 Baseline</b>
<b>Non-financial Indicators (tonnes)</b>	Total waste – non-hazardous	588	725
<b>Expenditure (£000)</b>		44	44

There have been several changes to the estate to reduce water usage, most notably alterations to toilet flushes, but changes to all taps is being investigated for 23/24 to reduce usage. An increase in both water consumption and paper usage can be attributed to the increase in on-site working and larger visitor numbers as the Armouries continue to recover from Covid-19 restrictions.

<b>Finite Resource Consumption – Water and Paper</b>		<b>2022/23 Actual</b>	<b>2021/22 Baseline</b>
<b>Non-financial Indicators (m3)</b>			
Water Consumption	Supplied	14,201	11,723
<b>Expenditure (£000)</b>			
Water Supply Costs		21	18
<b>Non-financial Indicators (Reams)</b>			
A4 Paper		210	149
<i>Change 21/22 to 22/23</i>		+41%	
<b>Expenditure (£000)</b>			
A4 Paper		1.1	0.8

Since April 2022, the Armouries has recorded both domestic and international travel in more detail, enabled by updated finance software, to capture more data at source. While at present air travel is relatively minimal compared to other entities, it is the intention of the new environmental sustainability strategy to review all travel policies, not just those pertaining to air travel. An analysis of air travel in 2022/23 is detailed below. All travel was economy class.

<b>Air Travel – distance kilometres</b>	<b>2022/23 Actual</b>
Domestic	1,019
International – short haul	16,129
International – long haul	38,421
<b>Total</b>	<b>55,569</b>
Total number of individual flights	24
Average distance per flight	2,315
Longest flight	9,044
Shortest flight	443

## 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 2021/22 and 2022/23 is set out in the table below. Explanations of key movements are given in the Achievements and Performance section on pages 14 to 32 and the Financial Review on pages 34 to 37.

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.

<b>Performance Indicator</b>	<b>2022/23 Out-turn</b>	<b>2021/22 Out-turn</b>
Total number of visits	1,961,415	814,520
Number of unique users visiting the website	1,053,243	1,019,577
Number of children aged 16 and under visiting the Royal Armouries	428,196	174,857
Number of overseas visitors	362,530	136,005
Number of visitors under 18, in formal education, attending the Royal Armouries in facilitated and self-directed visits *	16,076	6,654
Number of visitors under 18 participating in on-site organised activities *	6,887	9,505
Percentage of visitors who would recommend a visit	94%	87%
Admissions income *	£82,975	£33,517
Trading income - Net Profit *	£1,729,504	£921,769
Fundraising income (excluding lottery funding)	£223,476	£115,442
Ratio of fund raising to Grant-in-Aid	2.6%	1.4%
Number of UK loan venues	92	94



## ACHIEVEMENTS AND PERFORMANCE

For the year under review the report is organised under the four AIMS of the existing plan. They are:

**AIM 1. Audiences and Brand:** We will substantially increase audience footfall, driving new visitors. We will provide an inclusive, enthralling and participatory visitor experience in our galleries and enhance this with an evolving, exciting and collaborative programme of events and temporary exhibitions. We will increase our knowledge of our existing and potential audiences using robust data and insight. We will strengthen our brand proposition and raise awareness of our offer to deliver growth. We will harness the power of digital to increase both our online and onsite audiences.

**AIM 2. Collections and Learning:** We will be ambitious in empowering the public to engage with the Collection and understand its impact; inspiring curiosity, reflection and meaningful debate, and providing learning experiences for all ages. We will set the standard for arms and armour care and conservation and preserve object-based knowledge. We will develop and diversify our people to ensure we harness the Collection and stories that surround it to best effect.

**AIM 3. People:** Through a series of interlinked initiatives, we will develop, reward, value and diversify RA's workforce to be recognised as a preferred employer in our field. We will constructively manage relations with partners and stakeholders for the benefit of all parties.

**AIM 4. Sustainability:** We will secure the Royal Armouries' long-term future and the achievement of its vision through the development of Armouries 700 and improving the public offer at the three sites. We will increase income, invest in the resilience, security and efficiency of RA infrastructure and embrace environmental responsibility.

## **AIM 1: AUDIENCES AND BRAND**

### **Brand**

With the appointment of a new Director General and Master and the creation of the new Director of Brand and Audience role in October 2022, along with the subsequent reactivation of the Royal Armouries' masterplan, it became clear that the organisation's brand needed a refresh. The aim was to help consolidate and focus a more outward-looking direction, with a greater emphasis given to developing the Armouries as a meaningful asset for a much more diverse and engaged range of audiences, communities and stakeholders. In the first place, the reactivated masterplan was rechristened 'Armouries 700', both taking a cue from the anniversary of John Fleet's appointment in 1323 as the Keeper of the Kings Wardrobe at the Tower but also focusing on the Armouries' role over the centuries, as a collection that has served the public and national need and which should continue to do so.

Informally, we dropped the 'History's Expert Witness' strapline in our communications and have focused far more explicitly on public outcomes and the value of collaboration and partnership to achieve these. A more comprehensive review of our brand is underway, to ensure it is fit for purpose to be a rallying point for our team, our audience, our communities and our stakeholders and to help drive successful delivery of our programmes and objectives. Within this more holistic context, we value expertise more than ever (as do our public, as evidenced by the success of programmes like 'What is this Weapon') but, doing so, we also value the immense power of partnership and collaboration to help put that expertise to the service of the people in a way that does justice to our unique heritage.

### **Display and exhibitions**

A key thread, running through the development of new displays and exhibitions, has been the introduction of a human voice – to help more people, with a wider range of interests and backgrounds, connect with the national collection and the stories it contains.

A new display was developed to celebrate 30 years since the Royal Armouries revived and modernised the ancient practice of jousting and brought it to Leeds. Situated in the mezzanine level above the Tournament Gallery, *Full Tilt: Modern Competitive Jousting* opened early April 2022. Featuring first-hand accounts from jousters, 21 objects and video footage, it tells the story of how a passion project of medieval enthusiasts was transformed into the international sporting spectacle enjoyed by visitors today. To accompany the exhibition, large scale photography showcasing the people and practice of jousting at the Royal Armouries is displayed on previously empty wall space. The resulting exhibition provides a striking and relatable complement to the ground floor of the Tournament Gallery below.

At Fort Nelson, the *Falklands 40: What Portsmouth Saw* exhibition which was developed in 2021/22, opened to the public at the end of May 2022 accompanied by an online exhibition. This temporary exhibition was curated to mark the 40<sup>th</sup> anniversary of the Falklands conflict and has been extended due to its popularity. Independent evaluation into the project was commissioned to understand its impact with audiences. The four key takeaways were that the exhibition motivated people to visit Fort Nelson, uplifted the overall visitor experience, generated strong emotional outcomes and increased visitors' understanding of Portsmouth's role in the conflict. Building on this experience was a key driver for our decision to programme a subsequent installation, *Standing with Giants*, in April 2023 (see below).

Maintaining and enhancing existing gallery exhibits and displays was also a focus for the year, with new staff recruited to the Audio-Visual team enabling repairs at both Leeds and Fort Nelson. As well as the standard programme of replacing and updating panels and labels, a project to reinvigorate the display of rare Sikh objects in the Oriental gallery was undertaken in collaboration with the Sikh Museum Initiative and Taran 3D. Due to open in May 2023, this interactive digital display recreates three objects from the Royal Armouries' South Asian Sikh collection. Visitors will be able to interact with the detailed digital versions of rare historical pieces of armour for the first time in their 700-year history.

## **Events**

We delivered a full programme of special events across the year at both Fort Nelson and the museum in Leeds, targeting family audiences at weekends and during school holidays, and adult audiences at other times. Particular highlights in Leeds included not only the annual Easter International Tournament, but also a Jubilee Joust featuring Queen Elizabeth I, with both events delivered to capacity crowds; as well as the very first 'What's this Weapon LIVE!' event starring YouTube influencer and Royal Armouries' Keeper of Firearms and Artillery, Jonathan Ferguson.

At Fort Nelson we reprised the Victorian Steam Fair and welcomed the return of the site's flagship artillery event, the 'Big Bang Weekend'; but by far the most successful event in terms of numbers was the 'Spies and Special Agents' October half-term, which on its own drew almost 9,500 visitors.

## **Community Engagement**

In Leeds the community team continued to deliver 'pop-up museum' events at community centres and festivals in local wards. We concluded the supporting programme for the 'At the Sharp End' exhibition, co-curated with the West Yorkshire Violence Reduction Unit, staging a schools debate judged by West Yorkshire Deputy Mayor for Policing and Crime, Alison Lowe. Working with Leeds 2023, the team also delivered a pilot project in collaboration with the local trans community. The pilot subsequently secured Round 2 funding to launch the full, National Lottery Heritage Fund (NLHF) funded Hidden Stories project; and work with community researchers and volunteers to co-create the exhibition, *Forgotten Battles*, along with a specially co-curated museum tour and programme of events, begun in December 2022.

At Fort Nelson, the public engagement team worked with the local Armed Forces Community to create the Falklands 40 exhibition, and to lay the groundwork for the 'Standing with Giants' installation; as well as working with the Portsmouth Artillery Volunteers to support the public programme.

## **Digital**

The digital team was strengthened in 2022/23 with a number of new posts joining the team as well as successful recruitment into posts that had previously been vacant for extended periods. In part, the multi-year Digital Vision project funded by NLHF has necessitated this, acting as a catalyst for the organisation to recruit additional roles on a permanent basis.

The number of unique website users for 2022/23 was 1,053,243, which was a slight increase of 3% year on year. This represents a strong base on which to build once the new website launches in 2023. Website maintenance and implementing improvements to the current site continued, with new colleagues ensuring this work was prioritised to ensure 22 errors were found and fixed, with 52 broken links rectified. Accessibility remained key with 40 accessibility checks completed. Work was also completed to set up Google Analytics 4 ahead of the removal of Universal Analytics by Google. This ensures historic data tracking usage of the site can be maintained in future.

Work has continued apace on the Digital Vision Project, with activity enabling drawdown of our £429k NLHF grant. Monthly project board meetings and quarterly reporting to NHLF ensured oversight and governance with this key stakeholder. Successful recruitment of key roles has resulted in good progress being achieved on all workstreams.

Following a productive tender process, specialist digital agency Numiko was appointed in June 2022 to undertake both the overhaul of our digital infrastructure and the creation of a new website. The first phase of the website including the main site and collections online launched in summer 2023, with the final phase to be delivered in June 2024.

The first digital exhibition to take advantage of the improved visual and user experience functionality on the new site was planned. Subsequently launched in Summer 23, *Macro and Up Close Photography* showcases the extraordinary detail of 37 objects from the collection, with a specialist photographer appointed in year to take 67 high-resolution images.

Planning continues for the delivery of the onsite element of the project – named the Digital Playground – due to be installed in Leeds in March 2024, with the tender and specification documentation prepared ahead of project delivery due in the coming year. The evaluation contract was also appointed to track and measure both the outputs and outcomes of the project. Combined with new audience research this will ensure the impact of the Digital Vision will be independently assessed.

### **Marketing**

Activity through the year concentrated on ensuring all key event periods were promoted to target audiences. The cost-of-living crisis dominated 2022/23, with consumer confidence waning, therefore overarching messages centred on the provision of free, accessible, action-packed days out.

In Leeds, 240,489 visitors were recorded, with numbers increasing close to pre-Covid levels as the year progressed. Overall, visitor numbers were slightly behind target by 5% but this was a 67% increase on the previous year. At the Fort, we achieved 83,530 visitors, beating target by 5% which was an increase of 32% on 2021/22. At the Tower, bearing in mind that while our collections are throughout the Tower, only visitors to the White Tower are recorded as visiting the Armouries, 2022/23 saw 1,637,396 visitors, which was a 269% increase on 2021/22.

The inaugural Audience Development Framework was created to identify target audiences. This used data from over 3,000 surveys of visitors from Leeds and the Fort, as well as benchmarking information from arts and culture organisations and census data from The Audience Agency. A new segmentation methodology based on demographic as well as attitudinal information was adopted and rolled out across the organisation.

Bespoke video content to promote each event has been created in line with overall campaign messages. Social media impressions have totalled 23,638,506 which was 83% of target. In part the shortfall was attributed to the social media blackout which was adhered to due to the Queen's death.

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%).

Press and media activity achieved a circulation of 244,665,077 and an advertising value equivalency (AVE) of £2,454,897. This is an increase of 28% on last year, with coverage of the Jousting tournament and events throughout the year spearheading our coverage which has also been boosted by Leeds 2023 PR activity which has included the Royal Armouries.

### **Formal learning (schools and colleges)**

The schools service at both sites continued steadily on its journey back to pre-Covid figures, and the Leeds team retired the pandemic-prompted digital livestream programme as schools enthusiastically returned to learning outside the classroom and demand for the digital alternative sharply dropped. The Leeds team also delivered the pandemic-delayed 'Mightier Than The Sword' oracy project, conceived and sponsored in 2019, partnering with local maintained schools challenged by high indices of Pupil Premium and low literacy attainment.

### **Informal learning (Live Interpretation)**

In Leeds the Live Interpretation team played a central role in the special event programme, but also continued to deliver the daily programme of edged weapon and small-arms demonstrations, museum theatre and gallery talks that for many visitors was the highlight of their visit:

*'The live storytelling was fantastic - a great way to learn, for adults and children!'*

*'Actors brought it alive. Loved the suffragettes and French resistance fighter.'*

### **Publishing**

Following the approval of a new publishing strategy, the programme has been targeting an increase in dissemination, audience reach and commercial appeal of Royal Armouries titles. Key titles for 2023 have included British Ordinance Muskets of the 1830s and 1840s, a colour facsimile of Domenico Angelo's the School of Fencing, and the first book on the Second World War in our Talking Points Series.

We have continued our academic partnership with Boydell & Brewer, publishing the second title in the Royal Armouries Research Series, on the funerary achievements of Henry V in Westminster Abbey. The third, a critical edition of our fifteenth-century Firebook, is also imminent.

Several titles have also been reprinted, indicating the continuing appeal of our backlist. Some of the most enduring popular books, such as *Japanese Arms and Armour*, *Arms and Armour of Late Medieval Europe* and *Arms and Armour of the Medieval Joust*, are in the series that offer chronological or thematic overviews of different parts of the collection.

## **AIM 2: COLLECTIONS AND LEARNING**

### **Loans**

The Royal Armouries loan programme, both inward and outward, offers a powerful means of furthering the study and appreciation of arms and armour in the UK and abroad. We retained 944 inward loans from 125 lenders. Two objects were borrowed for the 'Falklands 40' exhibition at Fort Nelson and eight objects were borrowed for the 'Full Tilt: Modern Competitive Jousting' exhibition at Royal Armouries Museum, Leeds.

We loaned five objects to four venues, whilst maintaining 2003 existing loans to 111 other venues. A selection of the outward loans are described below:

**Petersfield Museum:** *The exhibition 'Science Fiction: The area that inspired a genre' at Petersfield Museum, 4 May 2022 - 11 March 2023, explored the strong connections between science fiction and the local area. It focused on three of Petersfield's most famous former residents: actor Sir Alec Guinness, probably most widely known for his role as Obi-Wan Kenobi in the original Star Wars trilogy, as well as science fiction authors H.G. Wells and John Wyndham. The Royal Armouries lent XII.11982 Submachine gun, Star Wars DH-17 rebel blaster. Guinness described the 1977 Star Wars film, acclaimed for its props and special effects, as a "spectacle and technically brilliant." The Blaster was a star object in the exhibition celebrating Guinness' role as a central character in one of the most famous examples of science fiction filmmaking in popular culture.*

**British Library:** *The British Library's major exhibition 'Alexander the Great: The Making of the Myth,' 21 October 2022 – 19 February 2023, featured around 140 exhibits from 25 countries in over 20 languages exploring the legends and stories surrounding the figure of Alexander the Great. The Royal Armouries lent II.88 Armour for a boy, probably Henry Prince of Wales, which in the exhibition represented Alexander's Indian campaigns, providing a unique aesthetic illustration of how Alexander's figure inspired English rulers in the 17<sup>th</sup> century.*

**Norfolk Museums:** *'The Last Voyage of the Gloucester: Norfolk's Royal Shipwreck, 1682'* exhibition at Norwich Castle Museum and Art Gallery is part of an internationally important collaboration between Norfolk Museums and the University of East Anglia. The exhibition showcases for the first time a proportion of surviving artefacts from the finding of the Gloucester in 2007, wrecked on 6<sup>th</sup> May 1682, which appear with kind permission of the Ministry of Defence and Norfolk Historic Shipwrecks. The Royal Armouries lent XVIII.17 Kettle drum with "BLLENHEIM" & "AN 1704" painted on the skin. This item featured in the exhibition alongside other examples of seventeenth-century musical instruments including flageolets and violins to convey the atmosphere during the sea voyage. During the Gloucester's journey, kettle drums were used as musical entertainment, as well as to signal mealtimes and announce the presence of high-status individuals on deck. An interesting connection with 'BLLENHEIM' marked on the Kettle drum skin is that John Churchill (1650-1722), future Duke of Marlborough and commander of the Battle of Blenheim, was on board the Gloucester on the day of the wreck.

### **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 97 items acquired in 2022/23 are described below:

#### **Burgonet, Early 17<sup>th</sup> century, Southern German, IV.2089**

A burgonet with a two-piece skull with a high, roped crest, separately riveted peak and neck-guard and large hinged cheek-pieces. This purchase will add to the Royal Armouries' internationally important collections of 17<sup>th</sup> century munition quality armours, particularly for armour worn in central Europe during the Thirty Years War, which is under-represented in the Royal Armouries collection. Purchased at auction, May 2022.

#### **Flintlock holster pistol, by Andrew Dolep, made for James II (reigning: 1685-1688), Britain, about 1685, XII.12279**

A silver mounted holster pistol of significant national importance due to its association with both a monarch, James II and being made by one of the greatest London gun makers of his time Andrew Dolep (c. 16146-1713) who had premises in St. Martin's Lane, London. James II's reign was so short that few if any items of arms and armour survive. It is known that Dolep completed a pair of pistols for Charles II in 1685 and that this pistol was almost certainly made for James II. The strongest piece of evidence for this being the cypher engraved on the escutcheon 'IR' within a garter beneath a royal crown. Purchased with Art Fund support, from a private vendor, February 2023.



**Brass plate, Etching and engraving plate, London, 1821-1918, IX.5736** This brass etching and engraving test plate bears two etching designs for a British Royal Artillery Officer's sword. These designs include foliate scrolls, geometric patterns and the motto of the British Royal Regiment of Artillery: a crown over a banner bearing 'UBIQUE,' over a cannon over a banner bearing 'QUO FAS ET GLORIA DUCUNT' (Everywhere That Right And Glory Lead). The design also includes a cartouche signed 'E. BOYTN & SON, CLERKENWELL, E.C'. The other side is for a Howitzer, marked 'B.L.6" CWT HOWR.I' over 'HILL IV 1918.' This is the first brass etching plate relating to the manufacture of either swords or heavy artillery in the Armouries collection. Purchased at auction, December 2022.

### **Conservation, Collections Care and Management**

Conservation and Collections Care activity has continued to enable the preservation, presentation, and interpretation of the Royal Armouries' collection. This has included programmed activity, such as the remedial conservation of objects for display and external loans, as well as situations requiring a flexible response.

This year has seen further developments to the Royal Armouries' management of hazards in the collection, particularly regarding promoting awareness across the organisation. This process has included collaboration with relevant government bodies and other outside experts to develop legislatively compliant – but accessible – procedures.

Collection storage is continuing to be improved across Royal Armouries' sites, especially in relation to hazardous materials. This has involved rationalising and then moving collection material between locations as well as making improvements to how objects are stored to allow enhanced preservation and promote effective access.

The Conservation team has sought to develop and expand the use of analytical techniques, including X-radiography and X-ray fluorescence (elemental analysis), to support research and broaden understanding of how Royal Armouries' collection objects were made, used, and have changed over time. This has included collaboration with analytical scientists from other museums as well as external subject specialists. Delivery of subject specialist training in all aspects of collections care and management to heritage sector colleagues has continued throughout the year and has been expanded to include the delivery of virtual content to conservation focussed audiences.

A selection of remedial conservation and technical examination projects that have occurred in the last year in support of the aims of the Royal Armouries are highlighted below:

### **Oriental Mail Project**

Two further objects were conserved as part of the ongoing Oriental Mail Project: an early nineteenth-century Indian mail shirt (zereh) and a later eighteenth-century Indian mail helmet. These treatments necessitated the manufacture and insertion of 436 new rings to stabilise the structure of the mail, alongside the removal of corrosion and, in the case of the shirt, the conservation of a padded textile collar. The two treatments totalled 118 hours of work. Both objects are now back on display in the Oriental Gallery.

### **Artillery Carriage Project**

Working with a craft specialist wheelwright to stabilise carriage wheels for prominent display at Fort Nelson and the Tower of London. These were test cases to inform the development of a broader programme of review, stabilization and replacement that will take place over the next few years. The Artillery collection displayed on site and on loan are most often displayed in exterior locations and mostly wooden in construction many dating from the 1960s and 1970s.

### **Quantitative assessment of the interchangeability of Henry Nock's Screwless Locks**

This collaborative research project focuses on a groundbreaking lock developed in the late-eighteenth century by the London based gunmaker Henry Nock and is the first systematic assessment of this lock's interchangeability. For the project twenty locks were disassembled and studied in detail. The results of the study, due to be published in the coming year, not only firmly establish Nock's leading position in the field of firearm development but also as one of the pioneers of interchangeable manufacture, nationally and internationally.

## Research and Dissemination

The Royal Armouries continues to produce insightful, cutting-edge research into the collection's technical specifics and broader social and cultural context, as well as facilitating the work of external researchers. The Royal Armouries' Jean Curry Memorial Fellowship, which supported a postdoctoral researcher to explore various aspects of society, politics and warfare in late eighteenth and early nineteenth century South Africa, drew to a close having produced two academic journal articles, two conference papers and a proposal for a new section of the museum's permanent galleries. The Royal Armouries successfully partnered with external academics to secure AHRC Impact Accelerator funds for the application of recent research to its collections, a move which forms part of a wider initiative that draws on thought leadership to support the museum's ongoing efforts to tell a broader range of more inclusive stories about its collection.

As new staff were still joining us, our capacity was lower than in previous years, and while there was no summer lecture series in 2022, there were 384 attendees for our Winter Lecture Series on topics including medieval trebuchets and autonomous weapons systems. In January 2023 the Royal Armouries organised its third instalment of the Weapons in Society conference, its first in-person since the Covid-19 pandemic, in partnership with WRoCAH, Northern Bridge, and Manchester Metropolitan University. This attracted 32 attendees for papers including trench art, the military obligations of Tudor women, and structural bias in museum exhibits, as well as a handling session of objects from the museum's collection related to the themes of the event.

The Royal Armouries also submitted its application for Independent Research Organisation (IRO) status. Although the application was still pending at the end of the financial year, the Royal Armouries was notified shortly after year end that the bid had been accepted.

Collections staff have answered 1,290 public enquiries about the collection and wider subject of arms and armour; hosted and conducted 1,112 research visits and handling sessions; delivered and published 13 print or digital outputs; and 1,241 catalogue records have been made up to minimum standard, enabling the public to access new improved information via the online catalogue. The 'Up in Arms' YouTube series launched in December 2022 and numerous episodes, featuring objects and curatorial staff from Edged Weapons & Armour and Firearms & Artillery departments, have been filmed. Total views for the 9 episodes that have aired so far are currently 187,000. Two issues of the museum's peer-reviewed journal *Arms & Armour: Journal of the Royal Armouries* were published, Autumn 2022: 19.2 and Spring 2023: 20.1, which as of 31 March 2023, had had over 6,500 views by subscribers.

### **Archive, Records and Library**

Archive Service Accreditation for the Royal Armouries Museum in Leeds was renewed by the National Archives in March 2023. The National Archives Panel recognised the positive developments made by the archive service since achieving Accreditation, despite the clear challenges presented during the Covid-19 pandemic and in the aftermath of the 2022 cyber attack, and commended the staff in achieving this. Records management continues including development and rationalisation of the institutional archive.

The Library continues to develop, with acquisition of new books, more material being catalogued and 13 rare / antiquarian books conserved from the collection held in the Library at the Tower of London. Visitors are slowly coming back following the pandemic with over 555 visits by researchers upto 31 March 2023. The Library at Leeds was excited to participate in the long planned 'Mightier than the Sword' programme showcasing the fencing manual known as I.33. The *Current Awareness Bulletin* continues to grow in subscribers and is issued every month. Volunteers from Front of House team in Leeds have been coming in and assisting with Library projects including auditing, re-shelving and re-cataloguing oversize books.

### **The National Firearms Centre (NFC)**

The NFC was extremely busy across the year with activity levels recovering to pre-Covid levels. Increased activity with key stakeholders and a drive for more commercial revenue, has seen the overall figures for footfall and income increase.

There were 2,136 visitors to the NFC which was a 75% increase over the previous 9-year average and a 17% increase on 2021/22. Under our contract with the Border Force Agency, we undertook 126 training days consisting of 22 Core, 36 Refreshers and 2 Trainers courses covering 898 students with a First Attempt Pass Rate (FAPR) of 99.2%.

This training and services provided to other organisations saw the NFC generate £600k of income through Royal Armouries Trading and Enterprises Ltd.

The NFC Development Project Phase One was completed, ensuring the stabilisation of the environment. This has also set the conditions for the remaining development of the space and new storage requirements, to support the decant of the Hunting Gallery and temporary exhibition space.

## **Tower of London**

The year started with significant change at the Tower following the retirement of Bridget Clifford, Keeper of the Tower Armouries, after 41 years of loyal service. Following a six-month gap, Emma Mawdsley took up that post in September 2022.

The Tower welcomed a number of important guests this year, including Prime Minister Rishi Sunak and the Japanese Prime Minister Fumio Kishida, who viewed the Line of Kings displays and a Japanese armour when they visited to sign a defence agreement in January 2023. The Tower has also been the location for a number of development events including the Patrons launch and two dinners. In October 2022, the Museum loaned the armour of Henry Prince of Wales to the British Library's Alexander the Great exhibition. This provided the opportunity to display another boy armour, that of Edward VI, in its place in the Line of Kings. The displays were also enhanced when a large team from Collections carried out a deep clean of display cases during an exceptional two-day site closure in the new year.

The Royal Armouries has been holding regular meetings with Historic Royal Palaces (HRP) in order to develop plans to enhance and tweak the displays of arms and armour in the White Tower, as well as starting work on proposals for new displays there. The team also worked with HRP's staff and Lion TV on a piece about Queen Elizabeth II for Channel 5's series 'Inside the Tower'. In addition, they provided a demonstration of weapons as part of the Royal Institution Christmas lecture with Professor Dame Sue Black, which was broadcast in December 2022.

## **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.

### **Hurst, S;**

- 2022. 'The Painted Toradar', *The Field*.
- 2022. 'An 18th Century Bayonet from the Arsenal of Tipu Sultan', *The Field*.

### **Murray-Flutter, M;**

- 2022. 'The Welrod .32 pistol', *Arms & Armour Journal of the Royal Armouries* June 19.1, 92-115
- 2022. 'Classification of Threat and Non-Threat Objects Using the Magnetic Polarizability Tensor and a Large-Scale Multi-Coil Array', *Journal of the IEEE Sensors Council*.
- 2022. 'Duelling at the Olympics', *Papers of the 2017 ICOMAM conference*.
- 2022. 'A seven-barrel goose rifle', *The Field* vol. 341, no. 103.
- 2022. 'The Apache, a Parisian favourite', *The Field* vol. 339, no.105.

- 2022. 'The Purse Pistol', *The Field* vol. 340, no.117.
- 2022. 'The Squeeze Pistol', *The Field* vol. 340, no.117.

**Wellard, C;**

- 2022. 'Lock, Stock and 10 Smoking Barrels', *The Field* vol. 340, no. 11.
- 2022. 'A Royal Couple', *The Field* vol. 340, no. 128.
- 2022. 'Alexander Martin Apprentice Pistols', *The Field* vol. 340, no. 151.

**Wilkinson-Keys, E;**

- 2022. 'A Strapping set of Stirrups', *The Field*, vol. 339, no. 99.

**AIM 3: PEOPLE**

The year presented continuing challenges with staffing turnover. The trend for an elevated number of staff 'leavers' continued for a second year at above 30%. Alongside this, recruitment continued to be very difficult for a number of key roles, and a general shortage of skills and expertise is being experienced both within RA and across the sector and wider economy.

The situation was exacerbated by the constraints placed upon RA and preventing a pay offer in successive immediately preceding years. Whilst it had been hoped that it would be possible to make a decent pay settlement in this third and final year of pay restrictions, this aspiration proved to be impossible to meet. Work on the proposed award and negotiations with and between Cabinet Office, Treasury and DCMS departments continued through late summer and winter into spring with a settlement finally being awarded in Q4 of the year, and backdated to April 2022.

The work to finalise and progress the One Armouries staff engagement strategy progressed well in-year, which was a very welcome development after several years of deferral due to other emerging priorities. Detailed plans were presented to and agreed at Executive Board and in Trustee Board meetings, with the early stages of work initiated ahead of the major progress planned for 2023.

One significant step was the implementation of the Staff Attitude Survey, the third that has been conducted by RA in recent years. This was undertaken in Q4 with results received after the year-end. Although not quite as high as previous surveys, a good response rate was achieved (60%+) and a large amount of useful data obtained ready for analysis and review later in 2023.

Another key area of work which links RA's engagement, performance management and reward programmes, was the roll-out of a management-wide 360 review programme. A significant amount of time and effort in process, policy and training and development was invested in the introduction across Executive Board and Leadership Group colleagues.

#### **AIM 4: SUSTAINABILITY**

##### **Commercial operations**

A strong recovery was experienced across much of the RATE trading landscape with particular growth back to pre-Covid levels, in the Leeds-based event business as well as in the digital retail and IP operations.

Visitor-derived incomes have been variable with some very strong and impressive trading periods accompanied by weaker phases where visitor dynamics have been unpredictable and contrary to long term trends and norms, probably due to the rising cost-of-living impacting the wider economy.

The Executive Board approved significant investment in infrastructure and associated specialist staffing to support and advance the RA's aspirations to modernise and upgrade to a Cloud-based IP Digital Asset Management System which adds to efficiency, capability, resilience and security.

##### **IT operations**

Work to recover from the January 2022 cyber incident continued and all systems that could be recovered, were. There were unfortunately a few areas where it was more practical to install new technology than aim to rebuild the old equipment affected by the incident.

Incredibly, and due to a great deal of hard work and commitment from RA's internal IT colleagues and specialist hired-in teams, it was possible to recover almost all data and systems initially taken down, with that final 'lost' data sadly but thankfully being restricted to a short period of collections catalogue inputs originally made across the mid-winter period.

The recovery work was blended with a number of key elements of the IT 'transition' development work that had been planned and agreed to be undertaken, immediately before the cyber incident took place. The position of RA's IT infrastructure at the year end was that, despite an extensive loss of productivity across the critically affected 10-12 week period, the organisation had moved to a position where more data was securely held in Cloud-based systems, and had better, more secure systems protected by significantly improved security resilience processes and practices. RA has introduced a number of advanced technology systems during recovery which provide the Museum with a far higher level of security than many businesses currently enjoy. The data and systems in use have been externally audited and risk assessed to be at a very high level of resilience and security.

Beyond the recovery and implementation of planned transition work, activity was also progressed on the drafting and development of the 'Beyond the Bridgehead' work; RA's second stage of ICT Strategy development. Having worked extensively with an external consultant IT specialist, and 'in-house' senior-level governance colleagues possessing very high-levels of IT technical and strategic expertise, a 'next-step' plan was readied for completion during the latter part of the year, ready for final review and agreement next year (2023-24). This work will further progress the resilience and efficiency of internal systems and processes, as well as enhancing external user experience, operational performance and capability through several new systems and applications, including data handling and management as well as 'voice' through new telecoms systems now due to be introduced.

There were several changes during the course of the year, to RA's high-level governance support for ICT operations. After over five years of very helpful, insightful and diligent efforts made as a co-opted expert member of the Audit Committee and having contributed a great deal of time and effort in that role, Dr Brian Boullier resigned from his position with RA on the Audit Committee during the course of the year, in order to progress other developments in his professional career. Later in the year, Dr Adam Beaumont joined the Audit Committee to support governance and provide the specialist ICT expertise going forward.

### **Environmental Sustainability**

Plans were developed for a programme of work which will enable RA to establish benchmarks in current and recent practice around carbon emissions and other aspects of waste and water consumption. This work was embarked upon in 2022, in order to help define terms and set a new strategy to be finalised in 2023/24, within which RA will set targets for improvements in carbon use and other aspects of environmental best practice and sustainability, over the life of the five-year Corporate Plan.



31 members of RA staff, managers and senior leaders, including several trustees, were involved in specialist Carbon Literacy training in January and February 2023, delivered by the Carbon Literacy Project. This training aims to equip staff with the skills and confidence to better understand, measure and reduce the organisation's carbon emissions, as well as giving access to a toolkit which will assist in establishing the required benchmarks.

### **Estate and Facilities**

A stable and efficient process for meeting planned, preventative maintenance needs of RA estate is now organisationally embedded and working well, with all key works programmed for 2022/23 progressing to schedule. Good progress was also made in a series of vital capital renewals and upgrade works, very generously funded by DCMS, which included works on several mechanical and electrical services as well as other facilities including lifts, fire safety infrastructure and other important but expensive to maintain aspects of the estate.

A planning application was progressed and submitted for new car parking facilities at Fort Nelson, which will enable RA to provide a higher level of service quality to visitors on site and, equally importantly, significantly extend the numbers of visitor cars that can be accommodated on site and in all weathers. This presents an important improvement as it means we can now grow the visitors to the Fort in a less encumbered and constrained way than has previously been possible.

## **PLANS FOR FUTURE PERIODS**

### **Armouries 700**

Plans for the redevelopment of the Leeds site as part of the Armouries 700 masterplan will continue to be a priority during the next period. Having signed off the RIBA Stage 1 proposals for the Leeds museum building, development plans have been refined into a programme of 10 capital projects within the Leeds Museum as well as a major redevelopment of the adjacent Tiltyard complex. During the next period we plan to complete work on early enabling phases of the programme and to have made significant progress with work to refurbish conference facilities and create a new temporary exhibition gallery. We will also proceed with appointment of an exhibition designer for the museum refurbishment and begin the complex work of redesigning the museum's main galleries. We also aim to make significant progress in developing and rolling out our fundraising strategy for the programme.

Having completed an initial study into options for the Tiltyard site, we plan to carry out a detailed Green Book appraisal and Business Case for a large scale investment in the site to create a new, multi-purpose events, exhibition and conferencing space, supported by additional amenities and an ambitious placemaking initiative for Armouries Square and the surrounding public realm (including improvements to the riverside). Our target is to secure in principle agreement from Leeds City Council, the Department of Levelling Up, Homes and Communities and DCMS for a sustainable funding model for investment (c. £150m) to allow the next stage of the project development to take place – including design development (supported by an international competition) and initial planning applications.

### **Digital Vision**

A new website, planned for delivery in 2023/24, looks to improve and update the digital visitor experience, bringing stories surrounding objects to the fore and enabling more effective use of our range of existing digital assets, which should translate into higher levels of footfall to our physical sites.

### **Gun firing at the Fort and revised explosive procedures**

Having a Collection of items designed to be used or worn means the Royal Armouries has to find ways to demonstrate this to the public, and the best way to do that at the Fort is to work some of the guns. Ensuring the right capabilities, capacity and procedures on site are absolutely essential for health and safety reasons and protection of the Collection. The new post of Artillery Technical Manager will provide this assurance alongside revised procedures, and the aim is to fire some of the Royal Armouries own guns at Remembrance and at special events.

### **One Armouries update**

The One Armouries programme which commenced in earnest during the 2022-23 year will continue, with further work to develop and embed RA's people proposition, underpinned by the results of the recent major staff survey, which delivered outcomes in spring 2023. This will be accompanied by additional work which will look to create Equality, Diversity and Inclusion (EDI) benchmarks, enhance staff communications and build a plan for training needs analysis across the staff team.

**Tower Digital work**

Work is being planned, in cooperation with HRP, to enhance the digital elements of the visitor experience at the Tower. This will enable additional interpretative material to be developed for visitors, as well as making further use of our extensive digital assets derived from items in the Tower collections. An additional benefit will be the introduction of a greater proportion of visitors than present to our digital footprint, providing them with information about our other sites as well as routes for digital engagement.

**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 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 2011.

## **Royal Armouries Addresses**

Principal Address:

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Website: [www.royalarmouries.org](http://www.royalarmouries.org)

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## **List of Royal Armouries Advisers and Auditors**

### **External Auditors for Royal Armouries**

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### **Bankers**

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Bishopsgate Business Centre  
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EC2P 2AP

### **Solicitors**

Burges Salmon LLP  
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BS2 0ZX

### **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 63.

Overall visitor levels to the Royal Armouries during 2022/23 saw a continued recovery following two years of disruption from COVID-19 closures although overall visitor numbers have still not recovered to pre Covid-19 levels. The performance indicators on page 13 show that the percentage of visitors who would recommend a visit has increased close to the pre Covid-19 level seen in 2018/19. This recovery is attributed to a full year free from any covid secure measures.

Both the income and cost base of the organisation recovered to more than pre Covid-19 levels. Incoming resources for the period amounted to £13,092k comprising of Grant-in-Aid of £8,684k, Donations and Legacies of £309k, Charitable Activity income of £229k, Other Trading income of £3,840k and Investment income of £30k. In addition to £7,754k of core funding, the Grant-in-Aid funding included £280k of funding from the Covid-19 Support Package 2022/23 and £650k from the Public Bodies Infrastructure Fund 2021.

Other Trading Income is considerably higher than 2021/22 reflecting the continued recovery of trading activity across the year, unhindered by COVID-19 restrictions. The Royal Armouries share of gate income from Historic Royal Palaces has contributed £327k 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 £1,730k being recorded against £922k in 2020/21 with all business areas continuing 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 £13,346k and with investment losses of £11k results in net expenditure of £265k (before transfers and revaluations). £2,398k 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 £6,071k, being £282k higher than 2021/22 due primarily to an increase in staff levels and the 2022/23 pay award, partially offset by a reduction in the level of agency staff spend. Salary and related employee expenditure accounted for 45% of operational cost with depreciation, amortisation and impairment at £2,398k accounting for 18%. Other direct cost of £4,877k were 29% higher than 2021/22 due primarily to operations returning to their pre covid levels.

In 2022/23 the Royal Armouries recorded £1,126k net income before transfers for general unrestricted funds. Charitable donations of £0 were made during the year (2021/22: £0k) and no grants were awarded (2021/22: £0).

Resource expenditure for 2023/24 has been planned around anticipated resource income levels, fund raising and sustained commercial trading income. The budget includes a number of discretionary areas of spend which can be flexed depending on actual income levels.

A description of the principal risks and uncertainties facing the museum and its subsidiary undertakings, as identified by the museum Trustees, together with a summary of their plans and strategies for managing those risks is shown within the Governance Statement on pages 52-53.

### **Balance Sheet**

Of the fund balances at 31 March 2023:

- restricted funds, subject to specific restriction by the providers of the funds, amounted to £57,629k (2021/22: £55,403k), 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 £19,184k (2021/22: £17,489k); and
- the surplus on general unrestricted funds available for use in furtherance of the general objectives of the Royal Armouries amounted to £3,626k (2021/22: £2,500k).

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 and Charity SORP, Heritage Asset 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 £148k were capitalised in 2022/23.

Group Debtors increased by £447k to £1,156k due primarily to timing differences with respect to the invoicing of the HRP income share and prepaid expenditure. Group Creditors have remained relatively stable with a small £244k decrease to £13,317k.

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. 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 £2.8m 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 in line with the 2023-2028 Corporate Plan, with £1.9m budgeted to be spent during 2023/24.

Although the Royal Armouries total reserves at 31 March 2023 are shown as £80.4 million on the balance sheet, other than the £3.6m of General Reserves and £2.818m of cash within the overall £19.184m of Designated Funds transferred in prior years, 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 invoices within 30 days of the invoice being approved in accordance with the supplier's terms of business. In 2022/23, the Royal Armouries paid approximately 99% (2021/22: 67%) of supplier invoices within the target of 30 days.

### **Losses and Special Payments (audited)**

There were no reportable losses or special payments during the year ended 31 March 2023 (2021/22: Nil). There were two instances of heritage asset loss during the year ended 31 March 2023 which were below the reportable threshold. More details are given in the Governance Statement.

John Procter  
Chair

Date 12 February 2024

Nat Edwards  
Accounting Officer

Date 12 February 2024



## **REMUNERATION AND STAFF REPORT**

### **Remuneration Committee**

The membership of the Remuneration Committee is:

John Procter

Neil Grant

Andrew Latchmore

Paul Kirkman

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

The Remuneration Committee reviews and approves the salaries of the Accounting Officer and Directors with reference to any guidance from the Government. In 2022/23 a 2% cost of living increase was awarded to Directors. This was part of the overall 2022/23 organisational pay award which saw an average 5% awarded, with awards for staff ranging from 2% to 7.25% depending on grade.

### **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.

### **Pension Membership**

Pension benefits are provided either through the Civil Service pension arrangements or a defined contribution scheme with People's Pension. Staff who started in their current role prior to April 2020 are members of the Civil Service scheme. New starters since January 2020 are invited to join the defined contribution scheme.

### **Civil Service Scheme**

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 were switched 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](http://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.

CETV figures are calculated using the guidance on discount rates for calculating unfunded public service pension contribution rates that was extant at 31 March 2023. HM Treasury published updated guidance on 27 April 2023; this guidance will be used in the calculation of 2023-24 CETV figures.

### 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.

### Defined Contribution Scheme

New starters are invited to join the defined contribution pension scheme with People's Pension. Employers' contributions to the scheme are made at rates between 6% and 9%, with employee contributions paid at rates between 3% and 6% of pensionable pay.

### Remuneration (salary, benefits in kind and pensions) – audited

	Salary (Annual Equivalent) £'000		Bonus Payments £'000		Pension Benefit to nearest £1,000 *		Total Remuneration £'000	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
N Edwards # (started 3 October 2022)	60-65 (125-130)	-	-	-	2,000	-	65-70	-
E Impey (retired 31 January 2022)	-	105-110 (120-125)	-	-	-	(31,000)	-	75-80
R Taylor	105-110	95-100	-	-	36,000	38,000	140-145	135-140
E Carver (left 14 December 2022)	50-55 (65-70)	65-70	-	-	20,000	26,000	70-75	90-95
M Duncan	80-85	75-80	-	-	33,000	31,000	115-120	105-110
L Bell	75-80	70-75	-	-	30,000	28,000	105-110	100-105
F Symington # (started 10 October 2022)	25-30 (60-65)	-	-	-	5,000	-	30-35	-
F Riley (left 31 August 2021)	-	20-25 (55-60)	-	-	-	9,000	-	30-35

\* 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.

# N Edwards and F Symington are members of the defined contribution pension scheme. Values shown are the value of employer contributions made to the scheme.

Salary is gross salary and allowances only as no overtime is paid to Directors. No bonuses were awarded to directors during 2022/23 (2021/22: 0) and there were no benefits in kind in either 2022/23 or 2021/22. Trustees receive no emoluments however they are reimbursed for legitimate expenses, see Note 4b of the financial statements.

#### **Pension benefits – audited**

	<b>Accrued pension at pension age as at 31/03/23 (related lump sum) £'000</b>	<b>Real increase in pension (related lump sum) at pension age £'000</b>	<b>CETV at 31 March 2023 £'000</b>	<b>CETV at 31 March 2022 £'000</b>	<b>Real Increase in CETV £'000</b>
N Edwards #	-	-	-	-	-
R Taylor	15-20 (0-5)	0-2.5 (0-2.5)	268	227	22
E Carver	10-15 (0-5)	0-2.5 (0-2.5)	214	187	11
M Duncan	15-20 (0-5)	0-2.5 (0-2.5)	229	193	20
L Bell	10-15 (0-5)	0-2.5 (0-2.5)	114	95	9
F Symington #	-	-	-	-	-

# N Edwards and F Symington are members of the defined contribution pension scheme and as such the above disclosure is not relevant to them.

#### **Fair Pay - audited**

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. This disclosure is provided in the table below. The calculations are based on the salary and remuneration of the employees of both the Royal Armouries and Royal Armouries Trading and Enterprises.

	2022/23				2021/22 - restated *			
Percentile	Salary Ratio	Salary £,000	Remuneration Ratio	Total Remuneration £'000	Salary Ratio	Salary £,000	Remuneration Ratio	Total Remuneration £'000
25th	6.7:1	19.0	6.7:1	19.0	7.0:1	17.5	7.0:1	17.5
Median	5.1:1	24.9	5.1:1	24.9	5.4:1	22.7	5.4:1	22.7
75th	4.1:1	31.2	4.0:1	31.9	4.2:1	29.0	4.2:1	29.4

\* The 2021/22 figures have been restated to reflect a ratio based on total remuneration.

The banded remuneration of the highest paid director in the Royal Armouries in 2022/23 was £125-130k (2021/22: £120k-£125k). The salary of the highest paid director during the year changed by 4.1% (2021/22: 0%) reflecting the recruitment of the new Director General as well as the 2% cost of living increase. There was no performance pay and bonuses payable to the highest paid director in the current or previous year and as such their salary and total remuneration were the same.

The recruitment of a number of mid and higher salary roles during the year along with the 2022/23 pay award resulted in increases in the 25<sup>th</sup> percentile, median and 75<sup>th</sup> percentile salaries of 8.6%, 9.6% and 8.7% respectively. These increases resulted in the ratios for each reducing given that the remuneration of the highest paid director increased by a smaller percentage.

The average percentage increase from 2022/23 in respect of the employees of the entity taken as a whole in respect of salary costs and allowances was 6.0%. The average performance pay and bonus across all employees in 2022/23 was £94 (2021/22 : £32) a 194% increase reflecting that fact that commercial bonus scheme did not operate in 2021/22.

In 2022/23 (and 2021/22) no employee received remuneration in excess of the highest paid director. Remuneration ranged from £18,233 to £127,500 (2021/22: £16,848 to £122,500). 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.

## Exit Costs - audited

There was 1 redundancy during the year (2021/22: 1).

Exit package cost band	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band	
	2022/23	2021/22	2022/23	2021/22	2022/23	2021/22
£25,000 - £50,000	-	-	-	1	-	1
£100,000 - £125,000	-	-	1	-	1	-
Total number of exit packages	-	-	1	1	1	1
Total resource cost (£0,000)	-	-	119	44	119	44

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.

## Off Payroll

As at 31 March 2023 there were no off-payroll engagements for more than £245 per day that had lasted longer than six months (2021/22: 0). During the year there was only one such engagement which finished in May 2022.

## Staff Numbers

Disclosure of staff costs and average staff numbers is provided in Note 4 to the accounts on page 74.

John Procter  
Chair

Date 12 February 2024

Nat Edwards  
Accounting Officer

Date 12 February 2024

## 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 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 have regard to 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 Culture, Media and Sport designated Rod Taylor, Chief Operating Officer, as Accounting Officer between 1 February 2022 and 2 October 2022 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, include 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 12 February 2024

Nat Edwards  
Accounting Officer

Date 12 February 2024

## ROYAL ARMOURIES GOVERNANCE STATEMENT

### Purpose

This statement covers the Royal Armouries governance arrangements for the year ended 31 March 2023 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 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 2022/23, twice in Leeds, once at the Tower of London, once at Fort Nelson, and once by video conference. Attendance by video conference was also made available for the 'in person' meetings if a Trustee was unable to travel. 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 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 31 January 2024, 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 Summer 2023. The Chair also conducted annual one to one reviews with each Trustee during 2022/23.

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;
- 2023-28 Corporate Plan and Balanced Scorecard
- 2023/24 Annual Operating Plan
- Operational updates;
- Operational agreement with Historic Royal Palaces
- Public programme including temporary exhibition programme
- Masterplanning;
- Fundraising;

In addition two instances of heritage asset loss during the year ended 31 March 2023 were reported to the Board.

In the first a routine loan audit identified items missing at the loan location. A full investigation was carried out but the items could not be located. As a result, other items on loan on display in the same space were deinstalled and are now back at the museum. In the second, items were removed by thieves from a remote location, offsite from any of the Royal Armouries' venues. This incident was considered 'metal theft' rather than items being stolen for their value as a collection object. In both instances staff acted swiftly to escalate the incidents to the Executive Board and Board of Trustees in line with our policies and The Police were notified and involved.

Table of attendance at meetings during 2022/23.

	Board	Audit	Finance & Capital Development	Remuneration	Masterplan
John Procter	5/5	4/4	4/4	1/1	0/0
Sebastian Roberts	1/4	-	-	-	-
Nicholas Houghton	0/2	-	-	-	-
Paul Kirkman	5/5	-	4/4	1/1	0/0
Jonathan Sands	4/5	-	-	-	0/0
Neil Grant	5/5	4/4	4/4	1/1	-
Paul Mancey	5/5	3/4	-	-	-
Andrew Latchmore	5/5	4/4	4/4	1/1	0/0
Monica Turner	5/5	-	4/4	-	0/0
Steven Gunn	5/5	-	-	-	0/0
Barbara Woroncow	5/5	-	-	-	-
Gordon Messenger	2/2	-	-	-	-
Edward Smyth Osbourne	-	-	-	-	-
Andrew Broome*	-	2/4	-	-	-
Adam Beaumont*	-	0/1	-	-	-

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

### **Committees of the Board**

The Board has established a number of Committees to provide support and monitoring on matters of risk, control and governance. These Committees are Remuneration, Finance & Capital Development, 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 a 2% 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 Office, Director of Collections, Research & Learning and Director of Brand & Audiences routinely attend the meetings.

### *Masterplan Committee*

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 Collections, Research & Learning and Director of Brand & Audiences will 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, Director of Collections, Research & Learning 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 2022/23 which included IP Commercial Income, IT Service Provider, Data Management and Project and Programme Management;
- Updates on the recovery from the January 2022 Cyber incident and step taken to improve cyber security and overall IT resilience
- 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.

RATE saw a continued increase in comprehensive income in 2022/23 from £922k to £1,730k, following the relaxation of all COVID-19 restrictions and a full year of unaffected trading. The forecast for 2023/24 shows steady growth with a projected comprehensive income of £2,077k.

## **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 (to 14 December 2022)

Finance Director

Director of Collections

Director of Brand & Audiences (from 10 October 2022)

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. In setting the control environment the Royal Armouries follows the relevant government functional standards (further information of the content of the government functional standards can be found at the following website: [Functional Standards - GOV.UK \(www.gov.uk\)](https://www.gov.uk)).

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:

- Physical security – The heightened metal theft risk caused by high metal prices means that security reviews have been undertaken at Leeds and Fort Nelson and a number of remedial steps are being implemented.
- Building Plant Maintenance – Ageing equipment means increasing maintenance costs and reliability challenges.

### **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 2022/23 was provided under contract by Mazars LLP, who undertook three levels of audit

- 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:

<b>Audit area</b>	<b>OPINION</b>
• RATE Commercial Income (IP)	Moderate
• IT Service Provider	Moderate
• Project and Programme Management	Moderate
• Data Management	Limited

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 one high priority finding was 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 has improved since last year to 65%. It is essential that the Armouries continues to improve on this moving forward to ensure that recommendations, more particularly those of higher priority gradings, are implemented in a timely manner”.

Taking into account Mazars’ annual audit opinion, the individual audit outcome and the steps being taking 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.

There were no protected personal data related incidents reportable to the Information Commissioner's Office in 2022/23.

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 12 February 2024

Nat Edwards  
Accounting Officer

Date 12 February 2024

# 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 Trustee of the Royal Armouries (the Royal Armouries) and its Group for the year ended 31 March 2023 under the National Heritage Act 1983.

The financial statements comprise: the Royal Armouries and its Group's:

- Consolidated Balance sheet as at 31 March 2023;
- Consolidated Statement of Financial Activities and 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 Royal Armouries and its Group's affairs as at 31 March 2023 and its net expenditure 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 and Regularity of Public Sector Bodies in the United Kingdom (2022)*. 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 am independent 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 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 Board of 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.

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 and Staff 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 Royal Armouries, 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 Annual Report.

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

- adequate accounting records have not been kept by the Royal Armouries and its Group or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; 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 National Heritage Act 1983 have not been made or parts of the Remuneration and Staff Report to be audited are 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 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 intend to liquidate the entity or to cease operations, or have 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:

- considered the nature of the sector, control environment and operational performance including the design of the Royal Armouries and its Group's accounting policies and key performance indicators.
- inquired of management—the Royal Armouries' internal audit function and those charged with governance, including obtaining and reviewing supporting documentation relating to the Royal Armouries and its Group's policies and procedures on:
  - identifying, evaluating and complying with laws and regulations;
  - detecting and responding to the risks of fraud; and
  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Royal Armouries and its Group's controls relating to the Royal Armouries' compliance with the National Heritage Act 1983, Charities Act 2011 and Managing Public Money;
- inquired of management, the Royal Armouries' internal audit function and those charged with governance whether:
  - they were aware of any instances of non-compliance with laws and regulations;
  - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team including the significant component audit team and the relevant external specialists, including experts in the valuation of land and buildings and internal specialists including for IT system implementation, 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 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 obtained an understanding of the Royal Armouries and its Group's framework of authority and other legal and regulatory frameworks in which the Royal Armouries and its Group operates. I focused 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 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, Managing Public Money, employment law, pensions and tax legislation.

#### *Audit response to identified risk*

To respond to the identified risks resulting from the above procedures:

- I reviewed 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;
- I enquired of management and the Audit Committee concerning actual and potential litigation and claims;
- I reviewed 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, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- in addressing the risk of fraud in revenue recognition, I assessed the recognition of income in line with the accounting standards and undertook procedures to test the completeness of grants, donations and legacies.

I communicated relevant identified laws and regulations and potential risks of fraud 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](http://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 expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

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 I identify during my audit.

### **Report**

I have no observations to make on these financial statements.

**Gareth Davies**  
**Comptroller and Auditor General**

**Date** 13 February 2024

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 2023

	Notes	Unrestricted funds		Restricted funds	Total funds
		General	Designated		2022/23
		£000	£000	£000	£000
<b>Income and endowments from</b>					
Grant-in-Aid	2	7,245	1,439	-	8,684
Donations and legacies	3	68	-	241	309
Charitable activities	3	229	-	-	229
Other trading activities	3	3,840	-	-	3,840
Investments		30	-	-	30
<b>Total Income and endowments</b>		<b>11,412</b>	<b>1,439</b>	<b>241</b>	<b>13,092</b>
<b>Expenditure on</b>					
Raising Funds	4	(1,954)	(55)	(39)	(2,048)
Charitable activities	4	(8,332)	(1,699)	(1,267)	(11,298)
<b>Total Expenditure</b>		<b>(10,286)</b>	<b>(1,754)</b>	<b>(1,306)</b>	<b>(13,346)</b>
<b>Net (loss) on investments</b>	11	-	-	(11)	(11)
<b>Net income / (expenditure)</b>		<b>1,126</b>	<b>(315)</b>	<b>(1,076)</b>	<b>(265)</b>
<b>Transfers between funds</b>		-	(59)	59	-
<b>Other recognised gains / (losses)</b>					
Gains on revaluation of fixed assets	7	-	2,069	3,243	5,312
<b>Net movement in funds</b>		<b>1,126</b>	<b>1,695</b>	<b>2,226</b>	<b>5,047</b>
<b>Reconciliation of funds:</b>					
Total Funds brought forward		<b>2,500</b>	<b>17,489</b>	<b>55,403</b>	<b>75,392</b>
<b>Total Funds carried forward</b>		<b>3,626</b>	<b>19,184</b>	<b>57,629</b>	<b>80,439</b>

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 67 to 93 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 2022

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

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 67 to 93 form an integral part of these accounts.

## THE BOARD OF TRUSTEES OF THE ROYAL ARMOURIES

### CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2023

	Notes	2022/23		2021/22	
		Group	Museum	Group	Museum
		£000	£000	£000	£000
<b>Fixed Assets</b>					
Intangible Assets	6	115	115	5	5
Tangible Assets	7	79,678	79,678	76,106	76,106
Heritage Assets	8	4,328	4,328	4,180	4,180
Investments	11	150	150	161	161
Investments in Subsidiary	12	-	150	-	150
		<b>84,271</b>	<b>84,421</b>	80,452	80,602
<b>Current Assets</b>					
Stocks	13	190	29	188	84
Debtors	14	1,156	2,727	709	1,356
Cash at Bank and in Hand		8,139	6,453	7,604	6,814
		<b>9,485</b>	<b>9,209</b>	8,501	8,254
<b>Creditors</b>					
Amounts falling due within one year	15	(1,759)	(1,627)	(2,124)	(2,021)
<b>Net Current Assets</b>		<b>7,726</b>	<b>7,582</b>	6,377	6,233
<b>Total Assets less Current Liabilities</b>		<b>91,997</b>	<b>92,003</b>	86,829	86,835
Creditors: Amounts falling due after more than one year	15	(11,558)	(11,558)	(11,437)	(11,437)
<b>Net Assets</b>		<b>80,439</b>	<b>80,445</b>	75,392	75,398
<b>The funds of the charity</b>					
<b>Income Funds</b>					
Restricted Reserves	21	57,629	57,629	55,403	55,403
Unrestricted Reserves					
Designated funds	21	19,184	19,184	17,489	17,489
General	21	3,626	3,632	2,500	2,506
<b>Total Funds</b>		<b>80,439</b>	<b>80,445</b>	75,392	75,398

The notes on pages 67 to 93 form an integral part of these accounts.

The financial statements of pages 63 to 66 were approved by the Board of Trustees and were signed on their behalf by:

John Procter  
Chair

Date 12 February 2024

Nat Edwards  
Accounting Officer

Date 12 February 2024

## THE BOARD OF TRUSTEES OF THE ROYAL ARMOURIES

### CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	Notes	2022/23	2021/22
		£000	£000 Represented*
<b>Cash Flows from operating activities:</b>			
<b>Net Cash provided by / (used in) operating activities</b>	22	2,241	3,585
<b>Cash Flows from investing activities:</b>			
Dividends and interest from investments		30	1
Purchase on intangible fixed assets		(112)	-
Purchase of tangible fixed assets		(1,040)	(866)
Purchase of heritage fixed assets		(79)	(64)
<b>Net cash provided by / (used in) investing activities</b>		<b>(1,201)</b>	<b>(929)</b>
<b>Cash Flows from financing activities:</b>			
Loan interest payment		(12)	(12)
Finance Lease Payment		(493)	(493)
<b>Net cash provided by / (used in) financing activities</b>		<b>(505)</b>	<b>(505)</b>
<b>Change in cash and cash equivalents in the period</b>		<b>535</b>	2,151
<b>Cash and cash equivalents at the beginning of the reporting period</b>		<b>7,604</b>	5,453
<b>Cash and cash equivalents at the end of the reporting period</b>		<b>8,139</b>	7,604

\* The 2021/22 Cashflow has been represented to correctly show the Loan interest payment cash flow in the Cash Flows from financing activities section of the Consolidated Statement of Cash Flows rather than the Reconciliation of net income to net cash flow from operating activity shown in note 22.

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

The notes on pages 67 to 93 form an integral part of these accounts. The Royal Armouries has taken advantage of the exemption under FRS 102 to provide the consolidated cashflow statement for the group only.

## **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 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 Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP), applicable accounting standards (FRS102) and have regard to the requirements of HM Treasury's Financial Reporting Manual as set out in the Accounts Direction issued by the Department for Culture, Media & Sport. 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 2023. 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 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 87.

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 Key Judgements**

##### *Valuation of New Dock Hall*

The Royal Armouries uses an external valuer to value the property annually on the basis of Market Value and ascertain its remaining useful economic life. The valuation is dependent on both historic trading data and projected future trading assumptions which are produced by management in conjunction with our outsourced operating partner.

##### *Valuation of other Land and Buildings*

The Royal Armouries uses an external valuer to value and estimate the remaining useful economic life of the other properties and plant and machinery included in the financial statements on a quintennial basis. In the intervening years appropriate indices are used to value the assets.

##### *Depreciation*

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 1 Accounting policies (continued)

#### 1.6 Key Judgements (continued)

##### *Valuation of heritage assets*

Heritage assets are valued in accordance with FRS 102 (Heritage Assets). The museum accepts donations of heritage assets which require management to make a judgement on the valuation placed on the specimens donated. Further information on heritage assets can be found in Note 1.9 below.

##### *Lease discount rate*

The Royal Armouries has two 999 year leases as detailed in Note 15. The length and complexity of these leases means that it has proven mathematically impossible to determine a implicit discount rate that is valid across the whole lease term. Currently a 6% discount rate has been applied as this provides the most accurate outcome at present. The discount rate is subject to review annually.

##### *Valuation of Ministry of Defence Pattern Room donation*

As noted in Note 10, the Royal Armouries was gifted a collection of weapons by the Ministry of Defence in 2005. The collection had not been valued by the Ministry of Defence previously and the large number of items donated meant it was not practical to value this donation. As a result the exception to valuing donations under s18.17 of the Charities SORP (FRS102) was applied.

#### 1.7 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.

#### 1.8 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 1.9) 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.

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	9 to 79 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.



## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **1 Accounting policies (continued)**

#### **1.9 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. It is not the museum's policy to revalue items once capitalised.

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.

#### **1.10 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)**

#### **1.11 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.

#### **1.12 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.

#### **1.13 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)

#### 1.14 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 (Group and Museum)

Grant-in-Aid received from DCMS in 2022/23 was £8,684,000 (2021/22: £9,733,000). 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 £887k (2021/22: £1,364k) has been designated by the Trustees for the purposes of capital projects with a further £59k (2021/22: £64k) designated by the Trustees for the purposes of collection asset purchases and £493k (2021/22: £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 (Group)

	<b>2022/23</b> <b>£000</b>	2021/22 £000
Donations	68	67
Coronavirus Job Retention Scheme Grants	-	93
Other Grants	141	11
Heritage asset donations	100	38
<b>Donations and Legacies</b>	<b>309</b>	<b>209</b>
Event Income	101	32
Educational Income	42	5
Other Operating Income	86	69
<b>Charitable activities</b>	<b>229</b>	<b>106</b>
Share of HRP gate receipt	327	102
Trading activity	3,513	2,185
<b>Other Trading activities</b>	<b>3,840</b>	<b>2,287</b>

£0 of the Donations (2021/22: £20k), £0 of the Coronavirus Job Retention Scheme Grants (2021/22: £93k), £141k of the Other Grants income (2021/22: £10k) and the £100k of Heritage asset donations (£2021/22: £38k) were restricted income. The remaining income was unrestricted general income.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 4. Total Expenditure (Group)

	Staff costs	Other direct costs	Impairment, Depreciation & Disposals	Allocated Support Cost	2022/23 Group
	£000	£000	£000	£000	£000
Cost of generating voluntary income	105	24	-	36	165
Fund raising: cost of goods and other costs	583	898	74	328	1,883
<b>Raising Funds</b>	<b>688</b>	<b>922</b>	<b>74</b>	<b>364</b>	<b>2,048</b>
Care of the collection	1,199	496	596	1,160	3,451
Education	285	91	168	342	886
Visitor Experience	1,664	1,156	1,560	2,581	6,961
<b>Charitable activities</b>	<b>3,148</b>	<b>1,743</b>	<b>2,324</b>	<b>4,083</b>	<b>11,298</b>
<b>Total Expenditure</b>	<b>3,836</b>	<b>2,665</b>	<b>2,398</b>	<b>4,447</b>	<b>13,346</b>

### Support Costs

	Staff costs	Other direct costs	Impairment, Depreciation & Disposals	Allocated Support Cost	Basis of allocation
	£000	£000	£000	£000	
Directorate	774	98	-	(872)	Headcount
Administrative support	479	888	-	(1,367)	Headcount
Shared services	952	1,096	-	(2,048)	Space
Governance Costs	30	130	-	(160)	Headcount
	<b>2,235</b>	<b>2,212</b>	<b>-</b>	<b>(4,447)</b>	
	<b>6,071</b>	<b>4,877</b>	<b>2,398</b>	<b>-</b>	

	Staff costs	Other direct costs	Impairment, Depreciation & Disposals	Allocated Support Cost	2021/22 Group
	£000	£000	£000	£000	£000
Cost of generating voluntary income	137	10	-	67	214
Fund raising: cost of goods and other costs	545	482	65	298	1,390
<b>Raising Funds</b>	<b>682</b>	<b>492</b>	<b>65</b>	<b>365</b>	<b>1,604</b>
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
<b>Charitable activities</b>	<b>2,905</b>	<b>1,179</b>	<b>2,015</b>	<b>3,937</b>	<b>10,036</b>
<b>Total Expenditure</b>	<b>3,587</b>	<b>1,671</b>	<b>2,080</b>	<b>4,302</b>	<b>11,640</b>

### Support Costs

	Staff costs	Other direct costs	Impairment, Depreciation & Disposals	Allocated Support Cost	Basis of allocation
	£000	£000	£000	£000	
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
	<b>2,202</b>	<b>2,100</b>	<b>-</b>	<b>(4,302)</b>	
	<b>5,789</b>	<b>3,771</b>	<b>2,080</b>	<b>-</b>	

The new finance system that went live in April 2022 provides a greater analysis of staff costs and allows a more detailed and accurate allocation of costs to the expenditure categories above than was possible in prior years. The cost of certain staff roles that were previously allocated as part of a larger cost have been more accurately allocated in 2022/23 to a different category. It is not possible to restate the prior year analysis due to the lack of analysis available. As a result the 2021/22 analysis is not directly comparable to the 2022/23 analysis.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 4. Total resources expended (continued)

4a Staff Costs	Permanent staff	Contract and agency staff	2022/23 Total Group	2021/22 Total Group
	£000	£000	£000	£000
Salaries and wages	4,521	218	4,739	4,531
National Insurance contributions	346	93	439	390
Pension costs	763	14	777	855
Redundancy costs	119	-	119	44
Holiday pay accrual	(3)	-	(3)	(31)
	<u>5,746</u>	<u>325</u>	<u>6,071</u>	<u>5,789</u>

The average number of full-time equivalent employees, analysed by function, was:

	2022/23	Group 2021/22
Cost of generating voluntary funds	3	4
Fundraising: cost of goods sold and other costs	17	15
Care of the collection	42	43
Education	13	11
Visitor Experience	81	74
	<u>156</u>	<u>147</u>

The average headcount of the Group during the year was 191 (2021/22: 181)

#### Director General & Master of the Armouries

Details of the Director General & Master of the Armouries and Directors remuneration are contained within the Remuneration and Staff 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:

	2022/23	2021/22
£60,001 - £70,000	1	1
£70,001 - £80,000	1	2
£80,001 - £90,000	1	-
£90,001 - £100,000	-	1
£100,001 - £110,000	1	1

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 4. Total resources expended (continued)

#### 4a. Staff Costs (continued)

##### 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](http://www.civilservicepensionscheme.org.uk)

For 2022/23, employers' contributions of £666k were payable to the civil service (2021/22: £787k) 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 2022/23 to be paid when the member retires and not benefits paid during this period to existing pensioners.

For 2022/23, employers' contributions of £84k were payable to the People's Pension (2021/22: £35k) 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 £14k (2021/22: £4k) were payable.

Employees can opt to open a **partnership** pension account, a stakeholder pension with an employer contribution. Employers' contributions of £0k (2021/22: £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 (2021/22: £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 (2021/22: £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.

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 2022/23 Employers' contributions of £27k (2021/22: £33k) were payable to the People's Pension and at the balance sheet date contributions amounting to £3k (2021/22: £2k) were payable.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 4. Total resources expended (continued)

#### 4b. Trustees

No member of the Board of Trustees of the Royal Armouries received any emoluments during the year. Ten Royal Armouries Trustees incurred expenses for their travel and subsistence costs during the year, with £4,758 reimbursed and £8,141 paid directly to third parties (2021/22: 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).

### 5. Net Income / (Expenditure)

	<b>2022/23</b>	2021/22
	<b>Group</b>	Group
	<b>£000</b>	£000
Net income / (expenditure) is stated after charging:		
Operating lease rentals	<b>16</b>	14
Finance lease charge	<b>614</b>	608
External auditor for audit work	<b>78</b>	71
External auditor for non-audit work	<b>4</b>	3
Internal Auditor	<b>34</b>	28
Legal services	<b>119</b>	29
Travel and subsistence costs	<b>121</b>	63
Loss on disposal of fixed assets	-	15

All auditors' remuneration was in respect of audit work with the exception of £4,250 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 £56.7k (2021/22: £52.5k) on behalf of the Comptroller and Auditor General for the audit of the Royal Armouries. Grant Thornton charged £21.5k for the audit of Royal Armouries Trading & Enterprises Ltd (2021/22: £18k).

Expenditure of £0 was incurred on 'advisory consultancy' during the year (2021/22: £0).

### 6. Intangible Fixed assets (Group and Museum)

	Website Development £000	Software Licences £000	<b>Total £000</b>
Cost as at 1 April 2022	43	1	<b>44</b>
Additions	112	-	<b>112</b>
Disposals	(-)	(-)	<b>(-)</b>
<b>Cost as at 31 March 2023</b>	<b>155</b>	<b>1</b>	<b>156</b>
Amortisation as at 1 April 2022	38	1	<b>39</b>
Disposals	(-)	(-)	<b>(-)</b>
Amortisation during year	2	-	<b>2</b>
<b>Amortisation as at 31 March 2023</b>	<b>40</b>	<b>1</b>	<b>41</b>
<b>Net Book Value at 31 March 2023</b>	<b>115</b>	-	<b>115</b>
Net Book Value at 31 March 2022	5	-	5

## 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 2022	-	68,947	7,929	10,561	<b>87,437</b>
Additions	94	-	89	473	<b>656</b>
Disposals	-	-	-	(41)	<b>(41)</b>
Transfers	(-)	-	-	-	-
Revaluations	-	3,328	2,308	1,004	<b>6,640</b>
<b>As at 31 March 2023</b>	<b>94</b>	<b>72,275</b>	<b>10,326</b>	<b>11,997</b>	<b>94,692</b>
<b>Depreciation</b>					
As at 1 April 2022	-	2,750	1,714	6,867	<b>11,331</b>
Charge for the year	-	1,043	732	621	<b>2,396</b>
Disposals	-	-	-	(41)	<b>(41)</b>
Revaluation	-	158	499	671	<b>1,328</b>
<b>As at 31 March 2023</b>	<b>-</b>	<b>3,951</b>	<b>2,945</b>	<b>8,118</b>	<b>15,014</b>
<b>Net Book Value at 31 March 2023</b>	<b>94</b>	<b>68,324</b>	<b>7,381</b>	<b>3,879</b>	<b>79,678</b>
Net Book Value at 31 March 2022	-	66,197	6,215	3,694	76,106

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 2022	-	68,947	7,929	10,535	<b>87,411</b>
Additions	94	-	89	473	<b>656</b>
Disposals	-	-	-	(41)	<b>(41)</b>
Transfers	(-)	-	-	-	-
Revaluations	-	3,328	2,308	1,004	<b>6,640</b>
<b>As at 31 March 2023</b>	<b>94</b>	<b>72,275</b>	<b>10,326</b>	<b>11,971</b>	<b>94,666</b>
<b>Depreciation</b>					
As at 1 April 2022	-	2,750	1,714	6,841	<b>11,305</b>
Charge for the year	-	1,043	732	621	<b>2,396</b>
Disposals	-	-	-	(41)	<b>(41)</b>
Revaluation	-	158	499	671	<b>1,328</b>
<b>As at 31 March 2023</b>	<b>-</b>	<b>3,951</b>	<b>2,945</b>	<b>8,092</b>	<b>14,988</b>
<b>Net Book Value at 31 March 2023</b>	<b>94</b>	<b>68,324</b>	<b>7,381</b>	<b>3,879</b>	<b>79,678</b>
Net Book Value at 31 March 2022	-	66,197	6,215	3,694	76,106



## 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 2022. 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 two 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 2023 for both the Group and Museum was £33.2m and £0.9m 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 2022	3,436	666	78	4,180
Additions	148	-	-	148
<b>Cost or valuation as at 31 March 2023</b>	<b>3,584</b>	<b>666</b>	<b>78</b>	<b>4,328</b>
Purchased - Cost	2,203	100	78	2,381
Donated – Deemed Cost	1,381	566	-	1,947
<b>Total</b>	<b>3,584</b>	<b>666</b>	<b>78</b>	<b>4,328</b>

There have been no disposals of heritage assets during 2022/23.

The collection comprises 600 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 21 to 22.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 9. Five year financial summary of heritage asset transactions

	2022/23 £000	2021/22 £000	2020/21 £000	2019/20 £000	2018/19 £000
<u>Purchases</u>					
Armour and weapons	79	64	6	49	74
Works of art	-	-	-	-	50
Archive	-	-	-	5	-
<u>Donations</u>					
Armour and weapons	69	11	15	5	3
Works of art	-	-	-	-	566
<b>Total</b>	<b>148</b>	<b>75</b>	<b>21</b>	<b>59</b>	<b>693</b>

### 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 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.

Only post 2001 heritage assets that have been formally accessioned are valued in the accounts. At any point in time there will be a number of items that have been deposited with the museum for acquisition, research or identification purposes, namely. The process for those deposits that are being assessed by staff as to whether they should be acquired for the collection, returned to their original owner or disposed of (if duplicate or in poor condition), involves research of each item, including provenance checks, and can take a number of months. Deposits are left at the owner's risk.

#### 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 pieces of armour and 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 weapons which were initially formed by the Ministry of Defence Pattern Room in Enfield and latterly the Royal Ordnance Factory in Nottingham. This collection was gifted to the Royal Armouries by the Ministry of Defence in 2005.

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

## NOTES TO THE FINANCIAL STATEMENTS (continued)

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

#### Works of art

The museum holds a collection of art, comprising paintings, prints, drawings, sculptures and other works of art.

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

#### Archive

The archives contain some major collections, including those of the previous Master of the Armouries, Sir James Mann, and the Royal Small Arms Factory, Enfield, as well as 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 16<sup>th</sup> and 17<sup>th</sup> 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-15<sup>th</sup> Century wrought iron gun, probably made in England and now known as the Boxted Bombard, one of very few guns of this period surviving in Europe today.

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

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

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

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

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

#### Preservation and management

The core collection is managed by a team of specialist curators and registrars who control the collection in accordance with policies approved by the Board of Trustees. The condition of the collection is maintained by a dedicated team of specialist conservators. Further information on the preservation and management of the collection, including the detailed collections policies, which are available on the Royal Armouries website.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 11. Investments

	Group	
	2022/23 £000	2021/22 £000
Investments as at 1 April	161	157
Additions	-	57
Disposals	(-)	(55)
Gain/(loss) in value	(11)	2
<b>Investments as at 31 March</b>	<b>150</b>	<b>161</b>

The investments comprise government stock, fixed interest bonds and funds.

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	
	2022/23 £000	2021/22 £000
Stocks valued at cost	243	193
Less: provisions for publications and other slow moving stocks	(53)	(5)
	<b>190</b>	<b>188</b>

  

	Museum	
	2022/23 £000	2021/22 £000
Stocks valued at cost	74	84
Less: provisions for publications and other slow moving stocks	(45)	-
	<b>29</b>	<b>84</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 14. Debtors

	2022/23		2021/22	
	Group £000	Museum £000	Group £000	Museum £000
Trade debtors	350	67	408	53
Other debtors	14	10	21	25
Amounts due from subsidiaries	-	1,897	-	960
VAT recoverable	178	262	57	164
Prepayments and accrued income	620	492	223	154
Provision for bad debts	(6)	(1)	(-)	(-)
	<b>1,156</b>	<b>2,727</b>	709	1,356

### 15. Creditors

#### Amounts falling due within one year

	2022/23		2021/22	
	Group £000	Museum £000	Group £000	Museum £000
Trade creditors	345	314	6	3
Tax and Social Security	208	189	177	162
Other creditors	12	11	31	31
Obligations under finance lease	493	493	493	493
Accumulated holiday pay	51	49	54	54
Accruals and deferred income	638	559	1,351	1,266
DCMS Loan	12	12	12	12
	<b>1,759</b>	<b>1,627</b>	2,124	2,021

#### Amounts falling due after more than one year

	Group & Museum	
	2022/23 £000	2021/22 £000
Obligations under finance lease	10,358	10,237
DCMS Loan	1,200	1,200
	<b>11,558</b>	<b>11,437</b>

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

	2022/23 £000	2021/22 £000
As at 1 April 2022	6	10
Amounts released from previous years	(9)	(10)
Income deferred in the current year	17	6
<b>As at 31 March 2023</b>	<b>14</b>	<b>6</b>

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 2023 the future minimum lease payments were as follows:

	<b>2022/23</b>	2021/22
	<b>Land &amp; Buildings</b>	Land & Buildings
	<b>£000</b>	£000
Not later than one year	<b>493</b>	493
Later than one year and not later than five years	<b>2,170</b>	2,070
Later than five years	<b>668,734</b>	669,328
<b>Total gross payments</b>	<b>671,397</b>	671,891
Less: finance charges	<b>(660,546)</b>	(661,161)
<b>Total Lease Liability</b>	<b>10,851</b>	10,730

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 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. In addition the UK Health Security Agency (UKHSA) is regarded as a related party due a Trustee being a member of the non-executive Advisory Board. 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.

	<b>2022/23</b>	<b>2022/23</b>	<b>2022/23</b>	<b>2022/23</b>
	<b>Income</b>	<b>Costs</b>	<b>Debtor</b>	<b>Creditor</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Historic Royal Palaces				
- Income relates to a contribution to site expenditure. Costs relate to our share of operating costs	327	8	327	2
UKHSA	-	3	-	3
-Costs relates to services provided				

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 and Staff Report on pages 38 to 44. As disclosed on page 3, Trustees are not remunerated.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 17. Financial Commitments

As at 31 March 2023 the Royal Armouries group and entity had commitments to future minimum lease payments under non-cancellable operating leases as follows:

	Land £000	Other £000	2022/23 £000	2021/22 £000
Not later than one year	4	12	16	16
Later than one year and not later than five years	16	29	45	56
Later than five years	293	-	293	297
	<b>313</b>	<b>41</b>	<b>354</b>	<b>369</b>

As detailed in Note 15 the Royal Armouries group and entity 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:

	2022/23 £000	2021/22 £000
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	12	13
	<b>12</b>	<b>13</b>

Contingent rent recognised as income during the period amounted to £484k.

The Royal Armouries entity has an intra group non-cancellable contract with Royal Armouries Trading and Enterprises Limited which is not a lease or other service concession arrangement. The payments to which the Royal Armouries is committed as at 2022/23, analysed by the period during which the commitments expire, are as follows:

	2022/23 £000	2021/22 £000
Not later than one year	-	-
Later than one year and not later than five years	-	-
Later than five years	3	3
	<b>3</b>	<b>3</b>

Contingent payments during the period amounted to £484k.

### 18. Contingent Liabilities (Group and Museum)

There were no contingent liabilities as at 31 March 2023 or 31 March 2022.

### 19. Capital Commitments (Group and Museum)

	2022/23 £000	2021/22 £000
Capital expenditure contracted but not provided for in the accounts	312	6

The expenditure contracted but not provided for in the accounts relates to the remaining costs of the fire compartmentalisation, lift refurbishment, new website and DAMS projects in Leeds. Contracts for the work were awarded in 22/23 but not all the work had been completed by 31 March 2023. We expect work to be completed within one year.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 20. Analysis of group net assets between funds

	Group			Total
	Unrestricted funds		Restricted funds	
	General £000	Designated £000	£000	
Funds balances as <b>31 March 2023</b> are represented by:				<b>£000</b>
Intangible fixed assets	-	29	86	<b>115</b>
Tangible fixed assets	-	26,613	53,065	<b>79,678</b>
Heritage fixed assets	-	-	4,328	<b>4,328</b>
Investments	-	-	150	<b>150</b>
Current assets	4,791	4,694	-	<b>9,485</b>
Current liabilities	(1,165)	(594)	-	<b>(1,759)</b>
Non current liabilities	-	(11,558)	-	<b>(11,558)</b>
<b>Total net assets</b>	<b><u>3,626</u></b>	<b><u>19,184</u></b>	<b><u>57,629</u></b>	<b><u>80,439</u></b>

	Group			Total
	Unrestricted funds*		Restricted funds	
	General £000	Designated £000	£000	
Funds balances as <b>31 March 2022</b> are represented by:				<b>£000</b>
Intangible fixed assets	-	5	-	<b>5</b>
Tangible fixed assets	-	25,044	51,062	<b>76,106</b>
Heritage fixed assets	-	-	4,180	<b>4,180</b>
Investments	-	-	161	<b>161</b>
Current assets	3,646	4,855	-	<b>8,501</b>
Current liabilities	(1,146)	(978)	-	<b>(2,124)</b>
Non current liabilities	-	(11,437)	-	<b>(11,437)</b>
<b>Total net assets</b>	<b><u>2,500</u></b>	<b><u>17,489</u></b>	<b><u>55,403</u></b>	<b><u>75,392</u></b>

\* The analysis of Unrestricted funds has been represented to reflect capital accruals as designated liabilities rather than general liabilities.



## NOTES TO THE FINANCIAL STATEMENTS (continued)

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

	<b>Museum</b>			<b>Total</b>
	Unrestricted funds		Restricted funds	
	General £000	Designated £000	£000	
Funds balances as <b>31 March 2023</b> are represented by:				
Intangible fixed assets	-	29	86	<b>115</b>
Tangible fixed assets	-	26,613	53,065	<b>79,678</b>
Heritage fixed assets	-	-	4,328	<b>4,328</b>
Investments	150	-	150	<b>300</b>
Current assets	4,515	4,694	-	<b>9,209</b>
Current liabilities	(1,033)	(594)	-	<b>(1,627)</b>
Non current liabilities	-	(11,558)	-	<b>(11,558)</b>
<b>Total net assets</b>	<b>3,632</b>	<b>19,184</b>	<b>57,629</b>	<b>80,445</b>

	<b>Museum</b>			<b>Total</b>
	Unrestricted funds*		Restricted funds	
	General £000	Designated £000	£000	
Funds balances as <b>31 March 2022</b> are represented by:				
Intangible fixed assets	-	5	-	<b>5</b>
Tangible fixed assets	-	25,044	51,062	<b>76,106</b>
Heritage fixed assets	-	-	4,180	<b>4,180</b>
Investments	150	-	161	<b>311</b>
Current assets	3,399	4,855	-	<b>8,254</b>
Current liabilities	(1,043)	(978)	-	<b>(2,021)</b>
Non current liabilities	-	(11,437)	-	<b>(11,437)</b>
<b>Total net assets</b>	<b>2,506</b>	<b>17,489</b>	<b>55,403</b>	<b>75,398</b>

\* The analysis of Unrestricted funds has been represented to reflect capital accruals as designated liabilities rather than general liabilities.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 21. Statement of funds

	1 April 2022 Restated* £000	Income £000	Expenditure £000	Group Revaluation £000	Transfers £000	31 March 2023 £000
Unrestricted funds						
General fund	2,500	11,412	(10,286)	-	-	3,626
Designated fund – assets	11,901	946	(1,123)	2,150	(59)	13,815
Designated fund - land lease	5,588	493	(631)	(81)	-	5,369
Total unrestricted funds	19,989	12,851	(12,040)	2,069	(59)	22,810
Restricted funds						
Buildings	28,054	-	(1,204)	-	-	26,850
National Firearms Centre	937	-	(55)	-	-	882
Intangible assets	-	86	-	-	-	86
Sponsorship and Donations	6,713	35	(16)	-	-	6,732
Heritage Assets	2,302	20	-	-	59	2,381
Donated Assets	1,878	100	(31)	-	-	1,947
Revaluation Reserve	15,358	-	-	3,243	-	18,601
Investments	161	-	(11)	-	-	150
Total restricted funds	55,403	241	(1,317)	3,243	59	57,629
<b>Total funds</b>	<b>75,392</b>	<b>13,092</b>	<b>(13,357)</b>	<b>5,312</b>	<b>-</b>	<b>80,439</b>

	1 April 2022 Restated* £000	Income £000	Expenditure £000	Museum Revaluation £000	Transfers £000	31 March 2023 £000
Unrestricted funds						
General fund	2,506	10,003	(8,877)	-	-	3,632
Designated fund - assets	11,901	946	(1,123)	2,150	(59)	13,815
Designated fund - land lease	5,588	493	(631)	(81)	-	5,369
Total unrestricted funds	19,995	11,442	(10,631)	2,069	(59)	22,816
Restricted funds						
Buildings	28,054	-	(1,204)	-	-	26,850
National Firearms Centre	937	-	(55)	-	-	882
Intangible assets	-	86	-	-	-	86
Sponsorship and Donations	6,713	35	(16)	-	-	6,732
Heritage Assets	2,302	20	-	-	59	2,381
Donated Assets	1,878	100	(31)	-	-	1,947
Revaluation Reserve	15,358	-	-	3,243	-	18,601
Investments	161	-	(11)	-	-	150
Total restricted funds	55,403	241	(1,317)	3,243	59	57,629
<b>Total funds</b>	<b>75,398</b>	<b>11,683</b>	<b>(11,948)</b>	<b>5,312</b>	<b>-</b>	<b>80,445</b>

\* The 1 April 2022 split between of Total Designated funds between Designated fund – assets and Designated fund – land lease for both Group and Museum has been restated to correct a misallocation of revaluation gain in the 2021/22 accounts.

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.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 21. Statement of funds (continued)

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. Further details of the designation of income is given in Note 2.

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. £59k was transferred from designated reserves to restricted reserves to reflect the expenditure on heritage assets not funded by restricted grants.

### 22. Cash flow information (Group)

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

	2022/23 £000	2021/22 £000 Represented*
Net income/(expenditure) for the period	(265)	698
Investment Interest received	(30)	(1)
DCMS loan interest	12	12
Depreciation, impairment and amortisation	2,398	2,065
Finance lease charge	614	608
Loss on sale of fixed assets	-	15
(Gain) / Loss on investments	11	(2)
Donated assets – collection items	(69)	(11)
(Increase) in stocks	(2)	(12)
(Increase) in debtors	(447)	(201)
(Increase) in creditors	19	414
<b>Net cash provided by operating activities</b>	<b>2,241</b>	<b>3,585</b>

\* The 2021/22 Reconciliation has been represented to better show the underlying cash movement in creditors and to correctly reflect the Loan interest cash payment on the face of the Consolidated Statement of Cash Flows.

#### Analysis of changes in net debt

	At start of year £'000	Cashflows £'000	Other non- cash changes £'000	At end of year £'000
Cash	7,604	535		8,139
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	(10,730)	493	(614)	(10,851)
<b>Total</b>	<b>(4,338)</b>	<b>1,040</b>	<b>(626)</b>	<b>(3,924)</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 23. Financial Instruments

#### Credit risk

The Royal Armouries has cash deposits of £8,139k (2021/22: £7,604k) 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. 74% (2021/22: 86%) 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 66% of income (2021/22: 79%). 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. Interest payable on the DCMS Loan is fixed at 1.03% and under 1% of overall incoming resources, £30k (2021/22: £1k) was generated from interest earned during 2022/23 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	Measured at cost	Total
	2022/23 £000	2022/23 £000	2022/23 £000
Fixed asset investments	150	-	150
Cash	-	8,139	8,139
Trade and other debtors	-	364	364
Trade and other payables	-	(357)	(357)
DCMS Loan	-	(1,212)	(1,212)
	<b>150</b>	<b>6,934</b>	<b>7,084</b>

	Group		
	Measured at fair value	Measured at cost	Total
	2021/22 £000	2021/22 £000	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)
DCMS Loan	-	(1,212)	(1,212)
	<b>161</b>	<b>6,784</b>	<b>6,945</b>

	Museum		
	Measured at fair value	Measured at cost	Total
	2022/23 £000	2022/23 £000	2022/23 £000
Fixed asset investments	150	-	150
Investment in Subsidiary	-	150	150
Cash	-	6,453	6,453
Trade and other debtors	-	77	77
Amount due from subsidiary	-	1,897	1,897
Trade and other payables	-	(325)	(325)
DCMS loan	-	(1,212)	(1,212)
	<b>150</b>	<b>7,040</b>	<b>7,190</b>

	Museum		
	Measured at fair value	Measured at cost	Total
	2021/22 £000	2021/22 £000	2021/22 £000
Fixed asset investments	161	-	161
Investment in subsidiary	-	150	150
Cash	-	6,814	6,814
Trade and other debtors	-	78	78
Amount due from subsidiary	-	960	960
Trade and other payables	-	(34)	(34)
DCMS loan	-	(1,212)	(1,212)
	<b>161</b>	<b>6,756</b>	<b>6,917</b>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 24. Summary of Results of consolidated entries

	RAM 2022/23 £000	RATE 2022/23 £000	RADT 2022/23 £000	Intercompany & Consolidation adjustments 2022/23 £000	TOTAL 2022/23 £000
<b>Income and endowments from</b>					
Grant-in-Aid	8,684	-	-	-	8,684
Donations and legacies	2,039	-	-	(1,730)	309
Charitable activities	229	-	-	-	229
Other trading activities	701	2,956	-	183	3,840
Investments	30	-	-	-	30
<b>Total Income and endowments</b>	<b>11,683</b>	<b>2,956</b>	<b>-</b>	<b>(1,547)</b>	<b>13,092</b>
<b>Expenditure on</b>					
Raising Funds	(639)	(1,710)	-	301	(2,048)
Charitable activities	(11,298)	-	-	-	(11,298)
<b>Total Expenditure</b>	<b>(11,937)</b>	<b>(1,710)</b>	<b>-</b>	<b>301</b>	<b>(13,346)</b>
<b>(Loss) on revaluation of investments</b>	<b>(11)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11)</b>
<b>Net (expenditure)/income</b>	<b>(265)</b>	<b>1,246</b>	<b>-</b>	<b>(1,246)</b>	<b>(265)</b>
<b>Other recognised gains / (losses)</b>					
Capital Contribution	-	484	-	(484)	-
Gift Aid payable by RATE to RAM	-	(1,730)	-	1,730	-
Gains on revaluation of fixed assets	5,312	-	-	-	5,312
<b>Net movement in funds</b>	<b>5,047</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,047</b>
	RAM 2021/22 £000	RATE 2021/22 Represented* £000	RADT 2021/22 £000	Intercompany & Consolidation adjustments 2021/22 Represented* £000	TOTAL 2021/22 £000
<b>Income and endowments from</b>					
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
<b>Total Income and endowments</b>	<b>11,519</b>	<b>2,072</b>	<b>-</b>	<b>(1,255)</b>	<b>12,336</b>
<b>Expenditure on</b>					
Raising Funds	(624)	(1,477)	-	497	(1,604)
Charitable activities	(10,036)	-	(161)	161	(10,036)
<b>Total Expenditure</b>	<b>(10,660)</b>	<b>(1,477)</b>	<b>(161)</b>	<b>658</b>	<b>(11,640)</b>
<b>(Loss) on revaluation of investments</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>2</b>
<b>Net (expenditure)/income</b>	<b>859</b>	<b>595</b>	<b>(159)</b>	<b>(597)</b>	<b>698</b>
<b>Other recognised gains / (losses)</b>					
Capital Contribution	-	327	-	(327)	-
Gift Aid payable by RATE to RAM	-	(922)	-	922	-
Gains on revaluation of fixed assets	5,772	-	-	-	5,772
<b>Net movement in funds</b>	<b>6,631</b>	<b>-</b>	<b>(159)</b>	<b>(2)</b>	<b>6,470</b>

\* The analysis above has been represented to correct a misallocation between the RATE and Consolidation adjustments column.

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 24. Summary of Results of consolidated entries (continued)

The Royal Armouries Group work closely and collaboratively together. Costs relating to staff disclosed for RAM and RATE in Note 24 reflect the cost of staff engaged on each entities' activities, irrespective of whether the member of staff was employed by RATE or RAM.

During the year, £144k (2022: £131k) of cost relating to staff employed by the Royal Armouries were booked to RATE and £163k (2022: £245k) of costs relating to staff employed by RATE were booked to Royal Armouries.

There were also temporary staff sharing arrangements, for these staff costs in the employing entities accounts are shown netted with the recovery of the costs from the non-employing entity. Costs shown for Royal Armouries are net of recovering £60k (2022: £51k) from RATE, and inclusive of £17k (2022: £0k) charged by RATE to RAM.

### 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.

	2022/23 £000	2021/22 £000
<b>Income and Expenditure Account</b>		
Income	-	-
Administrative costs	(-)	(-)
Grant to Royal Armouries	-	161
Interest receivable	-	-
Gain/ (loss) on investments	(-)	(2)
<b>(Deficit)</b>	<u><u>(-)</u></u>	<u><u>(159)</u></u>
<b>Balance Sheet</b>		
Investments	-	-
Current assets	-	-
Creditors	(-)	(-)
<b>Net Assets</b>	<u><u>-</u></u>	<u><u>-</u></u>
Unrestricted reserves	-	-
Restricted reserves	-	-
<b>Total Funds</b>	<u><u>-</u></u>	<u><u>-</u></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.

	2022/23	2021/22
<b>Statement of Comprehensive Income</b>	<b>£000</b>	<b>£000</b>
Turnover	2,956	2,072
Cost of sales	(689)	(363)
Gross profit	2,267	1,709
Administrative expenses	(1,021)	(1,114)
<b>Profit / (loss) for the financial year</b>	<b>1,246</b>	<b>595</b>
Capital contribution	484	327
<b>TOTAL COMPREHENSIVE INCOME / (EXPENDITURE) FOR THE YEAR</b>	<b>1,730</b>	<b>922</b>
<b>Gift aid payment</b>	<b>(1,730)</b>	<b>(922)</b>
<b>CHANGE IN PROFIT &amp; LOSS ACCOUNT</b>	<b>-</b>	<b>-</b>

The company is an employer in its own right and directly employs a number of staff. A 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. More details can be found in Note 24.

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 2023 £000	At 31 March 2022 £000
<b>Statement of Financial Position</b>		
Fixed Assets	-	-
Current assets	2,255	1,316
Creditors	(2,111)	(1,170)
<b>Net Assets</b>	<b>144</b>	<b>146</b>
Share Capital	150	150
Profit and Loss	(6)	(4)
<b>Shareholder Funds</b>	<b>144</b>	<b>146</b>

Creditors include a net balance due to the parent charity of £1,897k (2021/22: £960k) consisting of £1,730k (2021/22: £922k) due to the parent charity for a Gift Aid donation, £167k (2021/22: £0k) due to the parent charity for outstanding management charges and cost recharges and £0k (2021/22: £38k) due to the parent charity in respect of an inter-company loan.

### 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.



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978-1-5286-4656-7