

Presented to Parliament pursuant to Section 44 of the Charities Act 1993

National Army Museum Account 2009-2010

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Reference and administrative information

Introduction

The accounts for the National Army Museum are presented for the financial year ended 31 March 2010. The accounts are prepared in accordance with a direction given by the Secretary of State for Defence under Section 30(3) of the National Heritage Act 1983, law applicable to charities in England and Wales and the Charities Statement of Recommended Practice (SORP) 2005.

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

Address and principal office of Museum

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

Professional Advisers

Bankers

Lloyds TSB Bank Plc
25 Gresham Street
London
EC2V 7HN

Solicitors

Charles Russell
8-10 New Fetter Lane
London
EC4A 1RS

Penningtons
Bucklersbury House, 83 Cannon Street
London
EC4N 8PE

Auditors

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

Internal Auditors

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

Structure, governance and management

Background information

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

Appointment of members of council

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

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

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

Members of council

Admiral Sir Jeremy Black GBE KCB DSO (until October 2009)

General Sir Jack Deverell KCB OBE (Chairman)

Mr Mihir Bose

The Rt Hon Lord Freeman PC MA FCA CRAeS

Mr Richard Nunneley MBE

Professor Brian Holden Reid MA PhD FRHistS FRGS FRUSI (until October 2009)

Major General Charles G C Vyvyan CB CBE MA MSc

Recruitment, appointment and training of trustees

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

Organisation structure and decision-making process

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

Acquisition & Disposal	Admiral Sir Jeremy Black GBE KCB DSO Professor Brian Holden Reid MA PhD FRHistS FRGS FRUSI (Chair)
Audit & Remuneration	Mr Jeremy Archer (nominated member) The Rt Hon Lord Freeman PC MA FCA CRAeS (Chair) Professor Brian Holden Reid MA PhD FRHistS FRGS FRUSI
Bye-Laws	Mr Mihir Bose Major General Charles G C Vyvyan CB CBE MA MSc Mr Richard Nunneley MBE Mr Anthony Rose (Council's Honorary Legal Adviser) The Bye-Laws Committee was formed with the specific intention of formulating Bye-Laws to accompany the revised Royal Charter. The Bye-Laws were approved by Council at the 136th Meeting on 22 April 2010.
Development	General Sir Jack Devereall KCB OBE (Chair) The Rt Hon Lord Freeman PC MA FCA CRAeS Mr Richard Nunneley MBE
Nominations	General Sir Jack Devereall KCB OBE (Chair) The Rt Hon Lord Freeman PC MA FCA CRAeS Mr Richard Nunneley MBE The Nominations Committee was formed for the specific purpose of seeking new Members of Council and appointing a new Director of the Museum. It sits with an independent external assessor.

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

Dr Alan J Guy	Director
Dr Peter Boyden	Assistant Director (Collections)
Mrs Debbie Harris	Assistant Director (Services)
Mr Mike O'Connor	Assistant Director (Operations)
Miss Teresa Scott	Assistant Director (Human Resources)

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

Objectives and activities

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

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

The NAM's Mission Statement is

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

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

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

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

Museum's objectives

To reconnect the Army with society

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

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

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

Achieved through

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

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

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

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

The specific objectives for the next few years are

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

Achievements and performance

2009-2010: A Year at the National Army Museum

The Museum embarked upon the first phase of its ambitious development plans this year, completing Phase A of its Strategic Plan with a striking reconfiguration of the building's administration area. This has not only freed up space previously used as offices throughout the building, but also brought all staff together in the same space, managers and employees alike, in a way that fosters and encourages the cross-departmental working now so much a part of all NAM enterprises. This ambitious development, undertaken without closing the Museum, was completed on time and on budget. In a time of great financial uncertainty the Council and staff of the National Army Museum were very grateful for the considerable support provided by the National Army Museum Development Trust.

This work did, however, have an impact on other areas of work over the year, as staff were moved out of their offices and into temporary accommodation in areas of the Museum normally available to the public. This resulted in a temporary closure of the Templer Study Centre and a reduction in the number of education sessions provided to school groups, but despite this the Museum managed to mount its most ambitious exhibition programme for some years, as well as maintain vital public services and continue important collections management work.

In Spring 2009, the Museum was delighted to be put forward for a Sandford Award. The awards are run by the Heritage Education Trust, which recognises and promotes good practice in learning services within the historic environment and related collections. Recognition is made through the annual Sandford Awards for Heritage Education, which assess the provision of quality education in and about historic sites, buildings, museums, galleries, cathedrals, places of worship, gardens, landscapes and historic artefacts. Entrants for Sandford Awards are assessed by a panel of independent judges. The current panel of judges is drawn from professional educationalists including OFSTED Inspectors, former head teachers, education consultants and heritage property based education officers. In August 2009, the Museum received its first award. Irene Davies, our judge, commented.

The National Army Museum can feel proud of its Education Service. The staff are knowledgeable, professional and abreast of best practice. The programme is composed of sessions sensitively designed to tackle difficult issues and to maximise the benefits of visiting the galleries. The programme is tightly focused on the key messages of the museum which tells the stories of soldiers up to the present day. This, its first Sandford Award, is richly deserved.

Access and audience development

The Council of the National Army Museum believes that the most important objective for the Museum is to provide the widest possible access to its Collection and to the professional expertise of its staff. This is achieved in a variety of ways and demands the commitment and energy of all members of staff. Access is provided through public events, the loan of important objects to other museums, assisting researchers in the Templer Study Centre, answering enquiries, providing formal learning sessions and perhaps most thoroughly through public access to the Museum. Admission to the Museum and to all its exhibitions has remained free of charge since the NAM moved to its Chelsea premises in 1971, and this commitment to free public access is demonstrated in much of the work the Museum does.

Once again visitor attendance at the Museum has risen. This year 229,029 visitors were counted, against 215,721 in 2008-2009, a significant increase of over 6 per cent. A selection of visitor comments (all presented as written) gives a snapshot of the success the Museum has had in reaching new audiences.

I have brought a group of adults with special needs and they all found something of interest. For me I hadn't realised a gem like this existed. Many thanks

The new activity area in changing the World was excellent – we – aged 82 – 10 – all enjoyed it and learnt something!

The Museum's public has noticed the changes that have been put in place over the last few years and which are now bearing fruit. New visitors and those who have been many times find at the NAM something fresh, inspiring and contemporary.

Really good. Came many years ago and it has improved so much fantastic.

It was a brilliant museum – full of fascinating information, well exhibited, and interspersed with excellent interactives.

Was here 20 years ago – wow! what great new exhibits, interactives, new interpretations. Fabulous exhibits of great OBJECTS! we are both Museum professionals (in the US) Military historian/historians. Your Museum is great – Kudos to Curators Exhibit prep, Educators/all Staff!

I have been visiting the museum since its inception but have not been for a year /18 months. Although I particularly come to revisit the revamped top floor gallery I was particularly impressed with the transformation of the corridors/ stairwells to exhibition use.

I enjoyed it thoroughly and after 5 hours I felt that it was the best museum in the world.

Can spend hours each time I come an excellent and informative experience.

Hidden gem in the heart of Chelsea. My daughter thoroughly enjoys the kids activities.

Much better than the War Museum at Lambeth North. this is real great place. Will be back again and again.

What a wonderful place! I know positive feedback is not really useful but I do want to say what an unusual pleasure it is to be somewhere so well run by welcoming friendly people – THANK YOU.

It was really an interesting experience with lots of different, fascinating things on offer. I think this is one of the best Museums in London.

The Museum's message is an inclusive one, examining the ways in which many people and peoples have contributed to today's society. With recent exhibitions, real effort has been made to show the stories and collections which were always there, but which had perhaps never been accorded enough space. Now these stories are brought into the open and are received with enthusiasm.

Far better than the Imperial War Museum and it's good to see some credit given to Commonwealth troops. Very well done.

I LOVE that the West Indian and African experience was included in the exhibits you should add more!

It was very good experience, particularly Indian history.

In line with the UK's other national museums the NAM has been operating a full programme of rolling market and visitor research with monthly monitoring of audiences in place. In summary this has identified some interesting facts about NAM's visitors, upon which the Museum can build in order to provide even better services for all.

- NAM audiences are predominately male at 57 per cent compared to an industry average of 50 per cent;
- NAM's core adult users are predominately aged 35-54, roughly in line with the industry average;
- During the year 2009-2010 NAM moved to the NSEC social classification scale in line with wider governmental monitoring. NAM's visitors are predominately from ABC1 or NSEC Grouping 1-4 at 77 per cent compared to an industry average of 70 per cent;
- NAM visitors are mostly from the Greater London area (52 per cent) much higher than the industry average (34 per cent);
- Only 13 per cent of NAM visitors come from overseas compared to an industry average of 38 per cent;
- sixteen per cent of NAM visitors are from minority ethnic groups, above the industry average of only 11 per cent (the comments above indicate the successful efforts the Museum is making to reach these audiences);
- five per cent of NAM visitors consider themselves to have a disability, in line with the industry average; and
- NAM has a strong repeat visit audience of 57 per cent, well above the industry average of 40 per cent.

Special exhibitions and permanent galleries

I've been visiting London museums for decades, but have never been here before: what an omission! I'll definitely be back. Many thanks for fine coherent displays

The largest exhibition project completed this year was the complete redisplay of what had been the Museum's Modern Army gallery. For some years this had failed to keep up with the rapid pace of current military operations, and a drastic solution was required. This took the form of a total rethink of the gallery's objectives and strategy, and the result was the new display *Conflicts of Interest – The British Army: The Force behind the Issues*, which opened in September 2009. This major new gallery examines over four decades of action on the world stage by the modern British Army. Looking beyond the media headlines, it explores the conflicting interests of enforcing peace through a violent means, balancing global security with the needs of vulnerable communities and the demands of the job on the personal lives of British soldiers. It explores a selection of the most significant conflicts of the period: the Falklands, the Gulf War, Northern Ireland, Bosnia-Herzegovina, Kosovo, Iraq, Sierra Leone and Afghanistan. Building upon the significant lessons learned while researching and curating the exhibition *Helmand: The Soldiers' Story*, the exhibition uses bold graphic design and multiple perspectives and encourages visitors to draw their own conclusions. The exhibition includes layers of sound in the form of personal accounts from service personnel and civilians, alongside exclusive photographs and objects from the Museum's collections. The Afghanistan zone sheds light on the intensity of recent fighting and the British Army's long history in the region. Incorporating recent and historic images of Afghanistan, first-hand accounts from servicemen and women and news footage of the war, the area explores the reasons behind British engagement and the results of the conflict. The exhibition also covers the Gulf War with a British Nuclear, Biological and Chemical Protection suit and an intense painting by war artist John Keane that drew upon his personal experiences. It highlights the perceived threat of chemical warfare faced by British forces during the 1990-91 conflict. In the Iraq zone hangs a portrait of former President Saddam Hussein, previously displayed in a lounge of Basra airport. The space devoted to Bosnia-Herzegovina and Kosovo explores varying levels of British military engagement during the 1990s, looking at the Army as participants in the UN peace-keeping force and when engaged in combat under NATO.

As with all large-scale endeavours, the exhibition came to fruition only through the efforts of many members of staff and the support of both the Management Team and Council. It was therefore a shared joy when the Museum learnt that *Conflicts of Interest* had been longlisted for the prestigious Art Fund Prize. Often referred to as the 'Oscars of the museum world', this prize is sought after not merely for the £100,000 prize money, but more for the sector endorsement it conveys. This nomination is particularly special to the NAM as in 2008 the *Helmand: The Soldiers' Story* exhibition was nominated for the same prize; to the Museum, this indicates that the exhibitions we produce are achieving a consistently high level of quality and competing against larger, more expensive projects.

I have thoroughly enjoyed myself! the new Conflicts of Interest exhibition was so engaging Could not have enjoyed myself more!

Thank you [name omitted] (Sandhurst cadet January 2010 40 days)

'Conflicts of Interest' was hugely interesting and informative. Well done.

A bold departure for the NAM proved a great hit with the public when this year's major Special Exhibition, *War Boy: The Michael Foreman Exhibition*, opened in October 2009. Exploring some of the complex themes of the World Wars and the civilian connection with the British Army, *War Boy* was a unique opportunity to see original artwork by leading children's illustrator Michael Foreman alongside objects from the Museum's Collection. This was truly a hands-on, interactive experience for all the family, offering children a sympathetic exploration of conflict and an insight into the styles and techniques used within Foreman's books. The exhibition focused on two of Foreman's own books, *War Boy* and *War Game*, as well as *Billy the Kid*, illustrated by Michael Foreman and written by Michael Morpurgo. The innovative display techniques used gave visitors the chance to step inside the pages of the books, using real objects to explore the Museum's World Wars collections. The 'War Game' section of the exhibition explored the experiences of the British Army during the First World War, following four characters as they sign up and are shipped off to fight. It looked specifically at recruitment, training and the living conditions of life in the trenches, as well as the extraordinary story of the 1914 Christmas Truce. It also explored the human cost of war, through text and objects such as the medals of Michael Foreman's uncles who died in the First World War. The 'War Boy' section of the exhibition examined Michael Foreman's personal experiences as a child growing up in Lowestoft during the Second World War. Using his personal account, visitors could learn about the connection between the British Army and civilians during this time and how dramatically life in a small town changed. Just as in the NAM's successful *Helmand* exhibition, immersive spaces were provided to stimulate exploration and independent

learning for visitors of all ages and included a 1940s General store, Morrison shelter and Pillbox. In the third section of the exhibition visitors were able to handle a real Chelsea Pensioner's uniform and learn about Chelsea and Kensington during the Second World War. The exhibition also provided a greatly-appreciated special arts and craft area, activity sheets on themes such as rationing and propaganda, and a gallery space to view selected pieces of Michael Foreman's original artwork. To coincide with the launch of the exhibition the Museum ran a popular Christmas card competition.

The Army Museum was not a museum to which I was drawn and would probably never have visited. However when I saw that there was an exhibition centered on Michael Foreman's art work and books, I decided immediately that I must go. It was a terrific, inspiring, informative, gripping and moving exhibition – and a great draw to people who think 'army' thing of no interest. I DO HOPE IT COULD BE A PERMANENT part of the Museum – a wonderful educational resource for young children and adults alike.

We saw the war boy exhibition and my husband and I and my 4 and 5 year olds were completely hooked from beginning to end. A great idea charmingly executed. Thank you!

When the old Modern Army gallery was emptied prior to building the *Conflicts of Interest* gallery, the Museum decided to divide the space so that a new gallery might be created. Built at the entrance to the Art Gallery, the White Space is intended to host a series of short-term exhibitions, mostly featuring works from the NAM's art, photography and archive collections. Its inaugural exhibition, *Caught on Canvas*, opened in early June 2009, displaying a selection of oil paintings not currently on show that reflected the full range of the Collection. Selected objects explained the processes by which oil paintings were created. All the paintings had a 'story', but to encourage visitors to look at the paintings and think about their message, captions were kept off the walls and instead provided in booklet form. A mirror with an ornate frame and a selection of the headwear seen in the paintings was available for visitors to try on, to imagine themselves in a painted portrait. Press reaction to the exhibition was very favourable, with a three-quarter page article in *The Times* and good reviews appearing in the local *Sloane Square Magazine* and *Family Tree Magazine*, as well as other press and online listings. Feedback from visitors was positive; they liked the breadth of subject matter, the themed grouping and stories behind the pictures and the hand-held captions.

With the second White Space exhibition, *First Shots: Early War Photography 1848-60*, the Museum was able to show facsimiles of many of its most important and historic photographs, the originals being mainly mounted in fragile albums. Though the Museum's modern displays, such as *Conflicts of Interest*, rely upon front-line photography to capture the reality of war, it is easy to forget that since photography was in its infancy intrepid photographers have been risking their lives in order to bring scenes of foreign wars back to Britain. The exhibition showcased a selection of the earliest works by four war photography pioneers: John McCosh, Roger Fenton, James Robertson and Felice Beato. Amongst the items on display were some of the very earliest war photographs in existence, produced by Bengal Army Surgeon John McCosh. An enthusiastic amateur, McCosh produced a remarkable series of photographs from the Second Sikh War (1848-49) and Second Burma War (1852-53). They included portraits of the key figures from the campaigns, such as the battle-scarred British commander, General Sir Charles Napier, as well as remarkable shots of local people and many splendid architectural studies. Captivating images of the Crimean War (1854-56) by Roger Fenton were also featured, constituting a remarkable record of the campaign and including the first pictures of ordinary soldiers in a theatre of war. Amongst the Fentons shown were camp scenes, such as 'L'Entente Cordial', showing British and French soldiers at ease and portraits of commanders such as 'Council of War' featuring Lord Raglan, Marshal Pélissier and Omar Pasha, the commanders of the British, French and Turkish forces respectively. It is now believed that these photographs were taken with the aim of boosting the public image of the war in Britain, making them the first example of photography used as political propaganda.

Enjoyed the early photographic display and thought the galleries much improved with the new graphics

Over the past few years the Museum has been making clever use of all available space, even former corridors. At the end of this year, on 19 March, the former Falklands display on the fourth floor was replaced by a new display looking at the Korean War. *Korea 1950-53: The Cold War's Hot War*, marks the 60th anniversary since the outbreak of the Korean War. It shows key objects from the Collection, examining the role of the British Army during the first and only United Nations war. As is common for all NAM exhibitions now, the display blends soldiers' personal objects, archives, and media sources to explore the personal experience of the soldiers involved and the far-reaching legacy of the conflict. The display touches upon key military issues, including the challenging terrain and changeable climate in which the troops were fighting and the limited availability of resources in the wake of the Second World War. The Korean War saw the first intervention by the United Nations since its formation in 1945.

British involvement as part of this Allied force saw over 80,000 British service personnel deployed to the region before the ceasefire was signed in 1953. Displayed for the first time are the razor blades, spoon, mirror and toothpaste that were given to Private James Wood whilst he was a prisoner of war in Korea. This is accompanied by a cotton handkerchief printed with Chinese communist messages and a PPSH-41 sub-machine gun, supplied by the Russians and used by Chinese communist forces against the Allies, demonstrating the wider context of the conflict between the great powers of the time.

Throughout the building the Museum illustrates how ordinary soldiers, and the Army as a whole, have contributed to the history of Britain and the world from the Middle Ages to the present day. The permanent galleries represent the NAM's core product and, despite their longevity, they still have the capacity through the power and importance of the world-wide story they tell to absorb, inspire and elucidate.

The Making of Britain 1066-1783

Changing the World 1784-1904

World Wars 1905-1945

Conflicts of Interest 1969-2010

Education that informs, entertains and inspires

The provision of learning opportunities for all is at the heart of the Museum's mission. This is achieved through pre-booked taught sessions for all ages, layered interpretation in all galleries and exhibitions, and themed special events.

Formal learning

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

	2009-2010	% change from previous year	2008-2009	% change from previous year
Primary	7192	89	3796	1.7
Secondary	6077	(34)	9148	37.3
Army	2434	3	2356	176
Adult	864	19	725	(39.3)
TOTAL	18063	6	17008	28

The substantial increase in bookings and figures for primary and sixth form groups is directly traceable to new offers based around the changing curriculum and the NAM's own exhibitions. *Be Prepared! Life for Children in the Second World War* was piloted in the academic year 2008-9, but in combination with the *War Boy* exhibition attendance grew exponentially. All eight 'Michael Foreman days', available through November 2009, in which schools were given the opportunity to meet the artist, take part in a workshop and visit the exhibition, were fully booked. Attendance by Year 3 and Year 4 groups, at whom the BP workshop was aimed, increased almost fivefold.

The Museum secured a grant of £1,500 from the MLA Learning Links programme, which partners heritage organisations with schools to develop mutually beneficial resources and programmes. The new workshop features a small scale reconstruction of Mary Seacole's British Hotel, and a chance to make some of her herbal remedies. The session has enjoyed a steady stream of bookings since its pilot in June 2009; attendance by Year 1 and 2 groups has increased by almost a third.

Identifying examination board trends, the NAM rolled out a programme of workshops aimed at GCSE and GCE students, with dramatic results; attendance increased by over 20 per cent. The decrease in secondary bookings and figures may owe something to lack of teaching spaces in the first half of the year during the office move, but probably more to a detectable national trend linked to the increased expense and complexity of arranging secondary school visits. The Museum is in the process of reviewing its offer to secondary schools.

Lunchtime lectures and conferences

The Museum opens its doors to those who want to listen to historians, Army veterans and celebrities, through free weekly lunchtime lectures and paid evening lectures. The lunchtime lecture programme has once again gone from strength to strength, with the average weekly attendance risen from 59 to 79. Some of the most popular speakers this year have been those speaking of their personal experience of the front line. One academic conference took place this year, *Aftershock: Legacies of the First World War*, on 31 October 2009. Though only 30 visitors attended this event, the feedback received indicated that it ranked qualitatively alongside previous years' First World War conferences.

Special events

Half-term event	2009-2010	2008-2009 (comparable events)
'Spies & Special Agents', 23-31 May 2009	4795	6297
'World Wars Week', 24 October – 1 November 2009	8271	6772
'Big Spring Clean', 20-28 February 2010	9035	7156
	22101	20225

The dramatic increase in attendance at half-term holiday events is almost certainly linked to the successful promotional campaigns for the War Boy exhibition. Visitors certainly appreciate the range of activities on offer during special event weekends

Came for Top Secret. Never been before but will come again. Staff all very helpful.

More hands on than I expected – GREAT.

The reptile expert and SAS demo were really excellent.

Great day out (Rumble in the Jungle).

A dynamic, world-class collection

Major acquisitions 2009-2010

Over the year the Museum continued to add items to its Collection. Through these planned new acquisitions the NAM becomes ever more able to shed new light on centuries of the Army's history. Some objects are intended for immediate display in the galleries, while others strengthen the collections of book and archive material which are such an invaluable asset to researchers and historians worldwide.

The Museum's most sparkling acquisition this year was no doubt a group of orders and medals awarded to General Sir Galbraith Lowry Cole GCB including his Maida Gold Medal. Only seventeen Maida Gold Medals are known to have been issued. It was authorised in 1808, as an award to the commanding officers who took part in the little known battle on the plains of Calabria, Italy in 1806. This was the first instance of the British Government awarding a campaign medal for services on land. The NAM had been actively trying to collect a Maida Gold Medal for many years as it was the only medal of such importance not already represented in the Collection (NAM. 2009-06-15).

At first sight merely a piece of daubed canvas, the Museum has acquired what is actually an important oil on canvas by Lady Butler. It is a fragment of the artist's 1885 Royal Academy painting, 'After the Battle', depicting Lord Wolseley and his staff officers. Illustrating the final moments of the Battle of Tel el Kebir on 13 September 1882, the picture originally included groups of cheering soldiers on either side of the staff officers but was probably cut down in accordance with the last wishes of the artist's husband, Lieutenant-Colonel William Butler. The painting was donated through the good offices of the American Associates of the NAM (NAM. 2009-05-1).

Two First World War drawings by Eric Kennington, one depicting a Corps Intelligence Officer in August or September 1917, drawn with the censor's own pencil, and the other a view of a camouflaged encampment on the Western Front showing how basic the conditions often were. It depicts corrugated huts with makeshift awnings of sheets and greatcoats erected against the weather. These drawings were purchased from the artist's son who generously transferred copyright in all Eric Kennington works in the Museum's collections to the NAM (NAM. 2009-04-14 & -15).

The Museum takes its role as the British museum of the Indian Army very seriously, and continues to collect items that illustrate the stories and gallant histories of Indian soldiers. This year the NAM purchased a collection of five figures thought to be of the Madras European Regiment made by an unknown but masterful Indian craftsman around 1850. Three of the figures depict British soldiers, one an Indian musician and the other a servant in regimental mufti. These rare items will be included in the exhibition, 'Indian Armies Indian Art', in the White Space gallery in May 2010 (NAM. 2009-05-22, and 2009-05-33 to -36).

The Museum does not seek simply to acquire items that are beautiful, though these provide moments of inspiration in its galleries. The librarians and archivists working in the Museum's Collections Division spend time seeking out those books, journals and archives which will help to maintain the NAM's reputation as the place to study the story of the Army, both for researchers and its own staff. Foremost amongst the reference material acquired this year were the papers of Major General James Lunt, a collection of interesting material from a man who served during the Second World War and afterwards, thought deeply about the military art and was a prolific author (NAM. 2009-08-51).

Among the runs of regimental histories and biographies, the Museum has a fine collection of rare books. This year, two more publications were added to the collection, both from the eighteenth century. The first, John Phipps's *A system of military discipline for His Majesty's Army*, was published in 1777, and the Museum is delighted to have acquired one of the only two copies of this very rare drill book known in this country. NAM has one of the best collections of early drill books anywhere in the UK, and this is an important addition to that collection (NAM. 48402). The second book of note acquired this year was a first edition of *Military antiquities respecting a history of the English Army, from the Conquest to the present time*, written by Francis Grose and published in two volumes between 1786-88. Grose is perhaps more famous as an antiquarian of distinction, though he also served as a Militia officer (NAM. 50716 & 50717).

One single item the NAM acquired was a very large (double elephant) map, hand drawn and coloured by Lieutenant Charles Gordon (later General Gordon of Khartoum fame). This map was certainly drawn while Gordon served as one of the British representatives on the boundary commission at the end of the Crimean War, and its attribution as Gordon's work has been confirmed by a collection of letters already in the Museum's Collection (NAM. 2010-03-11).

With the acquisition of the papers of Colonel Henry Morris Pryce-Jones, the NAM gained an archive shedding light on the career of a regimental and staff officer in the First World War, plus those of his in-laws, the Dawnay family, including material relating to the man who became T E Lawrence's handler (NAM. 2009-2010-7).

Purchase grant

The Purchase Grant of £115,000, with £8,173.73 carried over from last year, was expended upon the following important items (prices shown are totals, including premiums and VAT where applicable).

Accession number	Object	Purchase price in £s	Purchased from
2010-03-11	Letters from General Gordon and his relatives and hand-drawn map	800.00	Hugh Small
2009-04-14 and -15	'Corps Intelligence Officer' and 'Camouflaged Encampment on Western Front' by Eric Kennington	3,000.00	Christopher Kennington
2009-05-22 and -33 to -36 inclusive	Five Deccani painted wooden figures	618.64	Bonhams
2009-09-7	Print of Phoebe Hessel	74.00	Grosvenor Prints
2009-11-9 to -19 inclusive	11 watercolours depicting British soldiers in Afghanistan	6,020.00	Matthew Cook
2009-06-15	The medals and orders of General Sir Galbraith Lowry Cole (partial payment from purchase grant, remainder of purchase price taken from other sources)	110,000.00	CJ & AJ Dixon Ltd
48402 and 48403	A System Of Military Discipline, 1777, John Phipps	1,037.00	Bloomsbury Auctions
TOTAL		121,549.64	

Accessions to the collection

Accessions and retrospective cataloguing are entered on the Museum's centralised Collections Database and Network Infrastructure (CABAL). The public-facing elements of the database have been improved and extended for researchers in the Templer Study Centre. Work has also continued on the important retrospective documentation of all areas of the Collection. New accession numbers issued during 2009-2010 totalled 1,518 (2008-2009: 1,919), plus 3,878 new accessions to the Printed Books collection. The overall totals for CABAL entries from 1998 to 2010 are therefore 91,535 data records plus 39,772 book records (last year 77,597), and 305,064 part records (last year 251,422).

Loans

As in every year, the Museum is called upon to lend objects to exhibitions around the world; a tribute to the potential of the Collection. Some exhibitions are internationally renowned, others are smaller affairs but all provide an opportunity for the Museum's artefacts to be seen by a wider public.

In May a helmet was lent to the Irish Linen Centre & Lisburn Museum, for the exhibition 'Seventeenth Century Lisburn'. This exhibition celebrated the origins of Lisburn in the 1609 grant of land by King James I to the Conway family and told the rich story of Lisburn's life in the seventeenth century. NAM lent a morion (sometimes called a cabasset) from the late sixteenth century, a precursor to the later Pikeman's pot helmet, to illustrate the equipment of English soldiers of the time.

Also in May, a group of seven items travelled to Canada for the first leg of a touring exhibition on the subject of the Seven Years War called '1756-63: Story of a War'. The first venue was the Musée de la civilisation in Quebec City, and the exhibition will travel next year to the Stewart Museum in Montreal. NAM was happy to lend one of two manuscript letters written in 1759 by Lieutenant Henry Browne of the 'Louisbourg Grenadiers', a composite battalion of the Grenadier Companies of 22nd, 40th and 45th Regiments of Foot. The Museum also lent six prints showing various locations important during the course of the War.

Closer to home, the Museum was pleased to contribute to the Victoria and Albert museum's exhibition 'Maharaja: The Splendour of India's Royal Courts'. NAM lent one of its key objects, a rare helmet previously seen on display in the Changing the World gallery. This helmet was taken from Tipu Sultan's palace after the storming of Seringapatam in 1799, and may have been worn by one of Tipu's personal guards as several similar helmets were recovered during the sack of Seringapatam. The helmet is fashioned of fabric with a metal nasal guard inlaid in gold with Persi-Arabic inscriptions. The guard is decorated with tiger's heads, the animal closely associated with Tipu.

Though the Buffs Museum in Canterbury has now closed pending Canterbury City Council's projected refurbishment of the Beaney Institute, the Museum is keen to maintain its regional partnership in Kent and looks forward to a time when elements of the collection of the Buffs Regiment can return to the city. As an indication of this partnership the Museum has been pleased to lend to the Museum of Canterbury the Latham Centrepiece, a silver-plated centerpiece depicting a key moment in Buffs history, the instance when Lieutenant Matthew Latham saved the King's Colours during the Battle of Albuera, 1811.

Disposal

There were three main strands to the disposal work undertaken this year. First was the return of a large number of items to their owner, M. Maurice Chauvet. This collection entered the NAM in the 1980s during the preparation for the 'Raiders' Commando exhibition, and after many years of care the bulk was returned to France, with some key objects being donated to the NAM for use in the Museum's displays and research. The items returned are reported below under the heading 'Chauvet Collection', and are marked 'return'. Secondly, work continued on the certification of objects from the weapons collection in line with current legislation that requires items to be Certified Free From Explosive (CFFE). During the certification process, it becomes apparent that some items cannot be safely rendered free from explosive and must therefore be destroyed. Fortunately, those items that were destroyed were of little importance to the Collection. Thirdly, work continued apace on the clearing of stores of those items that are beyond economic repair and have no place in a national collection.

Date of disposal request	ID no	Acc Number	Object	Result of disposal
15 Apr 2009	444	1986-03-14	Chauvet Collection: transparencies and photograph albums	Return
15 Apr 2009	446	36450 & 36451	Chauvet Collection: 2 French books	Return
15 Apr 2009	447	Unaccessioned	Chauvet Collection: French periodicals	Return
15 Apr 2009	448	Unaccessioned	Chauvet Collection: French periodicals	Return
15 Apr 2009	455	Unaccessioned	Chauvet Collection: English publications	Return
15 Apr 2009	457	Unaccessioned	Chauvet Collection: English publications	Return
15 Apr 2009	458	Unaccessioned	Chauvet Collection: English publications	Return
15 Apr 2009	459	Unaccessioned	Chauvet Collection: English publications	Return
15 Apr 2009	460	Unaccessioned	Chauvet Collection: English publications	Return
15 Apr 2009	461	Unaccessioned	Chauvet Collection: French publications	Return
15 Apr 2009	462	Unaccessioned	Chauvet Collection: French publications	Return
15 Apr 2009	463	Unaccessioned	Chauvet Collection: French publications	Return
15 Apr 2009	464	Unaccessioned	Chauvet Collection: French publications	Return
15 Apr 2009	465	Unaccessioned	Chauvet Collection: French publications	Return
15 Apr 2009	466	Unaccessioned	Chauvet Collection: French publications	Return
15 Apr 2009	467	Unaccessioned	Chauvet Collection: French publications	Return
15 Apr 2009	468	Unaccessioned	Chauvet Collection: German publications	Return
15 Apr 2009	469	1986-07-15	Chauvet Collection: Booklet of drawings	Return
15 Apr 2009	470	1986-07-18	Chauvet Collection: Voici les Soldats Anglais	Return
15 Apr 2009	471	1986-07-22	Chauvet Collection: Photolithograph	Return
15 Apr 2009	472	1986-07-23	Chauvet Collection: Booklet of photolithographs	Return
15 Apr 2009	473	1986-07-19	Chauvet Collection: Panoramic caricature	Return
15 Apr 2009	474	1986-07-21	Chauvet Collection: Photolithograph	Return
15 Apr 2009	475	2005-06-738	Chauvet Collection: Commando figurines	Return
15 Apr 2009	476	2007-10-12	Chauvet Collection: Chess set	Return
15 Apr 2009	477	1986-07-20	Chauvet Collection: Photolithograph	Return
24 Apr 2009	478	Unaccessioned	Residue of the Gaunt collection of buttons	Sale by auction
24 Apr 2009	479	Unaccessioned	Framed badges – one set, one single	Destruction
29 Apr 2009	480	Unaccessioned	10 rank stripe WRAC badges	Destruction
29 Apr 2009	481	1993-12-77	3 unidentified foreign buttons	Destruction
14 May 2009	482	1994-05-65	Blazer badge, probably a school badge	Destruction
18 May 2009	483	Unaccessioned	'Fake' cap badge of the Buffs	Destruction
19 May 2009	484	Unaccessioned	24 Middlesex Regiment shoulder titles	Destruction
19 May 2009	485	Unaccessioned	12 Home Counties Brigade badges	Destruction
29 May 2009	486	Unaccessioned	2 30mm dummy rounds	Destruction
29 May 2009	487	Unaccessioned	Magazine M16	Destruction
2 Jun 2009	488	1986-07-47	Chauvet Collection: Cap and beret	Return
2 Jun 2009	489	1986-07-48	Chauvet Collection: Beret	Return
2 Jun 2009	490	1986-07-51	Chauvet Collection: 2 lanyards	Return
2 Jun 2009	491	1986-07-52	Chauvet Collection: Waistbelt, braces, braces, pullover, puttee	Return
2 Jun 2009	492	1986-07-53 and -54	Chauvet Collection: Small pack, 2 haversacks, brace etc	Return
2 Jun 2009	493	1986-07-55-1 to -7	Chauvet Collection: Webbing items, etc	Return

Date of disposal request	ID no	Acc Number	Object	Result of disposal
2 Jun 2009	494	1986-07-56-1 to -10	Chauvet Collection: Webbing items, etc	Return
2 Jun 2009	495	1986-07-57 & -58	Chauvet Collection: Waistbelts	Return
2 Jun 2009	496	1986-01-94 to -96	Chauvet Collection: Knives & scabbards	Return
2 Jun 2009	497	1986-01-100	Chauvet Collection: Sudanese knife	Return
2 Jun 2009	498	1986-05-66, -67, -68 & -70	Chauvet Collection: Kitbag, waterbottle, entrenching tool, map case	Return
2 Jun 2009	499	1986-05-71, -72, -73, -74 & -75	Chauvet Collection: Swagger stick, signals satchel, respirator case, gas detector kit satchel, knitted gloves	Return
2 Jun 2009	500	1986-06-2, -3, -5, -6, -7	Chauvet Collection: P1907 sword bayonet, German pull-through kit, Pull switch, 2 percussion ignitors	Return
2 Jun 2009	501	1986-08-23 1986-08-28	Chauvet Collection: Bayonet & scabbard, hackle and lanyard	Return
2 Jun 2009	502	1994-05-1	Chauvet Collection: Formation badge	Return
2 Jun 2009	503	1995-10-87, -88, -89, -90, 91-, -92	Chauvet Collection: Formation badges	Return
2 Jun 2009	504	1995-10-93 to -98	Chauvet Collection: Formation badges	Return
2 Jun 2009	505	1995-10-99 to -104	Chauvet Collection: Formation badges	Return
2 Jun 2009	506	1995-10-105, -106, -107, -132, -133, -134	Chauvet Collection: Formation badges	Return
2 Jun 2009	507	1995-10-135 to -140	Chauvet Collection: Formation badges	Return
2 Jun 2009	508	1995-10-141 to -146	Chauvet Collection: Formation badges	Return
2 Jun 2009	509	1995-10-184, -185, -186, -187, -189, and 1992-02-25	Chauvet Collection: Formation badges	Return
2 Jun 2009	510	1986-12-36, 1986-08-1	Chauvet Collection: Formation badges	Return
2 Jun 2009	511	Unaccessioned	Chauvet Collection: American badges	Return
2 Jun 2009	512	Unaccessioned	Chauvet Collection: Australian badges etc	Return
2 Jun 2009	513	Unaccessioned	Chauvet Collection: British badges	Return
2 Jun 2009	514	Unaccessioned	Chauvet Collection: Colonial badges	Return
2 Jun 2009	515	Unaccessioned	Chauvet Collection: Formation badges	Return
2 Jun 2009	516	Unaccessioned	Chauvet Collection: Formation badges	Return
2 Jun 2009	517	Unaccessioned	Chauvet Collection: Formation badges	Return
2 Jun 2009	518	Unaccessioned	Chauvet Collection: Various badges	Return
2 Jun 2009	519	Unaccessioned	Chauvet Collection: Various badges	Return
2 Jun 2009	520	Unaccessioned	Chauvet Collection: Various badges	Return
2 Jun 2009	521	Unaccessioned	Chauvet Collection: Various badges	Return
2 Jun 2009	522	Unaccessioned	Chauvet Collection: Various badges	Return
2 Jun 2009	523	Unaccessioned	Chauvet Collection: Various badges	Return
2 Jun 2009	524	Unaccessioned	Chauvet Collection: Various badges	Return
2 Jun 2009	525	Unaccessioned	Chauvet Collection: Various badges	Return
2 Jun 2009	526	Unaccessioned	Chauvet Collection: Various badges	Return

Date of disposal request	ID no	Acc Number	Object	Result of disposal
2 Jun 2009	527	Unaccessioned	Chauvet Collection: Various badges	Return
2 Jun 2009	528	Unaccessioned	Chauvet Collection: Various badges	Return
2 Jun 2009	529	Unaccessioned	Chauvet Collection: Various badges	Return
2 Jun 2009	530	Unaccessioned	Chauvet Collection: Various badges	Return
2 Jun 2009	531	Unaccessioned	Chauvet Collection: Various badges	Return
2 Jun 2009	532	Unaccessioned	Chauvet Collection: Various badges	Return
2 Jun 2009	533	Unaccessioned	Chauvet Collection: Various badges	Return
2 Jun 2009	534	Unaccessioned	Chauvet Collection: Various badges	Return
2 Jun 2009	535	Unaccessioned	Chauvet Collection: Various badges	Return
2 Jun 2009	536	Unaccessioned	Chauvet Collection: Various badges	Return
2 Jun 2009	537	Unaccessioned	Chauvet Collection: Various badges	Return
2 Jun 2009	538	Unaccessioned	Chauvet Collection: Various badges	Return
2 Jun 2009	539	Unaccessioned	Chauvet Collection: Various badges	Return
22 July 2009	542	BKS 6734-6740	Edward Hyde, 'The History of the Rebellion and Civil Wars in Ireland'	Destruction
28 July 2009	543	Unaccessioned	Display panoramic painting made for Buffs Museum	Destruction
4 Aug 2009	544	Unaccessioned	8 assorted wooden shield plaques	Destruction
4 Aug 2009	545	Unaccessioned	First World War trench art table lighter	Destruction
12 Aug 2009	546	Unaccessioned	Photograph of King Christian 10th	Destruction
14 Aug 2009	547	1956-02-100	56 badges, some Navy and Air Force	Destruction
21 Aug 2009	548	2002-02-562	Shrapnel shell, 4.5 in howitzer	Destruction
3 Sept 2009	549	2000-05-1-207	Gold-painted fibreglass scroll with motto	Destruction
4 Sept 2009	550	1996-09-72	Mosaic by Martin Cheek and children	Destruction
14 Sept 2009	551	Unaccessioned	10 cardboard patterns of civilian dress	Transfer
23 Sept 2009	552	2009-02-10-25, -37, -48 & -49	4 cap badges	Destruction
23 Sept 2009	553	Unaccessioned	Cap badge and proficiency badge	Destruction
28 Sept 2009	554	1962-11-30	Button, Royal Dublin Fusiliers	Destruction
28 Sept 2009	555	Unaccessioned	American police badge	Destruction
28 Sept 2009	556	Unaccessioned	26 WRAC shoulder rank badges	Destruction
30 Sept 2009	557	2001-08-950	Guy Quad-Ant 15 Cwt truck (chassis only)	Transfer
30 Sept 2009	558	1998-09-61	Alvis Saracen FV610	Transfer
30 Sept 2009	559	2000-03-43	Alvis Scorpion CVRT	Transfer
30 Sept 2009	560	2000-10-77	Light Strike Vehicle	Transfer
30 Sept 2009	561	1998-09-21	17 pdr anti-tank gun Mk I	Transfer
27 Oct 2009	563	1959-05-82	Photograph of Field Marshal Haig	Destruction
24 Nov 2009	565	1997-06-105	Chinese lion dance costume	Transfer
14 Dec 2009	562	2005-06-371	Bayonet fencing helmet, sealed pattern	Transfer
14 Dec 2009	564	Unaccessioned	Sealed pattern fencing gloves x 5	Transfer
11 Dec 2009	566	Unaccessioned	Canadian military publications	Destruction
11 Dec 2009	567	Unaccessioned	Canadian military publications	Destruction
15 Dec 2009	568	Unaccessioned	Civilian buttons and collar badges	Destruction
16 Dec 2009	569	1992-05-73	Foreign button, First World War	Destruction
22 Dec 2009	572	1988-11-13-1	21 livery buttons	Destruction
30 Dec 2009	573	1979-06-176	Porcelain side plate	Destruction

Date of disposal request	ID no	Acc Number	Object	Result of disposal
30 Dec 2009	574	Unaccessioned	Sergeants' Mess serving dish	Destruction
31 Dec 2009	575	Unaccessioned	Display props from the Buffs Museum	Destruction
7 Jan 2010	576	1991-10-52	Army Temperance medals and bars	Transfer
8 Jan 2010	577	Unaccessioned	3 Mills bombs; German fuse; mortar fins	Destruction
8 Jan 2010	578	2003-04-108	German time fuse	Destruction
8 Jan 2010	579	2002-02-558	6 pdr shell	Destruction
11 Jan 2010	580	Unaccessioned	RASC formation shoulder badge	Transfer
15 Jan 2010	581	Unaccessioned	2in mortar body; tail section mortar; nose cap for 3in mortar; etc	Destruction
21 Jan 2010	582	Unaccessioned	48 pairs/ single boots	Transfer
28 Jan 2010	583	1956-02-545	Watercolour by M S Morgan	Return to owner
28 Jan 2010	584	1973-08-16	Mezzotint of Sir Henry Torrens	Write Off
28 Jan 2010	585	1966-12-414	4 plastic models of German leaders	Destruction
28 Jan 2010	586	1966-12-1-184 (part)	Model base with broken mule and trunk	Destruction
28 Jan 2010	587	1977-09-98	Engraving of Napoleon	Write Off
3 Feb 2010	588	2005-07-224	Carrier man pack – sealed pattern	Transfer
3 Feb 2010	589	2005-06-433	Cover sleeping bag – sealed pattern	Transfer
3 Feb 2010	590	Unaccessioned	Camp bed; helmet with camouflage net	Transfer
18 Feb 2010	592	2004-08-32	Ordnance, Quick Firing 25 pdr Mk II	Transfer
22 Feb 2010	593	1965-08-48-3	Plaster model of Vonolel	Destruction
22 Feb 2010	594	1965-02-188	Cast iron well pump	Transfer
24 Feb 2010	595	Unaccessioned	15 badge plaques	Destruction
24 Feb 2010	596	Unaccessioned	2 wooden shields	Destruction
24 Feb 2010	597	Unaccessioned	Aquatint of the Marquis of Anglesey	Destruction
24 Feb 2010	598	Unaccessioned	Mezzotint of an unknown officer	Destruction
24 Feb 2010	599	Unaccessioned	9 photolithographs of Russian uniforms	Destruction
25 Feb 2010	600	1975-11-37-1	Board of Ordnance trough	Transfer
8 Mar 2010	601	1990-03-7	Ammunition limber for 25 pdr field gun	Transfer
31 Mar 2010	603	1994-01-1-131	Mounted prints of caricatures	Destruction
31 Mar 2010	604	1994-01-1-153	Lithograph of presentation of colours	Destruction
31 Mar 2010	605	Unaccessioned	Engraving of the Waterloo Banquet	Destruction
31 Mar 2010	606	1976-07-6	Lithograph of Royal Review, Edinburgh	Destruction
31 Mar 2010	607	Unaccessioned	Engraving of Waterloo heroes	Destruction

Conservation and collections care

In order to make the operation and management of the Museum's outstations even more efficient, two former departments within the Collections Division were merged in June 2009 to create the Department of Exhibits, responsible for many of the Museum's three-dimensional objects. Curators in all four of the Collections Division's departments continued the largely unseen work of collections management.

The Conservation Department further developed the existing Integrated Pest Management Strategy, including modification of the policy, the continuous monitoring for pests and ensuring all new accessions into the Collection have been quarantined. Detailed environmental monitoring reports were completed on all stores in the Chelsea building, and recommendations for improvement in conditions were made where appropriate. The first comprehensive collections survey of the important sword and scabbard collection stored at Chelsea was completed.

Such collection surveys, as well as being an excellent indicator of the health of a collection, are a requirement laid down by the Accreditation Standard and must be undertaken for the Museum to retain its status as a Fully Accredited institution.

Education is a vital part of conservation work, and this was provided to staff, other museum professionals and even to the public. Refresher object-handling training was given to all Collections staff, and preventive conservation training sessions were included in the Regimental Curators' Course. Conservators and curators participated in the Captain Clean events, informing children and their parents about the dangers posed by light, pests and humidity to museum objects.

Reaching out to people and museums

Supporting the research of others

As well as encouraging its staff to research the Collection when preparing new exhibitions, writing new educational tools or cataloguing objects, the Museum helps the research of people around the world. One way this is done is by responding to enquiries from the public, from other institutions and commercial enterprises. One innovation launched at the end of this year was the programme of Identification and Advice sessions, staffed by the Museum's curators. These began on 1 February 2010 and will run on the first Monday of each month excluding Bank Holidays.

During the year 2009-2010 the Museum answered 2278 enquiries. Of these replies, 42 were overdue under the Museum's policy of answering all enquiries within 20 working days. Enquiries cover many topics but the bulk of questions were about the Museum's Collection, family history and general military history. The statistics for the main enquiry types can be compared against the previous four years:

	Total	Family History	APFS Collection	Books Collection	Exhibits Collection	FDA Collection
2009-2010	2307	20%	19%	4%	12%	4%
2008-2009	2604	18%	15%	4%	12%	3%
2007-2008	2840	18%	17%	4%	18%	2%
2006-2007	3068	24%	14%	4%	16%	2%
2005-2006	2177	26%	10%	4%	14%	1%

Who do you think you are? Live

As in previous years the Museum had a stand at the annual family history show, 'Who Do You Think You Are?' Live at Olympia at the end of February 2010. It was manned by eleven members of staff over the three days who answered questions from 1108 of an estimated 3000 visitors who came in search of tips on researching their ancestors' military careers. Staff were kept busy interpreting documents, identifying medals, badges and uniforms in old photographs and encouraging visits to the Museum galleries and advertising the research facilities available in the Templer Study Centre.

Templer study centre

I came to find out a little more about my Grandfathers time in the 81st West African Division and this was a fantastic start. Staff very helpful. Helped identify medals and books to help search further.

I come from Montreal Canada and found out so-o much about a family member who fought in the Battle of Waterloo Can't wait to tell everyone back home thanks again!

After closing on 13 March 2009 to allow staff to use the space as temporary accommodation during the completion of Phase A of the Strategic Plan, the Templer Study Centre (TSC) reopened on 29 July 2009. At the time of opening extended opening hours were introduced and the Centre now opens on Wednesdays as well as Thursdays and Fridays and the first and third Saturdays of each month. Due to this closure visitor figures are obviously lower than in the previous financial year, however numbers have been growing steadily since reopening. The number of visitors to the TSC during the year 2009-2010 was 892, compared to 1253 in 2008-2009. During the year 369 new tickets were issued, and a further 155 renewed.

Assistance to other institutions

In the spirit of professional cooperation the Museum provides assistance, where possible, to other institutions. This includes the provision of the twice-yearly week-long Regimental Curators' Course for the curators of Regimental and Corps museums across the country. Members of staff also provided an introduction to NAM's collections and study facilities for students on Cranfield University's Global Security MSc course, as well as lectures to the Museum's lunchtime lecture programme, King's College London War Studies undergraduates and a NADFAS group. Staff even travelled to Armagh to deliver a training course on the preventive conservation of military collections for the Northern Ireland Museums Council. The Museum's programme of working with fashion colleges and schools, to expand access to the NAM's uniquely rich collection of dress and textiles, has continued to be successful and some advances have been made in the Stevenage area as well as London. The MLA/V&A Purchase Grant Fund requested and received expert advice from the Museum's experts on four occasions during the year.

Regional support

It has been a quiet period for the regimental museum community, perhaps reflecting the period of economic uncertainty. However, NAM's expertise has been called upon by the Queen's Royal Lancers in order to progress their museum redevelopment project. NAM staff have also attended meetings of the Policy Committee of the REME Museum of Technology.

Building for the future

The development of NAM trading activities

National Army Museum Trading Limited (NAMTL), a private limited company (Company No. 6707366) that exists to help the Museum to achieve its commercial potential, completed its first full year of trading after starting trading on 1 February 2009. Despite the recession, indications were good towards the end of the year, with birthday party bookings up on the previous year and strong sales of tickets for the celebrity lecture programme.

Future plans

After the success of Phase A, the Museum plans to move forward by pressing ahead to Phase C of the Strategic Plan. (Phase B involves the freeing up of space vacated by the relocation of staff and services in Phase A). Phase C involves the building of an extension to the front entrance of the Museum, bringing the new entrance closer to the front of the building. The space created will enable the Museum to offer new facilities for visitors including improved access to the building, a dedicated reception area, more toilets, a new restaurant and shop, a new meeting room, and additional display space, particularly for special exhibitions. As with any major building works there are many steps between idea and implementation. The first of these, the application for planning permission, has commenced. The Management Team and Council believe that the successful creation of the extension will increase visitor satisfaction, make visits to the Museum more comfortable and provide facilities that will be of use to visitors and local residents alike. (Note: Planning Permission (with conditions attached) was granted by the Royal Borough of Kensington & Chelsea on 4 May 2010.)

In September 2010 the Museum will build upon its reputation as the place to understand the Army's operations in Afghanistan, both now and in the past. Complementing the portrayal of the current conflict presented in *Conflicts of Interest*, the new Special Exhibition *The Road to Kabul: British Armies in Afghanistan, 1838–1919* will examine the history and legacies of the First, Second and Third Afghan Wars and explore the dramatic personal stories of the people involved. Paintings of the current conflict by war artist Matthew Cook will bring the exhibition up to date.

Financial Review

Consolidated Results for the year ended 31 March 2010

Total incoming resources for the Museum in 2009-2010 amounted to £6,880,099 (2008-2009 £6,463,956). The principal funding source of the Museum is Grant-in-Aid funding received from the Ministry of Defence. In 2009-2010 this was £5,514,371 (2008-2009 £5,734,886). Total resources expended amounted to £6,905,945 (2008-2009 £6,592,498). After adjustment for notional charges, the revaluation of the Museum's leasehold property and other recognised gains and losses, the net movement in funds for the year showed a decrease of £3,066,696 (2008-2009 decrease of £1,571,479). This decrease was due to the downward revaluation of the Museum's leasehold property and amortisation charged on this property which totalled £3,790,889.

The Museum's net assets as at 31 March 2010 amounted to £20,750,586 (31 March 2009 £23,817,282).

Changes in fixed assets

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

Policy on reserves

The NAM's reserves, are defined for the purposes of this policy, as the amounts shown as 'Investments' and 'Net Current Assets' which are attributed to unrestricted funds. As at 31 March 2010, the level of the Museum's reserves stood at £659,168 (31 March 2009 £1,196,147).

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

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

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

Investment policy

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

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

Relationship with related parties

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

Payment of creditors

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

The Museum's actual payment performance during the year was that 100 per cent (2008-2009 100 per cent) of bills were paid within the thirty day target.

Equality, diversity and access

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

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

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

Employee consultation and involvement

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

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

Sickness absence data

The National Army Museum employed 85 members of staff (77 full time and 8 part time) and monitored sick absence as part of its commitment in promoting the health, safety and welfare of all members of staff. Information collated from the Department of Human Resources is available to the NAM Council who are responsible for identifying potential risks arising from any patterns that may occur. During 2009-2010, there were 1,871 (full time equivalent) days lost to sick absence; the top causes being (highest first) Cold/Flu, Upset Stomach, Back Ache, Sickness/Nausea and Migraine/Headaches. 1,557 days were for long-term absences associated with Stress & Depression, operations and recuperation periods.

During the period, the average number of days' sickness absence per employee was 3.69 (long-term incidents of sickness absence have been excluded to give a more accurate picture of sickness absence at NAM).

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

Personal data loss

The Museum has not identified any personal data related incidents during 2009-2010. An incident is defined as a loss, unauthorised disclosure or insecure disposal. Protected personal data is information that links an identifiable living person with information about them which, if released, would put the individual at significant risk of harm or distress; the definition includes sources of information that because of the nature of the individuals or the nature, source or extent of the information, is treated as protected personal data by the Museum.

Post balance sheet events

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

Auditors

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

The cost of the audit of the Museum and its trading company for 2009-2010 is £11,650 (2008-2009: £8,650).

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

Dr Alan J Guy
Director
8 July 2010

General Sir Jack Deverell
Chairman, on behalf of Council
National Army Museum
8 July 2010

Remuneration Report

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

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

Salary and pension entitlements

The salary and pension entitlements of the Management Team of the Museum were as follows (with comparative salary disclosures for 2008-2009).

	Dr A Guy £'000	Dr P Boyden £'000	Mr M O'Connor £'000	Miss T Scott £'000	Mrs D Harris £'000
Salary including performance pay 2009-2010	95-100	55-60	55-60	55-60	55-60
Salary including performance pay 2008-2009	95-100	55-60	55-60	55-60	55-60
Real increase/(decrease) in pension and related lump sum at 60	2.5-5.0 plus 10.0-12.5 lump sum	2.5-5.0 plus 2.5-5.0 lump sum	0-2.5 plus N/A lump sum	0-2.5 plus 5.0-7.5 lump sum	2.5-5.0 plus 7.5-10.0 lump sum
Total accrued pension at 60 as at 31 March 2010 and related lump sum	45-50 plus 135-140 lump sum	25-30 plus 60-65 lump sum	5-10 plus N/A lump sum	10-15 plus 30-35 lump sum	10-15 plus 30-35 lump sum
Cash equivalent transfer value as at 31st March 2010	1,085	638	138	113	123
Cash equivalent transfer value as at 31st March 2009	941	552	108	88	89
Real increase in cash equivalent transfer value as funded by employer	144	86	30	25	34

The table above has been subject to audit.

The Opening CETV figures as at 31 March 2009 may be different from the closing figures in last year's accounts. This is due to the CETV factors being updated to comply with The Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2008.

None of the above received any benefits in kind during the year (2008-2009 £Nil).

No members of the Council received any remuneration during the year (2008-2009 £Nil). During the year reimbursements were made to four members of the Council totalling £500 (2008-2009 £477) for travel and subsistence and £1,018 (2008-2009 £530) for hospitality.

For 2009-2010 employers' pension contributions for the Museum as a whole of £441,367 were payable to the PCSPS (2008-2009 £458,165) at rates based on salary bands as follows:

Band one	–	£19,500 and under	16.7 per cent
Band two	–	£19,501 – £40,500	18.8 per cent
Band three	–	£40,501 – £69,000	21.8 per cent
Band four	–	£69,001 and over	24.3 per cent

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

Salary

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

Benefits in kind

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

Pension benefits

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

Principal civil service pension scheme (PCSPS)

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

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

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

Further details about Civil Service pension arrangements can be found at the website www.civilservice.gov.uk/pensions

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

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

Dr Alan J Guy
Director
8 July 2010

General Sir Jack Deverell
Chairman, on behalf of Council
National Army Museum
8 July 2010

Statement of Council's and Director's responsibilities

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

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

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

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

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

Dr Alan J Guy
Director
8 July 2010

General Sir Jack Deverell
Chairman, on behalf of Council
National Army Museum
8 July 2010

Statement on Internal Control

Scope of responsibility

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

The purpose of the system of internal control

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

The system of internal control is based on an ongoing process of assessment and scrutiny, overseen by the Audit & Remuneration Committee of the National Army Museum Council, designed to identify and prioritise the principal risks to the achievement of the Council's policies, aims and objectives; to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the National Army Museum for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts. The Museum believes its system of internal control accords with Treasury guidance.

Capacity to handle risk

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

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

The risk and control framework

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

The National Army Museum has an externally provided Internal Audit facility. The work of the Internal Audit facility is informed by an analysis of the risk to which the Museum is exposed, and annual Internal Audit plans are based on this analysis. The analysis of risk and the Internal Audit plans are endorsed by the Audit & Remuneration Committee and approved by me. At least annually, the Head of Internal Audit (HIA) provides me with a report on Internal Audit activity in the Museum. The report includes the HIA's independent opinion on the adequacy and effectiveness of the Museum's system of internal control.

Review of effectiveness

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

Dr Alan J Guy
Director
8 July 2010

General Sir Jack Deverell
Chairman, on behalf of Council
National Army Museum
8 July 2010

The Certificate and Report of the Comptroller and Auditor General to the Secretary of State for Defence

I have audited the financial statements of the National Army Museum and Group for the year ended 31 March 2010 under the Museum's Royal Charter of 1960 as amended in 1988. These comprise the Consolidated Statement of Financial Activities, the Museum and Group Balance Sheet, the Consolidated Cashflow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the council, the director, and the Auditor

The Council and Director as Accounting Officer are responsible for preparing the Foreword and Report of Council, the Remuneration Report and the financial statements in accordance with the Charities Act 1993, and directions made thereunder by the Secretary of State for Defence, and for ensuring the regularity of financial transactions funded by Parliamentary grant ('Grant in Aid'). These responsibilities are set out in the Statement of Council's and Director's responsibilities.

My responsibility is to audit the financial statements and the part of the Remuneration Report to be audited in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Charities Act 1993 and directions made thereunder by the Secretary of State for Defence. I report to you whether, in my opinion, the information, which comprises the Financial Review, included in the Foreword and Report of Council is consistent with the financial statements. I also report whether in all material respects the expenditure, income and resources funded by grant-in-aid have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the National Army Museum has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects the National Army Museum's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of the National Army Museum's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Foreword and Report of Council and consider whether it is consistent with the audited financial statements. This information comprises the Financial Review. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinions

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Council and Director in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the National Army Museum's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or error, and that in all material respects the expenditure, income and resources funded by Grant in Aid have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion

- the financial statements give a true and fair view, in accordance with the Charities Act 1993 and directions made thereunder by the Secretary of State for Defence, of the state of the National Army Museum and Group's affairs as at 31 March 2010 and of its incoming resources and application of resources for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Charities Act 1993 and directions made thereunder by the Secretary of State for Defence; and
- information, which comprises the Financial Review, included within the Foreword and Report of Council is consistent with the financial statements.

Opinion on regularity

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General

14 July 2010

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

Consolidated Statement of Financial Activities year ended 31 March 2010

	Note	Unrestricted Funds £	Restricted Funds £	Restricted Grant in Aid Funds £	Total Funds 2009-2010 £	Total Funds 2008-2009 £
Incoming resources						
Incoming resources from generated funds:						
Voluntary income						
Grants and donations		68,988	831,540	60,000	960,528	232,203
Activities for generating funds						
Commercial trading operation	5	365,809	0	0	365,809	385,797
Investment income	2	1,498	5,990	13	7,501	55,156
		<u>436,295</u>	<u>837,530</u>	<u>60,013</u>	<u>1,333,838</u>	<u>673,156</u>
Other incoming Resources						
Grant-in-aid (operating)		0	0	5,399,371	5,399,371	5,619,886
Grant-in-aid (purchases)		0	0	115,000	115,000	115,000
Sundry income		28,463	0	3,427	31,890	55,914
Total incoming resources		<u>464,758</u>	<u>837,530</u>	<u>5,577,811</u>	<u>6,880,099</u>	<u>6,463,956</u>
Resources expended						
cost of generating funds						
Fundraising costs of grants and donations	4	0	0	13,659	13,659	13,417
Commercial trading operations	4 & 5	249,841	5,696	61,133	316,670	346,059
		<u>249,841</u>	<u>5,696</u>	<u>74,792</u>	<u>330,329</u>	<u>359,476</u>
Cost of charitable activities						
Collections and exhibitions	4	351,340	355,936	3,836,089	4,543,365	4,298,398
Curatorial	4	16,162	142,393	915,868	1,074,423	1,089,022
Education	4	9,697	85,436	231,507	326,640	297,912
Publicity	4	74,058	28,479	402,045	504,582	441,902
		<u>451,257</u>	<u>612,244</u>	<u>5,385,509</u>	<u>6,449,010</u>	<u>6,127,234</u>

	Note	Unrestricted Funds £	Restricted Funds £	Restricted Grant in Aid Funds £	Total Funds 2009-2010 £	Total Funds 2008-2009 £
Governance costs	4	3,000	0	77,946	80,946	60,728
Notional charges	6	0	0	45,660	45,660	45,060
Total resources expended	7	704,098	617,940	5,583,907	6,905,945	6,592,498
Net incoming/(outgoing) resources before transfers		(239,340)	219,590	(6,096)	(25,846)	(128,542)
Reversal of notional charges	6	0	0	45,660	45,660	45,060
Net incoming/(outgoing) resources for the year		(239,340)	219,590	39,564	19,814	(83,482)
Other recognised gains and losses						
Unrealised gains/(losses)						
Investments	10	0	49,032	0	49,032	(48,162)
Revaluation of assets	8	(66,224)	(3,029,213)	(40,105)	(3,135,542)	(1,439,835)
Net movement in funds		(305,564)	(2,760,591)	(541)	(3,066,696)	(1,571,479)
Balances brought forward at 1 April 2009		1,631,058	19,923,055	2,263,169	23,817,282	25,388,761
Balances carried forward at 31 March 2010		1,325,494	17,162,464	2,262,628	20,750,586	23,817,282

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

The notes on pages 36 to 50 form a fundamental part of these financial statements

Consolidated and Charity Balance Sheet

	Note	2010		2009	
		Group	Charity	Group	Charity
		£	£	£	£
Fixed assets					
Tangible assets	8	17,061,684	17,061,684	19,642,336	19,642,336
Heritage assets	9	2,307,875	2,307,875	2,066,103	2,066,103
Investments	10	182,981	182,982	133,949	133,950
		19,552,540	19,552,541	21,842,388	21,842,389
Current assets					
Stock of finished goods		44,925	0	42,013	0
Debtors	11	265,142	444,716	418,007	479,707
Cash	12	1,025,087	880,515	1,636,512	1,611,868
		1,335,154	1,325,231	2,096,532	2,091,575
Current liabilities					
Creditors: amounts falling due within one year	13	137,108	127,186	121,638	114,489
		1,198,046	1,198,045	1,974,894	1,977,086
Net current assets		20,750,586	20,750,586	23,817,282	23,819,475
Total assets less current liabilities					
Reserves					
Unrestricted funds		1,325,494	1,325,494	1,631,058	1,615,624
Restricted funds	14	17,162,464	17,162,464	19,923,055	19,923,055
Restricted grant-in-aid funds	15	2,262,628	2,262,628	2,263,169	2,280,796
		20,750,586	20,750,586	23,817,282	23,819,475

The financial statements were approved by the Council on 8 July 2010 and signed on its behalf by

Dr Alan J Guy
Director
8 July 2010

General Sir Jack Deverell
Chairman
8 July 2010

The notes on pages 36 to 50 form a fundamental part of these financial statements.

Consolidated Cash flow statement for the year ended 31 March 2010

	Unrestricted Funds £	Restricted Funds £	Restricted Grant in Aid Funds £	Total Funds 2009-2010 £	Total Funds 2008-2009 £
Net cash inflow from operating activities (see below)	<u>(73,986)</u>	<u>798,622</u>	<u>316,530</u>	<u>1,041,166</u>	<u>590,007</u>
Return on investments and servicing of finance					
Interest received	1,498	336	13	1,847	48,335
Investment income	<u>0</u>	<u>5,654</u>	<u>0</u>	<u>5,654</u>	<u>6,821</u>
	<u>1,498</u>	<u>5,990</u>	<u>13</u>	<u>7,501</u>	<u>55,156</u>
Capital expenditure					
Payments to acquire Tangible fixed assets	(39,214)	(1,042,727)	(336,379)	(1,418,320)	(215,786)
Heritage assets	<u>(122,500)</u>	<u>0</u>	<u>(119,272)</u>	<u>(241,772)</u>	<u>(491,231)</u>
	<u>(161,714)</u>	<u>(1,042,727)</u>	<u>(455,651)</u>	<u>(1,660,092)</u>	<u>(707,017)</u>
(Decrease)/increase in cash	<u>(234,202)</u>	<u>(238,115)</u>	<u>(139,108)</u>	<u>(611,425)</u>	<u>(61,854)</u>
Reconciliation of changes in resources to net cash inflow/(outflow) from operating activities					
Changes in resources before revaluations	(239,340)	219,590	39,564	19,814	(83,482)
Investment income	(1,498)	(5,990)	(13)	(7,501)	(55,156)
Depreciation	74,858	583,262	156,787	814,907	779,805
Loss on disposal of fixed assets	0	1,760	46,763	48,523	14,292
Increase/(decrease) in creditors	17,795	0	(2,325)	15,470	21,448
(Increase)/decrease in stocks	(2,912)	0	0	(2,912)	10,944
Decrease/(increase) in debtors	<u>77,111</u>	<u>0</u>	<u>75,754</u>	<u>152,865</u>	<u>(97,844)</u>
Net cash inflow from operating activities	<u>(73,986)</u>	<u>798,622</u>	<u>316,530</u>	<u>1,041,166</u>	<u>590,007</u>

The notes on pages 36 to 50 form a fundamental part of these financial statements

Notes to the Financial Statements for the year ended 31 March 2010

1 Accounting policies

a Basis of accounting

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

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

b Basis of consolidation

Consolidated financial statements have been prepared in respect of the charity and its wholly owned subsidiary, National Army Museum Trading Limited which was incorporated on 25 September 2008 and commenced trading on 1st February 2009.

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

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

The financial statements of National Army Museum Trading Limited used in consolidation are those for the period ended 31 March 2010.

c Grants receivable

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

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

d Voluntary income

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

e Tangible fixed assets and depreciation

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

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

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

f Heritage assets

Prior to 1st April 2001 the National Army Museum's collection items were not valued or capitalised in the Accounts. In accordance with the requirements of FRS 15 and SORP 2005 additions to the collection from 1st April 2001 with a cost greater than £1,000 have been capitalised where reliable cost information is known. These assets are not depreciated. The Museum does not include donated heritage assets in the accounts due to the costs of valuation.

Prior to 1st April 2001 expenditure on exhibits was written off in the year it was incurred. The Museum's collections at 31st March 2001 have not been valued and capitalised due to the significant costs involved in obtaining a reliable valuation.

Depreciation is not provided on inalienable and historic assets due to their high residual value. The carrying value of individual items is reviewed annually and written down where required.

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

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

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

g Investments

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

h Stocks

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

i Taxation

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

All of the income is applied for charitable purposes and therefore the charity is exempt from Corporation Tax. All the taxable profits of the trading subsidiary are distributed to the Charity under Gift Aid. The Corporation Tax liability of the trading subsidiary for the period ending 31st March 2010 was £Nil.

j Financial instruments

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

k Restricted and unrestricted funds

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

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

l Basis of cost allocation

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

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

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

Publicity costs are those incurred in promoting the Museum to its users and also the branding and development of the Museum's image and marketing.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

Costs, including support costs, that are shared by more than one function have been apportioned on a basis consistent with the estimated use of resources.

m Pensions cost

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

n Notional costs

In accordance with accounting requirements laid down by HM Treasury, the statement of financial activities include notional costs to reflect the full costs of the National Army Museum's activities.

2 Investment Income

	Unrestricted Funds	Restricted Funds	Restricted Grant in Aid Funds	Total Funds 2009-2010	Total Funds 2008-2009
	£	£	£	£	£
Interest receivable	1,498	336	13	1,847	48,335
Other investment income	0	5,654	0	5,654	6,821
	<u>1,498</u>	<u>5,990</u>	<u>13</u>	<u>7,501</u>	<u>55,156</u>

3 Allocation of support costs

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

	Allocated to Charitable Activities	Allocated to Costs of generating funds	Governance	Total
	£	£	£	£
Support costs				
General administration	102,355	1,149	0	103,504
Information technology	76,101	0	0	76,101
External audit	0	0	11,650	11,650
Internal audit	0	0	6,110	6,110
Accountancy services	15,742	0	0	15,742
Legal and other professional fees	44,507	0	0	44,507
Trustees expenses	0	0	1,518	1,518
	<u>238,705</u>	<u>1,149</u>	<u>19,278</u>	<u>259,132</u>
Total 2009-2010				
Total 2008-2009	<u>300,182</u>	<u>2,434</u>	<u>12,545</u>	<u>315,161</u>

4 Resources expended

	Direct charitable							Total
	Cost of generating funds expenditure							
	Fundraising Costs	Trading Operations	Collections and Exhibitions	Curatorial	Education	Publicity	Governance Costs	
£	£	£	£	£	£	£	£	
Staff costs	13,659	113,247	2,092,880	912,420	208,067	150,107	61,668	3,552,048
Premises costs	0	5,944	732,734	0	0	0	0	738,678
Collections maintenance	0	0	552,133	0	0	0	0	552,133
Educational events	0	0	0	0	22,291	0	0	22,291
Advertising and promotion	0	0	0	0	0	319,317	0	319,317
Purchase of artefacts	0	0	1,483	0	0	0	0	1,483
Other costs	0	189,988	350,308	0	0	0	0	540,296
Depreciation	0	6,342	523,165	158,556	95,133	31,711	0	814,907
Notional rent	0	0	60,000	0	0	0	0	60,000
Support costs (note 3)	0	1,149	230,662	3,447	1,149	3,447	19,278	259,132
Total 2009-2010	13,659	316,670	4,543,365	1,074,423	326,640	504,582	80,946	6,860,285
Total 2008-2009	13,417	346,059	4,298,398	1,089,022	297,912	441,902	60,728	6,547,438

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

5 Commercial trading operations

	Trading Profit and Loss Account	2009-2010		2008-2009
	£	Trading Income	Trading Expenditure (Note 4)	£
Museum shop sales	229,615	229,615		228,068
Less: cost of sales				
Opening stock	42,013			52,957
Purchases	131,451			115,112
Closing stock	(44,925)			(42,013)
	<u>128,539</u>		128,539	<u>126,056</u>
Shop gross profit	101,076			102,012
Other trading income	136,194	136,194		157,729
Other trading expenditure	188,131		<u>188,131</u>	<u>220,003</u>
Totals		<u>365,809</u>	<u>316,670</u>	<u>39,738</u>
Trading profit 2009-2010	<u>49,139</u>			
Trading profit 2008-2009	<u>39,738</u>			

6 Notional charges

In accordance with requirements laid down by HM Treasury, the surplus for the year is stated after including certain notional costs in reported expenditure.

Notional charges comprise

	2009-2010	2008-2009
	£	£
Notional cost of capital on public funds at 3.5 per cent	<u>45,660</u>	<u>45,060</u>

These notional charges are reversed before arriving at the net outgoing resources for the year.

7 Total resources expended

	Unrestricted Funds £	Restricted Funds £	Restricted Grant In Aid Funds £	Total 2009-2010 £	Total 2008-2009 £
Total resources expended is stated after charging the following items:					
Auditors' remuneration					
– audit services	3,000	0	8,650	11,650	8,650
– non audit services	0	0	0	0	0
Staff costs					
– wages and salaries	49,603	0	2,394,439	2,444,042	2,438,200
– social security costs	3,660	0	185,409	189,069	192,663
– pension costs	0	0	441,367	441,367	458,165
– temporary staff and recruitment costs	1,180	0	510,558	511,738	487,990
	<u>54,443</u>		<u>3,531,773</u>	<u>3,586,216</u>	<u>3,577,018</u>

Excluding the Director, no employees received remuneration for 2009-2010 excluding pension contributions, greater than £60,000 (2008-2009 no employees).

The average number of senior management and staff was

	2009-2010	2008-2009
Collections and exhibitions	42	42
Curatorial	22	25
Education	6	5
Publicity	3	4
Trading	5	5
Fundraising	0	0
	<u>78</u>	<u>81</u>

8 Tangible fixed assets

	Long Leasehold Land and Buildings £	Computer Equipment £	Fixtures & Fittings £	Total £
Valuation				
At commencement of year	20,193,396	312,933	2,208,625	22,714,954
Additions at cost	1,341,915	11,061	65,344	1,418,320
On revaluation	(3,166,927)	(7,661)	29,254	(3,145,334)
Disposals	0	(15,278)	(141,256)	(156,534)
At end of year	<u>18,368,384</u>	<u>301,055</u>	<u>2,161,967</u>	<u>20,831,406</u>
Depreciation				
At commencement of year	1,187,171	245,550	1,639,897	3,072,618
Charge for year	646,692	23,585	144,630	814,907
On revaluation	(22,730)	(2,963)	15,901	(9,792)
Disposals	0	(13,846)	(94,165)	(108,011)
At end of year	<u>1,811,133</u>	<u>252,326</u>	<u>1,706,263</u>	<u>3,769,722</u>
Net book value				
At 31 March 2010	<u>16,557,251</u>	<u>48,729</u>	<u>455,704</u>	<u>17,061,684</u>
At 31 March 2009	<u>19,006,225</u>	<u>67,383</u>	<u>568,728</u>	<u>19,642,336</u>

Included in land and buildings is a sum of £2,410,709 (2008-2009 £4,635,978) for land, which has not been depreciated.

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

The valuation apportioned the total land and buildings as follows

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

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

9 Heritage assets

Cost	Museum Collection £
At commencement of year	2,066,103
Additions	<u>241,772</u>
At end of year	<u>2,307,875</u>
Net Book Value 31 March 2010	<u>2,307,875</u>
Net Book Value 31 March 2009	<u>2,066,103</u>

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

10 Unlisted investments

	Group 2010 £	Charity 2010 £	Group 2009 £	Charity 2009 £
Investment in subsidiary undertaking (note 10a)	<u>0</u>	<u>1</u>	<u>0</u>	<u>1</u>
Other investments				
Market value at beginning of year	133,949	133,949	182,111	182,111
Add: acquisitions at cost	0	0	0	0
Less: disposals	0	0	0	0
Net unrealised investment gains/(loss)	<u>49,032</u>	<u>49,032</u>	<u>(48,162)</u>	<u>(48,162)</u>
Market value at end of year	<u>182,981</u>	<u>182,981</u>	<u>133,949</u>	<u>133,949</u>
Total unlisted investments	<u>182,981</u>	<u>182,982</u>	<u>133,949</u>	<u>133,950</u>

The historic cost of these other investments was £111,114 (2009 £111,114).

10a Investment in subsidiary undertaking

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

	2010	2009
	£	£
The assets and liabilities of the subsidiary were		
Current assets	192,933	74,725
Creditors: amounts falling due within one year	(192,932)	(76,917)
	1	(2,192)
	2010	2009
	£	£
Share capital	1	1
Loss retained in subsidiary	0	(2,193)
	1	(2,192)

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

10b Income from trading company

The subsidiary commenced operations on 1 February 2009.

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

	2010	2009
	£	£
National Army Museum Trading Limited		
Turnover	362,264	49,635
Cost of sales and administrative expenses	(310,929)	(51,828)
Interest receivable	31	0
Charitable contribution under deed of covenant	(49,173)	0
Net profit/(loss)	2,193	(2,193)

11 Debtors

	Group	Charity	Group	Charity
	2010	2010	2009	2009
	£	£	£	£
Trade debtors	2,078	277	8,890	2,033
VAT debtor	80,075	87,432	98,843	103,264
Prepayments	182,559	181,354	309,063	309,063
Amounts due from subsidiary undertaking	0	126,480	0	65,347
Covenanted payment due from subsidiary undertaking	0	49,173	0	0
Other debtors	430	0	1,211	0
	265,142	444,716	418,007	479,707

12 Cash

	Group 2010	Charity 2010	Group 2009	Charity 2009
	£	£	£	£
Unrestricted funds	867,497	722,925	1,101,699	1,077,055
Restricted funds	59,955	59,955	298,070	298,070
Grant-in-aid operating account	95,202	95,202	228,569	228,569
Grant-in-aid exhibits reserve	2,433	2,433	8,174	8,174
	<u>1,025,087</u>	<u>880,515</u>	<u>1,636,512</u>	<u>1,611,868</u>

13 Creditors: amounts falling due within one year

	Group 2010	Charity 2010	Group 2009	Charity 2009
	£	£	£	£
Trade creditors	51,419	50,952	25,472	23,023
Other creditors	2,352	2,352	10,160	10,160
Accruals	83,337	73,882	86,006	81,306
	<u>137,108</u>	<u>127,186</u>	<u>121,638</u>	<u>114,489</u>

14 Restricted funds

	Balance	Movement in Resources		Balance
	1 April 2009	Incoming	Outgoing	31 March 2010
	£	£	£	£
NAM land and buildings	18,649,015	0	3,599,640	15,049,375
Leinster regiment museum fund	5,732	0	0	5,732
Indian divisions memorial fund	14,977	420	0	15,397
Middlesex regiment account	118,108	21,013	0	139,121
CCP lawson bequest	72,714	32,537	0	105,251
WRAC association account	13,791	716	0	14,507
Exhibition – Crete	43,884	77	0	43,961
Exhibition – Veterans of No 1 Commando	1,455	3	0	1,458
Exhibition – Korean War	26,728	46	23,578	3,196
Exhibition – Falklands	399	1	0	400
Exhibition – Teenagers War	1,690	3	0	1,693
Exhibition – 1st Battalion Malaysia Rangers	737	41	0	778
Exhibition – British Army in Berlin	207	0	0	207
Exhibition – Soldiers of the Raj	3,576	3	2,850	729
Exhibition – British Army in South Africa	6,485	3	6,488	0
NAM Building Appeal Fund	7,988	14	0	8,002
Buffs' Collection Fund	111,779	168	1,944	110,003
War Memorial Fund	29,192	16	0	29,208
Restricted Grants and Donations	814,598	831,501	12,653	1,633,446
	<u>19,923,055</u>	<u>886,562</u>	<u>3,647,153</u>	<u>17,162,464</u>

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

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

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

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

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

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

All Exhibition amounts are held for future displays.

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

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

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

Other restricted grants and donations include amounts received from the National Army Museum Development Trust in connection with the development of the computerised collections management system.

15 Analysis of net assets between funds

Group	Tangible and Heritage Fixed Assets		Investments	Other Net Assets	Total 2010	Total 2009
	£	£				
Restricted Funds						
NAM Land and Buildings	15,049,375	0	0	0	15,049,375	18,649,015
Leinster Regiment Museum Fund	0	0	0	5,732	5,732	5,732
Indian Divisions Memorial Fund	1,882	4,326	0	9,189	15,397	14,977
Middlesex Regiment Account	16,544	83,433	0	39,144	139,121	118,108
CCP Lawson Bequest	0	87,849	0	17,402	105,251	72,714
WRAC Association Account	0	7,373	0	7,134	14,507	13,791
Exhibition – Crete	0	0	0	43,961	43,961	43,884
Exhibition – Veterans of No 1 Commando	0	0	0	1,458	1,458	1,455
Exhibition – Korean War	0	0	0	3,196	3,196	26,728
Exhibition – Falklands	0	0	0	400	400	399
Exhibition – Teenagers War	0	0	0	1,693	1,693	1,690
Exhibition – 1st Battalion Malaysia Rangers	0	0	0	778	778	737
Exhibition – British Army in Berlin	0	0	0	207	207	207
Exhibition – Soldiers of the Raj	0	0	0	729	729	3,576
Exhibition – British Army in South Africa	0	0	0	0	0	6,485
NAM Building Appeal Fund	0	0	0	8,002	8,002	7,988
Buffs' Collection Fund	18,203	0	0	91,800	110,003	111,779
War Memorial Fund	0	0	0	29,208	29,208	29,192
Restricted Grants and Donations	1,615,756	0	0	17,690	1,633,446	814,598
	<u>16,701,760</u>	<u>182,981</u>	<u>0</u>	<u>277,723</u>	<u>17,162,464</u>	<u>19,923,055</u>
Unrestricted Funds	666,326	0	0	659,168	1,325,494	1,631,058
Restricted Grant-In-Aid Funds	2,001,473	0	0	261,155	2,262,628	2,263,169
	<u>19,369,559</u>	<u>182,981</u>	<u>0</u>	<u>1,198,046</u>	<u>20,750,586</u>	<u>23,817,282</u>

Charity

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

Unrestricted funds comprises:

	£
Tangible and heritage fixed assets	666,326
Other net assets	659,168
	<u>1,325,494</u>

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

	2010	2009
	£	£
At 1 April 2009	20,592,764	20,540,483
Revaluation in year	29,254	53,829
Excess of current cost depreciation over historic cost depreciation	(15,901)	(1,548)
At 31 March 2010	<u>20,606,117</u>	<u>20,592,764</u>

16 Operating lease commitments

At 31 March 2010, the Museum had annual commitments under non-cancellable operating leases as follows

	2010	2009
	£	£
Operating leases expiring		
Land and buildings		
over five years	163,856	163,856
Other		
within one year	15,138	11,846
between one and five years	0	12,224

17 Related party transactions

National Army Museum Trading Limited

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

National Army Museum Development Trust

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

The funds of the Trust may be applied, at the discretion of the Trust's trustees, to further the charitable purposes of the Museum or other charitable purposes or institutions. The trustees may not, unless they see special reason, make a payment to the Museum without specifying the particular purpose for which it is to be used, being a purpose for which public funds are not expected to be available. The National Army Museum received a grant from the Trust during 2009-2010 of £830,000 (2008-2009 £Nil).

The balance of funds held by the Trust at 31 December 2009 was £1,135,577 (31 December 2008 £1,750,002). The control and administration of these funds remains, at all times, the full responsibility of the Trust's trustees.

Friends of the National Army Museum

During the year the National Army Museum received a grant of £Nil (2008-2009 £25,000) from the Friends of the National Army Museum, a registered charity number 234325.

Ministry of Defence

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

18 Contingent liabilities

The Museum has a contingent liability in the event of the uninsured loss of exhibit assets loaned to it by third parties. As at 31 March 2010 the aggregate replacement value of inward loans was estimated to be approximately £265,000 (2008-2009 £270,000). The Museum's policy is to reduce this contingent liability by the agreed conversion of loans to gifts or the return of the assets as appropriate and where possible.

19 Capital commitments

	2010	2009
	£	£
Authorised at 31 March 2010 but not contracted for	0	818,039

20 Post balance sheet events

The annual report and financial statements were authorised for issue by the accounting officer on 8 July 2010.

For further information about the National Audit Office please contact:

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