



## Royal Air Force Museum Account 2020-21



# Royal Air Force Museum Account 2020-21

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### ADMINISTRATIVE INFORMATION

**Address of the charity**                      Royal Air Force Museum  
Grahame Park Way  
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**Registered charity number**              244708

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## CHARITABLE AIMS AND ACTIVITIES

### Our Purpose

The Royal Air Force has shaped our nation and our society. It has influenced how we live our lives today through its impact on world events, society and technology. The purpose of the Royal Air Force (RAF) Museum is to share the story of the Royal Air Force, past, present and future – using the stories of its people and our collections to engage, inspire and encourage learning.

The RAF Museum was established as a legacy of the Royal Air Force's fiftieth anniversary in 1968, opening our London (Hendon) site in 1972 on the historic pioneering airfield in Colindale (previously RAF Hendon, and home of the London Aerodrome from 1910). From 1979, the Museum has also managed the Cosford Aerospace Museum (open to the public from 1974) in the West Midlands next to RAF Cosford (established in 1938 as a joint aircraft maintenance, storage and technical training site for the Ministry of Defence). This was renamed the RAF Museum Cosford in 1998 when it formally became part of the Museum portfolio. The Museum also has two external stores, one in Stafford and another within RAF Cosford.

The RAF Museum is a National Museum, a Government non-departmental public body (NDPB) and a registered charity. The Museum is the National Museum of the Royal Air Force, unique in its size and scope, and officially recognised as such. The Museum works closely with the Royal Air Force, its sponsor organisation at the Ministry of Defence, including liaison with the Air Historical Branch, RAF Heritage and RAF Engagement. HRH Prince Philip, Duke of Edinburgh, was Patron of the Museum from its inception in 1968 until his death in April 2021.

### Charitable Objects

The formal objects of the charity are to educate and inform the public and members of the Royal Air Force about:

- The history and traditions of the Royal Air Force; and
- The role of the Royal Air Force in relation to the armed forces of the realm, other air forces and aviation generally.

In particular, but not exclusively, this will be achieved by collecting, conserving, preserving, managing, exhibiting and storing documents, items, artefacts and other materials in the collection, and encouraging research and sharing of information.

The RAF Museum was registered as a charity in 1968 and is currently governed in accordance with a Scheme of the Charity Commission dated 4 June 2007 which replaces the former trusts of the Museum.

### Our Activities

The RAF Museum's vision is 'inspiring **everyone** with the RAF story – the people who shape it and its place in our lives'. We are committed to using our collections to share the story of the Royal Air Force and its people. Entry to the Museum is free to the public and the Museum normally welcomes almost one million visitors a year across its two sister sites, and alongside this undertakes impactful learning activities with children and young people, both formally and informally. We are an educational charity and whether visitors are engaging with our displays,

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taking part in discussion and debate, studying our archive, holding a corporate event in our spaces, having fun at events and in our playground, or enjoying a rest in our café, there are opportunities for learning and inspiration throughout our Museum.

2018 marked the Centenary of the Royal Air Force and the Museum was privileged to support it across the year as one of the partners in a formal Joint Venture with our sister charities the RAF Association, RAF Benevolent Fund and RAF Charitable Trust. In June 2018, we opened a major transformation at our London site, enabling the Museum to bring an additional 500 objects from our stores to share with our visitors – most of which had never been displayed before; and, across both Cosford and London, had our most successful year (2018-19) since the Museum's formation, welcoming a total of 989,600 people. The Centenary programme of major capital works are now complete, but associated learning and RAF story activities have continued to be delivered through to March 2021. Integral to the programme was the Museum's transition to a more outward focused and people centred approach, and our visitor profile has broadened and diversified significantly, with partnerships and friendships developing over the period to give us a firm and inspiring foundation to build on for the next chapter of the Museum's history.

The RAF Museum Trustees, our staff – employees and volunteers, and our key partners have an ambitious, shared vision for our next ten years, Strategy 2030, developed in the year following the Centenary. Both our sites continue to require significant investment to appropriately care for our incredible collection and to reach wider audiences; and necessary cornerstones of our strategy are the twenty-five year Master Plan for our Cosford site, and the ten-year final phases of our London transformation. We still have much to do to ensure we are fit for the future and we shall build and sustain the foundations we need in terms of collections care and management, our estate, and IT and digital infrastructure.

We will continue to explore the history of the Royal Air Force through its incredible people and to ensure that our collection is relevant, shared and well cared for. Our collection is central to everything we are and do and comprises around 1.3m objects which we hold in trust for the people of the UK. We will focus on immersive RAF storytelling and be more ambitious in encouraging reflection and debate across our spaces and programmes – as well as welcoming all our visitors for a great day out.

We are working to achieve our vision through five strategic priorities, with people and the sharing of our collections and spaces at its heart, supporting meaningful engagement with our audiences onsite, offsite, and online. These priorities are supported by the ongoing development of strong internal systems which ensure we deliver creatively and responsibly:

- **AUDIENCES** - Inspiring innovative engagement, debate and reflection - Why? We know relevance and dynamism are key to fulfilling our ambitions as a National Museum.
- **TEAM** - Inspiring our people within a dynamic, diverse and collaborative culture - Why? Our inspirational people in turn inspire our visitors and we know we achieve our best when we're committed and motivated.
- **AGILE** - Embedding an entrepreneurial, agile and sustainable approach - Why? Our visitors' lives and society are changing fast and we need to remain forward looking and resourced to fulfil our ambitions.
- **PERFORMANCE** – Fit for the future with brilliant basics - Why? We need strong and sustainable foundations to fully achieve our vision.



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- **PARTNERSHIPS** - Connecting with communities and partners - Why? We know we can deliver better and more creatively through meaningful relationships with others.

We are a values driven organisation with a team of talented and dedicated people who use their knowledge and creativity to make our collections sing and bring our spaces to life to inspire our audiences locally, nationally and internationally. Our team is vital to all of this and our leadership and development programmes will help ensure our committed people are the best that we can be in order to deliver our vision. Our work and our behaviour is underpinned by six guiding values:

- **INtegrity**: we are open, transparent and ethical
- **Sharing**: we work as a team to ensure our collections and expertise are accessible to all
- **Passion**: we care deeply about sharing our collections and their stories
- **Innovation**: we tell our stories and develop our business with creativity and imagination
- **Relevance**: we ensure our legacy by linking our histories with today and tomorrow
- **Excellence**: we are professional and strive for excellence in all we do

A trading subsidiary Royal Air Force Museum Enterprises Ltd (company number 1511481) is incorporated as a company limited by shares (wholly owned by the RAF Museum) to manage the associated commercial activities (and any activities that are “non-primary purpose trading”) for the benefit of the charity. All profits of RAF Museums Enterprise Ltd are gift-aided to the Museum on an annual basis, as agreed in a Deed of Covenant between the parties.

The Royal Air Force Museum Investments Limited (company number 4026995) is a wholly owned subsidiary which is incorporated as a limited liability company to hold the real property assets of the charity on behalf of the Trustees. In March 2005, the Cosford and Stafford leasehold property was transferred to this company from the charity, followed by the London (Hendon) freehold property in January 2008.

The RAF Museum is a partner in the RAF100 Appeal, a joint venture between the Royal Air Force and its sister RAF charities – the RAF Benevolent Fund, RAF Association and the RAF Charitable Trust. The RAF100 Appeal was established as a charity (charity number 1167398) and company limited by guarantee (company number 09977273) to commemorate and celebrate the RAF’s Centenary in 2018, to enhance the reputation of the Royal Air Force, and to raise funds to support the partners’ future work. Funds raised up to £2.5 million were shared equally between the parties in 2019-20, with any final excess to be apportioned by way of grants for specific proposals in the following years. The Museum’s share of funds raised to date are accounted for in the Financial Statements.

### Partnerships

As one of the UK’s National Museums, the RAF Museum’s responsibility and remit is UK-wide. A Partnering Agreement is in place between the RAF Museum and the RAF, its government sponsor body, which sets out the relationship and identifies the services that the Museum provides and the support given by the RAF in order that these aims are achieved. RAF colleagues past and present continue to provide fantastic support and inspiration to the Museum to enable us to share the ever-developing RAF story.

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In addition to its own two public sites, the Museum seeks opportunities to share collections through loans and online, as well as through its enquiries service and research programme. The RAF Museum is a member of the UK Museums Association, the National Museums Directors' Council, the Association of Leading Visitor Attractions, the Association of Independent Museums and the Group for Education in Museums. It is committed to supporting other museums both across the UK and internationally by involvement in national and international programmes.

As well as being a National Museum which tells globally important stories, the RAF Museum's two public sites have an important role to play in their local communities. Museums help define a place: they help shape and convey a sense of identity and contribute to local distinctiveness. The Museum is committed to working with its local communities to collect and represent their diverse and collective history and heritage as part of the RAF story.

The Museum also works with a wide range of individual and corporate partners who share its vision of inspiring everyone with the RAF story. Our partners not only support us financially through grants, sponsorship and gifts in kind but they enable us to educate and inspire.

We work with partners to ensure the collection is kept up to date and cared for and rely on them to help us acquire new items of national importance. In addition, our partners have supported our Access and Learning teams in London and Cosford to deliver workshops and activities for children across the UK. The Museum also works in partnership with the RAF Museum American Foundation, a legally separate organisation, sharing ideas and collaborating together on fundraising opportunities to support the RAF Museum and foster and celebrate relationships between our two air forces.

We should like to thank all our partners who have helped us to continue to share the RAF story.

### **Charitable Fundraising**

The Museum has an in-house Development (Fundraising) team who raise funds to support our core work, as well as major capital projects, including the planned development of a new Resource Hub and Learning Centre at our Cosford site, and Research Centre (to care for and provide access to our Archive and Library, and Photographic and Art collections) at our London site, as key elements of Strategy 2030. The Museum is a member of the Institute of Fundraising and a registered member of the Fundraising Regulator. We work to the Fundraising Code and Promise set out by the Regulator and are signed up to their Code of Practice.

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## PERFORMANCE REPORT

### Overview

In what has been an unprecedented and challenging year, our considered approach has consistently placed the safety of visitors, stakeholders and staff at the forefront of decision-making, while taking account of the wider governmental context and challenges, particularly in relation to the cultural sector. In response to the global COVID-19 pandemic, following Government guidance and in consultation with the UK's other National Museums, the RAF Museum temporarily closed to visitors from Wednesday 18 March 2020 for the first national lockdown. Overall visitor numbers for the year 2020-21 totalled 191,360, nearly 80% below prior year, and significantly fewer than our original 871,500 target due to closures in response to the pandemic, with our London site open for 133 days and Cosford 148 days in total during the year.

The Museum acted promptly and with agility in considering and responding to the financial and operational implications of COVID-19. In March 2020 the Trustees approved a pre-COVID-19 Budget and Business Plan 2020-21 as a baseline to measure the impact of the pandemic on the Museum, and the executive team remodelled assumptions in an Adjusted Budget and Business Plan 2020-21 which was approved by Trustees in May 2021, to reflect and respond to the COVID-19 pandemic. All operations and projects were assessed and re-phased to make cost savings in order to target as close as possible to operational breakeven in the financial year 2020-21. We reduced trading costs, cut fundraising costs, retained salaries at 2019-20 levels, and made additional operational cost savings by cancelling events and delaying planned recruitment, site maintenance, and support projects. The Museum's financial position has been closely monitored throughout the period and further adjustments made where feasible and appropriate, prioritising projects that would connect with our visitors and audiences virtually during the closure, or progress well in a home working environment.

We were able to move activity programmes, lectures and school sessions online, launch our Adopt an Artefact programme and Collections Online platform, collect stories of the RAF's support in fighting COVID-19, and launch our fantastic virtual events such as the Spitfire 10k and Hurricane 80k. Despite the challenges presented by the COVID19 pandemic, we also delivered in 2020-21 the Cosford play area and Battle of Britain 80th exhibitions at both sites, a new Art Exhibition at London; and made significant progress on major infrastructure projects including a new toilet block, control room, and CCTV upgrades at our London site; and new cash office and a Changing Places toilet (providing access to appropriate facilities in safety and comfort for people with profound and multiple disabilities who cannot use standard accessible toilets, allowing more space and the right equipment, including a height adjustable changing bench and a hoist) at our Cosford site.

After careful consideration, we made the decision not to utilise the Coronavirus Job Retention Scheme (CJRS) and furlough our team for the first lockdown period, but kept all staff engaged in meaningful activity caring for our sites, progressing projects, engaging with audiences online and preparing to re-open. Critically this enabled the Museum to re-open to the public on Monday 6 July, the first of the National Museum family to do so. At the same time, we continued throughout to plan, and in some cases deliver, projects supported by restricted funds which positively contribute to confidence and economic recovery locally and nationally, as well continuing to support government priorities for social, health and well-being outcomes.

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Visitor numbers in the months following re-opening compared favourably with other National Museums, but the return profile has been lower than targeted in our adjusted budget for 2020-21 due to the ongoing impact of the virus. However, during our opening period, according to evaluation via the Association of Leading Visitor Attractions (ALVA), nine out of ten visitors gave us the thumbs up for our health and safety measures upon re-opening; 92% felt comfortable and safe in our shops; and 97% found our staff to be welcoming and friendly. We are also proud to say that our two Museums in Cosford and London ranked first and second respectively out of 44 Heritage sites for our warm welcome.

The second national lockdown from 4 November 2020 allowed for people who could not work effectively from home to work onsite and continue to progress approved projects and activities. However, in response to the increased flexibility of the CJRS, we made the decision to furlough our front of house teams while guaranteeing the 20% top-up to full salary and enabling staff to keep connected through online touchpoint meetings, and regular webinars. The Museum re-opened both sites on Saturday 5 December and performed well in terms of visitor numbers, however, the situation remained fluid and subsequent Government announcements in response to infection rates, meant our London site was closed again from Tuesday 15 December 2020, and our Cosford site from 30 December 2020 under Tier Three restrictions.

Further to the Government's 4 January 2021 announcement and the introduction of a third national lockdown period, with planned ongoing closure of our public sites and essential work activity only permitted, we extended our use of the flexi-furlough scheme where staff were not able to perform their roles effectively and fully from home. Budget holders were asked to identify further savings and focus spend on essential operational requirements alongside activities to support our recovery to limit our estimated operational deficit. Our working assumption during quarter four reflected in our 2020-21 forecast year-end position and 2021-22 Budget and Business Plan, was that the Museum would re-open, either partially or fully, to visitors at both our public sites from May 2021, with a moderately cautious pattern of return. The Museum subsequently re-opened both its public sites to visitors on Monday 17 May 2021 in line with the third stage of the Government's roadmap out of lockdown.

The impact of the crisis on the Museum, particularly during the closure periods, but continuing to affect visitor numbers after each period of re-opening, has significantly reduced our ability to generate commercial and fundraising income during 2020-21, and this impact is anticipated to continue into the next financial year. The Museum is fortunate to be in a relatively stable financial position, partly because we are 70% funded through Government Grant in Aid, and partly because we have a reserves policy in place to mitigate risk and build available funds for delivery of Strategy 2030. However, self-generated income for the year was down by over £3M from pre-COVID expectations with the cost savings identified in the short-term likely to have a significant detrimental impact on the medium and longer term plans for the Museum, and the timing of delivery of agreed strategic priorities as part of its Strategy 2030, without receipt of additional financial support.

The Government's £1.57BN Culture Recovery Fund announced in the early stages of the pandemic was the main very welcome package to support museums and the wider cultural sector in England through this unprecedented crisis. A proportion of this was ringfenced for the 15 Department for Digital, Culture, Media and Sport (DCMS) funded National Museums and given as an uplift in their Grant in Aid payment for 2020-21, with a commitment to periodically reassess. The financial support provided acknowledged the social and economic benefits that

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flow from museums, and their importance as a major boost to national resilience, morale and pride, and champions of inclusion, innovation and excellence. The wider museums sector was able to apply for grants and support through other strands of the Culture Recovery Fund, however, the MOD-funded nationals (including the RAF Museum), were not eligible to access this additional funding.

There has also been recognition from Government of the need for significant investment in UK museums' infrastructure – national, regional and local with allocations made to the DCMS national museums to address issues identified, plus the recent launch of the MEND fund to support regional museums. The RAF Museum has had no access to capital funds through the MOD for some years and all improvements have been externally funded or managed through its Grant in Aid.

The RAF Museum continued to strongly make the case for additional emergency funding throughout 2020-21 and we are extremely grateful that the Royal Air Force, as our MOD sponsor organisation, was able to confirm an allocation of £1.56M in early March 2021 to enable the Museum to achieve operational breakeven for 2020-21 (£250k) and 2021-22 (£750k), with additional help to fund essential capital project costs (£560k).

### **Future Plans**

The year ahead is very much one of recovery for the Museum in response to the COVID-19 pandemic, with safety of visitors and staff at its heart, while continuing to design and develop the foundations for delivery of Strategy 2030; progressing our London and Cosford Master Plans; and with a focus on growing our audience reach and impact on-site, off-site, and online. The Museum's 2021-22 Business Plan objectives are focussed through our five strategic priorities in the context of Strategy 2030, against a background of economic uncertainty, the need to rebuild visitor confidence, and an increasingly competitive fundraising landscape, mitigated by existing and proven strong partnerships with the RAF and other key stakeholders and partners. We have undertaken a comprehensive re-phasing and prioritisation of major projects and programmes, which will move us towards our ambition of achieving visitor numbers of 1.5M by 2030.

The Museum's Strategy 2030 aims to achieve significant positive outcomes for audiences, communities and stakeholders. Our current plans are based on the assumption that further to the Museum re-opening both sites to the public on 17 May 2021, visitors will gradually return to pre-COVID-19 levels toward the end of the year, and with no further closures. For 2021-22, the Museum is therefore projecting an increase in visitor numbers to 479,000, up from 191,000 in 2020-21, but substantially below the original pre-COVID target of 1.02M.

We aspire to recover, grow and diversify our commercial and fundraising income streams in order to achieve agreed outcomes, while maximising use of our resources to deliver effectively within our means. At the same time, long term underfunding in our capital infrastructure means that our project phasing and financial planning must take account of the need for significant investment at both sites to deliver standards and outcomes befitting a National Museum, enabling us to care for and inspire with our amazing collection. Over a ten year period, this requires an additional capital investment in the region of £60M.

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Major programme aspirations in the coming years include:

- Phased delivery of the Cosford Master Plan to transform the visitor experience, with a new Resource Hub (moving the stored collection to our public site) with an outreach programme focused on combatting social isolation and skills development; a new Learning Centre; and major exhibition enhancements, a consolidated event space at the heart of the site, and more intuitive visitor flow throughout.
- Delivery of the London Master Plan, completing the London site development with a focus on Hangars 3,4 and 5 front and back of house with the move of our Archive and Library to form a new Research Centre on the ground and first floors, creation of a formal Immersive Learning Zone and an Inspire and Explore Zone for visitor engagement, and consolidation of our staff accommodation on the second floor.
- Begin delivery of the final chapters of our London interpretation strategy covering the inter-war period, Second World War and Cold War stories.

Delivery of these key programmes and a clear focus on our strategic priorities will help us to extend the Museum's reach and impact, whilst also supporting the Government's Corporate Social Responsibility (CSR) priorities including skills development, the learning agenda, health and wellbeing and economic levelling up (through the Cosford Master Plan).

Capital projects to be delivered within the next financial year 2021-22 include: replacement of the two old gas-fed boilers in London Hangars 3, 4 and 5; chiller unit replacement in London Hangar 6; development and delivery of aircraft augmented reality (AR) experiences, one at each site; and phase one of our Bomber Command redisplay; plus ongoing investment in the design development stage for London and Cosford Master Plan projects.

We still have much to do to ensure we are fit for the future and we shall build and sustain the foundations we need in terms of collections care and management, our estate, and our IT and digital infrastructure, through the next recovery year and beyond. Our team is vital to all of this and our leadership and development programmes will help ensure our committed people are the best that we can be in order to deliver our vision and purpose with and for our visitors.

The RAF is iconic to so many people in the UK and overseas and we will continue to research and share its history. Today's men and women in the RAF are active on more fronts than they have ever been in our increasingly complex world. We will ensure that today's stories are at the top of our agenda through contemporary collecting and innovative programmes that keep us relevant and connected. Equally we will connect audiences who may not obviously identify with the RAF by finding common interests and histories which link them.

We can achieve none of this in isolation; we will continue to develop and nurture meaningful partnerships and invest our funding strategically with partners across our shared priorities. By 2030 the Royal Air Force Museum will be recognised as a world-class National Museum, respected for our commitment to focusing on our audiences and using our collections and spaces in creative ways to engage and inspire them with the RAF's story.

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### Strategic Priorities 2020-21

Despite the impact of COVID-19, the Museum has made substantial progress throughout the year focussed through our five strategic priorities, and the Museum team, with crucial support from our visitors, friends and partners, has shown creativity and determination to continue to connect and inspire with the RAF story, striving to ensure our relevance and accessibility to a broad audience, while ensuring we continue to build firm foundations for our Strategy 2030.

#### Strategic priority 1: Inspiring innovative engagement, debate and reflection

The legacy of the 2018 RAF Centenary Programme and planned major programmes as part of our Strategy 2030 will have a significant impact on how we continue to inspire engagement with the RAF story, now and into the future.

The RAF Museum collection represents the national memory of the RAF at work and play, war and peace. It includes:

- The largest and most comprehensive collection of RAF related aircraft in the world, from the tiny Avro Rota autogyro, used for secret radar calibration missions during the Battle of Britain, to the gigantic VC-10 transport aircraft, in service for nearly fifty years
- Objects ranging from uniforms and medals to unique personal items, including the record collection of TE Lawrence and personal effects of Amy Johnson, that bring the stories of the iconic figures of the RAF to life
- An extensive oral history collection, from first-hand accounts of First World War pilots to the experiences of personnel deployed in current operations
- Large official collections, from manuals to training films, illustrating the inextricable link between the RAF and its suppliers.

#### *RAF Stories*

The stories we collect and share comprise iconic feats such as the heroism of the Battle of Britain that took place over the skies of Britain 80 years ago, alongside the experiences of the men and women of the RAF today. From the RAF nurses on the front line supporting the NHS, to the aircrews evacuating patients from remote parts of the UK and the transport crews delivering much needed PPE during the COVID-19 pandemic. Our digital project 'RAF Stories' is well established, and continues to collect and share engaging historical and contemporary stories related to the RAF. There are now over 850 stories available to watch on the RAF Stories website. The COVID-19 pandemic saw the team develop new remote methods of interviewing as meeting face to face with interviewees was restricted. This has opened up our story collecting to more remote areas of the country and across the world. This new methodology will continue to be embraced going forwards.

The usual series of public lectures hosted at Cosford were taken online in a partnership with the Royal Air Force Association, hugely increasing audience numbers and widening engagement. Another fruitful lockdown partnership with the Imperial War Museum saw RAF Stories content feature in resources for isolated care home residents across the country.

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Support from the Royal Air Force Museum American Foundation's Learning Fund has enabled the RAF Stories team to collect and share interviews around the theme of the RAF and Space, including that of the United Kingdom's newly appointed inaugural Space Commander.

The RAF Stories project continues to support and create content for other projects and initiatives within the Museum such as Jewish Hidden Heroes, Black History Month, Bomber Command and Access and Learning resources.

### *Exhibitions*

To commemorate and celebrate the 80th anniversary of the Battle of Britain in 2020, the Museum opened new permanent displays at both our sites as well as a temporary exhibition of over 60 collection artworks including works by Nash, Kennington, Laura Knight, Graham Sutherland, Nessler, Nevinson and Olga Lehmann. 'In Air and Fire: War Artists, the Battle of Britain and the Blitz' explores artists' responses to the Battle of Britain and the Blitz (July 1940 – May 1941) as they represented evolving machinery, communications, and urban landscapes, shaped by what was an unprecedented 'war in the air'. Complementing the exhibition is a display of related work by Fine Art and Printmaking students from Middlesex University.

Our London site displays the most complete set of Battle of Britain aircraft in the world including the 'fighter four': Spitfire, Hurricane, Messerschmitt 109 and Fiat CR42, all participants in the Battle. A new, large-scale interactive was introduced to enable visitors to explore and understand the Dowding System and the vital role it played in the RAF's defence of Britain.

Home to the world's oldest Spitfire, our Cosford displays include a collection of both British and German aircraft from the Battle of Britain era. Previously unseen objects from the Museum's collection, including a Rhino suit worn by Defiant pilots and artefacts from the plotting rooms and medal bars, share the stories of the people who helped win the Battle, in the air and on the ground. A highlight of the new display is James Nicolson's flying jacket and medal bar containing his Victoria Cross, the only VC awarded during the Battle.

### *Research*

The Museum's Research Strategy and Programme is supported by a voluntary Research Advisory Board, chaired by Sebastian Cox OBE, Head of the Air Historical Branch of the RAF. In 2020–21 the research programme was offered virtually and included the Trenchard Lectures (ordinarily hosted at the Royal Aeronautical Society, this connection was maintained and it is hoped the series will return to the Society in 2022), Air Power lectures with the Lancaster University Centre for War and Diplomacy, and the two-lecture series at the Museum's London and Cosford sites. The Museum hosted a virtual conference in September 2020 with speakers on-site but engaging with a global online audience, on 'The RAF in a World Transformed: 1945–49'.

Curators have been supported to research independent projects with the results leading to successful outputs, particularly through the sharing of blogs. Several conference papers and journal articles have also resulted from this research. During the first lockdown, our Visitor Experience and Volunteer teams were supported to research and produce biographies for use in the Museum's new Battle of Britain exhibitions. A second research project was also undertaken by volunteers during this period on major radar and radio equipment installations. This research feeds into ongoing work by members of the Curatorial team. The summaries



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produced in this second project were used as part of a work placement completed by a Masters student at Lancaster University. A third project, involving volunteers compiled a list of bravery awards for the period 1990–2020. These awards ranged from the Air Force Cross to awards for medical personnel such as the Royal Red Cross. A second stage of this project launched at the end of 2020-21 with volunteers using open-access sources to produce biographical templates for all identified recipients.

During 2020–21, a student was recruited for a Collaborative Doctoral Award (CDA): ‘The Europeanisation of British Defence Procurement in the Cold War: The RAF and the Panavia Tornado’ with Lancaster University, the Museum having secured funding for the CDA from the Arts and Humanities Research Council funded North West Consortium Doctoral Training Partnership in 2019-20. The PhD in partnership with the Museum and King’s College London, supported by a Professor Sir Richard Trainor Scholarship, was successfully completed towards the end of 2020-21. The Museum also presented three Academic Awards to Doctoral, Masters and Undergraduate students.

### *Collection Loans and Acquisitions*

We have continued to share our Collection widely at over 144 venues both nationally and internationally through our Loans Programme, with 1,495 items out on loan during 2020–21, of which three items were sent out as new loans during the period.

Despite the COVID pandemic, our Collections and Research team were able to continue to provide access to the Museum’s collection in a variety of ways. Engagement with our audience was maintained and enriched through an enhanced programme of blogs and gallery kiosk work as well as the creation of online content relating to significant anniversaries such as VE75 and VJ75. Our new Collections Online platform was launched during the summer of 2020. Details and images for artefacts from the collection were shared, notably those relating to the Battle of Britain, and supported the new Adopt an Artefact fundraising scheme. Talks and presentations were given to online international audiences, articles published, group visits provided, tours undertaken and the team’s partnership working continued remotely. Although the reading room was closed, the Collections Enquiry Service continued to support our researchers with staff responding to about 4,000 enquiries while working from home.

The donation system was closed for most of the year in line with the national lockdown. Nevertheless, the Collections and Research team have been in touch with potential donors. A notable spike in offers was observed following the VE and VJ Day anniversary events. In many cases arrangements have been made to progress donations once the Museum re-opens during 2021 and the team are able to accept acquisitions in person again. The team were able to receive some donations during the year. These included three RAF turbans donated by Warrant Officer Balbir Singh Flora. Two (an RAF Turban, Other Ranks, 1980s Pattern and an RAF Turban, Warrant Officer’s, 2006 Pattern) have been added to the display of hats in Hangar 1 at our London site where they will help demonstrate the diverse inclusive nature of the RAF to our visitors.

## ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

Other highlight acquisitions have included:

- A recorded interview with Wing Commander Andrew Lawless who flew as co-pilot in Chinook helicopter 'Bravo November' during the Falklands War. His account offers a unique insight into life during the Falklands War, and into the incident that resulted in the first of four Distinguished Flying Crosses awarded to pilots of Bravo November.
- A recorded interview with Air Vice Marshal Paul Godfrey who was recently appointed as the first commander of the newly-established UK Space Command.
- Olga Lehmann, 'Bristol Aircraft Company (underground factory, Corsham)', graphite on paper, 1942. This is one of a number of observational drawings Lehmann made while she visited the BAC factory for a mural commission to adorn the walls of the factory's expansive canteen.
- Olga Lehmann, 'Pilot', gouache on paper, c.1940. This bold image of a pilot, depicted as a profile portrait amid a background suggestive of the English Channel with advancing aircraft on their way to mainland Europe, was likely produced as a magazine illustration, of which Lehmann made many, including for the Radio Times.
- Olga Lehmann, 'Town and Country', c. 1939-40. Verso of 'Pilot'. Overleaf from the Pilot gouache, Lehmann made a detailed pen and ink illustration heightened with white body colour, representing the contrastive scenes of town and country life, prominent in the public imagination at a time of evacuation.
- Two examples of US military escape maps republished by HMSO for British aircrew during Operation Desert Shield in 1990: 'Evasion Chart EVC NH-38C Iraq, Kuwait, Saudi Arabia' (October 1990) and 'Evasion Chart EVC NH-39A Iran, Iraq, Kuwait' (August 1990).

### *Access and Learning*

Our Access and Learning Strategy has driven the development and delivery of broadened audience engagement – putting audiences of all ages at the heart of everything we do, and inspiring and engaging them with the RAF story through the Museum's Collection and stories of its people. Over this period due to the coronavirus pandemic, the priority across both sites has been to transition to online learning, establishing links with the community through easily accessible resources and furthering our reach rather than our volume.

The Learning teams in both Cosford and London have been fully agile; converting to working from home and switching to producing online resources for families to cover a period of almost three months over summer 2020. The team worked collaboratively with the marketing team to establish the successful Museum@Home brand. The competitions were popular with families of all ages and they often went all out to produce some amazing creations. The teams also rewrote and converted 'at the Museum' workshops to online engagement using live video-streaming technology in combination with pre-recorded films.

As well as Literacy and Numeracy resources to support schools, we worked with children's author Tom Palmer to produce a short story to mark the 80th anniversary of the Battle of Britain, and Tom has also partnered with the RAF Youth and STEM team to deliver unique STEM stories. The team also trialled online events including STEM days, a Satellite Challenge, 'Beyond Image' and Glider Challenge.

The opportunity to deliver online sessions has increased our reach including overseas to countries like Jamaica and Czechia. We have also been able to deliver to the four Nations of

## ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

the United Kingdom making us a truly national learning programme - this has included 51 Scottish schools including on the Orkney Islands.

### **Strategic Priority 2: Inspiring our people within a dynamic, diverse and collaborative culture**

The RAF Museum staff, including those of its trading subsidiary, comprises over 240 employees and over 600 volunteers, and includes well-established work experience and apprenticeship programmes. Our priority is to ensure that individuals are proud to be part of a brilliant and diverse team, feeling valued, supported and appropriately skilled and rewarded, working positively together to deliver our vision. We are working to ensure that diversity and equality underpin all our activity and we actively focus on reflecting that by broadening both our audiences and our Museum teams.

Effective communication and the health and wellbeing of our team has been central to our thinking during this unprecedented year. We moved swiftly to facilitate online working where possible, with access to our Museum intranet and newflash emails enabling all employees to remain in touch and updated. The Museum has held regular webinars to keep staff (including our volunteers) up to date with performance and operational developments, including Q&A sessions with the leadership team and heads of department to answer staff queries; there have been opportunities for both front and back of house to feedback on their own experience of working front of house with social distancing and COVID-19 measures in place; plus inspiring activity updates from individual teams. We also launched a new monthly RAF Museum Volunteering News in June 2020 (during national Volunteer Week) combining a mixture of inspiring volunteer stories and wider Museum updates which was very well received. Feedback has generally been very positive in relation to Museum communications during the crisis (and consequent closures and re-openings), with staff feeling consistently supported and many expressing the view that the initiatives introduced and inclusive communications are changing the way we work for the better.

We participated in a Coronavirus Wellbeing and Support Study at regular intervals (June 2020, October 2020, February 2021) led by Survey Initiative to obtain feedback from employees to better understand their experience during the pandemic, with comparisons from a cross section of industries. Based on a 60% response rate, our staff team reported 90% agreement that the Museum has shown support, integrity and resilience through the COVID-19 pandemic, 94% continuing access to colleagues to share knowledge and ideas, and 96% having the flexibility to take care of family members and manage both personal and work demands.

The Museum is committed to equipping our people so they are proud to be part of a brilliant and diverse team, feeling valued, supported and appropriately skilled and rewarded, working positively together to deliver our vision. Our overarching 'Inspiring People – RAF Museum Training and Development Programme' launched in September 2020 with specific programmes planned for our Visitor Experience, Retail, Supervisor, Management, and Leadership teams, supporting them to develop the skills and confidence to excel in their roles.

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During 2020-21 we have continued to roll-out and extend our online Brilliant Basics E-Learning Programme, incorporating mandatory modules such as Health and Safety, Safeguarding, Cyber Security Awareness, Managing Unconscious Bias, Equality, Diversity and Inclusion, alongside a specific COVID-19 Return to Work Support Programme including modules on Returning to Work during COVID-19, Mental Health Awareness, Developing Resilience, and Risk Assessment. Our IT team have also offered online group ITcoaching@home sessions to support IT skills development amongst the wider team.

Our HR and Volunteering team provided extra support to line managers throughout the year, sharing working at home guidance including tips and advice on keeping in touch and supporting staff. Working at home guidance was also sent out to all staff including recommendations on how to set up work stations at home (including a contribution to expenses) and tips on managing mental health whilst working from home. Other health and well-being initiatives have included extending our Employee Assistance Programme to volunteers, the introduction of a Museum Buddy scheme, free entry to our Lancaster Lockdown Challenge, and encouragement to take additional time during the working day, away from the laptop, to get outside and enjoy some fresh air.

### **Strategic Priority 3: Embedding an entrepreneurial, agile and sustainable approach**

Throughout 2020-21 the Museum team have continued to closely monitor and appropriately respond to what has been a constantly changing and fluid situation. In the very early stages of the pandemic, we promptly reviewed and implemented the Museum's Business Continuity Plan and a Business Continuity Team (BCT) representing the Museum's key functions monitored the rapidly changing situation, working with the Senior Leadership Team to ensure a considered and consistent response across the organisation, and promptly creating and sharing COVID-19 Principles and Protocols for our staff team and our visitors.

Despite a challenging economic environment and increased competition for funds, with income generated significantly below pre-COVID expectations, our Development team has continued to make progress in line with the Museum's Fundraising Strategy and Plan. We continue to focus our efforts on developing a two-tracked approach to fundraising that will support the Museum to achieve its Strategy 2030 vision - building on the success of previous campaigns to fund delivery of major capital programmes, whilst also striving to grow revenue fundraising to support core activity. Online individual giving initiatives surpassed expectations with Hurricane 80K and Spitfire 10K both performing well, and we have seen donations per visitor increase on prior year.

During the year we have launched key programmes for supporter engagement including our patron Giving Circles, Corporate Membership, and new online initiative Adopt an Artefact. Adopt an Artefact was developed by the team during the first lockdown and linked to the launch of our digital Collections Online platform, allowing supporters the unique opportunity to be part of the RAF story and adopt one of 60 iconic items from our Collection, while raising funds for the RAF Museum. Adoptees receive a digital adoption certificate and photo of their adopted artefact, along with exclusive updates and an opportunity to feature a dedicated message and the name of the adoptee alongside the object on Collections Online. Artefacts can be adopted on an individual, group or corporate basis, with bespoke adoptions available, and the scheme has already generated over £60,000, including the adoption of our iconic Lancaster by the Chelsea Foundation. We are pleased that the scheme has been short-listed for the Fundraiser

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of the Year Award at the Museum and Heritage Awards 2021 which recognises innovation in the sector.

The Museum's Commercial Strategy, managed through the trading company, focuses on maximising commercial opportunities and income generation, whilst delivering new and improved experiences for our visitors. Inevitably, there has been a significant reduction in commercial activity across all areas due to the closures as result of the pandemic, combined with the social distancing and other restrictions in place to ensure a COVID-secure environment during the periods we were able to open to the public. Nonetheless, there have been positives, with substantially increased online engagement and online retail spend, the success of the pre-booking system in building our customer base and advance spend (on car-parking, guidebooks and donations), and with retail conversion rates and transaction values exceeding target assumptions.

### **Strategic Priority 4: Leading the way with brilliant basics**

The Collections Development Strategy and associated policies and procedures are central to our delivery of effective museum management and key to the delivery of effective audience engagement. After 50 years of formal collecting, the Museum continues to collect stories and objects to reflect the contemporary RAF, alongside ongoing rationalisation of the Collection, improvements in storage and conservation and an opening up of access to connect all our audiences with the collections and share the rich and diverse story of the RAF through its people, culture, technology, timeline and places.

Objects are collected, preserved and used proactively for a clear purpose of engagement, including exhibitions, interpretation and research, in accordance with identified dynamic collecting priorities. As an element of the Museum's RAF Centenary Programme, part of the original 1931 workshop at its London site was developed as a small objects conservation hub, which complements the Museum's considerable large object conservation expertise based at our Michael Beetham Conservation Centre in Cosford.

The Museum is in the eighth year of a comprehensive collection-wide review with its Collections Review Committee assessment surveys making recommendations for action in line with the Museums Association's Code of Ethics. Where objects or aircraft are deemed to be surplus, or fall outside the Museum's Collection Development Strategy, wherever possible these are offered to Accredited museums following the Museums' Association Disposals Toolkit guidelines. All disposals are approved in accordance with the RAF Museum's Disposals Policy and Procedures.

Despite the pandemic, we have made substantial progress across all our activities over the past year reviewing and improving standards and processes, from building more resilience into the IT infrastructure to support homeworking, cyber security and digital engagement, to developing a vibrant online events programme to continue to inspire with the RAF story. We continue to work to ensure that our brilliant basics enable us to achieve our full potential – leading the way in our governance, finance, estates and IT, ensuring a safe environment for all our visitors and with digital literacy embedded across our teams. We have also made significant progress in the phasing and planning of both our Cosford and London Master Plans which underpin our Strategy 2030.

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### Strategic Priority 5: Connecting with communities and partners

Throughout 2020–21 the Museum has worked to support our local community and strengthen our role as an important community partner in a variety of different ways. We have continued our work with the local older community, taking our care home sessions online and running engaging talks about the history of Hendon aviation with North London care homes and dementia groups. We have also moved our Dementia Friends Information Sessions to an online platform, enabling us to train staff and volunteers from all the Museum's sites.

We have been working closely with the Colindale Communities Trust (CCT) to identify gaps in provision locally, especially gaps both created and highlighted by the pandemic. The Museum's London site supported Barnet Council by providing space for a food parcel delivery hub and parking for key workers and the COVID vaccination hub. We provided family resources which were included in food bank parcels and distributed to local residents. We also spread some Christmas cheer through the creation and distribution of activity parcels for 100 local children. These included low-tech activities that were accessible to all children and were distributed through partnerships with Home Start Barnet, FUSE Youth Club and The Orion Primary School.

We encouraged local residents to learn more about local aviation history during their daily exercise through a new free resource focusing on places of interest relating to Hendon's history which can be visited on a short walk around the Museum's local area. Our large Arts and Culture project culminated with an exhibition showcasing the outputs and outcomes of the project which, now out of pilot phase, we are continuing to run with Barnet and Southgate College, CCT and Notting Hill Genesis.

Our work with the RAF Youth and STEM Team is now an official partnership with events and activities planned throughout the year including sponsorship of SMART materials and sponsorship to complete STEM days onsite and online. These were gratefully received by teachers and the uptake and reach was incredible. Our partnerships continue to be nurtured and plans for online events with partners have been confirmed for 2021–22.

The Cosford team also supported local library services with online content for their communities across Stafford and our learning resources were also shared with Cosford local councils to distribute to their families in need.

Overall, the Museum has continued to build partnerships with a wide range of individual, corporate and community partners whose financial and creative support is crucial, both to the day to day work of the Museum and development of major projects.

We also work closely with our service museum counterparts, National Army Museum and National Museum of the Royal Navy, and in May 2020 hosted our first tri-service celebration with the Virtual VE Day 75 Festival taking place online, an event which has been shortlisted for Partnership of the Year at the 2021 Museum and Heritage Awards. Defence Minister Baroness Goldie said, "As plans for VE Day 75 have been forced to change hugely due to the pandemic, this imaginative and innovative virtual festival will provide a much-needed distraction in these uncertain times. This is a chance to rediscover the Second World War and will be a poignant reminder for us all of the sacrifice our Armed Forces made in honour of King and country. The cooperation of these three historic institutions is a fantastic achievement and will ensure that all generations are aware of the importance of VE Day and the unforgettable impact of events which took place 75 years ago."

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### Performance Analysis

The Museum uses a number of KPIs to regularly measure and assess its performance and these are reported to the Board on a quarterly basis and reviewed by management on a monthly basis.

<b>Key Performance Indicator:</b>	<b>2020-21</b>	<b>2019-20</b>
<b>Visitor numbers (including events such as the Cosford Air Show)</b>		
- London	<b>109,274</b>	470,786
- Cosford	<b>82,086</b>	388,711
- Total	<b>191,360</b>	859,497
<b>Trading income</b>	<b>1,850,926</b>	3,278,598
<b>Number of school visits</b>		
- London	<b>15</b>	672
- Cosford	<b>20</b>	756
<b>Visitor satisfaction ratings*</b>		
- Enjoyment		
o London	<b>91%</b>	90%
o Cosford	<b>93%</b>	92%
- Value for Money		
o London	<b>91%</b>	91%
o Cosford	<b>96%</b>	93%
- Likelihood to recommend		
o London (net promoter score)	<b>76%</b>	71%
o Cosford (net promoter score)	<b>80%</b>	75%
<b>Social media interaction (no. of Facebook followers, Twitter users and YouTube and Instagram subscribers)</b>	<b>224,980</b>	184,327

\* 2019-20 figures based on three quarterly surveys as final quarter postponed due to COVID-19.

#### *Visitor Numbers*

Visitor numbers totalled 191,360 for 2020-21, nearly 80% below prior year, and significantly fewer than our original 871,500 target due to closures and restrictions in response to the COVID-19 pandemic, with our sites able to be open for less than five months of the financial year in total.

#### *Trading Income*

Total turnover of £1,974,000 is reported for the year (2020: £3,279,000) with reduced income across most commercial activities reflecting the impact of the pandemic. Royal Air Force Museum Enterprises Ltd reports a loss for the year of £275,000 before a tax credit of £61,000, with a £214,000 total loss after tax. Results are down significantly from prior year (2020 profit before taxation: £560,100) due to the impact of the pandemic, which resulted in the closure of both public sites for more than seven months of the year during three separate lockdowns. During the periods that the sites were open, we operated a pre-booking system and implemented capacity restrictions to ensure a COVID-secure environment. Taking account of the current re-opening plan for the Museum sites, the Directors of the Royal Air Force Museum Enterprises Limited have assessed that the company is a going concern.

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During the periods of opening to the public, the retail businesses showed positive trends in visitor spend and conversion rates that we expect to sustain in the year ahead. Our catering operations and commercial experiences were able to operate with limited offerings when guidelines allowed. However, our major public events, such as Food Festival, Vintage Festival, planned Battle of Britain 80th events and other large scale public events were all cancelled during 2020-21. Commercial events were limited to a few filming hires on site.

The success of our online business has partially offset the impact of COVID-19 on our visitor-led businesses. Online retail revenue grew by 76% over prior year, exceeding the previous high of our Centenary year. We also held three online challenge events during the year, which generated more than £300k of income. During 2020-21, the company provided exhibition management services for the Museum in connection with our new permanent displays opened at both sites sharing the story of the Battle of Britain, and a related new art exhibition at our London site.

### *School Visits*

Of the total learning engagements at Cosford, 12,719 (96%) were formal (school) learners, with only 380 being visitors to site (20 total visits). The remainder participated in our new online workshops. Of the total learning engagements at London, 14,817 (99%) were formal (school) learners, with only 482 being visitors to site (15 total visits). The remainder participated in our new online workshops. Both teams also delivered sessions to Home Educated groups enabling our formal learning programme to be shared more widely for the first time.

Targeted total learners for the year were amended to reflect the anticipated impact of COVID-19 and set at 30% of previous years and, although very challenging, Cosford exceeded this target and achieved 45% of the previous year's engagement, with London achieving 35%. In addition to the learners booked onto online or onsite workshops, we reached people as part of our digital marketing campaigns to attract visitors to the resources on the Museum's website.

Feedback from the new sessions provided by Cosford has been rated good or excellent (99%) with teachers noting the impact the session has had on the students during these difficult times. Teachers valued the online engagement and were impressed with the depth of content. Expectations of the sessions were met 100% with 70% commenting the sessions exceeded their expectations.

Teacher feedback on the new online sessions developed by the London team have seen 'good or excellent' ratings as follows: Booking Process - 100%; Curriculum relevance - 100%; Suitability for age groups - 98%; Pupils' enjoyment of the workshop - 98%; Level of Interactivity - 94%; The facilitator - 97%; Ease of use of the technology - 95%; Reliability of the technology - 86%.

### *Visitor Satisfaction*

During the COVID-19 period, the Museum has needed to carefully balance providing a safe environment for our visitors with an enjoyable one. During this time we have participated in a survey with 44 other national visitor attractions and rated highest for welcome experience, booking experience and overall safety measures. The surveys also show that both sites continue to achieve very high 'Enjoyment' and 'Value for Money' ratings that remain above the



## ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

industry average. Our visitors are also highly likely to recommend a visit, compared to other museums and galleries, although this is slightly down for us on the previous year at both sites.

### *Social Media Interaction*

Total visits to the Museum's main website were recorded at 1.1 million unique visits (2020: 1.2 million). As this is used primarily as a planning tool for visits, this drop can be explained in part by people staying away from the Museum in the last quarter of the year due to COVID-19.

The Museum's social media channels showed growth during the year with Facebook followers reaching 126,025 (2020: 103,096), Twitter 54,411 (2020: 50,638) and Instagram 32,908 (2020: 32,265).

### **Financial Review**

#### *Statement of Financial Activities (SOFA)*

Total income for the financial year 2020-21 amounted to £14,620,000 (2020: £15,688,000), with the decrease year on year related to the higher prior year restricted funding received for delivery of the RAF Centenary Programme and a reduction in trading income with the Museum being closed to the public for more than seven months of the year. This is offset by additional Grant in Aid received from MOD to support operational breakeven and fund essential capital work in 2020-21 and 2021-22.

The Museum received £11,341,000 of Grant in Aid (2020: £9,520,000) for the financial year 2020-21, including the additional COVID-19 support of £1,560,000 in March. During the year, a total of £1,084,000 (2020: £2,156,000) (Note 3) was received by way of government grants and donations from industry partners and sponsors, trusts and foundations, and individual donations to fund the work of the Museum. This included £375,000 restricted funding from the government's Coronavirus Job Recovery Scheme to support staff placed on furlough during the year; £214,000 from London Borough of Barnet to fund improvements to car-park access at our London site; and £45,000 from Northrop Grumman to enable the continuation of our successful STAAR STEM programme at our Cosford site.

Total unrestricted income generated by the Museum was £12,518,000 (2020: £13,633,000) with the decrease mainly due to a reduction in trading income. Income generated by the trading company on non-charitable activities was £1,974,000 (2020: £3,279,000), which, after accounting for associated expenditure, resulted in a net loss of £214,000 (2020: total gift aid payment of £585,000) to the Museum.

Total expenditure on Museum activities amounted to £15,514,000 (2020: £16,924,000). The majority of costs, including the costs of salaries, are in respect of core charitable activities. Net expenditure before transfers between funds and other recognised gains and losses totalled £894,000 (2020: £1,236,000).

A total of £355,000 (2020: £1,893,000) has been transferred from restricted to unrestricted funds in 2020-21, principally due to the completion and capitalisation of the final phase of RAF Centenary Programme improvement works at the London site within the financial year.

## ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

The £2,368,000 loss shown against unrestricted funds for the year (2020: £2,699,000) is driven principally by depreciation of property assets and fully funded permanent exhibitions, which totals £2,696,000 in 2020-21 (2020: £2,811,000). Excluding depreciation costs of property and permanent exhibitions, the Museum has generated an unrestricted operational surplus of £301,000 during the year (2020: £614,000), which is above the targeted breakeven due to a rephasing of required project spend to the next financial year. The decrease in unrestricted operational surplus year on year is primarily due to reduced trading income during the COVID-19 pandemic, and partly offset by an associated reduction in trading and operational costs; the impact of Government COVID support initiatives (CJRS grants and business rates holiday); and receipt of £250,000 of MOD additional funding for the year.

The Museum's property assets are revalued by professional valuers on a quinquennial basis, with the last valuation brought forward by one year to 2017-18 to reflect the significant capital improvements delivered through the RAF Centenary Programme. For 2020-21 an annual revaluation adjustment of £3,464,000 downwards (2020: £1,137,000 increase in value) has been made in the year-end accounts to comply with Modified Historic Cost Accounting (MHCA) legislation per HM Treasury guidelines.

After transfers between funds and adjustment for recognised gains or losses on revaluation of fixed assets, the net movement of funds for the year was a decrease of £4,358,000 (2020: £99,000) and total funds carried forward as at 31 March 2021 amounted to £116,698,000 (2020: £121,056,000).

### *Balance Sheet*

The value of the group net assets has decreased during the year due to the fixed asset revaluation and now stands at £116,698,000 as at 31 March 2021 (2020: £121,056,000). The value of freehold and leasehold property represents 70% of the Museum's net assets at £81,468,000 (2020: £87,050,000); and the value of heritage assets (over the capitalisation threshold and accessioned since 1 April 2001) represents 19% of the Museum's net assets at £21,790,000 (2020: £21,785,000). The Museum Group holds a cash at bank and in hand balance of £8,313,000 as at 31 March 2021 (2020: £7,904,000).

### *RAF100 Appeal*

During the year it was agreed by the joint venture Trustees that all remaining reserves should be paid as a grant to the Royal Air Force Cosford Project. As a partner in the RAF100 Appeal joint venture, the Museum's share of net expenditure for 2020-21, including this grant, totalled £115k restricted funds (2020: £63,000). The Appeal made a £2.5m distribution to the joint venture partners (with a 20% share to the Museum) in 2019-20, and no further distribution in 2020-21. It is expected that any final distributions will be made in 2021-22 and the company wound up.

### *Trading Company*

Any non-charitable activities are undertaken by RAF Museum Enterprises Ltd, a wholly owned subsidiary of the Museum, with all profits gift-aided to the parent charity. The trading company generated total turnover of £1,974,000 (2020: £3,279,000) (Note 4b), with associated costs of sales of £2,188,000 (2020: £2,696,000). The decrease in turnover is due the significant adverse impact on the retail and parking revenue of the periodic closures of the Museum and restriction on the commercial events and catering businesses.

## ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

During the year, a number of Museum staff and other resources were utilised in furtherance of those activities resulting in a cross charge of £470,000 (2020: £482,000). This resulted in a net loss in the subsidiary of £214,000 (2020: net profit £585,000) (Note 9).

### *Reserves Policy and Funds*

During the year, and with reference to guidance from the Charity Commission, and further to review and recommendation by the Audit and Risk Committee and Finance Committee, the Trustees have confirmed that as at 31 March 2021 the organisation continues to hold unrestricted and undesignated free reserves (that is funds not tied up in fixed assets or designated or restricted funds) sufficient to cover two months of budgeted operational expenditure in order to enable financial stability and act as a safeguard against volatile and unpredictable income streams and unforeseen expenditure or liabilities. Any remaining operational net surplus (i.e. after transfers to the Fixed Asset Fund and maintaining free reserves of two months of planned operational expenditure) to be transferred to the designated Strategy 2030 Fund.

This fund will be used to support delivery of the Museum's current key strategic priorities as detailed in the strategic plan Strategy 2030 including: planning for future capital development at both sites; ensuring the sustainability of the estate; focus on the recording of contemporary stories of RAF men and women; and development of the Museum's collection through new acquisitions.

In line with the Museum's reserve policy, unrestricted surplus funds of £448,000 (2020: £623,000) over and above the planned level of free reserves, have been transferred to the designated Strategy 2030 Fund with a balance of £3,492,000 as at 31 March 2021 (2020: £3,044,000).

The Finance Committee monitors the levels of reserves at the Museum on a quarterly basis as part of their review of the Management Accounts. The Board of Trustees reviews the reserves policy when circumstances change and at least annually.

### *Payment of Creditors*

The Museum's policy, in accordance with the Government-wide standard on the payment of creditors, is to settle all undisputed bills within 30 days or in accordance with the supplier's terms of business. The Museum's actual payment performance during the year was an average of 43 days (2020: 44 days).

### *Investment Policy*

The Trustees continually monitor levels of all the Charity's funds. Available funds are currently invested in a variety of term deposits to maximise the level of return but with minimum risk. The amounts and terms of the investments are based on the Trustees' opinion of the immediate and future needs of the Museum and the Chair of the Finance Committee reviewed the principal deposits during 2020-21.

## ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

### *Environmental Policy*

The Museum has a number of initiatives in place which underpin the creation of a more sustainable and environmentally friendly organisation. These include energy conservation measures (for example the increased use of LED lighting), a comprehensive recycling programme and new building construction which is consistent with reducing the Museum's carbon footprint.

### *Auditors*

The accounts are audited by the Comptroller and Auditor General in accordance with the Government Resources and Accounts Act 2000 (Audit of Public Bodies). The fee for the audit of the Group 2020-21 accounts was £38,100 (2019-20: £37,550). This includes the NAO fee of £28,900 and Hillier Hopkins fee of £9,200 for the audit of RAF Museum Enterprises Ltd.

So far as I, as Accounting Officer of the Museum, and as we, as its Trustees, are aware:

- a. there is no relevant audit information of which the Museum's auditors are unaware; and
- b. we have taken all the steps that we ought to have taken to make ourselves aware of any relevant audit information and to establish that the Museum's auditors are aware of that information.

**ACM Sir Andrew Pulford GCB CBE DL**  
Chair

on behalf of the Board of Trustees

31 August 2021

**Margaret Appleton MBE**  
Chief Executive Officer and  
Accounting Officer

Royal Air Force Museum

31 August 2021

# **ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21**

## **ACCOUNTABILITY REPORT**

### **Corporate Governance Report**

This report sets out the arrangements for the governance of the Museum, including the Board and Committee structure for the Trustees. It specifically shows how the organisation identifies and manages key risks and provides the assurance from the Chair of the Board of Trustees and Accounting Officer.

Trustees have complied with their duty in section 11 of the Charities Act 2011 to have due regard to guidance published by the Charity Commission. Trustees are also mindful of the Commission's guidance on public benefit.

## ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

### Chief Executive Officer's report and governance statement

#### *The Governance Framework*

The Royal Air Force Museum is a charity registered with the Charity Commission (registration number 244708), governed in accordance with a Deed of Trust dated 4th June 2007.

The Museum is an accredited National Museum and non-departmental public body (NDPB) obliged to comply with HM Treasury financial reporting requirements set out in the Financial Reporting Manual and the guidance contained in Managing Public Money. There is a Financial Framework document in place which defines the arrangements between the Museum and its sponsor branch, the Ministry of Defence, relating to the receipt of Grant in Aid and the conditions for its expenditure alongside a Partnering Agreement between the Royal Air Force and the Museum. The Partnering Agreement and Financial Framework relevant to the 2020-21 financial year have been in place with effect from 1 April 2017. A scheduled review relevant to the period from 1 April 2021 is currently underway.

#### *The Trustees and the Committee Structure*

The Royal Air Force Museum is governed by a Board of Trustees chaired by Air Chief Marshal Sir Andrew Pulford GCB CBE DL. The Charities Act 2011 requires the Trustees to exercise proper stewardship over the Museum and to take care of its collections.

The Chief Executive Officer of the Museum, Margaret Appleton MBE, is the Accounting Officer responsible to Parliament for the day-to-day management of the Museum as set out in Chapter 3 of Managing Public Money.

Trustees are appointed by the Secretary of State for Defence in accordance with the provisions of the public appointments process set out in the Office of the Commissioner of Public Appointments Code of Practice. They are appointed for a term of five years and can be appointed for a second term of equivalent length. The Board of Trustees may appoint up to three additional co-opted Trustees by majority approval to serve on the Board and both co-opted Trustees and other individuals may serve on specific sub-committees to supplement the experience of Board members.

The Trustees receive induction training with the Chief Executive Officer and Senior Leadership Team (SLT) and are encouraged to familiarise themselves with the Museum's priorities through work in sub-committees where they are supported by the Museum's Directors, and by attending and hosting Museum events and receptions.

#### *The Board of Trustees Sub-Committees*

The Board of Trustees have established a number of sub-committees for specific purposes and to ensure the effective conduct of business. The Board of Trustees is responsible for appointing to the sub-committees from within its membership and all sub-committee actions are taken on behalf of the Trustees as a whole, with recommendations made to the Board as appropriate.

## ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

These sub-committees comprise Audit and Risk (providing support on issues of risk, control and governance); Finance (responsibility for financial control, governance and investment), Development (to lead on and support the fundraising for and governance of major programmes as part of the Strategy 2030); Staffing and Remuneration (providing assurance that the Museum's HR strategy, policies and procedures are appropriate and effective); and a Nominations and Governance Committee (keeping under review the leadership needs of the Museum - both trustee and executive - to ensure the continued ability of the organisation to perform effectively, and to be responsible for recommending the appointment of the Chair of the Board of Trustees from within the Board's membership). The Museum also has a voluntary Research Advisory Board, chaired by Sebastian Cox OBE, Head of the Air Historical Branch of the Royal Air Force.

The terms of reference of each of these sub-committees have been approved by the full Board. The table overleaf shows the number of meetings and attendance. The Board normally meets once a quarter, and these scheduled meetings are summarised in the table, however, two special Board meetings were held in addition during 2020-21 to discuss and respond to the impact of the pandemic on the Museum. Minutes of all Board and sub-committee meetings are maintained.

## ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

The following individuals served as Trustees during 2020-21:

Board of Trustees			Attendance					
Board Member	Appointed	Further notes	Board	Audit & Risk	Finance	Staffing & Remuneration	Development	Nominations & Governance
Air Chief Marshal Sir Andrew Pulford	2-July-18	Co-opted Chair	4 / 4		2 / 4*	1 / 3*	2 / 4*	2 / 2
Peter Bateson	17-May-16 (resigned 28 Feb-21)	Chair Audit & Risk Committee	4 / 4	2 / 2				2 / 2
Laurie Benson	17-May-16	-	4 / 4	3 / 3				
Dr Carol Cole	23-Mar-15	Chair Staffing & Remuneration Committee	4 / 4			3 / 3		2 / 2
Dr Rodney Eastwood	23-Mar-15	Chair Audit & Risk Committee (from 1 Mar 2021)	4 / 4	1 / 1	3 / 3	3 / 3		
Richard Holman	05-Jul-11	Chair Finance Committee	4 / 4		4 / 4		4 / 4	
Catriona Lougher	17-May-16	-	4 / 4					
Julie McGarvey	17-May-16	-	4 / 4		4 / 4		3 / 4	
Andrew Reid	05-Jul-11	-	3 / 4				4 / 4	
Nick Sanders	7-July16	Chair Development Committee	4 / 4				4 / 4	
Michael Schindler	05-Jul-11	-	3 / 4	3 / 3		3 / 3	4 / 4	

Trustee attendance is shown as the number of meetings attended in relation to the number of meetings held whilst each individual was a member of the relevant committee.

\*The Chair of Trustees chairs the N&G Committee and has attends other Committees across the year to support / advise / learn.



## ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

A Trustee skills audit was completed in 2020-21 led by the Nominations and Governance Committee. The Museum also commissioned an external facilitator to lead a Board effectiveness review (the previous external review was held in 2017-18). The awayday organised as part of the review was cancelled due to COVID-19, but the review completed with recommendations in early 2021-22.

The Museum has two subsidiary companies, the shares of which are held by or on behalf of the Trustees although the decisions taken by these companies remain primarily their responsibility. The Board of Royal Air Force Museum Enterprises Ltd conducted a recruitment process in 2020-21, appointing five new independent non-executive Directors whose term will start in June 2021. Two Directors retired in 2020-21, with three scheduled to retire in mid 2021-22, including the Chair. (Three of the five retiring Directors also retire(d) as Trustees.)

### *Register of Interests*

A register of Trustees' interests is maintained. Trustees are required to declare any interest, pecuniary or otherwise, in any matter being considered by the Board. Related Parties are disclosed in Note 17 of the Financial Statements.

### *The Board of Trustees' Performance*

The Board has supported the organisation to successfully deliver its strategic objectives as outlined in the approved over-arching ten-year Strategy 2030 and Business Plan 2020-21.

Sub-committee minutes are circulated to all Trustees with routine papers for the quarterly meetings of the full Board and sub-committee Chairs highlight any matters of particular interest or concern for the attention of the full Board.

There is a wide range of information and data (financial and otherwise) routinely available to Trustees, including detailed management accounts quarterly to the Finance Committee and summary management accounts quarterly to the full Board, which the Board considers to be adequate management information.

### *Personal Data Loss*

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 related, 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. During the year one GDPR data breach incident occurred through the Blackbaud Raisers Edge fundraising database (a third party breach from cyber attack external to and wider than the Museum) and was reported to us by Blackbaud in August 2020. Investigation concluded that 10,000 Museum records were accessed but no personal payment details were breached. The Museum notified ICO immediately up notification by the third party provider and wrote to all impacted contacts in good time. ICO determined that the Museum, acting as a data controller, acted properly and with due diligence in sourcing a reputable third party data processor in line with the requirements of Article 28 of the GDPR.

## ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

### *Internal Auditors*

The Museum's internal auditors are RSM Risk Assurance Services LLP (appointed in November 2019), who work to the Public Sector Internal Audit Standards and provide an independent opinion for the financial year 2020-21 on the matters subject to review through the annual internal audit programme. The work programme is signed off by the Trustees' Audit and Risk Committee and the report of the internal auditors is received by that same sub-committee. The tender and appointment of RSM Risk Assurance Services LLP (RSM) was made as a joint initiative with our partner Service Museums – National Army Museum and National Museum of the Royal Navy to foster the sharing of best practice and economies of scale, including a shared thematic review to be agreed upon by all parties.

As part of this plan RSM have carried out several reviews for the RAF Museum this past year, including events management; volunteer management; strategic risk mitigations; a follow-up report on identified management actions from 2019-20 audit reviews; one shared Service Museums thematic review looking at Collections Acquisitions and Disposals; plus a risk assurance framework workshop with the Trustees and senior leadership team.

The internal auditors provide an annual independent opinion, based upon the audit programme, on the overall adequacy and effectiveness of the Museum's framework of governance, risk management and control. The audit opinion takes together the assurance ratings and recommendations of the individual assignments conducted in 2020-21, management's responsiveness to internal audit recommendations and the direction of travel with regard to internal control, governance and risk management.

Internal Audit's opinion for 2020-21 is that the governance, risk management and control framework provides moderate assurance, and that some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control. The annual internal audit opinion is based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes and should contribute to the organisation's annual governance reporting. It remains management's responsibility to develop and maintain a sound system of risk management, internal control and governance, and for the prevention and detection of material errors, loss or fraud. The work of internal audit should not be a substitute for management responsibility around the design and effective operation of these systems.

The Audit and Risk Committee accepted the opinion and findings of the internal auditors. Progress against recommendations and risk status will continue to be monitored by the Committee as part of the internal audit follow up review process.

### *External Auditors*

The external auditor of the Museum is the Comptroller and Auditor General with the audit conducted by the National Audit Office. The external auditor of its trading subsidiary, Royal Air Force Museum Enterprises Ltd, is Hillier Hopkins LLP. The accounts are consolidated.

## ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

### *Risk Management*

The Museum's internal control system is designed to manage risk to a reasonable level, rather than eradicate all risk of failure. Therefore, it can only provide reasonable and not absolute assurance of effectiveness. In managing risk, we identify the opportunities and risks in achieving our strategic objectives, evaluate the likelihood of those risks being realised, the impact should they be realised and the controls in place to manage them efficiently and effectively. The Museum's approach to risk management and the process for implementation are documented in a Risk Management Strategy. The strategy is supported by our strategic risk register, which groups our highest priority risk areas into key strategic risks which is reviewed regularly by the senior leadership team. The Audit and Risk Committee review strategic risks at each meeting and the Board review annually.

Each department holds a more detailed operational risk register which is reviewed at least annually by the senior leadership team. Departmental risks rated high when mitigated are summarised in a corporate risk register which is reviewed at each meeting by the Audit and Risk Committee.

Risk management overall is viewed as a dynamic process which actively seeks to incorporate good practice. It is responsive and current and is managed through regular review of both internal developments and external factors – the political, social, economic, demographic, technological, environmental and legal developments that may influence our exposure to risks or opportunities.

As an NDPB the Museum has a low risk appetite in relation to compliance, regulation and to our key strategic risks. In areas where we aim to be relevant and influential, we are prepared to take calculated risks. Risk appetite has been set by the Trustees and is reviewed annually for appropriateness by the senior leadership team and Audit and Risk Committee. The senior leadership team monitor whether our overall risk profile is commensurate with our risk appetite on an ongoing basis. The key risks identified, and the actions taken to date are set out below. During the financial year 2020-21 the Audit and Risk Committee trustees and senior leadership team held a strategic risk workshop, facilitated by RSM, to focus on current risks to the Museum's activities and which provided assurance that the strategic risks reported were appropriate and adequately mitigated.

The risk of 'financial stability' will remain high in a period of economic uncertainty and in particular in the context of the current COVID-19 pandemic but has been substantially mitigated by the additional Grant in Aid funding agreed to enable operational breakeven in 2020-21 and 2021-22. The RAF Museum's Strategy 2030 sets out to build a robust financial model for the future, with operational savings to be identified, fundraising and trading activity to be increased, and programmes developed that attract funding support, to enable significant investment and development at both sites. There is and will continue to be continued pressure on Government funding and funding from trusts and foundations. There is much competition for funding in London, while potential sources in the West Midlands are fewer, though a shift away from London-centric investment is an opportunity for our ambitious Cosford Master Plan. The Museum will continue to diversify and broaden its income streams and be more efficient, principles which have been embedded through the delivery of the RAF Centenary Programme.

## ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

For both sites, there is a shift due to the passing of the wartime and National Service generations, to a public with little experience of the RAF, which requires different interpretation and communication methods. The Museum's users also have changing expectations in the ways they want to access content, both as physical and virtual users. This is addressed through the Museum's Strategy 2030 and its Interpretation Strategy in a combination of full gallery redevelopment and display enhancements.

The Collections Review supports both care of the collection and development and delivery of exhibition programming. An important strand of this review is delivery of digitisation of the collections, opening access to audiences while ensuring collection care is maintained – this will require considerable investment which is the reason for the risk of 'failure to adequately care for collections' remaining at a medium level.

As with financial stability, the risks from major incidents, of any nature, can only be mitigated to a certain amount through capital investment in infrastructure, such as IT to manage data loss risks and, tightening of procedures in response to the potential of a major incident or health and safety failure. Further to considerable progress thus far, one of the key strategic priorities for the Museum and a focus for the next financial year is to continue to invest in building the strong and sustainable basic foundations required to fully achieve the future vision.

### *Assurance Statement by the Audit and Risk Committee*

The Audit and Risk Committee are reasonably confident that the reliability, integrity, quality and comprehensiveness of the assurances provided by the RAF Museum's internal and external auditors, and by management, are presently sufficient to support the Board and Accounting Officer in their decision making and in the fulfilment of their accountability obligations. Internal controls are monitored during the year by the RAF Museum's executive team and independent internal audit review and findings reported to the Audit and Risk Committee. The Audit and Risk Committee will continue to draw to the Board's and Accounting Officer's attention any matters of concern.

## ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

### Statement of the Board of Trustees' and Chief Executive Officer's Responsibilities

Under Section 30(3) of the National Heritage Act 1983 and law applicable to charities in England and Wales, the Board of Trustees is required to prepare financial statements for each financial year which give a true and fair view of the Royal Air Force 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 Board of Trustees is required to:

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

Under the law applicable to charities in England and Wales, the Board of Trustees is responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the charity and which enable the Board to ensure that the financial statements comply with applicable law. The Board 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 Permanent Under-Secretary of the Ministry of Defence has appointed the senior full time official, the Chief Executive Officer, as the Accounting Officer for the Royal Air Force Museum. Her relevant responsibilities as Accounting Officer, including her responsibility for the propriety and regularity of expenditure from Grant in Aid provided by Parliament and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officer's Memorandum issued by the Treasury and published in 'Managing Public Money'.

The Accounting Officer confirms that the annual report and accounts as a whole are fair, balanced and understandable and that she takes personal responsibility for the annual report and accounts and the judgments required for determining that they are fair, balanced and understandable.

The Accounting Officer also confirms that, as far as she is aware, there is no relevant audit information of which the Museum's auditors are unaware, and that all steps have been taken to make herself aware of relevant audit information and to make this available to the Museum's auditors.

## ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

### Remuneration and Staff Report

In accordance with the Financial Reporting Manual the RAF Museum has prepared this report containing certain information about directors' remuneration. 'Directors' is interpreted to mean persons in senior positions having authority or responsibility for directing or controlling the major activities of the Museum. The figures in the remuneration and staff report are subject to audit.

The total number of employees whose emoluments for the year exceeded £60,000 is given in note 6, together with information on staff numbers and costs.

None of the directors were members of the Principal Civil Service Pension Scheme (PCSPS) and the Museum did not fund any Civil Service pension contributions for them in 2020-21. The Museum, under the auto-enrolment scheme (NEST) made employer's contribution to the directors' pension at the rate of 5% of their salary. The directors received no other benefits. Performance bonuses paid to directors are non-contractual. All of the directors have contracts of employment carrying a period of notice of three months.

Single figure of total remuneration	Salary	Performance-related pay and bonuses	Benefits in kind (to nearest £100)	Pension Benefits	TOTAL	TOTAL
	2020-21 (2019-20) £000	2020-21 (2019-20) £000	2020-21 (2019-20) £000	2020-21 (2019-20) £000	2020-21 £000	2019-20 £000
Margaret Appleton MBE CEO	105-110 (105-110)	- (0-5)	- (-)	- (-)	105-110	105-110
Marguerite Jenkin Director of Finance and Resources	85-90 (80-85)	- (0-5)	- (-)	- (-)	85-90	80-85
Barry Smith Director of Visitor and Commercial Development	85-90 (85-90)	- (0-5)	- (-)	- (-)	85-90	85-90
Karen Whitting Director of Content and Programmes	80-85 (80-85)	- (0-5)	- (-)	- (-)	80-85	80-85

## ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

Pension benefits	Real increase in pension and lump sum at pension age	Accrued pension at pension age at 31/03/20 and related lump sum	CETV at 31/03/21	CETV at 31/03/20	Real increase in CETV	Employer contribution to Nest pension
	£000	£000	£000	£000	£000	Nearest £100
Margaret Appleton MBE CEO	N/A	N/A	N/A	N/A	N/A	5,300
Marguerite Jenkin Director of Finance and Resources	N/A	N/A	N/A	N/A	N/A	4,400
Barry Smith Director of Visitor and Commercial Development	N/A	N/A	N/A	N/A	N/A	4,300
Karen Whitting Director of Content and Programmes	N/A	N/A	N/A	N/A	N/A	4,200

The remuneration ratio in the Museum is 4.10 (2020: 4.29) - this represents the banded mid-point pay of the highest paid director as a multiple of the median pay award (the median salary is £26,244 (2020: £25,032)). The directors are all full-time employees employed on standard terms and conditions.

The Board of Trustees comprised ten members at 31 March 2021, including two co-opted trustees, none of whom were full time employees of the Museum and they were reimbursed with £467 in expenses (2020: £2,408). One Trustee claimed expenses (2020: four).

### *Sickness absence*

The Royal Air Force Museum employed 190 (2020: 187) members of staff as at 31 March 2021. In addition, the trading subsidiary employed 38 (2020: 44) members of staff at 31 March 2021. Periods of sickness absence are recorded in full days. The average number of days of sickness absence was 3.5 days per person (2020: 4.4). Long term absences have been excluded. This paragraph is not subject to audit.

### *Pension Costs and Benefits*

The Museum's accounting policy in relation to Pensions is provided at Note 1 to the Financial Statements. From May 2014 the Museum has automatically enrolled all employees into a National Employment Savings Trust (NEST) pension scheme unless the employees choose to opt out. The NEST pension scheme is a defined contribution pension scheme that was created as part of the government's workplace pensions reform under the Pensions Act 2008. The assets of the scheme are held separately from those of the Museum and the Museum is unable to identify our share of the liability, employer's contributions are charged to the Statement of Financial Activities as they occur.

## ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

Pension benefits for a small number of longer serving staff are provided through the Civil Service pension arrangements. The PCSPS is an unfunded multi-employer defined benefit scheme but the RAF Museum is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2012. Details can be found in the resource account of the Cabinet Office: Civil Superannuation ([www.civilservice.gov.uk/pensions](http://www.civilservice.gov.uk/pensions)).

For 2020-21 employer's contributions of £106,521 were payable (2020: £109,417) through the PCSPS. The applicable rates for the PCSPS are shown below:

Gross Salary	Rate %
77,001 and over	30.3
45,501 – 77,000	27.9
23,001 - 45,500	27.1
Up to 23,000	26.6

The contribution rates reflect benefits as they are accrued, not when costs are actually incurred, and reflect past experience of the scheme. Pension benefits are provided through the Civil Service pension arrangements in place prior to 30th July 2007, with the unfunded cost of benefits met by monies voted by Parliament each year. Further details about the Civil Service pension arrangements can be found at the website: [www.civilservice.gov.uk/pensions](http://www.civilservice.gov.uk/pensions).

The real increase in Cash Equivalent Transfer Value (CETV) reflects the increase in CETV that is funded by the employer. It does not include 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 a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which disclosure applies.

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



## ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

### Reporting of civil service and other compensation schemes – exit packages

(Comparative data for the prior financial year is shown in brackets)

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	- (-)	- (-)	- (-)
£10,000–£25,000	- (2)	- (-)	- (2)
£25,000–£50,000	- (-)	- (-)	- (1)
£50,000–£75,000	- (-)	- (-)	- (-)
Total number of exit packages	- (2)	- (-)	- (2)
Total resource cost/ £	- (21,516)	- (-)	- (21,516)

Redundancy and other departure costs have, where appropriate, been paid in accordance with the provisions of the Civil Service Compensation Scheme, a statutory scheme made under the Superannuation Act 1972. Exit costs are accounted for in full in the year of departure. Where the department has agreed early retirements, the additional costs are met by the department and not by the Civil Service pension scheme. Ill-health retirement costs are met by pension scheme and are not included in the table.

#### *Coronavirus Job Retention Scheme (CJRS)*

No staff were required to be furloughed during the initial lockdown period. From November to March a total of 108 staff (143 including the trading company) were furloughed on full pay for varying periods dependent on role and the ability to work from home effectively. The Museum received government CJRS grants of £375,000 (£498,000 including the trading company) covering up to 80% of the salary costs of staff on furlough during this period.

#### *Other Staff Costs*

Further details relating to the Museum's other staff costs can be found in Note 6 to the financial statements.

## ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

### *Trade Union Facility Time (not subject to audit)*

**Table 1**

	<b>Full-time equivalent</b>	
	2020-21	2019-20
Number of employees who were relevant union officials during the relevant period		
4	4	1.8

**Table 2**

	<b>Number of employees</b>	
	2020-21	2019-20
Percentage of time		
0	-	-
1-50%	4	3
51-99%	-	-
100%	-	-

**Table 3**

	<b>Figures</b>	
	2020-21	2019-20
Total cost of facility time	1,250	478
Total pay bill	5,623,000	5,608,000
Percentage of the total pay bill spent on facility time	0%	0%

**Table 4**

	<b>Percent</b>	
	2020-21	2019-20
Time spent on paid trade union activities as a percentage of total paid facility time	1%	1%

### *Volunteers*

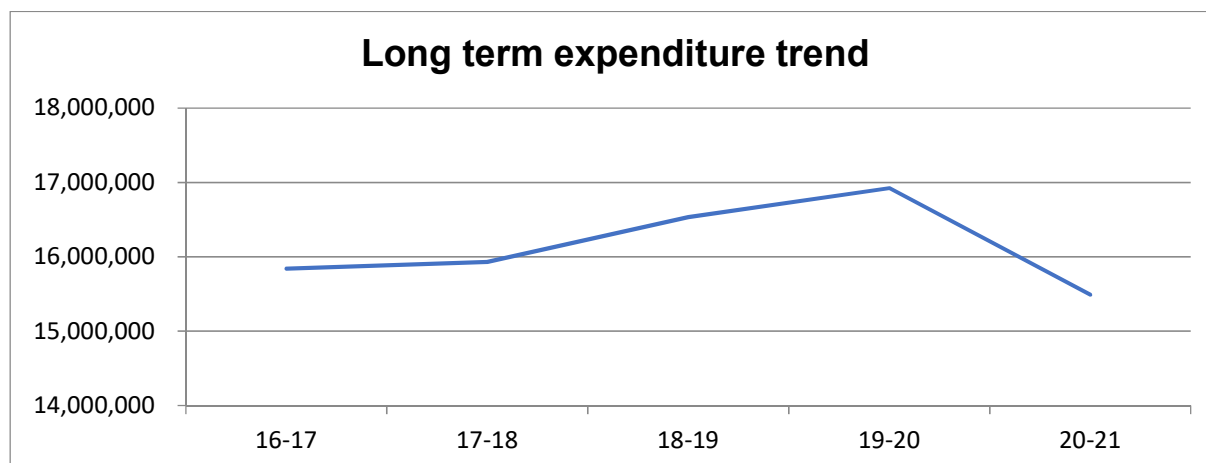
The support of our volunteers is vital to our Museum activities, with a diverse range of people generously giving their time to work with alongside our paid staff team in a wide variety of areas, from front-of-house roles interacting with our visitors, to behind-the-scenes work caring for our collection in person or researching funding opportunities online. They contribute their skills, time and enthusiasm, connect with a diverse range of people as part of the RAF Museum family, and help us create meaningful experiences for them as individuals and for our audiences at our London or Cosford sites, or remotely by supporting projects such as RAF Stories. During 2020-21, over 400 individuals worked with the Museum in volunteer roles contributing a total of 6,899 hours (2020: 23,352) a significant decrease on prior year due to the closure of the sites and COVID-19 restrictions.

## ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

### Parliamentary accountability and audit report

All expenditure is regular and has been applied as intended by donors and the Museum's sponsor body. There are no contingent liabilities, gifts, fees, charges or losses and special payments requiring further disclosure that have not been reported elsewhere in these financial statements. This paragraph is subject to audit.

Expenditure trend over the past five financial years is shown below:



The increase in expenditure over the past five years is a result of both cost inflation and the additional projects the Museum has embarked upon to improve our visitor experience, such as First World War in the Air exhibition and the wider RAF Centenary Programme. These projects have been funded from self-generated income, donations and sponsorship. The reduction in expenditure through 2020-21 is due to the impact of the COVID-19 pandemic.

**ACM Sir Andrew Pulford GCB CBE DL**  
Chair

on behalf of the Board of Trustees

31 August 2021

**Margaret Appleton MBE**  
Chief Executive Officer and  
Accounting Officer

Royal Air Force Museum

31 August 2021

## **ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21**

### **The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament**

#### **Opinion on financial statements**

I certify that I have audited the financial statements of Royal Air Force Museum for the year ended 31 March 2021 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and the related notes, including the significant accounting policies. These financial statements have been prepared under the accounting policies set out within them. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom accounting standards including Financial Reporting Standards (FRS) 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

I have also audited the information in the Remuneration and Staff Report that is described in that report as having been audited.

In my opinion, the financial statements:

- give a true and fair view of the state of the group's and of Royal Air Force Museum's affairs as at 31 March 2021 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Charities Act 2011 and Secretary of State directions issued thereunder.

#### **Opinion on regularity**

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

#### **Basis for opinions**

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

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

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

## **ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21**

### **Conclusions relating to going concern**

In auditing the financial statements, I have concluded that the Royal Air Force Museum's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

### **Other information**

The other information comprises information included in the Annual Report but does not include the financial statements and my auditor's report thereon. The Trustees and Chief Executive Officer are responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon. In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

### **Opinion on other matters**

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

- the parts of the Remuneration and Staff Report to be audited have been properly prepared in accordance with Secretary of State directions made under the Charities Act 2011;
- the information given in the Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which I report by exception**

In the light of the knowledge and understanding of the Royal Air Force Museum and its environment obtained in the course of the audit, I have not identified material misstatements in the Annual Report.

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

## **ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21**

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
- the information given in the Trustees' Report is inconsistent in any material respect with the financial statements; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

### **Responsibilities of the Board of Trustees and Chief Executive Officer**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources Accounts Act 2000, and section 151 of the Charities Act 2011.

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

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

My procedures included the following:

- Inquiring of management, the internal auditor and those charged with governance, including obtaining and reviewing supporting documentation relating to the Royal Air Force Museum's policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and

## ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Museum's controls relating to Government Resources and Accounts Act 2000, Managing Public Money and the Charities Act 2011;
- discussing among the engagement team (including key personnel from the component audit teams) regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals and application of the Coronavirus Job Retention Scheme;
- obtaining an understanding of Royal Air Force Museum and the group's framework of authority as well as other legal and regulatory frameworks that the Royal Air Force Museum and group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the Royal Air Force Museum and group. The key laws and regulations I considered in this context included the Government Resources and Accounts Act 2000, Managing Public Money, Employment Law, Tax Legislation, the Coronavirus Act 2020 and the Charities Act 2011.

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

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

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

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

## **ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21**

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

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

### **Report**

I have no observations to make on these financial statements.

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

**7 September 2021**

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



# ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

## Consolidated Statement of Financial Activities for the year ended 31 March 2021

		Unrestricted Funds	Restricted Funds	Total Funds	Unrestricted Funds	Restricted Funds	Total Funds
	Notes	2021 £000	2021 £000	2021 £000	2020 £000	2020 £000	2020 £000
<b>Income from</b>							
<b>Donations and legacies</b>							
Grant in aid		10,031	1,310	11,341	9,520	-	9,520
Grants and donations	3	442	642	1,084	513	1,643	2,156
<b>Charitable activities</b>		<b>39</b>	<b>-</b>	<b>39</b>	<b>139</b>	<b>-</b>	<b>139</b>
<b>Other trading activities</b>							
Trading income	4b	1,974	-	1,974	3,279	-	3,279
Fundraising events		-	-	-	155	-	155
Sponsorships		-	149	149	-	386	386
<b>Investments</b>		<b>1</b>	<b>-</b>	<b>1</b>	<b>10</b>	<b>25</b>	<b>35</b>
<b>Other</b>		<b>31</b>	<b>1</b>	<b>32</b>	<b>17</b>	<b>1</b>	<b>18</b>
<b>Total income</b>		<b>12,518</b>	<b>2,102</b>	<b>14,620</b>	<b>13,633</b>	<b>2,055</b>	<b>15,688</b>
<b>Expenditure on</b>							
Fundraising	5	412	-	412	566	-	566
Trading	4b	2,188	-	2,188	2,696	-	2,696
Charitable activities	5	12,286	513	12,799	13,070	529	13,599
Other	5	-	-	-	-	-	-
Share of RAF100 Appeal deficit	4b	-	115	115	-	63	63
<b>Total expenditure</b>		<b>14,886</b>	<b>628</b>	<b>15,514</b>	<b>16,332</b>	<b>592</b>	<b>16,924</b>
Net gains/(losses) on investments		-	-	-	-	-	-
<b>Net income/(expenditure)</b>		<b>(2,368)</b>	<b>1,474</b>	<b>(894)</b>	<b>(2,699)</b>	<b>1,463</b>	<b>(1,236)</b>
Transfers between funds	15	355	(355)	-	1,893	(1,893)	-
<b>Other recognised gains and losses</b>							
Gains/(losses) on revaluation of fixed assets	7a	(3,464)	-	(3,464)	1,137	-	1,137
<b>Net movement in funds</b>		<b>(5,477)</b>	<b>1,119</b>	<b>(4,358)</b>	<b>331</b>	<b>(430)</b>	<b>(99)</b>
<b>Reconciliation of funds</b>							
Total funds brought forward at 1 April 2020		113,548	7,508	121,056	113,217	7,938	121,155
<b>Total funds carried forward at 31 March 2021</b>		<b>108,071</b>	<b>8,627</b>	<b>116,698</b>	<b>113,548</b>	<b>7,508</b>	<b>121,056</b>

All of the Group's activities are classed as continuing. All recognised gains and losses are included above.

The notes on pages 47 to 64 form part of these financial statements.

# ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

## Consolidated and Charity Balance Sheet as at 31 March 2021

	Notes	Group 2021	Group 2020	Charity 2021	Charity 2020
		£000	£000	£000	£000
<b>Fixed assets</b>					
Tangible assets	7a	86,521	92,452	86,521	92,452
Heritage Assets	7b	21,790	21,785	21,790	21,785
Investments	4a	-	-	(114)	100
Investment in RAF100 Appeal	4b	-	115	-	115
<b>Total Fixed Assets</b>		<b>108,311</b>	<b>114,352</b>	<b>108,197</b>	<b>114,452</b>
<b>Current assets</b>					
Stock	8	267	228	-	-
Debtors	9	1,406	730	1,929	1,169
Investments	10	2	2	2	2
Cash at bank and in hand	11	8,313	7,904	8,036	7,743
<b>Total Current Assets</b>		<b>9,988</b>	<b>8,864</b>	<b>9,967</b>	<b>8,914</b>
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	12	1,367	1,775	1,232	1,925
<b>NET CURRENT ASSETS</b>		<b>8,621</b>	<b>7,089</b>	<b>8,735</b>	<b>6,989</b>
Creditors: Amounts falling due after more than one year	12	234	385	234	385
<b>NET ASSETS/LIABILITIES</b>		<b>116,698</b>	<b>121,056</b>	<b>116,698</b>	<b>121,056</b>
<b>The funds of the charity</b>					
Unrestricted funds	15	108,071	113,548	108,001	113,478
Restricted funds	15	8,627	7,508	8,697	7,578
		<b>116,698</b>	<b>121,056</b>	<b>116,698</b>	<b>121,056</b>

The notes on pages 47 to 64 form part of these financial statements.

Approved by the Board of Trustees on 31 August 2021 and signed on its behalf by:

Air Chief Marshal Sir Andrew Pulford GCB CBE DL  
Chair  
on behalf of Trustees

Ms M Appleton MBE  
Chief Executive Officer and Accounting Officer  
Royal Air Force Museum

# ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

## Consolidated Cash Flow Statement for the year ended 31 March 2021

Reconciliation of net incoming resources to net cash flow from operating activities

	Notes	2021 £000	2020 £000
<b>Net Incoming Resources</b>		<b>(894)</b>	<b>(1,236)</b>
Interest receivable		(1)	(35)
Depreciation of tangible assets	7a	3,502	3,328
(Profit)/loss on disposal of assets		67	-
Donated Assets		(5)	-
(Gain)/Loss on investment in Joint Venture	4b, 15	115	63
(Increase) / decrease in stocks	8	(39)	(16)
(Increase) / decrease in debtors	9	(676)	351
(Decrease) / increase in creditors	12	(559)	(338)
<b>Net cash provided by operating activities</b>		<b>1,510</b>	<b>2,117</b>
<b>Cash flows from investing activities</b>			
Bank interest received		1	35
Distribution received from Joint Venture	4b		500
Purchase of tangible fixed assets	7a	(1,102)	(1,960)
<b>Net cash used in investing activities</b>		<b>(1,101)</b>	<b>(1,425)</b>
<b>Change in cash and cash equivalents</b>		<b>409</b>	<b>692</b>
Cash and cash equivalents at 1 April 2020		<b>7,904</b>	<b>7,212</b>
<b>Cash and cash equivalents at 31 March 2021</b>		<b>8,313</b>	<b>7,904</b>

The notes on pages 47 to 64 form part of these financial statements.

# ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

## Notes to the Financial Statements for the year ended 31 March 2021

### 1. ACCOUNTING POLICIES

#### *Basis of Accounting*

The financial statements have been prepared in accordance with applicable accounting standards, under the historical cost convention as modified by the revaluation of fixed assets.

The financial statements comply with the Statement of Recommended Practice: Accounting and Reporting by Charities SORP 2019 (FRS 102) and with the Accounts Direction issued by HM Treasury (pages 34 to 37).

#### *Basis of consolidation*

Consolidated financial statements have been prepared for the year ended 31 March 2021 in respect of the charity and its wholly owned subsidiaries, Royal Air Force Museum Enterprises Ltd and The Royal Air Force Museum Investments Limited, using the acquisition method of accounting. Intra group transactions and profits are eliminated fully on consolidation. On the 1 April 2019, the Museum transferred the function of its car parking revenue to its trading subsidiary. In accordance with section 27 of IFRS 102 this has been accounted for using merger accounting rules, which involves aggregating the assets, liabilities and funds of the combining charities and presenting them as though they had always been part of the same reporting charity.

The Royal Air Force Museum Investments Limited was formed to hold the real property assets of the charity on behalf of the Trustees. In March 2005, the Cosford and Stafford leasehold property was transferred to this company from the charity, followed by the London (Hendon) freehold property in January 2008. However, while the legal ownership remains with the company, in substance the RAF Museum retains the risks and rewards associated with these assets. In accordance with FRS 102 the RAF Museum has recognised these assets in the balance sheet.

The Museum is a partner in a Joint Venture, RAF100 Appeal (charity number 1167398, company number 9977273), as one of five investor organisations. RAF 100 Appeal is a charitable company established to raise funds during the RAF's centenary year. RAF100 Appeal is accounted for using the equity method, with the value of the Museum's stake being measured as its initial investment plus our equal share of RAF100 Appeal's net gain or loss for the period.

#### *Going concern*

The Trustees have presented the accounts on a going concern basis. This assumes that the Museum is able to meet its liabilities as they fall due for the foreseeable future and that current and future funding will be adequate for the charity's needs. We have considered a period of twelve months from the date of approval of the financial statements in accordance with accounting conventions. In coming to their conclusion the Trustees have considered monthly forecast levels of income and expenditure and underlying assumptions, including the impact of the COVID-10 pandemic. The over-riding assumption is that the funding from the Ministry of Defence continues at a similar level for the foreseeable future. Having carefully considered the forecasts and assumptions the Trustees are content to present the accounts on a going concern basis.

#### *Income*

Grant in Aid is recognised in the year to which it relates. Grants and donations are recognised once the Museum can demonstrate that SORP 2015 recognition criteria of measurement, entitlement and probability have been met. Earned income is accounted for as it is receivable. Donations in kind are recognised at their fair value, with an equivalent charge made to resources expended. Sponsorships are recognised in line with the sponsorship period. Gains and losses on investments are recognised in the period in which they arise.

Income from commercial activities is included in the year in which the related goods or services are provided.

## ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

### *Expenditure*

Resources expended are included in the statement of financial activities on an accruals basis, inclusive of any irrecoverable VAT. Expenditure is classified in the Statement of Financial Activities under the principle categories of raising funds and charitable activities.

Resources expended comprise direct expenditure including direct staff costs attributable to the activity. Where costs cannot be directly attributed, they are allocated to activities according to the method described in note 5.

### *Termination payments*

Termination payments are payable when employment is terminated before the normal retirement date or end of employment contract. In line with the FReM, they are recognised when the employment ends.

### *Fund accounting*

Unrestricted funds (including designated funds) are donations or other incoming resources received or generated for the charity's general purposes. The general fund comprises the accumulated surpluses of unrestricted incoming resources, which are available for use in furtherance of the general objectives of the charity. The fixed asset fund represents the value of the charity's fixed assets. The revaluation reserve represents the increase in value of the charity's assets through either indexation or professional revaluation.

Designated funds are a particular form of unrestricted funds consisting of amounts which have been allocated or designated for specific purposes by the Trustees. The use of designated funds remains at the discretion of the Trustees.

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.

### *Tangible fixed assets*

The charity's tangible fixed assets are capitalised at cost on acquisition and revalued annually using the most appropriate indices calculated by Defence Economics and Valuation Office Agency for the relevant class of asset. Fixed assets with a cost of less than £2,500 are not capitalised. Any gains or losses on revaluation are reported as unrealised until an asset is disposed. The freehold and leasehold properties comprising the RAF Museum Estate are independently valued every five years. The most recent such valuation was undertaken as at 31 March 2018. Further detail is provided in Note 7a. On 1 April 2016 the Museum took ownership of assets held by Royal Air Force Museum Enterprises Ltd. The Museum levies a charge on RAFMEL for the use of these assets. Depreciation is provided straight line at rates calculated to write off the value of each asset over its expected useful life, as follows:

Freehold buildings 30 to 50 years  
Leasehold property over the lease term  
Permanent exhibitions 5 to 10 years  
Fixtures, fittings and equipment 3 to 5 years  
Plant and machinery 5 years  
Simulator 15 years  
Motor vehicles 4 years

Assets in the course of construction are not depreciated or revalued until brought into use.

## ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

### *Impairment*

The RAF Museum assesses whether there is any indication of impairment for all fixed assets at the balance sheet date. A fixed asset is considered to be impaired if the recoverable amount of the asset has fallen below its carrying amount on the balance sheet, as a result of damage, deterioration poor performance or external factors affecting its value.

If any indication of impairment exists, the Museum shall estimate the recoverable amount of the asset, determined as the higher of its fair value less costs to sell the asset and its value in use. The method of estimation used shall be that deemed most suitable for the type of asset. Where there is objective evidence that an impairment loss exists, an impairment charge will be made to the Revaluation Reserve to reduce the carrying value of the asset to the estimated recoverable amount. Where there are no historical revaluations in a revaluation reserve impairment losses are charged through the Statement of Financial Activities.

### *Exhibition costs*

Long term exhibition equipment is capitalised as a fixed asset under fixtures and fittings. Temporary exhibition costs are written off as resources expended in the year they are incurred.

### *Heritage assets*

The Museum has approved policies for Collections Development and our management of Heritage Assets. Our key collections policies and further information on the acquisition, safeguarding and disposal of Heritage Assets can be found on the RAF Museum Website, following the link:

<https://www.rafmuseum.org.uk/research/default/acquisitions-and-disposals/>

Any other collections-related policies can be made available on request.

The Museum has been consistently reviewing and recording all the heritage assets on its database for several years now and the collection can be divided between the accessioned collection (catalogued and entered on the database), and the un-accessioned collection (not yet recorded).

Heritage assets valued over the capitalisation threshold which have been accessioned in to the collection on or after 1 April 2001 have been capitalised but not revalued or depreciated. Heritage assets are accounted for as a distinct category of fixed asset with indefinite life and are therefore not depreciated.

If available, valuation is based on acquisition costs increased by restoration costs (if applicable).

The Museum's response to the introduction of FRS 30 was to deploy internal resources to the task of valuation in respect of those exhibits which were added to the collection before 2001, and which represent a materially significant part of the collection.

Given the diverse nature of the collection, the unique nature of some items and also taking into account changing market conditions, the resulting valuations represent indicative estimates. The valuations of the most significant items from pre-2001 period were added to the total value of all exhibits as at 31 March 2001. The exhibits will not be re-valued in future periods; however impairment reviews will be annually carried out by the Museum.

For donated assets, in most cases valuations are based on internal estimates determined by the relevant curator's experience and judgement, as an accurate figure is very difficult to establish. In some cases (e.g. a significant painting), a dealer may be sometimes consulted for advice.

### *Investments*

Investments held as fixed assets are stated at cost less provision for permanent diminution in value. Those held as current assets are stated at their market value. Term deposits of less than one year are classified as investments within current assets.

## ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

Investments in joint ventures are accounted for using the equity method, with the carrying amount measured as the Museum's initial investment plus its share of the joint venture's profit or loss.

Dividends are recognised on the Statement of Financial Activities when received. The distribution received from RAFM's partnership in the RAF100 joint venture has been accounted for using the equity method in accordance with FRS 102

### *Leased assets and obligations*

Assets held under finance leases, where the lease terms give rights approximating to ownership, are capitalised with an equivalent liability recognised under creditors due within one and after one year as appropriate. Rentals payable under operating leases are charged to resources expended as they are incurred.

### *Stock*

Stock is valued at the lower of cost and net realisable value. Specific provision is made for obsolete and slow-moving items.

### *Financial instruments*

The Museum's financial assets and liabilities consist of cash and cash equivalents, short term investments, 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.

### *Pensions*

From May 2014 the Museum has automatically enrolled all employees into a National Employment Savings Trust (NEST) pension scheme unless the employees choose to opt out. The NEST pension scheme is a defined contribution pension scheme that was created as part of the government's workplace pensions reform under the Pensions Act 2008. The assets of the scheme are held separately from those of the Museum is unable to identify our share of the liability, employer's contributions are charged to the Statement of Financial Activities as they occur.

Pension benefits for a small number of longer serving staff are provided through the Civil Service pension arrangements. The assets of the scheme are held separately from those of the charity. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS scheme is an unfunded multi-employer defined benefit scheme but the RAFM is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation is carried out periodically. Details can be found in the resource accounts for these schemes, which are published and laid before the House of Commons. The PCSPS has four sections: three providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2022. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

## ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

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

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% up to 30 September 2015 and 8% and 14.75% from 1 October 2015 (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary up to 30 September 2015 and 0.5% of pensionable salary from 1 October 2015 to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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



## ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

### 2. TAXATION

All of the charity's income is applied for charitable purposes and therefore the charity is exempt from Corporation Tax. The Corporation Tax liability of the trading subsidiary for the year ended 31 March 2021 was £nil (2020: £nil).

### 3. GRANTS AND DONATIONS

	Unrestricted Funds 2021 £000	Restricted Funds 2021 £000	Total Funds 2021 £000	Unrestricted Funds 2020 £000	Restricted Funds 2020 £000	Total Funds 2020 £000
Donated Heritage Assets	-	5	5	-	-	-
NLHF for First World War in the Air	-	-	-	-	74	74
NLHF for Centenary	-	-	-	-	742	742
Other Donations for Centenary Programme	-	214	214	-	60	60
Donations to Cosford Master Plan	-	-	-	-	183	183
Cosford Air Show Donation	-	-	-	-	23	23
Bomber Command	-	-	-	-	250	250
STAAR Programme	-	46	46	-	145	145
Coronavirus Job Retention Scheme Grants*	-	375	375	-	-	-
RAFMAF Learning Fund	-	-	-	-	45	45
Legacies	98	-	98	399	-	399
Other - Individual Donations	344	2	346	114	121	235
	<b>442</b>	<b>642</b>	<b>1,084</b>	<b>513</b>	<b>1,643</b>	<b>2,156</b>

\*An additional £123k in CJRS Grants was also received in the trading subsidiary (2020: £nil).

### 4a. INVESTMENT IN SUBSIDIARY UNDERTAKINGS AND JOINT VENTURES

Of the investment of -£114,141 (2020: £100,002), £100,000 represents the charity's interest in 100% of the issued share capital and retained loss of Royal Air Force Museum Enterprises Limited (company number 1511481) which is incorporated in England and Wales and operates souvenir shops, car parking and other trading activities at Hendon and Cosford. The company's aggregate capital and reserves were as follows:

	2021 £000	2020 £000
The assets and liabilities of the subsidiary were:		
Current assets	726	972
Creditors: amounts falling due within one year	(840)	(872)
	<b>(114)</b>	<b>100</b>
	<b>2021 £000</b>	<b>2020 £000</b>
At 1 April, 2020	100	100
Profit/(Loss) retained in subsidiary	(214)	-
At 31 March, 2021	<b>(114)</b>	<b>100</b>

## ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

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

The remaining £2 represents the charity's interest on 100% of the issued share capital of The Royal Air Force Investments Limited (company number 4026995), which is incorporated in England and Wales and holds the real property assets of the charity for administrative purposes.

The Directors of RAF Museum Enterprises Limited, having considered monthly forecast levels of income and expenditure and the underlying assumptions, have assessed that the subsidiary is a going concern and the Trustees are content, therefore, that the investment in the subsidiary retains its value.

The Museum is a partner in a joint venture, RAF100 Appeal (charity number 1167398, company number 9977273), as one of five investor organisations. RAF 100 Appeal is a charitable company established to raise funds during the RAF's centenary year. RAF100 Appeal is accounted for using the equity method, with the value of the Museum's stake being measured as its initial investment plus our equal share of RAF100 Appeal's net gain or loss for the period.

### 4b. INCOME FROM SUBSIDIARIES AND JOINT VENTURES

#### RAF100 Appeal

	Total		RAF Museum share	
	2021	2020	2021	2020
	£000	£000	£000	£000
<b>Income</b>				
Donations	0	36	0	7
Sponsorship	-	-	-	-
Publications	0	1	0	0
Interest	-	-	-	-
Other	-	9	-	2
<b>Total</b>	<b>0</b>	<b>46</b>	<b>0</b>	<b>9</b>
<b>Expenditure</b>				
Raising Funds	-	1	-	0
Charitable activities	574	359	115	72
<b>Total</b>	<b>574</b>	<b>360</b>	<b>115</b>	<b>72</b>
<b>Net income/(expenditure)</b>	<b>(574)</b>	<b>(314)</b>	<b>(115)</b>	<b>(63)</b>

As at 31 March 2021, the Museum's share of the RAF100 Appeal's net assets was £46 (2020: £114,765). The Museum's share of the 2020-21 trading deficit is £115k (2020: £63k). During the year it was agreed by the joint venture Trustees that all remaining reserves should be paid as a grant to the Royal Air Force Cosford Project. The grant of £568k has been reflected in the expenditure of the joint venture, of which the Museum's share is £114k. A £2.5m distribution to the joint venture partners (with a 20% share to the Museum) was made in 2019-20. It is expected that any final distributions will be made in 2021-22 and the company wound up.

The Museum owed the joint venture £nil as at 31 March 2021 (2020: £nil) and the joint venture had not entered into any capital commitments as at 31 March 2020 (2019: £nil).

# ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

## Royal Air Force Museum Enterprises Limited

	2021 £000	2020 £000
<b>Turnover and other income</b>	<b>1,974</b>	<b>3,279</b>
Cost of sales, administrative expenses and taxation.	<b>(2,188)</b>	<b>(2,696)</b>
	<b>(214)</b>	<b>583</b>
Interest receivable	-	2
<b>Net Profit/(Loss)</b>	<b>(214)</b>	<b>585</b>
Gift Aid to RAF Museum	-	(585)
<b>Surplus/(Deficit) in subsidiary</b>	<b>(214)</b>	<b>-</b>

## 5. Resources expended

As required by the charity SORP, expenditure is analysed between that directly attributable to activities and support costs. These support costs are allocated to activities based on the criteria outlined below.

	Direct costs £000	Support costs £000	Depreciation £000	Total 2021 £000
Fundraising	340	70	2	<b>412</b>
Trading	2,188	-	-	<b>2,188</b>
Charitable activities	7,009	2,711	3,079	<b>12,799</b>
Other	-	-	-	-
	<b>9,537</b>	<b>2,781</b>	<b>3,081</b>	<b>15,399</b>

	Fundraising £000	Trading £000	Charitable Activities £000	Other £000	Total 2021 £000	Allocation method
Finance	9	-	182	-	<b>191</b>	Expenditure
IT	27	-	872	-	<b>899</b>	Number of staff
HR	9	-	275	-	<b>284</b>	Number of staff
Estates	-	-	231	-	<b>231</b>	Floor space
Administration	25	-	518	-	<b>543</b>	Expenditure
Governance	-	-	633	-	<b>633</b>	Expenditure
	<b>70</b>	<b>-</b>	<b>2,711</b>	<b>-</b>	<b>2,781</b>	

The National Audit Office audit fee of £28,900 (2020: £28,350) is included within governance costs.

## Prior year analysis

	Direct costs £000	Support costs £000	Depreciation £000	Total 2020 £000
Fundraising	494	70	2	<b>566</b>
Trading	2,696	-	-	<b>2,696</b>
Charitable activities	8,448	2,380	2,771	<b>13,599</b>
Other	-	-	-	-
	<b>11,638</b>	<b>2,450</b>	<b>2,773</b>	<b>16,861</b>

## ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

	Fundraising	Trading	Charitable Activities	Other	Total 2020	Allocation method
	£000	£000	£000	£000	£000	
Finance	11	-	186	-	197	Expenditure
IT	19	-	599	-	618	Number of staff
HR	9	-	292	-	301	Number of staff
Estates	-	-	174	-	174	Floor space
Administration	31	-	536	-	567	Expenditure
Governance	-	-	593	-	593	Expenditure
	70	-	2,380	-	2,450	

### 6. STAFF COSTS AND NUMBERS

	2021	2020
	£000	£000
Salaries and wages	4,819	4,789
Temporary agency staff	30	66
Social security costs	467	478
Pension costs	307	275
	<b>5,623</b>	<b>5,608</b>

The above costs exclude the trading subsidiary.

The average number of employees in the Museum during the year was 196 (2020: 195). FTE equivalent was 174 (2020: 177).

Employees whose emoluments amounted to over £60,000.

	2021	2020
£70,001 - £80,000	-	-
£80,001 - £90,000	3	3
£100,001 - £110,000	1	1

## ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

### 7a. TANGIBLE FIXED ASSETS - GROUP AND CHARITY

	Freehold property £000	Leasehold Property £000	Permanent Exhibitions £000	Fixtures, Fittings & Equipment £000	Plant, Machinery & Vehicles £000	Assets under Construction £000	Heritage Assets £000	Total £000
<b>Cost or valuation</b>								
At 1 April 2020	<b>74,879</b>	<b>16,703</b>	<b>4,939</b>	<b>3,683</b>	<b>687</b>	<b>139</b>	<b>21,785</b>	<b>122,815</b>
Additions	153	-	340	119	-	490	5	1,107
Transfers			139	-	-	(139)	-	-
Disposals	-	-	-	(141)	(24)	-	-	(165)
Revaluations	(3,142)	(494)	43	12	2	-	-	(3,579)
At 31 March 2021	<b>71,890</b>	<b>16,209</b>	<b>5,461</b>	<b>3,673</b>	<b>665</b>	<b>490</b>	<b>21,790</b>	<b>120,178</b>
<b>Depreciation</b>								
At 1 April 2020	<b>2,925</b>	<b>1,607</b>	<b>1,482</b>	<b>2,020</b>	<b>544</b>	-	-	<b>8,578</b>
Charged in the year	1,448	784	464	772	34	-	-	3,502
Disposals	-	-	-	(74)	(24)	-	-	(98)
Revaluations	(88)	(45)	14	3	1	-	-	(115)
At 31 March 2021	<b>4,285</b>	<b>2,346</b>	<b>1,960</b>	<b>2,721</b>	<b>555</b>	-	-	<b>11,867</b>
<b>Net Book Value</b>								
At 31 March 2021	<b>67,605</b>	<b>13,863</b>	<b>3,501</b>	<b>952</b>	<b>110</b>	<b>490</b>	<b>21,790</b>	<b>108,311</b>
At 1 April 2020	<b>71,954</b>	<b>15,096</b>	<b>3,457</b>	<b>1,663</b>	<b>143</b>	<b>139</b>	<b>21,785</b>	<b>114,237</b>

On 1 April 2016, ownership of fixed assets held in Royal Air Force Museum Enterprises Limited transferred to the Museum. The Museum charges RAFMEL a fee for the use of these assets.

The freehold and leasehold properties comprising the RAF Museum Estate were valued as at 31 March 2018 by an external valuer, Gerald Eve LLP, a regulated firm of Chartered Surveyors. The valuation was prepared in accordance with the requirements of the RICS Valuation – Global Standard 2017 and the national standards and guidance set out in RICS Valuation – Professional Standards UK January 2014 (revised 2015), and Financial Reporting Standard (FRS) 102. The valuation of the non-specialised properties was undertaken on a Fair Value basis, on the assumption of continuation of the existing use. Specialised properties were valued by reference to Depreciated Replacement Cost (DRC). The principal land and building assets at both sites are recognised as specialised properties of a construction and use for which there is no identifiable market. These are defined in the standards as “A property that is rarely, if ever, sold in the market, except by way of a sale of the business or entity of which it is part, due to the uniqueness arising from its specialised nature and design, its configuration, size, location or otherwise.” Tangible fixed assets are revalued using annual indices provided by the Ministry of Defence to comply with Modified Historic Cost Accounting (MHCA) legislation per HM Treasury guidelines. The year-end indices reflect the movements between Defence Economics' 2020-21 forecast price indices in their March 2020 report and their revised actual price indices in their March 2021 report updated on 16 July 2021. Indices for estate assets are provided by the Valuation Office Agency and the relevant UK Industrial & Warehouse Land index applied to the Museum's land valuation.

As a result of COVID-19, the circumstances and impact on markets has led to an increased level of uncertainty in indices used to revalue land and property. In the view of management however, the level of uncertainty attributable to revaluation of RAFM's land and buildings would not be material to the financial statements as a result of the largely industrial nature of the land and buildings held and the resultant indices applied. There is no evidence to show that the indices used are materially incorrect, and they remain the most appropriate indices to employ, although management do recognise that the inherent uncertainty may lead to a revision of values, albeit not considered to be material, when the potential impact of market changes are recognised in future indices.

## ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

On 21 January 2008 the title of the deeds to the Museum's freehold property was transferred from the charity to a subsidiary, The Royal Air Force Museum Investments Limited.

On 16 March 2005, the ownership of the leasehold property at Cosford, was transferred from the charity, to a subsidiary company, The Royal Air Force Museum Investments Limited. However, while the legal ownership remains with the company, in substance the RAF Museum retains the risks and rewards associated with these assets. In accordance with FRS 102 the RAF Museum has recognised these assets in the balance sheet.

There are no Tangible Fixed Assets held under Finance Leases in the Royal Air Force Museum Group.

### 7b. HERITAGE ASSETS

The number of Heritage Assets which the Museum acquires through donations means that the total book value of Heritage Assets is a mixture of cost (for purchased exhibits) and valuation at the point of donation (for donated exhibits). Heritage assets which have been accessioned in to the collection on or after 1 April 2001 are not revalued, as such information cannot be obtained at a cost commensurate with the benefit to the users of the accounts and to the Museum. At 31 March 2021 the book value comprised:

	2021	2020
	£000	£000
Heritage Assets recorded at cost	2,683	2,683
Heritage Assets recorded at valuation	19,107	19,102
Total book value of Heritage Assets	<u>21,790</u>	<u>21,785</u>

A summary of the nature and scope of the collection is as follows

	2021	2020
	£000	£000
Aircraft and Aircraft Parts	17,777	17,777
Medals and Commemorative items	1,549	1,549
Artwork	1,027	1,027
Archives	889	889
Vehicles and Marine Craft	319	319
Models	84	84
Other	145	140
Total	<u>21,790</u>	<u>21,785</u>

### Summary of Heritage Asset Acquisitions and Disposals over the last five years

	31.03.2017	31.03.2018	31.03.2019	31.03.2020	31.03.2021
	£000	£000	£000	£000	£000
Book Value Brought Forward	21,202	21,156	21,125	21,625	21,785
Add Acquisitions					
Purchased at cost	-	8	10	160	-
Donated at valuation	25	46	490	-	5
Total Acquisitions	25	54	500	160	5
Revaluations	-	-	-	-	-
Disposals	(71)	(85)	-	-	-
<b>Book Value Carried Forward</b>	<u>21,156</u>	<u>21,125</u>	<u>21,625</u>	<u>21,785</u>	<u>21,790</u>

## ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

### 8. STOCK

	Group		Charity	
	2021	2020	2021	2020
	£000	£000	£000	£000
Goods for resale	267	228	-	-

### 9. DEBTORS

	Group		Charity	
	2021	2020	2021	2020
	£000	£000	£000	£000
Trade debtors	257	260	257	167
Amounts due from subsidiary undertaking	-	-	680	-
Other debtors	794	84	723	90
Prepayments and accrued income	355	386	244	327
Gift Aid from the subsidiary	-	-	25	585
	<b>1,406</b>	<b>730</b>	<b>1,929</b>	<b>1,169</b>

Amounts due from subsidiary undertaking includes an unsecured interest-free loan made in December 2020 to Royal Air Force Museum Trading Limited. The loan is repayable within one year. Interest will be charged at 1% if the loan is extended by agreement beyond December 2021.

### 10. INVESTMENTS - GROUP AND CHARITY

	2021	2020
	£000	£000
Quoted investments:		
Market value on 1 April 2020	2	2
Additions	-	-
Disposals	-	-
Realised gain on disposal	-	-
Unrealised investment (losses) / gains	-	-
Market value at 31 March 2021	<b>2</b>	<b>2</b>
Historical cost at 31 March 2021	<b>2</b>	<b>2</b>

### 11. CASH AT BANK AND IN HAND

	Group		Charity	
	2021	2020	2021	2020
	£000	£000	£000	£000
Commercial bank accounts	8,300	7,891	8,032	7,739
Cash in hand	13	13	4	4
	<b>8,313</b>	<b>7,904</b>	<b>8,036</b>	<b>7,743</b>

## ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

### 12. CREDITORS

	Group		Charity	
	2021	2020	2021	2020
	£000	£000	£000	£000
<b>Amounts falling due within one year</b>				
Trade creditors	638	779	616	710
Taxation and social security	127	121	117	110
Amounts due to subsidiary undertaking	-	-		405
Other creditors	29	31	28	27
Accruals and deferred income	573	844	471	673
	<b>1,367</b>	<b>1,775</b>	<b>1,232</b>	<b>1,925</b>
<b>Amounts falling after more than one year</b>				
Accruals and deferred income	234	385	234	385
	<b>234</b>	<b>385</b>	<b>234</b>	<b>385</b>

### 13. RECONCILIATION OF GROUP NET CASH FLOW TO MOVEMENT IN GROUP NET CASH FUNDS

	2021	2020
	£000	£000
Increase/(decrease) in cash in period	409	692
Cash inflow from investment dividends	-	-
Change in net funds resulting from cash flow	<b>409</b>	<b>692</b>
Change in market value of liquid resources(Realised Profit)	-	-
<b>Net funds at 1 April 2020</b>	<b>7,904</b>	7,212
<b>Net funds at 31 March 2021</b>	<b>8,313</b>	<b>7,904</b>

### 14. ANALYSIS OF GROUP NET FUNDS

	1 April 2020	Cash flow	31 March
	£000	£000	2021
			£000
Cash at bank and in hand (See note 11)	7,904	409	8,313
Current asset investments	2	-	2
	<b>7,906</b>	<b>409</b>	<b>8,315</b>



# ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

## 15. STATEMENT OF GROUP FUNDS

### Analysis of group net assets between funds

	Unrestricted funds £000	Restricted funds £000	Total funds 2021 £000	Unrestricted funds £000	Restricted funds £000	Total funds 2020 £000
Tangible fixed assets	102,293	6,018	108,311	108,714	5,523	114,237
Investments in joint ventures	-	-	-	-	115	115
Cash at bank and in hand	5,704	2,609	8,313	5,919	1,985	7,904
Other net current assets	74	234	308	(1,085)	270	(815)
Net non current assets	-	(234)	(234)	-	(385)	(385)
Total assets less liabilities	108,071	8,627	116,698	113,548	7,508	121,056
Net assets	108,071	8,627	116,698	113,548	7,508	121,056

Analysis of funds	2020 £000	Income £000	Expenditure £000	Revaluation £000	Transfers £000	2021 £000
<b>Restricted funds</b>						
Fixed assets	5,523	-	-	-	495	6,018
RAF Centenary Programme	819	362	(74)	-	(374)	733
RAF 100 Appeal	115	-	(115)	-	-	-
Cosford Master Plan	429	2	-	-	(199)	232
Watchtower	122	-	-	-	-	122
STAAR	109	45	(59)	-	-	95
Jewish Hidden Heroes	62	-	-	-	-	62
Bomber Command Association	250	-	-	-	-	250
RAFMAF Learning Fund	54	-	-	-	-	54
Restricted Grant in Aid	-	1,310	-	-	(272)	1,038
Coronavirus Job Retention Scheme	-	375	(375)	-	-	-
Other	25	8	(5)	-	(5)	23
<b>Total Restricted Funds</b>	<b>7,508</b>	<b>2,102</b>	<b>(628)</b>	<b>-</b>	<b>(355)</b>	<b>8,627</b>

	2020 £000	Income £000	Expenditure £000	Revaluation £000	Transfers £000	2021 £000
<b>Unrestricted funds</b>						
Fixed assets	61,898	-	(3,569)	-	613	58,942
Revaluation reserve	46,815	-	-	(3,464)	-	43,351
General	1,791	12,518	(11,317)	-	(706)	2,286
<b>Designated funds</b>						
Strategy 2030 Fund	3,044	-	-	-	448	3,492
<b>Total Unrestricted Funds</b>	<b>113,548</b>	<b>12,518</b>	<b>(14,886)</b>	<b>(3,464)</b>	<b>355</b>	<b>108,071</b>
<b>Total Funds</b>	<b>121,056</b>	<b>14,620</b>	<b>(15,514)</b>	<b>(3,464)</b>	<b>-</b>	<b>116,698</b>

## ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

### Restricted funds

A significant proportion of these funds represents the capitalised value of restricted and inalienable fixed assets. This also includes the restricted element of the heritage assets.

Restricted income funds consist of a number of funds where the donors have specified the uses to which they may be put.

*Watchtower* - funds from St George Property Developers to cover the running costs of the Grahame White Building

*RAF Centenary Programme* - various grants and donations towards delivery of the five-year phased programme of activities and capital works designed to connect people to the RAF story, and reimagine the London site.

*Cosford Master Plan* - All donations and grants received to support the programme of activities and capital works at the Cosford site have been grouped together as a single fund supporting the Cosford Master Plan. This includes the following funds disclosed separately in previous years based on funding source rather than programme of activity - Cosford Air Show, Cosford Large Model Aircraft Association and Cosford Sprinklers funds.

*STAAR* - a grant from Northrop Grumman to fund the Summer Time Advanced Aeronautics Residential (STAAR) STEM programme.

*Bomber Command Association* - a donation from the BCA to be used to commemorate the achievements of Bomber Command.

*Jewish Hidden Heroes* - a grant from Chelsea Football Club to fund the Jewish Hidden Heroes Exhibition.

*RAF100 Appeal* - represents the Museum's investment in the RAF100 Appeal joint venture.

*RAFMAF Learning Fund* - grants from RAF Museum American Foundation to support Access and Learning activities.

*Donated Heritage Assets* - Heritage Assets donated to the Museum in year.

*Restricted Grant in Aid* - grants from the Ministry of Defence to fund specific remedial security and health and safety capital work and operational work through the COVID-19 pandemic recovery period.

*Coronavirus Job Retention Scheme* - government grants to support the costs of staff placed on furlough during the COVID-19 pandemic. The grants fund up to 80% of the salary costs of staff on furlough, with the Museum paying the remaining costs for all staff. The grants and associated costs have been accounted for as restricted income and expenditure; the portion borne by the Museum is accounted for as unrestricted operational expenditure.

The Museum also has several small restricted funds for use on specific short-term projects most of which complete within the space of twelve months

### Unrestricted funds

A significant proportion of these funds represents the capitalised value of inalienable fixed assets, including unrestricted heritage assets.

*General Funds* - these are funds not associated with fixed assets that are expendable at the discretion of Trustees.

### Unrestricted designated funds

These are funds that Trustees have set aside for a specific purpose.

*Strategy 2030 Fund* - supports delivery of the Museum's key strategic priorities in the future including planning for future capital development at both sites; ensuring the sustainability of the estate; focus on the recording of contemporary stories of RAF men and women; and development of the Museum's collection through new acquisitions.

### Transfers

Generally, transfers between funds represent the capitalisation of fixed assets.

## ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

### 16. COMMITMENTS

	Group or charity	
	2021	2020
	£000	£000
<b>Operating lease commitments due:</b>		
<b>Plant and machinery:</b>		
within one year	50	45
in the second to fifth years	31	65
<b>Land and Buildings:</b>		
within one year	530	530
in the second to fifth years	2,120	2,120
after five years	4,487	5,017
	<b>7,218</b>	<b>7,777</b>

The Museum paid £575k under operating lease arrangements in the year to 31 March 2021 (2020: £561k).

#### Capital Commitments

As at 31 March 2021, the Museum had capital contracts in place totalling £210k (2020: £nil).

All contracts related to security and health and safety projects funded by restricted Grant in Aid.

### 17. RELATED PARTIES

Related parties with which the Museum had transactions during the year or balances at the year end were as follows:

#### *Royal Air Force Museum Enterprises Ltd*

The relationship of the Museum to the company is disclosed in Note 4, and the balance of £680k due from the company at the year end is disclosed in Note 9.

#### *The Royal Air Force Museum Investments Limited*

The company was formed to hold, on behalf of the Trustees, the real property assets of the charity and thus minimise the administrative burden whenever a change in Trustees takes place. The leasehold property was transferred to this company from the charity in March 2005 and the freehold property in January 2008.

#### *Ministry of Defence*

The Royal Air Force Museum is a Non-Departmental Public Body, sponsored by the Ministry of Defence (the MOD). The MOD is regarded as the related party. Grant in Aid funding from the MOD is separately disclosed in the Statement of Financial Activities.

#### *RAF100 Appeal*

The Royal Air Force Museum is a 20% partner in the RAF100 Appeal joint venture. Maggie Appleton (Chief Executive Officer) is also a Director of RAF 100. During the year the joint venture distributed £nil (2020: £2.5M) to its partners, of which the Museum received £nil (2020: £500k).

The Trustees' involvement with the RAF Museum Enterprises Ltd and the RAF Museum Investments Ltd is disclosed in the Governance statement on page 28.

### 18. CONTINGENT LIABILITIES

There were no contingent liabilities as at 31 March 2021 (2020: Nil).

## **ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21**

### **19. POST BALANCE SHEET EVENTS**

The RAF Museum reopened both its public sites to visitors on 17 May 2021 further to closure due to the COVID-19 pandemic.

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

There were no other post balance sheet events.

# ROYAL AIR FORCE MUSEUM ACCOUNT 2020-21

## 20. SINGLE ENTITY STATEMENT OF FINANCIAL ACTIVITIES

	Unrestricted Funds 2021 £000	Restricted Funds 2021 £000	Total Funds 2021 £000	Unrestricted Funds 2020 £000	Restricted Funds 2020 £000	Total Funds 2020 £000
<b>Income from</b>						
<b>Donations and legacies</b>						
Grant in aid	10,031	1,310	11,341	9,520	-	9,520
Grants and donations	442	642	1,084	1,098	1,643	2,741
<b>Charitable activities</b>	39	-	39	139	-	139
<b>Other trading activities</b>						
Fundraising events	-	-	-	155	-	155
Sponsorships	-	149	149	-	386	386
<b>Investments</b>	1	-	1	10	25	35
<b>Other</b>	500	1	501	496	1	497
<b>Total income</b>	<b>11,013</b>	<b>2,102</b>	<b>13,115</b>	<b>11,418</b>	<b>2,055</b>	<b>13,473</b>
<b>Expenditure on</b>						
Fundraising	415	-	415	573	-	573
Charitable activities	12,752	513	13,265	13,544	529	14,073
Other	-	-	-	-	-	-
<b>Share of RAF100 Appeal deficit</b>	-	115	115	-	63	63
<b>Total expenditure</b>	<b>13,167</b>	<b>628</b>	<b>13,795</b>	<b>14,117</b>	<b>592</b>	<b>14,709</b>
<b>Net gains/(losses) on investments</b>	<b>(214)</b>	<b>-</b>	<b>(214)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net income/(expenditure)</b>	<b>(2,368)</b>	<b>1,474</b>	<b>(894)</b>	<b>(2,699)</b>	<b>1,463</b>	<b>(1,236)</b>
Transfers between funds	355	(355)	-	1,893	(1,893)	-
<b>Other recognised gains and losses</b>						
Gains/(losses) on revaluation of fixed assets	(3,464)	-	(3,464)	1,137	-	1,137
<b>Net movement in funds</b>	<b>(5,477)</b>	<b>1,119</b>	<b>(4,358)</b>	<b>331</b>	<b>(430)</b>	<b>(99)</b>
<b>Reconciliation of funds</b>						
Total funds brought forward at 1 April 2020	113,478	7,578	121,056	113,147	8,008	121,155
<b>Total funds carried forward at 31 March 2021</b>	<b>108,001</b>	<b>8,697</b>	<b>116,698</b>	<b>113,478</b>	<b>7,578</b>	<b>121,056</b>

All of the Museum's activities are classed as continuing. All recognised gains and losses are included above.

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