

# Royal Air Force Museum Account 2017-18

# Royal Air Force Museum Account 2017-18

Presented to Parliament pursuant to Section 3(3) of the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2003

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## Administrative Information

### **Address of the charity**

Royal Air Force Museum  
Grahame Park Way  
Hendon  
London  
W9 5LL

### **Registered charity number**

244708

### **Names and addresses of other relevant organisations**

#### **Auditor**

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N20 0WE

## Charitable aims and activities

### Our Purpose

The RAF 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 Museum is to tell the story of the RAF through its people and collections:

- For our nation, we help people to understand the impact of the RAF on the world.
- For visitors, we make our collections and the RAF story relevant and stimulating.
- For current and former RAF personnel and their families, we preserve, honour and share the stories of their service.

Three strategic priorities have shaped its direction and activities since 2015-16 and will continue to do so for the period of the current strategic plan to 2021-22:

- Interpret the RAF Story
- Focus the Collection
- Invest in the RAF Museum.

Delivery of the Museum's strategic priorities is focussed principally through its RAF Centenary and Legacy Programmes and the Museum has a unique opportunity to mark the RAF's Centenary in 2018 by improving its storytelling and building up its resilience for the next century. Its vision will be delivered through an ambitious Centenary Programme which is transforming its London site for 2018 and a Centenary Legacy Programme which will continue this transformation through developments at both Cosford and London.

The RAF Museum exists on three sites (two public and one storage facility): in London, on an historic pioneering airfield in Colindale (previously RAF Hendon); in Cosford in the West Midlands next to RAF Cosford; and at an Ministry of Defence site storage facility in Stafford. The RAF Museum was established in 1968 and opened at the London (Hendon) site in 1972 as a legacy of the RAF's fiftieth anniversary. From 1979, the Museum also managed the Cosford Aerospace Museum for the Ministry of Defence (in operation since 1972), which was renamed the RAF Museum Cosford in 1998 when it formally became part of the Museum portfolio.

It is a National Museum, a Government non-departmental public body (NDPB) and a registered charity. 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.

A trading subsidiary RAF Museum Enterprises Ltd (company number 1511481) was 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 was 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.

## Charitable Objects

The object of the charity is 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.

## Partnerships

As one of the UK's National Museums, the RAF Museum's responsibility and remit is UK-wide. In addition to its own two public sites, the Museum takes opportunities to share collections through loans, roadshows, and online, as well as through an enquiries service and research programme. The RAF Museum is a member of the UK Museums Association, the National Museums Directors' Council, the Association of Independent Museums, the Group for Education in Museums and the International Council of 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 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 has been established as a charity (charity number 1167398) and company limited by guarantee (company number 09977273) to commemorate and celebrate the centenary of the RAF, to enhance the reputation of the RAF, and to raise funds to support the partners' future work. Funds raised up to £2.5 million will be shared equally between the parties, with any final excess apportioned by way of grants for specific proposals. The Museum's share of funds raised to date are accounted for in the 2017-18 Financial Statements.

# Performance report

## Overview

The financial year 2017-18 has been one of incredible transformation for the Museum. The £26 million development of the London site as part of the RAF Centenary Programme is complete, with the formal reopening held on Armed Forces Day at the end of June 2018. All major construction and fit-out work has been completed within the financial year and the project has been successfully managed to time and to budget. The Trustees and leadership team hugely appreciate the dedication of staff and volunteers and the patience of the public while the works have been undertaken. The RAF's Centenary in 2018 has provided a wonderful opportunity to link the Museum more closely with the RAF story and its people, and we will continue to celebrate and commemorate this anniversary through major improvements in our visitor experience and engagement, sharing the RAF story to inspire the public on site and online.

The RAF Centenary Programme was kindly endorsed by the Museum's Patron, HRH The Duke of Edinburgh. The supporting Fundraising Strategy and Campaign was designed to raise £23 million, but this target was increased to £26 million during programme development to reflect an increased ambition for the development works. Fundraising for the programme was achieved thanks to the support of three Heritage Lottery Fund grants totalling £7.8 million; significant commitments from other sponsors including the State of Kuwait, BAE Systems and a number of other industry partners; grants from trusts and foundations including the Garfield Weston Foundation, Beaverbrook Foundation and Bomber Command Association; UK Government funding through the Ministry of Defence (£0.5 million) and LIBOR fines scheme (£5.5 million); and from the London Borough of Barnet (£0.5 million); as well as generous donations from individuals. A public campaign, 'Names on a Plane', encouraged support from the public with donors seeing their name on one of the Red Arrows' aircraft during 2017. In addition, the Museum has invested £0.8 million of its self-generated income and £0.2 million from trading profits into the Programme.

The RAF Centenary Programme is a five-year phased programme of activities and capital development designed to connect people to the RAF story, and reimagine the RAF Museum's London site.

The objectives of the programme are to:

- Connect with audiences at all levels providing access for all: intellectually, emotionally, aesthetically, physically and socially, and to welcome the world.
- Communicate stories through new exhibitions on site and online.
- Celebrate 100 years of RAF spirit and values: its people and its pioneering innovations.
- Commemorate 100 years of service and sacrifice: bravery and honour.

## Strategic priority 1: Interpret the RAF story

Both the RAF Centenary and Centenary Legacy Programmes will have a significant impact on how we interpret the RAF story, now and into the future.

The RAF Centenary Programme includes the development of four new exhibitions at the London site: 'First World War in the Air' which opened in 2014 (winning the Best Heritage Project in the National Lottery awards of 2015), 'RAF Stories - The First 100 Years 1918-2018', 'The RAF in an Age of Uncertainty' and 'RAF - First to the Future', all opening on 30 June 2018. These exhibitions have been developed as immersive learning spaces and use innovative technology to engage visitors of all backgrounds and ages. A smaller display of 'RAF Stories - The First 100 Years 1918-2018' has also been delivered on the Museum's Cosford site, which opened on 1 April 2018.

The exhibitions in London are supported by a transformed visitor experience which includes a new learning centre, new landscaping which draws on the heritage of The London Aerodrome and RAF Hendon, a new visitor centre including a café and shop, and a new restaurant housed in a previously derelict 1930s RAF building at the heart of the site. This physical redevelopment is making a key contribution to the regeneration of the local area, Colindale, as around 30,000 new residents arrive in the next five years to an increasingly urban environment.



Programmes have also been designed to deliver small object conservation skills and workshop spaces, additional apprenticeships, increased volunteering and STEM (Science, Technology, Engineering and Maths) formal and informal learning activities.

A digital project, 'RAF Stories', has been developed through which the public are encouraged to create and curate their own online scrapbooks using photographs, memories, film and audio recordings to share their experiences or those of their loved ones within the RAF and the broader RAF family. These stories will be shared internationally online, as well as being embedded in the new exhibitions, enhancing the Museum's storytelling.

Our Historic Hendon programme in London has included outreach and onsite activities designed to engage our local community in Colindale with the heritage of our site. Highlights have included the sharing of stories while creating collages based on Historic Hendon collection objects which are being used to decorate tables, bean bags, picnic rugs and benches. In turn, these items will share the stories with our visitors. Offsite activities have included supporting the local Grahame Park annual fun day and leading heritage walking tours of the historic airfield.

Our research, exhibitions, and educational work also contribute to the Museum's priority to interpret the RAF story.

A new Access and Learning Strategy has driven the development and delivery of increased 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 collections and stories of its people. Over this period priorities in London have been to develop and deliver sessions for schools and younger visitors, and to develop new exhibitions and STEM-focussed activities and partnerships as part of our RAF Centenary Programme. In Cosford the team have continued to strengthen their partnership with the RAF delivering innovative programmes such as the Summer Time Advanced Aeronautics Residential (STAAR) with new partner, and funder, Northrop Grumman.

Across the period the number of school children visiting our Cosford site increased by 15% from 10% more schools. In order to accommodate work on the RAF Centenary Programme, fewer sessions were offered at our London site. Evaluation of our activities is carried out after each session with both schools and informal learners. 95% of responses are overwhelmingly positive, regarding their visit as good to excellent, with many groups re-booking immediately.

The Museum's Research Strategy and Programme is supported by a voluntary Research Board, chaired by Professor Richard Overy. In 2017-18 the programme included the Trenchard Lectures, an evening series hosted in partnership with the Royal Aeronautical Society and the University of Wolverhampton, and two lunchtime lecture series focusing on air power during the First World War and Cold War periods. The Museum is also hosting two PhD students, one in partnership with the University of Exeter funded by an Arts and Humanities Research Council (AHRC) Research and Enterprise in Arts and Creative Technology Collaborative Studentship; and the other in partnership with King's College London supported by a Professor Sir Richard Trainor Scholarship. In September 2017, the Museum ran a one-day international conference in conjunction with the Air Power Studies Research Group, King's College London at the Joint Services Command and Staff College on the theme of Air Power in an Age of Uncertainty, which included speakers both from the UK and abroad.

The Archive and Library received over 2,300 written and around 1,900 telephone enquiries from the public during the financial year. Over 500 researchers engaged with the collections by visiting the Reading Room at our London site.

Meanwhile, strategic planning work has progressed during the year for our Cosford site, exploring how best to develop the site over the medium to long term to better interpret the RAF story. This work includes plans to bring increasing amounts of our stored collections into public view along with new exhibitions and learning spaces.

We have continued to develop our public events programmes at both sites, welcoming new audiences of all ages to engage with the RAF story and our collections. New initiatives have included: 100 Open Cockpits and Cabs to celebrate the centenary of the RAF and offering the rare and exciting chance to get a closer look inside 100 cockpits and vehicles from our collection; the launch of our open-air cinema at Cosford with a screening of Top Gun; and two mini film screenings (of Doctor Strangelove and Casablanca) under the Lancaster at London, in addition to our Battle of Britain at Night event, an evening of open cockpits, swing music, dancing and cocktails. 2017-18 was another successful year for larger scale outdoor events at Cosford with the Cosford Food Festival, the Spitfire 10k run, and the Cosford Air Show 2017 (led by the RAF), again proving a hugely popular event.

## Strategic Priority 2: Focus the collection

The RAF Museum collection comprises over 1.3 million objects representing 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 before WW2, 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 T E 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.

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 has an opportunity to reflect on past acquisitions, rationalise current collections, improve storage and conservation and transform access to connect all our audiences with the collections and the RAF story. The Museum continues to develop our collections to tell 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 proactive collecting priorities. As an element of the Museum's RAF Centenary Programme, part of the original 1931 workshop at its London site was developed this year as a small objects conservation hub, which was immediately invaluable in the preparation of artefacts for the new exhibitions. This resource complements the Museum's considerable large object conservation expertise based at our Michael Beetham Conservation Centre in Cosford. The Centenary Programme also provided an opportunity to build in-house skills by training the wider Museum teams in a number of collections care areas including object handling and mount making.

The Centenary Programme has, moreover, provided a superb opportunity for the Museum to continue to research our collection and share it with visitors. A comprehensive piece of work on the reserve collection at Stafford took place to recognise and draw on its rich diversity resulting in over five hundred previously unseen objects being selected for display. These include sand from Stalag Luft III (site of the Great Escape); a toothbrush with a concealed compass in the handle; a signed dress collar given to Barnes Wallis by Guy Gibson, leader of the Dam Busters raid; and an Amy Johnson doll from the 1930s. Moreover, the Museum's priority to ensure the collection reflects the contemporary story of the RAF resulted in new acquisitions including a Sea King search and rescue helicopter, a Skynet satellite and a prisoner of war suit from the 1991 Gulf War.

The Museum is in the fourth year of a comprehensive collection-wide review with its Collections Review Committee assessment surveys making further recommendations for action in line with the Museum Association's Code of Ethics. In several cases this has led to the movement of objects between London and Cosford in order to interpret the collection more effectively. 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.

### Strategic Priority 3: Invest in the RAF Museum

To deliver against its first two strategic priorities, the Museum is focused on broadening and developing its earned income streams; in ensuring efficiency and value for money; and in investing in our people, assets and infrastructure.

The development of a more resilient financial base underpins all aspects of the Museum's work, notably the RAF Centenary Programme planning where the inspiring content was designed hand in hand with a more energy efficient infrastructure and with spaces conceived to grow secondary spend.

Commercial development and sustainability is addressed through the Museum's Commercial Strategy which focuses on delivering new and improved experiences for visitors. Progress at our London site during the year included the opening of the new restaurant in December 2017 and the development of a new entrance café, launched in May 2018, both as part of the Centenary works.

An enhanced programme of open cockpit opportunities was delivered at Cosford and London, including both daytime access and exclusive events out of Museum hours. These were developed as part of a broader programme of activities and major events, notably the Food Festival and Spitfire 10K at Cosford, which generated income for the Museum while welcoming in new audiences.

Ongoing work to improve the simulator and 4D experiences continued at both sites, with a new simulator experience sourced for London. In addition, the Museum continued to develop its retail offer: the new retail website was fully operational toward the end of the financial year; the detailed planning for the new London shop was finalised for the opening in May 2018; and a product review took place to both rationalise and refresh the retail range (with new lines exclusive to the Museum introduced in June 2018).

Fewer commercial events took place in London due to the construction work in 2017-18, but plans for the new offer were finalised comprising new and enhanced opportunities for conferencing, meeting room hire and the launch of the Museum as a venue for major events.

## 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.

Key Performance Indicator:	2018	2017
<b>Visitor numbers (including events such as the Cosford Air Show)</b>		
■ London	<b>343,009</b>	335,729
■ Cosford	<b>369,982</b>	357,546
<b>Trading income</b>	<b>2,464,748</b>	2,339,882
<b>Number of school visits</b>		
■ London	<b>555</b>	587
■ Cosford	<b>794</b>	738
<b>Visitor satisfaction ratings</b>		
Enjoyment		
■ London	<b>88%</b>	90%
■ Cosford	<b>90%</b>	92%
Value for Money		
■ London	<b>88%</b>	91%
■ Cosford	<b>90%</b>	93%
Likelihood to recommend		
■ London	<b>88%</b>	69%
■ Cosford	<b>92%</b>	82%
<b>Social media interaction (no. of Facebook followers, Twitter users and YouTube and Instagram subscribers)</b>	<b>117,637</b>	107,590

## Visitor Numbers

During a challenging year for many museums and galleries, across both sites we recorded a total of 712,991 visitors, up 3% on last year (693,185 visitors). Our London site welcomed 343,009 visitors (up 2.2% despite a predicted fall of 40% during the capital works), and our Cosford site a total of 369,982 visitors (up 3.5% against last year).

## Trading Income

Despite the challenges of a disrupted site in London, trading and self-generated revenues have performed reasonably well, though slightly down on prior year, with the gift aid payment to the Museum from RAF Museum Enterprises Ltd totalling £114,608 (2017: £120,228).

## School Visits

The London Access and Learning team welcomed 555 schools, including 39 Special Educational Needs schools, bringing 24,724 students to the Museum. 4,028 visitors came with Scout, Air Training Corps, RAF recruits and community groups. 394 lifelong learners attended our special talks and events, many supported by the Heritage Lottery Fund, with those aimed at older Londoners supported by the City Bridge Trust.

At Cosford, the Schools Programme continued to flourish with well over 35,000 students and teachers from 794 schools using the Museum for educational activities. In all, 876 school workshops were delivered. Several new Science, Technology, Engineering and Maths (STEM) events were run this year including the RAF100 STEM launch, the Fly to the Line Primary Glider challenge which saw 278 teams compete at 15 Aviation Hub. The finals will be held on 27 June 2018. Engineering UK returned with 20 schools, double the previous year. Beyond Image was run for a second year, with new networks made with WISE (the campaign for gender balance in science, technology and engineering), at which several key speakers addressed young women from six schools about career choices. The event was so successful it has already been booked for next year.

## Visitor Satisfaction

The ALVA surveys show both sites achieving very high 'Enjoyment and Value for Money' ratings considerably outperforming the Museums and Galleries average each year, though slightly down overall on prior year. Our visitors are also highly likely to recommend a visit to others, an area which shows a huge improvement, up 19% in London and 10% in Cosford.

## Social Media Interaction

Total visits to the Museum's main website were recorded at 1.2 million unique individuals (2016-17: 1.2 million unique visits).

The Museum's social media channels showed steady growth during the year with Facebook followers reaching 75,357 (2017: 65,425), Twitter 40,860 (2017: 36,300) and 47,239 (2017: 37,779) monthly recipients of the Museum's e-newsletters.

## Financial Review

### Statement of Financial Activities (SOFA)

Total Income for the financial year 2017-18 amounted to £22,322,000 (2017: £17,211,000), an increase primarily related to receipt of funding for delivery of the RAF Centenary Programme.

The Museum received £9,139,000 of Grant in Aid (2017: £8,793,000) for the financial year 2017-18. Other income included grants and donations totalling £9,289,000 (2017: £4,758,000), the majority of which was restricted funding for the RAF Centenary Programme. Income generated by the trading company on non-charitable activities was £2,465,000 (2016: £2,340,000). The Museum's share of income related to the RAF100 Appeal joint venture totalled £105,000 (2017: £490,000).

Total Expenditure on Museum activities amounted to £15,932,000 (2017: £15,843,000). The majority of costs, including the costs of salaries, are in respect of core charitable activities. Net income and expenditure before transfers between funds and other recognised gains and losses totalled £6,390,000 (2017: £1,394,000). The £2,240,000 loss shown against unrestricted funds for the year (2017: £3,396,000) is driven principally by asset disposals further to redevelopment of the London site and relating to the previous fit-out costs of Hangar 6 (£779,000), and depreciation of property assets (£2,031,000). Excluding property depreciation and asset disposals, the Museum has generated an unrestricted operational surplus of £570,000 during the year (2017: £889,000), £320,000 of which relates to the newly introduced museum and galleries exhibition tax relief claimed via the trading company.

A total of £12,306,000 (2017: £558,000) has been transferred from restricted to unrestricted funds in 2017-18, principally due to the completion and capitalisation of the majority of RAF Centenary Programme improvement works at the London site within the financial year.

The Museum's property assets are typically revalued by professional valuers on a quinquennial basis, with the last valuation taking place in 2014-15, but this was brought forward to 2017-18 reflect the significant capital improvements related to the RAF Centenary Programme. Further to a revaluation of both the freehold (London) and leasehold (Cosford and Stafford) properties comprising the RAF Museum Estate as at 31 March 2018, a total adjustment for recognised gains of £15,466,000 (2017: £1,269,000) has been made in the year-end accounts.

After transfers between funds and adjustment for recognised gains, the net movement of funds for the year was an increase of £21,856,000 (2017: £2,663,000) and total funds carried forward as at 31 March 2018 amounted to £118,889,000 (2017: £97,030,000).

During the year, the Museum reviewed historic accounting treatment of three of the main exhibition buildings (Hangars 2 and 6 in London, and the Cold War Building in Cosford) previously classified as restricted assets. As no documentation has been identified (within the Museum and in consultation with the Ministry of Defence) that restricts their future use, these assets have been appropriately reclassified as unrestricted assets and 2016-17 comparative information has been restated (Note 15). Total funds brought forward as at 1 April 2017 remains at £94,369,000 with a £16,823,000 transfer adjustment from restricted to unrestricted funds.

### Balance Sheet

The value of the group net assets has significantly increased during the year due to the property revaluation and now stands at £118,889,000 as at 31 March 2018 (2017: £97,030,000).

### RAF100 Appeal

As a partner in the RAF100 Appeal joint venture, the Museum's share of income for 2017-18 totalled £105,000 in restricted funds (2017: 490,000) (SOFA, Note 4b).

## 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. During the financial year, RAF Museum Enterprises Ltd was also legally established as the Museum's production company for four major exhibitions developed as part of the RAF Centenary Programme, which has enabled the Group to benefit from the Government's new museum and galleries exhibition tax relief initiative.

The company generated total turnover of £6,759,000 (2017: £2,340,000) (Note 4b), with associated costs of trading of £6,644,000 (2017: £2,220,000). The increase on prior year is mainly due to the production arrangement, with £4,614,000 of production costs payable to the Museum offset by £4,294,000 of income receivable from the Museum plus £320,000 tax relief claimed.

During the year, a number of Museum staff and other resources were utilised in furtherance of those activities resulting in a cross charge in addition to direct exhibition production costs of £425,000 (2017: £415,900). A total gift aid payment of £115,000 (2017: £120,000) was therefore due to the Museum for 2017-18, and which was outstanding at year-end (Note 9). £77,000 of restricted funds generated from RAF100-related merchandise activity are included in the gift-aid payment to the Museum and donated to the RAF100 Appeal, per the terms of the joint venture.

## Grants and Donations

During the year, a total of £9,289,000 (2017: £4,758,000) (Note 3) was received by way of donations from industry partners and sponsors, trusts and foundations, and individual donations to fund the work of the Museum. The majority of funds received were restricted and related to the RAF Centenary Programme, including £2,521,000 from Heritage Lottery Fund and £4,880,000 from the State of Kuwait. In addition, £247,000 of restricted income has been received from Northrop Grumman to fund the Museum's Summer Time Advanced Aeronautics Residential (STAAR) programme at Cosford.

## Reserves Policy and Funds

During the year, and with reference to guidance from the Charity Commission, the Trustees re-confirmed their commitment to the reserves policy to hold unrestricted and undesignated free reserves (that is funds not tied up in fixed assets or designated or restricted funds) of at least £500,000 in order to enable financial stability and act as a safeguard against volatile and unpredictable income streams and unforeseen expenditure or liabilities. 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.

The Trustees have agreed that as at 31 March 2018 the organisation is able to increase free reserves sufficient to cover three months of operational expenditure and the general fund has therefore increased to £2,720,000 (2017: £2,399,000) (Note 15). Unrestricted surplus funds of £453,000, over and above the planned level of free reserves, have been transferred to a newly established designated Centenary Legacy Development Fund. This fund will be used to underpin the Centenary Legacy Programme and support 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 as a legacy of the RAF Centenary through new acquisitions. As the RAF Centenary Programme is now fully funded, Trustees have also agreed that funds carried forward as at 1 April 2017 in a designated Centenary Project Fund be transferred to the designated Centenary Legacy Development Fund.

## 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 33 days (2017: 33 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 2017-18.

## 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 2017-18 accounts was £31,350 (2016-17: £31,100). This includes the NAO fee of £23,500 and Hillier Hopkins fee of £7,850 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 Glenn Torpy GCB CBE DSO*  
Chair  
on behalf of the Board of Trustees  
13 July 2018

*Maggie Appleton MBE*  
Chief Executive Officer and Accounting Officer  
Royal Air Force Museum  
13 July 2018



## 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.

# 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 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. This Framework was recently updated, with the new version in place with effect from 1 April 2017.

## The Trustees and the Committee Structure

The Royal Air Force Museum is governed by a Board of Trustees chaired by Air Chief Marshal Sir Glenn Torpy GCB CBE DSO. 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, Maggie 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 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 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 other Directors, and by attending and hosting Museum events and receptions.

## The Board of Trustees Sub-Committees

The Trustees have established a number of sub-committees for specific purposes and to ensure the effective conduct of business. These sub-committees comprise Audit & Risk, Finance (incorporating responsibility for investment), Centenary Development (established to lead and support the fundraising for and governance of the Centenary Programme and Centenary Legacy Programme) and Staffing & Remuneration. The Museum also has a Research Board chaired by Professor Richard Overy.

The terms of reference of each of these sub-committees have been approved by the Full Board. The table below shows the number of meetings and attendance. Minutes of all Board and sub-committee meetings are maintained.

The following individuals served as Trustees during 2017-2018:

Board Member	Appointed	Further notes	Sub Committee Attendance				
			Board Attendance	Audit & Risk	Finance	Staffing & Remuneration	Centenary Development
Air Chief Marshal Sir Glenn Torpy GCB CBE DSO BSC (Eng) FRAeS FCGI	05-Jul-11	Chair	4/4	-	-	-	2/4
Peter Bateson ACA	17-May-16	-	4/4	2/2	4/4	-	-
Laurie Benson	17-May-16	-	4/4	2/2	-	-	-
Dr Carol Cole	23-Mar-15	Chair Staffing & Remuneration Committee	3/4	2/2	-	3/3	-
Alan Coppin	08-Jul-13	Co-opted	2/4	-	-	-	3/4
Dr Rodney Eastwood	23-Mar-15	-	4/4	-	4/4	3/3	-
Sir Gerry Grimstone	09-Dec-08	Chair Audit & Risk Committee	3/4	3/3	-	-	-
Richard Holman FCA	05-Jul-11	Chair Finance Committee	4/4	-	4/4	-	3/4
Malcolm White OBE FRAeS	24-Sep-12	Co-opted & Chair Centenary Development Committee	4/4	-	-	3/3	4/4
Catriona Kempson	17-May-16	-	4/4	-	-	-	2/4
Julie McGarvey	17-May-16	-	4/4	-	-	-	4/4
John Michaelson	09-Dec-08	-	2/4	-	-	-	-
Andrew Reid	05-Jul-11	-	4/4	0/2	-	-	3/4
Nick Sanders	17-May-16	Co-opted	4/4	-	-	-	3/4
Michael Schindler	05-Jul-11	-	2/4	1/2	-	2/3	3/4
Robin Southwell	09-Dec-08	-	4/4	-	-	-	2/4
Alan Spence	09-Dec-08	-	1/4	-	-	-	-

The Museum commissioned an external review of its Governance in 2017-18. This comprised desk assessment of its governance policies and procedures, observation of a Board and sub-committee meetings and interviews with a number of Trustees and the Senior Leadership Team. An action plan is following up the recommendations.

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 includes three independent non-executive Directors.

## 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 five-year Strategic Plan.

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 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

The Museum has not identified any personal data related incidents during 2017-18 or in the previous five financial years. 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.

## Internal Auditors

The Museum's internal auditors are Moore Stephens who work to the Public Sector Internal Audit Standards and provide an independent opinion on the matters subject of review through the internal audit programme. The work programme is signed off by the Trustees' Audit & Risk Committee and the report of the internal auditors is received by that same sub-committee.

As part of this plan Moore Stephens have carried out several reviews this past year, including media handling, access and learning, emergency plan and business continuity strategy, and core financial controls. 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. Internal Audit's opinion for 2017-18 was that there is an adequate and effective system of governance, risk management and internal control to address the risk that management's objectives are not fully achieved.

The Audit and Risk Committee accept the opinion and findings of the Internal Auditors. Progress against recommendations 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.

## 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 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.

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 a non-departmental public body (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 is set by the Trustees and is then reviewed by SLT and any changes reported to the Audit & Risk Committee annually. The SLT determine whether our overall risk profile is commensurate with our risk appetite. The key risks identified, and the actions taken to date are set out below.

The risk of 'financial stability' will remain high in a period of economic uncertainty. The RAF Museum's five-year Strategic Plan sets out to build a robust financial model for the future, with operational savings to be identified, trading activity to be increased, and programmes developed that attract funding support. There is and will continue to be continued pressure on Government funding. 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 the RAF Centenary Legacy planning at Cosford. The Museum will continue to diversify and broaden its income streams and be more efficient, principles which are embedded in the RAF Centenary Programme.

For both sites, there is a shift due to the passing of the militarised generations of wartime and National Service 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. The RAF Centenary Programme aims to ensure that the Museum remains relevant to visitors through innovative exhibitions and programming, as well as enhancing its digital capacity and interpretation to engage new visitors with the RAF story. The RAF has touched millions of lives around the world throughout its first 100 years as part of a global community. In the UK alone we estimate that 20 million people have direct family connections to the RAF with many more engaged through industry or as beneficiaries of RAF activity.

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 archives, 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.

## Assurance Statement by the Audit & 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 control issues have arisen over the course of the past year in the areas of cash handling at large events, the need for volunteer vetting, and formalising accreditation policies, and the work to address these issues is underway and is being monitored by 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.

## 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:

- a 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;
- b make judgements and estimates that are reasonable and prudent;
- c 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;
- d 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.

## 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 PCSPS and the Museum did not fund any Civil Service pension contributions for them in 2017-18. The Museum, under the auto-enrolment scheme (NEST) made employer's contribution to the directors' pension at the rate of 2% of their salary. The directors received no other benefits. All of the directors have contracts of employment carrying a period of notice of three months.

Single figure of total remuneration	Salary 2017-18 (2016-17) £000	Performance Related pay and bonuses 2017-18 (2016-17) £000	Benefits in kind (to nearest £100) 2017-18 (2016-17)	Pension Benefits 2017-18 (2016-17) £000	Total 2017-18 £000	Total 2016-17 £000
Maggie Appleton MBE CEO	100-105 (100-105)	– (–)	– (–)	– (–)	<b>100-105</b>	100-105
Marguerite Jenkin Director of Finance and Resources (joined 1/18/17)	50-55 full year equivalent 75-80	– (–)	– (–)	– (–)	<b>50-55 full year equivalent 75-80</b>	(–)
Karen Whitting Director of Content and Programmes	70-75 (70-75)	– (–)	– (–)	– (–)	<b>70-75</b>	70-75
Barry Smith Director of Visitor and Commercial Development (joined 29/1/18)	10-15 full year equivalent 80-85	– (–)	– (–)	– (–)	<b>10-15 full year equivalent 80-85</b>	(–)
Philip Walsh Chief Financial Officer (left 8 May 2017)	5-10 full year equivalent 75-80	– (–)	– (–)	– (–)	<b>5-10 full year equivalent 75-80</b>	75-80

Pension benefits	<b>Real increase in pension and lump sum at pension age</b>	<b>Accrued pension at pension age at 31/03/17 and related lump sum</b>	<b>CETV at 31/03/18</b>	<b>CETV at 31/03/17</b>	<b>Real increase in CETV</b>	<b>Employer contribution to Nest pension</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>Nearest £100</b>
Maggie Appleton MBE CEO	N/A	N/A	N/A	N/A	N/A	3,000
Marguerite Jenkin Director of Finance and Resources (joined 1/8/17)	N/A	N/A	N/A	N/A	N/A	1,900
Karen Whitting Director of Content and Programmes	N/A	N/A	N/A	N/A	N/A	2,300
Barry Smith Director of Visitor and Commercial Development (joined 29/1/18)	N/A	N/A	N/A	N/A	N/A	600
Philip Walsh Chief Financial Officer (left 8 May 2017)	N/A	N/A	N/A	N/A	N/A	200

The remuneration ratio in the Museum is 4.44 (2017: 4.41) – this represents the banded mid point pay of the highest paid director as a multiple of the median pay award (the median salary is £23,088 (2017: £22,842). The full time equivalent remuneration ranged from £15,725 to £102,500. Any performance awards are made under the Museum appraisal-linked system which applies to all staff. The Directors are all full-time employees employed on standard terms and conditions.

The Board of Trustees comprised 17 members at 31 March 2018, including three co-opted trustees, none of whom were full time employees of the institution and they were reimbursed with £3,037 in expenses (2017: £1,591). Two Trustees claimed expenses (2017: four).

### Sickness absence

The Royal Air Force Museum employed 193 members of staff as at 31 March 2018. Periods of sickness absence are recorded in full days. The average number of days of sickness absence was 2.68 days per person (2017: 4.85). Long term absences have been excluded. This paragraph is not subject to audit.



## Pension Costs and Benefits

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but the Royal Air Force 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 2017-18 employer's contributions of £93,379 were payable (2016-17: £123,365) through the PCSPS.

The applicable rates for the PCSPS are shown below:

Gross Salary	Rate %
75,001 and over	<b>24.5</b>
45,001 – 75,000	<b>22.1</b>
22,001 – 45,000	<b>20.9</b>
Up to 22,000	<b>20.0</b>

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.

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

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

<b>Exit package cost band</b>	<b>Number of compulsory redundancies</b>	<b>Number of other departures agreed</b>	<b>Total number of exit packages by cost band</b>
<£10,000	2 (1)	– (5)	2 (6)
£10,000–£25,000	– (–)	– (1)	– (1)
£25,000–£50,000	– (–)	1 (–)	1 (–)
£50,000–£75,000	– (–)	– (–)	– (–)
Total number of exit packages	2 (1)	1 (6)	3 (7)
Total resource cost/ £	2,934 (–)	30,000 (52,508)	32,934 (52,508)

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.

### Other Staff Costs

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

## Trade Union Facility Time

This is not subject to audit

**Table 1**

	<b>Full-time equivalent</b>	
	2017-18	2016-17
Number of employees who were relevant union officials during the relevant period		
1	1	1

**Table 2**

	<b>Number of employees</b>	
	2017-18	2016-17
Percentage of time		
0	-	-
1-50%	1	1
51%-99%	-	-
100%	-	-

**Table 3**

	<b>Figures</b>	
	2017-18	2016-17
Total cost of facility time	£1,203	£1,338
Total pay bill	£5,079,360	£4,774,210
Percentage of the total pay bill spent on facility time	0.02%	0.03%

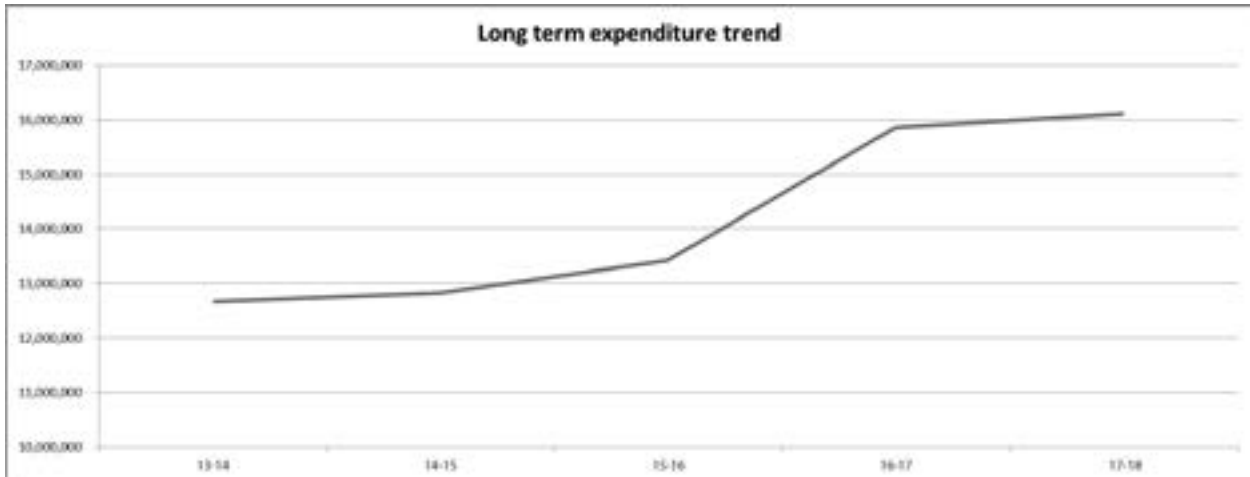
**Table 4**

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

## Parliamentary accountability and audit report

(not subject to audit)

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.



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.

*ACM Sir Glenn Torpy GCB CBE DSO*  
Chair  
on behalf of the Board of Trustees  
13 July 2018

*Maggie Appleton MBE*  
Chief Executive Officer and Accounting Officer  
Royal Air Force Museum  
13 July 2018

# 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 2018 under the Government Resources and Accounts Act 2000. The financial statements comprise: the Consolidated Statement of Financial Activities, the Group and Charity Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration, 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 the Royal Air Force Museum's affairs as at 31 March 2018 and of its incoming resources and application of resources for the year then ended; and
- the financial statements have been properly prepared in accordance with the Government Resources and Accounts Act 2000 and Secretary of State directions issued thereunder.

## Opinion on regularity

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

### **Basis of opinions**

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK) 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 2016. I am independent of the Royal Air Force Museum in accordance with the ethical requirements that are relevant to my audit and 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.

## Respective 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 and for being satisfied that they give a true and fair view.

## 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 and Accounts Act 2000.

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. 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.

As part of an audit in accordance with ISAs (UK), I exercise professional judgment and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the Royal Air Force Museum's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the Royal Air Force Museum's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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.

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.

## Other Information

The Board of Trustees and Chief Executive Officer are responsible for the other information. The other information comprises information included in the Annual Report, other than the financial statements and my auditor's report thereon. My opinion on the financial statements does not cover the other information and 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, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.

## Opinion on other matters

### In my opinion:

- the part of the Remuneration and Staff Report has been properly prepared in accordance with Secretary of State directions made under the Government Resources and Accounts Act 2000;
- in the light of the knowledge and understanding of the group and the parent and its environment obtained in the course of the audit, I have not identified any material misstatements in the Annual Report; and
- the information given in the Annual Report which we provide a positive consistency opinion on for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Matters on which I report by exception

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

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the part of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; 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.

## Report

I have no observations to make on these financial statements.

*Sir Amyas C E Morse*  
Comptroller and Auditor General

17 July 2018

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

# Consolidated Statement of Financial Activities for the year ended 31 March 2018

	Notes	Unrestricted	Restricted	Total	Restated	Restated	Total
		Funds	Funds	Funds	Unrestricted	Restricted	Funds
Income from		2018	2018	2018	2017	2017	2017
		£'000	£'000	£'000	£'000	£'000	£'000
<b>Donations and legacies</b>							
Grant in aid		9,139	–	9,139	8,793	–	8,793
Grants and donations	3	191	9,098	9,289	95	4,663	4,758
<b>Charitable activities</b>		<b>72</b>	<b>–</b>	<b>72</b>	<b>74</b>	<b>–</b>	<b>74</b>
<b>Other trading activities</b>							
Trading income	4b	2,388	77	2,465	2,340	–	2,340
Fundraising events		63	27	90	122	–	122
Sponsorships			538	538		300	300
Share of RAF100 Appeal gain	4b	–	105	105	–	490	490
<b>Investments</b>		<b>2</b>	<b>10</b>	<b>12</b>	<b>1</b>	<b>6</b>	<b>7</b>
<b>Other</b>		<b>611</b>	<b>1</b>	<b>612</b>	<b>327</b>	<b>–</b>	<b>327</b>
<b>Total income</b>		<b>12,466</b>	<b>9,856</b>	<b>22,322</b>	<b>11,752</b>	<b>5,459</b>	<b>17,211</b>
<b>Expenditure on</b>							
<b>Raising funds</b>							
Fundraising	5	550	–	550	671	–	671
Trading	4b	2,349	–	2,349	2,220	–	2,220
<b>Charitable activities</b>							
Interpret the RAF story	5	8,365	1,226	9,591	9,337	694	10,031
Focus the collection	5	2,185	–	2,185	1,859	–	1,859
Invest in the Museum	5	1,257	–	1,257	1,062	–	1,062
<b>Total expenditure</b>		<b>14,706</b>	<b>1,226</b>	<b>15,932</b>	<b>15,149</b>	<b>694</b>	<b>15,843</b>
Net gains/(losses) on investments		–	–	–	–	26	26
<b>Net income (expenditure)</b>		<b>(2,240)</b>	<b>8,630</b>	<b>6,390</b>	<b>(3,397)</b>	<b>4,791</b>	<b>1,394</b>
Transfers between funds	15	12,306	(12,306)	–	558	(558)	–
<b>Other recognised gains and losses</b>							
Gains/(losses) on revaluation of fixed assets	7a	15,466	–	15,466	1,269	–	1,269
<b>Net movement in funds</b>		<b>25,532</b>	<b>(3,676)</b>	<b>21,856</b>	<b>(1,569)</b>	<b>4,233</b>	<b>2,663</b>
<b>Reconciliation of funds</b>							
<b>Total funds brought forward at 1 April 2017</b>		<b>82,079</b>	<b>14,954</b>	<b>97,033</b>	<b>83,648</b>	<b>10,721</b>	<b>94,369</b>
<b>Total funds carried forward at 31 March 2018</b>		<b>107,611</b>	<b>11,278</b>	<b>118,889</b>	<b>82,079</b>	<b>14,954</b>	<b>97,033</b>

Details of the restatement of 2016-17 figures can be found in Note 15.

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

The notes on pages 32 to 49 form part of these financial statements.



## Consolidated and Charity Balance Sheet as at 31 March 2018

	Notes	Group 2018 £'000	Restated Group 2017 £'000	Charity 2018 £'000	Restated Charity 2017 £'000
<b>Fixed assets</b>					
Tangible assets	7a	<b>91,009</b>	65,976	<b>91,009</b>	65,976
Heritage Assets	7b	<b>21,125</b>	21,156	<b>21,125</b>	21,156
Investments	4a	–	–	<b>100</b>	100
Investment in RAF100 Appeal	4b	<b>595</b>	515	<b>595</b>	515
<b>Total Fixed Assets</b>		<b>112,729</b>	<b>87,647</b>	<b>112,829</b>	<b>87,747</b>
<b>Current assets</b>					
Stock	8	<b>163</b>	159	–	–
Debtors	9	<b>1,937</b>	4,292	<b>2,283</b>	4,767
Investments	10	<b>2</b>	2	<b>2</b>	2
Cash at bank and in hand	11	<b>9,079</b>	7,866	<b>8,533</b>	7,253
<b>Total Current Assets</b>		<b>11,181</b>	<b>12,319</b>	<b>10,818</b>	<b>12,022</b>
<b>Liabilities</b>					
Creditors: Amounts falling due within one year	12	<b>4,516</b>	2,374	<b>4,251</b>	2,177
<b>Net Current Assets</b>		<b>6,665</b>	9,945	<b>6,565</b>	9,845
Creditors: Amounts falling due after more than one year	12	<b>505</b>	559	<b>505</b>	559
<b>Net Assets/Liabilities</b>		<b>118,889</b>	97,033	<b>118,889</b>	97,033
<b>The funds of the charity</b>					
Unrestricted funds	15	<b>107,611</b>	82,079	<b>107,456</b>	82,079
Restricted funds	15	<b>11,278</b>	14,954	<b>11,433</b>	14,954
		<b>118,889</b>	97,033	<b>118,889</b>	97,030

Details of the restatement of 2016-17 figures can be found in Note 15.

The notes on pages 32 to 49 form part of these financial statements.

Approved by the Board of Trustees on 13 July 2018 and signed on its behalf by:

ACM Sir Glenn Torpy GCB CBE DSO  
Chair  
on behalf of Trustees

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

## Consolidated Cash Flow Statement for the year ended 31 March 2018

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

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Net Incoming Resources</b>	<b>6,390</b>	1,394
Interest receivable	(12)	(7)
Interest payable	36	–
Dividends received	–	–
Depreciation of tangible assets	2,354	2,245
(Profit)/loss on disposal of assets	779	2,369
Disposal of investment	–	431
(Gain)/Loss on investment	(105)	(516)
(Increase) / decrease in stocks	(4)	(21)
(Increase) / decrease in debtors	2,355	(2,912)
(Decrease) / increase in creditors	2,647	848
<b>Net cash provided by operating activities</b>	<b>14,440</b>	<b>3,831</b>
<b>Cash flows from investing activities</b>		
Bank interest received	12	7
Finance charges paid	(36)	–
Cash inflows from new borrowing	3,500	560
Repayment of borrowing	(4,060)	–
Purchase of tangible fixed assets	(12,668)	(3,473)
Investment in Joint Venture	25	(25)
<b>Net cash used in investing activities</b>	<b>(13,227)</b>	<b>(2,931)</b>
<b>Change in cash and cash equivalents</b>	<b>1,213</b>	<b>900</b>
Cash and cash equivalents at 1 April 2017	7,866	6,966
<b>Cash and cash equivalents at 31 March 2018</b>	<b>9,079</b>	<b>7,866</b>

Cash inflows from new borrowings were shown as part of movements in creditors in the 2016-17 financial statements, but have been shown separately in order to enhance disclosure.

*The notes on pages 32 to 49 form part of these financial statements.*

# Notes to the Financial Statements for the year ended 31 March 2018

## 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 2015) 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 2018 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.

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.

### *Going concern*

The Trustees have presented the accounts on a going concern basis on the grounds that current and future sources of funding or support will be more than adequate for the charity's needs. We have considered a period of twelve months from the date of approval of the financial statements. The assumption relies on the continuation of Ministry of Defence funding at a similar level for the foreseeable future. The Trustees of the Museum are content that this level of funding will exist for the foreseeable future.

### *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.

### *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 historic cost on acquisition and revalued annually using the most appropriate indices calculated by Defence Economics 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	over 30 to 50 years
Leasehold property	over the lease term
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.

*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 or poor performance.

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

### *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 a number of very strict policies on Heritage Asset acquisition, preservation and maintenance and disposals. The full list can be obtained from the RAF Museum Website, following the link: [www.rafmuseum.org.uk/london/policy-performance/collections.cfm](http://www.rafmuseum.org.uk/london/policy-performance/collections.cfm)

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.

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.

### *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: 3 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).

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).

## 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 2018 was £nil (2017: £nil).

## 3 Grants and donations

	<b>Unrestricted Funds 2018 £'000</b>	<b>Restricted Funds 2018 £'000</b>	<b>Total Funds 2018 £'000</b>	<b>Total Funds 2017 £'000</b>
Exhibits Donated	–	46	46	25
HLF for First World War in the Air	–	79	79	81
HLF for Centenary Programme	–	2,521	2,521	450
Libor for Centenary Programme	–	–	–	3,000
State of Kuwait for Centenary Programme	–	4,880	4,880	
Other Donations for Centenary Programme	–	1,185	1,185	1,052
Other Donations for First World War in the Air	–	48	48	
Cosford Air Show Donation	–	7	7	25
STAAR Programme	–	247	247	
Other	<u>191</u>	<u>85</u>	<u>276</u>	<u>125</u>
	<b>191</b>	<b>9,098</b>	<b>9,289</b>	<b>4,758</b>

#### 4a Investment in subsidiary undertakings and joint ventures

Of the investment of £100,002 (2017: £100,002), £100,000 represents the charity's interest in 100% of the issued share capital of Royal Air Force Museum Enterprises Limited (company number 1511481) which is incorporated in England and Wales and operates souvenir shops and other trading activities at Hendon and Cosford. The company's aggregate capital and reserves were as follows:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
The assets and liabilities of the subsidiary were:		
Current assets	<u>1,219</u>	<u>883</u>
Creditors: amounts falling due within one year	<u>(1,119)</u>	<u>(783)</u>
	<b>100</b>	100
	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
At 1 April, 2017	<b>100</b>	100
Profit/(Loss) retained in subsidiary	-	-
	<u>100</u>	<u>100</u>
At 31 March, 2018		

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 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**

<b>RAF100 Appeal</b>			<b>RAF Museum share</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Income</b>				
Donations	<b>26</b>	2,435	<b>5</b>	487
Sponsorship	<b>1,995</b>	–	<b>399</b>	
Publications	<b>30</b>	–	<b>6</b>	
Interest	<b>4</b>	–	<b>1</b>	
Other	<b>38</b>	54	<b>8</b>	11
<b>Total</b>	<b><u>2,093</u></b>	<u>2,489</u>	<b><u>419</u></b>	<u>498</u>
<b>Expenditure</b>				
Raising Funds	<b>170</b>	40	<b>34</b>	8
Charitable activities	<b>1,399</b>	–	<b>280</b>	–
<b>Total</b>	<b><u>1,569</u></b>	<u>40</u>	<b><u>314</u></b>	<u>8</u>
<b>Net income/(expenditure)</b>	<b><u>524</u></b>	<u>2,449</u>	<b><u>105</u></b>	<u>490</u>

As at 31 March 2018, the Museums share of the RAF100 Appeal's assets was £602,000 (2017: £510,000) and liabilities of £8,000 (£2017: £nil), with a combined share of net assets of £594,000 (2017: £510,000). The Museum owed the joint venture £77,000 as at 31 March 2018 (2017: £nil) and the joint venture had not entered into any capital commitments as at 31 March 2018 (2017: £nil).

<b>Royal Air Force Museum Enterprises Limited</b>	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
<b>Turnover</b>	<b>6,759</b>	2,340
Cost of sales, administrative expenses and taxation.	<b>(6,644)</b>	(2,220)
	<b><u>115</u></b>	<u>120</u>
Interest receivable	–	–
<b>Net Profit/(Loss)</b>	<b><u>115</u></b>	<u>120</u>
Gift Aid to RAF Museum	<b>(115)</b>	(120)
<b>Surplus (Deficit) in subsidiary</b>	<b><u>–</u></b>	<u>–</u>

The difference between the trading income and expenditure on the SoFa and as disclosed above is attributable to intragroup eliminations.

## 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 2018 £'000	Total 2017 £'000
Fundraising	484	64	2	550	671
Trading	2,349			2,349	2,220
Interpret the RAF story	6,748	1,067	1,776	9,591	10,030
Focus the collection	1,431	214	540	2,185	1,859
Invest in the museum	1,138	119	-	1,257	1,062
<b>Total</b>	<b>12,150</b>	<b>1,464</b>	<b>2,318</b>	<b>15,932</b>	<b>15,843</b>

	Fundraising £'000	Trading £'000	Interpret the RAF story £'000	Focus the collection £'000	Invest in the museum £'000	Total 2018 £'000	Total 2017 £'000	Allocation method
Finance	11	-	147	31	25	214	132	Expenditure
IT	10	-	222	34	-	266	195	Number of staff
HR	3	-	76	11	-	90	101	Number of staff
Estates	0	-	64	19	-	83	150	Floor space
Administration	20	-	285	60	48	413	482	Expenditure
Governance	20	-	274	58	46	398	449	Expenditure
	<b>64</b>	<b>-</b>	<b>1,068</b>	<b>213</b>	<b>119</b>	<b>1,464</b>	<b>1,509</b>	

The National Audit Office audit fee of £23,500 (2017: £23,500) is included within governance costs.

## 6 Staff costs and numbers

	2018 £'000	2017 £'000
Salaries and wages	4,451	4,170
Temporary agency staff	10	50
Social security costs	417	415
Pension costs	211	188
	<b>5,089</b>	<b>4,823</b>

The above costs exclude the trading subsidiary.

The average number of employees in the Museum during the year was 193 (2017: 172). FTE equivalent was 178 (2017: 164).

Employees whose emoluments amounted to over £60,000.

	2018	2017
60,000 - 70,000	-	1
70,001 - 80,000	1	2
100,001 - 110,000	1	1

**7a Tangible fixed assets – group and charity**

	<b>Freehold property</b>	<b>Leasehold Property</b>	<b>Fixtures, Fittings &amp; Equipment</b>	<b>Plant, Machinery &amp; Vehicles</b>	<b>Assets under Construction</b>	<b>Heritage Assets</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Cost or valuation</b>							
At 1 April 2017	51,788	14,162	4,051	522	2,975	21,156	94,654
Additions	27	67	37	13	12,470	54	12,668
Transfers	12,182	–	91	–	(12,273)	–	–
Disposals	(797)	–	(2,008)	(21)	–	(85)	(2,911)
Revaluations	7,886	1,974	30	6	–	–	9,896
At 31 March 2018	<u>71,086</u>	<u>16,203</u>	<u>2,201</u>	<u>520</u>	<u>3,172</u>	<u>21,125</u>	<u>114,307</u>
<b>Depreciation</b>							
At 1 April 2017	2,390	1,278	3,385	468	–	–	7,521
Charged in the year	1,297	734	295	28	–	–	2,354
Disposals	(103)	–	(2,008)	(21)	–	–	(2,132)
Revaluations	(3,584)	(2,011)	20	5	–	–	(5,570)
At 31 March 2018	<u>0</u>	<u>0</u>	<u>1,692</u>	<u>480</u>	<u>–</u>	<u>–</u>	<u>2,173</u>
<b>Net Book Value</b>							
At 31 March 2018	<u><b>71,086</b></u>	<u><b>16,203</b></u>	<u><b>509</b></u>	<u><b>40</b></u>	<u><b>3,172</b></u>	<u><b>21,125</b></u>	<u><b>112,134</b></u>
At 1 April 2017	<u>49,398</u>	<u>12,884</u>	<u>666</u>	<u>54</u>	<u>2,975</u>	<u>21,156</u>	<u>87,133</u>

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).

On the 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 (for donated exhibits). At 31 March 2018 the book value comprised:

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Heritage Assets recorded at Cost	2,513	2,505
Heritage Assets recorded at Valuation	<u>18,612</u>	<u>18,651</u>
<b>Total book value of Heritage Assets</b>	<b><u>21,125</u></b>	<b><u>21,156</u></b>

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

	<b>2018</b>	<b>2017</b>
	<b>£'000</b>	<b>£'000</b>
Aircraft and Aircraft Parts	17,777	17,827
Medals and Commemorative items	1,549	1,538
Artwork	1,017	1,009
Archives	239	239
Vehicles and Marine Craft	319	319
Models	84	84
Other	<u>140</u>	<u>140</u>
<b>Total</b>	<b><u>21,125</u></b>	<b><u>21,156</u></b>

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

<b>Year ended</b>	<b>31.03.2014</b>	<b>31.03.2015</b>	<b>31.03.2016</b>	<b>31.03.2017</b>	<b>31.03.2018</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Book Value Brought Forward	20,152	21,005	21,061	21,202	21,156
Add Acquisitions					
Purchased at cost	816	16	205	–	8
Donated at valuation	237	40	8	25	46
Total Acquisitions	1,053	56	213	25	54
Revaluations	–	–	–	–	–
Disposals	<u>(200)</u>	–	<u>(72)</u>	<u>(71)</u>	<u>(85)</u>
<b>Book Value Carried Forward</b>	<b><u>21,005</u></b>	<b><u>21,061</u></b>	<b><u>21,202</u></b>	<b><u>21,156</u></b>	<b><u>21,125</u></b>

**8 Stock**

	<b>Group</b>		<b>Charity</b>	
	<b>2018</b>	2017	<b>2018</b>	2017
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Goods for resale	163	159	–	–

**9 Debtors**

	<b>Group</b>		<b>Charity</b>	
	<b>2018</b>	2017	<b>2018</b>	2017
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Trade debtors	<b>120</b>	59	47	22
Amounts due from subsidiary undertaking	–	–	704	465
Other debtors	<b>1,531</b>	547	1,248	531
Prepayments and accrued income	<b>286</b>	3,686	169	3,629
Gift Aid from the subsidiary	–	–	115	120
	<b>1,937</b>	4,292	2,283	4,767

**10 Investments – group and charity**

	<b>2018</b>	2017
	<b>£'000</b>	£'000
Quoted investments:		
Market value on 1 April 2017	<b>2</b>	407
Additions		
Disposals	–	(431)
Realised gain on disposal	–	26
Unrealised investment (losses)/gains	–	–
Market value at 31 March 2018	<u><b>2</b></u>	<u>2</u>
Historical cost at 31 March 2018	<u><b>2</b></u>	<u>2</u>

**11 Cash at bank and in hand**

	<b>Group</b>		<b>Charity</b>	
	<b>2018</b>	2017	<b>2018</b>	2017
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
Commercial bank accounts	<b>9,064</b>	7,858	<b>8,525</b>	7,247
Cash in hand	<b>15</b>	8	<b>8</b>	6
	<u><b>9,079</b></u>	<u>7,866</u>	<u><b>8,533</b></u>	<u>7,253</u>

**12 Creditors**

	<b>Group</b>		<b>Charity</b>	
	<b>2018</b>	2017	<b>2018</b>	2017
	<b>£'000</b>	£'000	<b>£'000</b>	£'000
<b>Amounts falling due within one year</b>				
Loans and overdrafts	–	109	–	109
Trade creditors	<b>2,457</b>	642	<b>2,375</b>	552
Taxation and social security	<b>115</b>	116	<b>105</b>	102
Other creditors	<b>18</b>	10	<b>17</b>	9
Accruals and deferred income	<b>1,926</b>	1,497	<b>1,756</b>	1,405
	<b><u>4,516</u></b>	<u>2,374</u>	<b><u>4,253</u></b>	<u>2,177</u>
<b>Amounts falling after more than one year</b>				
Accruals and deferred income	<b>505</b>	108	<b>505</b>	108
Loans and overdrafts	–	451	–	451
	<b><u>505</u></b>	<u>559</u>	<b><u>505</u></b>	<u>559</u>

During financial year 2016-17, the Museum entered into an arrangement with the Ministry of Defence whereby a loan facility totalling £5.6million was approved for use to support the Centenary Programme work. The loan was repayable over 5 years at the Public Works Loan Board interest rate on the day the facility was used. The Museum utilised £4.06m of the facility, all of which was repaid in financial year 2017/18.

**13 Reconciliation of group net cash flow to movement in group net funds**

	<b>2018</b>	2017
	<b>£'000</b>	£'000
(Decrease)/increase in cash in period	<b>1,211</b>	900
Cash inflow from investment dividends	–	–
Change in net funds resulting from cash flow	<b><u>1,211</u></b>	<u>900</u>
Disposal of Liquid Resources		(431)
Change in market value of liquid resources(Realised Profit)	–	26
	<b><u>–</u></b>	<u>(405)</u>
<b>Net funds at 1 April 2017</b>	<b>7,868</b>	7,373
<b>Net funds at 31 March 2018</b>	<b><u>9,079</u></b>	<u>7,868</u>

**14 Analysis of group net funds**

	1 April 2017	Cash flow	Other changes	31 March 2018
	£'000	£'000	£'000	£'000
Cash at bank and in hand (See note 11)	7,866	1,211	-	9,079
Current asset investments	2	-	-	2
	<u>7,868</u>	<u>1,211</u>	<u>-</u>	<u>9,081</u>

**15 Statement of group funds**

	Unrestricted funds	Restricted funds	Total funds 2018	Total funds 2017
	£'000	£'000	£'000	£'000
<b>Analysis of group net assets between funds</b>				
Tangible fixed assets	103,879	8,255	112,134	87,132
Investments in joint ventures		595	595	515
Cash at bank and in hand	3,248	5,831	9,079	7,866
Other net current assets	484	(2,899)	(2,415)	2,079
Net non current assets		(505)	(505)	(559)
<b>Total assets less liabilities</b>	<u>107,611</u>	<u>11,278</u>	<u>118,889</u>	<u>97,033</u>
<b>Net assets</b>	<u>107,611</u>	<u>11,278</u>	<u>118,889</u>	<u>97,033</u>

**Analysis of funds**

	2017	Income	Expenditure	Revaluation	Transfers	2018
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Restricted funds</b>						
Fixed assets	8,012	-	-	-	243	8,255
RAF Centenary Programme	5,827	9,161	(845)	-	(12,509)	1,634
RAF 100 Appeal	515	105	-	-	(25)	595
Cosford Sprinklers	32	-	-	-	(8)	24
Watchtower	315	-	-	-	-	315
First World War in the Air	-	128	(167)	-	39	-
Cosford Air Show	152	7	-	-	-	159
Cosford Large Model Association	64	10	-	-	-	74
STAAR	-	247	(63)	-	-	184
Cosford Wifi	1	-	-	-	-	1
RAF100 Appeal Contribution Fund	-	77	(77)	-	-	-
Spitfire Wing Repairs	-	71	(71)	-	-	-
Other	36	50	(3)	-	(46)	37
<b>Total Restricted Funds</b>	<b>14,954</b>	<b>9,856</b>	<b>(1,226)</b>	<b>-</b>	<b>(12,306)</b>	<b>11,278</b>
Restated						
	2017	Income	Expenditure	Revaluation	Transfers	2018
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Unrestricted funds</b>						
Fixed assets	50,148	-	(3,132)	-	12,424	59,440
Revaluation reserve	28,973	-	-	15,466	-	44,439
General	2,399	12,466	(11,574)	-	(571)	2,720
<b>Designated funds</b>						
Centenary Project Fund	559	-	-	-	(559)	-
Centenary Legacy Development Fund	-	-	-	-	1,012	1,012
<b>Total Unrestricted Funds</b>	<b>82,079</b>	<b>12,466</b>	<b>(14,706)</b>	<b>15,466</b>	<b>12,306</b>	<b>107,611</b>
<b>Total Funds</b>	<b>97,033</b>	<b>22,322</b>	<b>(15,932)</b>	<b>15,466</b>	<b>-</b>	<b>118,889</b>



## **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.

*Cosford sprinklers* - a grant from the Ministry of Defence for the installation of a sprinkler system at the Cosford site.

*MOD maintenance* - a grant from the Ministry of Defence to go towards specific small scale maintenance projects across all 3 sites.

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

*First World War in the Air* - various grants and donations towards the renovation of the Grahame White Factory and First World War in the Air exhibition.

*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 Air Show* - donations received relating to the Cosford Air Show which are restricted for use at the Cosford Site.

*Cosford Large Model Aircraft* - donations received relating to the Large Model Aircraft show which are restricted for use at the Cosford site.

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

*Cosford wifi* - a grant from the Aerospace Museum Society to install wifi at the Cosford site.

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

*RAF100 Appeal Contribution Fund* - income generated related to RAF100 that the Museum is due to contribute to the RAF100 Appeal.

*Spitfire Wing repairs* - funds from BAE towards the repair of a set of Spitfire wings.

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.

*Centenary Legacy Development Fund* - The Centenary Legacy Development Fund will underpin the Centenary Legacy Programme and support 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 as a legacy of the RAF Centenary through new acquisitions.

Centenary Project Fund - funds to be spent in line with conditions outlined in the restricted RAF Centenary Programme Fund.

### Transfers

Generally, transfers between funds represent the capitalisation of fixed assets. £559,000 was also transferred from the designated Centenary Project Fund to the designated Centenary Legacy Development Fund due to the main project being fully funded from restricted funds.

### Restatement

During the year, the Museum's management team reviewed the historic treatment of three buildings as restricted assets. No documentation could be identified which placed a restriction on the future use of any of these buildings. In line with the SORP, these assets should therefore be treated as unrestricted as opposed to restricted. Due to the significant value of these assets, 2016-17 comparative information has been restated to reflect this reclassification. The Museum have consulted with the Ministry of Defence, who agreed with the reclassification and restatement.

The value of these assets at 31 March 2017 was £16.8 million. £381,000 of indexation gains and £818,000 of depreciation associated with these assets and incurred in 16/17 has subsequently been reclassified from restricted to unrestricted.

## 16 Commitments

	<b>Group and charity</b>	
	<b>2018</b>	2017
<b>Operating lease commitments due:</b>	<b>£'000</b>	£'000
<b>Plant and machinery:</b>		
within one year	<b>20</b>	48
in the second to fifth years	<b>46</b>	86
<b>Land and Buildings:</b>		
within one year	<b>588</b>	530
in the second to fifth years	<b>2,352</b>	2,121
after five years	<b>7,003</b>	6,608
	<b>10,009</b>	9,393

The Museum paid £608,000 under operating lease arrangements in the year to 31 March 2018 (2017: £579,000).

### Capital Commitments

As at 31 March 2018, the Museum had capital contracts in place totalling £2,163,000 (2017 £10,240,000).

All contracts related to the RAF Centenary Programme.

## 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 balances due from the company at the year end are 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. The Museum owed the joint venture £77,168 as at 31 March 2018 for royalties relating to the sale of RAF100 branded merchandise.

### *Colindale Communities Trust*

Karen Whitting (Director of Content and Programmes) is a Trustee of Colindale Communities Trust (CCT). The Museum made a £10,000 grant to CCT towards a Community Engagement Officer staff post as part of its Heritage Lottery Fund commitment.

The Trustees' involvement with the RAF Museum Enterprises Ltd and the RAF Museum Investments Ltd is disclosed in the Governance statement on page 14.

Sir Gerry Grimstone (Chair of the Museum Audit & Risk Committee) is also the Ministry of Defence Lead Non-Executive Director.

## 18 Contingent liabilities

There were no contingent liabilities as at 31 March 2018 (2017: Nil)

## 19 Post balance sheet events

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

There were no other post balance sheet events.

**20 Single entity statement of financial activities for the year ended 31 March 2018**

	Unrestricted	Restricted	Total	Restated Unrestricted	Restated Restricted	Total
	Funds	Funds	Funds	Funds	Funds	Funds
	2018	2018	2018	2017	2017	2017
	£	£	£	£	£	£
<b>Income from</b>						
<b>Donations and legacies</b>						
Grant in aid	9,139	–	9,139	8,793	–	8,793
Grants and donations	191	9,213	9,404	95	4,783	4,878
<b>Charitable activities</b>	<b>4,687</b>	<b>–</b>	<b>4,687</b>	74	–	74
<b>Other trading activities</b>						
Fundraising events	63	27	90	122		122
Sponsorships		538	538		300	300
<b>Share of RAF100 Appeal gain</b>	<b>–</b>	<b>105</b>	<b>105</b>	–	490	490
<b>Investments</b>	<b>2</b>	<b>10</b>	<b>12</b>	1	6	7
<b>Other</b>	<b>716</b>	<b>1</b>	<b>717</b>	743	0	743
<b>Total income</b>	<b>14,798</b>	<b>9,894</b>	<b>24,692</b>	<b>9,828</b>	<b>5,579</b>	<b>15,407</b>
<b>Expenditure on</b>						
<b>Raising funds</b>						
Fundraising	559	–	559	682	–	682
<b>Charitable activities</b>						
Interpret the RAF story	13,013	1,226	14,239	9,686	694	10,380
Focus the collection	2,230	–	2,230	1,899	–	1,899
Invest in the Museum	1,273	–	1,273	1,078	–	1,078
<b>Total expenditure</b>	<b>17,075</b>	<b>1,226</b>	<b>18,301</b>	<b>13,345</b>	<b>694</b>	<b>14,039</b>
<b>Net gains/(losses) on investments</b>					26	26
<b>Net income/(expenditure)</b>	<b>(2,277)</b>	<b>8,668</b>	<b>6,391</b>	<b>(3,517)</b>	<b>4,911</b>	<b>1,394</b>
Transfers between funds	12,306	(12,306)	–	558	(558)	–
<b>Other recognised gains and losses</b>						
Gains/(losses) on revaluation of fixed assets	15,466	–	15,466	1,269	–	1,269
<b>Net movement in funds</b>	<b>25,495</b>	<b>(3,639)</b>	<b>21,856</b>	<b>(1,690)</b>	<b>4,353</b>	<b>2,663</b>
<b>Reconciliation of funds</b>						
<b>Total funds brought forward at 1 April 2017</b>	<b>81,961</b>	<b>15,072</b>	<b>97,033</b>	<b>83,651</b>	<b>10,719</b>	<b>94,370</b>
<b>Total funds carried forward at 31 March 2018</b>	<b>107,456</b>	<b>11,433</b>	<b>118,889</b>	<b>81,961</b>	<b>15,072</b>	<b>97,033</b>

Details of the restatement of 2016-17 figures can be found in Note 15.

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

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