

Royal Air Force Museum Account 2019-20

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Administrative Information

Address of the charity

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Registered charity number

244708

Names and addresses of other relevant organisations

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Charitable aims and activities

Our Purpose

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

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

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

Charitable Objects

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

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

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

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

Our Activities

The RAF Museum's vision is 'inspiring **everyone** with the RAF story – the people who shape it and its place in our lives'. We are committed to using our collections to share the story of the Royal Air Force and its people. Entry to the Museum is free to the public and the Museum welcomes almost one million visitors a year across its two sister sites, and alongside this undertakes impactful learning activities with children and young people, both formally and informally. We are an educational charity and whether visitors are engaging with our displays, taking part in discussion and debate, studying our archive, holding a corporate event in our spaces, having fun at events and in our playground, or enjoying a rest in our café, there are opportunities for learning and inspiration throughout our Museum.

During the course of the last strategic plan to March 2019, the Museum concentrated its efforts on being outward focused and people centred, exploring the history of the Royal Air Force over its hundred-year history through its incredible people and ensuring that our collection is relevant, shared and well cared for. Our activities focussed on three strategic priorities, interpreting the RAF story, focussing the collection and investing in the Museum for the future. 2018 marked the Centenary of the Royal Air Force and the Museum was privileged to support it across the year as one of the partners in a formal Joint Venture with our sister charities the RAF Association, RAF Benevolent Fund and RAF Charitable Trust.

In June 2018, we opened a major transformation at our London site and, across both Cosford and London, had our most successful year (2018-19) since the Museum's formation, welcoming a total of 989,600 people, a 39% increase. The major capital programme is now complete, with associated learning and RAF story activities continuing to be delivered through to November 2020. Our visitor profile has broadened and diversified significantly, and the partnerships – and friendships – that have developed over the period give us a firm and inspiring foundation to build on for this next chapter of the Museum's history. Our collection is central to everything we are and do and comprises around 1.3m objects which we hold in trust for the people of the UK. Our RAF Centenary transformation enabled the Museum to bring an additional 500 objects from our stores to share with our visitors – most of which had never been displayed before.

2019-20 is the first year of our new strategic plan, Strategy 2030. The RAF Museum Trustees, our staff – employees and volunteers – and our key partners have an ambitious, shared vision for our next ten years. During the year, we launched our twenty-five year Master Plan for our Cosford site while planning the final phases of our London transformation. We are continuing to focus on immersive RAF storytelling and becoming more ambitious in encouraging reflection and debate across our spaces and programmes – as well as welcoming all our visitors for a great day out.

We are working to achieve our vision through five strategic priorities that focus outwards with our collections at our heart. These are supported by the ongoing development of strong internal systems which ensure we deliver creatively and responsibly:

- Inspiring innovative engagement, debate and reflection - Why? We know relevance and dynamism are key to fulfilling our ambitions as a National Museum.
- Inspiring our people within a dynamic, diverse and collaborative culture - Why? Our inspirational people in turn inspire our visitors and we know we achieve our best when we're committed and motivated.
- Embedding an entrepreneurial, agile and sustainable approach - Why? Our visitors' lives and society are changing fast and we need to remain forward looking and resourced to fulfil our ambitions.
- Leading the way with brilliant basics - Why? We need strong and sustainable foundations to fully achieve our vision.
- Connecting with communities and partners - Why? We know we can deliver better and more creatively through meaningful relationships with others.

We are a values driven organisation with a team of talented and dedicated people who use their knowledge and creativity to make our collections sing and bring our spaces to life to inspire our audiences locally, nationally and internationally. Our work and our behaviour is underpinned by six guiding values:

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

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

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

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

Partnerships

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

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

The Museum also works with a wide range of individual and corporate partners who share its vision of inspiring everyone with the RAF story. Our partners not only support us financially through grants, sponsorship and gifts in kind but they enable us to educate and inspire. We work with partners to ensure collections are up to date and cared for and rely on them to help us acquire new items of national importance. In addition, our partners have supported our Access and Learning teams in London and Cosford to deliver workshops and activities for children across the UK. We would like to thank all our partners who have helped us to continue to share the RAF story.

Charitable Fundraising

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

COVID-19 Pandemic

In response to the COVID-19 pandemic and in line with Government guidance, the RAF Museum temporarily closed to visitors from Wednesday 18 March 2020. Our considered approach has consistently placed the safety of our visitors and staff at the forefront of decision-making and taken account of the wider public body context and approach of the museum and visitor attraction sectors.

Given the level of grant in aid support that we receive from MOD and after careful consideration, we made the decision not to apply for the Job Retention Scheme and furlough our team, and we have continued to pay all our staff at 100%. The Museum is fortunate to be in a relatively stable financial position, partly because we are 70% funded through grant in aid, and partly because we have a reserves policy in place to mitigate risk and build funding for delivery of Strategy 2030. Our working assumption, reflected in our adjusted future plans for 2020-21, was that the Museum will reopen, either partially or fully, to visitors at both our public sites from July 2020, subject to Government guidance. The Museum subsequently reopened both its public sites to visitors on 6 July.

In March 2020 the Trustees approved a pre-COVID-19 Budget and Business Plan 2020-21 as a baseline to measure the impact of the pandemic on the Museum. The executive team have remodelled assumptions in an Adjusted Budget and Business Plan 2020-21 which was approved by Trustees in May 2020, to reflect and respond to the COVID-19 pandemic. The impact of the crisis, particularly during the closure period itself, but continuing to affect visitor numbers after reopening, will significantly reduce our ability to generate commercial and fundraising income in the year ahead, and potentially for some time to come.

We have rephased our plans and reviewed all our spending decisions in detail to ensure that we are focussing only on the essentials, and on any key projects which are still planned to go ahead at this time. Visitor number projections have been reviewed and restated, and we have based the Adjusted Budget 2020-21 on a moderately cautious pattern of return. All revenue funded activity and expenditure has been significantly reduced, and planned projects rephased in order to continue to target an unrestricted operational breakeven in 2020-21 but on significantly reduced self-generated income (down £1.3M). If there is a further wave of the virus that further affects our visitor numbers and earned income, further decisions will need to be made, but we are confident that our regular monitoring of the financial position will allow the Museum to respond appropriately. In the meantime, we continue as a charity to appeal to our supporters for help through these challenging times and are prioritising our unrestricted expenditure for projects that connect with our visitors and audiences virtually during the closure, or that can progress well in a home working environment.

Future Plans

To deliver on Strategy 2030 the Museum needs to continue to build financial resilience against a background of ongoing funding uncertainty within the cultural and public sector, alongside the unfolding impact of the COVID-19 pandemic, mitigated by a review and refocussing of our 2020-21 (Year 1) Budget and Business Plan, and by existing strong partnerships with the RAF and other key stakeholders and partners.

We will be entrepreneurial and agile in our approach, growing and diversifying our commercial and fundraising income streams in order to achieve greater – and more significant – outcomes for all our users while ensuring our long-term sustainability, and maximising use of our resources to deliver effectively within our means.

Major programme aspirations in the coming years include:

- Delivery of the London Master Plan, completing the London site development with a focus on Hangars 3,4 and 5 front and back of house (Years 1 to 3) with the move of our Archive and Library to form a new Research Centre on the ground and first floors, creation of a formal Learning Zone and an Inspire Zone for visitor engagement, and consolidation of our staff accommodation on the second floor
- Begin delivery of the final chapters of our London interpretation strategy covering the inter-war period, Second World War and Cold War stories.
- New Battle of Britain exhibitions at both sites to commemorate the 80th anniversary (Year 1) and a Bomber Command exhibition redisplay at our London site (Year 2);
- Phased delivery of the Cosford Master Plan to transform the visitor experience, with the addition of a play area (Year 1), our new Resource Hub (moving the stored collection to our public site) with an outreach programme focused on combatting social isolation and skills development (Years 1 to 3), major exhibition enhancements, a consolidated event space at the heart of the site, and more intuitive visitor flow throughout.

Delivery of these key programmes and a clear focus on our strategic priorities will help us to extend the Museum's reach and impact, targeting visitor numbers of 1.5M by 2030.

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

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

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

Performance report

Overview

We welcomed 860,000 visitors to our Museum during 2019-20, marginally fewer than our original 900,000 target due to the coronavirus pandemic. However, visitor levels have been significantly above the pre-Centenary project years at both sites, and our visitor profile has broadened and diversified substantially, with the partnerships – and friendships – that have developed over the period giving us a firm and inspiring platform to develop the next chapter of the Museum’s history.

Sadly our final few weeks of 2019-20 were spent closing our museums for the first time in our history, but the team rapidly transitioned to working remotely, rescheduling or moving our content and programmes online and progressing our longer term plans where possible.

The Museum has focused throughout the year on delivering our five new strategic priorities, to ensure our relevance and accessibility to a broad audience, while ensuring we continue to build firm foundations for our Strategy 2030.

Strategic priority 1: Inspiring innovative engagement, debate and reflection

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

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

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

The stories we share are not just of the heroism of the Battle of Britain that took place over the skies of Britain 80 years ago, but also of the RAF today. From the RAF nurses on the front line supporting the NHS, to the aircrews evacuating patients from remote parts of the UK and the transport crews delivering much needed PPE during the COVID-19 pandemic.

Our digital project ‘RAF Stories’ is well established, collecting and sharing over 500 engaging historical and contemporary stories related to the RAF. The public are encouraged to share their experiences and those of their loved ones within the RAF and the broader RAF family through a bespoke app. Additional stories are identified and collected by the Museum’s in-house team. Content is shared internationally online, as well as being embedded in the new exhibitions, enhancing the Museum’s storytelling. The first RAF Stories Big Weekend took place on 2 and 3 November 2019 at various venues across the country and at both of our sites, with 140 stories recorded and submitted across the weekend. Support from the Royal Air Force Museum American Foundation’s Learning Fund enabled the RAF Stories team to collect and share interviews with those involved in the Berlin Airlift including the ‘Candy Bomber’, Gail Halverson.

The Museum's Research Strategy and Programme is supported by a voluntary Research Board, chaired by Sebastian Cox OBE, Head of the Air Historical Branch of the RAF. In 2019–20 the research programme included the Trenchard Lectures, an evening series hosted at the Royal Aeronautical Society, Evening Air Power Seminars at the University of Wolverhampton, and two lunchtime lecture series at the Museum's London and Cosford sites. The Museum continues to support two fully funded PhD students.

During 2019–20, our student engaged with the Arts and Humanities Research Council (AHRC) Research and Enterprise in Arts and Creative Technology Collaborative Studentship successfully submitted their thesis to the University of Exeter. The partnership with King's College London supported by a Professor Sir Richard Trainor Scholarship is ongoing and our second student is expected to submit their thesis in 2020–21. The Museum secured funding for an AHRC Collaborative Doctoral Award with the University of Lancaster which will begin in 2020. Curators have been supported to research independent projects with the results leading to successful outputs, particularly through the sharing of blogs. The Museum also presented three Academic Awards to Doctoral, Masters and Undergraduate students.

During 2019–20, our Collections team provided access to the Museum's Collection in a variety of ways. This included the sharing of blogs, hosting group visits and consultations. The Collections Enquiry Service responded to around 2,000 written enquiries and 1,900 telephone enquiries. Over 400 researchers engaged with the Collection by visiting the Reading Room at our London site. A new Collections Online platform was in development during the year and is due to launch in summer 2020. We have also continued to share our Collection more widely at over 144 venues both nationally and internationally through our loans programme, with 1,472 items out on loan during 2019–2020, of which 24 items were sent out as new loans during the period.

Our Access and Learning Strategy has driven the development and delivery of broadened audience engagement – putting audiences of all ages at the heart of everything we do, and inspiring and engaging them with the RAF story through the Museum's Collection and stories of its people. Over this period, the priority in London has continued to be the delivery of STEM-focussed activities (Science, Technology, Engineering and Maths) and partnerships as part of our National Lottery Heritage Fund supported STEM and Heritage 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 our partners RAF Cosford, RAF Youth and STEM Engagement and Tablet Academy, supported by partner and funder, Northrop Grumman. The STAAR programme was Highly Commended in the 2019 Museums and Heritage Awards.

Across the financial year 2019–20, 33,928 formal learners (schools, colleges, universities) visited our London site, an uplift of 13% on 2018–19. London had taken bookings for March 2020 which would have seen an unprecedented uplift of 23% year-on-year. However, the advent of COVID-19 meant that these bookings could not go ahead.

27,700 formal learners visited Cosford up until mid-March when bookings could not be fulfilled. Responses from teachers remain overwhelmingly positive with 99% of teachers reporting that the workshops' links to the National Curriculum are either good or excellent. 97% rate their pupils' enjoyment as good to excellent. The skills of Access and Learning staff in facilitating the workshops is also frequently commended, with a 98% good or excellent rating for financial year 2019–20. Our London site was shortlisted as Best Venue for History learning while our Cosford site was shortlisted as Best Venue for STEM learning in the School Travel Awards 2019–20, as nominated by teachers.

The outbreak of the COVID-19 resulted in the teams across both sites unfortunately cancelling planned visits and events from 18 March. This was in addition to schools and partners cancelling visits and events from late February onwards. Both teams were on track to exceed KPI targets until this event hit. However, the teams have put in strong financial performances and have exceeded the income KPI at the Cosford site by 64%, due to new partners supporting the programme and the uptake of onsite activities and events. The London team's income increased by 25%. Required to work from home from mid-March onwards, the teams quickly changed from face-to-face delivery and have prepared online resources which are currently engaging a wide audience with highly positive feedback.

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

The RAF Museum staff, including its trading subsidiary, comprises over 200 employees and over 400 volunteers, and includes well-established work experience and apprenticeship programmes. Our priority is to ensure that individuals are proud to be part of a brilliant and diverse team, feeling valued, supported and appropriately skilled and rewarded, working positively together to deliver our vision. We are working to ensure that diversity and equality underpin all our activity and we actively focus on reflecting that by broadening both our audiences and our Museum teams.

There has been a focus during the year on developing the basics and steady progress has been made, including a restructure of the Visitor and Commercial Development team; detailed review of HR policies and introduction of a new RAF Museum Code of Conduct; review and update of all job descriptions in line with the new competency framework, linked to our pay and grading structure; successful recruitment to key roles in the senior management group (including a Head of Communications and Marketing, Head of Major Projects and Programmes, Head of Development, Head of Finance and Head of HR and Volunteering); and the roll-out of our Brilliant Basics E-Learning Programme across the whole organisation.

The launch of our staff intranet in January 2020, developed with a group of Museum-wide Intranet Champions, couldn't have come at a better time and has proved a vital tool in communicating effectively with our team in the run up to and during the closure due to the COVID-19 pandemic.

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

Commercial development and sustainability are addressed through the Museum's Commercial Strategy, managed through the trading company, which focuses on delivering new and improved experiences for visitors. Public catering and commercial activities were restructured with new catering contractors in place at both sites in September 2019 and a new commercial events sales arrangement with Peyton and Byrne in London. Public events performed strongly, holding two large scale events at the Cosford site; the Food Festival and the Vintage Festival both exceeding the previous year's revenue totals.

Retail performance at both sites was relatively disappointing with conversion rates and net profitability below target. Similar conversion issues were also apparent in the commercial experiences side of the business. Plans to address both retail and commercial experiences are under way, with a new shop in Hangar 3 in London opened in February, some improvements to the existing shop facilities planned when the Museum re-opens and a review of the commercial experiences in London. Retail online had a strong year exceeding its target revenue and profit. The trading company also provided exhibition management services for the Museum in relation to two exhibitions to be installed at the London site, and for one to be installed at the Cosford site.

During 2019-20 Trustees approved a new Fundraising Strategy and Plan which outlines the foundations for developing a two-tracked approach to fundraising that will support the Museum to achieve its Strategy 2030 vision. This includes building on the success of previous campaigns to fund delivery of major capital programmes, whilst also growing revenue fundraising to support core activity.

Strategic Priority 4: Leading the way with brilliant basics

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

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

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

We have made good progress across all our activities over the past year in reviewing and improving standards and processes, from building more resilience into the IT infrastructure to support efficiency and digital engagement, to developing a vibrant seasonal events programme to offer our visitors a great day out. We continue to work to ensure that our brilliant basics enable us to achieve our full potential – leading the way in our governance, finance, estates and IT, ensuring a safe environment for all our visitors and with digital literacy embedded across our teams. We have also made significant progress in the phasing and planning of both our Cosford and London Master Plans which underpin our Strategy 2030, including completion of a feasibility study and initial designs for completion of the London site development, and further scoping and developing of plans for a new Resource Hub in Cosford which has been agreed as our first major project in the overall plan for the site.

Strategic Priority 5: Connecting with communities and partners

Throughout 2019-2020, the Museum has built on the community partnerships in London developed during the RAF Centenary Programme, working with local groups to ensure the Museum acts as a hub within the Barnet and Colindale community. We have partnered with Home Start Barnet and Barnet libraries on a number of projects to engage and excite local families and have been working with Age UK Barnet on bringing the RAF story to our local older community. We have also developed new sessions for North London care homes on local aviation history. Our ESOL conversation cafe also continued this year with new participants and volunteers and we continue to work closely with the Colindale Communities Trust (CCT) to identify gaps in provision locally. This year this included a large Arts and Culture project with multiple local partners which led to the Museum winning the Community Partner Award (along with CCT and Notting Hill Genesis) from Barnet and Southgate College. Moreover, two of the Museum's team were awarded 'Dementia Friends Champion' status, enabling them to deliver Dementia Friends information sessions to other colleagues across the Museum.

Our partnership with the RAF Youth and STEM Team has also strengthened as events to inspire young people were co-hosted at both the Museum's sites. The support of Cosford Access and Learning in delivering Scout Takeover Days resulted in the RAF team being presented the Scout Association's Best Event Award 2019.

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

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:	2019-20	2018-19
Visitor numbers (including events such as the Cosford Air Show)		
■ London	470,786	544,628
■ Cosford	388,711	444,965
■ Total	859,497	989,593
Trading income	3,278,598	3,534,514
Number of school visits		
■ London	672	672
■ Cosford	756	818
Visitor satisfaction ratings*		
Enjoyment		
■ London	90%	89%
■ Cosford	92%	92%
Value for Money		
■ London	91%	90%
■ Cosford	93%	93%
Likelihood to recommend		
■ London (net promoter score)	71%	72%
■ Cosford (net promoter score)	75%	79%
Social media interaction (no. of Facebook followers, Twitter users and YouTube and Instagram subscribers)	184,327	156,185

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

Visitor Numbers

Although we were on track in mid February to meet our target to welcome 900,000 visitors in 2019-20 across both sites, we finished the year at 859,497 (2019: 989,593) further to closure of the Museum on 18 March in response to the COVID-19 pandemic, and reflecting a significant reduction in visitors in the few weeks beforehand. This is 13% down on the prior year overall, 14% for London (5% under target) and 13% for Cosford (4% under target) year on year. However, the final figure remains 21% ahead of previous years excluding Centenary year (based on the average of the three previous years).

Trading Income

Total turnover of £3,279,000 is reported for the year (2019: £3,535,000) with reduced income across most commercial activities mainly due to the positive impact of the RAF Centenary in the prior financial year and reflecting the closure of the Museum sites in March. The overall reduction is partially offset by the provision of exhibition management services to the Museum during the year in relation to the development of three exhibitions to commemorate the forthcoming 80th anniversary of the Battle of Britain. The prior year comparative has been adjusted to reflect the transfer to the company of the car parking business from 2019-20.

During the year, the catering and commercial events were restructured with new catering contractors in place at both sites in September 2019 and a new commercial events sales arrangement with Peyton and Byrne in London. Public events performed strongly, holding two large scale events at the Cosford site; the Food Festival and the Vintage Festival both exceeding the previous year's revenue totals.

The full impact of the redeveloped London site, change to the commercial team structure, and the introduction of new commercial activities will positively impact Royal Air Force Museum Enterprises Ltd in the longer term, though this will inevitably be tempered by the ongoing impact of the COVID-19 pandemic in the year ahead.

School Visits

Across the financial year 2019–2020, 33,928 formal learners (schools, colleges, universities) visited our London site, an uplift of 13% on 2018–2019. 27,700 formal learners visited Cosford until the programme was suspended due to COVID-19. Bookings for school visits for the full year were 710 for London and 796 for Cosford prior to cancellations due to the impact of COVID-19, with final numbers totalling 672 and 756 respectively.

Visitor Satisfaction

The ALVA surveys show both sites achieving very high 'Enjoyment and Value for Money' ratings, considerably outperforming the museums and galleries average, with an improved performance for London on prior year. Our visitors are also highly likely to recommend a visit, compared to other museums and galleries, although this is slightly down for us on the previous year at both sites.

Social Media Interaction

Total visits to the Museum's main website were recorded at 1.1 million unique visits (2019: 1.2 million). As this is used primarily as a planning tool for visits, this drop can be explained in part by people staying away from the Museum in the last quarter of the year due to COVID-19.

The Museum's social media channels showed growth during the year with Facebook followers reaching 103,096 (2019: 90,699), Twitter 50,638 (2019: 45,469) and 18,905 (2019: 17,829) monthly recipients of the Museum's e-newsletters.

Financial Review

Statement of Financial Activities (SOFA)

Total income for the financial year 2019-20 amounted to £15,688,000 (2019: £17,562,000), with the decrease year on year related to the higher prior year restricted funding received for delivery of the RAF Centenary Programme.

The Museum received £9,520,000 of grant in aid (2019: £9,273,000) for the financial year 2019-20. During the year, a total of £2,156,000 (2019: £3,899,000) (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. This included £742,000 restricted funding from the National Lottery Heritage Fund for the RAF Centenary Programme (2019: £3,022,000); £250,000 from Bomber Command Association to support our plans to refresh the Museum's Bomber Command exhibition and story-telling; a generous £186,000 donation from John Mars through the RAF Museum's American Foundation to contribute to delivery of our Cosford Master Plan; and £145,000 from Northrop Grumman to sponsor our successful STAAR STEM programme at our Cosford site.

Income generated by the trading company on non-charitable activities was £3,279,000 (2019: £3,535,000), which, after accounting for associated expenditure, resulted in a total gift aid payment of £585,000 (2019: £359,000) to the Museum. Total unrestricted income generated by the Museum was £13,633,000 (2019: £13,306,000) with the increase mainly due to the inflationary rise in grant in aid.

Total expenditure on Museum activities amounted to £16,924,000 (2019: £16,535,000). The majority of costs, including the costs of salaries, are in respect of core charitable activities. Net expenditure before transfers between funds and other recognised gains and losses totalled £1,236,000 (2019: £1,027,000 net income).

A total of £1,893,000 (2019: £5,938,000) has been transferred from restricted to unrestricted funds in 2019-20, principally due to the completion and capitalisation of the final phase of RAF Centenary Programme improvement works at the London site within the financial year as well as a distribution of £500,000 to the Museum from the RAF100 Appeal joint venture.

The £2,699,000 loss shown against unrestricted funds for the year (2019: £1,571,000) is driven principally by depreciation of property assets and fully funded permanent exhibitions, which totals £2,811,000 in 2019-20 (2019: £2,666,000). Excluding depreciation costs of property and permanent exhibitions, the Museum has generated an unrestricted operational surplus of £614,000 during the year (2019: £971,000). The decrease in unrestricted operational surplus year on year is primarily due to increased expenditure related to staff costs (with a marginally increased headcount, agreement to bring forward the annual pay award date to 1 April from 1 August, and a targeted organisational restructure to support the Museum's communications strategy and Strategy 2030 planning and delivery); additional investment in our IT infrastructure and digital engagement and interpretation; and the prior year release of accrued rental relating to the Cosford lease further to negotiation of a more favourable rent review than expected.

The Museum's property assets are revalued by professional valuers on a quinquennial basis, with the last valuation brought forward by one year to 2017-18 to reflect the significant capital improvements delivered through the RAF Centenary Programme. For 2019-20 an annual revaluation adjustment of £1,137,000 (2019: £1,239,000) has been made in the year-end accounts to comply with Modified Historic Cost Accounting (MHCA) legislation per HM Treasury guidelines.

After transfers between funds and adjustment for recognised gains on revaluation of fixed assets, the net movement of funds for the year was a decrease of £99,000 (2019: an increase of £2,266,000) and total funds carried forward as at 31 March 2020 amounted to £121,056,000 (2019: £121,155,000).

Balance Sheet

The value of the group net assets has increased during the year due to the fixed asset revaluation and now stands at £121,056,000 as at 31 March 2020 (2019: £121,155,000). The value of freehold and leasehold property represents 72% of the Museum's net assets at £87,050,000 (2019: £87,018,000); and the value of heritage assets (over the capitalisation threshold and accessioned since 1 April 2001) represents 18% of the Museum's net assets at £21,785,000 (2019: £21,625,000). The Museum Group holds a cash at bank and in hand balance of £7,904,000 as at 31 March 2020 (2019: £7,743,000).

RAF100 Appeal

As a partner in the RAF100 Appeal joint venture, the Museum's share of net expenditure for 2019-20 totalled £63,000 in restricted funds (2019: net income of £83,000). The Appeal also made a distribution of £2,500,000 during the year equally shared between its partners. The £500,000 reduction in the net asset value of the Museum's share of the Appeal is reflected in the carrying value in the joint venture on the balance sheet. The Museum received the corresponding share of the distribution (unrestricted) of £500,000 from the RAF100 Appeal during the year, which is also reflected as a movement from restricted to unrestricted reserves.

Trading Company

Any non-charitable activities are undertaken by RAF Museum Enterprises Ltd, a wholly owned subsidiary of the Museum, with all profits gift-aided to the parent charity. The trading company generated total turnover of £3,279,000 (2019: £3,535,000) (Note 4b), with associated costs of sales of £2,696,000 (2019: £2,796,000). The decrease in turnover is due lower than expected retail and other commercial revenue, reflecting the closure of the Museum sites in March and the positive prior year impact of the RAF Centenary.

During the year, a number of Museum staff and other resources were utilised in furtherance of those activities resulting in a cross charge of £482,000 (2019: £480,000). A total gift aid payment of £585,000 (2019: £359,000) was therefore due to the Museum for 2019-20, and which was outstanding at year-end (Note 9).

Reserves Policy and Funds

During the year, and with reference to guidance from the Charity Commission, and further to review and recommendation by the Audit and Risk Committee and Finance Committee, the Trustees have confirmed that as at 31 March 2020 the organisation continue to hold unrestricted and undesignated free reserves (that is funds not tied up in fixed assets or designated or restricted funds) sufficient to cover two months of budgeted operational expenditure in order to enable financial stability and act as a safeguard against volatile and unpredictable income streams and unforeseen expenditure or liabilities. Any remaining operational net surplus (i.e. after transfers to the Fixed Asset Fund and maintaining free reserves of two months of operational expenditure) to be transferred to the designated Strategy 2030 Fund.

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

In line with the Museum's reserve policy, unrestricted surplus funds of £623,000 (2019: £1,409,000) over and above the planned level of free reserves, have been transferred to the designated Strategy 2030 Fund with a balance of £3,044,000 as at 31 March 2020 (2019: £2,421,000).

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

Payment of Creditors

The Museum's policy, in accordance with the Government-wide standard on the payment of creditors, is to settle all undisputed bills within 30 days or in accordance with the supplier's terms of business. The Museum's actual payment performance during the year was an average of 44 days (2019: 39 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 2019-20.

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 2019-20 accounts was £37,550 (2018-19: £33,100). This includes the NAO fee of £28,350 and Hillier Hopkins fee of £9,200 for the audit of RAF Museum Enterprises Ltd.

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

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

ACM Sir Andrew Pulford KCB CBE ADC
Chair
on behalf of the Board of Trustees
13 July 2020

Maggie Appleton MBE
Chief Executive Officer and Accounting Officer
Royal Air Force Museum
13 July 2020

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 (NDPB) obliged to comply with HM Treasury financial reporting requirements set out in the Financial Reporting Manual and the guidance contained in Managing Public Money. There is a Financial Framework document in place which defines the arrangements between the Museum and its sponsor branch, the Ministry of Defence, relating to the receipt of grant in aid and the conditions for its expenditure alongside a Partnering Agreement between the Royal Air Force and the Museum. The Partnering Agreement and Financial Framework relevant to the 2019-20 financial year have been in place with effect from 1 April 2017. A scheduled review relevant to the period from 1 April 2020 to 31 March 2023 is currently underway.

The Trustees and the Committee Structure

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

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

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

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

The Board of Trustees Sub-Committees

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

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

The terms of reference of each of these sub-committees have been approved by the Full Board. The table 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 2019-2020:

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

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

The 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 followed up the recommendations and a biennial skills audit is currently underway, now due for completion in 2020-21.

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 over-arching ten year Strategy 2030 and Business Plan 2019-20.

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

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

Personal Data Loss

The Museum has not identified any personal data related incidents during 2019-20 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 RSM Risk Assurance Services LLP (appointed in November 2019), who work to the Public Sector Internal Audit Standards and provide an independent opinion for the financial year 2019-20 on the matters subject to review through the annual internal audit programme. The work programme is signed off by the Trustees' Audit and Risk Committee and the report of the internal auditors is received by that same sub-committee. The tender and appointment of RSM Risk Assurance Services LLP (RSM) was made as a joint initiative with our partner Service Museums – National Army Museum and National Museum of the Royal Navy to foster the sharing of best practice and economies of scale, including a shared thematic review to be agreed upon by all parties.

As part of this plan RSM have carried out several reviews for the RAF Museum this past year, including key financial controls; GDPR – customer and fundraising data; collections management – focussing on preparations for the future planned move of our Stafford collection to our Cosford site; and a follow-up report on identified management actions from 2018-19 audit reviews; plus one shared Service Museums thematic review looking at site security. An additional review was undertaken during this financial year by our previous internal auditors BDO LLP which focussed on cybersecurity and progress achieved from the prior year report.

The internal auditors provide an annual independent opinion, based upon the audit programme, on the overall adequacy and effectiveness of the Museum's framework of governance, risk management and control. The audit opinion takes together the assurance ratings and recommendations of the six individual assignments conducted in 2019-20, management's responsiveness to internal audit recommendations and the direction of travel with regard to internal control, governance and risk management.

Internal Audit's opinion for 2019-20 is that the governance, risk management and control framework provides moderate assurance, and that some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control. The annual internal audit opinion is based upon and limited to the work performed, on the overall adequacy and effectiveness of the organisation's risk management, control and governance processes and should contribute to the organisation's annual governance reporting. It remains management's responsibility to develop and maintain a sound system of risk management, internal control and governance, and for the prevention and detection of material errors, loss or fraud. The work of internal audit should not be a substitute for management responsibility around the design and effective operation of these systems.

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

External Auditors

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

Risk Management

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

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

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

As an NDPB the Museum has a low risk appetite in relation to compliance, regulation and to our key strategic risks. In areas where we aim to be relevant and influential, we are prepared to take calculated risks. Risk appetite has been set by the Trustees and is reviewed annually for appropriateness by the senior leadership team and Audit and Risk Committee. The senior leadership team monitor whether our overall risk profile is commensurate with our risk appetite on an ongoing basis. The key risks identified, and the actions taken to date are set out below.

During the financial year 2019-20 the Audit and Risk Committee trustees and senior leadership team held a strategic risk workshop to focus on current risks to the Museum's activities and which provided assurance that the strategic risks reported were appropriate and adequately mitigated.

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

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

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

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

Assurance Statement by the Audit & Risk Committee

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

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

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

In preparing financial statements giving a true and fair view, the Board of Trustees is required to:

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

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

The Permanent Under-Secretary of the Ministry of Defence has appointed the senior full time official, the Chief Executive Officer, as the Accounting Officer for the Royal Air Force Museum. Her relevant responsibilities as Accounting Officer, including her responsibility for the propriety and regularity of expenditure from grant in aid provided by Parliament and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officer's Memorandum issued by the Treasury and published in *Managing Public Money*.

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

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

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 2019-20. The Museum, under the auto-enrolment scheme (NEST) made employer's contribution to the directors' pension at the rate of 5% of their salary. The directors received no other benefits. Performance bonuses paid to directors are non-contractual. All of the directors have contracts of employment carrying a period of notice of three months.

Single figure of total remuneration	Salary 2019-20 (2018-19) £000	Performance-related pay and bonuses 2019-20 (2018-19) £000	Benefits in kind (to nearest £100) 2019-20 (2018-19) £000	Pension Benefits 2019-20 (2018-19) £000	Total 2019-20 £000	Total 2018-19 £000
Maggie Appleton MBE CEO	105-110 (100-105)	0-5 (0-5)	- (-)	- (-)	105-110	105-110
Marguerite Jenkin Director of Finance and Resources	80-85 (80-85)	0-5 (0-5)	- (-)	- (-)	80-85	80-85
Karen Whitting Director of Content and Programmes	80-85 (80-85)	0-5 (0-5)	- (-)	- (-)	80-85	80-85
Barry Smith Director of Visitor and Commercial Development	85-90 (80-85)	0-5 (0-5)	- (-)	- (-)	85-90	80-85
Pension benefits	Real increase in pension and lump sum at pension age £000	Accrued pension at pension age at 31/03/20 and related lump sum £000	CETV at 31/03/20 £000	CETV at 31/03/19 £000	Real increase in CETV £000	Employer contribution to Nest pension Nearest £100
Maggie Appleton MBE CEO	N/A	N/A	N/A	N/A	N/A	5,300
Marguerite Jenkin Director of Finance and Resources	N/A	N/A	N/A	N/A	N/A	4,200

Karen Whitting Director of Content and Programmes	N/A	N/A	N/A	N/A	N/A	4,100
Barry Smith Director of Visitor and Commercial Development	N/A	N/A	N/A	N/A	N/A	4,300

The remuneration ratio in the Museum is 4.29 (2019: 4.53) - this represents the banded mid-point pay of the highest paid director as a multiple of the median pay award (the median salary is £25,032 (2019: £23,712)). 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 eleven members at 31 March 2020, including one co-opted trustee, none of whom were full time employees of the Museum and they were reimbursed with £2,408 in expenses (2019: £3,968). Four Trustees claimed expenses (2019: four).

Sickness absence

The Royal Air Force Museum employed 187 (2019: 191) members of staff as at 31 March 2020. In addition, the trading subsidiary employed 44 (2019: 37) members of staff at 31 March 2020. Periods of sickness absence are recorded in full days. The average number of days of sickness absence was 4.41 days per person (2019: 2.94). Long term absences have been excluded. This paragraph is not subject to audit.

Pension Costs and Benefits

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

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

For 2019-20 employer's contributions of £109,417 were payable (2019: £85,640) through the PCSPS. The applicable rates for the PCSPS are shown below:

Gross Salary	Rate %
75,001 and over	30.3
45,001 – 75,000	27.9
22,001 – 45,000	27.1
Up to 22,000	26.6

The contribution rates reflect benefits as they are accrued, not when costs are actually incurred, and reflect past experience of the scheme. Pension benefits are provided through the Civil Service pension arrangements in place prior to 30 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.

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)

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	- (2)	- (-)	- (2)
£10,000–£25,000	2 (-)	- (-)	2 (-)
£25,000–£50,000	- (-)	- (1)	- (1)
£50,000–£75,000	- (-)	- (-)	- (-)
Total number of exit packages	2 (2)	- (1)	2 (3)
Total resource cost/ £	21,516 (5,611)	- (48,042)	21,516 (53,653)

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

	Full-time equivalent	
	2019-20	2018-19
Number of employees who were relevant union officials during the relevant period		
2	1.8	1.2

Table 2

	Number of employees	
	2019-20	2018-19
Percentage of time		
0	–	–
1-50%	3	2
51%-99%	–	–
100%	–	–

Table 3

	Figures	
	2019-20	2018-19
Total cost of facility time	£478	£1,203
Total pay bill	£5,608,000	£5,305,000
Percentage of the total pay bill spent on facility time	0%	0%

Table 4

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

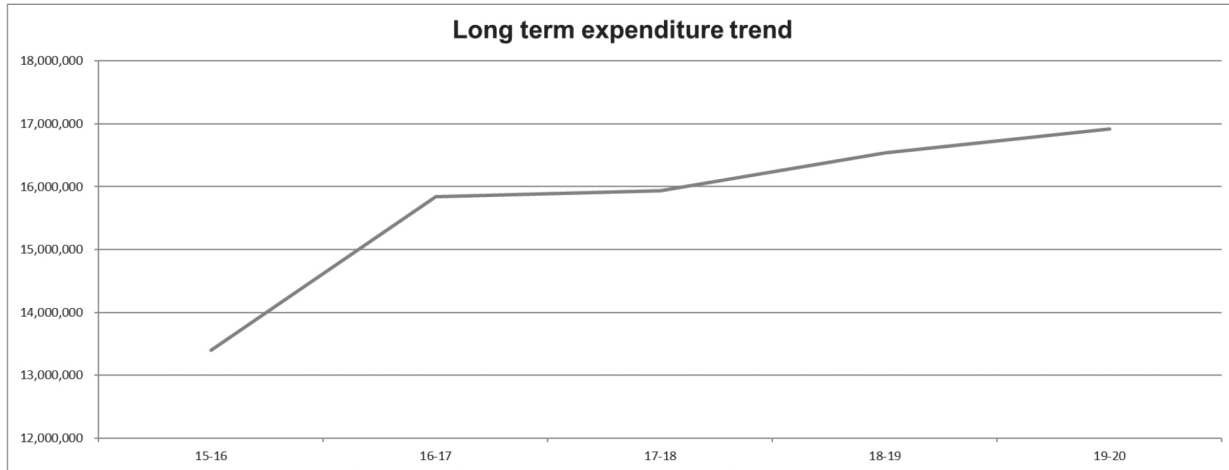
Volunteers

The support of our volunteers is vital to our Museum activities, with a diverse range of people generously giving their time to work with alongside our paid staff team in a wide variety of areas, from front-of-house roles interacting with our visitors, to behind-the-scenes work caring for our collection in person or researching funding opportunities online. They contribute their skills, time and enthusiasm, connect with a diverse range of people as part of the RAF Museum family, and help us create meaningful experiences for them as individuals and for our audiences at our London or Cosford sites, or remotely by supporting projects such as RAF Stories. During 2019-20, over 400 individuals worked with the Museum in volunteer roles contributing a total of 23,352 hours (2019: 17,771) an increase of over a third on prior year.

Parliamentary accountability and audit report

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

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



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

ACM Sir Andrew Pulford KCB CBE ADC
Chair
on behalf of the Board of Trustees

13 July 2020

Maggie Appleton MBE
Chief Executive Officer and Accounting Officer
Royal Air Force Museum

13 July 2020

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 2020 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, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as adopted by the European Union. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of Royal Air Force Museum's affairs as at 31 March 2020 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 Charities Act 2011 and Secretary of State directions issued thereunder.

Opinion on regularity

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

Basis 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 and group 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.

Conclusions relating to going concern

I have nothing to report in respect of the following matters in relation to which the ISAs (UK) require me to report to you where:

- the Royal Air Force Museum's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Royal Air Force Museum have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Royal Air Force Museum's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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 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 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.
- 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.
- Conclude on the appropriateness of the Royal Air Force Museum'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 ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my 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 report. However, future events or conditions may cause the group to cease to continue as a going concern.

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, but does not include 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 parts of the Remuneration Report and Staff Report and Parliamentary accountability and audit report to be audited have been properly prepared in accordance with Secretary of State directions made under the Charities Act 2011;
- 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 I 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 parts 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.

Gareth Davis
Comptroller and Auditor General

17 July 2020

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

Consolidated Statement of Financial Activities for the year ended 31 March 2020

Income from	Notes	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
		Funds	Funds	Funds	Funds	Funds	Funds
		2020	2020	2020	restated	2019	restated
		£000	£000	£000	£000	£000	£000
Donations and legacies							
Grant in aid		9,520	-	9,520	9,273	-	9,273
Grants and donations	3	513	1,643	2,156	281	3,618	3,899
Charitable activities		139	-	139	102	-	102
Other trading activities							
Trading income	4b	3,279	-	3,279	3,418	117	3,535
Fundraising events		155	-	155	138	10	148
Sponsorships		-	386	386	-	410	410
Share of RAF100 Appeal gain	4b	-	-	-	-	83	83
Investments		10	25	35	9	18	27
Other		17	1	18	85	-	85
Total income		13,633	2,055	15,688	13,306	4,256	17,562
Expenditure on							
Raising funds							
Fundraising	5	566	-	566	867	-	867
Trading	4b	2,696	-	2,696	2,796	-	2,796
Charitable activities	5	13,070	529	13,599	11,214	1,658	12,872
Other	5	-	-	-	-	-	-
Share of RAF100 Appeal deficit	4b	-	63	63	-	-	-
Total expenditure		16,332	592	16,924	14,877	1,658	16,535
Net gains/(losses) on investments		-	-	-	-	-	-
Net income (expenditure)		(2,699)	1,463	(1,236)	(1,571)	2,598	1,027
Transfers between funds	15	1,893	(1,893)	-	5,938	(5,938)	-
Other recognised gains and losses							
Gains/(losses) on revaluation of fixed assets	7a	1,137	-	1,137	1,239	-	1,239
Net movement in funds		331	(430)	(99)	5,606	(3,340)	2,266
Reconciliation of funds							
Total funds brought forward at 1 April 2019		113,217	7,938	121,155	107,611	11,278	118,889
Total funds carried forward at 31 March 2020		113,548	7,508	121,056	113,217	7,938	121,155

All of the Group's activities are classed as continuing. All recognised gains and losses are included above. The prior year restatement reflects the merger accounting treatment for car parking revenue which has transferred from the Museum to the trading subsidiary from 1 April 2019, in accordance with FRS 102.

The notes on pages 35 to 55 form part of these financial statements..

Consolidated and Charity Balance Sheet as at 31 March 2020

	Notes	Group 2020 £000	Group 2019 £000	Charity 2020 £000	Charity 2019 £000
Fixed assets					
Tangible assets	7a	92,452	92,843	92,452	92,843
Heritage Assets	7b	21,785	21,625	21,785	21,625
Investments	4a	–	–	100	100
Investment in RAF100 Appeal	4b	115	678	115	678
Total Fixed Assets		<u>114,352</u>	<u>115,146</u>	<u>114,452</u>	<u>115,246</u>
Current assets					
Stock	8	228	212	–	–
Debtors	9	730	1,081	1,169	1,768
Investments	10	2	2	2	2
Cash at bank and in hand	11	7,904	7,212	7,743	6,357
Total Current Assets		<u>8,864</u>	<u>8,507</u>	<u>8,914</u>	<u>8,127</u>
Liabilities					
Creditors: Amounts falling due within one year	12	1,775	2,013	1,925	1,733
Net Current Assets		<u>7,089</u>	<u>6,494</u>	<u>6,989</u>	<u>6,394</u>
Creditors: Amounts falling due after more than one year	12	385	485	385	485
Net Assets/Liabilities		<u>121,056</u>	<u>121,155</u>	<u>121,056</u>	<u>121,155</u>
The funds of the charity					
Unrestricted funds	15	113,548	113,217	113,478	113,147
Restricted funds	15	7,508	7,938	7,578	8,008
		<u>121,056</u>	<u>121,155</u>	<u>121,056</u>	<u>121,155</u>

The notes on pages 35 to 55 form part of these financial statements.

Approved by the Board of Trustees 13 July 2020 and signed on its behalf by:

Air Chief Marshal Sir Andrew Pulford KCB CBE ADC
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 2020

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

	Notes	2020 £000	2019 £000
Net Incoming Resources		(1,236)	1,027
Interest receivable		(35)	(27)
Depreciation of tangible assets	7a	3,328	3,025
Donated Assets		-	(538)
(Gain)/Loss on investment in Joint Venture	4b, 15	63	(83)
(Increase) / decrease in stocks	8	(16)	(49)
(Increase) / decrease in debtors	9	351	856
(Decrease) / increase in creditors	12	(338)	(2,523)
Net cash provided by operating activities		2,117	1,688
Cash flows from investing activities			
Bank interest received		35	27
Distribution received from Joint Venture	4b	500	-
Purchase of tangible fixed assets	7a	(1,960)	(3,582)
Net cash used in investing activities		(1,425)	(3,555)
Change in cash and cash equivalents		692	(1,867)
Cash and cash equivalents at 1 April 2019		7,212	9,079
Cash and cash equivalents at 31 March 2020		7,904	7,212

The notes on pages 35 to 55 form part of these financial statements.

Notes to the Financial Statements for the year ended 31 March 2020

1 Accounting Policies

Basis of Accounting

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

The financial statements comply with the Statement of Recommended Practice: Accounting and Reporting by Charities SORP 2019 (FRS 102) and with the Accounts Direction issued by HM Treasury (pages 32 to 34).

Basis of consolidation

Consolidated financial statements have been prepared for the year ended 31 March 2020 in respect of the charity and its wholly owned subsidiaries, Royal Air Force Museum Enterprises Ltd and The Royal Air Force Museum Investments Limited, using the acquisition method of accounting. Intra group transactions and profits are eliminated fully on consolidation. On the 1 April 2019, the Museum transferred the function of its car parking revenue to its trading subsidiary. In accordance with section 27 of IFRS 102 this has been accounted for using merger accounting rules, which involves aggregating the assets, liabilities and funds of the combining charities and presenting them as though they had always been part of the same reporting charity.

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

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

Going concern

The Trustees have presented the accounts on a going concern basis. This assumes that the Museum is able to meet its liabilities as they fall due for the foreseeable future and that current and future funding will be adequate for the charity's needs. We have considered a period of twelve months from the date of approval of the financial statements in accordance with accounting conventions. In coming to their conclusion the Trustees have considered monthly forecast levels of income and expenditure and underlying assumptions, including the impact of the COVID-19 pandemic. The over-riding assumption is that the funding from the Ministry of Defence continues at a similar level for the foreseeable future. Having carefully considered the forecasts and assumptions the Trustees are content to present the accounts on a going concern basis.

Income

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

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

Expenditure

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

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

Termination payments

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

Fund accounting

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

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

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

Tangible fixed assets

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

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

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

Impairment

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

If any indication of impairment exists, the Museum shall estimate the recoverable amount of the asset, determined as the higher of its fair value less costs to sell the asset and its value in use. The method of estimation used shall be that deemed most suitable for the type of asset.

Where there is objective evidence that an impairment loss exists, an impairment charge will be made to the Revaluation Reserve to reduce the carrying value of the asset to the estimated recoverable amount. Where there are no historical revaluations in a revaluation reserve impairment losses are charged through the Statement of Financial Activities.

Exhibition costs

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

Heritage assets

The Museum has 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: <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. The distribution received from RAFM's partnership in the RAF100 joint venture has been accounted for using the equity method in accordance with FRS 102.

Leased assets and obligations

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

Stock

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

Financial instruments

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

Pensions

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

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

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 31st March 2020 was £nil (2019: £nil).

3 Grants and donations

	Unrestricted Funds 2020 £000	Restricted Funds 2020 £000	Total Funds 2020 £000	Unrestricted Funds 2019 £000	Restricted Funds 2019 £000	Total Funds 2019 £000
Donated Heritage Assets	-	-	-	-	490	490
NLHF for First World War in the Air	-	74	74	-	45	45
NLHF for Centenary Programme	-	742	742	-	3,022	3,022
Other Donations for Centenary Programme	-	60	60	-	1	1
Donations to Cosford Master Plan	-	183	183	-	-	-
Cosford Air Show Donation	-	23	23	-	-	-
Bomber Command Association	-	250	250	-	-	-
STAAR Programme	-	145	145	-	-	-
Gifts in Kind	-	-	-	47	-	47
RAFMAF Learning Fund	-	45	45	-	35	35
Legacies	399	-	399	-	-	-
Other	114	121	235	234	25	259
	<u>513</u>	<u>1,643</u>	<u>2,156</u>	<u>281</u>	<u>3,618</u>	<u>3,899</u>

4a Investment in subsidiary undertakings and joint ventures

Of the investment of £100,002 (2019: £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, car parking and other trading activities at Hendon and Cosford. The company's aggregate capital and reserves were as follows:

	2020	2019
	£000	£000
The assets and liabilities of the subsidiary were:		
Current assets	972	1,574
Creditors: amounts falling due within one year	(872)	(1,474)
	100	100
	2020	2019
	£000	£000
At 1 April, 2019	100	100
Profit/(Loss) retained in subsidiary	-	-
At 31 March, 2020	100	100

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

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

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

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

4b Income from subsidiaries and joint ventures

RAF100 Appeal	Total		RAF Museum share	
	2020	2019	2020	2019
	£000	£000	£000	£000
Income				
Donations	36	655	7	131
Sponsorship	–	59	–	12
Publications	1	4	0	1
Interest	–	–	–	–
Other	9	459	2	91
Total	46	1,177	9	235
Expenditure				
Raising Funds	1	611	0	122
Charitable activities	359	151	72	30
Total	360	762	72	152
Net income/(expenditure)	(314)	415	(63)	83

As at 31 March 2020, the Museum's share of the RAF100 Appeal's net assets was £115,000 (2019: £678,000). The reduction in investment value comprises the Museum's 20% share of the £2.5 million distribution to the joint venture partners and the £63,000 trading deficit.

The Museum owed the joint venture £nil as at 31 March 2020 (2019: £216,000) and the joint venture had not entered into any capital commitments as at 31 March 2020 (2019: £nil).

Royal Air Force Museum Enterprises Limited	2020	2019
	£000	£000
Turnover	3,279	3,535
Cost of sales, administrative expenses and taxation.	(2,696)	(2,796)
	583	739
Interest receivable	2	1
Net Profit/(Loss)	585	740
Gift Aid to RAF Museum	(585)	(359)
Adjustment for prior year parking revenue		(381)
Surplus (Deficit) in subsidiary	–	–

On the 1 April 2019, the Museum transferred the function of its car parking revenue to its trading subsidiary. In accordance with FRS 102 this has been accounted for using merger accounting rules, which involves aggregating the assets, liabilities and funds of the combining charities and presenting them as though they had always been part of the same reporting charity. The restatement reflects the merger accounting treatment as though car parking revenue has always been part of the trading subsidiary, with the trading subsidiary recognising £381k of car parking revenue which was previously recorded in the Museums accounts. This is an accounting principle and does not impact the gift aid recorded in the prior year.

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

	Fundraising	Trading	Charitable Activities	Other	Total 2020	Allocation method
	£000	£000	£000	£000	£000	
Finance	11	–	186	–	197	Expenditure
IT	19	–	599	–	618	Number of staff
HR	9	–	292	–	301	Number of staff
Estates	0	–	174	–	174	Floor space
Administration	31	–	536	–	567	Expenditure
Governance	–	–	593	–	593	Expenditure
	70	–	2,380	–	2,450	

The National Audit Office audit fee of £28,350 (2019: £25,000) is included within governance costs.

Prior year analysis	Direct costs	Support costs	Depreciation	Total 2019
	£000	£000	£000	£000
Fundraising	776	89	2	867
Trading	2,796	–	–	2,796
Charitable activities	8,529	1,348	2,995	12,872
Other	–	–	–	–
	12,101	1,437	2,997	16,535

	Fundraising	Trading	Charitable Activities	Other	Total 2019	Allocation method
	£000	£000	£000	£000	£000	
Finance	13	–	142	–	155	Expenditure
IT	14	–	355	–	369	Number of staff
HR	4	–	101	–	105	Number of staff
Estates	–	–	109	–	109	Floor space
Administration	25	–	280	–	305	Expenditure
Governance	33	–	361	–	394	Expenditure
	89	–	1,348	–	1,437	

6 Staff costs and numbers

	2020	2019
	£000	£000
Salaries and wages	4,789	4,579
Temporary agency staff	66	22
Social security costs	478	441
Pension costs	275	263
	<u>5,608</u>	<u>5,305</u>

The above costs exclude the trading subsidiary.

The average number of employees in the Museum during the year was 195 (2019: 191). FTE equivalent was 177 (2019: 174).

Employees whose emoluments amounted to over £60,000.

	2020	2019
70,001 - 80,000	–	3
£80,001 - £90,000	3	–
100,001 - 110,000	1	1

7a Tangible fixed assets – group and charity

	Freehold property	Leasehold Property Improvements	Permanent Exhibitions	Fixtures, Fittings & Equipment	Plant, Machinery & Vehicles	Assets under Construction	Heritage Assets	Total
	£000	£000	£000	£000	£000	£000	£000	£000
Cost or valuation								
At 1 April 2019	72,870	16,373	4,816	3,177	674	141	21,625	119,676
Additions	1,003	110	51	487	10	139	160	1,960
Transfers	90	51	–	–	–	(141)	–	–
Disposals	–	–	–	–	–	–	–	–
Revaluations	916	169	72	19	3	–	–	1,179
At 31 March 2020	74,879	16,703	4,939	3,683	687	139	21,785	122,815
Depreciation								
At 1 April 2019	1,433	792	941	1,534	508	–	–	5,208
Charged in the year	1,478	807	526	482	35	–	–	3,328
Disposals	–	–	–	–	–	–	–	–
Revaluations	14	8	15	4	1	–	–	42
At 31 March 2020	2,925	1,607	1,482	2,020	544	–	–	8,578
Net Book Value								
At 31 March 2020	71,954	15,096	3,457	1,663	143	139	21,785	114,237
At 1 April 2019	71,437	15,581	3,875	1,643	166	141	21,625	114,468

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

The freehold and leasehold properties comprising the RAF Museum Estate were valued as at 31 March 2018 by an external valuer, Gerald Eve LLP, a regulated firm of Chartered Surveyors. The valuation was prepared in accordance with the requirements of the RICS Valuation – Global Standard 2017 and the national standards and guidance set out in RICS Valuation – Professional Standards UK January 2014 (revised 2015), and Financial Reporting Standard (FRS) 102. The valuation of the non-specialised properties was undertaken on a Fair Value basis, on the assumption of continuation of the existing use. Specialised properties were valued by reference to Depreciated Replacement Cost (DRC). The principal land and building assets at both sites are recognised as specialised properties of a construction and use for which there is no identifiable market. These are defined in the standards as “A property that is rarely, if ever, sold in the market, except by way of a sale of the business or entity of which it is part, due to the uniqueness arising from its specialised nature and design, its configuration, size, location or otherwise.” Tangible fixed assets are revalued using annual indices provided by the Ministry of Defence to comply with Modified Historic Cost Accounting (MHCA) legislation per HM Treasury guidelines. The year-end indices reflect the movements between Defence Economics’ 2019-20 forecast price indices in their March 2019 report and their revised actual price indices in their March 2020 report. Indices for estate assets are provided by the Valuation Office Agency and the relevant UK Industrial & Warehouse Land index applied to the Museum’s land valuation.

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

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 2020 the book value comprised:

	2020	2019
	£000	£000
Heritage Assets recorded at Cost	2,683	2,523
Heritage Assets recorded at Valuation	19,102	19,102
Total book value of Heritage Assets	<u>21,785</u>	<u>21,625</u>

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

	2020	2019
	£000	£000
Aircraft and Aircraft Parts	17,777	17,777
Medals and Commemorative items	1,549	1,549
Artwork	1,027	1,027
Archives	889	729
Vehicles and Marine Craft	319	319
Models	84	84
Other	140	140
Total	<u>21,785</u>	<u>21,625</u>

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

Year ended	31.03.2016	31.03.2017	31.03.2018	31.03.2019	31.03.2020
	£000	£000	£000	£000	£000
Book Value Brought Forward	21,061	21,202	21,156	21,125	21,625
Add Acquisitions					
Purchased at cost	205	–	8	10	160
Donated at valuation	8	25	46	490	–
Total Acquisitions	213	25	54	500	160
Revaluations	–	–	–	–	–
Disposals	(72)	(71)	(85)	–	–
Book Value Carried Forward	<u>21,202</u>	<u>21,156</u>	<u>21,125</u>	<u>21,625</u>	<u>21,785</u>

8 Stock

	Group		Charity	
	2020	2019	2020	2019
	£000	£000	£000	£000
Goods for resale	228	212	-	-

9 Debtors

	Group		Charity	
	2020	2019	2020	2019
	£000	£000	£000	£000
Trade debtors	260	302	167	206
Amounts due from subsidiary undertaking	-	-	-	800
Other debtors	84	449	90	163
Prepayments and accrued income	386	330	327	240
Gift Aid from the subsidiary	-	-	585	359
	<u>730</u>	<u>1,081</u>	<u>1,169</u>	<u>1,768</u>

10 Investments – group and charity

	2020	2019
	£000	£000
Quoted investments:		
Market value on 1 April 2019	2	2
Additions		
Disposals	-	-
Realised gain on disposal	-	-
Unrealised investment (losses)/gains	-	-
Market value at 31 March 2020	<u>2</u>	<u>2</u>
Historical cost at 31 March 2020	<u>2</u>	<u>2</u>

11 Cash at bank and in hand

	Group		Charity	
	2020	2019	2020	2019
	£000	£000	£000	£000
Commercial bank accounts	7,891	7,197	7,739	6,351
Cash in hand	13	15	4	6
	<u>7,904</u>	<u>7,212</u>	<u>7,743</u>	<u>6,357</u>

12 Creditors

	Group		Charity	
	2020	2019	2020	2019
	£000	£000	£000	£000
Amounts falling due within one year				
Trade creditors	779	1,066	710	969
Taxation and social security	121	117	110	106
Amounts due to subsidiary undertaking	-	-	405	-
Other creditors	31	21	27	19
Accruals and deferred income	844	809	673	639
	<u>1,775</u>	<u>2,013</u>	<u>1,925</u>	<u>1,733</u>
Amounts falling after more than one year				
Accruals and deferred income	385	485	385	485
	<u>385</u>	<u>485</u>	<u>385</u>	<u>485</u>

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

	2020	2019
	£000	£000
(Decrease)/increase in cash in period	692	(1,867)
Cash inflow from investment dividends	-	-
Change in net funds resulting from cash flow	<u>692</u>	<u>(1,867)</u>
Change in market value of liquid resources(Realised Profit)	<u>-</u>	<u>-</u>
Net funds at 1 April 2019	7,212	9,079
Net funds at 31 March 2020	<u>7,904</u>	<u>7,212</u>

14 Analysis of group net funds

	1 April 2019	Cash flow	31 March 2020
	£000	£000	£000
Cash at bank and in hand (See note 11)	7,212	692	7,904
Current asset investments	2	-	2
	<u>7,214</u>	<u>692</u>	<u>7,906</u>

15 Statement of group funds

	Unrestricted funds	Restricted funds	Total funds 2020	Unrestricted funds	Restricted funds	Total funds 2019
	£000	£000	£000	£000	£000	£000
Analysis of group net assets between funds						
Tangible fixed assets	108,714	5,523	114,237	108,804	5,664	114,468
Investments in joint ventures	-	115	115	-	678	678
Cash at bank and in hand	5,919	1,985	7,904	4,940	2,272	7,212
Other net current assets	(1,085)	270	(815)	(527)	(191)	(718)
Net non current assets	-	(385)	(385)	-	(485)	(485)
Total assets less liabilities	113,548	7,508	121,056	113,217	7,938	121,155
Net assets	113,548	7,508	121,056	113,217	7,938	121,155

Analysis of funds

	2019	Income	Expenditure	Revaluation	Transfers	2020
	£000	£000	£000	£000	£000	£000
Restricted funds						
Fixed assets	5,664	-	-	-	(141)	5,523
RAF Centenary Programme	995	1,213	(198)	-	(1,191)	819
RAF100 Appeal	678	-	(63)	-	(500)	115
Cosford Master Plan	271	239	(87)	-	6	429
Watchtower	166	-	(43)	-	(1)	122
First World War in the Air	-	74	(14)	-	(60)	-
STAAR	94	145	(130)	-	-	109
Jewish Hidden Heroes	-	75	(13)	-	-	62
Bomber Command Association	-	250	-	-	-	250
RAFMAF Learning Fund	35	45	(26)	-	-	54
Other	35	14	(18)	-	(6)	25
Total Restricted Funds	<u>7,938</u>	<u>2,055</u>	<u>(592)</u>	<u>-</u>	<u>(1,893)</u>	<u>7,508</u>
	2019	Income	Expenditure	Revaluation	Transfers	2020
	£000	£000	£000	£000	£000	£000
Unrestricted funds						
Fixed assets	63,125	-	(3,328)	-	2,101	61,898
Revaluation reserve	45,678	-	-	1,137	-	46,815
General	1,993	13,633	(13,004)	-	(831)	1,791
Designated funds						
Strategy to 2030 Fund	2,421	-	-	-	623	3,044
Total Unrestricted Funds	<u>113,217</u>	<u>13,633</u>	<u>(16,332)</u>	<u>1,137</u>	<u>1,893</u>	<u>113,548</u>
Total Funds	<u>121,155</u>	<u>15,688</u>	<u>(16,924)</u>	<u>1,137</u>	<u>-</u>	<u>121,056</u>

Restricted funds

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

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

Watchtower - funds from St George Property Developers to cover the running costs of the Grahame White 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 Master Plan - All donations and grants received to support the programme of activities and capital works at the Cosford site have been grouped together as a single fund supporting the Cosford Master Plan. This includes the following funds disclosed separately in prior year based on funding source rather than programme of activity - Cosford Air Show, Cosford Large Model Aircraft Association and Cosford Sprinklers funds. The prior year has been restated to show the funds grouped under the Cosford Master Plan fund for comparative purposes.

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

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

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

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

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

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

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

Unrestricted funds

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

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

Unrestricted designated funds

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

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

Transfers

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

16 Commitments

	Group and charity	
	2020	2019
Operating lease commitments due:	£000	£000
Plant and machinery:		
within one year	45	5
in the second to fifth years	65	2
Land and Buildings:		
within one year	530	530
in the second to fifth years	2,120	2,120
after five years	5,017	5,547
	<u>7,777</u>	<u>8,204</u>

The Museum paid £561,000 under operating lease arrangements in the year to 31 March 2020 (2019: £551,000).

Capital Commitments

As at 31 March 2020, the Museum had capital contracts in place totalling £nil (2019 £516,000).

All prior year contracts related to either the RAF Centenary Programme or related additional projects to support the Strategy to 2030.

17 Related parties

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

Royal Air Force Museum Enterprises Ltd

The relationship of the Museum to the company is disclosed in Note 4, and the balance of £405k due to the company at the year end is disclosed in Note 12.

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 RAF100. During the year the joint venture distributed £2.5 million to its partners, of which the Museum received £500,000. The Museum owed the joint venture £nil as at 31 March 2020 (2019: £21,000) 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 £nil (2019: £18,000) 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 18.

18 Contingent liabilities

There were no contingent liabilities as at 31st March 2020 (2019: Nil)

19 Post balance sheet events

The Museum reopened both its public sites to visitors on 6 July 2020, further to closure due to the COVID-19 pandemic.

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

There were no other post balance sheet events.

20 Single entity statement of financial activities for the year ended 31 March 2020

	Unrestricted Funds 2020 £000	Restricted Funds 2020 £000	Total Funds 2020 £000	Unrestricted Funds 2019 restated £000	Restricted Funds 2019 £000	Total Funds 2019 restated £000
Income from						
Donations and legacies						
Grant in aid	9,520	-	9,520	9,273	-	9,273
Grants and donations	1,098	1,643	2,741	989	3,650	4,639
Charitable activities	139	-	139	102	-	102
Other trading activities						
Fundraising events	155	-	155	138	10	148
Sponsorships	-	386	386	-	410	410
Share of RAF100 Appeal gain	-	-	-	-	83	83
Investments	10	25	35	9	18	27
Other	496	1	497	565	-	565
Total income	11,418	2,055	13,473	11,076	4,171	15,247
Expenditure on						
Raising funds						
Fundraising	573	-	573	888	-	888
Charitable activities	13,544	529	14,073	11,674	1,658	13,332
Other	-	-	-	-	-	-
Share of RAF100 Appeal deficit	-	63	63	-	-	-
Total expenditure	14,117	592	14,709	12,562	1,658	14,220
Net gains/(losses) on investments	-	-	-	-	-	-
Net income/(expenditure)	(2,699)	1,463	(1,236)	(1,486)	2,513	1,027
Transfers between funds	1,893	(1,893)	-	5,938	(5,938)	-
Other recognised gains and losses						
Gains/(losses) on revaluation of fixed assets	1,137	-	1,137	1,239	-	1,239
Net movement in funds	331	(430)	(99)	5,691	(3,425)	2,266
Reconciliation of funds						
Total funds brought forward at 1 April 2019	113,147	8,008	121,155	107,456	11,433	118,889
Total funds carried forward at 31 March 2020	113,478	7,578	121,056	113,147	8,008	121,155

All of the Museum's activities are classed as continuing. All recognised gains and losses are included above. The prior year restatement reflects the merger accounting treatment for car parking revenue which has transferred from the Museum to the trading subsidiary from 1 April 2019, in accordance with FRS 102.

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