



The Gurkha Museum Trust

**Annual Report and Financial Statement
for the Year Ending 31 December 2019**

Charity Number 1169920

THE GURKHA MUSEUM TRUST – CHAIRMAN’S STATEMENT 2019

I am pleased to introduce the Annual Report of the Gurkha Museum for 2019. The 12 months since the Museum’s last report has been a period of two very distinct parts, and what we took for as normal changed dramatically in the first quarter of 2020 as the consequences of the Coronavirus health crisis began to emerge.

The Museum was successful in the financial year to 31st December 2019 in laying the platform for its exciting plans for a major redevelopment. This plan is intended to bring the Museum up to the latest standards of interpretation, give greater prominence to the achievements and successes of the Gurkhas in the British Army in more recent decades, and to make a step change in its capacity to engage with British society in all its diversity and locations, beyond the walls of the Museum itself. This necessitated investment in important new roles in the Museum’s workforce and the engagement of consultants to advise on a major fund-raising campaign. Despite the current uncertainties, our intention remains to launch this campaign once the impact of the health crisis abates.

These investments necessarily increased the operating deficit from £11,000 to £70,000. However, the increased operating deficit was fully budgeted and more than covered by the net gain on investments of £160,601.

The Trustees have forecast that the Museum will run an operating deficit, before investment performance, for several years before the rewards of the fund-raising campaign bear fruit. Consequently, they have designated a portion of the Museum’s investments to provide income to fund those deficits together with additional one-off forecast costs associated with the fund-raising campaign.

The Trustees have responded to the Coronavirus crisis through the application of four principles: i) keeping our people safe; ii) doing the right thing by our visitors and wider society; iii) communicating regularly with key stakeholders; and iv) securing the financial health of the Museum. The Museum’s leadership put in place a very rapid response plan and the Museum closed to visitors on 23rd March 2020. The Trustees went into the crisis having maintained free reserves that could adequately allow the Museum to continue to operate for at least a year without income in order for it to withstand a major catastrophic event such as the Coronavirus pandemic. I remain confident therefore that the Museum is well-placed to not only survive these exceptional times but, with the committed contribution of so many stakeholders, namely our Volunteers, Friends, Donors, the wider Brigade of Gurkhas family and the Heritage Branch of the Army, together with our flexible and energetic workforce, we will be able to resume our ambitious development programme once the current restrictions have been lifted. I thank them all for their support and achievements.

The story of the Gurkha Heritage and its service to the United Kingdom for over 200 years is one that is both unique and inspiring. I am therefore proud and excited to be leading the Museum through the next stage of its development, which will enable it to more effectively deliver this story to an increasingly diverse audience in the most modern, effective and efficient manner.

Martin Brooks

THE GURKHA MUSEUM TRUST

REPORT OF THE TRUSTEES FOR THE YEAR END 31 DECEMBER 2019

The Trustees are pleased to present their annual report together with the financial statements of the charity for the year ended 31 December 2019. They have adopted the provisions of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015).

REFERENCE AND ADMINISTRATIVE DETAILS

Charity Name

The Gurkha Museum Trust

Registered Charity Number

1169920

Registered Office

The Gurkha Museum
Peninsula Barracks
Romsey Road
Winchester
Hampshire
SO23 8TS

Vice Patrons

Field Marshal The Lord Bramall of Bushfield KG GCB OBE MC JP (died 12 Nov 2019)
Field Marshal Sir John Chapple GCB CBE DL
Lieutenant General Sir Nicholas Pope KCB CBE
Colonel D.R. Wood MBE

Chairman of the Trustees

Mr M.R. Brooks MA

Elected Trustees

Brigadier J.A. Anderson OBE (up to 11 December 2019)
Colonel C.M.J. Barnett MBE
Lieutenant General Sir David Bill KCB (from 7 May 2019)
Mr J.W. Bulbeck MSCI
Major J.R. Harrop (from 7 May 2019)
Mr J.R. Knox MA (up to 11 December 2019)
Mr S. Maslin FCA
Mrs S. Rai (from 7 May 2019)
Colonel W.F. Shuttlewood OBE

Ex-Officio Trustees

Colonel J.G. Robinson CBE, Colonel Brigade of Gurkhas (up to 17 September 2019)

Colonel J. Davies MBE, Colonel Brigade of Gurkhas (from 17 September 2019)

Major Chandrabahadur Pun, OC Gurkha Coy (up to 21 March 2019)

Major Gajendra Angdembe, OC Gurkha Coy (from 21 March 2019)

Accountants

Winchester Bourne Ltd

Sullivan Court

Wessex Park

Colden Common

Winchester

SO21 1WP

Legal Advisor

Mr A.J. Lutley

Springfield

Rookery Hill

Ashtead Park

Ashtead

KT21 1HY

Independent Examiner

Mr P.E.H Wright FCA DChA

Sheen Stickland

Chartered Accountants

7 East Pallant

Chichester

West Sussex

PO19 1TR

Investment Managers

BlackRock Investment Management (UK) Ltd

12 Throgmorton Avenue

London

EC2N 2DL

Secretary/Museum Director

Mr G.J. Edgerley-Harris

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Documents

The Board of Trustees operate under a Constitution dated 14 October 2016, as amended by a Resolution dated 26 October 2016, both registered at the Charity Commission under Registered Number 1169920.

Appointments

Office holders, elected Trustees, and ex-officio Trustees are appointed in accordance with the Constitution. The ex-officio Trustees represent all ranks of the serving Brigade of Gurkhas.

Induction and Training

Newly elected Trustees will be briefed by the Chairman on all matters relating to the Trust and will receive further insight into the day-to-day workings of the Museum by the Museum Director. They will receive copies of the Constitution, the latest sets of Minutes, Annual Report and Financial Statements, Charity Commission guidance on Trustee responsibilities, and other documents as deemed appropriate. External training is also offered and undertaken by Trustees from time to time.

Organisational Structure

The Trust is a Charitable Incorporated Organisation run by the Board of Trustees and managed day-to-day by the Museum Director with the support of the Assistant Director and Head of Fundraising and Marketing. The Senior Management Team is further aided by work of the Fundraising Coordinator, Collections Officer, Admin Assistant and four Museum Assistants, three of whom are ex-Gurkhas.

The Board, in turn, is supported by three Committees dedicated to Governance, Investments, and Risk & Audit. These Committees are made up of selected Trustees and advisors working to Terms of Reference which are regularly reviewed and enable the Board to give due attention to matters that require consideration. In addition, there is also a Collections Advisory Group, which includes the Museum Mentor and specialist advisers as appropriate, and provides expert advice relating to the Museum collections. In May 2019, the creation of two further working groups were agreed; the Fundraising Working Group and Museum Development Project Working Group, which would be populated in 2020.

The Board of Trustees meets at least three times a year at which they review proposals presented to them by the Committees and steer the management of the Museum. One of three annual Board meetings focuses on the long-term strategic direction of the Museum.

Accreditation

The Museum is part-funded by the Ministry of Defence (Army) through an annual grant-in-aid of £37,264, and must therefore meet certain expectations placed upon it

by the Army including the Museum's continued adherence to the Army's heritage strategy and the requirement to remain fully Accredited by the Arts Council in England. The Museum was first awarded Accreditation by Arts Council England in 2011 and has been successful in its subsequent renewal in 2015 (registration no 1775). The next invitation to submit for renewal is expected in the first half of 2021.

OBJECTIVES AND ACTIVITIES

Objects for Public Benefit

The objects of The Gurkha Museum Trust are stated in the Constitution; "To advance education in particular but not exclusively by the provision of The Gurkha Museum and the preservation and maintenance of the Brigade collection; and to propose the efficiency of the Armed Forces by upholding the traditions and ethos of the Brigade of Gurkhas and perpetuating its deeds."

Aims and Objectives

- Maintain, for posterity, collections and artefacts associated with Britain's Gurkhas and actively provide open public access, and academic research facilities, to promote military scholarships and public education and understanding.
- Encourage visitors of all ages, genders and ethnic identities to visit, or otherwise engage with, the Museum to learn about and enjoy the unique history of Britain's Gurkhas, and to promote and educate the public in the history of Gurkhas and their culture in Nepal.
- Engage with local communities, schools, special interest and disability groups and Nepalese community groups in providing a source of education, information and understanding of the history, culture and religion of Gurkhas and their role in the modern British Army.
- Build partnerships and networks with historical and cultural organisations, and other similar museums, to deliver more efficiently and widely promote the purpose, objectives, and activities of the Museum.
- Provide a heritage focal point for Gurkha units, past and present, and inspire future generations of British and Gurkha officers and soldiers.
- Provide the Army and other government departments with sources of information on historical matters unique to Gurkha service.

Public Benefit Statement

The Trustees confirm they have taken into account the Charity Commission's general guidance on public benefit when reviewing the Charity's aim and objectives and in making decisions.

ACHIEVEMENTS AND PERFORMANCE

Public Benefit and Engagement

In 2019 the Gurkha Museum continued to progress as an organisation that takes the inspiring story of Gurkha Heritage and Service to the United Kingdom, beyond the confines of the Museum itself to the wider and less familiar public.

In this the Museum is strongly committed to deploy its resources to the Public Benefit by way of wider Engagement. Up to now, the presentation of the collection has been largely unchanged since the Museum's move to Peninsula Barracks from Church Crookham thirty years ago. A major redevelopment currently in planning, aims to bring the Museum to the latest standards of interpretation and to make a step change in its capacity to engage British society in all its diversity and locations, beyond the walls of the Museum itself. This will be preceded by a fundraising campaign starting in 2021.

Visitors

10,558 visitors attended the Museum in 2019, a slight drop on the previous year (2018, 10,912). However, a further 857 adults and children attended off-site talks by museum staff as part of the Museum's growing outreach programme.

The Museum's Collections Officer, Doug Henderson, curated this year's summer exhibition entitled *Between Two Worlds* detailing life and activity in the Gurkha Brigade between the two world wars. The exhibition, opened by the Colonel Brigade of Gurkha designate, Col Jody Davies MBE, ran from 1st August for one month and attracted 725 visitors. This was an 18% increase over last year's summer exhibition attendance.

Education

The Gurkha Museum's emphasis on education has been developed further and during the year there have been 11 visits from schools and from the 5th Winchester Cubs and the Home Education Group.

In addition, together with the other military Museums in Peninsula Barracks, the Museum has had 597 school children visit from ten different schools across the region on Science, Technology, Engineering and Mathematics (STEM) subjects, history and remembrance. Children's craft events throughout the year continue to attract large numbers of children and parents, currently numbering 300.

Furthermore, there were eight adult educational on-site visits from organisations as varied as Hounslow Older People Festival to a Solent University Tourism student group visit.

Staff from the Museum have given lectures on Gurkha heritage to Gurkha units in Camberley, York, Maidstone and Warminster and to special interest groups in Hampshire, Wiltshire and Berkshire including a regional Royal British Legion Annual Conference in Newbury.

The 2019 Adult Learning Lecture programme has seen the number and variety of events increase. In May, Adrian Hayes, formerly of the 7th Gurkhas, spoke about his experiences successfully climbing K2. In June Dr. Robert Lyman gave a lecture on Viscount Slim, Brigadier David Morgan OBE spoke about the Falklands and the Director gave an evening lecture entitled *Bandits, Revolt and Confrontation* regarding operations between 1948 and 1966.

Of particular note was the lecture by Tim Bean, Senior Lecturer in War Studies at the Royal Military Academy Sandhurst, on Imphal and Kohima. It was so popular, that it was repeated the next day with over one hundred people attending both dates. Mr Garfield Smith was instrumental in arranging this talk, which in total raised over £4,000 for the Museum.

There was also an inspiring lecture by Captain Jon Armstrong of the Royal Gurkha Rifles about his record-breaking row across the Atlantic Ocean with disabled veteran Lance Corporal Jordan Beecher, who lost a leg in Afghanistan. Their Atlantic row raised a £100,000 for several charities.

The Museum additionally hosts six winter lunchtime lectures on behalf of Winchester's Military Museums on various military topics which receive good local support. It also continues to host the Sirmoor "Armchair Battlefield Tour" Lecture Series given by Major Gordon Corrigan MBE.

In 2020 the Museum will be instigating seminar format events with multiple speakers and a curry lunch. Two so far being planned will be on the topics of Mountaineering and Valour.

The Nepali Connection

Nepalese Communities continue to organise large group visits, with Mr. Kamal Purja bringing 275 visitors to the Museum in May from *Maddhat Shamua*, the Nepalese Community Help Organisation.

This group also visited the nearby Hillier Gardens at Romsey where there is an inscribed Gurkha Memorial *Chautara* (traditional Nepalese stone resting platform). This year has also seen the Museum develop a partnership with Hillier Gardens which will help with the education and outreach development of both organisations

Looking further afield, in February 2019 the Assistant Director Christine Bernáth, the Commercial Manager Charlie Martin and Collections Officer Doug Henderson travelled to Nepal through the generous support of the Brigade of Gurkhas, where they visited British Gurkhas Nepal in Kathmandu, British Gurkhas Pokhara, the Gurkha Memorial Museum, Nepal Army Museum and the National Museum of Nepal on a liaison visit. These are part of partnership arrangements that the Gurkha Museum has developed that also include in Nepal and India, the Gurkha War Memorial Museum in Darjeeling India and the Gurkha Memorial Park in Dharan Eastern Nepal, near the site of the Brigade of Gurkhas former depot there.

In October 2019, the Assistant Director joined The National Army Museum (NAM) in delivering a regimental curators' course at the United Service Institute in New Delhi, as part of a larger project between the NAM and the British High Commission. The Indian Army contains a very large Gurkha contingent of over forty infantry battalions.

Supporting the Army

There have also been 24 visits from Brigade of Gurkhas and other units from the wider army, including three large groups by recruits from Gurkha Company Catterick as part of Exercise Tesro *Khadam* (Exercise Third Step). This accounted for nearly 1,000 soldiers. Thanks are due to The Queen's Own Gurkha Logistic Regiment for their practical support for the Museum's Armed Forces Day Event that the Gurkha Museum organised in June.

This relationship is reciprocated and the continuing financial and material support from the Army Heritage branch of Home Command, Headquarters Brigade of Gurkhas and the wider serving Brigade and individual Gurkha Regimental Associations and Trusts that underpin the Museum's growing activities is reported again with gratitude. Alongside the Gurkha Museum's own income earning activities and investments, this has allowed the Museum to develop and extend its ambitions and activities in recent years.

Collections and Acquisitions

Early in 2019 the Museum was gifted the medals and some personal papers of Colonel Cecil John Lyons Allanson CMG CIE DSO, late of the 6th Gurkha Rifles, who commanded their first Battalion so gallantly at Gallipoli. This was thanks to the generosity the 6th Queen Elizabeth's Own Gurkha Rifles Regimental Association and Trust.

The Gurkha Museum was honoured by the donation by WO2 Lalkaji Gurung of QOGLR and LCpl Doran Gurung of the Brigade Band of their father's campaign medals for Malaya and Borneo, the late Sgt Ram Krishna Gurung.

Later in the year there was a significant donation by the family of Lt Gen "Joe" Lentaigne of a large archive of papers relating to him. General Lentaigne, late of the 4th PWO Gurkha Rifles commanded his battalion in Burma and later became the divisional commander of the Chindit Force after the death of Major General Orde Wingate. He remained in the Indian Army post independence until his retirement in 1956. The presentation was also attended by a representative from the Army's recently reformed 77 Brigade, originally part of the Chindits.

Most recently the family of Maj Indrajit Limbu MBE MC 10GR came to the Museum from as far away as Australia and Nepal to present the late Maj Indrajit's medals to the Museum. The event was attended by Gen Sir Garry Johnson with other members of 10GR Regimental Association.

The Museum was also presented with the Elizabeth Cross awarded to the family of the late Lt Hugh Wallace of the 2nd Battalion, 6th Queen Elizabeth's Own Gurkha Rifles who was killed in action in the Borneo confrontation on the 17th August 1963.

The 25th birthday of The Royal Gurkha Rifles was marked with the publication of a book recording the Regiment's first 25 years. A copy of this book signed by the first four Regimental Colonels was presented to the Museum.

Supporters

Volunteers at the Museum continue provide invaluable help and assistance in enabling the Museum to function efficiently and provide a high level of support. We currently have about twenty-five regular volunteers that assist in the shop, archives, collection and stewarding exhibitions. They are to be commended for the quality of their work, commitment and time freely given. In total during the year, 1,886 hours of volunteer time was recorded, of huge value to the efficient operation of the Museum.

Friends Membership remains similar to the previous year and stands at 617. This year's Friends Christmas Appeal raised over £2,000. Membership charges have risen in 2019 to £20 for single membership, £30 joint and £200 for life membership, balanced with an improved Membership offering of free entry and many discounts for the shop, gallery bookings and the café at Peninsula Barracks, together with an enhanced Members Newsletter. All Friends have been added to the Museum's new CRM database, detailing subscription rates, date for renewal, donations received, as well as marketing and communications consent.

In addition, a new Friends membership leaflet has been produced using the Museum's new brand guidelines, along with a legacy leaflet.

Marketing the Gurkha Museum

Marketing Plans

A new marketing and communications plan is being developed, which will better integrate social media into the Museum's outputs. This will include themed monthly campaigns with the aim of improved structuring the Museum's current social media content.

Media

The Gurkha Museum's Social Media presence continues to develop with regular input to the key media. Facebook followers increased from 15,671 to 17,529 (+1,858), while Twitter followers increased from 4,868 to 5,422 (+554) and the more recent Instagram support saw followers increase from 306 to 544 (+238).

The Gurkha Museum featured on the BBC's Antiques Roadshow alongside the Gurkha Welfare Trust, when Maj Bishnu Pun showcased a set of medals belonging to his father, Capt Bhagtasing Pun MM, which are held at the Museum.

Trading

Shop trading continues to develop as new opportunities to market and advertise the shop are taken. A number of new unique and Gurkha branded products have been added to the range including a USB memory stick in the form of a kukri. A children's item that is proving most popular is the Museum's Gurkha Tiger soft toy called *Nepti*. Part of the trading development is through the website and social media platforms and these are playing a far greater role in promoting our products as the number of followers increase.

Staff and Professional Development

The Gurkha Museum became fully staffed in 2019 to address its future development with a team of nine. These posts are funded by the Army, HQ Brigade of Gurkhas and increasingly by the Museum's own resources.

A wide range of Professional development training for staff in the year included On-site Emergency Plan training for all staff, Critical Elements of Customer Service, Equality and Diversity training, STEM Learning Services and Textile Conservation

A member of staff was also trained as a Mental Health First Aid Champion, while another successfully became a Personal Licence Holder.

Additional support has come by attendance at training conferences offered by the Army Museums Ogilby Trust (AMOT), the National Army Museum, the Association of Independent Museums and the Museums and Heritage Show.

The Gurkha Museum participates in a number of local museum cooperative and knowledge sharing networks to its benefit and that of staff development including, the Winchester's Military Museums (WMM) where six museums in Peninsula Barracks meet regularly to discuss matters that affect Winchester's Military Quarter, and to develop projects and initiatives for their mutual benefit. In addition, there is the Southern Army Museums Network, a network set up by AMOT to connect and encourage collaborative working between army museums in the South. Since September 2019 this network has been chaired by The Gurkha Museum's Assistant Director. The Museum also participated in the wider Hampshire Military Museum Network, (HMMN) which organises day-long knowledge sharing seminars.

The Trustees wish to place on record their thanks for the professionalism, commitment and enthusiasm displayed by the staff at the Gurkha Museum.

Regulatory

The Gurkha Museum continues to be exempt from the Fundraising Regulator Levy as the Charity's spend on generating voluntary income for 2019 has remained under the threshold of £100,000. The Museum registered on a voluntary basis and paid the £50 annual registration fee in 2020.

Trustees

There have been a number of changes with two longstanding trustees standing down at the end of the year; Robert Knox former Keeper of the Asia Collection at the British Museum, and Brigadier John Anderson OBE.

Col James Robinson CBE stood down in September as ex-officio Trustee of the Gurkha Museum Trustee his retirement as Colonel Brigade of Gurkhas, with Col Jody Davies MBE becoming the new ex-officio Trustee in his place. Likewise, Maj Chandrabahaur Pun stood down as a Trustee in March and was replaced by Maj Gajendra Angdembe as Officer Commanding Sittang Company, Sandhurst.

The significant contribution to the development of the Gurkha Museum by the retiring Trustees during their terms of office is recorded with gratitude. Without such skilled and dedicated input to governance, the Gurkha Museum would not be the presence it is today.

New Trustees appointed in the year were Lt Gen Sir David Bill KCB, Mrs Sudha Rai and Major John Harrop in line with the terms of service, skills and outlook requirements of trustees determined by the new governance arrangements that came into being in 2017.

Field Marshal The Lord Bramall of Bushfield

Field Marshal Lord Bramall sadly died in November 2019. As well as being a great soldier and national figure, he had always been a keen supporter of the Gurkha Museum and a Vice Patron. He opened the Gurkha Museum in its current premises thirty years ago on 16 July 1990 and he will be greatly missed.

Director

The Trustees note another very successful year of executive leadership by the Director Gavin Edgerley-Harris with thanks. During the year Gavin announced that he intended to retire in the second half of 2020, after twenty-seven years of service to the Museum, latterly as Director for the last six and a half years. As a result, the Trustees put in place a recruitment process to identify and appoint a successor, to be launched at the beginning of 2020.

PLANS FOR FUTURE PERIODS

The plans for the future of the Gurkha Museum were established comprehensively in 2018 as part of a Strategic Review undertaken in that year and accepted by the Trustees. The objectives of the Strategic Review remain as stated last year:

- To secure funds to modernise the display and interpretation. The presentation of the collection was last comprehensively renewed thirty years ago at the time the Museum moved to Peninsula Barracks and there have been considerable changes in the museology of display since. During the same period, the further operational achievements and successes of Gurkhas in the British Army deserve far greater prominence in the museum's displays to meet public appetite and interest in the modern Brigade of Gurkhas.
- Related to this, the second Objective is to reinforce the role of the Museum as the Gurkha Heritage Centre for the Brigade and the wider public.
- The third Objective is related to the "Four Pillars Strategy" of the overall Brigade of Gurkhas, which links the Serving Brigade with the Gurkha Brigade Association, the Gurkha Welfare Trust and the Museum. Here, the Gurkha Museum aims to pursue increased integration with the other three Pillars of the Brigade.
- The fourth and final medium-term Objective is for the Gurkha Museum to become the authoritative focus for research, information and education on Gurkha Heritage and the culture and customs of Nepal and its people.

During 2019, Fundraising Consultants JKA Associates were appointed to advise Trustees of the Museum on the way forward. As a result of their recommendations, it was agreed to create an additional executive role of Head of Fundraising as part of an enhanced commercial function and arrangements were put in place to implement this from the beginning of 2020.

A key condition of developing the Museum's plans has been the need to secure a new long-term lease for the Museum's site from the Defence Infrastructure Organisation (DIO) and negotiations were started with the DIO to achieve this with a view to agreeing a new lease in 2020.

In addition, two additional steering groups a Fundraising Working Group (FWG) and Project Development Working Group (PDWG) were to be created comprising of trustees, staff and external experts as required, to guide the Museum's evolving development implementation plan.

RISK MANAGEMENT

All activities are subject to regular risk review by the Board of Trustees. Major risks are, for this purpose, those that could have a significant effect on:

- The Museum's operational performance, including risks to personnel and volunteers.
- The Museum's ability to achieve its objects.
- Meeting the expectation of visitors and supporters.
- The Museum's reputation and integrity.
- The Museum's assets.

The Trustees identify and review these risks on an ongoing basis and satisfy themselves that adequate procedures are in place to minimise and manage the risks in a timely manner. Where possible and appropriate, risks are covered by insurance.

FINANCIAL REVIEW

Overall Total Income in 2019 amounted to £304,321, a marginal decrease of £7,550 on the previous year. (2018 £311,871). This includes both trading and voluntary income.

The operating deficit for the year was £70,210 compared with an operating deficit of £11,544 in 2018. This increase in the operating deficit, with a static income line, is principally the result of a large increase in the cost of professional fees, due to capacity building in the second phase of the Museum's development plans, as well as the full year impact of higher staff numbers. This follows the adoption of a new Strategy in 2018.

Again, the annual Army grant-in-aid and additional grants from the serving Brigade of Gurkhas, totalling £87,541 continue to be vital to the Museum's operation.

Commercial

In this Shop Income amounted to £59,829, a decrease of £8,629 on 2018's shop income of £68,458. Despite this fall in shop purchases, the Gross Profit Margin has increased slightly. The seasonal sales period from mid-August to the end of December brought in £31,964 which is 53% of the Museum's overall shop trading income for the year. Although the seasonal sales for 2019 were down by £3,550 on 2018 sales, there was a rise in spend per head from £18.16 in 2018 to £19.85. An increase in spend per head was a major objective when enhancing the range of items for sale in the seasonal catalogue and this will be developed further in 2020

There was a small fall in Gallery Sales of £11,230 over 2018 (£12,139). It is recognised that an enhanced marketing initiative will be required to improve on this outturn and plans are in place to promote the room for hire amongst local networks and advertisers in 2020.

Another successful year of the Lecture and Curry Lunches saw an increase in income to £7,025, an improvement over 2018 by almost £2,000. The Lectures and Events planned programme has been enhanced for 2020 to capitalise on this success.

Admissions

Income from Admissions in 2019 was £16,585, a small increase on 2018's Admissions income of £16,126.

Voluntary Income

Voluntary Income continues to be developed, and this was further enhanced by legacies of £8,000, £350 and £14. Donations decreased in 2019 and amounted to £28,500 compared to £41,736 in 2018.

Donations from Christmas Sales were slightly down on 2018 at £9,225, in line with the overall sales volume that is being addressed.

Grants from Trusts and Foundations to the Museum continued to grow and totalled £13,775 by the year end, an increase of £6,710 on 2018's total of £7,065.

Expenditure

Total Expenditure came to £374,531 an increase of £51,116 over 2018.

Staff costs saw the full year impact of increasing the Museum's establishment in 2018, with an increase in 2019 by £22,646 to £192,934 overall.

The increase in the expense lines came from two principle factors. There was a major increase in Professional Fees in the year as the Museum's consultancy and Legal Fees rose to £26,388 (2018 £961), as activity significantly increase in preparation for the Museum's redevelopment. This compares with a significant underspend noted in the previous year. In addition, there was a write down of obsolete stock of £4,756, a result of reviewing and improving the sales lines of the Shop.

INVESTMENTS

The Investment Fund Conversion and name change

Firstly, it should be noted that on the 6th December 2019, the fund was converted from a Common Investment Fund (CIF) to a Charity Authorised Investment Fund (CAIF). As a result, on that date the CIF was closed and the assets transferred to the new structure. However, despite this structural change the CAIF is still being managed along the same lines and with the same investment objective and policy.

By way of a reminder, the benefits of the new structure are twofold. Firstly, protection for unit holders is enhanced as CAIFs are regulated by both the Charity Commission (CC) and the Financial Conduct Authority (FCA). Secondly, the original requirement to levy VAT on management fees has been removed.

To tie in with these changes, it should also be noted that the fund's name has now been changed to the Armed Forces Charities Growth & Income Fund (AFCGI).

Performance*

Over the course of 2019, the AFCGI Accumulation Fund registered a positive return of 18.06%, which mirrored the strong performance in risk assets over the period and was comfortably ahead of the benchmark return of 14.20%.

The Friends' Fund

Conversion and name change

As above, the Charinco fund was also converted into a CAIF and now trades under the name Charities UK Bond Fund (CUBF).

Performance*

Over the course of 2019 the CUBF produced a positive return of 6.88% versus a benchmark return of 6.37%.

* Please note that the historical performance shown before 06 December 2019 is indicative and is provided when the fund was run as a CIF.

RESERVES POLICY

The Trustees have reviewed their reserves policy in the light of the Museum's current development plans and having considered the Charity Commission's guidance *Charity Financial Reserves*. The aims and objectives of the Museum are set out earlier.

Designated reserves

The Museum has sustained operating deficits for two years and is expected to do so again in 2020. The Museum is investing in modernising the display of its collection and in new fund-raising capabilities, but it might be some years before these investments allow the Museum to return to an operating break-even position. The Trustees believe it is important to maintain the current collection in good order and to continue its current level of activities such as its outreach programme, particularly to local schools and Gurkha communities. Accordingly, the Trustees have designated an Investment Fund of £1m to be used to generate income sufficient to fund a further year of operating deficit. This Investment Fund takes account of the recent history of both investment returns and the levels of operating deficits. The Investment Fund is held solely to generate income to fund the deficit during this transitional phase and may not be used for any other purpose without the express prior approval of the Trustees.

Further, the Trustees believe that the investment in modernising the exhibitions and in new fund-raising capabilities will require a significant level of one-off expenditure in 2020 and 2021. Accordingly, the Trustees have designated a Development Fund of £250,000 to fund this investment. The Development Fund is not available for on-going expenditure. Draws for specific investments from the Development Fund may only be made by the prior approval of The Risk and Audit Committee and use of the funds for permitted purposes is monitored by the Trustees.

In addition, historically Friends of the Museum have made donations for the specific purpose of replenishing the Museum's displays and archives and these donations have been allocated to a designated fund for that specific purpose. At 31st December this fund stood at £178,821.

In total, therefore, at 31st December the Museum held designated funds for specific purposes of £1,428,821 which are not available for on-going operating expenditure.

Free reserves

In addition to the above designated reserves, The Trustees also have regard, when assessing the Museum's level of free reserves, to its working capital needs plus a contingency to cover interruptions to its activities (e.g. damage to the building or other events requiring closure over a lengthy period). In the light of the uncertainty due to the current COVID-19 health concerns, the Trustees aim to ensure that a minimum of £400,000 is maintained in cash or liquid investments, which is sufficient to cover approximately 12 months of operating expenditure.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Trustee's Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

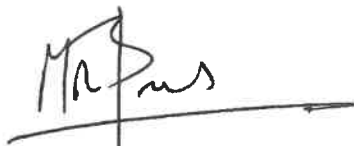
The law applicable to charities in England & Wales and Northern Ireland requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Observe the methods and principles in the Charities SORP 2015 and FRS 102;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charity (Accounts and Reports) Regulations 2008 and the provisions of the Trust deed. They are 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.

DECLARATION

Signature:



Name:

M.R. Brooks

Appointment:

Chairman of Trustees

Date: 18 May 2020

INDEPENDENT EXAMINERS REPORT

Independent examiner's report to the Trustees of The Gurkha Museum Trust

I report to the Charity Trustees on my examination of the accounts of The Gurkha Museum Trust for the year ended 31st December 2019.

Responsibilities and basis of report

As the Charity Trustees of the Trust you are responsible for the preparation of the accounts in accordance with the requirements of the Charities Act 2011 ('the Act').

I report in respect of my examination of the Trust's accounts carried out under section 145 of the Act and in carrying out my examination I have followed all applicable Directions given by the Charity Commission under section 145(5)(b) of the Act.

Independent examiner's statement

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination giving me cause to believe that in any material respect:

1. accounting records were not kept in respect of the Trust as required by section 130 of the Act; or
2. the accounts do not accord with those records; or
3. the accounts do not comply with the applicable requirements concerning the form and content of accounts set out in the Charities (Accounts and Reports) Regulations 2008 other than any requirement that the accounts give a true and fair view which is not a matter considered as part of an independent examination.

I confirm that there are no other matters to which your attention should be drawn to enable a proper understanding of the accounts to be reached.



P E H Wright FCA DChA
Sheen Stickland
Chartered Accountants
7 East Pallant
Chichester
West Sussex
PO19 1TR

Date: 18th May 2020

THE GURKHA MUSEUM TRUST

STATEMENT OF FINANCIAL ACTIVITIES FOR THE YEAR ENDING 31 DECEMBER 2019

		<u>Unrestricted funds</u>		2019	2018
		General Funds	Designated Funds	Total Funds	Total Funds
INCOME FROM:	Note	£	£	£	£
Donations and legacies	2	37,667	11,714	49,381	58,227
Other Trading Activities	3	101,936	0	101,936	108,340
Grants received	4	96,316	5,000	101,316	94,259
Investments	5	46,573	5,115	51,688	51,045
Total		282,492	21,829	304,321	311,871
EXPENDITURE ON:					
Raising Funds	6	0	0	0	20
Charitable Activities	7	295,731	11,550	307,281	264,870
Governance Costs	8	64,752	2,498	67,250	58,525
Total		360,483	14,048	374,531	323,415
		(77,991)	7,781	(70,210)	(11,544)
Net gains (losses) on Investments	12	158,068	2,533	160,601	(147,107)
NET INCOME/(EXPENDITURE)	15	80,077	10,314	90,391	(158,651)
RECONCILIATION OF FUNDS:					
Total Funds Brought Forward	15	1,743,663	168,507	1,912,170	1,912,170
Transfer between Funds		(1,250,000)	1,250,000	0	0
TOTAL FUNDS CARRIED FORWARD	15	573,740	1,428,821	2,002,561	1,912,170

CONTINUING OPERATIONS

All income and expenditure has arisen from continuing activities

THE GURKHA MUSEUM TRUST

BALANCE SHEET AT 31 DECEMBER 2019

	Note	2019 £	2018 £
FIXED ASSETS			
Tangible Fixed Assets	10	939	2,844
Investments	12	1,718,727	1,606,794
CURRENT ASSETS			
Debtors	13	10,954	13,173
Stock		36,960	32,491
Cash at bank and in hand		251,540	283,671
		299,454	329,335
CREDITORS			
Amounts falling due within one year	14	(16,559)	(26,803)
NET CURRENT ASSETS		2,019,120	1,938,973
NET ASSETS		2,002,561	1,912,170
FUNDS			
Unrestricted funds	15		
General funds		573,740	1,743,663
Designated funds	16	1,428,821	168,507
TOTAL FUNDS		2,002,561	1,912,170

The financial statements were approved by the Board of Trustees on 18 May 2020
and were signed on its behalf by:

Signed.....

Name..... **MARTIN BROOKS**

Position..... **Chairman & Trustee**

THE GURKHA MUSEUM TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements of the charitable company, which is a public benefit entity under FRS 102, have been prepared in accordance with the Charities SORP (FRS 102) 'Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015)', Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', the Charities Act 2011. The financial statements have been prepared under the historical cost convention with the exception of investments which are included at market value, as modified by the revaluation of certain assets.

Financial Reporting Standard 102 – reduced disclosure exemptions

The charity has taken advantage of the following disclosure exemption in preparing these financial statements, as permitted by FRS102. 'The Financial reporting Standard applicable in the UK and Republic of Ireland: The requirements of Section 7 Statement of Cash Flows.

Fund accounting

Unrestricted funds are available for use at the discretion of the trustees. In practical terms all funds are used solely for the purpose of maintaining and running The Gurkha Museum and improving the display, artefacts, archives and library. General Funds includes an investment portfolio and this fund is expendable. The interest from the invested income and the dividends is used as the working capital for the day to day operation of the Museum, to include salaries. It is the Trustees' policy to preserve and increase capital for the fund so that the interest is able to make up any funding gap created by the withdrawal of MOD funding. It is the Trustees' aim to build this fund to a sum where the annual income from dividends and interest will be sufficient to replace the withdrawal of all MOD funding. Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Income

All income is recognised in the Statement of Financial Activities once the charity has entitlement to the funds, it is probable that the income will be received and the amount can be measured reliably.

Raising funds

Raising funds includes all expenditure incurred by the charity to raise funds for its charitable purposes and includes costs of all fundraising activities, events and non-charitable trading.

Allocation and apportionment of costs

Expenditure is analysed between charitable support costs, governance and costs of generating funds. Items, which involve more than one cost category are apportioned as appropriate to the cost categories involved.

THE GURKHA MUSEUM TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Taxation

The charity is exempt from corporation tax on its charitable activities.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Going Concern

The Trustees have considered the financial position of the Charity and believe it is currently a going concern. While the Museum is going through this transition phase of investment and development and the outlook following COVID-19 outbreak remains unclear its reserves and cash levels are reviewed regularly during the year by the Risk and Audit Committee and the reserves policy will be reviewed annually by the Trustees. Consequently, the financial statements have been prepared on a going concern basis. The Trustees have explicitly considered the potential impact of the COVID-19 virus and do not expect the fall in the market value of their investments, detailed in the post balance sheet events note, to impact operations going forward in the short to medium term.

Heritage Assets

The collections of the Gurkha Museum predominantly consist of donations which are considered heritage assets under the terms of the Statement of Recommended Practice as issued by the Charities Commission. The heritage assets of the Gurkha Museum have been excluded from the balance sheet due to a lack of valuation, as no financial value has historically, or is currently, placed on items donated to the Museum. Furthermore in accordance with the Code of Ethics for Museums, to which the Gurkha Museum must adhere to as an Accredited Museum, the disposal of any collections cannot be made principally for financial reasons.

THE GURKHA MUSEUM TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

	General £	Designated £	2019 Total £	2018 Total £
2. DONATIONS AND LEGACIES				
Friends Subscriptions	0	9,693	9,693	9,464
Donations	28,430	70	28,500	41,736
Gift Aid	873	1,951	2,824	7,027
Legacies	8,364	0	8,364	0
	37,667	11,714	49,381	58,227
3. OTHER TRADING ACTIVITIES				
Admissions	16,585	0	16,585	16,126
Shop Sales	59,829	0	59,829	68,458
Bar Sales	6,808	0	6,808	6,276
Gallery Hire	11,230	0	11,230	12,139
Archive & Research	459	0	459	234
Lectures	7,025	0	7,025	5,107
	101,936	0	101,936	108,340
4. GRANTS				
Grant in Aid	37,264	0	37,264	36,944
HQBG Grants	50,277	0	50,277	50,250
Other Grants	8,775	5,000	13,775	7,065
	96,316	5,000	101,316	94,259
5. INVESTMENTS				
Dividends and interest	46,573	5,115	51,688	51,045
6. RAISING FUNDS				
Investment Management Fees	0	0	0	20

THE GURKHA MUSEUM TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

	General £	Designated £	2019 Total £	2018 Total £
7. CHARITABLE ACTIVITIES				
Support Services	252,257	11,550	263,807	213,721
Trading Costs	43,474	0	43,474	47,947
Purchase of Artefacts	0	0	0	2,795
Purchase of Museum Infrastructure	0	0	0	407
	295,731	11,550	307,281	264,870

8. GOVERNANCE COSTS

Office and Administration	13,717	0	13,717	11,245
Proportion of Director's salary	25,000	0	25,000	25,000
Friends postage, newsletter & AGM costs	0	2,498	2,498	1,553
Trustees expenses and meeting costs	1,872	0	1,872	1,194
Audit & Accountancy	20,495	0	20,495	19,533
Legal Fees	3,668	0	3,668	0
	64,752	2,498	67,250	58,525

9. TRUSTEE'S REMUNERATION AND BENEFITS

There were no trustees' remuneration or other benefits for the year ended 31st December 2019.

Trustee's expenses

Total expenses of £284 were repaid during the year.

10. STAFF COSTS

	2019 £	2018 £
Wages and Salaries	191,076	170,128
Social Security costs	14,890	11,626
Pension costs	9,301	7,597
	215,267	189,351

The average number of persons employed by the charity during the year was as follows:

2019	2018
8	7

No employees received emoluments in excess of £60,000.

The key management personnel of the charity received aggregate remuneration of £93,942 (2018: £65,827).

THE GURKHA MUSEUM TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

11. TANGIBLE FIXED ASSETS

	FF&F & Office Equip	Other Equip	Totals
	£	£	£
Cost			
At 1 January 2019	22,757	505,145	527,902
Additions	0	0	0
Disposals	0	(505,145)	(505,145)
At 31 December 2019	22,757	0	22,757
Depreciation			
At 1 January 2019	19,913	505,145	525,058
Disposals	0	(505,145)	(505,145)
Charge for year	1,905	0	1,905
At 31 December 2019	21,818	0	21,818
Net Book Value			
At 31 December 2019	939	0	939
At 31 December 2018	2,844	0	2,844

12. FIXED ASSET INVESTMENTS

	Listed Investments £	Cash and settlements pending £	Totals £
MARKET VALUE			
At 1 January 2019	1,256,699	350,095	1,606,794
Additions	49,447	1,885	51,332
Disposals	0	(100,000)	(100,000)
Revaluations	160,601	0	160,601
At 31 December 2019	1,466,747	251,980	1,718,727
NET BOOK VALUE			
At 31 December 2019	1,466,747	251,980	1,718,727
At 31 December 2018	1,256,699	350,095	1,606,794
Historical cost of Investments	2019 £	2018 £	
Historical costs	1,700,401	1,749,069	

THE GURKHA MUSEUM TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

13. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Prepayments and accrued income	9,846	13,096
Trade Debtors	1,038	7
Other Debtors	70	70
	10,954	13,173

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2019 £	2018 £
Trade Creditors	6,640	5,782
Social Security and other taxes	6,819	7,389
Accruals and deferred income	3,100	13,582
Other creditors	0	50
	16,559	26,803

15. MOVEMENT IN FUNDS

Movement in Funds Current Year

	At 01.12.19 £	Net movement in fund £	At 31.12.19 £
Unrestricted funds			
General Fund	1,743,663	(1,169,923)	573,740
Designated Fund	168,507	1,260,314	1,428,821
Total Funds	1,912,171	90,391	2,002,561

Net movement in funds, included
in the above are as follows:

	Transfer between funds £	Incoming Resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds					
General Fund	(1,250,000)	282,492	(360,483)	158,068	(1,169,923)
Designated Fund	1,250,000	21,829	(14,048)	2,533	1,260,314
Total Funds	0	304,321	(374,531)	160,601	90,391

THE GURKHA MUSEUM TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

Movement in Funds Prior Year	At 01.12.18 £	Net movement in fund £	At 31.12.18 £
Unrestricted funds			
General Fund	1,909,672	(166,008)	1,743,664
Designated Fund	161,149	7,358	168,507
Total Funds	2,070,821	(158,650)	1,912,171

Net movement in funds, included in the above are as follows:

	Transfer between funds £	Incoming Resources £	Resources expended £	Gains and losses £	Movement in funds £
Unrestricted funds					
General Fund	-	294,346	(318,660)	(141,694)	(166,008)
Designated Fund	-	17,526	(4,755)	(5,413)	7,358
Total Funds	0	311,872	(323,415)	(147,107)	(158,650)

16. Designated Funds

Friends of the Museum £ 178,821

Donations received from Friends of the Museum which are specifically designated for the purpose of replenishing the Museums displays and archives.

Two further Designated Funds were established in the year, as follows:

Investments £1,000,000

A designated value to remain invested in order to generate sufficient income from interest and dividends to fund ongoing operational costs.

Development Fund £ 250,000

An allocation towards the modernisation of the Museum during 2020 and 2021.

The Trustees designated the Investment Fund and Development fund in the light of the plan agreed during 2019 for a major modernisation and refurbishment of the Museum and its displays and the associated investment in additional people and one-off costs related to the fund-raising. Further information is given in the Report of the Trustees.

Total Designated Funds **£1,428,821**

THE GURKHA MUSEUM TRUST

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

17. RELATED PARTY TRANSACTIONS

The trustees have considered related parties and any relevant transactions. The following information is disclosed:

Trustee Colonel J. Davies MBE is also a trustee of The Brigade of Gurkhas Education and Welfare Fund, from which, grants totalling £50,276 were received during the year.

Trustee Mr J. Bulbeck is also a trustee of The 7th Duke of Edinburgh's Own Gurkha Rifles Regimental Trust, from which, a grant was received during the year of £5,000.

Trustee Colonel W. F Shuttlewood OBE is also a trustee of The 2nd King Edward V11's Own Goorkhas (The Sirmoor Rifles) Regimental Trust, from which, a grant was received during the year of £1,000

18. POST BALANCE SHEET EVENTS

Since the reporting date the market value of the Charity's listed securities has been significantly impacted by the outbreak of COVID-19 and has fallen by £200,894 (as at 3rd April 2020). Furthermore on 23rd March 2020 the museum was temporarily closed to visitors due to COVID-19 and whilst the Trustees anticipate that the fall in the market value of their investments will impact their investment returns in 2020, they have sufficient reserves to fund activity for the foreseeable future.