

Presented pursuant to Section 25(6) and (7) of the Government Resources and Accounts Act 2000, and Section 3(3) of the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2003

Royal Marines Museum Account 2006-2007

Presented pursuant to Section 25(6) and (7) of the Government Resources and Accounts Act 2000, and Section 3(3) of the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2003

Royal Marines Museum Account 2006-2007

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 24 JULY 2007

The National Audit Office
scrutinises public spending
on behalf of Parliament.

The Comptroller and Auditor General,
Sir John Bourn, is an Officer of the
House of Commons. He is the head of the
National Audit Office, which employs some
850 staff. He, and the National Audit Office,
are totally independent of Government.

He certifies the accounts of all Government
departments and a wide range of other public
sector bodies; and he has statutory authority
to report to Parliament on the
economy, efficiency and effectiveness
with which departments and other bodies
have used their resources.

Our work saves the taxpayer millions of
pounds every year. At least £8 for every
£1 spent running the Office.

This account can be found on the National Audit Office web site at
www.nao.org.uk

Contents

	Page
Trustees report	2
Remuneration report	11
Pension Benefits	12
Statement of Board of Trustees' and Director's responsibilities	13
Statement on Internal Control	14
The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament	16
Statement of Financial Activities	18
Balance Sheet – Consolidated	19
Balance Sheet – Charity only	20
Cash Flow Statement	21
Notes to the Financial Statements	22

Trustees Annual Report for the year ended 31 March 2006

Reference and Administrative Details of the Museum, its Trustees and Advisers

The Royal Marines Museum is a registered charity, number 259422.

The Museum's business address is: Eastney Esplanade, Southsea, Hampshire, PO4 9PX.

The Museum's accounts comply with statutory requirements, the Charity Scheme governing the Museum and the Statement of Recommended Practice for charities. They have been prepared under a direction given by the Secretary of State for Defence with the approval of HM Treasury.

Board of Trustees (2006-2007)

Chairman: Lieutenant General Sir Henry Beverley KCB OBE

Nominated Trustees

WO1 (RSM) E Conway RM MBE (Corps RSM)

Councillor P Edgar (Representative, Hampshire County Council)

Councillor M Hancock CBE MP (Representative, Portsmouth City Council)

Colonel JPC Heal (Director Royal Marines)

Brigadier CWP Hobson (Chief Executive, Royal Marines Association)

Lt Col I Grant RM (Corps Secretary)

Co-opted Trustees

JG Farnhill Esq

Ms VS Harbar

Dr JA Lock

JM Phillips Esq

Mrs S Rhys Jones OBE

GM Salvetti Esq TD

Mrs D Smith

G Whitter Esq ACA FCCA CTA

Trustees appointed since March 2007

Chairman: Major General DAS Pennefather CB OBE – from May 2007 (succeeding Lieutenant General Sir Henry Beverley KCB OBE)

Nominated Trustees

WO1 (RSM) BA Dawe RM (Corps RSM) – from April 2007 (succeeding WO1 (RSM) E Conway MBE)

Brigadier MJD Noble (Director Royal Marines/ACOS LLM) – from April 2007 (succeeding Colonel JPC Heal)

Senior members of staff (2006-2007)

Museum Director: CJ Newbery Esq FMA

Curator and Deputy Director: I Maine Esq

Estate Manager: Lt Cdr M Churchill RN Retd

Marketing Manager: Miss K Izod

Finance, Personnel and Trading Manager: Miss L Swales

Accountants

Compass Accountants Limited
Venture House, The Tanneries
East Street
Titchfield
Hampshire PO14 4AR

Auditors

Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London SW1W 9SP

Bankers

Lloyds TSB plc
44-46 Elm Grove
Southsea
Hampshire PO51JD

Solicitors

Blake Laphorn Linnell
1 Barnes Wallis Road
Segensworth
Hampshire PO15 4UA

Structure, governance and management

Status

The Museum's current Trust Scheme was approved in March 1999. It is a designated museum under the terms of the National Heritage Act 1983 and it is an Executive Non-Departmental Public Body by virtue of receiving Grant-in-Aid from the Ministry of Defence.

History

The Royal Marines Museum was established in October 1958 in the old Divisional School at Eastney Barracks, Portsmouth and was run initially in a purely private capacity. In 1967 it was officially recognised and supported as a Naval Museum and in 1975, following a successful appeal, it was moved from its original premises to the Barracks Officers' Mess which became available at the time.

During the last decade, the Museum has been significantly updated. A major new display telling the story of the Royal Marines was opened in 1997; purpose-designed facilities for educational use and for special exhibitions have been created; level access has been provided to all the Museum's public areas; while much work has been done to

improve the documentation, conservation and storage of the collections. The Museum acquired the freehold of part of its estate in 2001-2002; the remainder is held on a long lease from Defence Estates.

Recruitment, appointment and training of trustees

The recruitment and appointment of the ten co-opted Trustees (including the Chairman) is conducted in accordance with guidelines issued by the Commissioner for Public Appointments. There are five nominated trustees: two nominated by the Royal Marines and the other three by Portsmouth City Council, Hampshire County Council and the Royal Marines Association. All new co-opted and nominated trustees receive information as laid down by the Charity Commission. They also visit the Museum for Induction training provided by the Museum Director.

Organisational structure

The Board of Trustees consists of fifteen members and meets at least twice a year. There is also a Trustees Finance & General Purposes Committee consisting of five members that meets twice a year. It has full delegated powers and acts as the Audit Committee. Decisions taken by this Committee are always reported to the main Board at the earliest opportunity. Trustees are responsible for agreeing the policies and strategic direction of the Museum. Operational matters are delegated to the Director of the Museum.

Relationship with other Royal Navy Museums

There are four Museums that receive Grant-in-Aid from the Ministry of Defence via the Royal Navy: the Royal Marines Museum, the Royal Naval Museum, the RN Submarine Museum and the Fleet Air Arm Museum. The Museums work closely together, for example, collaborating in the production of special exhibitions when appropriate.

Relationship with the Friends of the RM Museum

The Friends organisation is a registered charity (No.1011038). The object of the Friends is: 'the education of the public and the serving members of the Royal Marines in the history and traditions of the said Corps and the perpetuation of its deeds by the promotion, support, assistance and improvement of the Royal Marines Museum subject to the agreement of the Museum's trustees'. The Executive Council of the Friends has seven members, four of them, including the Chairman, being members of the Museum's staff. Thus the Friends of the RM Museum is a 'controlled charity'.

Trustees' Register of Interests

A Register of Trustees' interests is maintained by the Museum and can be made available to the public by application to the Museum Director.

Disclosure of Relevant Information to the Museum's Auditors

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

Objectives and activities

The Objects of the Charity

These are set out in the Trust Scheme as follows

- 1 To educate the public and members of the Corps in the history and military accomplishments of the Corps and to encourage recruitment by public exhibition of the collection in a museum or museums; or such other public places as trustees may decide; and
- 2 To conserve, restore, repair, re-construct and preserve items in the collection.

Museum Mission Statement

The Museum's mission is 'The preservation and presentation of all aspects of Royal Marines history for the education and enjoyment of the general public'.

Strategic aims of the Museum

- 1 To develop the collection so that it becomes the definitive record of Royal Marines' history.
- 2 To encourage research and publications relating to the Museum's mission.
- 3 To document and preserve the collection in accordance with national guidelines and standards.
- 4 To promote lifelong learning and social inclusion through displays, special exhibitions and educational activities.
- 5 To maximise physical and intellectual access to the Museum without compromising the preservation of the collections.
- 6 To provide appropriate services through the profitable operation of the Limited Company and to promote the Museum to optimise attendance figures and income.
- 7 To promote the Royal Marines and encourage recruitment.
- 8 To manage the Museum's physical, human and financial resources in an efficient, economical and effective manner.

Main objectives in 2006-2007

To increase the number of visitors

The strategy adopted to achieve this objective was threefold: create new displays and special exhibitions, provide a wide range of public events (including educational activities), and carry out effective marketing.

To implement a programme promoting the Royal Marines and encouraging recruitment

The strategy adopted to achieve this objective was threefold: to keep 'The Royal Navy Today' display up-to-date, to provide events featuring the Corps, and to maintain careers information.

To maintain compliance with relevant national standards

The strategy to achieve this objective was threefold: to be awarded full Accreditation status by the Museums, Libraries and Archives Council; to be re-accredited by VisitBritain as a Quality Assured Visitor Attraction, and to be recognised as an Investor in People using the new standard.

To increase the Museum's income

The strategy adopted to achieve this objective was threefold: to carry out an effective fundraising campaign, to maximise income from admission charges (including Gift Aid derived from these charges), and to maximise income from the Museum's Limited Company.

Significant activities in 2006-2007

Galleries and Exhibitions

The permanent galleries telling the story of the Corps have been enhanced through a new display titled 'End of Empire'. Dealing with the period from 1948 to the Falklands Campaign in 1982, including the Korean War, Suez Crisis and Cyprus Emergency, the display incorporates two large built-in showcases that accommodate many fresh exhibits. Financial support from the Friends of the Royal Marines Museum was crucial to the realisation of

the project. Two special exhibitions were mounted in the John Owen Gallery during the course of the year. The first was 'A Decade of Conflict: From Bosnia to Baghdad'; a travelling exhibition of paintings by war artist Gordon Rushmer, devised by Hampshire County Council's Museums & Archives Service. The second was an exhibition of photographs to mark the 25th anniversary of the Falklands Campaign. Featuring a selection of evocative images from the Museum's superb collection, the exhibition was open from March to June 2007.

Curatorial activities

The acquisition of exhibits was achieved through many generous donations together with a small number of purchases, all in accordance with the Museum's published Acquisitions Policy. Purchases at auction included a rare Corporal's coatee of the Royal Marines from around 1840 and a medal group belonging to Lt Thomas Westby RMLI who was awarded the Military Cross in 1917 for his actions when in charge of four mobile machine guns in the Ypres area, twice making reconnaissances under heavy fire.

In 2005-2006 the Museum invested in a new computerised documentation system known as CALM (Collections for Archives, Libraries and Museums). During 2006-2007, a significant amount of data entry work was undertaken with financial assistance from the Hampshire & Isle of Wight Museum Development Office. This included the Museum's large medal collection.

Preventative and remedial conservation work included improvements to the storage of archives, the conservation of several pictures thanks to financial support from The Mercers' Company, and the restoration of two Egyptian Anti-Aircraft guns that were brought back following the Suez operation in 1956. We are very grateful to RM Poole for undertaking this restoration work on the guns.

The Museum has continued to assist many researchers, including authors of publications that relate directly to the Museum's collections. 'From Trench and Turret' by SM Holloway is a good example. Published in May 2006 by Constable & Robinson, in association with the Royal Marines Museum, the text deals with First World War diaries and letters in our archive and is well illustrated by images from the Museum's photographic collection. It is also very pleasing that the Journal of the Royal Marines Historical Society (The Sheet Anchor) continues to include articles inspired by items in the Museum collection. The Summer 2006 edition contained an article by Lt Col Brian Edwards RM about Major General John Tupper, whose 18th Century portrait had recently been purchased by the Museum.

Education

The Museum created a new full-time post of Learning and Access Officer and this post was filled in July 2006 by Mr Andrew Whincup. His top priority has been to increase usage by schools and excellent foundations for this have been laid during the year. He has also been leading a number of informal learning initiatives, including holiday activities that have made good use of the Museum's collection of child-size uniforms.

The autumn lecture series attracted the highest number of visitors in recent times while the Museum continued its effective liaison with institutions of Higher Education. The Director lectured to postgraduate students at the University of Portsmouth, while the Curator hosted a postgraduate student from the Textile Conservation Centre at Winchester, who was on a work placement.

Achievements and performance

Review of achievements against previously stated objectives

The total number of visitors was 41,360 compared to 38,944 the previous year, both figures including the Museum's out-station at the Royal Marines Commando Training Centre at Lympstone in Devon. This represents a 6.2 per cent increase. The number of visitors to the Museum at Eastney was 35,360 compared to an average figure 35,580 for the three previous years, showing that the Museum is holding its own against increasing competition from other leisure attractions in the Portsmouth area.

With regard to promoting the Royal Marines and encouraging recruitment, this was achieved through keeping 'The Royal Navy Today' display up-to-date, showcasing the Corps by holding events such as a summer concert and Beat Retreat by the RM Band Service, and by providing careers information through literature and a touch-screen database.

Relevant national standards were maintained by obtaining full Accreditation status from the Museums, Libraries and Archives Council, by being re-accredited as a Quality Assured Visitor Attraction, and by achieving recognition as an Investor in People using the new and more challenging standard.

So far as income generation was concerned, the Museum's Limited Company was able to hand over £22,000 in Gift Aid to the Museum Trust compared to £13,000 the previous year when a £10,000 loan repayment was made. The success of Corporate Hospitality continues to be the key factor in sustaining good results by the trading company as a whole. There were also a number of successes on the fundraising front, notably the raising of over £80,000 for the refurbishment of the Medal Room which will be completed during the Financial Year 2007-2008.

Risk assessment

The Museum maintains a Risk Register that is structured according to the Museum's aims and objectives. This is reviewed on a regular basis. Trustees have ensured that risks are minimised through the receipt of annual reports about Health and Safety and Disaster Planning that incorporate detailed action plans. Trustees are also aware of necessary improvements to some aspects of collection management and these issues are being addressed through the implementation of CALM. Overall, the Museum is in a stable position and has achieved the relevant national standards in all the key areas of its operation.

Financial review

Investment and Reserves Policy

The Trustees continually monitor the levels of the Charity's funds expendable at their discretion, defined for the purpose of this policy as the aggregate of the amounts shown as 'Investments' and 'Net Current Assets' in the accounts of the Charity and which are attributable to Unrestricted Funds.

The Museum needs to retain a viable reserve in order to

- cover liabilities;
- provide income;
- fund development projects; and
- provide funds in an emergency situation.

Funds that are ring-fenced for emergencies, such as a major fire or flood, are invested in the Charities Aid Foundation Equity Growth Fund. The Trustees estimate that some £100,000 is required for mitigating disasters.

Any funds in excess of the emergency reserve are invested in interest bearing bank accounts. These funds are required primarily for the development of the Museum and the Trustees consider that funds of not less than £50,000 should be sustained for these purposes.

The Trustees are of the opinion that the aforementioned division of the reserves and investments provides the correct balance between the need to achieve growth in the investment portfolio, to minimise risk and to ensure that the investments are consistent with the Charity's objects. It is the policy of the Trustees to review investments on a regular basis in order to ensure reasonable returns.

Principal funding sources

The Museum's main source of funds is Grant-in-Aid from the Ministry of Defence. The ways in which this money can be spent is defined in the Financial Memorandum that has been agreed with the Museum's Sponsor Department. Other funds are derived from admission charges, donations, grants, and profits from the Museum's Limited Company that are given to the Trust in the form of Gift Aid. A list of donations in excess of £200 in aggregate can be found in Note 3 to the accounts.

All this money supports the activities of the Museum as previously described.

Payment of creditors

The Museum adheres to the Government-wide standard on the payment of creditors by aiming to settle all undisputed bills within 30 days or in accordance with the supplier's terms of business. The Museum's actual payment performance was that 85.5 per cent of bills were paid within 30 days or in accordance with the suppliers terms of business. This compares with 88.1 per cent in the previous year.

Pension liabilities

The treatment of pension liabilities is covered in accounting policy note 1.14 and in the remuneration report on page 11.

Plans for future periods

During the Financial Year 2007-2008, the Museum is planning to refurbish the Medal Room and create a permanent exhibition titled 'The Making of a Royal Marine Commando'. Other planned capital developments include the refurbishment of the Minstrels Gallery (housing regimental portraits and silver) and the restoration of the Museum's Victorian fort. Both of these projects require external funding before they can proceed. By 2010, it is envisaged that the Museum will form a constituent part of the proposed National Museum of the Royal Navy.

Operating and financial review

Overview

The Museum's aims, objectives, achievements, risks and future plans have already been described in this report. While the Museum is currently in a stable financial position, Trustees review the cash flow position on a regular basis. At a meeting of the Trustees' Finance & General Purposes Committee in January 2007, it was noted that cash in the Museum's development fund by the end of the financial year 2010-2011 was likely to decline to some £60,000. This served to illustrate the on-going need to generate more income, especially through trading, admission fees and fundraising. The profitability of the Museum's Limited Company is obviously important and Trustees agreed that the tearooms should be contracted-out to improve the service and eliminate the annual loss on this activity. This was accomplished in March 2007 and customer feedback has been very encouraging.

The Museum re-valued its land and buildings during the Financial Year 2006-2007 and this explains why the level of tangible assets on the Balance Sheet has increased by some £1 million.

Policy development

During the course of the year, Trustees reviewed a number of policies, including those concerned with investments and reserves, admission charges for children, and information technology, the latter requiring further work in the Financial Year 2007-2008. New policies prepared for approval in 2007-2008 included a Learning Policy and an Environmental Policy.

Disabled persons and employee involvement

The Museum is committed to managing staff solely on the basis of actual performance in the job, and considering new applicants solely on the basis of ability to do the job, and is seeking ways to encourage applications from people with disabilities. The Museum has an Equal Opportunities Policy, and aims to monitor staff and applicants' disability status, as well as their age, ethnic background and marital status. As previously mentioned, the Museum is an Investor in People.

Key Performance Indicators

	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007
Total number of visitors	36,267	35,261	35,335	36,144	41,360¹
Adults, including students (No. & % of total)	29,013	28,965	26,311	27,991	34,095¹
	81.1%	82.1%	74.5%	77.4%	82.4%
Senior Citizens (No. & % of total)	3,368	2,961	3,006	2,988	2,538
	8.8%	8.4%	8.5%	8.3%	6.2%
Children, including Cadets (No. & % of total)	2,605	2,149	5,789	4,964	4,588
	6.8%	6.1%	16.4%	13.7%	11.1%
Disabled visitors (No. & % of total)	239	276	229	201	139
	0.6%	0.8%	0.6%	0.6%	0.4%
Family Groups (No. & % of total)	1,042	910	DNA ⁴	DNA ⁴	DNA⁴
	2.7%	2.6%			
Website Users – Number of Hits	1,202,567	1,600,692	2,290,368	3,153,174	3,858,729
Website Usage – Estimated number of pages viewed per person	5	8	8.7	8.7	10
Enquiries for research purposes, showing number of replies to letters/faxes/e-mail messages	1,370	1,556	1,726	1,936	2,146⁵
Enquiries for research purposes, showing number of personal visits to the Museum library/archive	239	81 ³	128	122	107
Grant-in-Aid 2 per visitor (including organised school groups)	£18.18	£19.51	£19.91	£20.12	£18.01
Grant-in-Aid 2 per visitor (excluding organised school groups)	£18.47	£19.68	£20.09	£20.55	£18.51
Grant-in-Aid 2 as a proportion of total operating spend	74.5	90.9	90.7	85.1	81.7
Total net income from all Internal Revenue Generating Activities	84,963	154,451	107,234	102,275	167,192
Net income as a proportion of Total Operating Spend	9.8	20.6	14	12	18.4
% of visitors 'satisfied' or 'very satisfied'	99.2%	98.9%	98.5%	98.5%	98.9%
Total number of pre-booked educational parties visiting the Museum	24	8	13	18	30
Primary Schools visiting the Museum – the number of groups and total estimated number of participants	9	1	6	6	7
	226	44	140	311	166
Secondary Schools visiting the Museum – the number of groups and total estimated number of participants	14	7	7	8	18
	355	253	320	410	927
Further & Higher Education Institutions visiting the Museum – the number of groups and total estimated number of participants	7	2	2	4	5
	74	28	19	45	24

1 Including 6,000 visitors to the Museum's Heritage Centre at CTCRM Lymptone

2 Excluding STP capital allocations

3 There was reduced public access to the library research room during 2003-2004

4 Data not available due to introduction of 'Kids Go Free'

5 Additionally, there were 221 replies delivered by telephone

Remuneration Report

The Remuneration Report is set out on pages 11.

Major General David Pennefather CB OBE
On behalf of the Board of Trustees
4 July 2007

C J Newbery FMA
Accounting Officer
4 July 2007

Remuneration Report

Remuneration Policy

The Director of the Royal Marines Museum is employed by the Trustees of the Museum on terms and conditions that are similar to MOD civil servants. He is on pay band B2 and receives an annual pay increase in accordance with nationally agreed pay awards.

Salary and Pension Entitlements

The director, Chris Newbery, had a basic salary during the year ended 31 March 2007 of £53,363 per annum. The director is aged 57, his pension (net of inflation) fell by £4 in the year, with his total accrued pension now being £6,170 as an ordinary member of the Principal Civil Service Pension Scheme. The director's CETV as at 31 March 2007 was £356,870.

No Trustees received remuneration during the year (2006: £Nil). Two trustees were reimbursed for travel expenses totalling £238 (2006: £558)

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

The Director did not receive any Benefits in Kind.

For 2006-2007, employers' contributions for the Museum as a whole of £48,599 were payable (2005-2006 £47,937) at rates in the range 17.1 to 25.5 percent of pensionable pay, based on salary bands. Employer contributions for PCSPS were reviewed in 2005-2006. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the schemes.

Pension benefits

Pension benefits are provided through the Principal Civil Service Pension Schemes (PCSPS). This scheme is an unfunded multi-employer defined benefits scheme but the Royal Marines Museum is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2003. Details can be found in the resource accounts for these schemes, which are published and laid before the House of Commons.

Principal Civil Service Pension Scheme (PCSPS)

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

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

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

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

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

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves 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 the disclosure applies. The CETV figures, and from 2003-2004 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Major General David Pennfather CB OBE
On behalf of the Board of Trustees
4 July 2007

C J Newbery FMA
Accounting Officer
4 July 2007

Statement of Board of Trustees' and Director'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 Marines 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; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Charity will continue in operation.

Under law applicable to charities in England and Wales, the Board of Trustees is responsible for keeping 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 Secretary of State has appointed me, the senior full time official, the Director, as the Accounting Officer for the Royal Marines Museum. My relevant responsibilities as Accounting Officer, including my 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 'Government Accounting'.

Statement on Internal Control

Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Royal Marines Museum's policies, aims and objectives set by the Board of Trustees, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Government Accounting, and for ensuring compliance with the requirements of the Royal Marines Museum's Financial Memorandum.

I, as Chairman of the Trustees, on behalf of the Board of Trustees of the Royal Marines Museum, am responsible for confirming that a sound system of internal control is maintained within the Museum and that the major risks, to which the charity is exposed, as identified by the Trustees, have been reviewed and systems have been established to mitigate those risks.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Royal Marines Museum's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Royal Marines Museum for the year ended 31 March 2007 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

A comprehensive Risk Register is in use, which identifies the risks relevant to the successful continuation of the Museum's current operations and its future development. Risk Management is an integral part of the Museum's corporate planning, with the risk of failure and severity of failure being applied to key activities.

The risk and control framework

The management of risk is exercised through the Museum's Senior Management Team who review on a regular basis the Museum's principal activities and events, with associated risks. The Board of Trustees and its Finance and General Purposes Committee receive periodic reports on the principal risks and the steps being taken to manage them effectively.

Review of effectiveness

I have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the internal audit function (described below), and the executive managers within the Museum who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

The review of the effectiveness of the system of internal controls is exercised through the Finance and General Purposes Committee (Audit Committee) of the Board of Trustees. This sub-group, which meets bi-annually, is chaired by a Trustee and membership includes an additional four of the Museum's Trustees, with Museum officers in attendance, as required. The Audit Committee reports directly to the Board of Trustees. This Audit Committee has visibility across the whole sphere of Museum internal management and is well placed to assess the effectiveness of internal controls and management of risk. In 2006-2007 it received an Internal Audit report from Defence Internal Audit and agreed a response in terms of management actions.

In my view, the information received was sufficient to enable me to review and confirm the effectiveness of the Royal Marines Museum's system of internal control in accordance with Treasury guidance and recommendations.

Major General David Pennefather CB OBE
On behalf of the Board of Trustees
4 July 2007

C J Newbery FMA
Accounting Officer
4 July 2007

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

I have audited the financial statements of the Royal Marines Museum for the year ended 31 March 2007 under the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2003. These comprise the Statement of Financial Activities, the Balance Sheet, the Cashflow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Board of Trustees, the Director and Auditor

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

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

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

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

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

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

Basis of audit opinion

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

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

Opinions

Audit opinion

In my opinion

- the financial statements give a true and fair view, in accordance with the Charities Act 1993 and directions made thereunder by the Secretary of State for Defence, of the state of the Royal Marines Museum's and the group's affairs as at 31 March 2007 and of its incoming resources and application of resources of the group for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Charities Act 1993 and directions made thereunder by the Secretary of State for Defence; and
- information given within the Trustees Report is consistent with the financial statements.

Audit opinion on regularity

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

Report

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General

6 July 2007

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

Statement of Financial Activities for the year ended 31 March 2007

	Notes	Unrestricted funds £	Restricted funds £	Other Restricted funds £	2007 Total £	2006 Total £
Incoming resources						
Incoming resources from generated funds						
Grant in Aid (operating)	3	0	722,788	0	722,788	765,752
Grant in Aid (capital)	3	0	18,000	0	18,000	17,500
Other donations and grants	3	42,313	0	37,850	80,163	33,913
Income of Trading Company	2	176,604	0	0	176,604	179,273
Income of charitable subsidiary	2	11,385	0	0	11,385	10,433
Investment income	4	3,673	0	0	3,673	2,904
Incoming resources from charitable activities						
Admissions	5	33,100	0	0	33,100	33,415
Other incoming resources	6	28,125	0	0	28,125	33,786
Total incoming resources		<u>295,200</u>	<u>740,788</u>	<u>37,850</u>	<u>1,073,838</u>	<u>1,076,976</u>
Resources expended						
Cost of generating funds						
Fundraising and publicity	7	(50,036)	(69,652)	0	(119,688)	(138,182)
Expenses of Trading Company		(154,032)	0	0	(154,032)	(155,133)
Expenses of charitable subsidiary		(7,578)	0	0	(7,578)	(7,827)
Charitable expenditure						
Museum and visitor operations	9	(91,541)	(688,228)	(7,062)	(786,831)	(820,291)
Governance costs						
Notional charges	10	(10,574)	(58,784)	0	(69,358)	(67,073)
		0	(143,666)	0	(143,666)	(128,780)
Total resources expended		<u>(313,761)</u>	<u>(960,330)</u>	<u>(7,062)</u>	<u>(1,281,153)</u>	<u>(1,317,286)</u>
Net incoming resources before transfers		<u>(18,561)</u>	<u>(219,542)</u>	<u>30,788</u>	<u>(207,315)</u>	<u>(240,310)</u>
Adjustment for notional charges		0	143,666	0	143,666	128,780
Net incoming resources before gains and losses on revaluations and disposals		<u>(18,561)</u>	<u>(75,876)</u>	<u>30,788</u>	<u>(63,649)</u>	<u>(111,530)</u>
Other recognised gains and losses						
Realised gains/(losses)						
Net gain on sale of investments		0	0	0	0	0
Unrealised gains/(losses)						
Revaluation of Investments		8,369	0	0	8,369	26,950
Revaluation of fixed assets		147,144	888,469	19,445	1,055,058	172,324
Net movement in funds		<u>136,952</u>	<u>812,593</u>	<u>50,233</u>	<u>999,778</u>	<u>87,744</u>
Total funds brought forward		<u>1,791,027</u>	<u>3,720,518</u>	<u>394,539</u>	<u>5,906,084</u>	<u>5,818,340</u>
Total funds carried forward		<u>1,927,979</u>	<u>4,533,111</u>	<u>444,772</u>	<u>6,905,862</u>	<u>5,906,084</u>

All recognised gains and losses are included in the Statement of Financial Activities

All transactions are derived from continuing activities

The notes on pages 22 to 34 form an integral part of these financial statements

Balance Sheet Consolidated as at 31 March 2007

	Notes	2007		2006	
		£	£	£	£
Tangible assets	12	6,276,304			5,309,372
Heritage assets	12	196,536			182,773
Investments	13	149,485			141,116
		6,622,325			5,633,261
Current assets					
Stocks	14	24,237		27,434	
Debtors	15	33,443		11,097	
Cash at bank and in hand	16	260,978		284,607	
		318,658		323,138	
Creditors: amounts falling due within one year	17	(35,121)		(50,315)	
Net current assets		283,537			272,823
Net assets		6,905,862			5,906,084
Funds					
Unrestricted funds		1,907,465			1,771,156
Restricted funds	18				
Grant in Aid (operating)		4,377,926			3,582,272
Grant in Aid (purchases)		155,185			138,246
Other restricted funds		444,772			394,539
Charitable subsidiary funds		8,368			7,561
Non charitable trading funds		12,146			12,310
		6,905,862			5,906,084

The financial statements were approved by the Trustees on 4 July 2007 and signed on its behalf by

Major General David Pennefather CB OBE
On behalf of the Board of Trustees

C J Newbery
Accounting Officer

The notes on pages 22 to 34 form an integral part of these financial statements

Balance Sheet as at 31 March 2007

	Notes	2007		2006	
		£	£	£	£
Tangible assets	12	6,275,397		5,308,281	
Heritage assets	12	196,536		182,773	
Investments	13	149,487		141,118	
		6,621,420		5,632,172	
Current assets					
Debtors	15	54,958		32,289	
Amounts falling due in more than 1 year	15	2,900		12,900	
Cash at bank and in hand	16	232,180		250,966	
		290,038		296,155	
Creditors: amounts falling due within one year	17	(26,110)		(42,114)	
Net current assets		263,928		254,041	
Net assets		6,885,348		5,886,213	
Funds					
Unrestricted funds		1,907,465		1,771,156	
Restricted funds	18				
Grant in Aid (operating)		4,377,926		3,582,272	
Grant in Aid (purchases)		155,185		138,246	
Other restricted funds		444,772		394,539	
		6,885,348		5,886,213	

The financial statements were approved by the Trustees on 4 July 2007 and signed on its behalf by

Major General David Pennefather CB OBE
On behalf of the Board of Trustees

C J Newbery
Accounting Officer

The notes on pages 22 to 34 form an integral part of these financial statements

Cash Flow Statement for the year ended 31 March 2007

	Non-public Funds £	Restricted Grant in Aid £	Charity Funds 2007 £	Group 2007 £	Group 2006 £
Net cashflow/(outflow) from operating activities	27,885	(15,829)	12,056	17,213	58,515
Return on investments and servicing of finance					
Bank interest received	8,552	0	8,552	8,552	6,047
Dividends received	3,673	0	3,673	3,673	2,904
Capital expenditure and financial investment					
Purchase of fixed assets	(28,355)	(24,712)	(53,067)	(53,067)	(51,419)
Repayment of Limited Company loan	10,000	0	10,000	0	0
Increase/(decrease) in cash	21,755	(40,541)	(18,786)	(23,629)	16,047
Opening cash balances	210,095	40,871	250,966	284,607	268,560
Closing cash balances	231,850	330	232,180	260,978	284,607
Reconciliation of Changes in Resources to Net Cashflow From Operating Activities					
Net incoming/(outgoing) resources for year	11,584	(75,876)	(64,292)	(63,649)	(111,530)
Depreciation	40,948	86,298	127,246	127,430	170,226
Investment income and interest received	(12,225)	0	(12,225)	(12,225)	(8,951)
Increase/(decrease) in creditors	4,220	(20,224)	(16,004)	(15,194)	7,890
(Increase)/decrease in stocks	0	0	0	3,197	(711)
(Increase)/decrease in debtors	(16,642)	(6,027)	(22,669)	(22,346)	1,591
Net cash inflow/(outflow) from operating activities	27,885	(15,829)	12,056	17,213	58,515

The notes on pages 22 to 34 form an integral part of these financial statements

Notes to the Financial Statement

1 Accounting policies

1.1 Basis of preparation of financial statements

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

The financial statements are prepared under the historical cost convention modified to include fixed assets at their value to the business by reference to current costs.

Consolidated financial statements have been prepared in respect of the charitable trust, its wholly owned subsidiary, RM Museum Limited and its charitable subsidiary, the Friends of the Royal Marines Museum. The Consolidated Statement of Financial Activities includes the results of the R M Museum Limited and the Friends of the Royal Marines Museum as single line items. The consolidated balance sheet includes the net assets of R M Museum Limited and the Friends of the Royal Marines Museum, on a line by line basis.

1.2 Incoming resources

Voluntary income and donations are accounted for as received by the charity. No permanent endowments have been received in the year.

Grants, including grants for the purchase of fixed assets, are recognised in full in the Statement of Financial Activities in the year in which they are receivable.

Income from investments is included in the year in which it is receivable.

1.3 Land and buildings

Land and buildings are stated at a valuation of depreciated replacement cost and depreciated over the lease term buildings held over 99 years. A professional valuation is obtained at least every five years and indices used reflect the change in value in the intervening years.

1.4 Office equipment

Office equipment with a cost or value greater than £750 and a useful life exceeding one year is capitalised at historic cost and revalued annually using Ministry of Defence derived indices. Office equipment is depreciated over its expected useful lives of four years.

1.5 Fixtures and fittings

Fixtures and fittings with a cost or value greater than £750 and a useful life exceeding one year are capitalised at historic cost and revalued annually using Ministry of Defence derived indices. Fixtures and fittings are depreciated over their expected useful lives of ten years.

1.6 Assets held by R M Museum Limited

The tangible fixed assets of the RM Museum Limited are stated in the Museum's group accounts at historic cost less accumulated depreciation. Depreciation has been provided at rates calculated to spread the cost of each asset over its expected useful life as follows

Fixtures and fittings – 20 per cent on reducing balance

1.7 Basis of allocation

Cost of generating funds comprises costs incurred in encouraging people and organisations to contribute financially to the charity's work and to promote the Royal Marines Museum as a visitor attraction.

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

Charitable expenditure includes expenditure associated with Galleries and Exhibitions, Curatorial Matters and Education and include costs directly attributable to each activity. Costs not directly attributable to one activity including the proportion of support costs relating to charitable expenditure have been allocated in proportion to staff costs incurred in the following percentages

	%
Galleries and Exhibitions	55
Curatorial	40
Education	5
	100

Support costs include central functions and have been allocated to cost categories on a basis consistent with the use of resources or the floor space occupied, as applicable.

1.8 Grants receivable

Revenue grants are credited to incoming resources on the earlier date of when they are received or when they are receivable, unless they relate to a specified future period, in which case they are deferred.

Grants for the purchase of fixed assets are credited to restricted incoming resources when receivable. Depreciation on the fixed assets purchased with such grants is charged against the restricted fund.

1.9 Restricted funds

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

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

1.10 Notional charges

In accordance with Treasury guidance the following item is charged to the Statement of Financial Activities

Notional interest at 3.5 per cent (2006: 3.5 per cent) of the average capital employed in respect of Grant in Aid funds

This notional charge is not an actual cost to the Museum and a corresponding credit entry is also reflected on the Statement of Financial Activities.

1.11 Leased assets

Rentals applicable to operating leases are charged to the Statement of Financial Activities as incurred.

1.12 Investments

Investments are revalued at the market value at the balance sheet date and the gain or loss taken to the Statement of Financial Activities.

1.13 Stocks

Stocks are valued at the lower of cost, (or at net current replacement cost, if materially different), and net realisable value after making due allowance for obsolescence and slow moving items.

1.14 Pensions

The employees of the Museum are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), which provides benefits based on the final pensionable pay. The contributions payable under the PCSPS are paid to the Paymaster General at rates determined from time to time by the Government Actuary, which for 2006-2007 were as follows

Non-industrial staff	%
Band one – £18,500 and under	17.1
Band two – £18,501 - £38,000	19.5
Band three – £38,001 - £65,000	23.2
Band four – £65,001 and over	25.5

The PCSPS is an unfunded multi employer defined benefit scheme but the Royal Marines Museum is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office; Civil Superannuation (www.civilservicepensions.gov.uk).

For 2006-2007, employers' contributions of £48,599 were payable to the PCSPS (2005-2006 £47,937) at one of four rates in the range 17.1 to 25.5 per cent of pensionable pay, based on salary bands. Rates will remain the same for the next two years, subject to revalorisation of the salary bands. Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

1.15 Heritage assets

Artefacts held in trust together with photographs, books and a reserve collection have not been included in the financial statements due to their historic nature, covering the history of the Royal Marine Service.

With effect from 1 April 2000, additions to the collection with a cost in excess of £750, have been capitalised. In accordance with guidance issued by HM Treasury these assets are not revalued or depreciated.

2 Income and expenses from trading activities of subsidiaries

The charity has a wholly owned trading subsidiary which is incorporated in the United Kingdom. RM Museum Limited provides a corporate hospitality service and operates a giftshop and tearoom within the Museum. The company transfers its taxable profits to the Royal Marines Museum by way of Gift Aid. A summary of its trading results is shown below. Audited accounts have been filed with Registrar of Companies.

Profit and loss account year ended 31 March 2007

	2007	2006
	£	£
Turnover	176,519	179,083
Cost of sales	(60,873)	(63,342)
Gross profit	115,646	115,741
Sundry income	85	189
Tearoom	(14,463)	(13,627)
Corporate hospitality	(38,952)	(39,477)
Giftshop	(39,687)	(38,685)
Interest payable	(737)	(1,201)
Net profit/(loss) before tax and transfers	21,892	22,940
Tax on ordinary activities	0	0
Net profit/(loss) after tax and before transfers	21,892	22,940
Amount gifted to Royal Marines Museum	(22,000)	(13,000)
Profit/(loss) for year before taxation	(108)	9,940
Taxation	(57)	0
Profit/(loss) for the year after taxation	(165)	9,940
Retained profit/(deficit) brought forward	12,311	2,371
Retained profit/(deficit) carried forward	12,146	12,311
Called up share capital	2	2
Capital and reserves	12,148	12,313

Activities of charitable subsidiary

The accounts of the Friends of The Royal Marines Museum have been recognised in the consolidated financial statements on the basis that officers of the Museum hold the majority of the positions on the Association's governing Council.

The Association's object is to promote, support, assist and improve the Royal Marines Museum. Accounts are prepared annually to 31 December and no material difference arises from using accounts prepared to this date. Accordingly, no adjustment has been made when consolidating these accounts. A summary of the Association's Income and Expenditure account for the year ended 31 December 2006 is shown below

	2007	2006
	£	£
Income	11,385	10,433
Expenditure	(7,578)	(7,827)
Donation to the Museum	(3,000)	(3,000)
Surplus/(deficit) for the year	807	(394)
Funds brought forward	(394)	0
Funds carried forward	413	(394)

Related party transactions

RM Museum Limited is a related party of the Royal Marines Museum and, in addition to the above transaction, pays interest to the Museum on the outstanding loan, as detailed below

	2007	2006
	£	£
Amount paid in Loan interest	737	1,201

No amounts have been written off by The Royal Marines Museum during the year.

The Friends of The Royal Marines Museum are a related party of the Royal Marines Museum. During the year £3,000 was donated to the Museum.

3 Donations

During the year the following grants and donations were received:

Grants received from Ministry of Defence Vote, Request for Resources 1

	Unrestricted funds	Restricted Grant in Aid	Restricted Other Funds	2007	2006
	£	£	£	£	£
Operations	0	722,788	0	722,788	765,752
Purchase of Exhibits	0	18,000	0	18,000	17,500
	<u>0</u>	<u>740,788</u>	<u>0</u>	<u>740,788</u>	<u>783,252</u>

Other grants and donations

Band Concert	843	0	0	843	0
Bradford and Bingley	2,000	0	0	2,000	0
Clothworkers Foundation	0	0	10,000	10,000	0
N Drysdale	0	0	0	0	2,005
Mr P Gerecke	0	0	500	500	0
Heritage Lottery Fund	0	0	25,000	25,000	0
Ms L Inglis	0	0	0	0	500
Mercers Co. Art	3,000	0	0	3,000	0
Mrs FE Raven	0	0	0	0	5,000
Jules Thorn	1,000	0	0	1,000	0
SS Richardson	0	0	0	0	10,000
RMA Southampton	500	0	0	500	0
Royal Marine Corps	30,000	0	0	30,000	10,000
The Trustees of BM Vickery	0	0	0	0	4,364
Miscellaneous donations	4,970	0	350	5,320	2,044
Anonymous	0	0	2,000	2,000	0
	<u>42,313</u>	<u>0</u>	<u>37,850</u>	<u>80,163</u>	<u>33,913</u>

4 Investment income

	Unrestricted funds	2007	2006
	£	£	£
Unit trust income	3,673	3,673	2,904
	<u>3,673</u>	<u>3,673</u>	<u>2,904</u>

5 Activities for generating funds

	Unrestricted funds	2007	2006
	£	£	£
Museum admissions	33,100	33,100	33,415
	<u>33,100</u>	<u>33,100</u>	<u>33,415</u>

6 Other incoming resources

	Unrestricted funds	2007	2006
	£	£	£
Sundry income	28,125	28,125	33,786
	<u>28,125</u>	<u>28,125</u>	<u>33,786</u>

7 Cost of generating funds

	Fundraising and publicity	2007	2006
	£	£	£
Staff costs	57,348	57,348	66,272
Administration costs	2,585	2,585	5,831
Event Expenditure	3,569	3,569	1,743
Utilities	1,754	1,754	3,637
Advertising	41,062	41,062	50,504
Travelling	443	443	505
Security costs	8,807	8,807	8,515
Other costs	4,120	4,120	1,175
	<u>119,688</u>	<u>119,688</u>	<u>138,182</u>

8 Support costs

	Museum and visitor centre operations £	Governance costs £	2007 £	2006 £
Administration costs	11,839	7,609	19,448	17,435
Utilities	22,502	2,339	24,841	20,618
Insurance	16,183	0	16,183	12,747
Maintenance and stores	38,533	0	38,533	38,916
Computer consumables	4,048	0	4,048	11,156
Travelling	1,329	2,657	3,986	4,545
Education costs	3,511	2,340	5,851	8,477
Security costs	36,093	11,743	47,836	48,270
Entertainment	986	0	986	2,054
Bank charges	50	0	50	321
Gardens and landscaping	10,837	0	10,837	12,770
Other costs	14,511	218	14,729	7,868
	<u>160,422</u>	<u>26,906</u>	<u>187,328</u>	<u>185,177</u>

9 Museum and visitor operations

	Galleries and Exhibitions	Curatorial	Education	Total 2007	Total 2006
Staff costs	251,316	186,222	41,512	479,050	462,797
Purchase of exhibits	584	425	53	1,062	865
Rates	4,139	3,010	376	7,525	5,884
Consultancy fees	0	0	0	0	1,000
Collection Management	0	6,509	0	6,509	11,733
Photographic	0	892	0	892	1,934
Recruitment	2,037	1,482	185	3,704	8,835
Depreciation	69,985	50,898	6,362	127,245	170,018
Subscriptions	232	169	21	422	0
Support costs	88,232	64,169	8,021	160,422	157,225
	<u>416,525</u>	<u>313,776</u>	<u>56,530</u>	<u>786,831</u>	<u>820,291</u>

10 Governance costs

	2007 £	2006 £
Staff costs	20,791	19,863
Legal and professional	2,953	1,075
Accountancy	11,058	10,883
Audit	7,650	7,300
Support costs	26,906	27,952
	<u>69,358</u>	<u>67,073</u>

11 Total resources expended (charity only)

	Staff costs £	Other costs £	Depreciation £	Total 2007 £	Total 2006 £
Charitable expenditure	479,050	180,536	127,245	786,831	820,291
Costs of generating funds	57,348	62,340	0	119,688	138,182
Governance costs	20,791	48,567	0	69,358	67,073
Notional charges	0	143,666	0	143,666	128,780
Total	557,189	435,109	127,245	1,119,543	1,154,326
				2007 £	2006 £
<i>Staff costs</i>					
Wages and salaries				474,039	467,203
Social security costs				34,551	33,792
Pension costs				48,599	47,937
				557,189	548,932

Excluding pension contributions, no employee, other than the director, earned £40,000 per annum or more in either the year ended 31 March 2007 or the previous year.

Including the Director, the average number of employees, analysed by function, was

	2007	2006
Cost of generating funds	3	3
Charitable expenditure	16	16
Governance costs	4	4
	23	23

The director, Chris Newbery, had a basic salary during the year ended 31 March 2007 of £53,363 (2006: £52,453) per annum. The director is aged 57, his pension (net of inflation) fell by £4 (2006: £374) in the year, with his total accrued pension now being £6,170 (2006: £5,409) as an ordinary member of the Principal Civil Service Pension Scheme. The director's CETV as at 31 March 2007 was £356,870.

No Trustees received remuneration during the year (2006: £Nil). Two trustees were reimbursed for travel expenses totalling £238 (2006: £558)

12 Tangible fixed assets

	Land and buildings £	Office Equipment £	Fixtures and Fittings £	Heritage Assets £	Total £
Cost					
At 1 April 2006	5,605,388	104,444	689,640	182,773	6,582,245
Additions	0	12,355	26,949	13,763	53,067
On revaluation	594,612	(622)	22,422	0	616,412
At 31 March 2007	<u>6,200,000</u>	<u>116,177</u>	<u>739,011</u>	<u>196,536</u>	<u>7,251,724</u>
Depreciation					
At 1 April 2006	352,331	77,548	661,312	0	1,091,191
On revaluation	(452,158)	2,228	11,284	0	(438,646)
Charge for the year	99,827	16,029	11,390	0	127,246
At 31 March 2007	<u>0</u>	<u>95,805</u>	<u>683,986</u>	<u>0</u>	<u>779,791</u>
Net book values					
At 31 March 2007	<u>6,200,000</u>	<u>20,372</u>	<u>55,025</u>	<u>196,536</u>	<u>6,471,933</u>
At 31 March 2006	<u>5,253,057</u>	<u>26,896</u>	<u>28,328</u>	<u>182,773</u>	<u>5,491,054</u>

Tangible fixed assets - Group

	Land and buildings £	Office Equipment £	Fixtures and Fittings £	Heritage Assets £	Total £
Cost					
Cost or valuation					
At 1 April 2006	5,607,247	104,444	695,696	182,773	6,590,160
Additions	0	12,355	26,949	13,763	53,067
Revaluation	594,612	(622)	22,422	0	616,412
At 1 April 2006	<u>6,201,859</u>	<u>116,177</u>	<u>745,067</u>	<u>196,536</u>	<u>7,259,639</u>
At 31 March 2007	<u>6,201,859</u>	<u>116,177</u>	<u>745,067</u>	<u>196,536</u>	<u>7,259,639</u>
Depreciation					
At 1 April 2006	353,577	77,548	666,890	0	1,098,015
Revaluation	(452,158)	2,228	11,284	0	(438,646)
Charge for the year	99,916	16,029	11,485	0	127,430
At 1 April 2006	<u>1,335</u>	<u>95,805</u>	<u>689,659</u>	<u>0</u>	<u>786,799</u>
At 31 March 2007	<u>1,335</u>	<u>95,805</u>	<u>689,659</u>	<u>0</u>	<u>786,799</u>
Net book values					
At 31 March 2007	<u>6,200,524</u>	<u>20,372</u>	<u>55,408</u>	<u>196,536</u>	<u>6,472,840</u>
At 31 March 2006	<u>5,253,670</u>	<u>26,896</u>	<u>28,806</u>	<u>182,773</u>	<u>5,492,144</u>

The charity's land and buildings were revalued to £6,200,000 by Hellier Langstone Limited in accordance with the stated accountancy policy. The revaluation was conducted by a qualified surveyor on a depreciated replacement cost basis and in accordance with the RICS Appraisal and Valuation manual (5th Edition).

Tangible fixed assets include land and buildings with a net book value of £4,370,000 that are held on a 50 year lease from the MoD expiring in 2044. The lease restricts their use to that of a Royal Marines Museum.

13 Fixed asset investments

	Charity Listed £	Unlisted £	Group Listed £	Unlisted £
Market value or cost at 1 April 2006	141,116	2	141,116	0
Net unrealised gains/(losses)	8,369	0	8,369	0
Market value or cost at 31 March 2007	149,485	2	149,485	0
Historic cost at 31 March 2007	75,000	2	75,000	0
Market value or cost at 31 March 2006	141,116	2	141,116	0
Historic cost at 31 March 2006	75,000	2	75,000	0

The investments held consist wholly of units in the Charities Aid Foundation Balanced Growth Fund. The investment income shown in these Financial Statements represents the total yield during the year.

Unlisted investments represents 100 per cent of the issued share capital of RM Museum Limited.

14 Stocks

	Charity £	2007 Group £	Charity £	2006 Group £
The amounts attributable to the different categories are as follows				
Goods For Resale	0	23,453	0	26,609
Friends of the Royal Marines Museum stock	0	784	0	825
	0	24,237	0	27,434

15 Debtors

	Charity £	2007 Group £	Charity £	2006 Group £
<i>Amounts due within 1 year</i>				
Trade debtors	0	1,560	0	53
Social Security and Other Taxes	9,270	9,270	9,580	5,635
Other debtors	172	2,403	0	0
Prepayments and accrued income	41,216	20,210	18,409	5,409
Amounts owed by R M Museum Limited	4,300	0	4,300	0
	54,958	33,443	32,289	11,097
<i>Due after one year</i>				
Amounts owed by RM Museum Limited	2,900	0	12,900	0
Total debtors	57,858	33,443	45,189	11,097

16 Cash at bank and in hand

	2007 £	2006 £
Non-public funds	231,850	210,095
Public funds		
Grant in Aid (operating)	153	40,134
Grant in Aid (purchases)	177	737
Cash at bank and in hand – Charity	232,180	250,966
Trading Subsidiary	21,396	24,226
Charitable Subsidiary	7,402	9,415
Cash at bank and in hand – Group	260,978	284,607

For the purposes of the Cash Flow Statement, cash at bank and in hand comprises

	£	£
Cash	260,978	284,607
Liquid resources	0	0
	260,978	284,607

17 Creditors: amounts falling due within one year

	Charity £	2007 Group £	Charity £	2006 Group £
Trade creditors	10,460	12,260	27,302	28,317
Other taxes and social security	0	3,463	0	0
Other creditors	0	2,048	0	2,680
Accruals	15,650	17,350	14,812	19,318
	26,110	35,121	42,114	50,315

18 Restricted funds

	1 April 2006 £	Incoming £	Outgoing £	Transfers £	Revaluation £	31 March 2007 £
Grant in Aid (operating)	3,582,272	722,788	(815,603)	0	888,469	4,377,926
Grant in Aid (purchases)	138,246	18,000	(1,061)	0	0	155,185
Other restricted funds	394,539	37,850	(7,062)	0	19,445	444,772
	<u>4,115,057</u>	<u>778,638</u>	<u>(823,726)</u>	<u>0</u>	<u>907,914</u>	4,977,883

The Museum receives Grant in Aid funding from the Ministry of Defence as a contribution towards the operating costs.

The Development Fund represents the income raised by donations, grants and specific fundraising and the expenditure of these funds in the furtherance of the Development Project.

The Grant in Aid (operating) reserve includes the revaluation reserve relating to public funds.

19 Analysis of net assets between funds

	Tangible Fixed Assets £	Investments £	Net Current Assets £	Total £
Restricted funds				
Grant in Aid (operating)	4,377,468	0	458	4,377,926
Grant in Aid (purchases)	155,008	0	177	155,185
Development Fund	409,940	0	34,832	444,772
	<u>4,942,416</u>	<u>0</u>	<u>35,467</u>	4,977,883
Unrestricted funds – Charity	1,529,517	149,487	228,461	1,907,465
	<u>6,471,933</u>	<u>149,487</u>	<u>263,928</u>	6,885,348
Charitable subsidiary	1	0	8,367	8,368
Non charitable trading funds	906	(2)	11,242	12,146
	<u>6,472,840</u>	<u>149,485</u>	<u>283,537</u>	6,905,862

20 Commitments and contingent liabilities

The charity or group had no capital commitments or contingent liabilities at 31 March 2007 or at 31 March 2006.

21 Other commitments

At 31 March 2007 the charity had annual commitments under non-cancellable operating leases as follows

	Land and buildings 2007 £	Other 2007 £	Land and buildings 2006 £	Other 2006 £
Expiry date				
Within one year	0	0	0	0
Between one and five years	0	3,036	0	3,036
In over five years	0	0	0	0
	<u>0</u>	<u>3,036</u>	<u>0</u>	<u>3,036</u>

22 Other related party transactions

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

The Royal Marines Corps is a related party of the Royal Marines Museum. During the year, the Royal Marines Corps gifted £30,000 (2006 £10,000) to the Museum.

23 Taxation

All of the charity's income is applied for charitable purposes and therefore the charity is exempt from corporation tax. The charity's trading subsidiary had a corporation tax liability of £Nil as at 31 March 2007 (2006: £Nil).

24 Post balance sheet events

These accounts were authorised for issue by CJ Newbery on 11 July 2007.

25 External performance indicators

Ratio of self-generating income to GiA

Year	Self Generated Income £	Grant in Aid Income £	Ratio	
2006-2007	145,061	742,788	1:5.12	Actual
2006-2007	89,861	745,279	1:8.29	Budget
2005-2006	104,018	783,252	1:7.53	Actual

For further information about the National Audit Office please contact:

National Audit Office
Press Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP
Tel: 020 7798 7400
Email: enquiries@nao.gsi.gov.uk

DG Ref: E16129 7562RC

Printed in the UK for The Stationery Office Limited
on behalf of the Controller of Her Majesty's Stationery Office
10/07

Published by TSO (The Stationery Office) and available from:

Online

www.tsoshop.co.uk

Mail, Telephone, Fax & E-mail

TSO

PO Box 29, Norwich, NR3 1GN

Telephone orders/General enquiries: 0870 600 5522

Order through the Parliamentary Hotline Lo-call 0845 7 023474

Fax orders: 0870 600 5533

E-mail: customer.services@tso.co.uk

Textphone 0870 240 3701

TSO Shops

16 Arthur Street, Belfast BT1 4GD

028 9023 8451 Fax 028 9023 5401

71 Lothian Road, Edinburgh EH3 9AZ

0870 606 5566 Fax 0870 606 5588

The Parliamentary Bookshop

12 Bridge Street, Parliamentary Square,
London SW1A 2JX

Telephone orders/General enquiries 020 7219 3890

Fax Orders 020 7219 3866

Email bookshop@Parliament.uk

Internet bookshop.Parliament.uk

TSO@Blackwell and other Accredited Agents

ISBN 978-0-10-328745-4



9 780103 287454