

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

Royal Marines Museum Account 2010-2011

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(Audit of Public Bodies) Order 2003

Royal Marines Museum Account 2010-2011

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED ON 18 JULY 2011

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Trustees report for the year ended 31 March 2011

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 (2010-11)

Chairman

Major General D A S Pennefather CB OBE

Nominated Trustees

Brigadier P Denning OBE (Deputy Commandant General Royal Marines/ACOS LLM)

Councillor P Edgar (Representative, Hampshire County Council)

Lt Col I Grant RM (Corps Secretary)

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

Brigadier C W P Hobson (Chief Executive, Royal Marines Association) to 8 July 2010

Colonel M Reece OBE (Representative, Royal Marines Association) from 20 October 2010

WO1 (RSM) M Wicks RM (Corps RSM)

Co-opted Trustees

J G Farnhill Esq

Ms V S Harbar

Dr J A Lock

K Morris Esq

Mrs S Rhys Jones OBE

G M Salvetti Esq TD

Mrs D Smith

G Whitter Esq ACA FCCA CTA

Senior members of staff (2010-11)

Museum Director: C J Newbery Esq FMA

Curator and Deputy Director: I Maine Esq

Estate Manager: G May Esq

Marketing Manager: A Wilson Esq (to 1 September 2010); Mrs C Chapman (from 1 February 2011)

Finance, Personnel and Trading Manager: Miss L Swales

Visitor Experience Manager: Mrs Z Turner (from 1 February 2011)

Accounting Officer

Director General of the National Museum of the Royal Navy: Dr D Tweddle

Accountants and Auditors of the Royal Marines Museum Limited

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
140 Milton Road
Southsea
Hampshire PO4 8EE

Solicitors

Blake Lapthorn
Harbour Court
Compass Road
North Harbour
Portsmouth
Hampshire PO6 4ST

Structure, governance and management**Status**

The Museum is a Registered Charity and its present Trust Scheme was approved in March 1999. It receives an annual grant from the National Museum of the Royal Navy (NMRN) and use of this grant is governed by a Service Level Agreement.

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 fundraising initiative, it was moved from its original premises to the Barracks Officers' Mess which became available at the time.

The Museum received a special mention in the 1983 European Museum of the Year Awards – a rare honour for a military museum. Major modernisation occurred between 1996 and 1998, the Museum becoming one of the first recipients of a grant from the Heritage Lottery Fund. A decade later, the Museum's 50th anniversary was marked by another series of improvements, including a new display titled "The Making of the Royal Marines Commando". This resulted in the Museum receiving the Tourism South East Award as Best Small Visitor Attraction, 2008.

The Museum acquired the freehold of part of its estate in 2001/02; 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 respectively. All new co-opted and nominated trustees receive induction training at the Museum. There are also opportunities for Board members to attend trustee training courses provided by firms of solicitors and accountants.

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 at least 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 the NMRN

The National Museum of the Royal Navy consists of the four principal museums of the Royal Navy (including the Royal Marines Museum) and HMS VICTORY. The Vision for the NMRN is for it to become the world's leading naval museum underpinned by a spirit of enterprise and adventure.

Integration of the Royal Marines Museum with the National Museum of the Royal Navy will occur on 1 July 2011. At this point, the Royal Marines Museum will become vested as a company limited by guarantee with charitable status. Furthermore, due to the Articles of Association, the Royal Marines Museum will become a subsidiary company of the NMRN. The existing Service Level Agreement between the Royal Marines Museum and the NMRN will be replaced by a new Framework Agreement and this will govern the way that the annual grant can be used.

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 him 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

"To educate and inspire the public and all members of the Armed Forces about the history and current activities of the Royal Marines and their contribution to Defence; to assist in recruiting, the maintenance of esprit de corps and the recognition of sacrifice."

Strategic Aims of the Museum

- 1 Contribute to the development of the National Museum of the Royal Navy
- 2 Develop the RM Museum so that it attracts an increasing number of visitors and provides those visitors with a positive recreational experience through the execution of the Development Plan, Learning Policy and Marketing Policy/Plan.
- 3 Make the Museum's collection and facilities as accessible as possible to all.
- 4 Raise public awareness of the Royal Navy and Royal Marines, encourage recruitment, educate RN/RM personnel about the history and traditions of the Naval Service, contribute to esprit de corps and act as a memorial to Royal Marines killed in action.
- 5 Collect, document and preserve items relating to the history and contemporary role of the Royal Marines.
- 6 Promote research and scholarship relating to the history of the Royal Marines.
- 7 Achieve and maintain relevant national standards including the obligation to remain financially viable.

Main Objectives in 2010-11

To assist the development of the National Museum of the Royal Navy

The strategy to achieve this objective was to play an active and constructive role in NMRN meetings, including the Board of Directors of the charitable company and the Museum Directors Group, and through these meetings assist the development of NMRN strategies, policies and plans.

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 displays about the Royal Marines 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 twofold: to maintain full Accreditation status awarded by the Museums, Libraries and Archives Council and to be re-accredited as a Quality Assured Visitor Attraction on an annual basis by VisitBritain.

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 2010-11

Special exhibitions and improvements to displays

Two special exhibitions were mounted during the reporting year. In April 2010, Major General FHJ Howes OBE, Commandant General Royal Marines, opened an exhibition titled "Griff – Thinker, Painter, Forger, Spy?" which explored the career and art works of Captain Guy Griffiths RM. He was an aviator who spent most of the Second World War in German prisoner-of-war camps and a selection of his pictures from this period was displayed in the exhibition together with personal items of uniform and equipment. In October 2010, Lieutenant General Sir Henry Beverley KCB OBE, former Commandant General Royal Marines and a past Chairman of Trustees' of the Royal Marines Museum, opened a special exhibition titled "Why Stay Silent?" The exhibition, which runs until 3 October

2011, explores different concepts of remembrance through presenting a number of personal stories that span the last 150 years, including some arising from present day operations in Afghanistan.

When Lieutenant General Sir Henry Beverley opened "Why Stay Silent?" he also unveiled a plaque naming the new venue for major exhibitions "The Beverley Gallery". This gallery is situated in a convenient position close to the main public entrance to the Museum. Smaller scale changing exhibitions can be found in a "Featured Objects" showcase located adjacent to the introductory film area. Some of these exhibitions mark anniversaries of historic events involving the Royal Marines. For example, in March 2011 an exhibition was opened that commemorated the bi-centenary of the successful defence of Anholt against Danish forces seeking to re-possess their strategically important island of that name during the Napoleonic Wars.

Displays in the permanent galleries were also improved and expanded. Two examples serve to demonstrate the Museum's determination to keep up-to-date with the modern story of the Corps. Firstly, the permanent exhibition titled "The Making of the Royal Marines Commando" was improved by additions to the jungle training section. Secondly, a completely new display was introduced about deployments during the last 20 years including Iraq and Afghanistan. Further work on this particular gallery is scheduled for completion in the summer of 2011.

Learning, Access and Special Events

Schools were provided with a wide range of learning opportunities relating to the National Curriculum. The theme of remembrance continued to be popular and this meant that the Museum was busy with school groups for several weeks close to Remembrance Sunday. The Museum also continued to work with the Science Museum as its Southern Lead Partner to deliver the "Collecting Stories" project that was financially supported by the Government. The aim was to help museums teach Key Stage 3 Science and in 2010/11 the participating school was Admiral Lord Nelson School, Portsmouth. This was the final year of the project and a special 'showcase event' was held at the Museum in February.

Family activities during school holidays attracted good levels of attendance. Themes for the summer holidays included "Commando Ops" which saw young children and their carers being put on exercise around the Museum, participating in 'casevac' and stealth operations. "Commando Fit" returned for its third straight summer, the children's assault course proving its worth.

Support for RM training is delivered in a variety of ways. Recruits and young officers visit the Museum as part of their training programmes, the promotion of ethos and fighting spirit being key aims of the visits. Visits by Advanced Command Courses also take place on a regular basis and involve detailed briefings by members of the curatorial team.

Access to information about the Museum and its collections was enhanced in 2010 through the medium of a re-designed website with fresh content. For example, a 'virtual' exhibition was created which drew on material from the "Griff - Thinker, Painter, Forger, Spy?" exhibition. The Museum has also consolidated its social networking activity through Facebook and Twitter.

A wide-ranging programme of special events included two well-attended evening concerts given by the Royal Marines Association Concert Band. There was also the annual open-air concert in July, featuring the Band of HM Royal Marines Portsmouth, which attracted an audience of some 4,000 people. In addition to musical events, there was a garden party in April, guided tours of the Museum's grounds to mark Armed Forces Day and a fun event for all the family in August titled "Go Ballistic!" The Museum's November lecture series included presentations on the following subjects: Marine Bute and his voyage on HMS Beagle (1831-36); the climbing skills of the Royal Marines from the Battle of Belle Isle in 1761 to the present day; life in Eastney Barracks, circa 1900; Captain Guy Griffiths RM - pilot, prisoner and painter.

In terms of 'outreach', the Museum participated in a number of external events such as Navy Days and the National Archaeology Weekend at Fort Cumberland.

Collections and Scholarship

The Museum has continued to develop its collection in line with its Acquisition Policy. Purchases included a fine presentation sword given to Major Robert Torrens RM by the non-commissioned officers, drummers, and privates

of the Royal Marines in garrison at Anholt not only in recognition of his brave leadership in repulsing Danish forces in March 1811 but also in gratitude for his "kind consideration of their individual comfort and happiness". The Torrens sword was acquired with a generous grant of £25,170 from The Art Fund. Notable medals purchased during the reporting year included a Conspicuous Gallantry Medal awarded to Drummer GW Burnett RM for his gallantry in October 1873 during the war with the Ashanti in West Africa. He was only 16 at the time and this makes him one of the youngest CGM winners. Two extremely rare Naval General Service Medals were also purchased and an unusual medal group that belonged to Captain JF Maynard who served in the Royal Marines from 1894 to 1945 with a break during the inter-war period. The Museum's firearms collection was significantly enhanced through the purchase of two items. Firstly, a very rare L42 sniping rifle, circa 1972, and secondly, a silenced version of the Sten Machine Gun Mk II. The latter is an example of the rarest type of Sten gun variants and this was the type issued for the Operation Frankton raid in the Second World War.

Donations have remained buoyant with some important material entering the collections. For example, the Chairman of the RM Historical Society donated, from his own collection, family papers of John Fischer who was Senior Lieutenant of the RM garrison at Anholt in 1811. Contemporary collecting has included the recording of interviews with Royal Marines of 40 Commando shortly after their return from Afghanistan in 2010. The Museum also collected the whole uniform of Company Sergeant Major 'Buck' Ryan, Charlie Company 40 Commando. He was able to provide information about his experiences in Afghanistan, thus providing important context for his uniform.

Regarding collections management, the Museum added over 9,000 items to its collections database as a result of a cataloguing programme that has involved both staff and volunteers. Also, at the end of the reporting year, the Museum learned that it had been awarded £50,000 by the Heritage Lottery Fund to transform its archive and the way it can be used. The money will be used to pay for a brand new archive storage system enabling the Museum's extensive archives to be stored in a much more effective way. The scheme will also pay for new computers and specialist software to enable people to find items in the archive, or information contained within it, much more quickly. The project will involve volunteers in cataloguing and conserving items in the collection. Additional financial support for the project has been received from the RM Historical Society, the Friends of the RM Museum and the Royal Marines Charitable Trust Fund.

Research and publications using the Museum's collections have continued at a steady tempo. The Museum provided illustrations for a RM Historical Society publication titled "After Limbang – A Royal Marines Anthology of Experiences of the Confrontation with Indonesia, December 1962 to September 1966" compiled by Lt Col Brian Edwards RM. Matthew Little, the Museum's Archivist and Librarian, assisted the preparation of "Cockleshell Heroes – The Final Witness" by Quentin Rees and contributed the Foreword. Finally, the majority of the images in the book titled "Per Mare, Per Terram – The Bands and Drums of the Royal Marines since 1664" by John Ambler, were supplied by the Museum.

An important academic conference was held at the Museum in February 2011. Titled "War, Silence and Memory", the conference was jointly organised by the Museum and the Centre for Research in Memory, Narrative and Histories at the University of Brighton. It linked with the Museum's "Why Stay Silent?" exhibition, the Museum Director contributing a paper that explained the Museum's role as a memorial and centre of remembrance.

Achievements and performance

With regard to establishing a formal constitutional relationship with the National Museum of the Royal Navy (NMRN), agreement was reached on the Articles of Association for the RM Museum's new charitable company. This gives particular powers to the NMRN which give it effective control over the RM Museum. Vesting Day for the new company will occur in the first half of 2011/12. The use of the annual grant from the NMRN is governed by a Service Level Agreement (SLA). During the reporting year, discussions took place with the NMRN concerning a successor to the SLA, namely The Framework Agreement (TFA). TFA was approved by the Board of the RM Museum in March 2011 and it will be implemented in 2011/12.

The total number of visitors to the Museum at Eastney was 43,379 compared to 48,615 the previous financial year (2009/10). However, it should be noted that the visitor total in 2009/10 included 5,000 people who attended a "Meet the Marines" event that could not be repeated in 2010/11 due to external factors. In terms of visitor satisfaction, a survey revealed that 99.5% of visitors rated their visit as good or excellent. Furthermore, 732 out of 925 visitors who completed the visitor satisfaction question in the survey rated their visit as excellent.

With reference to promoting the Royal Marines and encouraging recruitment, this was achieved through promotion of "The Making of the Royal Marines Commando" permanent exhibition, introducing a new display about recent RM deployments, providing recruitment literature and putting on a range of events that featured serving members of the Corps, including the Band of Her Majesty's Royal Marines Portsmouth. The Museum is also a focal point for the remembrance of sacrifice, providing a Remembrance Sunday service attended by over 500 people and hosting many smaller services throughout the year in its Memorial Garden. In this context, it should also be noted that the "Why Stay Silent?" special exhibition has been a success, attracting significant media coverage.

Relevant national standards were maintained by holding full Accreditation status from the Museums, Libraries & Archives Council and by being re-accredited as a Quality Assured Visitor Attraction following an inspection by a Visit Britain assessor. The assessor's report stated that the award was fully merited because the Museum offered the visitor a "very good to excellent quality experience".

So far as income generation was concerned, the Museum's Limited Company (comprising the Gift Shop and Corporate Hospitality) was able to hand over £13,500 in Gift Aid to the Museum Trust, and this compares to £21,000 the previous year. Considering the adverse economic climate, this can be considered as a fair result. Admission income was £76,245 (including Gift Aid) compared to £75,267 the previous year. With regard to other aspects of income generation, a wide range of new ideas was pursued, including the introduction of car park charges. Turning to fundraising, the Museum has been pursuing a strategy that complements the activities being undertaken by the Friends of the RM Museum Fundraising Working Party and the Royal Marines Charitable Trust Fund.

Social, Community and Environmental Issues

The Museum actively engages with the public that it serves, especially through its education and public events programmes. Its admission charging policy is sensitive to social and educational needs. There is a wide range of concessionary rates and pre-booked school groups gain free entry. A small band of long-term volunteers, drawn from the local community, assist the Museum in a variety of ways. Furthermore, the Museum acts as the headquarters of the RM Historical Society, the Fort Cumberland Guard and the RMA Concert Band. The Museum is committed to 'continually improving the environmental management of its core functions by, as far as reasonably possible, protecting and enhancing local and global environments and ensuring the Museum operations are carried out in an environmentally sensitive and sustainable manner' (RMM Environmental Policy, 2006). In support of this aim, the Museum raises staff awareness of environmental issues through training interventions, provides appropriate recycling facilities and, so far as possible, ensures that contractors undertake work in a manner compatible with sustainable development.

Risk Assessment

The Museum maintains a Risk Register that is structured according to the Museum's aims and objectives. The internal audit for 2010/11 suggested some improvements to the process of recording and reviewing risks and these will be implemented from 2011/12. Trustees have ensured that risks are minimised through the receipt of annual reports about Health & Safety and Disaster Planning that incorporate detailed action plans. Overall, the Museum is in a stable position and has achieved the relevant national standards in all the key areas of its operation.

Public Benefit Disclosure

The following statements take into account the Charity Commission's guidance on public benefit disclosure.

The Museum educates the public in the history and traditions of the Corps of Royal Marines through displays in permanent galleries, special exhibitions, publications, lectures, conferences, answering historical enquiries, formal educational provision and informal learning activities. It also provides education and training for Armed Services personnel, especially Royal Marines.

The Museum is open to the public every day throughout the year with the exception of a few days at Christmas. All members of the public can gain free entry on Remembrance Sunday. There is no admission charge for the following categories of visitors: pre-booked school groups; disabled persons carers; children under 5 years old; serving members of the Royal Navy and Royal Marines; members of the Royal Marines Association; members of the Royal Marines Historical Society; members of Friends Associations connected with Royal Navy and Royal

Marines Museums; members of the Commando Association; members of the Museums Association and the International Council of Museums. Public enquiries relating to the history of the Royal Marines and the Museum's collections are answered free of charge. Furthermore, many special events at the Museum are free to the public. Examples in 2010/11 included the open-air concert in July, the guided tours of Eastney Fort East during Heritage Open Days, and the lunchtime lectures in November. Special training for Royal Marines is provided free of charge and includes the following categories of people: recruits undergoing training at the Commando Training Centre Royal Marines (Lympstone) and the Royal Marines Band Service (Portsmouth); personnel participating in Advanced Command Courses.

Financial Review

Investment and Reserves Policy

The following statement represents the current policy of the Board of Trustees':

"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
- Provide funds in an emergency situation

Funds that are ring-fenced for emergencies, such as a major fire or flood, are invested with Newton Investment Management Limited. 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 a grant from the National Museum of the Royal Navy. The ways in which this money can be spent is defined in a Service Level Agreement. 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 aims 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 92.65% of bills were paid within 30 days or in accordance with the suppliers' terms of business. This compares with 90.94% in the previous year.

Sick Absence Data

The Royal Marines Museum employs 31 members of staff (20 full time equivalent) and monitors staff sick absence as part of its health and safety processes. The Board of Trustees' receives data annually and discusses potential risks

arising from any patterns that are identified. During 2010/11, there were 416.5 (full time equivalent) days lost to sick absence of which 307 days were for long term absences associated with hospitalisation and recuperation periods. This compares to 472.5 days and 374 days respectively in 2009/10.

Pension Liabilities

The treatment of pension liabilities is covered in accounting policy Note 1.12 and in the remuneration report on pages 11 to 12.

Plans for Future Periods

The main developments can be summarised as follows:

- Improvements to the permanent displays (following a review in 2011/12) ensuring that there is more space for contemporary RM history.
- Provision of environmentally stable accommodation for the Landing Craft F7 that saw service in the Falklands War, including its' restoration and interpretation.
- Restoration and interpretation of the Museum's Victorian fort (Eastney Fort East).
- Completion of the Archives Study Centre Project in April 2012.
- Introduction of a new professionally designed website in 2011 using the Museum's own resources and a donation provided by the RM Historical Society.

The outcomes of all these developments relate to long term preservation of unique exhibits, broadening the Museum's audience, improved learning opportunities for all visitors, increased numbers of visitors, higher income from visitors and enhanced sustainability for the Museum.

The RM Museum's relationship with the National Museum of the Royal Navy (NMRN) is developing in a number of directions. During 2011/12, the RM Museum will become a subsidiary company of the NMRN although it will continue to own assets such as its collections and freehold premises and employ its own staff. However, the NMRN Corporate Plan for 2011/12 to 2013/14 envisages a number of initiatives that could have an impact on the RM Museum, such as a review of the staffing structure of the NMRN and its subsidiaries.

Operating and Financial Review

Overview

The Museum's aims, objectives, achievements, risks and future plans have already been described in this report. Looking at the financial outcome for 2010/11, if one excludes the results of the Museum's trading company, one-off grants for projects and depreciation, the Museum achieved a small surplus of approximately £10,000 was made on recurring operations. Notwithstanding the fact that the Museum is currently in a stable financial position, Trustees take care to review the cash flow position on a regular basis and ensure that the minimum level of £50,000 set by the Board of Trustees' is not breached.

Results for the Year Ended 31 March 2011

Total incoming resources for the Group in 2010-11 amounted to £1,135,619 (2009-10 £1,150,991). Total resources expended amounted to £1,182,536 (2009-10 £1,287,255). After adjustment for other recognised gains and losses totalling £929,234 (2009-10 £464,097), the net movement in funds for the year was a decrease of £976,151 (2009-10 decrease £600,361).

The Group's net assets as at 31 March 2011 amounted to £5,591,441 (31 March 2010 £6,567,592).

Policy Development

During the course of the year, a number of policies were up-dated including those concerned with Health & Safety and Personnel Procedures. Investment policy was also reviewed and changes will be confirmed in 2011/12.

Management of Information Risk

The Board of Trustees' has formally adopted a policy on the 'Management of Information Risk'. There were no personnel data incidents in 2010/11 (No instances 2009/10).

Disabled Persons and Employee Involvement

In July 2008, Trustees adopted a new Disability Policy and an associated Action Plan that covered the period from 2008 to 2010. Satisfactory progress was made in implementing the Action Plan. 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.

Key Performance Indicators

	2010/11	2009/10
Visitor Numbers	43,379	48,615
Grant-in-Aid subsidy per visitor to the RMM at Eastney	£17.93	£16.00
Ratio of self-generated income to Grant-in-Aid	1:4.75	1:4.8
Total school visitors (students)	1,720	1,551
Research enquiries received and answered	2,486	1,746

The Reuneration Report is set out on pages 12-13.

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 31st March 2011 of £56,689 per annum. The directors pension (net of inflation) increased by £726 in the year, with his total accrued pension now being £9,389 as an ordinary member of the Principal Civil Service Pension Scheme. The director's CETV as at 31st March 2011 was £242,000 (2009-10: £204,000).

No Trustees received remuneration during the year (2010: £Nil). Two trustees were reimbursed for travel expenses totalling £989 (2010: £313).

'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 2010-11, employer's contributions for the Museum as a whole of £39,985 were payable (2009-10 £38,355) at rates in the range 16.7 to 24.3 percent of pensionable pay, based on salary bands. Employer contributions for PCSPS were reviewed in 2010-11. 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 Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefits scheme; either a 'final salary' schemes (classic, premium, or classic plus) or a 'whole career' scheme (nuvos), Classic, premium and classic plus are now closed to new members. These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under nuvos, classic, premium, and classic plus are increased annually in line with changes in Pension Increase Legislation. Recent entrant to premium (after 1 October 2002) and nuvos (from 30 July 2007) may chose between membership of the scheme or joining a good quality 'money purchase' stakeholder pension with a significant employer contribution (partnership pension account). The accrued pensions quoted above are the pensions the members are entitled to receive when they reach 60 (nuvos 65), or immediately on ceasing to be an active member of the scheme if they are already 60 (nuvos 65).

Employee contributions are set at the rate of 1.5% of pensionable earnings for classic and 3.5% for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of pensionable earnings 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. Classic plus is essentially a hybrid with benefits in respect of service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 calculated as in Premium. In nuvos a member builds up a pension based on pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase Legislation. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% (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, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution).

Employers also contribute a further 0.8% of pensionable salary 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 2003-04 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 Pennefather CB OBE
On behalf of the Board of Trustees
30 June 2011

Dr Dominic Tweddle
Accounting Officer, NMRN
30 June 2011

Statement of Board of Trustees' and NMRN Director's responsibilities for the year ended 31 March 2011

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;
- 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.

I, as Accounting Officer of the NMRN, have responsibility for ensuring a sound system of internal control that supports the achievement of the Royal Marines Museum's policies, aims and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

Major General David Pennefather CB OBE
On behalf of the Board of Trustees
30 June 2011

Dr Dominic Tweddle
Accounting Officer, NMRN
30 June 2011

Statement on Internal Control for the year ended 31 March 2011

Scope of responsibility

I, as Accounting Officer of the NMRN, have responsibility for ensuring 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 Managing Public Money.

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 2010 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, as Accounting Officer of the NMRN, 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, 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 Trustees have responsibility for the effectiveness of the system of internal control. Our review of the effectiveness of the system of internal control 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. Staff have been made aware of the existence of the Risk Register; this has been reviewed periodically by the Finance and Audit Committee who are content that it remains up to date and relevant.

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
30 June 2011

Dr Dominic Tweddle
Accounting Officer, NMRN
30 June 2011

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament for the year ended 31 March 2011

I certify that I have audited the consolidated financial statements of the Royal Marines Museum for the year ended 31 March 2011 under the Government Resources and Accounts Act 2000. These comprise the Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Cash Flow Statement, and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of the Board of Trustees, and auditor

As explained more fully in the Statement of the Board of Trustees' Responsibilities, the Board of Trustees is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

My responsibility is to audit, certify and report on the financial statements in accordance with the Government Resources and Accounts Act 2000. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Royal Marines Museum's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Trustees; and the overall presentation of the financial statements.

In addition, I read all the financial and non-financial information in the Trustee's Report to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the incoming and outgoing resources have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

Opinion on Regularity

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

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view, of the state of the Royal Marines Museum's and the group's affairs as at 31 March 2011 and of the incoming resources and application of resources of the group for the year then ended;
- the financial statements have been properly prepared in accordance with the Charities Act 1993 and directions made thereunder by the Secretary of State for Defence.

Opinion on other matters

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with HM Treasury directions made under the Government Resources and Accounts Act 2000; and
- the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

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

- adequate accounting records have not been kept; or
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Statement on Internal Control does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements

Amyas CE Morse
Comptroller and Auditor General

7 July 2011

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

Statement of Financial Activities for the year ended 31 March 2011

		Unrestricted funds	Restricted Grant	Restricted Other Funds	2011 Total	(See note 11) Restated 2010 Total
Notes	£	£	£	£	£	£
Incoming resources						
Incoming resources from generated funds:						
Legacies	-	-	-	-	-	-
Grant (operating)	3	-	752,651	-	752,651	778,077
Grant (capital)	3	-	25,024	-	25,024	21,975
Other donations and grants	3	51,719	27,792	-	79,511	27,348
Income of Trading Company	2	158,059	-	-	158,059	203,340
Income of charitable subsidiary	2	17,936	-	-	17,936	11,796
Investment income	4	5,083	-	-	5,083	4,915
Incoming resources from charitable activities:						
Admissions	5	76,769	-	-	76,769	75,267
Other incoming resources	6	20,586	-	-	20,586	28,273
Total incoming resources		330,152	805,467	-	1,135,619	1,150,991
Resources expended Cost of generating funds:						
Fundraising and publicity	7	(50,282)	(3,938)	-	(54,220)	(89,303)
Expenses of Trading Company	2	(142,673)	-	-	(142,673)	(182,116)
Expenses of charitable subsidiary	2	(7,170)	-	-	(7,170)	(6,086)
Investment management costs		(1,302)	-	-	(1,302)	(1,089)
Charitable expenditure:						
Museum and visitor operations	8	(89,284)	(796,027)	(34,742)	(920,053)	(946,469)
Governance costs	9	(29,432)	(27,686)	-	(57,118)	(62,192)
Total resources expended		(320,143)	(827,651)	(34,742)	(1,182,536)	(1,287,255)
Net incoming resources before transfers						
		10,009	(22,184)	(34,742)	(46,917)	(285,335)
Other recognised gains and losses						
Net gain/(loss) on sale of investments		344	-	-	344	(830)
Unrealised gains/(losses)						
Revaluation of Investments		6,789	-	-	6,789	36,063
Revaluation of fixed assets		(215,839)	(663,331)	(57,197)	(936,367)	(499,330)

The notes on pages 24 to 38 form an integral part of these financial statements

Statement of Financial Activities for the year ended 31 March 2011

	Unrestricted funds	Restricted Grant	Restricted Other Funds	2011 Total	2010 Total
Notes	£	£	£	£	£
Net movement in funds	(198,697)	(685,515)	(91,939)	(976,151)	(600,361)
Total funds brought forward	1,782,848	4,038,070	746,674	6,567,592	7,167,953
Total funds carried forward	<u>1,584,151</u>	<u>3,352,555</u>	<u>654,735</u>	<u>5,591,441</u>	<u>6,567,592</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 24 to 38 form an integral part of these financial statements.

Balance Sheet Consolidated as at 31 March 2011

	Notes	2011		2010	
		£	£	£	£
Tangible assets	12	4,842,159			5,887,190
Heritage assets	12	328,380			269,161
Investments	13	147,255			140,122
		5,317,794			<u>6,296,473</u>
Current assets					
Stocks	14	20,799		20,099	
Debtors	15	82,344		51,298	
Cash at bank and in hand	16	272,545		283,310	
		375,688		<u>354,707</u>	
Creditors: amounts falling due within one year	17	(102,041)		<u>(83,588)</u>	
Net current assets			273,647		271,119
Net assets			5,591,441		<u>6,567,592</u>
Funds					
Unrestricted funds			1,560,157		1,762,004
Restricted funds	18				
Grant (operating)			3,096,222		3,833,884
Grant (purchases)			256,333		204,186
Other restricted funds			654,735		746,674
Charitable subsidiary funds			12,086		9,320
Non charitable trading funds			11,908		11,524
			5,591,441		<u>6,567,592</u>

The notes on pages 24 to 38 form an integral part of these financial statements.

The financial statements were approved by the Trustees on 30 June 2011 and signed on its behalf by

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

Dr Dominic Tweddle
Accounting Officer, NMRN

Balance Sheet – Charity only as at 31 March 2011

	Notes	2011		2010	
		£	£	£	£
Tangible assets	12		4,840,405		5,886,736
Heritage assets	12		328,380		269,161
Investments	13		147,257		140,124
			5,316,042		6,296,021
Current assets					
Debtors	15	60,884		51,897	
Cash at bank and in hand	16	235,571		236,166	
		296,455		288,063	
Creditors: amounts falling due within one year	17	(45,050)		(37,336)	
Net current assets			251,405		250,727
Net assets			5,567,447		6,546,748
Funds					
Unrestricted funds			1,560,157		1,762,004
Restricted funds			18		
Grant (operating)			3,096,222		3,833,884
Grant (purchases)			256,333		204,186
Other restricted funds			654,735		746,674
			5,567,447		6,546,748

The notes on pages 24 to 38 form an integral part of these financial statements.

The financial statements were approved by the Trustees on 30 June 2011 and signed on its behalf by

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

Dr Dominic Tweddle
Accounting Officer, NMRN

Cash Flow Statement for the year ended 31 March 2011

	Non-public Funds £	Restricted Grant £	Charity Funds 2011 £	Group 2011 £	Group 2010 £
Net cashflow/(outflow) from operating activities	18,710	86,652	105,362	96,976	(109,687)
Return on investments and servicing of finance					
Bank interest received	129	–	129	129	144
Dividends received	4,954	–	4,954	4,954	4,771
Capital expenditure and financial investment					
Purchase of fixed assets	(17,938)	(93,102)	(111,040)	(112,824)	(26,179)
Repayment of Limited Company loan	–	–	–	–	–
Increase/(Decrease) in cash	5,855	(6,450)	(595)	(10,765)	(130,950)
Opening cash balances	227,249	8,917	236,166	283,310	414,260
Closing cash balances	233,104	2,467	235,571	272,545	283,310
Reconciliation of Changes in Resources to Net Cashflow From Operating Activities					
Net incoming/(outgoing) resources for year	(27,882)	(22,184)	(50,066)	(46,917)	(136,264)
Depreciation	59,355	102,429	161,784	162,269	177,811
Investment income and interest received	(5,083)	–	(5,083)	(5,083)	(4,915)
Increase/(Decrease) in creditors	(3,055)	10,769	7,714	18,453	(141,902)
(Increase)/Decrease in stocks	–	–	–	(700)	1,626
(Increase)/Decrease in debtors	(4,625)	(4,362)	(8,987)	(31,046)	(6,043)
Net cash inflow/(outflow) from operating activities	18,710	86,652	105,362	96,976	(109,687)

The notes on pages 24 to 38 form an integral part of these financial statements.

Notes to the Financial Statements for the year ended 31 March 2011

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 have been prepared on a going concern basis. This remains valid given that the activities of the Museum are being transferred to the newly incorporated entity.

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, R M 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.

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.

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. A professional valuation is obtained at least every five years and indices are used to 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 ten 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 twenty years.

1.6 Assets held by R M Museum Limited

The tangible fixed assets of the R M 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.

1.7 Basis of allocation

Cost of generating funds comprise 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 includes 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
	<hr/> 100 <hr/>

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 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.

1.9 Leased assets

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

1.10 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.

1.11 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.

1.12 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 CSPPS are paid to the Paymaster General at rates determined from time to time by the Government Actuary, which for 2010-11 were as follows:

Non-industrial staff	
Band one – £21,000 and under	16.7%
Band two – £21,001 – £43,000	18.8%
Band three – £43,001 – £74,000	21.8%
Band four – £74,001 and over	24.3%

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 2007. Details can be found in the resource accounts of the Cabinet Office; Civil Superannuation (www.civilservicepensions.gov.uk).

For 2009-10, employers' contributions of £38,355 were payable to the PCSPS (2008-09 £40,903) at one of four rates in the range 16.7 to 24.3 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.

1.13 Heritage assets

The Royal Marines Museum holds in trust artefacts comprising its collection. The main and reserve collections have not been valued and included in the financial statements due to their historic and inalienable nature and due to the specific and individual nature of the artefacts held, it is not believed to be possible to obtain a reliable value of the collection without incurring a cost disproportionate to the benefit of the information reported to the readers of the accounts.

Assets acquired prior to 1st April 2000 have not been capitalised and included in the accounts, but with effect from 1st 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.

The Collection

The collection consists of artefacts, physical, written and oral reflecting the history of the Royal Marines Corps since its inception in 1664 to the present day. It comprises material which reflects the unique nature of the Royal Marines in both Military and Naval history.

By categories, numbers held are:

Category	Objects	Count
Large	Vessel, Aeroplane, Naval Ordnance. Includes a collection of military canoes and Landing Craft	21
Fine Art	Oil paintings, sculpture, prints, watercolours	c. 2,500
Models	Ships, dioramas	30
Officers Uniform	Including regalia	2,000
Other Ranks Uniform	2,500	
Specialised clothing	30	
Miscellaneous textiles	Flags, Escape maps, Embroidery/Samples	260
Small Arms	Long barrel	800
Small Arms	Short barrel	400
Printed books	Includes published books, Officers' Lists and journals	15,000
Magazines	1,000	
Official Papers	2,000	
Technical Drawings	c. 5,000	
Personal papers	Including a diary collection of over 400 items	c. 1,000
Personnel Records	c. 3,000	
Photographs	Includes over 400 photograph albums	c. 2,000,000
Engineering components/ Specialist Equipment	Includes specialist amphibious	1,400
Ships Id/Hardware	Nameplates, Badges, Honours Boards, Bells, Lifeboats	20
Orders & Decorations	Victoria Crosses (10), and Distinguished Conduct Medals (21)	8,610
Small Objects	Ditty boxes, musical instruments	70
Edged weapons	Swords, bayonets	250
Trophies/Keepsakes	Many items collected on operational campaigns	1,400
Projectiles/Ammunition	150	
Sport	Includes sporting trophies and sporting medals	800
Film & Sound Recordings	Includes approximately 80 oral history recordings	300

The Museum has been formally collecting material formally since 1958. Collections arrive at the Museum as a result of gift, bequest, purchase or loans. In addition the Museum undertakes proactive collecting and commissioning of work, especially in relation to more recent activity. Any items coming into the Museum have to be in accordance with the Museum's Acquisition and Disposal Policy, which is reviewed at least every five years.

The volume of loans is kept deliberately low for insurance and administrative reasons. Similarly the number of items purchased in any one year is generally low, and would typically number between 6 and 12 accessions, compared to an overall ingest of approximately 150 accessions per year.

All material is documented to a procedural standard SPECTRUM, which is administered by the Collections Trust. This enables all material to be managed for location, indexing, and conservation, as well as display purposes and public enquiries.

Occasional disposal activity is also undertaken, when material is found to be outside of the Museum's Collecting Policy, or where duplication has occurred. Any disposals have to be approved by the Museum's Trustees at a formal meeting and are carried out in accordance with the Museums Association's Code of Ethics and Disposal Tool kit.

1.14 Financial Instruments

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

Term deposits of less than one year are classified as investments within current assets.

2 Income and expenses from trading activities of subsidiaries

The charity has a wholly owned trading subsidiary which is incorporated in the United Kingdom. R M Museum Limited provides a corporate hospitality service and operates a gift shop 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.

	2011	2010
	£	£
Profit and Loss Account Year ended 31st March 2011		
Turnover	158,060	202,826
Cost of sales	(53,486)	(81,127)
Gross Profit	104,574	121,699
Sundry income	220	514
Corporate hospitality	(49,767)	(53,685)
Giftshop	(41,144)	(47,304)
Interest payable	-	-
Net profit/(loss) before tax	13,883	21,224
Tax on ordinary activities	-	-
Net profit/(loss) after tax	13,883	21,224
Amount gifted to Royal Marines Museum	(13,500)	(21,000)
Profit/(loss) for year before taxation	383	224
Taxation	-	-
Profit/(loss) for the year after taxation	383	224
Retained profit brought forward	11,524	11,300
Retained profit carried forward	11,907	11,524
Called up Share Capital	2	2
Capital and reserves	11,909	11,526

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 31st 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 31st December 2010 is shown below:

	2011	2010
	£	£
Income	17,936	11,796
Expenditure	(7,170)	(6,086)
Donation to the Museum	(8,000)	(5,000)
Surplus/(Deficit) for the year	2,766	710
Funds brought forward	9,320	8,610
Funds carried forward	12,086	9,320

Related party transactions

R M 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.

	2011	2010
	£	£
Amount paid in Loan interest	-	74

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 £8,000 was donated to the Museum.

3 Grants and Donations

During the year the following grants and donations were received:

Grants received from The National Museum of The Royal Navy:

	Unrestricted funds	Restricted Grant	Restricted Other funds	2011	2010
	£	£	£	£	£
Operations	-	752,651	-	752,651	778,077
Purchase of Exhibits	-	25,024	-	25,024	21,975
	-	777,675	-	777,675	800,052
Other grants:					
Hampshire County Council	810	-	-	810	-
MDOSHCCMAS	2,360	-	-	2,360	-
Royal Marine Charitable Trust Fund	14,877	-	-	14,877	5,000
Arts Fund	-	25,170	-	25,170	
The Leche Trust	-	-	-	-	-
	18,047	25,170	-	43,217	5,000
Other donations:					
Band Concert	3,425	-	-	3,425	1,985
RMA	5,000	-	-	5,000	-
RMHS	5,000	-	-	5,000	-
Mr C Maitland	2,663	-	-	2,663	3,000
Mountbatten Festival of Music	10,000	-	-	10,000	10,000
Wallis & Wallis	-	2,422	-	2,422	-
Miscellaneous donations	7,584	200	-	7,784	7,363
	33,672	2,622	-	36,294	22,348
Other grants and donations	51,719	27,792	-	79,511	27,348

4 Investment income

	Unrestricted funds	Restricted Grant	Restricted Other funds	2011	2010
	£	£	£	£	£
Dividends and interest	5,083	-	-	5,083	4,915
	5,083	-	-	5,083	4,915

5 Activities for generating funds

	Unrestricted funds	Restricted Grant	Restricted Other funds	2011	2010
	£	£	£	£	£
Museum Admissions	76,769	-	-	76,769	75,267
	76,769	-	-	76,769	75,267

6 Other incoming resources

	Unrestricted funds	Restricted Grant	Restricted Other funds	2011	2010
	£	£	£	£	£
Sundry income	12,076	8,510	-	20,586	28,273
	12,076	8,510	-	20,586	28,273

7 Cost of generating funds

	Fundraising & publicity	2011	2010
	£	£	£
Staff costs	14,709	14,709	27,873
Administration costs	1,786	1,786	2,765
Event Expenditure	1,108	1,108	474
Utilities	422	422	2,498
Advertising	35,731	35,731	52,971
Travelling	464	464	648
Security costs	-	-	-
Other costs	-	-	2,074
	54,220	54,220	89,303

8 Museum and visitor operations

	Galleries & Exhibitions	Curatorial	Education	2011	2010
	£	£	£	£	£
Staff costs	456,557	63,023	30,517	550,097	556,687
Purchase of exhibits	26	19	2	47	1,286
Rates	6,221	4,524	566	11,311	10,915
Display refurbishments	612	-	-	612	2,389
Collection Management	5,230	3,804	475	9,509	4,143
Photographic	853	620	78	1,550	1,411
Recruitment	2,132	1,550	194	3,876	1,773
Professional fess	-	-	-	-	2,250
Depreciation	88,982	64,714	8,089	161,785	177,676
Subscriptions	545	396	50	991	2,190
Support costs	99,151	72,110	9,014	180,275	185,749
	660,309	210,760	48,985	920,053	946,469

9 Governance costs

	2011	2010
	£	£
Staff costs	22,474	22,432
Legal and professional	8,587	6,472
Accountancy	12,725	14,975
Audit	8,100	7,850
Support costs	5,232	10,463
	57,118	62,192

10 Support costs

	Museum & visitor centre operations	Governance costs	2011	2010
	£	£	£	£
Administration costs	14,931	1,886	16,817	19,633
Utilities	32,985	563	33,548	35,208
Insurance	13,616	–	13,616	13,618
Maintenance & stores	31,202	–	31,202	29,126
Computer consumables	7,978	–	7,978	9,898
Travelling	1,391	2,783	4,174	5,835
Education costs	3,007	–	3,007	4,747
Security costs	54,484	–	54,484	58,903
Entertainment	1,793	–	1,793	934
Bank charges	1,465	–	1,465	1,036
Gardens and landscaping	10,569	–	10,569	11,545
Other costs	6,854	–	6,854	5,729
	180,275	5,232	185,507	196,212

11 Total resources expended (charity only)

	Staff costs	Other costs	Depreciation	2011	Restated 2010
	£	£	£	£	£
Charitable expenditure	550,097	208,171	161,785	920,053	946,469
Costs of generating funds	14,709	39,511	–	54,220	89,303
Governance costs	22,474	34,644	–	57,118	62,192
Investment management costs	–	1,302	–	1,302	1,089
Total	587,280	283,628	161,785	1,032,693	1,099,053

Following changes to the Financial Reporting Manual, cost of capital charges are no longer required to be disclosed within the Statement of Financial Activities. The 2009-10 SOFA has been restated to exclude these charges.

	2011	2010
	£	£
Staff costs:		
Wages and salaries	510,140	528,952
Social security costs	37,155	39,685
Pension costs	39,985	38,355
	<u>587,280</u>	<u>606,992</u>

Excluding pension contributions, no employee, other than the director, earned £60,000 per annum or more in either the year ended 31st March 2011 or the previous year.

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

	2011	2010
Cost of generating funds	2	2
Charitable expenditure	11	11
Governance costs	1	1
	<u>14</u>	<u>14</u>

No Trustees received remuneration during the year (2010: £Nil). Four trustees were reimbursed for travel expenses totalling £989 (2010: £313).

12 Tangible fixed assets

Charity

	Land and buildings £	Office Equipment £	Fixtures & Fittings £	Heritage Assets £	Total £
Cost					
At 1 April 2010	5,848,419	519,504	865,116	269,161	7,502,200
Additions	-	42,482	9,339	59,219	111,040
On revaluation	(1,029,392)	23,111	8,569	-	(997,712)
At 31 March 2011	<u>4,819,027</u>	<u>585,097</u>	<u>883,024</u>	<u>328,380</u>	<u>6,615,528</u>
Depreciation					
At 1 April 2010	393,005	233,104	720,194	-	1,346,303
On revaluation	(69,831)	5,676	2,811	-	(61,344)
Charge for the year	108,705	43,388	9,691	-	161,784
At 31 March 2011	<u>431,879</u>	<u>282,168</u>	<u>732,696</u>	<u>-</u>	<u>1,446,743</u>
Net book values					
At 31 March 2011	<u>4,387,148</u>	<u>302,929</u>	<u>150,328</u>	<u>328,380</u>	<u>5,168,785</u>
At 31 March 2010	<u>5,455,414</u>	<u>286,400</u>	<u>144,922</u>	<u>269,161</u>	<u>6,155,897</u>

Heritage assets

Additions of £59,219 (2010: £13,636) were made to the Collection. There were no disposals or impairments during the year. The additions comprise the following elements:

Charity – Balance sheet assets

	2011	2010	2009
	£	£	£
Cost			
At 1 April 2010	269,161	255,525	205,062
Value of assets acquired by purchase in the year	59,219	13,636	50,463
Total additions	59,219	13,636	50,463
At 31 March 2011	328,380	269,161	255,525
	2011	2010	2009
Number of additions	7	5	5
Number of disposals	-	-	-

Charity – Non Balance sheet assets

The museum holds a number of items below the capitalisation limit of £750, and as such these assets have not been capitalised in the balance sheet. The total number of additions and disposals not capitalised during the year, were as follows:

	2011	2010	2009
Number of additions	2	6	10
Number of disposals	27	-	-

Group

	Land and buildings £	Office Equipment £	Fixtures & Fittings £	Heritage Assets £	Total £
Cost					
At 1 April 2010	5,850,278	519,504	871,171	269,161	7,510,114
Additions	-	42,482	11,124	59,219	112,825
Revaluation	(1,029,392)	23,111	8,569	-	(997,712)
At 31 March 2011	4,820,886	585,097	890,864	328,380	6,625,227
Depreciation					
At 1 April 2010	394,605	233,104	726,054	-	1,353,763
Revaluation	(69,831)	5,676	2,811	-	(61,344)
Charge for the year	108,794	43,388	10,087	-	162,269
At 1 April 2010					
At 31 March 2011	433,568	282,168	738,952	-	1,454,688
Net book values					
At 31 March 2011	4,387,318	302,929	151,912	328,380	5,170,539
At 31 March 2010	5,455,673	286,400	145,117	269,161	6,156,351

The charity's land and buildings were revalued in 2007 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 £3,017,425 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

	2011		2010	
	Charity Listed £	Unlisted £	Group Listed £	Unlisted £
Market value or cost at 1st April 2010	140,122	2	140,122	–
Cash held as part of investment portfolio	–	–	–	–
Realised gain/(loss) on disposal	344	–	344	–
Net unrealised gains / (losses)	6,789	–	6,789	–
Market value or cost at 31st March 2011	147,255	2	147,255	–
Historic cost at 31st March 2011	–	2	–	–
Market value or cost at 31st March 2010	140,122	2	140,122	–
Historic cost at 31st March 2010	108,534	2	108,534	–

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

14 Stocks

	2011		2010	
	Charity £	Group £	Charity £	Group £
The amounts attributable to the different categories are as follows:				
Goods For Resale	–	19,645	–	18,929
Friends of the Royal Marines Museum stock	–	1,154	–	1,170
	–	20,799	–	20,099

15 Debtors

	2011		2010	
	Charity £	Group £	Charity £	Group £
Amounts due within 1 year:				
Trade debtors	–	34,495	–	19,295
Social Security & Other Taxes	17,104	17,104	11,101	11,101
Accrued income	20,041	20,251	4,212	4,214
Prepayments	23,739	9,348	36,584	16,688
	60,884	81,198	51,897	51,298

16 Cash at bank and in hand

	2011 £	2010 £
Non-public funds	233,104	227,249
Public funds:		
Grant (operating)	–	–
Grant (purchases)	2,467	8,917
Cash at bank and in hand – Charity	235,571	236,166
Trading Subsidiary	21,312	35,759
Charitable Subsidiary	15,662	11,385
Cash at bank and in hand – Group	272,545	283,310

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

	£	£
Cash	272,545	283,310
Liquid resources	–	–
	272,545	283,310

17 Creditors: amounts falling due within one year

	Charity £	Group £	Charity £	Group £
Trade creditors	12,026	12,277	8,418	9,352
Other taxes and social security	–	5,221	–	6,221
Other creditors	13,639	15,385	1,753	4,989
Deferred income	–	3,195	–	–
Accruals	19,385	64,765	27,165	63,026
	45,050	100,843	37,336	83,588

18 Restricted funds

	1 April 2010 £	Incoming £	Outgoing £	Transfers £	Revaluation £	31 March 2011 £
Grant (operating)	3,833,884	753,273	(827,604)	–	(663,331)	3,096,222
Grant (purchases)	204,186	52,194	(47)	–	–	256,333
Development fund	746,674	–	(34,742)	–	(57,197)	654,735
	4,784,744	805,467	(862,393)	–	(720,528)	4,007,290

The Museum receives Grant funding from The National Museum of the Royal Navy 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 (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 (operating)	3,115,907	–	(28,195)	3,087,712
Grant (purchases)	249,446	–	6,887	256,333
Development Fund	559,261	–	95,474	654,735
	<u>3,924,614</u>	<u>–</u>	<u>74,166</u>	<u>3,998,780</u>
Unrestricted funds – Charity	1,244,171	147,257	177,239	1,568,667
	<u>5,168,785</u>	<u>147,257</u>	<u>251,405</u>	<u>5,567,447</u>
Charitable subsidiary	1	–	12,085	12,086
Non charitable trading funds	1,754	(2)	10,156	11,908
Total net assets – Group	<u>5,170,540</u>	<u>147,255</u>	<u>273,646</u>	<u>5,591,441</u>

20 Commitments and contingent liabilities

The charity or group had no capital commitments or contingent liabilities at 31st March 2011 or at 31st March 2010.

21 Other commitments

At 31st March 2011 the charity had annual commitments under non-cancellable operating leases as follows:

	2011		2010	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Expiry date:				
Within one year	–	–	–	–
Between one and five years	–	3,036	–	3,036
In over five years	–	–	–	–
	<u>–</u>	<u>3,036</u>	<u>–</u>	<u>3,036</u>

22 Other related party transactions

Great funding received from the National Museum of the Royal Navy is separately disclosed in the financial statements.

The Royal Marines Charitable Trust Fund is a related party of the Royal Marines Museum. During the year, the Royal Marines Charitable Trust Fund gifted £15,877 (2010: £15,000) 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 31st March 2011 (2010: £Nil).

24 Post balance sheet events

The accounts were authorised for issue on the date the audit certificate was signed by the Comptroller and Auditor General. Prior to this date, it is expected that the Royal Marines Museum will become a company limited by guarantee and a subsidiary of the National Museum of the Royal Navy.

25 External performance indicators***Ratio of self-generating income to Grant***

Year	Self Generated Income £	Grant Income £	% Ratio	
2010-11	181,949	777,675	1:4:54	Actual
2010-11	156,678	777,675	1:4:96	Budget
2009-10	135,803	800,052	1:5:29	Actual

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