

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

Royal Naval Museum Account 2010-2011

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Royal Naval Museum Account 2010-2011

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

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He is the head of the NAO, which employs some 880 staff.
He and the NAO are totally independent of government.

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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 led to savings and other efficiency gains worth more than £1 billion in 2010-11.

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ISBN: 9780102970456

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Reference and administrative details

Address of the charity

Royal Naval Museum
HM Naval Base (PP66)
Portsmouth
Hampshire
PO1 3NH
Charity number 266563 & 1126283-1

Accountants and Trading Subsidiary Auditors

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

Auditors

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

Bankers

National Westminster Plc
130 Commercial Road
Portsmouth
Hampshire
PO1 1ES

Investment Portfolio

Brown Shipley & Co Ltd
Founders Court
Lothbury
London
EC2R 7HE

Solicitors

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

Trustees/Management Board

On 30 October 2009, Trustees of the Royal Naval Museum took the decision to create the National Museum of the Royal Navy as the Sole Corporate Trustee for the Royal Naval Museum. The Charity Commission Scheme formalising this was sealed on 17 February 2010.

Trustees of the Museum re-configured themselves into a Management Board with certain powers delegated to them from the National Museum.

The following people served as the Museum's Management Board during 2010/11:

Chairman	Admiral Sir Peter Abbott GBE KCB
Representative Members	<i>The Society for Nautical Research</i> Professor R Harding <i>City Council of Portsmouth</i> Mr S Baily <i>National Maritime Museum</i> Dr R Blyth <i>Society of Friends of the Royal Naval Museum</i> Commodore P Wykeham-Martin
Other Members	Captain W Alexander RN Miss A Dixon Mr M Gambazzi Miss V Hardman Mr B Miller Commodore T Morton RN Mr K Robinson
Sole Corporate Trustee	National Museum of the Royal Navy
Accounting Officer, NMRN	Professor D Tweddle
Chief Operating Officer	Mr G Dobbin

Structure, governance and management

History

The consolidated accounts for the Royal Naval Museum, Portsmouth are presented for the financial year ended 31 March 2011. The Group comprises the main charity and its subsidiary undertakings, the Royal Naval Museum Trading Company Limited and RNM Functions Limited. These accounts, which also incorporate the results of the Museum's interest in Flagship Portsmouth Trust, the site services management company for the Historic Dockyard, are prepared in accordance with a direction given by the Secretary of State for Defence under Section 30(3) of the National Heritage Act 1983 and law applicable to charities in England and Wales and the Statement of Recommended Practice: Accounting for Charities issued in 2005.

The Royal Naval Museum, Portsmouth is a charity registered with the Charity Commission (reference no. 266563). The governing document of the body is the Trust Deed of 4 October 1973 as varied by schemes of the Commissioners of 8 December 1987, 4 July 1996 and 17 February 2010, varied by order of 31 July 2002, by resolutions 18 October 2002, 23 March 2004, 2 July 2004 and 17 July 2006 and by a Scheme dated 17 February 2010.

The Royal Naval Museum Portsmouth has its origins in the Dockyard Museum founded in 1911, which was later subsumed within the Victory Museum when that opened in 1938 under the auspices of the Society for Nautical Research. In 1972, on the occasion of the gift of a collection of Nelson memorabilia to the Royal Navy, for display on the ground floor of No. 11 Storehouse, one of three distinguished Georgian structures built between 1760 and 1790, the collections came under the administrative ownership of the Ministry of Defence (Navy) and the new establishment became known as the Portsmouth Royal Naval Museum. Between 1972 and 1985, the Portsmouth Royal Naval Museum was an integral part of the Ministry of Defence (MoD), and the small number of permanent staff were employed under terms of engagement identical to those of civil servants employed elsewhere in the Dockyard. In 1985, under the terms of the National Heritage Act 1983, the Museum was devolved from the MoD to become an Executive Non-Departmental Public Body, supported by a Grant-in-Aid, originally calculated to reflect the level of financial support and general assistance formerly provided by the Department. At this juncture, the name was changed again to become the Royal Naval Museum, Portsmouth.

In 2010 Royal Naval Museum Trustees unanimously voted the National Museum of the Royal Navy as the Sole Corporate Trustee (Charity Commission Scheme dated 17.02.10); Trustees in turn became members of a Management Board with certain responsibilities devolved to them from the National Museum. At this juncture, whilst legally remaining the Royal Naval Museum, publicly the Museum was branded The National Museum of the Royal Navy (Portsmouth).

Organisational structure

The Management Board which meets twice a year governs the Museum. There are three Board working parties in existence:

- Curatorial & Learning
- Finance and Personnel
- Income

As their titles suggest, they each have certain areas of responsibility devolved to them – these bodies usually meet in advance of Board meetings and will report to the full board with specific proposals for endorsement.

The day to day management of the Museum is currently headed by the Chief Operating Officer (COO – Chief Executive) supported by the Senior Management Group (Head of Curatorial Dept, Head of Development & Fundraising, Learning Manager, Enterprise Manager) who follow a collegiate method of management. The COO works in close consultation with the Director General, National Museum of the Royal Navy who is responsible for setting strategy and is the Museum's Accounting Officer.

The working relationship between the National Museum and the Royal Naval Museum is contained within two documents entitled "Powers of Subsidiary Entities" and the "Statement of the NMRN Trustee's Reserved Powers". Broadly, the Management Board is responsible for the operation and performance of the Museum's business whilst NMRN Trustees reserve Strategy, Policy and Finance to themselves although all financial matters directly relating

to the Museum will also be presented to the Management Board before being transmitted to NMRN Trustees. NMRN Trustees are now also responsible for certain external relationships especially those within Portsmouth Historic Dockyard. Once the Management Board and/or NMRN Trustees have reached a decision on such issues, management is then delegated to the Museum staff who will act on these instructions and will continually report back to the Management Board on developments – if a significant change is required to what the Management Board and/or NMRN Trustees have agreed these will be returned to the full board for further discussion and endorsement.

Management Board induction and training procedures

It is expected that the Management Board will review the way that members are recruited – and trained – during 2011/12.

Related Parties

The related parties of the Royal Naval Museum are disclosed in notes 4 and 25 to the accounts.

Objectives and activities

Following a strategic review involving Trustees and all staff, the Museum's Mission was redefined succinctly as: ***To make accessible to all the story of the Royal Navy and its people from earliest times to the present.***

In pursuit of this Mission, the Aims of the Museum are to provide an effective and accessible repository both now and in the future for the heritage of the Royal Navy and to raise public awareness of the history of the Service whilst encouraging scholarship and research into naval history. These aims have been defined as relating primarily to the surface ships and personnel of the Royal Navy although the Museum also provides overall coverage of the Navy's story – and works closely with the three 'branch' naval museums to promote a unified approach to naval history.

In the past, the Museum has had a Three Year Plan, which outlined in detail the activities that will be undertaken in order to achieve the Museum's aims and this plan was reviewed and updated annually by management and Trustees. However, with the integration with the National Museum, NMRN(P) is now covered by NMRN's Corporate Plan and is working on setting SMART objectives for staff based on the objectives covered in this document.

Achievement and performance

Visitors

The total number of visitors to the Museum in 2010/11 was 180,506 (196,545 in 2009/10) – a reduction of 8%. This reflected the difficult economic climate in which tourist attractions operated during the year and which the Museum's budgeting had forecast.

Curatorial Department 2010-2011

The routine work of the department of giving talks, receiving visiting groups, research and collections management has continued as usual. Work has continued on NMRN projects, most notably organising the safe move and restorage of original artefacts from HMS Caroline.

Scholarship and expertise has been increased through a new joint post – Subject Specialist: Modern Naval History – between the Museum and the University of Portsmouth.

Exhibitions and Projects

There have been no new exhibitions opened at the Museum site this year – the main effort has been detailed planning for the development project.

However the Heritage Centre at HMS Raleigh at Torpoint in Cornwall was completed in November 2010, it was formally opened by Admiral Sir Jonathon Band in January 2011 and is now actively used in teaching. The Centre uses audio visual presentations, models graphics and touch screen inter-actives to introduce new entrants to the Navy's history. It also functions as the base for VIPs and families attending passing out parades.

Collections

The museum has added over 130 accession groups to its permanent collections during the year. Of particular note are:

Colour film of HMS Hood, c1939

Altmark sign

Punishment book for HMS Leviathan 1803-5

Sea Gallantry awarded to Robert Treadwell, 1944

The part-time Documentation Assistant has now completed the audit of the loose photographs and albums and remains on target to complete the wider retrospective documentation programme to schedule. Each of these items now has a basic database record which has significantly improved access to the collection.

Enquiries

The library received 1062 visitors (859 in 2009-10) and 976 library and manuscript items were produced from reserve collections for research use (875 in 2009-10). Library staff answered a total of 3354 written and telephone enquires (3014 in 2009-10).

The Curator of Photographs is dealing with increasing numbers of requests for reproductions of collection images in publications. During the last year our images have appeared in "Face to Face Ocean Portraits" by Huw Lewis-Jones, the Norwegian newspaper Nye Troms, Institute of Seamanship Journal and Aspect County Magazine.

Volunteers

The museum continues to expand opportunities for volunteers and is now working closely with the Society of Friends through their Co-ordinator to match volunteers to specific tasks. As a result we have attracted many new volunteers. Throughout the year we engaged over 40 people in a variety of activities which provide crucial support to the museum totalling over 2000 hours. Some of the tasks include:

Creating links between collection records and authority records to help ensure collections data can be accessed by both staff and online researchers quicker and more easily in future.

Writing timed synopses of oral history interviews.

Transcribing manuscript documents and diary accounts.

Cataloguing charts.

Indexing personnel records.

Selection of photographs for digitisation.

Cataloguing of photographic albums.

Assisting with store reorganisation and auditing.

Cleaning and conservation of artefacts.

Assisting with schools workshops.

Helping with holiday activities.

Assisting with events from behind the scenes tours and collection handling sessions to the big arena events such as Veterans Day and the Big Game weekend.

Promoting the museum at Hampshire yacht clubs.

The Museum's 1911 steam pinnacle also continues to be run entirely from a pool of 26 volunteers. As well as maintaining the vessel in working order they have also represented the museum at key public events such as the Southampton Boat Show where the vessel always attracts much attention.

Learning, Access and Audience Development 2010-11

The Learning Department for the National Museum of the Royal Navy (Portsmouth) and HMS Victory continues to offer Formal and Informal Learning programmes to a wide range of audiences – please refer to Learning Policy.

Formal Learning

The Formal Learning Programme consists of 17 workshops from pre-school to A level age linked to the art, citizenship, English, history, geography, mathematics and science curricula plus 2 annual special events 'Sea your World' Early Years Week, for pre-school and foundation stage groups and 'Witness to history' for Key Stage 2 and 3. In addition, it provides Tailor-made sessions, special projects, pre-visit and outreach activities, Teachers Packs, a Loan Box service as well as trails and activity sheets for use with self-guided Discovery Visits.

The second Learning Voyages brochure was mailed out to **1600** schools across the South East region in September 2010. The brochure included a new *Mari-time Travellers* workshop for Key Stage 1 pupils and *Face to Face: Kitbag Stories* for Key Stage 2.

Between April 2010 and March 2011 a total of **28,311** foundation and school-age pupils took part in teacher-led Discovery Visits. In addition to this a further **27,777** foreign language school pupils visited.

The number of formal learning workshops delivered to schools by the National Museum of the Royal Navy (Portsmouth) was **145**, equating to **5075** pupils and teachers. An additional **103** workshops to a total of **3605** were delivered on HMS Victory.

The combined total of workshops delivered over the last year is therefore **248** – equivalent to **8680** pupils and teachers. Compared with 2009/10, this represents a **12%** increase in the number of workshops delivered.

Evaluation shows that 78% percent of schools rate the quality, enjoyment and learning value of the service as 'excellent', and 22% rate it as 'very good'.

In addition to schools, the Department has also delivered sessions to approximately **380** Post 16 History and Leisure and Tourism students as well as Portsmouth University (Initial Teacher Training, Forensic Science, History and Museum Studies departments), Chichester University (MA in Tourism Interpretation course and Initial Teacher Training courses), Southampton University (History Department) and the University of Winchester (History Department and Museum Studies course).

Special Projects for schools

Early Years Week is now in its 5th year. New activities have been added for 2011 and the event (due to run in Mid March) is sold out. Over the last year the department has also run two *Sealife Art* projects in Paulsgrove and Leigh Park. A total of **180** pupils from 5 different schools, who had not previously visited the Museum, took part in 6 sessions each to create new art works based on the collections for the *Sealife Community Roadshows* (see below).

At the beginning of the year the *Face to Face: Documenting experiences of conflict* project concluded and the resources including the new workshop (see above), 'Remembrance Kitbags' handling materials and activity sheets are now available to schools. The project has been a great success with unexpected outcomes including the 13 films being shown on the BBC Big Screens in Portsmouth and Dover for 6 months (viewed by about 25,000 a day) as well as the project being nominated for a national award – the *Art Fund Prize Clore Award for Museum Learning*.

Informal Learning

In terms of Informal Learning, the department continues to develop its services for families and the local community. In total approximately, **7841** participants took part in Informal Learning activities directly delivered by the Learning Department last year.

The Family Holiday Activities programme attracted **2271** participants to **23** in-house events last year. In addition, the Department once more delivered 4 weekend activities for the *Children's University* out-of-school programme to **75** children and took part in a *Pirates Family Day* event at Fleet Air Arm Museum with over **250** visitors.

A further **6** family workshops were delivered for Aiming High as well as special activities for the Portsmouth Autism Support Network, the Frank Sorrel Centre and Portsmouth Disability Forum.

Links with the Friday Club at the John Pounds Centre continue to thrive and a further **8** meetings with 20 regular attendees have been held over the last year. The Club is currently working on a new trail focusing on decorative arts.

The Adult Learning programme included **11** gallery talks and object handling sessions delivered by the Learning Department plus a new *Christmas Wreath* floristry workshop aimed at developing new audiences. The total number of participants for these sessions was **428**.

An additional **1104** local people and veterans attended our annual *Armed Forces Day* event in June. The Paulsgrove Community Road show took place in February with **270** attendees and the Leigh Park Roadshow in February 2011 attracted **523** people. The Sealife Art and Community Roadshow projects were selected as a case study example of best practice nationally by *Find Your Talent*.

Other new initiatives included hosting a stand with object handling and craft activities at the Gunwharf Quays Chinese New Year event, which was visited by over **400** people. The Learning Manager also worked in partnership with the National Trust to organize a display of wool works and deliver informal drop-in talks for the Petworth House Textile Fair in My 2010. The two-day event was extremely popular with over **2300** visitors to the Museum stand, some of whom had come specifically to see the items not normally on public display.

Summary of Key Achievements

Total number of UK-based pupils taking part in teacher-led Discovery Visits with NMRN (Portsmouth) and HMS Victory **28,311** increase of **12.6%**

Additional **27,777** foreign language school visits.

248 workshops delivered to **7330** pupils – increase of **12%**

Total number of pupils of participating in a taught sessions (workshops + special events + projects) led by the Learning Department in 2009/10 to **9240**

78% percent of schools rate the quality, enjoyment and learning value of the learning service as 'excellent'.

Total of **7841** participants took part in Informal Learning activities and outreach events

793 people from hard-to-reach communities attended Community Roadshows in Paulsgrove and Leigh Park.

Armed Forces Day attended by **1104** local people and veterans

2300 people visited the Museum's stand at the National Trust Petworth House Textiles Fair

Face to Face: documenting experiences of Conflict nominated for Art Fund Prize Clore Award for Museum Learning

BBC Big Screens in Portsmouth and Dover showing *Face to Face* and *Chasing Freedom* films for last 11 months.

New Creative Apprenticeship, Events Assistant post – funded by MLA

New Diversity Traineeship funded by Skills for the Future.

Conferences and lectures

The Museum has contributed to events across the Historic Dockyard like Heritage Open Days, and has organised a number of its own e.g. the Warsop Memorial Lecture on 'The Museum, the Society for Nautical Research and 100 years of naval history' and the 'Patrick O'Brian Weekend'.

There have been numerous specialist groups given tours behind the scenes e.g. from the Joint Services Staff College senior command course, Southampton University, and ship associations. Staff or volunteers have also made contributions as speakers in the SNR South lecture programme, to WRNS Association branches, to Rotary and a number of sailing clubs.

The Museum has also been a venue, playing host to events organised by others, notable events within the Portsmouth Festivities programme and SNR South's Flinders conference.

Income Generation

As well as vigorously pursuing fundraising for our Development Plans, the decision was taken by Trustees/ Management Board to dedicate resources throughout 2010/11 to income generation in its widest sense. This resulted in the appointment of a Research Assistant in 2009 to support the fundraising department *and* in the purchase of a dedicated fundraising database.

With the support of the Board and Senior Managers, the Museum has also worked hard to widen its supporters base *and* income streams and as a consequence (amongst other things) has begun to develop relations with Naval Associations, begun to work on a Legacy Campaign, taken a more pro-active approach to PR, put together a series of events – including three arena events – throughout the year and has launched a Facebook Site. The investment made in fundraising in the previous year brought results, with £20,000 of revenue being generated from donations and grants. These include a grant from the Frances and Augustus Newman Foundation towards the purchase of cataloguing software and the employment of a Documentation Assistant. The legacy programme continued with selective advertising and an event for local Trust and Estates Practitioners.

Work on all of these areas will continue throughout 2011/12 although whether or not the work of the Income Working Group now falls to the National Museum to lead is currently under discussion.

The Development Project

The Museum re-submitted plans to the HLF for development of a new C20th century wing in May 2010, and heard in September that we had been awarded a round 1 pass. This released over £100,000 of HLF money (matched by the Museum) to fund the development costs required to submit detailed plans at Round 2.

With this development money we were able to appoint Project Managers (Appleyards) in October, and had a full professional team in post by December 2010. Working with the Museum this team have made great strides in developing the programme, cost, architectural, structural, mechanical and electrical design for the project. Redman Design have continued to work on the detailed exhibition design. Overall the project has been a main focus for the curatorial team, and a major call on time on other senior staff working on fundraising and activity planning.

The Stage D Design report will be complete by the end of May 2011, with a Second Round application to HLF in August 2011.

Social, Community and Environmental Issues

The Museum actively engages with the community it serves. As shown above, its Learning Programme and Community Days have brought increasing numbers of schoolchildren and families through its doors, including specially-sponsored visits by schools from deprived areas. The 'Chasing Freedom' exhibition, and its related events, has drawn in – for the first time in the Museum's history – members of the local African community, some of whom actively contributed to the formation of the displays. And the *Sea your History* project has, on the one hand, given the Museum a world-wide reach through the Internet, while closer to home it has engaged with local children who have helped to create parts of the website.

The Museum actively promotes environmental awareness amongst its staff – in particular through paper recycling and the installation of energy efficient lighting in all new office spaces and stores.

Risks and Uncertainties facing the Royal Naval Museum

The Museum faces the usual natural risks to its staff, customers, collections and premises from fire, storm and flood. The risk of fire is met with a modern alarm system which is tested weekly and with regular drills – while all possible risks to the collection are covered by a comprehensive Disaster Plan.

Security of the buildings and collections, while still a risk, is lessened by the fact that the Museum lies within the Portsmouth Naval Base, which is secured at night. This is backed up by a night-time alarm system in all the Museum buildings. By day, the public areas are patrolled by the Museum's gallery assistants and covered with a CCTV system connected to a central control room, with video recording facility, which is manned at all times during working hours. Staff are regularly trained and particular care has been taken recently to alert them to the possibilities of terrorist attack. Random bag searches are carried out at the entrance to the Historic Dockyard in normal circumstances and bag searches of all customers are introduced when the Naval Base's security state is increased.

Apart from these risks, the Museum's main uncertainties relate to its financial position. First, its annual grant is dependent on the ability and willingness of the Royal Navy to find the money to fund the Museum's activities. This risk is met by maintaining close links with the RN and by constantly highlighting the ways in which the Museum supports the Navy's work and by demonstrating value for money. Second, the Museum's position within the Portsmouth Historic Dockyard site means that a significant proportion of its income is dependent on visitor numbers to the site. To help control this risk, Director General of the National Museum and the Museum Chief Operating Officer sit on the Executive Board of Portsmouth Historic Dockyard Ltd, which controls the marketing of the site and ticket sales and so is able to ensure that the site's planning is prudent and its expenditure well-controlled.

Financial review

Results for the Year Ended 31 March 2011

Total incoming resources for the Group in 2010-11 amounted to £1,872,926 (2009-10 £1,788,190). Total resources expended amounted to £2,069,463 (2009-10 £2,010,166). After adjustment for other recognised gains and losses totalling £122,026 (2009-10 £156,166), the net movement in funds for the year was a decrease of £74,511 (2009-10 decrease £65,810).

The Group's net assets as at 31 March 2011 amounted to £4,400,120 (31 March 2010 £4,474,631).

Underlying Message

Despite a small fall in admissions income this year, after stripping out such items as depreciation and the various subsidiary bodies, the Museum has recorded a small surplus of approximately £20,000 as compared to a small deficit of £14,000 last year. This is an extremely positive result especially given that in 2010/11 we progressed a major staff review which led to expenditures which had not been forecast at the start of the year. This work, which is now complete, will lead to increased savings in salary costs thus releasing much needed resources to help to fund other vital areas of the Museums work.

Visitor numbers have been declining since 2005 and urgent work needs to be undertaken to arrest this decline – a fact which all of the partners within Portsmouth Historic Dockyard recognise. An in-depth survey of visitors and non attenders has recently been commissioned; it is anticipated that this Report will be complete by the Autumn and any recommended actions arising from this in place for the 2012/13 summer season.

The Museum continues to integrate with the National Museum of the Royal Navy which now operates as the Sole Corporate Trustee of the Museum and the Museum is now publicly branded as the National Museum. There is a new energy within all departments of the Museum and much more is now achieved as the result of becoming a "National" – our Events and Learning Programmes continue to expand and deliver outstanding results, for the first time in many years we have commissioned new pieces of art based on our Collections to commemorate our centenary in June 2011, the shop has moved into the main reception area of the Museum, the relationship with overseas institutions – especially American – continues to flourish and new staff are joining thus exposing the Museum to new ideas on how we can develop and continue to improve.

Changes in Fixed Assets

Movements in fixed assets are shown in note 12 to the accounts.

Policy on Unrestricted Reserves

The Trustees continually monitor the levels of the Charity's reserves, defined for the purposes of this policy as the amounts shown as "Investments" and "Net Current Assets" in the accounts of the Charity, and which are attributable to Unrestricted Funds. As at 31 March 2011, the level of the Museum's reserves stood at £343,076 (31 March 2010 £272,895).

The Museum needs to retain a viable reserve in order to

- cover liabilities;
- cover annual deficits;
- provide income;
- fund development or fund capital development or facilitate initial capital development.

Trustees have considered the matter and have decided not to set a minimum figure for the reserve because of the continually changing circumstances of the Charity. This decision is reviewed at least annually.

Investment Policy

Brown Shipley, reporting to the Finance and Personnel Working Party of the Management Board on a non-discretionary basis, manages the investment fund. Subject to their advice, the Museum adopts a low risk attitude and its funds are placed in investments which yield both a degree of security and a modest stream of income (for example government stocks, bank deposits and first class corporate bonds).

The amount and term of the investment of the reserves are based on the Trustees' opinion of the immediate and future needs of the Museum by identifying the requirements for continuing operations and setting aside sufficient funds to enable medium and long-term development and expansion.

As set out in the previous paragraph, the Museum's primary objective for the performance of its investment portfolio is to provide a low risk depository, generating a relatively secure and modest income stream. During the year the Museum received £5,636 in Investment income. The value of the portfolio increased from £265,924 to £277,185.

Payment of Creditors

The Museum aims to settle all undisputed bills within 30 days of receipt or in accordance with the supplier's terms of business. The Museum's actual payment performance during 2010-11 was that these criteria were met in 98.52% of all bills paid (2009-10 98.04%).

Sickness absence data

The Royal Naval Museum employs 45 members of staff (32.5 full time equivalents) and monitors staff sick absence as part of its Human Resources processes. The Trustees receive data annually and discusses potential risks arising from any patterns that are identified. During 2010/11, there were 486.5 (full time equivalent) days lost to sick absence, of which 275.5 (full time equivalent) were for long term absences (of 3 members of staff) associated with hospitalisation and recuperation periods.

Personal data loss

The Museum has not identified any personal data related incidents during 2010-11 or in the previous 5 financial years. An incident is defined as a loss, unauthorised disclosure or insecure disposal. Protected personal data is information that links an identifiable living person with information about them which, if released, would put the individual at significant risk of harm or distress; the definition includes sources of information that because of the

nature of the individuals or the nature, source or extent of the information, is treated as protected personal data by the Museum.

Policy on the Employment of Disabled Persons

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. The Museum follows MoD and civil service guidelines on such practices and, in particular, has taken the contents of the MOD Civilian Equal Opportunities Policy Statement with reference to the Equality and Diversity Policy Declaration as its Equal Opportunities Policy.

Consultation with Employees

Senior management communicate with staff through informal twice-weekly staff briefings, as well as through regular departmental meetings, informal meetings and internal memoranda. The Chief Operating Officer also holds a regular "Chief Operating Officer's Forum" at which he briefs all staff on a wide range of matters affecting the Museum and answers questions from them. The Museum introduced a formal staff forum in 2009; this has met regularly throughout the period although its future role and composition is currently under discussion with staff. A monthly employee update (hard copy) is also produced and distributed to all staff – this is designed to keep staff fully informed of all that is going on at the Museum and, when necessary, will explain new policies and procedures.

Post Balance Sheet Events

There have been no post balance sheet events up to and including the date of signature of these accounts, which might affect the reader's understanding of the financial statements.

Auditors

The accounts are audited by the Comptroller and Auditor General in accordance with the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2003.

So far as the Accounting Officer, NMRN is aware, there is no relevant audit information of which the Museum's auditors are unaware. The Accounting Officer, NMRN 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.

Plans for future periods

In 2011/12, the Museum will continue to progress the next phase of its Development Plan and anticipates making its Round 2 application to the Heritage Lottery Fund early in August 2011. If successful physical work will commence September 2012. Fundraising will continue for the capital project, while at the same time steps are taken to strengthen the Museum's income generation activity.

Further plans include:

- A concerted effort to raise the Museum's profile nationally as the HQ for the National Museum of the Royal Navy
- To actively participate in the NMRNs priority to reshape the NMRN organisation to deliver increased flexibility and increased effectiveness and efficiency
- Develop a strategy for the physical development of the Museum beyond 2014
- Refinement and refocusing of the corporate hospitality package
- Remerchandising of the retail offer

Admiral Sir Peter Abbott GBE KCB
On behalf of the Management Board
24 June 2011

Professor Dominic Tweddle
Accounting Officer, NMRN
24 June 2011

Remuneration report

Remuneration policy

The Chief Operating Officer of the Royal Naval Museum is an employee of the Management Board.

Salary and pension entitlements (subject to audit)

The Chief Operating Officer, Mr G Dobbin had a basic salary during the year ended 31st March 2011 of £58,645 (2010: £54,221) per annum. The Chief Operating Officer's pension (net of inflation) increased by £223 in the year, with his total accrued pension now being £59,656 as an ordinary member of the Principal Civil Service Pension Scheme.

The Chief Operating Officer's CETV as at 31st March 2011 was £358,000 (2010: £345,000).

The Chief Operating Officer did not receive any Benefits in Kind.

'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.

For 2010-11, for the Museum as a whole, employer's contributions of £22,245 were payable (2009-10 £22,245) at rates in the range 17.1 to 24.3 percent of pensionable pay, based on salary bands. Employer contributions for PCSPS were reviewed in 2007-08. 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 schemes but the Royal Naval 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)

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefits schemes; 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 the Retail Price Index (RPI). 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 RPI. 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.

Admiral Sir Peter Abbott GBE KCB
On behalf of the Management Board
24 June 2011

Professor Dominic Tweddle
Accounting Officer, NMRN
24 June 2011

Statement of the sole corporate Trustee's responsibilities

Under Section 30(3) of the National Heritage Act 1983 and law applicable to charities in England and Wales, the Management Board is required to prepare financial statements for each financial year which give a true and fair view of the Royal Naval 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 Management Board 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 Management Board 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 Accounting Officer for the National Museum of the Royal Navy (NMRN) also has responsibility for the propriety and regularity of expenditure from Grant provided by the NMRN to the Royal Naval Museum.

Statement on Internal Control

Scope of responsibility

I, as Chairman of the Management Board, on behalf of the Management Board of the Royal Naval 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 Management Board, have been reviewed and systems have been established to mitigate those risks.

I, as Accounting Officer of the NMRN, have responsibility ensuring a sound system of internal control that supports the achievement of the Royal Naval Museum's policies, aims and objectives set by the Management Board, whilst safeguarding the public funds and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Body.

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 Naval 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 Naval Museum for the year ended 31 March 2011 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 now incorporated into the Museum's corporate planning, with the risk of failure and severity of the failure being applied to key activities.

The risk and control framework

The management of risk is exercised through the Museum's Senior Management Group who reviews on a regular basis the Museum's principal activities and events, with associated risks. The Management Board receiving periodic reports on the principal risks and the steps being taken to manage them effectively.

We have responsibility for reviewing the effectiveness of the system of internal control. Our 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.

Defence Internal Audit undertook an Internal Audit in the current financial year which identified no significant weaknesses.

Review of effectiveness

The review of the effectiveness of the system of internal controls is exercised through the Finance and Personnel Working Party (Audit Committee) of the Management Board. This sub-group, which tends to meet quarterly, is chaired by the Deputy Chairman of the Management Board and membership includes an additional four of the Museum's Management Board, with Museum officers in attendance, as required. The working party reports directly to the Management Board. This working party 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 Senior Management Team and annually by the Finance and Personnel Working Party and by the Management Board all of whom are content that it remains up to date and relevant.

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

Admiral Sir Peter Abbott GBE KCB
On behalf of the Management Board
24 June 2011

Dr Dominic Tweddle
Accounting Officer, NMRN
24 June 2011

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

I certify that I have audited the consolidated financial statements of the Royal Naval 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 Sole Corporate Trustee, and auditor

As explained more fully in the Statement of the Sole Corporate Trustee's Responsibilities, the Sole Corporate Trustee 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 Account 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 Naval Museum's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Sole Corporate Trustee; 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 Naval 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 C E Morse
Comptroller and Auditor General

5 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 funds	Other Restricted	2011 Total	Restated (see note 11) 2010 Total
Notes	£	£	£	£	£	£
Voluntary income:						
Grant (operating)	2	–	1,008,145	–	1,008,145	1,016,798
Grant (capital)	2	–	50,000	–	50,000	21,975
Other donations and grants	2	36,095	50,000	58,550	144,645	63,581
Legacies	3	9,990	–	–	9,990	6,196
Incoming resources from charitable activities:						
Admissions		322,728	–	–	322,728	342,683
Income of Trading Companies and share of Joint Venture	4	660,551	–	–	660,551	669,598
Income from investments	5	5,636	–	–	5,636	5,288
Other incoming resources	6	41,462	–	217	41,679	42,114
Total incoming resources		1,076,462	1,108,145	58,767	2,243,374	2,168,233
Deduct share of Joint Venture Income		(370,448)	–	–	(370,448)	(380,043)
		706,014	1,108,145	58,767	1,872,926	1,788,190
Resources expended						
Cost of generating funds	7	(115,350)	(9,544)	–	(124,894)	(114,879)
Expenses of Trading Companies	4	(283,937)	–	–	(283,937)	(283,972)
Charitable activities:						
Museum and visitor operations	8	(193,806)	(1,032,387)	(323,362)	(1,549,555)	(1,494,654)
Governance costs	9	(47,017)	(64,060)	–	(111,077)	(116,661)
Total resources expended		(640,110)	(1,105,991)	(323,362)	(2,069,463)	(2,010,166)
Net incoming/(outgoing) resources before transfers		65,904	2,154	(264,595)	(196,537)	(221,976)
Transfers between funds		–	–	–	–	–
Net incoming/(outgoing) resources before gains and losses on revaluations and disposals		65,904	2,154	(264,595)	(196,537)	(221,976)
Other recognised gains and losses						
Realised gains/(losses)						
Realised gains/(losses)						
Net gain on sale of investments		–	–	–	–	(737)
Share of results of Joint Venture		(29,747)	–	–	(29,747)	47,786
Unrealised gains/(losses)						
Revaluation of fixed assets		685	8,132	131,695	140,512	89,076
Revaluation of investments		11,261	–	–	11,261	20,041

The notes on pages 25 to 40 form an integral part of these financial statements.

Statement of Financial Activities for the year ended 31 March 2011

	Unrestricted funds	Restricted funds	Other Restricted	2011 Total	Restated (see note 11) 2010 Total
Notes	£	£	£	£	£
Net movement in funds	48,103	10,286	(132,900)	(74,511)	(65,810)
Total funds brought forward	<u>495,187</u>	<u>295,398</u>	<u>3,684,046</u>	<u>4,474,631</u>	4,540,441
Total funds carried forward	<u>543,290</u>	<u>305,684</u>	<u>3,551,146</u>	<u>4,400,120</u>	4,474,631

All recognised gains and losses are included in the statement of financial activities

All transactions are derived from continuing activities

The notes on pages 25 to 40 form an integral part of these financial statements.

Balance Sheet – Consolidated as at 31 March 2011

	Notes	2011		2010	
		£	£	£	£
Tangible assets	12		3,700,888		3,716,835
Heritage assets	12		166,567		111,191
Investments	13		277,185		265,924
Investment in Joint Venture					
Share of Gross Assets		66,763		95,260	
Share of Gross Liabilities		(43,647)		(42,396)	
			23,116		52,864
			4,167,756		4,146,814
Current assets					
Stocks	14	78,439		76,810	
Debtors	15	56,802		62,621	
Cash at bank and in hand	16	264,639		257,097	
		399,880		396,528	
Creditors: amounts falling due within one year					
	17	(167,516)		(68,711)	
Net current assets			232,364		327,817
Total assets less current liabilities			4,400,120		4,474,631
Net assets			4,400,120		4,474,631
Funds					
Unrestricted funds			490,574		442,037
Restricted funds:	18				
Grant (operating)			113,802		150,990
Grant (purchases)			191,882		144,408
Other restricted funds			3,551,146		3,684,046
Non charitable trading funds			52,716		53,150
			4,400,120		4,474,631

The notes on pages 25 to 40 form an integral part of these financial statements.

The financial statements were approved on 24 June 2011 and signed on its behalf by

Admiral Sir Peter Abbott GBE KCB
on behalf of the Management Board

Dr Dominic Tweddle
Accounting Officer

Balance Sheet – Charity only as at 31 March 2011

	Notes	2011		2010	
		£	£	£	£
Tangible assets	12		3,690,275		3,713,799
Heritage assets	12		166,567		111,191
Investments	13		277,187		265,926
			4,134,029		4,090,916
Current assets					
Debtors	15	54,677		62,014	
Cash at bank and in hand	16	254,593		262,038	
		309,270		324,052	
Creditors: amounts falling due within one year					
	17	(119,011)		(46,355)	
Net current assets			190,259		277,697
Net assets			4,324,288		4,368,613
Funds					
Unrestricted funds			467,458		389,169
Restricted funds:	18				
Grant (operating)			113,802		150,990
Grant (purchases)			191,882		144,408
Other restricted funds			3,551,146		3,684,046
			4,324,288		4,368,613

The notes on pages 25 to 40 form an integral part of these financial statements.

The financial statements were approved on 24 June 2011 and signed on its behalf by

Admiral Sir Peter Abbott GBE KCB
on behalf of the Management Board

Dr Dominic Tweddle
Accounting Officer

Cash Flow Statement for the year ended 31 March 2011

	Notes	Non-public Funds £	Restricted Grant Funds £	Charity Funds 2011 £	Group 2011 £	Group 2010 £
Net cashflow/(outflow) from operating activities		20,374	80,410	100,784	126,045	(209,549)
Return on investments and servicing of finance						
Bank interest received		90	–	90	90	2,206
Dividends received		5,636	–	5,636	5,636	5,288
Capital expenditure and financial investment						
Purchase of fixed assets		(22,126)	(91,829)	(113,955)	(126,590)	(53,470)
Purchase of investments		–	–	–	–	(69,053)
Sale of investments		–	–	–	–	69,326
Disposal of fixed assets		–	–	–	2,353	–
Increase/(Decrease) in cash		3,974	(11,419)	(7,445)	7,534	(255,252)
Opening cash balances		225,155	36,883	262,038	257,097	512,349
Closing cash balances	16	229,129	25,464	254,593	264,631	257,097
Reconciliation of Changes in Resources to Net Cashflow From Operating Activities						
Net incoming/(outgoing) resources for year		(198,245)	2,154	(196,091)	(196,537)	(221,976)
Depreciation	12	207,664	14,944	222,608	225,313	215,435
Investment income and interest received		(5,726)	–	(5,726)	(5,726)	(7,494)
Increase/(Decrease) in creditors	17	23,417	49,239	72,656	98,805	(231,960)
(Increase)/Decrease in stocks	14	–	–	–	(1,629)	(11,089)
(Increase)/Decrease in debtors	15	(6,736)	14,073	7,337	5,819	47,535
Net cash inflow/(outflow) from operating activities		20,374	80,410	100,784	126,045	(209,549)

The notes on pages 25 to 40 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 Accounting convention

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards, the Statement of Recommended Practice: Accounting and reporting 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 subsidiaries, The Royal Naval Museum Trading Company Limited and RNM Functions Limited and its Joint Venture, Flagship Portsmouth Trust. The Consolidated Statement of Financial Activities includes the results of the Royal Naval Museum Trading Company Limited, RNM Functions Limited and the Royal Naval Museum's share of the results of Flagship Portsmouth Trust as single line items. The consolidated balance sheet includes the net assets of The Royal Naval Museum Trading Company Limited and RNM Functions Limited, on a line by line basis and the Royal Naval Museum's share of the net assets of Flagship Portsmouth Trust as an item within Fixed Asset Investments.

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.

Legacies are included when the charity is advised by the personal representative of an estate that payment will be made or property transferred and the amount involved can be quantified.

1.3 Improvements to property

Improvements to property with a cost or value greater than £750 and a useful economic life greater than one year are capitalised at historic cost and revalued annually using Ministry of Defence derived indices. Improvements to property are depreciated over the lease term of the buildings, which expires in 2085.

1.4 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.

1.5 Computer and office equipment

Computer and office equipment 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. Computer and office equipment are depreciated over their expected useful lives, which range from four to ten years.

1.6 Assets held by Royal Naval Museum Trading Company Limited

The tangible fixed assets of the Royal Naval Museum Trading Company 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:

Property Improvements	–	straight line over the lease term
Fixtures and Fittings	–	20% straight line
Office Equipment	–	20% straight line

1.7 Basis of allocation

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

Governance costs include those 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 Collections 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:

	%
Collections and Exhibitions	70
Curatorial	25
Education	5
	<u>100</u>

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 Leased assets

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

1.11 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.

1.12 Stock

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.

1.13 Heritage assets

Background

The Royal Naval Museum holds in trust artefacts comprising its collection. The main and reserve collections have not been 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 Guidelines issued by HM Treasury these assets are not revalued or depreciated.

The Collections

The Royal Naval Museum collects items, which relate to the history of the Royal Navy, and its people throughout the area of its worldwide operations. The collection consists of material resulting from the amalgamation of the Dockyard Museum (established 1911) and the HMS *Victory* collections in 1938 as well as items subsequently acquired by bequest, gift, purchase, transfer or loan. It is divided into six main collection categories: archives, including printed books; artefacts; art; oral history; photographic and WRNS.

Collection:	Objects:	Count:
Archive Collection		
Manuscripts	Letter, diaries, memoirs, journals and printed ephemera	24,568
Library	Volumes on operational and social history, technical & strategic developments	7,000+
Art Collection	Oil, acrylic and watercolour paintings & prints of personnel & ships, naval operations and caricatures	3,016
Artefacts Collection		
Archaeology	Few curios, including weapons	
Ceramics	International commemorative fine & coarse wares incl glass	
Costume & textiles	Uniforms and accessories including cap tallies and insignia	
Weapons	Swords, dirks, cutlasses, bayonets and firearms	
Floating craft	Including Nelson's Funeral Barge	
Furniture	Sea –going furniture incl Nelson's dining cabin furniture	
Medals & awards	For general service, campaigns and gallantry	
Models	Medium & large models, small scale collections & dioramas	
Personal memorabilia	Curios, keepsakes & commemoratives of all ranks & Nelson	
Ship technology & relics	Figureheads, badges & other warship decorations	
Oral History Collection	Interviews on the life & work of the Royal Navy	450
Photographic Collection	Including the 'Wright & Logan' Collection	155,000+
WRNS Collection	Photographs, manuscripts, artefacts relating to the WRNS	5,310

The Curatorial Accession Committee which meets monthly assesses and approves all potential acquisitions, whether by gift, purchase, bequest, transfer or fieldwork. The Head of the Curatorial Department then submits a report on items acquired to the meetings of the Trustees Curatorial Working Party.

The Museum maintains an acquisition budget to enable the purchase of suitable material for the collections. In the case of high value purchases the Museum may also apply for additional funding from other sources such as the National Art Collection Fund, V&A Purchase Grant and PRISM Fund.

The Museum places great emphasis on the collection of items, which are complete, and in useable condition. Only items for which the Museum can provide appropriate facilities for storage and care are acquired. Further consideration is also given towards the long-term potential of material for use in display and interpretative activities. The Museum always seeks to establish donor's wishes in relation to copyright at the time of donation (as far as it is held by donors) and advises transfer of copyright to the Trustees of the RNM.

All acquisitions are recorded in the Accession Register which is updated in writing following agreement at the monthly accessions meetings. This records the assigned accession number, a brief description of the item or groups of items acquired, information on the donor (name and address), method of acquisition (including amount purchased), and date of acquisition. This and fuller information about the collection items is also recorded on the collections management database 'Calm'. Since 1996 all library acquisitions are no longer recorded within the Accession Register. Instead they are recorded directly onto the library catalogue using the 'Liberty3 library management system'.

The Museum has a long-term purpose and should possess (or intend to acquire) permanent collections in relation to its stated objectives. Museum collections often represent the generosity of past and current generations. Donations, bequests and other acquisitions are made in the expectation that they will be preserved in perpetuity. The Trustees accept the principle that there is a strong presumption against the disposal of any items in its collection except for the sound curatorial reasons as detailed in the full 'Acquisition and Disposal Policy'.

The full 'Acquisition and Disposal Policy' is published and reviewed from time to time and at least once every five years.

As the Museum holds archives, including photographs and printed ephemera, the Trustees are be guided by the Code of Practice on Archives for Museums and Galleries in the United Kingdom.

1.14 Pensions

Museum staff are covered either by the provisions of the Principal Civil Service Pension Scheme, which provides benefits based on final pensionable pay, or by a group money purchase pension scheme, the assets of which are held in an independently administered fund and which provides benefits based on the value of the fund. The pension cost charged to the Statement of Financial Activities is represented by the contributions payable under the PCSPS 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 Naval 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 2010-11, employers' contributions of £22,593 were payable to the PCSPS (2009-10 £22,245) 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.

The group scheme is a defined contribution scheme with contributions fixed at 9% of gross pensionable pay for the year. During the year contributions totalling £52,547 (2009-10 £66,591) were paid into the scheme. There were no outstanding or prepaid contributions at the balance sheet date.

1.15. Foreign currency transactions

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling at the end of the month preceding the transaction. Exchange differences are taken into account in arriving at the net incoming/ (outgoing) resources.

1.16 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 Grants and donations received

During the year the following grants and donations were received:

Grants received from the National Museum of the Royal Navy:

	2011 £	2010 £
Operations	1,008,145	1,016,798
Purchase of Exhibits	50,000	21,975
	<u>1,058,145</u>	<u>1,038,773</u>

Other grants and donations:

	Unrestricted funds £	Restricted funds £	Restricted Other funds £	Total 2011 £	Total 2010 £
HLF Grants	-	-	54,300	54,300	4,436
Lockheed Martin	5,000	-	-	5,000	5,000
Newman Foundation	13,000	-	-	13,000	-
National Museum of the Royal Navy	2,500	50,000	-	52,500	-
Buckingham County Council	-	-	3,750	3,750	-
Mr N Clayton	-	-	-	-	1,000
Museums, Libraries and Archives	1,250	-	-	1,250	1,124
Society of Friends	2,000	-	-	2,000	5,750
Society of Nautical Research	-	-	-	-	19,814
Miscellaneous donations and grants	12,345	-	500	12,845	26,457
	<u>36,095</u>	<u>50,000</u>	<u>58,550</u>	<u>144,645</u>	<u>63,581</u>

3 Legacies

	Unrestricted funds	Restricted funds	Other funds	Total 2011	Total 2010
	£	£	£	£	£
Captain Dr Colin White	–	–	–	–	5,000
Mr Johnstone	1,196	–	–	1,196	1,196
St John Oliver Wright	2,000	–	–	2,000	–
Commodore White	6,794	–	–	6,794	–
	9,990	–	–	9,990	6,196

4 Income and expenses from trading activities of subsidiaries

Summary of income and expenditure

	Notes	2011	2010
		£	£
Income			
Royal Naval Museum Trading Company Limited		270,805	269,180
RNM Functions Limited		19,298	20,375
Flagship Portsmouth Trust	25	370,448	380,043
		660,551	669,598
Expenditure			
Royal Naval Museum Trading Company Limited		271,304	265,786
RNM Functions Limited		12,633	18,186
		283,937	283,972
Flagship Portsmouth Trust	25	400,196	332,258
		684,133	616,230

Royal Naval Museum Trading Company Limited

The charity controls the Royal Naval Museum Trading Company Limited, (RNMTTC), a company limited by guarantee incorporated in England and Wales. RNMTTC operates a souvenir shop within the Museum. At the discretion of its directors, RNMTTC distributes its net profit amongst the Museum and The Society for Nautical Research, retaining the balance.

A summary of its trading results is shown below:

	2011	2010
	£	£
Turnover	269,821	269,103
Cost of sales	(143,482)	(139,950)
Gross Profit	126,339	129,153
Administration	(127,822)	(125,836)
Interest payable	-	-
Other income	984	77
Net profit / (loss)	(499)	3,394
Tax on ordinary activities	-	-
Available for distribution	(499)	3,394
Distributed to other charities	-	-
Net profit / (loss) after distribution to other charities	(499)	3,394
Amount gifted to Royal Naval Museum	-	-
Retained in Subsidiary	(499)	3,394

RNM Functions Limited

RNM Functions Limited, a company limited by shares, incorporated in England and Wales, is a wholly owned subsidiary of the charity and, at the discretion of the directors, distributes its net profit to the Museum.

A summary of its trading results is shown below:

	2011	2010
	£	£
Turnover	19,298	20,375
Expenditure	(12,633)	(18,186)
Net profit	6,665	2,189
Tax on ordinary activities	-	-
	6,665	2,189
Amount gifted to Royal Naval Museum	(6,600)	(2,200)
Retained in Subsidiary	65	(11)

5 Investment income

	Unrestricted funds	Restricted funds	Other Restricted funds	2011	2010
	£	£	£	£	£
Dividends received	5,636	–	–	5,636	5,288
	5,636	–	–	5,636	5,288

6 Other incoming resources

	Unrestricted funds	Other Restricted funds	2011	2010
	£	£	£	£
Bank interest received	90	–	90	1,963
Other incoming resources	41,372	217	41,589	40,151
	41,462	217	41,679	42,114

7 Cost of generating funds

	2011	2010
	£	£
Staff costs	84,982	78,861
Premises expenses	7,255	9,815
Fundraising operating costs	27,945	21,507
Printing, postage and stationery	4,246	4,136
Telephone	466	560
	124,894	114,879

8 Costs of activities in furtherance of the objects of the charity

	Education	Curatorial	Collections & Exhibitions	Sea Your History	2011	2010
	£	£	£	£	£	£
Staff costs	38,512	154,047	577,677	–	770,236	781,394
Other staff costs	556	2,225	8,348	–	11,129	2,534
Site costs	3,528	14,113	52,925	–	70,566	89,800
Conservation	249	996	3,736	–	4,981	994
Curatorial	750	2,999	11,247	–	14,996	5,604
Purchase of exhibits	126	505	1,895	–	2,526	2,980
Temporary Exhibition Costs	–	–	1,650	340	1,990	20,950
Centenary project costs	–	–	600	–	600	5,550
Phase II set-up costs	–	–	125,939	–	125,939	–
Computer costs	202	808	3,023	–	4,033	4,874
Depreciation	11,130	44,522	166,956	–	222,608	213,162
Support costs	15,998	63,990	239,963	–	319,951	366,812
	71,051	284,205	1,193,959	340	1,549,555	1,494,654

9 Governance costs

	2011	2010
	£	£
Staff Costs	23,815	33,947
Legal and professional	43,661	35,635
Accountancy	15,095	13,970
Audit	8,850	8,350
Support costs	19,656	24,759
	111,077	116,661

10 Support costs

	Museum & visitor centre operations	Governance costs	2011	2010
	£	£	£	£
Staff costs	145,168	–	145,168	145,508
Premises costs	122,415	14,512	136,927	186,447
Education	7,223	–	7,223	6,604
Printing, postage and stationery	13,633	4,678	18,311	16,976
Telephone	901	466	1,367	1,682
Travelling	3,124	–	3,124	3,788
Entertaining	4,626	–	4,626	7,036
Consultancy	6,143	–	6,143	6,413
Bank charges and interest	2,132	–	2,132	1,777
Health and safety	8,319	–	8,319	7,460
Sundry expenses	1,343	–	1,343	2,991
Subscriptions	4,924	–	4,924	4,889
	319,951	19,656	339,607	391,571

11 Total resources expended (charity only)

	Staff costs	Other costs	Depreciation	Total 2011	Restated Total 2010
	£	£	£	£	£
Charitable expenditure	926,439	400,508	222,608	1,549,555	1,494,654
Costs of generating funds	84,982	39,912	–	124,894	114,879
Governance costs	23,815	87,262	–	111,077	116,661
Total	<u>1,035,236</u>	<u>527,682</u>	<u>222,608</u>	<u>1,785,526</u>	<u>1,726,194</u>

	2011	2010
	£	£
Staff costs:		
Wages and salaries	840,958	704,769
Social security costs	76,533	78,351
Pension costs	117,835	111,081
	<u>1,035,326</u>	<u>894,201</u>

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.

Number of employees

There were no employees who earned more than £60,000 during the year.

The average number of employees, analysed by function, was:

	2011	2010
Costs of generating funds	2	2
Charitable expenditure	25	26
Governance costs	6	6
	<u>33</u>	<u>34</u>

No Trustees received remuneration during the year (2010: NIL). Three trustees were reimbursed for travel expenses totalling £971 (2010: £2,300).

12 Tangible fixed assets – Charity

	Improvements to property	Computer and office equipment	Fixtures, and fittings	Heritage assets	Total
	£	£	£	£	£
Cost or valuation					
At 1 April 2010	2,600,910	1,921,740	3,347,082	111,191	7,980,923
Additions	30,701	8,357	19,521	55,376	113,955
Revaluation	100,001	67,549	124,148	–	291,698
At 31 March 2011	<u>2,731,612</u>	<u>1,997,646</u>	<u>3,490,751</u>	<u>166,567</u>	<u>8,386,576</u>
Depreciation					
At 1 April 2010	334,442	1,335,748	2,485,750	–	4,155,940
Revaluation	12,709	49,604	88,873	–	151,186
Charge for the year	32,172	90,402	100,034	–	222,608
At 31 March 2011	<u>379,323</u>	<u>1,475,754</u>	<u>2,674,657</u>	<u>–</u>	<u>4,529,734</u>
Net book values					
At 31 March 2011	<u>2,352,289</u>	<u>521,892</u>	<u>816,094</u>	<u>166,567</u>	<u>3,856,842</u>
At 31 March 2010	<u>2,266,468</u>	<u>585,992</u>	<u>861,332</u>	<u>111,191</u>	<u>3,824,983</u>

Heritage assets

Additions of £55,376 (2010: £38,804) 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	<u>111,191</u>	72,387	67,921
Cost of assets acquired by purchase in the year	<u>5,376</u>	38,804	4,466
Value of assets acquired in lieu of grant	<u>50,000</u>	–	–
At 31 March 2011	<u>166,567</u>	111,191	72,387
Number of additions	<u>4</u>	8	4
Number of disposals	<u>–</u>	–	–

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	104	119	161
Number of disposals	–	–	–

12 Tangible fixed assets – Group

	Improvements to property £	Computer and office equipment £	Fixtures and fittings £	Heritage assets £	Total £
Cost or valuation					
At 1 April 2010	2,612,552	1,921,740	3,472,150	111,191	8,117,633
Additions	30,701	8,357	32,156	55,376	126,590
Revaluation	100,001	67,549	124,148	–	291,698
Disposals	–	–	(7,581)	–	(7,581)
At 31 March 2011	<u>2,743,254</u>	<u>1,997,646</u>	<u>3,620,873</u>	<u>166,567</u>	<u>8,528,340</u>
Depreciation					
At 1 April 2010	346,084	1,335,748	2,607,783	–	4,289,615
Revaluation	12,709	49,604	88,873	–	151,186
On disposals	–	–	(5,228)	–	(5,228)
Charge for the year	32,172	90,402	102,739	–	225,313
At 31 March 2011	<u>390,965</u>	<u>1,475,754</u>	<u>2,794,167</u>	<u>–</u>	<u>4,660,886</u>
Net book values					
At 31 March 2011	<u>2,352,289</u>	<u>521,892</u>	<u>826,706</u>	<u>166,567</u>	<u>3,867,455</u>
At 31 March 2010	<u>2,266,468</u>	<u>585,992</u>	<u>864,367</u>	<u>111,191</u>	<u>3,828,018</u>

13 Fixed asset investments

	Charity Listed £	Group Unlisted £	Listed £	Unlisted £
Market value at 1st April 2010	265,924	2	265,924	–
Acquisitions at cost	–	–	–	–
Disposals at opening book value	–	–	–	–
Net unrealised gains / (losses)	11,261	–	11,261	–
Market value at 31st March 2011	<u>277,185</u>	2	<u>277,185</u>	–
Historic cost at 31st March 2011	247,071	2	247,071	–
Market value at 31st March 2010	265,924	2	265,924	–
Historic cost at 31st March 2010	247,071	2	247,071	–

All investments held are listed in Treasury Stocks.

Unlisted investments represent 100% of the issued share capital of RNM Functions Limited.

14 Stocks

	2011		2010	
	Charity	Group	Charity	Group
	£	£	£	£

The amounts attributable to the different categories are as follows:

Goods For Resale	–	78,439	–	76,810
	–	78,439	–	76,810

15 Debtors

	2011		2010	
	Charity	Group	Charity	Group
	£	£	£	£

Amounts falling due within one year:

Trade debtors	9,858	12,248	8,095	11,638
Other debtors	2,000	1,000	6,310	5,914
Prepayments and accrued income	40,547	40,198	35,715	34,226
VAT	2,272	3,356	11,894	10,843
	54,677	56,802	62,014	62,621

16 Cash at bank and in hand

	2011	2010
	£	£
Non-public funds	229,131	225,155
Public funds:		
Grant in Aid (operating)	–	–
Grant in Aid (purchases)	25,462	36,883
Total – public funds	25,462	36,883
Cash at bank and in hand – Charity	254,593	262,038
Trading Subsidiaries	10,046	(4,941)
Cash at bank and in hand – Group	264,639	257,097

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

	£	£
Cash	264,639	257,097
Liquid resources	–	–
	264,639	257,097

17 Creditors: amounts falling due

	2011		2010	
	Charity	Group	Charity	Group
	£	£	£	£
Trade creditors	62,338	87,229	19,743	32,920
Other taxes and social security	–	1,424	–	1,374
Other creditors	323	2,990	3,811	3,069
Deferred income	–	–	–	–
Accruals	56,350	75,873	22,801	31,348
	<u>119,011</u>	<u>167,516</u>	<u>46,355</u>	<u>68,711</u>

18 Restricted funds

	1 April 2010	Incomming	Outgoing	31 March 2011
	£	£	£	£
Grant (operating)	150,990	1,066,277	(1,103,465)	113,802
Grant (purchases)	144,408	50,000	(2,526)	191,882
Other restricted reserves	3,684,046	190,462	(323,362)	3,551,146
	<u>3,979,444</u>	<u>1,306,739</u>	<u>(1,429,353)</u>	<u>3,856,830</u>

The Museum receives Grant funding from the National Museum of the Royal Navy as a contribution towards operating costs.

In 2010, the Museum completed phase 1 of a major capital development programme to redesign and refit existing galleries and bring new display and office space into use. The movements on the Development Project Fund shown represent the income raised by donations and grants from the National Heritage Memorial fund and other organisations, less the revenue expenditure incurred up to the balance sheet date.

19 Analysis of net assets between funds

	Tangible Fixed Assets	Investments	Net Current Assets	Total
	£	£	£	£
Restricted Funds:				
Grant (operating)	161,531	–	(47,729)	113,802
Grant (purchases)	166,567	–	25,315	191,882
Development Fund	3,404,362	–	146,784	3,551,146
	<u>3,732,460</u>	<u>–</u>	<u>124,370</u>	<u>3,856,830</u>
Unrestricted funds – Charity	124,382	277,187	65,889	467,458
	<u>3,856,842</u>	<u>277,187</u>	<u>190,259</u>	<u>4,324,288</u>
Share of joint venture net assets	23,116	–	–	23,116
Non charitable trading funds	10,613	(2)	42,105	52,716
Total net assets – Group	<u>3,890,571</u>	<u>277,185</u>	<u>232,364</u>	<u>4,400,120</u>

20 Commitments and Contingent Liabilities

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

21 Other commitments

The charity had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	Other	Land and buildings	Other
	2011	2011	2010	2010
	£	£	£	£
Expiry date:				
Within one year	-	-	-	-
Between one and five years	-	6,339	-	6,339
In over five years	51,685	-	51,685	-
	51,685	6,339	51,685	6,339

22 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 subsidiaries have a corporation tax debtor for the year of £Nil (2010: £Nil).

23 Post balance sheet events

The accounts were authorised for issue by the Accounting Officer on 5 July 2011 and signed by the Sole Corporate Trustee.

24 External performance indicators

Ratio of self-generating income to Grant funding

Year	Self Generated Income	Grant Income	% Ratio	
	£	£		
2010/11	517,438	1,058,145	2.04	Actual
2010/11	414,947	1,038,988	2.50	Budget
2009/10	459,747	1,023,975	2.23	Actual

25. Related party transactions

The Royal Naval Museum receives grant funding from the National Museum of the Royal Navy which is separately disclosed in the Statement of Financial Activities.

The Royal Naval Museum Trading Company Limited and RNM Functions Limited are both related parties of the Royal Naval Museum, further details are included in note 4 to the accounts.

The Royal Naval Museum is a related party of Portsmouth Historic Dockyard, a joint venture with Portsmouth Naval Base Property Trust, The Mary Rose Trust and The Warrior Preservation Trust Limited. Flagship Portsmouth is a company limited by guarantee, incorporated in England and Wales and, a registered charity. In the consolidated financial statements, Portsmouth Historic Dockyard has been treated as a joint venture, in which the Museum has a 25% interest.

A summary of draft Statement of Financial Activities is detailed below:

Statement of Financial Activities

	2011		2010	
	Museum Share	Total	Museum Share	Total
	£	£	£	£
Incoming resources	370,448	1,481,792	380,043	1,520,172
Total resources expended	(400,196)	(1,600,782)	(332,258)	(1,329,026)
Net incoming/(outgoing) resources	(29,748)	(118,990)	47,785	191,146
Fund balances brought forward at 31st March 2010	52,864	211,453	5,079	20,307
Fund balances carried forward at 31st March 2011	23,116	92,463	52,864	211,453

Balance Sheet

	£	£	£	£
Tangible Fixed Assets	7,733	30,931	7,678	30,710
Current assets	59,030	236,121	87,582	350,326
Current liabilities	(43,647)	(174,589)	(42,396)	(169,583)
Net current assets	15,383	61,532	45,186	180,743
Net assets	23,116	92,463	52,864	211,453
General unrestricted funds	23,116	92,463	52,864	211,453

Portsmouth Historic Dockyard is responsible for the collection and distribution of ticketing income for the four members. The total admission income distributed in the year is disclosed in the Statement of Financial Activities.

The Royal Naval Museum is charged a levy by Flagship Portsmouth Trust. During the year this totalled £70,566 and is included in Site costs shown in note 8.

The Royal Naval Museum is a related party of the Society of Friends of the Royal Naval Museum. During the year the society donated a total of £NIL (2010: £NIL) to the Museum.

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DG Ref: 009650

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