

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

Royal Navy Submarine Museum Account 2008-2009

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

Royal Navy Submarine Museum Account 2008-2009

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 20 JULY 2009

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Trustees Report

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

The Royal Navy Submarine Museum is a registered charity, number 1068419

The Museum's business address is: Haslar Jetty Road, Gosport, Hampshire PO12 2AS.

The Museum's accounts comply with statutory requirements, the charity requirements 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

Rear Admiral R C Lane-Nott CB	Chairman
Rear Admiral M Anderson	Vice Chairman
Dr MC Copp	Deputy Chairman and Chairman Finance Committee
Mrs LM O'Sullivan	
Councillor P Edgar	Representing Hampshire County Council
Mr RT Schadla-Hall	
Mr L Shurmer-Smith OBE	
Mr R Dixon	Representing the Submariners Association
Rear Admiral T A Spires CBE	
Commander R S Forsyth RN	
Mr PJ Webb	
Captain J McLees RN	

Advisors to the Trustees

Captain W Alexander RN	Trustee of the Royal Naval Museum
Mr R M Webb	Chairman of the Development Committee

Non Trustee Members of the Appeal Committee active from April 2008

Vice Admiral Sir Tim McClement KCB OBE	Chairman
Commander C Lowther RN	
Commander J Tall, OBE RN	

Non Trustee members of the Development Committee

Mr R M Webb	Chairman
Rear Admiral P Hoddinott CB OBE	

Non Trustee member of the Finance Committee

Mr B D Ridley

Trustees who have resigned during 2008-2009

Councillor HG Burgess	Representing Gosport April 2008
Rear Admiral P Hoddinott CB OBE	October 2008
Rear Admiral D Cooke MBE	December 2008 to
Councillor M Salter	April 2009

Trustees who have been appointed during 2008-2009

Councillor M Salter	May 08
Rear Admiral M Anderson	January 09
Commander R S Forsyth RN	January 09
Mr P J Webb	January 09
Captain J McLees RN	January 09
Rear Admiral T A Spires CBE	January 09

Senior members of staff

Acting Museum Director: Mr R Mealings (Appointed 28 April 2009)
Museum Director: Mrs M Budgett (From 1 April 2008 to 28 April 2009)
Commander J Tall OBE RN (retired 4 April 2008)
Curator: Mr R Mealings

Accountants

Mazars LLP
Regency House
3 Grosvenor Square
Southampton
SO15 2BE

Auditors

Comptroller and Auditor General
National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS

Bankers

Lloyds TSB
Gosport Branch
20 High Street
Gosport
Hampshire
PO12 1DE

Solicitors

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

Structure, governance and management

Status

The governing document of the body is the Trust Deed of 23 January 1998; the Museum's Trustees are incorporated as a body. It is a designated museum under the terms of the National Heritage Act 1983 and it is an Executive Non-Departmental Public Body by virtue of receiving Grant-in-Aid from the Ministry of Defence. Since the year end, this status has ceased.

History

The Royal Navy Submarine Museum was formed as a modest 'Submarine Branch Collection' under a Deed of Trust dated 11 September 1963. It was registered as a charity on 12 February 1970. Three small rooms were made available for the collection in the submarine base at HMS DOLPHIN.

In 1982 it moved to premises outside the security gates of the submarine base where, following an appeal, a dedicated museum building was erected and HMS Alliance (1945) was established on concrete cradles and put on display. In the same year Holland 1 (1901), the Royal Navy's first ever submarine, was recovered from the sea-bed by Royal Navy divers and also put on display.

The layouts of the two galleries were revised in 1991-1992 with the help of a grant from the Museums and Galleries Commission. This enabled the periscopes and Captain's cabin of the Nuclear powered Submarine HMS Conqueror to be installed in the Museum.

In 1993, it was found that the initial preservation of the Holland Submarine had failed to prevent the onset of metal corrosion. After a thorough survey, a major conservation programme was started. The process took five years to complete, after which time the Lottery Fund supported a dedicated exhibition building which was opened in 2001, the Centenary Year of the Royal Navy Submarine Service. The Museum, in partnership with its conservator, Ian Clark, won the Pilgrim Trust Conservation Award for the Holland 1 project in 2002.

In 2000 it was confirmed that HMS Alliance and Holland 1 were included in the National Core Collection of 50 historic vessels. HMS X24, the Museum's other historic submarine, although not meeting the criteria for weight (40 tons), was confirmed as a member of the Historic Fleet.

In 1998 an appeal was launched to raise funds for the development of the Museum entitled 'The Submarine Centennial Appeal' with a target of £1M.

Between 1998 and 2001 the Museum acquired the use of a number of redundant buildings within Fort Blockhouse that enabled it to create displays of its weapons collection, including a Polaris Missile, in a suitable environment for large metallic objects. This was a major step forward in the care of artefacts previously at risk from the elements.

In 2003 the Museum was awarded a Stage II pass by the Heritage Lottery Fund for its John Fieldhouse Building (JFB) project with a grant of £1.95M. On 1 August 2005 JFB opened to the general public and on 9 September 2005 JFB was officially opened by HRH The Princess Royal.

In addition to the major projects, identified above, purpose-designed facilities for educational use and for special exhibitions have been created, the Museum has been made disabled-friendly, and much work has been done to improve IT and the documentation, conservation and storage of the collections.

In 2008 Prince William of Wales, as Commodore in Chief, Submarines, officially opened the Area of Remembrance at the museum and signalled his intention to become patron of the Alliance Appeal.

Recruitment, appointment and training of trustees

The recruitment and appointment of Trustees (including the Chairman) is conducted in accordance with guidelines issued by the Commissioner for Public Appointments. There are four nominated trustees: Rear Admiral Submarines as Vice Chairman, one nominated by the Submariners Association, and the other two by Gosport Borough Council and Hampshire County Council. All new co-opted and nominated trustees receive information as laid down by the Charity Commission. They also visit the Museum for Induction training provided by the Museum Director.

Organisational Structure

The Board of Trustees consists of thirteen members and meets four times a year. During this year there was an extra meeting to discuss our involvement with the National Museum of the Royal Navy. There is also a Trustees' Audit Committee, which was renamed the Finance Committee, a Remuneration Committee, Development Committee and currently an Appeal Committee. Trustees are responsible for agreeing the policies and strategic direction of the Museum. Operational matters are the responsibility of the Director of the Museum.

Board Meetings were held in July and October 2008 and January, March and April 2009.

Major matters discussed included: The establishment of the National Museum of the Royal Navy, Corporate and Business Plan and Budget; approval of Annual Report and Accounts; appointment of Trustees; management of RNSM Enterprises Limited; Prioritisation for Lottery Funding of HMS Alliance; future plans for Museum Development; staff salaries and conditions of service; the Collections Management Plan; Child and Vulnerable Adults Protection Policy, Information risk, Dress Code.

Relationship with other Royal Navy Museums

There are four Museums that receive Grant-in-Aid from the Ministry of Defence via the Royal Navy: the Royal Marines Museum, the Royal Naval Museum, the Royal Navy Submarine Museum and the Fleet Air Arm Museum. The Museums work closely together, for example, their Collecting Policies are complementary.

The establishment of the National Museum of the Royal Navy (NMRN) as a single entity embracing the four naval service museums became a reality during the period of this report. The intention is to capture the traditional spirit of the Royal Navy linked to the past, present and future challenges facing the Service today and recognising history's strong role in nurturing the Service's ethos and fighting spirit.

Relationship with the Society of Friends of the Royal Navy Submarine Museum

The Friends organisation is a registered charity (No.1046251). The object of the Friends is to be an active involved society working to preserve the heritage of the Submarine Service through its Museum. Care is taken that the members' generosity is focused on specific projects to improve the Museum and its collections. The Society is governed entirely separately from the Museum, with application for grants being made formally by the Director of the Museum to the Friends' Board of Trustees.

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 ought to have been taken to be aware of any relevant audit information and to establish that the Museum's auditors are aware of that information.

Vision and values

Vision

- a To be the show piece for the Royal Navy Submarine Service.
- b To offer a 'unique' visitor experience.
- c To create a learning environment for all age groups.
- d To develop a 'special' feel on site.
- e To be the best at enabling access and enjoyment for all.

In five years time

- a A secure, sustainable future based on a successful business strategy.
- b To have developed an appropriate and constructive relationship with The National Museum of the Royal Navy.
- c Make accessible relevant collections and fit for purpose galleries.
- d To have successfully completed the Alliance Appeal and project.

Mission

The stated mission for the Museum, as one of the four designated Naval Museums, is

- To provide an effective and accessible repository for the heritage of the submarine branch of the Royal Navy, both now and in the future.
- To raise public awareness of The Royal Navy Submarine Service
- To encourage scholarship and research into the Royal Navy Submarine Service.
- To act as a point of remembrance for the submariners lost in the course of duty

Strategic aims

- To be the pre-eminent centre for the preservation and interpretation of RN submarine heritage.
- Provide the widest possible audience with ways of accessing and understanding the collections for study, inspiration and enjoyment.
- Develop a Museum that is better fit for purpose through organisational change and development.
- To develop high quality services in keeping with the traditions of the Royal Navy.
- To raise successfully sufficient capital funding for Alliance and a new gallery.
- To act as a memorial to all RN submariners who have lost their lives in the course of duty.

Public benefit

In setting out and planning our aims, the Trustees have given careful consideration to the Charity Commission's general guidance on public benefit and supplementary public benefit guidance on fee-charging.

It is vitally important to us that the benefits to the public are clearly defined and identifiable. By aiming to become the pre-eminent centre for the preservation and interpretation of Royal Navy submarine heritage, it is vitally important that access to the museum is available to the vast majority of the public. Thus we have set ticket prices at levels that we consider most people can afford, with various concessions or discount prices for senior citizens, families and certain groups. The Museum is wholly committed in providing a quality learning experience to all age groups and backgrounds.

We are committed to providing physical and intellectual access for all visitors to the museum.

The vision and values listed on page 4 are regularly reviewed to ensure that the Museum appeals to the widest spectrum of members of the public, and satisfies their various interests and needs in relation to our mission and strategic aims mentioned above.

Achievements and performance

Main objective in 2008-2009

To prepare an application for to the Heritage Lottery Fund for a grant towards the preservation and conservation of HMS Alliance.

This is underway with the help of a Project Planning Grant from HLF (Dec 2007). The Development Committee has been regularly meeting to further the application and an Appeals Committee was established to oversee a fundraising feasibility study and prepare the case for support.

To prepare for the new National Museum of the Royal Navy

During the year considerable staff and Trustee time and effort was spent considering the advent of the NMRN.

Risk assessment

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

Financial review

The Museum is showing net outgoing resources of £278,301. After the revaluation of fixed assets, the net deficit in 2009 increased to £286,595. An annual depreciation charge of £213,948 has been the major contributing factor to this net deficit. Much of this charge relates to land and buildings which were revalued in 2007 and are being written down over the life of the lease.

Policy on reserves

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. As at 31 March 2009, the level of the Museum's free reserves stood at £348,299 (31 March 2008 £450,990), and represents approximately 4 months of core operating expenses.

The Museum needs to retain a viable reserve for the following purposes

Cover liabilities

The nature of major liabilities faced by the Museum centres around the care of the five Historic Ships and the Collection.

Fund development

With the completion of the Fieldhouse Building project, the Museum has completed three out of its four development phases. The Trustees now need to build up funds for the next phase of development, i.e. replacing the Weapons Gallery, accommodating a new visitor entrance and retail outlet while enhancing the Museum entrance and its surrounds. An appeal for funds for this purpose is being run parallel with the Alliance Appeal.

To ensure adequacy of working capital

The Museum needs to maintain adequate levels of working capital to ensure it can continue with its daily activities.

Investment Policy

The present investment policy reflects the need for relatively easy access to reserves by maintaining them in cash, and accepting a lower rate of return than may be achieved through a stock market based investment fund, but without the attendant risks.

The amounts 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 to long term development and expansion.

Principal Funding Sources

The Museum's main source of funds is Grant-in-Aid from the Ministry of Defence. The ways in which this money can be spent will be defined in a new Financial Framework Document that has been agreed with the Museum's Sponsor Department and the NMRN. This document together with a separate Service Level Agreement currently in draft form, will govern the way the museum receives its proportion of Grant in Aid from the NMRN from 1 April 2009. Other funds are derived from admission charges, donations, grants, and profits from the Museum's wholly owned subsidiary, RNSM Enterprises Limited, that are given to the Trust in the form of Gift Aid. A list of donations in excess of £500 in aggregate can be found in Note 2 to the accounts.

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

Payment of creditors

The Museum adheres to the Government-wide standard on the payment of creditors by aiming to settle all undisputed bills within 30 days or in accordance with the agreed terms of business. The Museum's actual payment performance during the year was that all bills were paid within 30 days or in accordance with the suppliers' terms of business.

Staff matters

Consultation with Employees

Senior management meet monthly at a Management Team meeting and communicate with staff through weekly staff briefings as well as through departmental staff briefings, informal meetings and internal memoranda.

Equal opportunities

The Museum has an Equal Opportunities Policy and 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.

Plans for Future Periods

Investment for the future

Recognising its responsibilities for its collection care and being a public face of the Royal Navy the Museum is currently undertaking the following projects

- The HMS Alliance Project. Since HMS Alliance was first displayed in 1982 and opened to visitors, parts of her infrastructure have deteriorated considerably, a deterioration that has proved hard to arrest due to difficulties of access, and its hostile environment.

Lying supported over the sea on concrete cradles on-going corrosion is a major hazard. Without urgent action, HMS Alliance's future will be one of ever-accelerating severe decay.

- Programme of Works. The Museum has identified a further five high impact projects which involve care of its collection and improving access (e.g. displaying the Trafalgar propeller vertically, conserving LR3 (Submarine Rescue Vessel) and replacing the Weapons Gallery). Given the costs involved to complete this work, the Appeal objectives will also hope to address these issues.

As part of the total £6 million project the replacement of the weapons gallery is seen as crucial. The creation of this innovative gallery within a new build entrance will give a historical introduction to Alliance and provide facilities for a digital tour for visitors who cannot go on board; to this end the new gallery has been included in the appeal literature and overall fundraising case for support. However, support is being sought from the Heritage Lottery Fund for a contribution towards the £4.5 million conservation, preservation and community engagement scheme for HMS Alliance.

All aspects of the Alliance project are linked and for complete success the Museum needs to raise £3 million in partnership funding by January 2011.

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 and Resources Accounts Act 2000 (Audit of Public Bodies) Order 2003.

Rear Admiral RC Lane-Nott CB
On behalf of the Board of Trustees

7 July 2009

Mr R Mealings AMA
Accounting Officer

7 July 2009

Report of the Director

Grant in Aid

GiA was increased to £590,317, which represented an enhancement of 2.5 per cent. This included an additional grant of £6,500 towards insurance costs.

Performance

Visitor numbers were down from last year at 42,641, although gate income increased to £172,108. This represents an average 'income per visitor' of £4.04 compared with £2.82 last year. The improvement in gate income was achieved by a modest increase in ticket prices last April, but is influenced by the mix of visitors.

Establishing a new approach to marketing events and PR is intended to improve visitor numbers and income.

Secondary income

Both the retail and corporate entertainment arms of RNSM Enterprises Limited have been affected by the reduced visitor numbers ultimately producing a small loss for the year.

Marketing Strategy

A marketing strategy was commissioned with the following objectives

- To attract an increasing number of paying visitors, year-on-year, who leave entertained, educated and informed.
- To inspire young visitors to consider a career the Royal Navy, and the Submarine Service in particular.
- To optimise income from ticket sales.

The Trustees at their March 2009 meeting passed the resulting strategy and its assumptions.

Visitor satisfaction

The experience mix for the visitor is wide-ranging, from passive to active, and it leaves a strong impression, with a complete range of exhibits from small artefacts, through early submarines, to an entire 1940s submarine.

The RNSM offers a rich visitor experience, with 98 per cent of visitors in the 2008 exit survey rating their visit either good or very good. For over a third (34 per cent), the RNSM exceeded their expectations.

The contribution of the Society of Friends

The Friends have continued to support the museum and its capital projects throughout the year for which the Trustees are very grateful. The latest contributions will enable the following proposals to now go ahead:

To re-polish and re-lacquer the Biber torpedo (£2,500) and acquire storage materials for engineering plans and photographs (£2,500).

Financial outlook

If all assumptions are correct, and excluding non-cash transactions such as depreciation and amortisation charges, it is anticipated that the Museum will break even in the next financial year.

Alliance Appeal Update

In June Prince William of Wales, as Commodore in Chief Submarines, visited Alliance and was officially recognised as our Chief Patron for the Alliance Appeal.

The Appeal Committee has appointed McNicholas Associates Ltd to assist in producing an appeal strategy and in preparing a case for support. Frazer Nash have been retained as consultant engineers to advise on technical aspects of the work on Alliance and to contribute where necessary to the appeal documentation.

Exhibitions and events

The Museum mounted a Temporary Exhibition in the Fraser Room that graphically illustrated the history of HMS Alliance. For the first time the museum has concentrated solely on Alliance's story and the men who served on her over a long and colourful career in commission. A group of media students from Portsmouth University made a short film for the exhibition.

In November the Museum hosted a charity rowing event to mark National Radiography Day and raise money for Help the Heroes. The Museum's involvement was in support of Royal Hospital Haslar and Fort Blockhouse and gained publicity in the Local Press and Navy News, as well as military and civilian medical trade journals.

The Friends AGM and opening of the Cold War memorial event took place on the 4 July 2008 when the 'Glass panel' commissioned by the Submarine Officers Life Members Association and beautifully crafted by Admiral Frank Grenier was unveiled in the Area of Remembrance by Lady Fieldhouse. The site now also houses the Changi Jail memorial (shutters and bars from the clock tower) and two new glazed doors that enable a view and easier access to this area from the John Fieldhouse building.

Area of Remembrance

Prince William, Commodore in Chief, Submarines, visited the Royal Navy Submarine Museum on 10 June 2008 to open officially the Area of Remembrance. The memorial lists some 5,300 names of submariners who gave their lives in service from 1904 to the present day.

Education

A range of schools has visited the site. For those who came on free coaches (made possible through the funds given by the Friends) they have agreed to provide staff to participate in a consultation event to help the Museum respond appropriately to changes concerning the National Curriculum for schools, etc.

A partnership project for the government's Gifted and Talented scheme has been formed with the local secondary school Bay House and will result in a number activities on site for years 7/8 pupils e.g. a drama based workshop with television actor Mark McCann. Funding towards the projects was successfully bid for from the South East Museums Hub. In support of Hampshire County Councils on-going programme of events for 'family learning' Alliance was made available as a story-telling venue for parents and small children. There was good local press coverage.

To help develop our ideas for the future development of learning and interpretation on-board Alliance, a workshop with the Gosport Youth Council was organized. The Council consists of school and college aged teenagers who live in the area, and is supported by HCC. This proved to be a very useful evaluation exercise.

During the autumn the Education Officer gave presentations on the poetry project for special needs pupils and the inspiring Science partnership, which had been undertaken earlier in the year.

Cataloguing in Archives, Libraries and Museums

The documentation project is coming to an end but is continuing to decrease the backlog and build a useful database of information.

National Museum of the Royal Navy (NMRN)

The National Museum of the Royal Navy now has a Director General who took up post in January 2009. The museum is a single entity embracing the four naval service museums, that has a vision to capture the enduring spirit of the naval service: the continuum of past, present and future

The NMRN will tell the story of Command of the Sea, the projection of maritime force and the Royal Navy's contribution to military operations through the ages, via the unique and internationally diverse collections held by its constituent museums. It will facilitate wider national public access to the collections and promote better understanding and knowledge of the museum collections using innovative technologies and the Internet.

Options on how to join the NMRN are being produced for consideration by the Trustees of all constituent museums

Recent acquisitions

A wide range of relevant artefacts has been added during the year either from our limited resources or by gift, and includes among many others

Asset reference	Asset type	Description
2008.58.3	Crest	Crest of HMS/m 'Totem'
2008.46.1	Telescope	Telescope of HMS/m 'Undaunted'
2008.34.1	Painting	Watercolour of HMS/m 'E41'
2008.36.1	Painting	Oil painting of HMS 'Titania' & HMS/m 'L5'
2008.83.1	Bell	Bell from HMS/m 'Otway'
2008.49.2	Bayonet	Bayonet from Italian 'boom jumper', Malta 1943
2008.74.2	Medal	Russian Convoy 40th Anniversary Medal
2008.66.1	Model	Chariot model & 2 charioteers
2008.62.1	Flag	Union flag from HMS/m 'L23'
2008.74.2	Musical Inst.	Jew's Harp
2008.58.3	Crest	Crest of HMS/m 'Totem'
2008.46.1	Telescope	Telescope of HMS/m 'Undaunted'

Data handling procedures

The Museum has not identified any personal data related incidents during 2008-2009, nor in the previous five financial years. An incident is defined as a loss, unauthorised disclosure or insecure disposal. Protected personal data is information that links an identifiable living person with information about them which, if 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.

Mr R Mealings AMA
Accounting Officer
7 July 2009

Remuneration report

The Remuneration Committee of the Board of Trustees determines the Remuneration Policy of the Royal Navy Submarine Museum.

The Trustees of the Museum employ the Director of the Royal Navy Submarine Museum on terms and conditions determined by a local contract, which are unrelated to Ministry of Defence equivalences. Like all other members of staff, the Director was awarded an increase in salary of 3.0 per cent for the year ending 31 March 2009.

Salary and Pension Entitlements

The Director, who had been in post on 31 March 2009 for one year and aged 54, had a basic gross salary during the year ended 31 March 2009 of £44,217 and pension contributions of £5,500. The previous director retired on 4 April 2008 aged 65.

The Director did not claim overtime or any other form of performance pay or bonus, nor did she receive any Benefits in Kind.

No Trustees received remuneration during the year (2008: £Nil). Two Trustees were reimbursed for travel expenses totalling £1,428 (2008: two Trustees totalling £1,680). This information has been subject to audit.

Individual pension plans for entitled employees are administered by Norwich Union plc under a group personal pension plan in order to save administrative charges. Like all with-profits pensions, the performance of these plans has been disappointing. The Museum does not have any long-term contingency liabilities for pensions. For 2008-2009, employers' contributions for the Museum as a whole of £35,288 were payable (2008: £32,287) at a fixed rate of 12.5 per cent of pensionable pay.

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefit schemes; either a 'final salary' scheme (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 Prices Index (RPI). Recent entrants to premium (after 1 October 2002) and nuvos (from 30 July 2007) may choose 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 per cent of pensionable earnings for classic and 3.5 per cent for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service; in addition, a lump sum equivalent to three years' 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 per cent 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 per cent and 12.5 per cent (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but, where they do make contributions, the employer will match these up to a limit of 3 per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8 per cent of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

One part time member of staff is covered by the Civil Service pension arrangements. For this year, employer's contributions of £2,113 were payable at a rate which is within the range accepted of 17.1 to 26.5 per cent of pensionable pay, based on salary bands.

Rear Admiral RC Lane-Nott CB
On behalf of the Board of Trustees
7 July 2009

Mr R Mealings AMA
Accounting Officer
7 July 2009

Statement of Board of Trustees' and Director's responsibilities

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

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

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

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

The Secretary of State has appointed me, the senior full time official, the acting Director, as the Accounting Officer for the Royal Navy Submarine Museum. My relevant responsibilities as Accounting Officer, including my responsibility for the propriety and regularity of expenditure from Grant-in-Aid provided by Parliament and for the keeping of proper records, are set out in the Non-Departmental Public Bodies' Accounting Officer's Memorandum issued by the Treasury and published in '*Managing Public Money*'.

Rear Admiral RC Lane-Nott CB
On behalf of the Board of Trustees
7 July 2009

Mr R Mealings AMA
Accounting Officer
7 July 2009

Statement on Internal Control

Scope of responsibility

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

I, as Chairman of the Trustees, on behalf of the Board of Trustees of the Royal Navy Submarine 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 Navy Submarine 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 Navy Submarine Museum for the year ended 31 March 2009 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 Committee receive periodic reports on the main risks and the steps being taken to manage them effectively.

Personal data related incidents

The museum has not identified any personal data related incidents during this year or the previous five 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.

Review of effectiveness

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.

An in depth independent audit was carried out by the Defence Internal Auditors in February 2009, and no major issues were identified. The review of the effectiveness of the system of internal controls is exercised by the Board of Trustees.

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

Rear Admiral RC Lane-Nott CB
On behalf of the Board of Trustees
7 July 2009

Mr R Mealings AMA
Accounting Officer
7 July 2009

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

I certify that I have audited the financial statements of the Royal Navy Submarine Museum for the year ended 31 March 2009 under the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2003. These comprise the Statement of Financial Activities, the Balance Sheet, the 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, Director and Auditor

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

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

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

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

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

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

Basis of audit opinions

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

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements and the part of the Remuneration Report to be audited are free from material misstatement, whether caused by fraud or

error, and that in all material respects the incoming and outgoing resources funded by grant in aid have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

In my opinion

- the financial statements give a true and fair view, in accordance with the Charities Act 1993 and directions made thereunder by Secretary of State for Defence, of the state of The Royal Navy Submarine Museum's and the group's affairs as at 31 March 2009 and of its incoming resources and application of resources of the group for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Charities Act 1993 and directions made thereunder by the Secretary of State for Defence; and
- information, which comprises the Director's Report, included within the Trustees Report, is consistent with the financial statements.

Opinion on regularity

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General

9 July 2009

National Audit Office
151 Buckingham Palace Road
Victoria
London SW1W 9SS

Consolidated Statement of Financial Activities for the year ended 31 March 2009

	Notes	Unrestricted funds £	Grant in Aid £	Other restricted funds £	2009 Total £	2008 Total £
Incoming resources						
Incoming resources from generated funds						
<i>Voluntary income</i>						
Grant in Aid (operating)	2	0	571,317	0	571,317	557,624
Grant in Aid (other)	2	0	19,000	0	19,000	18,449
Other Ministry of Defence grants	2	0	0	0	0	11,285
Other grants and donations	2	3,151	0	63,658	66,809	61,183
Activities for generating funds	3	13,158	0	0	13,158	18,325
Income of trading subsidiary	4	93,165	0	0	93,165	114,125
Income from investments	5	16,838	0	872	17,710	28,876
Incoming resources from charitable activities						
Admissions		177,126	0	0	177,126	159,897
Other incoming resources	6	1,822	0	0	1,822	2,267
Total incoming resources		<u>305,260</u>	<u>590,317</u>	<u>64,530</u>	960,107	972,031
Resources expended						
Costs of generating funds	7		(58,532)	(13,524)	(72,056)	(55,434)
Expenses of trading subsidiary	4	(90,088)	0	0	(90,088)	(83,761)
Costs of activities in furtherance of the objects of the charity						
	8	(241,331)	(580,337)	(208,704)	(1,030,372)	(965,637)
Governance costs						
Notional charges	1	0	(45,892)	0	(45,892)	(41,685)
	1	0	(43,585)	0	(43,585)	(42,432)
Total resources expended	11	<u>(331,419)</u>	<u>(728,346)</u>	<u>(222,228)</u>	(1,281,993)	(1,188,949)
Net (outgoing)/incoming resources before transfers						
		(26,159)	(138,029)	(157,698)	(321,886)	(216,918)
Adjustment for notional charges	1	0	43,585	0	43,585	42,432
Transfers	13	(86,590)	41,590	45,000	0	0
Net (outgoing)/incoming resources		<u>(112,749)</u>	<u>(52,854)</u>	<u>(112,698)</u>	(278,301)	(174,486)
Other recognised gains/(losses)						
<i>Unrealised gains</i>						
Revaluation of fixed assets	14	325	(29,173)	23,374	(5,474)	148,728
Revaluation of investments	15	0	0	(2,820)	(2,820)	(1,000)
Net movement in funds		<u>(112,424)</u>	<u>(82,027)</u>	<u>(92,144)</u>	(286,595)	(26,758)
Total funds brought forward		683,155	1,286,294	4,212,704	6,182,153	6,208,911
Total funds carried forward		<u>570,731</u>	<u>1,204,267</u>	<u>4,120,560</u>	5,895,558	6,182,153

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

All transactions are derived from continuing activities

The notes on page 24 to 35 form an integral part of these financial statements.

Consolidated Balance Sheet as at 31 March 2009

	Notes	2009 £	2009 £	2008 £	2008 £
Fixed assets					
Tangible assets	14		5,283,443		5,497,315
Heritage assets	14		103,434		100,444
Total tangible fixed assets	14		5,386,877		5,597,759
Investments	15		17,180		20,000
Total fixed assets			5,404,057		5,617,759
Current assets					
Stocks	16	43,641		56,075	
Debtors	17	6,884		42,030	
Cash at bank and in hand	18	636,679		530,498	
			687,204		628,603
Creditors: amounts falling due within one year	19	(195,703)		(64,209)	
Net current assets			491,501		564,394
Total assets less current liabilities			5,895,558		6,182,153
Net assets			5,895,558		6,182,153
Funds					
Unrestricted funds			533,255		643,987
Restricted funds	20				
Grant in Aid (operating)			1,111,489		1,196,506
Grant in Aid (purchases)			92,778		89,788
Other restricted funds			4,120,560		4,212,704
Non charitable trading funds			37,476		39,168
	21		5,895,558		6,182,153

The financial statements were approved by the Trustees on 7 July 2009 and signed on its behalf by

Rear Admiral R C Lane-Nott CB
on behalf of the board of Trustees

Mr R Mealings AMA
Accounting Officer

The notes on page 24 to 35 form an integral part of these financial statements.

Balance Sheet – Charity as at 31 March 2009

	Notes	2009 £	2009 £	2008 £	2008 £
Fixed assets					
Tangible assets	14		5,283,240		5,497,001
Heritage assets	14		103,434		100,444
Total tangible fixed assets	14		5,386,674		5,597,445
Investments	15		17,182		20,002
Total fixed assets			5,403,856		5,617,447
Current assets					
Stocks	16	11,517		21,394	
Debtors	17	7,467		66,291	
Cash at bank and in hand	18	625,758		491,111	
			644,742	578,796	
Creditors: amounts falling due within one year	19	(190,516)		(53,258)	
Net current assets			454,226		525,538
Total assets less current liabilities			5,858,082		6,142,985
Net assets			5,858,082		6,142,985
Funds					
Unrestricted funds			533,255		643,987
Restricted funds:	20				
Grant in Aid (operating)			1,111,489		1,196,506
Grant in Aid (purchases)			92,778		89,788
Other restricted funds			4,120,560		4,212,704
	21		5,858,082		6,142,985

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

Rear Admiral R C Lane-Nott CB
on behalf of the board of Trustees

Mr R Mealings AMA
Accounting Officer

The notes on page 24 to 35 form an integral part of these financial statements.

Cash Flow Statement for the year ended 31 March 2009

	Non-public Funds £	Restricted Grant in Aid £	Charity Funds 2009 £	Group 2009 £	Group 2008 £
Net cashflow/(outflow) from operating activities	(66,762)	192,239	125,477	96,132	(47,789)
Return on investments and servicing of finance					
Bank interest received	17,247	0	17,247	18,126	29,327
Dividends received	463	0	463	463	386
Capital expenditure and financial investment					
Purchase of fixed assets	0	(8,540)	(8,540)	(8,540)	(61,381)
Increase/(decrease) in cash	(49,052)	183,699	134,647	106,181	(79,457)
Opening cash balances	526,957	(35,846)	491,111	530,498	609,955
Closing cash balances	477,905	147,853	625,758	636,679	530,498
Reconciliation of changes in resources to net cashflow from operating activities					
Net outgoing resources for the year	(223,755)	(52,854)	(276,609)	(278,301)	(174,486)
Depreciation	152,444	61,393	213,837	213,948	220,702
Investment income and interest received	(17,710)	0	(17,710)	(18,589)	(29,713)
Decrease/(increase) in stocks	0	9,877	9,877	12,434	(22,047)
Decrease in debtors	25,678	33,146	58,824	35,146	7,810
Increase/(decrease) in creditors	(3,419)	140,677	137,258	131,494	(50,055)
Net cash inflow/(outflow) from operating activities	(66,762)	192,239	125,477	96,132	(47,789)

Notes to the Financial Statements for the year ended 31 March 2009

1 Accounting policies

1.1 Basis of preparation of financial statements

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

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

Consolidated financial statements have been prepared in respect of the charitable trust and its wholly owned subsidiary. The Consolidated Statement of Financial Activities includes the results of the subsidiary on a line by line basis. The consolidated balance sheet includes the net assets of the subsidiary.

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.

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

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.

The charity is in receipt of a gift in kind for rent payable from the MoD due to the free occupation of the buildings used by the charity. No reliable estimate of such gift in kind is readily available.

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 Fixtures, fittings and equipment

Fixtures, fittings and equipment with a cost or value greater than £500 and a useful life exceeding one year are capitalised at historical cost and revalued annually using Ministry of Defence derived indices. Fixtures, fittings and equipment are depreciated over their expected useful lives of ten years, other than those in the Fieldhouse Building which have expected useful lives of 25 years.

1.5 Plant and machinery

Plant and machinery with a cost or value greater than £500 and a useful life exceeding one year is capitalised at historical cost and revalued annually using Ministry of Defence derived indices. The vast majority of plant and machinery, which are situated in the Fieldhouse Building, are depreciated over their expected useful lives of 25 years, with the remainder depreciated over four years.

1.6 Basis of allocation

Cost of generating funds comprises costs incurred in encouraging people and organisations to contribute financially to the charity's work and to promote the Royal Navy Submarine 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 Education, Care of Exhibition, Visitor Services and Grant Making and include costs directly attributable to each activity. Costs not directly attributable to one activity including the proportion of support costs relating to charitable expenditure have been allocated in proportion to staff costs incurred.

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.

1.7 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.

1.8 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 Notional charges

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

Notional interest at 3.5 per cent (2008: 3.5 per cent) of the average cost of capital employed in respect of Grant in Aid funds.

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

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 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.

1.13. Heritage assets

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

Additions to the collection with a cost in excess of £500, are capitalised. In accordance with guidance issued by HM Treasury these assets are not re-valued or depreciated. Items donated to the collection are not included as additions as it is difficult and costly to attribute a cost or valuation to these items.

1.14. Pensions

The pension cost charge represents contributions payable to a group personal pension plan scheme and the Principal Civil Service Pension Scheme during the accounting period. The latter scheme provides benefits based on final pensionable pay but no liability arises under either scheme other than for the payment of those contributions.

1.15. 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 to their carrying value due to the short term nature. 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

During the year the following grants and donations were received

Grants received from Ministry of Defence

	Unrestricted funds £	Restricted Grant in Aid £	Restricted Other Funds £	2009 £	2008 £
Grant in Aid					
Operating	0	571,317	0	571,317	557,624
Purchases	0	19,000	0	19,000	18,449
Other MOD grants	0	0	0	0	11,285
	<u>0</u>	<u>590,317</u>	<u>0</u>	<u>590,317</u>	<u>587,358</u>
Other grants and donations					
HLF Lottery Funding	0	0	40,000	40,000	0
HCC Grant	0	0	3,084	3,084	0
Submariners Association	0	0	2,000	2,000	0
Forsyth	0	0	6,410	6,410	0
Gosling	0	0	2,000	2,000	0
Society of Friends	0	0	2,822	2,822	29,000
Roake	0	0	0	0	5,000
Lady Cobham	0	0	0	0	13,821
MLA -	0	900	900	4,000	
X-craft Flotilla	0	0	0	0	2,000
Miscellaneous	3,151	0	6,442	9,593	7,362
	<u>3,151</u>	<u>0</u>	<u>63,658</u>	<u>66,809</u>	<u>61,183</u>

3 Activities for generating funds

	Restricted Unrestricted funds £	Other Funds £	2009 £	2008 £
Fundraising events	0	0	0	13,957
Café rent	1,990	0	1,990	2,250
Guidebook	11,168	0	11,168	2,118
	<u>13,158</u>	<u>0</u>	<u>13,158</u>	<u>18,325</u>

4 Income and expenses from trading activities of subsidiaries

The charity has a wholly owned trading subsidiary, which is incorporated in the United Kingdom. RNSM Enterprises Limited operates a souvenir shop within the Museum and operates the Corporate Hospitality function. The company transfers its taxable profits to the Royal Navy Submarine Museum by way of Gift Aid. A summary of its trading results is shown below. Audited accounts have been filed with Registrar of Companies.

Profit and Loss Account Year ended 31 March 2009	2009 £	2008 £
Turnover	92,286	113,288
Interest receivable	879	837
Total income	<u>93,165</u>	<u>114,125</u>
Expenditure		
Cost of sales	(55,408)	(53,661)
Overheads	(34,680)	(30,100)
	<u>(90,088)</u>	<u>(83,761)</u>
<i>Other inter group payments</i>		
Charge for logo	(2,769)	(3,399)
Secretarial services	(2,000)	(3,000)
Gift aid donation	0	(23,970)
	<u>(4,769)</u>	<u>(30,369)</u>
Retained in subsidiary	(1,692)	(5)
Capital and reserves	<u>37,476</u>	<u>39,168</u>

RNSM Enterprises Limited has an issued share capital of 2 ordinary shares of £1 each.

Related party transactions

The charges above in 'other inter group payments' are related party transactions.

5 Income from investments

	2009 £	2008 £
Dividends received	463	386
Interest received	17,247	28,490
	17,710	28,876

6 Other incoming resources

	Unrestricted funds £	Restricted funds £	2009 £	2008 £
Sundry income	1,822	0	1,822	2,267
	1,822	0	1,822	2,267

7 Cost of generating funds

	2009 £	2008 £
Rent and rates	351	337
Insurance	1,227	1,200
Light and heat	1,153	950
Publicity and public relations	58,793	49,492
Printing, postage and stationery	350	420
Telephone	315	189
Event costs	0	1,848
Guidebooks	3,641	748
Stock provision	6,226	0
Appeal costs	0	250
	72,056	55,434

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

	Notes	Education £	Care of exhibition £	Visitor Services £	Grant Making £	2009 £	As restated 2007 £
Staff costs	12	28,743	161,976	221,318	0	412,037	412,213
Grants		0	0	0	5,000	5,000	5,035
Education		9,285	0	0	0	9,285	6,709
Purchase of exhibits		0	497	0	0	497	3,543
Exhibit maintenance		0	8,384	0	0	8,384	18,490
Consultancy – Alliance		0	53,749	0	0	53,749	0
Photographic		0	5,009	0	0	5,009	5,884
Archives		0	15,014	0	0	15,014	11,276
Functions and visitors		0	0	4,778	0	4,778	2,825
Depreciation		14,969	85,535	113,334	0	213,838	220,591
Support costs	10	26,032	118,591	144,624	0	289,247	279,071
Appeal costs		0	13,534	0	0	13,534	0
		79,029	462,289	484,054	5,000	1,030,372	965,637

9 Governance costs

	Note	2009 £	2008 £
Staff costs	12	4,561	4,724
Accountancy		7,669	8,399
Audit		7,850	7,650
Travelling		5,958	7,285
Support costs	10	19,854	13,632
		45,892	41,685

10 Support costs

	Note	Museum and visitor centre operations £	Governance costs £	2009 £	2008 £
Staff costs	12	136,667	0	136,667	131,614
Training		1,312	0	1,312	9,243
Health and safety		4,935	0	4,935	252
Rent and rates		5,965	702	6,667	6,394
Insurance		17,182	6,137	23,319	22,801
Light and heat		19,608	2,307	21,915	18,053
Cleaning and sundry		2,743	0	2,743	2,682
Repairs and renewals		77,643	0	77,643	77,033
Printing, postage and stationery		4,893	1,748	6,641	8,015
Telephone		4,407	1,574	5,981	3,594
Bank charges		4,448	0	4,448	4,257
Legal and professional		9,682	0	9,682	2,012
Subscriptions		1,894	0	1,894	1,177
Equipment rentals		5,253	0	5,253	5,576
		<u>296,632</u>	<u>12,468</u>	309,100	<u>292,703</u>

11 Total resources expended

	Staff costs £	Other costs £	Depreciation £	Total 2009 £	Total 2008 £
Costs of activities in furtherance of the objects of the charity	548,704	267,830	213,838	1,030,372	965,637
Costs of generating funds	0	72,056	0	72,056	55,434
Governance costs	4,561	41,331	0	45,892	41,685
Notional charges	0	43,585	0	43,585	42,432
Total – charity	<u>553,265</u>	<u>424,802</u>	<u>213,838</u>	1,191,905	1,105,188
Trading subsidiary	24,110	65,867	111	90,088	83,761
Total – group	<u>577,375</u>	<u>490,669</u>	<u>213,949</u>	1,281,993	<u>1,188,949</u>

12 Staff costs

	Note 8 £	Note 9 £	Note 10 £	2009 £	2008 £
Wages and salaries				474,454	473,709
Social security costs				40,551	40,480
Pension costs				38,260	34,362
Total – Charity	412,037	4,561	136,667	553,265	548,551
Trading Subsidiary				24,110	21,423
Total – Group				577,375	569,974

No staff member earns more than £60,000 per annum, excluding pension contributions.

The average number of employees, analysed by function, was

	2009	2008
Education	1	1
Care of collections	5	5
Visitor services	8	7
Support	7	6
Total	21	19

13 Transfers between funds

A total of £86,590 was transferred from unrestricted funds to the development fund and the grant in aid funds to cover future planned expenditure and to reflect that grant in aid has been spent in full and that the fund values are represented by the net book value of assets attributable to those funds.

14 Tangible fixed assets

Charity	Land and buildings £	Plant and machinery £	Fixtures, fittings and equipment £	Heritage assets £	Total £
Cost or valuation					
At 1 April 2008	4,480,282	574,312	984,102	100,444	6,139,140
Additions	0	0	5,550	2,990	8,540
Revaluation	(46,386)	17,664	34,638	0	5,916
At 31 March 2009	4,433,896	591,976	1,024,290	103,434	6,153,596
Depreciation					
At 1 April 2008	135,274	116,800	289,621	0	541,695
Revaluation	(541)	1,794	10,137	0	11,390
Charge for the year	135,222	22,616	55,999	0	213,837
At 31 March 2009	269,955	141,210	355,757	0	766,922
Net book values					
At 31 March 2009	4,163,941	450,766	668,533	103,434	5,386,674
At 31 March 2008	4,345,008	457,512	694,481	100,444	5,597,445

Group	Land and buildings £	Plant and machinery £	Fixtures, fittings and equipment £	Heritage assets £	Total £
Cost or valuation					
At 1 April 2008	4,480,282	574,312	994,327	100,444	6,149,365
Additions	0	0	5,550	2,990	8,540
Revaluation	(46,386)	17,664	34,638	0	5,916
At 31 March 2009	<u>4,433,896</u>	<u>591,976</u>	<u>1,034,515</u>	<u>103,434</u>	6,163,821
Depreciation					
At 1 April 2008	135,274	116,800	299,532	0	551,606
Revaluation	(541)	1,794	10,137	0	11,390
Charge for the year	135,222	22,616	56,110	0	213,948
At 31 March 2009	<u>269,955</u>	<u>141,210</u>	<u>365,779</u>	<u>0</u>	776,944
Net book values					
At 31 March 2009	<u>4,163,941</u>	<u>450,766</u>	<u>668,736</u>	<u>103,434</u>	5,386,877
At 31 March 2008	<u>4,345,008</u>	<u>457,512</u>	<u>694,795</u>	<u>100,444</u>	5,597,759

Land and buildings were valued as at 31 March 2007 on the basis of depreciated replacement cost. This valuation was undertaken by D J H Reddy FRICS MCI Arb of Messrs. Hellier Langston. Each year indices are applied to the brought forward valuations of assets to reflect the annual change in values.

15 Investments

	Charity		Group	
	Listed £	Unlisted £	Listed £	Unlisted £
Market value or cost at 1 April 2008	20,000	2	20,000	0
Net unrealised gains/(losses)	(2,820)	0	(2,820)	0
Market value or cost at 31 March 2009	17,180	2	17,180	0
Historical cost at 31 March 2009	11,230	2	11,230	0
Market value or cost at 31 March 2008	20,000	2	20,000	0
Historical cost at 31 March 2008	11,230	2	11,230	0

All listed investments are listed on the United Kingdom Stock Exchange. All investment income is generated from listed investments. All listed investments were donated to the Museum in 2002.

Unlisted investments represents 100 per cent of the issued share capital of RNSM Enterprises Limited.

16 Stocks

	2009	Group	2008	Group
	Charity	£	Charity	£
	£	£	£	£
<i>The amounts attributable to the different categories are as follows</i>				
Goods for resale	11,517	43,641	21,394	56,075

17 Debtors

	2009	Group	2008	Group
	Charity	£	Charity	£
	£	£	£	£
<i>Amounts due within one year</i>				
Social security & other taxes	0	0	1,093	1,093
Prepayments and accrued income	6,884	6,884	40,937	40,937
Amounts owed by RNSM Enterprises Ltd	583	0	24,261	0
	7,467	6,884	66,291	42,030

18 Cash at bank and in hand

	2009	2008
	£	£
Unrestricted funds	389,506	454,408
Centennial fund	11,092	10,177
Development fund	73,834	43,372
Other restricted funds	21,004	19,000
Non-public funds	495,436	526,957
Public funds	130,326	(35,846)
Cash at bank and in hand – charity	625,762	491,111
Trading Subsidiary	10,917	39,387
Cash at bank and in hand – group	636,679	530,498

19 Creditors: amounts falling due within one year

	2009	Group	2008	Group
	Charity	£	Charity	£
	£	£	£	£
Trade creditors	1,727	1,727	13,150	13,094
Other taxes and social security	13,710	14,755	11,094	13,938
Other creditors	2,762	6,904	2,763	2,763
Accruals	18,806	18,806	26,251	29,222
VAT liability	235	235	0	0
Deferred income	153,276	153,276	0	5,192
	190,516	195,703	53,258	64,209

20 Restricted funds – Charity

	1 April 2008 £	Incoming £	Outgoing £	Gains/ (losses) £	Transfers £	31 March 2009 £
Grant in Aid (operating)	1,196,506	571,317	(684,264)	(29,173)	57,103	1,111,489
Grant in Aid (purchases)	89,788	19,000	(497)	-	(15,513)	92,778
Centennial Project	103,476	977	(2,364)	(3,099)	0	98,990
Development Fund	4,088,228	56,747	(204,562)	23,653	45,000	4,009,066
Medal Collection Fund	11,000	0	0	0	0	11,000
School Buses Fund	10,000	0	(8,500)	0	0	1,500
Education Fund	0	3,984	(3,984)	0	0	0
Conservation Fund	0	2,822	(2,818)	0	0	4
Total	5,498,998	654,847	(906,989)	(8,619)	86,590	5,324,827

The Grant in Aid (Operating) Fund consists of funding received from the Ministry of Defence as a contribution towards operating costs.

The Grant in Aid (Purchases) Fund consists of funding received from the Ministry of Defence for purchasing exhibits.

The Centennial Project Fund was created to mark the anniversary of Holland I and is to be used for improving buildings on the Museum site.

The Development Fund consists of funding received for the improvement and construction of buildings housing exhibits.

The Medal Collection Fund is for improving displays of medals.

The School Buses Fund is for transporting children from local schools to the Museum.

The Education Fund is funding for education workshops held at the Museum.

The Conservation Fund is funding for the conservation of the HMS Upholder Jolly Roger Flag.

21 Analysis of net assets between funds

	Tangible Fixed Assets £	Investments £	Net Current Assets £	31 March 2009 Total £	31 March 2008 Total £
Restricted funds					
Grant in Aid (operating)	1,111,489	0	0	1,111,489	1,196,506
Grant in Aid (purchases)	92,778	0	0	92,778	89,788
Centennial Fund	70,719	17,180	11,091	98,990	103,476
Development Fund	3,926,731	0	82,335	4,009,066	4,088,228
Medal collection fund	0	0	11,000	11,000	11,000
School buses fund	0	0	1,500	1,500	10,000
Conservation fund	0	0	4	4	0
	<u>5,201,717</u>	<u>17,180</u>	<u>105,930</u>	<u>5,324,827</u>	<u>5,498,998</u>
Unrestricted funds – Charity	184,954	2	348,299	533,255	643,987
	<u>5,386,671</u>	<u>17,182</u>	<u>454,229</u>	<u>5,858,082</u>	<u>6,142,985</u>
Non charitable trading funds	203	(2)	37,275	37,476	39,168
Total net assets – Group	<u>5,386,874</u>	<u>17,180</u>	<u>491,504</u>	<u>5,895,558</u>	<u>6,182,153</u>

22 Capital commitments and contingent liabilities

The charity had no capital commitments or contingent liabilities at 31 March 2009 or 31 March 2008.

23 Other commitments

At 31 March 2009 the group was committed to making the following payments under non-cancellable operating leases in the year to 31 March 2009

	Land and buildings 2009 £	Other 2009 £	Land and buildings 2008 £	Other 2008 £
Over one year				
Between two and five years	0	5,587	0	5,432
In more than five years	0	0	0	0
	<u>0</u>	<u>5,587</u>	<u>0</u>	<u>5,432</u>

24 Related party transactions

The Royal Navy Submarine Museum is a Non Departmental Public Body, sponsored by the Ministry of Defence (MoD). The MoD is regarded as a related party. Grant in Aid funding from the MoD is separately disclosed in the Statement of Financial Activities.

The Royal Navy Submarine Museum is a related party of the Society of Friends of the Royal Navy Submarine Museum. During the year the Society donated a total of £2,822 (2008: £29,000) to the Museum.

25 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 is not exempt, but had a corporation tax liability of £Nil as at 31 March 2009 (2008: £Nil).

26 Pensions

The majority of staff are covered by a group personal pension plan scheme. One part time member of staff is covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), which provides benefits based on the final pensionable pay. The pension cost charged to the Statement of Financial Activities of £38,260 (2008: £34,362), is represented by the contributions payable under the group scheme, which are fixed at 12.5 per cent.

No amounts were outstanding at the year end. The contributions payable under the PCSPS were at a rate which is within the range accepted of 17.1 to 26.5 per cent of pensionable pay, based on salary bands.

27 External performance indicators

Ratio of self-generating income to GiA

Year	Self generated income £	Grant in Aid income £	Total revenue GiA per cent	Total revenue self generated per cent	
2009	238,000	590,000	72	28	Budget
2009	277,000	590,000	68	32	Actual
2008	270,500	587,000	68	32	Actual

Accounts Direction given by the Secretary of State for Defence with the approval of HM Treasury

- 1 The Royal Navy Submarine Museum shall prepare accounts for the financial year ended 31st March 1998 and subsequent financial years comprising
 - a a foreword;
 - b Statement of Financial Activities (SOFA);
 - c a Balance Sheet;
 - d a Cash Flow Statement; and
 - e notes to the accounts including such notes as may be necessary for the purpose referred to in the following paragraphs.
- 2 If the Museum has subsidiary undertakings, the statements referred to in paragraph 1 shall be prepared on a consolidated basis. In addition, there shall be a balance sheet in respect of the Museum alone, with relevant notes. When preparing the consolidated accounts, the Board of Trustees shall observe all relevant guidance issued by the Treasury and the Ministry of Defence.
- 3 The accounts shall give a true and fair view of the incoming resources and application of resources during the financial year, and the state of the Museum's affairs at the end of the financial year.
- 4 Subject to this requirement the accounts shall be prepared in accordance with
 - a the Charities Act 1993, the Charities (Accounts and Reports) regulations 1995 and the Statement of Recommended Practice (SORP) 'Accounting by Charities' (the Charities SORP);
 - b generally accepted accounting practice in the United Kingdom (UK GAAP);
 - c requirements contained in 'The Fees and Charges Guide' (in particular those relating to the need for segmental information for services or forms of services provided) and in any other guidance which the Treasury may issue from time to time in respect of accounts which are required to give a true and fair view;
 - d the accounting and disclosure requirements of 'Government Accounting' and the Treasury's guidance paper 'Executive Non-Departmental Public Bodies – Annual reports and Accounts Guidance' (March 1996), as amended or augmented from time to time, insofar as these are appropriate to the Museum and are in force for the financial year for which the accounts are to be prepared.
- 5 Clarification of the application of the accounting and disclosure requirements of the Charities Act and accounting standards is given in Schedule 1 attached. Additional disclosure requirements are set out in Schedule 2 attached.
- 6 The SOFA and Balance sheet(s) shall be prepared under the historical cost convention modified by the inclusion of
 - a fixed assets at their value to the business by reference to current costs; and
 - b stocks at the lower of net current replacement cost (or historical cost if this is not materially different) and net realisable value.
- 7 This direction shall be reproduced as an appendix to the accounts.

Schedule 1

Amended 9 September 1998

Application of the Accounting and Disclosure requirements of the Charities Act and Accounting Standards

Charities Act

- 1 When preparing its Statement of Financial Activities, The Royal Navy Submarine Museum shall include under 'Resources Expended' a heading relating to the inclusion of notional charges for insurance (if applicable) and cost of capital, and shall include an additional heading 'Adjustment for the notional cost of capital' after 'Net incoming Resources before Transfers'.
- 2 When preparing its Balance Sheet, the Museum shall have regard to the balance sheet format prescribed in the Charities SORP, save that the balance sheet totals be struck at 'Total assets less current liabilities'.
- 3 The foreword shall be signed by the Accounting Officer of the Museum and the balance sheet shall be signed by the Chairman of the Museum's Trustees on behalf of the Board and the Accounting Officer of the Museum and dated. The Accounting officer shall initial all the other pages of the financial statements.

Accounting standards

- 4 The Museum is not required to include a note showing historical costs profits and losses as described in FRS3.
- 5 The Financial Reporting Standard for Smaller Entities (FRSSE) should not be adopted unless specifically approved by the Treasury.

Schedule 2

Additional disclosure requirements

- 1 The foreword shall, inter alia;
 - a state that the accounts have been prepared in accordance with the direction given by the Secretary of State for Defence with the approval of HM Treasury; and
 - b include a brief history of the Museum and its statutory background.
- 2 The notes to the accounts shall include details of the key corporate financial targets set by the Secretary of State and the Board of Trustees together with an indication of the performance achieved.

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