

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 Marines Museum Account 2008-2009

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Royal Marines Museum Account 2008-2009

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

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Trustees' report for the year ended 31 March 2009

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

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

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

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

Chairman

Major General D A S Pennefather CB OBE

Nominated Trustees

WO1 (RSM) B A Dawe RM (Corps RSM)

Councillor P Edgar (Representative, Hampshire County Council)

Lt Col I Grant RM (Corps Secretary)

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

Brigadier C W P Hobson (Chief Executive, Royal Marines Association)

Brigadier M Noble (Deputy Commandant General Royal Marines/ACOS LLM)

Co-opted Trustees

J G Farnhill Esq

Ms V S Harbar

Dr J A Lock

J M Phillips Esq (Deputy Chairman)

Mrs S Rhys Jones OBE

G M Salvetti Esq TD

Mrs D Smith

G Whitter Esq ACA FCCA CTA

Senior members of staff (2008-2009)

Museum Director: C J Newbery Esq FMA

Curator and Deputy Director: I Maine Esq

Estate Manager: G May Esq

Marketing Manager: A Wilson Esq

Finance, Personnel and Trading Manager: Miss L Swales

Accountants

Compass Accountants Limited

Venture House, The Tanneries

East Street

Titchfield

Hampshire PO14 4AR

Auditors

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

Bankers

Lloyds TSB plc
44-46 Elm Grove
Southsea
Hampshire PO51JD

Solicitors

Blake Laphorn
1 Barnes Wallis Road
Segensworth
Hampshire PO15 4UA

Status

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

History

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

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

The Museum acquired the freehold of part of its estate in 2001-2002; the remainder is held on a long lease from Defence Estates.

Recruitment, appointment and training of trustees

The recruitment and appointment of the ten co-opted Trustees (including the Chairman) is conducted in accordance with guidelines issued by the Commissioner for Public Appointments. There are five nominated trustees: two nominated by the Royal Marines and the other three by Portsmouth City Council, Hampshire County Council and the Royal Marines Association respectively. All new co-opted and nominated trustees receive induction training. There are also opportunities for Trustees to attend free seminars for charities provided by firms of solicitors and accountants.

Organisational Structure

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

Relationship with other Royal Navy Museums

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

The RM Museum has also been supporting the establishment of the National Museum of the Royal Navy (NMRN) which became a legal entity during the latter part of 2008-2009.

Relationship with the Friends of the RM Museum

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

Trustees' Register of interests

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

Disclosure of Relevant Information to the Museum's Auditors

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

Objectives and activities

The objects of the Charity

These are set out in the Trust Scheme as follows

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

Museum Mission Statement

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

Strategic aims of the Museum

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

Main objectives in 2008-2009

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

The strategy to achieve this objective was to play an active and constructive role in meetings of the NMRN Executive and Steering Groups.

To increase the number of visitors

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

To implement a programme promoting the Royal Marines and encouraging recruitment

The strategy adopted to achieve this objective was threefold: to keep the displays about the Royal Marines up-to-date, to provide events featuring the Corps, and to maintain careers information.

To maintain compliance with relevant national standards

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

To increase the Museum's income

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

Significant activities in 2008-2009

New displays and visitor facilities

A new permanent display titled 'The Making of the Royal Marines Commando' was opened by HRH The Duke of Edinburgh, Captain General Royal Marines, on Monday 9 June 2008. Using a wide range of interpretive techniques, including film, audio recordings, computer touch-screens and simulators, the display enables visitors to learn how commandos are trained to be members of an elite force. The quality of this display was a major factor in Tourism South East's decision to award the Museum the title 'Best Small Visitor Attraction'. It was a happy coincidence that the award was announced on 28 October, the date of the Museum's 50th anniversary.

Further improvements to the Museum's displays and facilities were opened by Major General G S Robison, Commandant General Royal Marines (CGRM), on 25 March 2009. These included the refurbished Minstrels' Gallery, a new introductory film, a professionally fitted gift shop, a re-designed reception area and a new gallery for special exhibitions that is located in a prime position close to the Museum's entrance. The first exhibition in this new gallery, also opened by CGRM on 25 March, was 'Return to Helmand – The Royal Marines in Afghanistan'.

The Museum is very grateful to all the donors that made these exciting developments possible. They include: The Royal Navy, The Gosling Foundation, The Hobson Charity, The Bernard Sunley Foundation, The Wates Foundation, The Langton Trust, The Friends of the Royal Marines Museum, Mr Murray Judd and Mr Colin Maitland.

Acquisitions, Collection Management and Research

The acquisition of exhibits was achieved through many generous donations together with a small number of purchases, all in accordance with the Museum's Acquisition Policy which is published on the Museum's web site. Of particular note, was the purchase at auction of a Naval General Service Medal with a Trafalgar clasp. This medal had been awarded to Lt Lewis Buckle Reeve who had served on HMS Victory at the Battle of Trafalgar in 1805. Seriously injured in the fierce fighting, Reeve was laid next to the mortally wounded Admiral Lord Nelson and attended to by Mr Beatty, Nelson's surgeon. He made a full recovery and continued to serve in the Royal Marines until he retired on half pay in 1817. His medal was purchased with the help of a grant from the National Heritage Memorial Fund.

Implementation of the computerised collection management system (CALM) continued at a steady pace due to the hard work of the curatorial team, including a number of volunteers. Fully audited categories of material are now on the system such as medals, diaries and letters. On the conservation front, a significant number of oil portraits were restored in readiness for a major 're-hang' in the Minstrels' Gallery. The Museum is grateful to the Leche Trust for giving a grant (received in April 2009) towards some of the portraits that were painted during the Georgian period.

This was a remarkable year for books generated by the Museum and its Friends association. 'Tracing your Royal Marines Ancestors' was written by Richard Brooks and Matthew Little (the Museum's Archivist & Librarian) and it was published by Pen and Sword in association with the Royal Marines Museum. 'Sea Soldiers of Portsmouth: A pictorial history of the Royal Marines at Eastney and Fort Cumberland' was written by John Ambler (the Museum's Photographs & Paintings Librarian) and Matthew Little. It was published by Halsgrove in association with the Royal Marines Museum. Finally, the Friends of the Museum sponsored the publication of 'Leading the Way: The History of the Royal Marines Museum' in order to mark the Museum's 50th anniversary. The author was Col Keith Wilkins OBE, a former Director of the RM Museum.

A different type of publication, but equally well researched by John Ambler, was the Royal Marines Historical Calendar for 2009 published by Aonix Limited. Based on the theme of amphibious warfare, the calendar featured many fine images from the Museum's paintings and photographs collection.

Learning and access

The number of schools using the Museum continues to increase. Sessions relating to the theme of Remembrance around the time of Remembrance Sunday were fully booked. Holiday activities for children and families have also proved very popular. Titles of activities included 'Commando Tech', 'Keeping the Peace' and 'Commando Colours'. Relationships with local universities have remained good. Students have worked at the Museum on attachments while members of the Museum's staff have taught on courses such as the University of Portsmouth's Masters degree course in Heritage and Museum Studies.

Enhanced intellectual access to Corps history and the Museum's Collections has not only been facilitated by the publication of books. The number of historical information pages on the Museum's web site has increased, while the use of touch-screen databases in the Medal Room and in the Special Exhibition Gallery have offered new opportunities for learning. In terms of physical access, the work to improve the lighting and labelling of exhibits has continued.

Achievements and performance

Assistance in setting up the National Museum of the Royal Navy was achieved through the RM Museum's Director and Chairman of Trustees' being members of the NMRN Executive Group and Steering Group respectively. When the NMRN was established as a legal entity, the RM Museum Chairman was elected as Deputy Chairman of the NMRN. The RM Museum has also provided free office space for the Director General of the NMRN.

The total number of visitors to the Museum at Eastney was 42,379, representing a six per cent increase on the previous financial year. It is also worth remembering that the visitor total in 2007-2008 was 13 per cent up on 2006-2007. Reasons for the good result in 2008-2009 include the creation of new displays and public facilities, winning a major tourism award, effective marketing and increased media coverage. Successful public events also played their part. An estimated 4,000 people attended the annual open-air concert, the RMA Band attracted capacity audiences to two concerts in the Mountbatten Room, while a congregation of 600 participated in the Remembrance Sunday service. In June, the lecture given by Lord Ashdown proved very popular, while record numbers attended the November lecture series.

With regard to promoting the Royal Marines and encouraging recruitment, this was achieved through installing 'The Making of the Royal Marines Commando' display, keeping 'The Royal Navy Today' display up-to-date, creating the 'Return to Helmand' exhibition, providing recruitment literature and putting on a range of events that featured serving members of the Corps, including the Band of Her Majesty's Royal Marines Portsmouth.

Relevant national standards were maintained by holding full Accreditation status from the Museums, Libraries & Archives Council and by being re-accredited as a Quality Assured Visitor Attraction following an inspection by a Visit Britain assessor. Furthermore, the Museum has continued to take its recognition as an Investor in People very seriously. A training and development plan for 2008-2009 was implemented and this included a successful staff study visit to the Weald and Downland Museum near Chichester.

So far as income generation was concerned, the Museum's Limited Company (comprising the Gift Shop and Corporate Hospitality) was able to hand over £32,000 in Gift Aid to the Museum Trust compared to the record amount of £34,000 that had been achieved in the previous year. Considering the adverse economic climate, this can be considered a good result. Admission income was £51,784 compared to £43,963 the previous year and factors contributing to this increase include higher numbers of paying visitors and increased admission charges from January 2009. Turning to fundraising, there were a number of successes. Some have been mentioned already in relation to purchasing exhibits and creating new displays and facilities. The Museum is grateful to Blake Laphorn (Solicitors) for sponsoring the Museum's open air concert in July. It is also grateful to members of staff and volunteers who raised over £1,000 through being sponsored to participate in the Great South Run.

Social, Community and Environmental Issues

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

Risk assessment

The Museum maintains a Risk Register that is structured according to the Museum's aims and objectives. 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 through the implementation of CALM and a planned programme of conservation activity. Overall, the Museum is in a stable position and has achieved the relevant national standards in all the key areas of its operation.

Financial review

Investment and Reserves Policy

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

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

The Museum needs to retain a viable reserve in order to

- Cover liabilities.
- Provide income.
- Fund development projects.
- Provide funds in an emergency situation.

Funds that are ring-fenced for emergencies, such as a major fire or flood, are invested with Newton Investment Management Limited. The Trustees estimate that some £100,000 is required for mitigating disasters.

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

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

A review of the Museum's investments took place at the Board of Trustees' meeting in November 2008 and it was agreed that the investments should remain with Newton Investment Management Ltd.

Principal funding sources

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

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

Payment of creditors

The Museum aims to settle all undisputed bills within 30 days or in accordance with the supplier's terms of business. The Museum's actual payment performance was that 90.73 per cent of bills were paid within 30 days or in accordance with the suppliers' terms of business. This compares with 85.4 per cent in the previous year.

Sick Absence Data

The Royal Marines Museum employs 36 members of staff (25 full time equivalent) and monitors staff sick absence as part of its health and safety processes. The Board of Trustees' receives data annually and discusses potential risks arising from any patterns that are identified. During 2008-2009, there were 318.5 (full time equivalent) days lost to sick absence of which 225 were for long term absences associated with hospitalisation and recuperation periods.

Personal data loss

The Museum has not identified any personal data related incidents during 2008-2009 or 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.

Pension liabilities

The treatment of pension liabilities is covered in accounting policy note 1.13 and in the remuneration report on pages 11 to 12.

Plans for future periods

The main developments can be summarised as follows

- Improvements to the permanent displays, including the provision of more space for contemporary RM history.
- Restoration and interpretation of the Museum's Victorian Fort.
- Environmentally stable accommodation for the LCVP that saw service in the Falklands War, and restoration of the LCVP.

The RM Museum's relationship with the National Museum of the Royal Navy (NMRN) is steadily evolving. From 1 April 2009, the Royal Navy's financial support for the RM Museum is being channelled through the NMRN. A Service Level Agreement governs this financial arrangement. During 2009, there will be further discussions about the future constitutional relationship between the RM Museum and the NMRN.

As a result of the implementation of the NMRN these are the final accounts that will be presented to Parliament. It is anticipated that the 2009-10 financial results of the Museum will be reported in the accounts of the NMRN, and that the closing net assets at 31 March 2009 will be included within the opening balance sheet for the NMRN.

Operating and financial review

Overview

The Museum's aims, objectives, achievements, risks and future plans have already been described in this report. Looking at the financial outcome for 2008-2009, if one excludes the results of the Museum's trading company, one-off grants for projects and depreciation, the Museum achieved a balanced budget. While the Museum is currently in a stable financial position, Trustees take care to review the cash flow position on a regular basis. At a meeting of the Trustees' Finance & General Purposes Committee in January 2009, it was noted that cash in the Museum's development fund by the end of the Financial Year 2011-2012 was forecast to be in the region of £59,000. This is just above the minimum level of £50,000 set by the Board of Trustees' as a matter of policy.

Policy development

During the course of the year, the Board of Trustees' approved revised policies relating to the acquisition and disposal of collections and to the lending and borrowing of exhibits. It also approved policies and action plans relating firstly to publications and secondly to people with disabilities.

Disabled persons and employee involvement

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

Key performance indicators

	2008-2009	2007-2008
Visitor Numbers	42,379	39,998
Grant-in-Aid subsidy per visitor to the RMM at Eastney (excluding any capital allocations)	£18.01	£18.65
Grant-in-Aid as a proportion of total operating spend (excluding any capital allocations)	81.8%	80.9%
Number of pre-booked school parties	53	40
Total school visitors (students)	2031	1634
Research enquiries received and answered	1012*	1758

*Reduction from 2007-2008 probably due to the increased availability of historical information on the Museum's website. It should also be noted that 288 replies to historical enquiries were delivered by telephone while 169 people visited the Museum to pursue their own research, mainly in the Library & Archive.

Remuneration Report

The Remuneration Report is set out on pages 11 to 12.

Trustees & Director of
The Royal Marines Museum

7 July 2009

Remuneration report for the year ended 31 March 2009

Remuneration policy

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

Salary and pension entitlements

The director, Chris Newbery, had a basic salary during the year ended 31 March 2009 of £55,578 per annum. The director is aged 59, his pension (net of inflation) increased by £821 in the year, with his total accrued pension now being £9,175 as an ordinary member of the Principal Civil Service Pension Scheme. The director's CETV as at 31 March 2009 was £193,343.

No Trustees received remuneration during the year (2007: £Nil). Four trustees were reimbursed for travel expenses totalling £729 (2008: £1,048)

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

The Director did not receive any Benefits in Kind.

For 2008-2009, employers' contributions for the Museum as a whole of £40,930 were payable (2007-2008: £42,207) at rates in the range 17.1 to 25.5 per cent of pensionable pay, based on salary bands. Employer contributions for PCSPS were reviewed in 2008-2009. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the schemes.

Pension benefits

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefits scheme; either a 'final salary' schemes (classic, premium, or classic plus) or a 'whole career' scheme (nuvos), Classic, premium and classic plus are now closed to new members. These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under nuvos, classic, premium, and classic plus are increased annually in line with changes in 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 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 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 three 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 three per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8 per cent of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

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

A CETV is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member at a particular point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV is a payment made by a pension scheme or arrangement to secure pension benefits in another pension scheme or arrangement when the member leaves a scheme and chooses to transfer the benefits accrued in their former scheme. The pension figures shown relate to the benefits that the individual has accrued as a consequence of their total membership of the pension scheme, not just their service in a senior capacity to which the disclosure applies. The CETV figures, and from 2003-2004 the other pension details, include the value of any pension benefit in another scheme or arrangement which the individual has transferred to the CSP arrangements and for which the CS Vote has received a transfer payment commensurate to the additional pension liabilities being assumed. They also include any additional pension benefit accrued to the member as a result of their purchasing additional years of pension service in the scheme at their own cost. CETVs are calculated within the guidelines and framework prescribed by the Institute and Faculty of Actuaries.

Major General David Pennefather CB OBE
On behalf of the Board of Trustees
7 July 2009

C J Newbery FMA
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 Marines Museum's financial activities and of its financial position at the end of the year.

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

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

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

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

Statement of Internal Control

Scope of responsibility

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

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Royal Marines Museum's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Royal Marines Museum for the year ended 31 March 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 and General Purposes Committee receive periodic reports on the principal risks and the steps being taken to manage them effectively.

Review of effectiveness

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

The review of the effectiveness of the system of internal controls is exercised through the Finance and General Purposes Committee (Audit Committee) of the Board of Trustees. This sub-group, which meets bi-annually, is chaired by a Trustee and membership includes an additional four of the Museum's Trustees, with Museum officers in attendance, as required. The Audit Committee reports directly to the Board of Trustees. This Audit Committee has visibility across the whole sphere of Museum internal management and is well placed to assess the effectiveness of internal controls and management of risk. In the latter part of 2007-2008, an Internal Audit report was produced by Defence Internal Audit and this was considered by the Audit Committee in June 2008 when a response was agreed in terms of management actions.

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

Major General David Pennefather CB OBE
On behalf of the Board of Trustees
7 July 2009

C J Newbery FMA
Accounting Officer
7 July 2009

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

I have audited the financial statements of The Royal Marines Museum for the year ended 31 March 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 Board of Trustees, the Director and auditor

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

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

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

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

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

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

Basis of audit 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 Marines Museum's circumstances, consistently applied and adequately disclosed.

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

Opinions

In my opinion

- the financial statements give a true and fair view, in accordance with the Charities Act 1993 and directions made thereunder by the Secretary of State for Defence, of the state of the Royal Marines Museum's and the group's affairs as at 31 March 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 given within the Trustees Report, which includes the financial review, is consistent with the financial statements.

Opinion on regularity

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

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General

11 July 2009

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

Statement of financial activities For the year ended 31 March 2009

	Notes	Unrestricted funds £	Restricted funds £	Other Restricted funds £	2009 Total £	2008 Total £
Incoming resources						
Incoming resources from generated funds						
Legacies	4	1,000	0	0	1,000	0
Grant-in-Aid (operating)	3	0	763,460	0	763,460	746,525
Grant-in-Aid (capital)	3	0	19,000	0	19,000	18,449
Other donations and grants	3	24,265	0	34,983	59,248	410,732
Income of Trading Company	2	196,408	0	0	196,408	192,730
Income of charitable subsidiary	2	11,070	0	0	11,070	10,528
Investment income	5	4,104	0	0	4,104	4,826
Incoming resources from charitable activities						
Admissions	6	51,784	0	0	51,784	43,963
Other incoming resources	7	27,988	8,232	0	36,220	38,758
Total incoming resources		316,619	790,692	34,983	1,142,294	1,466,511
Resources expended						
Cost of generating funds						
Resources expended						
Cost of generating funds						
Fundraising and publicity	8	(96,005)	(5,751)	0	(101,756)	(98,743)
Expenses of Trading Company	2	(164,932)	0	0	(164,932)	(158,834)
Expenses of charitable subsidiary	2	(8,792)	0	0	(8,792)	(7,564)
Investment management costs		(1,237)	0	0	(1,237)	0
Charitable expenditure						
Museum and visitor operations	10	(37,907)	(838,733)	(38,246)	(914,886)	(916,937)
Governance costs						
Notional charges	11	(47,265)	(30,926)	0	(78,191)	(68,433)
		0	(158,055)	0	(158,055)	(158,979)
Total resources expended		(356,138)	(1,033,465)	(38,246)	(1,427,849)	(1,409,490)
Net incoming resources before transfers						
		(39,519)	(242,773)	(3,263)	(285,555)	57,021
Adjustment for notional charges		0	158,055	0	158,055	158,979
Net incoming resources before gains and losses on revaluations and disposals		(39,519)	(84,718)	(3,263)	(127,500)	216,000
Other recognised gains and losses						
Realised gains/(losses)						
Net loss on sale of investments		(5,100)	0	0	(5,100)	(35,023)
Unrealised gains/(losses)						
Revaluation of Investments		0	0	0	0	0
Revaluation of fixed assets and disposals of investment assets		(12,571)	13,589	18,942	19,960	198,229
		(4,475)	0	0	(4,475)	0
Net movement in funds		(61,665)	(71,129)	15,679	(117,115)	379,206
Total funds brought forward		1,949,561	4,551,429	784,078	7,285,068	6,905,862
Total funds carried forward		1,887,896	4,480,300	799,757	7,167,953	7,285,068

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

All transactions are derived from continuing activities

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

Balance Sheet Consolidated as at 31 March 2009

	Notes	2009		2008	
		£	£	£	£
Tangible assets	13	6,551,789		6,378,408	
Heritage assets	13	255,525		205,062	
Investments	14	104,889		114,462	
		6,912,203		6,697,932	
Current assets					
Stocks	15	21,725		19,028	
Debtors	16	45,255		158,744	
Cash at bank and in hand	17	414,260		505,790	
		481,240		683,562	
Creditors: amounts falling due within one year	18	(225,490)		(96,426)	
Net current assets		255,750		587,136	
Net assets		7,167,953		7,285,068	
Funds					
Unrestricted funds		1,867,986		1,928,405	
Restricted funds	19				
Grant-in-Aid (operating)		4,296,803		4,385,808	
Grant-in-Aid (purchases)		183,497		165,621	
Other restricted funds		799,757		784,078	
Charitable subsidiary funds		8,610		9,332	
Non charitable trading funds		11,300		11,824	
		7,167,953		7,285,068	

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

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

C J Newbery
Accounting Officer

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

Balance Sheet as at 31 March 2009

	Notes	2009		2008	
		£	£	£	£
Tangible assets	13	6,551,200		6,377,667	
Heritage assets	13	255,525		205,062	
Investments	14	104,891		114,464	
		6,911,616		6,697,193	
Current assets					
Debtors	16	62,052		192,684	
Amounts falling due in more than one year	16	0		0	
Cash at bank and in hand	17	359,860		438,973	
		421,912		631,657	
Creditors: amounts falling due within one year	18	(185,486)		(64,938)	
Net current assets		236,426		566,719	
Net assets		7,148,042		7,263,912	
Funds					
Unrestricted funds		1,867,985		1,928,405	
Restricted funds	19				
Grant-in-Aid (operating)		4,296,803		4,385,808	
Grant-in-Aid (purchases)		183,497		165,621	
Other restricted funds		799,757		784,078	
		7,148,042		7,263,912	

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

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C J Newbery
Accounting Officer

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

Cash Flow statement for the year ended 31 March 2009

	Non-public Funds £	Restricted Grant in Aid £	Charity Funds 2009 £	Group 2009 £	Group 2008 £
Net cashflow/(outflow) from operating activities	110,856	196,097	309,853	294,536	291,024
Return on investments and servicing of finance					
Bank interest received	9,229	0	9,229	9,229	16,485
Dividends received	4,104	0	4,104	4,104	4,826
Capital expenditure and financial investment					
Purchase of fixed assets	(348,291)	(51,108)	(399,399)	(399,399)	(67,523)
Repayment of Limited Company loan	0	0	(2,900)	0	0
Increase/(decrease) in cash	(224,102)	144,989	(79,113)	(91,530)	244,812
Opening cash balances	438,973	0	438,973	505,790	260,978
Closing cash balances	<u>214,871</u>	<u>144,989</u>	<u>359,860</u>	<u>414,260</u>	<u>505,790</u>

Reconciliation of Changes in Resources to Net Cashflow from Operating Activities

Net incoming/(outgoing)					
resources for year	(41,540)	(84,718)	(126,258)	(127,500)	215,998
Depreciation	63,607	131,757	195,364	195,514	155,122
Investment income and interest received	(13,333)	0	(13,333)	(13,333)	(21,311)
Increase/(decrease) in creditors	3,007	117,540	120,548	129,064	64,773
(Increase)/decrease in stocks	0	0	0	(2,697)	5,209
(Increase)/decrease in debtors	99,110	31,518	133,532	113,488	(128,767)
Net cash inflow/(outflow) from operating activities	<u>110,856</u>	<u>196,097</u>	<u>309,853</u>	<u>294,536</u>	<u>291,024</u>

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

Notes to the Financial Statements

1 Accounting policies

1.1 Basis of preparation of financial statements

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

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

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

1.2 Incoming resources

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

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

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

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

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 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 used reflect the change in value in the intervening years.

1.4 Office equipment

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

1.5 Fixtures and fittings

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

1.6 Assets held by RM Museum Limited

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

Fixtures and fittings	– 20 per cent on reducing balance
-----------------------	-----------------------------------

1.7 Basis of allocation

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

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

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

	%
Galleries and Exhibitions	55
Curatorial	40
Education	5
	100

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

1.8 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 capital employed in respect of Grant-in-Aid funds

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

1.10 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 Pensions

The employees of the Museum are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), which provides benefits based on the final pensionable pay. The contributions payable under the PCSPS are paid to the Paymaster General at rates determined from time to time by the Government Actuary, which for 2008-2009 were as follows

Non-industrial staff

Band one – £19,000 and under	17.1%
Band two – £19,001 – £39,000	19.5%
Band three – £39,001 – £66,500	23.2%
Band four – £66,501 and over	25.5%

The PCSPS is an unfunded multi employer defined benefit scheme but the Royal Marines Museum is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office; Civil Superannuation (www.civilservicepensions.gov.uk).

For 2008-2009, employers' contributions of £40,903 were payable to the PCSPS (2007-2008: £42,207) at one of four rates in the range 17.1 to 25.5 per cent of pensionable pay, based on salary bands. Rates will remain the same for the next two years, subject to revalorisation of the salary bands. Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

1.14 Heritage assets

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

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

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 their carrying value due to their short term value. Unless otherwise noted, the Museum is not exposed to significant interest, foreign exchange or credit risks arising from these instruments.

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

2 Income and expenses from trading activities of subsidiaries

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

Profit and Loss Account year ended 31 March 2009

	2009 £	2008 £
Turnover	196,206	191,937
Cost of sales	(69,369)	(69,698)
Gross Profit	126,837	122,239
Sundry income	202	793
Machine income	0	(3,281)
Corporate hospitality	(49,877)	(43,097)
Giftshop	(45,612)	(42,745)
Interest payable	(74)	(233)
Net profit/(loss) before tax and transfers	31,476	33,676
Tax on ordinary activities	0	0
Net profit/(loss) after tax and before transfers	31,476	33,676
Amount gifted to Royal Marines Museum	(32,000)	(34,000)
Profit/(loss) for year before taxation	(524)	(324)
Taxation	0	0
Loss for the year after taxation	(524)	(324)
Retained profit brought forward	11,824	12,148
Retained profit carried forward	11,300	11,824
Called up Share Capital	2	2
Capital and reserves	11,302	11,826

Activities of charitable subsidiary

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

The Association's object is to promote, support, assist and improve the Royal Marines Museum. Accounts are prepared annually to 31 December and no material difference arises from using accounts prepared to this date. Accordingly, no adjustment has been made when consolidating these accounts. A summary of the Association's Income and Expenditure account for the year ended 31 December 2008 is shown below

	2009 £	2008 £
Income	11,070	10,528
Expenditure	(8,792)	(7,564)
Donation to the Museum	(3,000)	(2,000)
Surplus/(deficit) for the year	(722)	964
Funds brought forward	1,394	430
Funds carried forward	672	1,394

Related party transactions

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

	2009	2008
	£	£
Amount paid in Loan interest	74	218

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

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

3 Grants and donations

During the year the following grants and donations were received

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

	Unrestricted funds £	Restricted Grant in Aid £	Restricted Other Funds £	2009 £	2008 £
Operations	0	763,460	0	763,460	746,525
Purchase of Exhibits	0	19,000	0	19,000	18,449
	<u>0</u>	<u>782,460</u>	<u>0</u>	782,460	<u>764,974</u>
Other grants					
Charles Hayward Foundation	0	0	0	0	20,000
Ministry of Defence	0	0	2,366	2,366	30,284
Heritage Lottery Fund	0	0	0	0	25,000
Hampshire County Council	0	0	3,000	3,000	0
MLA South East	0	0	0	0	2,000
National Heritage Memorial Fund	0	0	27,867	27,867	0
Royal Marine Corps.	11,000	0	0	11,000	10,000
The Leche Trust	0	0	1,750	1,750	0
	<u>11,000</u>	<u>0</u>	<u>34,983</u>	45,983	<u>87,284</u>
Other donations					
Band Concert	1,720	0	0	1,720	1,164
Mr P Gerecke	0	0	0	0	500
The Gosling Foundation	0	0	0	0	100,000
The Hobson Charity	0	0	0	0	100,000
The Langton Trust	0	0	0	0	2,000
Mr C Maitland	0	0	0	0	2,000
Mr C Murray Judd	0	0	0	0	1,000
RMHS	0	0	0	0	2,000
The Bernard Sunley Charitable Foundation	0	0	0	0	100,000
Wates Foundation	0	0	0	0	5,000
Miscellaneous donations	11,545	0	0	11,545	9,784
	<u>13,265</u>	<u>0</u>	<u>0</u>	13,265	<u>323,448</u>
Other grants and donations	<u>24,265</u>	<u>0</u>	<u>34,983</u>	59,248	<u>410,732</u>

4 Legacies

	Unrestricted funds £	2009 £	2008 £
Mr Haycock	1,000	1,000	0
	<u>1,000</u>	<u>1,000</u>	<u>0</u>

5 Investment income

	Unrestricted funds £	2009 £	2008 £
Investment income	4,104	4,104	4,826
	<u>4,104</u>	<u>4,104</u>	<u>4,826</u>

6 Activities for generating funds

	Unrestricted funds £	2009 £	2008 £
Museum Admissions	51,784	51,784	43,962
	<u>51,784</u>	<u>51,784</u>	<u>43,962</u>

7 Other incoming resources

	Unrestricted funds £	Restricted funds £	2009 £	2008 £
Sundry income	27,988	8,232	36,220	38,758
	<u>27,988</u>	<u>8,232</u>	<u>36,220</u>	<u>38,758</u>

8 Cost of generating funds

	2009 £	2008 £
Staff costs	28,953	33,334
Administration costs	3,381	3,161
Event Expenditure	2,113	3,023
Utilities	2,299	1,679
Advertising	51,304	43,056
Travelling	510	424
Security costs	8,746	9,040
Other costs	4,450	5,026
	<u>101,756</u>	<u>98,743</u>

9 Support costs

	Museum & visitor centre operations £	Governance costs £	2009 £	2008 £
Administration costs	13,680	8,795	22,475	21,874
Utilities	33,834	3,066	36,900	29,579
Insurance	13,087	0	13,087	16,790
Maintenance & stores	30,964	0	30,964	45,749
Computer consumables	6,322	0	6,322	7,042
Travelling	1,531	3,062	4,593	3,811
Education costs	1,868	3,848	5,716	3,919
Security costs	37,896	11,660	49,556	49,157
Entertainment	3,063	0	3,063	1,235
Bank charges	962	0	962	640
Gardens and landscaping	13,164	0	13,164	12,156
Other costs	3,442	1,167	4,609	11,104
	<u>159,813</u>	<u>31,598</u>	<u>191,411</u>	<u>203,056</u>

10 Museum and visitor operations

	Galleries & Exhibitions £	Curatorial £	Education £	2009 £	2008 £
Staff costs	380,132	122,407	30,017	532,556	496,391
Purchase of exhibits	618	450	56	1,124	8,013
Rates	5,599	4,072	509	10,180	8,233
Display refurbishments	2,043	-	-	2,043	57,274
Collection Management	4,915	3,574	447	8,936	8,799
Photographic	599	436	54	1,089	1,660
Recruitment	1,010	735	92	1,837	4,316
Depreciation	107,449	78,146	9,768	195,364	154,959
Subscriptions	1,069	778	97	1,944	1,788
Support costs	87,897	63,925	7,991	159,813	175,504
	<u>591,331</u>	<u>274,523</u>	<u>49,031</u>	<u>914,886</u>	<u>916,937</u>

11 Governance costs

	2009 £	2008 £
Staff costs	21,454	21,104
Legal and professional	4,914	1,780
Accountancy	12,375	10,347
Audit	7,850	7,650
Support costs	31,598	27,552
	<u>78,191</u>	<u>68,433</u>

12 Total resources expended (Charity only)

	Staff costs £	Other costs £	Depreciation £	2009 £	2008 £
Charitable expenditure	532,556	186,828	195,514	914,887	916,937
Costs of generating funds	28,953	72,803	0	101,756	98,742
Governance costs	21,454	56,737	0	78,191	68,433
Notional charges	0	158,055	0	158,055	143,666
Total	582,963	474,423	195,514	1,252,889	1,227,778

	2009 £	2008 £
Staff costs		
Wages and salaries	503,507	473,228
Social security costs	38,526	35,394
Pension costs	40,930	42,207
	582,963	550,829

Excluding pension contributions, no employee, other than the director, earned £40,000 per annum or more in either the year ended 31 March 2009 or the previous year.

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

	2009	2008
Cost of generating funds	2	2
Charitable expenditure	11	12
Governance costs	1	1
	14	15

The director, Chris Newbery, had a basic salary during the year ended 31 March 2009 of £55,578 (2008: £53,982) per annum. The director is aged 59, his pension (net of inflation) increased by £821 (2008: £44) in the year, with his total accrued pension now being £9,175 (2008: £6,916) as an ordinary member of the Principal Civil Service Pension Scheme. The director's CETV as at 31 March 2009 was £193,343.

No Trustees received remuneration during the year (2008: £Nil). Four trustees were reimbursed for travel expenses totalling £729 (2008: £1,048).

13 Tangible fixed assets – Charity

	Land and buildings £	Plant and Equipment £	Fixtures and Fittings £	Heritage Assets £	Total £
Cost					
At 1 April 2008	6,396,626	149,070	766,443	205,062	7,517,201
Additions	10,070	290,821	48,045	50,463	399,399
On revaluation	(27,208)	68,860	38,338	0	79,990
At 31 March 2009	6,379,488	508,751	852,826	255,525	7,996,590
Depreciation					
At 1 April 2008	141,110	100,124	693,238	0	934,472
On revaluation	(755)	58,946	1,838	0	60,029
Charge for the year	143,947	36,245	15,172	0	195,364
At 31 March 2009	284,302	195,315	710,248	0	1,189,865
Net book values					
At 31 March 2009	6,095,186	313,436	142,578	255,525	6,806,725
At 31 March 2008	6,255,516	48,946	73,205	205,062	6,582,729

13 Tangible fixed assets – Group

	Land and buildings £	Plant and Equipment £	Fixtures and Fittings £	Heritage Assets £	Total £
Cost					
At 1 April 2008	6,398,485	149,070	772,496	205,062	7,525,113
Additions	10,070	290,821	48,045	50,463	399,399
Revaluation	(27,208)	68,860	38,338	0	79,990
At 31 March 2009	6,381,347	508,751	858,879	255,525	8,004,502
Depreciation					
At 1 April 2008	142,534	100,124	698,985	0	941,643
Revaluation	(755)	58,948	1,838	0	60,031
Charge for the year	144,036	36,245	15,233	0	195,514
At 31 March 2009	285,815	195,317	716,056	0	1,197,188
Net book values					
At 31 March 2009	6,095,532	313,434	142,823	255,525	6,807,314
At 31 March 2008	6,255,951	48,946	73,511	205,062	6,583,470

The charity's land and buildings were revalued in 2007 to £6,200,000 by Hellier Langstone Limited in accordance with the stated accountancy policy. The revaluation was conducted by a qualified surveyor on a depreciated replacement cost basis and in accordance with the RICS Appraisal and Valuation manual (5th Edition).

Tangible fixed assets include land and buildings with a net book value of £4,246,950 that are held on a 50 year lease from the MoD expiring in 2044. The lease restricts their use to that of a Royal Marines Museum.

14 Fixed asset investments

	Charity		Group	
	Listed £	Unlisted £	Listed £	Unlisted £
Market value or cost at 1 April 2008	114,464	2	114,464	0
Realised loss on disposal	(5,100)	0	(5,100)	0
Net unrealised gains/(losses)	(4,475)	0	(4,475)	0
Market value or cost at 31 March 2009	<u>104,889</u>	<u>2</u>	<u>104,889</u>	<u>2</u>
Historic cost at 31 March 2009	<u>109,364</u>	<u>2</u>	<u>109,364</u>	<u>2</u>
Market value or cost at 31 March 2008	<u>149,485</u>	<u>2</u>	<u>149,485</u>	<u>2</u>
Historic cost at 31 March 2008	<u>75,000</u>	<u>2</u>	<u>75,000</u>	<u>2</u>

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

15 Stocks

	2009		2008	
	Charity £	Group £	Charity £	Group £
The amounts attributable to the different categories are as follows				
Goods for Resale	0	21,024	0	18,247
Friends of the Royal Marines Museum stock	0	701	0	781
	<u>0</u>	<u>21,725</u>	<u>0</u>	<u>19,028</u>

16 Debtors

	2009		2008	
	Charity £	Group £	Charity £	Group £
Trade debtors	0	13,442	0	1,864
Social Security and other taxes	11,425	11,425	16,458	16,458
Other debtors	650	1,855	350	1,082
Prepayments and accrued income	49,977	18,533	172,976	139,340
Amounts owed by RM Museum Limited	0	0	2,900	0
	<u>62,052</u>	<u>45,255</u>	<u>192,684</u>	<u>158,744</u>

17 Cash at bank and in hand

	2009	2008
	£	£
Non-public funds	214,871	438,973
<i>Public funds</i>		
Grant-in-Aid (operating)	144,989	0
Grant-in-Aid (purchases)	0	0
Cash at bank and in hand – Charity	359,860	438,973
Trading Subsidiary	45,434	56,942
Charitable Subsidiary	8,966	9,875
Cash at bank and in hand – Group	414,260	505,790

The Grant-in-Aid (operating) cash at bank balance includes £144,989 of deferred income (see note 18).

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

	£	£
Cash	414,260	505,790
Liquid resources	0	0
	414,260	505,790

18 Creditors: amounts falling due within one year

	2009		2008	
	Charity £	Group £	Charity £	Group £
Trade creditors	2,883	10,876	45,855	46,558
Other taxes and social security	0	6,090	0	5,555
Other creditors	4,207	6,467	2,158	4,218
Deferred income	144,989	144,989	0	0
Accruals	33,407	57,068	16,925	40,095
	185,486	225,490	64,938	96,426

Deferred income represents the first instalment of the 2009-2010 Grant-in-Aid which was received in advance in March 2009.

19 Restricted funds

	1 April 2008	Incoming	Outgoing	Transfers	Revaluation	31 March 2009
	£	£	£	£	£	£
Grant-in-Aid (operating)	4,385,808	771,692	(874,286)	0	13,589	4,296,803
Grant-in-Aid (purchases)	165,621	19,000	(1,124)	0	0	183,497
Development fund	784,078	34,983	(38,246)	0	18,942	799,757
	<u>5,335,507</u>	<u>825,675</u>	<u>(913,656)</u>	<u>0</u>	<u>32,531</u>	<u>5,280,057</u>

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

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

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

20 Analysis of net assets between funds

	Tangible Fixed Assets	Investments	Net Current Assets	Total
	£	£	£	£
Restricted funds				
Grant-in-Aid (operating)	4,303,234	0	(6,431)	4,296,803
Grant-in-Aid (purchases)	183,497	0	0	183,497
Development fund	722,526	0	77,231	799,757
	<u>5,209,257</u>	<u>0</u>	<u>70,800</u>	<u>5,280,057</u>
Unrestricted funds – Charity	<u>1,597,466</u>	<u>104,991</u>	<u>165,529</u>	<u>1,867,986</u>
	6,806,723	104,991	236,329	7,148,043
Charitable subsidiary	1	0	8,609	8,610
Non charitable trading funds	591	(2)	10,711	11,300
	<u>6,807,315</u>	<u>104,989</u>	<u>255,649</u>	<u>7,167,953</u>

21 Commitments and contingent liabilities

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

22 Other commitments

At 31 March 2009 the charity had annual commitments under non-cancellable operating leases as follows

	2009		2008	
	Land and buildings £	Other £	Land and buildings £	Other £
Expiry date				
Within one year	0	0	0	0
Between one and five years	0	3,036	0	3,036
In over five years	0	0	0	0
	<u>0</u>	<u>3,036</u>	<u>0</u>	<u>3,036</u>

23 Other related party transactions

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

The Royal Marines Corps is a related party of the Royal Marines Museum. During the year, the Royal Marines Corps gifted £11,000 (2008: £10,000) to the Museum.

24 Taxation

All of the charity's income is applied for charitable purposes and therefore the charity is exempt from corporation tax. The charity's trading subsidiary had a corporation tax liability of £Nil as at 31 March 2009 (2008: £Nil).

25 Post balance sheet events

These accounts were authorised for issue by C J Newbery on 7 July 2009.

The RM Museum's relationship with the National Museum of the Royal Navy (NMRN) is steadily evolving. From 1 April 2009, the Royal Navy's financial support for the RM Museum is being channelled through the NMRN. A Service Level Agreement governs this financial arrangement. During 2009, there will be further discussions about the future constitutional relationship between the RM Museum and the NMRN.

As a result of the implementation of the NMRN these are the final accounts that will be presented to Parliament. It is anticipated that the 2009-2010 financial results of the Museum will be reported in the accounts of the NMRN, and that the closing net assets at 31 March 2009 will be included within the opening balance sheet for the NMRN.

26 External performance indicators

Ratio of self-generating income to GiA

Year	Self Generated Income £	Grant in Aid Income £	% Ratio	
2008-2009	148,865	782,460	1:5.26	Actual
2008-2009	99,321	785,193	1:7.91	Budget
2007-2008	500,645	764,974	1:1.53	Actual

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