

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

Royal Navy Submarine Museum Account 2006-2007

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Royal Navy Submarine Museum Account 2006-2007

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

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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 Scheme governing the Museum and the Statement of Recommended Practice for charities. They have been prepared under a direction given by the Secretary of State for Defence with the approval of HM Treasury.

Board of Trustees

The following served as Museum Trustees during 2006-2007

Rear Admiral RC Lane-Nott CB	Chairman
Rear Admiral P Lambert (until October 2006)	Vice Chairman
Rear Admiral D Cooke (from October 2006)	Vice Chairman
Rear Admiral AP Hoddinott CB OBE	
Mr RM Webb	
Dr MC Copp	
Mr T Schadla-Hall	
Mr L Shurmer-Smith OBE	
Mrs LM O'Sullivan	
Councillor P Edgar	Nominated/Hampshire CC
Councillor PR Clinton (until May 2006)	Nominated/Gosport BC
Mr R Dixon	Nominated/Submariners Ass
Council H Burgess (from May 2006)	

Senior members of staff

Museum Director	Commander JJ Tall OBE RN (Rtd)
Curator and Deputy Director	R Mealings Esq AMA

Accountants

Mazars LLP
Regency House
3 Grosvenor Square
Southampton
Hampshire
SO15 2BE

Auditors

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

Bankers

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

Solicitors

Blake Laphorn Tarlo Lyons
1 Barnes Wallis Road
Segensworth
Hampshire
PO15 4UA

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.

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 late 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 with considerable financial and technical support from Hampshire County Council and a grant from the Science Museum. A further grant from VSEL, Barrow and a significant injection of the Museum's own funds completed the financial package that enabled the conservation project to proceed in 1995. This meant that the submarine had to be withdrawn from display whilst the conservation programme took place. The process took five years to complete, after which time the Heritage Lottery Fund supported the construction of an environmentally controlled 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 coveted Pilgrim Trust Conservation Award for the *Holland 1* project in 2002.

In November 2000 it was confirmed that *HMS Alliance* and *Holland 1* were included in the prestigious National Core Collection drawn up by the National Historic Ships Committee. Only 50 vessels throughout the land have been accorded this pre-eminent status. *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 December 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 March 2004 the selected building contractor, Henry Jones, began work on-site. On 7 July 2004 work restarted on the building after a three-month delay generated by the discovery of diesel contamination beneath the construction site.

On 1 August 2005 JFB opened to the general public and on 9 Sep 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 September 2006 the Museum acquired a major artefact, a one-fifth scale model of *HMS Vanguard*, a nuclear submarine. An appeal to house this unique model and rebuild the weapons gallery is in the course of preparation.

In December 2006 an application for grant for the conservation and preservation of the historic submarine *HMS Alliance* was made to the Heritage Lottery Fund.

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 twelve members and meets four times a year. There is also a Trustees' Audit Committee consisting of two Trustees, an independent member and the Museum Director that meets four times a year. 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 the responsibility of the Director of the Museum.

Board Meetings were held in July and October 2006 and January and March 2007.

Major matters discussed included: Management Plan and Budget; approval of Annual Report and Accounts; appointment of Trustees; management of RNSM Enterprises Limited; application for Lottery Funding for *HMS Alliance*; future plans for Museum Development; staff salaries and conditions of service; the Health and Safety plan; the Risk Management Plan; the Collections Management Plan; the Education Plan; and the Information Computer Technology Plan.

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.

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 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

Mission

The Mission of the Museum, which is in accordance with that agreed for the four Naval Service Museums sponsored by the Ministry of Defence, and which is given formal basis in a Defence Council Instruction, is

- 1 To provide an effective and accessible repository, both now and in the future for the heritage of the Submarine Branch of the Royal Navy and to raise public awareness of the Royal Navy Submarine Service.
- 2 To encourage scholarship and research into the history of the Royal Navy Submarine Service, and make the product of this scholarship available through publications and lectures as a means of nurturing the ethos of the Service.
- 3 To provide an educational resource for the community, with particular reference to children in relation to the National Curriculum.

In pursuit of their aims the Trustees act in accordance with a Code of Conduct based on guidance given by the Committee on Standards in Public Life and the seven principles endorsed by HM Government.

Objectives of the Museum

The Declaration of Trust declares that the Museum exists for the benefit of the public and for the purpose of educating the public in naval and social history and other matters relating to the defence of the realm and in particular

- 1 To maintain and manage a public museum and library of all aspects of Submarine endeavour.
- 2 To preserve, promote and assist in the display, understanding and education of the public of the Submarine Collection and all other property, objects, artefacts and others having relevance to the history of the Submarine Service of the Royal Navy forming the contents of the Museum from time to time.
- 3 To uphold the traditions of the Submarine Service of the Royal Navy; to perpetuate and commemorate its deeds; to honour and preserve the memory of those who participated in the service and to act as keeper of the Regimental Heritage of the Submarine Service.
- 4 To relieve distress or need among past and present members of the Submarine Branch of the Royal Navy and their dependants.

Strategic aims of the Museum

The following are the strategic aims of the Museum

- 1 to develop a Museum that attracts an increasing number of visitors and provides those visitors with a positive recreational experience through the execution of the Development Plan, Education Policy, and Marketing/PR policies.
- 2 To make as much of the collection as accessible as possible to all.
- 3 To enhance the collection through the mechanisms set out in the Trustees Collecting Policy.
- 4 Through demonstration in performance continue to attract and justify the highest possible level of Grant-in-Aid and external financial support.
- 5 To increase revenue levels and maintain an adequate cash reserve in accordance with the Business Plan.
- 6 To provide funds for the relief of hardship among past and present submariners and their families.

Achievements and performance

Main Objective in 2006-2007

To submit an application for grant to the HLF for HMS Alliance

This was achieved in December 2006. The Heritage Lottery Fund requested that the application be resubmitted, and this has been done.

During the year both the refurbishment of the catering facilities for visitors and the area of remembrance were completed.

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

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 2007, the level of the Museum's Reserves stood at £617,890 (31 March 2006: £478,109).

A percentage of Museum funds (restricted and unrestricted) have been amalgamated into a single bank account in order to attract the highest level of interest compatible with security of capital. A strict internal audit trail is maintained in order to differentiate between the provenance of those individual elements.

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.

The Museum needs to retain a viable reserve in order to

- a Cover liabilities
- b Cover annual deficits
- c Provide income
- d Fund development

Scope

Liabilities

The nature of major liabilities faced by the Museum centre around the care of the five Historic Ships and the Collection. Four out of the five ships are now under cover and in relatively stable conditions, leaving the ship of primary concern to be *HMS Alliance* (a member of the National Core Collection). Even after a planned rolling extensive refit, the fact that she remains exposed to the elements and sitting on concrete blocks in a tidal way implies that she is capable of producing surprises that will have to be dealt with at short notice. Given the importance of *HMS Alliance* to the Museum, an appropriate level of reserve must be maintained to cater for any crisis.

Annual deficits

The Museum does not embrace a deficit culture.

Provide income

The Museum operates on relatively slim profit margins, so accrued interest is a welcome boost to income.

Development

With the completion of the Fieldhouse Building project, the Museum has completed three out its five development phases. The Trustees now need to build up funds to a level appropriate for the final phase of development, namely replacing the Weapons Gallery, accommodating the *HMS Vanguard* model and enhancing the Museum entrance and its surrounds.

Conclusion

It was the Trustees' policy that the Reserve should be enhanced to £250,000 by the year 2008 through the generation of £15,000–£20,000 annual surplus. However it was decided that the remainder of the site should be enhanced to a significant degree to match the quality of The John Fieldhouse Building, and its predecessor project, The Holland 1 Building.

Investment policy

The present investment policy reflects the need for relatively easy access to the Reserve by maintaining it 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.

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 Trustees wholly owned subsidiary, RNSM Enterprises Ltd, that are given to the Trust in the form of Gift Aid. A list of donations in excess of £500 can be found in Note 3 to the accounts.

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

Payment of creditors

The Museum adheres to the Government-wide standard on the payment of creditors by aiming to settle all undisputed bills within 30 days or in accordance with the supplier's terms of business. The Museum's actual payment performance 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 communicate with staff through weekly staff briefings as well as through departmental staff briefings, informal meetings and internal memoranda.

Disabled persons

The Museum is committed to managing staff solely on the basis of actual performance in the job, and considering new applicants solely on the basis of ability to do the job, 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.

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. This National Historic Ships Committee 'Core Collection' submarine is in need of a refit after being on display in an hostile marine environment for over twenty years. In essence the hull remains in excellent shape, however the less robust casing and control surfaces are in need of long term preservation. The Museum engaged the International Consultant Engineers, Scott Wilson and ship-repair consultants Fraser Nash, to work up a remedial programme of work and develop a long term conservation plan before applying to the HLF for financial support for the project (December 2006). Some cosmetic and essential repair work will be undertaken in the shorter term. The estimated cost of the project is in the region of £3.5m.
- 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), repair and interpretation of the fifth scale model of *HMS Vanguard*). The cost estimate is £100,000, which the Museum will be required to find from its reserve/operating budget.

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

Rear Admiral RC Lane-Nott CB
On behalf of the Board of Trustees
17 July 2007

Commander JJ Tall OBE RN
Accounting Officer
17 July 2007

Report of the Director

The contribution of the Society of Friends

I am very pleased to report that following the generous grant from the Society of Friends in 2006 that enabled us to introduce the CALM data management system, the Trustees provided funding from the Reserve to employ a Documentation Assistant (Helen Merrit) to undertake retrospective documentation of the Archive. Already an expert in CALM, Helen has made remarkable progress (over 600 entries since early January) and we are rediscovering important material that will be now much more accessible as a result of the work being done. Her employment was a fundamental requirement to achieve Accreditation from the Museums, Library and Archives Commission ('MLAC'). Recent new material received into the archive has been Captain George Hunt's wartime notes and attacking aide-memoirs, and scrapbooks and albums belonging to Admiral Sir Charles Little.

In the financial year 2006-2007, the Society of Friends pledged £20,000 to the Museum, of which £10,000 was received in that year. The extra £10,000 relates to the financial year 2007-2008 and will not be recognised until next year. This will all go towards the interpretation of the *Vanguard* Builders model (see below).

Performance

Visitor numbers of 58,723 were a 9 per cent improvement over the previous year, and gate income of £150,730 was up by 25 per cent on Financial year 2005-2006. The improvement in gate income was achieved by a modest increase in ticket prices last April.

Retail and corporate entertaining

These activities are conducted by RNSM Enterprises Limited. Both activities succeeded, despite difficult trading conditions, in making a small profit. E-commerce has been a useful and growing addition to the gift shop activities. Additionally it is hoped that now we have Andrew Poole (formerly part time Site Supervisor) totally dedicated to Marketing and Corporate Entertainment that we shall see continuing growth in this area.

Accreditation

Accreditation is the successor title to Registration with Resource (now reverted to MLAC), the granting of which recognises the achievement of standards within the Museum in all aspects of governance, administration and care of the collections (including documentation). Accreditation is an essential qualification for access to grants from the Heritage Lottery Fund.

HMS Alliance

A bid for a grant of £1m was submitted to the HLF in December 2006.

The overall project is estimated to cost £3.5m which will address all conservation, access and structural issues with a view to keeping the middle-aged lady (now 62 years old) fit and well for the next fifty years, whilst at the same time addressing some increasingly urgent issues such as the state of the bow and stern.

A new Appeal

We are about £100,000 short for the total Alliance requirement. The Trustees' thoughts have also turned to what is to be done about the present Weapons Gallery which, although it has served a vitally important role, is now barely fit for purpose given the quality of artefacts which it contains. Since the Weapons Gallery will need to be totally replaced with a building that will cost in the region of £1m, it has been decided to launch an appeal for both the balance of the work on the *Alliance* and the new Weapons Gallery, to include accommodation for the *HMS Vanguard* model.

The formation of an Appeals Committee will be a major preoccupation over the coming months.

The *Vanguard* Builders model

The fifth scale model of *HMS Vanguard* was gifted by the MoD in September 2006. It is housed in a marquee that is 40m long, 10m wide and 5m high. It is unique and fills, to a large extent, the absence of a nuclear-powered submarine in the collection. The Museum was responsible for the housing and transportation of the model from Devonport Dockyard where it had been used for *HMS Vanguard's* refit.

The model was constructed by EDM Ltd. It took over five years to complete and cost in excess of £25m. It is the last such model of its type in warship construction, with computer modelling having now replaced physical representation and design. It thus has a strong heritage importance.

The purpose of the model was to give a three-dimensional representation of a multi-disciplined design, to enable visualisation of the design during submarine production and maximise pre-installation pipe work production through CODEM (computer generated manufacture). The model also enabled the design to be optimised, thereby revealing and resolving, at model level, problems which would otherwise have not become apparent before submarine build. Action Men were used to simulate crew-members.

The challenge for the Museum is going to be its interpretation. At the lowest level (e.g. for children) it can be displayed as a submarine Wendy House, at its highest (e.g. for engineering students) it can reveal the complexities involved in putting together a small town under the sea and one of the more complicated machines ever built.

To help us in this task, generously underpinned by the Society of Friends grant, we have engaged Darius Wilson, who developed the Science interactives in the John Fieldhouse Building. His proposal, which we have accepted, is to interpret six sections (3 port and starboard) in depth, with computer driven lighting and information provided from interactive control points. This will get us off to a good start, and the remainder of the model (another sixteen sections) will be interpreted at a much more basic level.

Projects

Below is a list of the projects in progress

- CALM data management system application
- *HMS Vanguard* fifth scale builders model interpretation
- *HMS Alliance*
- Preparation of a Guide Book

Heritage Lottery Fund survey

As a matter of course, The Heritage Lottery Fund selects a cross-section of its sponsored projects for a review of the impact that the project has had on visitor benefits, and whether or not it has lived up to expectation. During 2006 the HLF Policy and Research Department evaluated John Fieldhouse Building through a face-to-face survey with visitors to the Museum.

Results of the survey showed that overall satisfaction for the site was very high. Of the visitors surveyed 91 per cent strongly agreed that they had had an enjoyable visit, with 56 per cent giving it the top rating of excellent. The project was seen by all as well maintained, with 48 per cent giving it the top score. 94 per cent found the building visually attractive.

The Museum was also seen as an attraction where there is lots to do (78 per cent of visitors strongly agreeing), and 93 per cent agreeing that it is an imaginative and exciting place, with 63 per cent rating it as excellent in this regard.

Finally, 90 per cent of visitors thought their visit was good value for money.

Mrs Sue Wilson

It is with great sadness that I announce that Mrs Sue Wilson, our Site Supervisor of many years standing, passed away at the New Year after a short illness.

'Bussing In' project

When schools are short of money, the first element of activity that appears to be sacrificed in order to achieve economies is school outings. We first heard that many schools were experiencing such difficulties at the beginning of the school year in September 2006. After discussion with the Trustee Board and Lockett's Coaches, who were prepared to give us a significant discount, it was decided to implement a 'free coach and free entry' scheme for local school children. The offer went out on a first-come first-served basis, and the Education Officer (EO) soon found herself inundated with applications. At the end of the day a budget of £10,000, and the demands on EO herself, dictated that we able to offer 60 or so sessions (including the Inspiring Science project which is no longer funded by Hampshire County Council, despite its proven success in past years).

The reaction we received from Riders Junior School is typical. The Teacher reported 'as always, this day is of huge benefit to the children, both educationally and socially. Without the funding we would be unable to take advantage of this fantastic research, and our children would miss out'.

In addition to the obvious educational benefits we offer, the Museum's reputation for delivering a top-class social opportunity when children meet our guides, has been greatly enhanced through the efforts of Jackie Edelman.

Total visitors through the whole education project (including 'bussing in') exceeded 5,000.

The History of British and Allied Submarines during WWII

Vice Admiral Sir Arthur Hezlet's acclaimed two-volume history, which was published in a limited edition and very quickly sold out, has now been reproduced by the Museum as an interactive CD-Rom, from which a print copy can be made. It has a retail price of £39.99 plus p&p.

Submarine – Silent and Secret

The two-part programme (No occupation for a Gentleman; The Sword of Damocles) transmitted by Channel 4 and produced by Richard Kennon of Anglia in honour of the Centenary of the submarine service is now available on DVD from the Giftshop. It contains many rare interviews as well as historic footage.

Recent acquisitions

Object number Ref No	Object name	Title
RNSM 2006.10.1	painting	Up Periscope. Lt AJ Whetstone, Captain of <i>HMS Sea Scout</i> 1956
RNSM 2006.104.1	drawing	<i>HMS Uproar</i> off Elba 1943
RNSM 2006.13.1	propeller	Propeller associated with <i>HMS C3</i>
RNSM 2006.16.1	torch	Gastight torch used in the recovery of bodies from <i>HMS Thetis</i>
RNSM 2006.18.1	medals	Medals awarded to CEA Bertie Sanders (<i>HMS Alaric</i>)
RNSM 2006.19.1	tea cosy	Tea cosy from <i>HMS United</i>
RNSM 2006.2.1	model	Model of <i>HMS E.53</i>
RNSM 2006.20.1	medals	Medals awarded to PO William James Reed (<i>HMS Unruffled</i>)
RNSM 2006.24.1	cookware	Warming dish from <i>HMS Taciturn</i>
RNSM 2006.25.1	plaque	Hydroplane Housing tally from <i>HMS Tally Ho</i>
RNSM 2006.25.2	plaque	Low Pressure Tank Tally from <i>HMS Tally Ho</i>
RNSM 2006.26.1	model	Working model of <i>HMS Umbra</i>
RNSM 2006.27.1	compass	Compass from the lifeboat of <i>SS Frangestan</i>
RNSM 2006.27.2	calculator	World War 2 era widget

RNSM 2006.29.1	painting	S-class Submarine: The Wardroom and Forward Mess Deck seen through the Davis Escape Chamber
RNSM 2006.29.2	painting	On Board an S-Class Submarine: Up the Conning Tower
RNSM 2006.3.1	medals	Medals awarded to CPO Officer William Wallace Castles (<i>HMS L.14</i> and <i>L.21</i>)
RNSM 2006.31.1	slide rule	Slide rule from <i>HMS Thetis</i>
RNSM 2006.31.2	pen	Pen recovered from <i>HMS Thetis</i>
RNSM 2006.31.3	watch	Part of the wristwatch recovered from <i>HMS Thetis</i>
RNSM 2006.34.1	suit	Mess undress suit of Vice Admiral Sir Cecil Talbot KCB KBE DSO*
RNSM 2006.46.1	medals	Medals awarded to Lt FRC Talbot RN (<i>HMS Thames</i>)
RNSM 2006.46.2	medals	Medals awarded to Lt EB Talbot RN (<i>HMS Snapper</i>)
RNSM 2006.36.20	ruler	Personal items of Commodore DSH White OBE RN
RNSM 2006.36.33	life belt	Life belt of Captain 2nd Submarine Squadron
RNSM 2006.36.5	plate	Commemorative plate of <i>HMS Onslaught</i>
RNSM 2006.36.6	bell	Bell of <i>HMS Onslaught</i>
RNSM 2006.36.7	painting	<i>HMS Valiant</i> Return From The Falklands War 1982
RNSM 2006.36.8	painting	<i>HMS Onslaught</i>
RNSM 2006.36.9	model	Model of <i>HMS Onyx</i>
RNSM 2006.37.2	watch	Russian submarine wrist watch
RNSM 2006.40.1	painting	Submarine C33 passing the <i>Victory</i>
RNSM 2006.44.1	medals	Medals awarded to ERA John Hartley (<i>HMS Odin</i>)
RNSM 2006.45.1	medals	Medals awarded to LRO Frederick William Morrow
RNSM 2006.48.1	medal	Soviet Cold War Medal
RNSM 2006.49.1	badge	70 Sealed Pattern Submarine Branch badges
RNSM 2006.5.1	medals	Medals and personal memorabilia of AB Charles Thomas Walker (<i>HMS M1</i>)
RNSM 2006.50.1	suit	Sealed Pattern Ursula Suit – 1944.
RNSM 2006.52.1	record	Yellow Submarine record by the Beatles – First Pressing
RNSM 2006.59.1	medals	Campaign medals awarded LTel Gilbert Frederick Cummins (<i>HMS Upholder</i>)
RNSM 2006.7.1	medal	1914-15 Star awarded to PO William Henry Yetman (E.26)
RNSM 2006.76.1	model	Model of an Akula class submarine (MoD gifted)
RNSM 2006.79.1	window	Port Hole from Resurgam (ancient wreck 1879)
RNSM 2006.8.1	torpedo	Whitehead torpedo gyro
RNSM 2006.80.1	sword	German Kriegsmarine Officer's naval dirk, WW2 era
RNSM 2006.81.1	bell	Bell from <i>HMS A12</i>
RNSM 2006.82.1	banjo	Banjo of CPO Frank Harbent
RNSM 2006.83.1	medals	Medals awarded to Frank Ogden (<i>HMS X-24</i> and <i>XE-3</i>)
RNSM 2006.84.2	medals	Medals awarded to Lt Alexander Fry RNR (<i>HMS Swordfish</i>)
RNSM 2006.86.2	silk	WW1 military silk from <i>HMS Pactolus</i>
RNSM 2006.87.1	suitcase	Suitcase of Lt Keith M Stainton used on <i>FS Casabianca</i> (WWII)
RNSM 2006.89.1	medal	DSM awarded to L/Tel Leopold Blake (<i>HMS Upholder</i>)
RNSM 2006.91.1	plaque	Plaque/Commander JJ Tall as Tenth CO of <i>HMS Repulse</i>
RNSM 2006.91.2	plaque	Plaque commemorating the first brothers (Talls) to command nuclear submarines simultaneously
RNSM 2006.91.3	telegram	Framed copies of decyphers of Zimmerman telegrams
RNSM 2006.93.1	print	Atlantic Wolves by Robert Taylor
RNSM 2006.95.1	medals	Medals awarded to LSea Ernest Burton, <i>HMS E12</i>
RNSM 2006.96.1	box	Box for spare gear from Whitehead Mark 1 14 inch torpedoes
RNSM 2006.97.1	model	1/5 Scale Model of Vanguard Class submarine (MoD gift)
RNSM 2006.98.1	cap	Side cap of Captain Vladimir Ovchinnikov, Russian Navy
RNSM 2006.99.1	medals	Miniature Medals and personal items relating to Vice Admiral Sir Ian Stewart McIntosh
RNSM 2007.1.1	medals	Medals awarded to Stoker JP McSweeney (<i>HMS H.47</i>)
RNSM 2007.11.1	painting	U-126
RNSM 2007.12.1	axe	Launching axe of <i>HMS C.16</i> (Adm Little)
RNSM 2007.12.2	axe	Launching axe of <i>HMS C.23</i> (Adm Little)
RNSM 2007.12.3	box	Cigarette box commemorating the sinking of U40 by <i>HMS C24</i>

RNSM 2007.12.5	block	Block of the coat of arms of Admiral Sir Charles James Colebrooke Little, GCB, GBE
RNSM 2007.13.1	periscope	Periscope from <i>HMS Tally Ho</i> , Type CK12 (RN Sub School)
RNSM 2007.2.1	hat	Cap tally of <i>HMS K.14</i>
RNSM 2007.2.2	hat	Cap tally of <i>HMS R.4</i>
RNSM 2007.2.3	painting	H.42
RNSM 2007.3.1	box	Cigarette case of LSto TW Kenney (lost on <i>HMS Thetis</i>)
RNSM 2007.3.2	medal	Medaglia Dell Guerra 1915-1918 (War Medal 1915-1918) (Italian) of LSto TW Kenney
RNSM 2007.4.1	medals	Medals awarded to CERA Ernest Frederick Ball (<i>HMS Upright</i> and <i>HMS Vampire</i>)
RNSM 2007.6.1	flag	Jolly Roger and flags of <i>HMS Torbay</i> (2nd commission)
RNSM 2007.9.1	brooch	Brooch from <i>HMS Amphion</i>

Commander JJ Tall OBE RN
Accounting Officer

17 July 2007

Remuneration report

The Remuneration Policy of the Royal Navy Submarine Museum is determined by the Remuneration Committee of the Board of Trustees.

The Director of the Royal Navy Submarine Museum is employed by the Trustees of the 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 3.5 per cent for financial year 2006-2007.

Salary and pension entitlements

The Director, Commander Jeff Tall OBE RN (Rtd), had a basic salary during the year ended 31 March 2007 of £46,647 per annum. The director is aged 64 and has been in post almost 13 years. The Museum made contributions to the Director's share of the Group Pension Plan of £5,812 during the year.

Salary refers to gross salary. The Director did not claim overtime or any other form of performance pay or bonus, nor did he receive any Benefits in Kind.

No Trustees received remuneration during the year (2006: £Nil). Four Trustees were reimbursed for travel expenses totalling £1,150 (2006: £1,436).

Individual pension plans for entitled employees are administered by Scottish Equitable 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 2006-2007, employers' contributions for the Museum as a whole of £30,075 were payable (2005-2006 £30,551) at a fixed rate of 12.5 per cent of pensionable pay.

One part time member of staff is covered by the provisions of the Principal Civil Service Pension Scheme. For 2006-2007, employer's contributions of £503 were payable to the PCSPS at rates in the range 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
17 July 2007

Commander JJ Tall OBE RN
Accounting Officer
17 July 2007

Statement of Board of Trustees' and Director's responsibilities

Under Section 30(3) of the National Heritage Act 1983 and law applicable to charities in England and Wales, the Board of Trustees is required to prepare financial statements for each financial year which give a true and fair view of the Royal 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 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 'Government Accounting'.

Rear Admiral RC Lane-Nott CB
On behalf of the Board of Trustees
17 July 2007

Commander JJ Tall OBE RN
Accounting Officer
17 July 2007

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 2007 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

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

The risk and control framework

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

Review of effectiveness

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

An in depth independent audit was carried out by DIA in November 2006, and no major issues were identified.

The review of the effectiveness of the system of internal controls is exercised through the Audit Committee of the Board of Trustees. This sub-group, which meets four times a year, is chaired by a Trustee and membership includes an additional two of the Museum's Trustees and an independent member. 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 my view, the information received was sufficient to enable me 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
17 July 2007

Commander JJ Tall OBE RN
Accounting Officer
17 July 2007

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

I have audited the financial statements of the Royal Navy Submarine Museum for the year ended 31 March 2007 under the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2003. These comprise the Statement of Financial Activities, the Balance Sheet, the 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, 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, including 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 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. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts, disclosures and regularity of financial transactions included in the financial statements and the part of the Remuneration Report to be audited. It also includes an assessment of the significant estimates and judgments made by the Board of Trustees and the Director in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Royal 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 expenditure, income and resources funded by grant in aid have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements and the part of the Remuneration Report to be audited.

Opinions

Audit opinion

In my opinion

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

Audit opinion on regularity

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

Report

I have no observations to make on these financial statements.

John Bourn
Comptroller and Auditor General

20 July 2007

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

Consolidated Statement of Financial Activities for the year ended 31 March 2007

	Notes	Unrestricted funds £	Other Grant in aid £	restricted funds £	2007 Total £	2006 Total £
Incoming resources						
Incoming resources from generated funds						
<i>Voluntary income</i>						
Grant in Aid (operating)	2	0	543,997	0	543,997	598,746
Grant in Aid (purchases)	2	0	18,000	0	18,000	17,500
Other grants and donations	2	17,911	0	1,972	19,883	688,936
Legacies	3	140,875	0	0	140,875	256,096
Income of trading subsidiary	4	106,022	0	0	106,022	104,079
Income from investments	5	25,219	0	614	25,833	319
Incoming resources from charitable activities						
Admissions		150,730	0	0	150,730	120,203
Other incoming resources	6	2,174	0	275	2,449	27,244
Total incoming resources		442,931	561,997	2,861	1,007,789	1,813,123
Resources expended						
Costs of generating funds	7	0	(71,673)	0	(71,673)	(79,484)
Expenses of trading subsidiary	4	(99,871)	0	0	(99,871)	(97,404)
Costs of activities in furtherance of the objects of the charity	8	(215,652)	(530,306)	(148,097)	(894,055)	(798,807)
Governance costs						
Notional charges	1	0	(39,515)	0	(39,515)	(39,730)
Total resources expended	11	(315,523)	(684,402)	(148,097)	(1,148,022)	(1,060,437)
Net (outgoing)/incoming resources before transfers		127,408	(122,406)	(145,236)	(140,234)	752,686
Adjustment for notional charges	1	0	39,515	0	39,515	39,730
Net (outgoing)/incoming resources		127,408	(82,891)	(145,236)	(100,719)	792,416
Other recognised gains/(losses)						
<i>Unrealised gains</i>						
Revaluation of fixed assets	13	(166,750)	101,605	610,345	545,200	148,512
Revaluation of investments	14	0	0	4,900	4,900	2,100
Net movement in funds		(39,342)	18,714	470,009	449,381	943,028
Total funds brought forward		864,156	1,119,656	3,775,718	5,759,530	4,816,502
Total funds carried forward		824,814	1,138,370	4,245,727	6,208,911	5,759,530

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

All transactions are derived from continuing activities.

The notes on pages 24 to 34 form an integral part of these financial statements.

Consolidated Balance Sheet as at 31 March 2007

	Notes	2007 £	2007 £	2006 £	2006 £
Fixed assets					
Tangible assets	13		5,526,524		5,095,928
Heritage assets	13		81,828		60,541
Total tangible fixed assets	13		5,608,352		5,156,469
Investments	14		21,000		16,100
Total fixed assets			5,629,352		5,172,569
Current assets					
Stocks	15	34,028		40,113	
Debtors	16	49,840		87,790	
Cash at bank and in hand	17	609,955		604,192	
		693,823		732,095	
Creditors: amounts falling due within one year	18	(114,264)		(145,134)	
Net current assets			579,559		586,961
Total assets less current liabilities			6,208,911		5,759,530
Net assets			6,208,911		5,759,530
Funds					
Unrestricted funds			785,641		824,983
<i>Restricted funds</i>	19				
Grant in Aid (operating)			1,085,076		1,082,293
Grant in Aid (purchases)			53,294		37,363
Other restricted funds			4,245,727		3,775,718
Non charitable trading funds			39,173		39,173
	20		6,208,911		5,759,530

The financial statements were approved by the Trustees on 17 July 2007 and signed on its behalf by

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

Commander JJ Tall OBE RN
Accounting officer

The notes on pages 24 to 34 form an integral part of these financial statements.

Balance Sheet – Charity as at 31 March 2007

	Notes	2007 £	2007 £	2006 £	2006 £
Fixed assets					
Tangible assets	13		5,526,099		5,095,928
Heritage assets	13		81,828		60,541
Total tangible fixed assets	13		5,607,927		5,156,469
Investments	14		21,002		16,102
Total fixed assets			5,628,929		5,172,571
Current assets					
Debtors	16	55,991		88,943	
Cash at bank and in hand	17	590,720		596,825	
		646,711		685,768	
Creditors: amounts falling due within one year	18	(105,902)		(137,983)	
Net current assets			540,809		547,785
Total assets less current liabilities			6,169,738		5,720,356
Net assets			6,169,738		5,720,356
Funds					
Unrestricted funds			785,641		824,982
<i>Restricted funds</i>	19				
Grant in Aid (operating)			1,085,076		1,082,293
Grant in Aid (purchases)			53,294		37,363
Other restricted funds			4,245,727		3,775,718
	20		6,169,738		5,720,356

The financial statements were approved by the Trustees on 17 July 2007 and signed on its behalf by

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

Commander JJ Tall OBE RN
Accounting officer

The notes on pages 24 to 34 form an integral part of these financial statements.

Cash Flow Statement for the year ended 31 March 2007

	Non-public Funds £	Restricted Grant in Aid £	Charity Funds 2007 £	Group 2007 £	Group 2006 £
Net cashflow/(outflow) from operating activities	135,732	(63,511)	72,221	84,212	1,224,388
Return on investments and servicing of finance					
Bank interest received	25,482	0	25,482	25,803	20,930
Dividends received	351	0	351	351	319
Capital expenditure and financial investment					
Purchase of fixed assets	(15,673)	(88,486)	(104,159)	(104,603)	(1,000,621)
Increase/(decrease) in cash	145,892	(151,997)	(6,105)	5,763	245,016
Opening cash balances	598,984	(2,159)	596,825	604,192	359,176
Closing cash balances	744,876	(154,156)	590,720	609,955	604,192

Reconciliation of Changes in Resources to Net Cashflow from Operating Activities

Net incoming/(outgoing) resources for year	(17,828)	(82,891)	(100,719)	(100,719)	792,416
Depreciation	137,898	60,000	197,898	197,917	188,437
Investment income and interest received	(25,833)	0	(25,833)	(26,154)	(21,249)
Increase/(decrease) in creditors	(21,128)	(10,949)	(32,077)	(30,867)	(88,144)
Increase/(decrease) in provisions	0	0	0	0	(29,206)
(Increase)/decrease in stocks	0	0	0	6,085	377
(Increase)/decrease in debtors	62,623	(29,671)	32,952	37,950	205,469
Net cash inflow/(outflow) from operating activities	135,732	(63,511)	72,221	84,212	1,048,100

Notes to the Consolidated Financial Statements for the year ended 31 March 2007

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, RNSM Enterprises Limited. The Consolidated Statement of Financial Activities includes the results of the RNSM Enterprises Limited as single line items. The consolidated balance sheet includes the net assets of RNSM Enterprises Limited.

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.

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 £750 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 was opened in 2005-2006 and are anticipated to have expected useful lives of 25 years.

1.5 Plant and machinery

Plant and machinery with a cost or value greater than £750 and a useful life exceeding one year is capitalised at historical cost and revalued annually using Ministry of Defence derived indices. Plant and machinery is depreciated over its expected useful lives of four years, other than those in the Fieldhouse Building, which was opened in 2005-2006 and are anticipated to have expected useful lives of 25 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 in the following percentages

	%
Education	9
Care of exhibition	41
Visitor services	50
	<u>100</u>

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

1.7 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 (2006: 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 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. 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 £750, have been capitalised. In accordance with guidance issued by HM Treasury these assets are not revalued 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.

2 Grants and donations

During the year the following grants and donations were received

Grants received from Ministry of Defence Vote

	Unrestricted funds £	Restricted Grant in Aid £	Restricted Other Funds £	2007 £	2006 £
Grant in Aid					
Operating	0	543,997	0	543,997	598,746
Purchases	0	18,000	0	18,000	17,500
	<u>0</u>	<u>561,997</u>	<u>0</u>	<u>561,997</u>	<u>616,246</u>
Other grants and donations:					
Society of Friends	10,000	0	0	10,000	36,000
Miscellaneous	7,911	0	1,972	9,883	5,774
Heritage Lottery Fund	0	0	0	0	617,162
Submariners Association	0	0	0	0	5,000
Wolfson Foundation	0	0	0	0	25,000
	<u>17,911</u>	<u>0</u>	<u>1,972</u>	<u>19,883</u>	<u>688,936</u>

3 Legacies

	Unrestricted funds £	2007 £	2006 £
Commodore White	(2,125)	(2,125)	86,500
Sir Michael Cobham	143,000	143,000	0
Lt Commander Dugdale	0	0	169,596
	<u>140,875</u>	<u>140,875</u>	<u>256,096</u>

The final stage of the legacy from Commodore White was accrued for in the accounts for the year ended 31 March 2006. The final amount actually received in July 2006 was £21,875, £2,125 less than amount accrued for.

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 2007

	2007	2006
	£	£
Turnover	105,701	103,654
Interest receivable	321	425
Total income	<u>106,022</u>	<u>104,079</u>
<i>Expenditure</i>		
Cost of sales	(59,439)	(57,744)
Overheads	(40,432)	(39,660)
	<u>(99,871)</u>	<u>(97,404)</u>
<i>Other inter group payments</i>		
Charge for logo	(3,171)	0
Interest paid	0	(523)
Gift aid donation	(2,980)	0
	<u>(6,151)</u>	<u>(523)</u>
Retained in subsidiary	0	6,152
Capital and reserves	<u>39,173</u>	<u>39,173</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

	2007	2006
	£	£
Dividends received	351	319
Interest received	25,482	0
	<u>25,833</u>	<u>319</u>

6 Other incoming resources

	Unrestricted funds	Restricted funds	2007	2006
	£	£	£	£
Sundry income	2,174	275	2,449	27,244
	<u>2,174</u>	<u>275</u>	<u>2,449</u>	<u>27,244</u>

7 Cost of generating funds

	2007 £	2006 £
Rent and Rates	299	241
Insurance	1,288	1,104
Light and Heat	807	378
Publicity and Public Relations	68,321	76,667
Printing, Postage and Stationery	605	714
Telephone	353	380
	71,673	79,484

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

	Notes	Education £	Care of exhibition £	Visitor Services £	Grant Making £	2007 £	2006 £
Staff costs	12	26,566	128,344	188,890	0	343,800	318,321
Grants		0	0	0	4,562	4,562	4,500
Education		7,494	0	0	0	7,494	3,796
Purchase of exhibits		0	2,069	0	0	2,069	7,398
Exhibit maintenance		0	23,355	0	0	23,355	0
Photographic		0	4,597	0	0	4,597	52
Archives		0	16,362	0	0	16,362	15,208
Functions and visitors		0	0	4,080	0	4,080	0
Depreciation		17,811	81,138	98,949	0	197,898	188,438
Support costs	10	26,085	118,834	144,919	0	289,838	261,094
		<u>77,956</u>	<u>374,699</u>	<u>436,838</u>	<u>4,562</u>	894,055	<u>798,807</u>

9 Governance costs

	Notes	2007 £	2006 £
Staff costs	12	4,414	4,967
Accountancy		8,080	13,815
Audit		7,650	7,300
Travelling		7,147	4,550
Support costs	10	15,617	14,380
		42,908	45,012

10 Support costs

	Notes	Museum and visitor centre operations £	Governance costs £	2007 £	2006 £
Staff costs	12	152,627	0	152,627	157,512
Training		1,850	0	1,850	174
Health and safety		2,721	0	2,721	1,954
Rent and rates		5,091	599	5,690	4,583
Insurance		18,031	6,440	24,471	20,976
Light and heat		13,720	1,614	15,334	7,328
Cleaning and sundry		0	0	0	4,098
Repairs and renewals		66,445	0	66,445	42,494
Printing, postage and stationery		8,497	3,024	11,521	13,297
Telephone		4,942	1,766	6,708	7,220
Bank charges		4,269	0	4,269	3,608
Legal and professional		3,350	2,174	5,524	2,153
Subscriptions		832	0	832	838
Equipment rentals		7,463	0	7,463	9,239
		<u>289,838</u>	<u>15,617</u>	<u>305,455</u>	<u>275,474</u>

11 Total resources expended

	Staff costs £	Other costs £	Depreciation £	Total 2007 £	Total 2006 £
Costs of activities in furtherance of the objects of the charity	496,427	199,730	197,898	894,055	798,807
Costs of generating funds	0	71,673	0	71,673	79,484
Governance costs	4,414	38,494	0	42,908	45,012
Notional charges	0	39,515	0	39,515	39,730
Total – charity	<u>500,841</u>	<u>349,412</u>	<u>197,898</u>	<u>1,048,151</u>	<u>963,033</u>
Trading subsidiary	28,880	70,991	0	99,871	97,404
Total – group	<u>529,721</u>	<u>420,403</u>	<u>197,898</u>	<u>1,148,022</u>	<u>1,060,437</u>

12 Staff costs

	Note 8 £	Note 9 £	Note 10 £	2007 £	2006 £
Staff costs					
Wages and salaries				433,840	415,022
Social security costs				36,926	35,227
Pension costs				30,075	30,551
Total – Charity	343,800	4,414	152,627	500,841	480,800
Trading Subsidiary				28,880	26,964
Total – Group				<u>529,721</u>	<u>507,764</u>

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

The average number of employees, analysed by function, was

	2007	2006
Education	3	3
Care of collections	2	2
Visitor services	12	16
Support	6	7
	<u>23</u>	<u>28</u>

13 Tangible fixed assets

Charity	Land and buildings £	Plant and machinery £	Fixtures, fittings and equipment £	Heritage assets £	Total £
Cost or valuation					
At 1 April 2006	4,274,773	544,953	812,971	60,541	5,693,238
Additions	0	0	82,872	21,287	104,159
Revaluation	84,227	14,074	28,040	0	126,341
At 31 March 2007	<u>4,359,000</u>	<u>559,027</u>	<u>923,883</u>	<u>81,828</u>	5,923,738
Depreciation					
At 1 April 2006	305,437	66,744	164,588	0	536,769
Revaluation	(423,882)	(126)	5,152	0	(418,856)
Charge for the year	118,445	24,693	54,760	0	197,898
At 31 March 2007	<u>0</u>	<u>91,311</u>	<u>224,500</u>	<u>0</u>	315,811
Net book values					
At 31 March 2007	<u>4,359,000</u>	<u>467,716</u>	<u>699,383</u>	<u>81,828</u>	5,607,927
At 31 March 2006	<u>3,969,336</u>	<u>478,209</u>	<u>648,383</u>	<u>60,541</u>	5,156,469

Group	Land and buildings £	Plant and machinery £	Fixtures, fittings and equipment £	Heritage assets £	Total £
Cost or valuation					
At 1 April 2006	4,274,773	544,953	822,754	60,541	5,703,021
Additions	0	0	83,316	21,287	104,603
Revaluation	84,227	14,074	28,040	0	126,341
At 31 March 2007	4,359,000	559,027	934,110	81,828	5,933,965
Depreciation					
At 1 April 2006	305,437	66,744	174,371	0	546,552
Revaluation	(423,882)	(126)	5,152	0	(418,856)
Charge for the year	118,445	24,693	54,779	0	197,917
At 31 March 2007	0	91,311	234,302	0	325,613
Net book values					
At 31 March 2007	4,359,000	467,716	699,808	81,828	5,608,352
At 31 March 2006	3,969,336	478,209	648,383	60,541	5,156,469

Land and buildings were valued as at 31 March 2007 on the basis of depreciated replacement cost. The valuation was undertaken by DJH Reddy FRICS MCI Arb of Messrs Hellier Langston.

14 Investments

	Charity		Group	
	Listed £	Unlisted £	Listed £	Unlisted £
Market value or cost at 1 April 2006	16,100	2	16,100	0
Acquisitions at cost	0	0	0	0
Disposals at opening book value	0	0	0	0
Net unrealised gains/(losses)	4,900	0	4,900	0
Market value or cost at 31 March 2007	21,000	2	21,000	0
Historical cost at 31 March 2007	11,230	2	11,230	0
Market value or cost at 31 March 2006	16,100	2	16,100	0
Historical cost at 31 March 2006	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% of the issued share capital of RNSM Enterprises Limited.

15 Stocks

	2007	Group	2006	Group
	Charity £	£	Charity £	£
<i>The amounts attributable to the different categories are as follows</i>				
Goods for resale	0	34,028	0	40,113

16 Debtors

	2007		2006	
	Charity	Group	Charity	Group
	£	£	£	£
Amounts due within one year				
Social Security and other taxes	1,581	1,581	10,548	9,915
Other debtors	0	0	1,024	504
Prepayments and accrued income	48,259	48,259	77,371	77,371
Amounts owed by RNSM Enterprises Ltd	6,151	0	0	0
	55,991	49,840	88,943	87,790

17 Cash at bank and in hand

	2007	2006
Unrestricted funds	621,027	436,054
Centennial fund	9,270	6,648
Development fund	114,579	156,282
Non-public funds	744,876	598,984
Public funds	(154,156)	(2,159)
Cash at bank and in hand - Charity	590,720	596,825
Trading Subsidiary	19,235	7,367
Cash at bank and in hand – Group	609,955	604,192

18 Creditors: amounts falling due within one year

	2007		2006	
	Charity	Group	Charity	Group
	£	£	£	£
Trade creditors	5,051	5,051	35,133	35,551
Other taxes and social security	11,279	13,051	11,071	11,716
Other creditors	2,693	2,693	2,492	2,492
Accruals	86,879	90,585	89,287	95,375
Deferred income	0	2,884	0	0
	105,902	114,264	137,983	145,134

19 Restricted funds – Charity

	1 April 2006	Incoming	Outgoing	Transfers	31 March 2007
	£	£	£	£	£
Grant in Aid (operating)	1,082,293	645,602	(642,819)	0	1,085,076
Grant in Aid (purchases)	37,363	18,000	(2,069)	0	53,294
Centennial Project	93,728	18,924	(5,439)	0	107,213
Development fund	3,681,990	599,182	(142,658)	0	4,138,514
	4,895,374	1,281,708	(792,985)	0	5,384,097

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

20 Analysis of net assets between funds

	Tangible fixed assets £	Investments £	Net current assets £	31 March 2007 Total £	31 March 2006 Total £
Restricted funds					
Grant in Aid (operating)	1,204,005	0	(118,929)	1,085,076	1,082,293
Grant in Aid (purchases)	71,172	0	(17,878)	53,294	37,363
Centennial Fund	76,943	21,000	9,270	107,213	93,728
Development Fund	4,088,060	0	50,454	4,138,514	3,681,991
	5,440,180	21,000	(77,083)	5,384,097	4,895,375
Unrestricted funds – Charity	167,747	2	617,892	785,641	824,982
	5,607,927	21,002	540,809	6,169,738	5,720,357
Non charitable trading funds	425	(2)	38,750	39,173	39,173
Total net assets – Group	5,608,352	21,000	579,559	6,208,911	5,759,530

21 Commitments and contingent liabilities

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

Contingent liabilities

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

22 Other commitments

	Land and buildings 2007 £	Other 2007 £	Land and buildings 2006 £	Other 2006 £
<i>Expiry date</i>				
Within one year	0	0	0	432
<i>Over one year</i>				
Between two and five years	0	5,432	0	3,933
In more than five years	0	0	0	0
	0	5,432	0	4,365

23 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 £10,000 (2006: £36,000) to the Museum.

The Museum's Webmaster, Gavial, is owned by Mrs Annabel Tall, the daughter in law of the Museum's director. During the year the Museum and its trading subsidiary paid £1,235 (2006: £1,440) for her services. Mrs Tall does not hold a contract of employment with the Museum; she is paid on the basis of work performed at rates that are considered the market norm. It should be noted that, although Mrs Tall's services were not obtained on the basis of competitive tender, she did provide services gratis during the set up of the Museum's website. She is considered value for money and her occasional paid work for the Museum has the full support of the Trustees.

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 is not exempt, but had a corporation tax liability of £Nil as at 31 March 2007 (2006: £Nil).

25 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 £30,075 (2005-2006 £30,551), 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 are at rates in the range 17.1 to 26.5 per cent of pensionable pay, based on salary bands.

26 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	
2006-2007	339,800	562,000	62	38	Actual
2006-2007	229,000	558,000	71	29	Budget
2005-2006	443,000	548,500	55	45	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 31 March 1998 and subsequent financial years comprising
 - a a foreword;
 - b a 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; and
 - 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 FRS 3.
- 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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