

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

Royal Naval Museum Account 2009-2010

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Royal Naval Museum Account 2009-2010

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED ON 26 JULY 2010

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Reference and administrative details

Address of the charity

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

Accountants and trading subsidiary auditors

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

Auditors

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

Bankers

National Westminster Plc
130 Commercial Road
Portsmouth
Hampshire
PO1 1ES

Investment portfolio

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

Solicitors

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

Trustees

A Board of Trustees under the chairmanship of Admiral Sir Peter Abbott GBE KCB governs the Royal Naval Museum. The Museum is a registered charity within the meaning of the Charities Act 2006, which places on Trustees the responsibility for the effective and economical management of the Trust and the stewardship and care of the collections.

Trustees are appointed to the Board in strict accordance with the guidance laid down by the Office of the Commissioner for Public Appointments. This procedure includes the obtaining of nominations from a variety of sources, including advertising and liaison with the Public Appointments Unit, the vetting of nominations by a panel normally comprising the Chairman of Trustees, a senior civil servant from the sponsoring Department (MoD) and an independent member. A panel of the Trustee body normally interviews prospective Trustees. The sponsor branch for the Naval Museums, CNS-Heritage is closely involved in all stages of the selection process. Other than those appointed as ex-officio members of the Board, Trustees are normally appointed for a period of five years. Trustees, at the discretion of the Board, and in consultation with the MoD sponsor, however may be reappointed for a second and final five-year term.

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

The following people served as the Museum's Trustees during 2009-2010

Chairman

Admiral Sir Peter Abbott GBE KCB (until 17.02.10)

Ex-officio Trustees

Naval Secretary
Naval Base Commander

Rear Admiral Charles Montgomery (until 17.02.10)
Commodore Rob Thompson RN (until 17.02.10)

Representative Trustees

The Society for Nautical Research
City Council of Portsmouth
National Maritime Museum
Society of Friends of the Royal Naval Museum

Professor R Harding (until 17.02.10)
Mr S Baily (until 17.02.10)
Dr R Blyth (until 17.02.10)
Commodore P Wykeham-Martin (until 30.10.09)
Admiral Sir Jonathon Band (Between 30.10.09 and 17.02.10)

Other Trustees

Captain W Alexander RN (until 17.02.10)
Miss A Dixon (until 17.02.10)
Mr M Gambazzi (until 17.02.10)
Miss V Hardman (until 17.02.10)
Mr B Miller (until 17.02.10)
Commodore T Morton RN (until 17.02.10)
Mr K Robinson (until 17.02.10)

Sole Corporate Trustee

National Museum of the Royal Navy (from 17.02.10)

Accounting Officer, NMRN

Dr D Tweddle

Chief Operating Officer

Mr G Dobbin

Structure, governance and management

History

The consolidated accounts for the Royal Naval Museum, Portsmouth are presented for the financial year ended 31 March 2010. The Group comprises the main charity and its subsidiary undertakings, the Royal Naval Museum Trading Company Limited and RNM Functions Limited. These accounts, which also incorporate the results of the Museum's interest in Flagship Portsmouth Trust, the site services management company for the Historic Dockyard, are prepared in accordance with a direction given by the Secretary of State for Defence under Section 30(3) of the National Heritage Act 1983 and law applicable to charities in England and Wales and the Statement of Recommended Practice: Accounting for Charities issued in 2005.

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

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

Organisational structure

The Board of Trustees which meets three times a year governs the Museum. There are five Trustee working parties in existence

- Curatorial and Interpretation;
- Development;
- Finance and Personnel;
- Income; and
- NMRN Matters.

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

The day to day management of the Museum is therefore currently headed by the Chief Operating Officer (Chief Executive) who also acts as Head of Internal Resources and supported by the Senior Management Group (Head of External Affairs and Head of Research Collections) who follow a collegiate method of management.

Trustees are responsible for a wide body of matters, such as endorsing the annual budgets, agreeing the annual accounts, endorsing the variety of Museum policies such as the collecting policy, the disaster plan and the H & S policy which are in existence and reviewing matters contained within these policies at least on an annual basis, endorsing the long-term developmental plans for the Museum and setting the policy for the museum's relationships with external bodies such as the other three naval museums, Portsmouth Historic Dockyard Limited and the National Museum of the Royal Navy. Once Trustees have reached a decision on such issues, management is then delegated to the Museum staff who will act on these instructions and will continually report back to Trustees on developments – if a significant change is required to what Trustees have agreed these will be returned to the full board for further discussion and endorsement.

Trustee induction and training procedures

A formal induction process for Trustees has now been introduced which combines a large pack of background reading material including items such as the Trust Deed, copies of minutes of recent meetings, a copy of the Charity Commission publication 'The Essential Trustee: what you need to know', a copy of the Museum's corporate plan and a copy of the Museum Association publication 'Code of Ethics for Trustees' with a day visit to the Museum to meet key members of staff and to discuss current issues. Recent appointees have confirmed their satisfaction with this process.

Related parties

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

Objectives and activities

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

In pursuit of this Mission, the Aims of the Museum are to provide an effective and accessible repository both now and in the future for the heritage of the Royal Navy and to raise public awareness of the history of the Service, whilst encouraging scholarship and research into naval history. These aims have been defined as relating primarily to the surface ships and personnel of the Royal Navy, although the Museum also provides overall coverage of the Navy's story – and works closely with the three 'branch' naval museums to promote a unified approach to naval history. So, for example, in 2007-2008, the four naval museums collaborated in a major joint special exhibition to commemorate the 25th anniversary of the Falklands war (see 'Exhibitions' below) and they also worked closely together on the *Sea Your History* project.

The Museum has a Three Year Plan, which outlines in detail the activities that will be undertaken in order to achieve the Museum's aims. This plan is reviewed and updated annually by management and Trustees.

Achievement and performance

Visitors

The new counting system established in 2007 to enable an accurate total of visitors to be derived from the visits made to each of the Museum's buildings is now working well. The total number of visitors to the Museum in 2009-2010 was 196,545 (182,635, 2008-2009). This reflects the buoyancy that many UK visitor attractions enjoyed during 2009 due to a marked decline in overseas travel by the British public in the recession. Whether this buoyancy will last remains to be seen and the Museum is taking a cautious approach in its forecasting for 2010-2011.

Curatorial Department 2009-2010

The routine work of the department of giving talks, receiving visiting groups, research and collection management has continued as usual.

In addition development work on a number of projects generated by the National Museum of the Royal Navy has been undertaken including e.g. the collection onboard HMS Caroline, the future of the Devonport Collection, proposals for a new NMRN website.

Exhibitions and projects

There have been no new permanent or special exhibitions opened this year.

A significant amount of staff time has been devoted to developing the content for a new Heritage Centre at HMS Raleigh, at Torpoint in Cornwall. This will be aimed principally at new entrants and provides an introduction to the Navy's heritage and also focuses on how this demonstrates the core naval values of: discipline, courage, loyalty, commitment and respect for others. 80 per cent of the graphic content is complete, as well as three digital inter-actives: a 'Timeline of Naval History, 897-2010', 'Voices of Experience' an oral history resource, and 'Take the Challenge' which asks users to make choices based on real historic scenarios.

Collections

The Museum has added over 100 accession groups to its permanent collections. One loan of note received was the Victoria Cross, DSC, etc of Commander Crutchley, HMS Vindictive raid on Ostend, 1918.

In addition the future of the Tom Ferrers-Walker collection of WWII ship relics was settled this year. This was the last sizeable loan collection in the Museum and had been here since the 1980s. Unfortunately, the owners needed to sell the collection, but the Museum was able to acquire 23 key items from the collection at a cost of £15,600 which will be important for the future C20th Wing. Items include: the name board of HMS Duke of York, battle honour scrolls from HMS Formidable.

The transfer of computer catalogue records for all artefacts and WRNS collection items to our single collections database is now finished. This completes about four years of work and means we now have *all* catalogued collections accessible with a single search – this covers 114,000 catalogue records. This is a major achievement and will greatly assist with collections management.

The part-time Documentation Assistant is continuing work on the photographic collection to make sure retrospective documentation remains on target.

Access

The Library received 859 visitors (758 in 2008-2009) and 875 library and manuscript items were produced from reserve collections for research use (575 in 2008-2009).

Library staff answered a total of 3014 enquiries (2927 in 2008-2009).

Volunteers

The Museum continues to have an increasing, and increasingly active, number of volunteers. Volunteers are assisting with work on photographic, uniform, oral history, library and manuscript collection. A number work regularly as part of the Learning Department assisting with workshops and activities. Others are on-call to help with specific events and the Museum's 1911 steam pinnace continues to be run entirely from a pool of volunteers.

Learning and audience development 2009-2010

The Museum continues to offer both Formal and Informal Learning programmes to a wide range of audiences – please refer to Learning Policy. In addition to this, in May 2009 the department took on the management and delivery of HMS Victory's formal and informal learning provision.

Formal learning

The Formal Learning Programme consists of 18 workshops for pre-school to A level linked to the art, citizenship, English, history, geography, mathematics and science curricula plus 2 annual special events 'Sea your World' Early Years Week, for pre-school and foundation stage groups and 'Witness to history' for Key Stage 2 and 3. In addition, it provides pre-visit and outreach activities, Teachers Packs, a Loan Box service as well as trails and activity sheets for use with self-guided Discovery Visits.

Between April 2009 and March 2010 a total of **16,716** British pupils took part in teacher-led Discovery Visits. In addition to this a further **23,754** foreign language school pupils visited.

Over the last year, the number of formal learning workshops delivered to schools by the Royal Naval Museum was **142**, equating to **4,930** pupils. This represents a 25 per cent increase on last year and is higher than expected given current economic climate.

The department delivered a further **80** workshops to a total of **2,400** pupils onboard HMS Victory. The combined total of workshops delivered over the last year is therefore **222** – equivalent to **7,330** pupils.

Special events – *Early Years Week, World Discovery Week, Witness to History* – attracted a further **661** participants and an additional **28** sessions were delivered to **784** participants taking part in special projects (see below).

This brings the total number of school-age participants in a taught sessions led by the Learning Department in 2009-2010 to **8,775**.

Evaluation shows that 82 per cent of schools rate the quality, enjoyment and learning value of the service as 'excellent', 15 per cent rate it as 'very good' and the remaining three per cent as 'good'.

Other services offered to schools in 2009-2010 include

- The new National Museum of the Royal Navy and HMS Victory *Learning Voyages* brochure
- The *Face to Face: Documenting Experiences of Conflict* special project (see below)
- The *Chasing Freedom Teachers Pack* funded by the Heritage Lottery Fund and DPR(N), which was written in-house and mailed out to **800** schools across the South East.

In addition to schools, the Learning Manager also delivers sessions to Portsmouth University (Initial Teacher Training, History and Museum Studies departments), Chichester University (MA in Tourism Interpretation course and Initial Teacher Training courses) and the University of Winchester (History Department and Museum Studies course).

Informal learning

In terms of Informal Learning, the department continues to develop its services for families and the local community. In total approximately, **4,212** participants took part in Informal Learning activities directly delivered by the Learning Department last year.

The Holiday Activities programme attracted **2,636** participants to **22** events last year. In addition the Department once more delivered activities for the *Children's University* out-of-school programme to **75** children and ran special projects for families (see below) in Buckland, Paulsgrove and Portsea.

The department also developed the new Family Space funded by the Society of Friends launched May 2009, accompanied by a new *Young Explorers* gallery trail.

The department has run a total of **21** outreach and onsite activities – total **351** participants – with community groups including the Friday Club at the John Pound Community Centre, St Dunstons, the African Women's Forum, the Towns Women's Guild, the Frank Sorrel Centre and Portsmouth Disability Forum. An additional **400** local people and veterans attended our annual Armed Forces Day event in June. The Buckland Community Road Show (see below) took place in February with **350** attendees.

Finally, in conjunction with the curators, the Learning Department has also developed a new events programme and leaflet for 2010 funded by The Society of Friends.

Special projects

During the last year the learning department successfully gained external funding for three special projects

Face to Face: Documenting experiences of conflict – an intergenerational film project with schools and naval veterans. Funded by *Their Past, Your Future Big Lottery Fund*, outcomes include a DVD with veteran interviews, 10 Remembrance Kitbags complete with activity sheets, and a new workshop all for use with schools and community groups.

Sea your World – a family outreach project with Paulsgrove Children's Centre and John Pound Community Centre funded by *PUSH 4 Culture – Find your Talent*. Over **400** children, parents and carers took part in a range of drop-in activities.

Sealife – an arts project and Community Road Show with 3 schools, local families and residents from the Buckland area of Portsmouth. Funded by *PUSH 4 Culture – Find your Talent*, **90** pupils took part in the arts project and **350** people attended the community Road Show organised by the department. Other museum's attending the Road Show included the Mary Rose Museum, HMS Warrior, the Royal Navy Submarine Museum and Portsmouth City Museum. This project has been selected nationally as a case study example of best practice by *Find Your Talent*.

General

Over the last year the department has trained three new freelance staff to deliver sessions on HMS Victory and established a team of five fully trained Learning Volunteers to assist with Formal and Informal learning activities.

The Learning Manager also took part in the *Their Past, Your Future, Challenging History* project.

The department continues to liaise with DPR(N) and the MoD (see above) on the Defence Dynamics project as well as BRNC for which we organise heritage visits as part of Senior Upper Yardsmen training – **nine** delivered to approximately **200** naval personnel last year. We have also run **eight** behind the scenes tours for Portsmouth-based naval personnel.

Conferences and lectures

The Museum has contributed to events across the Historic Dockyard like Model Boat Weekend and Heritage Open Days, and has organised a number of its own e.g. the John Warsop Memorial Lecture on 'British Warship Figureheads' and the 'Patrick O'Brian Weekend'.

There have been numerous specialist groups given tours behind the scenes e.g. from University of the Third Age, ship association or RNA branches. Staff have also made visits or contributions to: Guildford Sea Cadets, the WRNS Association AGM, the BBC's regional 'A History of the World' event

The Museum has also been a venue, playing host to events organised by others, notably: the launch of the Society for Nautical Research's Centenary, the UK Maritime Heritage Forum, and SNR South's 'Fireships Reignited' conference.

Income generation

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

With the support of Trustees and Senior Managers, the Museum has also worked hard to widen its supporters base and income streams and as a consequence (amongst other things) has begun to develop relations with Naval Associations, begun to work on a Legacy Campaign, taken a more pro active approach to PR, put together a series of events – including three arena events – throughout the year and is actively considering new media such as Facebook and Twitter. Work on all of these areas will continue throughout 2010-2011.

The development project

As mentioned briefly in last year's report, the Museum learnt in May that its second bid to the Heritage Lottery Fund for a major grant in support of its capital development project had been unsuccessful.

This was particularly unfortunate, as a lunch graciously hosted in June at Buckingham Palace by the Museum's President, HRH The Princess Royal, attracted a number of potential major donors.

At their October meeting, Trustees reconfirmed their commitment to the objective of delivering a series of new exhibitions on the Navy in the 20th Century. This commitment was subsequently endorsed by the Trustees of the National Museum of the Royal Navy. Staff reviewed the project and refined its costs to approximately £3.8 million. It was also agreed that the Museum should undertake a selection process for the Exhibition Designer and this was completed in March, with the appointment of Redman Design. The designers' first task will be to produce outline designs, with appropriate illustrations, which will support the fundraising effort through 2010.

National Museum of the Royal Navy

The National Museum of the Royal Navy legally came into being on 14 October 2008, and its first Director General (Dr Dominic Tweddle) took up post on 5th January 2009. The work plan for the NMRN envisaged the creation of a strategic plan together with a business plan in the first half of 2009. This would allow the four constituent Service

museums to take their individual decisions whether or not to join the new structure towards the end of 2009. The shape of the NMRN would thus be set by early 2010, thereby meeting the head mark set by the Naval Heritage Strategy. This work plan envisaged that whatever the final structure decided upon, it would allow the individual museums to be part of the NMRN while still retaining their individual identities.

The untimely death of Dr Colin White, Director of the RNM, impacted on this work plan and in January 2009 Trustees of the RNM decided not to immediately advertise for a successor, instead appointing Mr. Graham Dobbin as Acting Director. At the same time they asked Dr. Tweddle, to report to them with the brief

'To consider the most effective way forward for the RNM to achieve its declared objectives and evaluate the development and ongoing needs of the RNM, consulting with the Acting Director, management team, Trustees and others as deemed appropriate and to report to the RNM Trustees in April 2009.'

The Trustees' NMRN Working Party met on 3 April 2009 and considered the Report prepared by Dr Tweddle, Captain John Rees and Mr Graham Dobbin. The working party recommended to the full Board of Trustees that the best option for the Royal Naval Museum at this time is integration with the National Museum of the Royal Navy and that this should be achieved as quickly as possible. The recommendation was further endorsed by the Trustees Finance and Personnel Working Party.

When the full Board of Trustees met on 10 April 2009, they discussed and reviewed the papers prepared by Dr Tweddle and the recommendations coming from the two Working Parties described above.

After full discussion, Trustees endorsed the recommendation that integration with the NMRN was the best option for the Royal Naval Museum at this time and that this should be achieved as quickly as possible although subject to the usual Due Diligence exercise. The agreed route for this was 'Dissolution and Transfer'. Dr Tweddle and Mr Dobbin were asked to report back to the July meeting of Trustees with a clear timetable detailing how this could be achieved – no deadline was placed on the dissolution but it was hoped that this could be achieved by 31 March 2010 at the latest.

In the event, it became apparent that 31 March 2010 was simply not achievable and therefore in October 2009 Trustees took the decision to designate the National Museum of the Royal Navy as Sole Corporate Trustee of the Royal Naval Museum as a 'stepping stone' towards full integration which is currently planned for mid 2011. The Charity Commission formally sealed the Scheme on 17 February 2010. Mr Dobbin was confirmed as Chief Operating Officer, RNM in July 2009.

Social, community and environmental issues

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

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

Risks and uncertainties facing the Royal Naval Museum

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

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

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

Financial review

Results for the year ended 31 March 2010

Total incoming resources for the Group in 2009-2010 amounted to £1,788,190 (2008-2009 £1,897,052). Total resources expended amounted to £2,020,240 (2008-2009 £2,144,499). After adjustment for notional charges and other recognised gains and losses totalling £166,240 (2008-2009 £138,194), the net movement in funds for the year was a decrease of £65,810 (2008-2009 decrease £109,253).

The Group's net assets as at 31 March 2010 amounted to £4,474,631 (31 March 2009 £4,540,441).

Underlying message

After stripping out items such as depreciation and the various subsidiary bodies, the Royal Naval Museum recorded a small deficit of £14,000 – about one per cent of its total expenditure. Given increased expenditures on legal costs and leases this is a good result although, obviously, deficits cannot continue to be recorded.

Visitor numbers to the Historic Site as a whole have shown a steady decline in the last five years *although*, interestingly, visits to the Museum increased by seven per cent over 2008-2009. There is a complicated method of distributing ticket income between the Historic Dockyard partners which is constantly under review as are ticket prices and the shape that the offer takes. Such reviews are clearly bearing fruit in that whilst numbers to the Dockyard as a whole have declined income has increased.

The depth of work undertaken and produced by staff at the Museum, as reported on above, is indicative of the good shape that the Museum is in and the dedication of a relatively small, but hard working, staff throughout all Museum Departments. The arrival of NMRN has challenged much that has gone before and is beginning to move the Museum into new areas of work such as the HMS Raleigh Project *but* these challenges have been met and will be met as the Museum, and the National Museum move forward, constantly developing and evolving.

Changes in fixed assets

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

Policy on unrestricted reserves

The Trustees continually monitor the levels of the Charity's reserves, defined for the purposes of this policy as the amounts shown as 'Investments' and 'Net Current Assets' in the accounts of the Charity, and which are attributable to Unrestricted Funds. As at 31 March 2010, the level of the Museum's reserves stood at £272,895 (31 March 2009 £293,059).

The Museum needs to retain a viable reserve in order to

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

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

Investment policy

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

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

As set out in the previous paragraph, the Museum's primary objective for the performance of its investment portfolio is to provide a low risk depository, generating a relatively secure and modest income stream. During the year the Museum received £5,288 in Investment income. The value of the portfolio increased from £246,893 to £265,924.

Payment of creditors

The Museum aims to settle all undisputed bills within 30 days of receipt or in accordance with the supplier's terms of business. The Museum's actual payment performance during 2009-2010 was that these criteria were met in 98.04 per cent of all bills paid (2009-2010 98.5 per cent).

Sickness absence data

The Royal Naval Museum employs 52 members of staff (34.5 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 2009-2010, there were 686 (full time equivalent) days lost to sick absence of which 522 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 2009-2010 or in the previous 5 financial years. An incident is defined as a loss, unauthorised disclosure or insecure disposal. Protected personal data is information that links an identifiable living person with information about them which, if released, would put the individual at significant risk of harm or distress; the definition includes sources of information that because of the nature of the individuals or the nature, source or extent of the information, is treated as protected personal data by the Museum.

Policy on the employment of disabled persons

The Museum is committed to managing staff solely on the basis of actual performance in the job, and considering new applicants solely on the basis of ability to do the job. The Museum follows MoD and civil service guidelines on such practices and, in particular, has taken the contents of the MOD Civilian Equal Opportunities Policy Statement with reference to the Equality and Diversity Policy Declaration as its Equal Opportunities Policy.

Consultation with employees

Senior management communicate with staff through informal twice-weekly staff briefings, as well as through regular departmental meetings, informal meetings and internal memoranda. The Chief Operating Officer also holds a regular 'Chief Operating Officer's Forum' at which he briefs all staff on a wide range of matters affecting the Museum and answers questions from them. The Museum introduced a formal staff forum in 2009; this has met regularly throughout the period.

Post balance sheet events

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

Auditors

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

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

Plans for future periods

In 2010-2011, the Museum will continue to progress Phase II of its Development Plan and anticipates making an application at regional level to the Heritage Lottery Fund early in 2010-2011. Fundraising will continue for the capital project, while at the same time steps are taken to strengthen the Museum's income generation activity.

Further plans include

- A concerted effort to raise the Museum's profile nationally as the HQ for the national Museum of the Royal Navy;
- The re-branding exercise (Royal Naval Museum into National Museum of the Royal Navy) will commence;
- Further development of the supporter database; and
- Enhancement of corporate hospitality and retail income through the appointment of a full-time Enterprise Manager.

Admiral Sir Peter Abbott GBE KCB
On behalf of the Board of Trustees
25 June 2010

Dr Dominic Tweddle
Accounting Officer, NMRN
25 June 2010

Remuneration report

Remuneration policy

The Chief Operating Officer of the Royal Naval Museum is an employee of the Board of Trustees. Until August 2006, their salary was determined centrally as part of the annual MOD pay negotiations.

Salary and pension entitlements (subject to audit)

Mr G Dobbin, was appointed Acting Director of the Royal Naval Museum on 21 January 2009, following the death of Dr C White; he has been employed by the Royal Naval Museum in other roles since 1 January 1993. Mr Dobbin was confirmed as Chief Operating Officer in July 2009. Trustees decided not to make this appointment subject to a fixed-term. Standard age for retirement from the Museum remains at 65 although requests can be made to work beyond this point, each request being considered on a case by case basis. As a member of the Principal Civil Service Pension Scheme, Mr Dobbin would be entitled to standard Civil Service severance packages if Trustees terminated his contract prematurely. Mr Dobbin had a basic salary during the year ended 31 March 2010 of £54,221 per annum and received a salary of £57,139 while in the position of Chief Operating Officer. The Chief Operating Officer's pension (net of inflation) increased by £1,421 in the year, with his total accrued pension now being £56,684 as an ordinary member of the Principal Civil Service Pension Scheme.

The Chief Operating Officer's CETV as at 31 March 2010 was £345,000.

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

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

For 2009-2010, for the Museum as a whole, employer's contributions of £22,245 were payable (2008-2009 £34,292) at rates in the range 16.7 to 24.3 per cent of pensionable pay, based on salary bands. Employer contributions for PCSPS were reviewed in 2007-2008. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred and reflect past experience of the schemes.

Pension benefits

Pension benefits are provided through the Principal Civil Service Pension Schemes (PCSPS). This scheme is an unfunded multi-employer defined benefits schemes but the Royal Naval Museum is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out as at 31 March 2003. Details can be found in the resource accounts for these schemes, which are published and laid before the House of Commons.

Remuneration report

Principal Civil Service Pension Scheme (PCSPS)

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefits 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.

Admiral Sir Peter Abbott GBE KCB
On behalf of the Board of Trustees
25 June 2010

Dr Dominic Tweddle
Accounting Officer, NMRN
25 June 2010

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 Naval Museum's financial activities and of its financial position at the end of the year.

In preparing financial statements giving a true and fair view, the 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 Accounting Officer for the National Museum of the Royal Navy (NMRN) also has responsibility for the propriety and regularity of expenditure from Grant provided by the NMRN to the Royal Naval Museum.

Statement on Internal Control

Scope of responsibility

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

I, as Accounting Officer of the NMRN, have responsibility ensuring a sound system of internal control that supports the achievement of the Royal Naval Museum's policies, aims and objectives set by the 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 Body.

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Royal Naval Museum's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Royal Naval Museum for the year ended 31 March 2010 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Capacity to handle risk

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

The risk and control framework

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

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

Defence Internal Audit undertook the Internal Audit in the current financial year.

Review of effectiveness

The review of the effectiveness of the system of internal controls is exercised through the Finance and Personnel Working Party (Audit Committee) of the Board of Trustees. This sub-group, which tends to meet quarterly, is chaired by the Deputy Chairman of the Board of Trustees and membership includes an additional four of the Museum's Trustees, with Museum officers in attendance, as required. The working party reports directly to the Board of Trustees. This working party has visibility across the whole sphere of Museum internal management and is well placed to assess the effectiveness of internal controls and management of risk. Staff have been made aware of the existence of the Risk Register; this has been reviewed periodically by the Finance and Personnel Working Party who are content that it remains up to date and relevant.

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

Admiral Sir Peter Abbott GBE KCB
On behalf of the Board of Trustees
25 June 2010

Dr Dominic Tweddle
Accounting Officer, NMRN
25 June 2010

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

I have audited the consolidated financial statements of the Royal Naval Museum Group for the year ended 31 March 2010 under the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2003. These comprise the Consolidated Statement of Financial Activities, the Group and Museum Balance Sheet, the Consolidated 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 are responsible for preparing the Trustees Report, which includes the Remuneration Report, and the financial statements in accordance with the Charities Act 1993 and directions made thereunder by the Secretary of State for Defence and for ensuring the regularity of financial transactions funded by Grant from the National Museum of the Royal Navy. These responsibilities are set out in the Statement of Board of Trustees' responsibilities.

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

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Charities Act 1993 and directions made thereunder by the Secretary of State for Defence. I report to you whether, in my opinion, the information, which comprises the Financial Review, included in the Trustees Report, is consistent with the financial statements. I also report whether in all material respects the expenditure and income funded by Grant from the National Museum of the Royal Navy have been applied to the purposes intended and the financial transactions conform to the authorities which govern them.

In addition, I report to you if the Royal Naval Group 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 Naval Group'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 Naval Museum corporate governance procedures or its risk and control procedures.

I read the other information contained in the Trustees Report and consider whether it is consistent with the audited financial statements. This information comprises the Financial Review. 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 Royal Naval Museum Group and the Trustees in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Royal Naval Museum 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 and income funded by Grant from the National Museum of the Royal Navy have been applied to the purposes intended 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 Naval Museum and the group's affairs as at 31 March 2010 and of the incoming and application of resources of the group for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Charities Act 1993 and directions made thereunder by the Secretary of State for Defence; and
- information, which comprises the Financial Review, included within the Trustees Report, is consistent with the financial statements.

Opinion on regularity

In my opinion, in all material respects, the incoming and outgoing resources funded by Grant from the National Museum of the Royal Navy 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 CE Morse
Comptroller and Auditor General

12 July 2010

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

Statement of Financial Activities for the year ended 31 March 2010

	Notes	Unrestricted funds £	Grant funds £	Other Restricted £	2010 Total £	2009 Total £
Incoming resources						
Incoming resources from generated funds						
Voluntary income						
Grant (operating)	2	0	1,016,798	0	1,016,798	1,023,166
Grant (capital)	2	0	21,975	0	21,975	19,000
Other donations and grants	2	63,418	0	163	63,581	183,739
Legacies	3	6,196	0	0	6,196	2,442
Incoming resources from charitable activities						
Admissions		342,683	0	0	342,683	325,929
Income of trading companies and share of joint venture	4	669,598	0	0	669,598	647,191
Income from investments	5	5,288	0	0	5,288	8,219
Other incoming resources	6	40,440	37	1,637	42,114	43,111
Total incoming resources		1,127,623	1,038,810	1,800	2,168,233	2,252,797
Deduct share of joint venture income		(380,043)	0	0	(380,043)	(355,745)
		747,580	1,038,810	1,800	1,788,190	1,897,052
Resources expended						
Cost of generating funds	7	(100,336)	(14,543)	0	(114,879)	(81,661)
Expenses of trading companies	4	(283,972)	0	0	(283,972)	(326,616)
Charitable activities						
Museum and visitor operations	8	(329,733)	(970,154)	(194,767)	(1,494,654)	(1,639,300)
Governance costs	9	(73,246)	(43,415)	0	(116,661)	(88,910)
Notional charges		0	(10,074)	0	(10,074)	(8,012)
Total resources expended		(787,287)	(1,038,186)	(194,767)	(2,020,240)	(2,144,499)
Net incoming/(outgoing) resources before transfers						
		(39,707)	624	(192,967)	(232,050)	(247,447)
Transfers between funds		1,370	0	(1,370)	0	0
Adjustment for notional charges		0	10,074	0	10,074	8,012
Net incoming/(outgoing) resources before gains and losses on revaluations and disposals		(38,337)	10,698	(194,337)	(221,976)	(239,435)
Other recognised gains and losses						
Realised gains/(losses)						
Net gain on sale of investments		(737)	0	0	(737)	(95)
Share of results of Joint Venture		47,786	0	0	47,786	(8,920)
Unrealised gains/(losses)						
Revaluation of fixed assets		2,545	4,433	82,098	89,076	137,707
Revaluation of investments		20,041	0	0	20,041	1,490
Net movement in funds		31,298	15,131	(112,239)	(65,810)	(109,253)
Total funds brought forward		463,889	280,267	3,796,285	4,540,441	4,649,694
Total funds carried forward		495,187	295,398	3,684,046	4,474,631	4,540,441

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 37 form an integral part of these financial statements.

Balance Sheet – Consolidated as at 31 March 2010

	Notes	2010		2009	
		£	£	£	£
Tangible assets	12		3,716,835		3,828,527
Heritage assets	12		111,191		72,387
Investments	13		265,924		246,893
Investment in joint venture					
Share of gross assets		95,260		85,925	
Share of gross liabilities		(42,396)		(80,846)	
			52,864		5,079
			4,146,814		4,152,886
Current assets					
Stocks	14	76,810		65,721	
Debtors	15	62,621		110,156	
Cash at bank and in hand	16	257,097		512,349	
		396,528		688,226	
Creditors: amounts falling due within one year					
	17	(68,711)		(300,671)	
Net current assets			327,817		387,555
Total assets less current liabilities			4,474,631		4,540,441
Net assets			4,474,631		4,540,441
Funds					
Unrestricted funds			442,037		414,122
Restricted funds	18				
Grant (operating)			150,990		154,854
Grant (purchases)			144,408		125,413
Other restricted funds			3,684,046		3,796,285
Non charitable trading funds			53,150		49,767
			4,474,631		4,540,441

The financial statements were approved by the Trustees on 25 June 2010 and signed on its behalf by

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

Dr Dominic Tweddle
Accounting Officer, NMRN

The notes on pages 24 to 37 form an integral part of these financial statements.

Balance Sheet as at 31 March 2010

	Notes	£	2010 £	£	2009 £
Tangible assets	12		3,713,799		3,823,569
Heritage assets	12		111,191		72,387
Investments	13		265,926		246,895
			4,090,916		4,142,851
Current assets					
Debtors	15	62,014		87,608	
Cash at bank and in hand	16	262,038		507,774	
		324,052		595,382	
Creditors: amounts falling due within one year					
	17	(46,355)		(252,641)	
Net current assets			277,697		342,741
Net assets			4,368,613		4,485,592
Funds					
Unrestricted funds			389,169		409,040
Restricted funds	18				0
Grant (operating)			150,990		154,854
Grant (purchases)			144,408		125,413
Other restricted funds			3,684,046		3,796,285
			4,368,613		4,485,592

The financial statements were approved by the Trustees on 25 June 2010 and signed on its behalf by

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

Dr Dominic Tweddle
Accounting Officer, NMRN

The notes on pages 24 to 37 form an integral part of these financial statements.

Cash Flow Statement for the year ended 31 March 2010

	Notes	Non-public Funds £	Restricted Grant Funds £	Charity Funds 2010 £	Group 2010 £	Group 2009 £
Net cashflow/(outflow) from operating activities		(24,597)	(175,543)	(200,140)	(209,549)	154,223
Return on investments and servicing of finance						
Bank interest received		1,926	37	1,963	2,206	16,233
Dividends received		5,288	0	5,288	5,288	8,219
Capital expenditure and financial investment						
Purchase of fixed assets		(11,495)	(41,625)	(53,120)	(53,470)	(15,103)
Purchase of investments		(69,053)	0	(69,053)	(69,053)	(147,286)
Sale of investments		69,326	0	69,326	69,326	57,000
Increase/(decrease) in cash		(28,605)	(217,131)	(245,736)	(255,252)	73,286
Opening cash balances		253,760	254,014	507,774	512,349	439,063
Closing cash balances	16	225,155	36,883	262,038	257,097	512,349
Reconciliation of changes in resources to net cashflow from operating activities						
Net incoming/(outgoing) resources for year		(236,057)	10,698	(225,359)	(221,976)	(239,435)
Depreciation	12	199,646	13,516	213,162	215,435	221,126
Investment income and interest received		(7,214)	(37)	(7,251)	(7,494)	(24,452)
Increase/(decrease) in creditors	17	(10,287)	(195,999)	(206,286)	(231,960)	140,344
(Increase)/decrease in stocks	14	0	0	0	(11,089)	757
(Increase)/decrease in debtors	15	29,315	(3,721)	25,594	47,535	55,883
Net cash inflow/(outflow) from operating activities		(24,597)	(175,543)	(200,140)	(209,549)	154,223

The notes on pages 24 to 37 form an integral part of these financial statements.

Notes to the Financial Statements for the year ended 31 March 2010

1 Accounting policies

1.1 Accounting convention

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

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

Consolidated financial statements have been prepared in respect of the charitable trust, its wholly owned subsidiaries, The Royal Naval Museum Trading Company Limited and RNM Functions Limited and its Joint Venture, Flagship Portsmouth Trust. The Consolidated Statement of Financial Activities includes the results of the Royal Naval Museum Trading Company Limited, RNM Functions Limited and the Royal Naval Museum's share of the results of Flagship Portsmouth Trust as single line items. The consolidated balance sheet includes the net assets of The Royal Naval Museum Trading Company Limited and RNM Functions Limited, on a line by line basis and the Royal Naval Museum's share of the net assets of Flagship Portsmouth Trust as an item within Fixed Asset Investments.

1.2 Incoming resources

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

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

1.3 Improvements to property

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

1.4 Fixtures and fittings

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

1.5 Computer and office equipment

Computer and office equipment with a cost or value greater than £750 and a useful life exceeding one year are capitalised at historic cost and revalued annually using Ministry of Defence derived indices. Computer and office equipment are depreciated over their expected useful lives, which range from four to ten years.

1.6 Assets held by Royal Naval Museum Trading Company Limited

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

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

1.7 Basis of allocation

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

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

Charitable expenditure includes expenditure associated with Collections and Exhibitions, Curatorial matters and Education and 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

	%
Collections and Exhibitions	70
Curatorial	25
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 Grants receivable

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

Grants for the purchase of fixed assets are credited to restricted incoming resources when receivable. Depreciation on the fixed assets purchased with such grants is charged against the restricted fund.

1.9 Restricted funds

Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of overheads and support costs.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

1.10 Notional charges

In accordance with Treasury guidance notional interest is charged to the Statement of Financial Activities at 3.5 per cent of the average cost of capital employed.

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.

1.11 Leased assets

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

1.12 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.

1.13 Stock

Stocks are valued at the lower of cost, (or at net current replacement cost, if materially different), and net realisable value after making due allowance for obsolescence and slow moving items.

1.14 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 Navy.

The Museum currently holds 'in trust for the Nation' a wide variety of artefacts both on display and in reserve. By area of expertise, numbers held are

Manuscripts	20,000
Library	12,000
Oral History	450
Fine Art	3,600
Photographs	100,000
Models	763
Artefacts	1,781
Ceramics	507
Uniform	1,869
Insignia (uniform badges)	3,218
Silver	136
Weapons	272
Flags	160
Ship Hardware	1,340
Medals	5,122
Instruments (i.e. Navigation)	140

The catalogue of the Oral History and Manuscripts have been published and are available on request (charged). The catalogue for the Library is available to any Reader that uses the Library facilities (by appointment). Progress has been made, and now all of the Collections are available on line.

With effect from 1 April 2001, additions to the collection with a cost in excess of £750, have been capitalised. In accordance with Guidelines issued by HM Treasury these assets are not revalued or depreciated.

1.15 Pensions

Museum staff are covered either by the provisions of the Principal Civil Service Pension Scheme, which provides benefits based on final pensionable pay, or by a group money purchase pension scheme, the assets of which are held in an independently administered fund and which provides benefits based on the value of the fund. The pension cost charged to the Statement of Financial Activities is represented by the contributions payable under the PCSPS to the Paymaster General at rates determined from time to time by the Government Actuary, which for 2010-2011 were as follows

Non-industrial staff

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

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

For 2009-2010, employers' contributions of £22,245 were payable to the PCSPS (2008-2009 £34,292) at one of four rates in the range 16.7 to 24.3 per cent of pensionable pay, based on salary bands. Rates will remain the same for the next two years, subject to revalorisation of the salary bands. Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

The group scheme is a defined contribution scheme with contributions fixed at nine per cent of gross pensionable pay for the year. During the year contributions totalling £66,591 (2008-2009 £66,500) were paid into the scheme. There were no outstanding or prepaid contributions at the balance sheet date.

1.16 Foreign currency transactions

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

1.17 Financial Instruments

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

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

2 Grants and donations received

During the year the following grants and donations were received

Grants received from the National Museum of the Royal Navy

	2010 £	2009 £
Operations	1,016,798	1,023,166
Purchase of Exhibits	21,975	19,000
	<u>1,038,773</u>	<u>1,042,166</u>

Other grants and donations

	Unrestricted Funds £	Restricted Grant Funds £	Restricted Other Funds £	Total 2010 £	Total 2009 £
HB Allen Charitable Trust	0	0	0	0	10,000
HLF Grants	4,436	0	0	4,436	151,420
Lockheed Martin	5,000	0	0	5,000	0
Mr N Clayton	1,000	0	0	1,000	0
Museums, Libraries and Archives	1,124	0	0	1,124	0
Society of Friends	5,750	0	0	5,750	0
Society of Nautical Research	19,814	0	0	19,814	0
Miscellaneous donations and grants	26,294	0	163	26,457	22,319
	<u>63,418</u>	<u>0</u>	<u>163</u>	<u>63,581</u>	<u>183,739</u>

3 Legacies

	Unrestricted Funds £	Restricted Grant Funds £	Restricted Other Funds £	Total 2010 £	Total 2009 £
Captain Dr Colin White	5,000	0	0	5,000	0
Mr PHH Rhodes	0	0	0	0	2,442
Mr Johnstone	1,196	0	0	1,196	0
	<u>6,196</u>	<u>0</u>	<u>0</u>	<u>6,196</u>	<u>2,442</u>

4 Income and expenses from trading activities of subsidiaries

Summary of income and expenditure

	Notes	2010 £	2009 £
Income			
Royal Naval Museum Trading Company Limited		269,180	249,095
RNM Functions Limited		20,375	42,351
Flagship Portsmouth Trust	25	380,043	355,745
		669,598	647,191
Expenditure			
Royal Naval Museum Trading Company Limited		265,786	302,720
RNM Functions Limited		18,186	23,896
		283,972	326,616
Flagship Portsmouth Trust	25	332,258	364,665
		616,230	691,281

Royal Naval Museum Trading Company Limited

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

A summary of its trading results is shown below

	2010 £	2009 £
Turnover	269,103	248,381
Cost of sales	(139,950)	(139,666)
Gross profit	129,153	108,715
Administration	(125,836)	(164,946)
Interest payable	0	0
Other income	77	714
Net profit/(loss)	3,394	(55,517)
Tax on ordinary activities		1,892
Available for distribution	3,394	(53,625)
Distributed to other charities	0	0
Net profit/(loss) after distribution to other charities	3,394	(53,625)
Amount gifted to Royal Naval Museum	0	0
Retained in subsidiary	3,394	(53,625)

RNM Functions Limited

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

A summary of its trading results is shown below

	2010	2009
	£	£
Turnover	20,375	42,351
Expenditure	(18,186)	(23,896)
Net profit	2,189	18,455
Tax on ordinary activities	0	0
	2,189	18,455
Amount gifted to Royal Naval Museum	(2,200)	(18,400)
Retained in subsidiary	(11)	55

5 Investment income

	Unrestricted funds	Restricted grant funds	Restricted other funds	Total 2010	Total 2009
	£	£	£	£	£
Dividends received	5,288	0	0	5,288	8,219
	5,288	0	0	5,288	8,219

6 Other incoming resources

	Unrestricted funds	Restricted grant funds	Restricted other funds	Total 2010	Total 2009
	£	£	£	£	£
Bank interest received	289	37	1,637	1,963	15,344
Other incoming resources	40,151	0	0	40,151	27,767
	40,440	37	1,637	42,114	43,111

7 Cost of generating funds

	2010	2009
	£	£
Staff costs	78,861	62,416
Rent, rates and service charge	9,815	6,259
Operating costs	21,507	9,786
Printing, postage and stationery	4,136	2,557
Telephone	560	643
	114,879	81,661

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

	Education	Curatorial	Collections and exhibitions	Sea Your History	2010	2009
	£	£	£	£	£	£
Staff costs	39,070	156,279	586,045	0	781,394	868,447
Other staff costs	127	507	1,900	0	2,534	4,715
Site costs	4,490	17,960	67,350	0	89,800	82,923
Conservation	50	199	745	0	994	3,555
Curatorial	280	1,121	4,203	0	5,604	10,259
Purchase of exhibits	149	596	2,235	0	2,980	1,209
Temporary exhibition costs	0	0	8,847	12,103	20,950	46,884
Centenary project costs	0	0	5,550	0	5,550	16,888
Computer costs	244	976	3,654	0	4,874	8,757
Depreciation	10,658	42,632	159,872	0	213,162	206,194
Support costs	18,341	73,362	275,109	0	366,812	389,469
	73,409	293,632	1,115,510	12,103	1,494,654	1,639,300

9 Governance costs

	2010	2009
	£	£
Staff costs	33,947	36,303
Legal and professional	35,635	13,490
Accountancy	13,970	14,905
Audit	8,350	8,350
Support costs	24,759	15,862
	116,661	88,910

10 Support costs

	Museum and visitor centre operations	Governance costs	2010	2009
	£	£	£	£
Staff costs	145,508	0	145,508	198,673
Premises costs	166,817	19,630	186,447	140,079
Education	6,604	0	6,604	14,928
Printing, postage and stationery	12,408	4,568	16,976	10,373
Telephone	1,121	561	1,682	2,146
Travelling	3,788	0	3,788	7,389
Entertaining	7,036	0	7,036	11,640
Consultancy	6,413	0	6,413	5,535
Bank charges and interest	1,777	0	1,777	387
Health and safety	7,460	0	7,460	6,801
Sundry expenses	2,991	0	2,991	2,960
Subscriptions	4,889	0	4,889	4,420
	366,812	24,759	391,571	405,331

11 Total resources expended (charity only)

	Staff costs	Other costs	Depreciation	Total 2010	Total 2009
	£	£	£	£	£
Charitable expenditure	781,394	500,098	213,162	1,494,654	1,639,300
Costs of generating funds	78,861	36,018	0	114,879	81,661
Governance costs	33,947	82,714	0	116,661	88,910
Notional charges	0	10,074	0	10,074	8,012
Total	1,042,242	628,904	213,162	1,736,268	1,817,883

	2010	2009
	£	£
Staff costs		
Wages and salaries	852,810	975,376
Social security costs	78,351	92,185
Pension costs	111,081	102,995
Less: provision released	0	0
	1,042,242	1,170,556

Number of employees

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

The average number of employees, analysed by function, was

	2010	2009
	£	£
Costs of generating funds	2	1
Charitable expenditure	26	25
Governance costs	6	6
	34	32

No Trustees received remuneration during the year (2009: nil). Four trustees were reimbursed for travel expenses totalling £2,300 (2009: £1,245).

12 Tangible fixed assets – charity

	Improvements to property	Computer and office equipment	Fixtures and fittings	Heritage assets	Total
	£	£	£	£	£
Cost or valuation					
At 1 April 2009	2,542,434	1,877,573	3,262,575	72,387	7,754,969
Additions	0	2,820	11,496	38,804	53,120
Revaluation	58,476	41,349	73,012	0	172,837
At 31 March 2010	<u>2,600,910</u>	<u>1,921,742</u>	<u>3,347,083</u>	<u>111,191</u>	<u>7,980,926</u>
Depreciation					
At 1 April 2009	296,986	1,221,455	2,340,572	0	3,859,013
Revaluation	6,831	27,218	49,712	0	83,761
Charge for the year	30,625	87,074	95,463	0	213,162
At 31 March 2010	<u>334,442</u>	<u>1,335,747</u>	<u>2,485,747</u>	<u>0</u>	<u>4,155,936</u>
Net book values					
At 31 March 2010	<u>2,266,468</u>	<u>585,995</u>	<u>861,336</u>	<u>111,191</u>	<u>3,824,990</u>
At 31 March 2009	<u>2,245,448</u>	<u>656,118</u>	<u>922,003</u>	<u>72,387</u>	<u>3,895,956</u>

12 Tangible fixed assets – group

	Improvements to property	Computer and office equipment	Fixtures and fittings	Heritage assets	Total
	£	£	£	£	£
Cost or valuation					
At 1 April 2009	2,554,076	1,877,573	3,387,293	72,387	7,891,329
Additions	0	2,820	11,846	38,804	53,470
Revaluation	58,476	41,349	73,012	0	172,837
At 31 March 2010	<u>2,612,552</u>	<u>1,921,742</u>	<u>3,472,151</u>	<u>111,191</u>	<u>8,117,636</u>
Depreciation					
At 1 April 2009	308,628	1,221,455	2,460,332	0	3,990,415
Revaluation	6,831	27,218	49,712	0	83,761
On disposals	0	0	0	0	0
Charge for the year	30,625	87,074	97,736	0	215,435
At 31 March 2010	<u>346,084</u>	<u>1,335,747</u>	<u>2,607,780</u>	<u>0</u>	<u>4,289,611</u>
Net book values					
At 31 March 2010	<u>2,266,468</u>	<u>585,995</u>	<u>864,371</u>	<u>111,191</u>	<u>3,828,026</u>
At 31 March 2009	<u>2,245,448</u>	<u>656,118</u>	<u>926,961</u>	<u>72,387</u>	<u>3,900,914</u>

13 Fixed asset investments

	Charity Listed £	Unlisted £	Group Listed £	Unlisted £
Market value at 1 April 2009	246,893	2	246,893	0
Acquisitions at cost	69,053	0	69,053	0
Disposals at opening book value	(70,063)	0	(70,063)	0
Net unrealised gains/(losses)	20,041	0	20,041	0
Market value at 31 March 2010	<u>265,924</u>	<u>2</u>	<u>265,924</u>	<u>0</u>
Historic cost at 31 March 2010	<u>247,071</u>	<u>2</u>	<u>247,071</u>	<u>0</u>
Market value at 31 March 2009	<u>246,893</u>	<u>2</u>	<u>246,893</u>	<u>0</u>
Historic cost at 31 March 2009	<u>293,465</u>	<u>2</u>	<u>293,465</u>	<u>0</u>

All investments held are listed in Treasury Stocks.

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

14 Stocks

	Charity £	2010 Group £	Charity £	2009 Group £
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The amounts attributable to the different categories are as follows

Goods for resale	<u>0</u>	<u>76,810</u>	<u>0</u>	<u>65,721</u>
	0	76,810	0	65,721

15 Debtors

	Charity £	2010 Group £	Charity £	2009 Group £
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Amounts falling due within one year

Trade debtors	8,095	11,638	13,849	21,756
Other debtors	6,310	5,914	8,984	18,988
Prepayments and accrued income	35,715	34,226	59,859	63,804
VAT	11,894	10,843	4,916	5,608
	<u>62,014</u>	<u>62,621</u>	<u>87,608</u>	<u>110,156</u>

16 Cash at bank and in hand

	2010	2009
	£	£
Non-public funds	225,155	253,760
Public funds		
Grant (operating)	0	200,988
Grant (purchases)	36,883	53,026
Total – public funds	36,883	254,014
Cash at bank and in hand – charity	262,038	507,774
Trading Subsidiaries	(4,941)	4,575
Cash at bank and in hand – group	257,097	512,349

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

	£	£
Cash	257,097	512,349
Liquid resources	0	0
	257,097	512,349

17 Creditors: amounts falling due within one year

	2010		2009	
	Charity	Group	Charity	Group
	£	£	£	£
Trade creditors	19,743	32,920	29,712	53,529
Other taxes and social security	0	1,374	0	1,095
Other creditors	3,811	3,069	0	11,680
Deferred income	0	0	200,988	200,988
Accruals	22,801	31,348	21,941	33,379
	46,355	68,711	252,641	300,671

18 Restricted funds

	1 April 2009	Incoming	Outgoing	Transfers	31 March 2010
	£	£	£	£	£
Grant (operating)	154,854	1,021,268	(1,025,132)	0	150,990
Grant (purchases)	125,413	21,975	(2,980)	0	144,408
Other restricted reserves	3,796,285	83,898	(194,767)	(1,370)	3,684,046
	4,076,552	1,127,141	(1,222,879)	(1,370)	3,979,444

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

In 2000, the Museum completed phase 1 of a major capital development programme to redesign and refit existing galleries and bring new display and office space into use. The movements on the Development Project Fund shown represent the income raised by donations and grants from the National Heritage Memorial fund and other organisations, less the revenue expenditure incurred up to the balance sheet date.

19 Analysis of net assets between funds

	Tangible Fixed Assets	Investments	Net Current Assets	Total
	£	£	£	£
Restricted funds				
Grant (operating)	131,896	0	19,094	150,990
Grant (purchases)	111,191	0	33,217	144,408
Development Fund	3,465,629	0	218,417	3,684,046
	<u>3,708,716</u>	<u>0</u>	<u>270,728</u>	<u>3,979,444</u>
Unrestricted funds – charity	116,274	265,926	6,969	389,169
	<u>3,824,990</u>	<u>265,926</u>	<u>277,697</u>	<u>4,368,613</u>
Share of joint venture net assets	52,864	0	0	52,864
Non charitable trading funds	3,032	(2)	50,120	53,150
Total net assets – group	<u>3,880,890</u>	<u>265,924</u>	<u>327,817</u>	<u>4,474,631</u>

20 Commitments and contingent liabilities

The charity had no capital commitments or contingent liabilities at 31 March 2010 or at 31 March 2009.

21 Other commitments

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

	Land and buildings 2010	Other 2010	Land and buildings 2009	Other 2009
	£	£	£	£
Expiry date				
Within one year	0	0	0	0
Between one and five years	0	6,339	0	6,339
In over five years	51,685	0	51,685	0
	<u>51,685</u>	<u>6,339</u>	<u>51,685</u>	<u>6,339</u>

22 Taxation

All of the charity's income is applied for charitable purposes and therefore the charity is exempt from corporation tax. The charity's trading subsidiaries have a corporation tax debtor for the year of £Nil (2009: £1,892). Any taxable profits are distributed to the Charity under Gift Aid.

23 Post balance sheet events

The accounts were authorised for issue on 25 June 2010 by the Accounting Officer, NMRN.

The plans to dissolve the Royal Naval Museum and to fully integrate with the National Museum of the Royal Navy are expected to occur during mid 2011.

24 External performance indicators

Ratio of self-generating income to Grant income

Year	Self generated income £	Grant income £	% Ratio	
2009-2010	459,862	1,038,773	2.26	Actual
2009-2010	383,355	1,038,988	2.71	Budget
2008-2009	563,440	1,042,166	1.85	Actual

25 Related party transactions

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

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

A summary of draft Statement of Financial Activities is detailed below

Statement of Financial Activities	2010		2009	
	Museum Share £	Total £	Museum Share £	Total £
Incoming resources	380,043	1,520,172	355,745	1,422,981
Total resources expended	(332,258)	(1,329,026)	(364,665)	(1,458,660)
Net incoming/(outgoing) resources	47,785	191,146	(8,920)	(35,679)
Fund balances brought forward at 31 March 2009	5,079	20,307	13,999	55,986
Fund balances carried forward at 31 March 2010	52,864	211,453	5,079	20,307

Balance Sheet

	£	£	£	£
Tangible fixed assets	7,678	30,710	7,299	29,194
Current assets	87,582	350,326	78,626	314,503
Current liabilities	(42,396)	(169,583)	(80,846)	(323,390)
Net current assets	45,186	180,743	(2,220)	(8,887)
Net assets	52,864	211,453	5,079	20,307
General unrestricted funds	52,864	211,453	5,079	20,307

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

The Royal Naval Museum is charged a levy by Flagship Portsmouth Trust. During the year this totalled £89,800 and is included in Site costs shown in note 8.

The Royal Naval Museum is a related party of the Society of Friends of the Royal Naval Museum. During the year the society donated a total of £5,750 (2009: £nil) to the Museum.

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