

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

Royal Marines Museum Account 2009-2010

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Royal Marines Museum Account 2009-2010

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

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Trustees report for the year ended 31 March 2010

Reference and administrative details of the museum, its trustees and advisers

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

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

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

Board of Trustees (2009-2010)

Chairman

Major General D A S Pennefather CB OBE

Nominated Trustees

WO1 (RSM) BA Dawe MBE RM (Corps RSM) to October 2009

Brigadier P Denning OBE (Deputy Commandant General Royal Marines/ACOS LLM) from 7 July 2009

Councillor P Edgar (Representative, Hampshire County Council)

Lt Col I Grant RM (Corps Secretary)

M Hancock CBE MP

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

Brigadier M Noble (Deputy Commandant General Royal Marines/ACOS LLM) to June 2009

WO1 (RSM) M Wicks RM (Corps RSM) from 18 November 2009

Co-opted Trustees

JG Farnhill Esq

Ms VS Harbar

Dr JA Lock

K Morris Esq from 7 July 2009

JM Phillips Esq to June 2009

Mrs S Rhys Jones OBE

GM Salvetti Esq TD

Mrs D Smith

G Whitter Esq ACA FCCA CTA

Senior members of staff (2009-2010)

Museum Director: CJ Newbery Esq FMA

Curator and Deputy Director: I Maine Esq

Estate Manager: G May Esq

Marketing Manager: A Wilson Esq

Finance, Personnel and Trading Manager: Miss L Swales

Accountants and Auditors to the Trading Company

Compass Accountants Limited

Venture House, The Tanneries

East Street

Titchfield

Hampshire PO14 4AR

Auditors

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

Bankers

Lloyds TSB plc
140 Milton Road
Southsea
Hampshire PO4 8EE

Solicitors

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

Structure, governance and management**Status**

The Museum is a Registered Charity and its present Trust Scheme was approved in March 1999. It currently receives an annual grant from the Ministry of Defence via the National Museum of the Royal Navy. The use of this grant is governed by a Service Level Agreement.

History

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

The Museum received a special mention in the 1983 European Museum of the Year Awards – a rare honour for a military museum. Major modernisation occurred between 1996 and 1998, the Museum becoming one of the first recipients of a grant from the Heritage Lottery Fund. A decade later, the Museum's 50th anniversary was marked by another series of improvements, including a new display titled 'The Making of the Royal Marines Commando'. This resulted in the Museum receiving the Tourism South East Award as Best Small Visitor Attraction, 2008.

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

Recruitment, appointment and training of trustees

The recruitment and appointment of the ten co-opted Trustees (including the Chairman) is conducted in accordance with guidelines issued by the Commissioner for Public Appointments. There are five nominated trustees: two nominated by the Royal Marines and the other three by Portsmouth City Council, Hampshire County Council and the Royal Marines Association respectively. All new co-opted and nominated trustees receive induction training at the Museum. There are also opportunities for Board members to attend trustee training courses provided by firms of solicitors and accountants. For example, the Museum paid for Mr Keith Morris to attend a practical trustee induction training course provided by Blake Lapthorn Solicitors in October 2009.

Organisational structure

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

Relationship with other Royal Navy Museums

The National Museum of the Royal Navy is the umbrella body for the four principal museums of the Royal Navy (including the Royal Marines Museum) and HMS VICTORY. There are close working relationships between the museums based on agreed strategies and policies. Integration of the Royal Marines Museum with the National Museum of the Royal Navy will be completed by the end of 2010.

Relationship with the Friends of the RM Museum

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

Trustees' Register of Interests

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

Disclosure of relevant information to the Museum's auditors

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

Objectives and activities

The objects of the charity

These are set out in the Trust Scheme as follows

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

Museum mission statement

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

Strategic aims of the Museum

- 1 Contribute to the development of the National Museum of the Royal Navy.
- 2 Develop the RM Museum so that it attracts an increasing number of visitors and provides those visitors with a positive recreational experience through the execution of the Development Plan, Learning Policy and Marketing Policy/Plan.

- 3 Make the Museum's collection and facilities as accessible as possible to all.
- 4 Raise public awareness of the Royal Navy and Royal Marines, encourage recruitment, educate RN/RM personnel about the history and traditions of the Naval Service, contribute to esprit de corps and act as a memorial to Royal Marines killed in action.
- 5 Collect, document and preserve items relating to the history and contemporary role of the Royal Marines.
- 6 Promote research and scholarship relating to the history of the Royal Marines.
- 7 Achieve and maintain relevant national standards including the obligation to remain financially viable.

Main objectives in 2009-2010

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

The strategy to achieve this objective was to play an active and constructive role in NMRN meetings, including the Board of Directors, the Executive Group and the Museum Directors Group, and through these meetings assist the development of NMRN strategies and policies.

To increase the number of visitors

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

To implement a programme promoting the Royal Marines and encouraging recruitment

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

To maintain compliance with relevant national standards

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

To increase the Museum's income

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

Significant activities in 2009-2010

Special exhibitions and improvements to displays

A special exhibition titled 'Return to Helmand: Royal Marines in Afghanistan' was available from April 2009 and such was its popularity that its scheduled 6 month run was extended until February 2010. During this time it was up-dated twice in order to incorporate material received into the collections following the return of 3 Commando Brigade from Operation Herrick 9.

At the end of March 2010, the Helmand exhibition was replaced by 'Griff – Thinker, Painter, Forger, Spy?' This special exhibition explores the career and art works of Captain Guy Griffiths, Royal Marines aviator. At the start of the Second World War, Griffiths was aboard HMS Ark Royal flying Blackburn Skua aircraft. Following an unsuccessful attack on a German U-Boat in September 1939, which resulted in his plane crashing, he was captured by his target and spent the rest of the war in German Prisoner-of-War camps. During this long period he made escape attempts and also used his artistic talents to forge escape documents, produce humorous cartoons and make paintings of aircraft. Some of the aircraft pictures were accurate but others were imaginary, the intention being to provide disinformation to his captors. After the war, he resumed his career as a pilot and served on HMS Glory throughout the Korean War. Griffiths' career was extraordinary and his courage, determination and sense of humour exemplify key Royal Marines qualities.

The 'featured objects' showcase, located opposite the introductory film, was changed twice with small exhibits on the recently disbanded Dartmouth Band of the Royal Marines and clothing and equipment relating to Captain Horace Crispin RM, a Second World War 'Hostilities Only' officer. He served in No.3 Rocket Squadron of 34th RM Amphibious Support Regiment which was sent to India in May 1945. The Regiment trained for beach landings against the Japanese but the war drew to a close and it mainly carried out internal security operations.

Various improvements were made to the Museum's chronological sequence of galleries, notably the display relating to the liberation of Walcheren which now includes a film and touch-screen presentation. This was ready in time for the 65th anniversary of operation INFATUATE that took place in November 1944. Other enhancements to the displays included the addition of a showcase devoted to early Commando equipment and a new exhibit that provides information about RM deployments since the 1990s, with a special focus on Afghanistan.

Some display improvements have been less visible but are nevertheless significant. For example, the Medal Room has had the contents of several drawers of medals remounted to modern standards as part of a five-year programme, which uses the talents of a small group of volunteers under Curatorial supervision. This has also enabled recently acquired material to be displayed much more rapidly than hitherto. Furthermore, the touch-screen database in the Medal Room has been up-dated regularly to record such changes.

Regarding off-site displays, a detailed proposal has been submitted to the Commando Training Centre Royal Marines (CTCRM) for a new and better located Heritage Centre at Lympstone. The timing of this development depends on CTCRM finding the necessary resources.

Collections and scholarship

The Museum has continued to develop its collection in line with its Acquisition Policy. Purchases have included an oil portrait of Lt Gen John Barclay, Commandant in Town, circa 1805, papers relating to General Sir Lewis Halliday VC (1870-1966), and a Naval General Service Medal with three clasps awarded to Corporal Samuel Eccleston RM. One of Eccleston's clasps, 'Banda Neira' is very rare and the only one in the Museum's collection. Bearing in mind that the capture of this Indonesian island from the Dutch in 1810 was accomplished against significant odds, the acquisition of the 'Banda Neira' clasp was a timely way to mark the bi-centenary of this 'little known event'.

Donations have remained buoyant with some notable material entering the collections. These include the art works of Captain Guy Griffiths RM, many completed while he was a Prisoner-of-War during 1939-45. Among the generous medal donations, were the Military Medal group awarded to G R Bevan for bravery during the famous Dieppe Raid in 1942 and a medal group belonging to Maj Gen J Moulton who commanded 48 RM Commando in the Second World War. He also played a major part in shaping the role of the Royal Marines in the post-war period, especially in his capacity as Chief of Amphibious Warfare, reporting directly to the Chief of the Defence Staff.

Contemporary collecting was carried out principally through activities relating to the 'Return to Helmand' exhibition, as well as working with the Corps to collect material from the major amphibious deployment, OPTAURUS.

There have been two particularly important loans to the Museum. Firstly, it has received the medals and presentation sword awarded to the late Major General Sir Jeremy Moore, KCB, OBE, MC and Bar, Commander of Land Forces during the Falklands War. Secondly, the Museum has obtained a 6-inch breech loading gun and hydro-pneumatic carriage (late 1890s) for future display in an original 'disappearing gun' emplacement within Eastney Fort East.

Oral history recordings have continued to grow with recordings continuing to arrive through a joint project with the Royal Marines Historical Society.

Regarding collections management, the CALM system is now firmly embedded as the key tool for all members of the Curatorial team. All new accessioning is now undertaken electronically, the locations database has been expanded, and the donors index has been completed.

Research and publications using the Museum's collections have continued at a steady tempo. An important book commissioned by the Corps titled 'Nothing Impossible: A Portrait of the Royal Marines' has made good use of the Museum's collections and photo archive. Other books in preparation which draw heavily on the Museum's resources include such subjects as Royal Marines badges, the career of Lt Col Jerram, and the Second World War

battle for Walcheren. Journal articles have included 'Lt Col Norman O Burge RMLI – a significant figure in the Gallipoli Campaign', based on Burge's diary in the Museum's archive and prompted by the Museum's recent acquisition and display of Burge's medals.

Learning and access

The Museum continued to provide training for Royal Marines, including Recruit Troops from CTCRM, new members of the RM Band Service, and personnel selected for Advanced Command Courses. Furthermore, the Army now brings groups of its recruits to the Museum for 'Realities of War' training, making good use of facilities like the Medal Room. Armed Forces Cadets from all three Services have continued to visit the Museum on a regular basis.

The number of schools using the Museum was very similar to last year. Sessions relating to the theme of Remembrance, around the time of Remembrance Sunday, were extended this year to cover a three week period and were greatly in demand. It was particularly pleasing that the Museum was chosen as the Science Museum's Southern Lead Partner for its 'Collecting Stories' pathfinder project that aims to help museums teach Key Stage 3 Science. This involved developing activities which were then piloted with the Charter Academy. Links with the Education Business Partnership (EBP) have remained strong with the Museum hosting events regularly for them. One EBP project involved 40 students from local secondary schools working in teams to re-design the Museum's tea rooms and its menu in order to attract more customers and increase profitability. The students were advised by professionals from the Federation of Small Businesses.

Holiday activities for children and families have continued to be very popular, especially those that entailed physical exercise like 'Commando Fit'. Other informal education activities included the popular November Lecture Series and special events like 'Go Ballistic' which involved the Fort Cumberland Guard re-enactment group.

Relationships with local universities have remained good. Students have worked at the Museum on attachments while members of the Museum's staff have taught on courses such as the University of Portsmouth's Masters degree course in Heritage and Museum Studies.

Outreach activities have included taking display stands at the Orders and Medals Research Society convention, the National Archaeology week-end at Fort Cumberland, and the National History Show 'Who do you think you are?'

Access to the Museum through Social Networking on the Internet was an innovation in 2009-2010. The Museum developed a Facebook site which now has over 700 members while there are also two Twitter feeds. These innovations complement the Museum's web site which has been expanded in terms of content. For example, there are now three 'virtual' exhibitions available.

Achievements and performance

Involvement in the work of the National Museum of the Royal Navy (NMRN) has involved a significant amount of time at Trustee and senior management level. Outcomes have included a Strategy for the NMRN that has fundamental implications for the future work programme of the Royal Marines Museum. Forthcoming integration with the NMRN has been facilitated by the RM Museum's decision to become a charitable company limited by guarantee in 2010-2011; the Articles of Association being drafted to ensure an appropriate legal juncture with the NMRN.

The total number of visitors to the Museum at Eastney was 48,615, representing a 15 per cent increase on the previous financial year. It is also worth remembering that the visitor total in 2008-2009 was six per cent up on 2007-2008. Reasons for the good result in 2009-2010 include more domestic tourists as a result of the economic situation, winning a major tourism award in October 2008, the creation of a popular special exhibition about the Royal Marines in Afghanistan, effective marketing and increased media coverage. Successful public events were also very important, notably 'Meet the Marines' which featured the Royal Marines Display Team.

In terms of visitor satisfaction, a survey revealed that 79.4 per cent of visitors rated their visit as 'Excellent', 17.4 per cent rated it as 'Good', while no-one said that their experience was less than satisfactory. Regarding use of the Museum's web site, it received 6,221,544 hits in 2009-2010 compared to 5,103,023 the previous year while the number of 'visits' was 153,562 compared to 125,698 the previous year.

With reference to promoting the Royal Marines and encouraging recruitment, this was achieved through promotion of 'The Making of the Royal Marines Commando' display and the 'Return to Helmand' special exhibition, keeping 'The Royal Navy Today' display up-to-date, providing recruitment literature and putting on a range of events that featured serving members of the Corps, including the Band of Her Majesty's Royal Marines Portsmouth and the Royal Marines Display Team. The Museum is also a focal point for the remembrance of sacrifice, providing a Remembrance Sunday service attended by over 500 people and hosting many smaller services throughout the year in its Memorial Garden.

Relevant national standards were maintained by holding full Accreditation status from the Museums, Libraries and Archives Council and by being re-accredited as a Quality Assured Visitor Attraction following an inspection by a Visit Britain assessor.

So far as income generation was concerned, the Museum's Limited Company (comprising the Gift Shop and Corporate Hospitality) was able to hand over £21,000 in Gift Aid to the Museum Trust compared to £32,000 the previous year. Considering the adverse economic climate, this can be considered a good result. Admission income was £75,267 compared to £51,784. Factors contributing to this increase include higher numbers of paying visitors and increased admission charges. Turning to fundraising, the Museum has been pursuing a new strategy that complements the activities being undertaken by the Friends of the RM Museum Fundraising Working Party.

Social, community and environmental issues

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

Risk assessment

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

Public benefit disclosure

The following statements take into account the Charity Commission's guidance on public benefit disclosure.

The Museum educates the public in the history and traditions of the Corps of Royal Marines through displays in permanent galleries, special exhibitions, publications, lectures, conferences, answering historical enquiries, formal educational provision and informal learning activities. It also provides education and training for Armed Services personnel, especially Royal Marines.

The Museum is open to the public every day throughout the year with the exception of a few days at Christmas. All members of the public can gain free entry on Remembrance Sunday. There is no admission charge for the following categories of visitors: pre-booked school groups; disabled persons carers; children under five years old; serving members of the Royal Navy and Royal Marines; members of the Royal Marines Association; members of the Royal Marines Historical Society; members of Friends Associations connected with Royal Navy and Royal Marines Museums; members of the Commando Association; members of the Museums Association and the International Council of Museums. Public enquiries relating to the history of the Royal Marines and the Museum's

collections are answered free of charge. Furthermore, many special events at the Museum are free to the public. Examples in 2009-2010 included the 'Meet the Marines' event, the open-air concert in July, the guided tours of Eastney Fort East during Heritage Open Days, and the lunchtime lectures in November. Special training for Royal Marines is provided free of charge and includes the following categories of people: recruits undergoing training at the Commando Training Centre Royal Marines (Lympstone) and the Royal Marines Band Service (Portsmouth); personnel participating in Advanced Command Courses.

Financial review

Investment and reserves policy

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

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

The Museum needs to retain a viable reserve in order to

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

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

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

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

Principal funding sources

The Museum's main source of funds is a grant from the National Museum of the Royal Navy. The ways in which this money can be spent is defined in a Service Level Agreement. Other funds are derived from admission charges, donations, grants, and profits from the Museum's Limited Company that are given to the Trust in the form of Gift Aid. A list of donations in excess of £200 in aggregate can be found in Note 3 to the accounts.

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

Payment of creditors

The Museum aims to settle all undisputed bills within 30 days or in accordance with the supplier's terms of business. The Museum's actual payment performance was that 90.94 per cent of bills were paid within 30 days or in accordance with the suppliers' terms of business. This compares with 90.73 per cent in the previous year.

Sick absence data

The Royal Marines Museum employs 31 members of staff (20 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 472.5 (full time equivalent) days lost to sick absence of which 374 days were for long term absences associated with hospitalisation and recuperation periods. This compares to 318.5 days and 225 days respectively in 2008-2009. Leaving aside long term absences, the number of days lost to sick leave in 2009-2010 was only five days more than the previous year.

Pension liabilities

The treatment of pension liabilities is covered in accounting policy Note 1.13 and in the remuneration report on pages 12 to 13.

Plans for future periods

The main developments can be summarised as follows

- Improvements to the permanent displays, in particular those relating to the First and Second World Wars. There are also plans to create more space for contemporary RM history;
- Provision of environmentally stable accommodation for the Landing Craft F7 that saw service in the Falklands War, including its restoration and interpretation; and
- Restoration and interpretation of the Museum's Victorian fort (Eastney Fort East).

The outcomes of all three developments relate to long term preservation of unique exhibits, broadening the Museum's audience, improved learning opportunities for all visitors, increased numbers of visitors, higher income from visitors and enhanced sustainability for the Museum.

The RM Museum's relationship with the National Museum of the Royal Navy (NMRN) is evolving well. During 2010, there will be further discussions about the future constitutional relationship between the RM Museum and the NMRN with a view to integration by the end of the year.

Operating and financial review

Overview

The Museum's aims, objectives, achievements, risks and future plans have already been described in this report. Looking at the financial outcome for 2009-10, if one excludes the results of the Museum's trading company, one-off grants for projects and depreciation, the Museum achieved a balanced budget. Notwithstanding the fact that the Museum is currently in a stable financial position, Trustees take care to review the cash flow position on a regular basis and they have been taking measures to meet the challenge of maintaining the minimum level of £50,000 set by the Board of Trustees as a matter of policy.

Policy development

During the course of the year, a number of policies were up-dated including those concerned with Health and Safety and standards of service for users of the Museum.

Management of Information Risk

The Board of Trustees has formally adopted a policy on the 'Management of Information Risk'. There were no personal data incidents in 2009-2010.

Disabled Persons and Employee Involvement

In July 2008, Trustees adopted a new Disability Policy and an associated Action Plan that covered the period from 2008 to 2010. Satisfactory progress was made in implementing the Action Plan, for example, through the provision of a new Museum floor plan containing information for people with disabilities. 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.

Key performance indicators

	2008-2009	2009-2010
Visitor Numbers	42,379	48,615
Grant-in-Aid subsidy per visitor to the RMM at Eastney (excluding any capital allocations)	£18.01	£16.00
Grant-in-Aid as a proportion of total operating spend (excluding any capital allocations)	81.8%	70.7%
Number of pre-booked school parties	53	49
Total school visitors (students)	2031	1551
Research enquiries received and answered	1012	1288*

*It should also be noted that 292 replies to historical enquiries were delivered by telephone while 166 people visited the Museum to pursue their own research, mainly in the Library and Archive.

Remuneration report

The Remuneration report is set out on pages 12-13.

Major General David Pennefather CB OBE
On behalf of the Board of Trustees
8 July 2010

Dr Dominic Tweddle
Accounting Officer, NMRN
8 July 2010

Remuneration report for the year ended 31 March 2010

Remuneration policy

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

Salary and pension entitlements

The director, Chris Newbery, had a basic salary during the year ended 31 March 2010 of £55,234 per annum. The directors pension (net of inflation) decreased by £665 in the year, with his total accrued pension now being £8,510 as an ordinary member of the Principal Civil Service Pension Scheme. The director's CETV as at 31 March 2010 was £204,000.

No Trustees received remuneration during the year (2009: £Nil). Three trustees were reimbursed for travel expenses totalling £313 (2009: £729).

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

The Director did not receive any benefits in kind.

For 2009-2010, employer's contributions for the Museum as a whole of £38,355 were payable (2008-2009 £40,930) at rates in the range 16.7 to 24.3 percent of pensionable pay, based on salary bands. Employer contributions for PCSPS were reviewed in 2009-2010. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the schemes.

Pension benefits

Pension benefits are provided through the Civil Service pension arrangements. From 30 July 2007, civil servants may be in one of four defined benefits scheme; either a 'final salary' schemes (classic, premium, or classic plus) or a 'whole career' scheme (nuvos). Classic, premium and classic plus are now closed to new members. These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under nuvos, classic, premium, and classic plus are increased annually in line with changes in the Retail Price Index (RPI). Recent entrant to premium (after 1 October 2002) and nuvos (from 30 July 2007) may chose between membership of the scheme or joining a good quality 'money purchase' stakeholder pension with a significant employer contribution (partnership pension account). The accrued pensions quoted above are the pensions the members are entitled to receive when they reach 60 (nuvos 65), or immediately on ceasing to be an active member of the scheme if they are already 60 (nuvos 65).

Employee contributions are set at the rate of 1.5 per cent of pensionable earnings for classic and 3.5 per cent for premium, classic plus and nuvos. Benefits in classic accrue at the rate of 1/80th of pensionable earnings for each year of service; in addition, a lump sum equivalent to three years' pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service; unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits in respect of service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 calculated as in Premium. In nuvos a member builds up a pension based on pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3 per cent of their pensionable earnings in that scheme year and the accrued pension is uprated in line with RPI. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between three per cent and 12.5 per cent (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but, where they do make contributions, the employer will match these up to a limit of three per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8 per cent of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

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

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

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

Major General David Pennefather CB OBE
On behalf of the Board of Trustees
8 July 2010

Dr Dominic Tweddle
Accounting Officer, NMRN
8 July 2010

Statement of Board of Trustees' and director's responsibilities for the year ended 31 March 2010

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

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

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

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

I, as Accounting Officer of the NMRN, have responsibility for ensuring a sound system of internal control that supports the achievement of the Royal Marines Museum's policies, aims and assets for which I am personally responsible, in accordance with the responsibilities assigned to me in Managing Public Money.

Major General David Pennefather CB OBE
On behalf of the Board of Trustees
8 July 2010

Dr Dominic Tweddle
Accounting Officer, NMRN
8 July 2010

Statement on Internal Control for the year ended 31 March 2010

Scope of responsibility

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

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

The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Royal Marines Museum's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Royal Marines Museum for the year ended 31 March 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 an integral part of the Museum's corporate planning, with the risk of failure and severity of failure being applied to key activities.

The risk and control framework

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

Review of effectiveness

I, as Accounting Officer of the NMRN, 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, and the executive managers within the Museum who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

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

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

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

Dr Dominic Tweddle
Accounting Officer, NMRN

8 July 2010

8 July 2010

The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament for the year ended 31 March 2010

I certify that I have audited the consolidated financial statements of The Royal Marines 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 Statement of Financial Activities, the Group and Charity Balance Sheets, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

Respective responsibilities of 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 given, 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 Marines Museum 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 Marines Museum 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 Marines 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 Marines Group and the Trustees in the preparation of the financial statements, and of whether the accounting policies are most appropriate to the Royal Marines 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 Marines 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 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.

Report

I have no observations to make on these financial statements.

Amyas CE Morse
Comptroller and Auditor General

15 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 £	Restricted grant £	Restricted other funds £	2010 total £	2009 total £
Incoming resources						
Incoming resources from generated funds						
Legacies	4	0	0	0	0	1,000
Grant (operating)	3	0	778,077	0	778,077	763,460
Grant (capital)	3	0	21,975	0	21,975	19,000
Other donations and grants	3	27,348	0	0	27,348	59,248
Income of trading company	2	203,340	0	0	203,340	196,408
Income of charitable subsidiary	2	11,796	0	0	11,796	11,070
Investment income	5	4,915	0	0	4,915	4,104
Incoming resources from charitable activities						
Admissions	6	75,267	0	0	75,267	51,784
Other incoming resources	7	14,370	13,903	0	28,273	36,220
Total incoming resources		337,036	813,955	0	1,150,991	1,142,294
Resources expended						
Cost of generating funds						
Fundraising and publicity	8	(83,910)	(5,393)	0	(89,303)	(101,756)
Expenses of trading company	2	(182,116)	0	0	(182,116)	(164,932)
Expenses of charitable subsidiary	2	(6,086)	0	0	(6,086)	(8,792)
Investment management costs		(1,089)	0	0	(1,089)	(1,237)
Charitable expenditure						
Museum and visitor operations	9	(46,778)	(865,415)	(34,276)	(946,469)	(914,886)
Governance costs						
Notional charges	10	(26,436)	(35,756)	0	(62,192)	(78,191)
		0	(149,071)	0	(149,071)	(158,055)
Total resources expended		(346,415)	(1,055,635)	(34,276)	(1,436,326)	(1,427,849)

The notes on pages 24 to 36 form an integral part of these financial statements.

Statement of Financial Activities for the year ended 31 March 2010 *continued*

	Unrestricted funds	Restricted grant	Restricted other funds	2010 total	2009 total
	£	£	£	£	£
Net incoming resources before transfers	(9,379)	(241,680)	(34,276)	(285,335)	(285,555)
Adjustment for notional charges	0	149,071	0	149,071	158,055
Net incoming resources before gains and losses on revaluations and disposals	(9,379)	(92,609)	(34,276)	(136,264)	(127,500)
Other recognised gains and losses					
Realised gains/(losses)					
Net loss on sale of investments	(830)	0	0	(830)	(4,475)
Unrealised gains/(losses)					
Revaluation of Investments	36,063	0	0	36,063	(5,100)
Revaluation of fixed assets	(130,902)	(349,621)	(18,807)	(499,330)	19,960
Net movement in funds	(105,048)	(442,230)	(53,083)	(600,361)	(117,115)
Total funds brought forward	1,887,896	4,480,300	799,757	7,167,953	7,285,068
Total funds carried forward	1,782,848	4,038,070	746,674	6,567,592	7,167,953

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 36 form an integral part of these financial statements.

Balance Sheet Consolidated as at 31 March 2010

	Notes	2010		2009	
		£	£	£	£
Tangible assets	13		5,887,190		6,551,789
Heritage assets	13		269,161		255,525
Investments	14		140,122		104,889
			6,296,473		6,912,203
Current assets					
Stocks	15	20,099		21,725	
Debtors	16	51,298		45,255	
Cash at bank and in hand	17	283,310		414,260	
		354,707		481,240	
Creditors: amounts falling due within one year	18	(83,588)		(225,490)	
Net current assets			271,119		255,750
Net assets			6,567,592		7,167,953
Funds					
Unrestricted funds			1,762,004		1,867,985
Restricted funds	19				
Grant (operating)			3,833,884		4,296,803
Grant (purchases)			204,186		183,497
Other restricted funds			746,674		799,757
Charitable subsidiary funds			9,320		8,611
Non charitable trading funds			11,524		11,300
			6,567,592		7,167,953

The financial statements were approved by the Trustees on 8 July 2010 and signed on their behalf by

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

Dr Dominic Tweddle
Accounting Officer, NMRN

The notes on pages 24 to 36 form an integral part of these financial statements.

Balance Sheet as at 31 March 2010

	Notes	£	2010 £	£	2009 £
Tangible assets	13		5,886,736		6,551,200
Heritage assets	13		269,161		255,525
Investments	14		140,124		104,891
			6,296,021		6,911,616
Current assets					
Debtors	16	51,897		62,052	
Cash at bank and in hand	17	236,166		359,860	
		288,063		421,912	
Creditors: amounts falling due within one year					
	18	(37,336)		(185,486)	
Net current assets			250,727		236,426
Net assets			6,546,748		7,148,042
Funds					
Unrestricted funds			1,762,004		1,867,985
Restricted funds	19				
Grant (operating)			3,833,884		4,296,803
Grant (purchases)			204,186		183,497
Other restricted funds			746,674		799,757
			6,546,748		7,148,042

The financial statements were approved by the Trustees on 8 July 2010 and signed on their behalf by

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

Dr Dominic Tweddle
Accounting Officer, NMRN

The notes on pages 24 to 36 form an integral part of these financial statements.

Cash Flow Statement for the year ended 31 March 2010

	Non-public funds £	Restricted grant £	Charity funds 2010 £	Group 2010 £	Group 2009 £
Net cashflow/(outflow) from operating activities	14,282	(116,712)	(102,430)	(109,687)	294,536
Return on investments and servicing of finance					
Bank interest received	144	0	144	144	9,229
Dividends received	4,771	0	4,771	4,771	4,104
Capital expenditure and financial investment					
Purchase of fixed assets	(6,819)	(19,360)	(26,179)	(26,179)	(399,399)
Repayment of Limited Company loan	0	0	0	0	0
Increase/(Decrease) in cash	12,378	(136,072)	(123,694)	(130,950)	(91,530)
Opening cash balances	214,871	144,989	359,860	414,260	505,790
Closing cash balances	227,249	8,917	236,166	283,310	414,260

Reconciliation of changes in resources to net cashflow from operating activities

Net incoming/(outgoing) resources for year	(44,587)	(92,609)	(137,196)	(136,264)	(127,500)
Depreciation	58,795	118,881	177,676	177,811	195,514
Investment income and interest received	(4,915)	0	(4,915)	(4,915)	(13,333)
Increase/(decrease) in creditors	(11,399)	(136,751)	(148,150)	(141,902)	129,064
(Increase)/decrease in stocks	0	0	0	1,626	(2,697)
(Increase)/decrease in debtors	16,388	(6,233)	10,155	(6,043)	113,488
Net cash inflow/(outflow) from operating activities	14,282	(116,712)	(102,430)	(109,687)	294,536

The notes on pages 24 to 36 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 Basis of preparation of financial statements

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

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

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

1.2 Incoming resources

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

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

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

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

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

1.3 Land and buildings

Land and buildings are stated at a valuation of depreciated replacement cost and depreciated over the lease term. A professional valuation is obtained at least every five years and indices are used to reflect the change in value in the intervening years.

1.4 Office equipment

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

1.5 Fixtures and fittings

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

1.6 Assets held by RM Museum Limited

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

Fixtures and fittings	–	20% on reducing balance
-----------------------	---	-------------------------

1.7 Basis of allocation

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

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

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

	%
Galleries and Exhibitions	55
Curatorial	40
Education	5
	<u>100</u>

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

1.8 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 (2009: 3.5 per cent) of the average capital employed in respect of Grant funds.

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

1.10 Leased assets

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

1.11 Investments

Investments are revalued at the market value at the balance sheet date and the gain or loss taken to the Statement of Financial Activities.

1.12 Stocks

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

1.13 Pensions

The employees of the Museum are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), which provides benefits based on the final pensionable pay. The contributions payable under the PCSPS are paid to the Paymaster General at rates determined from time to time by the Government Actuary, which for 2009-2010 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 Marines Museum is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2007. Details can be found in the resource accounts of the Cabinet Office; Civil Superannuation (www.civilservicepensions.gov.uk).

For 2009-2010, employers' contributions of £38,355 were payable to the PCSPS (2008-2009 £40,903) 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 revaluation of the salary bands. Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

1.14 Heritage assets

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

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

1.15 Financial Instruments

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

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

2 Income and expenses from trading activities of subsidiaries

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

Profit and loss account year ended 31 March 2010	2010	2009
	£	£
Turnover	202,826	196,206
Cost of sales	(81,127)	(69,369)
Gross profit	121,699	126,837
Sundry income	514	202
Corporate hospitality	(53,685)	(49,877)
Giftshop	(47,304)	(45,612)
Interest payable	0	(74)
Net profit/(loss) before tax	21,224	31,476
Tax on ordinary activities	0	0
Net profit/(loss) after tax	21,224	31,476
Amount gifted to Royal Marines Museum	(21,000)	(32,000)
Profit/(loss) for year before taxation	224	(524)
Taxation	0	0
Profit/(loss) for the year after taxation	224	(524)
Retained profit brought forward	11,300	11,824
Retained profit carried forward	11,524	11,300
Called up Share Capital	2	2
Capital and reserves	11,526	11,302

Activities of charitable subsidiary

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

The Association's object is to promote, support, assist and improve the Royal Marines Museum. Accounts are prepared annually to 31 December and no material difference arises from using accounts prepared to this date. Accordingly, no adjustment has been made when consolidating these accounts. A summary of the Association's Income and Expenditure account for the year ended 31 December 2009 is shown below

	2010	2009
	£	£
Income	11,796	11,070
Expenditure	(6,086)	(8,792)
Donation to the Museum	(5,000)	(3,000)
Surplus/(Deficit) for the year	710	(722)
Funds brought forward	8,610	9,332
Funds carried forward	9,320	8,610

Related party transactions

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

	2010	2009
	£	£
Amount paid in loan interest	0	74

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

The Friends of The Royal Marines Museum are a related party of the Royal Marines Museum. During the year £5,000 was donated to the Museum.

3 Grants and donations

During the year the following grants and donations were received

Grants received from The National Museum of The Royal Navy

	Unrestricted funds	Restricted grant restricted	Other fund	2010	2009
	£	£	£	£	£
Operations	0	778,077	0	778,077	763,460
Purchase of exhibits	0	21,975	0	21,975	19,000
	0	800,052	0	800,052	782,460
Other grants					
Ministry of Defence	0	0	0	0	2,366
Hampshire County Council	0	0	0	0	3,000
National Heritage Memorial Fund	0	0	0	0	27,867
Royal Marine Corps.	5,000	0	0	5,000	0
The Leche Trust	0	0	0	0	1,750
	5,000	0	0	5,000	34,983
Other donations					
Band concert	1,985	0	0	1,985	1,720
Mr C Maitland	3,000	0	0	3,000	0
Royal Marines Corps.	10,000	0	0	10,000	11,000
Miscellaneous donations	7,363	0	0	7,363	11,545
	22,348	0	0	22,348	24,265
Other grants and donations	27,348	0	0	27,348	59,248

4 Legacies

	Unrestricted funds	Restricted grant	Restricted other fund	2010	2009
	£	£	£	£	£
Mr Haycock	0	0	0	0	1,000
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,000</u>

5 Investment income

	Unrestricted funds	Restricted grant	Restricted other fund	2010	2009
	£	£	£	£	£
Dividends and interest	4,915	0	0	4,915	4,104
	<u>4,915</u>	<u>0</u>	<u>0</u>	<u>4,915</u>	<u>4,104</u>

6 Activities for generating funds

	Unrestricted funds	Restricted grant	Restricted other fund	2010	2009
	£	£	£	£	£
Museum admissions	75,267	0	0	75,267	51,784
	<u>75,267</u>	<u>0</u>	<u>0</u>	<u>75,267</u>	<u>51,784</u>

7 Other incoming resources

	Unrestricted funds	Restricted grant	Restricted other fund	2010	2009
	£	£	£	£	£
Sundry income	14,370	13,903	0	28,273	36,220
	<u>14,370</u>	<u>13,903</u>	<u>0</u>	<u>28,273</u>	<u>36,220</u>

8 Cost of generating funds

	Fundraising and publicity	2010	2009
	£	£	£
Staff costs	27,873	27,873	28,953
Administration costs	2,765	2,765	3,381
Event expenditure	474	474	2,113
Utilities	2,498	2,498	2,299
Advertising	52,971	52,971	51,304
Travelling	648	648	510
Security costs	0	0	8,746
Other costs	2,074	2,074	4,450
	<u>89,303</u>	<u>89,303</u>	<u>101,756</u>

9 Museum and visitor operations

	Galleries and exhibitions	Curatorial	Education	2010	2009
	£	£	£	£	£
Staff costs	399,356	127,232	30,099	556,687	532,556
Purchase of exhibits	707	514	65	1,286	1,124
Rates	6,003	4,366	546	10,915	10,180
Display refurbishments	2,389	0	0	2,389	2,043
Collection management	2,279	1,657	207	4,143	8,936
Photographic	776	564	71	1,411	1,089
Recruitment	975	709	89	1,773	1,837
Professional fees	1,238	900	112	2,250	0
Depreciation	97,722	71,070	8,884	177,676	195,364
Subscriptions	1,205	876	109	2,190	1,944
Support costs	102,162	74,300	9,287	185,749	159,813
	614,812	282,188	49,469	946,469	914,886

10 Governance costs

	2010	2009
	£	£
Staff costs	22,432	21,454
Legal and professional	6,472	4,914
Accountancy	14,975	12,375
Audit	7,850	7,850
Support costs	10,463	31,598
	62,192	78,191

11 Support costs

	Museum and visitor centre operations	Governance costs	2010	2009
	£	£	£	£
Administration costs	16,390	3,243	19,633	22,475
Utilities	31,878	3,330	35,208	36,900
Insurance	13,618	0	13,618	13,087
Maintenance and stores	29,126	0	29,126	30,964
Computer consumables	9,898	0	9,898	6,322
Travelling	1,945	3,890	5,835	4,593
Education costs	4,747	0	4,747	5,716
Security costs	58,903	0	58,903	49,556
Entertainment	934	0	934	3,063
Bank charges	1,036	0	1,036	962
Gardens and landscaping	11,545	0	11,545	13,164
Other costs	5,729	0	5,729	4,609
	185,749	10,463	196,212	191,411

12 Total resources expended (charity only)

	Staff costs	Other costs	Depreciation	2010	2009
	£	£	£	£	£
Charitable expenditure	556,687	212,106	177,676	946,469	914,886
Costs of generating funds	27,873	61,430	0	89,303	101,756
Governance costs	22,432	39,760	0	62,192	78,191
Notional charges	0	149,071	0	149,071	158,055
Total	606,992	462,367	177,676	1,247,035	1,252,888

	2010	2009
	£	£
Staff costs		
Wages and salaries	528,952	503,507
Social security costs	39,685	38,526
Pension costs	38,355	40,930
	606,992	582,963

Excluding pension contributions, no employee, other than the director, earned £60,000 per annum or more in either the year ended 31 March 2010 or the previous year.

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

	2010	2009
Cost of generating funds	2	2
Charitable expenditure	11	11
Governance costs	1	1
	14	14

No Trustees received remuneration during the year (2009: £Nil). Three trustees were reimbursed for travel expenses totalling £313 (2009: £729).

13 Tangible fixed assets

Charity	Land and buildings	Office equipment	Fixtures and fittings	Heritage assets	Total
	£	£	£	£	£
Cost					
At 1 April 2009	6,379,488	508,751	852,826	255,525	7,996,590
Additions	0	5,113	7,430	13,636	26,179
On revaluation	(531,068)	5,638	4,860	0	(520,570)
Disposals	0	0	0	0	0
At 31 March 2010	<u>5,848,420</u>	<u>519,502</u>	<u>865,116</u>	<u>269,161</u>	<u>7,502,199</u>
Depreciation					
At 1 April 2009	284,302	195,315	710,248	0	1,189,865
On revaluation	(23,321)	831	1,251	0	(21,239)
Charge for the year	132,016	36,970	8,690	0	177,676
At 31 March 2010	<u>392,997</u>	<u>233,116</u>	<u>720,189</u>	<u>0</u>	<u>1,346,302</u>
Net book values					
At 31 March 2010	<u>5,455,423</u>	<u>286,386</u>	<u>144,927</u>	<u>269,161</u>	<u>6,155,897</u>
At 31 March 2009	<u>6,095,186</u>	<u>313,436</u>	<u>142,578</u>	<u>255,525</u>	<u>6,806,725</u>
Group					
	£	£	£	£	£
Cost					
At 1 April 2009	6,381,347	508,751	858,879	255,525	8,004,502
Additions	0	5,113	7,430	13,636	26,179
On revaluation	(531,068)	5,638	4,860	0	(520,570)
At 31 March 2010	<u>5,850,279</u>	<u>519,502</u>	<u>871,169</u>	<u>269,161</u>	<u>7,510,111</u>
Depreciation					
At 1 April 2009	285,814	195,315	716,059	0	1,197,188
On revaluation	(23,321)	831	1,251	0	(21,239)
Charge for the year	132,105	36,969	8,737	0	177,811
At 31 March 2010	<u>394,598</u>	<u>233,115</u>	<u>726,047</u>	<u>0</u>	<u>1,353,760</u>
Net book values					
At 31 March 2010	<u>5,455,681</u>	<u>286,387</u>	<u>145,122</u>	<u>269,161</u>	<u>6,156,351</u>
At 31 March 2009	<u>6,095,533</u>	<u>313,436</u>	<u>142,820</u>	<u>255,525</u>	<u>6,807,314</u>

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

Tangible fixed assets include land and buildings with a net book value of £3,781,296 that are held on a 50 year lease from the MoD expiring in 2044. The lease restricts their use to that of a Royal Marines Museum.

14 Fixed asset investments

	2010		2010	
	Charity listed	Unlisted	Group listed	Unlisted
	£	£	£	£
Market value or cost at 1 April 2009	104,889	2	104,889	0
Cash held as part of investment portfolio	0			
Realised loss on disposal	(830)	0	(830)	0
Net unrealised gains/(losses)	36,063	0	36,063	0
Market value or cost at 31 March 2010	140,122	2	140,122	0
Historic cost at 31 March 2010	108,534	2	108,534	0
Market value or cost at 31 March 2009	104,889	2	104,889	0
Historic cost at 31 March 2009	109,364	2	109,364	0

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

15 Stocks

	2010		2009	
	Charity	Group	Charity	Group
	£	£	£	£
The amounts attributable to the different categories are as follows				
Goods for resale	0	18,929	0	21,024
Friends of the Royal Marines Museum stock	0	1,170	0	701
	0	20,099	0	21,725

16 Debtors

	2010		2009	
	Charity	Group	Charity	Group
	£	£	£	£
Trade debtors	0	19,295	0	13,442
Social security and other taxes	11,101	11,101	11,425	11,425
Other debtors	4,212	4,214	650	1,855
Prepayments and accrued income	36,584	16,688	49,977	18,533
	51,897	51,298	62,052	45,255

17 Cash at bank and in hand

	2010 £	2009 £
Non-public funds	227,249	214,871
Public funds		
Grant (operating)	0	144,989
Grant (purchases)	8,917	0
Cash at bank and in hand – charity	236,166	359,860
Trading Subsidiary	35,759	45,434
Charitable Subsidiary	11,385	8,966
Cash at bank and in hand – group	283,310	414,260
For the purposes of the cash flow statement, cash at bank and in hand comprises		
	£	£
Cash	283,310	414,260
Liquid resources	0	0
	283,310	414,260

18 Creditors: amounts falling due within one year

	2010		2009	
	Charity £	Group £	Charity £	Group £
Trade creditors	8,418	9,352	2,883	10,876
Other taxes and social security	0	6,221	0	6,090
Other creditors	1,753	4,989	4,208	6,468
Deferred income	0	0	144,988	144,988
Accruals	27,165	63,026	33,407	57,068
	37,336	83,588	185,486	225,490

19 Restricted funds

	1 April 2009 £	Incoming £	Outgoing £	Transfers £	Reval- uation £	31 March 2010 £
Grant (operating)	4,296,803	791,980	(905,278)	0	(349,621)	3,833,884
Grant (purchases)	183,497	21,975	(1,286)	0	0	204,186
Development fund	799,757	0	(34,276)	0	(18,807)	746,674
	<u>5,280,057</u>	<u>813,955</u>	<u>(940,840)</u>	<u>0</u>	<u>(368,428)</u>	<u>4,784,744</u>

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

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

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

20 Analysis of net assets between funds

	Tangible fixed assets	Investments	Net current assets	Total
	£	£	£	£
Restricted Funds				
Grant (operating)	3,833,403	0	481	3,833,884
Grant (purchases)	204,186	0	0	204,186
Development Fund	655,339	0	91,335	746,674
	4,692,928	0	91,816	4,784,744
Unrestricted funds – Charity	1,462,969	140,124	158,911	1,762,004
	6,155,897	140,124	250,727	6,546,748
Charitable subsidiary	1	0	9,319	9,320
Non charitable trading funds	453	(2)	11,073	11,524
Total net assets – Group	6,156,351	140,122	271,119	6,567,592

21 Commitments and contingent liabilities

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

22 Other commitments

At 31 March 2010 the charity had annual commitments under non-cancellable operating leases as follows

	2010		2009	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Expiry date				
Within one year	0	0	0	0
Between one and five years	0	3,036	0	3,036
In over five years	0	0	0	0
	0	3,036	0	3,036

23 Other related party transactions

Grant funding received from The National Museum of the Royal Navy is separately disclosed in the Statement of Financial Activities.

The Royal Marines Corps is a related party of the Royal Marines Museum. During the year, the Royal Marines Corps gifted £15,000 (2009 £11,000) to the Museum.

24 Taxation

All of the charity's income is applied for charitable purposes and therefore the charity is exempt from corporation tax. The charity's trading subsidiary had a corporation tax liability of £Nil as at 31 March 2010 (2009: £Nil). Any taxable profits are distributed to the Charity under Gift Aid.

25 Post balance sheet events

These accounts were authorised for issue on 8 July 2010.

26 External performance indicators

Year	Self-generated income £	Grant income £	% Ratio	
2009-2010	135,803	800,052	1:5.89	Actual
2009-2010	122,758	793,552	1:6.46	Budget
2008-2009	148,865	782,460	1:5.26	Actual

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