

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

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# Royal Marines Museum Account 2007-2008

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# Royal Marines Museum Account 2007-2008

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 17 JULY 2008

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# Trustees Annual Report for the year ended 31 March 2008

## 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, P04 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 (2007-2008)**

Chairman: Major General D A S Pennefather CB OBE

### **Nominated Trustees**

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

Councillor P Edgar (Representative, Hampshire County Council)

Lt Col I Grant RM (Corps Secretary)

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

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

Brigadier M Noble (Director Royal Marines/ ACOS LLM)

### **Co-opted Trustees**

J G Farnhill Esq

Ms V S Harbar

Dr J A Lock

J M Phillips Esq (Deputy Chairman)

Mrs S Rhys Jones OBE

G M Salvetti Esq TD

Mrs D Smith

G Whitter Esq ACA FCCA CTA

### **Senior members of staff (2007-2008)**

Museum Director: C J Newbery Esq FMA

Curator and Deputy Director: I Maine Esq

Estate Manager: Lt Cdr M Churchill RN Retd (to October 2007); G May Esq (from December 2007)

Marketing Manager: Miss K Izod (to June 2007); A Wilson Esq (from November 2007)

Finance, Personnel and Trading Manager: Miss L Swales

### **Accountants**

Compass Accountants Limited

Venture House, The Tanneries

East Street

Titchfield

Hampshire PO14 4AR

**Auditors**

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

**Bankers**

Lloyds TSB plc  
44-46 Elm Grove  
Southsea  
Hampshire PO51JD

Reference and Administrative Details of the Museum, its Trustees and Advisers (continued)

**Solicitors**

Blake Laphorn Linnell  
1 Barnes Wallis Road  
Segensworth  
Hampshire PO15 4UA

**Structure, Governance and Management****Status**

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

**History**

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

A major new display telling the story of the Royal Marines was opened in 1997. Since then, purpose-designed facilities for educational use and for special exhibitions have been created; level access has been provided to all the Museum's public areas; while much work has been done to improve the documentation, conservation and storage of the collections. 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. In November 2007, a number of trustees attended the launch event of the Hampshire Trustees Forum, the theme being 'The Charities and Companies Acts 2006 – from headlines to reality – what the new legislation will mean in practice for Trustees'.

### **Organisational Structure**

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

### **Relationship with other Royal Navy Museums**

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

### **Relationship with the Friends of the RM Museum**

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

### **Trustees' Register of interests**

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

### **Disclosure of Relevant Information to the Museum's Auditors**

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

## Objectives and activities

### **The objects of the Charity**

These are set out in the Trust Scheme as follows

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

### **Museum Mission Statement**

The Museum's mission is 'The preservation and presentation of all aspects of Royal Marines history for the education and enjoyment of the general public'.

## Strategic aims of the Museum

- 1 To develop the collection so that it becomes the definitive record of Royal Marines' history.
- 2 To encourage research and publications relating to the Museum's mission.

- 3 To document and preserve the collection in accordance with national guidelines and standards.
- 4 To promote lifelong learning and social inclusion through displays, special exhibitions and educational activities.
- 5 To maximise physical and intellectual access to the Museum without compromising the preservation of the collections.
- 6 To provide appropriate services through the profitable operation of the Limited Company and to promote the Museum to optimise attendance figures and income.
- 7 To promote the Royal Marines and encourage recruitment.
- 8 To manage the Museum's physical, human and financial resources in an efficient, economical and effective manner.

### Main objectives in 2007-2008

#### **To increase the number of visitors**

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

#### **To implement a programme promoting the Royal Marines and encouraging recruitment**

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

#### **To maintain compliance with relevant national standards**

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

#### **To increase the Museum's income**

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

### Significant activities in 2007-2008

#### **Displays**

In November 2007 the Museum's refurbished Medal Room was opened formally by Lt Col M Holmes DSO RM, Commanding Officer of 42 Commando, together with Marine Bispham MC RM, also of 42 Commando. Both of them had been on recent operations in Afghanistan and received operational awards. The improvements to the Medal Room, including new methods of interpretation, had been funded by grants from the Heritage Lottery Fund, The Clothworkers Foundation, The Charles Hayward Foundation, The Grocers Charity, and The Hampshire and Isle of Wight Museum Development Office. Donations had also been received from private individuals.

The project to refurbish the Minstrels' Gallery commenced in February 2008. Phase one was the restoration of the ornate plaster ceiling and this work was generously funded by the Royal Navy. The next phase (to be completed in 2008-2009) will involve completing the conservation and re-display of portraits and silver items, including a new lighting scheme. Financial support for this phase of the project has been received already from The Wates Foundation, the Langton Trust, Mr Murray Judd, Mr Colin Maitland, and through a partnership with KBM Management.



The Museum's Special Exhibition in 2007-2008 dealt with the role of the Royal Marines in the Falklands War, 1982. It therefore marked the 25th anniversary of the Campaign. Exhibits included many evocative photographs from the Museum's collection together with artefacts such as a damaged propeller from an Argentine Air Force Pucara.

### **Acquisitions, Collection Management and Research**

The acquisition of exhibits was achieved through many generous donations together with a small number of purchases, all in accordance with the Museum's Acquisitions Policy which is published on the Museum's website. Donations included United States Marine Corps (USMC) Pattern Combat clothing worn by C/Sgt Matthew Tomlinson RM while he was serving on exchange with the USMC. He saw action in Iraq with the USMC during 2005 and was awarded a Conspicuous Gallantry Cross which he has kindly lent to the Museum for display in the Medal Room. Another example of the Museum's commitment to contemporary collecting was the commissioning of war artist Gordon Rushmer to produce twelve watercolour paintings of Royal Marines in Afghanistan during 2007. Purchases at auction included a medal group that belonged originally to Private F H Church RMLI. He served on HMS Clio from October 1919 to August 1920, during which time he qualified for the 'Somaliland 1920' clasp. He was also awarded the 'Iraq 1919-20' clasp for service with river gunboats within Iraq during November 1920. Church was one of only seven Royal Marine recipients of these two clasps.

The implementation of the computerised collection management system (CALM) gathered momentum through the employment of a temporary member of staff and the generous help of volunteers. A project to scope the documentation of the Instow collection (amphibious trials reports and drawings) was completed and this will also help the Museum to determine storage improvements for this unique collection. On the conservation front, a new light monitoring system was installed in the Mountbatten Dining Room while a new Disaster Plan was produced. Grateful thanks are extended to the Hampshire & Isle of Wight Museum Development Office which assisted all these projects.

With regard to research and publications, Museum staff assisted the Royal Marines Historical Society in preparing a number of publications including a new edition of *The Short History of the Royal Marines*, a special publication about the Mountain Leaders Branch and a new book about RM badges which is scheduled for publication in 2008-2009. The Museum also collaborated with publishers 'Pen and Sword' in preparing a book about researching Royal Marines ancestors, while a major contribution was made to the production of the 2008 Corps Historical Calendar, whose theme was the Museum's 50th anniversary.

### **Learning and access**

The Museum adopted a new Learning Policy in April 2007 which covers both formal and informal learning. There was a significant increase in the number of school parties using the Museum from 30 in 2006-2007 to 40 in 2007-2008. Remembrance sessions for Primary Schools (linked with Remembrance Sunday) were fully booked. Collaboration with the Portsmouth Education Business Partnership continued and a literacy day for teenage boys was a particular success. At the Higher Education level, the Museum maintained its teaching inputs to the University of Portsmouth and hosted a postgraduate student from the Textile Conservation Centre at Winchester who was on a work placement. Together with other museums and galleries in Portsmouth, the Museum collaborated with the University of Chichester in a pilot project funded by the Museums, Libraries & Archives Council. This project involved students in Initial Teacher Training who were placed with museums and worked to produce and deliver a teaching session for a school. Holiday activities attracted a lot of interest from families, the themes ranging from *The Mighty Jungle* to *Arctic Warriors*.

The Museum's website was completely re-designed and went live at the end of 2007-2008. It is not only easier for users to navigate but also provides a greatly enhanced level of information about the Museum's activities. The website is a key part of the Museum's access strategy and it will be further developed during 2008-2009.

## Achievements and performance

### **Review of achievements against previously stated objectives**

The total number of visitors to the Museum at Eastney was 39,998, representing a 13.1 per cent increase over the last financial year. In addition, the Museum's outstation (Heritage Centre) at the Commando Training Centre in Devon continues to be well used. The success of the public events programme contributed to the good attendance figure at Eastney. Several events were linked to the 25th anniversary of the Falklands Campaign including a reminiscence event titled *We Were There* chaired by Major General Julian Thompson CB OBE. The annual open-air music event in July was well attended while the concert provided by the RMA Concert Band (now based at the Museum) was a complete sell-out. The Remembrance Day Service attracted a congregation of some 600 people, the highest number in recent years.

With regard to promoting the Royal Marines and encouraging recruitment, this was achieved through keeping *The Royal Navy Today* display up-to-date, showcasing the Corps by holding events that featured the RM Band Service and the RM Display Team, and providing careers information through visits by the RN/RM mobile recruitment vehicle and provision of literature and a touch-screen database within the Museum.

Relevant national standards were maintained by holding full Accreditation status from the Museums, Libraries & Archives Council, by being re-accredited as a Quality Assured Visitor Attraction following an annual inspection, and by on-going recognition as an Investor in People.

So far as income generation was concerned, the Museum's Limited Company was able to hand over £34,000 in Gift Aid to the Museum Trust compared to £22,000 the previous year. This is the highest figure ever achieved. The success of Corporate Hospitality was a key factor together with the fact that the Museum contracted-out the tearooms in March 2007 and is no longer suffering an annual financial loss on this service. Admission income was £43,963 compared to £33,100 in 2006-2007 reflecting both the increase in attendance and the re-introduction of charges for children. There were also a number of successes on the fundraising front, notably the raising of money for the refurbishment of the Medal Room and the Minstrels' Gallery.

### **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, members of the Palmerston Forts Society have been helping the Museum's project to restore Eastney Fort East. To foster even closer links with the community, an open evening for local residents and Friends of the Museum was held in January 2008. 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 that Museum operations are carried out in an environmentally sensitive and sustainable manner' (RMM Environmental Policy, 2006). In support of this aim, the Museum raises staff awareness of environmental issues through training interventions, provides appropriate recycling facilities and, so far as possible, ensures that contractors undertake work in a manner compatible with sustainable development.

### **Risk assessment**

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

## Financial review

### **Investment and reserves policy**

A policy review took place in June 2007 resulting in a number of amendments. In March 2008, the Museum's investments with the Charities Aid Foundation were sold for £114,464 and this sum was invested with Newton Investment Management Limited. The Board of Trustees' perceived that this change would enhance the potential return on the Museum's investments. The sum of money realised from the sale of investments can be compared with the original investment of £75,000.

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

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

The Museum needs to retain a viable reserve in order to

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

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

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

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

### **Principal funding sources**

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

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

### **Payment of creditors**

The Museum adheres to the Government-wide standard on the payment of creditors by aiming to settle all undisputed bills within 30 days or in accordance with the supplier's terms of business. The Museum's actual payment performance was that 88.4% of bills were paid within 30 days or in accordance with the suppliers' terms of business. This compares with 85.5% in the previous year.

### **Pension liabilities**

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

### Plans for future periods

At the date the accounts were signed, the first of the major development projects scheduled for 2008-2009 had already been completed: namely the new permanent display titled 'The Making of the Royal Marines Commando'. During the remainder of the financial year 2008-2009, the Museum is planning to install a professionally designed Gift Shop, provide a new gallery for special exhibitions and place an innovative audio-visual introductory presentation at the start of the existing displays about the history of the Corps. The money for these developments is available. Other planned capital developments include finishing the refurbishment of the Minstrels' Gallery (housing portraits and silver) and completing the restoration of the Museum's Victorian fort. Further fundraising will be necessary in order to achieve these objectives.

By 2010, it is envisaged that the Museum will form a constituent part of the proposed National Museum of the Royal Navy (NMRN). Significant progress has been made by the Trustees to ensure that the best interests of the Museum are achieved regarding its future relationship with the NMRN.

## Operating and financial review

### Overview

The Museum's aims, objectives, achievements, risks and future plans have already been described in this report. While the Museum is currently in a stable financial position, Trustees take care to review the cash flow position on a regular basis. At a meeting of the Trustees' Finance & General Purposes Committee in January 2008, it was noted that cash in the Museum's development fund by the end of the Financial Year 2010-2011 was forecast to be £102,304.

While the 2007-2008 accounts show a net surplus of £216,000, it should be noted that this is substantially represented by a surplus of unspent grants received during the year, which will be spent in subsequent years.

### Policy development

During the course of the year, Trustees reviewed a number of policies, including those concerned with information technology, maintenance, learning, and investments & reserves.

### Disabled persons and employee involvement

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

### Key performance indicators

	<b>2007-2008</b>	2006-2007
Visitor Numbers	<b>39,998</b>	35,360
Grant-in-Aid subsidy per visitor to the RMM at Eastney (excluding any capital allocations)	<b>£18.65</b>	£20.44
Grant-in-Aid as a proportion of total operating spend (excluding any capital allocations)	<b>80.9%</b>	81.7%
Number of pre-booked school parties	<b>40</b>	30
Total school visitors	<b>1634</b>	1117
Research enquiries received and answered	<b>1758</b>	2146

With reference to admission numbers, these figures relate to visitors to the Museum at Eastney. There were, additionally, visitors to the Heritage Centre at Lymptone in Devon.

Regarding research enquiries, the figures relate to responses in writing. However, there were also 253 replies delivered by telephone compared to 221 in 2006-2007.

**Remuneration Report**

The Remuneration Report is set out on page 11.

Trustees and Director of The Royal Marines Museum

*Major General David Pennefather CB OBE*  
On behalf of the Board of Trustees  
7 July 2008

*C J Newbery FMA*  
Accounting Officer  
7 July 2008

# Remuneration Report

## 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 2008 of £53,982 per annum. The director is aged 58, his pension (net of inflation) fell by £44 in the year, with his total accrued pension now being £6,916 as an ordinary member of the Principal Civil Service Pension Scheme. The director's CETV as at 31 March 2008 was £356,870.

No Trustees received remuneration during the year (2007: £Nil). Three trustees were reimbursed for travel expenses totalling £1,048 (2007: £238)

'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 2007-2008, employers' contributions for the Museum as a whole of £42,207 were payable (2006-2007: £48,599) at rates in the range 17.1 to 25.5 percent of pensionable pay, based on salary bands. Employer contributions for PCSPS were reviewed in 2006-2007. 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 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 3 per cent and 12.5 per cent (depending on the age of the member) into a stakeholder pension product chosen by the employee. The employee does not have to contribute but, where they do make contributions, the employer will match these up to a limit of 3 per cent of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8 per cent of pensionable salary to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

Further details about the Civil Service pension arrangements can be found at the website [www.civilservice-pensions.gov.uk](http://www.civilservice-pensions.gov.uk).

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

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

*Major General David Pennefather CB OBE*  
On behalf of the Board of Trustees  
7 July 2008

*C J Newbery FMA*  
Accounting Officer  
7 July 2008

## Statement of Board of Trustees' and Director's responsibilities

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

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

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

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

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



## Statement on Internal Control

### Scope of responsibility

As Accounting Officer, I have responsibility for maintaining a sound system of internal control that supports the achievement of the Royal 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 Government Accounting, and for ensuring compliance with the requirements of the Royal Marines Museum's Financial Memorandum.

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

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Royal Marines Museum's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in the Royal Marines Museum for the year ended 31 March 2007 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

## Capacity to handle risk

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

## The risk and control framework

The management of risk is exercised through the Museum's Senior Management Team who review on a regular basis the Museum's principal activities and events, with associated risks. The Board of Trustees and its 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 have responsibility for reviewing the effectiveness of the system of internal control. My review of the effectiveness of the system of internal control is informed by the internal audit function (described below), and the executive managers within the Museum who have responsibility for the development and maintenance of the internal control framework, and comments made by the external auditors in their management letter and other reports.

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

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

*Major General David Pennefather CB OBE*  
On behalf of the Board of Trustees  
7 July 2008

*C J Newbery FMA*  
Accounting Officer  
7 July 2008

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

I certify that I have audited the financial statements of The Royal Marines Museum for the year ended 31 March 2008 under the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2003. These comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

## Respective responsibilities of Board of Trustees, the Director and Auditor

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

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

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

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

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

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

## Basis of audit opinions

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

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

## Opinions

In my opinion

- the financial statements give a true and fair view, in accordance with the Charities Act 1993 and directions made thereunder by the Secretary of State for Defence, of the state of the Royal Marines Museum's and the group's affairs as at 31 March 2008 and of its incoming resources and application of resources of the group for the year then ended;
- the financial statements and the part of the Remuneration Report to be audited have been properly prepared in accordance with the Charities Act 1993 and directions made thereunder by the Secretary of State for Defence; and
- information which comprises the 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 Parliament have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

### **Report**

I have no observations to make on these financial statements.

*T J Burr*  
Comptroller and Auditor General

15 July 2008

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

## Statement of financial activities for the year ended 31 March 2008

	Notes	Unrestricted funds £	Restricted funds £	Other Restricted funds £	2008 Total £	2007 Total £
<b>Incoming resources</b>						
<b>Incoming resources from generated funds</b>						
Grant in Aid (operating)	3	0	746,525	0	<b>746,525</b>	722,788
Grant in Aid (capital)	3	0	18,449	0	<b>18,449</b>	18,000
Other donations and grants	3	19,614	0	391,118	<b>410,732</b>	80,163
Income of Trading Company	2	192,730	0	0	<b>192,730</b>	176,604
Income of charitable subsidiary	2	10,528	0	0	<b>10,528</b>	11,385
Investment income	4	4,826	0	0	<b>4,826</b>	3,673
<b>Incoming resources from charitable activities</b>						
Admissions	5	43,963	0	0	<b>43,963</b>	33,100
Other incoming resources	6	36,458	2,300	0	<b>38,758</b>	28,125
<b>Total incoming resources</b>		<u>308,119</u>	<u>767,274</u>	<u>391,118</u>	<b>1,466,511</b>	<u>1,073,838</u>
<b>Resources expended</b>						
<b>Cost of generating funds</b>						
Fundraising and publicity	7	(49,735)	(49,008)	0	<b>(98,743)</b>	(119,688)
Expenses of Trading Company	2	(158,834)	0	0	<b>(158,834)</b>	(154,032)
Expenses of charitable subsidiary	2	(7,564)	0	0	<b>(7,564)</b>	(7,578)
<b>Charitable expenditure</b>						
Museum and visitor operations	9	(80,720)	(774,337)	(61,880)	<b>(916,937)</b>	(786,831)
<b>Governance costs</b>	10	(4,898)	(63,535)	0	<b>(68,433)</b>	(69,358)
Notional charges		0	(158,979)	0	<b>(158,979)</b>	(143,666)
<b>Total resources expended</b>		<u>(301,751)</u>	<u>(1,045,859)</u>	<u>(61,880)</u>	<b>(1,409,490)</b>	<u>(1,281,153)</u>
<b>Net incoming resources before transfers</b>						
		6,368	(278,585)	329,238	<b>57,021</b>	(207,315)
Adjustment for notional charges		0	158,979	0	<b>158,979</b>	143,666
<b>Net incoming resources before gains and losses on revaluations and disposals</b>		<u>6,368</u>	<u>(119,606)</u>	<u>329,238</u>	<b>216,000</b>	<u>(63,649)</u>
<b>Other recognised gains and losses</b>						
Realised gains/(losses)						
Net loss on sale of investments		(35,023)	0	0	<b>(35,023)</b>	0
Unrealised gains/(losses)						
Revaluation of Investments		0	0	0	<b>0</b>	8,369
Revaluation of fixed assets		50,237	137,924	10,068	<b>198,229</b>	1,055,058
<b>Net movement in funds</b>		<u>21,582</u>	<u>18,318</u>	<u>339,306</u>	<b>379,206</b>	<u>999,778</u>
Total funds brought forward		<u>1,927,979</u>	<u>4,533,111</u>	<u>444,772</u>	<b>6,905,862</b>	<u>5,906,084</u>
<b>Total funds carried forward</b>		<u>1,949,561</u>	<u>4,551,429</u>	<u>784,078</u>	<b>7,285,068</b>	<u>6,905,862</u>

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

All transactions are derived from continuing activities

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

## Balance Sheet Consolidated as at 31 March 2008

		2008		2007	
	Notes	£	£	£	£
<b>Tangible assets</b>	12	<b>6,378,408</b>		6,276,304	
Heritage assets	12	<b>205,062</b>		196,536	
Investments	13	<b>114,462</b>		149,485	
		<b>6,697,932</b>		<b>6,622,325</b>	
<b>Current assets</b>					
Stocks	14	<b>19,028</b>		24,237	
Debtors	15	<b>158,744</b>		33,443	
Cash at bank and in hand	16	<b>505,790</b>		260,978	
		<b>683,562</b>		<b>318,658</b>	
<b>Creditors: amounts falling due within one year</b>	17	<b>(96,426)</b>		(35,121)	
<b>Net current assets</b>		<b>587,136</b>		<b>283,537</b>	
<b>Net assets</b>		<b>7,285,068</b>		<b>6,905,862</b>	
<b>Funds</b>					
Unrestricted funds		<b>1,928,405</b>		1,907,465	
Restricted funds	18				
Grant in Aid (operating)		<b>4,385,808</b>		4,377,926	
Grant in Aid (purchases)		<b>165,621</b>		155,185	
Other restricted funds		<b>784,078</b>		444,772	
Charitable subsidiary funds		<b>9,332</b>		8,368	
Non charitable trading funds		<b>11,824</b>		12,146	
		<b>7,285,068</b>		<b>6,905,862</b>	

The financial statements were approved by the Trustees on 7 July 2008 and signed on its behalf by

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

C J Newbery  
Accounting Officer

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

## Balance sheet as at 31 March 2008

		2008		2007	
	Notes	£	£	£	£
<b>Tangible assets</b>	12	<b>6,377,667</b>		6,275,397	
Heritage assets	12	<b>205,062</b>		196,536	
Investments	13	<b>114,464</b>		149,487	
		<b>6,697,193</b>		<b>6,621,420</b>	
<b>Current assets</b>					
Debtors	15	<b>192,684</b>		54,958	
Amounts falling due in more than 1 year	15	<b>0</b>		2,900	
Cash at bank and in hand	16	<b>438,973</b>		232,180	
		<b>631,657</b>		<b>290,038</b>	
<b>Creditors: amounts falling due within one year</b>	17	<b>(64,938)</b>		(26,110)	
<b>Net current assets</b>		<b>566,719</b>		<b>263,928</b>	
<b>Net assets</b>		<b>7,263,912</b>		<b>6,885,348</b>	
<b>Funds</b>					
Unrestricted funds		<b>1,928,405</b>		1,907,465	
Restricted funds	18				
Grant in Aid (operating)		<b>4,385,808</b>		4,377,926	
Grant in Aid (purchases)		<b>165,621</b>		155,185	
Other restricted funds		<b>784,078</b>		444,772	
		<b>7,263,912</b>		<b>6,885,348</b>	

The financial statements were approved by the Trustees on 7 July 2008 and signed on its behalf by

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

C J Newbery  
Accounting Officer

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

## Cash Flow statement for the year ended 31 March 2008

	Non-public Funds £	Restricted Grant in Aid £	Charity Funds 2008 £	Group 2008 £	Group 2007 £
<b>Net cashflow/(outflow) from operating activities</b>	240,509	8,196	<b>248,705</b>	<b>291,024</b>	17,213
<b>Return on investments and servicing of finance</b>					
Bank interest received	16,485	0	<b>16,485</b>	<b>16,485</b>	8,552
Dividends received	4,826	0	<b>4,826</b>	<b>4,826</b>	3,673
<b>Capital expenditure and financial investment</b>					
Purchase of fixed assets	(58,997)	(8,526)	<b>(67,523)</b>	<b>(67,523)</b>	(53,067)
Repayment of Limited Company loan	4,300	0	<b>4,300</b>	<b>0</b>	0
<b>Increase/(decrease) in cash</b>	207,123	(330)	<b>206,793</b>	<b>244,812</b>	(23,629)
<b>Opening cash balances</b>	231,850	330	<b>232,180</b>	<b>260,978</b>	284,607
<b>Closing cash balances</b>	438,973	0	<b>438,973</b>	<b>505,790</b>	260,978

### Reconciliation of Changes in Resources to Net Cashflow From Operating Activities

Net incoming/(outgoing) resources for year	334,961	(119,606)	<b>215,357</b>	<b>216,000</b>	(63,649)
Depreciation	29,824	125,135	<b>154,959</b>	<b>155,122</b>	127,430
Investment income and interest received	(21,311)	0	<b>(21,311)</b>	<b>(21,311)</b>	(12,225)
Increase/(decrease) in creditors	11,023	27,805	<b>38,828</b>	<b>64,773</b>	(15,194)
(Increase)/decrease in stocks	0	0	<b>0</b>	<b>5,209</b>	3,197
(Increase)/decrease in debtors	(113,988)	(25,138)	<b>(139,128)</b>	<b>(128,769)</b>	(22,346)
<b>Net cash inflow/(outflow) from operating activities</b>	240,509	8,196	<b>248,705</b>	<b>291,024</b>	17,213



# Notes to the Financial Statements

## 1 Accounting policies

### 1.1 Basis of preparation of financial statements

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

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

Consolidated financial statements have been prepared in respect of the charitable trust, its wholly owned subsidiary, 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 RM 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. Pledged income receivable over the next five years is included as income in the year in which it fulfils the criteria for income recognition, in accordance with SORP 2005.

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.

### 1.3 Land and buildings

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

### 1.4 Office equipment

Office equipment with a cost or value greater than £750 and a useful life exceeding one year is capitalised at historic cost and revalued annually using Ministry of Defence derived indices. Office equipment is depreciated over its expected useful life 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 R M 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
	<hr style="width: 100px; margin-left: auto; margin-right: 0;"/> 100

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

### 1.8 Restricted funds

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

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

### 1.9 Notional charges

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

Notional interest at 3.5 per cent (2007: 3.5 per cent) of the average capital employed in respect of Grant in Aid funds

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

### 1.10 Leased assets

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

### 1.11 Investments

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

### 1.12 Stocks

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

### 1.13 Pensions

The employees of the Museum are covered by the provisions of the Principal Civil Service Pension Scheme (PCSPS), which provides benefits based on the final pensionable pay. The contributions payable under the PCSPS are paid to the Paymaster General at rates determined from time to time by the Government Actuary, which for 2007-2008 were as follows

#### Non-industrial staff

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

The PCSPS is an unfunded multi employer defined benefit scheme but the Royal Marines Museum is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out at 31 March 2003. Details can be found in the resource accounts of the Cabinet Office; Civil Superannuation ([www.civilservicepensions.gov.uk](http://www.civilservicepensions.gov.uk)).

For 2007-2008, employers' contributions of £42,207 were payable to the PCSPS (2006-2007: £48,599) at one of four rates in the range 17.1 to 25.5 per cent of pensionable pay, based on salary bands. Rates will remain the same for the next two years, subject to revalorisation of the salary bands. Employer contributions are to be reviewed every four years following a full scheme valuation by the Government Actuary. The contribution rates reflect benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

### 1.14 Heritage assets

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

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

## 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 2008

	2008 £	2007 £
Turnover	<b>191,937</b>	176,519
Cost of sales	<b>(69,698)</b>	(60,873)
Gross Profit	<b>122,239</b>	115,646
Sundry income	<b>793</b>	85
Machine Income (2007 Tearoom)	<b>(3,281)</b>	(14,463)
Corporate hospitality	<b>(43,097)</b>	(38,952)
Giftshop	<b>(42,745)</b>	(39,687)
Interest payable	<b>(233)</b>	(737)
Net profit/(loss) before tax and transfers	<b>33,676</b>	21,892
Tax on ordinary activities	<b>0</b>	0
Net profit/(loss) after tax and before transfers	<b>33,676</b>	21,892
Amount gifted to Royal Marines Museum	<b>(34,000)</b>	(22,000)
Profit/(loss) for year before taxation	<b>(324)</b>	(108)
Taxation	<b>0</b>	(57)
Loss for the year after taxation	<b>(324)</b>	(165)
Retained profit brought forward	<b>12,148</b>	12,311
Retained profit carried forward	<b>11,824</b>	12,146
Called up Share Capital	<b>2</b>	2
Capital and reserves	<b>11,826</b>	12,148

### 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 2007 is shown below

	2008 £	2007 £
Income	<b>10,528</b>	11,385
Expenditure	<b>(7,564)</b>	(7,578)
Donation to the Museum	<b>(2,000)</b>	(3,000)
Surplus/(deficit) for the year	<b>964</b>	807
Funds brought forward	<b>413</b>	(394)
Funds carried forward	<b>1,377</b>	413

*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.

	<b>2008</b>	2007
	<b>£</b>	£
Amount paid in Loan interest	<b>218</b>	737

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 £2,000 was donated to the Museum.

**3 Donations**

During the year the following grants and donations were received

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

	Unrestricted funds £	Restricted grant in Aid £	Restricted other Funds £	<b>2008</b> £	2007 £
Operations	0	746,525	0	<b>746,525</b>	722,788
Purchase of Exhibits	0	18,449	0	<b>18,449</b>	18,000
	0	764,974	0	<b>764,974</b>	740,788
Other grants					
Charles Hayward Foundation	0	0	20,000	<b>20,000</b>	0
Clothworkers Foundation	0	0	0	<b>0</b>	10,000
MoD	0	0	30,284	<b>30,284</b>	0
Heritage Lottery Fund	0	0	25,000	<b>25,000</b>	25,000
Mercers' Charitable Foundation	0	0	0	<b>0</b>	3,000
MLA South East	0	0	2,000	<b>2,000</b>	0
Royal Marine Corps.	10,000	0	0	<b>10,000</b>	30,000
	10,000	0	77,284	<b>87,284</b>	68,000
Other donations					
Band Concert	1,164	0	0	<b>1,164</b>	843
Bradford and Bingley	0	0	0	<b>0</b>	2,000
Mr P Gerecke	0	0	500	<b>500</b>	500
The Gosling Foundation	0	0	100,000	<b>100,000</b>	0
The Hobson Charity	0	0	100,000	<b>100,000</b>	0
Jules Thorn	0	0	0	<b>0</b>	1,000
The Langton Trust	0	0	2,000	<b>2,000</b>	0
Mr C Maitland	0	0	2,000	<b>2,000</b>	0
Mr C Murray Judd	0	0	1,000	<b>1,000</b>	0
RMA Southampton	0	0	0	<b>0</b>	500
RMHS	0	0	2,000	<b>2,000</b>	0
The Bernard Sunley Charitable Foundation	0	0	100,000	<b>100,000</b>	0
Wates Foundation	0	0	5,000	<b>5,000</b>	0
Miscellaneous donations	8,450	0	1,334	<b>9,784</b>	5,320
Anonymous	0	0	0	<b>0</b>	2,000
	9,614	0	313,834	<b>323,448</b>	12,163
<b>Other grants and donations</b>	<b>19,614</b>	<b>0</b>	<b>391,118</b>	<b>410,732</b>	<b>80,163</b>

**4 Investment income**

	Unrestricted funds £	<b>2008</b> £	2007 £
Unit trust income	4,826	<b>4,826</b>	3,673
	<u>4,826</u>	<u><b>4,826</b></u>	<u>3,673</u>

**5 Activities for generating funds**

	Unrestricted funds £	<b>2008</b> £	2007 £
Museum Admissions	43,963	<b>43,963</b>	33,100
	<u>43,963</u>	<u><b>43,963</b></u>	<u>33,100</u>

**6 Other incoming resources**

	Unrestricted funds £	restricted funds £	<b>2008</b> £	2007 £
Sundry income	36,458	2,300	<b>38,758</b>	28,125
	<u>36,458</u>	<u>2,300</u>	<u><b>38,758</b></u>	<u>28,125</u>

**7 Cost of generating funds**

	<b>2008</b> £	2007 £
Staff costs	<b>33,334</b>	57,348
Administration costs	<b>3,161</b>	2,585
Event Expenditure	<b>3,023</b>	3,569
Utilities	<b>1,679</b>	1,754
Advertising	<b>43,057</b>	41,062
Travelling	<b>424</b>	443
Security costs	<b>9,040</b>	8,807
Other costs	<b>5,025</b>	4,120
	<u><b>98,743</b></u>	<u>119,688</u>

## 8 Support costs

	Museum and visitor centre operations £	Governance costs £	2008 £	2007 £
Administration costs	12,935	8,939	<b>21,874</b>	19,448
Utilities	27,340	2,239	<b>29,579</b>	24,841
Insurance	16,790	0	<b>16,790</b>	16,183
Maintenance and stores	45,749	0	<b>45,749</b>	38,533
Computer consumables	7,042	0	<b>7,042</b>	4,048
Travelling	1,270	2,541	<b>3,811</b>	3,986
Education costs	2,351	1,568	<b>3,919</b>	5,851
Security costs	37,103	12,054	<b>49,157</b>	47,836
Entertainment	1,235	0	<b>1,235</b>	986
Bank charges	640	0	<b>640</b>	50
Gardens and landscaping	12,156	0	<b>12,156</b>	10,837
Other costs	10,893	211	<b>11,104</b>	14,729
	<u>175,504</u>	<u>27,552</u>	<b><u>203,056</u></b>	<u>187,328</u>

## 9 Museum and visitor operations

	Galleries and Exhibitions £	Curatorial £	Education £	2008 £	2007 £
Staff costs	383,716	84,286	28,389	<b>496,391</b>	479,050
Purchase of exhibits	4,407	3,205	401	<b>8,013</b>	1,062
Rates	4,528	3,293	412	<b>8,233</b>	7,525
Display refurbishments	57,274	0	0	<b>57,274</b>	0
Collection Management	4,839	3,520	440	<b>8,799</b>	6,509
Photographic	913	664	83	<b>1,660</b>	892
Recruitment	2,374	1,726	216	<b>4,316</b>	3,704
Depreciation	85,227	61,984	7,748	<b>154,959</b>	127,245
Subscriptions	983	715	90	<b>1,788</b>	422
Support costs	96,527	70,202	8,775	<b>175,504</b>	160,422
	<u>640,788</u>	<u>229,595</u>	<u>46,554</u>	<b><u>916,937</u></b>	<u>786,831</u>

## 10 Governance costs

	2008 £	2007 £
Staff costs	<b>21,104</b>	20,791
Legal and professional	<b>1,780</b>	2,953
Accountancy	<b>10,347</b>	11,058
Audit	<b>7,650</b>	7,650
Support costs	<b>27,552</b>	26,906
	<b><u>68,433</u></b>	<u>69,358</u>

**11 Total resources expended (charity only)**

	Staff costs £	Other costs £	Depreciation £	2008 £	2007 £
Charitable expenditure	496,391	265,587	154,959	<b>916,937</b>	786,831
Costs of generating funds	33,334	65,407	0	<b>98,741</b>	119,688
Governance costs	21,104	47,329	0	<b>68,433</b>	69,358
Notional charges	–	158,979	0	<b>158,979</b>	143,666
<b>Total</b>	<b>550,829</b>	<b>537,302</b>	<b>154,959</b>	<b>1,243,090</b>	<b>1,119,543</b>

	2008 £	2007 £
Staff costs		
Wages and salaries	<b>473,228</b>	474,039
Social security costs	<b>35,394</b>	34,551
Pension costs	<b>42,207</b>	48,599
	<b>550,829</b>	<b>557,189</b>

Excluding pension contributions, no employee, other than the director, earned £40,000 per annum or more in either the year ended 31 March 2008 or the previous year.

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

	2008	2007
Cost of generating funds	<b>3</b>	3
Charitable expenditure	<b>16</b>	16
Governance costs	<b>4</b>	4
	<b>23</b>	<b>23</b>

The director, Chris Newbery, had a basic salary during the year ended 31 March 2008 of £53,982 (2007: £53,363) per annum. The director is aged 58, his pension (net of inflation) fell by £44 (2007: £4) in the year, with his total accrued pension now being £6,916 (2007: £6,170) as an ordinary member of the Principal Civil Service Pension Scheme. The director's CETV as at 31 March 2008 was £356,870.

No Trustees received remuneration during the year (2007: £Nil). Three trustees were reimbursed for travel expenses totalling £1,048 (2007: £238).



**12 Tangible fixed assets – Charity**

	Land and buildings £	Office Equipment £	Fixtures and Fittings £	Heritage Assets £	<b>Total £</b>
<b>Cost</b>					
At 1 April 2007	6,200,000	116,177	739,011	196,536	<b>7,251,724</b>
Additions	0	34,230	24,767	8,526	<b>67,523</b>
On revaluation	196,626	(1,337)	2,665	0	<b>197,954</b>
Disposals	0	0	0	0	<b>0</b>
<b>At 31 March 2008</b>	<b>6,396,626</b>	<b>149,070</b>	<b>766,443</b>	<b>205,062</b>	<b>7,517,201</b>
<b>Depreciation</b>					
At 1 April 2007	0	95,805	683,986	0	<b>779,791</b>
On revaluation	0	(3,686)	3,408	0	<b>(278)</b>
Charge for the year	141,110	8,005	5,844	0	<b>154,959</b>
<b>At 31 March 2008</b>	<b>141,110</b>	<b>100,124</b>	<b>693,238</b>	<b>0</b>	<b>934,472</b>
<b>Net book values</b>					
<b>At 31 March 2008</b>	<b>6,255,516</b>	<b>48,946</b>	<b>73,205</b>	<b>205,062</b>	<b>6,582,729</b>
At 31 March 2007	6,200,000	20,372	55,025	196,536	<b>6,471,933</b>

**12 Tangible fixed assets – Group**

	Land and buildings £	Office Equipment £	Fixtures and Fittings £	Heritage Assets £	<b>Total £</b>
<b>Cost</b>					
At 1 April 2007	6,201,859	116,177	745,067	196,536	<b>7,259,639</b>
Additions	0	34,230	24,767	8,526	<b>67,523</b>
Revaluation	196,626	(1,337)	2,662	0	<b>197,951</b>
<b>At 31 March 2008</b>	<b>6,398,485</b>	<b>149,070</b>	<b>772,496</b>	<b>205,062</b>	<b>7,525,113</b>
<b>Depreciation</b>					
At 1 April 2007	1,335	95,805	689,659	0	<b>786,799</b>
Revaluation	0	(3,686)	3,408	0	<b>(278)</b>
Charge for the year	141,199	8,005	5,918	0	<b>155,122</b>
<b>At 31 March 2008</b>	<b>142,534</b>	<b>100,124</b>	<b>698,985</b>	<b>0</b>	<b>941,643</b>
<b>Net book values</b>					
<b>At 31 March 2008</b>	<b>6,255,951</b>	<b>48,946</b>	<b>73,511</b>	<b>205,062</b>	<b>6,583,470</b>
At 31 March 2007	6,200,524	20,372	55,408	196,536	<b>6,472,840</b>

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

Tangible fixed assets include land and buildings with a net book value of £4,381,741 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.

**13 Fixed asset investments**

	Charity Listed £	Unlisted £	Group Listed £	Unlisted £
Market value or cost at 1 April 2007	149,485	2	149,485	0
Realised loss on disposal	(35,023)	0	(35,023)	0
Net unrealised gains / (losses)	0	0	0	0
Market value or cost at 31 March 2008	114,462	2	114,462	0
Historic cost at 31 March 2008	114,462	2	114,462	0
Market value or cost at 31 March 2007	149,485	2	149,485	0
Historic cost at 31 March 2007	75,000	2	75,000	0

During the year the Museum sold its holding of units in the Charities Aid Foundation Balanced Growth Fund. The net proceeds from the sale were subsequently reinvested with Newton's via the Royal Marine Corps prior to the year end. The investment income shown in these Financial Statements represents the total yield during the year.

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

**14 Stocks**

	Charity £	2008 Group £	Charity £	2007 Group £
The amounts attributable to the different categories are as follows				
Goods For Resale	0	18,247	0	23,453
Friends of the Royal Marines Museum stock	0	781	0	784
	0	19,028	0	24,237

**15 Debtors**

	Charity £	2008 Group £	Charity £	2007 Group £
Amounts due within one year				
Trade debtors	0	1,864	0	1,560
Social Security and other taxes	16,458	16,458	9,270	9,270
Other debtors	350	1,082	172	2,403
Prepayments and accrued income	172,976	139,340	41,216	20,210
Amounts owed by R M Museum Limited	2,900	-	4,300	0
	192,684	158,744	54,958	33,443
Due after one year				
Amounts owed by R M Museum Limited	0	0	2,900	0
Total debtors	192,684	158,744	57,858	33,443

**16 Cash at bank and in hand**

	<b>2008</b>	2007
	<b>£</b>	£
Non-public funds	<b>438,973</b>	231,850
<i>Public funds</i>		
Grant in Aid (operating)	<b>0</b>	153
Grant in Aid (purchases)	<b>0</b>	177
Cash at bank and in hand – Charity	<b>438,973</b>	232,180
Trading Subsidiary	<b>56,942</b>	21,396
Charitable Subsidiary	<b>9,875</b>	7,402
Cash at bank and in hand – Group	<b>505,790</b>	260,978

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

	<b>£</b>	£
Cash	<b>505,790</b>	260,978
Liquid resources	<b>0</b>	0
	<b>505,790</b>	260,978

**17 Creditors: amounts falling due within one year**

	<b>Charity</b>	<b>2008</b>	Charity	2007
	<b>£</b>	<b>Group</b>	£	Group
	<b>£</b>	<b>£</b>	£	£
Trade creditors	<b>45,855</b>	<b>46,558</b>	10,460	12,260
Other taxes and social security	<b>0</b>	<b>5,555</b>	0	3,463
Other creditors	<b>2,158</b>	<b>4,218</b>	0	2,048
Accruals	<b>16,925</b>	<b>40,095</b>	15,650	17,350
	<b>64,938</b>	<b>96,426</b>	26,110	35,121

**18 Restricted funds**

	1 April 2007	Incoming	Outgoing	Transfers	Revaluation	<b>31 March 2008</b>
	£	£	£	£	£	£
Grant in Aid (operating)	4,377,926	748,825	(878,867)	0	137,924	<b>4,385,808</b>
Grant in Aid (purchases)	155,185	18,449	(8,013)	0	0	<b>165,621</b>
Development fund	444,772	391,118	(61,880)	0	10,068	<b>784,078</b>
	<b>4,977,883</b>	<b>1,158,392</b>	<b>(948,760)</b>	<b>0</b>	<b>147,992</b>	<b>5,335,507</b>

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

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

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

**19 Analysis of net assets between funds**

	Tangible Fixed Assets £	Investments £	Net Current Assets £	<b>Total £</b>
<b>Restricted funds</b>				
Grant in Aid (operating)	4,394,949	0	(9,141)	<b>4,385,808</b>
Grant in Aid (purchases)	158,842	0	6,779	<b>165,621</b>
Development Fund	426,306	0	357,772	<b>784,078</b>
	<u>4,980,097</u>	<u>0</u>	<u>355,410</u>	<b>5,335,507</b>
<b>Unrestricted funds – Charity</b>				
	<u>1,602,631</u>	<u>114,464</u>	<u>211,307</u>	<b>1,928,402</b>
	<u>6,582,728</u>	<u>114,464</u>	<u>566,717</u>	<b>7,263,909</b>
Charitable subsidiary	1	0	9,331	<b>9,332</b>
Non charitable trading funds	740	(2)	11,086	<b>11,824</b>
	<u>6,583,469</u>	<u>114,462</u>	<u>587,134</u>	<b>7,285,065</b>

**20 Commitments and contingent liabilities**

The charity or group had no capital commitments or contingent liabilities at 31 March 2008 or at 31 March 2007.

**21 Other commitments**

At 31 March 2008 the charity had annual commitments under non-cancellable operating leases as follows

	<b>Land and buildings 2008 £</b>	<b>Other 2008 £</b>	Land and buildings 2006 £	Other 2006 £
Expiry date				
Within one year	<b>0</b>	<b>0</b>	0	0
Between one and five years	<b>0</b>	<b>3,036</b>	0	3,036
In over five years	<b>0</b>	<b>0</b>	0	0
	<u><b>0</b></u>	<u><b>3,036</b></u>	<u>0</u>	<u>3,036</u>

**22 Other related party transactions**

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

The Royal Marines Corps is a related party of the Royal Marines Museum. During the year, the Royal Marines Corps gifted £10,000 (2007: £30,000) to the Museum.

**23 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 2008 (2007: £Nil).

**24 Post balance sheet events**

These accounts were authorised for issue by C J Newbery on 7 July 2008.

**25 External performance indicators**

*Ratio of self-generating income to GiA*

Year	Self Generated Income £	Grant in Aid Income £	Ratio	
2007-2008	498,279	764,974	1:1.54	Actual
2007-2008	101,673	765,863	1:7.53	Budget
2006-2007	145,061	745,788	1:5.12	Actual

The large variance between actual and budgeted self-generated income is due to significant restricted donations not included within the original budget.

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