

The Fleet Air Arm Museum CLG Limited

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended

31 March 2013

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COMPANIES HOUSE

Registered Charity No 1143023
Company Number 07570620

The Fleet Air Arm Museum CLG Limited

OFFICERS AND PROFESSIONAL ADVISORS

for the year ended 31 March 2013

The Trustees are pleased to present their report together with the financial statements of the charity for the year ended 31 March 2013

REFERENCE AND ADMINISTRATIVE DETAILS

Charity Number	1143023
Company Number	07570620
Company Number of Trading subsidiary	04037763
Principal Office	FAA Museum, RNAS Yeovilton, Somerset BA22 8HT

TRUSTEES

The following people served as the Museum's trustees during 2012/13, and since the end of the period under review

Chairman Rear Admiral T W Loughran CB

Trustees

Rear Admiral T W Loughran CB	
Dr D M R Bancroft	
Mr S D L Face	
Mr M J Hagen	
Mr G R Hatton	
Ms J T Spinks	
Mr H N Stamboulieh	
Mr J H Stanford	
Mr C C Tite	
Commodore G A Mackay RN	
Commodore P A Chivers	(resigned 4 December 2012)
Commodore R S Alexander RN	(appointed 4 December 2012)
Captain W N Entwisle OBE MVO RN	(resigned 24 April 2013)
Captain M Garratt	(appointed 24 April 2013)
Commodore M J Toy RN	(resigned 16 November 2012)
Commodore A C Lison RN	(appointed 16 November 2012)
Captain J P Pentreath	(resigned 13 July 2012)
Captain N H C Tindal RN	(appointed 7 October 2012)

Nominated Trustee
National Museum of the
Royal Navy Prof D Tweddle

Company Secretary
And Museum Director Mr C G Mottram MA(Cantab), C Eng, MIM

HONORARY APPOINTMENTS

Patron	HRH The Duke of York KG
President	Admiral of the Fleet Sir Benjamin Bathurst GCB DL
Vice President	Mr Bill Regan
Honorary Life Vice Presidents	Admiral Sir Desmond Cassidi GCB Rear Admiral Sir Donald Gosling KCVO Admiral Sir Michael Layard KCB CBE Mr Jeff Smith

The Fleet Air Arm Museum CLG Limited
OFFICERS AND PROFESSIONAL ADVISORS *(continued)*
for the year ended 31 March 2013

SUB COMMITTEES

Finance and General Purposes Committee	Chairman	Mr M Hagen
	Trustees	Mr R Hatton Commanding Officer RNAS Yeovilton
	Museum Director	Mr C G Mottram, MA (Cantab) C Eng, MIM
Audit Committee	Chairman	Ms J T Spinks
	Trustees	Mr M Hagen Mr C C Tite
BANKERS	Barclays Bank Plc King George Street Yeovil Somerset BA20 1PX	
AUDITOR	Baker Tilly UK Audit LLP Hartwell House, 55- 61 Victoria Street Bristol BS1 6AD	
SOLICITORS	Porter Dodson Central House Church Street Yeovil Somerset BA20 1HH	

The Fleet Air Arm Museum CLG Limited

TRUSTEES' REPORT

for the year ended 31 March 2013

STRUCTURE, GOVERNANCE AND MANAGEMENT

The Fleet Air Arm Museum CLG Limited ('Charity') is a company limited by guarantee registered with the Charity Commission and was incorporated on 18 March 2011. Its governing document is its articles of association dated 21 June 2011.

The National Museum of the Royal Navy ('NMRN'), is a member of the Charity and has special membership rights as set out in the Charity's articles of association.

The Trustees, as listed on page 1, are also the directors of the charitable company for the purposes of company law.

AIMS AND OBJECTIVES

As stated in the Charity's articles of association (extracted below) its aim is to provide an effective and accessible repository both now and in the future for the heritage of the Fleet Air Arm and to raise public awareness of the history of the service, whilst encouraging scholarship and research into Fleet Air Arm history. These aims have been defined as relating primarily to the aircraft and personnel of the Fleet Air Arm. In consultation with the trustees of the other naval museums and NMRN, the Fleet Air Arm Museum includes in its exhibitions only those aspects of the history of the Royal Navy, the Royal Marines and of the Submarine Service as are necessary for the sake of completeness and to stimulate interest in the other museums.

The Charity's articles of association sets out the Charity's objects as follows:

To educate and inspire the public and all members of the Armed Forces as to the history and current activities of the Royal Naval Air Service and the Fleet Air Arm and their contribution to Defence and in particular but without prejudice to the generality of the foregoing -

- (a) To maintain, develop and manage, for public benefit, a collection of aircraft, technical artefacts, related documents and general exhibits which relate to and record the history of British naval aviation. The collection thus created will be known as 'The Fleet Air Arm Collection' and will be predominantly related to the Royal Naval Air Service and Fleet Air Arm, but will also comprise a small proportion of material which will help to place naval aviation into the general history of aviation and of the Naval Service.
- (b) To make the Fleet Air Arm Collection accessible to all members of the general public and the Naval Service through but not limited to physical and electronic displays, presentations and services so as to contribute to the education, enlightenment, enjoyment and inspiration of all users of the collection and to enhance their understanding of naval, naval aviation and military history, the technologies of aviation, and their social contexts, and other matters relating to the defence of the realm, at every level.
- (c) To contribute specifically presentations and activities to promote the education of children and young people under the National Curriculum.
- (d) To demonstrate to members of the Naval Service and Auxiliary Services related thereto an important aspect of the history of which they are now a part and in particular, the evolution and development of naval aviation, its history, deeds and traditions so as to kindle their interest to inspire them through the traditions of the Naval Service and to foster esprit de corps in aid of military efficiency and retention. To make this history as referred to above in this Article available and accessible to members of other Services.
- (e) To provide an attractive history, display and collection which has a wide popular appeal to civilians in order to keep the Naval Service in the public eye and to act as a valuable recruiting aid to the Naval Service in general and to the Fleet Air Arm in particular and through the interpretation of the technology elements of the Fleet Air Arm Collection to those industries involved in defence and aerospace.

The Fleet Air Arm Museum CLG Limited

TRUSTEES' REPORT (continued) for the year ended 31 March 2013

ORGANISATION

The Charity is governed by a board of directors (referred to as "trustees") and is a registered charity within the meaning of the Charities Act 2011, which places on the trustees the responsibility for the effective management of the Charity and the stewardship and care of the collections

There are two sub-committees the Finance and General Purposes Committee which meets typically four times per year and the Audit Committee which meets usually twice per year, once of which to review the Charity's audited accounts

The Trustees delegate the day to day running of the charity to the Museum director and his staff who are supported by the efforts of volunteers in several areas of activities, notably Curatorial and Visitor Services Divisions. Around 62 people (2012-67) gave some of their time to support the Museum, contributing around 9,450 hours (2012-8,541 hours) in the year

APPOINTMENT OF TRUSTEES

Trustees are appointed to the board in strict accordance with the guidance laid down by the Office of the Commissioner for Public Appointments. This procedure includes the obtaining of nominations from a variety of sources, including advertising and liaison with the Public Appointments Unit and the vetting of nominations by a panel. Prospective Trustees are normally interviewed by a panel of Trustees. Other than those appointed as ex-officio members of the board, Trustees are normally appointed for a period of five years, but may be reappointed for a second and final five-year term.

TRUSTEE INDUCTION AND TRAINING

New Trustees attend for at least one half day and usually more, between their appointment and attending their first Trustees' meeting, to meet other Trustees and senior staff, and to see the Museum at work. All Trustees receive copies of the Corporate Plan, the first part of which contains the key strategy and aims of the Museum, and a recent innovation has been the Trustees Information Folder which contains, amongst other documents, the Charity's articles of association.

Trustees are expected to choose at least one element of the Museum's activities as their own specialism, and to visit the Museum from time to time to learn more of, and to contribute to, this area.

INVESTMENT POWERS AND POLICY

Where surplus monies become available as a result of seasonal timings, these are invested in low risk deposit or money market bank accounts. As reserves are increased any surpluses will continue to be invested in low risk investments. The Museum holds an investment in a subsidiary trading company which is under the control of the trustees and Museum management and which is closely monitored by them.

RESERVES POLICY

The trustees have a policy of holding sufficient reserves, excluding those held as fixed assets, to meet 6 months' expenditure.

POLICY ON THE EMPLOYMENT OF DISABLED PERSONS

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

CONSULTATION WITH EMPLOYEES

Senior management achieves communications with its staff through monthly management meetings, staff forum meetings and a Health and Safety Committee in addition to informal meetings and internal memoranda.

PUBLIC BENEFIT

The Trustees comply with the duty in the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit.

The Fleet Air Arm Museum CLG Limited

TRUSTEES' REPORT (continued) for the year ended 31 March 2013

SOCIAL, COMMUNITY AND ENVIRONMENTAL ISSUES

The Charity's 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 with a range of concessionary rates. Pre-booked school groups enjoy a 50% discount.

In addition to the Society of Friends of the FAA Museum (SOFFAAM), whose membership is international the Museum has built a large team of volunteers who assist the Museum in a variety of ways. Whilst many of these volunteers are fairly local, some travel significant distances to carry out their duties. Some have recently committed themselves to an intensive training programme and passed the examination for Level 2 of the Institute of Tour Guides.

The Charity is committed to, as far as is reasonably possible, ensuring that the Museum's operations are carried out in an environmentally sensitive and sustainable manner, recycling waste materials and ensuring that contractors undertake work in a manner compatible with sustainable development.

RISK MANAGEMENT

The management of risk is exercised through the Charity's senior management who review on a regular basis the Museum's principal activities and events, with associated risks. The Audit Committee, on behalf of the Trustees, receives periodic reports on the principal risks and the steps being taken to manage them effectively.

HISTORY

With the approval of the Admiralty Board, the Fleet Air Arm Museum was established in 1964 as an unincorporated trust (the "Trust"). Seven acres and 11 Hangar were leased at a peppercorn rent from the Ministry of Defence which agreed to support and staff the site with a mixture of naval personnel and civil servants. Any further developments were to be the responsibility of the trustees of the Trust.

In 1974 admission charges were introduced and the trustees launched a development programme which provided capital for three new halls and the Swordfish Restaurant.

Concorde arrived in 1976 and is now on loan from the Science Museum. The associated hall was purchased from the Science Museum and extended in 1989 to accommodate the VSTOL Exhibition.

Designation of the Museum under the National Heritage Act 1983 was introduced in April 1986, naval personnel were replaced by civil servants and a grant was substituted for a proportion of operating costs, salaries, goods and services.

In late 1991 the contents of 11 Hangar were decanted into 12 Hangar and a refurbishment programme on the former commenced with the completion date of June 1992. The construction of additional buildings for the Carrier Exhibition Hall was completed in April 1994, with the official opening of the Carrier Exhibition, by Baroness Thatcher, on 8 July 1994.

In late 1995 work began on a submission to the Heritage Lottery Fund, which resulted in a £3.7 million grant, announced in January 1998. Physical work on the construction of a preservation store, later named the Cobham Hall, began in March 1999 and was completed in April 2000. The major refurbishment of the exhibitions within Regan Hall began in November 1999 and was completed in June 2000, under the title "Leading Edge". Both developments were officially opened by the Patron HRH the Duke of York on 10 July 2000.

Major improvements to the Carrier exhibition, taking advantage of new developments in audio visual technology, were implemented in late 2002. At the same time, a major rebuild of the Modern Navy Exhibition, supported by DCC(N) and DNR was carried out, under the title of "Projecting Power". The two exhibitions were opened by the Patron HRH The Duke of York on 9 December 2002.

In connection with Royal Navy's "Fly Navy 100 programme", a major new exhibition 'The Centenary of Naval Flying' was built. The exhibition was opened by HRH Prince Philip on 8 July 2009.

In 2011-12, as part of the process of creating closer links with the National Museum of the Royal Navy (NMRN), the trustees of the Trust transferred their assets and operations to the Charity. The Charity became the Sole Corporate Trustee of the Fleet Air Arm Museum trust in 2013.

The Fleet Air Arm Museum CLG Limited

TRUSTEES' REPORT (continued) for the year ended 31 March 2013

ACHIEVEMENTS AND PERFORMANCE

Despite the continuing recession, visitor footfall closed at 107,476, 2% up on 2011/12 and 8.6% above target. The sign of the times was that visitors were often looking to use discount deals and vouchers so that income was below expectation and the financial results overall were a little disappointing.

A curatorial review of the aircraft collection identified a number of duplicate and/or poor quality items which were subsequently approved for disposal by the Disposals Committee. The exercise was prompted due to the limited space available in Cobham Hall following the recent acquisition of a number of significant high quality aircraft. The most recent of these was an Agusta Westland Lynx which had a service record including both the Falklands and First Gulf campaigns. The first aircraft to be disposed of was a WW1 German Albatros fighter, which was sold and the money dedicated to the aircraft restoration fund.

This fund will help to pay for the reconstruction of a Fairey Barracuda aircraft from the substantial collection of wreckage which the Museum has acquired over the last 40 years. Over 2,500 Barracudas were built for the FAA but none survive. The Museum has reached an agreement with the team which has rebuilt Donald Campbell's Blue Bird speedboat, using a very high proportion of the original material, developing some innovative methods of re-using damaged components. The project is expected to take five years but the end result will be unique.

The Collection continues to grow in areas other than aircraft and the Acquisitions Committee meets monthly to deal with the flow of offers, many of which contain interesting and original material. The Museum has also continued to purchase material from auctions. A notable amount of airship material came onto the market and the Museum bought two significant small items to add to the Lighter than Air collection, a carbide lamp from R9, the RNAS's second rigid airship of 1917, and a plaque from Vickers works in Barrow in Furness, marking the building of the first airship there, Mayfly. A pair of boots belonging to C R Samson, the first naval officer to gain his pilot's certificate, and a pair of decanters given to Peter Twiss to mark his Air Speed Record of 1956 were also bought.

A major exhibition was built to mark the 30th Anniversary of the Falklands Campaign. The Museum entered into partnerships with a number of local schools and one in the Falkland Islands and their work was incorporated into the exhibition. The exhibition was opened by Rear Admiral Linley Middleton CB DSO, the Captain of HMS Hermes during the Campaign, and later the Chairman of the Museum's Trustees. It was his last public appearance before his sad and sudden death a few months later.

Two exhibitions were under construction in the latter part of the year. A "Future Carrier Gallery" will show the design and construction, and intended use, of the Queen Elizabeth-class aircraft carriers and is being built with the support of the Aircraft Carrier Alliance. 2013 is the 70th Anniversary of the turning point of the Battle of the Atlantic and a major exhibition will show the part of the FAA in this protracted and difficult campaign.

The Learning team saw an increase in the number of school parties, from 247 up to 302, but the number of students per group was significantly lower, providing 8,673 pupils gaining formal learning in the Museum. Informal learning was mostly focused on family activities in school holidays, which were generally very successful and resulted in some very satisfied visitors of all ages. A second group of volunteers also offered themselves to be trained as guides to ITG Level 2, and they were successful just after the year's end.

The results shown on page 10 show a full year of trading in the year ended 31 March 2013 and eight months of trading in the year ended 31 March 2012 following the transfer of assets from Fleet Air Arm Museum, the unincorporated charity previously carrying out the Museum trade.

The Fleet Air Arm Museum CLG Limited

TRUSTEES' REPORT (continued)

for the year ended 31 March 2013

PERFORMANCE MONITORING

The Charity has adopted metrics for monitoring its performance by reference to which its actual performance for years ending 31 March 2012 and 31 March 2013 are set out below

	2013	2012
Admission numbers	107,476	105,322
Ratio of self generated income to Grant	3.61	3.08
Grant subsidy per admission	£4.64	£5.11
Number of pre-booked educational parties	302	247
Total educational visitors	8,673	9,866
Research enquiries received	1,340	1,125
Research enquires answered	1,330	1,125

PLANS FOR FUTURE PERIODS

The year 2014 sees the beginning of four years of centenaries relating to the First World War. The Museum will be mounting a series of small displays to demonstrate the part which the RNAS played in that major conflict.

The Charity intends to submit a major bid to the Heritage Lottery Fund during 2013 in order to secure a funding contribution for the construction of a new gallery and visitor centre, which will house the last surviving 1917 seaplane lighter and be a significant addition to the Museum's facilities.

Dependent upon financial circumstances the Corporate Plan seeks to attend to the growing load of maintenance of 20+ year old buildings. Work will continue on moving and cataloguing collections to Cobham Hall, the Museum's Reserve Store, with the aim of having the majority of the Core Collection held in optimal environmental conditions.

AUDITOR

Baker Tilly UK Audit LLP were appointed in the year. A resolution to reappoint Baker Tilly UK Audit LLP as auditor will be put to the members at the annual general meeting.

So far as we, as trustees of the Museum, are aware

- (a) there is no relevant audit information of which the Museum's auditor is unaware
- (b) we have taken all the steps that we ought to have taken to make ourselves aware of any relevant audit information and to establish that the Museum's auditor is aware of that information



T W Loughran
On behalf of the Trustees

Date 13 June 2013

The Fleet Air Arm Museum CLG Limited

THE TRUSTEES' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

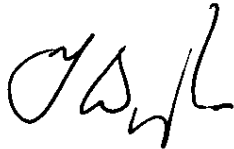
Under the law applicable to charities in England and Wales, the Trustees are required to prepare financial statements for each financial year which give a true and fair view of the charity's financial activities and of its financial position at the end of the year

In preparing financial statements giving a true and fair view, the Trustees are required to

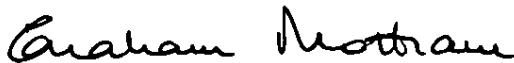
- observe any accounts direction issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards and statements of recommended practice have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 Trustees are responsible for keeping accounting records which disclose with reasonable accuracy the financial position of the charity and which enable the Trustees to ensure that the financial statements comply with applicable law. The Trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

The Accounting Officer for the National Museum of the Royal Navy (NMRN) also has responsibility for the propriety and regularity of expenditure from the grant provided by the NMRN to The Fleet Air Arm Museum CLG Limited



T W Loughran
On behalf of the Trustees



C G Mottram
Museum Director and Company Secretary



Prof D Tweddle
Director General and Accounting Officer of the National Museum of the Royal Navy

Date 13 June 2013

Independent Auditor's Report to the members of The Fleet Air Arm Museum CLG Limited

We have audited the group and parent charity financial statements of The Fleet Air Arm Museum CLG Limited (the financial statements) for the year ended 31 March 2013 on pages 10 to 29. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees' responsibilities set out on page 8, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2012 and report in accordance with those Acts. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2013 and of the group's incoming resources and application of resources including its income and expenditure, for the period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the Companies Act 2006 and the Charities Act 2012.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 and the Charities Act 2012 requires us to report to you if, in our opinion

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent charitable company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of trustees' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



NIGEL HARDY (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Hartwell House

55 - 61 Victoria Street

Bristol, BS1 6AD

Date 5 August 2013

The Fleet Air Arm Museum CLG Limited
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
(incorporating an income and expenditure account)
for the year ended 31 March 2013

						<i>Period ending 31 March</i>
		<i>Unrestricted Funds 2013 £</i>	<i>Restricted Funds 2013 £</i>	<i>Restricted Support Grant 2013 £</i>	<i>Total Funds 2013 £</i>	<i>Total Funds 2012 £</i>
INCOMING RESOURCES	<i>Notes</i>					
Incoming resources from generated funds						
<i>Voluntary Income</i>						
Grants and donations	2	38,687	5,350	499,119	543,156	442,405
Donation from Fleet Air Arm Museum	17	-	-	-	-	11,235,783
<i>Activities for generating funds</i>						
Commercial trading operations	8	678,957	-	-	678,957	465,801
<i>Interest receivable</i>		908	-	-	908	-
		<u>718,552</u>	<u>5,350</u>	<u>499,119</u>	<u>1,223,021</u>	<u>12,143,989</u>
Incoming resources from charitable activities						
Operation of museum and related activities	3	1,089,696	-	-	1,089,696	651,742
Total incoming resources		<u>1,808,248</u>	<u>5,350</u>	<u>499,119</u>	<u>2,312,717</u>	<u>12,795,731</u>
RESOURCES EXPENDED						
Costs of generating funds						
Commercial trading operations	8	647,764	-	-	647,764	423,652
		<u>647,764</u>	<u>-</u>	<u>-</u>	<u>647,764</u>	<u>423,652</u>
Costs relating to charitable activities						
Operation of museum and related activities	4	1,441,211	69,805	416,411	1,927,427	1,341,855
Governance costs	5	12,256	-	97,767	110,023	96,657
Total resources expended		<u>2,101,231</u>	<u>69,805</u>	<u>514,178</u>	<u>2,685,214</u>	<u>1,862,164</u>
Net incoming/(outgoing) resources for the year		(292,983)	(64,455)	(15,059)	(372,497)	10,933,567
Unrealised gains						
Revaluation of assets	9a	94,092	53,403	9,420	156,915	-
Backlog depreciation	9a	(4,372)	(3,197)	(246)	(7,815)	-
Net movement in funds		<u>(203,263)</u>	<u>(14,249)</u>	<u>(5,885)</u>	<u>(223,397)</u>	<u>10,933,567</u>
Fund balances brought forward		7,450,053	2,628,700	854,814	10,933,567	-
Fund balances carried forward		<u>7,246,790</u>	<u>2,614,451</u>	<u>848,929</u>	<u>10,710,170</u>	<u>10,933,567</u>

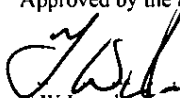
All the Museum's activities are classed as continuing. All recognised gains and losses are included above.


The Fleet Air Arm Museum CLG Limited
CONSOLIDATED BALANCE SHEET
as at 31 March 2013

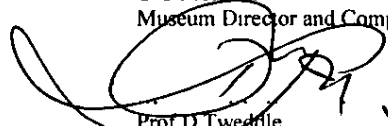
		2013	2013	2012	2012
	Notes	£	£	£	£
FIXED ASSETS					
Heritage assets	9b	2,890,106		2,849,930	
Other tangible assets	9a	6,958,983		7,114,724	
		<u>9,849,089</u>		<u>9,964,654</u>	
CURRENT ASSETS					
Stocks		78,425		83,920	
Debtors	10	143,137		139,541	
Cash at bank and in hand		799,713		941,960	
		<u>1,021,275</u>		<u>1,165,421</u>	
CREDITORS					
Amounts falling due within one year	11	<u>(160,194)</u>		<u>(196,508)</u>	
NET CURRENT ASSETS		<u>862,081</u>		<u>986,913</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>10,710,170</u>		<u>10,933,567</u>	
THE FUNDS OF THE CHARITY					
Unrestricted funds		7,246,790		7,450,053	
Restricted funds	13	2,614,451		2,628,700	
Support Grant funds - asset and operating account	14	627,473		633,358	
- purchase of exhibits reserve	14	221,456		221,456	
		<u>10,710,170</u>		<u>10,933,567</u>	

Approved by the Board and authorised for issue on

13 June 2013


T W Loughran
Chairman


C G Mottram
Museum Director and Company Secretary


Prof D Tweddle
Director General and Accounting Officer for the National Museum of the Royal Navy

The Fleet Air Arm Museum CLG Limited

BALANCE SHEET (CHARITY ONLY)

as at 31 March 2013

		2013		2012	
	Notes	£	£	£	£
FIXED ASSETS					
Heritage assets	9b	2,890,106		2,849,930	
Other tangible assets	9a	6,958,983		7,114,724	
Investment	8	2		2	
		<u>9,849,091</u>		<u>9,964,656</u>	
CURRENT ASSETS					
Stocks		1,599		1,920	
Debtors	10	200,151		197,186	
Cash at bank and in hand		782,792		932,868	
		<u>984,542</u>		<u>1,131,974</u>	
CREDITORS					
Amounts falling due within one year	11	(118,030)		(157,630)	
NET CURRENT ASSETS		<u>866,512</u>		<u>974,344</u>	
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>10,715,603</u>		<u>10,939,000</u>	
THE FUNDS OF THE CHARITY					
Unrestricted fund		7,252,223		7,455,486	
Restricted funds	13	2,614,451		2,628,700	
Support Grant funds - asset and operating account	14	627,473		633,358	
- purchase of exhibits reserve	14	221,456		221,456	
		<u>10,715,603</u>		<u>10,939,000</u>	

Approved by the board and authorised for issue on

13 June 2013

T W Loughran
Chairman

C G Mottram
Museum Director and Company Secretary

Prof D Tweddle
Director General and Accounting Officer for the National Museum of the Royal Navy

The Fleet Air Arm Museum CLG Limited
CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 March 2013

	<i>Notes</i>	<i>Unrestricted Funds 2013 £</i>	<i>Restricted Funds 2013 £</i>	<i>Restricted Grant 2013 £</i>	<i>Total Funds 2013 £</i>	<i>Total Funds 2012 £</i>
Net cashflow from operating activities	18a	(77,868)	5,350	-	(72,518)	(5,331)
Return on investments and servicing of finance						
Interest received		908	-	-	908	-
Capital expenditure and financial investment	18b	(70,637)	-	-	(70,637)	(66,197)
Acquisitions and disposals						
Cash transferred from Fleet Air Arm Museum		-	-	-	-	1,013,488
Increase in cash	18c	(147,597)	5,350	-	(142,247)	941,960

The Fleet Air Arm Museum CLG Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2013

1 PRINCIPAL ACCOUNTING POLICIES

a Basis of accounting

The financial statements have been prepared under the historical cost convention, with the exception of Heritage Assets which have been included at valuation. The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP) 'Accounting and Reporting by Charities' published in March 2005 and in accordance with applicable United Kingdom accounting standards. The accounting policies as disclosed have been applied consistently throughout the current and preceding year.

The statement of financial activities ('SOFA'), balance sheet and cash flow statement consolidate the financial statements of the charity and its subsidiary undertaking, Fleet Air Arm Trading Limited. The results of the subsidiary are consolidated on a line by line basis. In accordance with paragraph 397 of the SORP, no separate SOFA has been presented from the charity alone. The charity's own net outgoing incoming resources were £223,397 (2012 – net incoming resources £10,933,567) in the year.

b Company status

The charity is a company limited by guarantee. The trustees of the charities, directors of the company, are named on the officers page. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £10 per member of the charity.

c Income recognition

All incoming resources are included in the SOFA when the Museum is legally entitled to the income and the amount can be quantified with reasonable accuracy.

d Grants

All grants are credited to income in the period to which they relate. Support grants received and related expenditure in the operating account are taken directly to the Restricted funds. Support grants received for the purchase of exhibits are allocated directly to the Restricted Support Grant exhibits reserve. Investment income received on Support Grant deposits held are credited to the Support Grants exhibits reserve.

e Donated assets and core collection

No value is attributed to donated assets within the financial statements. As the majority of these assets cannot be disposed of, it is not considered appropriate to put a value on these assets. Additions to the collection are capitalised where the purchase cost is known or can be reliably ascertained in accordance with note k below.

f Resources expended and basis of allocation

Resources expended are recognised in the period in which they are incurred and include irrecoverable VAT. They have been classified under headings that aggregate all costs relating to that activity. In accounts prepared on the accruals basis, liabilities are recognised as resources expended as soon as there is a legal or constructive obligation committing the Museum to the expenditure.

Cost of generating funds comprises costs incurred in encouraging people and organisations to contribute financially to the charity's work and to promote the Fleet Air Arm 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 include costs directly attributable to each activity. Costs not directly attributable to one activity including the proportion of support costs relating to charitable expenditure have been allocated on a reasonable basis of resources used.

The Fleet Air Arm Museum CLG Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2013

I PRINCIPAL ACCOUNTING POLICIES *(continued)*

g Pensions

Quasi-civil servants

Specific staff of the Museum are provided pension benefits through the Civil Service pension arrangements. This is an unfunded multi-employer defined benefit scheme but The Fleet Air Arm Museum CLG Limited 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.civilservice-pensions.gov.uk)

For the year ended 31 March 2013 employer's contributions of £26,275 (2012 - £17,434) were paid to the scheme at one of four rates in the range 16.7 to 24.3 per cent of pensionable pay, based on salary bands.

Employer contributions are reviewed every four years following a full scheme valuation by the government actuary. From 1 April 2013 the rates were unchanged.

The contribution rates reflect the benefits as they are accrued, not when the costs are actually incurred, and reflect past experience of the scheme.

Other staff

The charity operates a defined contributions pension scheme for eligible staff, which represents the majority of employees, who are not members of the Civil Service scheme.

The assets of the pension scheme, which is a group cash transfer scheme, are held in an independently administered money purchase fund. The pension cost charge represents contributions payable by the charity to the fund and amounted to £1,060 (2012 - £2,443).

h Operating Leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the life of the lease.

i Investments

The Museum's shareholding in the subsidiary, Fleet Air Arm Museum Trading Limited, is included in the balance sheet at the cost of the share capital owned.

j Tangible fixed assets

Tangible fixed assets are capitalised and included at cost. Heritage assets and donated assets where the cost can be reliably ascertained are capitalised at valuation. A professional valuation of the buildings was previously obtained at least every 5 years to identify any impairment to the value held in the accounts. The trustees have not obtained a valuation for this financial year, as they believe the modified historic cost value is adequate.

Following initial capitalisation at cost, fixed assets are uplifted at RPI rates to modified historical cost value. Depreciation charged is also uplifted by these indices and future depreciation is calculated on the uplifted cost.

Depreciation is calculated at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life as follows:

Freehold buildings	50 years
Leasehold buildings	over period of lease
Plant and machinery	3 to 10 years
Fixtures and fittings	3 to 10 years
Exhibitions	10 years
Motor vehicles	5 years

No depreciation is provided on exhibits such as works of art and antiques.

No depreciation is provided on freehold land.

The Fleet Air Arm Museum CLG Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2013

1 PRINCIPAL ACCOUNTING POLICIES *(continued)*

k Heritage assets:

The Museum holds collections of heritage assets which are held in support of the Museum's primary objective of effective and accessible repository both now and in the future for the heritage of the Fleet Air Arm and to raise public awareness of the history of the Service, whilst encouraging scholarship and research into Fleet Air Arm history. The collections are accounted for as follows:

Aircraft

The Museum's collection of aircraft is reported in the Balance Sheet at market value. Valuations are made internally by the head of curatorial division and head of finance, these are reviewed every five years. Gains and losses on revaluation are recognised in the Consolidated Statement of Financial Activities.

Artwork

The Museum holds over 300 paintings which are not recognised in the Balance Sheet as cost information is not readily available and the Trustees believe the benefits of obtaining valuations for these items would not justify the cost. No item in the collection is thought to have a financial value of more than £6,000 and the total collection is estimated to be under £150,000. The vast majority of the items in the collection were acquired over ten years ago.

Medals

The Museum holds a collection of medals, of over 1,700 items. If medals were purchased using grant in aid these items are recognised in the Balance Sheet as exhibits in the fixed asset note. If donated prior to SORP 2005 these are excluded from the balance sheet because cost information is not readily available and the trustees believe the benefits of obtaining valuations for these items would not justify the cost. The majority of medals have a value of less than £10,000 each, however the collection includes a Victoria Cross, estimated by trustees to be valued at £125,000.

Documents and photographs

In addition, the Museum holds a collection of documents and photographs, of over 1.7m documents and 800,000 photographs. The majority of these items have been donated to the Museum and are not included within the balance sheet because cost information is not readily available and the trustees believe the benefits of obtaining valuations for these items would not justify the cost. Items in the documents collection are thought to have a financial value of less than £500 each and photographs are estimated to have a combined value of £1.6m.

Heritage assets maintenance and management policy

It is the Museum's policy to maintain its collection, maintenance costs are charged to the Income and Expenditure Account when incurred. The aircraft and memorabilia are deemed to have indeterminate lives and the trustees do not therefore consider it appropriate to charge depreciation for capitalised items.

Subject to the approval of the trustees, the Museum may dispose of items from the collection, although this will only happen in exceptional circumstances, for example when the item cannot be properly displayed or the disposal proceeds can be used to purchase a better example and this does not detract from the integrity of the collection.

At any time approximately 15 per cent of the 3D items in the collections are on display. The majority of the remaining items are held in the reserve collection in a Heritage Lottery funded climate-controlled building called Cobham Hall.

Cobham Hall opens to the public at least once a year when it attracts visitors from all over the UK to see its unique collection of aircraft, records and artefacts, many of which have never before been seen on public display.

Within Cobham Hall there are over forty historic aircraft and some five miles of shelving accommodating many of the Museum's two million records and thirty thousand artefacts.

Access to the collection

Cobham Hall also houses one of the largest collections of Westland Helicopters including a Whirlwind and a Wasp and the Gazelle helicopter in which HRH The Duke of York learnt to fly. Other aircraft include a de Havilland Sea Vixen and the first swept wing jet aircraft to land on an aircraft carrier, a Supermarine 510. The aircraft housed in Cobham Hall are in various stages of preservation or repair.

The Fleet Air Arm Museum CLG Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2013

1 PRINCIPAL ACCOUNTING POLICIES *(continued)*

l Stock

Stock is valued at the lower of cost and net realisable value. Provision is made for obsolete and slow moving items.

m Restricted funds

These relate to income which has been received subject to specific conditions imposed by the donor and binding on the trustees. This income and any related expenditure is shown as a separate restricted fund.

n Unrestricted funds

These relate to general income and expenditure of the Museum together with any non-specific donations.

o 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 or credit risks arising from these instruments.

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

The Museum has a non-interest bearing loan due from its subsidiary of which, due to the rate at which the loan will be repaid, £49,750 is repayable after more than one year.

p Risk management

Cash and short term investments are with major financial institutions and therefore the Museum is not exposed to significant credit risks.

Interest rate risk is managed by securing the most beneficial rate available.

The Museum manages liquidity risk by ensuring it has adequate cash reserves to enable it at all times to have the funds available to continue to operate its business at a minimum level.

The Fleet Air Arm Museum CLG Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2013

2 VOLUNTARY INCOME

	<i>Unrestricted funds 2013 £</i>	<i>Restricted funds 2013 £</i>	<i>Restricted Grant 2013 £</i>	<i>Total funds 2013 £</i>	<i>Total funds 2012 £</i>
Grant	-	-	499,119	499,119	333,505
Donations	38,258	5,350	-	33,608	108,876
Covenants	429	-	-	429	24
	<u>38,687</u>	<u>5,350</u>	<u>499,119</u>	<u>533,156</u>	<u>442,405</u>

3 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

The income was primarily from the operation of the Museum and related activities

	<i>Unrestricted funds 2013 £</i>	<i>Restricted funds 2013 £</i>	<i>Restricted Grant 2013 £</i>	<i>Total funds 2013 £</i>	<i>Total funds 2012 £</i>
Income from museum collections and exhibitions					
Admission charges	884,639	-	-	884,639	529,429
Gift aid on admissions	141,143	-	-	141,143	86,609
	<u>1,025,782</u>	<u>-</u>	<u>-</u>	<u>1,025,782</u>	<u>616,038</u>
Income from museum special events and activities					
Simulator and experiences	29,072	-	-	29,072	15,681
Events and activities	14,774	-	-	14,774	11,175
	<u>43,846</u>	<u>-</u>	<u>-</u>	<u>43,846</u>	<u>26,856</u>
Education and research	<u>20,068</u>	<u>-</u>	<u>-</u>	<u>20,068</u>	<u>8,848</u>
TOTAL INCOME FROM CHARITABLE ACTIVITIES	<u>1,089,696</u>	<u>-</u>	<u>-</u>	<u>1,089,696</u>	<u>651,742</u>

All admissions income is allocated to 'Income from museum collections and exhibitions' However this does not take into account the purpose of a user's visit whether it be interest, education and/or research

The Fleet Air Arm Museum CLG Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2013

4 ANALYSIS OF CHARITABLE EXPENDITURE

The charity undertakes direct charitable activities only and does not make grant payments

	<i>Unrestricted funds 2013 £</i>	<i>Restricted funds 2013 £</i>	<i>Restricted Grant 2013 £</i>	<i>Total funds 2013 £</i>	<i>Total funds 2012 £</i>
Operation of museum					
Support costs (see note 5)	-	-	348,675	348,675	236,250
Museum collections and exhibitions					
Museum maintenance	207,238	-	45,755	252,993	172,846
Depreciation	255,438	69,805	15,059	340,302	306,720
Advertising and marketing	83,356	-	1,472	84,828	45,903
Support costs (see note 5)	744,061	-	-	744,061	475,955
	<u>1,290,093</u>	<u>69,805</u>	<u>62,286</u>	<u>1,422,184</u>	<u>1,001,424</u>
Museum special events and activities					
Fundraising costs	28,537	-	-	28,537	21,427
Support costs (see note 5)	32,024	-	-	32,024	18,565
	<u>60,561</u>	<u>-</u>	<u>-</u>	<u>60,561</u>	<u>39,992</u>
Museum education and research					
Education and training	4,627	-	5,450	10,077	6,310
Support costs (see note 5)	85,930	-	-	85,930	57,879
	<u>90,557</u>	<u>-</u>	<u>5,450</u>	<u>96,007</u>	<u>64,189</u>
TOTAL CHARITABLE EXPENDITURE	<u>1,441,211</u>	<u>69,805</u>	<u>416,411</u>	<u>1,927,427</u>	<u>1,341,855</u>

The Fleet Air Arm Museum CLG Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2013

5 ALLOCATION OF SUPPORT COSTS

The charity allocated its support costs on a basis consistent with the use of resources

	Operation of Museum (Grant) 2013	Museum collections and exhibitions 2013 £	Museum Special Events and Activities 2013 £	Museum Education and Research 2013 £	Governance 2013 £	Total 2013 £	Total 2012 £
Staff costs and salaries	262,465	497,534	32,024	65,691	84,512	942,226	612,334
Premises costs	72,202	164,953	-	14,800	-	251,955	150,482
General office	14,008	47,921	-	5,439	-	67,368	60,671
Finance office	-	14,685	-	-	-	14,685	7,135
Information technology	-	18,968	-	-	-	18,968	13,941
External audit	-	-	-	-	13,680	13,680	13,200
Accountancy services	-	-	-	-	11,733	11,733	9,755
Legal and professional fees	-	-	-	-	98	98	17,788
	<u>348,675</u>	<u>744,061</u>	<u>32,024</u>	<u>85,930</u>	<u>110,023</u>	<u>1,320,713</u>	<u>885,306</u>

Of the total governance costs of £110,023 (2012 £96,657), the staff costs of £84,512 (2012 £55,914) and a portion of the external audit costs £13,255 (2012 £6,400) are allocated against the restricted grant reserve

Operating leases costs of £3,648 (2012 £2,432) were charged to support costs

6 AUDITOR'S REMUNERATION

	2013 £	2012 £
Baker Tilly UK Audit LLP - Audit fee – Museum and group	13,680	13,200
Baker Tilly UK Audit LLP – Audit fee – subsidiary	<u>4,685</u>	<u>4,600</u>

The Fleet Air Arm Museum CLG Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2013

7 EMPLOYEES

	2013 No	2012 No
The average weekly number of persons employed by the Museum during the year was		
Technical	5	5
Administration	6	6
Marketing	3	2
Other	26	22
	<u>40</u>	<u>35</u>

	2013 £	2012 £
Staff costs for the above persons		
Wages and salaries	831,616	538,267
Social security costs	69,461	45,066
Other pension costs	41,149	29,001
	<u>942,226</u>	<u>612,334</u>

Amounts outstanding at the year end in relation to the pension scheme were £2,617 (2012 £4,452)

The number of employees whose emoluments amounted to over £60,000 in the year was as follows

	2013 No	2012 No
£60,000 - £70 000	1	-
	<u>1</u>	<u>-</u>

The number of staff included above in the pension scheme was 1 (2012 none)

£1,909 were reimbursed to trustees for expenses incurred in year (2012 £nil)

The Fleet Air Arm Museum CLG Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2013

8 INVESTMENTS (CHARITY)

	2013 £	2012 £
Investment in subsidiary company	2	2

Fleet Air Arm Museum Trading Limited, a wholly owed UK company incorporated on 20 July 2000 carries out the Museum's trading activities, including the running of the Museum gift shop, restaurant, and the hiring of Museum facilities. It is intended that profits generated by the trading subsidiary will be donated to the Museum through Gift Aid. As at 31 July 2011 the assets of Fleet Air Arm Museum Trading Limited were gifted to the charity.

A summary of trading results for the years to 31 March 2012 and to 31 March 2013 is shown below

	2013 £	2012 £
Turnover	678,957	673,277
Cost of sales and administration costs	(647,764)	(636,413)
Management charge to Museum	(31,000)	(35,000)
Donation to Museum	(193)	(1,864)
Profit in the year	-	-

The assets and liabilities of the subsidiary were

Current assets	107,084	98,171
Current liabilities	(62,765)	(51,352)
Net current assets	44,319	46,819
Creditors' amounts falling due after more than one year	(49,750)	(52,250)
Capital and reserves	(5,431)	(5,431)

The Fleet Air Arm Museum CLG Limited
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the year ended 31 March 2013

9a TANGIBLE FIXED ASSETS (GROUP AND CHARITY)

VALUATION

	Motor vehicles £	Freehold property £	Exhibition costs £	Short leasehold property £	Plant and machinery £	Fixtures and fittings £	Total £
At 1 April 2012	356	3,950,174	232,120	2,876,742	89,572	272,480	7,421,444
Additions	-	-	2,379	-	788	32,294	35,461
Revaluation in year	12	83,429	7,978	54,408	3,074	8,014	156,915
Disposals	-	-	-	-	-	-	-
At 31 March 2013	368	4,033,603	242,477	2,931,150	93,434	312,788	7,613,820

DEPRECIATION

At 1 April 2012	356	86,380	37,858	76,170	57,124	48,832	306,720
Charge	-	116,846	35,045	102,977	11,888	73,546	340,302
Backlog depreciation	12	1,904	1,288	1,679	1,943	989	7,815
Disposals	-	-	-	-	-	-	-
At 31 March 2013	368	205,130	74,191	180,826	70,955	123,367	654,837

NET BOOK VALUE

At 31 March 2013	-	3,828,473	168,286	2,750,324	22,479	189,421	6,958,983
At 1 April 2012	-	3,863,794	194,262	2,880,572	32,448	233,648	7,114,724

The Fleet Air Arm Museum CLG Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2013

9a TANGIBLE FIXED ASSETS (GROUP AND CHARITY) *continued*

In respect of certain fixed assets stated at modified historical cost, the comparable historical cost and depreciation values are as follows

	2013 £	2012 £
Historic cost		
1 April	7 410,630	
Additions	35,461	7,413,893
Disposals	-	(3,263)
At 31 March	7 446,091	7,410,630
Depreciation		
1 April	295,906	
Charge	333,688	295,906
Disposals	-	-
At 31 March	629,594	295,906
Net historical cost value		
At 31 March	6,816,497	7,114,724
At 1 April	7 114,724	-

9b TANGIBLE FIXED ASSETS HERITAGE ASSETS (GROUP AND CHARITY)

The exhibits and aircraft are classified as Heritage Assets, using the definitions set out in SORP 2005

Cost or valuation

	Aircraft £	Exhibits £	Total £
1 April 2012	2,662,000	187,930	2,849,930
Additions	10,000	45,176	55,176
Disposals	(15 000)	-	(15,000)
Revaluation	-	-	-
	2,657,000	233,106	2 890,106

The aircraft are included at valuation and the exhibits at cost

The Fleet Air Arm Museum CLG Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2013

9c FIVE YEAR FINANCIAL SUMMARY OF HERITAGE ASSET TRANSACTIONS (GROUP AND CHARITY)

	2012-13	2011-12
	£	£
<u>Additions</u>		
Purchases	45,176	38,154
Donations	10,000	2,811,776
Total additions	55,176	2,843,930
<u>Disposals</u>		
Carrying value	15,000	-
Sale proceeds	10,000	-

The above information relates to transactions in exhibits purchased from the support grant, the assets gifted to the charity in the year included aircraft Medals, documents and artwork acquired by Fleet Air Arm Museum through donations were made in the five year period and all gifted to the charity, however in the trustees' view, the value of these donations is not material and obtaining a current valuation would involve disproportionate cost

10 DEBTORS

	Group 2013 £	Charity 2013 £	Group 2012	Charity 2012
Trade debtors	18,242	9,720	15,921	11,652
Gift Aid debtor	7,856	7,856	4,978	4,978
Amounts owed from subsidiary	-	70,351	-	64,724
Other debtors	1,514	1,514	3,324	3,324
Prepayments and accrued income	115,525	110,710	115,318	112,508
	<u>143,137</u>	<u>200,151</u>	<u>139,541</u>	<u>197,186</u>

Included within amounts due from subsidiary is £49,750 (2012 - £52,250), which is repayable after more than one year. This relates to the original transfer of stock to the trading subsidiary and is repayable over the period of the Museum lease

11 CREDITORS

	Group 2013 £	Charity 2013 £	Group 2012 £	Charity 2012 £
Amounts falling due within one year				
Trade creditors	69,891	58,788	100,696	90,134
Tax and social security costs	31,425	14,398	29,547	15,644
Other creditors	1,560	57	1,949	57
Accruals and deferred income	57,318	44,787	64,316	51,795
	<u>160,194</u>	<u>118,030</u>	<u>196,508</u>	<u>157,630</u>

The Fleet Air Arm Museum CLG Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2013

12 ANALYSIS OF NET ASSETS BETWEEN FUNDS

<i>GROUP</i>	<i>Tangible fixed assets £</i>	<i>Net current assets/ (liabilities) £</i>	<i>Long term liabilities £</i>	<i>Total £</i>
Restricted Funds				
Carrier Exhibition	156,945	-	-	156,945
Cobham Hall and Leading Edge	2,441,706	-	-	2,441,706
Barracuda fund	-	850	-	850
Other assets	10,450	4,500	-	14,950
	<u>2,609,102</u>	<u>5,350</u>	<u>-</u>	<u>2,614,451</u>
Grant - asset and operating account	627,473	-	-	627,473
- purchase of exhibits	221,456	-	-	221,456
	<u>3,458,030</u>	<u>5,350</u>	<u>-</u>	<u>3,463,380</u>
Unrestricted Funds	6,391,059	855,731	-	7,246,790
	<u>9,849,089</u>	<u>861,081</u>	<u>-</u>	<u>10,710,170</u>

<i>CHARITY</i>	<i>Tangible fixed assets £</i>	<i>Net current assets/ (liabilities) £</i>	<i>Long term liabilities £</i>	<i>Total £</i>
Restricted Funds				
Carrier Exhibition	156,945	-	-	156,945
Cobham Hall and Leading Edge	2,441,706	-	-	2,441,706
Barracuda fund	-	850	-	850
Other assets	10,450	4,500	-	14,950
	<u>2,609,102</u>	<u>5,350</u>	<u>-</u>	<u>2,614,451</u>
Grant - asset and operating account	627,473	-	-	627,473
- purchase of exhibits	221,456	-	-	221,456
	<u>3,458,030</u>	<u>5,350</u>	<u>-</u>	<u>3,463,380</u>
Unrestricted Funds	6,391,061	861,162	-	7,252,223
	<u>9,849,091</u>	<u>866,512</u>	<u>-</u>	<u>10,715,603</u>

The Fleet Air Arm Museum CLG Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2013

13 ANALYSIS OF RESTRICTED FUNDS (TRUSTEES) – GROUP AND CHARITY

	<i>Carrier</i> £	<i>Cobham Hall and leading Edge</i> £	<i>Barracuda</i> £	<i>Other</i> £	<i>Total</i> £
As at 1 April 2012	167,956	2,447,985	-	12,759	2,628,700
Donations	-	-	850	4,500	5,350
Utilised in the year – depreciation	(17,367)	(49,917)	-	(2,521)	69,805
Utilised in the year – expenses	-	-	-	-	-
Revaluation in the year	5,714	47,863	-	(174)	53,403
Backlog depreciation	642	(4,225)	-	386	(3,917)
As at 31 March 2013	<u>156,945</u>	<u>2,441,706</u>	<u>850</u>	<u>14,950</u>	<u>2,614,451</u>

The donations received in the year relate to capital projects, as well as purchases of fixed assets in the year

The restricted funds relate to the following projects

- Carrier - donations made in the past for the Carrier exhibition, with depreciation of the assets within the exhibition being charged to this fund
- Cobham Hall and leading edge - donations made in the past for development of Cobham Hall, the Museum's hall for storage and upkeep of items not on display Depreciation of the assets within the exhibition are charged to this fund
- Barracuda - donations have been made towards a project to restore a Barracuda Expenses such as the rent and materials to restore the Barracuda are charge against these donations In 2013 there were no expenses incurred
- Other - this fund is other assets that have received donations towards their purchase, with the depreciation being charged to this fund

14 ANALYSIS OF RESTRICTED FUNDS – (GRANT IN AID)

	<i>Asset and operating account</i> £	<i>Purchase of exhibits reserve</i> £	<i>Total</i> £
As at 1 April 2012	633,358	221,456	854,814
Movement in the year	(5,885)	-	(5,885)
As at 31 March 2013	<u>627,473</u>	<u>221,456</u>	<u>848,929</u>

These two restricted funds relate to grants made by the MOD towards the running of the Museum

The Assets and Operating Fund originates from the MOD giving the Museum the right to use a hangar until 2034, the value of this lease was included within the fixed assets and depreciation on the hangar is charged against this fund £5,000 per year is charged against this fund for the work involved in administering the support grant

The purchase of exhibits fund represents grants given by the MOD in the past for purchasing exhibits, no funding was received for 2012-13, no depreciation is charged on these assets The assets purchased are shown within heritage assets in the balance sheet

The Fleet Air Arm Museum CLG Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2013

15 OPERATING LEASE COMMITMENTS

The charity has the following commitments in respect of operating leases

	<i>Motor Vehicles</i>	<i>Other equipment</i>	<i>Total</i>	<i>Total</i>
	<i>2013</i>	<i>2013</i>	<i>2013</i>	<i>2012</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Expiring in one year	3,344	-	3,344	-
Expiring in one to five years	3,258	-	3,258	3,648
	<u>6,602</u>	<u>-</u>	<u>6,602</u>	<u>3,648</u>

16 TAXATION

The Museum is a registered charity and there is no liability to taxation

17 RELATED PARTIES

The National Museum of the Royal Navy

The Chairman of Trustees is an ex-officio Trustee of The National Museum of the Royal Navy (NMRN). The Grant In Aid is received from the MoD by the NMRN, which in turn pays a grant to the Museum.

The grant is included as a separate fund for accounting purposes and therefore the amount received from NMRN each year is disclosed separately in the Statement of Financial Activities.

As the ultimate controlled parent, NMRN consolidate the assets of The Fleet Air Arm Museum CLG Limited into their financial statements and form the smallest and largest group into which the results are consolidated.

The Society of Friends of The Fleet Air Arm Museum (SOFFAAM)

Although none of the trustees of the Museum are also trustees of The Society of Friends of The Fleet Air Arm Museum, the objectives of the society are to provide financial aid to the Museum and foster interest in the history of the Fleet Air Arm and its Museum.

During the year the society has donated £4,500 (2012: £nil) toward the Museum's activities.

The Fly Navy Heritage Trust (formerly Swordfish Heritage Trust)

Certain ex-officio trustees of the Museum are also trustees of the Fly Navy Heritage Trust. This charity contains within its objectives powers to support The Fleet Air Arm Museum CLG Limited.

Fleet Air Arm Museum Trading Limited

Fleet Air Arm Museum Trading Limited is a fully owned trading subsidiary of the Museum. During the year £193 (2012: £1,864) was donated to the Museum. Management charges of £31,000 (2012: £35,000) were charged from the Museum to the subsidiary. Details of the amounts outstanding at the year end are shown under the debtors note.

Fleet Air Arm Museum

Fleet Air Arm Museum was the previous unincorporated charity, through which the activities of the museum were undertaken. On 1 August 2011, the Fleet Air Arm Museum ('Trust') gifted all its trade and assets to the charitable company, The Fleet Air Arm Museum CLG Limited. The trust still operates as a vehicle for legacies, however intends to gift all donations to the charity, to further the aims and objects of the museum. The results of the Trust are consolidated into the financial statement of The Fleet Air Arm Museum CLG Limited. There were income and expenditure during the year and no balances owed to or by the Museum at the end of the year.

From 1 April 2009 the Fleet Air Arm Museum, a related party, ceased to receive Grant In Aid direct from the MoD. The Grant In Aid was received from the MoD by the NMRN, which in turn paid a grant to the museum. In preparation for incorporation within NMRN, The Fleet Air Arm Museum CLG Limited was registered with Companies House in March 2011. The trustees of Fleet Air Arm Museum transferred to this charity the assets and activities of the Trust on 1 August 2011 at book value, as part of full integration with the NMRN. The income and expenditure included within the Consolidated Statement of Financial Activities represents the gift of these assets and eight months of Museum trading, compared to a full trading year in 2012-13.

The Fleet Air Arm Museum CLG Limited

NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2013

18 NOTES TO THE CASHFLOW STATEMENT

a. Net cashflows from operating activities

	<i>Unrestricted funds 2013 £</i>	<i>Restricted funds 2013 £</i>	<i>Restricted Grant 2013 £</i>	<i>Total funds 2013 £</i>	<i>Total funds 2012 £</i>
Surplus/(deficit) for year	(292,983)	(64,455)	(15,059)	(372,497)	10,933,567
Interest received	(908)	-	-	(908)	-
Operating surplus/(deficit)	(293,891)	(64,455)	(15,059)	(373,405)	10,933,567
Loss on sale of fixed assets	5,000	-	-	5,000	20,649
Depreciation	255,438	69,805	15,059	340,302	306,720
Donated assets	(10,000)	-	-	(10,000)	(75,000)
Movement in debtors	(3,596)	-	-	(3,596)	(5,638)
Movement in stock	5,495	-	-	5,495	(83,920)
Movement in creditors	(36,314)	-	-	(36,314)	66,768
Transfer of fixed assets from Fleet Air Arm Museum	-	-	-	-	(11,168,477)
Net operating cash flows	(77,868)	5,350	-	(72,518)	(5,331)

b Capital expenditure and financial investment

	<i>Unrestricted funds 2013 £</i>	<i>Restricted funds 2013 £</i>	<i>Restricted Grant 2013 £</i>	<i>Total funds 2013 £</i>	<i>Total funds 2012 £</i>
Payments to acquire fixed assets	(80,637)	-	-	(80,637)	28,043
Payments to acquire heritage assets	-	-	-	-	38,154
Sale of fixed assets	10,000	-	-	10,000	-
Capital expenditure	(70,637)	-	-	(70,637)	66,197

c Analysis of net debt

	<i>At 1 April 2012 £</i>	<i>Cashflow £</i>	<i>Non-cash changes £</i>	<i>At 31 March 2013 £</i>
Cash at bank	941,960	(142,247)	-	799,713
	941,960	(142,247)	-	799,713