

The Fleet Air Arm Museum CLG  
Limited

CONSOLIDATED FINANCIAL STATEMENTS

for the year ended

31 March 2014

FRIDAY



\*A39XGS8Y\*

A30

13/06/2014

#225

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 2014

---

The Trustees are pleased to present their report together with the financial statements of the charity for the year ended 31 March 2014.

#### 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 charity's trustees during 2013/14, 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 R S Alexander OBE RN
- Captain W N Entwisle OBE MVO RN (resigned 24 April 2013)
- Captain M D Garratt RN (appointed 24 April 2013)
- Commodore A C Lison RN
- Captain N H C Tindal RN

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 2014**

---

**SUB COMMITTEES**

Finance and General Purposes Committee	Chairman:	Ms J T Spinks
	Trustees:	Mr R Hatton Commanding Officer RNAS Yeovilton
	Museum Director:	Mr C G Mottram, MA (Cantab) C.Eng, MIM
Audit Committee	Chairman:	Mr M Hagen
	Trustee:	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 including Strategic Report for the year ended 31 March 2014

---

### 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 including Strategic Report *(continued)*

### for the year ended 31 March 2014

---

#### 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 63 people (2013: 62) gave some of their time to support the Museum, contributing around 9,013 hours (2013: 9,450 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 charity 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 including Strategic Report (*continued*)

### for the year ended 31 March 2014

---

#### 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.

#### 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 including Strategic Report (*continued*) for the year ended 31 March 2014

---

### STRATEGIC REPORT

#### ACHIEVEMENTS AND PERFORMANCE

Visitor footfall remained above 100,000 for the seventh successive year, achieving a total of 110,843, 12% above target and 3% up on the previous year. Some of this rise was due to a successful Groupon promotion during the quiet winter months. Although the discounts associated with this limited promotion were substantial, the overall spend per head was still very good over the year as a whole, being in excess of £13.

A major new exhibition, "The Battle of the Atlantic" was completed and opened by the Chairman of the National Museum of the Royal Navy, Admiral Sir Jonathon Band. The exhibition includes the Museum's second major paint recovery project, the 1940 Grumman Martlet, on show in much of its original paint for the first time since 1963, and a German Focke-Achgelis rotor kite, displayed (after restoration) at FAAM for the first time.

A bid to the Heritage Lottery Fund for grant support to build a new entrance housing the Museum's unique WWI seaplane lighter was unsuccessful. A meeting with HLF to review the reasons behind the rejection was encouraging and a revised bid will be submitted in late 2014.

Another new gallery created during the year was "The Future Aircraft Carrier" funded by the Aircraft Carrier Alliance, and showing the size and complexity of the massive new Queen Elizabeth-class aircraft carriers.

Continuing the trend of collecting current generation aircraft, a BAe-Harrier T8 training aircraft was acquired.

The Learning Team delivered formal learning workshops to 10,206 pupils and staff in 305 group visits. The number of groups was only slightly higher than the previous year but the average size of the group increased from 29 to 33. Informal learning was again provided in the form of family activities during school holidays.

A substantial amount of both Trustee and senior management time was engaged in the process of negotiating and organising the formal relationships and staff structure associated with further integration into the National Museum of the Royal Navy.

The Fleet Air Arm Museum CLG Ltd has a wholly owned trading subsidiary; The Fleet Air Arm Museum Trading Ltd. All profits generated by the Trading Ltd are donated to the Fleet Air Arm Museum Charity.

#### FINANCIAL REVIEW

The Charity has adopted metrics for monitoring its performance by reference to which its actual performance for years ending 31 March 2013 and 31 March 2014 are set out below:

	2014	2013
Admission numbers	110,843	107,476
Ratio of self generated income to Grant	3.84	3.61
Grant subsidy per admission	£4.53	£4.64
Number of pre-booked educational parties	305	302
Total educational visitors	10,206	8,673
Research enquiries received	1,400	1,340
Research enquires answered	1,338	1,330

#### PLANS FOR FUTURE PERIODS

The year 2014 saw 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 Royal Naval Air Service ("RNAS") played in that major conflict. The first will open in July 2014 and provide infrastructure for additions in the following years.

Following an unsuccessful bid to the Heritage Lottery Bid for support for a new gallery and visitor centre, this bid will be resubmitted in late 2014.

There will be substantial effort put into integrating with the wider NMRN.

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.

# The Fleet Air Arm Museum CLG Limited

TRUSTEES' REPORT including Strategic Report (*continued*)  
for the year ended 31 March 2014

---

## PRINCIPAL RISKS AND UNCERTAINTIES

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.


## AUDITOR

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.

In approving this report, the Trustees are also approving the Strategic Report in their capacity as company directors.

  
T W Loughran  
On behalf of the Trustees

Date:

2 June 2014



# The Fleet Air Arm Museum CLG Limited

## THE TRUSTEES' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

---

The law applicable to charities in England and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the trustees are required to:

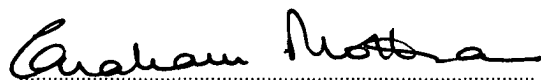
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed 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 business.

The trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011 and the Charity (Accounts and Reports) Regulations 2008. They 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.

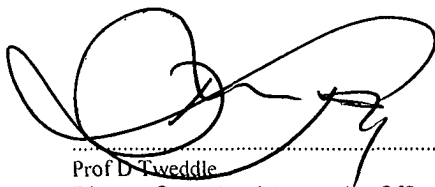
**The Accounting Officer for the National Museum of the Royal Navy (NMRN) also has responsibility for the propriety and regularity of expenditure from the grant provided by the NMRN to The Fleet Air Arm Museum CLG Limited.**



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: 2 June 2014

# 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 2014 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 auditors under the Companies Act 2006 and section 151 of the Charities Act 2011 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 Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

## **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 2014 and of the group's incoming resources and application of resources, including its income and expenditure, for the year 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 2011.

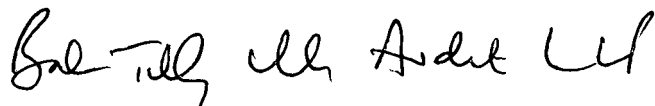
## **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Trustees' Report and the incorporated Strategic 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 2011 requires us to report to you if, in our opinion:

- the parent charitable company has not kept adequate 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  
Chartered Accountants

Hartwell House  
55 - 61 Victoria Street  
Bristol, BS1 6AD

Date 12 June 2014

**The Fleet Air Arm Museum CLG Limited**  
**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES**  
(incorporating an income and expenditure account)  
for the year ended 31 March 2014

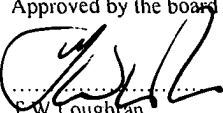
						<i>Period ending 31 March</i>
		<i>Unrestricted Funds 2014</i>	<i>Restricted Funds 2014</i>	<i>Restricted Support Grant 2014</i>	<i>Total Funds 2014</i>	<i>Total Funds 2013</i>
<b>INCOMING RESOURCES</b>	<i>Notes</i>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Incoming resources from generated funds</b>						
<i>Voluntary Income:</i>						
Grants and donations	2	39,682	26,100	501,716	567,498	543,156
<i>Activities for generating funds:</i>						
Commercial trading operations	8	727,792	-	-	727,792	678,957
<i>Interest receivable</i>		505	-	-	505	908
		<u>767,979</u>	<u>26,100</u>	<u>501,716</u>	<u>1,295,795</u>	<u>1,223,021</u>
<b>Incoming resources from charitable activities</b>						
Operation of museum and related activities	3	1,159,027	-	-	1,159,027	1,089,696
Total incoming resources		<u>1,927,006</u>	<u>26,100</u>	<u>501,716</u>	<u>2,454,822</u>	<u>2,312,717</u>
<b>RESOURCES EXPENDED</b>						
<b>Costs of generating funds</b>						
Commercial trading operations	8	675,839	-	-	675,839	647,764
		<u>675,839</u>	<u>-</u>	<u>-</u>	<u>675,839</u>	<u>647,764</u>
<b>Costs relating to charitable activities</b>						
Operation of museum and related activities	4	1,385,402	88,378	428,371	1,902,151	1,927,427
<b>Governance costs</b>	5	<u>55,472</u>	<u>-</u>	<u>88,992</u>	<u>144,464</u>	<u>110,023</u>
Total resources expended		<u>2,116,713</u>	<u>88,378</u>	<u>517,363</u>	<u>2,722,454</u>	<u>2,685,214</u>
<b>Net outgoing resources for the year</b>		<b>(189,707)</b>	<b>(62,278)</b>	<b>(15,647)</b>	<b>(267,632)</b>	<b>(372,497)</b>
<b>Unrealised gains</b>						
Revaluation of assets	9a	118,317	64,369	11,793	194,479	156,915
Backlog depreciation	9a	(12,179)	(3,255)	(714)	(16,148)	(7,815)
<b>Net movement in funds</b>		<u>(83,569)</u>	<u>(1,164)</u>	<u>(4,568)</u>	<u>(89,301)</u>	<u>(223,397)</u>
<b>Fund balances brought forward</b>		<u>7,246,790</u>	<u>2,614,451</u>	<u>848,929</u>	<u>10,710,170</u>	<u>10,933,567</u>
<b>Fund balances carried forward</b>		<u>7,163,221</u>	<u>2,613,287</u>	<u>844,361</u>	<u>10,620,869</u>	<u>10,710,170</u>

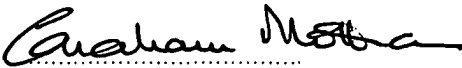
All the Museum's activities are classed as continuing. All recognised gains and losses are included above.

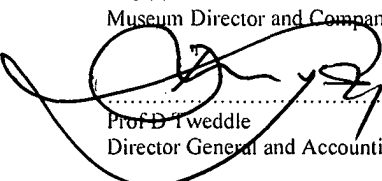
**The Fleet Air Arm Museum CLG Limited**  
**CONSOLIDATED BALANCE SHEET**  
as at 31 March 2014

		2014	2014	2013	2013
	Notes	£	£	£	£
<b>FIXED ASSETS</b>					
Heritage assets	9b		2,958,131		2,890,106
Other tangible assets	9a		6,867,079		6,958,983
			<u>9,825,210</u>		<u>9,849,089</u>
<b>CURRENT ASSETS</b>					
Stocks		65,433		78,425	
Debtors	10	154,437		143,137	
Cash at bank and in hand		820,854		799,713	
		<u>1,040,724</u>		<u>1,021,275</u>	
<b>CREDITORS:</b>					
Amounts falling due within one year	11	(245,065)		(160,194)	
				<u></u>	
<b>NET CURRENT ASSETS</b>			<u>795,659</u>		<u>861,081</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>10,620,869</u>		<u>10,710,170</u>
<b>THE FUNDS OF THE CHARITY</b>					
Unrestricted funds			7,163,221		7,246,790
Restricted funds	13		2,613,287		2,614,451
Support Grant funds - asset and operating account	14		622,905		627,473
- purchase of exhibits reserve	14		221,456		221,456
			<u>10,620,869</u>		<u>10,710,170</u>

Approved by the board and authorised for issue on 02/06/2014

  
F W Loughran  
Chairman

  
C G Mottram  
Museum Director and Company Secretary

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

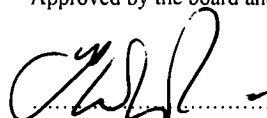
# The Fleet Air Arm Museum CLG Limited

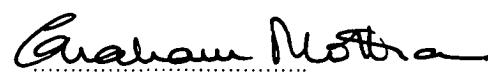
## BALANCE SHEET (CHARITY ONLY)

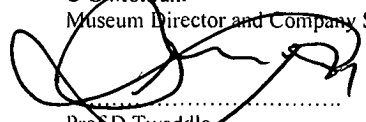
as at 31 March 2014

		2014	2013
	Notes	£	£
<b>FIXED ASSETS</b>			
Heritage assets	9b	2,958,131	2,890,106
Other tangible assets	9a	6,867,079	6,958,983
Investment	8	2	2
		<u>9,825,212</u>	<u>9,849,091</u>
<b>CURRENT ASSETS</b>			
Stocks		-	1,599
Debtors	10	177,924	200,151
Cash at bank and in hand		792,637	782,792
		<u>970,561</u>	<u>984,542</u>
<b>CREDITORS:</b>			
Amounts falling due within one year	11	(169,471)	(118,030)
<b>NET CURRENT ASSETS</b>		<u>801,090</u>	<u>866,512</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>10,626,302</u>	<u>10,715,603</u>
<b>THE FUNDS OF THE CHARITY</b>			
Unrestricted fund		7,168,654	7,252,223
Restricted funds	13	2,613,287	2,614,451
Support Grant funds - asset and operating account	14	622,905	627,473
- purchase of exhibits reserve	14	221,456	221,456
		<u>10,626,302</u>	<u>10,715,603</u>

Approved by the board and authorised for issue on 02/06/2014

  
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 2014

	<i>Notes</i>	<i>Unrestricted Funds 2014 £</i>	<i>Restricted Funds 2014 £</i>	<i>Restricted Grant 2014 £</i>	<i>Total Funds 2014 £</i>	<i>Total Funds 2013 £</i>
<b>Net cashflow from operating activities</b>	18a	110,141	6,910	-	117,051	(72,518)
<b>Return on investments and servicing of finance</b>						
Interest received		505	-	-	505	908
<b>Capital expenditure and financial investment</b>	18b	(89,070)	(7,345)	-	(96,415)	(70,637)
<b>Increase in cash</b>	18c	21,576	(435)	-	21,141	(142,247)

# The Fleet Air Arm Museum CLG Limited

## NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2014

---

### 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 for the charity alone. The charity's own net outgoing resources were £89,301 (2013: £223,397) in the year.

#### b Company status

The charity is a company limited by guarantee. The trustees of the charity, who are also the 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 2014

---

#### **1** 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](http://www.civilservice-pensions.gov.uk)).

For the year ended 31 March 2014 employer's contributions of £26,252 (2013: £26,275) 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 and 2014 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 £nil (2013: £1,060).

#### **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 2014

---

### **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. 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.

##### 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.

#### **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 items 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 2014

---

### **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, £47,250 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 2014

### 2 VOLUNTARY INCOME

	<i>Unrestricted funds 2014 £</i>	<i>Restricted funds 2014 £</i>	<i>Restricted Grant 2014 £</i>	<i>Total funds 2014 £</i>	<i>Total funds 2013 £</i>
Grant	-	-	501,716	501,716	499,119
Donations	39,258	26,100	-	65,358	43,608
Covenants	424	-	-	424	429
	<u>39,682</u>	<u>26,100</u>	<u>501,716</u>	<u>567,498</u>	<u>543,156</u>

### 3 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

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

	<i>Unrestricted funds 2014 £</i>	<i>Restricted funds 2014 £</i>	<i>Restricted Grant 2014 £</i>	<i>Total funds 2014 £</i>	<i>Total funds 2013 £</i>
<b>Income from museum collections and exhibitions</b>					
Admission charges	936,630	-	-	936,630	884,639
Gift aid on admissions	141,450	-	-	141,450	141,143
	<u>1,078,080</u>	<u>-</u>	<u>-</u>	<u>1,078,080</u>	<u>1,025,782</u>
<b>Income from museum special events and activities</b>					
Simulator and experiences	26,338	-	-	26,338	29,072
Events and activities	38,895	-	-	38,895	14,774
	<u>65,233</u>	<u>-</u>	<u>-</u>	<u>65,233</u>	<u>43,846</u>
<b>Education and research</b>	<u>15,714</u>	<u>-</u>	<u>-</u>	<u>15,714</u>	<u>20,068</u>
<b>TOTAL INCOME FROM CHARITABLE ACTIVITIES</b>	<u>1,159,027</u>	<u>-</u>	<u>-</u>	<u>1,159,027</u>	<u>1,089,696</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 2014

**4 ANALYSIS OF CHARITABLE EXPENDITURE**

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

	<i>Unrestricted funds 2014 £</i>	<i>Restricted funds 2014 £</i>	<i>Restricted Grant 2014 £</i>	<i>Total funds 2014 £</i>	<i>Total funds 2013 £</i>
<b>Operation of museum</b>					
Support costs (see note 5)	-	-	376,346	376,346	348,675
<b>Museum collections and exhibitions</b>					
Museum maintenance	155,926	19,190	27,800	202,916	252,993
Depreciation	238,022	69,188	15,647	322,857	340,302
Advertising and marketing	70,456	-	5,412	75,868	84,828
Support costs (see note 5)	761,576	-	-	761,576	744,061
	<u>1,225,980</u>	<u>88,378</u>	<u>48,859</u>	<u>1,363,217</u>	<u>1,422,184</u>
<b>Museum special events and activities</b>					
Fundraising costs	32,477	-	-	32,477	28,537
Support costs (see note 5)	27,556	-	-	27,556	32,024
	<u>60,033</u>	<u>-</u>	<u>-</u>	<u>60,033</u>	<u>60,561</u>
<b>Museum education and research</b>					
Education and training	5,584	-	3,166	8,750	10,077
Support costs (see note 5)	93,805	-	-	93,805	85,930
	<u>99,389</u>	<u>-</u>	<u>3,166</u>	<u>102,555</u>	<u>96,007</u>
<b>TOTAL CHARITABLE EXPENDITURE</b>	<u>1,385,402</u>	<u>88,378</u>	<u>428,371</u>	<u>1,902,151</u>	<u>1,927,427</u>

**The Fleet Air Arm Museum CLG Limited**  
**NOTES TO THE FINANCIAL STATEMENTS** *(continued)*  
for the year ended 31 March 2014

**5 ALLOCATION OF SUPPORT COSTS**

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

	<i>Operation of Museum 2014</i>	<i>Museum collections and exhibitions 2014 £</i>	<i>Museum Special Events and Activities 2014 £</i>	<i>Museum Education and Research 2014 £</i>	<i>Governance 2014 £</i>	<i>Total 2014 £</i>	<i>Total 2013 £</i>
Staff costs and salaries	255,070	528,167	27,556	75,838	85,716	972,347	942,226
Premises costs	101,207	150,554	-	14,800	-	266,561	251,955
General office	17,650	45,049	-	3,167	-	65,866	67,368
Finance office	-	15,943	-	-	-	15,943	14,685
Information technology	2,419	21,863	-	-	-	24,282	18,968
External audit	-	-	-	-	13,920	13,920	13,680
Accountancy services	-	-	-	-	8,530	8,530	11,733
Legal and professional fees	-	-	-	-	36,298	36,298	98
	<u>376,346</u>	<u>761,576</u>	<u>27,556</u>	<u>93,805</u>	<u>144,464</u>	<u>1,403,747</u>	<u>1,320,713</u>

Of the total governance costs of £144,464 (2013: £110,023); the staff costs of £85,716 (2013: £84,512) and a portion of the external audit costs £3,048 (2013: £13,255) are allocated against the restricted grant reserve.

Operating leases costs of £6,766 (2013: £3,648) were charged to support costs.

**6 AUDITOR'S REMUNERATION**

	<i>2014 £</i>	<i>2013 £</i>
Baker Tilly UK Audit LLP - Audit fee – Museum and group	13,920	13,680
Baker Tilly UK Audit LLP – Audit fee – subsidiary	<u>4,800</u>	<u>4,685</u>

# The Fleet Air Arm Museum CLG Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

for the year ended 31 March 2014

### 7 EMPLOYEES

	2014 No.	2013 No.
The average weekly number of persons employed by the Museum during the year was:		
Technical	5	5
Administration	6	6
Marketing	2	3
Other	25	26
	<u>38</u>	<u>40</u>

	2014 £	2013 £
Staff costs for the above persons:		
Wages and salaries	860,972	831,616
Social security costs	70,145	69,461
Other pension costs	41,230	41,149
	<u>972,347</u>	<u>942,226</u>

Amounts outstanding at the year end in relation to the pension scheme were £2,829 (2013: £2,617).

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

	2014 No.	2013 No.
£60,001 - £70,000	1	1
	<u>1</u>	<u>1</u>

The number of staff included above in the pension scheme was 1 (2013: 1). The Museum made contributions to money purchase schemes of £13,939 (2013: £13,847) in respect of the employee included above.

No trustees received any remuneration in the year or prior year.

Three trustees received a total of £2,165 reimbursement for expenses incurred in the year (2013: £1,909).

# The Fleet Air Arm Museum CLG Limited

## NOTES TO THE FINANCIAL STATEMENTS *(continued)*

### for the year ended 31 March 2014

#### 8 INVESTMENTS (CHARITY)

	2014	2013
	£	£
Investment in subsidiary company	2	2

Fleet Air Arm Museum Trading Limited, a wholly owned 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 2013 and to 31 March 2014 is shown below:

	2014	2013
	£	£
Turnover	727,792	678,957
Cost of sales and administration costs	(675,839)	(647,764)
Management charge to Museum	(30,000)	(31,000)
Donation to Museum	(21,953)	(193)
Profit in the year	-	-

The assets and liabilities of the subsidiary were:

Current assets	118,541	107,084
Current liabilities	(76,722)	(62,765)
Net current assets	41,819	44,319
Creditors: amounts falling due after more than one year	(47,250)	(49,750)
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 2014

9a TANGIBLE FIXED ASSETS (GROUP AND CHARITY)

	<i>Motor Vehicles</i> £	<i>Freehold property</i> £	<i>Exhibition costs</i> £	<i>Short leasehold property</i> £	<i>Plant and machinery</i> £	<i>Fixtures and fittings</i> £	<i>Total</i> £
<b>COST OR VALUATION</b>							
At 1 April 2013	368	4,033,603	242,477	2,931,150	93,434	312,788	7,613,820
Additions	-	-	28,573	5,411	-	19,406	53,390
Revaluation in year	4	107,303	3,257	75,328	1,124	7,463	194,479
Disposals	-	-	(248)	-	-	(2,677)	(2,925)
At 31 March 2014	372	4,140,906	274,059	3,011,889	94,558	336,980	7,858,764
<b>DEPRECIATION</b>							
At 1 April 2013	368	205,130	74,191	180,826	70,955	123,367	654,837
Charge	-	120,001	33,033	106,313	7,685	55,825	322,857
Backlog depreciation	4	5,539	889	4,882	853	3,981	16,148
Disposals	-	-	(248)	-	-	(1,909)	(2,157)
At 31 March 2014	372	330,670	107,865	292,021	79,493	181,264	991,685
<b>NET BOOK VALUE</b>							
At 31 March 2014	-	3,180,236	166,194	2,719,868	15,065	155,716	6,867,079
At 1 April 2013	-	3,863,793	168,286	2,750,324	22,479	189,421	6,958,983



**The Fleet Air Arm Museum CLG Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 March 2014**

**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:

	2014 £	2013 £
Historic cost:		
1 April	7,446,091	7,410,630
Additions	53,389	35,461
Disposals	(2,975)	-
At 31 March	<u>7,496,505</u>	<u>7,446,091</u>
Depreciation:		
1 April	629,594	295,906
Charge	306,924	333,688
Disposals	(2,227)	-
At 31 March	<u>934,291</u>	<u>629,594</u>
Net historical cost value:		
At 31 March	<u>6,562,214</u>	<u>6,816,497</u>
At 1 April	<u>6,816,497</u>	<u>7,114,724</u>

**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 2013	2,657,000	233,106	2,890,106
Additions	25,000	43,025	68,025
	<u>2,682,000</u>	<u>276,131</u>	<u>2,958,131</u>

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 2014

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

	2013-14	2012-13	2011-12
	£	£	£
<u>Additions:</u>			
Purchases	43,025	45,176	38,154
Donations	-	10,000	2,811,776
Total additions	43,025	55,176	2,849,930
<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 2014 £	Charity 2014 £	Group 2013	Charity 2013
Trade debtors	28,776	20,823	18,242	9,720
Gift Aid debtor	5,320	5,320	7,856	7,856
Amounts owed from subsidiary	-	48,378	-	70,351
Other debtors	-	-	1,514	1,514
Prepayments and accrued income	120,341	103,403	115,525	110,710
	<u>154,437</u>	<u>177,924</u>	<u>143,137</u>	<u>200,151</u>

Included within amounts due from subsidiary is £47,250 (2013: £49,750), 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 2014 £	Charity 2014 £	Group 2013 £	Charity 2013 £
Amounts falling due within one year:				
Trade creditors	100,897	75,635	69,891	58,788
Tax and social security costs	34,199	16,188	31,425	14,398
Other creditors	2,174	894	1,560	57
Accruals and deferred income	107,795	76,754	57,318	44,787
	<u>245,065</u>	<u>169,471</u>	<u>160,194</u>	<u>118,030</u>

**The Fleet Air Arm Museum CLG Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 March 2014

**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	143,536	-	-	143,536
Cobham Hall and Leading Edge	2,450,136	-	-	2,450,136
Barracuda fund	-	4,915	-	4,915
Other assets	14,700	-	-	14,700
	<u>2,608,372</u>	<u>4,915</u>	<u>-</u>	<u>2,613,287</u>
Grant - asset and operating account	622,905	-	-	622,905
- purchase of exhibits	221,456	-	-	221,456
	<u>3,452,733</u>	<u>4,915</u>	<u>-</u>	<u>3,457,648</u>
Unrestricted Funds	6,372,477	790,744	-	7,163,221
	<u>9,825,210</u>	<u>795,659</u>	<u>-</u>	<u>10,620,869</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	143,536	-	-	143,536
Cobham Hall and Leading Edge	2,450,136	-	-	2,450,136
Barracuda fund	-	4,915	-	4,915
Other assets	14,700	-	-	14,700
	<u>2,608,372</u>	<u>4,915</u>	<u>-</u>	<u>2,613,287</u>
Grant - asset and operating account	622,905	-	-	622,905
- purchase of exhibits	221,456	-	-	221,456
	<u>3,452,733</u>	<u>4,915</u>	<u>-</u>	<u>3,457,648</u>
Unrestricted Funds	6,372,479	796,175	-	7,168,654
	<u>9,825,212</u>	<u>801,090</u>	<u>-</u>	<u>10,626,302</u>

# The Fleet Air Arm Museum CLG Limited

## NOTES TO THE FINANCIAL STATEMENTS (*continued*)

for the year ended 31 March 2014

### 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 2013	156,945	2,441,706	850	14,950	2,614,451
Donations	-	-	9,843	16,257	26,100
Utilised in the year – depreciation	(15,883)	(50,089)	-	(3,216)	(69,188)
Utilised in the year – expenses	-	-	(5,778)	(13,412)	(19,190)
Revaluation in the year	1,887	62,760	-	(278)	64,369
Backlog depreciation	587	(4,241)	-	399	(3,255)
As at 31 March 2014	143,536	2,450,136	4,915	14,700	2,613,287

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 charged against these donations.

#### Other

This fund is other assets that have received donations towards their purchase, with the depreciation being charged to this fund. This fund also contains donations made towards particular expenses incurred by the Museum.

### 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 2013	627,473	221,456	848,929
Movement in the year	(4,568)	-	(4,568)
As at 31 March 2014	622,905	221,456	844,361

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 2013-14, 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 2014

#### 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>2014</i>	<i>2014</i>	<i>2014</i>	<i>2013</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Expiring in one year	-	-	-	3,344
Expiring in one to five years	6,627	-	6,627	3,258
	<u>6,627</u>	<u>-</u>	<u>6,627</u>	<u>6,602</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 £2,845 (2013: £4,500) 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 £21,953 (2013: £193) was donated to the Museum. Management charges of £30,000 (2013: £31,000) 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 Fleet Air Arm Museum CLG Limited**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 March 2014

**18 NOTES TO THE CASHFLOW STATEMENT**

**a. Net cashflows from operating activities**

	<i>Unrestricted funds 2014 £</i>	<i>Restricted funds 2014 £</i>	<i>Restricted Grant 2014 £</i>	<i>Total funds 2014 £</i>	<i>Total funds 2013 £</i>
Surplus/(deficit) for year	(189,707)	(62,278)	(15,647)	(267,632)	(372,497)
Interest received	(505)	-	-	(505)	(908)
Operating surplus/(deficit)	(190,212)	(62,278)	(15,647)	(268,137)	(373,405)
Loss on sale of fixed assets	768	-	-	768	5,000
Depreciation	238,022	69,188	15,647	322,857	340,302
Donated assets	(25,000)	-	-	(25,000)	(10,000)
Movement in debtors	(11,300)	-	-	(11,300)	(3,596)
Movement in stock	12,992	-	-	12,992	5,495
Movement in creditors	84,871	-	-	84,871	(36,314)
Net operating cash flows	<u>110,141</u>	<u>6,910</u>	<u>-</u>	<u>117,051</u>	<u>(72,518)</u>

**b. Capital expenditure and financial investment**

	<i>Unrestricted funds 2014 £</i>	<i>Restricted funds 2014 £</i>	<i>Restricted Grant 2014 £</i>	<i>Total funds 2014 £</i>	<i>Total funds 2013 £</i>
Payments to acquire fixed assets	89,070	7,345	-	96,415	80,637
Sale of fixed assets	-	-	-	-	(10,000)
Capital expenditure	<u>89,070</u>	<u>7,345</u>	<u>-</u>	<u>96,415</u>	<u>70,637</u>

**c. Analysis of net debt**

	<i>At 1 April 2013 £</i>	<i>Cashflow £</i>	<i>Non-cash changes £</i>	<i>At 31 March 2014 £</i>
Cash at bank	799,713	21,141	-	820,854
	<u>799,713</u>	<u>21,141</u>	<u>-</u>	<u>820,854</u>