

The Chatham Historic Dockyard Trust

Directors' Report and Financial Statements

for the year ended 31 March 2013

Company number 1804108

Registered Charity number 292101



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28/10/2013

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COMPANIES HOUSE

Advisors

Bankers

Barclays Bank PLC
PO Box 104
Ashford
Kent TN24 8ZB

Solicitors

Cripps Harries Hall
Wallside House
12 Mount Ephraim Road
Tunbridge Wells
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Auditor

Nexia Smith & Williamson
Chartered Accountants
Registered Auditors
25 Moorgate
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Registered Office

The Historic Dockyard
Chatham
Kent ME4 4TE

Tel 01634 823800

Chairman's annual report

For the year ended 31 March 2013

It was with huge pleasure and pride that we learned, earlier this year, that His Royal Highness The Prince of Wales had agreed to be the Patron of The Chatham Historic Dockyard Trust (CHDT) for the next five years. We regard this as a significant honour that reflects all that the Trustees and staff have achieved over the years

As The Chatham Historic Dockyard Trust approaches its 30th anniversary in 2014, we look back on another successful year in 2012/13. Not only have we weathered the austere conditions experienced by some sections of the cultural and heritage sector, but we also recognise the need, as recently expounded by Maria Miller, Secretary of State for the Department for Culture, Media and Sport (DCMS) and a Member of our Trust, to generate growth. An independent economic study into our business carried out in 2012 confirmed that we contribute £16m annually to the local economy and sustain the equivalent of 500 jobs. This is bound to increase with time as our planned projects mature. We are now able to generate between 80% and 90% of our annual revenue requirement and virtually all our capital investment through fundraising campaigns.

Last year, our self-generated charitable income of £2.893m was 3% higher than the previous year, largely because of excellent income from film location services, including 'Call the Midwife', 'Les Misérables', 'Mr Selfridge' and many others. As a group, including our trading companies, our turnover was £4.07m before revenue or capital grants. This was almost 4% higher than the previous year. Revenue grants from Arts Council England (ACE) and DCMS of £0.55m increased our revenue for the year to £4.6m. Our mixed income strategy, driven by our property portfolio, helped to shelter us against the adverse impact on visitor numbers of both the weather and (to an extent) the Olympics. As a result, we exceeded our budgeted income, which allowed us to invest additional funds in maintenance and in our charitable services. However, at £125,000, our investment in planned and preventative maintenance continues to fall below what is needed by at least £300,000 each year now and for the foreseeable future. This will become an increasing challenge, which can be addressed only by completing our development plans and bringing our last buildings into economic use. This will require imaginative solutions, supported by further capital grant funding.

Our eventual aspiration, to become financially self-sufficient as a result of our own enterprise, is well known. This has been made more difficult by the loss of Renaissance in the Regions Hub museum status following the reorganisation of central museum responsibility, and the establishment of the new regime now under the control of ACE.

Forewarned, we took early action to mitigate the effect of this change. Our joint application with the Royal Engineers Museum to the ACE strategic fund proved successful. That success has helped to reduce the impact of the change over the next two years. Similarly, phased reductions in our small but highly valued grant-in-aid from DCMS have put additional pressure on our budget, but it continues to help us keep our heads above water on slim financial and workforce margins. While recognising the pressure on Government departmental budgets, we are grateful for the continued and essential support of these revenue streams as we move towards our goal of financial resilience.

Our growing national profile is the result of a carefully targeted communications strategy. In September 2012, we were fortunate to be selected as a venue for two editions of the Antiques Road Show. The two shows, when broadcast, generated huge interest in The Historic Dockyard from the public. There was similar national coverage of the 50th Anniversary of the launch of HMS OCELOT, the last ship built for the Royal Navy at Chatham. The submarine is a wonderful centre-piece of our three historic ships' collection, and provided a focus for the many veterans and their families who attended a day of moving celebration.

Our latest project - **Command of the Oceans** - provides clear evidence that the Trust welcomes a challenge, and is determined to continue to improve its many galleries as well as to introduce new ideas. The project will provide a significantly improved arrival and orientation opportunity to The Historic Dockyard and the associated historic sites. 'Chatham Dockyard and its Defences' makes up the wider Tentative World Heritage Site, as well as telling the story of Chatham's significant role during the Age of Sail in building and maintaining the ships of the Royal Navy which did so much to protect our trade.

At the centre of this reinterpretation will be the carefully preserved remains of the 18th Century NAMUR, our fourth warship, lying beneath one of our 47 Scheduled Ancient Monuments. The announcement of a Heritage Lottery Fund development grant of £116,000 as the first part of a potential final award of £4.5m has been a major boost and has already led to other grants, more fully covered in the Chief Executive's report. This complex project also sees us continue to work together with the Homes and Communities Agency in delivering important heritage-based public realm and infrastructure that will unlock the development potential of two of the Agency's sites, justifying a significant contribution from them towards the overall project cost of £8.5m.

People are the most important factor in any organisation. We are blessed with an outstanding team on which we depend to deliver the strategy articulated in our Corporate Plan 2012-16. A small staff of hard-working individuals with a range of specialist knowledge, from property management and catering services to curatorial expertise and rope making (and many more beside), is totally committed to meeting our charitable objectives of preservation and education.

Chief Executives annual report

For the year ended 31 March 2013

Driven by our strategies of preservation through re-use, and education through museum and visitor attraction services, our team has achieved a great deal during the year. Committed to efficiency and maximising charitable returns, the Chief Executive and his senior managers saw the need to rationalise elements of the staff structure. Changes were implemented during the year to reflect better the economic environment facing the Trust's trading operations, and reduce cost burdens yet further.

Like many charities we are committed to good governance and creative leadership, with Trustees and the executive team working together to seize opportunities and adapt when necessary. The Trust is well served in this regard. The year has seen us undertake a limited governance review, sharpening our memorandum and articles of association to ensure that we meet best practice in terms of trustee roles, length of service and recruitment.

Two long-standing members of the Board, Mr John Bassett (property) and Miss Susan Palmer OBE (communications), expressed their wish to retire after many years of service and a huge contribution to the Board and the Trust generally. On behalf of both my fellow Trustees and all members of staff who have benefitted from their involvement, I thank them most warmly for their selfless commitment.

Finally, I would like to express my personal thanks to my fellow Trustees, who devote so much of their time to the Trust, and to our staff, both full-time and volunteer, upon whose dedication and energy our continued success depends.



Sir Ian Garnett
Chairman

Chief Executives annual report

For the year ended 31 March 2013

Our Strategy - Preservation through Re-Use

"Chatham Historic Dockyard demonstrates the benefit and impact that heritage can have at the heart of regeneration to give character and focus to a place, and that you cannot invent or create from nothing"

Constructive Conservation Sustainable Growth for Historic Places – English Heritage 2012

When established in 1984, The Chatham Historic Dockyard Trust recognised its role in the regeneration of Medway following the devastating closure of the Naval Base. This understanding forged the strategy of preserving the historic estate through the re-use of buildings, some of which proved ideal for museum and visitor attraction purposes that would help develop tourism and economic development. So began the Trust's growth strategy that now sees its operations contribute more than £16m each year to the economic prosperity of Medway. This strategy not only produces demonstrable growth, but also a focus for community pride and identity, rooted in its heritage.

The strategy continues to develop. The past year saw the Trust move into its new offices in the historically significant Sail and Colour Loft. A sympathetically delivered, highly functional and attractive conversion, that promotes the building's former use rather than competing with it, has been well received. As a result of the move, funded from the Trust's small development reserve, we have attracted a temporary occupation of another part of the building by The University of Kent, and other interest for areas yet to be converted. The additional rent generated is approximately £97,000 each year, an excellent return on investment.

Our tenant base has remained relatively stable, with the Trust supporting any short-term financial challenges faced by reliable tenants whenever possible, and our property portfolio generated revenue of £1.9m in the year, 6.6% above 2011/12.

We continue to develop our plans for the potential re-use of the huge four-storey Fitted Rigging House. We have commissioned a professional feasibility study to consider potential uses, income streams and constraints. This will be used to produce a detailed strategy for the re-use of this building.

The Command of the Oceans project, with its museum and heritage focus, will bring a number of Scheduled Ancient Monuments into public use. It will also use land with buried archaeology (also Scheduled) to create innovatively interpreted public realm, forming the arrival to the 'Historic Dockyard' and 'Chatham Dockyard and its Defences' heritage sites. In so doing a range of facilitating works will also unlock the potential of the two heavily constrained adjoining sites owned by the HCA. These have remained undeveloped since 1984. The economic potential achieved through the well-planned re-use of this important heritage site could not be better illustrated.

The Residential Estate

The Trust's residential estate consists of 115 properties, all but 3 of which are on a part of the site owned and managed by the Trust's wholly-owned subsidiary, Historic Dockyard Property Ltd (HDPL). The residential estate continues to be an important part of the Trust's portfolio.

Good relations have been maintained with residents through the representative Residents' Association and at an individual level, with the few problems reported resolved quickly. Some residents are continuing, slowly, the process of acquiring the freehold of their properties through enfranchisement.

Maintenance and Conservation

Using a combination of a small, in-house direct labour team and contractors for larger or specialist tasks, a great deal has been achieved despite limited resources. Total self-generated investment of £125,000 in the year saw important maintenance work on several Scheduled Ancient Monuments, and much useful maintenance was carried out on our ships, mainly using our volunteers and in-house labour. Total expenditure on maintenance of our ships, infrastructure, buildings and environment in the year, including labour, reactive maintenance tasks and our planned programme, was £789,000.

We face, however, a continuing under-investment in longer-term Planned and Preventative Maintenance (PPM). Considerable work took place during the year to draw up a rolling 25-year cycle of maintenance, based on surveys and accurate costs. This has demonstrated an average annual shortfall of £300,000, based on current expenditure levels.

Our corporate plan 2012-2016 recognises that this is unsustainable in the medium term and articulates our strategy to manage the challenge on an annual basis, while generating future income with careful investment in our buildings.

Chief Executives annual report

For the year ended 31 March 2013

Command of the Oceans

Our latest project – Command of the Oceans – addresses a number of significant issues related to visitor arrival, initial orientation and interpretation for both The Historic Dockyard and the wider Chatham Dockyard and its Defences Tentative List World Heritage Site

The project will deliver a 4.5 hectare free-to-enter area of heritage-based public realm around the site's mast ponds, and improve the setting of our northernmost historic buildings, whilst also unlocking the development potential of two adjacent Homes & Communities Agency's sites

It will also complete our museum reorganisation programme, at the heart of which are new galleries telling the story of the Dockyard's role in supporting the Royal Navy during the Age of Sail. At the same time the project will secure the long-term preservation of the 'ship beneath the floor' archaeological find (now known to be the remains of the Chatham-built second rate ship of the line NAMUR, launched in 1756)

The Wheelwright's Shop will be returned to full re-use for the first time as a free-to-enter Discovery Centre for the Chatham Dockyard and its Defences Tentative List World Heritage Site, providing much needed improved catering, retail and other facilities, whilst acting as a hub for greater community involvement and engagement with Chatham's world-class naval and military heritage

The announcement of a Heritage Lottery Fund development grant of £116,000 as the first part of a potential final award for £4.5m has been a major boost, enabling work to commence on development of the project's architectural and design schemes to RIBA stage D

Museums: Access, Learning and collections

During the year The Historic Dockyard received 150,000 visitors, with a consequent visitor related income of £1.066M, a slight increase in both on the previous year and an excellent performance given the adverse impact of the London 2012 Olympic Games on other museums and visitor attractions in our region

2012-13 saw two major improvements to our museum galleries and interpretative offer. The first was the completion and opening in May 2012 of Steam, Steel and Submarines, a new gallery telling the 19th and 20th century story of Chatham Dockyard. This was followed over winter 2012-13 with the renewal of Wooden Walls, The Historic Dockyard's oldest museum gallery. This latter project, funded with the support of both the DCMS Wolfson Museum and Galleries Improvement Fund and Arts Council England, enabled the Wooden Walls gallery's much-loved reconstruction of the dockyard of the Age of Sail to be given new life, through a new story line and the latest digital theatre interpretation techniques. It was re-launched, to much public acclaim, as Hearts of Oak in late March

Trading Services

Following an organisational review implemented in the spring of 2011, our trading activities of retail, catering, corporate hospitality, rope making and film location sales were grouped under one directorate. The logic of this grouping worked well, achieving a clear focus on commercial return in order to generate funds to feed the charity. Unfortunately, the management cost required to support the group, set against the added value, proved uneconomic. Some elements of the group performed well, others less so. As a result, the opportunity was taken to review the management structure, resulting in the redundancy of the director, and a redistribution of responsibilities among the team. The outcome was lower costs and increased sales, and more focus on selling Ropery products in a very challenging business environment

Retail and Catering

Our wholly owned trading subsidiary, Chatham Historic Dockyard (Trading) Ltd, provides retail, catering and hospitality services to our visitors and other users of The Historic Dockyard. Both retail and catering facilities saw a much improved performance compared to the previous year in terms of spend per visitor, turnover and profit. The closer focus on target setting, business monitoring and quality service paid dividends, making 2012/13 record years for both services

Commissioner's House

Producing a significant financial return from Britain's oldest intact naval building is not easy if its general ambience is to be maintained and public access allowed. The use of Commissioner's House as a wedding, hospitality and meeting venue provides a viable solution, supplemented by visitor access when possible through guided tours. 2012/13 proved one of the most financially successful years for Commissioner's House, generating a surplus of £10,000. More than forty wedding receptions were held in the House, with the resultant income making an important contribution

Chief Executives annual report

For the year ended 31 March 2013

Master Ropemakers

Master Ropemakers (Trading) Ltd, a wholly owned subsidiary of the Trust, continues to be run as a quasi commercial operation. It also offers the Trust a visitor focussed service by scheduling production to meet key visitor requirements, which is not efficient in manufacturing terms. The Trust contributes an annual service charge to reflect this.

2012/13 proved a difficult year for Master Ropemakers, as it implemented a new strategy designed to supplement flagging trade sales of traditional rope with added-value products sold to new markets and customers. A new website was launched successfully and is beginning to make a valuable contribution. Some new product and market areas, such as home and garden products, giftware and specialist rope services, are showing signs of positive development.

The year was, however, a poor one financially and the business lost £18,000 with a turnover of £303,000, a little lower than the previous year. This is not sustainable, and the new departmental organisation has allowed investment in a specialist sales and marketing interim manager. The first quarter of 2013/14 will prove critical in assessing the real potential of the business. Close monitoring and direct reporting to the Chief Executive will ensure that necessary actions or business remodelling will occur in good time.

Filming

The Historic Dockyard Chatham is becoming a significant film location site. 2012/13 was a record year in terms of site usage and income. Filming of the second series of 'Call the Midwife' (BBC), 'Mr Selfridge' (ITV) and 'Les Misérables' (Cinema) were significant, although a range of smaller commercial projects also contributed well to the total income of £205,000 in the year.

A policy of being "film friendly" and supporting production teams appears to be paying dividends, as our reputation as a favoured location grows.

We are now developing a range of visitor products based on film trails and tours, most popular of which are Call the Midwife and Les Misérables. These are proving valuable in developing new audiences, who are less likely to be attracted by The Historic Dockyard core offer, but enjoy it in combination with a media-based interest.

Good Governance

As a charity we recognise our obligation to maintain effective governance in line with the latest best practice. The year saw us review our governance, which was generally found to be sound.

The Trust has confirmed its desire to ensure, as far as is possible, a Board of Trustees that is representative of the community in terms of gender, ethnicity and age, recognising that skills, experience and commitment are equally important.

Two Trustees retired in the year, having served for a considerable time and contributed enormously to the progress of the Trust. Miss Sue Palmer OBE (communications) and Mr John Bassett (property) will be greatly missed.

An essential element of good governance is risk management. The Trust's systems of review recognise this, with the Board of Trustees and the Executive involved at both strategic and operational levels. Trustees review strategic risks at least twice per year.

Our People

Trustees, volunteers, staff and members of our diverse and widespread communities all combine to contribute to the Trust's achievement, both in meeting our objectives and in creating the special character of The Historic Dockyard. The Trustees owe a huge debt of gratitude to the 133 people who work for us, either on a full-time or seasonal basis, from visitor host to senior manager. A similar debt is owed to the hundreds of volunteers who dedicate 36,000 hours per year in assisting us. We could not manage without them. Their cheerful enthusiasm, commitment and knowledge add a very important dimension to what we offer our visitors.

Community is a much used word in the cultural sector. Few organisations in our world have both large residential and business communities within their portfolio. The Ocelot 50 commemoration in May, marking 50 years since the last ship for the Royal Navy was built at Chatham Dockyard, was a poignant symbol of how heritage can impact on people and communities. Joined by hundreds of serving and retired submariners and former dockyard workers, a simple church service and a march past led by the Royal Marines Band were greatly appreciated and both renewed and strengthened long-lasting relationships.

Chief Executives annual report

For the year ended 31 March 2013

Stakeholder Support

The Trust remains committed to working with a diverse and growing number of stakeholders and partners. We appreciate and enjoy the relationship we have been able to build with each one of them. Our Corporate Plan 2012-2016 makes clear that the views and needs of our stakeholder community are central to our planning for future operations and long-term development. We consult widely with them and continue to develop an increasing range of opportunities to engage with them, while at the same time doing our best to ensure that their own requirements and interests fall within the scope of our charitable objectives. The Department for Culture, Media and Sport (DCMS), the Heritage Lottery Fund, English Heritage, Medway Council, Arts Council England and the Homes and Communities Agency have been among our most enduring stakeholders. We greatly appreciate their continued support, and the productive relationship that we enjoy with each of them. The support and goodwill of the people of Kent and Medway are also of prime importance, as are those of our own resident and tenant community. 2012/13 saw a continued commitment on our part to working with them to create a harmonious environment within The Historic Dockyard.

Reputation and Communications

Although our general approach to development is based on achieving medium- and longer-term objectives, we recognise that in the short term there is a need for a carefully nuanced approach to communications and public relations. Instant results are rare in our environment. We therefore follow a carefully calibrated approach to communications, building confidence, managing expectation, recognising achievement and anticipating future challenges. This must be aligned with the need to increase the public's understanding of our history and to generate within our visitors a sense of excitement about visiting The Historic Dockyard. Implementation of our strategy to raise the profile and reputation of The Historic Dockyard and the work of the Trust continued to deliver excellent results. National media coverage was achieved for a number of important events, including the Ocelot 50th anniversary and the naming of The Ship Beneath the Floor (HMS NAMUR), and for our work as a film location in association with 'Call the Midwife', 'Les Misérables', 'Mr Selfridge' and other productions. Carefully coordinated with local and regional press interest, this coverage is demonstrating an increased awareness of The Historic Dockyard and its heritage. Equally important, the conservation work of the Trust was recognised more widely, such as in the English Heritage publication "Constructive Conservation - Sustainable Growth for Historic Places".

Reserves

The policy of the Trust is to maintain a general reserve of £1,250,000. At 31st March 2013 this reserve stood at £1,355,302. The Trust maintains a development reserve of up to £400,000, designated specifically for bringing into use buildings that are capable of generating income likely to help deliver the Trust's core objectives. After drawing on the development fund, the total general reserves at year end were £1,463,310.

The Future

After one year in place the Trust's Corporate Plan 2012-16 is proving an accurate indicator of our future development. We will continue to build on the progress already made in bringing our remaining buildings into re-use, assisting us to move towards financial self-sufficiency. We will continue our fund raising efforts to deliver Command of the Oceans, which will be a significant milestone in our development while reinforcing our claim to be the best example of a dockyard from the Age of Sail. It is also yet another example of our commitment to invest in education opportunities for the benefit of the public. At a time of economic uncertainty, the growth potential evident in The Historic Dockyard is proven and continues to provide opportunities for future investment. Working closely with stakeholders, funders and partners, we are committed to being at the heart of the continuing regeneration of Medway and to contributing to the nation's growth.

Bill Ferris OBE
Chief Executive

Report of the Board of Management

For the year ended 31 March 2013

Members of the Board of Management

Sir Ian Andrews TD, CBE
Mr J A S Bassett (resigned 8 May 2013)
Councillor David Carr
Sir Robert Crawford CBE
Admiral Sir Ian Garnett KCB (Chairman)
Councillor Craig Mackinlay
Miss S L Palmer OBE (resigned 8 May 2013)
Mr P K Sarwal
Mr J A Spence OBE, DL
Mr B T J Stevens
Mr Maurice Storey CB

Senior Managers

Mr W S Ferris OBE	Chief Executive
Mr C Knott	Chief Financial Officer
Mr R M Holdsworth MBE	Museum & Heritage Director

Financial Statements

The Board of Management presents its report and the group financial statements of the Trust for the year ended 31 March 2013. This report and accounts have been prepared in accordance with the constitution and the recommendations of the Statement of Recommended Practice 2005 – Accounting and Reporting by Charities, and comply with the Companies Act 2006 and applicable law.

Under the constitution of the Trust the members of the Board of Management constitute directors for the purposes of the Companies Act 2006 and Trustees for the purposes of the Charities Act 1993.

Status

The Chatham Historic Dockyard Trust is an independent charitable trust formed for the purpose of preserving the Historic Dockyard at Chatham as a working dockyard for the public benefit and to provide a wide knowledge of the archaeological, historical and architectural importance of the Historic Dockyard. It is a company limited by guarantee, not having a share capital, which has a licence to dispense with the word “limited” in its title.

The Trust was set up in 1984 under the terms of a Memorandum of Understanding with the Department of the Environment, under which a grant of £11,350,000 was received to be applied to the principal activities of the Trust. The Trust’s constitution is set out in its Memorandum and Articles of Association, as amended by Special Resolution on 16 December 2003.

Principal Activities and Business Review

- a) To secure for the public benefit the preservation and use of the Historic Dockyard at Chatham in a manner appropriate to its archaeological, historical and architectural importance

Report of the Board of Management (continued)

For the year ended 31 March 2013

- b) To promote and foster for the public benefit a wide knowledge and understanding of the archaeological, historical and architectural significance of the Historic Dockyard

The review of the Trust's activities is set out in the Report of the Chairman on page 1

The results for the year are set out in the statement of financial activity on page 14

The Board of Management

Pursuant to a Special Resolution passed at an Extraordinary General Meeting of the Trust held on 16 December 2003, members of the board are appointed as follows

- Eight members are nominated by The Chatham Historic Dockyard Trust
- Two members are nominated by Medway Council
- One member acting as an independent Chairman is appointed by the Board of Management

Members of the Board who served during the year are listed above. Trustees are recruited based on an assessment of the mix of skills required for the Board of Management effectively to control the operations of the Trust. Candidates are interviewed by a selection panel of the Board and on appointment all trustees receive formal induction training.

Subsidiary Companies

The Trust wholly owns four subsidiary companies. Chatham Historic Dockyard (Trading) Limited runs the shops for visitors and operates visitor catering facilities on the dockyard site. Historic Dockyard Property Limited and Historic Dockyard Property (2005) Limited licence and sell land at the Dockyard to development contractors and receive income from the sale of property in the development. Master Ropemakers (Trading) Limited has been established to continue traditional ropemaking in the dockyard, supported by non-traditional rope sales. These companies' profits are covenanted to the Trust.

Reserves

The Board of Management has reviewed the reserves of the Trust. The review encompassed the nature of the income and expenditure streams, the need to sustain the Trust's operations in the event of a fall in income, taking into account its fixed commitments and the nature of the reserves. The review concluded that to allow the Trust to be managed effectively a general reserve equivalent to a minimum of £1.25 million should be maintained.

Changes in fixed assets

Movements in fixed assets during the year are set out in note 13 to the financial statements. Owing to the historic and inalienable nature of the Trust's assets it is not appropriate to ascribe a market value to those assets, however trustees consider that the actual value of the Trust's land and buildings is significantly greater than that stated in the accounts.

Report of the Board of Management (continued)

For the year ended 31 March 2013

Statement of Responsibilities of the Board of Management

Company law requires the Board of Management to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Trust and the group and of the incoming resources and application of resources of the Trust and the group for that period. In preparing those financial statements, the Board of Management is required to

- select suitable accounting policies and then apply them consistently,
- make judgements 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 Trust will continue in business

The Board of Management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Trust and the group and to enable them to ensure that the financial statements comply with the Companies Act 2006. It is also responsible for safeguarding the assets of the Trust and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Governance and internal control

The systems of internal control are designed to provide reasonable assurance against material misstatement or loss. They include

- a strategic plan and an annual budget approved by the Board of Management,
- regular consideration by the Board of Management of financial results, variance from budgets, and non-financial performance indicators,
- delegation of authority and segregation of duties, and
- identification and management of risks

Report of the Board of Management (continued)

For the year ended 31 March 2013

The principal risks identified by the Board of Management are summarised below

- Fluctuations in property and/or visitor income The Trust Executive reviews trading performance on a weekly and monthly basis to ensure that any fluctuations in income which may result in the Trust's failing to meet its financial targets are identified early The budget identifies measures to mitigate this risk and is again reviewed monthly and actions identified to offset any shortfall in income Regular financial reports are circulated to members of the Board of Management and reviewed formally by Finance & General Purposes Committee and the Board on a quarterly basis
- Unforeseen maintenance costs and other cost pressures including increases in utility costs As part of its budgetary and business planning process, the Trust identifies and prioritises maintenance tasks and makes allowance within the budget for planned preventive maintenance This maintenance schedule is fully itemised so that priorities may be adjusted as required to meet the funds available Where performance is better than budget this results in our bringing forward maintenance work where this is appropriate For the longer term, the Trust plans to set up a designated fund, utilising income from the development of the Interface Land, to provide income to support the maintenance and conservation of the estate and the Trust's collections
- Loss of DCMS funding The Trust will continue to make every effort to ensure that its activities are carried out in accordance with museum best practice In this respect the Trust meets government criteria for the above funding and regular review ensures that this remains the case In the event that government priorities change and funding is withdrawn, certain activities may have to cease and the Board of Management has identified exit strategies accordingly
- Loss of key personnel The Trust has a strong management team with all senior managers possessing a good understanding of the more strategic and material issues affecting the Trust's future operation As a result of this strength in depth the loss of any individual member of the senior team is considered unlikely fundamentally to affect the Trust's operations

Report of the Board of Management (continued)

For the year ended 31 March 2013

As noted in the Chairman's report, the Board has reviewed the recent Code on Good Governance for the Voluntary and Community Sector produced by the National Hub of Expertise in Governance, a Home Office initiative in conjunction with the Association of Chief Executives of Voluntary Organisations, National Council for Voluntary Organisations and Institute of Chartered Secretaries and Administrators. The Trust is fully compliant with this Code.

In accordance with company law, as the company's directors we certify that

- So far as we are aware, there is no relevant audit information of which the company's auditors are unaware, and
- As the Directors of the company we have taken all the steps that we ought to have taken in order to make ourselves aware of that information

Auditors

In accordance with Section 485 of the Companies Act 2006, a resolution proposing that Nexia Smith & Williamson be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board of Management on 25th September 2013



Andrew Fermor

Company Secretary

The Historic Dockyard

Chatham

Kent ME4 4TE

Nexia Smith & Williamson

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF THE CHATHAM HISTORIC DOCKYARD TRUST

We have audited the financial statements of The Chatham Historic Dockyard Trust for the year ended 31 March 2013 which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and the related notes 1 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, and the charitable company's trustees, as a body, in accordance with Section 151 of the Charities Act 2011 and regulations made under Section 154 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members and trustees 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 and the charitable company's trustees 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 Board of Management Responsibilities Statement set out on page 9, 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 as auditor under the Companies Act 2006 and Section 151 of the Charities Act 2011 and report to you 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 FRC'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 total incoming resources of the parent charitable company and its subsidiaries and the movements in the total resources, including the income and expenditure, of the group 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 requirements of 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' Annual 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 require 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

Nexia Smith & Williamson.

Stephen Drew
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Chartered Accountants
Statutory Auditors

25 Moorgate
London
EC2R 6AY

Date 25 October 2013

Consolidated statement of financial activity

For the year ended 31 March 2013

	Notes	Unrestricted funds £	Restricted Funds £	Total 2013 £	Total 2012 £
Incoming resources					
Incoming resources from generated funds					
Voluntary income	3	309,296	1,024,537	1,333,833	1,452,504
Activities for generating funds	4	1,849,660	-	1,849,660	1,682,041
Investment income	5	26,875	-	26,875	9,390
Incoming resources from charitable activities	6	2,597,014	-	2,597,014	2,443,862
		<hr/>	<hr/>	<hr/>	<hr/>
Total incoming resources		4,782,845	1,024,537	5,807,382	5,587,797
Resources expended					
Costs of generating funds					
Costs of generating voluntary income		46,708	-	46,708	41,437
Fundraising trading cost of goods sold and other costs		1,400,372	-	1,400,372	1,398,497
Investment management costs		14,171	-	14,171	14,675
Charitable activities		3,486,423	1,271,501	4,757,924	4,624,192
Governance costs		58,213	-	58,213	55,296
		<hr/>	<hr/>	<hr/>	<hr/>
Total resources expended	8	5,005,887	1,271,501	6,277,388	6,134,097
Changes in resources before transfers and valuations		(223,042)	(246,964)	(470,006)	(546,300)
Transfers between funds		-	-	-	-
		<hr/>	<hr/>	<hr/>	<hr/>
Net movement in funds	12, 19	(223,042)	(246,964)	(470,006)	(546,300)
Funds as at 1 April 2012		3,326,436	5,460,886	8,787,322	9,333,622
		<hr/>	<hr/>	<hr/>	<hr/>
Funds as at 31 March 2013	19	3,103,394	5,213,922	8,317,316	8,787,322

All activities of the Trust continued throughout both periods and there are no recognised gains or losses other than those included in the consolidated statement of financial activities

The notes on pages 18 to 34 form an integral part of these financial statements

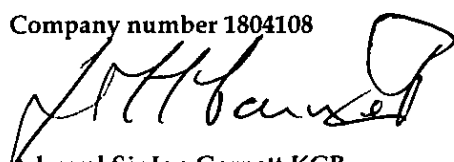
Consolidated balance sheet

31 March 2013

	Notes	2013 £	2012 £
Fixed assets			
Tangible assets	13	<u>6,359,017</u>	<u>6,684,901</u>
Current assets			
Stocks	15	260,433	258,304
Debtors	16	600,571	596,695
Cash at bank and in hand	25, 26	<u>1,982,306</u>	<u>2,064,863</u>
		2,843,310	2,919,862
Creditors' amounts falling due within one year	17	<u>(885,011)</u>	<u>(817,441)</u>
Net current assets		<u>1,958,299</u>	<u>2,102,421</u>
Total assets less current liabilities		<u>8,317,316</u>	<u>8,787,322</u>
Funds employed			
Restricted funds	19, 21	5,213,922	5,460,886
Designated funds	19, 20	1,658,244	1,899,791
Unrestricted funds	19	<u>1,445,150</u>	<u>1,426,645</u>
		<u>8,317,316</u>	<u>8,787,322</u>

The financial statements on pages 14 to 34 were approved and authorised for issue by the Board of Management on 25th September 2013.

Company number 1804108



Admiral Sir Ian Garnett KCB
Chairman

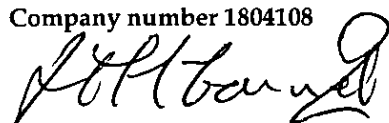
Balance sheet

31 March 2013

	Notes	2013 £	2012 £
Fixed assets			
Tangible assets	13	6,344,747	6,663,385
Investments in subsidiaries	14	<u>101,100</u>	<u>101,100</u>
		<u>6,445,847</u>	<u>6,764,485</u>
Current assets			
Stocks	15	-	-
Debtors	16	796,987	832,458
Cash at bank and in hand		<u>1,737,316</u>	<u>1,748,281</u>
		2,534,303	2,580,739
Creditors amounts falling due within one year	17	<u>(709,686)</u>	<u>(622,719)</u>
Net current assets		<u>1,824,617</u>	<u>1,958,020</u>
Total assets less current liabilities		<u>8,270,464</u>	<u>8,722,505</u>
Funds employed			
Restricted funds	19	5,213,922	5,460,886
Designated funds	19	1,701,240	1,938,268
Unrestricted funds	19	<u>1,355,302</u>	<u>1,323,351</u>
		<u>8,270,464</u>	<u>8,722,505</u>

The financial statements on pages 14 to 34 were approved and authorised for issue by the Board of Management on 26th September 2013

Company number 1804108



Admiral Sir Ian Garnett KCB

Chairman

Consolidated cash flow statement

For the year ended 31 March 2013

	Notes	2013 £	2012 £
Net cash inflow/(outflow) from operating activities	24	(94,075)	235,483
Returns on investments and servicing of finance			
Interest and dividends received		26,875	9,390
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(15,387)	(27,661)
Net cash inflow/(outflow) from capital expenditure and financial investment		42,322	(27,661)
Increase/(decrease) in funds in the year		(82,587)	217,212

The reconciliation of net cash flow to movement in net cash is shown in note 26 to the financial statements

Notes to the financial statements

For the year ended 31 March 2013

1 Status

The Chatham Historic Dockyard Trust is an independent charitable trust formed for the purpose of preserving The Historic Dockyard for the public benefit and to promote a wide knowledge of its archaeological, historical and architectural importance. It is a company limited by guarantee, not having a share capital, which has a licence to dispense with the word "limited" in its title.

The Trust was set up in 1984 under the terms of a Memorandum of Understanding with the Department of the Environment, under which a grant of £11,350,000 was received to be applied to the principal activities of the Trust. The Trust's constitution is set out in its Memorandum and Articles of Association, as amended by Special Resolution on 16 December 2003.

2 Accounting policies

a) Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards and the Statement of Recommended Practice "Accounting and Reporting by Charities" dated March 2005 and updated in 2008.

The acquisition method of accounting has been used in preparing the group's consolidated financial statements. The financial statements consolidate the accounts of The Chatham Historic Dockyard Trust and all of its subsidiary undertakings for the year ended 31 March 2013. The Trust has not presented a separate Statement of Financial Activities for its own results as permitted by Section 408 of the Companies Act 2006.

b) Admissions and day memberships

Admissions and day memberships comprise of amounts received from visitors to The Historic Dockyard, net of value added tax. These are recognised in line with the timing of the visits.

c) Rent and service charges

Income from rent and service charges is included in the financial statements at the point at which it becomes due under the relevant lease or tenancy agreement.

d) Grants and Donations

Grants are included in the financial statements at the point at which they become due under the relevant grant agreement. Donations are included in the financial statements when they are received.

e) Investment income

Investment income comprises of interest received during the year.

f) Catering income

Catering income comprises amounts received from visitors to the Historic Dockyard. This is recognised in line with the timing of the service provided.

Notes to the financial statements (continued)

For the year ended 31 March 2013

2 Accounting policies (continued)

g) *Expenditure*

Expenditure is classified under the principal categories of costs of generating income and other charitable expenditure in compliance with Statement of Recommended Practice "Accounting and Reporting by Charities" 2005 and best practice. Charitable expenditure comprises of direct expenditure including direct staff costs attributable to the activity. Where costs cannot be directly attributed, they have been allocated to activities on a basis consistent with use of the resources and this is disclosed in the notes to the financial statements under support costs. Governance costs are those incurred in connection with compliance with constitutional and statutory requirements.

h) *Maintenance and capital work*

Costs incurred on restoration projects of the Dockyard buildings are written off as incurred unless there is a future net economic value. Where existing buildings are adapted for the Trust's use, including the refurbishment of property for rental and the installation of exhibition and associated equipment, the cost is capitalised and depreciation is then calculated in accordance with the depreciation policy.

i) *Tangible fixed assets and depreciation*

Freehold land and buildings were transferred to the Trust at the nominal sum of £1 at the time of the Trust's formation. Tangible fixed assets represent the cost of additions since that date in accordance with the above policy.

Depreciation is calculated so as to write off the cost of all fixed assets other than freehold land and buildings by equal annual instalments, on a straight line basis, over their expected useful lives. Freehold buildings are written off over a maximum of 50 years.

The annual rates used are as follows:

Computer equipment	20%
Exhibition equipment	7% / 20%
Other fixtures and fittings	10%
Plant and machinery	10%/20%
Motor vehicles	20%

j) *Artefacts and exhibits*

As the value of historic artefacts, gifted to the charity, is considered to be incalculable, no amount is included for them in the balance sheet. Purchases of artefacts and exhibits are added to fixed assets at cost where they are reasonably considered to have an economic or market value.

k) *Heritage Assets*

It is the policy of the Trust not to capitalise its heritage assets as these are in effect inalienable, held in principle in perpetuity and are mostly irreplaceable. Any financially based valuation would be misleading to the value and significance of the material culture involved. The Trust has a clear duty to care for and make available these assets for the enjoyment and education of the public (the Trust's core charitable objectives) as far as possible, commensurate with the long term care of these items. The highest possible standards of collection management are applied throughout the collections held.

l) *Investments*

Investments in subsidiaries are stated at cost less provision for impairment in value.

Notes to the financial statements (continued)

For the year ended 31 March 2013

2 Accounting policies (continued)

m) Pension costs

Pension contributions to the Trust's Group Personal Pension scheme are charged to the Statement of Financial Activities in the period in which they are incurred

n) Stocks

Rope stocks are stated at the lower of cost and net realisable value. The costs of finished goods include an appropriate element of labour and overhead costs less any required provisions. Other stocks are stated at the lower of cost and net realisable value less any required provisions.

o) Grants receivable

Grants which are given with donor imposed restrictions on the timing of related expenditure are credited to restricted funds. Where these funds relate to capital expenditure related costs are added to fixed assets and depreciation is charged directly to restricted funds over the expected economic life of those assets.

p) Operating leases

Operating lease rentals are charged to the Statement of Financial Activities on a straight line basis over the period of the lease.

q) Funds

Unrestricted funds comprise the accumulated surplus or deficit on the statement of financial activities. They are allocated between designated funds and general funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Trust.

Restricted funds are funds subject to specific restriction imposed by donors or by the nature of the appeal. The purpose and use of the restricted funds is set out in note 21 to the financial statements.

Notes to the financial statements (continued)

For the year ended 31 March 2013

3 Voluntary income

	2013 £	2012 £
Grants		
Government – Department for Culture, Media & Sport	568,011	278,000
Other		
- Heritage Lottery Fund	58,150	217,648
- Museums, Libraries and Archives Council	-	931,603
- HCA	40,000	-
- BAE	10,000	-
- Rochester Bridge Trust	613	-
- Ernest Cook Trust	10,000	-
- Arts Council England (ACE)	321,133	-
- Medway Council	-	3,290
- Garfield Weston	250,000	-
- Coleman's	10,000	-
- Saga Group	-	500
- Southern Water	10,000	14,500
- Others	5,777	-
Donations		
Companies	1,800	500
Individuals		
- Other	48,349	6,463
	<u>1,333,833</u>	<u>1,452,504</u>

Notes to the financial statements (continued)

For the year ended 31 March 2013

4 Activities for generating funds

	2013 £	2012 £
Retail – gift shop	170,168	148,747
Sales of rope products	314,814	350,043
Weddings & other functions	295,654	181,843
Catering	456,038	420,827
Residential property management	130,588	160,029
Rental	482,398	420,552
	<u>1,849,660</u>	<u>1,682,041</u>

5 Investment income

	2013 £	2012 £
Fixed interest on cash deposits	<u>26,875</u>	<u>9,390</u>

6 Incoming resources from charitable activities

	2013 £	2012 £
Rent & service charges	1,382,532	1,385,359
Visitor admissions	1,142,514	1,002,147
Museum & conservation services	<u>71,968</u>	<u>56,356</u>
	<u>2,597,014</u>	<u>2,443,862</u>

7 Subsidiaries

The Trust has four wholly owned subsidiaries which are incorporated in the UK. Chatham Historic Dockyard (Trading) Limited manages retail and catering operations in the Historic Dockyard. Historic Dockyard Property Limited and Historic Dockyard Property (2005) Limited licence and sell land at the Dockyard to development contractors and receive income from the sale of property in the development. Master Ropemakers (Trading) Limited produce and trade in rope products. Chatham Historic Dockyard (Trading) Limited, Historic Dockyard Property Limited, Historic Dockyard Property (2005) Limited and Master Ropemakers (Trading) Limited covenant their profits to Chatham Historic Dockyard Trust.

The results of these trading subsidiaries are set out overleaf.

Notes to the financial statements (continued)

For the year ended 31 March 2013

7 Subsidiaries (continued)

	Master Ropemakers (Trading) Limited £	Historic Dockyard Property Limited £	Historic Dockyard Property (2005) Limited £	Chatham Historic Dockyard (Trading) Limited £	Total 2013 £	Total 2012 £
Incoming resources						
Incoming resources from generated funds						
Voluntary income						-
Activites for generating funds	349,814	13,002	117,586	827,183	1,307,585	1,255,538
Investment income	-	47	-	459	506	128
Incoming resources from charitable activities	-	-	-	-	-	-
Total incoming resources	<u>349,814</u>	<u>13,049</u>	<u>117,586</u>	<u>827,642</u>	<u>1,308,091</u>	<u>1,255,666</u>
Resources expended						
Costs of generating funds						
Costs of generating voluntary income	-	-	-	-	-	-
Cost of goods sold & other costs	367,779	6,531	1,381	784,315	1,160,006	1,115,708
Charitable activities	-	-	-	-	-	-
Governance costs	-	-	-	-	-	-
Total resources expended	<u>367,779</u>	<u>6,531</u>	<u>1,381</u>	<u>784,315</u>	<u>1,160,006</u>	<u>1,115,708</u>
Surplus/ (Deficit)	(17,965)	6,518	116,205	43,327	148,085	139,958
Amount gift aided to Chatham Historic Dockyard Trust	-	(6,518)	(116,205)	(43,327)	(166,050)	(154,223)
Surplus/(Deficit) after gift aid	<u>(17,965)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(17,965)</u>	<u>(14,265)</u>
Funds as at 1 April 2012	<u>25,000</u>	<u>1,000</u>	<u>100</u>	<u>39,817</u>	<u>65,917</u>	<u>80,182</u>
Funds as at 31 March 2013	<u>7,035</u>	<u>1,000</u>	<u>100</u>	<u>39,817</u>	<u>47,952</u>	<u>65,917</u>
Employment of funds						
Fixed assets & investments	-	998	1	13,271	14,270	21,516
Stocks	189,669	-	-	70,763	260,432	258,304
Debtors	49,330	67,721	7,934	41,381	166,366	192,776
Cash	47,098	6,750	92,651	98,490	244,989	316,582
Creditors	(279,062)	(74,469)	(100,486)	(184,088)	(638,105)	(723,261)
Funds as at 31 March 2013	<u>7,035</u>	<u>1,000</u>	<u>100</u>	<u>39,817</u>	<u>47,952</u>	<u>65,917</u>

Notes to the financial statements (continued)

For the year ended 31 March 2013

8 Analysis of total resources expended

	Staff Costs £	Other £	Depreciation £	Total 2013 £	Total 2012 £
Costs of generating funds					
Costs of generating voluntary income	36,455	10,253	-	46,708	41,435
Costs of goods sold and other costs	318,788	1,067,915	13,669	1,400,372	1,398,497
Investment management costs	7,420	6,751	-	14,171	14,675
	<u>362,663</u>	<u>1,084,919</u>	<u>13,669</u>	<u>1,461,251</u>	<u>1,454,607</u>
Charitable activities					
Museum and education	685,606	1,408,680	182,084	2,276,370	2,280,992
Preservation and restoration	270,247	1,042,801	147,298	1,460,346	1,289,214
Advertising & promotion	61,224	58,241	-	119,465	146,363
Site security	199,391	4,545	-	203,936	190,072
Support costs	293,668	404,139	-	697,807	717,553
	<u>1,510,136</u>	<u>2,918,406</u>	<u>329,382</u>	<u>4,757,924</u>	<u>4,624,194</u>
Governance costs	30,908	27,305	-	58,213	55,296
Total	<u>1,903,707</u>	<u>4,030,630</u>	<u>343,051</u>	<u>6,277,388</u>	<u>6,134,097</u>

Museum & education expenditure comprises the cost of the maintenance and operation of the galleries and exhibits within the Dockyard. Preservation and restoration comprises the cost of repair, maintenance and restoration of the historic buildings and ships of the Dockyard and other maintenance. Site security comprises staff and other costs in respect of the provision of 24-hour security for the site for the benefit of the Trust, its tenants and residents.

Notes to the financial statements (continued)

For the year ended 31 March 2013

9 Support costs

Support costs comprise the management costs of the Trust and its charitable subsidiaries, and comprise the Senior Executive and Finance functions (including Personnel and IT support). These costs may be analysed as follows

	Costs of generating funds £	Costs of charitable activities £	Governance costs £	Total 2013 £	Total 2012 £
Staff costs & associated expenses	58,725	293,684	30,911	383,320	370,772
Travel, entertaining & similar expenses	2,400	14,161	1,540	18,101	16,610
Professional fees	9,576	6,516	21,409	37,501	47,073
Insurances	6,167	197,905	468	204,540	218,135
Other overhead & office costs	3,353	45,829	1,976	51,158	58,966
Total	80,221	558,095	56,304	694,620	711,556

Support costs of £42,329 (2012 £89,402) as disclosed above form part of the total charge of £1,461,251 (2012 £1,454,609) to costs of generating funds

The bases of apportionment utilised are as follows

Staff costs and associated expenses	Apportioned in accordance with estimated time spent on each activity
Travel, entertaining & similar expenses	Allocated in accordance with usage
Professional fees	Allocated in accordance with usage
Other overhead & office costs	Apportioned in accordance with estimated usage
Insurance costs	Allocated in accordance with the assets and activities insured

10 Wages and salaries

	2013 £	2012 £
Wages and salaries	1,912,357	1,940,365
Social security costs	144,941	150,195
Pension scheme	105,105	99,194
	2,162,403	2,189,754

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

	2013 Number	2012 Number
£60,001 - £70,000	1	1
£70,001 - £80,000	-	-
£80,001 - £90,000	1	1

Notes to the financial statements (continued)

For the year ended 31 March 2013

10 Wages and salaries (Continued)

Contributions in the year for the provision of money purchase benefits to higher paid employees totalled £42,159 (2012 £41,421)

The Chairman of the Board of Management is entitled to receive remuneration from the Trust for services provided, as permitted by the Memorandum and Articles and approved by the Charity Commission. The Chairman's emoluments for the year were £24,534 (2012 £24,357). No other Trustees received emoluments. Expenses reimbursed to 6 trustees amounted to £3,172 (2012 – 6 trustees - £1,747).

	2013 Number	2012 Number
No. of Persons employed		
Preservation and restoration	21	22
Museum & education	69	61
Ropemaking	6	6
Catering & retail	30	27
Support	7	17
	<u>133</u>	<u>133</u>

11 Taxation

The Chatham Historic Dockyard Trust is a registered charity and as such is exempt from taxation on its income and gains to the extent that they are applied to its charitable purposes. No corporation tax arises in any of the non-charitable entities consolidated in to the accounts, Chatham Historic Dockyard (Trading) Limited, Master Ropemakers (Trading) Limited, Historic Dockyard Property Limited and Historic Dockyard Property (2005) Limited, because of their policy of paying all profits under Gift Aid to the charity each year.

12 Net movement in funds

	2013 £	2012 £
This is stated after charging / (crediting)		
Depreciation of tangible fixed assets	283,564	357,712
Auditors' remuneration		
- Audit (Company)	10,760	10,500
- Audit (Subsidiaries)	11,150	10,875
- Non audit services paid to companies associated with the auditors	6,050	5,900
Operating lease charges on plant and equipment		
- leases expiring within 1 year	4,469	-
- leases expiring within 2 to 5 years	<u>5,582</u>	<u>10,042</u>

Notes to the financial statements (continued)

For the year ended 31 March 2013

13 Tangible fixed assets

Group	Freehold land and buildings £	Fixtures, fittings and equipment £	Plant and machinery £	Total £
Cost or valuation				
1 April 2012	9,536,588	5,246,449	182,971	14,966,008
Additions	-	15,387	-	15,387
Disposals	-	(57,709)	-	(57,709)
31 March 2013	9,536,588	5,204,127	182,971	14,923,686
Depreciation				
1 April 2012	3,317,570	4,786,868	176,669	8,281,107
Charge for year	247,198	89,465	4,608	341,271
Disposals	-	(57,709)	-	(57,709)
31 March 2013	3,564,768	4,818,624	181,277	8,564,669
Net book value				
31 March 2013	5,971,820	385,503	1,694	6,359,017
31 March 2012	6,219,018	459,581	6,302	6,684,901
Trust				
	Freehold land and buildings £	Fixtures, fittings and equipment £	Plant and machinery £	Total £
Cost or valuation				
1 April 2012	9,521,465	5,112,597	224,612	14,858,674
Additions	-	10,742	-	10,742
Disposals	-	(57,709)	-	(57,709)
31 March 2013	9,521,465	5,065,630	224,612	14,811,707
Depreciation				
1 April 2012	3,301,778	4,687,330	206,179	8,195,287
Charge for year	247,200	77,574	4,608	329,382
Disposals	-	(57,709)	-	(57,709)
31 March 2013	3,548,978	4,707,195	210,787	8,466,960
Net book value				
31 March 2013	5,972,487	358,435	13,825	6,344,747
31 March 2012	6,218,021	426,933	18,431	6,663,385

Freehold land and buildings were transferred to the Trust at the nominal sum of £1 at the time of the Trust's formation. The capital expenditure above represents the cost of improvements and additions to the buildings, galleries and exhibits since that date.

Notes to the financial statements (continued)

For the year ended 31 March 2013

13 Tangible fixed assets (continued)

The net book value at 31 March 2013 represents fixed assets used for.

Group	Freehold land and buildings £	Fixtures, fittings and equipment £	Plant and machinery £	Total £
Charitable activities				
Preservation and restoration	4,292,100	20,837	1,694	4,314,631
Museum and education	1,257,022	322,347	-	1,579,369
Ropemaking	56,116	-	-	56,116
Support costs	365,583	-	-	365,583
Generating funds				
Activities for generating funds	999	42,319	-	43,318
Total	5,971,820	385,503	1,694	6,359,017

14 Investments - shares in subsidiary companies

Trust	2013 £ Shareholder Loan	2013 £ Share Capital	2012 £ Shareholder Loan	2012 £ Share Capital
Cost at 1 April	100,000	1,100	100,000	1,100
Additions	-	-	-	-
Disposal	-	-	-	-
Provision for diminution in value	-	-	-	-
Net book value at 31 March	100,000	1,100	100,000	1,100

The subsidiary companies at 31 March 2013 were wholly owned and registered in England & Wales as follows

Name	Class of share held	Activity
Master Ropemakers (Trading) Limited	Ordinary	Non-traditional rope sales
Chatham Historic Dockyard (Trading) Limited	Ordinary	Retail & catering
Historic Dockyard Property Limited	Ordinary	Residential property management
Historic Dockyard Property (2005) Limited	Ordinary	Property development

During the financial year ended 31 March 2010 The Chatham Historic Dockyard Trust issued a loan of £100,000 to Master Ropemakers (Trading) Limited a wholly owned subsidiary. The Trust maintains the right to convert the loan into share capital.

Notes to the financial statements (continued)

For the year ended 31 March 2013

15 Stocks

	2013	Trust	2012	Trust
	Group	£	Group	£
	£		£	
Raw materials and consumables	112,379	-	118,193	-
Goods for resale	148,054	-	140,111	-
	<u>260,433</u>	<u>-</u>	<u>258,304</u>	<u>-</u>

16 Debtors

	2013	Trust	2012	Trust
	Group	£	Group	£
	£		£	
Trade debtors	325,751	166,254	224,592	42,127
Investment income and grants receivable	25,366	25,366	91,347	91,347
Amount owed by subsidiary undertakings	-	362,731	-	428,538
Other debtors	59,407	59,408	38,309	38,309
Prepayments and accrued income	190,047	183,228	242,447	232,137
	<u>600,571</u>	<u>796,987</u>	<u>596,695</u>	<u>832,458</u>

17 Creditors amounts falling due within one year

	2013	Trust	2012	Trust
	Group	£	Group	£
	£		£	
Trade creditors	291,322	241,866	243,845	199,645
Taxation and social security	29,673	29,673	35,970	35,970
Other creditors	223,661	122,062	213,043	82,861
Accruals and deferred income	340,355	316,085	324,583	304,243
	<u>885,011</u>	<u>709,686</u>	<u>817,441</u>	<u>622,719</u>

18 Contingent liabilities

Within the Historic Dockyard there are 47 structures designated as Scheduled Ancient Monuments and 54 Listed Buildings. The Trust has a responsibility and liability to remedy any state of disrepair of the Listed Buildings under the Planning (Listed Buildings & Conservation Areas) Act 1990. Whilst the Trust continues to maintain these structures, it may have insufficient funds to carry out the full scale repair of all the structures should the appropriate notice be served upon the Trustees.

Certain grants received by the Trust for capital works within the Historic Dockyard may, under the provisions of the respective grant contracts, become repayable under certain circumstances. In the opinion of the Trustees such circumstances are unlikely to arise and accordingly no provision has been made in the accounts.

Notes to the financial statements (continued)

For the year ended 31 March 2013

19 Funds employed

Group

	Restricted £	Unrestricted Designated £	Unrestricted General £	Group Total £
1 April 2012	5,460,886	1,899,791	1,426,645	8,787,322
Surplus/(Deficit) for the year	(246,964)	(241,547)	18,505	(470,006)
Transfer between funds	-	-	-	-
Funds at 31 March 2013	5,213,922	1,658,244	1,445,150	8,317,316

Trust

	Restricted £	Unrestricted Designated £	Unrestricted General £	Trust Total £
1 April 2012	5,460,886	1,938,268	1,323,351	8,722,505
Surplus/(Deficit) for the year	(246,964)	(237,028)	31,951	(452,041)
Funds at 31 March 2013	5,213,922	1,701,240	1,355,302	8,270,464

20 Designated Funds

Group

	Tangible Fixed Assets £	Development Fund £	Total £
1 April 2012	1,618,185	281,606	1,899,791
(Deficit) / surplus for the year	(78,740)	(173,598)	(252,338)
Transfer from restricted funds	10,791	-	10,791
Funds at 31 March 2013	1,550,236	108,008	1,658,244

The Trust's policy is to invest any surplus on unrestricted funds generated each year back into the core activities of the Trust. Of the sum shown in the reserves statement in the income and expenditure account, 1,376,638 (2012 £1,618,185) has been utilised in the purchase of Tangible Fixed Assets in the balance sheet. It is therefore not cash available for spending and is disclosed as a designated reserve. The Development Fund represents a pool of money to be used for future building refurbishment expenditure which will generate an income stream to be credited to the Development fund until repatriated in full.

Notes to the financial statements (continued)

For the year ended 31 March 2013

21 Restricted funds					
Group	Balance at 31 March 2012 £	Incoming Resources £	Resources Expended £	Transfer Between Funds £	Balance at 31 March 2013 £
Museum of the Royal Dockyard	515,425	12,547	(107,684)	-	420,288
Joiners Shop	833,051	-	(17,094)	-	815,957
Flag Mast	-	36,742	(36,742)	-	-
Wooden Walls	294,865	-	-	-	294,865
Clocktower building	136,481	-	(27,297)	-	109,184
On-site transport & interpretation programme	71,136	-	(6,688)	-	64,448
New visitor entrance, car park & shop	46,664	-	(11,667)	-	34,997
HMS Gannet restoration	1,800	-	-	-	1,800
Education programme development	3,956	10,613	(10,613)	-	3,956
No 1 Smithery	3,163,914	-	(62,830)	-	3,101,084
Command of the Oceans Stage	-	350,357	(59,519)	-	290,838
Museum Relocation	392,291	301,695	(618,784)	-	75,202
Arts Council England	-	312,583	(312,583)	-	-
Other small projects	1,303	-	-	-	1,303
	<u>5,460,886</u>	<u>1,024,537</u>	<u>(1,271,501)</u>	<u>-</u>	<u>5,213,922</u>

Notes to the financial statements (continued)

For the year ended 31 March 2013

21 Restricted funds (continued)

Restricted funds are represented by

	Fixed Assets	Stock	Cash	Debtors	Creditors	Total
	£	£	£	£	£	£
Museum of the Royal Dockyard	445,429	-	(25,141)	-	-	420,288
Joiners Shop	786,346	-	46,705	-	(17,094)	815,957
Wooden Walls	294,865	-	-	-	-	294,865
Clocktower building	109,184	-	-	-	-	109,184
On site transport & interpretation	71,136	-	(6,688)	-	-	64,448
Visitor car park, entrance & shop	39,869	-	(4,872)	-	-	34,997
HMS Gannet restoration	-	-	1,800	-	-	1,800
Education programme development	-	-	3,956	-	-	3,956
No 1 Smuthery	3,015,851	-	85,233	-	-	3,101,084
Command of the Oceans Stage	-	-	290,838	-	-	290,838
Museum Relocation	-	-	75,202	-	-	75,202
Arts Council England	-	-	(25,366)	25,366	-	-
Other small projects	5,972	-	(4,669)	-	-	1,303
	<u>4,768,652</u>	<u>-</u>	<u>436,998</u>	<u>25,366</u>	<u>(17,094)</u>	<u>5,213,922</u>

Notes to the financial statements (continued)

For the year ended 31 March 2013

22 Pension schemes

The Trust operates a group personal pension plan. The assets of the scheme are held separately from those of the Trust in independently administered funds. The pension cost charge represents contributions payable by the Trust to the funds and amounted to £105,105 (2012: £99,194).

23 Members

Each member of the Trust undertakes to contribute in the event of the Trust being wound up, a sum not exceeding £10.

At 31 March 2013 there were 11 members (2012: 13).

24 Reconciliation of net outgoing resources to net cash outflow from operating activities

	2013 £	2012 £
Net (outgoing)/incoming resources before transfers and revaluations	(470,006)	(546,300)
Depreciation	341,271	357,712
(Increase) / Decrease in stocks	(2,129)	(86,299)
Decrease in debtors	(3,926)	584,957
(Decrease) in creditors	67,620	(65,197)
Interest and dividends receivable	(26,875)	(9,390)
Net cash inflow/(outflow) from operating activities	(94,045)	235,483

25 Analysis of changes in net funds

	At 1 April 2012 £	Movement In Year £	At 31 March 2013 £
Cash in hand and at bank	2,064,863	(82,557)	1,982,306

26 Reconciliation of net cash flow to movement in net funds

	2013 £	2012 £
Increase/(decrease) in cash in year	(82,557)	217,212
Net funds at 1 April 2012	2,064,863	1,847,651
Net funds at 31 March 2013	1,982,306	2,064,863

Notes to the financial statements (continued)

For the year ended 31 March 2013

27 Operating lease commitments

At 31 March 2013 the Group was committed to making the following payments during the next year in respect of operating leases which expire

	Plant & Equipment 2013 £	Plant & Equipment 2012 £
Within one year	4,469	-
Within two to five years	<u>5,580</u>	<u>10,942</u>
	<u>10,049</u>	<u>10,942</u>

28 Contingent Liabilities

If Fixed Asset Properties are disposed of then under certain circumstances any related grant funding in respect of these properties may be repayable

29 Related Party Transactions

The Trust and the group have taken advantage of the exemption conferred by FRS 8 that wholly owned subsidiary undertakings whose voting rights are controlled within the group need not disclose transactions with other group companies