

The Chatham Historic Dockyard Trust

Trustees' Report and Financial Statements

for the year ended 31 March 2020

Company number 01804108

Registered Charity number: 292101

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COMPANIES HOUSE

Vision

The Historic Dockyard at Chatham will be recognised as the world's most complete dockyard of the age of sail. Sustained by a mix of complementary uses, it will be a maritime heritage destination of choice, giving its visitors a unique understanding of warship design and construction and support of the Royal Navy during Britain's growth as a world power through to the closure of the Dockyard in 1984.

Our Strategic Objectives

- To maintain excellence in the sympathetic preservation and use of The Historic Dockyard, its buildings, ships and collections;
- To engage the widest possible audience in learning about the significance and role of the former Royal Dockyard at Chatham and its people in supporting the Royal Navy from sail to steam and nuclear power over a 400 year period; and
- To provide an unmatched, inspirational and enjoyable experience for all users of The Historic Dockyard – whether visitors, tenants, residents or students – that exceeds their expectations.

In setting and pursuing these objectives the Trustees have had regard to the Charity Commission's guidance on public benefit.

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Patrons, Trustees, senior managers team and advisors

Patron

HRH The Prince of Wales

Vice Patrons at 31 March 2020

Admiral the Lord Boyce KG GCB OBE DL

Admiral Sir Ian Garnett KCB

Vice Admiral Sir Donald Gosling KCVO RNR (Deceased 16/09/2019)

The Rt. Hon Sir Timothy Sainsbury Kt PC

Sir John Michael Uren OBE (Deceased 09/08/2019)

Trustees and Board Members

Admiral Sir Trevor Soar KCB OBE DL (Chairman)

Sir Ian Andrews CBE, TD

Councillor Rodney Chambers OBE

Mr W A Corbett

Mr Murray Hallam

Mr P D Hudson

Mr P Jackson OBE

Mrs S Matthews-Marsh MBE

Mrs L Nesfield (resigned 24/10/2019)

Miss S E Roots

Mr P K Sarwal

Mr Duncan Wilson OBE (appointed 27/02/2020)

Secretary

A P L Fermor

Company members

The Trustees and Board Members (as above)

The Rt. Hon. The Secretary of State for Defence

The Rt. Hon. The Secretary of State for Digital, Culture, Media and Sport

Mr John Spence OBE DL

Key Management

Mr W S Ferris OBE, DL

Mr R M Holdsworth MBE

Ms I Dokubo

Mr C Knott

Mr M Sandberg

Mr N Howard

Mr R Morsley

Mr P Barnard

Chief Executive (resigned 31/08/2020)

Director of Heritage, Public Engagement and Learning

Chief Financial Officer (from 1/08/2019 to 30/09/2020)

Chief Financial Officer (until 31 July 2019) Assistant Chief Financial Officer (from 1 August 2019)

Trading Services Director (resigned 2/10/2020)

Director of the Historic Environment and Buildings

Special Projects Manager (Assistant Chief Executive until 31/08/2020,

Chief Executive from 1/09/2020)

Director of Communications and Development (Assistant Chief Executive)

Bankers

Barclays Bank PLC

30 Tower View

Kings Hill, West Malling

Kent ME19 4UY

Auditor

BDO LLP

55 Baker Street

London W1U 7EU

Solicitors

Cripps LLP

22 Mount Ephraim

Tunbridge Wells

Kent TN4 8AS

Registered Office

1st Floor North

Fitted Rigging House

The Historic Dockyard

Chatham

Kent

ME4 4TZ

Tel: 01634 823800 / www.thedockyard.co.uk

Patrons, Trustees, senior managers team and advisors

The Trust gratefully acknowledges the financial and other support during 2019/20 of its Dockyard Ambassadors, and of its many stakeholders and funders, so essential to its successful operation.

Major Donors and Supporters during 2019/2020 (in alphabetical order):

The Association for Industrial Archaeology
Artelia
Arts Council England
BAE Systems
Cripps LLP
DCMS Wolfson Museums and Galleries Improvements Fund
John Swire 1989 Charitable Trust
Marsh Christian Trust
The Michael Uren Foundation
National Lottery Heritage Fund
South East LEP
The University of Kent
Ward Security

We would like to thank all of the individuals and organisations that have supported the Historic Dockyard through this year, including those who have generously left gifts in the form of a legacy. Their support is hugely appreciated and makes a real difference to the valuable work we do.

In addition, we would like to thank, in particular, the Department for Digital, Culture, Media & Sport and Medway Council for their continued valuable support.

The Chatham Historic Dockyard Trust is a registered charity (Charity No. 292101) and registered company (Company No. 01804108).

Gifts and donations made by UK taxpayers under gift aid substantially increase the value of donations made.

The Trust is a Fully Accredited Museum.

Trustees' annual report incorporating the strategic report

For the year ended 31 March 2020

Chairman's Introduction

Overview

In my last Annual Review, I reported that Chatham Historic Dockyard Trust was at a significant point in its history as an organisation as we embarked on the next exciting leg of our journey with the launch of our new Corporate Plan in 2020. At the time of writing this report, the world is changing in the light of the Covid 19 outbreak, but the ethos of this statement remains very much intact. This document reports against the period 1st April 2019 to 31st March 2020 and the impact of Covid 19 during this time had forced the Historic Dockyard to close its visitor attraction element on 18th March 2020, just one month after reopening to visitors following the Christmas break.

The Trust has worked long and hard to build the solid foundations for a long-term sustainable future. In February, I had the pleasure of launching our new Corporate Plan which sets out the Trust's Vision and Strategic Objectives for the next 5 years. Such has been the impact of Covid 19 that the Trust will need to revisit that Plan to ensure that it remains financially viable while and continuing to meet its charitable purposes. This will inevitably result in changes, including to the implementation programme, over the coming months and years as we modify our plans to ensure that The Dockyard remains fit for purpose in the new world with which we shall all need to come to terms. However, our fundamental charitable purposes will remain unchanged:

- The preservation of the Historic Dockyard Chatham, the most complete 18th Century dockyard in the world and;
- The education of the public in its historical, architectural and archaeological importance.

Chatham Historic Dockyard Trust has always been an adaptable, resilient organisation and will work tirelessly to overcome the challenges that face us in the coming months to ensure that our public benefit obligations are fulfilled to the best of our ability while maintaining excellence at the heart of everything we do.

At a time when all our attention is focussed to the future, it is important to reflect on the success of the past to identify the lessons on which our future strength depends.

I am very pleased to report that, despite the uncertainty caused by the Covid 19 crisis in the final weeks, the Trust has had a very positive year in meeting its objectives and delivering key projects that are vital to the long-term resilience of the organisation.

Fitted Rigging House

The Fitted Rigging House project has been completed, just 2 years after receiving the funding packages that enabled this exceptional development to take place. Generously funded through the generous support of the National Lottery Heritage Fund, Department for Digital, Culture, Media and Sport (DCMS), South East Local Enterprise Partnership (SELEP) and a range of other significant backers, the project has delivered above and beyond expectation. It was delivered on-time and within budget, and has created substantial new, sustainable income streams through commercial tenancy, and social benefits including the creation of a new Volunteer Centre of Excellence and enhanced museum and curatorial facilities.

Excellent Experiences

The drive for excellence is front and centre of all that the Trust and its people do. An outstanding example of success was demonstrated by the award of a Visit England Gold Award for a third year in a row – an achievement unmatched anywhere in the country.

Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2020

Succession

The Trust announced in January the upcoming retirement of its long-standing Chief Executive, Bill Ferris OBE DL. After nearly twenty years at the helm, Bill has steered the Trust through a period of great change and the continuity and stability that he has provided over that time has been fundamental to its success. His drive for excellence and entrepreneurial thinking, underpinned by carefully considered charitable choices, has been at the heart of every development, and he has played a key role in making the Trust financially sustainable on a revenue level. As Chairman, I am personally grateful for the outstanding leadership, endless contribution and selfless commitment which Bill has given during his tenure. He leaves the Trust in an exceptionally strong position and has laid the groundwork for what will come. He has been a strong leader, mentor and advisor as well as a supporter to many across the heritage sector. I would like to express the thanks of the entire Board of Trustees and wish him well in the future.

In my previous report, I noted that the Trust was actively developing succession planning and I am pleased to report that this process is now complete. The Trust has appointed Mr Richard Morsley as successor to the role of Chief Executive, effective from 1st September 2020.

The success of Chatham Historic Dockyard Trust is underpinned by its dedicated, entrepreneurial people and, as Chairman, I am very proud of their remarkable accomplishments this year. The trust has not been immune to the unprecedented impact of the Covid 19 pandemic on all aspects of life and the economy. But the accomplishments of the team and their resilience has created as strong a foundation to weather the storm as any in our sector. That creativity and capability gives me great confidence that the Trust will ride the storm and emerge on the other side as the benchmark for maritime heritage - an organisation that is devoted to delivering against its charitable purposes.



Sir Trevor Soar

Chairman

Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2020

Strategic Report - Vision & Objectives

Vision

The Historic Dockyard at Chatham will be recognised as the world's most complete dockyard of the age of sail. Sustained by a mix of complementary uses, it will be a maritime heritage destination of choice, giving its visitors a unique understanding of warship design and construction and support of the Royal Navy during Britain's growth as a world power through to the closure of the Dockyard in 1984.

Our Core Charitable Objectives

The preservation of the Historic Dockyard Chatham, the most complete 18th Century dockyard in the world and; The education of the public in its historical, architectural and archaeological importance.

Our Strategic Objectives

- To maintain excellence in the sympathetic preservation and use of The Historic Dockyard, its buildings, ships and collections.
- To engage the widest possible audience in learning about the significance and role of the former Royal Dockyard at Chatham and its people in supporting the Royal Navy, from sail to steam and nuclear power, over more than 400 years.
- To provide an unmatched, inspirational and enjoyable experience for all users of The Historic Dockyard – whether visitors, tenants, residents or students – that exceeds their expectations.

Achieving the Vision and Objectives – The highlights from the year

Following on from Festival 400 in the previous year – which was a record breaking one for the Trust in terms of visitor numbers - 2019/20 demonstrated continued growth across a number of business areas notwithstanding lower visitor numbers in the absence of the increased PR associated with a major anniversary.

The Trust has continued to offer a diverse range of high-quality activities, events and exhibitions that are market focussed, media friendly, and generate excitement in new and traditional markets. This has led to the following key achievements:

- 174,000 visits to The Historic Dockyard Chatham in the financial year
- 13,000 visitors registered for the Dockyard Free Day Out – a free entry day that focussed on attracting local audiences who do not typically visit The Historic Dockyard, Chatham. 38% of visitors on this day were from market segments that have low levels of engagement with cultural activities – an excellent achievement.

Alongside the success of our visitor related activities, Chatham Historic Dockyard Trust has worked hard to deliver against its core charitable objectives.

As a charity that meets its educational purpose principally through visits to the site, its museums and galleries, the Trust's objective is to appeal to as broad a set of audiences in as large a number as possible and to use storytelling to relate the role of the Historic Dockyard in the historic life of the nation. In particular:

- Programming throughout the year has played a significant part in maintaining strong visitor numbers, with activities including Enchanted Dockyard and Doc.Yard's Secret Lab (Family STEM¹ activities) which has continued to attract new markets.
- Our dedicated team of fully trained staff and volunteers adds a further dimension to both interpretation and experience.

¹ Science, technology, engineering and maths

Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2020

Our strategy of preservation through re-use now sees most of the Trust's buildings in productive use, either as gallery spaces or generating income from a diverse range of uses. February 2020 saw the full completion of the Fitted Rigging House project which has seen the successful achievement of a number of outcomes including:

- An additional £368k+ in commercial tenant income
- Creation of a renewed 19th & 20th Century Gallery
- Development of a new Volunteer Centre of Excellence, Reading Room, Archive, and Conservation Laboratory

As part of the evaluation of the Fitted Rigging House project, the Trust has undertaken an Economic Impact Assessment to help better to understand the importance the Dockyard plays in the local economy. This study built on work undertaken in 2012 during which it was estimated that the site contributed some £16m per annum to the local economy. Now the benefits from the project are being realised, it is estimated that this figure has increased to almost c.£30M.

Rope sales, which are essential to the provision of manufacturing demonstrations and are central to the visitor learning experience, have held their ground from the previous year at c.£521k in a very difficult trading environment. This has enabled demonstrations five days per week and is a remarkable achievement given the uncertainty surrounding Brexit that could have had a significant impact on the market.

Our staff development and volunteer investment programme has seen significant progress, with investment ranging from basic skills to second degree. The dedication, commitment and increasing professionalism of all our staff has an enormous impact on the Trust's ability to meet its charitable objectives and to deliver public benefit.

Further to this staff development programme, the Trust has embarked on a programme of succession planning for a number of key Senior Management posts, recognising the importance of business continuity to the successful operation of Chatham Historic Dockyard Trust. The Covid 19 outbreak has seen this process extend slightly but remains critical to the future success of the organisation.

We have continued to foster partnerships with key stakeholders whose objectives are closely aligned with our own. The University of Kent, Medway Council, the National Lottery Heritage Fund, Arts Council England and Visit Kent are just a few of the significant partners who support us in meeting our charitable objectives.

The Education Purpose

Public benefit is, in part, achieved through the provision of outstanding formal and informal learning programmes. Visits to the site have always been seen as the principal medium, creating:

- Exceptional experiences, whether in formal education groups, family parties, special interest groups or those attracted by our diverse programmes. The latter do not necessarily pertain to the Historic Dockyard and its history but achieve the primary goal through engagement with the site. Examples of the diversity of our offering are our increasingly successful Call the Midwife Tours, attracting c.5,000 visitors last year, and our family programming for school holiday periods.
- Physical outreach to those not able to visit in person, via our "Mobile Dockyard" and support team – reaching over 7,000 people in 2019/20. This is based on the number of people we record having engaged with as part of our outreach work which includes schools, care homes and wider community events. This number is based on actual figures with some estimates for large events.
- Digital outreach is becoming an increasing focus with over 396k (based on actual figures retrieved via Google Analytics) people engaged via our website over the course of the year. An additional c.35k people have been meaningfully engaged via social media channels.
- As part of the Fitted Rigging House project, the Trust has created a Changing Places facility which has been designed to support those with challenging physical needs. This is a significant part of our ongoing training reflecting our commitment to physical access across a challenging site.
- Benefits to The Historic Dockyard, Medway and Kent through the economic value derived from visitor spending.
- 14,500 visits by young people as part of organised educational visits.
- 23,000 visitors in organised groups.

Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2020

In February 2020, we were delighted to hold the formal opening of our new Reading Room and Archive facilities. Generously supported by the National Lottery Heritage Fund, DCMS, SELEP and a wide range of other supporters, these state of the art facilities provide greater visibility of the Trust's extensive physical object collections and allow access to study objects, photographs and manuscripts, supported by our exceptional volunteer teams.

Our commitment to quality continues to be demonstrated by the award of our third national Visit England gold standard award for quality of visitor care and our eighth annual Trip Advisor Certificate of Excellence.

The outbreak of Covid 19 at the end of the reporting period has had an impact on final visitor numbers for the financial year which were on course to be in the region of 180,000. With the Historic Dockyard closed to visitors for the foreseeable future, the Trust has taken the opportunity to enhance its digital outreach programmes under the banner of "Museum at Home". The aim of this being to support delivery of our Learning objective through digital outreach. Whilst early in its infancy at the time of reporting, we are seeing increased engagement rates through our website and will continue to develop the programme over the coming months to support our delivery of charitable benefit to the public. It is worth noting (outside of this reporting period) that the visitor attraction reopened to visitors on 25th July 2020.

Investing in our people

Although investment in staff and volunteers is not, in itself, a core education purpose of the Trust, as an educational charity it is fundamental to our culture and essential for our future success.

We have evolved a very extensive talent development and management strategy alongside a strategic succession planning process that is engaging people at different levels throughout the organisation. That strategy is creating closely targeted investment in individuals, designed to increase their knowledge and skills base to the benefit of the Trust, reinforce our succession planning, by creating motivated teams with strength in depth, and provide personal development for individual benefit. This includes both formal and informal training and middle management within the organisation continue to benefit from advanced leadership training. Our staff turnover rates remain exceptionally low and motivation high.

The Trust has policies in place to encourage a good relationship with its staff and managers, and to promote a happy and productive working environment. The areas covered include training in health and safety, GDPR, equal opportunities, technology, safeguarding and social media use. A comprehensive staff handbook is issued to all new staff during induction and is available through our internal systems.

Recognising the value of our volunteers, now numbering more than 340, the Fitted Rigging House project has enabled us to invest in a range of new facilities including a Volunteer Centre for Excellence, IT Lab, Reading Room and Conservation Laboratory. These facilities were opened in February 2020 and have been exceptionally well received by our volunteer teams. We will continue to measure their engagement with the organisation through annual satisfaction reports and surveys.

The health and wellbeing of all our people is of paramount importance and, recognising that an organisation's people are its greatest asset, we have undertaken a range of initiatives to improve the health and well-being of our staff – from lunchtime fitness programmes to developing a programme of activities to support Mental Health in the workplace. The outbreak of Covid 19 at the end of this reporting period has placed a huge strain on our teams, both physically and mentally. The Trust has worked tirelessly throughout these trying times to ensure that teams remain engaged through a range of formal and informal initiatives designed to keep people in touch with the organisation.

We have worked hard to diversify our staff and volunteer demographic with significant progress in recruiting more female volunteers and those of a younger age. We remain committed to increasing our ethnic and LGBTQ diversity of staff and volunteers so as at least to match the local demographic.

Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2020

Our formal staff appraisal systems are well established and operate at all levels of the organisation. The remuneration committee, a formal committee of the Trust Board, considers senior staff performance. The Chief Executive moderates all other appraisals recommended by line managers for consistency. The appraisal system is linked directly to a discretionary Performance Related Pay (PRP) system which is again reviewed by the remuneration committee and ultimately by the Trust Board.

Remuneration of all staff is reviewed annually, with recommendations considered and proposed in detail by the Remuneration Committee of the Trust Board for final decision by the Trust Board itself. Recommendations take into account the outcome from an established system of appraisal, in the case of senior members of the executive staff set against agreed key performance indicators. Benchmarking is also undertaken, both internally and externally, through an independent body against terms and levels of remuneration offered by organisations of a nature similar to the Trust.

Staff Complement

Permanent 79

Seasonal 74

Volunteers

340 active volunteers

Volunteers play a major part in the life of the Historic Dockyard. Considerable grant funded investment has been made in developing volunteer and community engagement and training – particularly associated with the Command of the Oceans and Fitted Rigging House projects. Staff roles are specifically allocated to managing this aspect of our work.

The Trust is privileged to work with a dedicated team of volunteers (340 in total) who gave 31,250 hours of volunteer time to the Trust through the year, equating to approximately 28FTE staff equivalent. Volunteers are highly important to the operation of the Trust and support a number of functions across the organisation including Shipkeeping, Collections Management, Front of House (Visit Makers), Education Services and the operation of our Steam Railway. Volunteer work placements have also taken place within Administration, Research, Marketing and Communications and Temporary Exhibition programmes and we actively work alongside partners including the University of Kent to provide volunteer opportunities to support work place development.

The Trust, through the Fitted Rigging House project, has invested significant resource into creating a volunteer centre with research, training and welfare facilities alongside its offices therefore ensuring integration of staff and volunteers and equality of support. These facilities opened for operation in February 2020.

The Preservation Purpose

We are passionate about a sustainable future for the 80 acre estate with its unique heritage environment, its buildings, ships and objects in our care. Our aim is to preserve these through re-use, either as learning devices or in ways that respect the extraordinary significance of the Historic Dockyard as a whole but at the same time produce income in a variety of ways. This policy generates public interest and enjoyment, at the same time imparting knowledge about the role of the Historic Dockyard in supporting the development of this country and the world as we know it. We aim to be an entrepreneurial charity and the eclectic and innovative re-use strategy now supports an income of approximately £4.8m, including from visitors and from our estate.

Our long-term forecasts suggest that with the new income streams that will be generated from the Fitted Rigging House, we will be able to meet our annual revenue needs from self-generated sources. Whilst it was hoped these returns would be realised in the immediate future, the impact of the Covid 19 outbreak will inevitably impact adversely on many of those income streams as the world we work in changes over the coming months and years. Throughout the crisis, the Trust has worked hard to reach solutions with each of its business tenants to ensure their long-term viability in the market place, recognising that their sustainability is critical to the future success of the Historic Dockyard.

Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2020

To secure that position our future plans will need to create greater financial resilience, at the same time allowing us to be ever more ambitious. We are continuing to review our future tenant strategy, with a view to an increasing focus on creative uses, as opportunity arises, while ensuring the ongoing presence of a loyal and supportive tenant base.

The year saw a record-breaking year for income from use as a film location which has generated over £400k with very little overhead cost – all of which has been directed into supporting our core charitable objectives. Significant work has taken place to support business development for film location work. Development elsewhere within the county (Ashford) to increase studio set space will present excellent opportunity in the future for upcoming projects.

Exceptional Experiences

The previous 2016-2021 Corporate Plan set out a core purpose of providing exceptional experiences for all users of the site, whether visitors, residents, tenants, the University of Kent and its students, staff or volunteers. This notion of experience is underpinned by a thirst for exceptional quality in all we do. We believe that benchmarking against others and using external judgement through accredited schemes like the Visit England VAQAS scheme is the best way to assess achievement.

Our tenant and resident base is stable and thriving, despite the impact of Covid 19. Surveys of residents and users suggest high levels of satisfaction, although we are not complacent and we are always striving to do more as part of our ambition to strive for excellence which is at the heart of our new Corporate Plan.

The progress of our preservation, public facility and building re-use programme has been very well received and a series of external awards demonstrates that success:

Visit England Gold award for visitor care (3rd Award in 3 Years)
Trip advisor Certificate of Excellence (8th Annual)
RICS South East Nomination for Fitted Rigging House (result awaited)

Trading activity

In common with many charities we use trading activity to generate income to further our core purposes. As an organisation we are committed to being entrepreneurial, dynamic and proactive, but to remaining focussed on activity that maximises charitable benefit rather than diverting attention and resource from core purposes by pursuing activity for its own sake.

Rope sales

We make rope both as a way of demonstrating a fundamental trade which was vital to the support of the ships of the Royal Navy and to preserving traditional skills associated with the work of a Royal Dockyard. In so doing, we provide a hugely popular public demonstration service at a very limited cost to the Trust due to the income generated from sales of rope through our trading company. Of all the activities that we undertake, the sale of rope and rope products requires real entrepreneurial skills in a difficult market. We continue to offer bespoke “apprenticeships” and training to our Master Ropemakers and work with appropriate training providers to ensure the highest standards are met by our professional crafts people. In the reporting period, the Trust generated £491k in third party rope sales

Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2020

Visitor Related Trading

As a "destination" attraction, where alternative facilities provided by others are not available, we are totally committed to exceeding visitor expectations in these areas as well as in the provision of galleries and other attractions. Today's visitors are ever more sophisticated. Their expectations of a seamlessly excellent visitor experience, including catering and retail opportunities, grow ever higher.

Setting the standard high is necessary but challenging. We currently deliver such services "in-house" to ensure consistency and quality. That approach, however, is always under review. The year has seen us maximise our trading profits despite reduced visitor numbers from the previous year. Our trading functions have generated a total net profit of £85k. A focus for the year has been improvement of the profitability in line with maintaining turnover to ensure the best possibly financial return for the charity. Visitor feedback indicates good progress in terms of customer satisfaction although further work needs to be undertaken to improve profitability.

Call the Midwife

Following the launch of the official Call the Midwife location tour, designed and produced in conjunction with Neal Street Productions (the producers of the television series), we are pleased to report that a total of 15,000 people have now taken the tour. The ticket includes access to the wider Historic Dockyard site, representing excellent value for money. Crucially, it also offers the opportunity for the Trust to deliver its learning message to a wider audience.

At the time of writing this report, trading activity ceased from 23rd March 2020 in-line with UK Government lockdown procedures. The Trust will be reviewing the phased re-start of trading activities in 2020 when Government guidelines and associated markets make this financially viable.

Governance

In accordance with the articles of association there are eleven trustees, all of whom are the Directors and also members of the Trust, which is a company limited by guarantee. The Secretary of State for Digital, Culture, Media & Sport, the Secretary of State for Defence and Mr John Spence OBE DL are also members of the Trust company.

The Trust Board retains ultimate responsibility for strategic decision-making, but ordinary management of the activities and business of the Trust is delegated to the Chief Executive, who in turn delegates specific management areas to appropriate member of his executive team. Specific and defined expenditure and contractual limits are in place and operate effectively. The Chief Executive and key members of the Executive team report regularly to Board committees and to the Trust Board itself.

As vacancies in the Trust Board from time to time arise, it is Trust policy to ensure that new appointments reflect specific skill sets seen as important for a charity of this nature. In accordance with an established protocol, nominations for new Trustees are invited from existing Board members, and considered by a Nominations Committee, comprising the Chairman of the Trust and the Chairman of the Remuneration Committee, who consult and invite representations from appropriate Board members. After an interview process, a formal proposal is put to the full Board for decision. Once appointed, new Trustees are given a full day's induction at the Historic Dockyard which includes a full site tour and time spent understanding the business with the Chairman, Chief Executive and other senior managers of the Trust with on-going training provided as necessary. We have currently identified a need to increase knowledge and understanding of digital skills on the board as essential.

Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2020

Governance (continued)

The Trust Board, committees of the Board and wholly owned subsidiaries (see below), with their separate boards, have all operated effectively during the year, providing strategic guidance to the executive team and all important oversight and scrutiny of delivery against objectives set. Following best practice the Trust Board has effective audit and remuneration committees as well as specially formed groups, such as the Fitted Rigging House oversight group, to focus particular scrutiny on areas considered to carry special significance and potential risk. The Audit Sub-Committee is comprised of 7 members (Pommy Sarwal, Tony Corbett, Paul Hudson, Murray Hallam, Sir Ian Andrews, David Philip, Sir Trevor Soar). The Committee meets twice a year (January and July).

The Remuneration Committee is comprised of 6 members (Tony Corbett, Sir Ian Andrews, Pommy Sarwal, Paul Hudson, David Philip, Sir Trevor Soar). The Committee meets twice a year (April and September).

Financial Management Policies

Management of the finances of the Trust remains the immediate responsibility of the Chief Financial Officer. She prepares detailed monthly financial and management accounting information for review by the Chief Executive. A summary of the financial position of the Trust and its subsidiaries is also presented for quarterly review and approval to the finance and general purposes committee of the Board of Trustees, and thence to the Board itself.

Reserves Policy

The policy of the Trust is to hold a general reserve in a minimum sum of £800k. This reserve is to cover various contingencies such as a significant uninsured loss, a significant event which damages the Trust's reputation leading to a reduction in visitor income and a reduction in the Trust's rental income. The general reserve can also be used to cover temporary cash flow shortfalls in receiving grant payments relating to major capital projects such as Command of the Oceans and the Fitted Rigging House projects. At 31 March 2020 this reserve stood at £754k.

The Trust also maintains a designated development reserve of at least £400k, use of which is only to be made when considered appropriate against a conscious review of future risks occurring over a project's payback period. This reserve can be re-designated to general reserve following the review process should perceived risks have changed. This will provide a minimum reserve of £800k but rising to a cash maximum of £1.2m when the development reserve is replenished by rentals received post project completion.

This policy is reviewed annually by the Trust board.

Investment Policy

Following the Trust's policy review in 2014/15, £0.25m, as part of the general reserve, has been placed in medium term low risk investments through CCLA. These investments have now increased to £0.352m at 31st March 2020.

Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2020

Risk

The Trust has an active risk register, which is reviewed by the Board twice in each year. The register covers identified strategic risks and monitors movement in risk as a key indicator of progress. The most important risk during the year was the delivery of the Fitted Rigging House project, which has now been fully funded. Other key risks are generally stable and considered manageable.

Chatham Historic Dockyard Trust holds a business risk register which is reviewed on a regular basis by the Board of Trustees. The register identifies key risks and at the point of reporting, these are listed as the following:

1. A substantial reduction in the resources required to meet the Trust's operational and development needs.
2. The occurrence of significant physical damage to the property, historic character or fabric of the Dockyard.
3. A failure in the strategic or operational management of the Trust.
4. A failure to maintain/manage our IT data-holding and related systems appropriately to meet statutory operational and security imperatives.
5. The loss of key staff or damage to morale within the workforce or volunteer community.
6. Failure to maintain a safe and healthy environment.
7. The loss of a key partner or relationship.
8. Inappropriate development or change of use of property adjoining or near to the Dockyard.
9. A change in government policy or professional standards which is incompatible with the charitable purposes of the Trust.

Each of these risks is scored and appropriate mitigating actions are taken to ensure both likelihood and impact are reduced where possible.

A number of mitigating actions have taken place to manage the risks including reducing all but essential expenditure and forecasting both income and expenditure recognising the levels of risk still present.

In light of the Covid 19 pandemic, a separate risk register has been created specifically to address this emerging crisis. This is reviewed on a regular basis by the Board of Management and the Finance and General Purposes Sub-Committee.

It is the Board's general policy to appoint a small committee of its members to oversee important projects. This measure has proved particularly effective in mitigating risks to the Fitted Rigging House project.

To enhance internal controls a member of the finance team provides an internal audit function as a substantial part of his role, reporting directly to the Chief Executive, and thence to the audit and compliance committee of the Trust Board.

A number of internal audits have been undertaken in designated areas, to ensure compliance with statutory and internal Trust requirements.

Major Incidents

The Trust is sad to report that an inquest into the death of a visitor on-site on 14th July 2018 took place in December 2019. The inquest reached a narrative verdict and no further actions were brought against the Trust. Following the incident, the Trust has reviewed all of its policies, procedures, operating models and training to ascertain whether lessons can be learned and change implemented to prevent similar incidents in the future. Trustees have been fully engaged in the process. The incident was at the time reported to the Health and safety Executive and the Charity Commission.

Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2020

Fundraising, Partnerships and the Future

The year saw Chatham Historic Dockyard Trust complete the Fitted Rigging House project. This project came to a formal conclusion on 31st March 2020 in line with reporting requirements of the National Lottery Heritage Fund.

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake widespread fundraising from the general public, the legislation defines fund raising as "soliciting or otherwise procuring money or other property for charitable purposes." Such amounts received are presented in our accounts as "income from donations, including grants".

In relation to the above, we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fund-raisers, or third parties. The day to day management of all income generation is delegated to the executive team, who are accountable to the trustees.

The charity is not bound by any undertaking to be bound by any regulatory scheme but any fundraising that does take place with individuals is in line with guidance set by the Fundraising Regulator.

We have received no complaints in relation to fundraising activities. Our terms of employment require staff to behave reasonably at all times; as we do not approach individuals for funds we do not particularise this to fundraising activities nor do we consider it necessary to design specific procedures to monitor such activities.

The Future...

On 28th February 2020, the Trust launched its new Corporate Plan 2020-25.

As an entrepreneurial organisation with over 35 years of operating experience, approaching everything we do with a long-term view has always been a priority. This Corporate Plan builds on that unique and invaluable knowledge and, after extensive analysis of both future trends and current and past experiences, now provides a lasting framework for how best to meet our charitable objectives going into the future.

The strategy outlined in that Plan is based on an ethos of evolution, not revolution, and has a central supporting theme that will engage everyone involved with the Historic Dockyard; that of "One Thousand Small Improvements which will make a big difference".

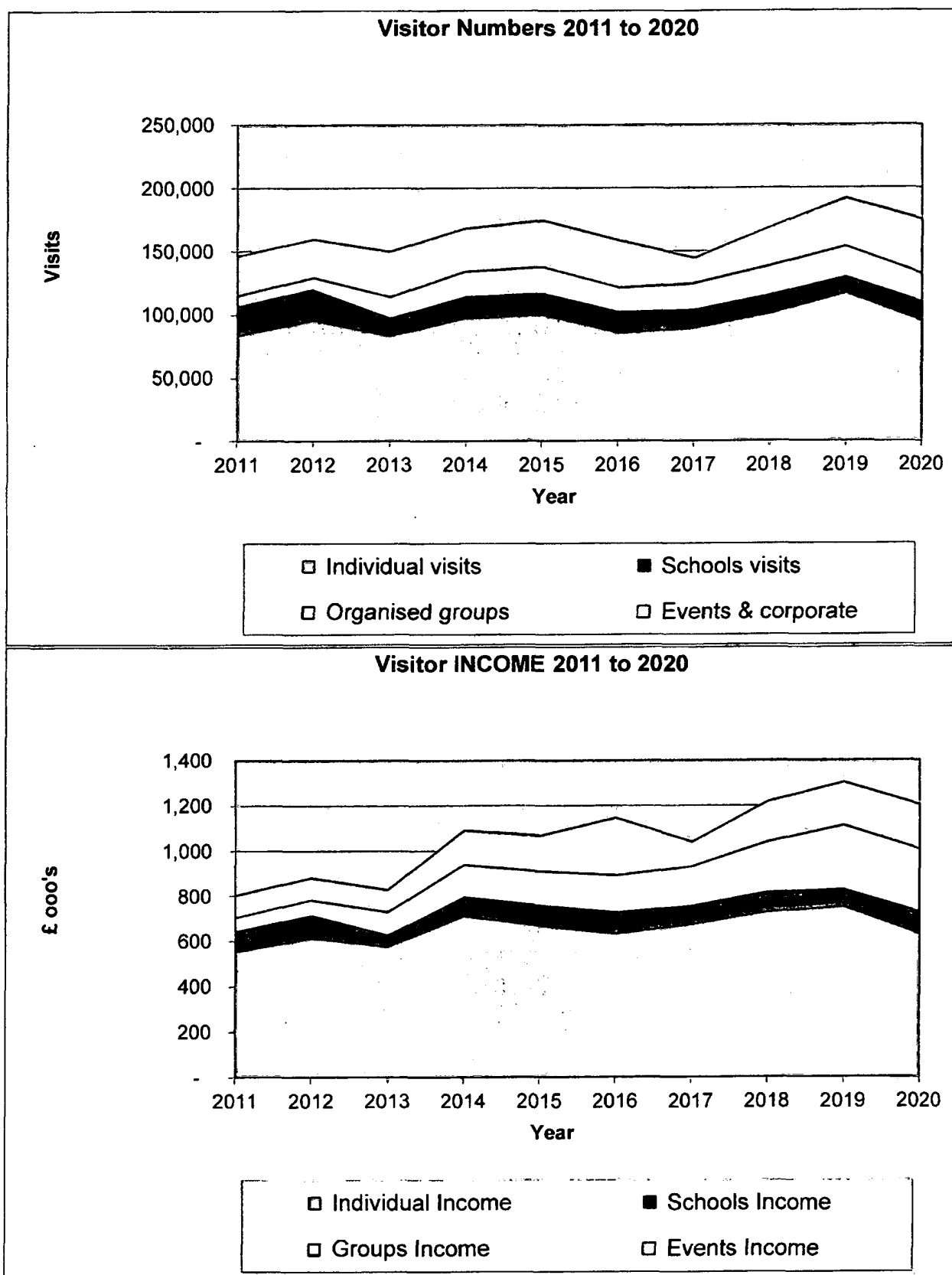
The Plan has been developed as the Trust has reached a pivotal point in its lifecycle – for the first time it is in a position of achieving its charitable objectives through choice of direction rather than direction being dictated by need (i.e. the need to maintain the many key listed buildings on site). Support from the Department for Digital, Culture, Media and Sport (DCMS), Medway Council, Historic England and the National Lottery Heritage Fund (NLHF), along with many other stakeholders and funders, has enabled the Trust to reach this position of choice. As a charity, the prioritisation of choices is based on long-term benefit not short-term gain.

It is becoming clear that the current Covid 19 crisis is going to have a significant impact on our operations for perhaps many years to come. As a result of this, the Trust will take the opportunity to review the Corporate Plan and make necessary adjustments to ensure the actions that we take now are based on a thorough risk analysis and protect our medium-term position to provide long-term success when there is greater more certainty in the world. The long-term financial viability of the Trust whilst continuing to support the Vision and Objectives remain as important now as they were at the time of publication.

Trustees' annual report incorporating the strategic report (continued)

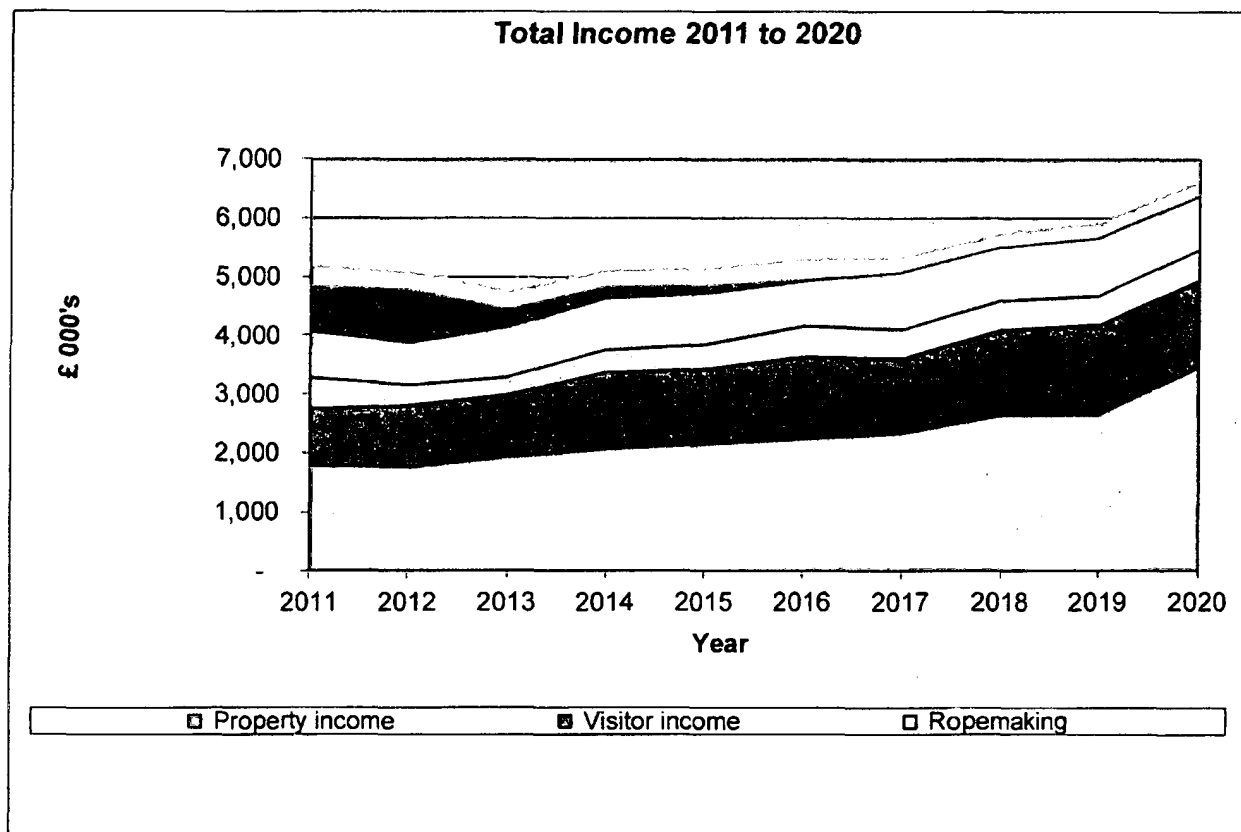
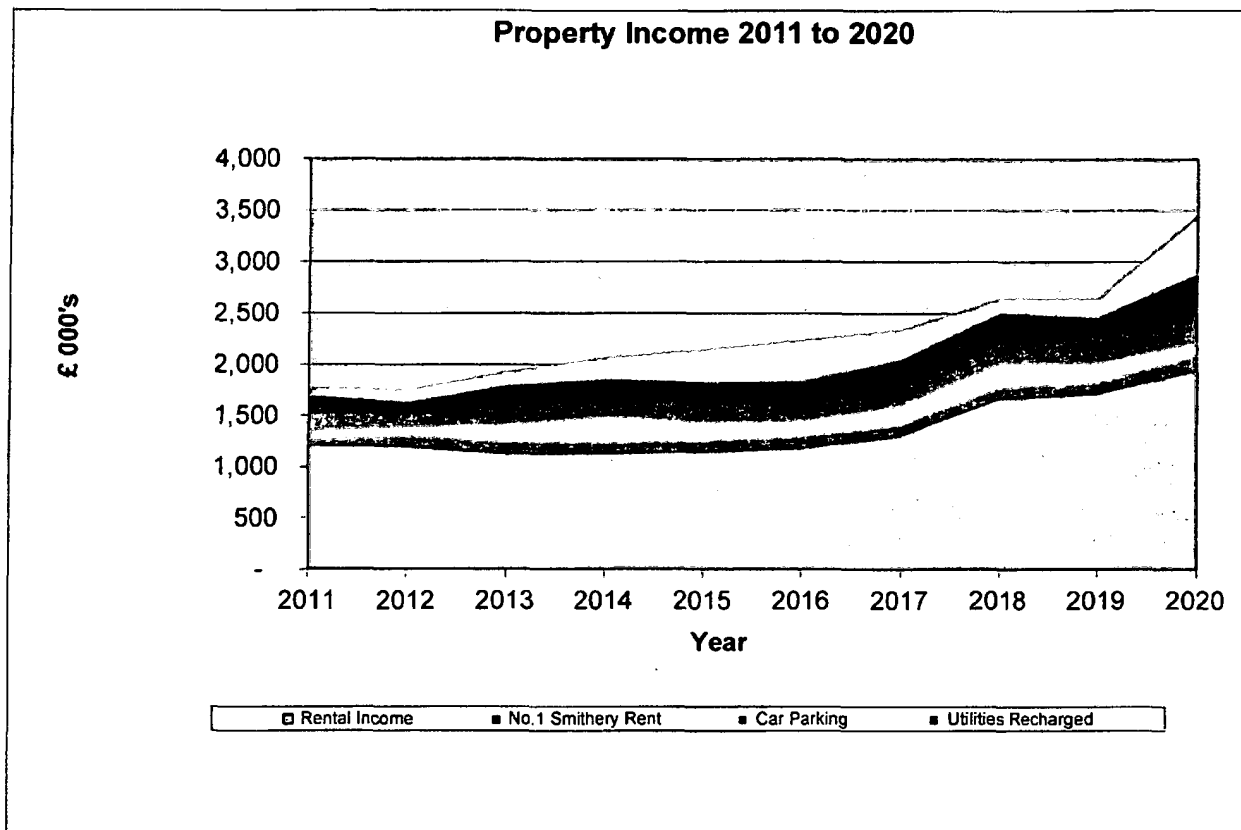
For the year ended 31 March 2020

Financial Statistics



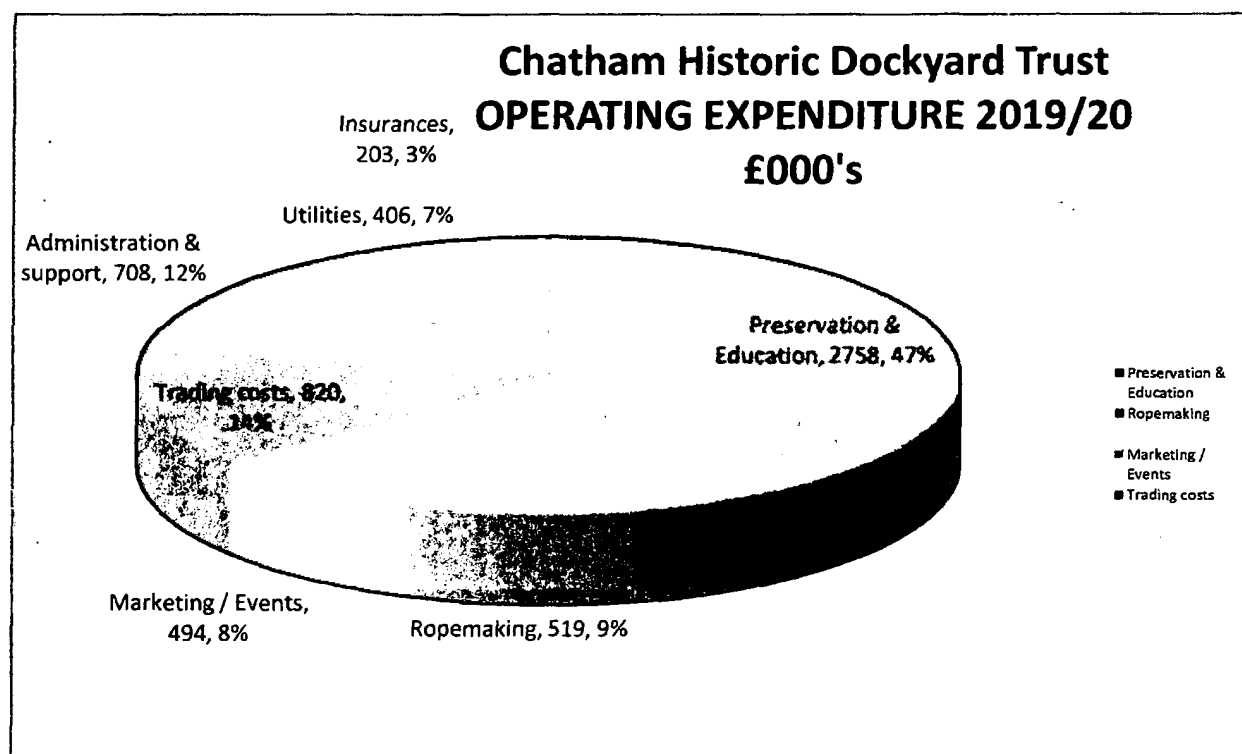
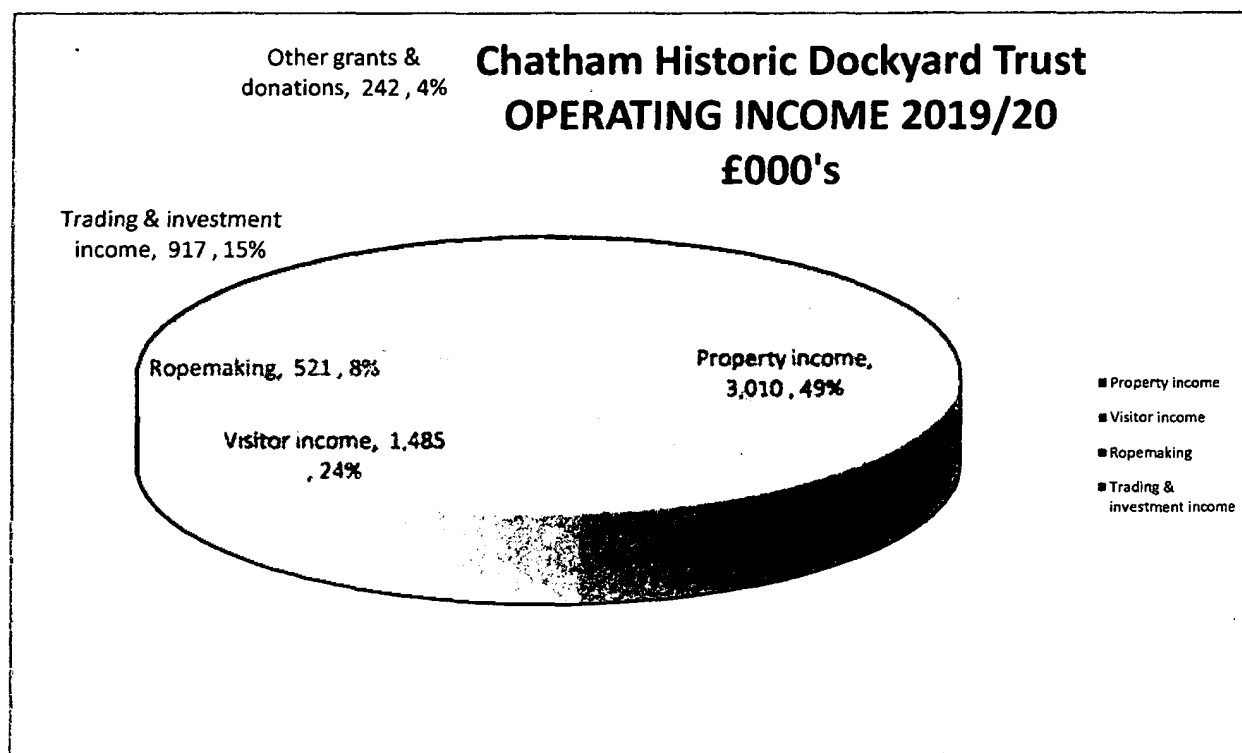
Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2020



Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2020



Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2020

Subsidiaries

The Trust has four wholly owned trading subsidiaries which manage activities designed to create related income streams for the charity that do not arise from its primary purposes of preservation by re-use of its heritage assets and education.

In each case net profits are transferred to the Trust as a qualifying charitable donation (for corporates it is not commonly referred to as gift aid).

The subsidiaries are:

Chatham Historic Dockyard (Trading) Limited

This subsidiary undertakes retail, catering and similar operations at the Historic Dockyard. The results for the year were:

	Retail	Catering
Turnover	£ 182k	£720k
Net Profit	£10k	£75k
Spend per visitor (including events)	£1.14	£3.79
Spend per visitor (excluding events)	£1.31	£4.28

Property Companies

The Trust has two wholly owned subsidiary property holding companies that manage the residential and potential development land on the Trust's estate:

Net Profit/(loss) for the Year	
Historic Dockyard Property Ltd (HDPL)	(£7k)
Historic Dockyard Property (2005) Ltd (HDPL 2005)	£119k

HDPL provides management and a range of maintenance services to the residential estate at the Historic Dockyard. It works closely with a formal residents' association. The time and commitment devoted by that association is very valuable in helping to provide a well maintained and harmonious environment as part of the Trust's strategy of excellent service to all users of the estate.

HDPL 2005 owns and manages an area of potential development land within the estate, known as The Interface Land, currently let on commercial leases.

Master Ropemakers (Trading) Ltd (MRL)

The Trust recognises that the Ropery is one of its strongest visitor attractions. The combination of a Victorian costumed tour and the traditional manufacturing process provide a highly enjoyable and educational experience. The manufacturing process, because of its educational value, is now undertaken by the Trust as part of its core activities, but the sale of manufactured rope and rope products continues as a commercial activity, undertaken by MRL.

The year saw the annual turnover for MRL reach £521k There was a Net Profit of £6k which has been Gift Aided to Chatham Historic Dockyard Trust. Products made from manufactured rope for the retail market continue to grow in importance within the business of MRL. The encouraging results of the company are founded on principles of excellent customer service, quality production and diversification of product and markets.

Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2020

Going Concern

In the context of the present Covid-19 crisis, the Trustees have detailed their statement of Going Concern in greater detail for this reporting period (contained within Note 2 to the financial statements).

The Trustees of Chatham Historic Dockyard Trust (CHDT) and its trading subsidiaries have a duty to consider the future resilience of all parts of the organisation. The Trust holds necessary reserves should there be a need to undertake an orderly wind down of operations caused by financial challenges or a change in the need for charitable services making the charity's role redundant. CHDT reviews this situation on a monthly rolling basis through cash flow management based on evidence-based business planning.

The Trust has undertaken several measures to ensure its financial viability during uncertain times due to the Covid-19 pandemic. The organisation has a strong balance sheet, so the Trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as required. As such, they remain satisfied that the Chatham Historic Dockyard Trust can continue operating for the next 12 months and accounts have been prepared in the knowledge that the Chatham Historic Dockyard Trust is a financially viable organisation.

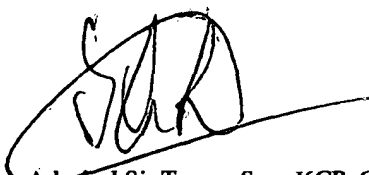
Provision of Information to the Auditor

BDO LLP will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In accordance with company law, as Trustees we confirm that:

- So far as we are aware, there is no relevant audit information of which the Trust's auditor is unaware; and
- As the Trustees of the Trust we have taken all the steps that we ought to have taken in order to make ourselves aware of that information and to establish that the Trust's auditor is aware of that information.

The Trustees' Annual Report, incorporating the Strategic Report, is approved by the Board of Trustees and signed on behalf of the Trustees.



Admiral Sir Trevor Soar KCB, OBE, DL

Chairman

Date:

The Historic Dockyard

Chatham

Kent ME4 4TE

Statement of Responsibilities of the Trustees

For the year ended 31 March 2020

The Trustees are responsible for preparing the Strategic Report, the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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 adequate accounting records that are sufficient to show and explain the charity's transactions and 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 Companies Act 2006. 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.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the trustees. The trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

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

Opinion

We have audited the financial statements of The Chatham Historic Dockyard Trust ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 31 March 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charitable Company balance sheets, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 March 2020 and of the Group's incoming resources and application of resources 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group and the Parent Charitable Company in accordance with the ethical requirements relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions related to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Group or the Parent Charitable Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

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

Other information

The other information comprises the information included in the Trustees' Annual Report, other than the financial statements and our auditor's report thereon. The other information comprises: Chairman's Introduction and Trustees' Annual Report incorporating the Strategic Report. The Trustees are responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Trustees' Report, which includes the Directors' Report and the Strategic report prepared for the purposes of Company Law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' Report, which are included in the Trustees' report, have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Charitable Company and its environment obtained in the course of the audit, we have not identified material misstatement in the Strategic report or the Trustee's report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Charitable Company, 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 Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

Responsibilities of Trustees

As explained more fully in the Statement of Responsibilities of the Trustees, 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, and for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Trustees are responsible for assessing the Group's and the Parent Charitable Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the Group or the Parent Charitable Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under the Companies Act 2006 and report in accordance with the Act and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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.

BDO LLP

Fiona Condron (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
55 Baker Street, London
Date:

26 October 2020

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Financial Activities

(Incorporating the income and expenditure account)

For the year ended 31 March 2020

	Notes	Unrestricted funds	Restricted Funds		Total 2020	Total 2019
			Fitted Rigging House	Other		
		£	£	£	£	£
Income from:						
Donations and grants	4	525,870	633,537	363,204	1,522,611	3,340,777
Charitable activities	5	4,823,380	-	-	4,823,380	4,087,104
Other trading activities	6	2,275,203	-	-	2,275,203	1,956,648
Investments	7	39	-	-	39	57
Other income	8	4,000	-	-	4,000	-
Total income		7,628,492	633,537	363,204	8,625,233	9,384,586
Expenditure on:						
Raising funds	9	2,215,749	-	-	2,215,749	1,731,369
Charitable activities						
Preservation	10	2,155,645	70,856	382,511	2,609,012	2,717,051
Education	11	2,768,513	-	1,099,096	3,867,609	3,886,370
		4,924,158	70,856	1,481,607	6,476,621	6,603,880
Total expenditure		7,139,907	70,856	1,481,607	8,692,370	8,335,249
Net income/(expenditure) before gains and losses		488,585	562,681	(1,118,403)	(67,137)	1,049,337
Net gains on investments		14,517	-	-	14,517	40,511
Net loss on investment property		-	-	-	-	(13,265)
Net income/(expenditure)	14	503,102	562,681	(1,118,403)	(52,620)	1,076,583
Transfers between funds	29,30	(887,659)	887,659	-	-	-
Net movement in funds		(384,557)	1,450,340	(1,118,403)	(52,620)	1,076,583
Funds as at 1 April 2019		2,363,165	5,359,570	12,402,214	20,124,949	19,048,366
Funds as at 31 March 2020	29,30	1,978,608	6,809,910	11,283,811	20,072,329	20,124,949

All amounts relate to continuing activities.

The notes on pages 28 to 57 form part of these financial statements.

Consolidated Statement of Financial Activities

(Incorporating the income statement)

Full comparative information the year ended 31 March 2019

	Notes	Unrestricted funds	Restricted Funds		Total 2019	Total 2018
			Fitted Rigging House	Other		
		£	£	£	£	£
Income from:						
Donations and grants	4	450,315	2,614,660	275,802	3,340,777	3,354,678
Charitable activities	5	4,123,432	-	(36,328)	4,087,104	3,911,845
Other trading activities	6	1,956,648	-	-	1,956,648	1,889,887
Investments	7	57	-	-	57	1,968
Other income	8	-	-	-	-	291,905
Total		6,530,452	2,614,660	239,474	9,384,586	9,450,283
Expenditure on:						
Raising funds	9	1,731,369	-	-	1,731,369	1,701,326
Charitable activities						
Preservation	10	2,045,510	293,222	378,778	2,717,051	2,875,072
Education	11	2,703,431	-	1,182,939	3,886,370	3,793,759
		4,748,941	293,222	1,561,717	6,603,880	6,668,831
Total		6,480,310	293,222	1,561,717	8,335,249	8,370,157
Net gains on investments		40,511	-	-	40,511	15,445
Net (loss)/gains on investment property		(13,265)	-	-	(13,265)	155,737
Net income	14	77,388	2,321,438	(1,322,243)	1,076,583	1,251,308
Transfers between funds	29,30	(400,000)	400,000	-	-	-
Net movement in funds		(322,612)	2,721,438	(1,322,243)	1,076,583	1,251,308
Funds as at 1 April 2018		2,685,777	2,638,132	13,724,457	19,048,366	17,797,058
Funds as at 31 March 2019	29,30	2,363,165	5,359,570	12,402,214	20,124,949	19,048,366

All amounts relate to continuing activities.

The notes on pages 28 to 57 form part of these financial statements.

Consolidated and Trust Balance Sheets

As at 31 March 2020

	Notes	Consolidated 2020 £	2019 £	Trust 2020 £	2019 £
Fixed assets					
Property plant and equipment	15	1,958,276	8,429,709	1,944,229	8,429,708
Heritage assets	16	16,570,522	10,523,603	16,570,522	10,523,603
Investment properties	17	330,313	405,142	-	-
Investments in subsidiaries	18	-	-	1,100	1,100
Listed investments	19	351,789	343,079	351,789	343,079
		<u>19,210,900</u>	<u>19,701,533</u>	<u>18,867,640</u>	<u>19,297,490</u>
Current assets					
Inventories	20	309,932	374,147	231,477	275,574
Debtors	21	1,701,369	1,225,267	2,021,639	1,368,652
Cash and cash equivalents		1,131,118	446,539	809,385	290,823
		<u>3,142,419</u>	<u>2,045,953</u>	<u>3,062,501</u>	<u>1,935,049</u>
Creditors: amounts falling due within one year	22	<u>(1,646,294)</u>	<u>(987,841)</u>	<u>(1,597,526)</u>	<u>(921,778)</u>
Net current assets		<u>1,496,125</u>	<u>1,058,112</u>	<u>1,464,975</u>	<u>1,013,271</u>
Total assets less current liabilities		<u>20,707,025</u>	<u>20,759,645</u>	<u>20,332,615</u>	<u>20,310,761</u>
Creditors: amounts falling due after more than one year	23	<u>(550,000)</u>	<u>(550,000)</u>	<u>(550,000)</u>	<u>(550,000)</u>
Provision for deferred tax	25	<u>(84,696)</u>	<u>(84,696)</u>	<u>-</u>	<u>-</u>
Net assets	28	<u>20,072,329</u>	<u>20,124,949</u>	<u>19,782,615</u>	<u>19,760,761</u>
Funds employed					
Restricted funds					
Fitted Rigging House		6,809,910	5,359,570	6,809,910	5,359,570
Other		11,283,811	12,402,214	11,283,811	12,402,214
Total restricted funds	29	<u>18,093,721</u>	<u>17,761,784</u>	<u>18,093,721</u>	<u>17,761,784</u>
Unrestricted funds					
Designated funds	30	972,604	1,151,729	972,604	1,151,729
Revaluation reserve	30	251,410	241,543	-	-
General	30	754,594	969,893	716,290	847,248
	30	<u>1,978,608</u>	<u>2,363,165</u>	<u>1,688,894</u>	<u>1,998,977</u>
		<u>20,072,329</u>	<u>20,124,949</u>	<u>19,782,615</u>	<u>19,760,761</u>

Consolidated and Trust Balance Sheets

As at 31 March 2020

The financial statements were approved and authorised for issue by the Trustees on 21 October 2020. In accordance with section 408 of the Companies Act 2006, a separate Statement of Financial Activities for the charity has not been presented. The surplus attributable to the Trust for the year was £21,854 (2019- £1,418,086). Income attributable to the Trust for the year was £7,338,349 (2019- £12,894,525).



Admiral Sir Trevor Soar
Chairman

Company number 01804108

The notes on pages 28 to 57 form part of these financial statements

Consolidated statement of cash flows

For the year ended 31 March 2020

	Notes	2020 £	2019 £
Net cash from operating activities	31	<u>1,438,902</u>	<u>2,483,554</u>
Cash flow from investing activities			
Purchase of property, plant and equipment		(850,678)	(4,153,313)
Proceeds from the disposal of property, plant and equipment		4,000	9,444
Proceeds from the disposal of investment properties		70,784	2,419
Net gain on investments		14,517	-
(Purchase)/sale of investments		(8,710)	3,329
Income from investment property		<u>15,764</u>	<u>-</u>
		<u>(754,323)</u>	<u>(4,138,121)</u>
Cash flow from financing activities			
Proceeds from new loans		<u>-</u>	<u>550,000</u>
		<u>-</u>	<u>550,000</u>
Net increase/(decrease) in cash and cash equivalents		684,579	(1,104,567)
Cash and cash equivalents at the beginning of the year		<u>446,539</u>	<u>1,551,106</u>
Cash and cash equivalents at the end of the year		<u>1,131,118</u>	<u>446,539</u>
Cash and cash equivalents at the end of the year			
Restricted fund		25,033	25,033
Unrestricted funds		<u>1,106,085</u>	<u>421,506</u>
Cash and cash equivalents at the end of the year		<u>1,131,118</u>	<u>446,539</u>

Cash and cash equivalents comprise cash at bank and in hand.

The notes on pages 28 to 57 form part of these financial statements.

Notes to the financial statements

For the year ended 31 March 2020

1 Status

The Chatham Historic Dockyard Trust ("the Trust") is an independent charitable trust, incorporated in England and Wales, 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. 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 27 February 2013.

The Trust is a company limited by guarantee, registered in England, not having a share capital, and has a licence to dispense with the word "limited" in its title. In the event of the Trust being wound up, the liability in respect of the guarantee is limited to £10 per member. The members of the Trust are the Secretary of State for Defence, the Secretary of State for Digital, Culture, Media and Sport, Mr John Spence OBE DL and the Trustees. The Trust's registered office is: The Fitted Rigging House, The Historic Dockyard, Chatham, Kent, England, ME4 4TZ, and its registered number is 01804108.

Details of the principal activities of the Trust is given in the accompanying narrative reporting.

2 Accounting policies

The principal accounting policies are summarised below.

Basis of preparation

These financial statements are prepared in accordance with The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and Accounting and Reporting by Charities: Statement of Recommended Practice (SORP 2nd Edition) applicable to charities preparing their accounts in accordance with FRS 102. The financial statements are also prepared in accordance with the Companies Act 2006 and, in the case of the parent charity and consolidated financial statements, the Charities Act 2011.

The Trust is a public benefit entity and the Group is a public benefit group, as defined by FRS 102.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and listed investments.

Notes to the financial statements (continued)

For the year ended 31 March 2020

2. Accounting policies (continued)

Going concern

In the context of the present Covid-19 crisis, the Trustees have detailed their statement of Going Concern in greater detail for this reporting period.

As a charity the Trustees of Chatham Historic Dockyard Trust (CHDT) and its trading subsidiaries have a duty to consider the future resilience of all parts of the organisation. The Trust holds necessary reserves should there be a need to undertake an orderly wind down of operations caused by financial challenges or a change in the need for charitable services making the charity's role redundant. CHDT reviews this situation on a monthly rolling basis through cash flow management based on evidence-based business planning.

Review of the Trust's ongoing financial resilience is considered for 12 months from the date of each review and beyond through regular reviews (at board level) of the strategic risk register and changes to it. The impact of internal and external factors likely to have a significant effect on income and expenditure are key elements of ongoing cash flow management and by implication the Going Concern status. The Trust has a culture of taking very early action to attenuate potential downside risks in a relatively risk adverse culture. Should risks not materialise the approach can be adapted to take advantage of upside opportunity. Trustees are accessible and responsive to rapid decision making. The CHDT Board and Executive were on a high-risk alert to the threat of C19 from mid-February 2020 and started to plan for the potential consequences of the downside risks accordingly. A decision was made on the 18th March 2020 to suspend visitor (and all related activity), film location, hospitality and similar operations, whilst retaining critical Health and Safety and services to residents and tenants.

Recognising the reduction in income that is predicted for the year ahead, the Trust has undertaken cost-saving measures to ensure that expenditure is in-line with forecast income projections. The Government Coronavirus Job Retention Scheme (CJRS) has enabled the Trust to furlough a number of its employees and only bring back staff that are critical to restarting operations where the demand exists. The last calendar quarter of 2020, the Trust will undertake an Organisational Effectiveness Review that will closely examine the Trust's operating costs and opportunity over the coming two years with a view to making a considerable fixed cost saving.

In addition, the Trust will continue to pursue a number of external funding opportunities to support its operations in these challenging times. The Trust has benefitted from emergency support from the Arts Council England Emergency Fund (£243k in 2020-21 – outside this reporting period) and continues to have positive conversations with other external funders. In demonstrating the robust nature of our forecasting, all external funding opportunities are not included in our income projections for the coming year.

The Trustees will continue to review plans with the CHDT Executive Team to make the necessary changes to remain within the free reserves policy over the coming two years and indeed the life of the 5-year Corporate Plan which was launched in February 2020. The Trust has a high level of liquid assets, so the Trustees are of the opinion that the charity and group will have sufficient resources to meet its liabilities as required. As such, they remain satisfied that the Chatham Historic Dockyard Trust can continue operating for the next 12 months and accounts have been prepared in the knowledge that the Chatham Historic Dockyard Trust is a financially viable organisation.

Notes to the financial statements (continued)

For the year ended 31 March 2020

Disclosure exemptions for qualifying entities under FRS 102

The Trust is a qualifying entity as defined by FRS 102 and, as such, has taken advantage of the following exemptions:

- presenting a statement of entity cash flows on the grounds that the relevant information is included within the consolidated information presented within these financial statements;
- presenting certain financial instruments disclosures on the grounds that the relevant information is included within the consolidated information presented within these financial statements; and
- presenting information concerning key management personnel compensations.

Basis of consolidation

The Group consolidated financial statements include the financial statements of the Trust and all of its subsidiary undertakings.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Any entities which either become, or cease being, subsidiary undertakings during the year are included up to, or from, the dates of change of control, respectively. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Income recognition

Income is measured at the fair value of the consideration received or receivable and represents property rental and service income, admissions income from visitors, grants and donations, income from the sale of goods and services, and interest.

Income is recognised as follows:

- Property rental – on a time apportioned basis, over the life of the lease.
- Services – as the services are provided.
- Retail sales of goods – when the sale is made.
- Other sales of goods – when the risk of ownership passes to the customer.
- Grants – when the group has met the relevant performance criteria, and the grant can be measured reliably and receipt is probable.
- Donations – when the Group has entitlement, the donation or grant can be measured reliably and receipt is probable.
- Interest – as it is earned.

Any income received prior to recognition is deferred.

Notes to the financial statements (continued)

For the year ended 31 March 2020

2. Accounting policies (continued)

Grants

Grants are recognised in the statement of financial activities as described above, with any grants received prior to recognition being deferred. In certain circumstance grants may become repayable (for example, if the grant funded property ceases to be used for a charitable purposes). A creditor is established whenever it becomes probable that a grant will become repayable.

Restricted grants received to fund capital expenditure are transferred to general funds once the expenditure has been incurred unless the resultant asset is restricted as to its use, in which case the funds remain as restricted. Depreciation on restricted assets is charged to the appropriate restricted fund.

Donated assets

Donated assets and services which would otherwise have been purchased are included at the estimated expenditure which has been avoided as a result of the gift. No value is attributed to volunteer time donated to the Trust. Except for the initial gift to the Trust, other donated assets and services are recognised at the fair value of the asset or service received. The initial gift to the Trust is recognised at £1 (being the nominal consideration paid) as the cost of valuing the assets outweighs the benefit of such a valuation.

Employee benefits

The Group provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

Short term benefits, including compensation for loss of employment, holiday pay and other non-monetary benefits, are recognised as an expense in the period in which the service is received.

The Group operates a defined contribution plan, whereby the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense in the period to which they relate. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

Expenditure

Expenditure is accounted for in the period in which it is incurred. Expenditure includes any VAT which cannot be fully recovered which is reported as part of the expenditure to which it relates.

Expenditure relating directly to a particular activity is allocated to that activity. Indirect costs are classified as support costs and these are allocated to activities on a basis consistent with use of the resources.

Expenditure includes the estimated value of donations in kind.

Operating leases

Operating leases are leases that do not transfer all the risks and rewards of ownership. Payments made by the Group under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the period of the lease, including payments which are not required to be made on a straight line basis. Lease incentives given or received are similarly spread on a straight line basis over the relevant lease term.

Notes to the financial statements (continued)

For the year ended 31 March 2020

Taxation

The tax expense represents the sum of the tax currently payable and any deferred tax.

The current tax charge is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date. The Trust's activities are charitable and therefore, to the extent that any surpluses are applied to its charitable objects, the Trust is not liable to tax. In addition, its subsidiaries incur no current tax charge as all their profits, which would otherwise be taxable, are distributed to the Trust by way of Gift Aid and thus no tax liability arises.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Whilst the tax expense is immaterial, it is recognised as a part of the cost of the relevant activity, rather than being disclosed separately in the Statement of Financial Activities.

Property expenditure

The Trust has a substantial property portfolio which includes a significant number of scheduled ancient monuments, listed properties and other historic properties. On the inception of the Trust, many of the properties were in a state of disrepair and were not functional. The Trust is pursuing a programme of works to bring all properties into productive use which results in significant expenditure on the properties.

Expenditure on the existing properties is capitalised (as either part of property, plant and equipment or heritage assets, as appropriate) when the expenditure results in incremental future benefits to the Trust or replaces a previously identified component. Incremental benefits may arise through bringing a property into use (or back into use), through reduced future maintenance expenditure, or through the ability to generate additional income, directly or indirectly, in the future.

Expenditure which does not meet this criteria is written off as incurred.

Notes to the financial statements (continued)

For the year ended 31 March 2020

2 Accounting policies (continued)

Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. Cost comprises the original purchase price, subsequent expenditure capitalised in accordance with the policy on *Property expenditure*, and expenditure directly attributable in bringing the asset to its working condition for its intended use. As noted above, the assets transferred to the Trust on its formation are recorded at £1, this being the nominal cost of these assets.

Land and assets under construction are not depreciated. Other assets are depreciated on a straight line basis so as to write off their cost over their expected useful lives, using the straight line method. The component categories and annual rates used are as follows:

Structural works to buildings	2%	Computer/ AV equipment	20%
Roofs	4%	Other fixtures and fittings	10%
Ships refurbishments	10%	Plant and machinery	10%
Exhibition equipment	6.67%	Motor vehicles	20%
Galleries	10%		

Subsequent expenditure which relates to either the replacement of previously capitalised component or part of a component or the enhancement of the asset which results in incremental future benefits, is capitalised and the carrying amount of any replaced part of the asset is derecognised.

Heritage Assets

Heritage assets are tangible and intangible assets with historic, artistic, scientific, technological, geophysical, or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. As a charity with preservation as one of its objects, in accordance with the SORP, the Trust's heritage assets may include assets which are not accessible to the public.

The Trust classifies the following classes of assets as heritage assets:

- The land and building acquired from the Ministry of Defence on the inception of the Trust.
- Capital works to the structure of its historic buildings.
- Its various collections of artefacts, exhibits and historical archives.
- Items of plant and machinery of historic importance, notably the two ships.

Currently, all the Trust's heritage assets are tangible assets and are accounted for in accordance with the accounting policy for property, plant and equipment as detailed in the policy on *Property expenditure*. The Trustees consider the cost of obtaining a valuation of donated heritage assets would outweigh the benefit of such a valuation.

Notes to the financial statements (continued)

For the year ended 31 March 2020

2 Accounting policies (continued)

Impairment

At each period end date, non-financial assets (comprising property, plant and equipment and heritage assets) are assessed to determine if there are indicators that the assets may be impaired in value; if there are such indicators of impairment, then a comparison of the asset's carrying value to its recoverable amount is undertaken. Any excess over the recoverable amount is recognised as an impairment loss and charged as expenditure in the Statement of Financial Activities; the carrying value of the asset is reduced appropriately.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use for the Trust's properties and other non-financial assets held for charitable purposes and which are fulfilling the charitable purpose for which they were acquired, is based on the depreciated replacement cost of the asset. For other assets, value in use is defined as the net present value of the future cash flows before interest expected to be generated from the assets.

For financial assets (comprising trade and other debtors) carried at cost less impairment, the impairment loss is the difference between the assets carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

If an impairment loss subsequently reverses, the carrying amount of the assets is increased to the revised estimate of their recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Statement of Financial Activities.

Investment properties

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are initially measured at cost and subsequently at fair value. Revaluation surpluses and deficits are recognised in net income.

Investments

Investments in subsidiaries are stated at cost less accumulated impairment losses. Other investments are stated at fair value with movements through income and expenditure.

Inventories

Inventories are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment is recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash at bank and bank deposits. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash without significant risk of change in value. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Notes to the financial statements (continued)

For the year ended 31 March 2020

2 Accounting policies (continued)

Provisions and contingencies

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably. Currently, the Group has no provisions.

Contingent liabilities arise from past events when either:

- It is only possible that an obligation will arise and when the existence or otherwise of the obligation will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the group's control; or.
- An obligation has arisen, but a provision is not recognised because either it is not probable that there will be an outflow of resources or the amount cannot be reliably measured at the reporting date.

Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

Financial instruments

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Funds

Designated funds are unrestricted funds which the Trustees have ring-fenced for a particular purpose. Transfers to and from the designated funds are recognised as and when decided by the Trustees.

Restricted funds are funds subject to specific restrictions imposed by donors, the nature of the appeal or other reasons.

Unrestricted funds comprise the accumulated surplus or deficit or recognised in income and expenditure after transfers to other reserves.

Notes to the financial statements (continued)

For the year ended 31 March 2020

3 Key judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make judgements and estimates that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates.

Critical judgements

In preparing the financial statements, the following judgements which have, or could have, a material impact on the financial statements were made:

Classification of property expenditure

Expenditure on properties is analysed as either giving rise to an asset or expenditure which is written off as an expense when incurred, depending on whether the expenditure results in an incremental benefit, or not. The assessment of whether there is future benefit requires judgement. A key aspect of the judgement is whether the expenditure enables the Trust to gain greater use of the properties.

Classification of properties as investment properties

Investment properties are properties which are held to generate income or capital appreciation rather than for their contribution to culture or for the provision of services. As all of the Group's properties are within the boundary of the historic 80 acre site and are accessible to a certain extent to the visitors to the site; therefore the categorisation of any property as an investment property requires the exercise of judgement. The Trustees consider that the reversionary freeholds of the residential estate should be classed as investment properties as the Trust has no rights to use the properties and the freehold reversions are held to provide an income stream.

Property components

The Group accounts for its expenditure on property, plant and equipment using component accounting. Under component accounting, the property is divided into those major components which are considered to have substantially different useful economic lives. Judgement is used in allocating property costs between components and in determining the useful lives of each component. The identification of such components is a matter of judgement and may have a material impact on the depreciation charge.

Notes to the financial statements (continued)

For the year ended 31 March 2020

3 Key judgements and sources of estimation uncertainty (continued)

Property impairments

It is necessary to undertake an impairment assessment if there are any indicators of impairment, the identification of such indicators requires judgement. The Trustees consider that for properties used for charitable purposes, the key indicators of impairment are the extent to which the property continues to be used for its intended use, any forecast future reductions in use, and the physical condition of the property. During the year, the Trustees judged that there were no indicators of impairment and so no requirement to undertake an impairment review.

Initial gift to the Trust

The initial gift to the Trust has not been valued as, in the Trustees' judgement, the cost of obtaining such a valuation, which would be subjective and possibly unreliable, would outweigh the benefit of such a valuation.

Recognition of grant income

Grant income is recognised, inter alia, when the Trust has met any criteria of substance required of it under the relevant grant agreement. In the case of Heritage Lottery Funding, the Trustees consider that the receipt of permission to start is the only criteria of substance and therefore recognise grant income once that permission has been received. The DCMS provides funding for specific years; in the judgement of the Trustees, the terms of the grant are such that the Trust does not have prior entitlement to the funding.

Contingent assets and liabilities

The classification of assets and liabilities as contingent requires the exercise of judgement as to the probability of future cash flows. In the case of the contingent liabilities, in the Trustees' judgement any future cash flows would arise from actions of third parties over which the Trust has no or limited influence, and as such no provision is needed.

Restricted funds relating to capitalised expenditure

Restricted funds received to fund capital expenditure are transferred to general funds once the expenditure has been incurred unless the resultant asset is restricted as to its use, in which case the funds remain as restricted. The assessment of whether an asset is restricted as to its use requires the exercise of judgement in assessing whether the terms of the donation(s) which funded the asset prevent the Trust from using the asset for any of its general purposes. Where the Trustees consider that this to be the case, the entire cost of the asset is classed as restricted and all of the related funds are retained as restricted funds. The corollary of this is that the subsequent depreciation of the assets is deemed to be a restricted cost.

Critical estimates

Investment property valuations

Investment properties are recognised at their fair value, which is estimated as being the anticipated proceeds from future disposals, based on the immediate past history property sales. The timing and actual proceeds of any future sales are uncertain and may not reflect the past history.

Notes to the financial statements (continued)

For the year ended 31 March 2020

3 Key judgements and sources of estimation uncertainty (continued)

Useful lives

Depreciation of assets is calculated based on the cost and the estimated useful lives of the assets. The useful lives of property components (for example roofs) are estimated based on relevant construction data.

Carrying values

The carrying amount of the assets and liabilities affected by the above judgements and estimates are set out in the following notes.

4 Income from donations, including grants

	2020 £	2019 £
Government grants		
- Department for Digital, Culture, Media & Sport	294,192	206,000
- Arts Council England (ACE)	245,000	245,000
Other grants	879,537	2,848,231
Donations	103,882	41,546
	<u>1,522,611</u>	<u>3,340,777</u>

The Trust receives no further support from the Government, other than the reliefs from taxation advanced to all charities.

The Trust gratefully acknowledges the support of the National Lottery Heritage Fund, The Michael Uren Foundation, the John Swire 1989 Charitable Trust and the Arts Council England.

The prior year figures have been amended to reclassify the Arts Council England income separately from other grants.

5 Income from charitable activities

	2020 £	2019 £
Preservation - rent & service charges	3,408,907	2,522,504
Education - visitor admissions	1,414,473	1,600,928
	<u>4,823,380</u>	<u>4,123,432</u>

Income from charitable activities arises from the provision of services and is fully unrestricted.

Notes to the financial statements (continued)

For the year ended 31 March 2020

6 Income from other trading activities

	2020 £	2019 £
Income from sale of goods		
Retail – gift shop	182,466	199,635
Sales of rope products	490,730	496,773
Catering	631,393	696,791
Income from provision of services		
Weddings & other functions	306,659	253,932
Property income	262,999	309,517
Other miscellaneous income	400,956	-
	<u>2,275,203</u>	<u>1,956,648</u>

7 Income from investments

	2020 £	2019 £
Fixed interest on cash deposits	<u>39</u>	<u>57</u>

8 Other income

	2020 £	2019 £
Profit on disposal of fixed asset	<u>4,000</u>	<u>-</u>

Future income from non-cancellable operating leases

	2020 £	2019 £
The Group is due to receive the following amounts under non-cancellable operating leases:		
Due next year	1,221,431	721,185
Due in 2 to 5 years	5,418,959	3,343,799
Due after more than 5 years	<u>17,308,018</u>	<u>15,039,749</u>
	<u>23,948,408</u>	<u>19,104,733</u>

Under the terms of the leases, the rental income is subject to periodic review. The leases give the tenants no right of acquisition.

Notes to the financial statements (continued)

For the year ended 31 March 2020

9 Expenditure on raising funds

	2020 £	2019 £
Incurred by the Trust	625,515	567,858
Incurred by the trading subsidiaries	1,391,148	1,000,626
	2,016,663	1,568,484
Support costs allocated to raising funds (see note 12)	199,086	162,885
	<u>2,215,749</u>	<u>1,731,369</u>

10 Expenditure on preservation

	2020 £	2019 £
Staff and associated costs	360,007	358,662
Maintenance costs	651,276	657,616
Fitted Rigging House preliminary expenditure	70,856	293,222
Utilities	451,678	432,216
Other direct costs	333,934	241,218
Depreciation	382,511	378,778
Allocated support costs (see note 12)	358,750	355,798
	<u>2,609,012</u>	<u>2,717,510</u>

Preservation comprises the cost of repair, maintenance and restoration of the historic buildings and ships of the Dockyard and other maintenance.

11 Expenditure on education

	2020 £	2019 £
Staff and associated costs	1,240,456	1,150,435
Other direct costs	849,006	727,900
Depreciation	892,527	883,816
Project expenditure – Command of the Oceans	-	207,549
Other project expenditure	59,512	76,499
Maintenance	149,896	139,439
Allocated support costs (see note 12)	676,212	700,732
	<u>3,867,609</u>	<u>3,886,370</u>

Education expenditure comprises the cost of the maintenance and operation of the galleries and exhibits within the Dockyard.

Notes to the financial statements (continued)

For the year ended 31 March 2020

12 Support costs

	2020 £	2019 £
Staff and associated costs	902,289	891,126
Office costs	70,844	61,328
Professional fees	19,352	25,687
Insurances	194,670	203,345
Other costs	27,039	19,929
Governance costs	19,854	18,000
	<u>1,234,048</u>	<u>1,219,415</u>
	2020 £	2019 £
Support costs are allocated as follows:		
Raising funds	199,086	162,885
Education	676,212	700,732
Preservation	358,750	355,798
	<u>1,234,048</u>	<u>1,219,415</u>

Support costs comprise the management costs of the Trust and its charitable subsidiaries and site security costs. Management costs comprise the Senior Executive and Finance functions (including Personnel and IT support). 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.

The bases of apportionment utilised are as follows:

- Trustee expenses and security – equally between the two charitable activities.
- Management costs – in accordance with staff numbers.

13 Wages and salaries

Group	2020 £	2019 £
Wages and salaries	2,665,526	2,535,366
Social security costs	197,819	199,696
Pension scheme – defined contribution scheme	193,623	147,774
	<u>3,056,968</u>	<u>2,882,836</u>
Trust	2020 £	2019 £
Wages and salaries	2,322,986	2,160,089
Social security costs	172,346	174,156
Pension scheme – defined contribution scheme	176,265	135,193
	<u>2,671,597</u>	<u>2,469,438</u>

Notes to the financial statements (continued)

For the year ended 31 March 2020

13 Wages and salaries (continued)

Average no. of persons employed:	Group		Trust	
	2020	2019	2020	2019
	Number	Number	Number	Number
Preservation	25	25	25	25
Education	84	85	84	85
Ropemaking	7	6	7	4
Catering & retail	26	24	-	-
Support	11	9	11	9
	<u>153</u>	<u>150</u>	<u>127</u>	<u>123</u>

In addition, volunteers assist the Trust in undertaking its activities; details are provided in the Trustees' Annual Report.

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

	2020	2019
	Number	Number
£60,001 - £70,000	1	1
£70,001 - £80,000	1	1
£100,001 - £110,000	1	-
£110,001 - £120,000	<u>-</u>	<u>1</u>

Contributions in the year for the provision of money purchase benefits to higher paid employees totalled £66,148 (2019: £51,128).

During the year statutory redundancy payments of £Nil (2019 - £6,670) were paid. An ex-gratia payment of £1,250 (2019 - £1,250) was made to the Trust's secretary in recognition of services provided.

The Chairman of the Trustees 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 £27,113 for Sir Trevor (2019 - £26,640 for Sir Trevor); this remuneration is not pensionable. The Trust chooses to pay the Chairman as the role significantly exceeds that of other Trustees. No other Trustees received emoluments. Expenses reimbursed to three (2019 - four) Trustees in respect of the cost of attending meetings amounted to £484 (2019 - £791).

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Trust, directly or indirectly, including any Trustee. In the opinion of the Trust key management personnel are the Trustees and the senior managers.

Key management remuneration was as follows:

	2020	2019
	£	£
Key management remuneration	<u>610,014</u>	<u>439,272</u>

Notes to the financial statements (continued)

For the year ended 31 March 2020

14 Net income/(expenditure)

	2020 £	2019 £
Net income/(expenditure) is stated after charging:		
Depreciation of tangible assets:		
- Property, plant and equipment	772,011	757,529
- Heritage assets	503,181	503,182
Auditor's remuneration:		
- Audit (Trust)	13,854	14,540
- Audit (Subsidiaries)	8,120	8,120
- Non audit services paid to companies associated with the auditors	6,000	6,000
Income received under non-cancellable operating leases	1,284,909	791,614
Inventory recognised as an expense	778,400	758,356
Impairment of inventory	27,190	13,879
Operating lease charges	-	2,836

15 Tangible fixed assets – Property plant and equipment

Group	Fixtures, fittings and equipment £	Galleries £	Assets under construction £	Total £
Cost				
1 April 2019	7,013,548	6,876,591	6,339,582	20,229,721
Additions	97,509	-	753,169	850,678
Disposals	(36,163)	-	-	(36,163)
Transfers	502,886	39,765	(7,092,751)	(6,550,100)
31 March 2020	7,577,780	6,916,356	-	14,494,136
Depreciation				
1 April 2019	6,315,598	5,484,414	-	11,800,012
Charge for year	230,824	541,187	-	772,011
Depreciation on disposals	(36,163)	-	-	(36,163)
31 March 2020	6,510,259	6,025,601	-	12,535,860
Net book value				
31 March 2020	1,067,521	890,755	-	1,958,276
31 March 2019	697,950	1,392,177	6,339,582	8,429,709

Notes to the financial statements (continued)

For the year ended 31 March 2020

15 Tangible fixed assets – Property plant and equipment (continued)

Trust	Fixtures, fittings and equipment £	Galleries £	Assets under construction £	Total £
Cost				
1 April 2019	6,894,918	6,876,591	6,339,582	20,111,091
Additions	82,453	-	753,169	835,622
Disposals	(36,163)	-	-	(36,163)
Transfers	502,886	39,765	(7,092,751)	(6,550,100)
31 March 2020	7,444,094	6,916,356	-	14,360,450
Depreciation				
1 April 2019	6,196,969	5,484,414	-	11,681,383
Charge for year	229,814	541,187	-	771,001
Depreciation on disposals	(36,163)	-	-	(36,163)
31 March 2020	6,390,620	6,025,601	-	12,416,221
Net book value				
31 March 2020	1,053,474	890,755	-	1,944,229
31 March 2019	697,949	1,392,177	6,339,582	8,429,708

As part of the terms of the heritage lottery grant, there is a charge in place over the fitted rigging house.

16 Heritage assets

Group and Trust	Freehold land and buildings £	Ships £	Collections and artefacts £	Total £
Cost				
1 April 2019	15,880,152	3,344,642	144,000	19,368,794
Transfers	6,550,100	-	-	6,550,100
31 March 2020	22,430,252	3,344,642	144,000	25,918,894
Depreciation				
1 April 2019	5,500,549	3,344,642	-	8,845,191
Charge for year	503,181	-	-	503,181
31 March 2020	6,003,730	3,344,642	-	9,348,372
Net book value				
31 March 2020	16,426,522	-	144,000	16,570,522
31 March 2019	10,379,603	-	144,000	10,523,603

Notes to the financial statements (continued)

For the year ended 31 March 2020

16 Heritage assets (continued)

No value was attributed to the assets transferred to the Trust on its creation as the cost of obtaining such valuations would not be commensurate with the benefits to the users of the accounts and, in any event, given the uniqueness of many of the assets transferred, a reliable valuation may be impossible to obtain.

The heritage assets comprise the Trust's freehold land and buildings, the ships, items of historic plant and equipment, the museum collections, art and photographs and the archives. The heritage assets recognised comprise capitalised expenditure on enhancing the utility of the historic properties and expenditure on assets which have been purchased since the inception of the Trust.

The assets include:

- 47 structures designated as Scheduled Ancient Monuments and 54 listed buildings;
- two ships and one submarine;
- large plant and equipment, including the rope manufacturing machines, cranes and metal working plant;
- over 100,000 items connected to the history of Chatham Dockyard and the Royal Navy at Chatham. They range from small items of personal ephemera - a dockyard matey's old cigarette box - to HMS Cavalier, the Royal Navy's last Second World War destroyer;
- over 20,000 photographs dating from the very earliest years of photography, mainly depicting Chatham Dockyard at work and ships of the Royal Navy on the River Medway;
- over 150 works of art including oil paintings, watercolours and prints. Their content ranges from topographical views of the dockyard to portraits of naval personnel;
- 50 models, mainly of naval ships;
- over 100 machine tools all of which were originally used in the dockyard for shipbuilding and repair;
- over 100 items of naval ordnance dating from the seventeenth to the twentieth centuries and includes guns, torpedoes, mines and mortars; and
- over 10,000 items in the archive collection, mainly documents relating to naval and dockyard correspondence and to individuals' naval service.

Whilst the Trust would like to acquire further assets to add to its collections, the main focus of the Trust's efforts has been - and will be for the foreseeable future - preserving the various buildings. To this end, the Trust has a long term maintenance plan for its buildings and a shorter term plan for bringing unused buildings into use through appropriate refurbishment work. However, in the year, the Trust was able to acquire a model submarine and a white ensign; the cost of these new assets was less than the de minimis capitalisation threshold.

All assets have been catalogued in order that they can be properly managed and all collections are stored in such a manner to prevent any deterioration in their condition and to ensure that they are physically secure. The buildings, the ships, structures and heavy plant are all accessible to visitors to the Dockyard (although the public cannot obtain access to the interior of certain buildings as they are in use). The collections are accessible to the public through the Trust's museum and those items not on show are made accessible to researchers on request.

The Trust does not expect to dispose of any of its heritage assets.

Historical record of movements in heritage assets - Group and Trust

There were no additions, disposals or impairments in the last five years. Only the transfer of the Fitted Rigging House upon completion.

Notes to the financial statements (continued)

For the year ended 31 March 2020

17 Investment Properties

Group	2020 £	2019 £
1 April	405,142	427,851
Disposals	(74,829)	(9,444)
Revaluation	-	(13,265)
31 March	330,313	405,142

The investment properties were valued by reference to recent (2015, 2017, 2018 and 2019) disposal proceeds. No revaluation was undertaken in 2019/20 due to the fact that some of the disposals in 2019/20 were based on valuations which were set several years ago which had been ongoing for several years. No (2019 - no) independent year end valuation of the properties as a whole was obtained for the purposes of preparing the financial statements, although the disposal price for each individual property sold was set by an independent valuer.

18 Investments - shares in subsidiary companies - Trust

	Share Capital £	Total £
At 31 March 2019	1,100	1,100
At 31 March 2020	1,100	1,100

The subsidiary companies at 31 March 2020 were wholly owned and registered in England & Wales and are as follows:

Name	Company number	Activity
Master Ropemakers (Trading) Limited	02651660	Non-traditional rope sales
Chatham Historic Dockyard (Trading) Limited	01983754	Retail & catering
Historic Dockyard Property Limited	02331347	Residential property management
Historic Dockyard Property (2005) Limited	05538093	Property development
Historic Dockyard Property (2010) Limited	07232729	Dormant
Master Ropemakers Limited	07232492	Dormant

The registered office of the above subsidiaries is The Fitted Rigging House, The Historic Dockyard, Chatham, Kent, England, ME4 4TZ.

Notes to the financial statements (continued)

For the year ended 31 March 2020

18 Investments – shares in subsidiary companies – Trust (continued)

Results of active subsidiaries

	Master Ropemakers (Trading) Limited £	Historic Dockyard Property Limited £	Historic Dockyard Property 2005 Limited £	Chatham Historic Dockyard (Trading) Limited £
Year ended 31 March 2020				
Turnover	520,726	15,803	185,464	902,814
Expenditure	(514,578)	(22,740)	(66,125)	(817,701)
Taxation	-	-	-	-
Transfer from revaluation reserve	-	74,829	-	-
Distribution to the Trust	(6,148)	(67,892)	(119,339)	(85,113)
Result for the year	-	-	-	-
As at 31 March 2020				
Assets	77,927	424,438	125,779	203,179
Creditors and provisions	(52,927)	(178,819)	(125,679)	(183,079)
Net assets	25,000	245,619	100	20,100
Year ended 31 March 2019				
Turnover	496,773	22,397	164,429	941,621
Loss on revaluation of investment property	-	(13,265)	-	-
Expenditure	(487,768)	(17,906)	(52,118)	(811,919)
Taxation	-	2,653	-	-
Distribution to the Trust	(9,005)	(13,935)	(112,311)	(129,702)
Profit for the period	-	20,056	-	-
As at 31 March 2019				
Assets	75,793	449,492	56,476	213,483
Creditors and provisions	(50,793)	(129,044)	(56,376)	(193,383)
Net assets	25,000	320,448	100	20,100

19 Investments

	Group 2020 £	2019 £	Trust 2020 £	2019 £
Listed investments – common investment funds	351,789	343,079	351,789	343,079

Listed investments have been reclassified from current assets to non current assets to better reflect the long-term nature of these investments.

Notes to the financial statements (continued)

For the year ended 31 March 2020

20 Inventories

	Group		Trust	
	2020	2019	2020	2019
	£	£	£	£
Raw materials and consumables	134,557	166,014	134,557	166,014
Goods for resale	175,375	208,133	96,920	109,560
	<u>309,932</u>	<u>374,147</u>	<u>231,477</u>	<u>275,574</u>

There is no significant difference between the replacement cost of the inventories and their carrying amount. Inventories are stated after provisions for impairment of £27,190 (2019 - £15,279).

21 Debtors

	Group		Trust	
	2020	2019	2020	2019
	£	£	£	£
Trade debtors	638,233	209,505	620,893	120,157
Grants receivable	356,331	434,828	356,331	434,828
Amount owed by subsidiary undertakings	-	-	426,156	278,838
Other debtors	198,463	138,381	124,928	121,714
Prepayments and accrued income	508,342	442,553	493,331	413,115
	<u>1,701,369</u>	<u>1,225,267</u>	<u>2,021,639</u>	<u>1,368,652</u>

Amounts above owed by Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

22 Creditors: amounts falling due within one year

	Group		Trust	
	2020	2019	2020	2019
	£	£	£	£
Trade creditors	191,733	235,515	185,975	217,972
Taxation and social security	52,245	46,801	52,245	46,801
Other creditors	432,751	241,923	430,852	241,923
Accruals and deferred income (see note 25)	969,565	463,602	928,454	415,082
	<u>1,646,294</u>	<u>987,841</u>	<u>1,597,526</u>	<u>921,778</u>

23 Creditors: amounts falling due after more than one year

	Group		Trust	
	2020	2019	2020	2019
	£	£	£	£
Other loan	550,000	550,000	550,000	550,000
	<u>550,000</u>	<u>550,000</u>	<u>550,000</u>	<u>550,000</u>

The South East Local Enterprise Partnership (SELEP) loan is repayable by March 2022.

Notes to the financial statements (continued)

For the year ended 31 March 2020

24 Deferred income

	Group		Trust	
	2020	2019	2020	2019
	£	£	£	£
Balance at 1 April	32,633	68,700	32,633	68,700
Amount released to SOFA	(32,633)	(68,700)	(32,633)	(68,700)
Amount deferred in the period	455,016	32,633	455,016	32,633
Balance at 31 March	455,016	32,633	455,016	32,633

Deferred income principally relates to advance event ticket sales and pre-billed rents.

25 Deferred tax

	Group		Trust	
	2020	2019	2020	2019
	£	£	£	£
Arising on property revaluations:				
At 1 April	84,696	87,349	-	-
Tax on revaluation	-	(2,653)	-	-
At 31 March	84,696	84,696	-	-

Deferred tax is calculated at a rate of 20% (2019 – 20%).

26 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. To date, no such notice has been served.

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.

If fixed assets are disposed of then under certain circumstances any related grant funding in respect of these properties may be repayable. The Trustees have no intention of disposing of any grant funded assets.

27 Capital commitments

As at the year end, the Group and Trust had contracted for capital commitments totalling £Nil (2019: £137,016).

Notes to the financial statements (continued)

For the year ended 31 March 2020

28 Analysis of funds

Group - as at 31 March 2020	Restricted	Unrestricted			Total	Group Total
		Designated	Revaluation	General		
	£	£	£	£	£	£
Property, plant and equipment	1,498,166	486,778	-	(26,668)	460,110	1,958,276
Heritage assets	16,570,522	-	-	-	-	16,570,522
Investment properties	-	-	336,106	(5,793)	330,313	330,313
Inventories	-	-	-	309,932	309,932	309,932
Debtors	-	485,826	-	1,215,543	1,701,369	1,701,369
Investments	-	-	-	351,789	351,789	351,789
Cash and cash equivalents	25,033	-	-	1,106,085	1,106,085	1,131,118
Creditors	-	-	-	(2,196,294)	(2,196,294)	(2,196,294)
Deferred tax	-	-	(84,696)	-	(84,696)	(84,696)
	<u>18,093,721</u>	<u>972,604</u>	<u>251,410</u>	<u>754,594</u>	<u>1,978,608</u>	<u>20,072,329</u>

Group - as at 31 March 2019	Restricted	Unrestricted			Total	Group Total
		Designated	Revaluation	General		
	£	£	£	£	£	£
Property, plant and equipment	7,213,148	477,515	-	739,046	1,216,561	8,429,709
Heritage assets	10,523,603	-	-	-	-	10,523,603
Investment properties	-	-	326,239	78,903	405,142	405,142
Inventories	-	-	-	374,147	374,147	374,147
Debtors	-	674,214	-	551,053	1,225,267	1,225,267
Investments	-	-	-	343,079	343,079	343,079
Cash and cash equivalents	25,033	-	-	421,506	421,506	446,539
Creditors	-	-	-	(1,537,841)	(1,537,841)	(1,537,841)
Deferred tax	-	-	(84,696)	-	(84,696)	(84,696)
	<u>17,761,784</u>	<u>1,151,729</u>	<u>241,543</u>	<u>969,893</u>	<u>2,363,165</u>	<u>20,124,949</u>

Trust - as at 31 March 2020	Restricted	Unrestricted			Total	Trust Total
		Designated	Revaluation	General		
	£	£	£	£	£	£
Property, plant and equipment	1,498,166	486,778	-	(40,715)	446,063	1,944,229
Heritage assets	16,570,522	-	-	-	-	16,570,522
Inventories	-	-	-	231,477	231,477	231,477
Investment in subsidiaries	-	-	-	1,100	1,100	1,100
Debtors	-	485,826	-	1,535,813	2,021,639	2,021,639
Investments	-	-	-	351,789	351,789	351,789
Cash and cash equivalents	25,033	-	-	784,352	784,352	809,385
Creditors	-	-	-	(2,147,526)	(2,147,526)	(2,147,526)
	<u>18,093,721</u>	<u>972,604</u>	<u>-</u>	<u>716,290</u>	<u>1,688,894</u>	<u>19,782,615</u>

Notes to the financial statements (continued)

For the year ended 31 March 2020

28 Analysis of funds (continued)

Trust - as at 31 March 2019	Restricted	Unrestricted			Total	Trust Total
		Designated	Revaluation	General		
	£	£	£	£	£	£
Property, plant and equipment	7,213,148	477,515	-	739,045	1,216,560	8,429,708
Heritage assets	10,523,603	-	-	-	-	10,523,603
Inventories	-	-	-	275,574	275,574	275,574
Investment in subsidiaries	-	-	-	1,100	1,100	1,100
Debtors	-	674,214	-	694,438	1,368,652	1,368,652
Investments	-	-	-	343,079	343,079	343,079
Cash and cash equivalents	25,033	-	-	265,790	265,790	290,823
Creditors	-	-	-	(1,471,778)	(1,471,778)	(1,471,778)
	<u>17,761,784</u>	<u>1,151,729</u>	<u>-</u>	<u>847,248</u>	<u>1,998,977</u>	<u>19,760,761</u>

29 Restricted funds

Year ended 31 March 2020	At 1 April 2019 £	Transfers 2020 £	Income 2020 £	Expend- iture 2020 £	At 31 March 2020 £
Group and Trust					
Fixed asset funds	12,253,730	-	-	(1,201,848)	11,051,882
Education programmes	25,033	-	-	-	25,033
Other/NPO	123,451	-	363,204	(279,759)	206,896
Fitted Rigging House	5,359,570	887,659	633,537	(70,856)	6,809,910
	<u>17,761,784</u>	<u>887,659</u>	<u>996,741</u>	<u>(1,552,463)</u>	<u>18,093,721</u>

Year ended 31 March 2019	At 1 April 2018 £	Transfers 2020 £	Income 2020 £	Expend- iture 2020 £	At 31 March 2019 £
Group and Trust					
Fixed asset funds	13,357,735	97,849	-	(1,201,854)	12,253,730
Education programmes	25,033	-	-	-	25,033
Command of the Oceans	341,727	(97,849)	(36,328)	(207,550)	-
100 objects	(995)	-	995	-	-
Culture of Kent	957	-	-	(957)	-
Other/NPO	-	-	274,807	(151,356)	123,451
Fitted Rigging House	2,638,132	400,000	2,614,660	(293,222)	5,359,570
	<u>16,362,589</u>	<u>400,000</u>	<u>2,854,134</u>	<u>(1,854,939)</u>	<u>17,761,784</u>

Notes to the financial statements (continued)

For the year ended 31 March 2020

29 Restricted funds (continued)

The fixed asset funds represent the donations and grants received in previous years to fund capital expenditure; the balance of the funds represents the net book value of the related assets and the resources expended represents the annual depreciation of the related assets.

The Education programmes relate to various activities, designed to provide school children with educational activities relevant to the dockyard and its contribution to naval history.

The Fitted Rigging House project is to preserve the fitted rigging house, this being the last major building within the dockyard which has yet to be refurbished, to allow it to be used more productively.

100 Objects project was funded by Arts Council England with the objective of bringing curators and learning officers together with schools and teachers in Kent to develop an integrated, yet differentiated, museum and learning offer for the new national curriculum.

Culture of Kent was a project with Turner Contemporary and Culture Kent to use art as a platform to increase the Trust's engagement with wider audiences.

The Command of the Oceans project is a major project which involved the construction of a new visitor entrance, a Discovery Centre and the preservation of the timbers from HMS Namur. On completion of the project the funds represented by capital assets were transferred to the fixed asset funds.

Notes to the financial statements (continued)

For the year ended 31 March 2020

30 Unrestricted funds

Year ended 31 March 2020					
Group	At 1 April 2019 £	Gains/ Transfers 2020 £	Income in 2020 £	Expend- iture in 2020 £	At 31 March 2020 £
Designated funds					
- Fixed assets	477,515	82,453	-	(73,190)	486,778
- Maintenance and development	674,214	(672,604)	720,809	(236,593)	485,826
Revaluation	326,239	(74,829)	-	-	251,410
General	885,197	(208,162)	6,907,683	(6,830,124)	754,594
	<u>2,363,165</u>	<u>(873,142)</u>	<u>7,628,492</u>	<u>(7,139,907)</u>	<u>1,978,608</u>
Year ended 31 March 2019					
Group	At 1 April 2018 £	Gains/ Transfers 2019 £	Income in 2019 £	Expend- iture in 2019 £	At 31 March 2020 £
Designated funds					
- Fixed assets	527,347	10,908	-	(60,740)	477,515
- Maintenance and development	839,335	(174,061)	62,789	(53,849)	674,214
Revaluation	339,504	(13,265)	-	-	326,239
General	979,591	(196,336)	6,467,663	(6,365,721)	885,197
	<u>2,685,777</u>	<u>(372,754)</u>	<u>6,530,452</u>	<u>(6,480,310)</u>	<u>2,363,165</u>
Year ended 31 March 2020					
Trust	At 1 April 2019 £	Gains/ Transfers 2020 £	Income in 2020 £	Expend- iture in 2020 £	At 31 March 2020 £
Designated funds					
- Fixed assets	477,515	82,453	-	(73,190)	486,778
- Maintenance and development	674,214	(672,604)	720,809	(236,593)	485,826
General	847,248	(282,991)	5,606,282	(5,454,249)	716,290
	<u>1,998,977</u>	<u>(873,142)</u>	<u>6,327,091</u>	<u>(5,764,032)</u>	<u>1,688,894</u>
Year ended 31 March 2019					
Trust	At 1 April 2018 £	Gains/ Transfers 2019 £	Income in 2019 £	Expend- iture in 2019 £	At 31 March 2019 £
Designated funds					
- Fixed assets	527,347	10,908	-	(60,740)	477,515
- Maintenance and development	839,335	(174,061)	62,789	(53,849)	674,214
General	934,491	(196,336)	5,474,188	(5,365,095)	847,248
	<u>2,301,173</u>	<u>(359,489)</u>	<u>5,536,977</u>	<u>(5,479,684)</u>	<u>1,998,977</u>

Notes to the financial statements (continued)

For the year ended 31 March 2020

30 Unrestricted funds (continued)

The fixed assets fund presents funds used to acquire fixed assets and which are therefore not available for funding the Trust's day to day activities.

The Maintenance and Development Fund represents sums set aside for planned preventive maintenance and building refurbishment expenditure in future periods. The Trust's policy is to invest any surplus on unrestricted funds generated each year back into the core activities of the Trust and to that end any surplus generated less unrestricted capital expenditure up to £100,000 will be designated to fund planned preventive maintenance and building refurbishment. The transfer in the year represents the expenditure of funds designated in previous years net of the 2020 transfer into the fund. The amount transferred in the year is expected to be utilised in the coming year.

The transfer to the general reserve from the revaluation reserve arises on disposals and represents the realisation of previously recognised revaluation surpluses.

31 Reconciliation of net income to net cash outflow from operating activities

	2020 £	2019 £
Net (expenditure)/income	(52,620)	1,076,583
Depreciation of property, plant and equipment	772,011	842,945
Depreciation of heritage assets	503,181	417,766
Net loss on investment property	-	13,265
Profit on disposal of tangible fixed assets	4,090	-
Loss on disposal of investment properties	(4,045)	-
Rental income	(15,764)	-
Net gain on investments	(14,517)	(40,511)
(Decrease)/increase in inventories	64,215	(6,007)
(Increase)/decrease in debtors	(476,102)	944,346
Increase/(decrease) in creditors	658,453	(762,180)
Movement in deferred tax provision	-	(2,653)
Net cash provided by from operating activities	1,438,902	2,483,554

32 Analysis of net debt

	At 1 April 2019 £	Cash flows £	At 31 March 2020 £
Cash at bank and in hand	446,539	684,579	1,131,118
Loans	(550,000)	-	(550,000)
Net cash inflow from operating activities	(103,461)	684,579	581,118

Notes to the financial statements (continued)

For the year ended 31 March 2020

33 Operating lease commitments

At 31 March 2020 the Group was committed to making the following payments under non-cancellable operating leases in the coming years

	2020 £	2019 £
Due next year	-	2,836
	-	2,836

34 Related Party Transactions

The Trust has a number of transactions with its subsidiaries. The Trust provides accommodation, management, IT and other services to its subsidiaries, details of these are as follows:

	Chatham Historic Dockyard (Trading) Ltd £	Master Ropemakers Trading Ltd £	Historic Dockyard Property Ltd £	Historic Dockyard Property(2005) Ltd £	Total 2020 £
From the Trust:					
Employment recharges	329,110	67,726	-	-	396,836
Rent	19,000	-	-	-	19,000
Audit fee recharges	3,000	3,600	800	720	8,120
Postage costs	-	840	-	-	840
Utilities	3,705	-	-	-	3,705
Rope purchases	-	400,956	-	-	400,956
Finance and insurance costs	-	-	4,420	-	4,420
	<u>354,815</u>	<u>473,122</u>	<u>5,220</u>	<u>720</u>	<u>833,877</u>
Amounts owed from/(to):	<u>168,166</u>	<u>47,050</u>	<u>87,581</u>	<u>123,359</u>	<u>426,156</u>

Notes to the financial statements (continued)

For the year ended 31 March 2020

34 Related Party Transactions (continued)

	Chatham Historic Dockyard (Trading) Ltd £	Master Ropemakers Trading Ltd £	Historic Dockyard Property Ltd £	Historic Dockyard Property(2005) Ltd £	Total 2019 £
From the Trust:					
Employment recharges	314,097	80,310	-	-	394,407
Rent	19,000	-	-	-	19,000
Audit fee recharges	3,000	3,600	800	720	8,120
Postage costs	-	840	-	-	840
Utilities	7,398	-	-	-	7,398
Rope purchases	-	366,792	-	-	366,792
Finance and insurance costs	-	-	4,420	-	4,420
	<u>343,495</u>	<u>451,542</u>	<u>5,220</u>	<u>720</u>	<u>800,977</u>
Amounts owed from/(to):	<u>165,361</u>	<u>46,507</u>	<u>30,424</u>	<u>36,546</u>	<u>278,838</u>

The subsidiaries have committed to distribute any profits made, by way of charitable donation, to the Trust on an annual basis (see note 18).

The balances due from the subsidiaries are shown in note 21.

35 Financial instruments

	Group		Trust	
	2020 £	2019 £	2020 £	2019 £
Financial assets at fair value through profit or loss	<u>351,789</u>	<u>343,079</u>	<u>351,789</u>	<u>343,079</u>
Gain on financial assets at fair value through profit or loss	<u>14,517</u>	<u>40,511</u>	<u>14,517</u>	<u>40,511</u>

Financial assets at fair value through profit or loss are valued using quoted market prices in an active market.

The risk from financial instruments primarily arises from its bank deposits, where the Trust is exposed to credit risk. The Trust seeks to minimise this risk as far as possible risks by using a number of different banks each of which must each have a good credit rating. The Trust is also exposed to credit risk from the trade debtors of its subsidiaries, which it seeks to minimise by undertaking credits checks and restricting sales to customers in default.

The financial assets at fair value through profit or loss also give rise to market risks, which are managed by investing in common investment funds and by having a mix of listed investments and cash deposits.

Notes to the financial statements (continued)

For the year ended 31 March 2020

36 Post balance sheet event

Following the Covid-19 pandemic the Trust has now agreed with SELEP a re-phasing of the repayment of the loan of £550k with the final payment being made in March 2024 (originally March 2022) in order to improve the short term cash flow.

Also, the Trust investments with CCLA fell in March 2020 following Covid-19. However, these investments have now recovered to £402k at the time of writing (September 2020).