

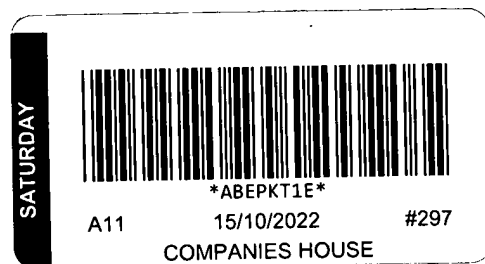
# The Chatham Historic Dockyard Trust

## Trustees' Report and Financial Statements

for the year ended 31 March 2022

Company number 01804108

Registered Charity number: 292101



## Vision

The most complete and best-preserved Dockyard of the Age of Sail will increase its impact through innovative reuses of our heritage assets making it ever more relevant to all users, providing excellent experiences for all and inspirational learning for the widest audiences.

## Our Strategic Objectives

### Preservation

To set the benchmark in maintaining excellence in the sympathetic preservation and use of The Historic Dockyard, its buildings, ships and collections through diverse re-use. Excellence in management of the heritage environment and building use will remain essential in preserving the unique, award-winning, historic character of the site.

### Learning

To engage the widest audiences 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 to nuclear power over a 400 year period.

Utilising on-site heritage assets as the foundation for an industry leading museum and heritage site, we will maximise our reach and capacity whilst maintaining quality in delivering inspirational programmes and engaging activities which will incorporate the best use of digital technology and outreach activities.

### Excellence

Providing excellence in everything we do, we will deliver an unmatched, inspirational and memorable experience for all users of The Historic Dockyard - whether visitors, tenants, residents or students - that exceed their expectations and maintains a balanced ecology of uses.

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

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**Patron**

HRH The Prince of Wales

**Vice Patrons at 31 March 2022**

Admiral of the Fleet Lord Boyce KG GCB OBE DL

Admiral Sir Ian Garnett KCB

The Rt. Hon Sir Timothy Sainsbury Kt PC

**Trustees and Board Members**

Admiral Sir Trevor Soar KCB OBE DL (Chairman)

Mr R Allison (Appointed 25/11/2021)

Sir Ian Andrews CBE, TD

Councillor Rodney Chambers OBE

Mr W A Corbett

Mr M Hallam (Resigned 25/11/2021)

Mr P D Hudson

Mr P Jackson OBE

Mrs S Matthews-Marsh MBE (Resigned 24/02/2022)

Miss S E Roots

Mr P K Sarwal

Mr D Wilson OBE

Mrs D Wells OBE (Appointed 24/05/2022)

**Secretary**

Mr C Langridge

**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 R Morsley

Mr P Barnard

Ms L Crisp

Mr R M Holdsworth MBE

Mr N Howard

Mr C Knott

Chief Executive

Chief Operating Officer

Director of Communications and Public Engagement (Appointed 01/04/2021)

Director of Heritage, Public Engagement and Learning (Retired 30/06/2021)

Director of the Historic Environment and Buildings

Financial Controller

**Bankers**

Barclays Bank PLC

13 Fremlin Walk

Maidstone

Kent ME14 1QG

**Auditor**

Azets Audit Services

Greytown House

Orpington, Kent BR6 0NZ

**Solicitors**

Cripps LLP

22 Mount Ephraim

Tunbridge Wells

Kent TN4 8AS

**Registered Office**

1<sup>st</sup> Floor North

Fitted Rigging House

The Historic Dockyard

Chatham

Kent

ME4 4TZ

Tel: 01634 823800 / [www.thedockyard.co.uk](http://www.thedockyard.co.uk)

The Trust gratefully acknowledges the financial and other support during 2021/22 of its Dockyard Ambassadors, and of its many stakeholders and funders, so essential to its successful operation.

Major Donors and Supporters during 2021/2022 (in alphabetical order):

Arts Council England  
BAE Systems  
DCMS Wolfson Museums and Galleries Improvements Fund  
The Department for Digital, Culture, Media and Sport (DCMS)  
The Garfield Weston Foundation  
Historic England  
Marsh Christian Trust  
Medway Council  
The Michael Uren Foundation  
National Lottery Heritage Fund  
South East LEP

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 2022

## **Chairman's Introduction**

It seems almost unimaginable that I am writing my third annual review through a lens of COVID. A third year where a global pandemic has hugely impacted our business.

This document reports against the period 1 April 2021 to 31 March 2022. Normally by the time a new financial year begins, our visitor attraction and museum has been open and trading for two months. On 1 April 2021 we were amid a national lockdown with cases of COVID rising around us. Whilst the lockdowns of 2021 were more relaxed than those initial restriction periods of 2020, we were not able to open our doors to paying visitors until 17 May - almost 4 months late and missing the crucial peak Easter holiday trading period.

## ***Achieving the Learning Purpose***

When we were finally able to open to visitors, we did so with the launch of a new temporary exhibition, Hidden Heroines: the untold stories of the women of the Dockyard. The exhibition was researched and developed entirely by our in-house team and marked the first time in the Trust's history that the stories of the Dockyard have been told through the voices of women.

Visitors returned but still exercised a degree of caution. As per 2020, we placed COVID safety messaging at the forefront of our communications and the work of our teams in delivering a safe but enjoyable day out continued to be reflected through positive TripAdvisor, Google and Facebook reviews.

In February, the 2022 visitor season began with a visit from our Patron, His Royal Highness The Prince of Wales. It was an honour to welcome him to the Dockyard and highlight the many developments across the estate since his last visit in 2013. Ever since he became Patron His Royal Highness has taken significant interest in the work of the Trust and has been very supportive throughout the pandemic. We were especially pleased that he chose to visit just two days in advance of our season opening as the visit attracted significant attention from both the national and local media.

## ***New Exhibitions***

Diving Deep: HMS Invincible 1744 tells the story of the Invincible, her sinking and subsequent fascinating discovery over 260 years later. The exhibition has been developed in partnership with the National Museum of the Royal Navy, Bournemouth University and Maritime Archaeology Sea Trust (MAST) with funding from the National Lottery Heritage Fund. Originally due to open in Chatham in 2020 but postponed due to COVID restrictions, the exhibition was officially opened by our research volunteers who worked tirelessly during the national lockdown periods developing content for the exhibition with our partners in Portsmouth.

Not content with one gallery opening, we unveiled a brand new Ropery Gallery in March. The new exhibition experience uses immersive film, hands-on interactives, and displays, to tell the story of rope and its place in British history, with over 400 years rooted in Chatham. It also houses one of the best collections of rope in the world thanks to the Trust acquiring Des Pawson MBE's vast collection of rope-making and rope related objects from his Museum of Knots & Sailor's Ropework in Ipswich.

## ***Achieving the Preservation Purpose***

With over 100 buildings and structures, including 47 ancient monuments, preservation on our historic estate can never stand still. Our strategy of 'preservation through reuse' remains effective and our commercial estate sustains an enviable rate of occupation.

This year our Historic Buildings team has refurbished The Old Surgery and carried out a major redecoration of Commissioner's House. Work on The Officer's Reading Room and former Guard House are ongoing with potential tenants already identified. The George III coat of arms on Main Gate has been cleaned and repainted using a staggering 100 books of 23.5ct gold leaf. The team has painstakingly cleaned, reset loose and dislodged paving, and regrouted The

# Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2022

Queen's Stairs, one of our Scheduled Ancient Monuments and the stairs a young Nelson used when joining his first commission at Chatham.

We are in the process of acquiring our 48th Scheduled Ancient Monument. In a partnership between Medway Council, the University of Kent's Institute of Cultural and Creative Industries and the Trust, the Police Section House, a Grade II listed Scheduled Ancient Monument will be developed into innovative new creative space called The Docking Station. This new development will become a high-quality international creative digital hub that provides cutting edge technologies, performance and training opportunities. Construction is planned for 2024.

Our trophy cabinet received some additional awards this year with the Fitted Rigging House winning The Royal Institute of British Architects (RIBA) South East Sustainability Award 2021 and the Trust being named overall regional winner as well as Client of the Year.

## External Support

Support through third-party sources has been imperative to the Trust's survival. During this period, we have been fortunate to receive significant grant support from the Arts Council England, the second round of the Department for Digital, Culture, Media and Sport (DCMS) Culture Recovery Fund, DCMS Wolfson Museums and Galleries Improvements Fund and the Garfield Weston Culture Fund, all of which have provided vital funding towards reopening costs, gallery development, essential maintenance and the continued delivery of our preservation charitable objective.

During this financial year we also received funding from the Levelling Up Fund to the value of £2.2m to develop the remainder of the Fitted Rigging House into c. 20,000 sqft of commercial office space.

## Succession Planning

I reported in my previous review that after nearly twenty years, long-standing Chief Executive, Bill Ferris CBE DL stood down at the end of August 2020. This year marked another significant departure from the senior team, with Director of Heritage, Visitor Experience and Learning, Richard Holdsworth MBE, retiring after a staggering 36 years' service. Richard joined Chatham Historic Dockyard Trust as its first Curator in 1985 and over the past three and a half decades, Richard has taken the Dockyard through periods of great change.

Whilst Richard has retired from day-to-day operational involvement, I am pleased to report that he remains with us in the position of Curator Emeritus and we continue to utilise his vast knowledge and expertise. Richard's announcement formed part of a managed succession programme for the Trust which has seen Richard Morsley appointed as Chief Executive (appointed September 2020) and Paul Barnard as Chief Operating Officer (appointed October 2020).

## Looking to the Future

As I write, we appear to be over the worst of the global pandemic with the impact of the virus largely mitigated through the defence provided by the vaccination programme. This year we are facing a whole new set of challenges and a cost-of-living crisis. Our success is underpinned by our people and, as Chairman, I am very proud of their remarkable achievements but as the purse strings tighten for many, we must remain relevant and appealing to all our audiences in an ever-changing economic landscape. We look to the future with a cautious confidence, during what we hope will be our first full season opening for 3 years. We have much to celebrate in the coming year, including HM Submarine Ocelot's 60th anniversary and, for the first time, we are making plans to open the Historic Dockyard for Christmas.

Admiral Sir Trevor Soar KCB OBE DL

Chairman



# Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2022

## **Strategic Report - Vision & Objectives**

### **Vision**

The most complete and best-preserved Dockyard of the Age of Sail will increase its impact through innovative reuses of our heritage assets making it ever more relevant to all users, providing excellent experiences for all and inspirational learning for the widest audiences.

### **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**

#### **Preservation**

To set the benchmark in maintaining excellence in the sympathetic preservation and use of The Historic Dockyard, its buildings, ships and collections through diverse re-use. Excellence in management of the heritage environment and building use will remain essential in preserving the unique, award-winning, historic character of the site.

#### **Learning**

To engage the widest audiences 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 to nuclear power over a 400 year period.

Utilising on-site heritage assets as the foundation for an industry leading museum and heritage site, we will maximise our reach and capacity whilst maintaining quality in delivering inspirational programmes and engaging activities which will incorporate the best use of digital technology and outreach activities.

#### **Excellence**

Providing excellence in everything we do, we will deliver an unmatched, inspirational and memorable experience for all users of The Historic Dockyard – whether visitors, tenants, residents or students – that exceed their expectations and maintains a balanced ecology of uses.

### **Achieving the Vision and Objectives**

#### **Learning**

The Trust has traditionally operated its ships, collections, open spaces, museums, galleries and programmes as a visitor attraction to meet the majority of its Learning objectives.

Before the pandemic there was an ambition to grow visitor numbers to 225-250K but with a fundamentally different operating environment and shifts in consumer behaviour, reaching such targets will not be achievable for several years.

Maintaining a connection with our audience via digital interaction was incredibly successful during 2020. This work proved that high quality digital engagement has a long-term role to play both in delivery of our charitable objectives and as a tool for promotion of on-site visits, so even when the visitor attraction and museum opened to visitors in May, digital engagement remained an integral part of the delivering the Learning objective.

The 2021 season ran from 17 May to 21 November and 58,013 visitors were welcomed through the doors. From 5th February to 31st March 2022, 21,733 visitors spent the day with us, resulting in 79,746 visitors for this reporting period.



# Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2022

## *Unveiling Untold Stories*

Hidden Heroines: the untold stories of the women of the Dockyard opened to visitors in No.1 Smithery in May 2021. The exhibition, conceived entirely by the in-house team, challenged preconceptions of all naval heroes being male and revealed the variety of fascinating roles women played on land and at sea.

Photographs, archive materials, extraordinary objects and soundscapes revealed previously untold stories from the Spinning Room and Sail and Colour Loft to tales of stowaways, transvestism, and the extraordinary women whose impact left a lasting legacy. The exhibition explored what women did during times of war and highlighted many colourful characters - including Jane Austen's sister-in-law Fanny, and Zandra Bradley, the first female apprentice.

## *Community Collaboration*

In partnership with the Mess Room, Kent Association for the Blind, Peer Arts and Deaf Peer Arts, we opened a new, temporary exhibition entitled "Hidden Heroines: by the Mess Room and Friends." The exhibition of artworks by local sight impaired, blind, deaf or hard of hearing artists was developed in response to 'Hidden Heroines: the untold stories of women of the Dockyard'. COVID-19 pandemic restrictions meant the art group were unable to meet for over a year and this project was developed to give local artists the opportunity to reconnect with each other and their local history. Every artist rose to the challenge of 'art homework' and as a result created an incredible exhibition.

## *Brand Partnership*

Announced on 'Talk Like a Pirate' day, we developed a brand partnership with Bloomsbury Children's Books to celebrate the paperback publication of the bestselling piratical adventure *Pirate Stew*, written by award-winning storyteller Neil Gaiman and illustrated by Chris Riddell. Throughout October families could join Long John McRon, Ship's Cook, on a new discovery trail around the Historic Dockyard, to locate his missing pirate crew and their unusual stew ingredients. Over 7,500 families enjoyed the discovery trail, joined storytelling sessions onboard HMS Gannet and tucked into doughnuts from Sally's Little Donut Shop.

## *Festivals in Full Swing*

The UK's premier wartime ensemble, The D-Day Darlings, headlined Salute to the '40s in September. After being postponed in 2020, the annual vintage festival returned with a packed programme of performances, dance workshops and military displays, all brought to life by incredible re-enactors. At 5,200, visitor numbers were lower than in previous years, but set against a backdrop of uncertainty around whether the event would be able to go ahead (rules around "mass gatherings" were constantly changing), the priority was to deliver a safe event for our visitors and our teams. Excellent feedback was received and plans for 2022 are already well underway.

The Trust was also delighted to host the inaugural Medway Gaming and Creative Festival on 3<sup>rd</sup> and 4<sup>th</sup> July 2021. This event was held in partnership with Medway Council and was one of the first major events to take place following the lifting of restrictions following COVID-19 lockdowns earlier in the year. The event welcomed 3,000 people (limited capacity for safety reasons) and was regarded as success leading to the further development of this event in 2022. The weekend welcomed a range of new audiences to the Historic Dockyard, further helping to delivery against our Learning objective.

## *Access Tours*

With thanks to funding from Arts Council England we were able pilot a series of access tours during 2021.

Two audio described tours took place, one focussing on Hidden Heroines: the untold stories of the women of the Dockyard and the second, covering Diving Deep: HMS Invincible 1744. The specially tailored events for blind and visually impaired audiences and their families were delivered by local artist Wendy Daws of the MESS ROOM, a community arts studio based at Sun Pier House, Chatham, who works closely with Kent Association for the Blind. Both tours were fully booked, and valuable feedback was gathered to inform a programme of tours for the 2022/23 season.

# Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2022

Led by a deaf British Sign Language (BSL) user and BSL tour-guide, we ran two BSL tours focussing on the Dockyard's buildings, ships, and the people who worked at Chatham. These tours were well received by the participants and further sessions are planned for 2022.

Working in partnership with Kent Autistic Trust and local charity, Club Ausome, we held our first relaxed opening afternoon during October half term. The afternoon was designed for visitors with autism, learning disabilities or sensory and communication needs, along with their families. The free to access afternoon ensured fewer visitors across the Dockyard and provided a quieter atmosphere. The inaugural relaxed afternoon sold out within 12 hours of the session being put online, clearly demonstrating a high demand for this type of experience. Feedback from visitors was overwhelmingly positive and we ran a further session during the Easter school holiday.

## *Diving Deep: HMS Invincible 1744*

In February we opened new, temporary exhibition Diving Deep: HMS Invincible 1744, an exciting maritime archaeological exhibition developed in partnership with the National Museum of the Royal Navy, Bournemouth University and the Maritime Archaeology Sea Trust (MAST) with funding from the National Lottery Heritage Fund. The exhibition allows visitors to tread the seabed virtually and investigate the exciting finds from HMS Invincible – an important 18th century battleship that ran aground on a sand bank over 260 years ago.

The exhibition was officially opened by our research volunteers who worked with our partners in Portsmouth to develop the exhibition content during the national lockdown periods. The work of the volunteers and their outstanding contribution to the exhibition was recognised with a prestigious Marsh Award for Museum Learning. The exhibition is showing in Chatham until November 2022.

## *New Permanent Ropery Gallery*

On 26 March we officially 'cut the rope' and opened a new Ropery Gallery tying together the amazing stories of the people whose lives are intertwined with the production of rope at Chatham. With thanks to funding via DCMS Wolfson Museums and Galleries Improvements Fund and the Garfield Weston Culture Fund, visitor capacity to this important gallery has now been doubled. The new exhibition uses immersive film, hands-on interactives, and displays, to tell the story of rope and its place in British history. It also houses one of the best collections of rope in the world thanks to the acquisition of Des Pawson MBE's vast collection of rope-making and rope related objects from his Museum of Knots & Sailor's Ropework in Ipswich. Produced by Brona Martin and Aki Pasoulas of the University of Kent and Andrew Knight-Hill from the University of Greenwich, a unique screen made of rope shows photographs as an audio soundscape play giving a sense of the sounds heard in the working Ropery.

Visitors see history brought to life in the immersive exhibition and take part in rope making before exiting on to our incredible ¼ mile long Rope Walk.

## **Preservation**

With over 100 buildings and structures, including 47 ancient monuments, preservation on our historic estate can never stand still. We achieve our charitable purpose of 'preservation' through our long-term 'Preservation through Reuse' strategy.

## *Caring for Scheduled Ancient Monuments*

This year our Historic Buildings team has refurbished The Old Surgery and carried out a major redecoration of Commissioner's House. Funded by the Historic England Heritage Recovery Fund, Scheduled Ancient Monument consent was granted for works to replace the defective stairway to the Commissioner's House balcony and to increase the height of the balustrade to meet building regulations.

The Queen's Stairs, the stairs a young Nelson used when joining his first commission at Chatham, have been stabilised and grouted, returning them to their former glory all whilst perfectly timing the work around the tide times for the River Medway.



# Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2022

Another Scheduled Ancient Monument, the Crew's Quarters Office, was four small offices with a narrow passage linking them. The team has refurbished the space to form one large open plan office, a meeting room and a small office for a total of 1100 sq ft accommodation.

The railings and lantern around the front of the Commissioner's House (Scheduled) were unfortunately hit by a vehicle which resulted in significant damage. A new Portland stone base block had been laid, the iron work cleaned and straightened and the lantern replaced incorporating parts from the original. The iron work has been set in lead using traditional methods and the whole assemble decorated.

We are in the process of acquiring our 48th Scheduled Ancient Monument. In a partnership between Medway Council, the University of Kent's Institute of Cultural and Creative Industries and the Trust, the Police Section House, a Grade II listed Scheduled Ancient Monument will be developed into innovative new creative space called The Docking Station. This new development will become a high-quality international creative digital hub that provides cutting edge technologies, performance and training opportunities. Construction is planned for 2024.

## *Historic Ship Maintenance*

The preservation of our historic ships is a huge part of what we do. Rot was discovered on a routine inspection of HMS Gannet so our historic ships team has been working with specialist TS Rigging. The team has uninstalled the spars, bringing them down in order so they can be serviced and repairs, using traditional methods, can be carried out to them. Gannet's mast will be reinstalled later in 2022.

## *Caring for Ancient Objects*

In 1811, George III commissioned a coat of arms on Coade stone to hang on the Main Gate (1720). During the summer our Historic Environment and Buildings team cleaned, painted and re-gilded the arms using almost 100 books of 24k Carat gold leaf. Before the metal finish was applied, years of dirt, grease and debris from every crease and corner of the heraldic crest was carefully removed. The restoration project took six weeks. The gate itself still requires further decoration and repair but the results showcase the team's expert craftsmanship. The gilding is expected to last until at least 2041.

## *Achieving Excellence*

As an independent charity our aim is to provide excellence in everything we do. We strive to deliver unmatched, inspirational and memorable experiences for all users of the Historic Dockyard – whether visitors, tenants, residents or students – that exceed their expectations.

Developing excellence is the key to unlocking income and creative development across a number of areas.

## *Quality Assured*

We believe that benchmarking against others and using external judgement through accredited schemes is the best way to assess achievement. We participate in the VisitEngland Visitor Attraction Quality Assurance Scheme (VAQAS) and we're pleased to report that for 2022 we received a score of 93 out of 100.

## *Travellers' Choice*

We are delighted to have been awarded the 2022 Tripadvisor Travellers' Choice Award, which recognises outstanding visitor experiences, for the 11th year running.

## *Investing in our people*

Investment in our staff and volunteers as an educational charity is fundamental to our culture and essential for our future success.

The challenges of operating the business over the last two years has placed a huge amount of strain on our teams. The Board of Trustees and Executive team worked hard to ensure all teams, whether on furlough, returning from furlough or in continuous employment, remained engaged and in touch with the organisation. Getting back to a sense of

# Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2022

normality and, for many, adjusting to the return to a physical workplace has not been easy. A series of new working practices, particularly around flexible working, were introduced to help aid the transition and to reflect the changing nature of the working environment, brought about by COVID. Despite these challenges, our teams have shown remarkable resilience and motivation, continuing to strive for excellence across all areas of our operation. We thank them for their continued support and energy shown during this difficult period.

We continue to manage talent within our organisation. Following the retirement of some long-standing members of the team, a succession planning process has engaged people at different levels of the Trust.

In addition to a new Executive team, a number of other key appointments were made to support development within the organisation, including:

James Morgan, Heritage Engineering and Historic Ships Manager (new appointment) - appointed June 2021

Nick Ball, Collections, Galleries and Interpretation Manager (new appointment) - appointed August 2021

Jessica Hopkins, Estate Manager (new appointment) - appointed September 2021

Karoline-Sofie Hennum, Conservator (new appointment) - appointed January 2022

Antonio Di Benedetto, Visitor Experience Manager (internal promotion) - appointed December 2021

In addition to the team, Professor Robert Allison CBE, the recently retired Vice Chancellor and President of Loughborough University, was appointed to the Board of Trustees in November 2021.

We have policies in place to encourage good relationships with 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 and safeguarding. A comprehensive staff handbook is issued to all new staff during induction and is available through internal systems.

Engaging diverse audiences and ensuring everyone has access to The Historic Dockyard Chatham is a priority. In February the Board of Trustees adopted a new Equality, Diversity and Inclusion strategy putting the importance of this work stream at the highest level. The strategy documents how we aim to better understand our barriers to entry and make The Historic Dockyard Chatham welcoming and inclusive for everyone.

## Staff Complement

Permanent 73

Seasonal 60

## Volunteers

The year saw the long-awaited return of our volunteer teams, after all volunteering activity was stopped during 2020. All volunteer groups returned by May 2021 and recruitment for new volunteers began shortly after. From railway operators to ship-keepers and conservators to researchers, volunteers are crucial to the operation of the Historic Dockyard and the Trust is forever grateful for the time and expertise our volunteers bring to the organisation.

## Trading activity

As an organisation we are committed to being entrepreneurial, dynamic and proactive whilst remaining focussed on activity that maximises charitable purpose. We use trading activity to generate income to further our core purpose.

# Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2022

## *Visitor Trading*

With the visitor attraction and museum closed to visitors, our Commercial Operations team had a challenging year but, when the full range of hospitality services were able to resume it was 'all hands on deck.'

Our consolidated trading result generated a net profit of £99k, with 'spend per head' hitting a record breaking high. We saw a positive return to weddings and corporate hire with the year-end income position being ahead of budget at £148,000.

## *Call the Midwife*

Call the Midwife location tours remain a popular choice for visitors and our costumed midwife guides took over 5600 fans through our official tour and gallery.

## *Filming*

We remain a popular choice for location managers with our filming business having a good year, generating over £296,000 in income.

## *Rope Sales*

Rope sales were £430k for the year versus £288k in 2020/21, an encouraging increase but still below pre-Covid volumes.

## **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.

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, Finance & General Purposes and Remuneration Committees as well as specially formed groups start-finish Committees, such as the Interface Land Committee, to focus particular scrutiny on areas considered to carry special significance and potential risk. The Audit Sub-Committee is comprised of 6 members (Pommy Sarwal, Tony Corbett, Paul Hudson, Sir Ian Andrews, David Philip and Sir Trevor Soar). The Committee meets twice a year (February and October).

The Remuneration Committee is comprised of 6 members (Tony Corbett, Sir Ian Andrews, Pommy Sarwal, Paul Hudson, David Philip and Sir Trevor Soar). The Committee meets at least twice a year (April and September) to consider pay conditions, any annual increases and performance related pay (where applicable).

# Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2022

## Financial Management Policies

Management of the finances of the Trust remains the immediate responsibility of the Financial Controller who 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, and then to the Board itself.

## Trust Net Expenditure

The consolidated Statement of Financial Activities for the year ending 31<sup>st</sup> March 2022 shows significant deficit of £999k on Net Expenditure but it should be noted that this deficit is due to a depreciation charge of £825k (£743k of which relates to depreciation of restricted assets) and restricted expenditure on projects for which the grant income was received in the prior year.

## 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. At 31 March 2022 this reserve stood at £780k due to charitable reserves being required to support the operation of the charity.

The Trust also maintains a designated development reserve of at least £400k (£732k at 31 March 2022), 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. The Trust also has a designated planned preventative maintenance reserve of £57k for future maintenance expenditure.

This will provide a minimum reserve of £800k but rising to a cash maximum of £1.4m when the development reserve is replenished by rentals received post project completion. The total free reserves at 31 March 2022 were £2,146k.

This policy is reviewed annually by the Trust Board.

## Investment Policy

Following the Trust's policy review in 2014/15, £400k, as part of the general reserve, has been placed in medium term low risk investments through CCLA. These investments have now increased to £656k on 31 March 2022.

## 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. 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.

# Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2022

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

In light of the Covid 19 pandemic, a COVID-19 specific risk register was created specifically to address this emerging crisis. This was reviewed on a regular basis by the Board of Management and the Finance and General Purposes Sub-Committee but is now integrated into the wider risk register.

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.

## **Fundraising,**

Support through third-party sources has been imperative to the Trust's survival. During this period, we have been fortunate to receive significant grant support from the Arts Council England, the DCMS Culture Recovery Fund, DCMS Wolfson Museums and Galleries Improvements Fund and the Garfield Weston Culture Fund.

### ***Culture Recovery Fund***

We received grant of £384,144 from the Government's £1.57 billion Culture Recovery Fund to help reopen to visitors and support recovery from the pandemic. The award helped achieve our reopening plans, supporting our day to day visitor operations, as well as an enhanced family programme, digital engagement, and collection care.

The grant also allowed wider promotion of a temporary exhibition, Hidden Heroines: the untold stories of the women of the Dockyard, helping to stimulate visits through the summer.

### ***DCMS***

We were awarded £194,000 from DCMS to support a range of Planned Preventative Maintenance projects.

### ***Business Interruption Grants***

We successfully secured £15,215 in Business Interruption Grants and a further £24,907 for Chatham Historic Dockyard Trading. These grants will continue until the point we reopen the Museum and Visitor Attraction w/c 17th May 2021.

### ***Business Restart Grants***

As part of the reopening process for the Museum and Visitor Attraction, we received a grant of £18,000 with an additional £8,000 for CHD Trading from Medway Council as part of a Government backed scheme.

### ***Coronavirus Job Retention Scheme***

We made use of the Government Coronavirus Job Retention Scheme. Our seasonal team remained on full time furlough until the point of reopening the Museum and Visitor Attraction (w/c 17th May) and a number of our permanent teams remained on flexible furlough until the end of September 2021.

### ***DCMS/Wolfson Museums and Galleries Improvements Fund and Garfield Weston Culture Fund***

The new Ropery Gallery project brought in external funding totalling c£250k from the DCMS/Wolfson Museums and Galleries Improvements Fund and the Garfield Weston Foundation Culture Fund.

### ***Individual Fundraising Activity***

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".

## Trustees' annual report incorporating the strategic report (continued)

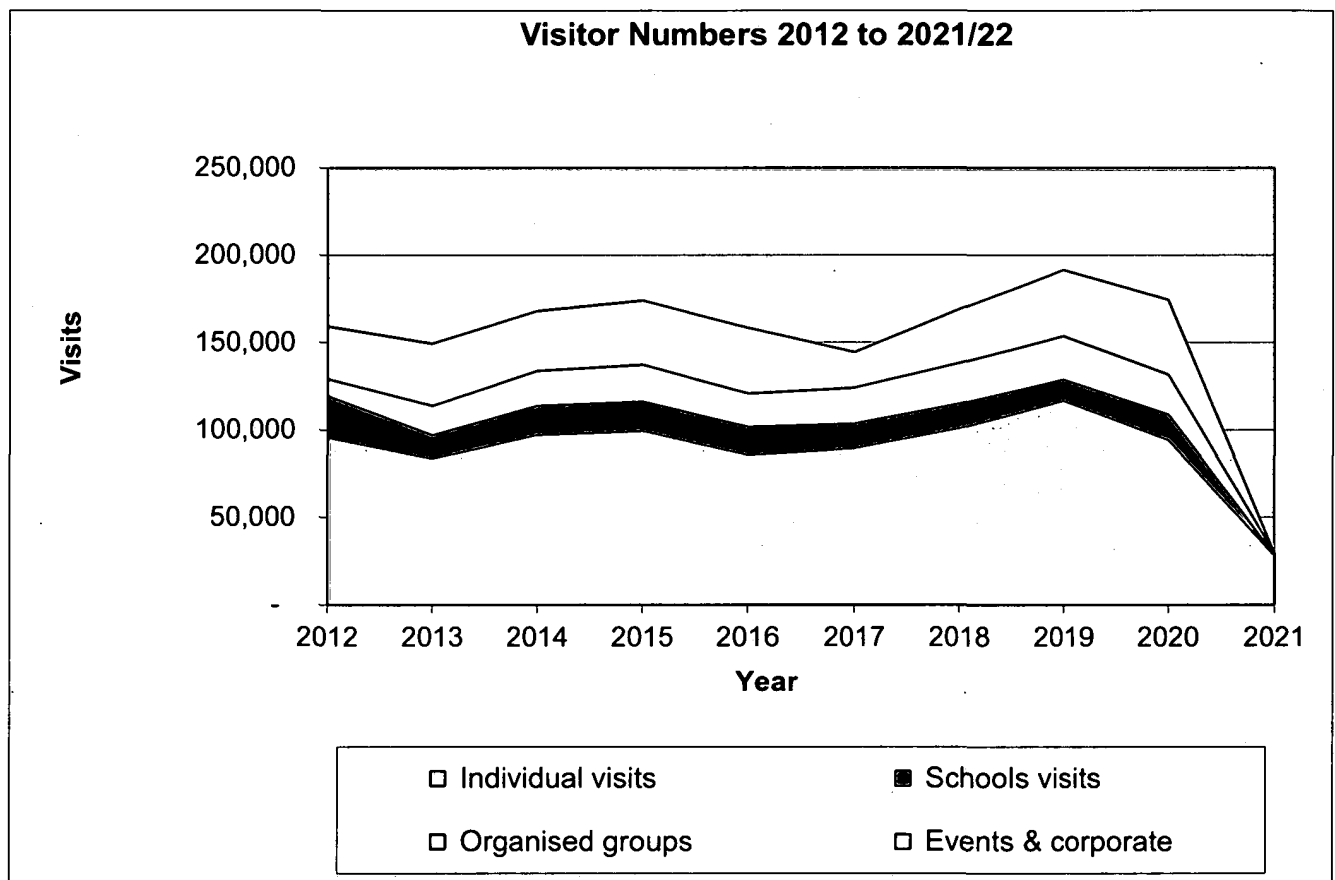
For the year ended 31 March 2022

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.

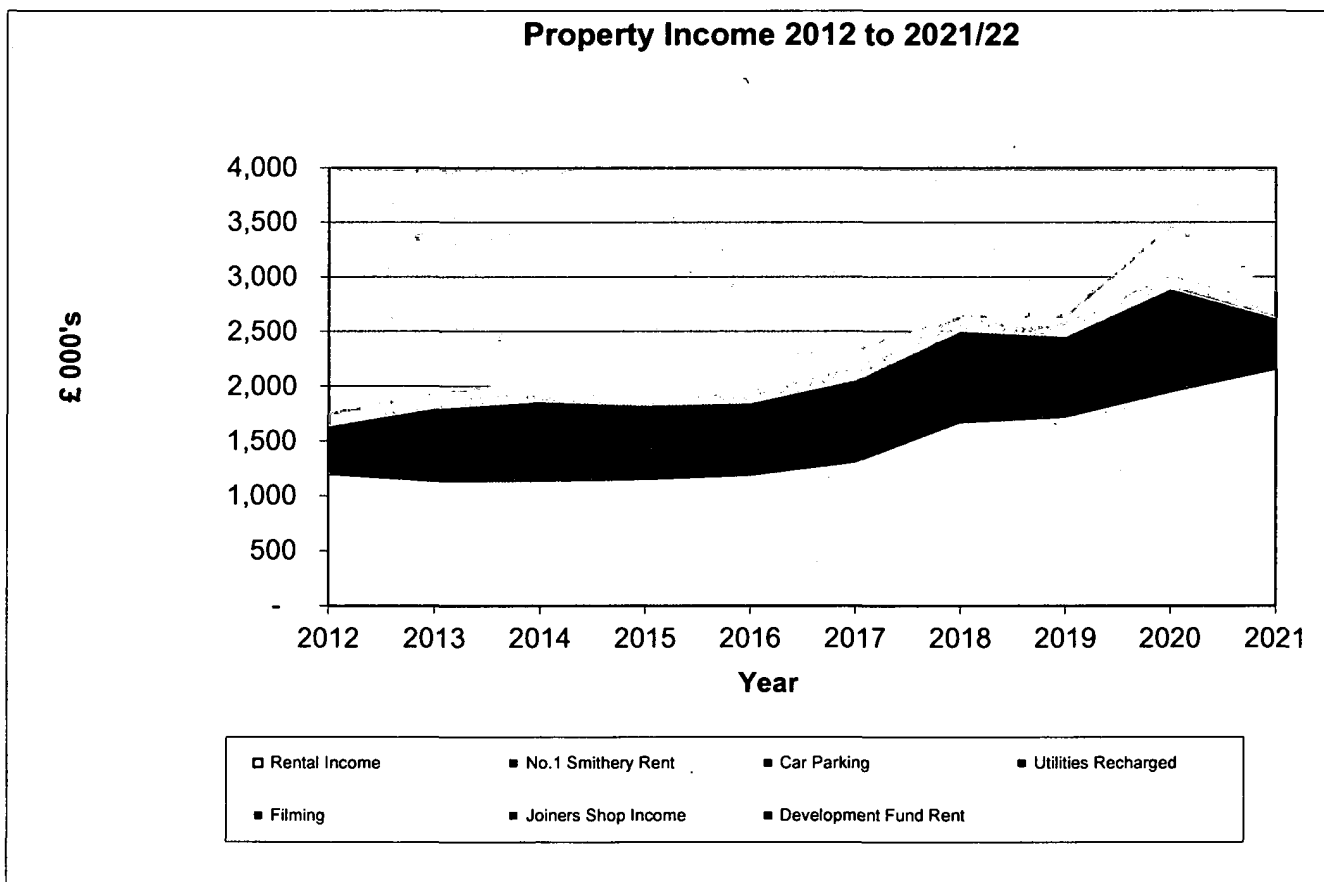
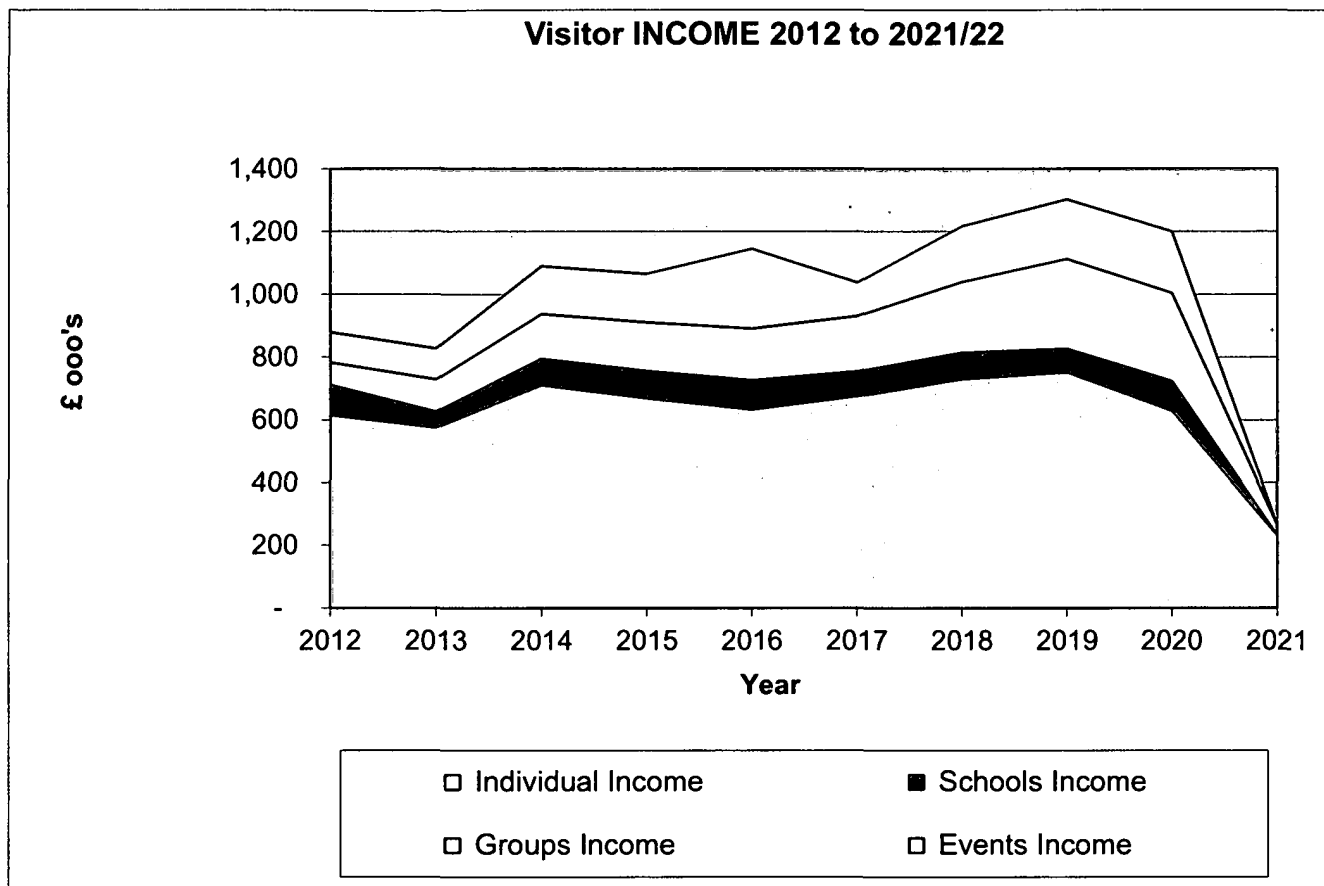
### Financial Statistics





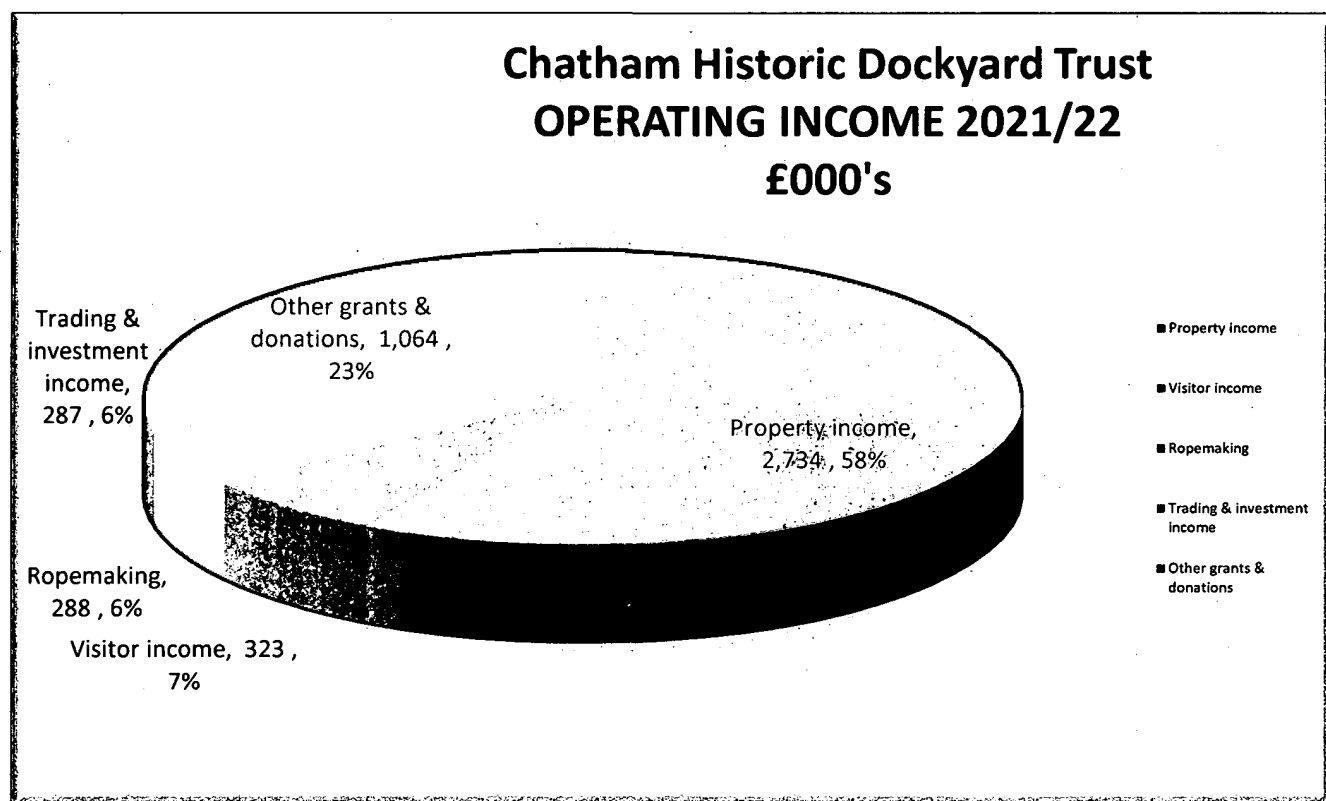
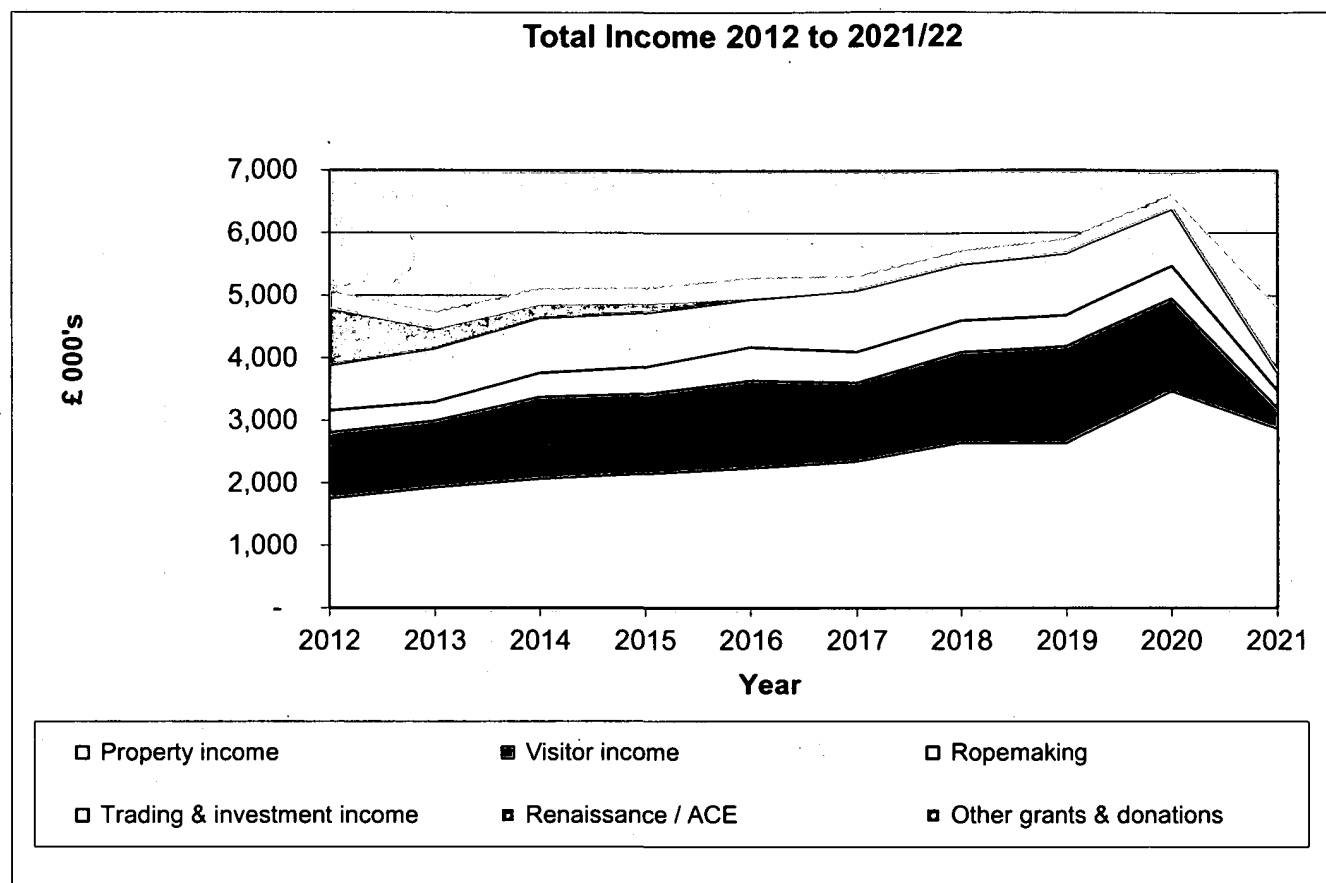
# Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2022



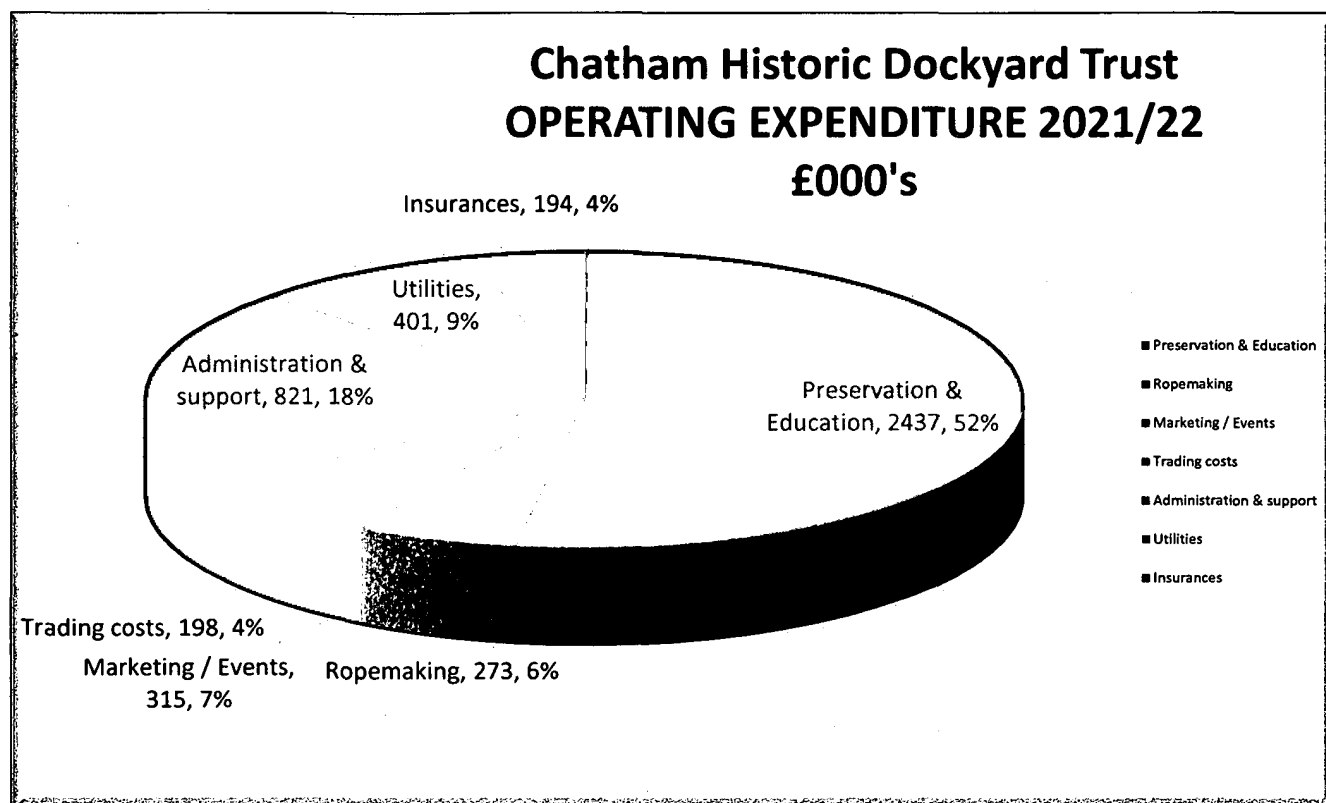
# Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2022



# Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2022



## 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 with the benefit of gift aid as a qualifying charitable donation.

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	£145k	£503k
Net Profit/(Loss)	£22k	£77k
Spend per visitor	£2.08	£6.07

### *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:

# Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2022

## Net Profit for the Year

Historic Dockyard Property Ltd (HDPL)	£19k
Historic Dockyard Property (2005) Ltd (HDPL 2005)	£95k

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 guided 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 £430k. There was a Net Profit of £112k 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.

## Energy Carbon Reporting

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (the 2018 Regulations) implement the government's policy on Streamlined Energy and Carbon Reporting (SECR). Although Chatham Historic Dockyard Trust currently falls outside of the SECR remit, the Trust commission a SECR report in order to voluntarily disclose Scope 1 and Scope 2 energy and carbon emissions for the 2021/21 fiscal year against a 2019/20 baseline.

The Trust fully acknowledges the climate change emergency and the urgency required to adapt and mitigate the effects of climate change. As a large multi operation estate with over 100 buildings, the Historic Dockyard Chatham is a large emitter of carbon through energy, water consumption, generated waste, purchase of supplier goods and transportation fuel. The Trust seeks to address the estate's carbon footprint by reducing operational energy within its buildings through adoption of green technologies, but equally through engagement with stakeholders to reduce energy demand. Moreover, the Trust seeks to assess current waste streams and energy drainers within operational activity in order to mitigate and reduce GHG emissions. Furthermore, the Trust recognises biodiversity loss from land development and human activity and will seek to restore and preserve natural ecosystems within the heritage estate.

Electricity	Streamlined Energy and Carbon Reporting Baseline Year 1st April 2019 – 31st March 2020	Streamlined Energy and Carbon Reporting Current Year 1st April 2021 – 31st March 2022
kWh	2,832,095	2,860,215
GHG Conversion Factors	0.25560	0.21233
kg CO <sub>2</sub> e	723,883	607,309
Emissions from purchased electricity tCO <sub>2</sub> e (Scope 2, Location Based)	724	607

Gas	Streamlined Energy and Carbon Reporting Baseline Year 1st April 2019 – 31st March 2020	Streamlined Energy and Carbon Reporting Current Year 1st April 2021 – 31st March 2022
kWh	3,397,532	3,403,479

# Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2022

<b>GHG Conversion Factors</b>	0.18385	0.18316
<b>kg CO<sub>2</sub>e</b>	624,636	623,381
<b>Emissions from combustion of gas tCO<sub>2</sub>e (Scope 1)</b>	625	623

## Methodology and Estimates

**Baseline Year: 1 April 2019 to 31 March 2020**

### Scope 1: Emissions from combustion of gas tCO<sub>2</sub>e

Location Based Tonnes of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e) are calculated from the product of the invoiced gas consumption in kWh during the previous reporting period and the 2019 UK Government GHG Conversion Factors for Company Reporting (version 1.3) for 'Natural Gas'.

### Scope 2: Location based: Emissions from purchased electricity tCO<sub>2</sub>e

Location Based Tonnes of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e) are calculated from the product of the above stated electricity consumption in kWh during the previous reporting period and the 2019 UK Government GHG Conversion Factors for Company Reporting (version 1.3) for 'Electricity Generated/Electricity: UK'.

### Scope 2, Market based: Emissions from purchased electricity tCO<sub>2</sub>e

Market based emissions are reported as 0 due to the fuel mix of the electricity purchased, as defined by the suppliers' fuel mix. Haven Power fuel mix: 100% REGO Backed Renewable Electricity.

### Intensity ratio:

The intensity ratio stated above has been calculated as Tonnes of CO<sub>2</sub>e per total square metres of property owned for Chatham Historic Dockyard as a whole (113,918m<sup>2</sup>).

**Current Year: 1 April 2021 to 31 March 2022**

### Scope 1: Emissions from combustion of gas tCO<sub>2</sub>e

Location Based Tonnes of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e) are calculated from the product of the invoiced gas consumption in kWh during the previous reporting period and the 2021 UK Government GHG Conversion Factors for Company Reporting (version 1.0) for 'Natural Gas'. Since 1 October 2020 CHDT has purchased Carbon Neutral Natural Gas as part of their Gas supply contract provided by Brook Green Supply Limited. For more information please visit <https://www.brookgreensupply.com/fuel-mix>.

### Scope 2: Location based: Emissions from purchased electricity tCO<sub>2</sub>e

Location Based Tonnes of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e) are calculated from the product of the above stated electricity consumption in kWh during the current reporting period and the 2021 UK Government GHG Conversion Factors for Company Reporting (version 1.0) for 'Electricity Generated/Electricity: UK'.

### Scope 2, Market based: Emissions from purchased electricity tCO<sub>2</sub>e

Market Based Emissions are reported as 0 due to the fuel mix of the electricity purchased, as defined by the suppliers' fuel mix. Haven Power fuel mix: 100% REGO Backed Renewable Electricity.

### Intensity ratio:

The intensity ratio stated above has been calculated as Tonnes of CO<sub>2</sub>e per total square metres of property owned for Chatham Historic Dockyard as a whole (113,918m<sup>2</sup>).

## Provision of Information to the Auditor

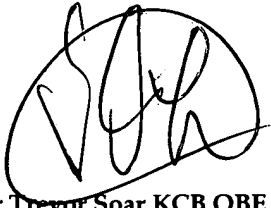
In accordance with company law, as Trustees we confirm that:

- 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.

# Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2022

The Trustees' Annual Report, incorporating the Strategic Report, is approved by the Board of Trustees and signed on 21<sup>st</sup> September 2022 behalf of the Trustees.

A handwritten signature in black ink, appearing to be 'T Soar', enclosed within a large, loopy oval shape.

**Admiral Sir Trevor Soar KCB OBE DL**  
Chairman

Date:

The Historic Dockyard  
Chatham  
Kent ME4 4TZ

# Statement of Responsibilities of the Trustees

For the year ended 31 March 2022

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**

For the year ended 31 March 2022

## **Opinion**

We have audited the financial statements of Chatham Historic Dockyard Trust (the parent charitable company) and its subsidiaries (the group) for the year ended 31 March 2022 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Charitable Company Balance Sheet, the Consolidated Cash Flow Statement and the related notes. 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 (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group and parent charitable company's affairs as at 31 March 2022, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis of 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 charitable company in accordance with the ethical requirements that are 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 relating 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's or 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.

## **Other information**

The trustees are responsible for the 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. 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.



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

For the year ended 31 March 2022

### **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 (incorporating the [strategic report and the] directors' report) 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 have been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of our knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report and the directors' report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.

### **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 13, 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 determine 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 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 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**

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.

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

For the year ended 31 March 2022

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;

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

For the year ended 31 March 2022

- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

### 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.

*Azets Audit Services*

Michelle Wilkes (Senior Statutory Auditor)

For and on behalf of Azets Audit Services

Greytown House

221 - 227 High Street

Kent, BR6 0NZ

Date: 7/10/22

# Consolidated Statement of Financial Activities

(Incorporating the income and expenditure account)

For the year ended 31 March 2022

	Notes	Unrestricted funds	Restricted Funds		Total 2022	Total 2021
		£	Fitted Rigging House	Other	£	£
<b>Income from:</b>						
Donations and grants	4	178,051	-	837,991	1,016,042	1,994,557
Charitable activities	5	4,391,250	-	-	4,391,250	3,253,910
Other trading activities	6	1,397,436	-	-	1,397,436	928,895
Investments	7	2,506	-	-	2,506	3,646
Other income	8	(900)	-	-	(900)	3,190
<b>Total income</b>		<b>5,968,343</b>	<b>-</b>	<b>837,991</b>	<b>6,806,334</b>	<b>6,184,198</b>
<b>Expenditure on:</b>						
Raising funds	9	1,470,207	-	-	1,470,207	1,020,090
Charitable activities						
Preservation	10	2,501,721	189,032	184,838	2,875,591	2,105,594
Education	11	2,038,645	-	1,463,935	3,502,580	3,633,228
<b>Total charitable activities</b>		<b>4,540,366</b>	<b>189,032</b>	<b>1,648,773</b>	<b>6,378,171</b>	<b>5,738,822</b>
<b>Total expenditure</b>		<b>6,010,573</b>	<b>189,032</b>	<b>1,648,773</b>	<b>7,848,378</b>	<b>6,758,912</b>
<b>Net expenditure before gains and losses</b>		<b>(42,230)</b>	<b>(189,032)</b>	<b>(810,782)</b>	<b>(1,042,044)</b>	<b>(574,714)</b>
Net gains on investments		67,380	-	-	67,380	86,347
Net gains on investment property		(21,150)	-	-	(21,150)	72,668
<b>Net expenditure</b>	14	<b>4,000</b>	<b>(189,032)</b>	<b>(810,782)</b>	<b>(995,814)</b>	<b>(415,699)</b>
Transfers between funds	29	-	-	-	-	-
<b>Net movement in funds</b>		<b>4,000</b>	<b>(189,032)</b>	<b>(810,782)</b>	<b>(995,814)</b>	<b>(415,699)</b>
Funds as at 1 April 2021		2,142,031	6,820,878	10,693,721	19,656,630	20,072,329
<b>Funds as at 31 March 2022</b>	29,30	<b>2,146,031</b>	<b>6,631,846</b>	<b>9,882,939</b>	<b>18,660,816</b>	<b>19,656,630</b>

All amounts relate to continuing activities.

The notes on pages 30 to 57 form part of these financial statements.

# Consolidated Statement of Financial Activities

(Incorporating the income and expenditure account)

For the year ended 31 March 2022

	Notes	Unrestricted funds	Restricted Funds		Total 2021	Total 2020
		£	Fitted Rigging House	Other	£	£
<b>Income from:</b>						
Donations and grants	4	1,102,712	-	891,845	1,994,557	1,522,611
Charitable activities	5	3,253,910	-	-	3,253,910	4,823,380
Other trading activities	6	928,895	-	-	928,895	2,275,203
Investments	7	3,646	-	-	3,646	39
Other income	8	3,190	-	-	3,190	4,000
<b>Total income</b>		<b>5,292,353</b>	<b>-</b>	<b>891,845</b>	<b>6,184,198</b>	<b>8,625,233</b>
<b>Expenditure on:</b>						
Raising funds	9	1,020,090	-	-	1,020,090	2,215,749
Charitable activities						
Preservation	10	1,768,622	189,032	147,940	2,105,594	2,609,012
Education	11	2,282,527	-	1,350,701	3,633,228	3,867,609
<b>Total charitable activities</b>		<b>4,051,149</b>	<b>189,032</b>	<b>1,498,641</b>	<b>5,738,822</b>	<b>6,476,621</b>
<b>Total expenditure</b>		<b>5,071,239</b>	<b>189,032</b>	<b>1,498,641</b>	<b>6,758,912</b>	<b>8,692,370</b>
<b>Net income/(expenditure) before gains and losses</b>		<b>221,114</b>	<b>(189,032)</b>	<b>(606,796)</b>	<b>(574,714)</b>	<b>(67,137)</b>
Net gains on investments		86,347	-	-	86,347	14,517
Net gains on investment property		72,668	-	-	72,668	-
<b>Net income (expenditure)</b>	14	<b>380,129</b>	<b>(189,032)</b>	<b>(606,796)</b>	<b>(415,699)</b>	<b>(52,620)</b>
Transfers between funds	29	(216,706)	200,000	16,706	-	-
<b>Net movement in funds</b>		<b>163,423</b>	<b>10,968</b>	<b>(590,090)</b>	<b>(415,699)</b>	<b>(52,620)</b>
Funds as at 1 April 2020		1,978,608	6,809,910	11,283,811	20,072,329	20,124,949
<b>Funds as at 31 March 2021</b>	29,30	<b>2,142,031</b>	<b>6,820,878</b>	<b>10,693,721</b>	<b>19,656,630</b>	<b>20,072,329</b>

All amounts relate to continuing activities.

The notes on pages 30 to 57 form part of these financial statements.

# Consolidated and Trust Balance Sheets


As at 31 March 2022

	Notes	Consolidated 2022 £	2021 £	Trust 2022 £	2021 £
<b>Fixed assets</b>					
Property plant and equipment	15	1,264,618	1,508,274	1,256,467	1,497,989
Heritage assets	16	15,568,222	16,092,669	15,568,222	16,092,669
Investment properties	17	310,554	331,704	-	-
Investments in subsidiaries	18	-	-	1,100	1,100
Listed investments	19	655,516	438,136	655,516	438,136
		<u>17,798,910</u>	<u>18,370,783</u>	<u>17,481,305</u>	<u>18,029,894</u>
<b>Current assets</b>					
Inventories	20	270,257	241,164	211,623	190,880
Debtors	21	1,010,581	919,685	1,350,501	1,252,818
Cash and cash equivalents		1,502,568	1,651,443	1,115,970	1,312,271
		<u>2,783,406</u>	<u>2,812,292</u>	<u>2,678,094</u>	<u>2,755,969</u>
<b>Creditors: amounts falling due within one year</b>	22	<u>(1,412,495)</u>	<u>(1,010,104)</u>	<u>(1,340,006)</u>	<u>(983,638)</u>
<b>Net current assets</b>		<u>1,370,911</u>	<u>1,802,188</u>	<u>1,338,088</u>	<u>1,772,331</u>
<b>Total assets less current liabilities</b>		<u>19,169,821</u>	<u>20,172,971</u>	<u>18,819,393</u>	<u>19,802,225</u>
<b>Creditors: amounts falling due after more than one year</b>	23	<u>(450,000)</u>	<u>(450,000)</u>	<u>(450,000)</u>	<u>(450,000)</u>
Provision for deferred tax	25	<u>(59,005)</u>	<u>(66,341)</u>	-	-
<b>Net assets</b>	28	<u>18,660,816</u>	<u>19,656,630</u>	<u>18,369,393</u>	<u>19,352,225</u>
<b>Funds employed</b>					
<b>Restricted funds</b>					
Fitted Rigging House		6,631,846	6,820,878	6,631,846	6,820,878
Other		9,882,939	10,693,721	9,882,939	10,693,721
<b>Total restricted funds</b>	29	<u>16,514,785</u>	<u>17,514,599</u>	<u>16,514,785</u>	<u>17,514,599</u>
<b>Unrestricted funds</b>					
Designated funds	30	1,119,483	1,077,669	1,119,483	1,077,669
Revaluation reserve	30	246,321	264,365	-	-
General	30	780,227	799,997	735,125	759,957
	30	<u>2,146,031</u>	<u>2,142,031</u>	<u>1,854,608</u>	<u>1,837,626</u>
		<u>18,660,816</u>	<u>19,656,630</u>	<u>18,369,393</u>	<u>19,352,225</u>

# Consolidated and Trust Balance Sheets

As at 31 March 2022

The financial statements were approved and authorised for issue by the Trustees on 21<sup>st</sup> September 2022. In accordance with section 408 of the Companies Act 2006, a separate Statement of Financial Activities for the charity has not been presented. The deficit attributable to the Trust for the year was £ 998,920 (2021- deficit of £415,669). Income attributable to the Trust for the year was £ 6,151,768 (2021- £5,712,051).

A handwritten signature in black ink, consisting of stylized, overlapping loops and a long horizontal stroke extending to the right.

**Admiral Sir Trevor Soar**  
Chairman

Company number 01804108

The notes on pages 30 to 57 form part of these financial statements

# Consolidated statement of cash flows

For the year ended 31 March 2022

	Notes	2022 £	2021 £
<b>Net cash from operating activities</b>	31	<u>124,745</u>	<u>491,814</u>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment		(60,996)	(27,968)
Proceeds from the disposal of property, plant and equipment		-	-
Proceeds from the disposal of investment properties		21,150	40,680
Net gain on investments		-	-
Purchase of investments		(150,000)	-
Income from investment property		<u>16,242</u>	<u>15,799</u>
		<u>(173,620)</u>	<u>28,511</u>
<b>Cash flow from financing activities</b>			
Loan repayments		<u>(100,000)</u>	<u>-</u>
		<u>(100,000)</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>		(148,875)	520,325
Cash and cash equivalents at the beginning of the year		<u>1,651,443</u>	<u>1,131,118</u>
<b>Cash and cash equivalents at the end of the year</b>		<u>1,502,568</u>	<u>1,651,443</u>
<b>Cash and cash equivalents at the end of the year</b>			
Restricted fund		-	25,033
Unrestricted funds		<u>1,502,568</u>	<u>1,626,410</u>
<b>Cash and cash equivalents at the end of the year</b>		<u>1,502,568</u>	<u>1,651,443</u>

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

The notes on pages 30 to 57 form part of these financial statements.



# Notes to the financial statements

For the year ended 31 March 2022

## 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 2<sup>nd</sup> 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.

### *Going concern*

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 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.

# Notes to the financial statements (continued)

For the year ended 31 March 2022

## 2. Accounting policies (continued)

### *Going concern (continued)*

The Trustees will continue to review plans with the CHDT Executive Team to make the necessary changes to remain within the free reserves level over the coming two years and indeed the life of the current Corporate Plan. The Trust 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.

### *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 2022

## 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.

Payments received from the government for furloughed employees are a form of grant. This grant money is receivable as compensation for expenses already incurred, and where this is not in respect of future related costs, is recognised in income in the period in which it becomes receivable and the related expense is incurred.

### *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.

# Notes to the financial statements (continued)

For the year ended 31 March 2022

## 2. Accounting policies (continued)

### *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.

### *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 2022

## 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. Assets costing less than £500 are written off in the period of acquisition.

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 2022

## 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 2022

## 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 2022

## 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 2022

## 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 2022

## 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

	Unrestricted £	Restricted £	Total 2022 £	Total 2021 £
Government grants				
- Department for Digital, Culture, Media & Sport	-	196,000	196,000	198,381
- Arts Council England (ACE)	-	633,652	633,652	492,508
Other grants	166,550	8,339	174,889	1,239,259
Donations	11,501	-	11,501	64,409
	<u>178,051</u>	<u>837,991</u>	<u>1,016,042</u>	<u>1,994,557</u>

In addition to the reliefs from taxation advanced to all charities, government support included income via the CJRS scheme. This is included above in the subtotal 'other grants'.

The Trust gratefully acknowledges the support of the National Lottery Heritage Fund, the John Swire 1989 Charitable Trust, Historic England, Royal Opera House Learning and the Arts Council England.

## 5 Income from charitable activities

	2022 £	2021 £
Preservation - rent & service charges	3,339,318	2,970,187
Education - visitor admissions	1,051,932	283,723
	<u>4,391,250</u>	<u>3,253,910</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 2022

## 6 Income from other trading activities

	2022 £	2021 £
Income from sale of goods		
Retail – gift shop	90,361	46,640
Sales of rope products	479,362	277,161
Catering	457,113	135,549
Income from provision of services		
Weddings & other functions	210,436	26,066
Property income	158,847	205,425
Other miscellaneous income	1,317	238,054
	<u>1,397,436</u>	<u>928,895</u>

## 7 Income from investments

	2022 £	2021 £
Fixed interest on cash deposits	<u>2,506</u>	<u>3,646</u>

## 8 Other income

	2022 £	2021 £
(Loss) / Profit on disposal of fixed asset	<u>(900)</u>	<u>3,190</u>

## Future income from non-cancellable operating leases

	2022 £	2021 £
The Group is due to receive the following amounts under non-cancellable operating leases:		
Due next year	1,719,841	1,215,328
Due in 2 to 5 years	5,428,072	4,547,691
Due after more than 5 years	<u>11,107,588</u>	<u>10,820,088</u>
	<u>18,255,501</u>	<u>16,583,107</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 2022

## 9 Expenditure on raising funds

	2022 £	2021 £
Incurred by the Trust	488,702	335,255
Incurred by the trading subsidiaries	627,300	524,766
Depreciation	4,076	5,463
	<u>1,120,078</u>	<u>865,484</u>
Support costs allocated to raising funds (see note 12)	350,129	154,606
	<u>1,470,207</u>	<u>1,020,090</u>

Included in expenditure incurred by the trading subsidiaries are wages costs amounting to £244,058 + £24,144 (2021: £288,627).

## 10 Expenditure on preservation

	2022 £	2021 £
Staff and associated costs	330,402	257,009
Maintenance costs	805,436	441,285
Utilities	445,193	401,363
Other direct costs	476,525	335,350
Depreciation	151,657	336,972
Allocated support costs (see note 12)	666,378	333,615
	<u>2,875,591</u>	<u>2,105,594</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

	2022 £	2021 £
Staff and associated costs	999,408	1,312,747
Other direct costs	1,467,907	970,252
Depreciation	673,366	613,388
Other project expenditure	22,888	28,754
Maintenance	186,339	75,572
Allocated support costs (see note 12)	152,672	632,515
	<u>3,502,580</u>	<u>3,633,228</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 2022

## 12 Support costs

	2022 £	2021 £
Staff and associated costs	786,994	797,903
Office costs	89,622	61,271
Professional fees	25,233	20,845
Insurances	221,222	194,435
Other costs	23,832	1,307
Governance costs	22,276	44,975
	<u>1,169,179</u>	<u>1,120,736</u>

Support costs are allocated as follows:	2022 £	2021 £
Raising funds	350,129	154,606
Education	152,672	632,518
Preservation	666,378	333,615
	<u>1,169,179</u>	<u>1,120,736</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	2022 £	2021 £
Wages and salaries	2,372,952	2,445,973
Social security costs	188,590	193,723
Pension scheme – defined contribution scheme	139,206	154,097
	<u>2,700,748</u>	<u>2,793,793</u>

Trust	2022 £	2021 £
Wages and salaries	2,145,671	2,180,563
Social security costs	168,157	176,993
Pension scheme – defined contribution scheme	120,931	142,227
	<u>2,434,759</u>	<u>2,499,783</u>

## Notes to the financial statements (continued)

For the year ended 31 March 2022

### 13 Wages and salaries (continued)

Average no. of persons employed:	Group 2022 Number	2021 Number	Trust 2022 Number	2021 Number
Preservation	20	22	20	22
Education	78	80	78	80
Ropemaking	7	8	7	8
Catering & retail	20	19	-	-
Support	8	11	8	11
	<u>133</u>	<u>140</u>	<u>113</u>	<u>121</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:

	2022 Number	2021 Number
£60,001 - £70,000	1	-
£70,001 - £80,000	1	2
£80,001 - £90,000	<u>1</u>	<u>-</u>

Contributions in the year for the provision of money purchase benefits to higher paid employees totalled £20,661 (2021: £13,157).

During the year statutory redundancy payments of £ nil (2021 - £44,613) were paid. An ex-gratia payment of £nil (2021 - £nil) 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 £30,721 for Sir Trevor (2021 - £29,177 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 3 (2021 - £nil) Trustees in respect of the cost of attending meetings amounted to £289 (2021 - £Nil).

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:

	2022 £	2021 £
Key management remuneration (2022: 6 people; 2021 9)	<u>455,926</u>	<u>570,202</u>

# Notes to the financial statements (continued)

For the year ended 31 March 2022

## 14 Net income

	2022 £	2021 £
Net income is stated after charging:		
Depreciation of tangible assets:		
- Property, plant and equipment	534,465	431,010
- Heritage assets	294,454	524,813
Auditor's remuneration:		
- Audit (Trust)	13,750	38,565
- Audit underprovision	(1,224)	-
- Audit (Subsidiaries)	9,750	7,400
- Non audit services paid to companies associated with the auditors	6,000	6,410
Income received under non-cancellable operating leases	1,336,113	1,403,496
Operating lease charges	907	907

## 15 Tangible fixed assets - Property plant and equipment

Group	Fixtures, fittings and equipment £	Galleries £	Total £
<b>Cost</b>			
1 April 2021	7,553,692	6,935,505	14,489,197
Additions	57,619	3,377	60,996
<b>31 March 2022</b>	<b>7,611,311</b>	<b>6,938,882</b>	<b>14,550,193</b>
<b>Depreciation</b>			
1 April 2021	6,805,117	6,175,806	12,980,923
Charge for year	152,487	152,165	304,652
<b>31 March 2022</b>	<b>6,957,604</b>	<b>6,327,971</b>	<b>13,285,575</b>
<b>Net book value</b>			
<b>31 March 2022</b>	<b>653,707</b>	<b>610,911</b>	<b>1,264,618</b>
31 March 2021	748,575	759,699	1,508,274

# Notes to the financial statements (continued)

For the year ended 31 March 2022

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

Trust	Fixtures, fittings and equipment £	Galleries £	Total £
<b>Cost</b>			
1 April 2021	7,420,006	6,935,505	14,355,511
Additions	55,679	3,377	59,056
<b>31 March 2022</b>	<u>7,475,685</u>	<u>6,938,882</u>	<u>14,414,567</u>
<b>Depreciation</b>			
1 April 2021	6,681,716	6,175,806	12,857,522
Charge for year	148,413	152,165	300,578
<b>31 March 2022</b>	<u>6,830,129</u>	<u>6,327,971</u>	<u>13,158,100</u>
<b>Net book value</b>			
<b>31 March 2022</b>	<u>645,556</u>	<u>610,911</u>	<u>1,256,467</u>
31 March 2021	<u>738,290</u>	<u>759,699</u>	<u>1,497,989</u>

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 £
<b>Cost</b>				
1 April 2021	21,389,779	3,344,642	144,000	24,878,421
<b>31 March 2022</b>	<u>21,389,779</u>	<u>3,344,642</u>	<u>144,000</u>	<u>24,878,241</u>
<b>Depreciation</b>				
1 April 2021	5,441,110	3,344,642	-	8,785,752
Charge for year	524,447	-	-	524,447
<b>31 March 2022</b>	<u>5,965,557</u>	<u>3,344,642</u>	<u>-</u>	<u>9,310,199</u>
<b>Net book value</b>				
<b>31 March 2022</b>	<u>15,424,222</u>	<u>-</u>	<u>144,000</u>	<u>15,568,222</u>
31 March 2021	<u>15,948,669</u>	<u>-</u>	<u>144,000</u>	<u>16,092,669</u>



# Notes to the financial statements (continued)

For the year ended 31 March 2022

## 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.

## Notes to the financial statements (continued)

For the year ended 31 March 2022

### 17 Investment Properties

Group	2022 £	2021 £
1 April	331,704	330,313
Disposals	(21,150)	(43,870)
Revaluation	-	45,261
31 March	<u>310,554</u>	<u>331,704</u>

The investment properties are valued by reference to the rental yield established by recent sales of properties as determined by independent valuers and applying that yield to the rental income stream from ongoing investment properties. The directors have carried out that valuation at 31<sup>st</sup> March 2022 and the revaluation is £21,150.

### 18 Investments – shares in subsidiary companies – Trust

	Share Capital £	Total £
At 31 March 2021 and 31 March 2022	<u>1,100</u>	<u>1,100</u>

The subsidiary companies at 31 March 2022 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 2022

## 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 £
<b>Year ended 31 March 2022</b>				
Turnover	429,953	16,242	118,426	695,545
Expenditure	(317,321)	(18,348)	(23,680)	(596,337)
Taxation	-	7,336	-	-
Transfer from revaluation reserve	-	18,044	-	-
Distribution to the Trust	(112,632)	(23,274)	(94,746)	(94,153)
Result for the year	-	-	-	5,055
<b>As at 31 March 2022</b>				
Assets	169,612	349,928	152,703	177,329
Creditors and provisions	(144,612)	(102,607)	(152,603)	(157,229)
Net assets	25,000	247,321	100	20,100
<b>Year ended 31 March 2021</b>				
Turnover	315,272	19,016	166,266	369,831
Expenditure	(300,312)	(11,929)	(14,804)	(374,886)
Taxation	-	360	-	-
Transfer from revaluation reserve	-	43,510	-	-
Distribution to the Trust	(14,960)	(50,957)	(151,462)	-
Result for the year	-	-	-	(5,055)
<b>As at 31 March 2021</b>				
Assets	63,886	417,908	204,614	147,463
Creditors and provisions	(38,886)	(152,543)	(204,514)	(132,418)
Net assets	25,000	265,365	100	15,045

### 19 Investments

	Group 2022 £	2021 £	Trust 2022 £	2021 £
<b>Listed investments</b>				
As at 1 April 2021	438,136	351,789	438,136	351,789
Additions	150,000	-	150,000	-
Unrealised gain/(loss)	67,380	86,347	67,380	86,347
As at 31 March 2022	655,516	438,136	655,516	438,136

# Notes to the financial statements (continued)

For the year ended 31 March 2022

## 19 Investments (continued)

Listed investments comprise

	Group		Trust	
	2022	2021	2022	2021
	£	£	£	£
Investment Fund	271,755	172,683	271,755	172,683
Property Fund	157,284	61,657	157,284	61,657
Global Equity Fund	226,477	203,796	226,477	203,796
	<u>655,516</u>	<u>438,136</u>	<u>655,516</u>	<u>438,136</u>
Historical cost	<u>400,000</u>	<u>400,000</u>	<u>250,000</u>	<u>250,000</u>

## 20 Inventories

	Group		Trust	
	2022	2021	2022	2021
	£	£	£	£
Raw materials and consumables	118,310	117,327	118,310	117,327
Goods for resale	151,947	123,837	93,313	73,553
	<u>270,257</u>	<u>241,164</u>	<u>211,623</u>	<u>190,880</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 £19,238 (2021 - £22,124).

## 21 Debtors

	Group		Trust	
	2022	2021	2022	2021
	£	£	£	£
Trade debtors	301,614	189,412	300,033	149,026
Amount owed by subsidiary undertakings	-	-	100,837	205,543
Amounts due to parent undertaking - Gift Aid	-	-	324,826	217,379
Other debtors	162,009	125,383	107,417	97,398
Prepayments and accrued income	546,958	604,890	517,388	583,472
	<u>1,010,581</u>	<u>919,685</u>	<u>1,350,501</u>	<u>1,252,818</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	
	2022	2021	2022	2021
	£	£	£	£
Other loan	-	100,000	-	100,000
Trade creditors	474,838	183,643	442,075	188,994
Taxation and social security	47,301	40,852	47,301	40,852
Other creditors	338,514	313,296	335,488	297,774
Accruals and deferred income (see note 25)	551,842	372,313	515,142	356,018
	<u>1,412,495</u>	<u>1,010,104</u>	<u>1,340,006</u>	<u>983,638</u>

## Notes to the financial statements (continued)

For the year ended 31 March 2022

### 23 Creditors: amounts falling due after more than one year

	Group 2022 £	2021 £	Trust 2022 £	2021 £
Other loan	450,000	450,000	450,000	450,000
Due within one year	-	100,000	-	100,000
Due within 1 – 2 years	250,000	350,000	250,000	350,000
Due within 2 – 5 years	200,000	-	200,000	-
	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>

The South East Local Enterprise Partnership (SELEP) loan is repayable by March 2026.

### 24 Deferred income

	Group 2022 £	2021 £	Trust 2022 £	2021 £
Balance at 1 April	10,565	455,016	10,565	455,016
Amount released to SOFA	(10,565)	(455,016)	(10,565)	(455,016)
Amount deferred in the period	<u>32,139</u>	<u>10,565</u>	<u>32,139</u>	<u>34,771</u>
Balance at 31 March	<u>32,139</u>	<u>10,565</u>	<u>32,139</u>	<u>34,771</u>

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

### 25 Deferred tax

	Group 2022 £	2021 £	Trust 2022 £	2021 £
Arising on property revaluations:				
At 1 April	66,341	84,696	-	-
Credit to profit & loss	(4,230)	(27,407)	-	-
Tax on revaluation	<u>(3,106)</u>	<u>9,052</u>	<u>-</u>	<u>-</u>
At 31 March	<u>59,005</u>	<u>66,341</u>	<u>-</u>	<u>-</u>

Deferred tax is calculated at a rate of 19% (2021 – 19%).

### 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.

# Notes to the financial statements (continued)

For the year ended 31 March 2022

## 27 Capital commitments

As at the year end, the Group and Trust had contracted for capital commitments totalling £79,470 (2021: £Nil).

## 28 Analysis of funds

Group - as at 31 March 2022	Restricted	Unrestricted			Total	Group Total
		Designated	Revaluation	General		
	£	£	£	£	£	£
Property, plant and equipment	1,110,559	145,908	-	8,151	154,059	1,264,618
Heritage assets	15,327,354	240,868	-	-	240,868	15,568,222
Investment properties	-	-	246,321	64,233	310,554	310,554
Inventories	-	-	-	270,257	270,257	270,257
Debtors	76,872	-	-	951,657	951,657	1,028,529
Investments	-	-	-	655,516	655,516	655,516
Cash and cash equivalents	-	732,707	-	769,861	1,502,568	1,502,568
Creditors	-	-	-	(1,880,443)	(1,880,443)	(1,880,443)
Deferred tax	-	-	-	(59,005)	(59,005)	(59,005)
	<u>16,514,785</u>	<u>1,119,483</u>	<u>246,321</u>	<u>780,227</u>	<u>2,146,031</u>	<u>18,660,816</u>

Group - as at 31 March 2021	Restricted	Unrestricted			Total	Group Total
		Designated	Revaluation	General		
	£	£	£	£	£	£
Property, plant and equipment	1,355,662	142,327	-	10,285	152,612	1,508,274
Heritage assets	15,821,976	270,693	-	-	270,693	16,092,669
Investment properties	-	-	264,365	67,339	331,704	331,704
Inventories	-	-	-	241,164	241,164	241,164
Debtors	336,961	-	-	595,361	595,361	932,322
Investments	-	-	-	438,136	438,136	438,136
Cash and cash equivalents	-	664,649	-	986,794	1,651,443	1,651,443
Creditors	-	-	-	(1,472,741)	(1,472,741)	(1,472,741)
Deferred tax	-	-	-	(66,341)	(66,341)	(66,341)
	<u>17,514,599</u>	<u>1,077,669</u>	<u>264,365</u>	<u>799,997</u>	<u>2,142,031</u>	<u>19,656,630</u>

# Notes to the financial statements (continued)

For the year ended 31 March 2022

## 28 Analysis of funds

Trust - as at 31 March 2022	Restricted	Unrestricted			Total	Trust Total
		Designated	Revaluation	General		
	£	£	£	£	£	£
Property, plant and equipment	1,110,559	145,908	-	-	145,908	1,256,467
Heritage assets	15,327,354	240,868	-	-	240,868	15,568,222
Inventories	-	-	-	211,623	211,623	211,623
Investment in subsidiaries	-	-	-	1,100	1,100	1,100
Debtors	76,872	-	-	1,273,629	1,273,629	1,350,501
Investments	-	-	-	655,516	655,516	655,516
Cash and cash equivalents	-	732,707	-	383,263	1,115,970	1,115,970
Creditors	-	-	-	(1,790,006)	(1,790,006)	(1,790,006)
	<u>16,514,785</u>	<u>1,119,483</u>	<u>-</u>	<u>735,125</u>	<u>1,854,608</u>	<u>18,369,393</u>

## 28 Analysis of funds (continued)

Trust - as at 31 March 2021	Restricted	Unrestricted			Total	Trust Total
		Designated	Revaluation	General		
	£	£	£	£	£	£
Property, plant and equipment	1,355,662	142,327	-	-	142,327	1,497,989
Heritage assets	15,821,976	270,693	-	-	270,693	16,092,669
Inventories	-	-	-	190,880	190,880	190,880
Investment in subsidiaries	-	-	-	1,100	1,100	1,100
Debtors	336,961	-	-	915,857	915,857	1,252,818
Investments	-	-	-	438,136	438,136	438,136
Cash and cash equivalents	-	664,649	-	647,622	1,312,271	1,312,271
Creditors	-	-	-	(1,433,638)	(1,433,638)	(1,433,638)
	<u>17,514,599</u>	<u>1,077,669</u>	<u>-</u>	<u>759,957</u>	<u>1,837,626</u>	<u>19,352,225</u>

# Notes to the financial statements (continued)

For the year ended 31 March 2022

## 29 Restricted funds

Year ended 31 March 2022	At 1 April 2021 £	Transfers 2022 £	Income 2022 £	Expend- iture 2022 £	At 31 March 2022 £
<b>Group and Trust</b>					
Fixed asset funds	10,356,760	-	-	(554,088)	9,802,672
Education programmes	37,851	-	-	(37,851)	-
Arts Council England	-	-	384,144	(384,144)	-
Arts Council England - NPO	121,307	-	249,508	(317,523)	53,292
DCMS	-	-	196,000	(196,000)	-
Other	177,803	-	8,339	(159,167)	26,975
Fitted Rigging House	6,820,878	-	-	(189,032)	6,631,846
	<u>17,514,599</u>	<u>-</u>	<u>837,991</u>	<u>(1,837,805)</u>	<u>16,514,785</u>
 Year ended 31 March 2021	 At 1 April 2020 £	 Transfers 2021 £	 Income 2021 £	 Expend- iture 2021 £	 At 31 March 2021 £
Fixed asset funds	11,051,882	(9,217)	-	(685,905)	10,356,760
Education programmes	25,033	9,974	5,910	(3,066)	37,851
Arts Council England	-	-	243,000	(243,000)	-
Arts Council England - NPO	206,896	15,949	249,508	(351,046)	121,307
Other	-	-	393,427	(215,624)	177,803
Fitted Rigging House	6,809,910	200,000	-	(189,032)	6,820,878
	<u>18,093,721</u>	<u>216,706</u>	<u>891,845</u>	<u>(1,687,673)</u>	<u>17,514,599</u>

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.



# Notes to the financial statements (continued)

For the year ended 31 March 2022

## 30 Unrestricted funds

Year ended 31 March 2022	At 1 April 2021 £	Gains/ Transfers 2022 £	Income in 2022 £	Expend- iture in 2022 £	At 31 March 2022 £
<b>Group</b>					
Designated funds					
- Fixed assets	413,020	55,659	-	(81,903)	386,776
- Maintenance and development	664,649	56,985	47,880	(36,807)	732,707
Revaluation	264,365	(18,044)	-	-	246,321
General	799,997	(45,264)	5,920,463	(5,894,969)	780,227
	<u>2,142,031</u>	<u>49,336</u>	<u>5,968,343</u>	<u>(6,013,679)</u>	<u>2,146,031</u>
 Year ended 31 March 2021	 At 1 April 2020 £	 Gains/ Transfers 2021 £	 Income in 2021 £	 Expend- iture in 2021 £	 At 31 March 2021 £
<b>Group</b>					
Designated funds					
- Fixed assets	486,778	1,666	-	(75,424)	413,020
- Maintenance and development	485,826	(200,000)	378,823	-	664,649
Revaluation	251,410	12,955	-	-	264,365
General	754,594	127,688	4,655,179	(4,737,464)	799,997
	<u>1,978,608</u>	<u>(57,691)</u>	<u>5,034,002</u>	<u>(4,812,888)</u>	<u>2,142,031</u>
 Year ended 31 March 2022	 At 1 April 2021 £	 Gains/ Transfers 2022 £	 Income in 2022 £	 Expend- iture in 2022 £	 At 31 March 2022 £
<b>Trust</b>					
Designated funds					
- Fixed assets	413,020	55,659	-	(81,903)	386,776
- Maintenance and development	664,649	56,985	47,880	(36,807)	732,707
General	759,957	(45,264)	5,083,234	(5,062,802)	735,125
	<u>1,837,626</u>	<u>67,380</u>	<u>5,131,114</u>	<u>(5,181,512)</u>	<u>1,854,608</u>
 Year ended 31 March 2021	 At 1 April 2020 £	 Gains/ Transfers 2021 £	 Income in 2021 £	 Expend- iture in 2021 £	 At 31 March 2021 £
<b>Trust</b>					
Designated funds					
- Fixed assets	486,778	1,666	-	(75,424)	413,020
- Maintenance and development	485,826	(200,000)	378,823	-	664,649
General	716,290	67,975	4,441,383	(4,465,691)	759,957
	<u>1,688,894</u>	<u>(130,359)</u>	<u>4,820,206</u>	<u>(4,541,115)</u>	<u>1,837,626</u>

# Notes to the financial statements (continued)

For the year ended 31 March 2022

## 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 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

	2022 £	2021 £
Net expenditure	(995,814)	(415,699)
Depreciation of property, plant and equipment	304,652	431,010
Depreciation of heritage assets	524,447	524,813
Loss on disposal of investment properties	-	3,190
Rental income	(16,226)	(15,799)
Revaluation of investment property	-	(45,261)
Net gain on investments	(67,380)	(86,347)
(Decrease) / Increase in inventories	(29,093)	68,768
Decrease/(Increase) in debtors	(90,896)	781,684
(Decrease)/Increase in creditors	502,391	(736,190)
Movement in deferred tax provision	(7,336)	(18,355)
<b>Net cash provided by from operating activities</b>	<b>124,745</b>	<b>491,814</b>

## 32 Analysis of net debt

	At 1 April 2021 £	Cash flows £	At 31 March 2022 £
Cash at bank and in hand	1,651,443	(148,875)	1,502,568
Loans	(550,000)	100,000	(450,000)
<b>Net cash inflow from operating activities</b>	<b>1,101,443</b>	<b>(48,475)</b>	<b>1,052,568</b>

## Notes to the financial statements (continued)

For the year ended 31 March 2022

### 33 Operating lease commitments

At 31 March 2022 the Group was committed to making the following payments under non-cancellable operating leases in the coming years

	2022 £	2021 £
Due next year	2,954	2,954
Due in the Next 2 to 5 years	7,385	10,339
	<u>10,339</u>	<u>13,293</u>

### 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 2022 £
<b>From the Trust:</b>					
Employment recharges	247,482	24,114	-	-	271,596
Rent	19,000	-	-	-	19,000
Audit fee recharges	3,750	3,500	1,250	1,250	9,750
Postage costs	-	-	1,500	-	1,500
Utilities	-	-	-	-	-
Rope purchases	-	265,123	-	-	265,123
Finance and Insurance costs	-	-	3,779	-	3,779
	<u>270,232</u>	<u>292,737</u>	<u>6,529</u>	<u>1,250</u>	<u>570,749</u>
Amounts owed from/(to):	<u>1,470</u>	<u>25,312</u>	<u>18,428</u>	<u>55,627</u>	<u>100,837</u>

# Notes to the financial statements (continued)

For the year ended 31 March 2022

## 34 Related Party Transactions (continued)

	Chatham Historic Dockyard (Trading) Ltd £	Master Ropemakers Trading Ltd £	Historic Dockyard Property Ltd £	Historic Dockyard Property(2005) Ltd £	Total 2021 £
<b>From the Trust:</b>					
Employment recharges	85,703	37,044	-	-	122,747
Rent	19,000	-	-	-	19,000
Audit fee recharges	3,000	3,600	1,660	720	8,980
Postage costs	-	840	-	-	840
Utilities	618	-	-	-	618
Rope purchases	-	222,265	-	-	222,265
Finance and insurance costs	-	-	4,320	-	4,320
	<u>108,321</u>	<u>263,749</u>	<u>5,980</u>	<u>720</u>	<u>378,770</u>
Amounts owed from/(to):	<u>129,218</u>	<u>18,275</u>	<u>21,808</u>	<u>36,242</u>	<u>205,543</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 2022 £	2021 £	Trust. 2022 £	2021 £
Financial assets at fair value through profit or loss	<u>655,516</u>	<u>438,136</u>	<u>655,516</u>	<u>438,136</u>
Gain on financial assets at fair value through profit or loss	<u>67,380</u>	<u>86,347</u>	<u>67,380</u>	<u>86,347</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.