

# The Chatham Historic Dockyard Trust

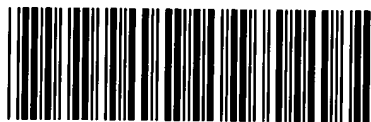
## Trustees' Report and Financial Statements

for the year ended 31 March 2021

Company number 01804108

Registered Charity number: 292101

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## 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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## Patrons, Trustees, senior managers team and advisors

### Patron

HRH The Prince of Wales

### Vice Patrons at 31 March 2021

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)

Sir Ian Andrews CBE, TD

Councillor Rodney Chambers OBE

Mr W A Corbett

Mr M Hallam

Mr P D Hudson

Mr P Jackson OBE

Mrs S Matthews-Marsh MBE

Miss S E Roots

Mr P K Sarwal

Mr Duncan Wilson OBE

### Secretary

Mr A P L Fermor (Resigned 31/03/2021)

Mr C Langridge (Appointed 01/04/2021)

### Company members

The Trustees and Board Members (as above)

The Rt. Hon. The Secretary of State for Defence

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

Mr John Spence OBE DL

### Key Management

Mr W S Ferris CBE, OBE, DL

Mr R Morsley

Chief Executive (Retired 31/08/2020)

Chief Executive (Appointed 01/09/2020)

Mr P Barnard

Ms L Crisp

Mr R M Holdsworth MBE

Mr N Howard

Chief Operating Officer

Director of Communications and Public Engagement (Appointed 01/04/2020)

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

Director of the Historic Environment and Buildings

### Bankers

Barclays Bank PLC

30 Tower View

Kings Hill, West Malling

Kent ME19 4UY

### Auditor

BDO LLP

55 Baker Street

London W1U 7EU

### Solicitors

Cripps LLP

22 Mount Ephraim

Tunbridge Wells

Kent TN4 8AS

### Registered Office

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)

## Patrons, Trustees, senior managers team and advisors

The Trust gratefully acknowledges the financial and other support during 2020/21 of its Dockyard Ambassadors, and of its many stakeholders and funders, so essential to its successful operation.

Major Donors and Supporters during 2020/2021 (in alphabetical order):

Arts Council England  
The Association for Industrial Archaeology  
BAE Systems  
DCMS Wolfson Museums and Galleries Improvements Fund  
The Department for Digital, Culture, Media and Sport (DCMS)  
The Garfield Weston Foundation  
Historic England  
John Swire 1989 Charitable Trust  
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 2021

## **Chairman's Introduction**

In my last Annual Review, I reported that Chatham Historic Dockyard Trust had reached a significant point in its history, we had launched a new Corporate Plan and were about to embark on an exciting new chapter in the Trust's history.

However, In March 2020 the world changed irrevocably in the wake of the global COVID-19 pandemic, and whilst the Trust's strategy and broad ambition remain largely unaltered from that published in our Corporate Plan, the crisis fundamentally changed the operating environment of The Historic Dockyard Chatham.

In an unprecedented move, we were forced to close our museum and heritage attraction on 17 March 2020. Whilst the site continued to operate to support the estate's residents and commercial businesses, paying visitors were not allowed back through the doors until 21 July 2020, making for an incredibly short season.

This document reports against the period 1 April 2020 to 31 March 2021, a year where seven of the Trust's nine income streams ceased, unplanned, for 4 months.

## **Managing a Crisis**

Government measures taken to combat the spread of COVID-19 created a potential existential crisis for the Trust, requiring us to take urgent and far-reaching action to secure our immediate future and ability to meet charitable objectives. Our previously enviable move towards financial independence suddenly became our greatest potential weakness. The diversification of income streams across nine principle sources was designed to minimise public subsidy and risk. An almost inconceivable consequence of the pandemic was that, of these nine income sources, which included visitor admissions, visitor-related trading and corporate hospitality; seven ceased completely without warning and without any understanding of the future period of impact. We were faced with a significant challenge.

Chatham Historic Dockyard Trust has always been an adaptable, resilient organisation. 2020/21 tested this to unimaginable limits but, despite a global pandemic, our focus on our charitable purpose remained unchanged.

As an immediate response to the crisis, we quickly instigated dramatic responses to mitigate its impact and stopped all but essential expenditure necessary for the delivery of our charitable objectives. However, the costs of operating the Dockyard, with its 115 residential properties and 100 plus business tenants, remained high even with visitor operations suspended. Our response was (and continues to be) carefully managed to focus on the health, safety and security of our teams and the Dockyard community, our site and collection, and taking decisions to ensure, as far as possible, the financial health of the Trust. We suspended all but non-essential preservation and maintenance plans for the site, our buildings and our ships, and approximately 80% of our staff were furloughed under the Government's Coronavirus Job Retention Scheme (CJRS).

The pandemic forced a comprehensive review of the operation and management of Chatham Historic Dockyard Trust. The outcome of the review was a focused operating model to safeguard the Trust's medium and long-term financial sustainability, while safeguarding the twin charitable purposes of Preservation and Education. The new model presented a robust, financially secure, efficient and cost-effective operating structure based firmly on thorough analysis of risk and opportunity. This however required changes to the existing organisational structure and savings against fixed-term staffing, resulting in a number of redundancies, alongside the creation of new roles in the revised structure. This has also led the Trust to revise its Corporate Plan (relaunched in March 2021) to reflect the changing external operating environment.

The impact of the crisis on the tourism and hospitality sector has been profound and will be long lasting. The sector has been disproportionately hit, with no clear prospect for short-term recovery. International markets have been devastated; global tourism will take many years to recover from the shock, whilst domestic markets continue to be impacted by restrictions and visitor sentiment impacted by concerns around safety and the management of social distancing in busy places.

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

For the year ended 31 March 2021

## Digital Engagement

With visitors not able to physically connect with our site, our public engagement and public benefit activity was quickly adapted and a new programme of digital experiences developed, thus allowing our core educational charitable purpose to continue to be met in the only way possible. This has led to new ways of working embracing digital technology that will continue to form part of our charitable delivery for years to come.

## Excellent Experiences

The realities of operating a museum and heritage attraction in the COVID-19 world have proven particularly challenging but the drive for excellence remained front and centre of everything we do – whether that be through digital experiences or physical visits.

Government lockdown restrictions relaxed in July, allowing us to reopen to visitors but within very tight guidelines. Audiences remained highly cautious, with visitors waiting to see how well attractions handled the re-opening phase before committing to visits. Pre-visit communications became key and our messaging focused on visitor safety to create “comfort” for those considering a visit. In true Dockyard style, this took a nautical approach as we asked our visitors to ‘chart new waters’ and ‘learn the ropes’ with us. I am pleased to report that despite the restricted operating environment and some of our key assets, such as HM Submarine Ocelot and HMS Cavalier remaining closed, we had a successful (albeit short) summer period, welcoming around 30,000 visitors. We received incredibly positive visitor feedback, complimenting our safety measures and our team’s ability to still deliver a memorable experience, rating our overall measure of safety as 89/100 (research undertaken by ALVA BRDC – Visitor Benchmarking).

We were awarded the TripAdvisor Traveller’s Choice and shortlisted for the Kids in Museums Museum from Home award; recognising our digital engagement with families during the first lockdown. We continued to hold a leadership role in the South East of England, demonstrating best practice in heritage, museum and tourism sectors, as Lead Partner of an Arts Council museum-based NPO.

## Funding

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 CJRS, Arts Council England, Garfield Weston Foundation Culture Fund, Historic England and the Government’s Culture Recovery Fund, all of which have provided essential funding towards reopening costs and essential maintenance.

## Succession

I announced in my previous report that after nearly twenty years at the helm, long-standing Chief Executive, Bill Ferris CBE DL would retire in 2020. COVID-19 halted our original succession planning timeframe and Bill kindly agreed to extend his service to help steer the Trust through the initial phases of the crisis. Bill stood down at the end of August and we appointed Mr Richard Morsley as successor to the role of Chief Executive on 1 September 2020.

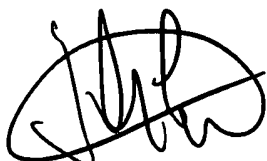
## Our Community

This year has brought social change to the forefront of all our minds. Museums, heritage sites and memorials have an important role to play in supporting an inclusive, diverse and equal society. Our vision demonstrates how the organisation will use its heritage assets to ‘make it ever more relevant to all users, providing excellent experiences for an inspirational learning for the widest audiences’. We acknowledge that we have a great deal of work to do and we are at the start of this journey to bring about the change we want to see.

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

For the year ended 31 March 2021

The Dockyard has weathered many storms and whilst this has been a year none of us would like to repeat, the Trust finished the year in a strong position and can look to the future with optimism. We have a clear ambition to be an organisation that emerges from the pandemic both financially resilient and with a focus on the delivery of our charitable objectives. Our success is underpinned by our people and, as Chairman, I am very proud of their remarkable achievements in an incredibly challenging year. COVID-19 has impacted each of us on a personal level and the accomplishments, resilience, and creativity of our team has shone through, allowing us to emerge ever more confident in our position as a benchmark for preservation and education in the heritage sector.

A handwritten signature in black ink, appearing to read 'T Soar', enclosed within a large, loopy circular flourish.

Sir Trevor Soar

Chairman



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

For the year ended 31 March 2021

## **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**

#### **The Education Purpose**

##### ***A year of adaptation to maximise our educational benefit***

The Trust has traditionally operated its ships, collections, open spaces, museums, galleries and programmes as a visitor attraction to meet the majority of its education objectives. Before the pandemic there was an ambition to grow visitor numbers to 225-250K through formal and informal learning programmes. COVID-19 and the subsequent closure of the museum and heritage attraction made physical interaction with the site impossible for a large proportion of the reporting year.

To fulfil our Educational objective, we embarked upon an ambitious programme of innovative digital engagement, allowing us to maintain a connection with our audiences whilst onsite activity remained locked down. This has allowed us to explore our digital communications and outreach further than ever before, enhancing our ambition for all forms of digital engagement.

The digital engagement programme was delivered by a core team of non-furloughed staff, from across Marketing and Communications, Learning and Collections (funded as part of the Arts Council England NPO). The activity, brought together under the brand of Museum at Home, included a variety of family friendly, history and social history, as well as behind the scenes content which was delivered across the range of Trust's digital platforms, including website and social media. During the reporting period, the Trust's website received 708k page views (as determined through google analytics) and social media reached over 35k direct users (supported by very minimal marketing spend). This

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

For the year ended 31 March 2021

programme of activity led national acclaim and the Trust becoming a finalist in the Kids in Museums Museum at Home Awards 2020 for best website activity.

The impact of the enhanced digital content was well received, particularly by existing visitors, with 97% of respondents to a feedback survey rating the content as good or very good. This work also proved that high quality digital engagement has a long-term role to play both in delivery of our Education objective and also as a tool for promotion of on-site visits going forward.

Overall, the implementation of digital outreach as a result of the COVID-19 pandemic has led the Trust to significantly review its digital output and engagement. This will lead to the development of a formal digital engagement strategy in 2021/22.

### *Tattoo: British Tattoo Art Revealed*

Tattoo: British Tattoo Art Revealed was due to open as a temporary exhibition in No.1 Smithery in March 2020, the week the country went into national lockdown and The Historic Dockyard closed to visitors.

With the exhibition already installed, a digital exhibition was quickly developed and Tattoo: Online went live at the end of April, showcasing the work featured in the exhibition through a combination of imagery, audio and video content and allowing visitors to experience the exhibition through digital means rather than physical visits. The digital exhibition was featured as part of the national BBC Culture in Quarantine campaign, with a dedicated programme featured on BBC Arts.

The exhibition was able to open to the public when the Dockyard reopened in July and ran through to the end of October. c.29,000 visitors experienced the physical exhibition. A further 7,000 visitors experienced the digital companion exhibition created (as determined through google analytics).

### *A short season*

With the relaxation of some Government restrictions in summer, the museum and heritage attraction was able to open to visitors between 25 July and 1 November.

Working alongside national tourism bodies and industry associations, we launched our re-opening campaign under the headline "We're Good To Go" and provided our essential pre-visit information under the nationally recognised "Know Before You Go" tagline. To stand out from other attractions we took a nautical-themed approach to our safety messaging, advising visitors that we were "Charting New Waters" and that everyone needed to "Learn the Ropes" and help us keep things "shipshape".

Extensive safety guidelines, including site-wide visitor capacity, pre-booked tickets only, social distancing, rigorous cleaning regimes and the closure of some internal spaces, significantly restricted visitor numbers and visitor-related trading income. During the short opening season, we welcomed 29,357 visitors.

### *Digital tour of HM Submarine Ocelot*

With visits inside HM Submarine Ocelot restricted for the foreseeable future, a new digital tour of our Cold War submarine was created to replace the physical experience. The tour, activated by QR code technology via personal mobile device, tells Ocelot's story through a combination of imagery, audio and video content hosted on our website and includes first-hand accounts of life onboard from Trust Chairman, Admiral Sir Trevor Soar. Between August and October, c.750 visitors interacted with the digital tour (as determined through google analytics).

### *Virtual programmes*

Salute to the '40s was not able to go ahead as a physical event. To maintain interest in our annual festival, encourage ticket transfers rather than refunds and drive new ticket sales for 2021, we hosted a virtual event over the scheduled weekend on Facebook and Instagram. Content included a programme of special appearances and performances from festival favourites including a Facebook take-over and live performance at the Dockyard from Adam Hoffman (main stage host), live performances from Miss Holiday Swing and The Knightingales, a pre-recorded message from The Dolly Girls and 'how to' videos on how to make a cake with liquid paraffin and learn to jive. This was supplemented with photos and memories of festivals in previous years. The content reached over 67,000 users during the weekend.

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

For the year ended 31 March 2021

COVID-19 restrictions did not allow us to hold our annual Armistice Day Commemoration event at HMS Cavalier. It was important to mark the occasion and therefore, for the first time, the full service was live-streamed via Facebook. 253 users watched the service live and beyond the live event, the content reached over 62,200 users. The service was very well received, with many people thanking the Trust for bringing the service to people at home. Coverage from the service was also featured on BBC South East News, ITV Meridian News and Kent Messenger.

Restrictions also did not allow for our annual Christmas Wreath Making Workshops to take place in Commissioner's House. We developed a virtual workshop and invited people to participate in a live session (via Zoom). There were just over 30 participants in the session. This workshop was our first experience of monetising a digital experience, it was very well received by the 30 participants.

### *Diversified programme*

Diversity of our offering does not always pertain to The Historic Dockyard and its history but it helps achieve the primary goal of reaching wider audiences through engagement with the site. Examples of this are our ever-popular Call the Midwife Official Location Tours, attracting 1,864 visitors.

Maximising PR and digital engagement opportunities around popular themes have proven popular in this reporting period, examples include NHS 'Light it Blue' campaign, Netflix's hit-series, Bridgerton and ITV's Saturday Night Takeaway (live broadcast in February 2021).

Family programming was driven during October through a partnership with Kids in Museums and Walker Books, featuring a Where's Wally? Spooky Museum Search activity. October was a very successful month in terms of visitor numbers (almost 9,000) and 49.6% of respondents to a post visit survey stated the Where's Wally? activity was the main motivator to visit.

### *Formal learning visits*

Following the closure of schools in March, onsite international and domestic school visits ceased entirely. New digital content to support schools carrying out online lessons was developed and included resources on VE Day, the Second World War, River Medway and the History of the Dockyard.

Royal Opera House (ROH) Bridge funding was secured to support the development of digital platforms when working directly with schools and the Learning Team received training in delivering online sessions to schools, including digital safeguarding. Bespoke online sessions were developed with high schools in the local community, linked to a new, temporary exhibition, Hidden Heroines: the untold stories of the women of the Dockyard (opening May 2021).

### *Arts Award Discover*

Accredited by Trinity College London, Arts Award is a scheme that provides a variety of unique qualifications achievable by anyone aged 5-25, which helps them grow as artists. We are an Arts Award Centre, offering the Arts Award Discover programme with a focus on content inspired by the Historic Dockyard. Delivery of our programme was carried out predominately through digital means during this reporting period and was a popular element in our 'Museum from Home' campaign.

In addition to the core programme, we received a grant from the Let's Craft project to develop art packs for young carers at home. The content was developed based on the Arts Award programme and was well received by participants in the local community.

### *Outreach*

Physical outreach via our "Mobile Dockyard" was severely impacted in 2020-21, with all face-to-face contact stopped.

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

For the year ended 31 March 2021

## The Preservation Purpose

We achieve our charitable purpose of 'Preservation' through our long-term 'Preservation through Reuse' strategy.

The ongoing and sustainable preservation of the 80-acre estate and its 47 Scheduled Ancient Monuments and Listed Buildings remains of crucial importance. We aim to be an entrepreneurial charity and the eclectic and innovative re-use strategy now supports an income of approximately c.£2,734k from our property estate.

The COVID crisis has inevitably impacted income streams and throughout the crisis we have worked hard to reach solutions with each of our business tenants to ensure their viability in the marketplace, being mindful that their sustainability is vital to the future success of The Historic Dockyard. Our plans have adapted to create greater financial resilience, whilst still allowing us to be ambitious. This approach has enabled the Trust to ensure the long-term future of its business community and enable risk contingencies to be reduced.

With the museum and heritage attraction closed to visitors, maintaining the security and safety of the site and its facilities for our 115 residents and 100 businesses has been a key focus for the core onsite team.

Planned preventative maintenance has been restricted during this reporting period but boosted by generous support from third party funding sources. Preservation work has included timber replacements for both the Royal Dockyard Church and No.3 Slip, and bowsprit replacement for HMS Gannet.

Climate change remains the single greatest challenge that we will face over the coming years. Careful consideration is always given to ensure that our organisation is aware of its environment impact and we are developing an approach to reduce this, whilst always recognising the significant challenges a 400-year-old historic estate presents.

## 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 outbreak of COVID-19 in March 2020 and the subsequent lockdowns and restrictions that followed have placed a huge amount of stress and strain on our teams, both physically and mentally. Throughout the period, we worked tirelessly to ensure teams, whether furloughed or working, remained engaged through a range of formal and informal initiatives designed to keep everyone in touch with the organisation. Despite the obvious impacts on wellbeing, 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, alongside a strategic succession planning process that has engaged people at different levels of the Trust. The Trustees appointed a new Chief Executive, Richard Morsley, in September 2020 following the retirement of the former long-standing Chief Executive, Bill Ferris CBE OBE DL. Bill continues to have an involvement with the organisation as a Non-Executive Director of Master Ropemakers (Trading) Ltd.

A number of other key appointments have been made to support succession and development within the organisation including:

- Paul Barnard (Chief Operating Officer – Appointed in October 2020)
- Stephen Billington (Head of Lifelong Learning – Appointed in November 2020)
- Lynnette Crisp (Director of Communication and Public Engagement – (Appointed in April 2021)
- Olivia Horner (Head of Visitor Enterprise – Appointed in November 2020)

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,

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

For the year ended 31 March 2021

technology and safeguarding. A comprehensive staff handbook is issued to all new staff during induction and is available through internal systems.

We remain committed to increasing the diversity of our workforce and Governance structures (both staff and volunteer). Similar to our interpretation and audience development work in this field, diversity and inclusion of our workforce will continue to be high priorities for the future, ensuring that as a charity we are representative of the communities and audiences that we serve.

## Staff Complement

Permanent 76

Seasonal 64

## Volunteers

Active volunteer numbers have been severely restricted due to the COVID-19 pandemic. Recognising the safety and well-being of all our volunteer teams, all but essential volunteering ceased from 19 March 2020 through to 31 March 2021 with only essential maintenance activities taking place with our dedicated Railway Volunteers. A small number of volunteers have supported the Trust from home helping with research and collections enquires and we are extremely grateful for their continued support.

## **Exceptional Experiences**

An ethos of excellence underpins everything we do. We have always been an entrepreneurial charity and developing excellence is the key to unlocking income and creative development across a number of areas. Our core objective is to provide exceptional experiences for all users of the site, whether visitors, residents, tenants, staff or volunteers.

We believe that benchmarking against others and using external judgement through accredited schemes is the best way to assess achievement. Traditionally we would participate in the Visit England Visitor Attraction Quality Assurance Scheme (VAQAS) however, due to the national lockdown restrictions and limited season opening, Visit England assessments did not take place during this reporting period.

As an alternative to the VAQAS scheme, we joined with the Association of Leading Visitor Attractions (ALVA) and conducted post-visit online surveys with our visitors with the prime aim of benchmarking our COVID safety measures and monitoring visitor sentiment.

In addition, we received the national accreditation "We're Good to Go" from the national tourism bodies in advance of our public opening.

## **Trading activity**

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

### *Visitor Trading*

The closure of the museum and heritage attraction resulted in the loss of all visitor retail and catering trading income for most of the year, which traditionally contributes approximately £100,000 surplus annually to help fund our charitable purposes.

On reopening, visitor trading commenced but tight restrictions, because of capped site visitation and social distancing measures, impacted normal operations.

The impact on the wider hospitality sector was profound and is still expected to be one of the last sectors to recover alongside tourism. A small number of weddings and events took place during the year but within very tight restrictions, with very few guests. Christmas parties were not able to take place.

In the reporting period, our trading functions have generated a net profit of £212,324.

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

For the year ended 31 March 2021

## *Filming*

The crisis prevented the filming industry from operating through the first half of the year, but film and television production was permitted to restart before the visitor economy reopened, with appropriate operational and safety constraints. Due to the ongoing COVID-19 concerns and operational restrictions, the industry was slow to return to normal levels of operation. Filming income generated £51,322 with very little overhead cost – all of which has been directed into support our core charitable objectives.

## *Call the Midwife*

In partnership with Neal Street Productions (producers of *Call the Midwife*), we run incredibly popular *Call the Midwife* Official Location Tours. Capitalising on the huge fan base for the show, the location tours allow us to attract an audience to the Historic Dockyard that may not traditionally engage with the site. 1,864 visitors enjoyed the location tours during the short operating season in 2020.

## *Rope Sales*

Rope making is a key element of our education delivery. We make rope as a way of demonstrating a trade which was vital to the support of the ships of the Royal Navy and to preserve the traditional skills associated with the work of a Royal Dockyard. We sell rope to clients through our trading company, Master Ropemakers Ltd.

Master Ropemakers closed for production on 17 March and reopened, in line with the release of restrictions on the manufacturing sector in June to fulfil commercial rope orders. In the reporting period, we generated £288,343 in rope sales.

## **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 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 7 members (Mr P Sarwal, Mr T Corbett, Mr P Hudson, Mr M Hallam, Sir Ian Andrews, Mr D Philip, 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, 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 2021

## 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 of the Board of Trustees, and then to the Board itself.

## Reserves Policy

The policy of the Trust is to hold a general reserve in a minimum sum of £800k. This reserve is to cover various contingencies such as a significant uninsured loss, a significant event which damages the Trust's reputation leading to a reduction in visitor income and a reduction in the Trust's rental income. The general reserve can also be used to cover temporary cash flow shortfalls in receiving grant payments relating to major capital projects. At 31 March 2021 this reserve stood at c.£750k due to charitable reserves being required to support the operation of the charity. A planned process of rebuilding charitable reserves will be undertaken from 2021/22 onwards.

The Trust also maintains a designated development reserve of at least £400k (£665k at 31 March 2021), use of which is only to be made when considered appropriate against a conscious review of future risks occurring over a project's /payback period. This reserve can be re-designated to general reserve following the review process should perceived risks have changed.

This will provide a minimum reserve of £800k but rising to a cash maximum of £1.2m when the development reserve is replenished by rentals received post project completion. The total free reserves at 31 March 2021 were £1,415k.

This policy is reviewed annually by the Trust Board.

## Investment Policy

Following the Trust's policy review in 2014/15, £250k, as part of the general reserve, has been placed in medium term low risk investments through CCLA. These investments have now increased to £438k at 31 March 2021.

## Risk

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

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

1. A substantial reduction in the resources required to meet the Trust's operational and development needs.
2. The COVID-19 pandemic leads to significant reduction in property, visitor and hospitality related income in short to medium term as a direct result of lockdowns and restrictions with potential for long lasting impact resulting from strategic changes to commercial property market impacting on the Trust's ability to meet its core charitable purposes
3. The loss of key tenants due to impact of changing business models or impact of external factors eg COVID-19 leading to a significant reduction in income impacting on the Trust's ability to meet its core charitable purposes
4. The occurrence of significant physical damage to the property, historic character or fabric of the Dockyard.
5. A failure in the strategic or operational management of the Trust.
6. A failure to maintain/manage our IT data-holding and related systems appropriately to meet statutory operational and security imperatives.
7. The loss of key staff or damage to morale within the workforce or volunteer community.
8. Failure to maintain a safe and healthy environment.
9. The loss of a key partner or relationship.
10. Inappropriate development or change of use of property adjoining or near to the Dockyard.
11. 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 2021

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 has been created specifically to address this emerging crisis. This is reviewed on a regular basis by the Board of Management and the Finance and General Purposes Sub-Committee.

It is the Board's general policy to appoint a small committee of its members to oversee important projects. This measure has proved particularly effective in mitigating risks to the Fitted Rigging House project. In the reporting period, additional start-finish Sub Committees were set up for an Organisational Effectiveness Review (OER) and for the future use of the Interface Land (land adjacent to the Historic Dockyard site owned by third party organisations).

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, Partnerships and the Future**

The pandemic has presented numerous challenges to the long-term sustainability of Chatham Historic Dockyard Trust. The strength of our relationships with partners and external funders has provided critical support to enable us to weather the storm and emerge as a strong and resilient organisation.

We were fortunate to receive £243,000 in emergency support from Arts Council England in May 2020. This provided funding for essential maintenance works and reopening costs, allowing the museum and heritage site to reopen to the public in July 2020. We also awarded £384,000 in Round 2 of the DCMS Culture Recovery Fund (administered by Arts Council England) to support the costs of reopening the museum and heritage site in May 2021.

Funding from central Government has been critical to our survival during 2020/21. We took the opportunity to utilise the Government Coronavirus Job Retention Scheme (CJRS) extensively, recognising the downturn in a number of our operating areas. This provided over £775k to support the salaries and wages of a significant number of our workforce who were furloughed over the period.

We have received funding from the Garfield Weston Foundation Culture Fund of £177k to support the costs of developing a new temporary exhibition for 2021 (Hidden Heroines: the untold story of the women of the Dockyard) and capital funding to secure the completion of a revised Ropery gallery, due to be launched in early 2022.

The Department for Digital, Culture, Media and Sport (DCMS) have provided key support to assist in the delivery of our key charitable objectives of c.£196k.

We have secured £23k from Historic England to support essential maintenance works to the balcony and staircase at the rear of Commissioner's House (1703-4).

Chatham Historic Dockyard Trust would like to express its thanks to all its funders and partners for their continued and highly value support throughout the COVID-19 pandemic.

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

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

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



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

For the year ended 31 March 2021

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

## The Future

Following the original launch of the Trust's Corporate Plan in February 2020, the COVID-19 global pandemic fundamentally changed our operating environment and the Board of Management felt it appropriate to recognise this, revisit and republish this plan to reflect the revised ambitions and goals over the coming four years.

Whilst COVID-19 has altered the operating environment, the Trust's strategy and broad ambition remain largely unaltered. The strategy outlined in the Corporate Plan is based on evolution not revolution and has a central supporting theme, underlying larger proposals that will engage everyone involved with the Historic Dockyard. This is best summed up as a constant striving for improvement. "1,000 small improvements that collectively make a big impact".

At the point of publishing the original Corporate Plan 2020-25, the Trust had reached a pivotal point in its lifecycle – for the first time it was in a position of achieving its charitable objectives through choice of direction rather than direction being dictated by need (i.e. the need to repair key buildings on site). Support from the Department for Digital, Culture, Media and Sport (DCMS), Medway Council, Historic England and the National Lottery Heritage Fund (NLHF), along with many other stakeholders and funders, enabled the Trust to reach this position of choice.

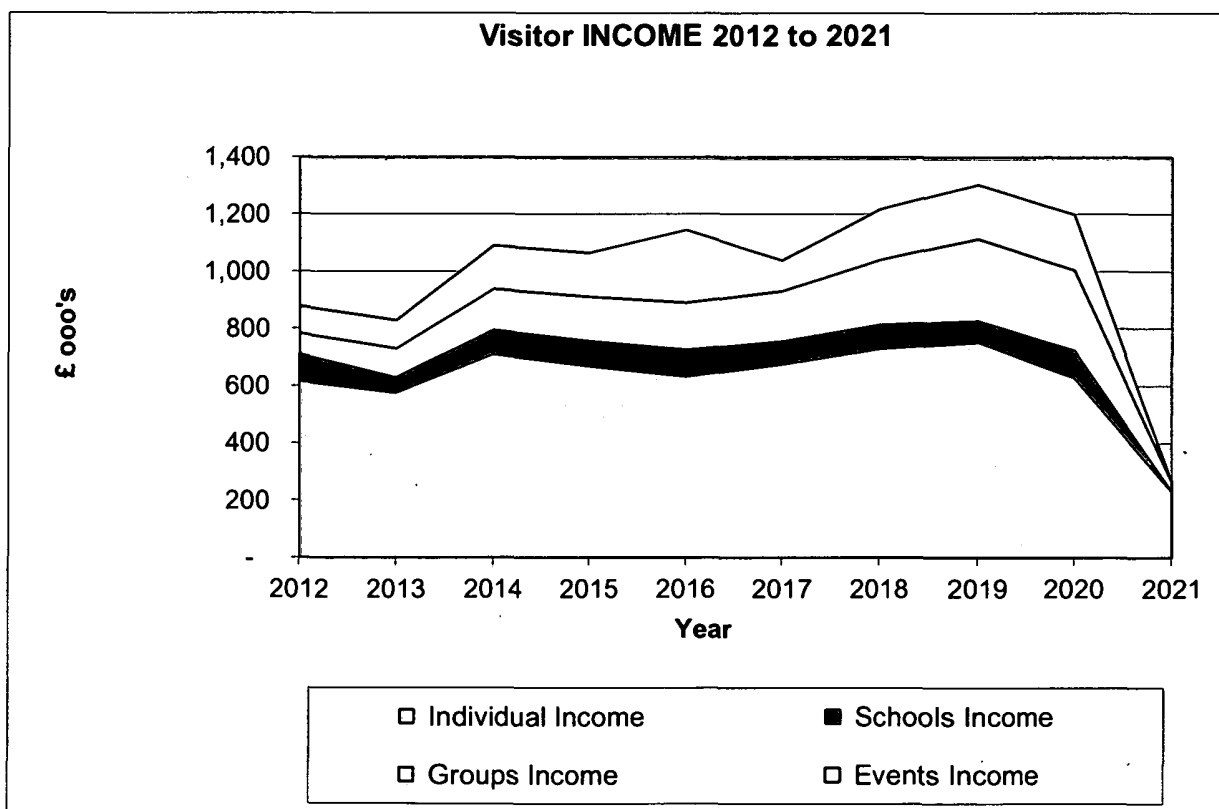
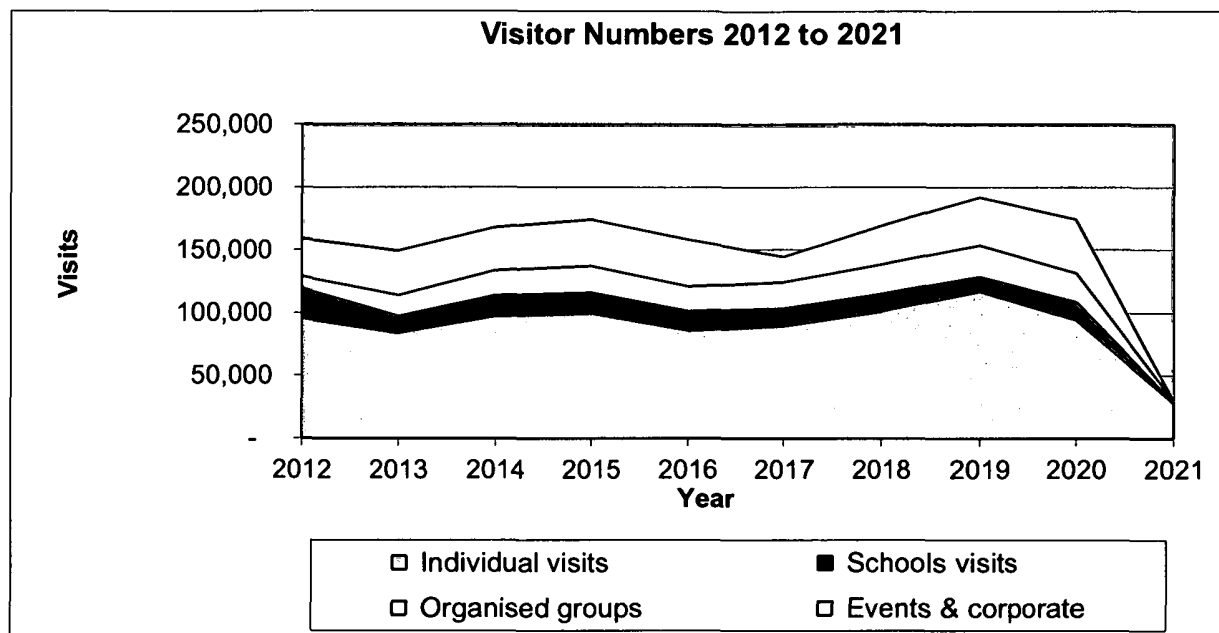
The impact of COVID-19 has been significant. The Trust has taken the opportunity to revisit its Corporate Plan, ensuring the need to balance its ambitions carefully over the coming years to ensure this resilience is maintained, enabling the Trust to continue to prioritise choices based on long-term benefit not short-term gain. The overall ambition for the Trust remains largely unchanged but the direction of travel has been adjusted to recognise the changes to the external operating environment.

Trustees had already taken the opportunity to pause briefly in terms of capital development of the Historic Dockyard estate, in the knowledge that the most urgent capital projects have now been effectively completed – although Trustees recognise there is still much more to be done if the Historic Dockyard is to maintain standards of preservation, reach its audiences and market potential. This has given time to review how we, as a 21st Century charity, can best meet our charitable objectives going into the long-term future whilst also acknowledging the challenging operating environment that lies ahead.

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

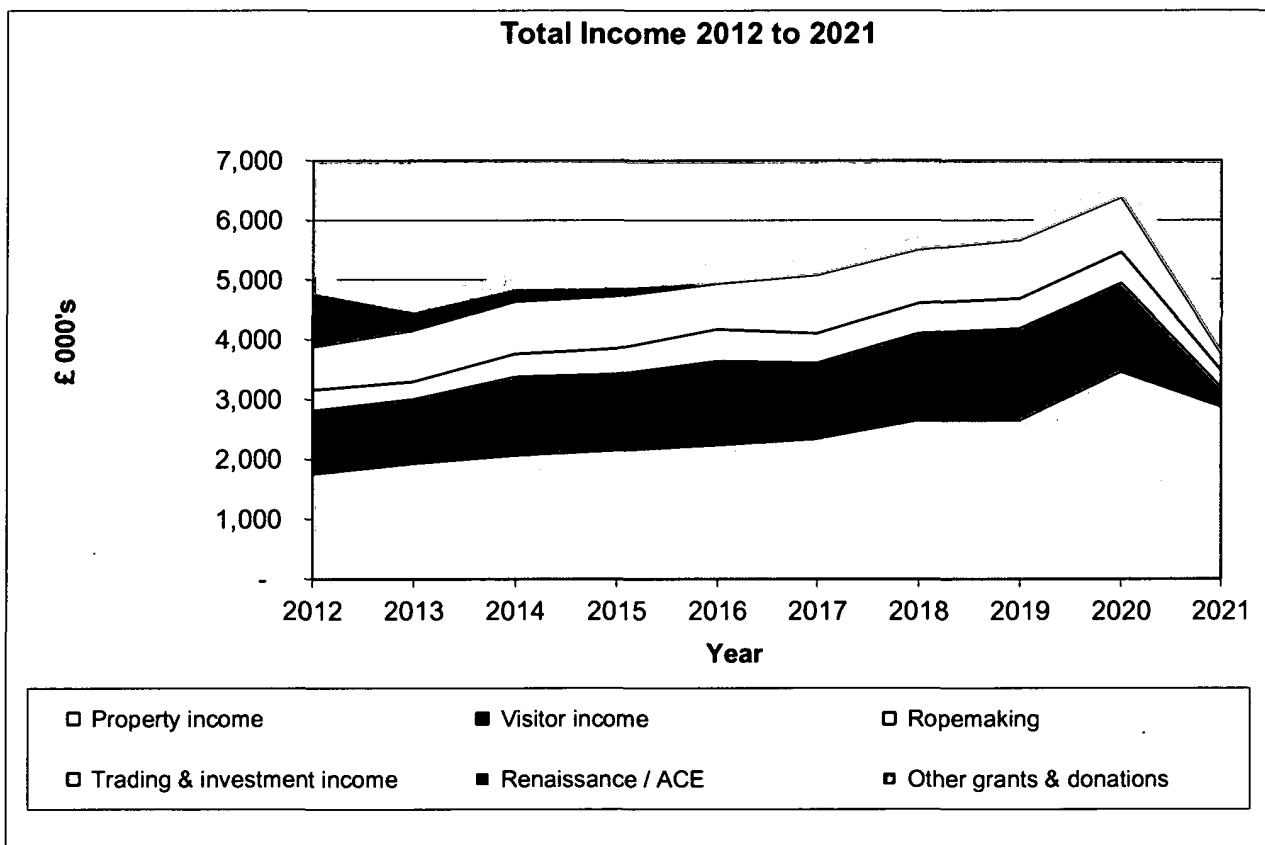
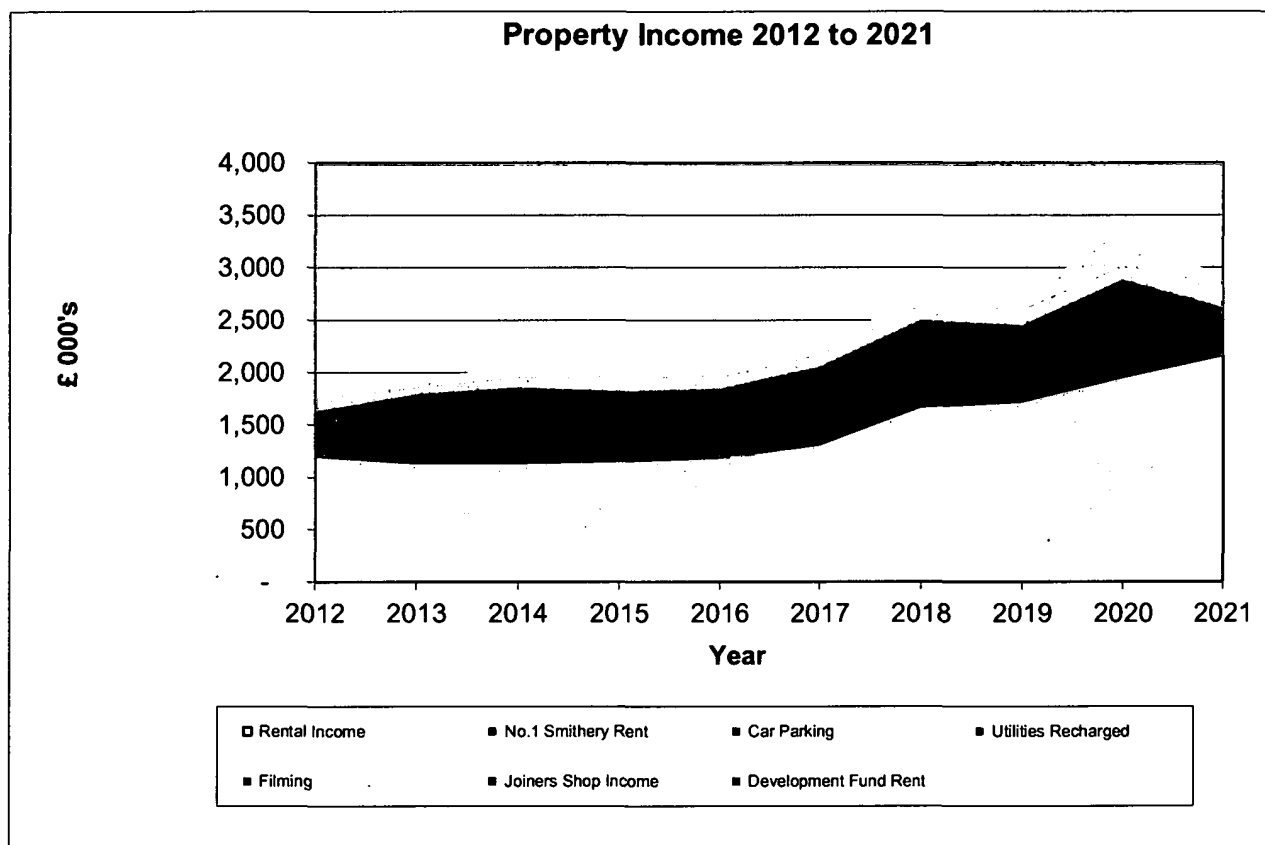
For the year ended 31 March 2021

## Financial Statistics



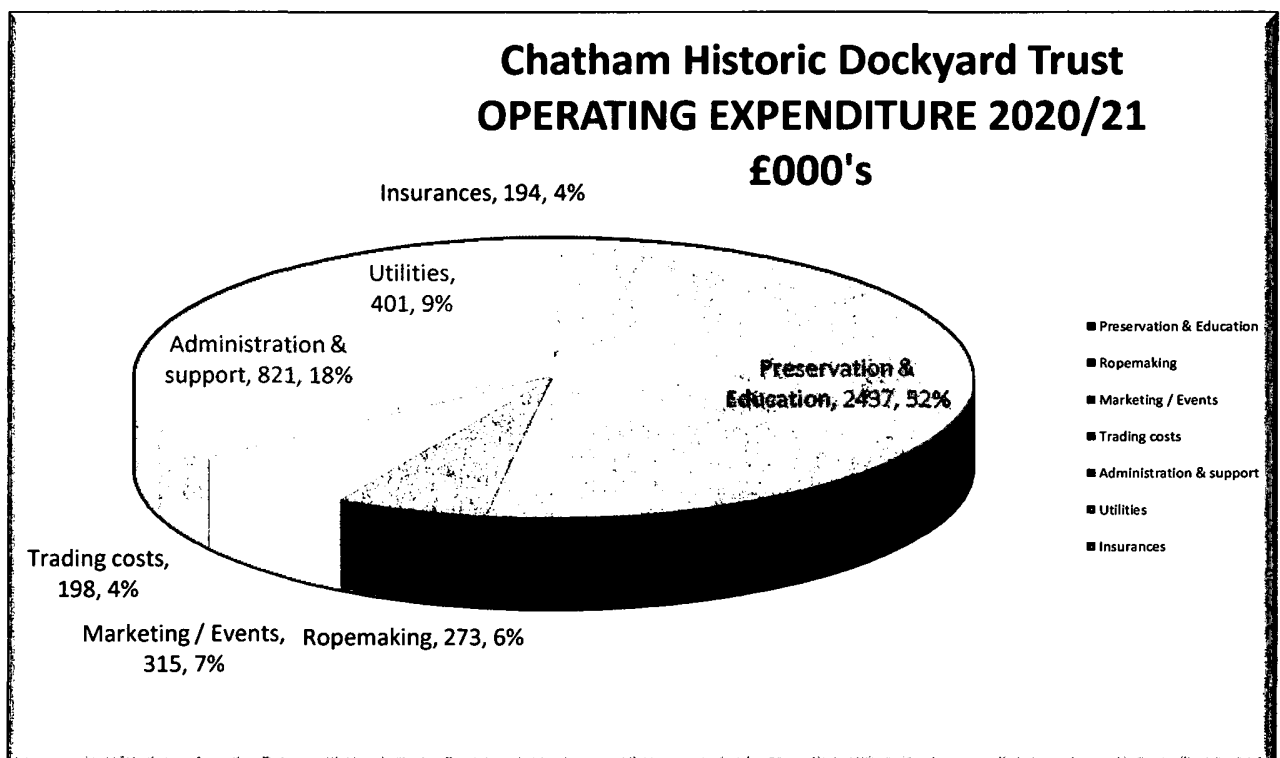
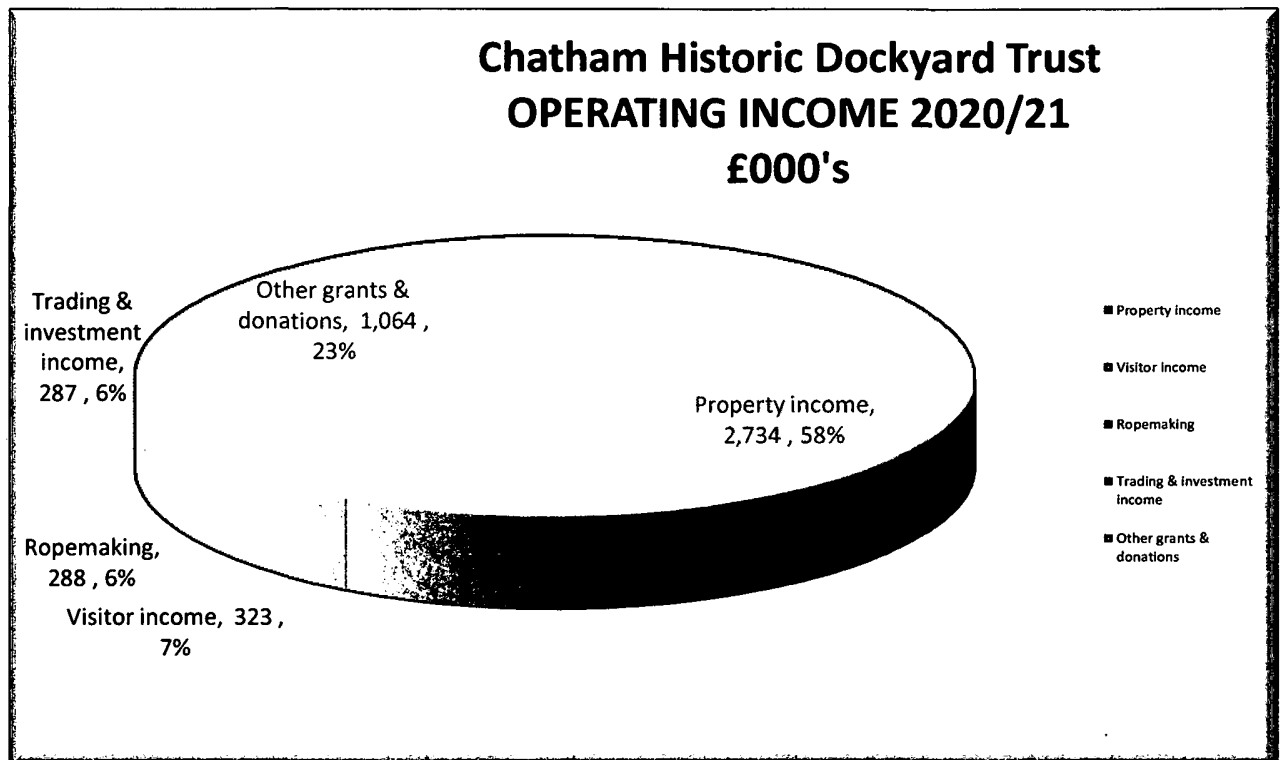
# Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2021



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

For the year ended 31 March 2021



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

For the year ended 31 March 2021

## 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	£47k	£134k
Net Profit/(Loss)	£3k	(£8k)
Spend per visitor	£1.70	£4.68

### *Property Companies*

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

Net Profit for the Year	
Historic Dockyard Property Ltd (HDPL)	£51k
Historic Dockyard Property (2005) Ltd (HDPL 2005)	£151k

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 £288k. There was a Net Profit of £15k 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 has commissioned a SECR report in order to voluntarily disclose Scope 1 and Scope 2 energy and carbon emissions for the 2020/21 fiscal year against a 2019/20 baseline.

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

For the year ended 31 March 2021

Streamlined Energy and Carbon Reporting	Baseline Year	Current Year
	1st Apr 2019 – 31st Mar 2020	1st Apr 2020 – 31st Mar 2021
Energy consumption used to calculate emissions/ kWh	Electricity 2,832,095	Electricity 2,492,399
	Gas 3,397,532	Gas 4,140,603
Scope 1 Emissions from combustion of gas tCO <sub>2</sub> e	625	761
Scope 2, Location Based Emissions from purchased electricity tCO <sub>2</sub> e	724	581
Scope 2, Market Based Emissions from purchased electricity tCO <sub>2</sub> e	-	-
Carbon Emissions tCO <sub>2</sub> e	1,349	1,342
Carbon Intensity tCO <sub>2</sub> e/m <sup>2</sup>	0.01183	0.01178

## Methodology and Estimates

### Baseline Year: 1st April 2019 – 31st 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.

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

For the year ended 31 March 2021

## *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: 1st April 2020 – 31st March 2021**

### *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 in-voiced gas consumption in kWh during the previous reporting period and the 2020 UK Government GHG Conversion Factors for Company Reporting (version 1.0) for 'Natural Gas'

From 1st October 2020, CHDT has purchased Carbon Neutral Natural Gas as part of their Gas supply contract provided by Brook Green Supply Limited.

### *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 2020 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:*

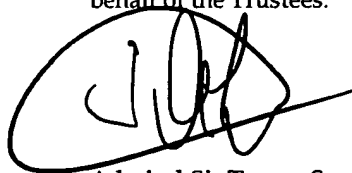
The intensity ratio stated above has been calculated as Tonnes of CO<sub>2</sub>e per total square metres of property owned for Chatham Historic Dockyard as a whole (113,918m<sup>2</sup>).

## **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.

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



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

Chairman

Date: 22/11/21

The Historic Dockyard

Chatham

Kent ME4 4TE

# Statement of Responsibilities of the Trustees

For the year ended 31 March 2021

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

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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



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

### Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Group's and of the Parent Charitable Company's affairs as at 31 March 2021 and of the Group's incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of The Chatham Historic Dockyard Trust ("the Parent Charitable Company") and its subsidiaries ("the Group") for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated and trust Balance Sheet, the Consolidated Statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

We remain independent of the Group and Parent 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.

### Conclusions related to going concern

In auditing the financial statements, we have concluded that the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and the Parent Charitable Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Trustees with respect to going concern are described in the relevant sections of this report.

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

### **Other information**

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. The other information comprises: the Trustees' Annual Report (incorporating the strategic report). 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

### **Other Companies Act 2006 reporting**

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

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

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

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

- adequate accounting records have not been kept by the Parent Charitable Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Charitable Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of Trustees**

As explained more fully in the Statement of Responsibilities of the Trustees, the Trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Trustees determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

#### *Extent to which the audit was 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, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We made enquiries of management, and the Board, including:

- how they have identified, evaluated and complied with laws and regulations and whether they were aware of any instances of non-compliance;
- their process for detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- which internal controls have been established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Charity. These include, but are not limited to, compliance with the Companies Act 2006, Charities Act 2011, UK GAAP, Charities SORP, fundraising regulations and tax legislation.
- In addition, the Charity is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: employment law, health and safety laws and data protection. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of Those Charged with Governance and other management and inspection of regulatory and legal correspondence if any.
- We also communicated relevant identified laws and regulations, potential fraud risks and that fact that there were no known matters of significant non-compliance with laws and regulations, to all engagement team members including internal specialists audit teams, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- We considered management's incentives and opportunities for fraudulent manipulation of the financial statements (including revenue recognition and the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and management bias in accounting estimates.

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

### Audit response to risks identified

- The Senior Statutory Auditor has assessed and concluded that the engagement team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulation
- We reviewed the financial statement disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- We made enquiries of the Board and management;
- We read minutes of meetings of those charged with governance, and reviewed correspondence with HMRC;
- We reviewed if any Serious Incident Reports submitted to the Charity Commission and performed an assessment of any Whistleblowing matters and
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; considered completeness of related party transactions; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- We challenged assumptions made by management in their significant accounting estimates in particular in relation to the assumptions related to the allocation of costs including apportionment of support costs, stock provisions, bad debt provisions, depreciation rates for assets, valuation of fixed assets and impairment considerations.
- We compared the result of estimates made in prior years and ensured that the basis of estimation was reasonable and did not lead to material differences to actuals.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's ("FRC's") website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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

DocuSigned by:  
  
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**Stephen Corral (Senior Statutory Auditor)**  
For and on behalf of BDO LLP, Statutory Auditor  
London, UK  
Date: 22 November 2021

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

# Consolidated Statement of Financial Activities

(Incorporating the income and expenditure account)

For the year ended 31 March 2021

			Restricted Funds			Restated
	Notes	Unrestricted funds	Fitted Rigging House	Other	Total 2021	Total 2020
		£	£	£	£	£
<b>Income from:</b>						
Donations and grants	4	1,102,712	-	891,845	1,994,557	1,522,611
Charitable activities	5	3,234,910	-	-	3,234,910	4,804,380
Other trading activities	6	689,544	-	-	689,544	1,874,247
Investments	7	3,646	-	-	3,646	39
Other income	8	3,190	-	-	3,190	4,000
<b>Total income</b>		<b>5,034,002</b>	<b>-</b>	<b>891,845</b>	<b>5,925,847</b>	<b>8,205,277</b>
<b>Expenditure on:</b>						
Raising funds	9	761,740	-	-	761,740	1,795,793
Charitable activities						
Preservation	10	1,768,620	189,032	147,940	2,105,592	2,609,012
Education	11	2,282,528	-	1,350,701	3,633,229	3,867,609
<b>Total charitable activities</b>		<b>4,051,148</b>	<b>189,032</b>	<b>1,498,641</b>	<b>5,738,821</b>	<b>6,476,621</b>
<b>Total expenditure</b>		<b>4,812,888</b>	<b>189,032</b>	<b>1,498,641</b>	<b>6,500,561</b>	<b>8,272,414</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	30	(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>

For details of the prior year restatement see note 36.

All amounts relate to continuing activities.

The notes on pages 31 to 59 form part of these financial statements.

# Consolidated Statement of Financial Activities

(Incorporating the income statement)

Full comparative information the year ended 31 March 2020

		Restated	Restricted Funds		Restated
	Notes	Unrestricted funds	Fitted Rigging House	Other	Total 2020
		£	£	£	£
<b>Income from:</b>					
Donations and grants	4	525,870	633,537	363,204	1,522,611
Charitable activities	5	4,804,380	-	-	4,823,380
Other trading activities	6	1,874,247	-	-	2,275,203
Investments	7	39	-	-	39
Other income	8	4,000	-	-	4,000
<b>Total income</b>		<b>7,208,536</b>	<b>633,537</b>	<b>363,204</b>	<b>8,625,233</b>
<b>Expenditure on:</b>					
Raising funds	9	1,795,793	-	-	2,215,749
Charitable activities					
Preservation	10	2,155,645	70,856	382,511	2,609,012
Education	11	2,768,513	-	1,099,096	3,867,609
		<b>4,924,158</b>	<b>70,856</b>	<b>1,481,607</b>	<b>6,476,621</b>
<b>Total expenditure</b>		<b>6,719,951</b>	<b>70,856</b>	<b>1,481,607</b>	<b>8,692,370</b>
<b>Net income/(expenditure) before gains and losses</b>		<b>488,585</b>	<b>562,681</b>	<b>(1,118,403)</b>	<b>(67,137)</b>
Net gains on investments		14,517	-	-	14,517
Net loss on investment property		-	-	-	-
<b>Net income/(expenditure)</b>	14	<b>503,102</b>	<b>562,681</b>	<b>(1,118,403)</b>	<b>(52,620)</b>
Transfers between funds	29,30	(887,659)	887,659	-	-
<b>Net movement in funds</b>		<b>(384,557)</b>	<b>1,450,340</b>	<b>(1,118,403)</b>	<b>(52,620)</b>
Funds as at 1 April 2019		2,363,165	5,359,570	12,402,214	20,124,949
<b>Funds as at 31 March 2020</b>	29,30	<b>1,978,608</b>	<b>6,809,910</b>	<b>11,283,811</b>	<b>20,072,329</b>

For details of the prior year restatement see note 36.

All amounts relate to continuing activities.

The notes on pages 31 to 59 form part of these financial statements.

# Consolidated and Trust Balance Sheets

As at 31 March 2021

	Notes	Consolidated 2021 £	2020 £	Trust 2021 £	2020 £
<b>Fixed assets</b>					
Property plant and equipment	15	1,508,274	1,958,276	1,497,989	1,944,229
Heritage assets	16	16,092,669	16,570,522	16,092,669	16,570,522
Investment properties	17	331,704	330,313	-	-
Investments in subsidiaries	18	-	-	1,100	1,100
Listed investments	19	438,136	351,789	438,136	351,789
		<u>18,370,783</u>	<u>19,210,900</u>	<u>18,029,894</u>	<u>18,867,640</u>
<b>Current assets</b>					
Inventories	20	241,164	309,932	190,880	231,477
Debtors	21	932,322	1,701,369	1,252,818	2,021,639
Cash and cash equivalents		1,651,443	1,131,118	1,312,271	809,385
		<u>2,824,929</u>	<u>3,142,419</u>	<u>2,755,969</u>	<u>3,062,501</u>
<b>Creditors: amounts falling due within one year</b>	22	<u>(1,022,741)</u>	<u>(1,646,294)</u>	<u>(983,638)</u>	<u>(1,597,526)</u>
<b>Net current assets</b>		<u>1,802,188</u>	<u>1,496,125</u>	<u>1,772,331</u>	<u>1,464,975</u>
<b>Total assets less current liabilities</b>		<u>20,172,971</u>	<u>20,707,025</u>	<u>19,802,225</u>	<u>20,332,615</u>
<b>Creditors: amounts falling due after more than one year</b>	23	<u>(450,000)</u>	<u>(550,000)</u>	<u>(450,000)</u>	<u>(550,000)</u>
Provision for deferred tax	25	<u>(66,341)</u>	<u>(84,696)</u>	<u>-</u>	<u>-</u>
<b>Net assets</b>	28	<u>19,656,630</u>	<u>20,072,329</u>	<u>19,352,225</u>	<u>19,782,615</u>
<b>Funds employed</b>					
Restricted funds					
Fitted Rigging House		6,820,878	6,809,910	6,820,878	6,809,910
Other		10,693,721	11,283,811	10,693,721	11,283,811
<b>Total restricted funds</b>	29	<u>17,514,599</u>	<u>18,093,721</u>	<u>17,514,599</u>	<u>18,093,721</u>
Unrestricted funds					
Designated funds	30	1,077,669	972,604	1,077,669	972,604
Revaluation reserve	30	264,365	251,410	-	-
General	30	799,997	754,594	759,957	716,290
	30	<u>2,142,031</u>	<u>1,978,608</u>	<u>1,837,626</u>	<u>1,688,894</u>
		<u>19,656,630</u>	<u>20,072,329</u>	<u>19,352,225</u>	<u>19,782,615</u>

## Consolidated and Trust Balance Sheets

As at 31 March 2021

The financial statements were approved and authorised for issue by the Trustees on 22 November 2021. 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 £430,390 (2020- surplus of £21,854). Income attributable to the Trust for the year was £ 5,712,051 (2020- £7,338,349).



**Admiral Sir Trevor Soar**  
Chairman

Company number 01804108

The notes on pages 31 to 59 form part of these financial statements



# Consolidated statement of cash flows

For the year ended 31 March 2021

	Notes	2021 £	2020 £
<b>Net cash from operating activities</b>	31	<u>491,814</u>	<u>1,438,902</u>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment	15	(27,968)	(850,678)
Proceeds from the disposal of property, plant and equipment		-	4,000
Proceeds from the disposal of investment properties		40,680	70,784
Net gain on investments		-	14,517
(Purchase) of investments		-	(8,710)
Income from investment property		<u>15,799</u>	<u>15,764</u>
		<u>28,511</u>	<u>(754,323)</u>
<b>Cash flow from financing activities</b>			
Proceeds from new loans		<u>-</u>	<u>-</u>
		<u>-</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>		520,325	684,579
Cash and cash equivalents at the beginning of the year		<u>1,131,118</u>	<u>446,539</u>
<b>Cash and cash equivalents at the end of the year</b>		<u>1,651,443</u>	<u>1,131,118</u>
<b>Cash and cash equivalents at the end of the year</b>			
Restricted fund		25,033	25,033
Unrestricted funds		<u>1,626,410</u>	<u>421,506</u>
<b>Cash and cash equivalents at the end of the year</b>		<u>1,651,443</u>	<u>446,539</u>

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

The notes on pages 31 to 59 form part of these financial statements.

# Notes to the financial statements

For the year ended 31 March 2021

## 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 2021

## 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 2021

### 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 2021

## 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 2021

### 2 Accounting policies (continued)

#### *Property, plant and equipment*

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

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

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

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

#### *Heritage Assets*

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

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

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

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

# Notes to the financial statements (continued)

For the year ended 31 March 2021

## 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 2021

### 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 2021

### 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 2021

### 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 2021

### 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 2021 £	Total 2020 £
Government grants				
- Department for Digital, Culture, Media & Sport	-	198,381	198,381	294,192
- Arts Council England (ACE)	-	243,000	243,000	-
- Arts Council England - NPO	-	249,508	249,508	245,000
Other grants	1,038,303	200,956	1,239,259	879,537
Donations	64,409	-	64,409	103,882
	<u>1,102,712</u>	<u>891,845</u>	<u>1,994,557</u>	<u>1,522,611</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 Michael Uren Foundation, the John Swire 1989 Charitable Trust and the Arts Council England.

### 5 Income from charitable activities

	2021 £	As restated 2020 £
Preservation - rent & service charges	2,951,187	3,389,907
Education - visitor admissions	283,723	1,414,473
	<u>3,234,910</u>	<u>4,804,380</u>

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

For details of the prior year restatement see note 36.

# Notes to the financial statements (continued)

For the year ended 31 March 2021

## 6 Income from other trading activities

	2021 £	As restated 2020 £
Income from sale of goods		
Retail – gift shop	46,640	182,466
Sales of rope products	277,161	490,730
Catering	135,549	631,393
Income from provision of services		
Weddings & other functions	24,769	306,659
Property income	205,425	262,999
	<u>689,544</u>	<u>1,874,247</u>

Of the income from other trading activities, £Nil (2020 - £Nil), was restricted.

For details of the prior year restatement see note 36.

## 7 Income from investments

	2021 £	2020 £
Fixed interest on cash deposits	<u>3,646</u>	<u>39</u>

## 8 Other income

	2021 £	2020 £
Profit on disposal of fixed asset	<u>3,190</u>	<u>4,000</u>

Of the other income, £Nil (2020 - £Nil), was restricted.

## Future income from non-cancellable operating leases

	2021 £	2020 £
The Group is due to receive the following amounts under non-cancellable operating leases:		
Due next year	1,201,445	1,221,431
Due in 2 to 5 years	4,504,530	5,418,959
Due after more than 5 years	<u>10,820,088</u>	<u>17,308,018</u>
	<u>16,526,063</u>	<u>23,948,408</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 2021

## 9 Expenditure on raising funds

	2021 £	As restated 2020 £
Incurred by the Trust	335,255	625,515
Incurred by the trading subsidiaries	271,879	971,192
	<u>607,134</u>	<u>1,596,707</u>
Support costs allocated to raising funds (see note 12)	154,606	199,086
	<u>761,740</u>	<u>1,795,793</u>

Of the expenditure on raising funds £Nil (2020 - £Nil) was restricted.  
For details of the prior year restatement see note 36.

## 10 Expenditure on preservation

	2021 £	2020 £
Staff and associated costs	257,009	360,007
Maintenance costs	441,285	651,276
Fitted Rigging House preliminary expenditure	-	70,856
Utilities	401,363	451,678
Other direct costs	335,350	333,934
Depreciation	336,972	382,511
Allocated support costs (see note 12)	333,613	358,750
	<u>2,105,592</u>	<u>2,609,012</u>

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

Of the expenditure on preservation £336,972 (2020 - £453,367) was restricted.

## 11 Expenditure on education

	2021 £	2020 £
Staff and associated costs	1,312,747	1,240,456
Other direct costs	970,251	849,006
Depreciation	613,388	892,527
Other project expenditure	28,754	59,512
Maintenance	75,572	149,896
Allocated support costs (see note 12)	632,517	676,212
	<u>3,633,229</u>	<u>3,867,609</u>

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

Of the expenditure on education £1,350,701 (2020 - £1,099,096) was restricted.

# Notes to the financial statements (continued)

For the year ended 31 March 2021

## 12 Support costs

	2021 £	2020 £
Staff and associated costs	797,903	902,289
Office costs	61,271	70,844
Professional fees	20,845	19,352
Insurances	194,435	194,670
Other costs	1,307	27,039
Governance costs	44,975	19,854
	<u>1,120,736</u>	<u>1,234,048</u>

	2021 £	2020 £
Support costs are allocated as follows:		
Raising funds	154,606	199,086
Education	632,517	676,212
Preservation	333,613	358,750
	<u>1,120,736</u>	<u>1,234,048</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	2021 £	2020 £
Wages and salaries	2,445,973	2,665,526
Social security costs	193,723	197,819
Pension scheme – defined contribution scheme	154,097	193,623
	<u>2,793,793</u>	<u>3,056,968</u>
Trust	2021 £	2020 £
Wages and salaries	2,180,563	2,322,986
Social security costs	176,993	172,346
Pension scheme – defined contribution scheme	142,227	176,265
	<u>2,499,783</u>	<u>2,671,597</u>

# Notes to the financial statements (continued)

For the year ended 31 March 2021

## 13 Wages and salaries (continued)

Average no. of persons employed:	Group 2021 Number	2020 Number	Trust 2021 Number	2020 Number
Preservation	22	25	22	25
Education	80	84	80	84
Ropemaking	8	7	8	7
Catering & retail	19	26	-	-
Support	11	11	11	11
	<u>140</u>	<u>153</u>	<u>121</u>	<u>127</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:

	2021 Number	2020 Number
£60,001 - £70,000	-	1
£70,001 - £80,000	2	1
£100,001 - £110,000	-	1

Contributions in the year for the provision of money purchase benefits to higher paid employees totalled £13,157 (2020: £66,148).

During the year statutory redundancy payments of £44,613 (2020 - £Nil) were paid. An ex-gratia payment of £Nil (2020 - £1,250) was made to the Trust's secretary in recognition of services provided.

The Chairman of the Trustees is entitled to receive remuneration from the Trust for services provided, as permitted by the Memorandum and Articles and approved by the Charity Commission. The Chairman's emoluments for the year were £29,177 for Sir Trevor (2020 - £27,113 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 no (2020 - three) Trustees in respect of the cost of attending meetings amounted to £Nil (2020 - £484).

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:

	2021 £	2020 £
Key management remuneration	<u>570,202</u>	<u>610,014</u>

## Notes to the financial statements (continued)

For the year ended 31 March 2021

### 14 Net expenditure

	2021 £	2020 £
Net expenditure is stated after charging:		
Depreciation of tangible assets:		
- Property, plant and equipment	431,010	772,011
- Heritage assets	524,813	503,181
Auditor's remuneration:		
- Audit (Trust)	38,565	13,854
- Audit (Subsidiaries)	8,120	8,120
- Non audit services paid to companies associated with the auditors	6,410	6,000
Income received under non-cancellable operating leases	1,403,496	1,284,909
Inventory recognised as an expense	316,330	778,400
Impairment of inventory	6,000	27,190
Operating lease charges	907	-

### 15 Tangible fixed assets – Property plant and equipment

Group	Fixtures, fittings and equipment £	Galleries £	Total £
<b>Cost</b>			
1 April 2020	7,577,780	6,916,356	14,494,136
Additions	27,968	-	27,968
Transfer	(52,056)	19,149	(32,907)
<b>31 March 2021</b>	<b>7,553,692</b>	<b>6,935,505</b>	<b>14,489,197</b>
<b>Depreciation</b>			
1 April 2020	6,510,259	6,025,601	12,535,860
Charge for year	282,822	148,188	431,010
Transfer	12,036	2,017	14,053
<b>31 March 2021</b>	<b>6,805,117</b>	<b>6,175,806</b>	<b>12,980,923</b>
<b>Net book value</b>			
<b>31 March 2021</b>	<b>748,575</b>	<b>759,699</b>	<b>1,508,274</b>
31 March 2020	1,067,521	890,755	1,958,276

The transfer in the year in the Trust and Charity is due to an overstatement of cost and depreciation in the prior year note. The net effect on the net book value of the assets in both years is £nil.



# Notes to the financial statements (continued)

For the year ended 31 March 2021

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

Trust	Fixtures, fittings and equipment £	Galleries £	Total £
<b>Cost</b>			
1 April 2020	7,444,094	6,916,356	14,360,450
Additions	27,968	-	27,968
Transfers	(52,056)	19,149	(32,907)
<b>31 March 2021</b>	<b>7,420,006</b>	<b>6,935,505</b>	<b>14,355,511</b>
<b>Depreciation</b>			
1 April 2020	6,390,620	6,025,601	12,416,221
Charge for year	279,060	148,188	427,248
Transfers	12,036	2,017	14,053
<b>31 March 2021</b>	<b>6,681,716</b>	<b>6,175,806</b>	<b>12,857,522</b>
<b>Net book value</b>			
<b>31 March 2021</b>	<b>738,290</b>	<b>759,699</b>	<b>1,497,989</b>
31 March 2020	1,053,474	890,755	1,944,229

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 2020	22,430,252	3,344,642	144,000	25,918,894
Transfers	(1,040,473)	-	-	(1,040,473)
<b>31 March 2021</b>	<b>21,389,779</b>	<b>3,344,642</b>	<b>144,000</b>	<b>24,878,421</b>
<b>Depreciation</b>				
1 April 2020 (restated)	6,003,730	3,344,642	-	9,348,372
Charge for year	524,813	-	-	524,813
Transfers	(1,087,433)	-	-	(1,087,433)
<b>31 March 2021</b>	<b>5,441,110</b>	<b>3,344,642</b>	<b>-</b>	<b>8,785,752</b>
<b>Net book value</b>				
<b>31 March 2021</b>	<b>15,948,669</b>	<b>-</b>	<b>144,000</b>	<b>16,092,669</b>
31 March 2020 (restated)	16,426,522	-	144,000	16,570,522

The transfer in the year in relation to Heritage assets of £1,040,473 is due to an overstatement of cost and depreciation in the prior year note. The net effect on the net book value of the assets in both years is £nil.

## Notes to the financial statements (continued)

For the year ended 31 March 2021

### 16 Heritage assets (continued)

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

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

The assets include:

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

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

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

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

### Historical record of movements in heritage assets - Group and Trust

There were no additions, disposals or impairments in the last five years other than the transfer of the Fitted Rigging House upon completion in the year ended 31 March 2020. The value of this was £6,550,100.

# Notes to the financial statements (continued)

For the year ended 31 March 2021

## 17 Investment Properties

Group	2021 £	2020 £
1 April	330,313	405,142
Disposals	(43,870)	(74,829)
Revaluation	45,261	-
31 March	<u>331,704</u>	<u>330,313</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 2021 and the revaluation is £45,261.

## 18 Investments – shares in subsidiary companies – Trust

	Share Capital £	Total £
At 31 March 2020 and 31 March 2021	<u>1,100</u>	<u>1,100</u>

The subsidiary companies at 31 March 2021 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 2021

## 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 2021</b>				
Turnover	315,272	19,016	166,266	369,831
Expenditure	(300,312)	(11,929)	(14,804)	(374,886)
Taxation	-	(9,052)	-	-
Other movements in profit and loss reserve	-	52,922	-	-
Distribution to the Trust	(14,960)	(50,957)	(151,462)	-
Movement in profit and loss reserve	-	-	-	(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
<b>Year ended 31 March 2020</b>				
Turnover	520,726	15,803	185,464	902,814
Expenditure	(514,578)	(22,740)	(66,125)	(817,701)
Taxation	-	-	-	-
Transfer from revaluation reserve	-	74,829	-	-
Distribution to the Trust	(6,148)	(67,892)	(119,339)	(85,113)
Movement in profit and loss reserve	-	-	-	-
<b>As at 31 March 2020</b>				
Assets	77,927	424,438	125,779	203,179
Creditors and provisions	(52,927)	(178,819)	(125,679)	(183,079)
Net assets	25,000	245,619	100	20,100

# Notes to the financial statements (continued)

For the year ended 31 March 2021

## 19 Investments

	Group 2021 £	2020 £	Trust 2021 £	2020 £
<b>Listed investments – common investments funds</b>				
1 April	351,789	343,079	351,789	343,079
Change in market value	86,347	8,710	86,347	8,710
31 March	<u>438,136</u>	<u>351,789</u>	<u>438,136</u>	<u>351,789</u>

## 20 Inventories

	Group 2021 £	2020 £	Trust 2021 £	2020 £
Raw materials and consumables	117,327	134,557	117,327	134,557
Goods for resale	<u>123,837</u>	<u>175,375</u>	<u>73,553</u>	<u>96,920</u>
	<u>241,164</u>	<u>309,932</u>	<u>190,880</u>	<u>231,477</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 £22,124 (2020 - £27,190).

## 21 Debtors

	Group 2021 £	2020 £	Trust 2021 £	2020 £
Trade debtors	222,276	638,233	149,026	620,893
Grants receivable	-	356,331	-	356,331
Amount owed by subsidiary undertakings	-	-	422,922	426,156
Other debtors	105,156	198,463	97,398	124,928
Prepayments and accrued income	<u>604,890</u>	<u>508,342</u>	<u>583,472</u>	<u>493,331</u>
	<u>932,322</u>	<u>1,701,369</u>	<u>1,252,818</u>	<u>2,021,639</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 2021 £	2020 £	Trust 2021 £	2020 £
Other loan	100,000	-	100,000	-
Trade creditors	196,280	191,733	188,994	185,975
Taxation and social security	40,852	52,245	40,852	52,245
Other creditors	313,296	432,751	297,774	430,852
Accruals and deferred income (see note 25)	<u>372,313</u>	<u>969,565</u>	<u>356,018</u>	<u>928,454</u>
	<u>1,022,741</u>	<u>1,646,294</u>	<u>983,638</u>	<u>1,597,526</u>

## Notes to the financial statements (continued)

For the year ended 31 March 2021

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

	Group		Trust	
	2021	2020	2021	2020
	£	£	£	£
Other loan	450,000	550,000	450,000	550,000

The South East Local Enterprise Partnership (SELEP) loan, at 0% interest, is repayable by March 2024.

### 24 Deferred income

	Group		Trust	
	2021	2020	2021	2020
	£	£	£	£
Balance at 1 April	455,016	32,633	455,016	32,633
Amount released to SOFA	(455,016)	(32,633)	(455,016)	(32,633)
Amount deferred in the period	10,565	455,016	34,771	455,016
Balance at 31 March	10,565	455,016	34,771	455,016

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

### 25 Deferred tax

	Group		Trust	
	2021	2020	2021	2020
	£	£	£	£
Arising on property revaluations:				
At 1 April	84,696	84,696	-	-
Credit to profit & loss	(27,407)	-	-	-
Tax on revaluation	9,052	-	-	-
At 31 March	66,341	84,696	-	-

Deferred tax is calculated at a rate of 25% (2020 - 20%).

### 26 Contingent liabilities

Within the Historic Dockyard there are 47 structures designated as Scheduled Ancient Monuments and 54 Listed Buildings. The Trust has a responsibility and liability to remedy any state of disrepair of the Listed Buildings under the Planning (Listed Buildings & Conservation Areas) Act 1990. Whilst the Trust continues to maintain these structures, it may have insufficient funds to carry out the full scale repair of all the structures should the appropriate notice be served upon the Trustees. To date, no such notice has been served.

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

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

### 27 Capital commitments

As at the year end, the Group and Trust had contracted for capital commitments totalling £Nil (2020: £Nil).

# Notes to the financial statements (continued)

For the year ended 31 March 2021

## 28 Analysis of funds

Group - as at 31 March 2021	Restricted	Unrestricted			Total unreserved	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>

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

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 2021

## 28 Analysis of funds (continued)

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

## 29 Restricted funds

Year ended 31 March 2021	At 1 April 2020	Transfers 2021	Gains 2021	Income 2021	Expend- iture 2021	At 31 March 2021
	£	£	£	£	£	£
Group and Trust						
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	<u>6,809,910</u>	<u>200,000</u>	<u>-</u>	<u>-</u>	<u>(189,032)</u>	<u>6,820,878</u>
	<u>18,093,721</u>	<u>216,706</u>	<u>-</u>	<u>891,845</u>	<u>(1,687,673)</u>	<u>17,514,599</u>

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



## Notes to the financial statements (continued)

For the year ended 31 March 2021

### 29 Restricted funds (continued)

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

In the current year the allocation of fixed assets between restricted and unrestricted funds has been reviewed and corrected. There is no restatement of reserves in total.

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

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

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

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

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

Transfers in the year represent immaterial reallocations between reserves, as well as a £200,000 transfer into the Fitted Rigging House restricted reserve from general funds.

# Notes to the financial statements (continued)

For the year ended 31 March 2021

## 30 Unrestricted funds

### Year ended 31 March 2021

Group	At 1 April 2020 £	Transfers 2021 £	Gains 2021 £	Income in 2021 £	Expend- iture in 2021 £	At 31 March 2021 £
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	(59,713)	72,668	-	-	264,365
General	754,594	41,341	86,347	4,655,179	(4,737,464)	799,997
	<u>1,978,608</u>	<u>(216,706)</u>	<u>159,015</u>	<u>5,034,002</u>	<u>(4,812,888)</u>	<u>2,142,031</u>

### Year ended 31 March 2020

Group	At 1 April 2019 £	Transfers 2020 £	Gains 2020 £	Income in 2020 £	As restated Expend- iture in 2020 £	At 31 March 2020 £
Designated funds						
- Fixed assets	477,515	82,453	-	-	(73,190)	486,778
- Maintenance and development	674,214	(672,604)	-	720,809	(236,593)	485,826
Revaluation	326,239	(74,829)	-	-	-	251,410
General	885,197	(222,679)	14,517	6,907,683	(6,830,124)	754,594
	<u>2,363,165</u>	<u>(887,659)</u>	<u>14,517</u>	<u>7,628,492</u>	<u>(7,139,907)</u>	<u>1,978,608</u>

For details of the prior year restatement see note 36.

### Year ended 31 March 2021

Trust	At 1 April 2020 £	Transfers 2021 £	Gains 2021 £	Income in 2021 £	Expend- iture in 2021 £	At 31 March 2021 £
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	(18,372)	86,347	4,441,383	(4,465,691)	759,957
	<u>1,688,894</u>	<u>(216,706)</u>	<u>86,347</u>	<u>4,820,206</u>	<u>(4,541,115)</u>	<u>1,837,626</u>

### Year ended 31 March 2020

Trust	At 1 April 2019 £	Transfers 2020 £	Gains 2020 £	Income in 2020 £	Expend- iture in 2020 £	At 31 March 2020 £
Designated funds						
- Fixed assets	477,515	82,453	-	-	(73,190)	486,778
- Maintenance and development	674,214	(672,604)	-	720,809	(236,593)	485,826
General	847,248	(297,508)	14,517	5,606,282	(5,454,249)	716,290
	<u>1,998,977</u>	<u>(887,659)</u>	<u>14,517</u>	<u>6,327,091</u>	<u>(5,764,032)</u>	<u>1,688,894</u>

# Notes to the financial statements (continued)

For the year ended 31 March 2021

## 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. In the current year the allocation of fixed assets between restricted and unrestricted funds has been reviewed and corrected. There is no restatement of reserves in total.

The Maintenance and Development Fund represents sums set aside for planned preventive maintenance and building refurbishment expenditure in future periods. The Trust's policy is to invest any surplus on unrestricted funds generated each year back into the core activities of the Trust and to that end any surplus generated less unrestricted capital expenditure up to £100,000 will be designated to fund planned preventive maintenance and building refurbishment. The transfer in the year represents the expenditure of funds designated in previous years net of the 2021 transfer into the fund. The amount transferred in the year is expected to be utilised in the coming year.

The transfer to the general reserve from the revaluation reserve arises on disposals and represents the realisation of previously recognised revaluation surpluses. Other transfers in the year represent immaterial reallocations between reserves, as well as a £200,000 transfer into the Fitted Rigging House restricted reserve from general funds.

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

	2021 £	2020 £
Net (expenditure)	(415,699)	(52,620)
Depreciation of property, plant and equipment	431,010	772,011
Depreciation of heritage assets	524,813	503,181
Profit on disposal of tangible fixed assets	-	4,090
Loss on disposal of investment properties	3,190	(4,045)
Rental income	(15,799)	(15,764)
Revaluation of investment property	(45,261)	-
Net gain on investments	(86,347)	(14,517)
(Decrease) in inventories	68,768	64,215
Decrease/(Increase) in debtors	769,047	(476,102)
(Decrease)/Increase in creditors	(723,553)	658,453
Movement in deferred tax provision	(18,355)	-
<b>Net cash provided by from operating activities</b>	<b>491,814</b>	<b>1,438,902</b>

## 32 Analysis of net debt

	At 1 April 2020 £	Cash flows £	At 31 March 2021 £
Cash at bank and in hand	1,131,118	520,325	1,651,443
Loans	(550,000)	-	(550,000)
<b>Net cash inflow from operating activities</b>	<b>581,118</b>	<b>520,325</b>	<b>1,101,443</b>

## Notes to the financial statements (continued)

For the year ended 31 March 2021

### 33 Operating lease commitments

At 31 March 2021 the Group was committed to making the following payments under non-cancellable operating leases in the coming years

	2021 £	2020 £
Due next year	2,954	-
	<u>2,954</u>	<u>-</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 2021 £
<b>From the Trust:</b>					
Employment recharges	249,526	47,869	-	-	297,395
Rent	19,000	-	-	-	19,000
Audit fee recharges	3,000	3,600	800	720	8,120
Postage costs	-	840	-	-	840
Utilities	618	-	-	-	618
Rope purchases	-	228,169	-	-	228,169
Finance and insurance costs	-	-	4,320	-	4,320
	<u>272,144</u>	<u>280,478</u>	<u>5,120</u>	<u>720</u>	<u>558,462</u>
Amounts owed from/(to):	<u>129,218</u>	<u>33,235</u>	<u>72,766</u>	<u>187,704</u>	<u>422,923</u>

# Notes to the financial statements (continued)

For the year ended 31 March 2021

## 34 Related Party Transactions (continued)

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

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 2021 £	2020 £	Trust 2021 £	2020 £
Financial assets at fair value through profit or loss	<u>438,136</u>	<u>351,789</u>	<u>438,136</u>	<u>351,789</u>
Gain on financial assets at fair value through profit or loss	<u>86,347</u>	<u>14,517</u>	<u>86,347</u>	<u>14,517</u>

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

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

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

## Notes to the financial statements (continued)

For the year ended 31 March 2021

### **36 Prior year adjustment**

There has been a prior year adjustment in respect of intercompany trading not previously eliminated on consolidation in the year ended 31 March 2020. This has reduced income and expenditure for that year by £419,956 but it had no impact upon the deficit for the year ended 31 March 2020. It does not have any impact upon the reported net assets as at 31 March 2020.