

THE ROYAL NAVY & ROYAL MARINES CHARITY

CONSOLIDATED ANNUAL REPORT AND ACCOUNTS 2020

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FOR THE YEAR ENDED 31 DECEMBER 2020**

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REPORT OF THE TRUSTEES

LEGAL AND ADMINISTRATIVE INFORMATION

Honorary Officers

Patron

Her Royal Highness The Princess Royal

Senior Vice Patron

Honorary Captain Sir Michael Hintze AM RNR

Vice Patrons

Mr James Pitt

Honorary Commander Lance Batchelor RNR

President

Admiral Sir Jonathon Band GCB DL

Vice Presidents

General Sir Gordon Messenger KCB DSO* OBE

Vice Admiral Sir Tim Laurence KCVO CB ADC(P)

Sir Roger Carr

Honorary Commodore The Honourable Stephen Watson RNR

Trustees, Members and Directors

Sir Bill Thomas

Dr Brian Gilvary

Chairman (outgoing) – Retired 24th June 2021

Chairman (incoming) – Appointed 24th June 2021
(Appointed as Trustee 23rd April 2020)

Commodore Andrew Jameson OBE (Ret'd)

Mr Rod Birkett

Mr Mark Lewthwaite

Rear Admiral James Parkin CBE

Mr James Pitt

Brigadier Mike Tanner OBE Royal Marines

WO1 Carl Steedman Royal Navy

Lieutenant Harriet Delbridge Royal Navy

Mr Mark Robinson

Mr Simon Black

Mrs Katherine Phipps-Wiltshire

Commander Michelle Westwood Royal Navy

Ms Katherine Beadle

Vice Chairman

Appointed 10th March 2020

Appointed 23rd April 2020

Appointed 22nd October 2020

Appointed 22nd October 2020

Appointed 22nd October 2020

Appointed 28th January 2021

Mr Jamie Webb

Mr Willy Stocks BEM

WO1 Nick Sharland RN

WO1 MEM (SM) Gary Nicolson MBE RN

Ms Jenny Rowe CB

Commodore Annette Picton MBE Royal Navy (Ret'd)

Resigned 30th January 2020

Resigned 30th January 2020

Resigned 30th January 2020

Retired 23rd April 2020

Retired 22nd October 2020

Retired 28th January 2021

Chief Executive Officer

Mr Adrian Bell

Company Secretary

Mrs Samantha Nicolson

Company Registration Number

6047294 (England and Wales)

Registered Charity Numbers

1117794 (England and Wales)

SC041898 (Scotland)

Registered Office

Building 37, HMS Excellent, Whale Island, Portsmouth, PO2 8ER

Auditor

Moore Kingston Smith LLP, Chartered Accountants
Devonshire House, 60 Goswell Road, London, EC1M 7AD

Legal Advisors

Charles Russell Speechlys LLP
5 Fleet Place, London, EC4M 7RD

BDP Pitmans LLP
50 Broadway, London SW1H 0BL

Bankers

Holt's Military Banking
Royal Bank of Scotland plc,
200 Fowler Avenue, Fowler Business Park, Farnborough, GU14 7JP

Investment Managers

Sarasin & Partners LLP
Juxon House, 100 St. Paul's Churchyard, London, EC4M 8BU

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CHAIRMAN and CEO's REPORT

A year like no other

It is difficult to sum up 2020 but it is probably fair to say that what we have experienced, and continue to experience, will resonate for a long, long time – and a lot of that will not be for the good. Global and national inequalities have been highlighted like never before and the fragility and frailties of the systems we live in and rely on exposed in a dramatic and sobering fashion. The effects of this pandemic are being felt across all areas of our lives and it is very difficult to gauge what this might mean in the years ahead.

In turn, working out what this might mean for a charity like the Royal Navy and Royal Marines Charity and the people it serves is not easy. The experiences of most of our beneficiaries will be diverse and for the most part detrimental. For some it was a year of educational disruption, forced isolation and unimaginable grief and loss. For others within our community, 2020 was spent at the vanguard of the national response to Covid-19, or contending with even longer periods of family separation, or even facing financial uncertainty and job loss.

For us, this points towards an even greater need for agility to meet the needs of beneficiaries as well as reducing costs and overheads wherever possible. One of the reasons that the RNRMC undertakes much of the fundraising for the naval charity sector is to allow fellow charities to focus their funds on beneficiaries. Equally, we are taking ever greater responsibility for the administrative functions in a number of those charities in a push for greater efficiency and economy. Our overall aim is to maximise income to support the full range of charitable outputs from all naval charities and beyond, from individual benevolence to amenities, and from proactive commissioning and partnering to the support of the welfare infrastructure across the wider military charity sector on which all beneficiaries rely.

As part of our strategic journey, we continue to focus on prevention and early intervention. 2020 was always going to be something of a watershed year for the RNRMC as we moved to operating as a commissioning agent rather than just a traditional grant maker. It was the year in which we launched six specially developed funding programmes for the communities we serve, born out of the findings of the 2019 RNRMC Need Report. The ability to flex and amend service delivery in response to improved understanding of need and lessons learnt is a major benefit of the commissioning approach and the advantages of this responsiveness was put to the test by the sudden onset of Covid-19. At the same time, we rapidly expanded and tailored out existing support in response to the pandemic's devastating impact on the wellbeing of all those in our community.

At the outset of the pandemic last March, RNRMC Trustees approved the creation of a Hardship Fund to support those beneficiaries of the Charity adversely affected by the crisis whose needs could not otherwise be met by emergency funds or measures put in place by local and central government, or by other charities.

To date, some 190 separate grants totalling in excess of £ 600,000 have been paid out through the Hardship Fund providing a genuine lifeline for some and making life more bearable for those contending with lockdown with a serving partner deployed on operations. As a result of the grants we have made, computer equipment has been provided to enable the children from low-income beneficiary families to participate in virtual home learning; thermal imaging equipment has been purchased and installed to help to keep veteran care homes safe whilst enabling precious visits by loved ones; the purchase of small electrical items has enabled Royal Navy veterans in sheltered housing to prepare meals in their own rooms whilst communal kitchens remain off-limits; passing out parades have been livestreamed to proud family members unable to attend in person; and, very sadly, our contribution to the costs of Covid-19 related funerals has helped to give affected Royal Navy families the time and space to grieve properly and to come to terms with the terrible and tragic impact of this disease.

The role of the charity sector in fostering cohesion, individual wellbeing and bridging social divides will be critical to the national recovery. The Government's £750 million rescue package for charities was an important step, but it was never going to be enough to safeguard their long-term survival. Charities form the glue that binds communities together at the toughest of times, and they have an absolutely critical role to play in supporting the most vulnerable, whose suffering is amplified in times of crisis. The RNRMC is a firm advocate of ever closer working and greater collaboration not only to profit from efficiency but also to enhance the visibility and voice of the naval charity sector. We will continue to explore ways to provide a better experience for our beneficiaries to access and then navigate the support on offer.

Greenwich Hospital and the Royal Navy and Royal Marines Charity continue to work together to better manage financial demand and grant-making. Greenwich Hospital is represented on all RNRMC significant charitable committees and

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Demand for charitable services continues to rise. Much of the current research and development work we are involved in is about helping us to better understand the landscape beneficiaries inhabit, the challenges they face or might face, and assisting us to explore what might or will be required and allow us to get upstream of problems by more preventative and early intervention programmes before issues become crises.

The context that we are working in may have changed completely, but our commitment to support every serving and veteran sailor, marine and their dependants remains undiminished. It may have been a year like no other, but this has only served to strengthen our resolve to deliver the life-long support that our beneficiaries and supporters count on us to provide.



.....
Dr Brian Gilvary
Chairman



.....
Mr Adrian Bell
CEO

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Structure, Governance and Management

Context

The Royal Navy and Royal Marines Charity (RNRMC) is a charitable company, limited by guarantee, incorporated on 10 January 2007 and registered with the Charity Commission on 2 February 2007. The RNRMC was registered with the Office of the Scottish Charity Regulator on 17 November 2010.

The RNRMC Group structure was created to provide a strong voice for naval charity through close ties and working relationships. Ever stronger links are being forged with the family of naval charities and veterans' associations, together with cross-sector working with those charities supporting soldiers and air personnel.

Governance

The RNRMC is controlled solely by its Members, who are also its Trustees and make up the Board of Trustees. The Charity is governed by its Memorandum and Articles of Association, initially dated 6 December 2006 (the Articles of Association having been revised and adopted by Special Resolution on 30th January 2020) and is subject to the requirements and the protection of both charity and company law.

Board of Trustees

The Trustees, whom are all volunteers, represent a blend of competence and experience and include those with experience of military service along with those with diverse civilian backgrounds. They are selected through a formal interview process and appointed for an initial term of three years. In accordance with good practice they would normally serve a maximum of three terms.

On 24th June 2021 after serving his full 6 years as Chairman, Sir Bill Thomas stood down as chair of the RNRMC Board, he was succeeded by Dr Brian Gilvary.

Board and Committee Meetings

The Board delegates certain powers in connection with the Charity's management and administration, as set out below. This delegation is controlled by requiring the committees to report back at the next Board meeting. All committees provide meeting minutes which are kept as part of the statutory records.

The Board meets at least four times a year. The RNRMC has encouraged closer communication with Group charities by taking up its option to nominate a trustee to the Boards of The Royal Navy Officers' Charity (RNOC), Royal Marines Association - The Royal Marines Charity (RMA-TRMC) and the Naval Service Sports Charity (NSSC).

Group Entities

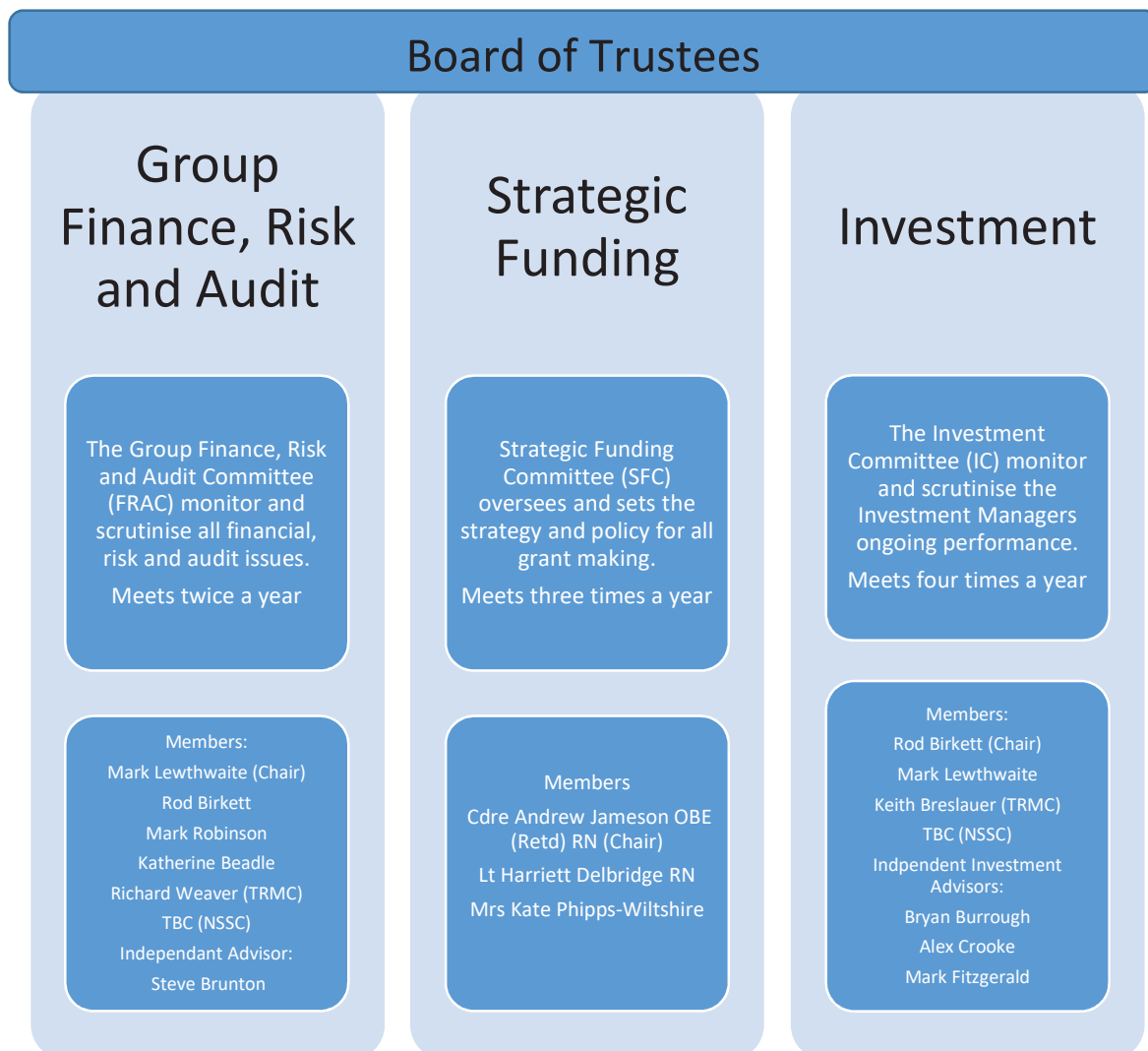
From the 1st April 2019 there are now nine unincorporated charities, four charitable companies, and one charity with a Royal Charter integrated within the Group structure. There are three trading subsidiaries.

- **The Royal Naval Benevolent Society for Officers, known as The Royal Navy Officers' Charity (RNOC)** retains its own trustees, who are responsible for the administration of the charity and the management of their own funds. The RNRMC is entitled to appoint a trustee and as the corporate member it also has a legal power of veto in general meetings. The RNRMC is represented by Commander Michelle Westwood Royal Navy who took over from Commodore Annette Picton in January 2021. The relationship between the charities, although 'arm's length', is a close one.
- **The Naval Service Sports Charity (NSSC)** is a charitable company, governed by a Board of Trustees. The RNRMC Board has overall control, as sole member, since they may resolve by ordinary resolution to amend the minimum and maximum numbers of trustees, to appoint or remove trustees and to change the Memorandum and Articles of Association. The RNRMC is represented on the NSSC board by Mr Rod Birkett.
- **Royal Marines Association - The Royal Marines Charity (RMA-TRMC)** is a charitable company, governed by a Board of Trustees. From 1 April 2019 TRMC acquired the Royal Marines Association and became RMA-The Royal Marines Charity (RMA-TRMC). The RNRMC Board, under its authority as the sole member, may resolve by ordinary resolution to amend the minimum and maximum numbers of trustees and has the right to appoint or remove trustees and to change the Memorandum and Articles of Association after prior consultation with the RMA-TRMC Board. The RNRMC is represented by Mr Mark Robinson.

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- **RNRMC Enterprises Limited** is the trading subsidiary for the Group, which is used to conduct appropriate parts of the Group's merchandising and Royal Marine Band Service trading activities. The Company was established by way of share capital from the RNRMC, which is the sole shareholder. The directors of the company are trustee, Mr Mark Lewthwaite (Chairman), the Chief Executive, Mr Adrian Bell, and Mr Jamie Zuppinger, trustee of Royal Marines Association - The Royal Marines Charity.
- **TRMC Enterprises Limited** is the trading subsidiary for RMA-TRMC which was initially established on 23 February 2016 in order to enable a single building project which was completed in 2017, it has since then completed several further projects supporting beneficiaries across the RM family.
- **Royal Marines Shop Limited** is the trading subsidiary of RMA-TRMC, brought in as part of the RMA-TRMC merger on 1 April 2019.
- **Unincorporated charities** - the RNRMC Board has overall responsibility for their management and administration and delegates day-to-day operations to management committees through terms of reference. A number of these management committees are chaired by an RNRMC Trustee. The role of the management committee is to scrutinise and prioritise grant applications in line with their objects and provide oversight to the minor grants programme.
- RNRMC Sub-Committees of the Board, including apportionment of Trustees:



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People

People Committee (PC) manage the Board and senior staff succession plan and staff remuneration.
Meets 3 times per year

Members:

Dr Brian Gilvary (Chair)
Cdre Andrew Jameson OBE RN (Retd)
Brig Mike Tanner OBE RM
Cdr Michelle Westwood RN

Fundraising and Marketing

Fundraising and Marketing Committee (FMC) oversee the expansion of activities in these areas and the execution of the agreed management plan.
Meets 4 times a year

Members:

Simon Black (Chair)
RAdm James Parkin CBE
James Pitt
Adrian Bell (CEO)

- In 2020 we also recognised the 2 grant pathways as sub committees of the Strategic Funding Committee and their members can be found in the table below:

Through Life

Through Life Committee (TLC) oversight scrutiny and approval of grants for Benevolence
Meets 4 times a year

Members:

Kate Phipps Wiltshire (Chair)
Kim Richardson OBE
Chris Banks
Sarah Ayton
Duncan Lamb
Surg Cdr Jo Keogh RN
Chic Stewart
Sara Field
Nicola Thompson

Quality of Life

Quality of Life Committee (QLC) oversight scrutiny and approval of grants for Amenities
Meets 4 times a year

Members

Lt Harriet Delbridge RN (Chair)
Lt Nicolas Toms RN
WO2 Carl Steedman RN
WO2 Ian Davies MBE RM
WO1 RSM Rick Angrove RM
WO1 Pony Moore RN
WO1 Mick Turnbull RN
WO1 Ian Wilson RN
WO2 Andy Vercoe RN
CPR(SR) Stephen Doyle RN
LWTR Elizabeth Wingate RN
LET Liam Pickford RN
LSET Niall Lauder RN
LD Stuart Farden RN
CPL Maxine Cruise RN

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Management and administration

The policies and principles included within this Trustees Annual Report are those belonging to the Group, however individual charities can adopt / adapt these policies and principles to suit their own circumstances as disclosed within their individual statutory accounts.

Employees

The RNRMC Group employs over 70 staff, with the 39 RNRMC staff based on Whale Island, Hampshire. The day-to-day control and administration of the RNRMC is delegated to the Chief Executive Officer, whose senior staff manage functional departments.

During 2020 RNRMC restructured its staffing model post Covid-19 to ensure that it remained fit for purpose and focussed on support for beneficiaries especially as the demand post Covid-19 for support is likely to increase over the next few years. Included in this staffing review was a change in structure to the senior leadership team which saw a new post of Director of Development created to lead the Pilot Transition Support Project, this post was created by combining 2 previous senior support roles for finance and operations into a single support role.

The RNRMC is committed to the training, career and personal development of all employees. Each employee has an annual appraisal where their performance is assessed against the Charity's objectives alongside personal achievements within their specific roles. A training programme is devised that meets both the Charity's needs and also enhances the individual's potential towards their professional development. Further work in 2021 aims to develop a Talent Management Programme for formal development of staff.

We are proud to hold the Silver Award for the Employee Recognition Scheme under the Armed Forces Covenant, which supports the transition of serving members of the Armed Forces into employment.

Remuneration

The Charity does not remunerate its Trustees. The Trustees are responsible for setting the remuneration of the Charity's Chief Executive and the remaining staff are paid via an agreed remuneration framework that sits within the overall reward policy that is agreed annually.

RNRMC's Reward Policy, introduced in 2018 has four principal pillars, comprising remuneration, benefits, recognition and learning and development. The framework is underpinned by a robust job evaluation process for each role within the charity which has been validated by our external Human Resource advisors. Senior Management salaries are reported annually to the People Sub-Committee.

Hierarchy is kept to the minimum to be effective and as a consequence the charity has a pay ratio of 2.92:1 between the Chief Executive's salary and the average for the charity staff. The sector average for a medium sized charity is 5:1. Further details of employee remuneration are disclosed in Notes 12-14 to the accounts.

General Data Protection Legislation (GDPR)

RNRMC in 2018 implemented a suite of tools and staff training packages to monitor and ensure ongoing compliance to GDPR. We continue to endeavour to ensure that all the personal information that we need in running the charity is properly protected, correctly used and safely stored and all staff receive training at point of induction and annually. Our privacy policy and other associated policy changes can all be accessed from our website to ensure transparency and assurance and are reviewed regularly.

Fundraising Principles

The RNOC's income portfolio is historically derived largely from investment income and therefore there was no requirement to fundraise albeit during the past year the charity has spent all allocated reserves and has realised additional income through sale of assets. RNOC are now actively fundraising via the Association Royal Navy Officers' (ARNO) membership and other initiatives. NSSC's income is derived largely from investment income and grants received (including from the RNRMC) and there is therefore no requirement to fundraise. The RNRMC and RMA-TRMC both have established fundraising programmes across similar income streams.

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The Royal Navy and Royal Marines Charity and RMA-TRMC are registered with the Fundraising Regulator and adhere to the standards of the Fundraising Codes of Practice.

No complaints about fundraising activity were received by the RNRMC or RMA-TRMC in 2020 and therefore there was no requirement for escalation to the Regulator. We have our own procedures in place for dealing with complaints. The complaints process is open and transparent and easy to access from our respective websites. Within the process, we publish a clear procedure for escalation and timescales when supporters can expect a response.

Anyone who is kind enough to consider support for the RNRMC can be assured that:

- we never sell personal data to other organisations or charities. We do sometimes ask third party organisations to help process our data but they will act under our instruction. We never allow these organisations to use RNRMC supporter data for their own purposes and the data remains our legal responsibility: we ensure that it is treated with the same level of care as if we were handling it directly.
- it is our policy never to undertake any telephone fundraising or 'cold calling'.
- all of our electronic communications to supporters includes information on how to opt out of future communications.
- we do not undertake door-to-door fundraising.

We display the Fundraising Regulator badge on our websites and fundraising collateral to demonstrate our commitment to best practice. We work with the Fundraising, Mail and Telephone Preference Services to ensure that those who choose not to receive specific types of communication do not have to.

Volunteer fundraising is fundamental to the efforts of both the RNRMC and RMA-TRMC and we would be unable to achieve the level of voluntary income we do without the support of Service and civilian volunteers. Normally in the Summer event season when we are not faced with the consequences caused by the pandemic environment, we rely on a pool of people who give their time freely to directly collect money, organise and assist at events, or make connections with local businesses. Those volunteers collecting money *'on behalf of'* the RNRMC and RMA-TRMC are doing so with the prior knowledge of the charities and receive a volunteer induction, have a dedicated staff 'Line Manager' and have a signed Volunteer Agreement with the respective charity. Those volunteers who collect *'in aid of'* the RNRMC and RMA-TRMC are often acting on their own initiative and we are consequently unaware until we receive the money that has been raised. Official collections are always made with sealed RNRMC and RMA-TRMC collecting bins. Collectors in public places require permission from local authorities or, if within its district, the Metropolitan Police. These licenses are applied for and recorded by the RNRMC and RMA-TRMC Fundraising teams. In 2019 we reviewed and updated our Volunteering policies.

Volunteers and Related Parties

All Trustees and members of the management committees of the subsidiaries give their services voluntarily and received no remuneration for their activities, other than travel and incidental expenses where claimed. The serving members of the Board undertake their RNRMC duties as volunteers in addition to their normal line duties. The RNRMC continues to develop and expand its group of volunteers to assist in all areas of the Charity. These volunteers are supported by staff members as well as specific policies and procedures which includes a handbook for volunteers.

Diversity, Equality and Inclusion

Our existing charity values reflect the need for diversity, equality, and inclusion (DE&I). We also recognise that there will always be further improvements or enhancements that we can make to maximise DE&I within the Charity. We aim to achieve the following key outcomes by working towards delivering the recommended best practice within the Charity Governance Code which will help us to build a diverse, equal and inclusive culture within the charity

- The principles of equality, diversity and inclusion are embedded in the organisation and help to deliver the charity's public benefit.
- Obstacles to participation are reduced, with the organisation's work designed and open for everyone included within its charitable purposes. This supports the charity to challenge inequality and achieve improved equality of outcomes.
- The board is more effective because it reflects different perspectives, experiences and skills, including, where applicable, from current and future beneficiaries.

In 2020 we refreshed the objectives of our Staff Reference Group to include Culture which embraces equality, diversity and inclusion and for those new to the SRG we have set up specific DE&I training courses which help develop both their understanding as well as being beneficial for all of those who engage with them and the charity.

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Trustees' Report

Strategic Report

The Trustee Board reviewed our strategy and refreshed our strategic objectives during 2020 confirming our vision and mission in the process.

Our Vision: A world in which our sailors, marines, and their families are valued and supported for life.

Our Purpose: Our purpose is to honour our vision by ensuring we:

- Provide the leadership and alignment of common purpose for our beneficiaries' needs;
- Find those who need help, especially the hidden and lost, and ensure they can find us;
- Respond appropriately through direct support with key partners from the naval and other charities, the health and social care sector, and the benefits system;
- Work to develop an effective and sustainable access and triage system with appropriate level of case and care supervision for the entire naval family.

Our Strategic Objectives:

- We will work with other charities operating in our sector to establish a confederation in order to provide those in need within our beneficiary group with a single point of access to the totality of state and charitable support available;
- Acting with other naval charities and key stakeholders, we will ensure that our potential beneficiaries are made aware of the support that is available to those who need it;
- We will collaborate with Greenwich Hospital to agree funding priorities, and secure a long-term financial commitment from Greenwich to deliver the RNRMC's charitable objects;
- We will commit to spending over 50% of our charitable expenditure on collaborative and long-term commissioning projects with other charities and organisations which seek to address underlying causes of need; and
- Recognising the need to act decisively, we will undertake bold and far-reaching plans and projects with our partners that will draw-down substantially on our total net assets.

Our Values:

- Beneficiary-focussed – we will use the best evidence available to achieve maximum impact on the lives and morale of those who serve today or who have served, and their families.
- Integrity – we will act with honesty and transparency in all our activities.
- Inclusiveness – we will recognise and celebrate diversity in the sector.
- Teamwork – we will always behave in a way that strengthens the organisation.
- Commitment – we will demonstrate the highest ambition and commitment for our cause.

During 2020, and in furtherance of these RNRMC strategic objectives, the SFC approved £7.1m of RNRMC charitable expenditure through a funding programme focused on identifying need, early intervention and prevention. This was achieved through a combination of:

- **Programmes** – which focus on a particular beneficiary group or community and respond to identified needs.
- **Pathways** – which ensure we remain by the side of all beneficiaries from their first day in the Royal Navy and for decades after their Service ends; and
- **A Hardship Fund** (new in 2020) to respond to the unique pressures resulting from the coronavirus pandemic.

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Commissioning Programmes

Funding for the commissioning programmes in 2020 was split between six programmes, the aim of each of which is: -

- 1) **Naval Service Support** - To provide support to serving naval personnel, e.g., the refurbishment of the new recruits' leisure space (Limers' Bar) at HMS RALEIGH; or the upgrade of the outdoor play area at the Drumfork Community Centre, HMNB Clyde, both of these projects were funded in 2019 but delivered in 2020 which is why there was no spend against this programme in 2020. Other major grants were funded through the Quality of Life pathway below. Exceptional grants to support the Royal Navy will be recorded in programme 1.
- 2) **Family Support** – To provide support to naval families, e.g., partnering with the Kings Foundation to provide camps for children during the school holidays; or partnering with Relate to provide relationship and family counselling services
- 3) **Health & Wellbeing Support** – To support mental health and wellbeing of service personnel and their families, e.g., contribution to the Portsmouth Military Health Alliance which provides gambling & addiction support and other mental health services; or a project with the Gosport and Fareham Multi Academy Trust to create a Community Services Hub at the academy
- 4) **Communities Support Programme** – To combat loneliness and social isolation, e.g., support to the 'Helping Hands' project which trains volunteers to provide a range of activities through the Naval Service Family & People Support organisation; or support to Age UK Portsmouth to help elderly veterans in the Portsmouth area
- 5) **Individual Support** – To ensure that those who fall on hard times have access to financial support, notably through financial grants to the Naval Children's Charity, the Royal Naval Benevolent Fund, and the Sailors Children's Society
- 6) **Veterans' Support** – To support the specific needs of veterans, e.g., partnership with SSAFA who provide a first point of contact for beneficiaries; or a partnership with the Poppy Factory to provide employability support for wounded, injured and sick veterans.

During 2020 a 7th programme was introduced

- 7) **To Promote Independence and Protect Dignity** - To support the need of our older and dependent beneficiaries who need residential care, specialist rehabilitation, access to resources for carers, as well as aid for those overseas in former British Territories.

Pathways

During 2020, we operated 4 pathways which, collectively, seek to deliver on our vision to support our sailors and marines, and their families, for life:

- 1) **Quality of Life Pathway** – To provide grants (often in conjunction with other charities) which improve conditions of service and further the efficiency & morale of the Royal Navy, typically as a result from a funding bid from an individual ship, establishment or unit, e.g., refurbishment of mess spaces; contribution to team building/social events; or prizes & awards
- 2) **Fit for Life Pathway** – To improve the morale and efficiency of the Royal Navy through sport and adventurous training, specifically through a grant to the Naval Service Sports Charity which exists to encourage and promote sport and adventurous training through e.g., the provision of sports facilities; or financial assistance to enable participation in adventurous training
- 3) **Through Life Pathway** – To support the welfare of serving personnel & their families, and veterans, typically by partnering with other charities to provide services, e.g., with Care for Veterans who provide nursing care and rehabilitation for veterans; or with the Royal Alfred Seafarers' Society who care for people living with dementia

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- 4) **End of Life Pathway** – To ease the burden and stress falling on dependants immediately following the death of a service person, notably by paying an immediate financial grant to the next-of-kin as soon as possible after the reported death

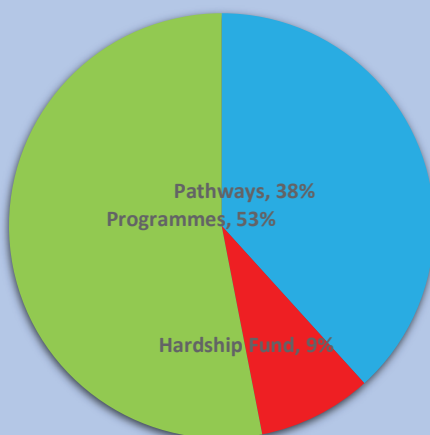
Hardship Fund

The Hardship was established during 2020 in response to the coronavirus pandemic and seeks to provide relief arising from the particular hardship caused by the pandemic, e.g., live streaming of passing-out parades for those families unable to attend; or food delivery services to veterans who are shielding.

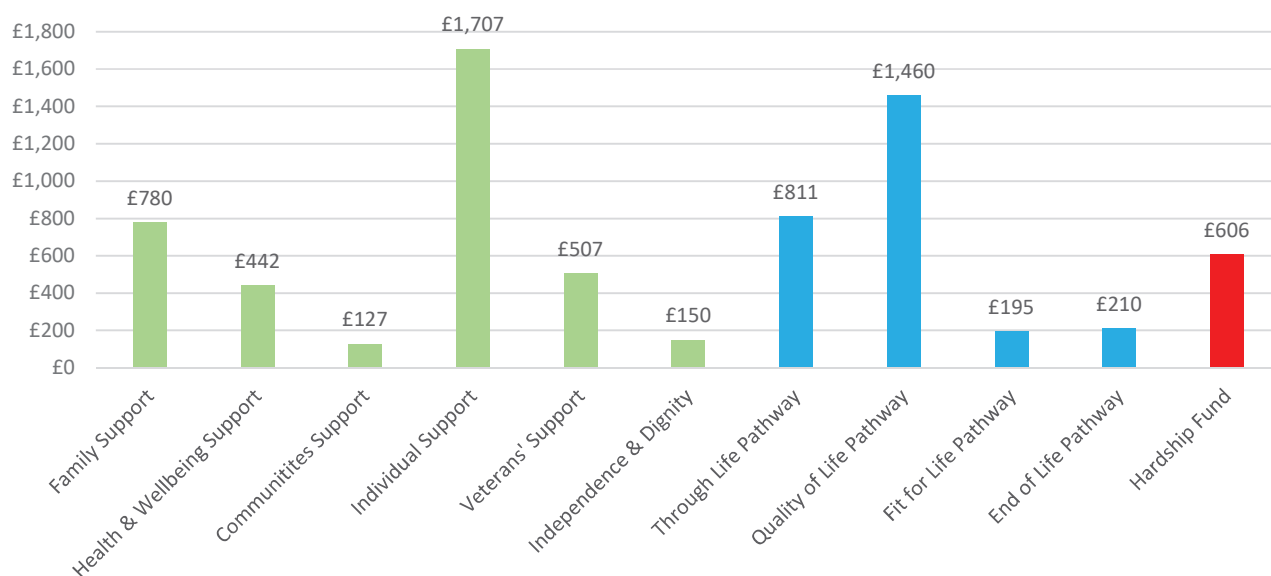
Summary

The graphs below show how the £7m spent by the charity in 2020 was distributed between the programmes, pathways, and hardship fund described above:

How we distributed our funds in 2020 - Total £7m



How RNRMC distributed funds in 2020 - Total £7m
£'000



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Project Dynamo

As part of our new ambitious Strategy, 2020 saw the creation of Project Dynamo: the exploration and discovery phase of our refreshed strategy which aims to enhance the manner in which RNRMC honours its vision to value and support the whole Navy Family, for life. It is based upon and rooted in the holistic welfare work so ably demonstrated by RMA-TRMC, SBSA, RAFBF and Nautilus to name but a few. It is an evidence led project with a singular focus on beneficiaries. Its aim is to build on our understanding of need by identifying gaps and overlaps to develop a blueprint for holistic support through an enhanced and confederated provision of welfare across the Naval Charity Sector, and in partnership with other military charities, as well as others, including state departments. In simple terms, we are trying to improve the access, journey and experience of our beneficiaries to achieve more and achieve better outcomes.

From the initial findings and summary of this project we have chosen to focus upon:

- Understanding the triggers for retention for serving personnel and especially their families.
- The successful transition of early/vulnerable service leavers into the working age veteran population.
- Use of existing membership networks to reduce loneliness and isolation across all ages but especially for late years veterans.
- The value to be gained (for beneficiaries) of tracking/supporting welfare navigation.
- Ensuring the state is playing its role and all appropriate support is accessed i.e. holding to account via the Armed Forces Covenant.

The ability to move to a proactive approach without misallocating resources needs a clear understanding of need. However, the combined existential threats of Brexit and Covid-19 during 2020 have impacted upon; the ability of personnel to transition successfully; families who were already or close to being financially stressed; and working age veterans who are already or subsequently become unemployed. In addition, the imperative to find the hidden and lost is increasingly urgent if we are to assist them before many sadly pass over the next decade.

Grant making Policy

The RNRMC continues to adhere to its Framework of Funding principles, which provides the template for good partnership working and sets out our future funding ambitions for the RNRMC. The framework is further supported by the annual revision and publication of the charity's outcomes which describes the difference we wish to achieve for our beneficiaries. The key aim of these two documents is to enable the military charitable sector and civilian organisations to play a significant role in delivering innovative, diverse and responsive services for all our beneficiaries, including those serving on board ships, units and personnel of the Naval Service and the Auxiliaries, their families and the veteran community.

The RNRMC journey is supporting a shift to a stronger focus on understanding need, achieving value for money and clear outcomes for beneficiaries. This work is supported by the implementation of BlackBaud Grant Management System and development of outcomes monitoring across all our funding channels. Prevention and early intervention are key drivers to ensure needs can be addressed at the earliest opportunity.

Individual grants are not routinely made by the RNRMC, nor is casework conducted by the RNRMC but we work closely with grant makers and caseworkers from other qualified charities in order to verify the validity of our grants when appropriate to do so and closely monitor the impact and value of our investment. However, the introduction of project Dynamo will require RNRMC to casework for the first time to support those in transition, a service not currently operated by naval charities.

The centralised nature of the RNRMC support structure allows extensive almonisation (sharing) of funds by a small grants department. This team has access to most of the funds within the RNRMC Group and also the allocation made to the Naval Service by the Nuffield Trust and shares information with other Navy Command funds thus maximising the efficiency of distribution. The introduction in 2020 of a Commissioning Manager strengthens the charities' ability to target and respond to unmet need. And deliver the commissioning cycle endorsed by the RNRMC Strategic Funding Committee: -

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Commissioning Cycle

“making the best use of all available resources to produce the best outcomes of our beneficiaries.”



At the end of 2020 the Strategic Funding Committee took the decision to reduce the governance of the 4 pathways into 2. Fit for Life was absorbed into Quality of Life and End of Life taken into Through Life. The membership of both these panels was reviewed and refreshed and these combined pathways were approved by the Trustee Board as sub committees of the Strategic Funding Committee.

Our grants pathways are publicised widely, and all bids receive expert peer review and assessment. During 2020 we also reviewed our application process to include a liquidity questionnaire (which covered both reserves and sustainability) which enabled us to understand the financial position better for all applications and is based on current as well as historic financial data. This method of assessment allows both us and our applicants to ensure our combined reserves are used to support those who need it most when they need it and this included those partner charities whose finances were significantly hit during the pandemic. All successful grants are reviewed at least 6 monthly for evidence of the achievement of intended outcomes.

The charity sector, rightly, continues to be the subject of increasing regulation and oversight. In recent times the GDPR legislation has required considerable effort to ensure personal data is managed in a safe and compliant manner. This effort follows additional enhancements to fundraising regulations, safeguarding policy and a new Code of Governance issued by the Charity Commission. It is important that these improvements are fully integrated into all of the charity's business but balanced with a drive to keep overheads as low as possible so that this additional bureaucracy does not prevent our primary objective of providing maximum support to our beneficiaries.

Safeguarding

The RNRMC does not currently work directly with vulnerable groups but two of its subsidiaries, RMA:TRMC and RNOC do, as well as other organisations that RNRMC funds.

On 31st January 2019, following consultation with NCVO, COBSEO (The Confederation of Service Charities) and our legal partners, the RNRMC Board of Trustees approved and adopted a revised new Safeguarding Policy Statement.

All funded organisations are required to submit their safeguarding policy, named lead Trustee and evidence of implementation to the Director of Relationships and Funding.

As part of our delivery of our new strategy, the Transition Support Team are developing a full safeguarding guidance document to be used, initially by those within the Transition Support Team, but that will be rolled out more broadly in 2021/22 to those staff who work directly in support of our beneficiaries. As part of this move of our service delivery into individual benevolence we will be aiming to nominate a safeguarding Trustee prior to the Transition Support Team commencing its first caseloads in Q4 2021. Our Safeguarding Trustee will be Kate Phipps-Wiltshire.

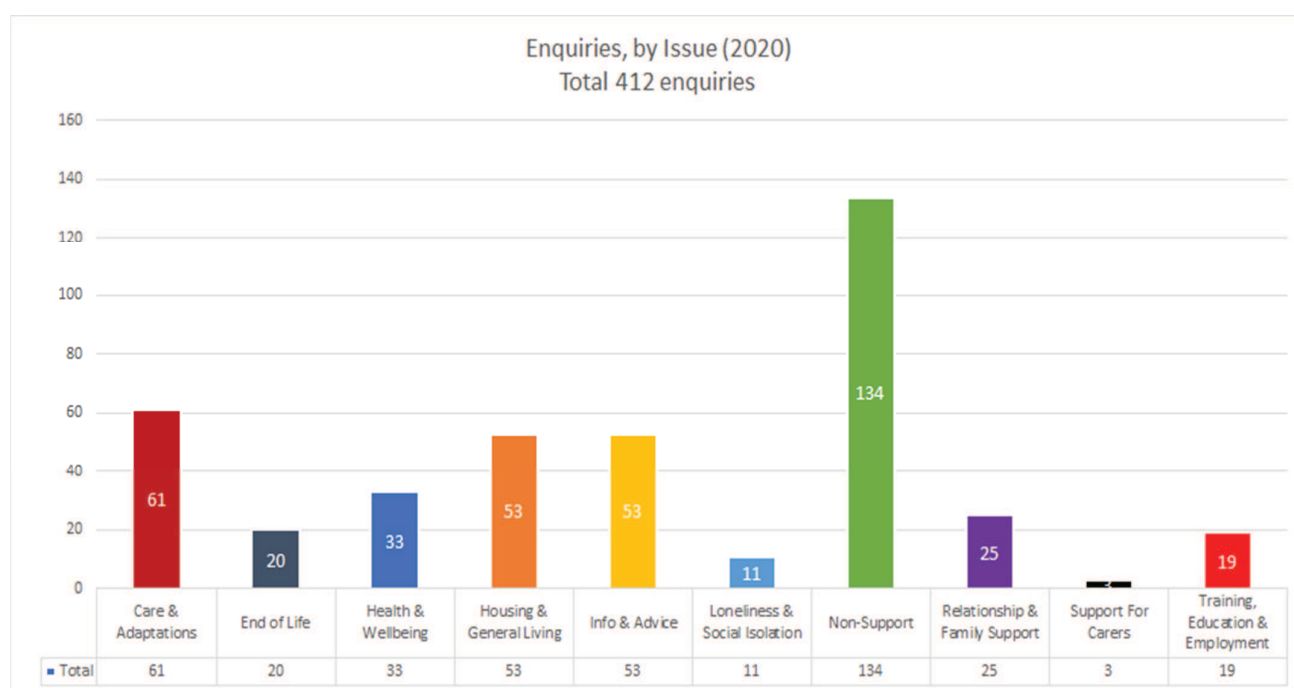
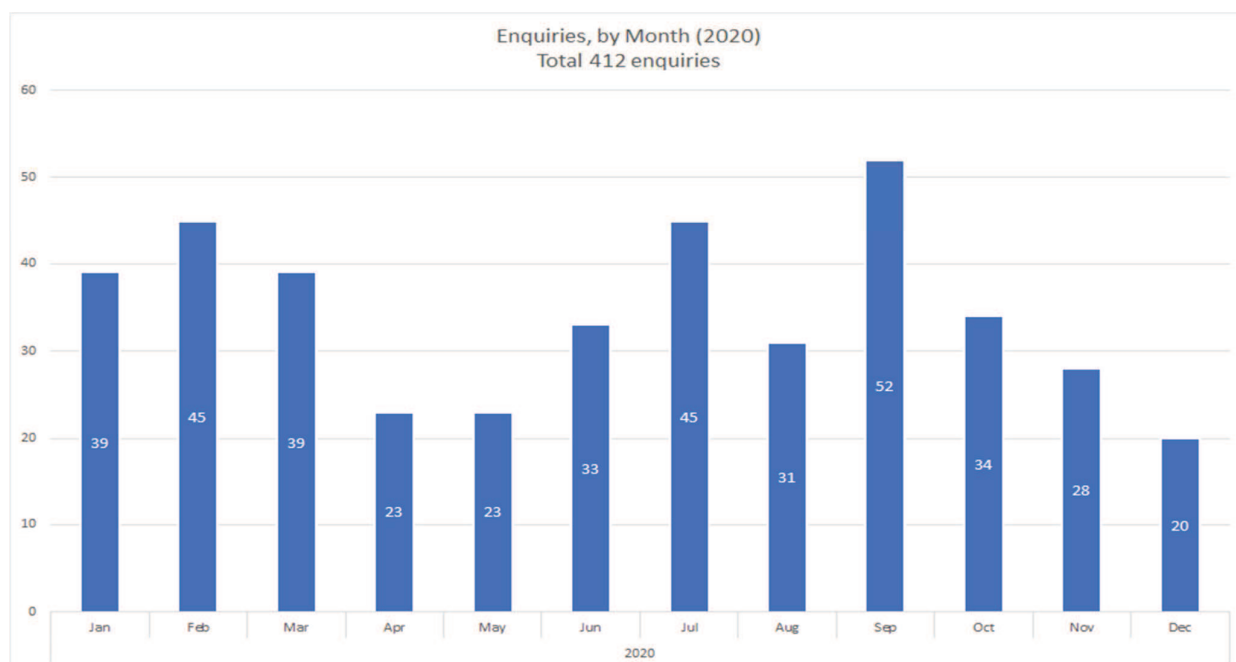
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Support Line

Introduced at the end of 2019 the role of the support line was crucial as the UK entered lockdown in March 2020. A support line officer was employed and continued to be supported by a rota of staff volunteers signposting those who needed help and sometimes just providing a listening ear and compassionate response.

The pandemic has seen an improvement in online guidance and support available from other naval charities and so the demands on our service have reduced in 2021. The numbers of enquiries remain currently relatively low, the provision is in place as a safety net for those who have not been able to find the support they need. All staff who take calls are supported by an RNRMC manager on duty to debrief with specialist support in place.



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Projection for next 3 years

Demand and Need

The huge variety and complexity of Need was articulated in the RNRMC's comprehensive need report presented to Trustees at the beginning of 2019. These themes and golden threads remain the drivers of our funding delivery and development ambition.

The Beneficiary Cross-Cutting Themes were identified as; -

- Debt and financial management.
- Alcohol and addiction support.
- Mental health support.
- Loneliness and social isolation.
- Household and general living costs.
- Relationship support.
- Community facilities with running costs.
- On-line toolkits for a range of issues.
- Health and wellbeing.
- Support for carers.
- Social exclusion

Golden Threads

The following golden threads were heard at workshops and from each of the 8 workstreams:

- Charities need to work together to support beneficiaries.
- A One Stop Shop for naval family beneficiaries should be considered.
- Communicating Naval Sector Charity offer requires improvement.

We will continue to work with providers and partners to scope the provision of more holistic services based on successful pilot programmes.

Demographics

We have explored the changing profile of Royal Navy and Royal Marines beneficiaries. Whilst we know the veteran demographic is declining – most especially the aged veteran community (and we will work hard to meet their needs toward the end of their lives) - the serving population and their families will remain at the current level or gently increase.

Working Together to Meet Need and Measure Impact

The charitable objects of the RNRMC are broad, our grants application and monitoring processes provide a primary source of data to determine need and demonstrate impact. Partnership working with funded charities to explore our joint impact continues to mature in addition to the delivery of workshops to consolidate thinking and the delivery of joined up solutions to address presented need.

All grant holding Organisations are required to provide key monitoring information against the outcomes they have identified at the point of application. The returns are carefully scrutinised to inform further allocation of funding and shaping of grant funded provision. The grants team have introduced monitoring that will be captured via Blackbaud Grant Management system directly linked to the funding outcomes. An outcomes report will be produced in the spring of each year in the future.

RNRMC Grant Making Policy – Projection

In the last five years, the RNRMC has distributed c£37.5m in charitable funding as well as working closely with other charities to almonise financial support to our beneficiaries. In the past, most charitable expenditure has been way of grant-making, based on demand and by application. This is a reactive service that allows charities and organisations

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with similar aims and desired outcomes to bid for money to support their work. However, this year we continued to adopt a more proactive approach, seeking to tackle the causes of need, often through long-term partnerships with other charities. We call this 'commissioning', and in 2020 we spent time investing in our partnership work to improve the offer for beneficiaries and we employed a commissioning manager to lead this area of work under the Director of Relationships and Funding.

Trustees committed to spend much of our charitable expenditure on collaborative programmes addressing unmet need. 53% of our grant budget was allocated across the 7-programmes working with a range of charity and State (NHS) partners. This forms the basis for developing relationships and re-shaping service design with existing organisations and also to explore in some areas new opportunities.

The Commissioning approach to our grant making will provide the means to address the needs of our beneficiaries in the next few years. Need is always difficult to predict and following a pandemic this is less uncertain, however, we know some of the challenges our community faces are changing and greatly influence our future plans, further details can be found on p28 of this report : -

Achievements and Performance

ACHIEVEMENTS AND PERFORMANCE – RNRMC – Delivering the Plan

The work we have done on 'Need' has sharpened our focus on our beneficiaries, sailors, marines, their families, and veterans. We are reviewing our processes and structures, and this has already released a store of energy and enquiry that has led us to better understand need and allocate our resources to meet that need. We remain firmly of the opinion that collaboration, co-operation and possibly convergence are not only highly desirable in meeting the needs of our beneficiaries but also necessary to remove duplication and reduce inefficiency, whilst balancing the retention of proud brands in the sector. We are a leading player in this debate and are working with our partners to move the agenda forward.

We are focused on:

- Being proactive and, where necessary, pre-emptive
- Intervening early and seek to get "upstream" of identified need and problems wherever possible promoting independence, preserving dignity and protecting individuals
- Being ambitious but pragmatic with our fundraising goals
- Developing an enthusiastic workforce motivated and skilled to deliver
- Investing in our communications, accessibility and digital ability
- Maintaining a resilient, sustainable and compliant organisation which is financially healthy

Understanding Need

We have continued to work with the Royal Navy including the Reserves Forces and the Royal Fleet Auxiliary to understand need and identify funding priorities for those on the frontline.

Through monitoring and evaluation of key metrics provided by funded partners we are able to keep our understanding of need current and up to date whilst reacting quickly where support is needed most.

The Commissioning plans for Programme 2 – Family Support and Programme 3 – Mental Health and Wellbeing Support were presented to the SFC at the March meeting. These plans demonstrate the development and future intentions for these two key themes for Serving Personnel and their families. The pandemic has impacted significantly on the implementation, but the commissioning approach has served us well in being able to respond to the changing environment. Our mental health pilot work in the wider Portsmouth area will provide a starting point to provide these projects in Faslane and the Southwest.

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Project Dynamo

We started the first pilot project as 2021 commenced with an aim of supporting those vulnerable Service leavers (and their families) who are required to transition from the Service at little or no notice. This 2-year initial pilot (approved by Trustees in October 2020) is now moving towards full operational implementation (expected in Q4 2021). This is the first occasion the charity has undertaken direct beneficiary support and we have recruited specialist case managers to form the Transition Support Team. In addition, a Case Management System has been adapted from a partner organisation to not only enable a holistic support caseload but also provide the evidence to indicate how this might be scaled up to support other key groups of beneficiaries in the future.

At the same time we have also been working closely with other Naval Associations, especially the RNA, to explore options and programmes that will treat the lonely and isolated need, as well as improving our networks to find the hidden and lost beneficiaries within our Navy Family. With a grant to support free membership by April 2021 this initiative directly led to a 10% increase in RNA membership with 1000 new members joining since January 2021.

Raising Funds

2020 started well with a large donation received from the Headley Court Trust and 6 days of events held onboard HMS Prince of Wales whilst alongside in Liverpool. Sadly, the ensuing global Covid-19 pandemic then had a huge impact on the established income streams for the remainder of 2020. Following the national lockdown of 23rd March 2020, the RNRMC took the difficult decision to furlough 5 members of the fundraising staff, 2 decided not to return and the remaining were back working from home by 29th July 2020. The pandemic resulted in all RNRMC and third-Party events to be cancelled resulting in a loss of community income. The impact of Covid-19 also meant that physical briefs, including Payroll Giving briefs to Royal Navy new entrants was not possible and although not immediate it did have an impact on regular income generation as individuals left the RN whilst we were not able to recruit new supporters. Despite 2020 being a difficult year for everyone there were positives, The online shop broke all records for sales and Individual Giving also had a better year than expected. We also experienced organic growth of supporters who chose the RNRMC to be their charity when planning fundraisers in the wake of Captain Tom, these included individuals walking from Portsmouth to Plymouth, the Collingwood RM Band Virtual VE75 challenge, and HMS Argyll's Highland Games which raised over £7K to name a few. Looking forward into 2021 and with a view to mitigate the issues of the pandemic the RNRMC began looking at planning events and virtual alternatives as well as the development of new platforms and offerings to supporters who are keen to help when possible. The formation of the 'Get Paul Home' fund and 'Help - Jim's Fund' also began to take shape late in 2020 with the aim to raise significant funds into the future.

Grant making

We have made great progress in our ambition to meet needs, this has been reflected in our positive move to become a commissioning grant maker. We will continue to develop our grant making policy and funding priorities as we continue to become more proactive in our response to beneficiary need. The introduction of Blackbaud Grant Management System will provide the platform to develop a focus on monitoring, evaluation, and the demonstration of impact.

Management of money

In working towards the delivery of our refreshed strategy, in line with our vision, the Board agreed to continue to draw down on its identified available free reserves (more detail can be found later in our risk-based reserves policy) over the next 7 – 10 years.

This commitment will enable us to -

- spend over 50% of our charitable expenditure on collaborative and long-term commissioning projects with other charities and organisations which seek to address underlying causes of need; and
- act decisively, undertaking bold and far-reaching plans and projects with our partners which will support key areas of need

In 2020 we committed 53% of our charitable expenditure to our programmes and the Board approved the new transition, Project Dynamo, Pilot Programme to support an identified key area of need. A simplification application to the Charities Commission of our fund structure was planned for 2020 however the impact of the pandemic meant that a closer focus was applied to cash flow planning and reserve management in the first instance instead. The

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simplification project remains in the delivery plan but for a later date. In line with the simplification plan we continue prioritising the spending down of restricted funds whilst maintaining beneficiary support through unrestricted funding which allows far more grant flexibility in the future without penalising our beneficiaries.

National voice

We have worked with a record number of charity partners over the course of the past year, to improve the quality of life for all those who serve and their families, as well as promoting independence wherever we can among our veteran community. The Royal Navy is championed by a range of naval charities, each with their own specific area of support. Our collective aim is to cooperate and collaborate as closely as possible so that together we can best meet the need of our beneficiaries. In particular, all naval charities are focused of working together to tackle missed and unmet need. In 2020 we dedicated the homepage of our website to presenting a support wheel of the family of naval charities, a summary of their services and direct links to their websites.

Show efficiency

Maintaining a low overhead ratio is core to our belief of delivering more to a wider group of beneficiaries through an effective middle and back office.

In addition to the management of our own funds we have worked with other naval charities and funds to deliver back-office services across all departments at RNRMC, primarily focused on finance and operations, for free to enable them to focus their efforts on direct support for beneficiaries whilst we assist them through our professionally qualified staff in providing those areas of administration that can deflect smaller charities from their core business.

In 2020 we progressed with the merger of services for our subsidiary The Royal Marines Charity and the Royal Marines Association as well as several new partners such as the RNA and the Naval Families Federation who are not part of the RNRMC group but who deliver direct support to our beneficiaries.

We aim to play a full role in encouraging efficiencies and effectiveness across the sector including encouraging discussions about how the naval charity sector specifically, and the wider military charity sector more generally, might gain from the benefits of closer convergence.

ACHIEVEMENTS AND PERFORMANCE - RMA–The Royal Marines Charity

Response to COVID-19

We are confident that we have become increasingly effective in supporting the Corps Family despite the challenges of the pandemic:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Increase 2019-20</u>
Welfare Cases provided with funding support	545	665	810	22%
Employment Assistance – discharged RMs	55	71	75	5.5%
Armed Forces Compensation Tribunal Case Support	97	117	126	7.7%
Transition Support to Vulnerable Leavers	82	96	93	
Veteran Mental Health Referral Cases	79	92	113	23%
Addiction support	NA	43	60	40%

Smart working - collaboration with partners

We have worked increasingly closely with the NHS (the Veterans' Transition Intervention and Liaison Service and Complex Treatment Service), the Office for Veterans' Affairs and Third Sector partners, with a number of whom we have now agreed formal MOUs: the Royal Navy & Royal Marines Charity, Walking With The Wounded, the White Ensign Association, the Special Boat Service Association, Heropreneurs and High Ground. We collaborate regularly with Combat Stress, Help For Heroes, the Regular Forces Employment Association, the Poppy Factory, Royal British Legion Industries, Poppy Scotland, Blesma and Supporting Wounded Veterans. The NHS and Combat Stress refer beneficiaries to the Charity because of overstretch or under-resourcing.

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We work in close partnership with SSAFA-The Armed Forces Charity, and other Naval Service charities (the Royal Navy and Royal Marines Charity, Greenwich Hospital, the Royal Naval Benevolent Trust, the Naval Children's Charity, the Royal Navy Officers' Charity and the Naval Service Sports Charity) in our grant making work, with our USP being our holistic assessment of needs leading to complementary monetary and non-financial support. We are currently assisting the wider naval charities to develop a more holistic service (mirroring our own) through embedding a RN casework Manager and two Transition Support Guides within our staff, while we are advising the Royal Naval Association in the development of its membership offer and services to reflect those offered to our members.

Rising need

Our outputs are driven by need. We have monitored need systematically over the last 5 years and can evidence that the need continues to rise; hence our work outputs continue to increase. In particular:

- need is rising faster in the veteran community than in the serving Corps
- it is rising especially quickly in the veteran mental health sphere since the classic gestation period for PTSD is 7-10 years, meaning we will most likely be facing this rise for 3-4 years yet from veterans who served in Afghanistan.

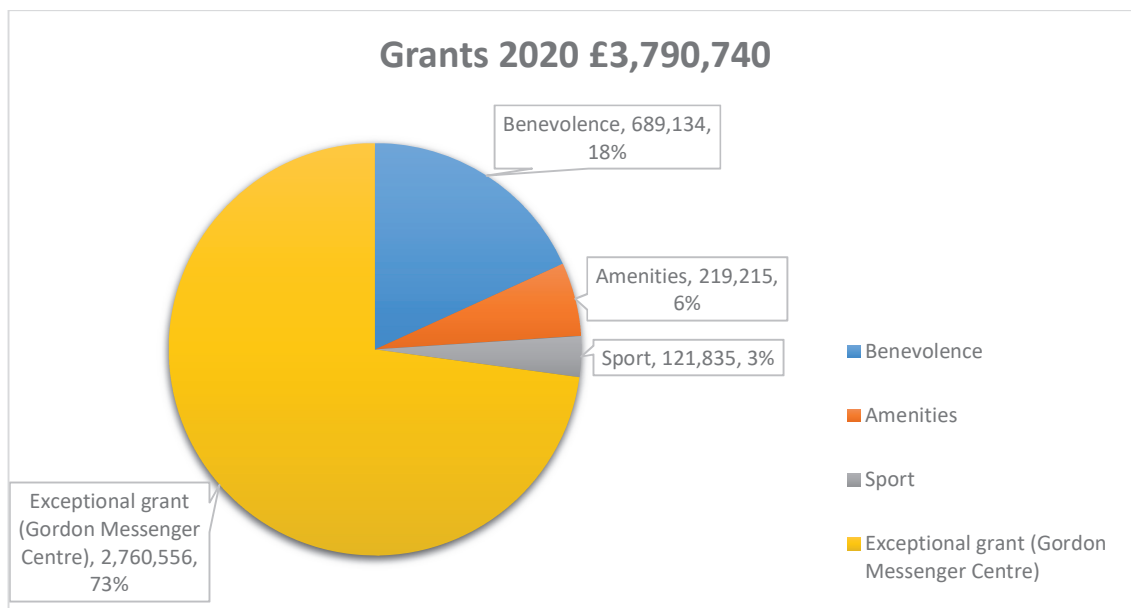
This rising need has led to increased spend by the Charity, having to put in place the people, resources, structures and processes necessary to provide effective first call support appropriate for our community:

- The appointment of a Casework Manager – providing more effective triaging to ensure better holistic support;
- The creation of Transition Support Officers South and North, and Alcohol Education Adviser posts i.e., safeguards for vulnerable leavers, enabling early intervention to stave off later interventions and increased spend; this creates a virtuous circle whereby the beneficiary does not need further intervention;
- The recruitment of two part-time Clinical Care Managers (responsible for veterans' mental health referrals to accredited therapists) and two Armed Forces Compensation Scheme & War Pensions Advisers (responsible for appeals to secure higher lump sum and ongoing pensions payments) taken onto staff because of the rising volume of cases;
- The implementation of a 'Lifting the Lid' suicide prevention campaign in the latter half of 2020 which was praised by the NHS, Samaritans and Zero Suicide Alliance.

Lifesaving support delivered

Since establishment of the Royal Marines Charitable Trust Fund (one of our precursor charities) in 2010, over £22.7M has been given in grants towards recovery, quality of life and through life care.

The Charity achieved expenditure in 2020 on grants payable of £3,790,740 a rise of over £1M on 2019 (due primarily to the exceptional grant of the Gordon Messenger Centre to the Corps).



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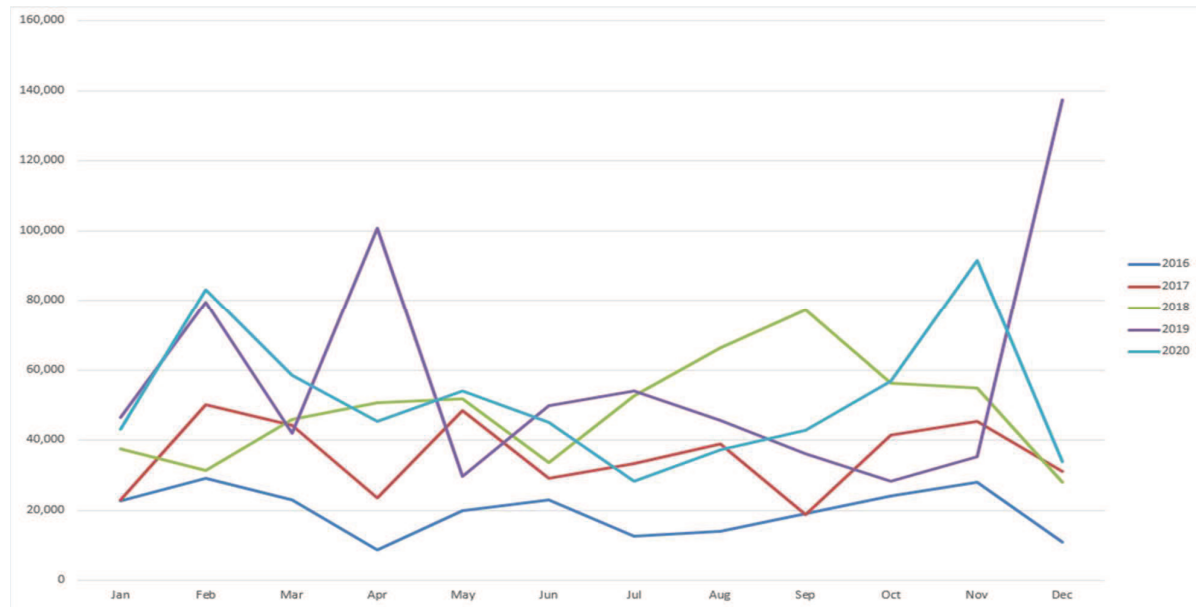
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The delivery of support amounted to a further £801,166, giving a total of £4,591,906 of charitable expenditure.

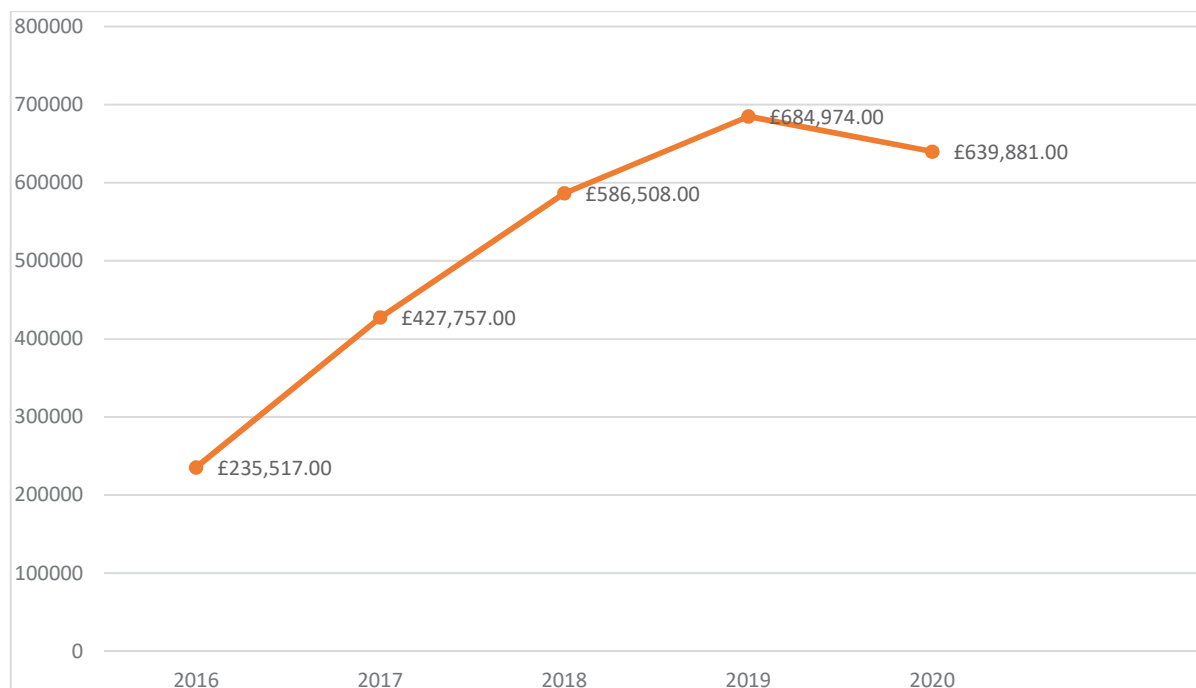
Increased numbers supported

- Total number of beneficiaries supported by charitable interventions through year: 20,744 (2019: 16,092).
- Total number of beneficiaries in need supported through financial and non-financial benevolence: 1,896 individuals (excluding their dependants) (2019: 1,662; 2018:1,404).

Annual comparison of welfare grants to individuals 2016-20

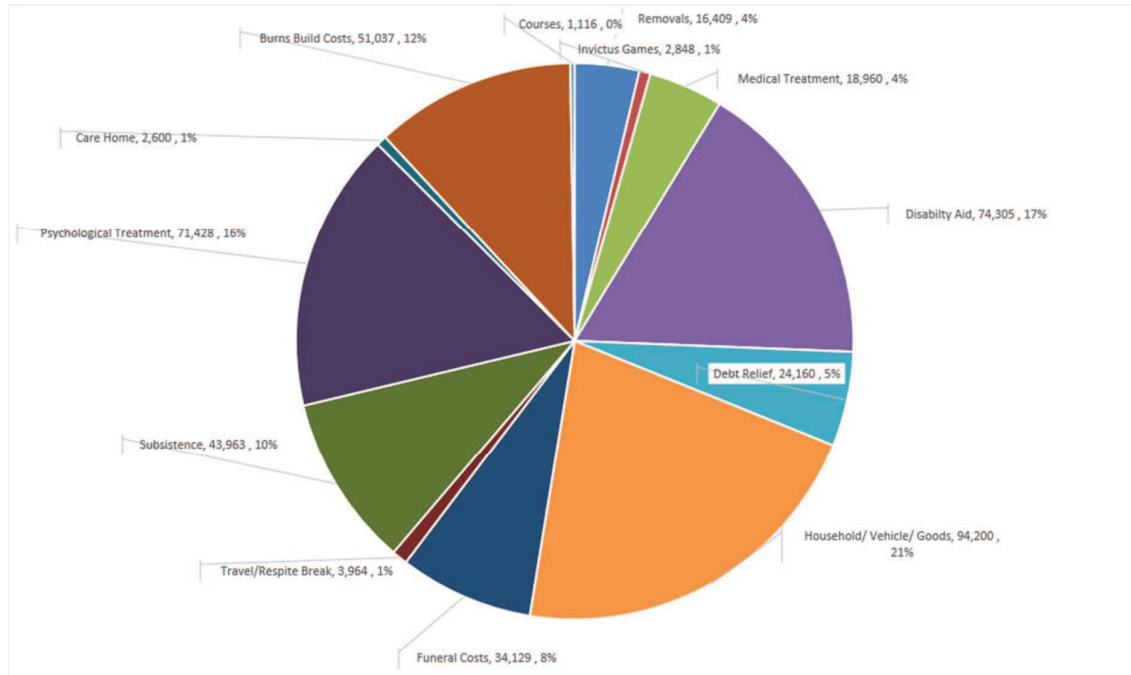


RMBF Spend on Welfare Grants to Individuals for the year to 31 December 2020



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The build costs referred to above represent half of the costs of an extension to a severely wounded beneficiary's home approved in 2019, which could only commence in late 2020.

- Total amount of amenities and sports/adventure training grants: £341,050 (as against £1,192,766 in 2019 and £1,011,557 in 2018, reflecting the impact of COVID-19 on Corps life and activities).
- Number of serving Royal Marines benefitting from amenities and sports grants: 18,893 (2019: 14,430).

Support outputs and impact:

- A record number of discharged Royal Marines – 75 (2019: 71, 2018: 55) – were assisted into employment worth over £2.1M in added local employment value (the Government's approved proxy value for one person being in employment for 12 months is £28,758); see the dedicated section on social value below. 298 were advised in total (of whom 48 were funded).
- 203 War Pension and Armed Forces Compensation Scheme tribunal cases were supported (2019: 117, 2018: 97).
- All 10 major Royal Marines units were visited to be given alcohol education advice, received by universal chain of command praise, 60 individual addiction cases were supported (2019: 43), 28 serving with a replacement cost of £3.5M if they had been discharged (since it costs a minimum of £125,000 to train a new recruit), and 32 veterans.
- A larger number of Veterans' Referral Plan mental health therapy cases were supported, 113 (2019: 92, 2018: 79, 2017: 26).
- 93 new vulnerable leavers were supported by our Transition Support Officer (2019: 96, 2018: 62).
- Funding of £110,820 was provided for the coaching of 194 battling mental ill-health by Rock to Recovery (2019: 193, 2018: 142).
- 9 other partner organisations were supported by funding of £52,934, benefitting 30 individuals directly alongside pastoral work at 3 units.

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The Gordon Messenger Centre – enabling resilience in the Corps Family



The Charity has completed a seven-year project to deliver a state of the art welfare and community facility at the heart of the Corps, the Gordon Messenger Centre for Resilience, which opened in December for welfare support, training, rehabilitation activities, briefings, employment workshops, community events for serving and veteran Royal Marines, family activities, a children's creche, charity meetings, cadet activities and support to sporting events on the adjacent sports fields. Named after the Patron of the Charity, General Sir Gordon Messenger, the centre has a large hall, cafeteria and kitchen area, meeting room, office, indoor and outdoor play areas. This £2.8M project, which could not be funded by the MOD has been paid for through grants and donations of £1.9M, and £1M from Charity general funds. The MOD has agreed to fund ongoing running and routine maintenance costs. It is expected it will provide charitable benefit up to 50,000 personnel and dependants over the next 30 years. A local management committee on which the Charity is represented will oversee use in accordance with the charitable objects of the Charity, and will capture feedback to the Corps and trustees annually.

The trustees have determined that the most appropriate treatment of the project for accounting purposes (since the land reverts to MOD at the 30-year point and therefore the building), is to deem it a capital charitable grant, therefore the building's value has been removed from our balance sheet.

Created Social Value:

Through 2020, the Charity has been capturing metrics using government approved Themes, Outcomes and Measures (TOMS) including calculations of added social value, with the assistance of the [Social Value Portal](#). Government TOMS are concerned with jobs and skills, and societal and community development, to work out appropriate. There were 65 metrics captured.

Areas where extra value was added were as follows:

- Family members supported through Association events;
- Veterans attending parades;
- Discharged RM assisted into full time employment;
- Hours dedicated to supporting RMs into work by providing career mentoring, including mock interviews, CV advice, and careers guidance;
- Unpaid work experience provided by employer partnerships;
- Time dedicated to supporting divorcing families;
- Increase in lump sum and pension won following the tribunal and pension advice service.

The Social Value created by the Charity as measured through the Social Value Portal Themes, Outcomes and Measures in 2020 was £4,590,876 (2019: £4,005,099, 2018: £4,007.636).

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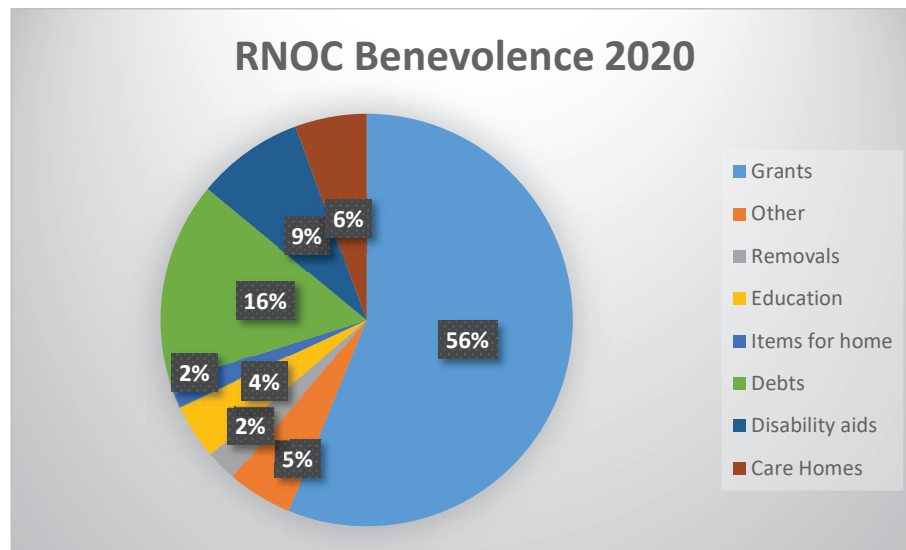
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ACHIEVEMENTS AND PERFORMANCE - The Royal Naval Benevolent Society for Officers (RNBSO), known as The Royal Navy Officers' Charity (RNOC)

The RNBSO continues to meet the need of all beneficiaries from its own investment income albeit during the past year the charity has spent all allocated Reserves and have needed to realise additional income through sale of assets. The Charity is hoping to recover these shortfalls and are actively fundraising via the ARNO membership and other initiatives. In addition to regular beneficiaries, the number of new applicants continues to increase and in some cases applications are particularly complex. Applications are normally dealt with within 3 working days although in emergency cases can be resolved within 24 hours. A copy of the latest Impact report can be accessed at the charity website. www.rnoc.org.uk. The recently updated ARNO/RNOC website www.arno.org.uk is being visited on a regular basis and all IT systems have been updated to ensure the latest compliance.

Last year was challenging for everyone. We were glad to be able to support a wide range of beneficiaries with grants in excess of £450,000.

To reflect the diversity of needs, and especially in response to the pandemic, our grants support beneficiaries of all ages and backgrounds, including: nursing and care home fees, mobility aids, education, household adaptations for family members, training and transition, repayment of debts, end of life care and funeral costs.



In addition to the financial grants awarded the RNOC provided continuous access by mail, email and telephone for current and potential beneficiaries. Assistance was provided to numerous widows/widowers suffering bereavement, navigating the systems and processes to get the pensions and support to which they are entitled. Many others benefit from having a point of contact to discuss their concerns and challenges. We continue to partner with Zimbabwe a National Emergency (ZANE) and Royal Commonwealth Ex-Services League (RESL) to deliver crucial support in other jurisdictions, and with SAIL (Seafarers Advice Information Line) to resolve debt related issues.

In view of the challenges people faced due to the pandemic, some new initiatives were successfully delivered. On-line weekly zoom calls were established to help combat isolation and loneliness, a telephone service was established to connect potentially isolated veterans (76 individuals continue to use this service), and assistance was provided to arrange the repatriation of a veteran stranded overseas due to Covid.

All of the above delivered swiftly and with minimum of fuss, by a team of two.

ACHIEVEMENTS AND PERFORMANCE - Naval Service Sports Charity (NSSC)

2020 has been blighted by the necessary Government response to the Covid-19 pandemic that saw a UK wide lockdown in March, national lockdowns, and national tier based restrictions through the remainder of the year. This resulted in the cessation of the majority of amateur sport both nationally and within the military, and whilst the NSSC 2020 budget had

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funds ready to support a full RN sporting programme much of the activity and beneficiary need has been put on hold pending the restrictions being lifted and normal levels of sporting activity being resumed.

Despite the impact of the Covid-19 pandemic, our funding has supported the following activities:

1. **Sports Associations.** The RN Sports Staff and the NSSC Director of Operations review the annual bids of the 43 Sports Associations to support their operating costs for the following year, with a focus being on sustaining a broad menu of opportunity, grass roots development and inclusivity, whilst also supporting the RN's ability to compete and win at representative level. The operating costs generally cover the requirements for insurance, National Governing Body subscriptions, membership fees, catering, hospitality, competition fees, IT support, trophies and prizes; effectively the lifeblood and viability of a sports association. This year, we distributed grants to RN Sports Associations of £265,750. In addition, whilst RN Rugby Union does not normally seek financial support from the NSSC, as a result of their annual Army versus Navy match at Twickenham being cancelled and RFU Community Board funding being cut, they approached the NSSC for a grant of up to £63k. With the Director of Operations having reviewed RN Rugby Union's financial position and costed options for their future playing season, the NSSC approved out of committee a grant of £63k which, combined with a £50k loan from the RN Sports Lottery, will help underpin a planned 2020-21 playing season that despite cutting costs significantly resulted in a Rugby Union budget deficit of £113k.
2. **Talented Athletes.** Once again those sportsmen/women who are talented enough to compete at national and international level have been supported by a generous grant of £30,000 from BAE Systems.

This has enabled the NSSC to continue to support the following individuals in full time national sports training:

Marine G Crotty (Boxing) - won Silver in the 2019 English Boxing Championships and was hopeful of being selected for the 2020 Olympic Games in Tokyo that were postponed as a result of the Covid-19 pandemic.

Steward B Wild (Para-Skiing) – Brett Wild is the sighted guide for GB Para-Skier Millie Knight who, having won 11 Gold, 5 Silver and 5 Bronze medals in World Cup Championships and 2 Silver and 1 Bronze medal in the 2018 Paralympics, has continued to train in Europe and following the resumption of World Cup competition won a Bronze medal in January 2021 and continues to train for the next Paralympics.

In Autumn 2020 the Naval Service Sports Board approved the assignment of three athletes to train full time with the GB Bobsleigh Squads: Marines Lawrence and Baird in the Men's Squad and Leading Physical Trainer Haslam in the Women's Squad.

Plans for Future Periods

FUTURE PLANS – Royal Navy and Royal Marines Charity (RNRMC)

Our thinking has obviously been greatly influenced by Covid19 which has not only caused significant turmoil in society but has also served to highlight some of the marked inequalities that will increasingly affect some of our beneficiaries. A snapshot of the sort of challenges that face us all include:

- An ageing population
 - Increasing frailty and multiple health conditions
 - Greater complexity in their care.
- Longer lives
 - Rise in caring responsibilities amongst spouses, partners and family members
 - Currently, three in five people will be carers at some point in their lives.
- Challenges in social wellbeing including loneliness
 - Issue across all age groups but particularly amongst the 16-24 age group, who now experience the highest levels of loneliness of any age demographic.
- Continued growth in mental health issues
 - Particularly amongst young people
 - Including depression, anxiety and conduct disorder.
 - 1 in 10 children and young people are affected by mental health problems and 70% will not receive appropriate interventions at a sufficiently early age.
- Reduced financial wellbeing
 - The cost of living continues to outpace income growth.
 - 46% of UK adults display one or more characteristics of financial vulnerability and are at risk of falling into severe debt.

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- Domestic abuse
 - "... an epidemic beneath a pandemic"
 - Over 2.5 million people in the UK experienced domestic abuse in the last year.
- Rising 'unmet' need
 - Pressures on statutory health and social services
 - Waiting times for services are lengthening, and thresholds for receiving care are rising.

In the light of this and Covid19, the Board reviewed our Strategic Objectives and desired outcomes which were agreed in early 2020 and are detailed below. Both the objectives and outcomes were firmly endorsed.

Our Strategic Objectives:

- We will work with other charities operating in our sector to establish a confederation or alliance in order to provide those in need within our beneficiary group with a single point of access to the totality of state and charitable support available;
- Acting with other naval charities and key stakeholders, we will ensure that our potential beneficiaries are made aware of the support that is available to those who need it;
- We will collaborate with Greenwich Hospital to agree funding priorities, and secure a long-term financial arrangement from Greenwich to deliver the RNRMC's charitable objects;
- We will commit to spending over 50% of our charitable expenditure on collaborative and long-term commissioning projects with other charities and organisations which seek to address underlying causes of need, whilst continuing to make other grants as the need arises; and
- Recognising the need to act decisively, we will undertake bold and far-reaching plans and projects with our partners that will draw-down substantially on our total net assets

Our Expected Outcomes:

1. An explicit focus on the needs of RNRMC beneficiaries – promoting resilience, the lived experience, independence, and dignity.
2. Increased support to more beneficiaries
3. Increased likelihood of finding the hidden, lost and lonely and them being able to find the support they need
4. Strategic alignment of the RN Charity Sector through a single triage/support/navigation system
5. Increased credibility and reputation of all Naval charities
6. The potential of increased retention of serving personnel

We are working to ensure that we are suitably prepared to meet the challenges articulated above wherever they might impact on beneficiaries. This includes the commissioning of services, partnering with other specialist organisations, grant-funding projects, and securing a healthy and sustainable financial future. We are particularly concerned about the challenges to fundraising and the capacity and appetite of society to support charitable causes to the same extent it did before Covid19. We are therefore looking at how our funds are put to best use, the level of reserves we must maintain, reduction in costs where appropriate, and the avoidance of duplication of costs across the charitable sector. To this end, we are working with Greenwich Hospital, with whom we share purpose, charitable objects and beneficiaries, to find ways of working together effectively and efficiently in order to be best placed to support beneficiaries.

We are also exploring key work strands where we believe proactive interventions will have greatest effect. Having identified transition from service life to either other employment or retirement as a key element of preventative activity, we are shortly bringing a Transition Support Service into being over a two-year trial period. We recognise that most of the serving population receives a wholly adequate career transition service but understand those who experience an abrupt and unplanned end to their career through, for example, medical, administrative or disciplinary discharge, can

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face huge challenges which, if not addressed swiftly and effectively, can lead to difficult and turbulent lives for individuals and their families. Connected with this, we are exploring with a partner charity, The White Ensign Association, the funding of an Armed Forces Compensation Scheme Advisor to assist those who have to access the scheme.

We are also very concerned about the deleterious effects of social isolation and loneliness. At the start of 2021 we partnered with the Royal Navy Association in a bold project to increase membership by subsidising head office costs and thus negating the need for subscriptions from members, as part of a campaign to promote a befriending network beyond the RNA membership. Embedded within this is an innovative project with a commercial partner, Sparko TV, which looks to provide interactive TVs in the homes of those who are housebound, remote, or isolated which offer a range of interactive opportunities and the chance to talk to friends and relatives remotely and easily. We are looking to spread this work into other naval associations and are actively pursuing this presently.

Finally, we are working on new partnerships to support the submarine community, past and present, through the Submarine Family Fund, as well as working with the Royal Fleet Auxiliary to support, in the first instance, those currently serving in recognition of the intrinsic nature of the work of the RFA in supporting the Royal Navy.

As well as these new partnerships we continue to work closely with other naval charities who also support our beneficiaries by providing them free of charge back-office services such as HR, Payroll, bookkeeping, investment management, fundraising, communications and grant giving support in order that they focus on the direct support to those in need.

The Governance of RNRMC is strong and is able to provide a wealth of experience and advice to our partner charities to help them and in turn help our beneficiaries. In 2020 the cost of this support was over £200k and we regard this cost as charitable support to others.

FUTURE PLANS – RMA – The Royal Marines Charity

Covid-19

The impact of Covid-19 has been considered on the company's future plans and budgeting processes, as the effect of the outbreak will be a significant risk for the year to 31 December 2021 and it is estimated, 2-3 years beyond.

The crisis resulted in the Charity staff ceasing office-based operations and moving to remote working from home; this was achieved seamlessly due to a major IT migration programme undertaken in late 2019. Staff have continued to deliver most aspects of welfare support, though it must be conducted remotely, but all membership events were cancelled in year; it is hoped that staff will return to office by mid-2021 and that events will recommence in September.

Our first priority was and will be to continue to provide support to the vulnerable members of our community, those suffering from the downturn in the economy and the social impact of Coronavirus and particularly those who may have even greater troubles due to the social distancing measures imposed. Whilst not front line, we are confident that we have alleviated significant pressure on the NHS and government, as we continue to address the following crucial areas where Covid-19 is impacting our community significantly:

- Mental ill-health across our community;
- Family stresses across our community;
- Medical discharges of serving Royal Marines;
- Unemployment among veterans and dependants.

Even before Covid-19, the Charity faced a significant challenge in fundraising:

- LIBOR bank fine funds are exhausted and will not be replaced;
- There is no potential government funding apart from Armed Forces Covenant Fund Trust grants;
- Brexit anxieties which have not yet restored business confidence;
- No public campaigning by the Royal Marines meaning that the military are out of mind.

The pandemic removed a significant proportion of our fundraising capability in 2020 and has a significant impact on the first two thirds of 2021. We have planned accordingly, but in order to ensure that essential services continue to be provided, the trustees approved a projected deficit budget of £400K.

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There are sufficient free reserves for 10 months of expenditure as at the time of signing, but if fundraising and other income-generating activities are not able to recover, the trustees will need to liquidate investments which are intended to be held for the long term in order to generate a recurring income stream for beneficiaries. Cashflow is monitored monthly, looking forward 12 months. Based on the revised forecasts the Trustees are satisfied that there is a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

Strategy and Programme 2021-30

In 2020 the Membership strategy was reviewed and revised for implementation in the first half of 2021, which completed the revision of all the charity's functional strategies.

We continue to follow a 3-year budgeted delivery programme with associated risk register based on the revised strategies, delivered by the staff but with regular reporting oversight from the sub-committees allied to the Charity's functional teams, which in turn report to the Board.

This programme will ensure that the charity is proactive and bold, differentiated, sustainable, owned by the Corps Family, recognised by the wider community, and effective (efficient, cost-effective and achieving maximum impact).

The programme ensures the following objectives will be secured:

1. We will enable those we serve to live by the Commando Mindset (restoring, maintaining and enhancing independence, dignity and effectiveness) through financial and non-monetary support;
2. We will promote and sustain the Royal Marines brand and esprit de corps;
3. We will increase and achieve a representative membership mix of the Corps Family and supporters, in order that the Charity and Association become the heart of the Corps Family.

This year the charity celebrates the 75th anniversary of the founding of the Royal Marines Association in 1946, which will be the focus for membership events and community fundraising initiatives.

The Board and Executive have commenced further work to improve the charity's delivery in the 2022-24 period; and further to review the whole strategy of the charity for 2025-30 against the projected demographic changes of the beneficiary community, operational commitments of the Royal Marines, and other accepted trends in the serving and veteran military population of the UK, with the opportunities and challenges that will be presented. We will seek to develop the Unique Selling Point of the charity as the embedded charity of the Corps, so uniquely placed to provide appropriate charitable support.

FUTURE PLANS – The Royal Naval Benevolent Society for Officers (RNBSO), known as The Royal Navy Officers' Charity (RNOC)

The need for benevolence continues to grow with casework becoming increasingly complex. While greater almonisation of funding across partner agencies has become the norm, RNOC continues to maintain a keen eye on generation of income with which to meet the demand, the trends that drive this, and potential areas of unmet need.

The standard annuity grant for 2020 was £2500 p.a. During 2020 the Benevolence subcommittee will review the level of grants using data from the Rowntree Foundation. Taking this data into consideration, along with the withdrawal of some assistance from other charity providers, the additional cost of TV licences and the extra expenditure required to cope with the pandemic the committee recommended an increase to £3000 p.a. This was agreed by Trustees and implemented with effect from 1 January 2021.

FUTURE PLANS – Naval Service Sports Charity (NSSC)

The NSSC will endeavour to increase the level of grants to support sport in the Royal Navy by a percentage equivalent to any increase in CPI or to satisfy all reasonable demands in later years. In setting the budget for 2021 and future years in the NSSC has made assumptions that the size of the Royal Navy, the number of Sports Associations and the numbers accessing sport will not change significantly in the next 5 years.

As with many other charities, there are indications that maintaining income in future years will be challenging and the NSSC will need to continue to work closely with its parent charity, the RNRMC, to ensure that the outcomes of their Fit for Life grants pathway continue to justify the defined level of grants made to the NSSC against competing Quality of Life, Through Life and End of Life bids.

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Financial Review RNRMC Group

Overview

The RNRMC Group closed the year with total funds valued at £87.2m, a reduction of £11.13m in 2020 due to the reduction in value of our investments as well as the agreed spend down of our reserves which resulted in a £6.7m deficit before the unrealised losses of £4.5m on investments. Overall our performance when compared to 2019 and taking into account the effects of Covid-19, income was down £6.7m (however £2.6m of income in 2019 related to exceptional income on the merger of RMA with TRMC and RNRMC Group), charitable expenditure is up from £13.5m in 2019 to £15.1m in 2020 with direct grant awards of £11.4m an increase of 6% against 2019. Our commitment to commissioning has more than doubled since last year.

More information on the impact of Covid-19 within the Charities investments can be found in the investment section of this report on page 39.

Unrestricted Funds

The value of Unrestricted Funds including designated funds, reduced from £34.2m to £29.4m a decrease of £4.8m. This decrease is due to unrealised investment losses of £2.1m and a transfer of unrestricted funds to support restricted grant making. This transfer relates to payroll giving income that is recorded as unrestricted income, this income is applied against restricted funds and supports all of our grant making programmes and pathways depending on their level of need.

Income

The total income of the Group was £11.4m, a decrease of £5m (-30%) from 2019. This decrease in income mainly related to the following three areas:

1. 2019 income included a one-off transfer in of Assets from the Royal Marines Association of £2.6m which relates to Investment assets and a fixed asset building held in Deal, Kent.
2. Investment income reduced by £1m (-30%) because of market performance due to Covid-19.
3. Donations and legacies income fell by £1.13m (-17%) as a result of a reduction in Legacies and cancelled fundraising events due to Covid-19.

Donations & Legacies

- **Donations** – A difficult landscape due to Covid-19 meant that fundraising events were cancelled and donations were decreased. The result being a reduction of £0.6m (-17%) against 2019.
- **Payroll Giving** - Through generous donations from serving Naval Personnel, the Navy's Payroll Giving scheme grew by another 6% to £1.17m. Although the overall number of donors had decreased there was a real increase in the average donation per donor. The Covid-19 impact of not being able to present directly to new entrants is likely to take effect in 2021 due to the time it takes to process new members.
- **Legacies** – There was a reduction of £0.58m (-73%) against 2019 in 2020.

Demand again outmatched income and we will continue to develop our income streams such as legacies, major donors and corporate relationships whilst utilising our reserves brought forward to meet this unmet need.

Expenditure

Total expenditure was in line with the 2019 results at £18.0m (2019 £17.9m) however the breakdown in costs reflected the downturn in fundraising (cancelled events) against an increase in beneficiary need.

- Commitment of significant Commissioning Programmes, year 2 of 3 in partnership with Charities both inside and outside of the military sector.
- Commitment to uphold our total grant making during and post the pandemic to ensure our beneficiaries remain supported through increasingly difficult times

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Grant Making

The RNRMC Group remains committed to supporting its beneficiaries with £11.4m distributed through grant making (2019 £10.6m).

Included as part of this increase is an exceptional grant through RMA-TRMC for the Gordon Messenger Centre, the build of which (£1.8m) had previously been capitalised in 2019 and has now been recognised as a Grant of £2.8m.

The RNRMC continued to enhance grants through its commissioning pathways established in 2019.

Raising Funds

- **Fundraising costs** – The costs in this area continue to be tightly controlled whilst maintaining engagement through developing our marketing and communications to engage future donors and supporters. In 2019, the Group's costs decreased from £3.7m in 2019 to £2.4m in 2020. Along with cost control, this decrease is directly linked to the cancellation of fundraising events throughout the year due to Covid-19, and offsets in part the shortfalls in related fundraising income.
- **Investment Fees** – A small decrease in investment fees of £67k (-10%) was seen in the 2020 year. A full investment manager review was completed in 2021 which should see a further reduction in fees in 2021.

Balance Sheet

Tangible fixed assets within the group have decreased due to charitable grant of the Gordon Messenger Centre to the MOD for the Corps by RMA-TRMC. To the end of 2019 £1.8m had been capitalised, and this was released as a Grant in 2020.

Investments in the group had decreased from £95.3m to £83.9m, a reduction of £11.5m. The majority of this reduction is due to the introduction of the 2020 RNRMC Cash Policy to hold 12 months activity as well as an identified amount to support potential contingent grants required by partner charities in cash or near cash products.

During the year £6.26m was drawn as cash across the group (£5m RNRMC Charity) and is reflected in the cash balance detailed below.

Cash in the group increased from £5.9m at the end of 2019 to £8.6m at the end of 2020, this reflects the funds draw down from investments to meet the RNRMC Cash Policy and is offset by spend in other areas within the Group.

The unrealised losses from investments at the year end were £4.5m.

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Principal Risks and Uncertainties

The Trustees regularly consider the major risks to which the charity is exposed and a three-tiered system is used to manage risk.

First tier - regular management by the Senior Management Team

Second tier - quarterly oversight by the Trustees.

Third tier - annual review by the Auditor as part of the audit process.

Trustee reviews are undertaken at each quarterly Board meeting when the mitigation plan for all major risks is assessed against the ability to deliver the charity's outputs detailed in the annual Delivery Programme. In addition, each quarterly meeting considers detailed reports on the highest risks to ensure sufficient attention and resource is focused on treating or mitigating these risks. These mitigations are detailed on the risk register along with potential further actions that are being taken to further reduce risks where possible.

In addition, subsidiary charities within the Group make a report to each main Board meeting, including any risks that they wish to elevate to the Group Board. The Group FRAC reviews Group risk when they meet.

As Trustees we recognise there remain uncertainties that could affect our risk mitigation strategy through uncontrollable, external factors such as government policy, external focus on the charity sector fundraising profile and the wider economic conditions. Indeed Covid-19 is a perfect example of this. In response to the crisis caused by Covid-19 in March the Board acknowledged and reviewed the Covid-19 specific risks which are detailed below before the detailed risk table.

It is important to note that the test that Covid-19 presented us with has proved that we were able to mitigate the risks, in particular the financial impact of the risks which became issues, through the introduction of our risk bases reserves policy.

Covid – 19 Risks

1. **Cause:** Covid – 19 pandemic, leading to significant change in beneficiary need landscape and government intervention that prevent 'normal' business activities.

2. **Effects:** These can be categorised into the following broad categories:

1. Increased and changing need of our beneficiary population (short and long term)
2. Those we fund may need increased resource to meet commitments
3. Maintaining the well-being of our own staff, especially those identified with underlying health problems
4. Maintaining business continuity as far as reasonably practicable, including our events programme
5. Volatile investment markets may reduce our assets (reserves) in the short term.

3. **Consequences:** Of the 5 broad effects above:

1. We may be overmatched on our support line to deal with increased enquiries and we may need to provide individual benevolence as a last resort.
2. Benevolence organisations we support may not be able to change their processes or have the resources to meet the increased demand.
3. The need to continue to isolate those staff with underlying health problems and provide capability for all staff to work remotely for a longer period.
4. charity events and other key outputs may be severely disrupted in a way to reduce the ability of the organisation to operate effectively.
5. Only significant if the market adjustment impacts the organisation's ability to maintain a healthy cash-flow during the outbreak.

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Mitigate, Treat, Tolerate

Risk 1 and 2.

The Board reacted to the immediate need by approving the creation of the Hardship fund as well as the setting up of the beneficiary support line, primarily to signpost those in need to direct support. Future enhanced beneficiary support is being addressed through Project Dynamo - the transition support pilot as well as through ongoing review of funding requirements with our partner charities. Direct support lines through benevolence charities are now well established.

At the same time the RNRMC is working closely with the team at Greenwich Hospital to build the existing partnership to create a much stronger sector so that some good may come from this unheralded situation.

Risk 3.

Has been mitigated by directing all staff to work remotely from home. Each staff member has a home office set up with both furniture and IT equipment. Significantly enhanced contact protocols have been introduced to ensure no member of staff feels unduly isolated. A pastoral support line has been created as well as HR calls on a regular basis. Department video Teams calls are scheduled at least weekly, and a fortnightly electronic staff survey has commenced to maintain a duty of care and maintain a close monitor of morale. Staff have been able to return to the office on a limited basis, carefully controlled to ensure all staff are working in a safe environment.

Risk 4 and 5.

Many events have been cancelled and fundraising income has been severely affected during the outbreak. This was foreseen as a consequence at the outset of planning once it became clear that 'normal' business and 'routine' life would be severely affected by the outbreak. The budget has been re-forecast, a cash policy introduced and a coherent communications programme has been introduced reflecting the work we are doing in response to Covid-19. These new ways of working have been built into our regular business as usual work.

The areas below remain those of the highest potential risk if not mitigated:

The Royal Navy and Royal Marines Charity

Risk	Mitigation
<p>Financial which includes:</p> <ul style="list-style-type: none"> • A significant downturn in UK prosperity • Not meeting our Voluntary Income targets • Constraining Corporate and Major Donors • Loss or reduction of funding streams • Not meeting identified need through developing our commissioning approach • A paucity of infrastructure support services <p>These risks would reduce our capacity to deliver our strategy.</p>	<ul style="list-style-type: none"> • We are reviewing our fundraising and engagement capability post Covid-19 to diversify our income opportunities as much as possible. • We have developed case studies of support provided by those we fund to improve our success at securing major individual and corporate gifts • We have a systematic approach to budget setting and financial planning including cashflow with detailed monthly monitoring during the year and quarterly forecasts are used to mitigate any budget/income pressures that arise during the year. • We regularly review our investment strategy and its performance managed by appointed external fund managers who are reviewed regularly. • We regularly review our reserves to combat macro-economic as well as other strategic shocks that could impact on the charity. • We have introduced a risk based reserves (RBR) policy to ensure we have a sufficient range of funds should a significant risk be realised. • We support additional identified need through our RBR policy funds above maximum and monitor spend closely • Project Dynamo pilot is focused on reviewing specific areas of infrastructure support for key beneficiaries

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<p>Governance which includes:</p> <ul style="list-style-type: none"> • Complex Group governance structure and impact of inappropriate activities by subsidiaries • Lack of compliance with legal and regulatory requirements • Breach of data and/or IT breach by external agents • Lack of impact/outcome evidence may lead to sub-optimal block grant making <p>These risks will impact our operational delivery and increase regulatory scrutiny, both of which will impact our ability to deliver our objectives.</p>	<ul style="list-style-type: none"> • We continue to review our legal structure and will seek to simplify it further in the future with the Charity Commission. • Activities of subsidiaries are overseen by regular reports to the Group Board and Group Trustees sitting on Subsidiary Boards. • We continue to focus on data protection following the introduction of GDPR regulations in May 2018 and cyber security. • We have developed and implemented a consent to contact campaign and are registered with the Fundraising Regulator to evidence our compliance with the Charities Act 2016. • We have a whistle-blowing policy (freedom to speak up) that is known to employees. There is a robust process for any issues arising from a disclosure to be dealt with promptly and properly. • We continue to develop an impact and monitoring capability of the grants we make, including ensuring safeguarding protocols are in place with those we fund.
<p>Reputational which includes:</p> <ul style="list-style-type: none"> • Adverse publicity of RN may affect public's perception of the charity's need for support and funds • Lack of control of funded organisation's activities <p>These risks would impact our reputation which is absolutely essential to keep key stakeholders, funders and beneficiaries positively engaged in assisting us delivering our outcomes.</p>	<ul style="list-style-type: none"> • We work very closely with RN Comms to mitigate the impact of any adverse change to the perception of the RN. • We have strong terms and conditions for those outside organisations we fund and we have a dedicated Relationship Director who maintains regular contact with these charities as well as our key stakeholders. • Through commissioning programmes and our commissioning manager we are strengthening the relationships we have with funded organisations.
<p>People and Asset Risk which includes:</p> <ul style="list-style-type: none"> • Inability to recruit and retain people with the required skills and expertise • Not achieving best value from expenditure • Our infrastructure not being fit for purpose <p>These risks would reduce our effectiveness to deliver our objectives, reducing our impact.</p>	<ul style="list-style-type: none"> • People are our most important asset. We have reviewed the reward policy we have for all our employees in order to maintain and enhance retention. • We carry out an annual staff survey and, from this, develop and implement an action plan to address key issues using a Staff Reference Group. • We have reviewed our Performance and Development Report to improve our performance and focus on learning and development. • We continue to review the suitability of our financial control measures to reduce the possibility of deliberate or accidental loss. • We have significantly refreshed our IT infrastructure during 2019 and introduced both cloud based storage as well as Office 365 which has meant all staff are able to work from home, a key requirement during the pandemic.

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Royal Navy Officers' Charity

Risk	Mitigation
Loss of key Staff	Robust supersession planning Ongoing review of records, systems, plans and projects. Internal cross desk training.
Financial Viability	Close scrutiny by FASC, Audit, Regular reviews
Compliance	Operating in an honest and ethical manner Monitoring changes in regulation/legislation Ensuring high quality and timely legal advice

Royal Marines Association - The Royal Marines Charity

Risk	Mitigation
<p>Financial which includes:</p> <ul style="list-style-type: none"> Not meeting our Voluntary Income targets; Constraining Corporate and Major Donors; Loss or reduction of funding streams. <p>These risks would reduce our capacity to deliver our strategy.</p>	<ul style="list-style-type: none"> We have diversified our income generation opportunities as much as possible, focusing particularly on strengthening the support of major individual and corporate donors, trusts and foundations. In the Covid-19 context this means identifying companies, donors, trusts and foundations which have proved resilient in the economic downturn. We are further developing measurement of whole social value to demonstrate impact to donors, and our marketing function in order better to promote case studies We have a systematic approach to budget setting and financial planning with detailed monthly sequencing and monitoring during the year, with monthly cashflow projections and quarterly forecasts used to mitigate any budget/income pressures that arise during the year. We regularly review our investment strategy and its performance managed by appointed external fund managers. The Board has adopted a policy of holding between 5 and 6 months of expenditure in cash reserves, increased from 2-3 previously. We have reviewed our insurance needs and provider to ensure financial losses are minimised.
<p>Governance which includes:</p> <ul style="list-style-type: none"> Lack of compliance with legal and regulatory requirements; Breach of data and/or IT breach by external agents; Lack of impact/outcome evidence may lead to sub-optimal block grant making. <p>These risks will impact our operational delivery and increase regulatory scrutiny, both of which will impact our ability to deliver our objectives.</p>	<ul style="list-style-type: none"> A full Chair-led governance review will have been completed by mid-2021, identifying areas of improvement for governance, skills gaps and trustee succession planning. We have reviewed all Charity policies and ensured that all required Board level policies have been refreshed for 2021. We are registered with the Fundraising Regulator to evidence our compliance with the Charities Act 2016 and comply with regulations; no complaints were received in 2020. We benefit from the extensive cyber protection provided by our internet provider. We have a whistle-blowing policy that is known to employees. There is a robust process for any issues arising from a disclosure to be dealt with promptly and properly. We have developed improved methods of monitoring the impact of grants made to individuals and organisations,

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	including ensuring safeguarding protocols are in place with those we fund.
<p>Reputational which includes:</p> <ul style="list-style-type: none"> • Adverse publicity concerning the Royal Marines may affect public's perception of the charity's need for support and funds; • Lack of control of funded organisations' activities; • Lack of control of membership branches and individual members. <p>These risks would impact our reputation which is absolutely essential to keep key stakeholders, funders and beneficiaries positively engaged in assisting us delivering our outcomes.</p>	<ul style="list-style-type: none"> • We are developing a PR function which will give the capability to respond to reputational challenge, with direct links into Navy Media. • We expect regular reports to the Board of Trustees from through year funded organisations and implement MOUs where appropriate. • We have revised terms and conditions for those outside organisations. • Our branch and membership byelaws are subject to close oversight from the Membership Committee.
<p>People which includes:</p> <ul style="list-style-type: none"> • Inability to recruit and retain people with the required skills and expertise; • Appropriate training and safeguarding for all staff; • Burnout due to increased demand for support. <p>These risks would reduce our effectiveness to deliver our objectives, reducing our impact.</p>	<ul style="list-style-type: none"> • We have reviewed and agreed a new staffing structure for the charity, alongside revised role descriptions and improved means of regular whole staff communication to improve retention and enhance retention. • We have introduced a revised Performance and Development Report to improve our performance and focus on learning and development. • We conduct an annual Training Needs Analysis, leading to whole staff training as appropriate, and individual education and learning needs being addressed. • We have introduced an Employee Assistance Programme and regularly consider staff workloads, promoting positive mental health and work-life balance.

The Naval Service Sports Charity

Risk	Mitigation
Investment Management. Risk is defined as exposure to poor investment performance or a Stock Market crash whereby funds under management do not deliver expected levels of capital and/or income.	The NSSC has delegated management of its investments to the RNRMC Investment Committee (IC) who carefully select investment managers, set realistic targets and closely monitor activity. With NSSC investment capital having grown from £3.7m in 2007 to £4.8m in 2019 and investment income growing from £115k in 2011 to £173k in 2019. The global impact of Covid-19 and BREXIT uncertainty has resulted in a stock market realignment that reduced income in 2020 to £128k, and reduced capital to £4.67M (3.39%). The resilience and diversity of the TNRMC Group assets should mitigate the impact of the decline in Capital Value. The RNRMC have conducted an investment manager review resulting in a change of investment management.

Custodian Funds

The Royal Navy and Royal Marines Charity also holds other external funds as a custodian. These are funds with similar objects to the charity who support the same beneficiary pool and who don't have access to their own segregated investment portfolio. The capital is held and invested within the main portfolio by Cazenove in 2020 and subsequently Sarasin (appointed in 2021), with dividends being paid quarterly to the respective funds. Funds are held with a long term view, but can be drawn down upon at any time. More information on the Custodian funds can be found in Note 23 of the statutory accounts.

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Public Benefit

In shaping our objectives for the year and planning our activities, the trustees have considered the Charity Commissions guidance on public benefit, including the guidance 'public benefit: running a charity (PB2)'.

The trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission.

The trustees have recognised the two principles of public benefit and believe that the RNRMC meets them, namely:

- That there must be an identifiable benefit or benefits and they must be clear, related to the aims of the RNRMC and be balanced against any detriment or harm;
- The objects of the RNRMC are to focus on the relief in need, hardship or distress of disadvantaged persons, provide education and to improve the efficiency of the Naval Service. The range of the benefits deriving from benevolence activities includes the relief of poverty and improving the efficiency of other charities through the grants made. The RNRMC also provides its beneficiaries with facilities for sport and recreation.
- That the benefit must be to the public or to a section of the public. That the beneficiaries must be appropriate to the aims and, if to a section of the public, must not be unreasonably restricted and that those in poverty must not be excluded from the opportunity to benefit.
- The potential beneficiary group of the RNRMC is wide and includes not just current serving personnel, but also the vast majority of our beneficiaries who are former Naval Service personnel, families and dependants. Benevolence grants are all based on need demonstrated by the charities that apply for grants and do not duplicate state funding.

In addition, the RNRMC provides public benefit by enhancing and promoting military efficiency, strengthening the moral component of the Royal Navy's and the Royal Marines' esprit de corps, which in turn brings tangible benefits to the public:

1. the maintenance of maritime security with regard to the UK home bases and their people;
2. the Naval Service's global commitment to the furtherance of world peace and stability;
3. the protection of lawful maritime trade and the prevention of unlawful acts upon the high seas;
4. the contribution to enhanced morale and retention of Naval Service personnel.

THE ROYAL NAVY AND ROYAL MARINES CHARITY

REPORT OF THE TRUSTEES

INVESTMENT POLICY AND PERFORMANCE

Investment Oversight

Cazenove Capital Management are responsible for the investment management of the Group's funds. This arrangement gives strength to the Group with flexibility and economies of scale.

In 2020 Cazenove held 3 separate portfolios for funds within the Group:

1 - RNRMC (main portfolio)	2 - RMA: The Royal Marines Charity	3 - RN Officers' Charity
<ul style="list-style-type: none"> • RNRMC unrestricted funds • RNRMC restricted funds (unincorporated charities) • Naval Service Sports Charity • Custodian Funds • Private Equity fund (in distribution mode) 	<ul style="list-style-type: none"> • Separate fund managed by same Cazenove team 	<ul style="list-style-type: none"> • Separate fund managed independently by a Cazenove team

The oversight of the management of the RNRMC, NSSC and Royal Marines Association - The Royal Marines Charity's investments lies with the Investment Committee (IC). The IC meets biannually formally and biannually informally and is responsible for monitoring the performance of investment strategies approved by the respective Boards. Three independent investment advisors, Mr Alexander Crooke, of Janus Henderson Investors, Mr Bryan Burrough previously of Investec, Blackrock and Cazenove and Mr Mark Fitzgerald previously of Barclays Global Investors (BGI), Blackrock and HSBC advise the IC.

Every 5 years a formal review of the Investment Manager's performance over the period is to be carried out. In January 2021 a formal review was held and Sarasin was appointed as the new group investment manager after detailed scrutiny and review by the IC and its advisors. The Group Investment Policy was updated as a result of the review.

Investment Policy & Strategy

The Investment Strategy and Investment Policy for the Group IC are regularly reviewed and updated as necessary, in March 2020 with Cazenove and subsequently in June 2021 with Sarasin. The policy detail which now follows relates to the current 2021 policy.

The overall investment objective of the RNRMC is "To preserve and enhance the real capital value of the portfolio whilst supporting a sustainable withdrawal to fund current commitments".

The Charity seeks to achieve its objective within an acceptable level of risk for their assets, the parameters of which have been agreed with the Manager; the objective is quantified as the need to generate over the long term a return of inflation (CPI) plus 3% per annum. This should allow the real value of the assets to be maintained whilst funding regular annual expenditure.

The return target and appropriate benchmark are defined in the discretionary agreement with the Manager, who will ensure adherence to this policy.

The Trustees are keen not to jeopardise the objective of 'maximising risk adjusted total return' by targeting too high an income requirement and hence have adopted a yield target of around 1.75% of starting year capital values. Any further required withdrawals will be taken by the selling of capital assets.

Funds' Composite Benchmark & permitted ranges

The overall objective is to produce a total return of inflation plus 3% (net of fees) over the long term and the asset allocation below, shown on a capital-weighted basis, has been set to achieve that.

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Given the global nature of the portfolio, it has been agreed that a portion of non-sterling assets will be hedged back to sterling. The neutral exposure to sterling across the portfolio is circa 50%, of which global equities account for twenty percentage points (as shown in Table 1).

Table 1: Composite Benchmark (2021)

Asset Class	Low %	Neutral Allocation %	High %
Cash	-	-	10
Government Bonds	0.0	7.5	30
Corporate Bonds		7.5	
Total Bonds & Cash	-	15.0	40
Global Equities		50.0	
Global Equities £ Hedged		20.0	
Total Equities	60	70	80
Property	-	5	10
Alternatives*	-	10	20
Total		100	

***Alternative** investments are supplemental strategies to traditional long-only positions in stocks, bonds and cash. Alternatives span a wide range of investments, including: hedge funds, private equity, venture capital, infrastructure and commodities, among others.

The composite benchmark is agreed with the Manager and forms an important part of performance monitoring.

In respect of Portfolio 3, no new commitments, beyond any outstanding calls, will be made to the private equity funds held in this portfolio.

2020 Main Investment Portfolio Values

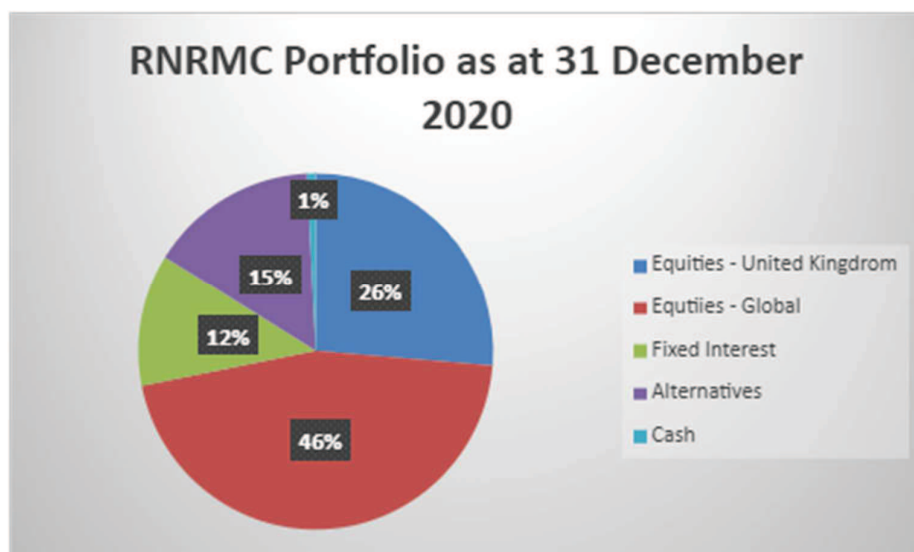
The table and pie chart below show the RNRMC main investment portfolio values as at 31 December 2020 compared to the 2020 Cazenove tactical ranges. These figures include both Custodian Funds as well as NSSC Investment funds in the balance.

RNRMC Investment Fund (excl. Private Equity)

Description	Market Value £	Portfolio	Strategy	Strategic Ranges
Equities	41,336,470	71.8%	70.0%	50-90%
United Kingdom	15,145,646	26.3%	40.0%	25-55%
Overseas	26,190,824	45.5%	30.0%	15-45%
Bonds	6,903,637	12.0%	15.0%	10-30%
United Kingdom	6,903,637	12.0%	15.0%	0-15% Gilt/0-15% Corp
Alternatives	8,832,601	15.4%	13.0%	0-25%
Cash	460,949	0.8%	2.0%	0-15%
Total	57,533,657	100.0%	100.0%	

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More information on the Charities Investments can be found in Note 20 of the statutory accounts.

Investment Restrictions

The Investment Manager is appointed with discretionary powers of investment under the Trustee Act 2000 and is subject to the terms of their investment management agreement. The trustees require that the Investment Manager pays attention to the standard investment criteria, namely the suitability of each class of investment and the need for diversification as appropriate to the circumstances of the various portfolios. The trustees have also set specific investment limits and restrictions for each portfolio, as well as appropriate benchmarks for their performance comparison.

The Trustees have considered whether they should impose any ethical restriction on the investment of the RNRMC Group assets by their investment managers. In doing so, they have concluded that they would not wish to restrict the investment managers ability to achieve their primary objective of seeking the best returns within the limits of the Group's overall investment policy. However, it is likely to be in the Group's long-term interests that its investments favour those companies that pursue ethical and socially responsible policies rather than those which do not. To that end, they have instructed the managers that they should consider this position when choosing investments for the Group accordingly.

Trustees recognises that its investments have wider impacts and seeks to align its investment strategy with its aims, reflecting the views of its stakeholders and taking into account broader public benefit. Trustees expect its investment managers to integrate Environmental, Social and Governance (ESG) considerations into the normal investment process and to fulfil the requirements of the UK Stewardship Code, actively engaging with the companies in which they invest to promote best practice corporate behaviour and sustainable business practices. Given its limited staff resources, it is not practical for the Charity to engage directly with individual companies, but it does expect its investment managers to report annually on their engagement activities and results. The Trustees expect its investment managers to apply ESG considerations to both segregated holdings and pooled holdings, taking account of the extent to which suitable alternative investment vehicles are available and bearing in mind de minimis considerations. The Charity will only appoint managers who are signatories to the UN Principles of Responsible Investment (UN PRI) and will take into account the ranking assigned to those managers by the UN PRI. The Charity may exclude certain stocks or sectors where these are seen to be in direct conflict with its objects and activities. Equally, where consistent with the financial objectives, the Charity seeks to invest in areas with positive environmental and / or social impact, such as clean energy and various areas of new technology. The Trustees recognise that climate change is a key challenge for the next decade and that limiting global temperature rises will require significant change in business, investment, technology development and fossil fuel use. The Charity monitors the carbon emissions of its main equity investment portfolio and through its investment managers seeks to reduce these emissions over time.

- No direct equity investment should exceed 5% of the total value of each portfolio.
- No direct investment in a regulated third-party fund (OEIC) should exceed 10% of the total value of each RNRMC Group portfolio during the period of investment.

THE ROYAL NAVY AND ROYAL MARINES CHARITY

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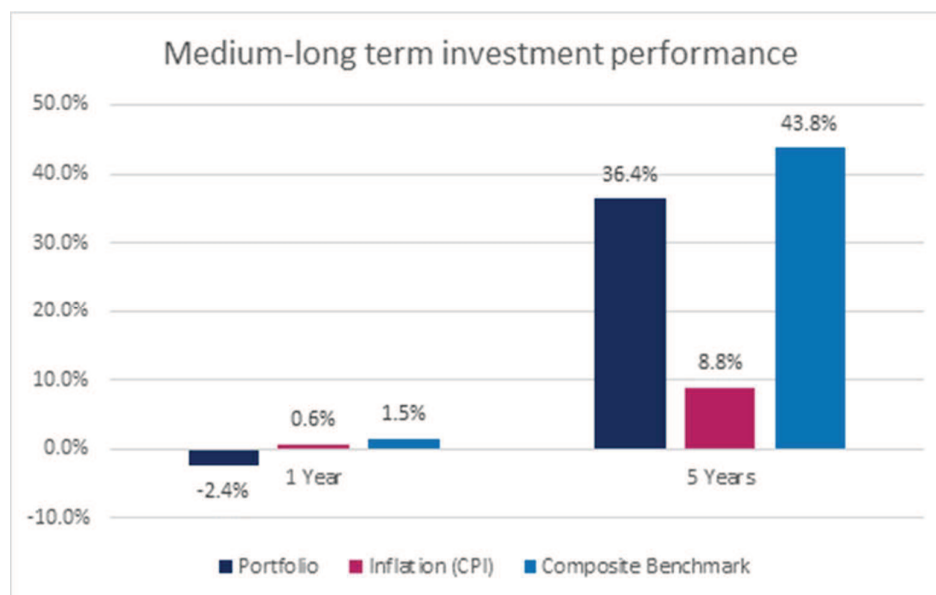
- No direct investment in an unregulated third-party fund should exceed 2.5% of the total value of each RNRMC Group portfolio during the period of investment.
- The total amount in unregulated funds should not exceed 5% of each RNRMC Group's portfolio during the period of investment.
- Total investments in third party funds (regulated and unregulated) should not exceed 30% of the total value of each RNRMC Group portfolio during the period of investment.
- Total investments in third-party funds should not exceed 10% of each third-party fund's total value.
- Cash balances should be deposited with institutions with a minimum rating of A- or invested in a diversified money market fund. Deposits should be spread by counterparty, subject to a minimum of two counterparties, unless express permission is given by the IC.
- The portfolios are permitted to have indirect exposure to derivatives within the Funds, otherwise no unquoted stocks, derivatives, futures or underwriting are permitted. There will be no stock lending from directly held assets but stock lending within third party funds held will be accepted, provided the manager can display sufficiently robust risk controls to manage the stock lending process.

Investment Performance

It was a tumultuous year for financial markets, as February and March saw sell-offs across all asset classes, before intervention from central banks provided support initially to government bonds and then subsequently across asset classes and into equities. The first 10 months of the year were dominated by sharply diverging fortunes between companies ravaged by Covid-19 and those deemed better equipped to deal with the fallout from the pandemic. In particular, large technology stocks fared well whilst more cyclical areas of the market such as energy, financial and travel stocks suffered. The announcement of positive developments with vaccines towards the end of the year helped fuel a recovery in some of the more unloved areas of the market, but over the full year they remained significantly behind.

The result was that the cyclically focussed UK market, as measured by the FTSE All-Share, produced a return of -9.8%. In contrast, global equities as measured by the MSCI AC World index, produced a return of 12.7% in sterling terms.

The main investment fund returned -2.4% for the calendar year 2020. The portfolio's significant allocation to the UK – and particularly to the "value" investment style within its UK allocation which had notable exposure to areas such as energy and financials, hindered returns. In contrast, the fixed income positions provided robust defensive stability and the overseas equities – particularly in the US and Emerging Markets – provided strong double-digit returns.



THE ROYAL NAVY AND ROYAL MARINES CHARITY**REPORT OF THE TRUSTEES****Portfolio income**

In 2020 the portfolio was managed by Cazenove to generate an income yield of around 2.7% although the total value of income generated by the investment portfolio over the year was below the original budget. The income yield target has been reviewed and is now closer to 1.7%. The portfolio invests in a diversified spread of assets incorporating equities, bonds, property and cash, which is designed to maintain the real capital value whilst generating a stable and sustainable level of income to fund grant-making. As a result, the portfolio has a lower projected level of volatility (or risk) than an all-equity portfolio.

Cash Policy

In 2020 the FRAC approved a new cash policy for the RNRMC that established a long-term cash reserves policy for the RNRMC to ensure that funding agreed grant activity for the next 12 months was guaranteed. This policy applies to the RNRMC and acts as advice for the Group as necessary.

The Proposal: Sufficient cash is held to support our beneficiaries and operations for a minimum of 12 months. This would be based on a range between our forecast cash flow and the 'downside/contingent' cash flow forecast. In time the aim is to hold three years of our net cash requirement in cash or near cash instruments.

THE ROYAL NAVY AND ROYAL MARINES CHARITY

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Reserves Policy

The Trustees have a reserves policy, which is to set aside sufficient free reserves so as to be able to meet or smooth out the unexpected fluctuations in charitable expenditure or shortfall in income so as to be able to meet the increasing needs of current beneficiaries and remain sustainable for both current and future generations, as well as meeting the needs of the wider Group entities.

As the national charity of the Royal Navy we provide the “Strategic Reserve” against future needs and we are committed to protecting the reserves for decades to come. The reserves of the RNRMC are complex. The restructure and merger with related charities has led to the amalgamation of previously separate funds into a more integrated and manageable organisational structure. Each legal entity within the Group has their own Reserves policy in line with their more specific strategic objectives and their Reserves are excluded from our calculations below. The individual reserves policies have all previously been based on calculated free reserves and a minimum required time period for coverage of expenditure. These policies excluded investments as non-liquid reserves.

The RNRMC Board have established a Group risk-based reserve policy with a minimum and maximum required reserves range in which they aim to operate. The change in calculation of reserves was made to reflect the Trustees desire to make sure it only holds the reserves required to cover its agreed risks which allowed the Board the ability to apply more funding to identified need for its current beneficiaries whilst not penalising its beneficiaries in the future.

Our risk-based reserves policy is underpinned by the group risk register and is linked with the charity's Strategic Objectives and Delivery Programme. This policy sets out five key areas of risk which our free reserves are there to support. These key areas are:-

- Governance
- Finance
- Reputation
- Stakeholders & Relationships
- People & Assets

Our structure is complex and is made up of a high percentage of restricted funds. We have managed to mitigate risk through these restricted funds thereby allowing us to show a lower unrestricted reserve range. This policy only covers our reserve requirement within our unrestricted funds.

Therefore this has determined that the target range of general reserves (excluding those reserves represented by restricted funds, fixed assets and designated reserves) required by the charity as being between £7.7m and £14.7m.

Our current unrestricted reserves balance stands at £29.1m of which £0.9m related to tangible fixed assets, leaving our general free reserves at £28.2m.

The Trustees appreciate that this exceeds the current upper target reserves level by £13.5m therefore they have made the excess available for additional grant making over the next 5-10 years but this is heavily dependent on the challenges we face in both demand and also in sustainable income.

The impact of Covid-19 on the economy saw a reduction in our investment reserves which means it is currently more likely that this excess will be spent over the next 3 – 5 years. However the RNRMC Board are reviewing the spend down on the excess reserve against the expected increased need as a result of Covid-19 and remain committed to meeting the requirement of the beneficiaries, which is likely to include additional support over the next couple of years.

The trustees conduct an annual review of the appropriate level of general reserves, and changes to the charity's risk profile, strategy and plan will be considered as part of that review. The output of the annual review informs subsequent planning and budgeting cycles.

Policy Calculations:

The total reserves for the charity as at 31 Dec 2020 were £87.2m (2019: £98.3m). Unrestricted reserves formed £29.1m (2019: £33.3m), Designated funds £0.8m (2019: £0.97m) and restricted reserves £56.7m (2019: £64.1m).

THE ROYAL NAVY AND ROYAL MARINES CHARITY

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Restricted and Designated reserves constitute £57.5m of the total RNRMC group funds, this is made up of Subsidiary Charities managed by a separate Trustee body, or Restricted funds managed by relevant Sub Committees. More information on the makeup of these elements can be found in the notes to the Statutory accounts in note 25.

Area	Notes	Minimum Reserves Level	Maximum Reserves Level
Governance	<i>Potential cost for poor charity governance</i>	£0.4m	£1.0m
Finance	<i>Significant change in external environment amounting to income drop, or beneficiary need increase</i>	£5.9m	£9.5m
Reputation	<i>Effect on Voluntary Income</i>	£0.3m	£0.8m
Stakeholders and Relationships	<i>Relationship with Corporates / Key funders deteriorates</i>	£0.9m	£3.0m
People and Assets	<i>Significant increase in Staff Turnover and potential costs of restructure</i>	£0.2m	£0.4m
Range of Reserves Required		£7.7m	£14.7m

Volunteering and Fundraising

The RNRMC and RMA –The Royal Marines Charity both have established fundraising programmes across similar income streams.

Our core income generating streams are:

- **Community fundraising** – in an ordinary year the RNRMC has a presence at Open Days at all major Naval establishments, Bournemouth Air Festival and at Families Days and Ship homecomings nationwide. In 2020 sadly the Covid-19 pandemic impacted all activity and we were only able to attend a week of events onboard HMS Prince of Wales in Liverpool before lockdown.
- **Regular giving (largely payroll giving or PRG)** – the RNRMC administers the Diamond award-winning Royal Navy Payroll Giving Scheme. A separate scheme exists for the Royal Marine cadre. In 2020 when the pandemic struck, we were no longer allowed access to potential supporters and this did have an impact on the number of personnel donating through their pay. This coupled with the fact individuals who did support the RNRMC still left the Royal Navy meant numbers did drop over the year from 15,096 in January 2020 to 14,943 in December 2020.
- **Individual giving** – This includes In Memoriam gifts, Gifts in Celebration and Foreign Coin collections. One-off online donations, particularly through Facebook, continued to gain traction in 2020 and the introduction of the RNRMC Lottery also grew steadily. Sadly we did see a large rise in in memoriam gifts during the year which is likely to be linked to the Covid-19 pandemic.
- **Major partnerships (individual and corporate)** – From the corporate friends scheme The Bridge Partnership and Commando Challenge to Nelson's Company, we have established affinity and stewardship programmes for individual and corporate supporters.
- **Trusts and foundations** – The RNRMC is grateful for the long-standing support it receives from the likes of the Royal Edinburgh Military Tattoo (Charities) Limited, Nuffield Foundation and Wimbledon Foundation. **Legacies** – both RNRMC and RMA The Royal Marines Charity are fortunate enough to receive pecuniary and residuary legacy bequests.
- **Events** – All fundraising events were cancelled in 2020 due to the ongoing pandemic.
- **Trading** – The RM Shop and RMRMC event merchandise help to promulgate the Charities' brand.

THE ROYAL NAVY AND ROYAL MARINES CHARITY

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Acknowledgements

We Would Like To Thank You

It was no ordinary year. By early 2020, people all over the world were forced to contend with a new normal: lockdowns, social distancing, economic crises, and travel bans. Serving personnel were separated from their nearest and dearest for even longer. Some of our most vulnerable beneficiaries, hidden and lonely before lockdown, simply vanished from view. Many within our communities became ill with coronavirus or lost loved ones because of it. Many more people still lost their jobs or struggled to make ends meet. But through it all, our supporters remained resolutely by our side.

None of the great work which the Royal Navy and Royal Marines Charity collaborated and helped to positively affect the lives of servicemen and women, veterans and Royal Navy families throughout a turbulent and temperamental twelve months would have been possible without the kindness and generosity of our fundraisers, individual donors, corporate, trust and other supporters. The fact that there was no disruption to our Grants programme in 2020 is testimony to your continued support. Sadly, we can't thank everyone individually here, but we are indebted to each and every one of those who played their part.

Leave a Gift in your Will

Every time someone leaves a gift to the Royal Navy and Royal Marines Charity in their Will, they help us to ensure that the United Kingdom's naval family are supported, for life. Every gift, of every size, has a lasting impact. We are indebted to all those who choose to support us in this way.

If you are moved to support the Royal Navy and Royal Marines Charity, the most wonderful gift you could ever make to support the nation's sailors, marines and their families won't cost you a penny in your lifetime but will help us transform lives in the future and for generations to come. The RNRMC offer two free Will options to suit all our supporters, either face to face or online.

To start a conversation about leaving a gift in your Will, please contact Jo Miles, who'll be happy to help you. Jo Miles@rnrmc.org.uk or 023 9387 4677 or alasdair.akass@rnrmc.org.uk or 023 9387 1538

THE ROYAL NAVY AND ROYAL MARINES CHARITY

REPORT OF THE TRUSTEES

Statement of Trustees' Responsibilities

The trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing those financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- comply with applicable accounting standards, including FRS 102, subject to any material departures disclosed and explained in the financial statements;
- state whether a Statement of Recommended Practice (SORP) applies and has been followed, subject to any material departures which are explained in the financial statements
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and to enable them to ensure that the financial statements comply with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 and the Charities Accounts (Scotland) Regulations 2006 as amended by The Charities Accounts (Scotland) Amendment (No. 2) Regulations 2014.

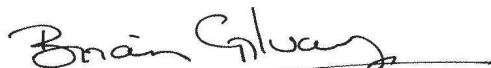
They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Trustees' Annual Report is approved by the trustees of the Charity. The Strategic Report, which forms part of the Annual Report, is approved by the trustees in their capacity as directors in company law of the Charity.

Signed on behalf of the Trustees on 13 September 2021



Dr Brian Gilvary
Chairman

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF THE ROYAL NAVY AND ROYAL MARINES CHARITY

Opinion

We have audited the financial statements of The Royal Navy and Royal Marines Charity for the year ended 31 December 2020 which comprise the Group Statement of Financial Activities, the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement 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 (United Kingdom Generally Accepted Accounting Practice) including FRS 102 'The Financial Reporting Standard Applicable in the UK and Ireland'.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 December 2020 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 (as amended) and regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended).

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 financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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 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.

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

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

We have nothing to report in this regard.

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF THE ROYAL NAVY AND ROYAL MARINES CHARITY

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the trustees' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the trustees' annual report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the trustees' annual report.

We have nothing to report in respect of the following matters where the Companies Act 2006 or the Charities Accounts (Scotland) Regulations 2006 (as amended) require us to report to you if, in our opinion:

- the parent charitable company has not kept adequate and sufficient accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 47, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group and 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 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 Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005 and under the Companies Act 2006 and report to you in accordance with regulations made under those Acts.

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed

REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF THE ROYAL NAVY AND ROYAL MARINES CHARITY

risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and considered that the most significant are The Companies Act 2006, the Charities and Trustee Investment (Scotland) Act 2005 (as amended), regulations 6 and 8 of the Charities Accounts (Scotland) Regulations 2006 (as amended), the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council.
- We obtained an understanding of how the charitable company complies with these requirements by discussions with management and those charged with governance.
- We assessed the risk of material misstatement of the financial statements, including the risk of material misstatement due to fraud and how it might occur, by holding discussions with management and those charged with governance.
- We inquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations.
- Based on this understanding, we designed specific appropriate audit procedures to identify instances of non-compliance with laws and regulations. This included making enquiries of management and those charged with governance and obtaining additional corroborative evidence as required.

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

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

**REPORT OF THE INDEPENDENT AUDITOR TO THE MEMBERS OF
THE ROYAL NAVY AND ROYAL MARINES CHARITY**

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

Use of this 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 and to the charitable company's trustees, as a body, in accordance with Section 44(1)(c) of the Charities and Trustee Investment (Scotland) Act 2005. Our audit work has been undertaken so that we might state to the charitable company's members and trustees those matters which we are required to state to them in an auditor's report addressed to them and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the charitable company and charitable company's members as a body, and the charity's trustees, as a body, for our audit work, for this report, or for the opinions we have formed.

Moore Kingston Smith LLP

Neil Finlayson (Senior Statutory Auditor)
for and on behalf of Moore Kingston Smith LLP, Statutory Auditor

Devonshire House
60 Goswell Road
London
EC1M 7AD

Date: 16 September 2021

Moore Kingston Smith LLP is eligible to act as auditor in terms of Section 1212 of the Companies Act 2006.

THE ROYAL NAVY AND ROYAL MARINES CHARITY
CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	Unrestricted Funds £	Restricted Funds £	Permanent Endowment Funds £	Total Funds 2020 £	Total Funds 2019 £
INCOME & ENDOWMENTS						
Donations and legacies	4	2,959,282	2,683,870	-	5,643,152	6,774,952
RMA transfer of funds		-	-	-	-	2,605,944
Other trading activities		1,039,709	-	-	1,039,709	1,119,383
Investment income	5	775,482	1,510,589	-	2,286,071	3,274,425
		4,774,473	4,194,459	-	8,968,932	13,774,704
Charitable activities	6	71,000	2,221,673	-	2,292,673	2,573,697
Other income- CJRS grant		73,846	48,265	-	122,111	-
Total operating income		4,919,319	6,464,397	-	11,383,716	16,348,401
EXPENDITURE						
Raising funds						
Investment management fees	7	229,723	353,346	-	583,069	646,796
Fundraising costs		1,554,147	802,782	-	2,356,929	3,782,936
Total cost of raising funds		1,783,870	1,156,128	-	2,939,998	4,429,732
Charitable activities						
Commissioned Programmes	8 & 9	515,835	4,190,288	-	4,706,123	2,298,409
Through Life Pathway		714,416	2,342,608	-	3,057,024	5,941,673
Quality of Life Pathway		1,197,695	5,196,073	-	6,393,768	3,597,815
Fit for Life Pathway		80,573	577,748	-	658,321	1,471,754
End of Life Pathway		34,315	246,056	-	280,371	201,914
Total charitable expenditure		2,542,834	12,552,773	-	15,095,607	13,511,565
Total operating expenditure		4,326,706	13,708,901	-	18,035,605	17,941,297
Net operating income/(expenditure)		592,615	(7,244,504)	-	(6,651,889)	(1,592,896)
Net (losses)/gains on investment assets		(1,712,080)	(2,722,217)	-	(4,434,297)	7,348,558
Net (expenditure)/income	15	(1,119,465)	(9,966,721)	-	(11,086,186)	5,755,662
Gross transfers between funds	16	(3,292,550)	3,292,550	-	-	-
Net movement in funds		(4,412,055)	(6,674,171)	-	(11,086,186)	5,755,662
Total funds brought forward	26	34,264,546	63,399,903	655,649	98,320,098	92,564,436
Total funds carried forward	26	29,852,531	56,725,732	655,649	87,233,912	98,320,098

The Charity has no recognised gains or losses for the year other than as detailed above.

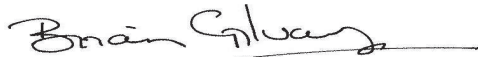
The net movements in the Charity's funds for the year arise from the Charity's continuing activities.

The Notes on pages 55 to 83 form part of these accounts.

THE ROYAL NAVY AND ROYAL MARINES CHARITY
BALANCE SHEET – GROUP AND CHARITY
AS AT 31 DECEMBER 2020

	Note	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Fixed assets					
Intangible assets	18	116,794	18,059	9,032	18,064
Tangible assets	19	1,449,747	3,258,106	892,445	845,628
Investments	20	83,854,063	95,306,131	52,997,260	61,504,028
		<u>85,420,604</u>	<u>98,582,296</u>	<u>53,898,737</u>	<u>62,367,720</u>
Current assets					
Stock	21	250,189	222,530	-	-
Debtors	22	783,815	1,261,065	488,255	883,339
Cash at bank and in hand		8,612,273	5,858,743	6,152,605	3,359,655
		<u>9,646,277</u>	<u>7,342,338</u>	<u>6,640,860</u>	<u>4,242,994</u>
Liabilities					
Creditors falling due within one year	23	(7,787,969)	(7,604,536)	(6,940,840)	(6,557,452)
Net current assets		<u>1,858,308</u>	<u>(262,198)</u>	<u>(299,980)</u>	<u>(2,314,458)</u>
Total assets less current liabilities		<u>87,298,912</u>	<u>98,320,098</u>	<u>53,598,757</u>	<u>60,253,262</u>
Creditors due in more than one year	25	(45,000)	-	-	-
Net assets		<u>87,233,912</u>	<u>98,320,098</u>	<u>53,598,757</u>	<u>60,253,262</u>
Accumulated funds					
Permanent endowment	26	655,649	655,649	655,649	655,649
Restricted funds	26	56,725,732	63,399,903	23,270,582	25,272,443
Unrestricted funds	26	29,077,175	33,291,047	28,897,170	33,151,671
Designated funds	26	775,356	973,499	775,356	973,499
Total accumulated funds		<u>87,233,912</u>	<u>98,320,098</u>	<u>53,598,757</u>	<u>60,053,262</u>

The financial statements on pages 52 to 83 were approved by the trustees on 13 September 2021... and signed on their behalf by:



Dr Brian Gilvary
Chairman



Mr Mark Lewthwaite
Chairman of the Finance, Risk
and Audit Committee

Company registration number 6047294

THE ROYAL NAVY AND ROYAL MARINES CHARITY
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Cash flow/(outflow) from operating activities		
Net cash (used in) operating activities	(5,575,675)	(2,958,327)
Cash flows from investing activities		
Investment income and interest received	2,286,071	3,274,425
Proceeds from disposal of fixed asset investments excluding endowment funds	24,917,594	13,806,340
Acquisition of fixed asset investments excluding endowment funds	(17,899,823)	(15,324,120)
Proceeds from disposal of tangible fixed assets	-	206,554
Payments to acquire tangible fixed assets	(916,870)	(2,513,887)
Payments to acquire intangible fixed assets	(107,767)	(13,836)
	<u>8,279,205</u>	<u>(564,524)</u>
Cash flow/(outflow) from financing activities		
New bank loan	50,000	-
Net increase/(decrease) in cash and cash equivalents	2,753,533	(3,522,851)
Cash and cash equivalents at beginning of year	5,858,743	9,381,594
Cash and cash equivalents at end of year	<u>8,612,276</u>	<u>5,858,743</u>

Reconciliation of net income/ (expenditure) to net cash flow from operating activities

	2020 £	2019 £
Net (expenditure)/ income including endowments	(11,086,186)	5,775,662
Adjustments for:		
Depreciation charges	119,089	79,773
Amortisation	9,032	13,388
Grant to MOD- fixed asset disposal (see note 19)	2,740,335	-
Loss on disposal of fixed asset	33,805	7,328
Net losses/ (gains) on investments	4,434,297	(7,348,558)
Investment income	(2,286,071)	(3,274,425)
Increase in stock	(27,659)	(115,497)
Decrease in debtors	477,250	91,755
Increase in creditors	10,433	1,832,247
Net cash (used in) operating activities	<u>(5,575,675)</u>	<u>(2,958,327)</u>

**THE ROYAL NAVY AND ROYAL MARINES CHARITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. ACCOUNTING POLICIES

a) Basis of preparation

The financial statements comprise the charity and its subsidiaries under Charity Commission Schemes or Uniting Directions.

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the revaluation of investments being measured at fair value through income and expenditure within the Statement of Financial Activities.

The financial statements have been prepared in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102). The Charitable Company and its subsidiaries are a public benefit group for the purposes of FRS 102 and therefore the Charity also prepared its financial statements in accordance with the Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (The FRS 102 Charities SORP), the Companies Act 2006 under the provision of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008 (SI 2008/410), the Charities Act 2011 and Charities Accounts (Scotland) Regulations 2006 as amended by The Charities Accounts (Scotland) Amendment (No. 2) Regulations 2014.

The financial statements are prepared in sterling, which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest pound.

The principal accounting policies adopted in the preparation of the financial statements are set out below.

b) Going concern

The trustees have assessed whether the use of the going concern basis is appropriate and have considered possible events or conditions that might cast significant doubt on the ability of the charity to continue as a going concern. The trustees have made this assessment for a period of at least one year from the date of approval of the financial statements and have considered the potential impact of the Covid-19 pandemic. In particular the trustees have considered the charity's forecasts and projections and have taken account of pressures on donation and investment income and likely impact of the pandemic on investment values and income, as well as expenditure. After making enquiries the trustees have concluded that there is a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. The charity therefore continues to adopt the going concern basis in preparing its financial statements.

c) Group financial statements

These financial statements consolidate the results of the Charity and RNRMC Enterprises Limited, its wholly owned trading subsidiary, the Royal Naval Benevolent Society for Officers, as the Charity is a corporate trustee with a right of veto, the Naval Service Sports Charity, as the Charity is the sole member, and RMA - the Royal Marines Charity (including its own subsidiaries, The Royal Marines Shop Limited and TRMC Enterprises Limited), as the sole member from 1 April 2011, on a line by line basis. A separate Statement of Financial Activities and Income and Expenditure Account are not presented for the Charity itself as the Charity has taken advantage of the exemptions afforded by section 408 of the Companies Act 2006.

The corporate charity's financial statements aggregate its own results with those subsidiaries where the Charity Commission has issued a Uniting Direction for the purposes of accounting. The subsidiaries whose results are aggregated with those of the charitable company are:

Subsidiary 1 - The Naval Service Dependents' Fund (NSDF)
Subsidiary 2 - The Naval Service Benevolence Fund (NSBF)
Subsidiary 3 - The Fleet Air Arm Benevolent Trust (FAABT)

**THE ROYAL NAVY AND ROYAL MARINES CHARITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. ACCOUNTING POLICIES (continued)

Subsidiary 4 - The Naval Service Amenity Fund (NSAF)
 Subsidiary 6 - The Naval Service Prizes and Awards Fund (NSPAF)
 Subsidiary 7 - Queen Alexandra's Royal Naval Nursing Service Trust Fund (QARNNS)
 Subsidiary 8 - Plymouth Royal Naval Aid Fund (PRNAF)
 Subsidiary 9 - The Sir Donald Gosling Maritime Reserve Amenity Fund (DGMRF)
 Subsidiary 10 - Naval Medical Compassionate Fund (NMCF)

Although subject to a Charity Commission Uniting Direction, the results of Subsidiary 5 - The Naval Service Sports Charity (NSSC) are not aggregated with those of the charitable company because the NSSC is a limited company and is therefore required to be treated on a consolidated basis.

d) Income

All income is recognised when there is entitlement to the funds, the receipt is probable and the amount can be measured reliably.

Legacies are recognised following probate and once there is sufficient evidence that receipt is probable and the amount of the legacy receivable can be measured reliably. Where entitlement to a legacy exists but there is uncertainty as to its receipt or the amount receivable, details are disclosed as a contingent asset until the criteria for income recognition are met.

Income is deferred when the donor attaches conditions outside the Charity's own control or specifies that the resources are to be used in a future accounting period.

Investment income is received net of investment management fees but is grossed up in the accounts for investment management fees.

Government grants

Grants relating to revenue are recognised in income on a systematic basis over the periods in which the entity recognises the associated costs for which the grant is intended to compensate. This includes £122,111 of Government assistance under the Coronavirus Job Retention Scheme (CJRS) relating to staff who were furloughed due to Covid-19.

e) Volunteers and donated services and facilities

The value of services provided by volunteers is not incorporated into these financial statements.

Where services are provided to the Charity as a donation that would normally be purchased, this contribution is included in the financial statements at an estimate based on the value of the contribution to the Charity.

f) Expenditure

Liabilities are recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

Grants payable are payments made to third parties in the furtherance of the charitable objects of the Charity. Unconditional grant offers are accrued once the recipient has been notified of the grant award and its payment is probable. Grant awards that are subject to the recipient fulfilling performance or other conditions are accrued when the recipient has been notified of the grant and either the performance condition is met or any remaining unfulfilled condition attaching to the grant is outside of the control of the Charity.

g) Irrecoverable VAT

Irrecoverable VAT is charged against the category of resources expended for which it was incurred

**THE ROYAL NAVY AND ROYAL MARINES CHARITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. ACCOUNTING POLICIES (continued)

h) Allocation of overhead and support costs

Overhead, support and governance costs are allocated between the cost of raising funds and charitable activities. Overhead, support and governance costs relating to charitable activities have been apportioned between activities.

i) Costs of raising funds

The costs of raising funds consist of investment management fees and other direct costs of raising funds and an apportionment of governance, overhead and support costs.

j) Charitable activities

Costs of charitable activities include grants payable and other costs directly associated with providing sports, amenities, prizes and awards, dependants' grants or benevolence to beneficiaries and an apportionment of overhead, support and governance costs.

k) Governance costs

Governance costs comprise all costs involving the public accountability and running of the charity and its compliance with regulation and good practice. These costs include costs related to statutory audit, legal fees and trustee meeting expenses together with an apportionment of overhead and support costs.

l) Pension costs and other post-retirement benefits

The charity operates a defined contribution pension scheme. Contributions payable are charged to the Statement of Financial Activities in the period to which they relate.

m) Tangible fixed assets

Individual fixed assets costing £500 or more are capitalised at cost.

Freehold land and buildings are included in the financial statement at open market value, as determined periodically by professional values. They are not depreciated as their residual values are not materially different from carrying values included in the accounts.

Tangible fixed assets are depreciated on a straight line basis over their estimated useful economic lives as follows:

Freehold property	- over 50 years straight line
Computer and office equipment	- over 3 years straight line
Leasehold improvements	- over the life of the lease

At the end of each reporting period, the residual values and useful lives of assets are reviewed and adjusted if necessary. In addition, if events or change in circumstances indicate that the carrying value may not be recoverable then the carrying values of tangible fixed assets are reviewed for impairment.

n) Intangible fixed assets

Intangible fixed assets are amortised on a straight line basis over their estimated useful economic lives as follows:

Website and software	- over 3 years straight line
----------------------	------------------------------

At the end of each reporting period, the residual values and useful lives of assets are reviewed and adjusted if necessary. In addition, if events or change in circumstances indicate that the carrying value may not be recoverable then the carrying values of tangible fixed assets are reviewed for impairment.

**THE ROYAL NAVY AND ROYAL MARINES CHARITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. ACCOUNTING POLICIES (continued)

o) Fixed asset investments

Investments are initially measured at their cost and subsequently measured at their fair value at each reporting date. Fair value is based on their bid value at the balance sheet date without deduction of the estimated future selling costs.

Changes in fair value and gains and losses arising on the disposal of investments are credited or charged to the income or expenditure section of the Statement of Financial Activities as 'gains or losses on investments' and are allocated to the appropriate fund holding or disposing of the relevant investment.

p) Realised gains and losses

All gains and losses are taken to the income and expenditure section of the Statement of Financial Activities as they arise. Realised gains and losses on investments are calculated as the difference between sale proceeds and original cost. Unrealised gains and losses are calculated as the difference between the market value at the end of the year and opening market value, or purchase date if later. Realised and unrealised gains are not separated in the Statement of Financial Activities.

q) Stock

Stock of goods for resale is stated at the lower of cost and net realisable value.

r) Heritage assets

The Charitable Group is the owner of a collection of Paintings, Silverware and other items. Many precious works are contained within messes across the Corps, which is housed and managed on behalf of the Charity by Serving Royal Marines within the Corps Secretariat. The collection is considered irreplaceable and as such it is not possible to attribute a reliable cost or value to it. It is additionally considered that the process of obtaining valuations of the collection would be disproportionate to any public benefit that might be derived and that it is impractical to apply conventional valuation techniques to the collection, due to the uniqueness of its nature.

s) Funds structure

The Charity has one permanent endowment, which requires the trustees to invest the capital in perpetuity; the income from this fund is wholly unrestricted.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by the donor. The funds of the subsidiaries noted under 1c) above are treated as restricted funds.

Unrestricted funds comprise those funds which the trustees are free to use for any purpose in furtherance of the charitable objects.

Designated funds comprise those unrestricted funds where the trustees, at their discretion, have created a fund for a specific purpose.

t) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

u) Financial Instruments

The charity has elected to apply the provisions of Section 11 'Basic Financial Instruments' of FRS 102 to all of its financial instruments. Financial instruments are recognised in the charity's balance sheet when the charity becomes party to the contractual provisions of the instrument. Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally

**THE ROYAL NAVY AND ROYAL MARINES CHARITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

1. ACCOUNTING POLICIES (continued)

enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

With the exceptions of prepayments and deferred income all other debtor and creditor balances are considered to be basic financial instruments under FRS 102. See notes 22 and 23 for the debtor and creditor notes.

v) Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

w) Critical accounting estimates and areas of judgement

In preparing financial statements it is necessary to make certain judgements, estimates and assumptions that affect the amounts recognised in the financial statements.

In the view of the trustees in applying the accounting policies adopted, no judgements were required that have a significant effect on the amounts recognised in the financial statements nor do any estimates or assumptions made carry a significant risk of material adjustment in the next financial year.

2. LEGAL STATUS OF THE CHARITY

The Charity is a company limited by guarantee and has no share capital. The members of the charity are the trustees listed on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

**THE ROYAL NAVY AND ROYAL MARINES CHARITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

3. FINANCIAL ACTIVITIES OF THE CHARITY

The financial activities shown in the consolidated statement includes those of the RNRMC and its wholly owned trading subsidiary RNRMC Enterprises limited, and the RNOC, a charity in which the RNRMC is a trustee with the right of veto, the NSSC, a charitable company of which the RNRMC is the sole member, and RMA-TRMC (including its subsidiaries RMA Limited, RM Shop Limited and TRMC Enterprises Limited) a charitable company of which the RNRMC is the sole member. A summary of the financial activities undertaken by the RNRMC and its subsidiaries, that are the subject of Charity Commission Schemes or Uniting Directions, is set out below:

	Unrestricted Funds £	Restricted Funds £	Permanent Endowment Funds £	Total Funds 2020 £	Total Funds 2019 £
INCOME & ENDOWMENTS					
Donations and legacies	3,101,732	198,436	-	3,300,168	2,934,161
Investment income	775,482	625,872	-	1,401,354	2,071,248
	<u>3,877,214</u>	<u>824,308</u>	<u>-</u>	<u>4,701,522</u>	<u>5,005,409</u>
Charitable activities	71,000	1,704,180	-	1,775,180	2,006,056
Other income- CJRS	54,547	-	-	54,547	-
	<u>4,002,761</u>	<u>2,528,488</u>	<u>-</u>	<u>6,531,249</u>	<u>7,011,465</u>
Total operating income					
EXPENDITURE					
Raising funds					
Investment management fees	229,723	184,124	-	413,847	452,064
Fundraising costs	1,062,868	256	-	1,063,124	1,231,354
	<u>1,292,591</u>	<u>184,380</u>	<u>-</u>	<u>1,476,971</u>	<u>1,683,418</u>
Total cost of raising funds					
Charitable activities					
Commissioned Programmes	-	3,721,137	-	3,721,137	1,868,282
Through Life Pathway	864,551	835,325	-	1,699,876	3,581,999
Quality of Life Pathway	1,251,049	1,437,023	-	2,688,072	3,017,326
Fit for Life Pathway	281,090	-	-	281,090	383,611
End of Life Pathway	-	209,904	-	209,904	159,190
	<u>2,396,690</u>	<u>6,203,389</u>	<u>-</u>	<u>8,600,079</u>	<u>9,010,409</u>
Total charitable expenditure					
	<u>3,689,281</u>	<u>6,387,769</u>	<u>-</u>	<u>10,077,050</u>	<u>10,693,827</u>
Total operating expenditure					
Net operating income/ (expenditure)	313,480	(3,859,281)	-	(3,545,801)	(3,682,362)
Net (losses)/gains on investment assets	(1,712,080)	(1,196,624)	-	(2,908,704)	4,401,357
Net (expenditure)/income	(1,398,600)	(5,055,905)	-	(6,454,505)	718,995
Gross transfers between funds	(3,054,044)	3,054,044	-	-	-
	<u>(4,452,644)</u>	<u>(2,001,861)</u>	<u>-</u>	<u>(6,454,505)</u>	<u>718,995</u>
Net movement in funds					
Total funds brought forward	34,125,170	25,272,443	655,649	60,053,262	59,334,267
Total funds carried forward	<u>29,672,526</u>	<u>23,270,582</u>	<u>655,649</u>	<u>53,598,757</u>	<u>60,053,262</u>

**THE ROYAL NAVY AND ROYAL MARINES CHARITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

4. VOLUNTARY INCOME

Year to 31 December 2020

	Unrestricted 2020 £	Restricted 2020 £	Endowment 2020 £	Total 2020 £
Other donations	1,637,300	1,843,694	-	3,480,994
Payroll giving	1,169,234	-	-	1,169,234
RM Corps subscriptions	-	525,373	-	525,373
Legacies	45,520	171,964	-	217,484
Other voluntary income	107,228	142,839	-	250,067
	<u>2,959,282</u>	<u>2,683,870</u>	<u>-</u>	<u>5,643,152</u>

Year to 31 December 2019

	Unrestricted 2019 £	Restricted 2019 £	Endowment 2019 £	Total 2019 £
Other donations	1,189,467	2,982,385	-	4,171,852
Royal Navy Payroll Giving Scheme	1,102,819	-	-	1,102,819
RM Corps subscriptions	-	522,561	-	522,561
Legacies	246,137	548,068	-	794,205
Donated Services	-	31,500	-	31,500
Other voluntary income	95,084	56,931	-	152,015
	<u>2,633,507</u>	<u>4,141,445</u>	<u>-</u>	<u>6,774,952</u>

**THE ROYAL NAVY AND ROYAL MARINES CHARITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

5. INVESTMENT INCOME

Year to 31 December 2020

	Unrestricted 2020 £	Restricted 2020 £	Endowment 2020 £	Total 2020 £
Dividends – UK equities	224,873	867,546	-	1,092,419
Dividends – non UK equities	31,272	41,939	-	73,211
Fixed interest – UK	55,774	76,577	-	132,351
Income on property funds	105,920	122,918	-	228,838
Unit Trusts	357,481	401,333	-	758,814
Interest on cash deposits	162	276	-	438
	<u>775,482</u>	<u>1,510,589</u>	<u>-</u>	<u>2,286,071</u>

Year to 31 December 2019

	Unrestricted 2019 £	Restricted 2019 £	Endowment 2019 £	Total 2019 £
Dividends – UK equities	491,193	1,010,373	-	1,501,566
Dividends – non UK equities	33,782	149,188	-	182,970
Fixed interest – UK	13,057	69,422	-	82,479
Income on property funds	139,427	278,349	-	417,776
Unit Trusts	393,817	610,758	-	1,004,575
Other	-	62,520	-	62,520
Interest on cash deposits	9,351	13,188	-	22,539
	<u>1,080,627</u>	<u>2,193,798</u>	<u>-</u>	<u>3,274,425</u>

6. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted 2020 £	Restricted 2020 £	Endowment 2020 £	Total 2020 £	Total 2019 £
Greenwich Hospital grant received	-	1,375,000	-	1,375,000	1,375,000
Nuffield Trust	-	170,680	-	170,680	517,056
Armed Forces Covenant Fund Trust	-	210,750	-	210,750	-
Other grants received	71,000	465,243	-	536,243	681,641
	<u>71,000</u>	<u>2,221,673</u>	<u>-</u>	<u>2,292,673</u>	<u>2,573,697</u>

All income from charitable activities in the year to 31 December 2019 was subject to specific restrictions imposed by the donor.

**THE ROYAL NAVY AND ROYAL MARINES CHARITY
NOTES TO THE FINANCIAL STATEMENTS
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7. COSTS OF RAISING FUNDS

Year to 31 December 2020	Unrestricted	Restricted	Endowment	Total
	2020	2020	2020	2020
	£	£	£	£
Investment management fees	229,723	353,346	-	583,069
Fund raising costs	1,554,147	802,782	-	2,356,929
	<u>1,783,870</u>	<u>1,156,128</u>	<u>-</u>	<u>2,939,998</u>
Year to 31 December 2019	Unrestricted	Restricted	Endowment	Total
	2019	2019	2019	2019
	£	£	£	£
Investment management fees	234,370	412,426	-	646,796
Fund raising costs	2,071,439	1,711,497	-	3,782,936
	<u>2,305,809</u>	<u>2,123,923</u>	<u>-</u>	<u>4,429,732</u>

8. ANALYSIS OF CHARITABLE EXPENDITURE

Analysis of charitable expenditure including support costs

Year to 31 December 2020

	Grants Payable 2020	Other Direct Costs 2020	Support Costs (See Note 11) 2020	Total 2020
	£	£	£	£
Commissioned Programmes	3,562,684	-	1,143,439	4,706,123
Through Life Pathway	2,314,263	-	742,761	3,057,024
Quality of Life Pathway	4,836,384	5,152	1,552,232	6,393,768
Fit for Life Pathway	498,370	-	159,951	658,321
End of Life Pathway	212,250	-	68,121	280,371
Total	<u>11,423,951</u>	<u>5,152</u>	<u>3,666,504</u>	<u>15,095,607</u>

Year to 31 December 2019

	Grants Payable 2019	Other Direct Costs 2019	Support Costs (See Note 11) 2019	Total 2019
	£	£	£	£
Commissioned Programmes	1,809,906	-	488,503	2,298,409
Through Life Pathway	4,678,833	-	1,262,840	5,941,673
Quality of Life Pathway	2,808,726	31,000	758,089	3,597,815
Fit for Life Pathway	1,158,948	-	312,806	1,471,754
End of Life Pathway	159,000	-	42,914	201,914
Total	<u>10,615,413</u>	<u>31,000</u>	<u>2,865,152</u>	<u>13,511,565</u>

**THE ROYAL NAVY AND ROYAL MARINES CHARITY
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8. ANALYSIS OF CHARITABLE EXPENDITURE (Continued)

Analysis of charitable expenditure by fund category including support costs

Year to 31 December 2020	From Unrestricted Funds 2020 £	From Restricted Funds 2020 £	Total 2020 £
Commissioned Programmes	515,835	4,190,288	4,706,123
Through Life Pathway	714,416	2,342,608	3,057,024
Quality of Life Pathway	1,197,695	5,196,073	6,393,768
Fit for Life Pathway	80,573	577,748	658,321
End of Life Pathway	34,315	246,056	280,371
Total	2,542,834	12,552,773	15,095,607

Year to 31 December 2019	From Unrestricted Funds 2019 £	From Restricted Funds 2019 £	Total 2019 £
Commissioned Programmes	244,939	2,053,470	2,298,409
Through Life Pathway	787,645	5,154,028	5,941,673
Quality of Life Pathway	596,617	3,001,198	3,597,815
Fit for Life Pathway	156,843	1,314,911	1,471,754
End of Life Pathway	21,517	180,397	201,914
Total	1,807,561	11,704,004	13,511,565

9. ANALYSIS OF GRANTS PAYABLE

Analysis of grants payable to individuals and institutions

Year to 31 December 2020	Grants to Institutions £	Total Individuals £	Total 2020 £
Commissioned Programmes	3,562,684	-	3,562,684
Through Life Pathway	1,338,282	975,981	2,314,263
Quality of Life Pathway	4,559,919	276,465	4,836,384
Fit for Life Pathway	472,483	25,887	498,370
End of Life Pathway	-	212,250	212,250
Total	9,933,368	1,490,583	11,423,951

Year to 31 December 2019	Grants to Institutions £	Total Individuals £	Total 2019 £
Commissioned Programmes	1,809,906	-	1,809,906
Through Life Pathway	3,203,040	1,475,793	4,678,833
Quality of Life Pathway	2,336,675	472,051	2,808,726
Fit for Life Pathway	1,016,025	142,923	1,158,948
End of Life Pathway	-	159,000	159,000
Total	8,365,646	2,249,767	10,615,413

**THE ROYAL NAVY AND ROYAL MARINES CHARITY
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9. ANALYSIS OF GRANTS PAYABLE (continued)

Analysis of institutions receiving grants of more than £25,000:

	2020 £
MOD- Gordon messenger Centre	2,760,556
RNRM Childrens Fund	900,026
RNBT	585,800
Kings Foundation	362,998
Gosport & Fareham Multi Academy Trust	310,375
HMS Raleigh refurb Jutland Block	304,163
Sailors Children Society	278,020
NSSC Grant	195,000
Home-Start	183,500
RNA	173,000
Portsmouth Military Mental Health Alliance	151,171
RBLI Village	150,000
SSAFA	145,875
HMS Queen Elizabeth	133,000
Rock to Recovery	110,820
Relate	107,878
HMS Richmond	104,171
The Poppy Factory	94,503
Alabare	93,140
RFEA	91,800
Veterans Outreach Support	90,000
Aggies	86,055
Globe & Laurel	85,315
HMS Dauntless	85,126
RNAS Culdrose	80,379
J Burns	79,036
Drumfork Community Centre	68,237
NSFPS	67,000
The Royal Alfred Seafarers Society	65,000
HMS Trent	63,962
Care for Veterans	63,858
HMS Tamar	62,587
Defence Medical Welfare Services	60,455
Veterans Aid	60,000
Combat Stress	55,000
Erskine	50,000
HMS Heron	48,482
HMS Protector	47,936
KIDS	47,000
Age UK (Veterans, advice information & support Portsmouth area)	45,254
Woody's Lodge	44,000
HMS Sultan	43,773
Carers UK	40,000
Improving Lives Plymouth	40,000
HMS Portland	35,787
Naval Families Federation	34,000
Company of Makers	33,400
Broughton House	30,473
Fares4free	30,000
Stoll	30,000
The Royal Commonwealth Ex services League	30,000
HMS Drake	27,735
Poppyscotland	25,000

**THE ROYAL NAVY AND ROYAL MARINES CHARITY
NOTES TO THE FINANCIAL STATEMENTS
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10. ANALYSIS OF GOVERNANCE COSTS

	Total 2020 £	Total 2019 £
Trustee meetings	7,524	26,027
Auditor's remuneration	74,588	66,084
Legal and professional fees	87,454	229,718
Other governance costs	5,613	267
Support costs - see Note 11	885,104	858,078
	<u>1,060,283</u>	<u>1,180,174</u>

The Support costs above that are included within Governance costs for the Group primarily include the costs relating to the CEO and CFO plus some other staff and represent the support necessary to deliver the management and reporting requirements for the Boards within the wider Group.

11. ALLOCATION OF SUPPORT COSTS AND OVERHEADS

Year to 31 December 2020

The breakdown of support costs and how these were allocated between cost of raising funds, charitable activities and governance costs for the year to 31 December 2020 is shown below.

Cost Type	Raising Funds 2020 £	Charitable Activities 2020 £	Governance 2020 £	Total allocated 2020 £	Basis
Staff costs	557,043	2,278,812	708,963	3,544,818	Staff time
Administration	168,887	506,665	161,889	844,441	Usage
Insurance	7,251	21,754	7,252	36,257	Usage
Depreciation and amortisation	64,060	64,061	-	128,121	Usage
	<u>797,241</u>	<u>2,871,292</u>	<u>885,104</u>	<u>4,553,637</u>	
Direct governance costs	-	-	175,179	175,179	Actual
	<u>797,241</u>	<u>2,871,292</u>	<u>1,060,283</u>	<u>4,728,816</u>	
Allocation of governance & support costs	265,071	795,212	(1,060,283)	-	Usage
	<u>1,062,312</u>	<u>3,666,504</u>	<u>-</u>	<u>4,728,816</u>	

**THE ROYAL NAVY AND ROYAL MARINES CHARITY
NOTES TO THE FINANCIAL STATEMENTS
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11. ALLOCATION OF SUPPORT COSTS AND OVERHEADS (continued)

Year to 31 December 2019

The breakdown of support costs and how these were allocated between cost of generating funds, charitable activities and governance costs for the year to 31 December 2019 is shown below.

Cost Type	Raising Income 2019 £	Charitable Activities 2019 £	Governance 2019 £	Total allocated 2019 £	Basis
Staff costs	1,180,404	1,483,937	708,242	3,372,583	Staff time
Administration	142,862	428,588	142,863	714,313	Usage
Insurance	6,972	20,919	6,973	34,864	Usage
Depreciation and amortisation	46,578	46,578	-	93,156	Usage
	<u>1,376,816</u>	<u>1,980,022</u>	<u>858,078</u>	<u>4,214,916</u>	
Direct governance costs	-	-	322,096	322,096	Actual
	<u>1,376,816</u>	<u>1,980,022</u>	<u>1,180,174</u>	<u>4,537,012</u>	
Allocation of governance & support costs	295,044	885,130	(1,180,174)	-	Usage
	<u>1,671,860</u>	<u>2,865,152</u>	<u>-</u>	<u>4,537,012</u>	

The total support costs including governance costs attributable to charitable activities is then apportioned based on the number of grants awarded during the year for each activity as shown below:

	Percentage of grants awarded		Percentage of grants awarded	
	2020	2020	2019	2019
	%	£	%	£
Programme Spend	31	1,143,439	17	488,503
Through Life Pathway	20	742,761	44	1,262,840
Quality of Life Pathway	42	1,552,232	26	758,089
Fit for Life Pathway	4	159,951	11	312,806
End of Life Pathway	2	68,121	1	42,914
	<u>100</u>	<u>3,666,504</u>	<u>100</u>	<u>2,865,152</u>

12. ANALYSIS OF STAFF COSTS

	2020 £	2019 £
Salaries and wages	3,006,617	2,889,604
Social security costs	320,584	297,858
Pension costs	217,617	185,121
	<u>3,544,818</u>	<u>3,372,583</u>

**THE ROYAL NAVY AND ROYAL MARINES CHARITY
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12. ANALYSIS OF STAFF COSTS (continued)

The number of employees whose emoluments (salaries, social security costs and benefits in kind) fell within the following bands:

	2020 Number	2019 Number
£100,000 - £110,000	-	1
£90,000 - £99,999	1	-
£80,000 - £89,999	1	1
£70,000 - £79,999	3	3
£60,000 - £69,999	4	1
	<hr/> <hr/>	<hr/> <hr/>

The number of employees earning £60,000 or above for whom pension contributions have been paid in the year is nine (2019: six). The total pension contributions paid by the Charity during the year for employees earning more than £60,000 was £45,834 (2019: £31,381).

13. STAFF NUMBERS

The average number of full time equivalent employees (including casual and part time staff) during the period was as follows:

	2020 Number	2019 Number
Direct charitable - Sports	8	7
Direct charitable - Benevolence	22	20
Support	42	53
	<hr/> <hr/>	<hr/> <hr/>
	72	79

14. TRUSTEES AND KEY MANAGEMENT PERSONNEL

No trustee received emoluments in the period (2019: none). Total travel expenses of £324 (2019: £1,956) were paid to two (2019: seven) trustees during the period.

Within the RNRMC there are nine unincorporated charities, six charitable companies, and one charity with a Royal Charter now integrated within the Group structure, representing the overwhelming majority of the naval charity sector. Each of these entities has a CEO or equivalent that form part of the team that we class as our key management personnel. These personnel are supported by the RNRMC Senior Leadership Team (SLT).

Therefore the Key management personnel include the Trustees, Chief Executive and the Group CEOs. The total employee benefits of the charity's key management personnel were £373,266 (2019: £345,350). No trustee received any remuneration as part of this figure.

15. MOVEMENT IN NET FUNDS FOR THE YEAR

	2020 £	2019 £
Movement in net funds is stated after charging/(crediting):		
Auditor's remuneration (including irrecoverable VAT):		
- Statutory audit (current year)	44,040	43,127
- Taxation	1,045	1,184
- Other	29,503	21,773
Depreciation - owned assets	119,089	79,773
	<hr/> <hr/>	<hr/> <hr/>

**THE ROYAL NAVY AND ROYAL MARINES CHARITY
NOTES TO THE FINANCIAL STATEMENTS
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16. TRANSFER BETWEEN FUNDS

Transfers between funds relate to amounts allocated by the RNRMC general funds to some its subsidiaries.

17. TAXATION

The company is a registered charity and no provision is considered necessary for taxation.

18. INTANGIBLE FIXED ASSETS - GROUP

	Website & software
Cost or valuation	£
As at 1 January 2020	182,592
Additions	107,767
Disposals	-
	<hr/>
As at 31 December 2020	290,359
	<hr/> <hr/>
Amortisation	
As at 1 January 2020	164,533
Charge for the year	9,032
Eliminated on disposal	-
	<hr/>
As at 31 December 2020	173,565
	<hr/> <hr/>
Net book value	
As at 31 December 2020	116,794
	<hr/> <hr/>
As at 31 December 2019	18,059
	<hr/> <hr/>

18. INTANGIBLE FIXED ASSETS - CHARITY

	Website
Cost or valuation	£
As at 1 January 2020	34,392
Additions	-
Disposals	-
	<hr/>
As at 31 December 2020	34,392
	<hr/> <hr/>
Depreciation	
As at 1 January 2020	16,328
Charge for the year	9,032
Eliminated on Disposals	-
	<hr/>
As at 31 December 2020	25,360
	<hr/> <hr/>
Net book value	
As at 31 December 2020	9,032
	<hr/> <hr/>
As at 31 December 2019	18,064
	<hr/> <hr/>

**THE ROYAL NAVY AND ROYAL MARINES CHARITY
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19. TANGIBLE FIXED ASSETS - GROUP

	Leasehold Improvements	Freehold property	Office and computer equipment	Total
Cost or valuation	£	£	£	£
As at 1 January 2020	2,590,850	550,000	352,495	3,493,345
Additions	1,047,949	-	36,921	1,084,870
Disposals	(2,740,335)	-	(88,205)	(2,828,540)
As at 31 December 2020	<u>898,464</u>	<u>550,000</u>	<u>301,211</u>	<u>1,749,675</u>
Depreciation				
As at 1 January 2020	37,595	-	197,644	235,239
Charge for the year	30,076	20,484	68,529	119,089
Eliminated on disposal	-	-	(54,400)	(54,400)
As at 31 December 2020	<u>67,671</u>	<u>20,484</u>	<u>211,773</u>	<u>299,928</u>
Net book value				
As at 31 December 2020	<u>830,793</u>	<u>529,516</u>	<u>89,438</u>	<u>1,449,747</u>
As at 31 December 2019	<u>2,553,255</u>	<u>550,000</u>	<u>154,851</u>	<u>3,258,106</u>

During the year the subsidiary charity, RMA-TRMC, granted a 30 year lease to the Ministry of Defence (MOD) in respect of the Gordon Messenger Centre, a leasehold property. At the end of the lease control of the property reverts to the MOD. This has been treated as a disposal and charitable grant to the MOD.

19. TANGIBLE FIXED ASSETS – CHARITY

	Leasehold Improvements	Freehold property	Office and computer equipment	Total
Cost or valuation	£	£	£	£
As at 1 January 2020	751,897	-	273,580	1,025,477
Additions	136,697	-	30,524	167,221
Disposals	-	-	(88,205)	(88,205)
As at 31 December 2020	<u>888,594</u>	<u>-</u>	<u>215,899</u>	<u>1,104,493</u>
Depreciation				
As at 1 January 2020	37,595	-	142,254	179,849
Charge for the year	30,076	-	56,523	86,599
Eliminated on disposal	-	-	(54,400)	(54,500)
As at 31 December 2020	<u>67,671</u>	<u>-</u>	<u>144,377</u>	<u>212,048</u>
Net book value				
As at 31 December 2020	<u>820,923</u>	<u>-</u>	<u>71,522</u>	<u>892,445</u>
As at 31 December 2019	<u>714,302</u>	<u>-</u>	<u>131,326</u>	<u>845,628</u>

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20. FIXED ASSET INVESTMENTS	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Movements in fixed asset investments				
Market value brought forward	95,306,131	86,439,793	61,504,028	57,304,589
Additions at cost	17,899,823	15,324,120	10,873,561	9,884,696
Disposals at carrying value	(24,917,594)	(13,806,340)	(16,471,619)	(10,086,614)
Net gain/(loss) on revaluation	(4,434,297)	7,348,558	(2,908,710)	4,401,357
Market value carried forward	<u>83,854,063</u>	<u>95,306,131</u>	<u>52,997,260</u>	<u>61,504,028</u>

Analysis of market value of investments by type:

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Unlisted – RNRMC Enterprises Limited	-	-	100,000	100,000
Equities	58,591,459	65,288,173	37,960,229	43,217,592
Bonds	9,718,381	10,661,010	6,402,551	6,760,565
Alternative investments	14,484,383	15,801,383	8,111,180	8,936,768
Cash	1,059,840	3,555,565	423,300	2,489,103
	<u>83,854,063</u>	<u>95,306,131</u>	<u>52,997,260</u>	<u>61,504,028</u>

Analysis of market value of investments between those held within and outside the United Kingdom:

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Within the United Kingdom	68,331,319	82,510,714	48,402,188	56,993,190
Outside the United Kingdom	15,522,744	12,795,417	4,595,072	4,510,838
	<u>83,854,063</u>	<u>95,306,131</u>	<u>52,997,260</u>	<u>61,504,028</u>

The trustees consider that the following individual investment holdings are material, each representing more than 5% of the total investment portfolio (Charity only):

	Market Value £
Trojan Income Fund	6,766,696
Fidelity Global Dividend Fund	5,305,382
HSBC FTSE All-World Index Fund	<u>4,998,425</u>

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21. STOCK	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Goods for resale	250,189	222,530	-	-

22. DEBTORS	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Naval Service assisted travel loans	791	6,384	791	6,384
Accrued income	321,544	617,989	153,482	396,945
Owed from subsidiary undertakings	-	-	129,357	147,198
Other debtors and prepayments	461,480	636,692	204,625	332,812
	<u>783,815</u>	<u>1,261,065</u>	<u>488,255</u>	<u>883,339</u>

Included within other debtors and prepayments of the charity and the group is an amount of £nil (2019: £85,000) in respect of a grant debtor that is expected to be received after more than one year.

23. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Bank loan	5,000	-	-	-
Grants payable	2,863,869	2,341,983	2,688,720	2,085,043
Taxation and social security	106,454	166,249	35,534	91,708
Accrued expenses and Custodian funds	4,807,582	5,026,538	4,137,838	4,278,649
Deferred income (see Note 24)	5,064	69,766	-	-
Owed to subsidiary undertakings	-	-	78,748	102,052
	<u>7,787,969</u>	<u>7,604,536</u>	<u>6,940,840</u>	<u>6,557,452</u>

**THE ROYAL NAVY AND ROYAL MARINES CHARITY
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23. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)

Custodian funds

The RNRMC holds custodian funds on behalf of RNRMC Welfare, UIF CTCRM (Unit Institute Fund Commando Training Centre Royal Marines), Royal Navy Association, Royal Navy Football Association, RNRMC Sports Lottery, Porth Kerris LIBOR Fund and the Globe and Laurel Magazine Fund. These amounts are included within creditors above.

Entity	Principal Object	Held	2020 £	2019 £
RNRMC Welfare	the Royal Navy's secondary (specialist) welfare service for naval service personnel and their families	Cash	£ 430	£ 430
UIF CTCRM	a registered charity whose principal object is the promotion of efficiency of the armed forces of the Crown by the provision and support of facilities and activities for the efficiency and well-being of Service personnel	Investment Portfolio with Cazenove and cash	£ 319,872	£ 336,028
Globe and Laurel Magazine Fund	a registered charity whose principal object is management, publication and sale of the Corps Journal of the Royal Marines	Investment Portfolio with Cazenove and cash	£ 247,579	£ 260,086
Royal Naval Association	a registered charity whose principal object is to foster comradeship and "esprit de corps" among those who have served or are serving in Her Majesty's Naval Forces	Investment Portfolio with Cazenove	£ 1,680,054	£ 1,970,285
The Royal Navy Football Association	a registered charity whose principal object is to promote the physical efficiency of members of the Royal Navy and Royal Marines	Investment Portfolio with Cazenove and cash	£ 99,771	£ 104,810
RNRMC Sports Lottery	a non-public fund which was set up to generate funds to support all levels of sport, adventure training and recreation in the Naval Service	Investment Portfolio with Cazenove and cash	£ 1,004,341	£ 1,055,074
Porth Kerris LIBOR fund	A grant received from the LIBOR fines fund to support a specific RN Project at Porth Kerris	Investment Portfolio with Cazenove	£ 300,000	£ 300,000

This activity falls within the RNRMC's principal object which is the promotion of the efficiency of the Naval Service and the Auxiliaries. By assisting these entities RNRMC's objects are being furthered allowing grants to be paid through proper financial and governance channels for RNRMC Welfare and increasing the investment income potential by benefitting from beneficial rates offered to larger portfolios. Memorandums of Understanding are in place with all three entities and all custodian funds are accounted for separately.

**THE ROYAL NAVY AND ROYAL MARINES CHARITY
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24. DEFERRED INCOME

Deferred income comprises grants received for future financial periods

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Balance at 1 January	69,766	52,820	-	-
Amount released to incoming resources	(69,766)	(52,820)	-	-
Amount deferred in year	5,064	69,766	-	-
	<u>5,064</u>	<u>69,766</u>	<u>-</u>	<u>-</u>
Balance at 31 December	5,064	69,766	-	-
	<u><u>5,064</u></u>	<u><u>69,766</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Analysis:				
Release within one year	5,064	69,766	-	-
	<u>5,064</u>	<u>69,766</u>	<u>-</u>	<u>-</u>
	<u><u>5,064</u></u>	<u><u>69,766</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

25. CREDITORS:

AMOUNTS FALLING DUE IN MORE THAN ONE YEAR

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Bank loan	45,000	-	-	-
	<u>45,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>45,000</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

During the year the subsidiary company, TRMC Enterprises Limited, obtained a bank loan from Lloyds Bank plc under the Governments Coronavirus Bounce Back Loan scheme. Interest is payable at 2.5% from July 2021 and the loan is repayable by June 2026. The amount due in more than five years is £5,000.

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26. ANALYSIS OF CHARITABLE FUNDS

Analysis of unrestricted fund movements- current year

	Balance at 01.01.2020 £	Income £	Resources expended £	Transfers £	Investment gains/(losses) £	Balance at 31.12.2020 £
RNRMC general funds	33,151,671	3,876,942	(3,324,259)	(3,095,104)	(1,712,080)	28,897,170
Designated						
DRUMFORK	145,831	-	(76,438)	-	-	69,393
LIBOR- Afghanistan	91,629	19	(3,350)	(88,298)	-	-
Building 37	736,039	-	(30,076)	-	-	705,963
Group and Charity designated total	973,499	19	(109,864)	(88,298)	-	775,356
RNRMC Enterprises Limited	-	581,859	(472,711)	(109,148)	-	-
Royal Marines Shop Limited	139,376	460,499	(419,870)	-	-	180,005
Group unrestricted total	34,264,546	4,919,319	(4,326,704)	(3,292,550)	(1,712,080)	29,852,531

Analysis of restricted fund movements- current year

	Balance at 01.01.2020 £	Income £	Resources expended £	Transfers £	Investment gains/(losses) £	Balance at 31.12.2020 £
Charity						
Naval Service Benevolence Fund	-	1,420,420	(4,528,096)	3,141,080	(33,404)	-
Naval Service Dependents' Fund	11,023,709	289,179	(290,180)	-	(403,295)	10,619,413
Naval Service Amenity Fund	1,286,844	139,799	(930,665)	276,063	(272,572)	499,469
Naval Service Prizes and						
Awards Fund	5,119,758	140,375	(197,519)	-	(192,405)	4,870,209
FAA Benevolent Trust	5,188,192	133,657	(118,268)	-	(212,189)	4,991,392
QARNNS Trust Fund	938,470	29,451	(15,249)	-	(35,059)	917,613
Plymouth Royal Naval Aid Fund	264,449	6,884	(3,927)	-	(8,870)	258,536
Sir Donald Gosling Maritime						
Reserve Amenity Fund	286,646	7,490	(6,945)	-	(10,659)	276,532
Naval Medical Compassionate						
Fund	772,738	20,144	(5,888)	-	(28,171)	758,823
Nuffield Trust	3,192	171,938	(146,651)	-	-	28,479
Naval Service Recovery Pathway						
Fund	-	-	-	-	-	-
SMBF	10,000	1,486	(10,318)	48,948	-	50,116
LIBOR 2016	-	-	77,483	(77,483)	-	-
LIBOR 2017	378,445	9,166	(111,546)	(276,065)	-	-
Armed forces Covenant Trust Fund	-	158,500	-	(158,500)	-	-
Charity restricted total	25,272,443	2,528,489	(6,287,769)	2,954,043	(1,196,624)	23,270,582

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26. ANALYSIS OF CHARITABLE FUNDS (continued)

Group						
Naval Service Sports Charity	5,203,194	418,319	(703,150)	178,350	(189,282)	4,907,476
NSSC- RNRU fund	635	-	-	-	-	635
NSSC-Talented Athlete fund	400	-	(400)	-	-	-
RNOC (RNBSO) - general funds	15,829,511	551,508	(699,812)	-	(660,339)	15,020,868
RNOC - RN Scholarship Fund	356,345	9,282	(15,000)	-	(13,922)	336,705
RMA-TRMC general funds	6,671,707	1,565,022	(4,098,202)	1,588,825	(280,238)	5,447,114
Marines museum fund	1,000,000	-	-	-	-	1,000,000
RMA-TRMC LIBOR Fund	537,422	-	-	(537,422)	-	-
RMA	1,815,694	173,584	(381,044)	(3,313)	(48,146)	1,556,775
RM Benevolence Fund	2,376,874	501,499	(1,169,619)	-	(171,145)	1,537,609
RM Cadet Fund	132,844	2,859	(833)	-	(5,977)	128,893
RM Central Sergeants' Mess Fund	938,315	161,178	(107,863)	(29,455)	(47,772)	914,403
RM Central Unit Institute Fund	1,291,056	291,192	(97,337)	(155,132)	(57,861)	1,271,918
RM Officers' Trust Fund	1,069,470	148,173	(33,834)	(11,782)	(50,911)	1,121,116
TRiM4Veterans Fund	832,705	55,018	(3,477)	(884,246)	-	-
CTC Family Centre	3,687	-	-	(3,687)	-	-
Armed forces Covenant Trust Fund - PP	-	33,250	-	-	-	33,250
Armed forces Covenant Trust Fund - FFC	-	19,000	-	-	-	19,000
RMSA	67,601	6,024	(109,101)	196,369	-	160,893
TRMC Enterprises Limited	-	-	(1,505)	-	-	(1,505)
Group Restricted Total	63,399,903	6,464,397	(13,708,901)	3,283,960	(2,722,217)	56,725,732

Analysis of permanent endowment fund movements- current year

	Balance at 01.01.2020 £	Incoming resources £	Resources expended £	Transfers £	Investment gains/(losses) £	Balance at 31.12.2020 £
Naval Service Benevolence Fund	655,649	-	-	-	-	655,649
Permanent Endowment Total	655,649	-	-	-	-	655,649

Analysis of unrestricted fund movements- prior year

	Balance at 01.01.2019 £	Income £	Resources expended £	Transfers £	Investment gains/(losses) £	Balance at 31.12.2019 £
RNRMC general funds	17,094,737	3,701,954	(2,839,199)	12,898,611	2,295,568	33,151,671
Designated						
Naval Service Amenity Fund	11,900,000	-	-	(11,900,000)	-	-
DRUMFORK	290,907	10,702	(154,350)	(1,428)	-	145,831
LIBOR- Afghanistan	393,148	1,478	(154,449)	(148,548)	-	91,629
Building 37	766,115	-	(30,076)	-	-	730,039
Group and Charity designated total	13,350,170	12,180	(338,875)	(12,049,976)	-	973,499
RNRMC Enterprises Limited	-	628,635	(512,504)	(116,131)	-	-
Royal Marines Shop Limited	-	562,168	(422,792)	-	-	139,376
Group unrestricted total	30,444,907	4,904,937	(4,113,370)	732,504	2,295,568	34,264,546

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26. ANALYSIS OF CHARITABLE FUNDS (continued)

Analysis of restricted fund movements- prior year

	Balance at 01.01.2019 £	Income £	Resources expended £	Transfers £	Investment gains/(losses) £	Balance at 31.12.2019 £
Charity						
Naval Service Benevolence Fund	1,710,053	1,483,597	(3,673,532)	350,387	129,495	-
Naval Service Dependents' Fund	10,271,251	383,932	(245,697)	(202,908)	817,131	11,023,709
Naval Service Amenity Fund	3,267,390	220,211	(1,508,170)	(907,510)	214,923	1,286,844
Naval Service Prizes and Awards Fund	4,940,040	193,579	(174,724)	(226,984)	387,847	5,119,758
FAA Benevolent Trust	4,894,031	184,434	(125,343)	(155,015)	390,085	5,188,192
QARNNS Trust Fund	869,402	35,296	(23,294)	(12,200)	69,266	938,470
Plymouth Royal Naval Aid Fund	242,159	8,781	(1,928)	(3,324)	18,761	264,449
Sir Donald Gosling Maritime Reserve Amenity Fund	276,314	10,220	(8,846)	(12,858)	21,816	286,646
Naval Medical Compassionate Fund	714,314	26,606	(14,810)	(9,837)	56,465	772,738
Nuffield Trust	30,415	522,150	(549,373)	-	-	3,192
Naval Service Recovery Pathway Fund	3,074	-	-	(3,074)	-	-
SMBF	-	10,000	-	-	-	10,000
LIBOR 2016	225,604	1,856	(232,433)	4,973	-	-
LIBOR 2017	789,664	13,096	(424,315)	-	-	378,445
Charity restricted total	28,233,711	3,093,758	(6,982,465)	(1,178,350)	2,105,789	25,272,443

	Balance at 01.01.2019 £	Income £	Resources expended £	Transfers £	Investment gains/(losses) £	Balance at 31.12.2019 £
Group						
Naval Service Sports Charity	4,860,403	425,055	(755,843)	303,560	370,019	5,203,194
NSSC-RNRU fund	8,400	10,000	(17,765)	-	-	635
NSSC-Talented Athlete fund	8,400	30,000	(29,600)	-	-	400
RNOC (RNBSO) - general funds	14,180,051	752,075	(729,560)	-	1,577,039	15,829,511
RNOC - RN Scholarship Fund	370,675	12,195	(10,000)	-	33,377	356,345
RMA-TRMC general funds	5,580,169	3,434,034	(1,791,254)	(900,922)	349,680	6,671,707
Marines museum fund	-	-	-	1,000,000	-	1,000,000
RMA-TRMC LIBOR Fund	536,083	1,339	-	-	-	537,422
RMA	536,083	2,347,104	(677,477)	-	146,067	1,815,694
RM Benevolence Fund	3,355,010	372,385	(1,589,807)	-	239,286	2,376,874
RM Cadet Fund	121,438	4,070	(1,217)	-	8,553	132,844
RM Central Sergeants' Mess Fund	872,548	174,176	(175,958)	-	67,549	938,315
RM Central Unit Institute Fund	1,146,963	302,572	(241,267)	-	82,788	1,291,056
RM Officers' Trust Fund	997,730	158,635	(159,738)	-	72,843	1,069,470
TRiM4Veterans Fund	-	3,687	(33,834)	-	-	832,705
CTC Family Centre	757,440	109,099	-	-	-	3,687
RMSA	443,255	213,280	(632,142)	43,208	-	67,601
TRMC Enterprises Limited	-	-	-	-	-	-
Group Restricted Total	61,463,880	11,443,464	(13,827,927)	(732,504)	5,052,990	63,399,903

	Balance at 01.01.2019 £	Incoming resources £	Resources expended £	Transfers £	Investment gains/(losses) £	Balance at 31.12.2019 £
Naval Service Benevolence Fund	655,649	-	-	-	-	655,649
Permanent Endowment Total	655,649	-	-	-	-	655,649

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Classification of Group Funds

The RNRMC has a fund structure consisting of unrestricted, designated, restricted and one permanent endowment fund.

Unrestricted Fund – this fund represents those funds which have not been designated, and are available to support any of the objects of the parent charity.

Designated Funds – are held against known commitments as explained below and are a category of unrestricted funds:

- LIBOR – Afghanistan – the designated funds to be used to primarily support the families of the fallen and wounded, injured and sick veterans of the Afghanistan Campaign. These funds were spent in 2020.
- Drumfork – In 2015, the RNRMC received a £2m donation from HM Treasury for the refurbishment of the Drumfork club in Helensburgh, Scotland. The RNRMC designated £1m from its own funds in October 2017 to ensure the completion of the project, of which £931k has been spent. £69k remains in the designated fund for fixtures and fittings across 2021.
- Building 37 – In 2017, the Trustees designated £770k for the renovation of Buildings 37 and 35 within HMS Excellent, Portsmouth in order to give the charity a fit for purpose working environment for the next 25 years. The designated fund will be retained to depreciate the cost over the term of the lease with the MOD (25 years) and is considerably less than the commercial rental rates of £40k per annum (£1m over the lease period at today's rates).

Permanent Endowment – held separately as part of the Naval Service Benevolence Fund.

Restricted Funds - the subsidiary charities are all restricted funds and are grouped under two main headings in order to achieve the RNRMC's charitable objectives. Each subsidiary's funds are restricted by the provisions of that charity's governing instrument, whether Royal Charter*, Memorandum of Association** or Charity Commission Scheme***.

Benevolence	Promotion of Efficiency
Royal Navy Officers' Charity*	Naval Service Amenity Fund***
Naval Service Benevolence Fund***	Naval Service Prizes and Awards Fund***
Plymouth Royal Naval Aid Fund ***	Naval Service Sports Charity**
Naval Medical Compassionate Fund***	Naval Service Dependants' Fund***
	Fleet Air Arm Benevolent Trust ***
	Sir Donald Gosling Maritime Reserve Amenity Fund***
	Royal Marines Sports Association**
Charities with dual objects	
	Queen Alexandra's Royal Naval Nursing Service Trust Fund***
	The Royal Marines Association - The Royal Marines Charity **

The remaining restricted funds that are not mentioned in the table above have been received as restricted income rather than existing as separate charities merged within the RNRMC umbrella.

**THE ROYAL NAVY AND ROYAL MARINES CHARITY
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27. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

As at 31 December 2020	Unrestricted* Funds £	Restricted Funds £	Endowment Funds £	2020 Total £
Tangible fixed assets	895,781	553,966	-	1,449,747
Intangible Fixed Assets	9,032	107,762	-	116,794
Fixed asset investments	27,329,550	55,868,864	655,649	86,854,063
Cash at bank and in hand	2,552,627	6,059,649	-	8,612,276
Other net current assets/(liabilities)	(934,456)	(5,819,509)	-	(6,753,965)
Long term liabilities	-	(45,000)	-	(45,000)
	<u>29,852,531</u>	<u>56,725,732</u>	<u>655,649</u>	<u>87,233,912</u>

As at 31 December 2019	Unrestricted* Funds £	Restricted Funds £	Endowment Funds £	2019 Total £
Tangible fixed assets	847,671	2,410,435	-	3,258,106
Intangible Fixed Assets	18,059	-	-	18,059
Fixed asset investments	32,800,656	61,849,826	655,649	95,306,131
Cash at bank and in hand	1,445,750	4,413,013	-	5,858,743
Other net current assets/(liabilities)	(709,415)	(5,661,526)	-	(6,120,941)
	<u>34,402,701</u>	<u>62,261,748</u>	<u>655,649</u>	<u>98,320,098</u>

28. DISCLOSURE OF SUBSIDIARIES – ROYAL NAVAL BENEVOLENT SOCIETY FOR OFFICERS

The charitable company is the trustee with right of veto of the Royal Naval Benevolent Society for Officers, known as The Royal Navy Officers' Charity (RNOC), a charity formed by Royal Charter. RNOC have objects similar to those of the RNRMC. These financial statements consolidate the accounts for the RNOC. The following is an extract of the financial statements of RNOC for the year ended 31 December 2020:

	2020 £	2019 £
Income	496,771	647,417
Expenditure	(650,794)	(622,708)
Gains/(losses) on investments	(674,261)	1,610,416
Net (expenditure)/ income	<u>(828,284)</u>	<u>1,635,125</u>
Total assets	15,421,843	16,203,907
Liabilities	(64,272)	(18,052)
Net assets	<u>15,357,751</u>	<u>16,185,855</u>
Restricted funds	336,705	356,345
Unrestricted funds	15,020,866	15,829,510
	<u>15,357,751</u>	<u>16,185,855</u>

**THE ROYAL NAVY AND ROYAL MARINES CHARITY
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29. DISCLOSURE OF SUBSIDIARIES – NAVAL SERVICE SPORTS CHARITY

The charitable company is the sole corporate member of the Naval Service Sports Charity (NSSC), a charitable company limited by guarantee. These financial statements consolidate the accounts for the NSSC. The following is an extract of the financial statements of NSSC for the period ended 31 December 2020:

	2020 £	2019 £
Income	617,519	810,129
Expenditure	(724,355)	(844,722)
Gains/(losses) on investments	(126,496)	370,019
Net (expenditure)/ income	<u>(233,332)</u>	<u>335,426</u>
Total assets	5,160,426	5,372,211
Liabilities	(189,531)	(167,984)
Net assets	<u>4,970,865</u>	<u>5,204,227</u>
Restricted funds	636	1,035
Unrestricted funds	4,970,259	5,203,192
	<u>4,970,895</u>	<u>5,204,227</u>

30. DISCLOSURE OF SUBSIDIARIES – RMA-TRMC – THE ROYAL MARINES ASSOCIATION- THE ROYAL MARINES CHARITY

The charitable company became the sole corporate member of The Royal Marines Charity (TRMC), a charitable company limited by guarantee, on 1 April 2011. These financial statements consolidate the accounts for the RMC. The following is an extract of the financial statements of TRMC for year ended 31 December 2020:

	2020 £	2019 £
Income	3,184,557	7,130,386
Expenditure	(6,001,309)	(4,794,759)
Gains/(losses) on investments	(662,050)	966,766
Net (expenditure)/income	<u>(3,478,802)</u>	<u>3,302,393</u>
Total assets	13,863,627	17,424,840
Liabilities	(672,673)	(755,084)
Net assets	<u>13,190,954</u>	<u>16,669,756</u>
Restricted funds	5,187,083	6,644,951
Unrestricted funds	8,003,871	10,024,805
	<u>13,190,954</u>	<u>16,669,756</u>

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31. DISCLOSURE OF SUBSIDIARIES – RNRMC ENTERPRISES LIMITED

The RNRMC Enterprises Limited was incorporated on 5 March 2012, as the wholly owned trading subsidiary of RNRMC with a share capital of £100,000. Its results to the 31 December are consolidated in the Group accounts. The following is an extract of the financial statements of RNRMC Enterprises Limited for the year to 31 December 2020:

	2020 £	2019 £
Income	598,505	666,183
Expenditure	(487,615)	(534,732)
Net income - gift aided to RNRMC	<u>110,890</u>	<u>131,451</u>
Total assets	238,357	352,916
Liabilities	(138,357)	(252,916)
Net assets	<u>100,000</u>	<u>100,000</u>
Share Capital and retained earnings	<u>100,000</u>	<u>100,000</u>

32. DISCLOSURE OF SUBSIDIARIES – TRMC ENTERPRISES LIMITED

TRMC Enterprises Limited was incorporated on 23 February 2016, as the wholly owned trading subsidiary of RMA-TRMC with a share capital of £1. Its results to the 31 December are consolidated in the Group accounts. The following is an extract of the financial statements of TRMC Enterprises Limited for the period to 31 December 2020:

	2020 £	2019 £
Income	739,544	1,484,605
Expenditure	(741,050)	(1,484,605)
Net movement in funds	<u>(1,506)</u>	<u>-</u>
Current assets	291,748	160,509
Liabilities	(293,253)	(160,508)
Net assets	<u>(1,505)</u>	<u>1</u>
Net assets	<u>(1,505)</u>	<u>1</u>

**THE ROYAL NAVY AND ROYAL MARINES CHARITY
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33. DISCLOSURE OF SUBSIDIARIES – ROYAL MARINES SHOP LIMITED

RMA-TRMC the sole shareholder of Royal Marines Shop Limited on 1 April 2019 and accordingly on that date the company became a subsidiary of the group. Its results from 1 April to the 31 December are consolidated in the Group accounts. The following is an extract of the financial statements of Royal Marines Shop Limited for the year ended 31 December 2020:

	2020 £	2019 £
Income	441,200	594,331
Expenditure	(382,513)	(557,548)
Net movement in funds	<u>58,687</u>	<u>36,783</u>
	2020 £	2019 £
Fixed assets	3,336	2,042
Current assets	259,659	179,130
Liabilities	(82,890)	(59,754)
Net assets	<u>180,105</u>	<u>121,418</u>

34. PENSIONS AND OTHER POST-RETIREMENT BENEFIT COMMITMENTS

The Charitable Group operates a defined contribution scheme, which is administered independently of the Group charities. The cost to the Group for the year was £128,204 (2019: £182,922). At the Balance Sheet date the amount due to the pension scheme administrators was £18,683 (2019: £23,260).

35. RELATED PARTY TRANSACTIONS

In August 2009 the Royal Navy agreed to lease office space at HMS Excellent to the Charitable Company at a peppercorn rent. These support costs are difficult to quantify as they are not discrete activities because personnel and office facilities are used for other Navy Command duties. As such the value of support provided by the Ministry of Defence has not been included in the Charitable Company's Statement of Financial Activities.

During the year trustees donated £27,192 (2019: £25,790) to the charity.

During the year The Royal Navy and Royal Marines Charity made a grant to its subsidiary, The Naval Service Sports Charity, of £195,000 (2019: £310,000).

During the year The Royal Navy and Royal Marines Charity made a grant to its subsidiary, RMA - The Royal Marines Charity, of £100,000 (2019: £177,491).

During the year The Royal Navy and Royal Marines Charity charged its subsidiaries the following amounts in respect of management and administration services: The Royal Marines Charity, £nil (2019: £50,000) and RNRMC Enterprises Limited £14,908 (2019: £20,000).

During the year RMA - The Royal Marines Charity made a grant to its subsidiary, The Royal Marines Sports Association, of £nil (2019: £74,208)

During the year RNRMC Enterprises Limited donated £110,890 (2019: £131,451) to the parent charity, The Royal Navy and Royal Marines Charity.

**THE ROYAL NAVY AND ROYAL MARINES CHARITY
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36. OPERATING LEASE COMMITMENTS

At the year end the charity had the following total commitments under non-cancellable operating leases:

	2020	2019
	£	£
Due within:		
1 year	46,967	46,697
2-5 years	170,224	205,749
More than 5 years	715,945	560,024
	<u>933,136</u>	<u>812,740</u>

37. NET DEBT

	1 January 2020 £	Cash flows 2020 £	31 December 2020 £
Cash at bank	5,858,743	2,753,533	8,612,276
Bank loan	-	(45,000)	(45,000)
	<u>5,858,743</u>	<u>2,708,533</u>	<u>8,567,276</u>

38. ULTIMATE CONTROLLING PARTY

The charitable company is under the control of the RNRMC membership. No one member has sufficient voting rights to control the charitable company.

39. CAPITAL COMMITMENTS

At the balance sheet date the group had capital commitments of £nil (2019: £480,780)