

THE ROYAL NAVY & ROYAL MARINES CHARITY

CONSOLIDATED ANNUAL REPORT AND ACCOUNTS 2021

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FOR THE YEAR ENDED 31 DECEMBER 2021**

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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 Captain 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 Royal Navy (Ret'd)

Mr John Bartlett

Ms Katherine Beadle

Mr Rod Birkett

Mr Simon Black

Lieutenant Harriet Delbridge Royal Navy

Mrs Kate Phipps-Wiltshire

Mr James Pitt

Mr Mark Robinson

Brigadier Mike Tanner OBE Royal Marines

Commander Michelle Westwood Royal Navy

Surgeon Commander Jo Keogh Royal Navy

WO1 Baz Firth MBE Royal Navy

WO1 Jamie Wright

Vice Chairman

Appointed 26th April 2022

Appointed 28th January 2021

Appointed 28th July 2022

Appointed 28th July 2022

Appointed 28th July 2022

Commodore Annette Picton MBE Royal Navy (Ret'd)

Mr Mark Lewthwaite

Rear Admiral James Parkin CBE Royal Navy

WO1 Carl Steedman Royal Navy

Retired 28th January 2021

Resigned 27th January 2022

Retired 28th July 2022

Retired 28th July 2022

REPORT OF THE TRUSTEES**LEGAL AND ADMINISTRATIVE INFORMATION (continued)****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

THE ROYAL NAVY AND ROYAL MARINES CHARITY REPORT OF THE TRUSTEES

CHAIRMAN and CEO's REPORT

Helping to alleviate the consequences of Service and honouring that service to the nation

Much of what we have done to support our beneficiaries in 2021 is outlined in our impact report. This introduction, on the other hand, focuses on what we think the future might hold and how we are working to face a set of new challenges as the world changes so rapidly around us.

This time last year, there were tangible glimmers of hope on the horizon. Yes, 2020 had been a very difficult year and we knew we weren't out of the woods yet, but the vaccination programme was being rolled out with vigour and many aspects of life appeared more recognisable.

Roll forward to now – July 2022 – and we find ourselves in a very different place. A brutal, unrelenting, and unexpected (by many of us) war in Europe with very likely far-reaching consequences that have yet to be understood; inflation on a scale not witnessed by anyone in this society under the age of 45; the prospect of increased economic squeeze due to shortages of key commodities, supply chain constrictions and international rivalries of truly frightening proportions.

Most immediately, this nation's defence and its Armed Forces now occupy a far more significant place in the government's priorities and planning and will very probably continue to do so for a very long time. This will not be without consequence for those who serve and their families who will likely witness even greater strains and stresses.

This charity is already very active in the support of Royal Navy, Royal Marines, and Royal Fleet Auxiliary personnel, and their families, and will make even greater efforts to do all it can to help ameliorate some of the more difficult challenges service to the nation entails. Naval personnel are liable to far greater periods of separation than those serving elsewhere in defence. Separation is already difficult; separation amidst times of heightened tension, at home and abroad, is all the more difficult particularly as the modern and instant ability to communicate with our loved ones which we all take for granted is understandably the first casualty of naval operations in periods of heightened tension.

We are committed to providing support to help strengthen families and we work with a network of providers including Relate, Home Start, King's Foundation, Kids, Naval Families Federation, Aggies, and others to provide support services not just in base port areas but more broadly across the United Kingdom. To this end, we are working closely with Navy Command to identify where families live acknowledging that today many families do not live close to base port areas.

We are also working hard to ensure that those who have to leave the service unexpectedly and abruptly, Early Service Leavers, are given adequate support and stability to allow them to make a fresh and positive start in civilian life. Without such help, it is our firm belief that many of these people can find post-service life overwhelming.

But our support is not just focused on the serving. We are acutely aware that many working-age and retired veterans will also find life a great deal harder and probably more demanding than the last two years and we pledge our support here as well.

Much of the work we do for veterans is with and through the full range of established naval charities. We are actively supporting the Royal Naval Association, the Royal Marines Association and the Associations within the Submarine Family to grow their membership to reinforce networks of befriending and support – so vital to combatting the loneliness and isolation that plague too many lives. We are offering that same support to any other naval associations in pursuit of the same goals.

Equally, and partly with Greenwich Hospital, we continue to provide and/or supplement funding to some of the Naval Benevolent charities – Royal Naval Benevolent Trust, Naval Children's Charity, RMA – The Royal Marines Charity, Royal Navy Officers' Charity, Special Boat Service Association – to enable them to undertake the vital work that our beneficiaries need so much. And we continue to work with care organisations to help promote independence and protect the dignity of some of our older beneficiaries.

But this is not the full extent of our work. We also offer mid- and back-office services (finance, HR, etc), as a charitable good, to several other naval charities to reap the economies of scale that allows them to focus their funds on those who matter.

Altogether this is over £8M of charitable funding and activity. Some of this comes from income and donations as well as grants received from other organisations. But we continue to draw down on our reserves to meet present needs as the Board strives to balance the needs of today's beneficiaries with those that we will need to support in the future.

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

In conclusion, this charity continues to adapt and react to the huge levels of change happening about it so that we can offer the support and services the naval family – the people of the Royal Navy, Royal Marines, and Royal Fleet Auxiliary, past and present and their immediate families – need and deserve. We don't and cannot do this in isolation and we believe the key to success in our endeavours is a naval charity sector that collaborates and cooperates seamlessly for the benefit of all.



Dr Brian Gilvary
Chairman


Mr Adrian Bell
CEO

THE ROYAL NAVY AND ROYAL MARINES CHARITY REPORT OF THE TRUSTEES

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 three 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).

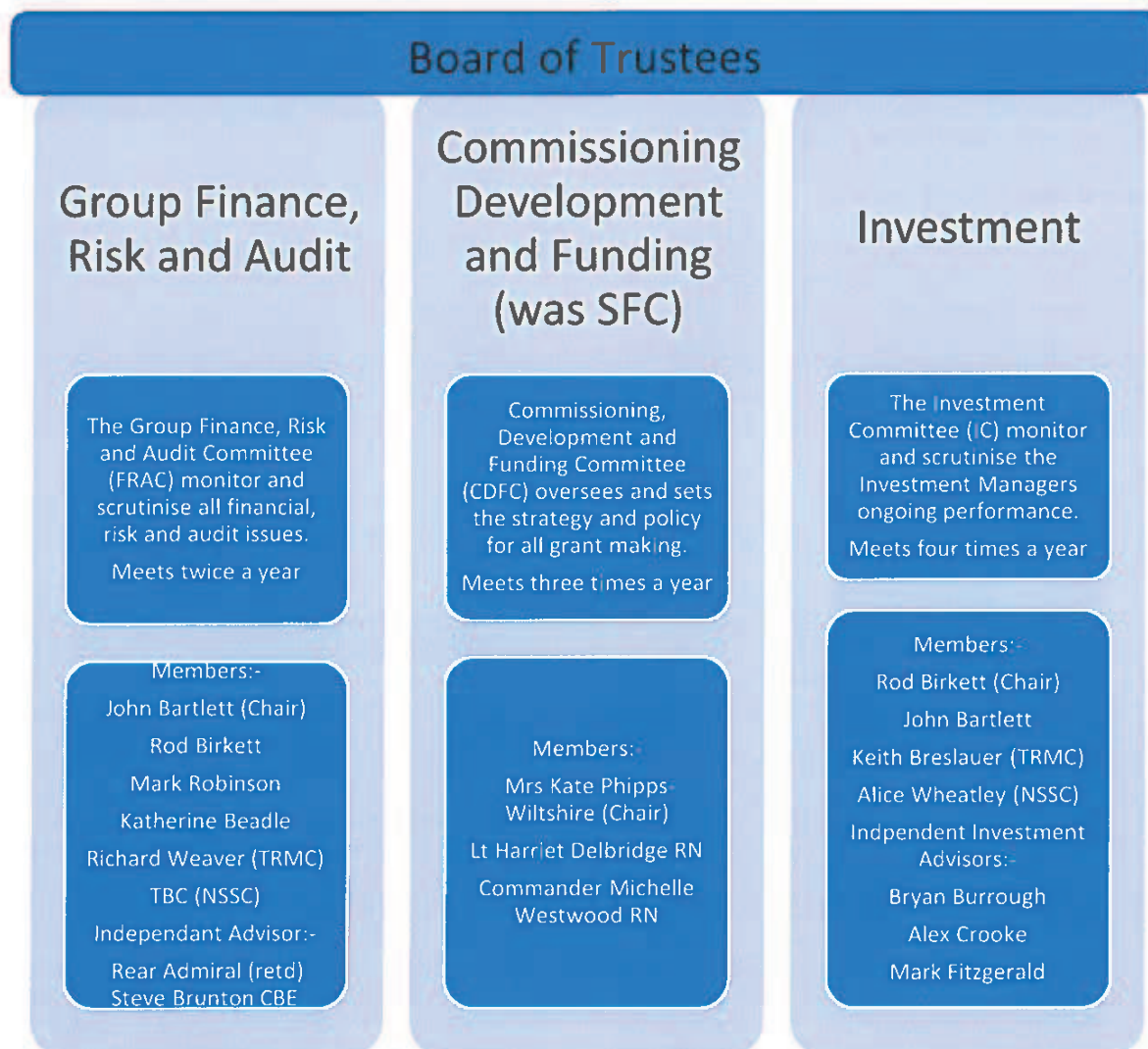
Group Entities

From the 1st April 2019 there are now nine unincorporated charities, three 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 retired 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. 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 RNRMC Chief Executive, Mr Adrian Bell, and Mr Jonathan Ball, the Chief Executive of the 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. Since September 2021 the RM Shop also fulfils online merchandise sales for the RNRMC.
- **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 3 times a year

Members:-

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

- In early 2022 we renamed the Strategic Funding Committee (SFC) as the Commissioning, Development and Funding Committee (CDFC), so that we could incorporate oversight of the work we are doing on Development and Research into the needs of our beneficiaries.
- In 2021 we continued with our 2 grant pathways as sub committees of the Commissioning Development and 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
WO1 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 105 staff, with 55 in the RNRMC, predominantly based on Whale Island, Hampshire, with a small number based elsewhere. The day-to-day control and administration of the RNRMC is delegated to the Chief Executive Officer, whose senior staff manage functional departments.

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.

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 3.2:1 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. We work closely with our IT managed service provider to monitor and ensure the security and compliance of our IT systems.

Fundraising Principles

The RNRMC and RMA-TRMC both have established fundraising programmes across similar income streams.

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 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 and to Charity Commission guidelines, particularly CC20 (Charity fundraising: a guide to trustee duties).

No complaints about fundraising activity were received by the RNRMC or RMA-TRMC in 2021 and therefore there was no requirement for escalation to the Regulator. We have our own procedures in place for dealing with complaints. The

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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. We regularly review and update 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 last 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 2021, and in furtherance of these RNRMC strategic objectives, the CDFC approved £8.9m of RNRMC charitable expenditure through a funding model focused on identifying need, early intervention and prevention. £8.2m 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** (started in 2020 and continued in 2021) to respond to the unique pressures resulting from the coronavirus pandemic.

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Commissioned Programmes

Funding for the commissioning programmes in 2021 was split between seven programmes, the aim of each of each is: -

1. **Naval Service Support** - To provide support, normally infrastructure, to serving naval personnel. This year significant funds were allocated for the SBSA Resilience Centre with support with a grant from The Nuffield Trust.
2. **Family Support** – To provide support to naval families of serving personnel, e.g., partnering with the Kings Foundation to provide activity camps for children during the school holidays; or partnering with Relate to provide relationship and family counselling services and Home-Start, providing support for families with young children.
3. **Health & Wellbeing Support** – To support mental health and wellbeing of service personnel and their families, e.g., partnering with Portsmouth Military Health Alliance to provide gambling & addiction support, Anchoring Minds to support families; a project with the Gosport and Fareham Multi Academy Trust to create a Community Services Hub on site and additional support for RN mothers with pre- and post-natal depression.
4. **Communities Support Programme** – Originally designed as projects to combat loneliness and social isolation and extended this year to deliver pilot projects that support all beneficiaries and enhance existing provision, e.g., funding a post with Fighting with Pride to reach into the LGBT+ community; and providing a specialist worker to work from the White Ensign Association to support access to the Armed Forces Compensation scheme.
5. **Individual Support** – To ensure that those who fall on hard times have access to financial support, notably through grants to the Naval Children's Charity, the Royal Naval Benevolent Trust, the Sailors' Children's Society and Royal Marines Association (The Royal Marines Charity).
6. **Veterans' Support** – To support the specific needs of veterans, e.g., partnership with SSAFA to provide casework for the naval family of charities and the RFEA to support veterans into employment.
7. **Promote Independence and Protect Dignity** – To ensure that older and dependent beneficiaries have the care and support they deserve. e.g., funding for military care homes and innovative approaches like Sparko TV connecting people to comrades and families from their own home.

A number of activities in programme commissioning plans were suspended during the pandemic and plans to expand pilot projects were curtailed for 2021; this is reflected in the variance between the budget allocation and the actual grant awards. The 20% of additional grant making was mainly to support programme areas of unplanned need.

Pathways

During 2021, we operated 2 pathways which, jointly, seek to deliver on our vision to support our sailors and marines, and their families, for life:

- **Quality of Life Pathway** – To provide grants 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 and awards. With a global deployment for the Royal Navy in 2021, the charity has provided support swiftly to the frontline; in 2020, 182 minor grants were made to ships and units; in 2021, this rose to 283, a 55% increase.
- **Through Life Pathway** – To support the welfare of serving personnel, veterans and their families, typically by partnering with other charities to provide services, e.g., Veterans Aid supporting homeless Veterans and centres like Woody's Lodge, providing a wide range of services for Veterans in Wales.

Hardship Fund

The Hardship Fund, which was established during 2020 in response to the coronavirus pandemic and seeks to provide relief arising from the hardship caused by the pandemic, continued throughout 2021 e.g., virtual community activities for deployed families, support for provision of accommodation for visiting families from the Commonwealth caught up in the pandemic and a focus on supporting efficiency and morale activities when shore leave was not possible for those deployed.

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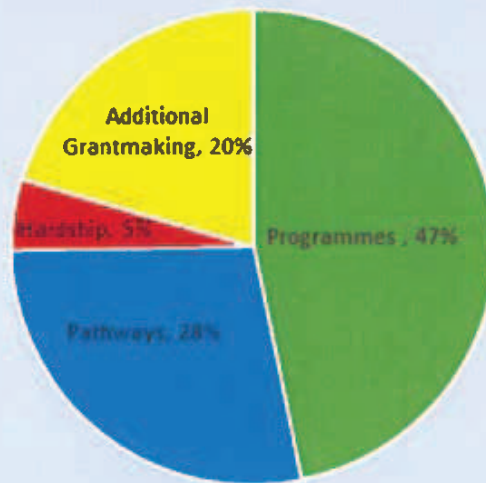
Contingent Spend

Additional Grantmaking of £1.671m was approved and spent in 2021. This spend supported the SBSA Resilience Centre (£1.3m), of which £700k was RNRMC funds and we received a grant of £600k from The Nuffield Trust to support this project. Other grants included: RBLI (£100k), White Ensign (£51k), RNBT (146k) and SCS (£74k).

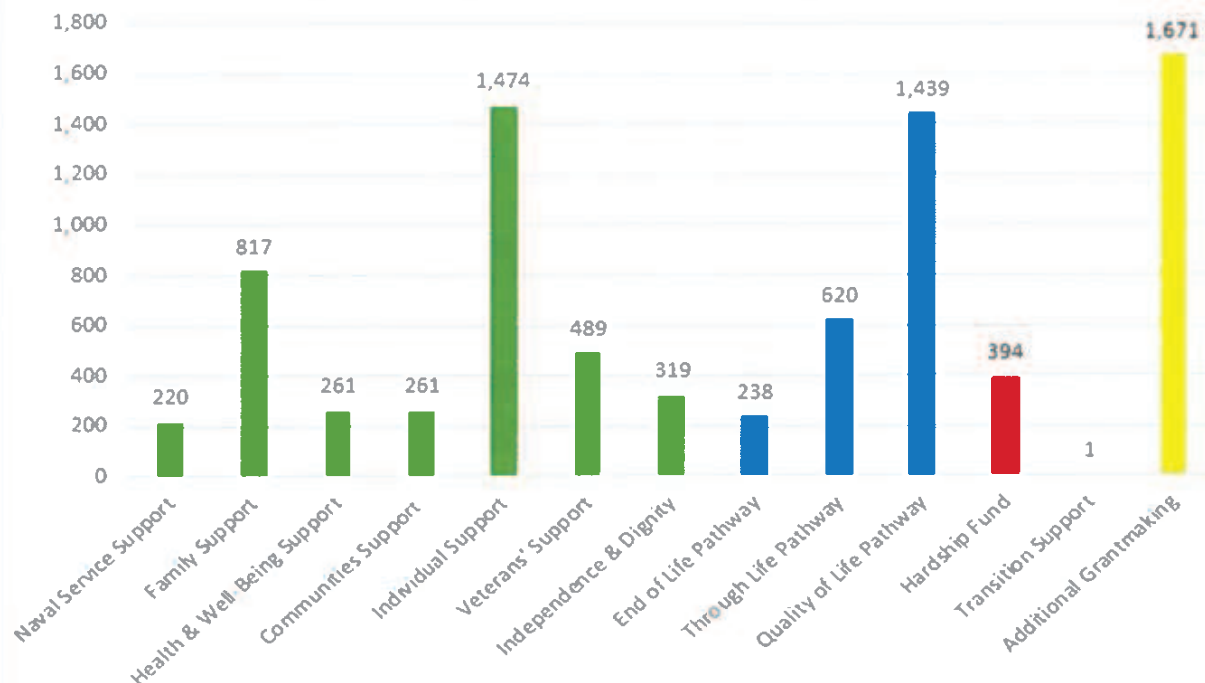
Summary

The graph below shows how the £8.2m spent by the charity in 2021 was distributed between the programmes, pathways, and hardship fund described above:

How we distributed our funds in 2021 - Total £8.2m



How we distributed Funds in 2021 - Total £8.2m £'000



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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.

BlackBaud Grant Management System

The Grants department began the implementation and development of the new grants management system in 2020 to ensure it meets all the requirements of our grant making across numerous funds and associated criteria. Throughout 2021, the system has developed to begin to utilise more of the features available and extend usage to process grants across all pathways and programmes. The online portal is now fully utilised for all our grants.

The monitoring questions formulated in 2020 have now been built into Blackbaud and will enable applicants to complete monitoring returns via the online portal. Having this information stored within Blackbaud will enable us to easily measure the quantitative impact of grants, as well as storing qualitative data to assist in the impact measurement across all Pathways and Programmes.

The reporting functionality has also been developed throughout 2021, with automated reports built to show activity, output and outstanding tasks not only for Grants; bespoke reports have been created for Marketing, Communications and Finance, which is making this a useful tool across the whole charity.

Almonisation

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.

Commissioned Grants

In response to the 2019 RNRMC Need Report with its identified cross-cutting themes, the RNRMC developed 6 programmes to proactively address the needs of its beneficiaries with a seventh added in 2021. A new Funding Model set out the intended response to identified need with key programmes alongside the existing pathways. The ability to flex and amend service delivery in response to improved understanding of need and lessons learnt is a major benefit of having longer-term funding agreements in place rather than annual grants.

For each of the programmes, but in particular for Programme 2: Family Support, and Programme 3: Health and Wellbeing, the charity has actively sought partners who can assist its understanding of existing challenges, how services could and should be developed and organisations capable of addressing particular needs. In essence, this means that the charity is operating a commissioning approach to funding.

The diagram below illustrates the commissioning cycle as recognised by health and social care sectors across the UK. Whilst there are differences for the charitable sector, the majority of the process and concepts are useful to the RNRMC in progressing good practice in our grant making.

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Commissioning Cycle

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



Our grants pathways are publicised widely, and all bids receive expert peer review and assessment. During 2021 we continued to review 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

Prior to the introduction of the Transition Support Service in November 2021, RNRMC had a Safeguarding Policy Statement rather than a comprehensive policy and guidance document. This policy statement was presented to and agreed by the Trustee Board in January 2019. Advice was sought from NCVO who agreed that as the organisation was not involved in individual or direct support to beneficiaries that this statement was both proportionate and relevant. This is no longer the case now that the organisation has commenced direct support to individuals as part of the Transition Support pilot. Prior to the pilot commencing, all case workers underwent safeguarding training and full safeguarding guidance was issued by the charity. This new policy document covers the existing statement for grant making and staff not involved in direct support of beneficiaries and as a 'capping' document for the comprehensive guidance provided to those involved in Transition Support.

The new element of the policy deals with the direct support of beneficiaries. As such, the RNRMC believes that it is always unacceptable for a child or vulnerable adult to suffer abuse of any kind and recognises its responsibility to safeguard the welfare of all people it encounters, by a commitment to practice which protects them. We understand that the welfare and safety of the person at risk is paramount. The purpose of the policy and the associated and more comprehensive guidance document is to:

- Provide protection for children and vulnerable adults who come into contact with our charity.
- Provide guidance to staff and volunteers to recognise, respond to and report abuse appropriately.

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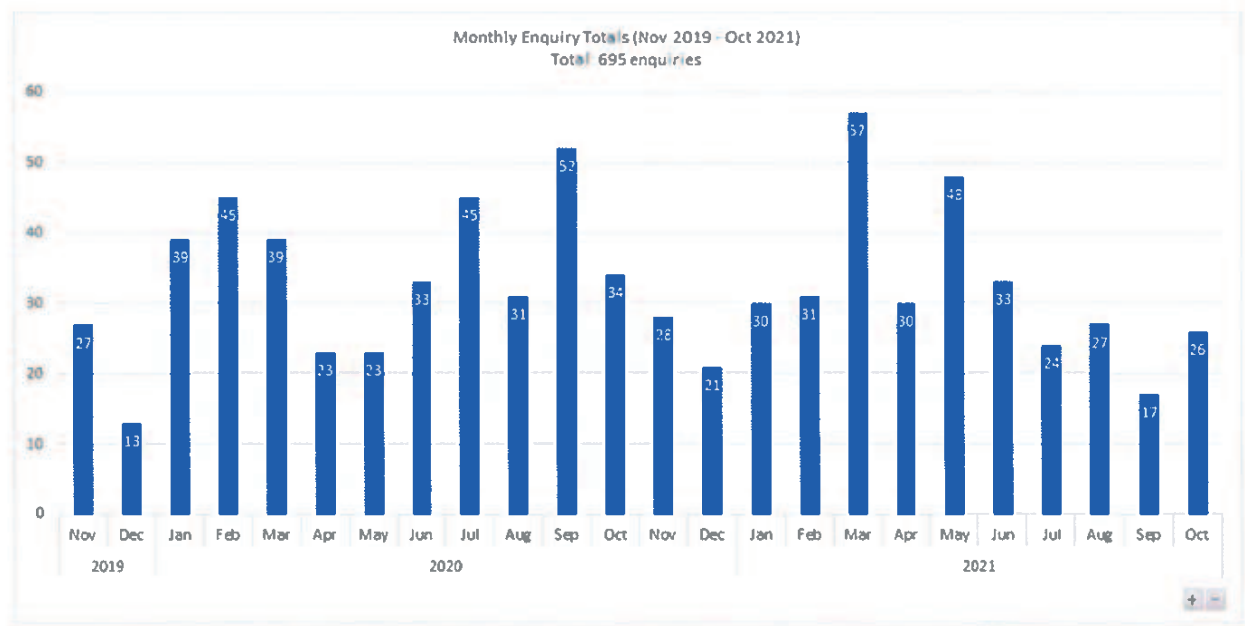
- Create a culture of openness within the organisation and ensure staff feel supported to talk candidly about suspected abuse.

The organisation now has a Trustee responsible for safeguarding and a qualified member of staff as the designated safeguarding lead. In addition, each element of the policy has a lead within the relevant department or function, and this includes a lead within the Senior Leadership Team.

The Support Line

Set up towards the end of 2019, the Support Line was open Monday to Friday from 08.30 – 16.30 via a dedicated phone, email and online enquiry function enabling beneficiaries to contact us through the most convenient channel.

The Support Line had been staffed by the Grants Department and a team of staff who were volunteers until the end of October. In November 2021 this function was taken into the Transition Support service (Project Dynamo). Beneficiaries will continue to be signposted to sources of support and those that are particularly in need of urgent support or are distressed will be able to speak to a Transition Support Guide.



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

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This year we have seen an increasing awareness of the need to address gambling and the consequences it can bring. We are looking at how the service developed in the Portsmouth region can be widened to other areas.

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.

- Work is underway with the Maritime Charities group to refresh the themes of need identified in the publication Navigating change which was last refreshed in 2019.
- Work with Professor Matt Kiernan at Northumbria University pulls together identified need shared by a host of military charities and shared by Cobseo.

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.

A trial run of an outcomes report was produced in the spring of 2021, this provided key insights into the difference made for beneficiaries. As a result of this report the grants team will be offering workshops to funded partners to support them to identify and evidence their work so that we can report meaningfully on outcomes in the spring of 2023 and every year going forward.

RNRMC Grant Making Policy – Projection

In the last five years, the RNRMC has distributed c£35.6m 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 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. 47% of our grant budget was allocated across the 7-programmes, with a further 20% of additional grantmaking, 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.

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The Commissioning approach to 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.

The RNRMC has continued to distribute charitable funding to a wide range of organisations working closely with other charities to almonise financial support to our beneficiaries. The development of our commissioned grants and three-year funding agreement have enabled targeted support to meet the most compelling needs where and when needed. The role of Commissioning Manager is now embedded supported by a small commissioning team to drive innovation in service design and partnership working within the 7 maturing programmes.

Workshops with partners in 2021 will contribute to updating our understanding of need post pandemic and to assist in the renegotiation of funding agreements which are due to expire at the end of 2022. Trustees have committed to spend down reserves to maintain levels of funding available in the next couple of year.

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

Funding highlights in 2021

New 3-year funding agreements for RNBT, NCC, SCS were signed with the RNRMC and Greenwich Hospital, as well as 3- year commitments between the RNRMC and RMA(TRMC) and also the Naval Service Sports Charity.

A safety net was provided for a veteran who needed considerable help following a life changing accident. This involved a significant building project and negotiation with statutory partners and funding charities to enable him to return home to his family.

Support for Associations to ensure they can reach out to support those suffering from loneliness and isolation continued to be a focus, a substantial increase in membership for the RNA was the result of funding to remove cost of membership.

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.

The RNRMC supports families in many ways and through a broad church of delivery partners. Support for families is provided through the award of Quality of Life and amenities grants, and through annual benevolence grants. Where we are looking to address underlying causes of need, we are developing a longer-term strategic partnership with other charities and organisations whilst continuing to make other grants as the need arises. Our commissioning plans reflect the charities strategic objectives and commitment that the RNRMC will undertake bold and far-reaching plans and projects with our partners where needed.

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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 CDFC 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.

During 2021 we have formed new partnerships including The Submarine Family, to support the submarine community past and present and their families, 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. The formation of the 'Get Paul Home' fund which successfully delivered an updated home environment for Paul to enable him to return home to his family after a significant time apart and 'Help - Jim's Fund' to raise awareness of mental health alongside the mental health programme supported by the RN and "HMS Oardacious Fund" supporting the mental health of submariners also began to take shape in 2021 with the aim to raise significant funds or awareness into the future.

Project Dynamo and Development

Project Dynamo was created as the exploration and discovery phase of our future development phase. 2021 began with a focus on operationalising some of the recommendations from this initial phase with the stated priorities as follows:-

- Successful roll-out of Transition Support Service pilot
- Continue to refine need driven by data and evidence collection and by building relationships across sector charities, stakeholders and relevant others
- Investigate a Single Point of Entry and Triage function
- Investigate a case recording system, differentiated by pathways of support intensity, to enable an active case navigation solution to provide better outcomes for more of our beneficiaries
- Continue to build RNA / RNRMC partnership to develop befriending and hidden and lost capability
- Look for opportunities to strengthen the Naval Sector Alliance
- Develop a concept to provide a much clearer understanding of beneficiary's appetite to engage with Armed Forces and Naval Charitable sectors

We recruited a Data Manager in January 2021 who immediately set about adapting a Case Recording Information System that had been developed by a partner organisation. In March we successfully recruited a Case Manager for the Transition Support team and completed recruiting the remaining 3 case workers by early autumn (based in Scotland, the SW and, the South). All case workers were recent retirees from the RN. During this period we also started the process of creating the processes and documentation to enable safe working in the direct support of this vulnerable of our beneficiary population. This included the generation of a new safeguarding policy and a revised structure within the charity to oversee this policy, including the election of a Trustee with specific responsibility for safeguarding.

Prior to go-live of the Service we visited all the RN units that would likely lead in providing referrals into this new service once it had started, as well as establishing a network of contacts in organisations that we would probably be referring our service into for specific support needs. The Service went live on 3rd November and by the end of the year we have dealt with 50 Service Users, many of whom have fairly complex or time critical needs. Early trends from the data we have collected suggest we are seeing a higher proportion of women that was envisaged, immediate accommodation needs on discharge are a problem and the support needs are more complex than we had anticipated, meaning that case workers cannot handle more than 15 live cases at once without a reduction in the service level we wish to provide.

We have continued to adopt a beneficiary first approach in looking at our other developmental priorities and have continued to engage regularly with numerous organisations and research hubs throughout the year to understand how best to deliver the role of beneficiary advocacy within the very complex environment of the armed forces charity sector. This has enabled us to align our plans with the progress and evolution across the sector whilst also highlighting gaps in provision as well as best practice in specific areas of delivery. We remain focused on easing access to services or support and ensuring as simple a journey and as positive an outcome as possible, whilst always allowing the beneficiary to have choice in the path they wish to steer.

We were invited to participate in the transformation programme for RN Family and People Support (RNFPS) towards the end of the year and this coincided with much close engagement with the RN's digital portal development for families, the 'RN Forum'. We are keen to utilise this forum as a solution or part-solution to our search for a One-Stop-Shop or

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single point of contact for all our beneficiaries when reaching into the sector for support. This work will continue into 2022 and beyond.

By the end of 2021 we have turned our focus to setting up a triage pathway so that we can link low level persistent contact that association provide to the more crisis orientated active case management that the Transition Support Service is providing. We will commence this effort in earnest in 2022 with the recruitment of a Triage and Research Coordinator within the team.

Finally, we have continued to work closely with the Royal Naval Association in exploring options that will treat the lonely and isolated need. As anticipated this is leading to a resurgence in what has been a 20 year decline in membership with 3,000+ new members over the course of the year. We remain open to providing a similar level of support to other naval membership organisations as research is clear that the resilience and camaraderie that such networks provide is crucial in combating loneliness and isolation, as well as acting as a preventative and early intervention tool in the armoury of reducing the downward spiral of our beneficiaries into complex or crises situations. As part of its renewed strategy, we are positively supporting the RNA to build befriending and mentoring services to attract a greater population of working age veterans.

Raising Funds

2021 started with a revised Staffing Structure for the Fundraising and Communications team. Introducing a Fundraising Database Officer who is experienced in our Raiser's Edge CRM database. Critically this role supports fundraising with data imports, analysis, and financial reconciliations. In the first part of the year, it was fundamental to exploit all engagement and event opportunities, launching a series of virtual events such as our popular 'View from a Bridge' and 'Virtual field gun' fundraiser. This was a new avenue for the RNRMC and one which has developed and grown since.

Individual giving was bolstered by the charity launching bespoke free Will-writing services and an 'In Memory' micro site developed by Just Giving. These pro-active efforts are seeing positive results, such as a legacy pledger specifying that the RNRMC's receives a significant share of their estate, a single large 'In Memory' donation of £35,000 and a £80,000 legacy received towards the end of the year. Regular Giving Income ran behind budget as PRG donors leaving the RN was not replaced by new joiners due to the inability to hold face to face recruitment presentations due to covid restrictions. Civilian PRG, Standing Orders and Online regular donations all remained on budget.

Community fundraising was the income stream that suffered the most from the impact of the Covid pandemic. The 3 service charities were given 5 days of collections and concession stand donations at the 2021 Royal Ascot meeting. During the meeting the betting and Gaming Council also selected the charities to benefit (with 3 others) from the profits of the Britannia Stakes. HMS Oardacious continue to support the RNRMC, securing a £400k sponsorship from the Elba Foundation over the next 3 years.

Corporate income remained stable, and the year ended with a successful Trafalgar Night Dinner and the launch of the first RN and RNRMC cookbook 'Galley' which was fully sponsored by our Platinum Partners ESS. Commercial activities expanded with the RN Shop website going live and Wyatt & Jack agreeing to produce a line of items making the most of disused Life Rafts, Lifejackets and once only suits. These items are dual branded and sold via the Wyatt & Jack website with the option of RNRMC obtaining items to sell via our channels.

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) to support our beneficiaries.

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 2021 we committed 67% of our charitable expenditure, including additional spend, to our programmes. We continued with our Project Dynamo, a 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

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instance instead. The 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 2021 we continued to provide services to the RMA- The Royal Marines Charity RNOC and NSSC 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, this had a value of £150k in 2021.

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

Our first priority was to provide support to the most vulnerable members of our community, those suffering from the downturn in the economy and the social impact of Coronavirus and particularly those who suffered more 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 continued to address the following crucial areas where COVID-19 impacted 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.

We are confident that we have become increasingly effective in supporting the Corps Family despite the challenges of the pandemic which ran throughout 2020 and 2021:-

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>% incr</u>
Employment Assistance – discharged RMs	256	319	298	479	61
Addiction support	NA	43	60	89	48
Transition Support to Vulnerable Leavers	82	96	93	131	41
Armed Forces Compensation Tribunal Case Support	97	117	203	198	-2.5
Veteran Mental Health Referral Cases	79	92	113	102	-10
Total Benevolence Cases supported	1404	1662	1896	2794	47

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The pandemic removed a significant proportion of our fundraising capability in 2020 and had a significant impact on the first half of 2021, recovering in the latter part of the year such that an expected £400K deficit was turned into a £275K+ surplus. This was due partly to lower demand for grants and administration costs, but also to increased regular giving, grants received and a successful London Guildhall Dinner in November.

Smart working - collaboration with partners

We have worked increasingly closely with the NHS (OP Courage), the MOD Department for Community Mental Health and Third Sector partners with whom we have agreed formal MOUs: the Royal Navy & Royal Marines Charity, Walking With The Wounded, Supporting Wounded Veterans, the White Ensign Association, the Special Boat Service Association, Heropreneurs, High Ground, Rock to Recovery and Bootnecks In2 Business. We collaborated regularly in 2021 with Combat Stress, Help For Heroes and the Regular Forces Employment Association.

In our grant making we work in close partnership with SSAFA-The Armed Forces Charity, The Royal British Legion and Naval Service charities: the Royal Navy and Royal Marines Charity, Greenwich Hospital, the Royal Naval Benevolent Trust, the Naval Children's Charity and the Royal Navy Officers' Charity, with our USP being our holistic assessment of needs leading to complementary monetary and non-financial support.

We have assisted the wider Naval charities to develop a more holistic service through embedding a RNRMC Casework Manager and three Transition Support Guides within our staff, while we are advising the Royal Naval Association, the White Ensign Association and Support Our Paras (the Parachute Regiment and Airborne Forces Charity) in the development of their services to reflect those offered to our members and beneficiaries.

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:-

- Bucking the previous trend, in 2021 need rose faster in the serving community (numbers supported doubled) than in the veteran community (a rise of one third);
- it rose particularly in those requiring alcohol addiction support due to pressures of isolation arising from the COVID pandemic;
- the numbers of involuntarily discharged personnel supported with Employment advice rose steeply, but principally due to our newly gained ability to engage with all vulnerable leavers, including those warned off for medical discharge and all recruit leavers;
- there was a small decline in need in the veteran mental health sphere since the classic gestation period for PTSD is 7-10 years, meaning that we have most likely reached the peak in presentation following the 10th anniversary of the most bitter fighting in Afghanistan.

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

Social and Local Economic Value added

Since 2018 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 are 75 metrics captured monthly.

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.

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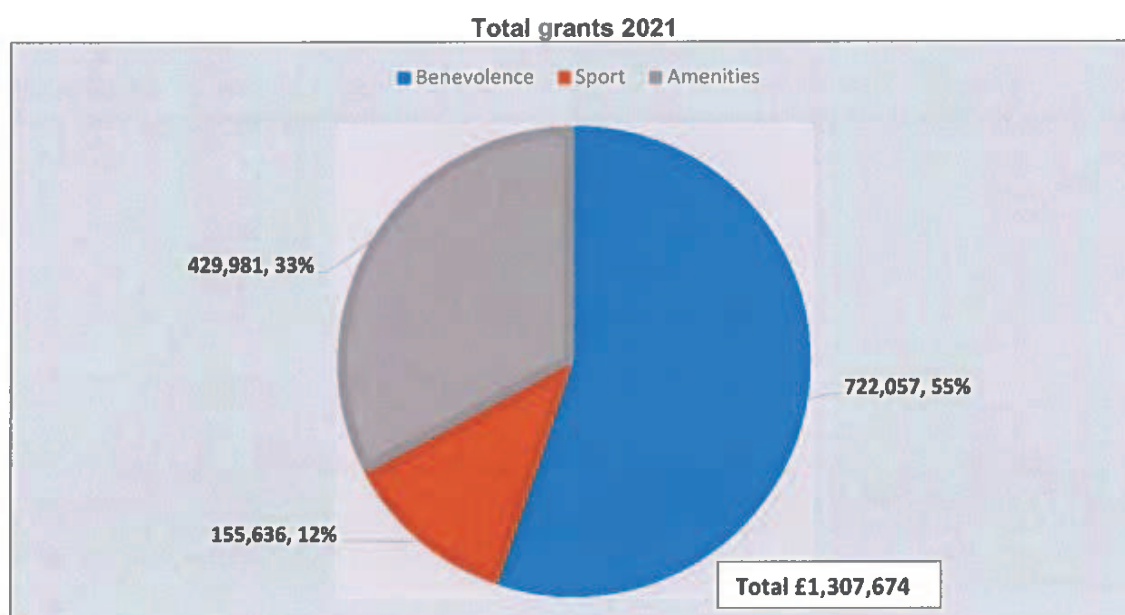
The Social Value created by the Charity as measured through the Social Value Portal Themes, Outcomes and Measures in 2021 was £3,167,756.

This sum does not tell the whole story of what the Charity delivers, as it only captures value to wider society and not that delivered specifically to the military community. This incremental support to the serving Corps Family not captured in SVP was £155,636, while the value added to the Corps through evidenced retention resulting from the Charity's interventions was worth a further £4,375,000. Therefore, the total social value created in 2021 was worth £7,698,392, meaning that every £1 donated to the Charity was turned into £3.17 of charitable value created when set against charitable spend of £2,423,161.

Lifesaving support delivered

Since establishment of the Royal Marines Charitable Trust Fund (one of our precursor charities) in 2008, over £24.9M has been given in grants towards recovery, quality of life and through life care.

The Charity achieved expenditure in 2021 on grants payable of £1,307,674.



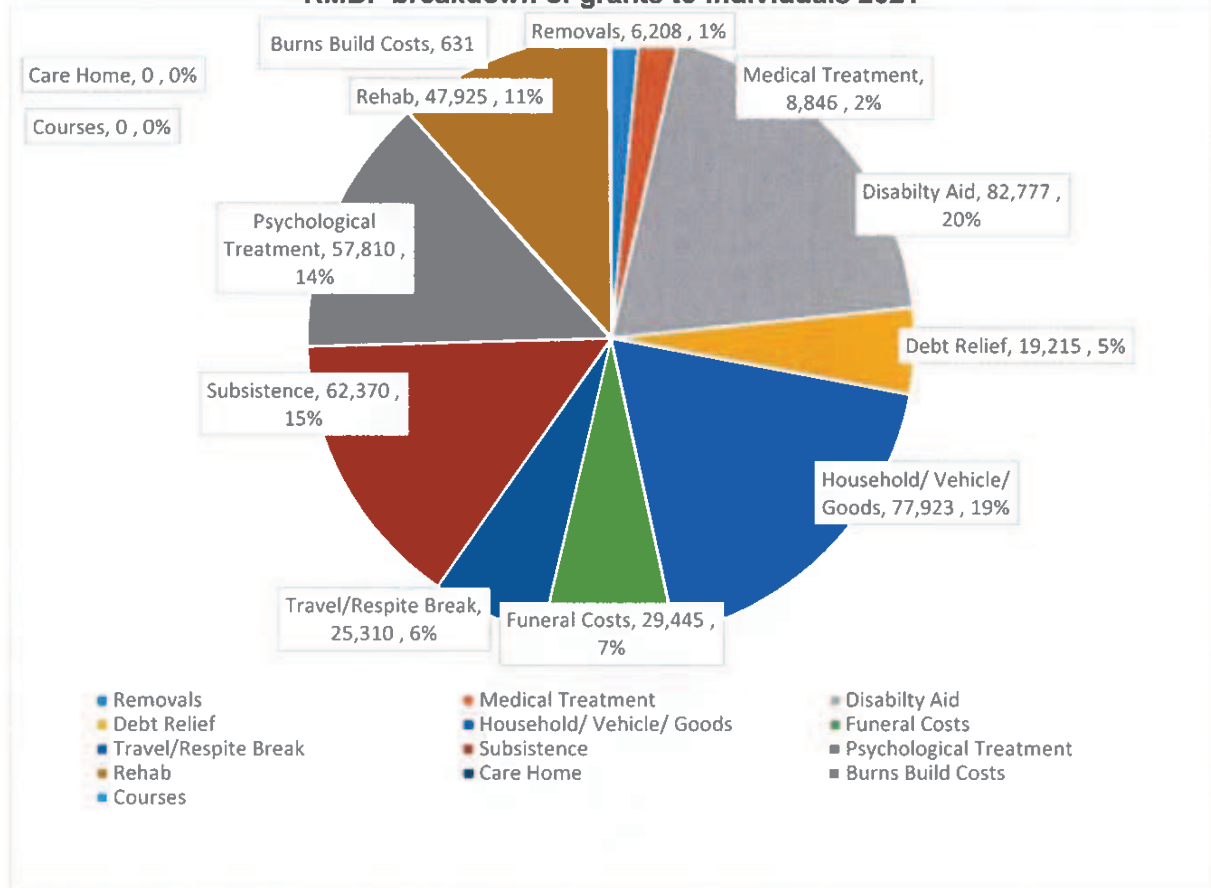
The delivery of support amounted to a further £1,115,487 giving a total of £2,423,161 of charitable delivery expenditure.

Increased numbers supported

- Total number of beneficiaries supported by charitable interventions through year: 22,342 (2020: 20,744, 2019: 16,092).
- Total number of beneficiaries in need supported through financial and non-financial benevolence: 2,794 individuals (excluding their dependants) (2020: 1,896; 2019: 1,662; 2018: 1,404).

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RMBF breakdown of grants to individuals 2021



Support outputs and impact:

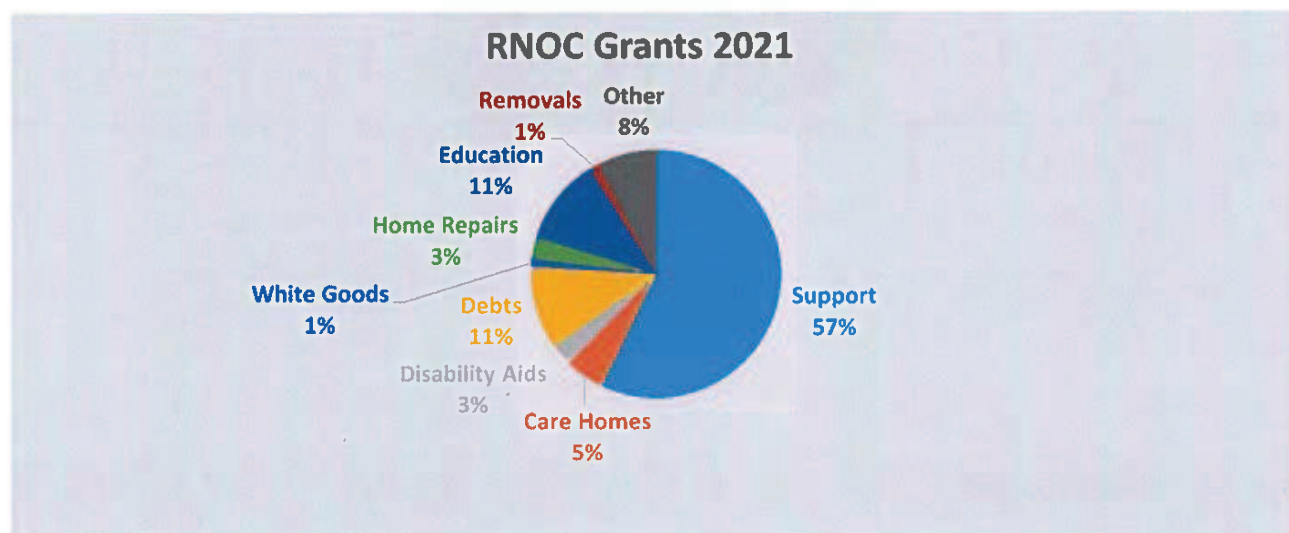
- A record number of involuntarily discharged Royal Marines and vulnerable recruit leavers – 479 (2020: 298, 2019: 319, 2018: 256) – were provided with employment advice; 51 received funding grants totalling £73,000; 34 were assisted into employment worth over £1.4M in added local employment value (the Government's approved proxy value for one person being in employment for 12 months being £30,353); see the dedicated section on social value below.
- 198 War Pension and Armed Forces Compensation Scheme tribunal cases were supported, of which 172 were new in year (2020: 203, 2019: 117, 2018: 97).
- 89 individual addiction cases were supported (2020: 60, 2019: 43), 35 serving with a replacement cost of £4.375M if they had been discharged (since it costs a minimum of £125,000 to train a new recruit), and 54 veterans.
- 131 new vulnerable leavers were supported by our Transition Support Officers (2020: 93, 2019: 96, 2018: 62).
- A slightly reduced number of Veterans' Referral Plan mental health therapy cases were supported, 102 (2020: 113, 2019: 92, 2018: 79, 2017: 26).
- Funding of £92,780 was provided for the coaching of 110 battling mental ill-health by Rock to Recovery (2020: 194, 2019: 193, 2018: 142).
- 19 other partner organisations were supported by funding of £395K, benefitting 147 individuals (double the financial support and double the numbers benefitting over 2020) alongside pastoral work at 4 units supported by funding of £45,000 to the Dame Agnes Weston Charity.

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

2021 continued to present many challenges. We were glad to be able to support a wide range of beneficiaries with grants in excess of £500,000, a new high water mark. Grants are covered from investment received from the RNOC investment portfolio and no additional block funding is received from any other organization.

We support in the region of 70 people on an ongoing basis by way of an annuity that allows them to meet the costs of day to day living expenses and all of them find the additional funding (£3,000 pa in 2021) hugely impactful in terms of their quality of life. Additionally under the heading of Support Grants we made a number of one off grants in 2021 to individuals which allowed them to meet specific needs for them and their families during times of particular stress. These cover, for example, costs incurred when setting up separate homes following relationships ending, or when an unexpected illness or accident occurs. In 2021 the number and value of education related grants increased, while the amount contributed to care home costs remained stable, albeit the population of beneficiaries for this support evolved significantly ("joiners and leavers"). Contributing to the cost of disability aids and adaptations or rehabilitation and respite care has allowed several beneficiaries to remain living at home. Although the total spent on consolidating and repaying debts is less in 2021 than the prior year this remains a significant area requiring our support.



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 continuing challenges people faced due to the pandemic, we maintained a higher tempo of communications on-line and in hard copy to ensure that we could reach those not as digitally active.

All of the above delivered swiftly and with minimum of fuss, by a team of one person with the support of Trustees and partners in like-minded organisations.

ACHIEVEMENTS AND PERFORMANCE - Naval Service Sports Charity (NSSC)

2021 has continued to be subject to the changing restrictions put in place by the Government in response to the Covid-19 pandemic. This has resulted in significant changes to the planned sports programme within the RN and wider Armed Forces that meant much of what has taken place has been compressed into the second half of 2021.

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

Sports Associations. The RN Sports Staff and the NSSC Director of Operations review the annual bids of the 45 Sports Associations to support their operating costs for the following year, with a focus being on sustaining a broad menu of

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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. With Sports Associations able to carry forward unspent funds from 2020, the £270k included in the NSSC 2021 budget was reduced to £182k to meet the expected operating costs, and this was reduced further to £132,100 as Covid-19 continued to limit the opportunities for Sports Associations to hold events.

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 the RN Sportsman of the Year Award for 2021.

Steward B Wild (Para-Skiing) – Brett Wild is the sighted guide for GB Para-Skier Millie Knight who won 11 Gold, 5 Silver and 5 Bronze medals in the 2017 World Cup Championships and 2 Silver and 1 Bronze medal in the 2018 Paralympics. Having been selected for the 2022 Winter Paralympics in Beijing they recently won 2 Gold medals in the Super Combined and the Super-G races in the 2021 World Championships before winning a Bronze medal in the Paralympics Downhill.

Marine T Lawrence (GB 4 Man Bobsleigh) - recently won a Silver medal and placed 4th overall in World Cup events before being selected for the Winter Olympics that took place in February 2022.

Marine A Baird and Leading Physical Trainer M Haslam (GB Men and Women's Bobsleigh Development Teams).

The NSSC also supported 8 other athletes competing at national and international level in kayaking, ski-cross, judo, triathlon, duathlon, powerlifting and hockey.

Coaching and Regional Sport. With the Covid-19 restrictions reducing the amount of sport that could be played the demand for financial support for coaching and regional sport was also reduced from the budgeted £150k to £74k.

NAVYFit Campaign. In 2021 the NSSC focussed its NAVYFit Campaign support in 3 areas: an Operational Fitness League open to naval personnel deployed overseas and at home; 8 establishment events in the Autumn term and a hugely successful RN Sports Awards event held at Lords Cricket Ground in December. The Sports Awards celebrated individual and team achievements in 2020 and 2021 and also included recognition of lifetime achievements.

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.

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- 46% of UK adults display one or more characteristics of financial vulnerability and are at risk of falling into severe debt.
- 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 Covid-19. 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 will continue to use evidence to drive our beneficiary focussed development. Our Key Drivers to enable this will be:-

- PRIMARY - Beneficiary First – improving access, journey and experience.
- SECONDARY - Enhance understanding of need through research and evidence to provide a more proactive balance in supporting preventative and early intervention services.
- TERTIARY - Collaboration through infrastructure provision

The primary driver will only be achieved effectively and efficiently if significant progress is made in the secondary and tertiary drivers i.e. progress is inter-dependent. Access can only be improved if the sector can collaborate towards the use of a single point of entry/referral. The journey for beneficiaries will only improve if navigators / guides are provided for complex cases and advice, information and guidance is available at the point of entry for all enquiries (one-stop-shop and triage). Experience will be good if referral partners and the consistency of service/support are all assured and need is understood by maintaining a data / evidence base that can incorporate or include data from across the sector. Combined, these capabilities form the infrastructure necessary to deliver for our beneficiaries to a level that honours our

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vision, and will drive down overheads across the sector which will provide more funds for tomorrow whilst looking after those who present today.

Our Transition Support Service pilot will enable us to test concepts, build an evidence base and improve our understanding of beneficiary advocacy using a person-centred approach. This, combined with a Case Recording system to collect evidence and the creation of a signposting application will enable us to understand the infrastructure required to support such a holistic approach. But, we will only achieve success if we collaborate ever more closely across the sector and into local government via the Armed Forces Covenant.

The infrastructure is likely to contain 4 separate but inter-dependent pillars:-

- A triage facility for all beneficiaries, accessed from a single point of entry/referral into a one-stop-shop for advice, information and guidance (AIG) which will be grown from the lessons established by the Transition pilot and will likely involve collaboration with other existing portals.
- A regional case working organisation for all beneficiaries that can be integrated into the Transition Support Service, and probably involving several other existing case working organisations.
- A portal supported by a Decision Tree (algorithm) to enable effective Triage and AIG, and in due course a facility to allow open access to a version of the algorithm to enable self-help by any beneficiary.
- A data warehouse that captures and/or can integrate sector-wide data to enable a more complete data set and thus assured evidence to improve proactive and holistic support provision to our whole beneficiary population.

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.

As well as these new partnerships we will 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.

FUTURE PLANS – RMA – The Royal Marines Charity

Strategy and Programme 2022-24

In 2021 the Trustees conducted a strategic review across every aspect of the Charity's delivery, resulting in timetabled new delivery and delivery improvements against measurable outcomes to be achieved by the end of 2024.

We are following 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 strategic 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.

In particular, the Charity has the following desired operational outcomes by the end of 2024:

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1. To be the natural and trusted first point of contact for the Corps Family
2. To offer active and effective support to Commando Forces
3. To be the leading UK regimental charity championing our members and enabling collaboration between major tri-service associations
4. To number 24,000 members with a younger demographic
5. To have an enhanced geographical footprint
6. To have better trained and enabled volunteers
7. To enable a fully developed PR function to enable advocacy
8. To secure an annual net income £5m (currently £3m) including sustainable Major Donor and Corporate Income

The Executive has commenced further work to identify likely demographic and actuarial changes of the beneficiary community in the next 5-10 years, the revised 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 in order to ensure appropriate and effective support. 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.

Budgeted spend to deliver necessary support in 2022 has led to the trustees approving a deficit budget of (£530,000). 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 continue normally, 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 company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

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

The need for benevolence continues and the full and true consequences of the pandemic remain unknown. The charity's Benevolence Sub-Committee will closely monitor trends, grants and emerging cases recommending, where and when necessary, increases and additional resources.

The standard annuity grant for 2021 was £3,000 pa. During 2022 the Benevolence subcommittee will review the level of grant using data from the Rowntree Foundation along with evidence from casework making any necessary observations and recommendations to the board.

FUTURE PLANS – Naval Service Sports Charity (NSSC)

The NSSC will endeavour to increase the level of grants to 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 2022 and future years 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 Quality of Life grants pathway continue to justify the defined level of grants made to the NSSC.

The NSSC continues to support the Royal Navy Sports Board by assisting Sports Associations and, where public funding is unable to maintain staffing levels, by employing individuals in support of naval sporting outputs. In 2022 this will include 4 new sports development posts on 2 year fixed term contracts that will focus on improving delivery at the grassroots level and in support of those RN personnel on the frontline.

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Financial Review RNRMC Group

Overview

The RNRMC Group closed the year with total funds valued at £90.3m, an increase against the previous year of £3.1m. The agreed spend down of our reserves continued in 2021 which resulted in a deficit of £5.3m before net gains on investment assets of £8.4m.

Overall performance when compared to 2020, when taking into account the challenging effects of Covid-19, was positive, with operating income increasing by £0.3m to £11.7m and income excluding Investment income increasing by £0.9m to £10m.

While charitable expenditure was reduced from £15.1m in 2020 to £13.9m in 2021, a reduction of £1.2m, grant making activity continued to grow while support costs held at £3.7m, as the charity sought to maintain a tight cost base while continuing to support beneficiary need. The successful programme of commissioning continued to receive investment in 2021 as spend in this area grew from £4.7m in 2020 to £5.6m in 2021.

Unrestricted Funds

The value of Unrestricted Funds including designated funds (which can be seen in more detail in note 26), reduced from £29.7m to £28.2m a decrease of £1.5m. Income of £2.6m was received into unrestricted funds and there were investment gains of £2.5m. This was offset by resources expended from unrestricted funds of £6.6m, of which £3.7m were transfers to restricted funds. This transfer relates in part 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 £11.7m, an increase of £0.3m (+3%) from 2020. Key variances are:-

1. Donations and Legacy income increased by 8% from £5.6m to £6.1m against the prior year.
2. Income from Other Trading Activities reduced by £0.3m (-34%) as Covid restrictions resulted in the cancellation of the ticketed MFM event that took place in 2020.
3. Investment Income reduced by £0.6m (-25%) because of market performance due to Covid-19. However, the group operates a total returns policy, of which, more information is available below.
4. Income from charitable activities increased by £0.9m (+40%) due to additional grants received from Nuffield trust, to support the SBSA Resilience Centre and from the Armed Forces Covenant Trust Fund.

Donations & Legacies

- **Donations** – A difficult landscape due to Covid-19 meant that fundraising events continued to be cancelled throughout 2021. However, increases in community fundraising meant that there was growth against the prior year. While not back to pre-pandemic levels, there was an increase of £0.2m.
- **Payroll Giving** – The Covid-19 impact of not being able to present directly to new entrants took effect in 2021 due to the time it takes to process new members. However, through generous donations from serving Naval Personnel, the Navy's Payroll Giving scheme only fell slightly (-5%) against the year before
- **Legacies** – In 2021 legacies received were £0.7m an increase of 0.5m on the prior year.

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.

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Expenditure

Total expenditure in 2021 was £17m in 2021(2020 £18m). This was split into the following areas.

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 2020, the Group's costs increased only very slightly from £2.4 to £2.5m in 2021. These costs, as a % of Donations & Legacies decreased from 42% in 2020 to 41% in 2021, demonstrating control on costs as the fundraising department sought new ways of fundraising during the continued difficult landscape.

- **Investment Fees** – An increase in investment fees of £22k (+4%) was seen in the 2021 year partly due to a change in investment manager during the year.

While overall charitable spend fell in 2021 from £15.1m in 2020 to £13.9m in 2021 (-8%), 2020 included a grant for the Gordon Messenger Centre for £2.8m. Comparing the prior year expenditure net of the GMC grant, there is an increase in Charitable spend of £1.6m (+13%) in 2021, demonstrating the following;

- Commitment of significant Commissioning Programmes, year 3 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

Grant Making

The RNRMC Group remains committed to supporting its beneficiaries with £10.2m distributed through grant making (2019 £11.4m).

The RNRMC continued to enhance grants through its commissioning pathways established in 2019 with spend for the year at £4.1m, an increase of £0.5m on 2020. An additional £0.9m of grants were made in support of the Spend for Through Life Pathway against the previous year. Further information on the breakdown of Grants can be found at notes 8 & 9.

Balance Sheet

Total Fixed Assets within the group increased by £3.7m to £89.2m for 2021, of which the value of Fixed Assets excluding Investments was £1.6m. Investments in website and IT infrastructure, to improve beneficiary experience and improve efficiency, resulted in a small increase of £0.1m in held values at the year end.

Investments in the group had increased from £83.9m to £87.5m, an increase of £3.6m. Across the group there was £8.34m of net gains on investment assets (charity £5m), with the offsetting reduction in fund values due to cash drawn down investments in accordance with the RNRMC Cash Policy, which is to hold a rolling 12 months activity as well as an identified amount to support potential contingent grants required by partner charities in cash or near cash products.

Both Debtor and Creditor balances saw an increase in 2021. This was due to a large debtor balance for Grants received, where cash receipts are due in 2022, offset by creditor balances for Grants payments due to be made in 2022.

During the year £4.5m was drawn as cash across the group, all related to the RNRMC charity and is reflected in the cash balance below.

Cash in the group increased from £8.6m at the end of 2020 to £8.8m (charity £6.3m) at the end of 2021, with the amount of cash held reflecting the RNRMC Cash Policy and is offset by spend in other areas within the Group.

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

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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.

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 • War, conflict or catastrophic event • Poor investment fund management • Not meeting our Voluntary Income targets • Stock market Crash • Constraints on Corporate and Major Donors giving • 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 investigates, using evidence and pilot projects, to provide insight as to how to reinforce the infrastructure from a beneficiary perspective.
<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 	<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 review governance of group against CC8 governance code

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Risk	Mitigation
<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 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. • We regularly review policies enacted during Covid as part of the normal business of the FRAC/IC
<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. • Introduction of formal Talent Management Programme. • 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.

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

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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 statutory grants. • 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 Chair-led comprehensive governance review was completed in 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 2022. • 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 2021. • We benefit from the extensive cyber protection provided by our internet provider. • We have developed improved methods of monitoring the impact of grants made to individuals and organisations, including ensuring safeguarding protocols are in place with those we fund.
<p>Reputational which includes:</p> <ul style="list-style-type: none"> • 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; 	<ul style="list-style-type: none"> • We have introduced a revised Performance and Development Report to improve our performance and focus on learning and development.

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Risk	Mitigation
<ul style="list-style-type: none"> 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 conduct an annual Training Needs Analysis, leading to whole staff training as appropriate, and individual education and learning needs being addressed. We have built extra staffing resource to face increased demand. 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
The risk is defined as a result of a stock market crash or poor Investment Fund management, funds under active management do not deliver planned capital value and income.	Investment Management is delegated to the RNRMC Investment Committee (IC) who carefully select investment managers; set realistic targets; and monitor results quarterly. The RNRMC Trustee on the NSSC Board is Chairman of the IC and also a member of the Finance, Risk and Audit Committee (FRAC). The RNRMC concluded a review of Investment Managers in May 2021 that resulted in a change of Investment Manager from Cazenove Capital Management to Sarasin & Partners with the transition completing on 30 June 2021.

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 Sarasin who were 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.

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.

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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.

INVESTMENT POLICY AND PERFORMANCE

Investment Oversight

During 2021 Sarasin Partners LLP became responsible for the investment management for the majority of the Group's funds, following a full investment management review. This arrangement gives strength to the Group and benefits from economies of scale.

A portion of the Group's funds remain held at Cazenove, which includes the RNRMC No 2 (private equity funds) and investments held by RNOG.

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 every three months 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.

Transfers of the portfolio from Cazenove to Sarasin were made starting in June 21 and as at 31 Dec 2021 Sarasin held 79% of the total value of the investments (£70M) with the balance of £18m (21%) held by Cazenove.

In 2021 the following portfolios were held within the Group:-

1 - RNRMC (main portfolio)	2 - RMA The Royal Marines Charity	3 - RN Officers' Charity	4- RNRMC (No 2 Portfolio)
<ul style="list-style-type: none"> • RNRMC unrestricted funds • RNRMC restricted funds (unincorporated charities) • Naval Service Sports Charity • Custodian Funds 	<ul style="list-style-type: none"> • Separate fund managed by same Sarasin team 	<ul style="list-style-type: none"> • Separate fund managed independently by a Cazenove team 	<ul style="list-style-type: none"> • Private Equity Fund (in distribution mode) managed independently by Cazenove team

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 policy.

The overall investment objective 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 Sarasin & Partners; the objective is quantified as the need to generate over the long term a

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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 Sarasin & Partners, 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.

Portfolio composite benchmark and permitted ranges

The below table outlines the composite benchmark, which was agreed with Sarasin and forms an important part of performance monitoring. It also details the lower and upper bounds for each asset class.

Asset Class	Low	Neutral	High	Benchmark Index
Cash	-	-	10.0	-
Government Bonds	-	7.5	30.0	ICE BofAML Gilts All Stocks Index
Corporate Bonds	-	7.5	-	ICE BofAML Sterling Non-Gilt
Total Bonds & Cash	-	15.0	40.0	
International Equities (£ hedged)	-	20.0	-	MSCI All Countries World (LC) GBP
International Equities	-	50.0	-	MSCI All Countries World
Total Equities	60.0	70.0	80.0	
Total Property	-	5.0	10.0	MSCI All Balanced Property Fund Index – One Quarter Lagged
Total Alternatives	-	10.0	20.0	SONIA Interest Rate Benchmark +2%
Total	-	100.0	-	
Sterling Weighting	40.0	52.0	60.0	

The alternative investments are broadly diversified and include commodities, infrastructure, hedge funds, and private equity.

The RNRMC Group's base currency is Sterling and currency hedging is permitted given the global nature of the investments.

2021 Main Investment Portfolio Values

The total portfolio value as held at Sarasin was £69,610,487

The below table outlines the Group asset allocation relative to the benchmark (as at 31.12.21):

Asset Allocation	£	Capital %	Benchmark %
Fixed Income	5,879,440	8.4	15.0
Equities	49,538,326	71.2	70.0
Property	4,076,856	5.9	5.0
Alternative Investments	7,763,212	11.2	10.0
Liquid Assets	2,352,654	3.4	-
Total	69,610,487	100.0	100.0

2021 Main Investment Portfolio Values for the Charity

The portfolio value as at 31st December 2021 was £57,416,303.

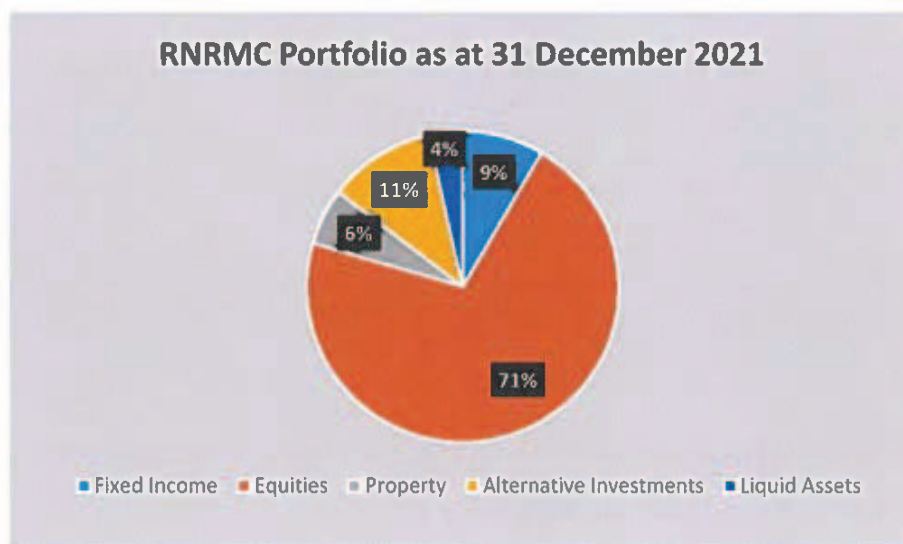
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The below table outlines the charity's' asset allocation relative to the benchmark (as at 31.12.21):

Asset Allocation	£	Capital %	Benchmark %
Fixed Income	4,874,342	8.5	15.0
Equities	40,751,351	71.0	70.0
Property	3,380,444	5.9	5.0
Alternative Investments	6,380,690	11.1	10.0
Liquid Assets	2,029,476	3.5	-
Total	57,416,303	100.0	100.0

We also detail below our rationale for each asset class:

- **Bonds – underweight** – global inflationary pressures are elevated and rising interest rate risks remain.
- **Equities – neutral** – reflecting monetary policy tightening and slowdown in economic growth.
- **Alternatives – overweight** – gold and other uncorrelated assets can be a hedge against policy error, while infrastructure and renewable investments offer inflation-linked returns.
- **Cash – overweight** – prefer cash given heightened uncertainty and risk of capital loss in bonds. Will seek to invest into risk-assets should our tactical view on markets become more positive.



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

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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.
- 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.

Performance

Sarasin Held Portfolio

During H2 2021, the portfolio generated a net return of +4.9%, slightly behind the benchmark of 5.7%.

Key factors that have impacted the portfolio's performance:-

- **Asset allocation had a positive impact** – the portfolio was overweight the best-performing assets (equities, property, alternatives), and underweight the worst-performing asset (bonds).
- **Bonds** – have fallen in value but the impact of this was mitigated by the significant underweight position we hold, with just 8.5% allocated to fixed income.
- **Equities** – as long-term investors, the equity allocation accounts for the largest portion of the portfolio and was up by 5.9% during the period. The returns lagged the broader global equity universe primarily due to stock selection in the health care sector.
- **Property** –experienced robust gains, up 9.6%, as demand for commercial property and rents have risen over the last year.
- **Alternative investments** – we had been careful to manage the risk-exposure within the alternatives, favouring uncorrelated assets such as gold, together with renewables and other infrastructure funds which often offer inflation-linked cash flows. The alternatives increased by 2.4%.

2021 as a whole

Global stock markets finished last year on a high, led once again by the United States, with Europe and to a lesser extent the UK providing support. Bond markets were dogged by the twin threats of inflation and rising interest rates, while alternative investments produced mixed results. When taken together, 2021 has turned out to be another good year for our investments.

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RNRMC Investment Fund no.2 Portfolio

The no.2 portfolio, which only holds private equity, performed well. The return for the period 1st Jan 2021 – 31st Dec 2021 was 26.6% as the fund continued to move through the distribution phase of its lifecycle.

RNOC portfolio

The RNOC portfolio, also held for the year to 31st Dec 2021, performed well too. Equities contributed the most with returns of 18.2%, North America being the strongest region over the year with a 26.8% return. Multi-asset funds and Alternatives also gave solid returns with 12.4% and 14.3% respectively. On the negative side, bonds proved a drag on the portfolio with only a 1.1% return. Overall, the portfolio achieved a return of 14.4% for the year.

On a total returns basis, the total return was 11.96%.

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.

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.

A full review of our risk-based reserves policy has been undertaken in early 2022. This involved a full review of all current risks and their associated risk values. This has resulted in changes in the reserves we now need to hold. These changes have primarily been driven by the strategic direction of delivering more to our beneficiaries, and therefore when

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applying monetary values to risks, results the need to hold more funds. It has determined that the target range of general reserves (excluding those reserves represented by restricted funds and designated reserves) required by the charity as being between £14.6m and £23.4m.

Our current unrestricted and free reserves balance for the Charity stands at £27.4m.

The Trustees appreciate that this exceeds the current upper target reserves level by £3.2m therefore they have made the excess available for additional grant making over the next few year but this is heavily dependent on the challenges we face in both demand and also in sustainable income. The RNRMC Board are reviewing the spend down on the excess reserve against the expected increased need as a result of Covid-19 and the cost of living challenges 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 2021 were £90.3m (2020: £87.2m). For the Charity, unrestricted reserves formed £27.4m (2020: £28.9m) and Designated funds £0.75m (2020: £0.78m). Restricted reserves were £62.2m (2020: £57.6m).

Restricted and Designated reserves constitute £63m (2020: £58.3) 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 26.

Area	Notes	Minimum Reserves Level	Maximum Reserves Level
Governance	<i>Potential cost for poor charity governance</i>	£0.5m	£1.4m
Finance	<i>Significant change in external environment amounting to income drop, or beneficiary need increase</i>	£12.8m	£18.4m
Reputation	<i>Effect on Voluntary Income</i>	£0.4m	£1.1m
Stakeholders and Relationships	<i>Relationship with Corporates / Key funders deteriorates</i>	£0.7m	£2.0m
People and Assets	<i>Significant increase in Staff Turnover and potential costs of restructure</i>	£0.2m	£0.5m
Range of Reserves Required		£14.6m	£23.4m

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Acknowledgements

We Would Like To Thank You

With ongoing restrictions and remote working continuing in 2021, we had to be especially creative in how we communicated with our supporters and provided imaginative opportunities for them to get involved. Thanks to the technical wizardry of the studio team at CTN and the interviewing virtuosity of our Vice President Stephen Watson, our virtual 'View from the Bridge' series has gone from strength to strength, with candid conversations and insights into the global defence landscape from senior Royal Navy officers broadcast live into living rooms. Other digital firsts for the charity, included a free online will-writing service and our inaugural Virtual Field Gun Challenge, in which participants were challenged to train like a field gunner and run, row, lift or ride the number of nautical miles from Portsmouth to Port Elizabeth (the site where the Royal Navy Field Gun originated).

When circumstances allowed, our supporters came together for 'Stand Easy' coffee mornings and 165 people answered the call to host their own Trafalgar Night Dinners at home. Prodigious fundraiser Chief Petty Officer Andy "Gibbo" Gibbs spearheaded a Service-wide 'Charity Champions' initiative, recruiting serving personnel to help raise awareness of the RNRMC and the support it offers to sailors, marines and their families in ships, units and across the naval estate. We have continued to explore creative collaborations with a number of partners, including long-standing Platinum corporate partner ESS Defence, whose support enabled the publication of Galley, a unique collection of recipes from Royal Navy chefs interspersed with fascinating snippets of history and tradition with all the proceeds benefiting the RNRMC. Much as we would like to, we can't thank all of our donors, fundraisers, corporate, trust and other supporters individually here, but we are indebted to each and every one of you for your support in 2021. We also recognise that some of our most significant donors wish to remain anonymous

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 fundrasing@nrnmc.org.uk or speak to a member of our friendly team on 023 9387 1520.

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 .28th July 2022.....



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 2021 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 2021 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.

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.

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

- 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.

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.

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, 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.

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 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.

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

- 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.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

6th Floor
9 Appold Street
London
EC2A 2AP

Date: 15 August 2022

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 2021**

	Note	Unrestricted Funds £	Restricted Funds £	Permanent Endowment Funds £	Total Funds 2021 £	Total Funds 2020 £
INCOME & ENDOWMENTS						
Donations and legacies	4	2,084,784	4,006,480	-	6,091,264	5,643,152
Other trading activities		690,937	-	-	690,937	1,039,709
Investment income	5	499,988	1,216,014	-	1,716,002	2,286,071
		<u>3,275,709</u>	<u>5,222,494</u>	<u>-</u>	<u>8,498,203</u>	<u>8,968,932</u>
Charitable activities	6		3,200,991	-	3,200,991	2,292,673
Other income- CJRS grant		24,829	2,726	-	27,555	122,111
		<u>24,829</u>	<u>2,726</u>	<u>-</u>	<u>27,555</u>	<u>122,111</u>
Total operating income		<u>3,300,538</u>	<u>8,426,211</u>	<u>-</u>	<u>11,726,749</u>	<u>11,383,716</u>
EXPENDITURE						
Raising funds	7					
Investment management fees		208,611	396,160	-	604,771	583,069
Fundraising costs		1,508,103	975,874	-	2,483,977	2,356,929
		<u>1,716,714</u>	<u>1,372,034</u>	<u>-</u>	<u>3,088,748</u>	<u>2,939,998</u>
Total cost of raising funds		<u>1,716,714</u>	<u>1,372,034</u>	<u>-</u>	<u>3,088,748</u>	<u>2,939,998</u>
Charitable activities	8 & 9					
Commissioned Programmes		727,642	4,852,288	-	5,579,950	4,706,123
Through Life Pathway		495,442	3,880,374	-	4,375,816	3,057,023
Quality of Life Pathway		653,028	2,432,957	-	3,085,985	6,393,768
Fit for Life Pathway		74,534	497,039	-	571,573	658,321
End of Life Pathway		42,280	281,945	-	324,225	280,371
		<u>1,992,926</u>	<u>11,944,623</u>	<u>-</u>	<u>13,937,549</u>	<u>15,095,607</u>
Total charitable expenditure		<u>1,992,926</u>	<u>11,944,623</u>	<u>-</u>	<u>13,937,549</u>	<u>15,095,607</u>
Total operating expenditure		<u>3,709,640</u>	<u>13,316,657</u>	<u>-</u>	<u>17,026,297</u>	<u>18,035,605</u>
Net operating (expenditure)		<u>(409,102)</u>	<u>(4,890,446)</u>	<u>-</u>	<u>(5,299,548)</u>	<u>(6,651,889)</u>
Net gains/(losses) on investment assets		<u>2,543,554</u>	<u>5,867,424</u>	<u>-</u>	<u>8,410,978</u>	<u>(4,434,300)</u>
Net income/(expenditure)	15	<u>2,134,452</u>	<u>976,978</u>	<u>-</u>	<u>3,111,430</u>	<u>(11,086,189)</u>
Gross transfers between funds	16	<u>(3,633,441)</u>	<u>3,633,440</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net movement in funds		<u>(1,498,989)</u>	<u>4,610,419</u>	<u>-</u>	<u>3,111,430</u>	<u>(11,086,189)</u>
Total funds brought forward	26	<u>29,852,531</u>	<u>56,725,732</u>	<u>655,649</u>	<u>87,233,912</u>	<u>98,320,098</u>
Total funds carried forward	26	<u>28,353,542</u>	<u>61,336,151</u>	<u>655,649</u>	<u>90,345,342</u>	<u>87,233,909</u>

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 53 to 81 form part of these accounts.

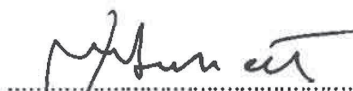
**THE ROYAL NAVY AND ROYAL MARINES CHARITY
BALANCE SHEET – GROUP AND CHARITY
AS AT 31 DECEMBER 2021**

	Note	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Fixed assets					
Intangible assets	18	242,886	116,794	16,907	9,032
Tangible assets	19	1,372,997	1,449,747	834,703	892,445
Investments	20	87,546,437	83,854,063	53,417,700	52,997,260
		<u>89,162,320</u>	<u>85,420,604</u>	<u>54,269,310</u>	<u>53,898,737</u>
Current assets					
Stock	21	310,372	250,189	-	-
Debtors	22	1,728,425	783,815	1,270,981	488,255
Cash at bank and in hand		8,790,736	8,612,273	6,304,645	6,152,605
		<u>10,829,533</u>	<u>9,646,277</u>	<u>7,575,626</u>	<u>6,640,860</u>
Liabilities					
Creditors falling due within one year	23	(9,612,444)	(7,787,969)	(8,728,531)	(6,940,840)
Net current assets		<u>1,217,089</u>	<u>1,858,308</u>	<u>(1,152,905)</u>	<u>(299,980)</u>
Total assets less current liabilities		<u>90,379,409</u>	<u>87,298,912</u>	<u>53,116,405</u>	<u>53,598,757</u>
Creditors due in more than one year	25	(34,067)	(45,000)	-	-
Net assets		<u>90,345,342</u>	<u>87,233,912</u>	<u>53,116,405</u>	<u>53,598,757</u>
Accumulated funds					
Permanent endowment	26	655,649	655,649	655,649	655,649
Restricted funds	26	61,336,151	56,725,732	24,278,994	23,270,582
Unrestricted funds	26	27,608,262	29,077,175	27,436,482	28,897,170
Designated funds	26	745,280	775,356	745,280	775,356
Total accumulated funds		<u>90,345,342</u>	<u>87,233,912</u>	<u>53,116,405</u>	<u>53,598,757</u>

The financial statements on pages 50 to 81 were approved by the trustees on28th July 2022..... and signed on their behalf by:



Dr Brian Gilvary
Chair



Mr John Bartlett
Chair 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 2021**

	2021 £	2020 £
Cash flow/(outflow) from operating activities		
Net cash (used in) operating activities	(6,051,849)	(5,575,675)
Cash flows from investing activities		
Investment income and interest received	1,716,002	2,286,071
Proceeds from disposal of fixed asset investments excluding endowment funds	94,093,411	24,917,594
Acquisition of fixed asset investments excluding endowment funds	(89,374,807)	(17,899,823)
Payments to acquire tangible fixed assets	(30,671)	(916,870)
Payments to acquire intangible fixed assets	(167,690)	(107,767)
	<u>6,236,245</u>	<u>8,279,205</u>
Cash flow/(outflow) from financing activities		
New bank loan	(5,933)	50,000
Net increase/(decrease) in cash and cash equivalents	178,463	2,753,530
Cash and cash equivalents at beginning of year	8,612,273	5,858,743
Cash and cash equivalents at end of year	<u><u>8,790,736</u></u>	<u><u>8,612,273</u></u>

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

	2021 £	2020 £
Net income/(expenditure) including endowments	3,111,430	(11,086,186)
Adjustments for:		
Depreciation charges	107,421	119,089
Amortisation	41,598	9,032
Grant to MOD- fixed asset disposal	-	2,740,335
Loss on disposal of fixed asset	-	33,805
Net (gains)/ losses on investments	(8,410,978)	4,434,297
Investment income	(1,716,002)	(2,286,071)
Increase in stock	(60,183)	(27,659)
Decrease in debtors	944,610	477,250
Increase in creditors	1,819,475	10,433
Net cash (used in) operating activities	<u><u>(6,051,849)</u></u>	<u><u>(5,575,675)</u></u>

**THE ROYAL NAVY AND ROYAL MARINES CHARITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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 ongoing 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 2021**

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 £27,555 (2020: £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 2021**

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 valuers. 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
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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 2021**

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 2021**

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 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 2021 £	Total Funds 2020 £
INCOME & ENDOWMENTS					
Donations and legacies	2,166,079	48,078	-	2,214,157	3,300,168
Investment income	499,988	475,670	-	975,658	1,401,354
	2,666,067	523,748	-	3,189,815	4,701,522
Charitable activities		2,709,707	-	2,709,707	1,775,180
Other income- CJRS	-	-	-	-	54,547
Total operating income	2,666,061	3,233,455	-	5,899,522	6,531,249
EXPENDITURE					
Raising funds					
Investment management fees	208,611	198,956	-	407,567	413,847
Fundraising costs	1,112,378	17,002	-	1,129,380	1,063,124
Total cost of raising funds	1,320,989	215,958	-	1,536,947	1,476,971
Charitable activities					
Commissioned Programmes	-	4,106,603	-	4,106,603	3,721,137
Through Life Pathway	786,050	2,069,096	-	2,855,146	1,699,876
Quality of Life Pathway	883,883	1,563,881	-	2,447,764	2,688,072
Fit for Life Pathway	161,706	-	-	161,706	281,090
End of Life Pathway	-	238,615	-	238,615	209,904
Total charitable expenditure	1,831,639	7,978,195	-	9,809,834	8,600,079
Total operating expenditure	3,152,628	8,194,153	-	11,346,781	10,077,050
Net operating (expenditure)	(486,561)	(4,960,698)	-	(5,447,259)	(3,545,801)
Net gains/(losses) on investment assets	2,543,554	2,241,353	-	4,964,907	(2,908,704)
Net income/(expenditure)	2,056,993	(2,539,345)	-	(482,352)	(6,454,505)
Gross transfers between funds	(3,547,757)	3,547,757	-	-	-
Net movement in funds	(1,490,764)	1,008,412	-	(482,352)	(6,454,505)
Total funds brought forward	29,672,526	23,270,582	655,649	53,598,757	60,053,262
Total funds carried forward	28,181,762	24,278,994	655,649	53,116,405	53,598,757

**THE ROYAL NAVY AND ROYAL MARINES CHARITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

4. VOLUNTARY INCOME

Year to 31 December 2021

	Unrestricted 2021 £	Restricted 2021 £	Endowment 2021 £	Total 2021 £
Donations	858,999	2,779,169	-	3,638,168
Royal Navy Payroll Giving Scheme	1,114,909	-	-	1,114,909
RM Day's Pay Giving Funds	-	532,985	-	532,985
Legacies	110,876	564,107	-	674,983
Other voluntary income	-	130,219	-	130,219
	<u>2,084,784</u>	<u>4,006,480</u>	<u>-</u>	<u>6,091,264</u>

Year to 31 December 2020

	Unrestricted 2020 £	Restricted 2020 £	Endowment 2020 £	Total 2020 £
Other donations	1,637,300	1,843,694	-	3,480,994
Royal Navy Payroll Giving Scheme	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>

THE ROYAL NAVY AND ROYAL MARINES CHARITY
NOTES TO THE FINANCIAL STATEMENTS
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5. INVESTMENT INCOME

Year to 31 December 2021

	Unrestricted 2021 £	Restricted 2021 £	Endowment 2021 £	Total 2021 £
Dividends – UK equities	204,795	560,721	-	765,516
Dividends – non UK equities	88,255	219,160	-	307,415
Fixed interest – UK	14,972	48,910	-	63,882
Income on property funds	97,113	210,215	-	307,328
Unit Trusts	89,910	134,935	-	224,845
Other	4,071	41,658	-	45,729
Interest on cash deposits	872	415	-	1,287
	<u>499,988</u>	<u>1,216,014</u>	<u>-</u>	<u>1,716,002</u>

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>

6. INCOME FROM CHARITABLE ACTIVITIES

	Unrestricted 2021 £	Restricted 2021 £	Endowment 2021 £	Total 2021 £	Total 2020 £
Greenwich Hospital	-	1,375,000	-	1,375,000	1,375,000
Nuffield Trust	-	771,716	-	771,716	170,680
Armed Forces Covenant Fund Trust	-	352,080	-	352,080	210,750
Other grants received	-	702,195	-	702,195	536,243
	<u>-</u>	<u>3,200,991</u>	<u>-</u>	<u>3,200,991</u>	<u>2,292,673</u>

£2,221,673 of income from charitable activities in the year to 31 December 2020 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 2021	Unrestricted 2021 £	Restricted 2021 £	Endowment 2021 £	Total 2021 £
Investment management fees	208,611	396,160	-	604,771
Fund raising costs	1,508,103	975,874	-	2,483,977
	<u>1,716,714</u>	<u>1,372,034</u>	<u>-</u>	<u>3,088,748</u>
Year to 31 December 2020	Unrestricted 2020 £	Restricted 2020 £	Endowment 2020 £	Total 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>

8. ANALYSIS OF CHARITABLE EXPENDITURE

Analysis of charitable expenditure including support costs

Year to 31 December 2021

	Grants Payable 2021 £	Other Direct Costs 2021 £	Support Costs (See Note 11) 2021 £	Total 2021 £
Commissioned Programmes	4,090,848	-	1,489,102	5,579,950
Through Life Pathway	3,208,057	-	1,167,759	4,375,816
Quality of Life Pathway	2,241,259	28,890	815,836	3,085,985
Fit for Life Pathway	419,039	-	152,534	571,573
End of Life Pathway	237,700	-	86,525	324,225
Total	<u>10,196,903</u>	<u>28,890</u>	<u>3,711,756</u>	<u>13,937,549</u>

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>

**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 2021	From Unrestricted Funds 2021 £	From Restricted Funds 2021 £	Total 2021 £
Commissioned Programmes	727,642	4,852,308	5,579,950
Through Life Pathway	495,442	3,880,374	4,375,816
Quality of Life Pathway	653,028	2,432,957	3,085,985
Fit for Life Pathway	74,534	497,039	571,573
End of Life Pathway	42,280	281,945	324,225
Total	1,992,926	11,944,623	13,937,549

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

9. ANALYSIS OF GRANTS PAYABLE

Analysis of grants payable to individuals and institutions

Year to 31 December 2021	Grants to Institutions £	Total Individuals £	Total 2021 £
Commissioned Programmes	4,090,848	-	4,090,848
Through Life Pathway	2,069,597	1,138,460	3,208,057
Quality of Life Pathway	1,864,268	376,991	2,241,259
Fit for Life Pathway	263,403	155,636	419,039
End of Life Pathway	-	237,700	237,700
Total	8,288,116	1,908,788	10,196,903

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

**THE ROYAL NAVY AND ROYAL MARINES CHARITY
NOTES TO THE FINANCIAL STATEMENTS
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9. ANALYSIS OF GRANTS PAYABLE (continued):

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

	2021
	£
Resilience Centre	1,300,000
Naval Children's Charity	720,000
RNBT	634,500
Kings Foundation	330,222
Sailors Children Society	239,000
Relate	229,700
SSAFA	181,648
RNA	144,817
TSF	131,732
Aggies	130,136
NSSC	120,000
HMS Drake	100,800
RBLI Village	100,000
CTCRM	96,901
The Poppy Factory	96,633
RFEA	93,636
YMCA	86,288
Broughton House	85,000
Alabare	81,535
Veterans Outreach Support	80,000
HMS Sultan	79,488
Portsmouth Military Mental Health Alliance	77,717
Royal Navy Family & People Support	76,263
HMS Spey	75,288
HMS Raleigh refurb Jutland Block	69,146
Care for Veterans	66,500
The Royal Alfred Seafarers	65,000
Home-Start	63,500
Gosport & Fareham Multi Academy Trust	62,000
Sparko	60,560
Defence Medical Welfare Services	60,000
Navy Mental Health Training	60,000
Veterans Aid	60,000
Combat Stress	55,000
Naval Families Federation	53,000
The White Ensign	51,000
Erskine	50,000
KIDS	50,000
Age UK (Veterans, advice information & support Portsmouth area)	45,799
Woody's Lodge	44,000
HMS Hurworth	43,821
Improving Lives Plymouth	40,000
RNAS Yeovilton	39,507
HMS Heron	38,180
Fighting With Pride	36,529
HMS Somerset	32,725
HMS Queen Elizabeth	31,285
Commonwealth Ex Service League	30,000
Fares4free	30,000
Prof Walker	30,000
Stoll	30,000
Turn to Starboard	30,000
Royal Navy Human Performance	25,760
Poppyscotland	25,000
Portsmouth Naval Gliding Centre	25,000
Winter Sports Association	25,000

**THE ROYAL NAVY AND ROYAL MARINES CHARITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

9. ANALYSIS OF GRANTS PAYABLE (continued)

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

RMA-TRMC grants:

Globe & Laurel	84,126
Rock 2 Recovery CIC	78,820
Dame Agnes Weston's	45,321
Human Performance Operating Centre	32,229
Commando Training Centre Royal Marines	25,022

10. ANALYSIS OF GOVERNANCE COSTS

	Total 2021 £	Total 2020 £
Trustee meetings	6,161	7,524
Auditor's remuneration	78,358	74,588
Legal and professional fees	76,192	87,454
Other governance costs	2,971	5,613
Support costs - see Note 11	895,264	885,104
	<u>1,058,946</u>	<u>1,060,283</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 2021

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 2021 is shown below.

Cost Type	Raising Funds 2021 £	Charitable Activities 2021 £	Governance 2021 £	Total allocated 2021 £	Basis
Staff costs	576,570	2,358,699	733,818	3,669,087	Staff time
Administration	152,096	456,290	152,096	760,482	Usage
Insurance	9,347	28,048	9,350	46,745	Usage
Depreciation and amortisation	74,510	74,510	-	149,020	Usage
	<u>812,523</u>	<u>2,917,547</u>	<u>895,264</u>	<u>4,625,334</u>	
Direct governance costs	-	-	163,682	163,682	Actual
	<u>812,523</u>	<u>2,917,547</u>	<u>1,058,946</u>	<u>4,789,016</u>	
Allocation of governance & support costs	264,737	794,209	(1,058,946)	-	Usage
	<u>1,077,260</u>	<u>3,711,756</u>	<u>-</u>	<u>4,789,016</u>	

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

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 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	
	2021	2021	2020	2020
	%	£	%	£
Programme Spend	40	1,489,102	31	1,143,439
Through Life Pathway	31	1,167,759	20	742,761
Quality of Life Pathway	11	815,836	42	1,552,232
Fit for Life Pathway	4	152,534	4	159,951
End of Life Pathway	2	86,525	2	68,121
	<u>100</u>	<u>3,711,756</u>	<u>100</u>	<u>3,666,504</u>

12. ANALYSIS OF STAFF COSTS

	2021 £	2020 £
Salaries and wages	3,119,352	3,006,617
Social security costs	331,603	320,584
Pension costs	218,132	217,617
	<u>3,669,087</u>	<u>3,544,818</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:

	2021 Number	2020 Number
£100,000 - £110,000	1	-
£90,000 - £99,999	-	1
£80,000 - £89,999	1	1
£70,000 - £79,999	4	3
£60,000 - £69,999	5	4
	<u>11</u>	<u>10</u>

The number of employees earning £60,000 or above for whom pension contributions have been paid in the year is eleven (2020: nine). The total pension contributions paid by the Charity during the year for employees earning more than £60,000 was £60,290 (2020: £45,834).

13. STAFF NUMBERS

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

	2021 Number	2020 Number
Direct charitable - Sports	8	8
Direct charitable - Benevolence	27	22
Support	48	42
	<u>83</u>	<u>72</u>

14. TRUSTEES AND KEY MANAGEMENT PERSONNEL

No trustee received emoluments in the period (2020: none). Total travel expenses of £980 (2020: £324) were paid to seven (2020: two) 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 £371,774 (2020: £373,266). No trustee received any remuneration as part of this figure.

15. MOVEMENT IN NET FUNDS FOR THE YEAR

	2021 £	2020 £
Movement in net funds is stated after charging/(crediting):		
Auditor's remuneration (including irrecoverable VAT):		
- Statutory audit (current year)	48,764	44,040
- Taxation	565	1,045
- Other	29,029	29,503
Depreciation - owned assets	107,421	119,089
Amortisation	41,598	-
	<u>187,377</u>	<u>193,677</u>

**THE ROYAL NAVY AND ROYAL MARINES CHARITY
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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 2021	290,359
Additions	167,690
Disposals	-
	<hr/>
As at 31 December 2021	458,049
	<hr/> <hr/>
Amortisation	
As at 1 January 2021	173,565
Charge for the year	41,598
Eliminated on disposal	-
	<hr/>
As at 31 December 2021	215,163
	<hr/> <hr/>
Net book value	
As at 31 December 2021	242,886
	<hr/> <hr/>
As at 31 December 2020	116,794
	<hr/> <hr/>

18. INTANGIBLE FIXED ASSETS - CHARITY

	Website
Cost or valuation	£
As at 1 January 2021	34,392
Additions	16,907
Disposals	-
	<hr/>
As at 31 December 2021	51,299
	<hr/> <hr/>
Depreciation	
As at 1 January 2021	25,360
Charge for the year	9,032
Eliminated on Disposals	-
	<hr/>
As at 31 December 2021	34,392
	<hr/> <hr/>
Net book value	
As at 31 December 2021	16,907
	<hr/> <hr/>
As at 31 December 2020	9,032
	<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 2021	898,464	550,000	301,211	1,749,675
Additions	-	-	30,671	30,671
Disposals	-	-	-	-
As at 31 December 2021	<u>898,464</u>	<u>550,000</u>	<u>331,882</u>	<u>1,780,346</u>
Depreciation				
As at 1 January 2021	67,671	20,484	211,773	299,928
Charge for the year	35,105	11,987	60,329	107,421
Eliminated on disposal	-	-	-	-
As at 31 December 2021	<u>102,776</u>	<u>32,471</u>	<u>272,102</u>	<u>407,349</u>
Net book value				
As at 31 December 2021	<u>795,688</u>	<u>517,529</u>	<u>59,780</u>	<u>1,372,997</u>
As at 31 December 2020	<u>830,793</u>	<u>529,516</u>	<u>89,438</u>	<u>1,449,747</u>

19. TANGIBLE FIXED ASSETS – CHARITY

	Leasehold Improvements	Freehold property	Office and computer equipment	Total
Cost or valuation	£	£	£	£
As at 1 January 2021	888,594	-	215,899	1,104,493
Additions	600	-	26,669	27,269
Disposals	-	-	-	-
As at 31 December 2021	<u>889,194</u>	<u>-</u>	<u>242,568</u>	<u>1,131,762</u>
Depreciation				
As at 1 January 2021	67,671	-	144,377	212,048
Charge for the year	35,105	-	49,906	85,011
Eliminated on disposal	-	-	-	-
As at 31 December 2021	<u>102,776</u>	<u>-</u>	<u>194,283</u>	<u>297,059</u>
Net book value				
As at 31 December 2021	<u>786,418</u>	<u>-</u>	<u>48,285</u>	<u>834,703</u>
As at 31 December 2020	<u>820,923</u>	<u>-</u>	<u>71,522</u>	<u>892,445</u>

**THE ROYAL NAVY AND ROYAL MARINES CHARITY
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20. FIXED ASSET INVESTMENTS

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Movements in fixed asset investments				
Market value brought forward	83,854,063	95,306,131	52,997,260	61,504,028
Additions at cost	89,374,807	17,899,823	67,330,262	10,873,561
Disposals at carrying value	(94,093,411)	(24,917,594)	(71,874,730)	(16,471,619)
Net gain/(loss) on revaluation	8,410,978	(4,434,297)	4,964,908	2,908,710
Market value carried forward	<u>87,546,437</u>	<u>83,854,063</u>	<u>53,417,700</u>	<u>52,997,260</u>

Analysis of market value of investments by type:

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Unlisted – RNRMC Enterprises Limited	-	-	100,000	100,000
Equities	61,262,759	58,591,459	37,198,815	38,023,012
Bonds	9,875,485	9,718,381	5,460,891	6,339,768
Alternative investments	13,889,763	14,484,383	8,910,199	8,111,180
Cash	2,518,430	1,059,840	1,747,795	423,300
	<u>87,546,437</u>	<u>83,854,063</u>	<u>53,417,700</u>	<u>52,997,260</u>

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

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Within the United Kingdom	35,618,315	68,331,319	17,448,131	48,402,188
Outside the United Kingdom	51,928,122	15,522,744	35,969,569	4,595,072
	<u>87,546,437</u>	<u>83,854,063</u>	<u>53,417,700</u>	<u>52,997,260</u>

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21. STOCK	Group 2021 £	Group 2020 £	Charity 2020 £	Charity 2019 £
Goods for resale	310,372	250,189	-	-

22. DEBTORS	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Naval Service assisted travel loans	2,074	791	2,074	791
Accrued income	465,049	321,544	141,643	153,482
Owed from subsidiary undertakings	-	-	67,600	129,357
Other debtors and prepayments	1,261,302	461,480	1,059,664	204,625
	<u>1,728,425</u>	<u>783,815</u>	<u>1,270,981</u>	<u>488,255</u>

23. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Bank loan	10,000	5,000	-	-
Grants payable	3,303,385	2,863,869	3,247,622	2,688,720
Taxation and social security	115,194	106,454	48,457	35,534
Accrued expenses and Custodian funds	5,162,986	4,807,582	4,500,696	4,137,838
Deferred income (see Note 24)	1,020,879	5,064	908,663	-
Owed to subsidiary undertakings	-	-	23,093	78,748
	<u>9,612,444</u>	<u>7,787,969</u>	<u>8,728,531</u>	<u>6,940,840</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	2021 £	2020 £
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 Sarasin and cash	£ 350,083	£ 319,872
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 Sarasin and cash	£ 270,964	£ 247,579
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 Sarasin	£ 1,838,740	£ 1,680,054
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 Sarasin and cash	£ 109,194	£ 99,771
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 Sarasin and cash	£ 1,099,205	£ 1,004,341
Porth Kerris LIBOR fund	A grant received from the LIBOR fines fund to support a specific RN Project at Porth Kerris	Investment Portfolio with Sarasin	£ 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.

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24. DEFERRED INCOME

Deferred income comprises grants received for future financial periods

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Balance at 1 January	5,064	69,766	-	-
Amount released to incoming resources	(5,064)	(69,766)	-	-
Amount deferred in year	1,020,879	5,064	908,663	-
Balance at 31 December	<u>1,020,879</u>	<u>5,064</u>	<u>908,663</u>	<u>-</u>
Analysis:				
Release within one year	<u>1,020,879</u>	<u>5,064</u>	<u>908,663</u>	<u>-</u>
	<u>1,020,879</u>	<u>5,064</u>	<u>908,663</u>	<u>-</u>

25. CREDITORS:

AMOUNTS FALLING DUE IN MORE THAN ONE YEAR

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Bank loan	34,067	45,000	-	-
	<u>34,067</u>	<u>45,000</u>	<u>-</u>	<u>-</u>

During the prior 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 01.01.2021 £	Income £	Resources expended £	Transfers £	Investment gains/(losses) £	Balance at 31.12.2021 £
RNRMC general funds	28,897,170	2,608,369	(2,875,605)	(3,737,006)	2,543,554	27,436,482
Designated						
DRUMFORK	69,393	-	-	-	-	69,393
Building 37	705,963	-	(30,076)	-	-	675,887
Group and Charity designated total	775,356	-	(30,076)	-	-	745,280
RNRMC Enterprises Limited	-	177,880	(139,802)	(38,078)	-	-
Royal Marines Shop Limited	180,005	465,934	(459,607)	(20,000)	-	166,332
TRMCE	-	48,355	(204,550)	161,643	-	5,448
Group unrestricted total	29,852,531	3,300,538	(3,709,640)	(3,633,441)	2,543,554	28,353,542

Analysis of restricted fund movements – current year

	Balance at 01.01.2021 £	Income £	Resources expended £	Transfers £	Investment gains/(losses) £	Balance at 31.12.2021 £
Charity						
Naval Service Benevolence Fund	-	1,389,214	(5,306,204)	3,849,702	67,288	-
Naval Service Dependents' Fund	10,619,413	218,392	(316,939)	(816,945)	1,110,406	10,814,327
Naval Service Amenity Fund	499,469	-	(1,014,468)	514,999	-	-
Prizes and Awards Fund	4,870,209	100,352	(210,836)	-	511,074	5,270,799
FAA Benevolent Trust	4,991,392	99,573	(106,436)	-	506,614	5,491,143
QARNNS Trust Fund	917,613	23,575	(9,230)	-	93,328	1,025,286
Plymouth Royal Naval Aid Fund	258,536	5,181	(4,568)	-	26,394	285,543
Sir Donald Gosling Naval Aid	276,532	5,657	(9,777)	-	28,815	301,227
Naval Medical Compassionate Fund	758,823	15,205	(18,362)	-	77,434	833,100
Nuffield Trust	28,479	771,716	(799,049)	-	-	1,146
The Submarine Fund	50,116	127,086	(43,015)	-	-	134,187
Armed Forces Covenant Fund - SF	-	220,500	(179,350)	-	-	41,150
Armed Forces Covenant Fund - TL	-	35,000	(35,000)	-	-	-
OARD	-	42,734	-	-	-	42,734
Helping Jim	-	14,513	(1,203)	-	-	13,310
Paul Morris	-	164,758	(139,716)	-	-	25,042
Charity restricted total	23,270,582	3,233,456	(8,194,153)	3,547,756	2,421,353	24,278,994

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26. ANALYSIS OF CHARITABLE FUNDS (continued)

Group	Balance at 01.01.2021 £	Income £	Resources expended £	Transfers £	Investment gains/(losses) £	Balance at 31.12.2021 £
Naval Service Sports Charity	4,907,476	407,697	(622,060)	100,380	491,789	5,285,282
NSSC- RNRU fund	635	-	(635)	-	-	-
RNOC (RNBSO) - general funds	15,020,868	804,104	(785,874)	-	1,778,776	16,817,874
RNOC - RN Scholarship Fund	326,705	8,386	(43,839)	-	2,311	303,563
RMA-TRMC general funds	5,447,114	2,702,753	(1,498,112)	547,186	550,076	7,749,017
Marines museum fund	1,000,000	-	-	-	-	1,000,000
RMA	1,556,775	62,015	(368,591)	(690,334)	141,088	700,953
RM Benevolence Fund	1,537,609	427,193	(1,122,322)	126,948	184,222	1,153,650
RM Cadet Fund	128,893	2,066	(1,009)	-	10,993	140,943
RM Central Sergeants' Mess Fund	914,403	148,804	(152,416)	(17,592)	86,769	979,968
RM Central Unit Institute Fund	1,271,918	294,616	(117,530)	(92,650)	106,415	1,462,769
RM Officers' Trust Fund	1,121,116	143,422	(105,214)	(7,037)	93,632	1,245,919
Armed forces Covenant Trust - PP	33,250	-	(35,309)	-	-	(2,059)
Armed forces Covenant Trust - FFC	19,000	-	(8,413)	-	-	10,587
Armed forces Covenant Trust - SS	-	47,456	(16,852)	-	-	30,604
Armed forces Covenant Trust - OTM	-	122,624	(88,692)	-	-	33,932
RMSA	160,893	21,619	(155,636)	117,279	-	144,155
TRMC Enterprises Limited	(1,505)	-	-	1,505	-	-
Group Restricted Total	56,725,732	8,426,211	(13,316,657)	3,633,441	5,867,424	61,336,151

Analysis of permanent endowment fund movements – current year

	Balance at 01.01.2021 £	Incoming resources £	Resources expended £	Transfers £	Investment gains/(losses) £	Balance at 31.12.2021 £
Naval Service Benevolence Fund	655,649	-	-	-	-	655,649
Permanent Endowment Total	655,649	-	-	-	-	655,649

Analysis of unrestricted fund movements – prior year

	Balance at 01.01.2020 £	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

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26. ANALYSIS OF CHARITABLE FUNDS (continued)

Analysis of restricted fund movements – prior 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 Dependants' 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
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
	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

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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 2022.
- 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.

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27. ANALYSIS OF GROUP NET ASSETS BETWEEN FUNDS

As at 31 December 2021	Unrestricted* Funds £	Restricted Funds £	Endowment Funds £	2021 Total £
Tangible fixed assets	838,019	534,978	-	1,372,997
Intangible Fixed Assets	440	242,446	-	242,886
Fixed asset investments	24,574,678	62,316,110	655,649	87,546,437
Cash at bank and in hand	3,304,245	5,486,491	-	8,790,736
Other net current assets/(liabilities)	(329,773)	(7,243,874)	-	(7,573,647)
Long term liabilities	(34,067)	-	-	(34,067)
	<u>28,353,542</u>	<u>61,336,151</u>	<u>655,649</u>	<u>90,345,342</u>

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	27,733,106	55,465,299	655,649	83,854,054
Cash at bank and in hand	2,552,607	6,059,649	-	8,612,276
Other net current assets/(liabilities)	(1,337,999)	(5,415,940)	-	(6,753,939)
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>

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 2021:

	2021 £	2020 £
Income	708,449	496,771
Expenditure	(725,672)	(650,794)
Gains/(losses) on investments	1,781,086	(674,261)
Income/ (expenditure)	<u>1,763,863</u>	<u>(828,284)</u>
Total assets	17,144,283	15,421,843
Liabilities	(22,849)	(64,272)
Net assets	<u>17,121,434</u>	<u>15,357,751</u>
Restricted funds	303,563	336,705
Unrestricted funds	16,817,871	15,020,866
	<u>17,121,434</u>	<u>15,357,751</u>

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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 2021:

	2021 £	2020 £
Income	527,543	617,519
Expenditure	(642,315)	(724,355)
Gains/(losses) on investments	429,003	(126,496)
Net income/(expenditure)	314,231	(233,332)
 Total assets	 5,462,950	 5,160,426
Liabilities	(177,824)	(189,531)
Net assets	5,285,126	4,970,865
 Restricted funds	 -	 636
Unrestricted funds	5,285,126	4,970,259
	5,285,126	4,970,865

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 2021:

	2021 £	2020 £
Income	4,119,516	3,184,557
Expenditure	(3,833,244)	(6,001,309)
Gains/(losses) on investments	1,173,195	(662,050)
Net income/(expenditure)	1,459,467	(3,478,802)
 Total assets	 15,113,893	 13,863,627
Liabilities	(463,472)	(672,673)
Net assets	14,650,421	13,190,954
 Restricted funds	 5,200,468	 5,187,083
Unrestricted funds	9,449,953	8,003,871
	14,650,421	13,190,954

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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 2021:

	2021 £	2020 £
Income	197,500	598,505
Expenditure	(151,811)	(487,615)
Net income - gift aided to RNRMC	<u>45,689</u>	<u>110,890</u>
Total assets	314,990	238,357
Liabilities	(214,990)	(138,357)
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 2021:

	2021 £	2020 £
Income	211,503	739,544
Expenditure	(204,550)	(741,050)
Net movement in funds	<u>6,953</u>	<u>(1,506)</u>
Current assets	74,331	291,748
Liabilities	(68,883)	(293,253)
Net assets	<u>5,448</u>	<u>(1,505)</u>
Net assets/(liabilities)	<u>5,448</u>	<u>(1,505)</u>

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33. DISCLOSURE OF SUBSIDIARIES – ROYAL MARINES SHOP LIMITED

RMA-TRMC became 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 for the year 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 2021:

	2021 £	2020 £
Income	411,105	441,200
Expenditure	(404,778)	(382,513)
Net movement in funds	<u>6,327</u>	<u>58,687</u>

	2021 £	2020 £
Fixed assets	3,755	3,336
Current assets	272,960	259,659
Liabilities	(110,283)	(82,890)
Net assets	<u>166,432</u>	<u>180,105</u>

34. PENSIONS AND OTHER POST-RETIREMENT BENEFIT COMMITMENTS

The Charity operates a defined contribution scheme, which is administered independently of the Charity. The cost to the Charity for the year was £218,132 (2020: £217,617). At the Balance Sheet date the amount due to the pension scheme administrators was £Nil (2020: £18,683).

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 £42,479 (2020: £27,192) 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 £120,000 (2020: £195,000).

During the year The Royal Navy and Royal Marines Charity made a grant to its subsidiary, RMA - The Royal Marines Charity, of £126,948 (2020: £100,000).

During the year The Royal Navy and Royal Marines Charity charged its subsidiaries the following amounts in respect of management and administration services: RNRMC Enterprises Limited £12,009 (2020: £14,908).

During the year RNRMC Enterprises Limited donated £45,689 (2020: £110,890) to the parent 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:

	2021	2020
	£	£
Due within:		
1 year	46,060	46,967
2-5 years	164,164	170,224
More than 5 years	675,945	715,945
	<u>866,169</u>	<u>933,136</u>

37. NET DEBT

	1 January 2021 £	Cash flows 2021 £	31 December 2021 £
Cash at bank	8,612,273	178,463	8,790,736
Bank loan	(50,000)	5,933	(44,067)
	<u>8,567,273</u>	<u>184,396</u>	<u>8,746,669</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.