

ANNUAL REPORT OF THE TRUSTEES AND COMMITTEE OF *THE NAVAL REVIEW* – 2021/22

Reference and Administrative Details.

1. The Charity is named '*The Naval Review*'. Its Charity Registration Number is 214610.

2. Its office is situated at 14 Bedford Road, WELLS, Somerset, BA5 3NH.

3. The Trustees of *The Naval Review* are:

Vice Admiral Sir Clive Johnstone KBE CB (Chairman)(Appointed Jan 2022)

Vice Admiral Sir Tim Laurence KCVO CB ADC

Vice Admiral A P Burns CB OBE

Rear Admiral S P Williams CB CVO

Rear Admiral S Ancona CBE

Commodore D I Burns RN (rtd)

Professor Commander S W Haines RN (rtd)

Hon Captain J Sproule RNR

Commander I D Park RN

4. The officers of the Charity are:

- Editor: Rear Admiral B N B Williams CBE (rtd)
- Digital Editor: Commodore M Beardall RN (rtd)
- Book Reviews Editor: Dr James Bosbotinis
- Secretary-Treasurer: Mrs Emma Rowlands

5. Other relevant organisations which support *The Naval Review* are:

- Banker:
The National Westminster Bank plc
South Kensington Station Branch
PO Box No. 592
18 Cromwell Place
London SW7 2LB
- Independent Examiner:
PN Independent Examinations
5 Nursery Road
Bedhampton
HAVANT
PO9 3BG
- Investment Management:
Quilter Cheviot
One Kingsway
LONDON
WC2B 6AN

Structure, Governance and Management

6. The Charity was established under the terms of a Trust Deed dated 19 September 1927 amended by a Deed of Variation dated 12 May 2016. This constitutes its governing document.

7. The number of Trustees is set by the Trust Deed at not less than three and not more than seven or such other number as the Trustees may think fit. They are recruited as required from among the longer-serving subscribers to *The Naval Review* and serve for an initial term of four years; they may be re-appointed for two further periods of four years. The Chairman is always a senior retired naval officer of Flag Rank.

8. The Trustees meet as required, but not less than twice a year. They take advice from a committee drawn from subscribers of all ranks that primarily supports the Editor. The committee consists of the following persons:

Captain K Rowlands PhD RN
Captain S R Atkinson PhD RAN (rtd)
Lieutenant Commander G D Franklin RN (rtd)

9. All policy decisions, in particular subscriptions and rates of honoraria paid to the officers, are taken by the Trustees. The day-to-day production of the journal, the administration and financial affairs of the Charity, and the running of the Charity's website are carried out by four officers: the Editor, the Secretary-Treasurer, the Digital Editor and the Book Reviews Editor. The Secretary-Treasurer is the sole employee of the Charity; the Editor, Digital Editor and Book Reviews Editor are granted an honorarium in recognition of their contribution to the production and management of *The Naval Review*.

Objectives and Activities.

10. The Trust Deed states the objective as follows:

"Encouraging thought and discussion on such subjects as strategy, tactics, naval operations, staff work, administration, organisation, command, discipline, education, naval history and any other topic affecting the fighting efficiency of the Navy but excluding the material aspects of the technical sciences and in the hope that it would help to build up that body of sound doctrine which is so essential to success in war and to provide a means of expression and discussion within the Service."

The Trustees seek to pursue this objective by promoting among its subscribers imaginative thinking, research, critical analysis, correspondence and informed debate on naval matters, in order to support the efficiency of those across the Royal Navy (Royal Navy, Royal Marines, Royal Fleet Auxiliary, RN and RM Reservists).

11. This aim is paraphrased on the title page of every issue of *The Naval Review* journal and on the *Naval Review* website, as follows:

"To promote the advancement and spreading within the Service of knowledge relevant to the higher aspects of the Naval profession."

12. The Trustees have complied with their duty to have due regard to the guidance on public benefit published by the Charity Commission. Noting the Trust Deed (paragraph 10 above) the Trustees remain satisfied that through research, analysis, writing and debate subscribers transfer knowledge that strengthens the intellectual capacity of the armed services in the public interest, to the benefit of national security. The Trustees are actively pursuing means to expand the educational aspects of the activities of *The Naval Review* in pursuit of its charitable purpose. In that, clarity in its relationship, as

an independent charity, with the Royal Navy is critical. Rejuvenation and codification of this linkage mechanisms to promote freedom of discourse has been agreed (April 2019) and captured in the following agreement with the Royal Navy:

“For over a century, The Royal Navy and the Naval Review have enjoyed of a unique relationship. In respecting this special relationship, and in acknowledgement of constraints imposed on serving members by established MoD communications policy, the Naval Review will remain limited to membership by subscription only. But such agreement is on the clear understanding that the Naval Review will sustain its independent voice and continue to encourage reasonable challenge to accepted policy amongst and by its members.”

13. The following are eligible to subscribe: officers and ratings, active or retired, of the Armed Forces of the Crown and the Commonwealth, and their Reserves; also members of the Royal Corps of Naval Constructors, and officers and ratings of the RMAS and RFA Service; and civil servants who hold or have held appointments in the Naval Commands, or appointments with a Naval Connection in the Ministry of Defence Headquarters or the Defence Equipment and Support; and officers and ratings, active or retired, of the Armed Forces of certain nations with which the United Kingdom has strong military connections. The necessary restrictions on those who can subscribe have no bearing on the public benefit delivered by *The Naval Review*. In fact, significant effort has been committed to the creation of a fully searchable educational archive of all issues from 1913.

14. The prime activity of the charity remains the quarterly publication of a journal, *The Naval Review*. This has now been published continuously since January 1913 when the Trust’s forerunner, a Corresponding Society named *The Naval Society*, was established with similar objectives. The Charity’s website provides subscribers with access to archive material, and also provides a more immediate discussion forum than the quarterly journal can provide. However, the journal itself remains the journal of record. For a small charge, material more than ten years old is available for one month to anybody having access to the internet. All the indications are that this provides a valued source of research material to the wider community and, in particular, academics interested in maritime affairs.

Achievements

15. The last five years can be summarised as one of evolution for the *Review*. Financially relatively sound, the clear challenge for the *Review* was, at the beginning of this period, to address: rejuvenation of the membership (bringing in new cohorts of serving junior officers); rejuvenation and development of the *Review*’s relationship with the Naval Service; adapting to the realities of modern media outlets and formats; reforming management processes (including building in redundancy); improving compliance with all statutory requirements; and, critically, enhancing the quality and scope of the discourse of the *Review*. In all respects the *Naval Review* has made steady progress following a policy set to shift the discourse lead to digital presence with the printed output becoming the journal of professional record. But challenges regarding attracting, recruiting and retaining junior membership and enacting fully elements of the RN-NR codification remain outstanding albeit progressing at a slower pace.

The COVID-19 Pandemic has meant greater reliance on virtual meetings but, largely, has had little effect on *Naval Review* output. Notwithstanding, there remains inherent risk in the very lean Executive Team where loss of any individual will have a substantial impact on *The Naval Review*’s output and performance.

As part of the tool set for encouraging member achievement, in particular younger member achievement, the sponsorship of annual awards and prizes remains under development. Currently the offer is:

- The annual award of £250 for the best article published in the journal by a junior officer. The prize has been renamed *The Clive Richards Prize* in recognition of a generous donation of shares the income from which provides the funds for this award.
- Enhanced prizes to be awarded to young officers who have authored articles of particular merit.
- A competition for the award of an annual fellowship to allow a junior officer of the Royal Navy or Royal Marines to undertake a six-week period of study in defence establishments in Australia on a subject of mutual interest to the Royal and Royal Australian Navies as part of his or her professional development. On completion, the successful candidate submits a paper for publication in the journal. Ten fellows have undertaken studies in Australia between 2010 and 2019. An eleventh fellow was selected for 2020 although his trip has been postponed due to Coronavirus. This fellowship continues to be generously sponsored by Ultra Electronics.
- An annual cash prize of £250 for the Naval student on the MSc Technology (Maritime Operations) course at Kingston University who provides the best academic paper published in *The Naval Review* on a topic relevant to their career.
- Following a generous donation from Matthew Wills, two new annual prizes each of £500 were awarded in 2017 for the first time. The award is made for the best articles published in the journal on the shared history of the Royal Navy and the United States Navy and Royal Navy/United States Navy cooperation in the 21st Century.
- And finally, to capture and encourage the Reservist portion of the Service there is now an award of a £500 prize, entitled the Warden Berry prize, for the best article submitted by any serving member of the RNR or RMR.

Financial Review

16. **Finance.** The principal source of income for *The Naval Review* is subscriptions. The current number of subscribers is 1577, a 0.6% reduction from the previous year which suggests that the rate of decline in membership is slowing. It has been the practice to endeavour to balance surpluses and deficits over the cycle of a particular subscription level. After maintaining annual subscriptions at £38 for three years, the Trustees decided to increase this to £40 from 1 January 2019 and they have maintained this level for the period 2020-2022. And, to reflect the move into digital only membership, a new digital only membership subscription (and various discount offers for new joiners) was agreed by Trustees and enacted on 1 May 2021. These digital only subscriptions are founded on the full digital and print membership rates. In 2021, the General Fund recorded an increase in value of £2,249 as a result of strong investment performance. At their November 2019 meeting, the Trustees made the decision to transfer the investments of *The Naval Review* to the Quilter Cheviot Global Income & Growth Fund – the rate of growth is pleasing; overall, during 2021, the market value of investments increased by £19,528 to stand at £171,523 at year end.

17. **Reserves.** Reserves are maintained to provide stability and to ensure that the journal can continue to be published despite a sudden dramatic and unexpected short-term loss on income. In 2013, the Trustees revised their policy on reserves; it is now intended that reserves should be maintained at a level equivalent to between 18-24 months expenses at the current rate. Based on General Fund expenditure in 2021, reserves on 31 December 2021 equated to 21 months expenditure.

18. **Risks.** A risk register is reviewed regularly, and the Trustees maintain Indemnity Insurance. The Trustees have assessed that the long-term risks to which the Charity is exposed are mainly financial or relate to maintaining its reputation for providing an outlet for independent thought. An existential risk remains failure to grow a membership consisting of more Service personnel. A number of

initiatives have borne some fruit in attracting more junior members. Effort now is focussed on initiatives that might help subsidise the individual membership of serving personnel.

Plans for Future Periods.

19. In 2020 the Trustees established a far-reaching Evolution & Succession policy which linked the skill sets of the future Executive Team with that required for a future where the digital output will take the lead in *Naval Review* business and where the printed product will become the journal of professional record. The Assistant Editor now known as the Digital Editor was replaced in 2021 and the current Editor will stand down at the end of August. The principle that *The Naval Review* is the journal of professional record for the Naval Service and professional aspects relating to defence and security, especially in the maritime environment remains unchanged. The Trustees do not underestimate the challenge of sustaining relevance and credibility and in early 2022 commissioned a 100 Day Review to examine all aspects of the Naval Review's business model. Whilst this examination continues and will result in a modified plan, the existing priorities set by the board of Trustees for 2022/23 are as follows:

- **Expanded Membership** – expansion of overall membership numbers remains critical to future viability. In that there is a concurrent need to shift the membership age profile towards building a younger majority to further reinforce the central purpose of the *Review*, whilst broadening the base where possible amongst other Services and those with an affinity or affiliation to the maritime case ie the Defence Maritime sector.
- **Intellectual Alignment** – building on the rejuvenated codification of the special relationship with the Royal Navy, the *Naval Review* will work to develop key academic links with the Navy through the First Sea Lord's Fellowship, the RN Strategic Studies Centre and conferences, and through stimulating new academic links.
- **Broadened Discourse** – building on on-line and social media developments, adjustment of the primacy between digital and printed media needs to be addressed to match the expectation of modern membership. In future increased emphasis on the digital experience means the journal will become increasingly the second strand activity as a journal of professional record for collective wisdom developed in the digital space.

Approved by the Trustees and signed on their behalf by:

Signed on Original

Sir Clive Johnstone
CHAIRMAN
18 May 22

THE NAVAL REVIEW
Registered Charity No. 214610
STATEMENT OF ASSETS AND LIABILITIES
31-Dec-21

		<u>2021</u>	<u>2020</u>
<i>Fixed Assets</i>			
Investments (at market value)	Note	£ 174,508	£ 154,641
<i>Current Assets</i>			
Bank Accounts	£ 20,465		£ 34,544
Travel prepaid	£ 44		£ -
Subscriptions in Arrears	£ -		£ 3,000
Total Current Assets		<u>£ 20,509</u>	<u>£ 37,544</u>
<i>Current Liabilities</i>			
HMRC (PAYE)	£ 75		£ 74
Bank Charges	£ 27		£ 55
Officials' Expenses	£ -		£ 45
Subscriptions in advance	£ 2,050		£ 1,400
Clive Richards Prize	£ 250		£ 250
Mathew Wills Prizes	£ 1,000		£ 1,000
Warden Berry Prize	£ 500		£ 500
Prize Fund	£ 300		£ 300
Account Examination	£ 210		£ 205
Total Liabilities		<u>£ 4,412</u>	<u>£ 3,829</u>
Net Current Assets		£ 16,097	£ 33,715
Net Assets		<u>£ 190,605</u>	<u>£ 188,356</u>
Represented by:			
General Purposes Fund		£ 180,558	£ 176,318
Centenary Fund (Restricted)		£ -	£ 330
Matthew Wills Fund (Restricted)		£ 5,000	£ 7,000
Clive Richards Fund (Endowment)		£ 2,985	£ 2,646
Ultra Elec Prize Fund (Restricted)		£ 2,062	£ 2,062
RJD Technology Prize Fund (Restricted)		£ 1,750	£ 750
		<u>£ 190,605</u>	<u>£ 188,356</u>

Note: Investments

	Market Value		Cost
	2021	2020	
Quilter Cheviot- Naval Review	£ 171,523	£ 151,995	£ 126,436
Quilter Cheviot -Clive Richards (Endowment)	£ 2,985	£ 2,646	£ 2,136
	<u>£ 174,508</u>	<u>£ 156,661</u>	<u>£ 128,572</u>

Approved by the Trustees on 18th May 2022 and
signed on their behalf by

Signed on Original

Vice Admiral Sir Clive Johnstone KBE CB
Chair of Trustees

THE NAVAL REVIEW
Receipts & Payments Summary (Bank Account)
1 January 2021 to 31 December 2021

<u>Receipts</u>	<u>2021</u>			<u>2020</u>		
	General Fund	Restricted Funds	Total	General Fund	Restricted Funds	Total
Subscription Income	£ 71,958		£ 71,958	£ 67,731		£ 67,731
Income Tax Recovered	£ 10,603		£ 10,603	£ 21,800		£ 21,800
Interest and Dividends from Investments	£ 6		£ 6	£ 2,331		£ 2,331
Legacy				£ 500		£ 500
Prize Funds		£ 1,500	£ 1,500		£ 500	£ 500
Books	£ 32		£ 32	£ 263		£ 263
Miscellaneous Income	£ 139		£ 139	£ 819		£ 819
<u>Total Receipts</u>	<u>£ 82,738</u>	<u>£ 1,500</u>	<u>£ 84,238</u>	<u>£ 93,443</u>	<u>£ 500</u>	<u>£ 93,943</u>
<u>Payments</u>						
Salaries and Honoraria	£ 49,093		£ 49,093	£ 47,278		£ 47,278
Pensions	£ 1,145		£ 1,145	£ 1,232		£ 1,232
Printing and Production	£ 27,818		£ 27,818	£ 31,085		£ 31,085
Stationery and Duplicating	£ 526		£ 526	£ 252		£ 252
IT Equipment and Software				£ 940		£ 940
Bank Charges	£ 511		£ 511	£ 570		£ 570
Direct debit Charges + rejected DD	£ 1,564		£ 1,564	£ 2,208		£ 2,208
Postage and telephone	£ 9,580		£ 9,580	£ 10,309		£ 10,309
Website	£ 3,878		£ 3,878	£ 2,468		£ 2,468
Prizes	£ 915	£ 1,500	£ 2,415	£ 1,050	£ 2,964	£ 4,014
Trustee Indemnity Insurance	£ 668		£ 668	£ 414		£ 414
Custodian Trustee Fees				£ 1,379		£ 1,379
Examination Fee	£ 205		£ 205	£ 200		£ 200
Sundry Expenses & Travel	£ 915		£ 915	£ 2,540		£ 2,540
<u>Total Payments</u>	<u>£ 96,817</u>	<u>£ 1,500</u>	<u>£ 98,317</u>	<u>£ 101,925</u>	<u>£ 2,964</u>	<u>£ 104,889</u>
Payments exceed Receipts	£ (14,079)	£ -	£ (14,079)	£ (8,482)	£ (2,464)	£ (10,946)
Bank 1 January 2021			£ 34,544			£ 34,544
General Purposes Fund - Payments exceed Receipts			£ (14,079)			£ (8,482)
Restricted Funds - Receipts = Payments			£ -			£ (2,464)
Bank 31 December 2021			<u>£ 20,465</u>			<u>£ 23,598</u>

PN INDEPENDENT EXAMINATIONS

5 Nursery Road
Havant
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The Trustees
The Naval Review

14 Feb 22

THE NAVAL REVIEW - ANNUAL EXAMINATION & ACCOUNTS – 31 DEC 21

1. The examination of the Naval Review fund for the year to 31 Dec 21 has been completed satisfactorily.
2. The Quilter Cheviot investments continued to do well, gaining £19.9K (13%) as the total value of the investments had increased to £174.5K. Most of the increase came from the growth in market value but the balance, around £4.6K, came from reinvested dividends.
3. The bank account balance had fallen by £14K to £20.5K with one reason being the lack of dividend income. Of course, the trustees can choose to take the dividends as an income into the bank account rather than automatically reinvest.
4. The main points of note in the accounts were:
 - Subscription income had increased by £4.2K (6%).
 - Gift Aid recovered was £10.6K. (The £21.8K received in the previous year covered two years' repayments).
 - Salary and pension costs had increased by 4% to £50.2K.
 - Printing and production costs had fallen by 11% to £27.8K.
 - Website and e publishing costs had increased by 57% to £3.9K.
 - Postage costs had fallen by 7% to £9.6K.
5. HMRC has accepted that provision of a periodical to members is “valued at nil for the purposes of the donor benefit rules” and therefore Gift Aid tax relief can be claimed. Similarly, subscriptions and the provision of a journal are primary purpose charitable activities and therefore the charity does not need to register for VAT.
6. The overall value of the fund had increased by £2.2K to £190.6K. However, this rise came from the £19.9K increase in the value of the investments as the running costs of the fund had exceeded receipts by £17.2K.

P A Nicholls
PN Independent Examinations