

ANNUAL REPORT OF THE TRUSTEES AND COMMITTEE OF *THE NAVAL REVIEW* – 2022/23

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)

Vice Admiral Sir Tim Laurence KCVO CB ADC

Vice Admiral A P Burns CB OBE

Rear Admiral S Ancona CBE (rtd)

Commodore D I Burns RN (rtd)

Hon Captain J Sproule RNR

Captain I D Park RN

Captain S E Oakley RN

Colonel J A E Lewis RM

Lieutenant Commander F C Allen RN

Doctor T J Benbow

4. The officers of the Charity are:

- CEO/Editor: Commodore M J D Beardall RN (rtd)
- Assistant Editor: Doctor Alexander Howlett PhD
- Book Reviews Editor: Doctor James Bosbotinis PHD
- 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
Senator House
85 Queen Street
LONDON
EC4V 4AB

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 the Executive appointees.

9. All policy decisions, in particular subscriptions and rates of pay to the Executive, are taken by the Trustees. The day-to-day running of the website, social media and the quarterly production of the journal, the administration and financial affairs of the Charity, and the running of the Naval Review are carried out by four officers: The CEO/Editor, the Secretary-Treasurer, the Assistant Editor and the Book Reviews Editor. The CEO/Editor and Secretary-Treasurer are employees of the Charity; the Assistant Editor and Book Reviews Editor are self-employed and contracted on a part-time basis for their specialist services for 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, www.naval-review.com, 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 forces 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 RMAF 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 and digital curation 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, however, the last year 2022 has seen an increase in the pace of change to embrace digital management of both the charity's business information and the product, namely the website and the journal. 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*. Not to mention the additional challenges presented by recent inflation in the UK economy. 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 remaining the journal of professional record. Challenges attracting, recruiting and retaining junior serving and middle ranking membership remains a key driver.

As part of the tool set for encouraging member achievement, in particular younger member achievement, the sponsorship of annual awards and prizes remains under review. 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.

- 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 primary source of income for *The Naval Review* is subscriptions. The current number of subscribers is 1529, a 3% 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 £40 for four years, the Trustees decided to increase this to £50 from 1 January 2023. The cost of the new digital only membership subscription was maintained at £30. In 2022, the overall value of the fund fell by £53.5k as the Trustees took the decision to sell a portion of the investments held in the Quilter Cheviot Global Interest & Growth Fund to finance a programme of change, including a new website. The market value of the remaining investments stood at £98,704 at year end. Work to expand the model to generate other streams of revenue is being pursued.

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 2022, reserves on 31 December 2022 equated to 12 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 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 2023 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 wider Military Maritime Security 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 online 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
12 May 23

THE NAVAL REVIEW
Registered Charity No. 214610
STATEMENT OF ASSETS AND LIABILITIES
31-Dec-22

		<u>2022</u>	<u>2021</u>
<i>Fixed Assets</i>			
Investments (at market value)	Note	£ 98,704	£ 174,508
<i>Current Assets</i>			
Bank Accounts		£ 48,245	£ 20,465
Travel prepaid		£ -	£ 44
Total Current Assets		<u>£ 48,245</u>	<u>£ 20,509</u>
<i>Current Liabilities</i>			
HMRC (PAYE)		£ 57	£ 75
Bank Charges		£ 194	£ 27
Book Binding		£ 110	£ -
Subscriptions in advance		£ 5,400	£ 2,050
Advertising		£ 2,500	£ -
Clive Richards Prize		£ 250	£ 250
Mathew Wills Prizes		£ 500	£ 1,000
Warden Berry Prize		£ 500	£ 500
Prize Fund		£ 150	£ 300
Account Examination		£ 220	£ 210
Total Liabilities		<u>£ 9,881</u>	<u>£ 4,412</u>
Net Current Assets		£ 38,364	£ 16,097
Net Assets		<u>£ 137,068</u>	<u>£ 190,605</u>
Represented by:			
General Purposes Fund		£ 128,006	£ 180,558
Clive Richards Fund (Endowment)		£ 2,735	£ 2,985
Matthew Wills Fund (Restricted)		£ 4,500	£ 5,000
Warden Berry Prize		£ 2,500	£ -
Ultra Elec Prize Fund (Restricted)		£ 2,062	£ 2,062
RJD Technology Prize Fund (Restricted)		£ 1,750	£ 1,750
		<u>£ 137,068</u>	<u>£ 190,605</u>

Note: Investments

Market Value

	2022	2021
Quilter Cheviot- Naval Review	£ 96,048	£ 171,523
Quilter Cheviot -Clive Richards (Endowment)	£ 2,656	£ 2,985
	<u>£ 98,704</u>	<u>£ 174,508</u>

Approved by the Trustees on 5th May 2023 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 2022 to 31 December 2022

<u>Receipts</u>	<u>2022</u>			<u>2021</u>		
	General Fund	Restricted Funds	Total	General Fund	Restricted Funds	Total
Subscription Income	£ 69,289		£ 69,289	£ 71,958		£ 71,958
Income Tax Recovered (Gift Aid)	£ 11,156		£ 11,156	£ 10,603		£ 10,603
Sale of Investments	£ 59,469		£ 59,469			
Interest	£ 156		£ 156	£ 6		£ 6
Donations	£ 5,100		£ 5,100			
Advertising	£ 2,500		£ 2,500			
Prize Funds		£ 3,000	£ 3,000		£ 1,500	£ 1,500
Books	£ 10		£ 10	£ 32		£ 32
Miscellaneous Income	£ 1,051		£ 1,051	£ 139		£ 139
Total Receipts	£ 148,731	£ 3,000	£ 151,731	£ 82,738	£ 1,500	£ 84,238
<u>Payments</u>						
Salaries and Honoraria	£ 53,957		£ 53,957	£ 49,093		£ 49,093
Pensions	£ 1,180		£ 1,180	£ 1,145		£ 1,145
Printing and Production	£ 29,215		£ 29,215	£ 27,818		£ 27,818
Stationery and Duplicating	£ 20		£ 20	£ 526		£ 526
IT Support/Zoom	£ 3,735		£ 3,735			
Bank Charges	£ 518		£ 518	£ 511		£ 511
Direct Debit Charges + rejected DD	£ 1,379		£ 1,379	£ 1,564		£ 1,564
Postage and telephone	£ 9,741		£ 9,741	£ 9,580		£ 9,580
Website	£ 18,342		£ 18,342	£ 3,878		£ 3,878
Prizes	£ 550	£ 1,500	£ 2,050	£ 915	£ 1,500	£ 2,415
Trustee Indemnity Insurance	£ 668		£ 668	£ 668		£ 668
Examination Fee	£ 210		£ 210	£ 205		£ 205
RNSSC	£ 1,400		£ 1,400			
Sundry Expenses & Travel	£ 1,535		£ 1,535	£ 915		£ 915
Total Payments	£ 122,450	£ 1,500	£ 123,950	£ 96,817	£ 1,500	£ 98,317
 Receipts exceed Payments	 £ 26,280	 £ 1,500	 £ 27,780	 £ (14,079)	 £ -	 £ (14,079)
 Bank 1 January 2022			£ 20,465			£ 34,544
General Purposes Fund - Receipts exceed Payments			£ 26,280			£ (8,482)
Restricted Funds - Receipts exceed Payments			£ 1,500			£ (2,464)
Bank 31 December 2022			<u>£ 48,245</u>			<u>£ 23,598</u>

Independent Examiner's Report to the Trustees of the Naval Review (Charity No 214610)

I report on the accounts of the Charity for the year ended 31 December 2022, which are set out in pages 1 to 2.

Respective responsibilities of trustees and examiner

The charity's trustees are responsible for the preparation of the accounts. The charity's trustees consider that an audit is not required for this year under section 145 of the Charities Act 2011 ("the Act") and that an independent examination is needed.

It is my responsibility to:

- examine the accounts under section 145 of the 2011 Act;
- to follow the procedures laid down in the General Directions given by the Charity Commission under section 145(5)(b) of the Charities Act, and
- to state whether particular matters have come to my attention.

Basis of independent examiner's report

My examination was carried out in accordance with the general Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the charity and a comparison of the accounts presented with those records. It also includes consideration of any unusual items or disclosures in the accounts, and seeking explanations from you as trustee for any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently no opinion is given as to whether the accounts present a 'true and fair view' and the report is limited to those matters set out in the statement below.

Independent examiner's statement

I have completed my examination. I confirm that no material matters have come to my attention in connection with the examination which gives me cause to believe that in any material respect:

- The accounting records were not kept in accordance with section 130 of the Charities Act;
or
- The accounts did not accord with the accounting records;

I have no concerns and have come across no other matters in connection with the examination to which attention should be drawn in this report in order to enable a proper understanding of the accounts to be reached.

Signed on Original

P A Nicholls MBE MAAT
5 Nursery Road
Havant
Hants PO9 3BG

25 March 2023