

ROYAL NAVY MUSEUMS

England & Wales · Charity number 1126283

Details

Other names	THE NATIONAL MUSEUM OF THE ROYAL NAVY, NMRN
Status	Registered
Legal form	Charitable company
Company number	06699696
Registered	2008-10-14
Register	View on the Charity Commission register

Contact

Address	Royal Navy Museums Hm Naval Base (Pp66) Portsmouth PO1 3NH
Phone	02392891370
Email	governance@nmrn.org.uk
Website	www.nmrn.org.uk

Activities

Objects: THE COMPANY IS ESTABLISHED FOR FURTHERING THE FOLLOWING CHARITABLE PURPOSES BY SUCH MEANS AS THE TRUSTEES SHALL FROM TIME TO TIME THINK FIT:1. THE PROMOTION OF EDUCATION AND LEARNING OF NAVAL SERVICE AND AUXILIARIES PERSONNEL AND OTHER MEMBERS OF THE PUBLIC ABOUT THE HISTORY, DEEDS AND TRADITIONS OF THE NAVAL SERVICE AND AUXILIARIES.2. THE PROMOTION AND ENHANCEMENT OF MILITARY EFFICIENCY BY ASSISTING RECRUITMENT AND RETENTION AND FOSTERING THE ESPRIT DE CORPS OF THE MEN AND WOMEN WHO ARE SERVING IN THE NAVAL SERVICE OR AUXILIARIES; AND3. THE COMMEMORATION AND REMEMBRANCE OF THOSE MEMBERS OF THE NAVAL SERVICE AND AUXILIARIES WHO HAVE DIED WHILE ON ACTIVE SERVICE; AND THE ENCOURAGEMENT OF PUBLIC RECOGNITION OF THE SACRIFICE MADE BY SUCH PERSONS.

Activities: To become the world's leading naval museum underpinned by the spirit of enterprise and adventure which has always been the hallmark of the Royal Navy. To make accessible to all the story of the Royal Navy and its people from earliest times to the present by collecting, preserving and interpreting artefacts, photographs, documents, manuscripts and oral history testimony.

Classification

- **How:** Provides Advocacy/advice/information, Sponsors Or Undertakes Research, Acts As An Umbrella Or Resource Body, Other Charitable Activities
- **What:** Education/training, Arts/culture/heritage/science, Environment/conservation/heritage, Economic/community Development/employment, Other Charitable Purposes
- **Who:** Other Defined Groups, The General Public/mankind

Geography

- Northern Ireland
- Scotland
- Hampshire
- Hartlepool
- Portsmouth City
- Somerset

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£19,733,000	£21,680,000	£219,907,000	3
2024-03-31	£19,187,000	£20,667,000	£220,886,000	3
2023-03-31	£29,633,000	£19,040,000	£217,131,000	199
2022-03-31	£27,089,000	£15,361,000	£204,296,000	175
2021-03-31	£16,985,000	£13,792,000	£188,534,000	177

Trustees

Name	Role	Appointed
Sir Philip Jones	Chair	2019-08-20
Alison Ruth Start		2020-09-01
Andrew Burnett		2020-10-25
Colin Mark Evans		2022-12-05
Gerard Salzano		2024-08-26
Helen Jackson		2018-10-30
JOHN MICHAEL SCOTT		2020-09-01
Katherine Biggs		2020-09-01
MARY RACHEL MONTAGU-SCOTT		2018-10-30
Mark Anderson		2020-09-01
Philip Graham Dolling		2020-09-01
Rear Admiral Jonathan Patrick Pentreath		2020-09-01
Sarah Witcher		2023-01-12
Thomas Charles Knox Wright		2022-12-05

Linked charities

- THE ROYAL NAVAL MUSEUM PORTSMOUTH (1126283-1)
- HMS M33 TRUST (1126283-2)

Accounts

The National Museum of the Royal Navy

Annual Report and Accounts 2024-25

For the period 1 April 2024 to 31 March 2025

A Company Limited by Guarantee



“Linking Navy to Nation”

Company number: 06699696
Charity Number: 1126283

HC1463



The National Museum of the Royal Navy

Annual report and accounts 2024-2025

For the period 1 April 2024 to 31 March 2025

Presented to Parliament pursuant to **the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2012**

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Annual report and accounts 2024-2025

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Legal and administrative information

Charity number	1126283
Company registration number	06699696
Registered office	H M Naval Base PP66 Portsmouth Hampshire PO1 3NH
Chief Executive and Accounting Officer	Matthew Sheldon
Chairman	Admiral Sir Philip Jones GCB ADC DL
Trustee directors	Rear Admiral Mark Anderson CB Ms Katherine Biggs Dr Andrew M Burnett CBE FBA Mr Philip G Dolling Mr Colin M Evans Ms Helen M Jackson Major General Jeffrey S Mason (resigned 25 July 2024) The Hon. Mrs Mary Montagu-Scott DL Rear Admiral Jonathan P Pentreath CB OBE Mr John Michael E Scott Mr Ged Salzano (appointed 21 August 2024) Mrs Alison R Start Mrs Sarah Whitcher Mr Gavin Whitter (resigned 7 January 2025) Mr Thomas C K Wright CBE
Auditors	Comptroller and Auditor General National Audit Office 157 - 197 Buckingham Palace Road London SW1W 9SP
Accountants	Compass Accountants Limited Venture House, The Tanneries, East Street Titchfield Hampshire PO14 4AR
Bankers	Lloyds TSB Bank Plc 38 London Road, North End Portsmouth Hampshire PO2 0LR

Performance Report including the Strategic Report

Overview

The National Museum of the Royal Navy (“the National Museum”) was established in 2008 and is the holding company of the National Museum of the Royal Navy Group. The Group’s unique and historically significant Royal Naval collections, ships and aircraft are located and displayed in museums at the National Museum of the Royal Navy in Portsmouth (including HMS Victory, HMS Warrior and HMS M33 and the national collection for the Royal Marines), the Fleet Air Arm Museum in Yeovilton, the Royal Navy Submarine Museum (including HMS Alliance) and Explosion! The Museum of Naval Firepower in Gosport, the National Museum of the Royal Navy Hartlepool (including HMS Trincomalee), and HMS Caroline in Belfast.

Our Charitable Objectives

The charitable objectives of the National Museum of the Royal Navy, as defined within its Articles of Association are:

- The promotion and education and learning of Naval Service and Auxiliaries personnel and other members of the public about the history, deeds and traditions of those services.
- The promotion and enhancement of military efficiency by assisting recruitment and retention and fostering the esprit de corps of the men and women who are serving in the Naval Service and Auxiliaries.
- The commemoration and remembrance of those members of the Naval Service and Auxiliaries who have died while on active service and the encouragement of public recognition of the sacrifice made by such persons.

The National Museum of the Royal Navy will deliver its charitable objectives by:

- Collecting, studying and interpreting objects, images and records which help to document and communicate the continuing story of the Royal Navy and the people serving in it from the earliest times to the present day.
- Offering stimulating and engaging learning opportunities for people of all ages enabling them to explore the rich collections and expertise held by the museum.
- Providing visitors with the opportunity to enjoy a great day out, experiencing and absorbing the ethos and spirit of the Royal Navy.
- Making the museum collections as widely accessible as possible through the development of the displays and special exhibitions as well as developing a world-class virtual presence.

Our Vision

To be the world’s most inspiring Naval Museum, linking Navy to nation.

Our Mission

Inspiring enjoyment and engagement with the story of the Royal Navy and its role in shaping both our nation and the modern world.

Our Strategic Aims

We will deliver the vision and mission through three aims:

Audiences:

- Grow and diversify our global audiences – on site and online
- Create innovative and inspirational experiences, services and products
- Build our brand and reputation as the authority on the Royal Navy story

Collections:

- Sustain and develop our world-class collections and sites
- Explore different Royal Navy story perspectives with our diverse communities and collections

- Extend access to our collections and sites through digital transformation

Sustainability:

- Grow our income and financial resilience to secure long-term sustainability
- Reduce our carbon consumption and transform our estate
- Build partnerships and influence as a national museum

Our People

We recognise that none of this will be achieved without the skills, dedication and hard work of our people. This requires that we:

- Value and empower our people
- Are outward-facing, inclusive and audience-led
- Build a culture of innovation and enterprise
- Be sustainable in all that we do

Our framework of “MARITIME” values supports the culture of the organisation, guiding our everyday actions and being integral to our performance management framework.



How We Work

The National Museum of the Royal Navy is one of the few national museums headquartered and located outside London, enabling people to learn, enjoy and engage with the naval story in the regions. Its day-to-day operation is overseen by the Executive Directors within the context of an overarching strategy framework, and underpinned by a suite of Group policies, procedures and operating models. Operational activity has been consolidated into NMRN Operations, a wholly owned charitable subsidiary of the National Museum, simplifying the governance structure and allowing the benefits of operation of the museums through a single large organisation to be realised, improving visitor experience and collections care and access, and demonstrating greater cohesion in the delivery of the charitable objectives. The National Museum’s heritage collections are retained within its independent charitable trusts, with the National Museum of the Royal Navy as the sole corporate trustee; the Warrior Preservation Trust and HMS Trincomalee Trust will be seeking to transfer their ships and heritage assets into trust in the same model.

The Ministry of Defence (MOD) concluded its [Independent Public Body review of the Service Museums](#) (National Museum of the Royal Navy, Royal Air Force Museum and National Army Museum) in September 2023 and concluded that MOD service museums are effective in fulfilling their purpose and should remain as Non-Departmental Public Bodies within the MOD. The report made a number of recommendations around maintenance of a strong sponsorship arrangement, governance and the museums’ resilience in the cultural and heritage sector in terms of financial stability, maintenance and preservation of buildings and assets and rapid digital adoption. Action continues to respond to the recommendations within the policies and procedures followed by the National Museum.

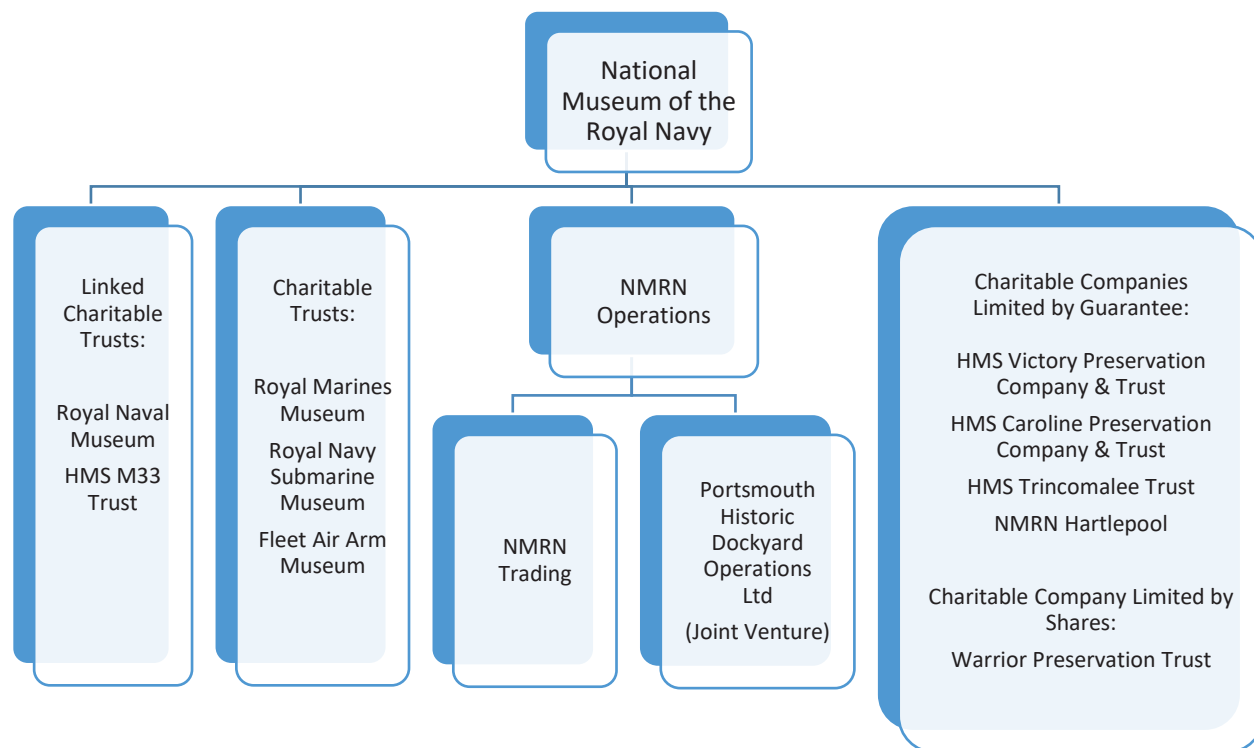
Funding Arrangements

The National Museum receives Grant in Aid funding from its sponsor, the MOD, and raises other income through grant funding and sponsorship arrangements, legacies, charitable donations and through its commercial activities. Under the terms of its 2019 Financial Framework agreement for the receipt of Grant in Aid, the National Museum is permitted to build and carry forward an unrestricted “free reserve” from those self-generated funds over and above the Grant in Aid provided.

The restricted funds held by the National Museum are held in trust, under various agreements with donors, for specific purposes, to safeguard the future of the historic ships and collections. These funds are used by the National Museum where it is appropriate to do so and in accordance with those trust agreements. The Trustees have

reviewed the funds and determined that it would not be appropriate to divert them to support revenue activities, nor would it be legal to do so without the express consent of the Charity Commission.

Our Group Structure



Inactive (dormant) charitable companies awaiting strike off and dissolution:

- Fleet Air Arm Museum CLG Limited
- Foudroyant Trust
- NMRN Services
- Royal Marines Museum
- Royal Navy Submarine Museum

Portsmouth Historic Dockyard Operations Ltd is a joint venture company incorporated on 7 August 2020 and owned equally (50:50) by NMRN Operations and the Mary Rose Trust.

Cyber-attack

On 9 December 2024, the National Museum's IT network was subject to a significant ransomware cyber-attack. All appropriate internal procedures were immediately followed upon detection in accordance with the Data Protection Policy and all relevant authorities and regulatory bodies were notified, including the Police, Charity Commission, Information Commissioner's Office, National Cyber Security Centre, Auditors, Insurers and our sponsor department, the Royal Navy.

There was no evidence of any personal data loss, however, the incident caused severe operational disruption upon initial identification. With support from the National Museum's IT support service providers, services were prioritised for reinstatement and a recovery plan was implemented to minimise continuing disruption to the business. Some of the National Museum's data remains encrypted and cannot be restored.

Since the incident, the National Museum has taken further steps to strengthen cyber resilience, including the implementation of enhanced security measures, updated staff training, and the introduction of new systems and processes designed to prevent and mitigate the impact of any future attacks. The Trustees continue to treat cyber security as a high priority and regularly reviews the charity's preparedness and response capabilities.

Impact Summary Across the National Museum:

- Disruption to operations, including loss of IT services, ticketing, and data storage
- Data inaccessibility affecting heritage and business records
- Financial cost of recovery and infrastructure rebuild
- Reputational risk and staff well-being

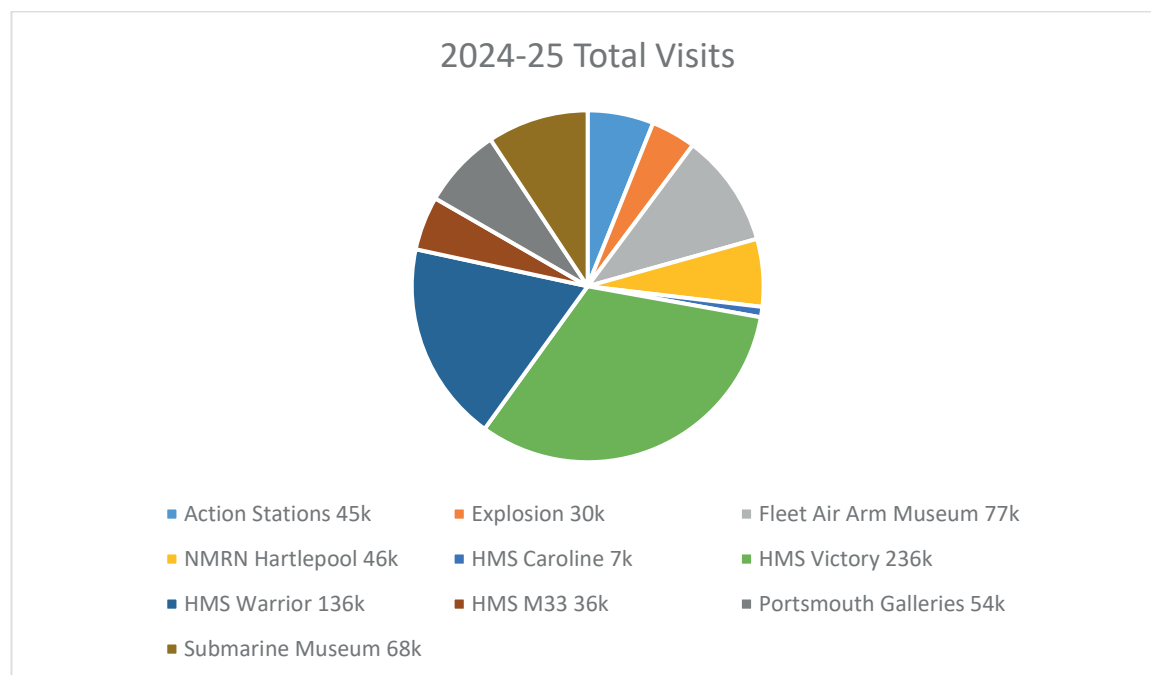
The incident highlighted the urgent need for ongoing investment in cyber security. A proactive review was already underway before the attack, with further improvements now being accelerated as a priority. The implementation of the new IT infrastructure will support the National Museums application for Cyber Essentials accreditation.

The new IT infrastructure will also review opportunities to improve the effective use of systems. With improved security measures introduced and further staff training, this will reduce the risk and impact of a further attack.

Activities

Visitors

During this period, we welcomed circa 735,841 visits (2023-2024: 847,410) across our National Museum sites, marking a 15% decrease on the previous year's performance. This figure is, however, an estimate due to the cyber-attack in December 2024 impacting the reliability of data from December – March. This is disappointing performance compared to previous years in our post-pandemic recovery and is considered to be reflective of trends seen in the tourism day visit volumes (source: Visit Britain GB Tourist Annual Report 2024) attributable to cost of living pressures, domestic sentiment, increased overseas trips and 2024 being the 4th warmest year on record.



We are working hard to rebuild our visits and believe that a number of tactical interventions around our ticketing model and marketing activity in 2025-26, and the impact of the new Royal Marines Experience due to open Summer 2026, will mitigate this in future periods.

Social Value and Learning

We welcomed over 36,000 pupils and 30,000 international students to our sites, an increase of 52% on the previous year. Our public programming activities included gallery interventions, school holiday events, community activities, outreach and regular early years programming. Large scale events included Heritage Open Days, Christmas activities and Stargazing which brought in new audiences across our sites and highlighted the collections in innovative ways.

Our school holiday programmes, supported by corporate partners such as Serco, Trinity House, Fujitsu, Raytheon, BAE, Belfast Harbour, Harland and Wolff, Thales, BMT and Stannah, and from the Royal Navy STEM teams, included hands-on, creative and fun STEM activities, with topics such as chemistry of explosions, waves, rockets, sound, submarines, engineering, explorers, space, fungus and our own deathwatch beetles!

Our 'Navy Threads' gallery at the Portsmouth Historic Dockyard saw our visitors create graffiti art to display alongside the Terry Higgins Memorial Trust quilt, in recognition of the 20th anniversary of lifting the ban on LGBTQ+ serving personnel.

HMS Caroline participated in the NI Science Festival's Education Programme with the NI Royal Naval Reserves 100th Anniversary celebrations, and the Belfast Shadow Dock event.

In Portsmouth Historic Dockyard, for the third year working through our successful joint venture with the Mary Rose Trust, we offered free annual family tickets to 2,066 local families whose children are in receipt of Pupil Premium Funding, generating 14,692 free visits. In supporting accessibility to the Fleet Air Arm Museum site, the team worked with First Bus service to introduce a trial bus route to transport our visitors, offering affordable and sustainable travel to and from key areas of the local community.

Our "Active Aviators" collaborative program between the Fleet Air Arm Museum and Aggie Westons, a registered charity that offers family support to Royal Navy personnel, has provided pastoral care and practical initiatives for families from RNAS Yeovilton and further afield. Aggies helped us engage over 700 visitors at a Community Fun Day of STEM activities, where we were joined by Royal Navy Family and People Support and also the RNAS Yeovilton Fire Station crew.

We grew our annual collaboration with Bridgwater College and EDF UK, with a much larger student pool of some 50 Maintenance Operations Engineering Technician (MOET) apprentices participating in this year's training projects at Fleet Air Arm Museum as part of their course's Condition Monitoring Maintenance unit. The students engaged in scenarios such as a major incident, combat situation, decommissioning and recommissioning, as well as taking an out-of-service aircraft from the museum and uncovering what maintenance was needed to put it back in working order. From this, the apprentices were able to draw parallels between key skills needed in the aviation industry and their own nuclear-specific roles.

The celebration of HMS Caroline's 110th birthday and 100 years in Belfast was a high-profile events, to which the trustees welcomed the Deputy First Minister of Northern Ireland, the NI Minister of Communities and the NI Minister of Education.

Volunteers

The National Museum has a dedicated and committed volunteer team, which includes lived experience of serving in the Royal Navy, the Royal Marines and the other military services. Our volunteers add significant value to our work, with the number of volunteers in the period at just over 260 individuals, contributing over 16,000 volunteer hours. Our volunteers are involved in a diverse range of projects and activities including working behind the scenes with our collections and conservation teams, restoring the Barracuda aircraft, undertaking research, and supporting our facilities teams. In public facing roles, our volunteers engage with our visitors through talks, tours, demonstrations, events, and workshops.



In June 2024, the National Museum introduced a Volunteers Award recognition scheme to coincide with National Volunteers Week, celebrating and recognising the valuable contribution our volunteers make. The scheme showcases the knowledge, skills and experience of our volunteers and the impact they make to our wider colleagues, our visitors and our museums. We are lucky to have such a breadth of volunteers who provide outstanding interactions with our visitors and offer bespoke insights, sometimes based on lived experiences, into the world of the Royal Navy, including special talks and tours, some of which is in costume, bringing the Royal Navy's stories to life.

We continue to develop partnerships with our local community groups to provide volunteering opportunities to support people to gain work experience. The National Museum also welcomes Corporate Volunteering, providing businesses the opportunity to support team building and employee satisfaction, whilst demonstrating social value and enabling employees to learn about our unique stories, collections and conservation activities. We recognise the value such activities bring and so have introduced our own Employer Supported Volunteering leave, to provide our employees the opportunity to undertake volunteering activities with other charities and community groups.

Supporting our Sponsor – The Royal Navy

The National Museum provides a unique perspective to the heritage, history, culture and traditions of the Royal Navy, and the close relationship between the museum and its sponsor organisation is essential to the effective delivery of the museum's purpose. During 2024-25, we have worked successfully with the Royal Navy to host events, support personnel and help with recruitment. In turn, the Royal Navy has supported us at STEM events, community projects and networking groups. Our work with our Royal Navy network has supported exhibitions, remembrance, tours of our historic vessels, events, and has also supported veterans to become part of our National Museum community.

We have hosted regular visits from the Royal Navy Recruit and Attract team to Fleet Air Arm Museum, to engage with potential recruits and promote the opportunities within the Royal Navy. These visits provide an interactive and informative experience, allowing individuals to learn about the Royal Navy's history, its missions, and the various career paths available. The team uses the National Museum's exhibits and resources to inspire and inform visitors, fostering a deeper connection to the Royal Navy and encouraging those interested in joining to explore their options.

Our short film 'Uncharted Waters', created in partnership with the Royal Navy's LGBTQ+ network, showcased how the first-hand experiences of LGBTQ+ Sailors and Officers have differed before and after the lifting of the ban on homosexuality in the armed forces in 2000, and was nominated for an Iris Prize LGBTQ+ Film Festival Community Award.



Our spectacular two-night fundraising event, to raise funds for our new Royal Marines Experience, was supported by fantastic performances from the Royal Marines Band, the Royal Marines Commando Display Team and the Portsmouth Military Wives Choir. A huge success, generating much needed funding for the project.

The National Museum and its collection featured in a range of commemorative events marking the 80th anniversary of D-Day. A poignant service was held on the Flight Deck at Fleet Air Arm Museum, in collaboration with RNAS Yeovilton and the Fleet Air Arm Memorial Church, St Bartholomew's. Portsmouth Historic Dockyard hosted an event for the

lighting of one of the D-Day 80 beacons, featuring the Royal Marines Band and attended by a range of Royal Navy and local stakeholders against the backdrop of HMS M33 and the Royal Navy's HMS Prince of Wales. While on Southsea Common, the national focus of the commemorations, reflecting on the service and sacrifice of the Allied

Forces, gave veterans, media and visitors the chance to explore LCT 7074, our landing craft tank which is on permanent display outside the D-Day Story.

HMS Caroline supported the NI Royal Naval Reserves 100th Anniversary celebrations in Belfast.

Commemoration and Remembrance

HMS Victory is a key focus for remembrance of those members of the Royal Navy who have died while on active service. The Victory Gallery marks remembrance activities on the Ship by telling the story of Queen Victoria placing a wreath on the spot where Nelson fell on Trafalgar Day, 21 October. The laying of a wreath to mark Trafalgar Day as an act of remembrance continues to be an exceptionally important day in both the Royal Navy's and the National Museum's calendar.

The ANZAC Day remembrance service continues to be held on board HMS M33, "The Lucky Ship" famous for emerging unscathed from the Gallipoli Campaign in 1915, with representatives from the Royal Navy.

The new Royal Marine Experience will also hold a commemoration space for those who would like to give thanks and pay their respects to both serving and past personnel.

Communications

We continue to grow our international digital audiences across our two websites: our corporate website which reflects the full activities of the National Museum and the ships, collections and activities in our portfolio; and our destination brand website for visitors wishing to visit our biggest collection of ships and attractions at Portsmouth Historic Dockyard. In 2024-25, users to our main website [Discover the Royal Navy like never before | National Museum of the Royal Navy](#) grew by 104%, whilst our [Portsmouth Historic Dockyard](#) website had a marginal 1% drop.

Our digital impact focussed on Facebook, Instagram and LinkedIn as we moved away from X (formally Twitter). Although our Facebook reach and impressions reduced, engagements and engagement rate rose significantly, suggesting more relevant or targeted content. For Instagram, we witnessed a significant increase in profile reach, while post-level reach dipped slightly. Steady engagement implies a strong audience base. It should be noted that Meta has changed reporting against users and as such we now report Page Reach.



Facebook
Page reach 32m (35m)
43.7m impressions
(44.6m)
1.5m (1.6m)
engagement
81% (28%)
engagement rate



Instagram
Page Reach 1.8m
(1.1m)
2.8m (1m)
impressions
56K (61K)
engagements
8% (8%) engagement
rate



Linked In
359K (402K)
impressions
7% (7%) engagement
rate



NMRN Website
615,254 (303,381)
users



PHD Website
320,572(333,255)
users



Press, PR and Media
£4.9m AVE
c32m circulation
reach

Figures provide current year reach with previous year in brackets.

The National Museum of the Royal Navy
(A company limited by guarantee)
Company number: 06699696

Media coverage across the National Museum reached an audience in excess of 32 million people, realising £4.9M in Advertising Value Equivalent (2023-24: £8.4M). Whilst this figure is thought to be down due to less PR activity, a refined approach to reporting this year made it difficult to measure like for like.

Highlights of our press coverage included:

- Coverage of our ANZAC Day service onboard HMS M33 was featured in The Independent, The Standard, ITV and the Mail Online.
- Our patron, HRH Princess Anne's visit to HMS Victory was covered widely in the press, with pictures of her in a branded hard hat featured in HELLO! Magazine.
- The announcement of successfully securing a National Lottery Heritage Fund development grant for our new project to reimagine Boathouse 6 and develop a new Royal Marines Experience received great online coverage from Yahoo and MSN, syndicated across the world.
- After a potentially negative story regarding the use of French oak on our HMS Victory conservation work, we issued a statement which led to positive coverage across a wide range of outlets, including the BBC, The Guardian, Daily Mail and The Express.
- Our Royal Navy Submarine Museum and Explosion sites featured heavily in the TV documentary series 'Warship: Life in the Royal Navy'.

Exhibitions

We have drawn on a mixture of external and intergroup grant funding, partnership support and use of reserves to deliver a special exhibitions programme and improve and develop our permanent exhibitions. These have helped us reflect on the link between the Navy and the Nation across the centuries and to improve our representation of the current Royal Navy and its people. Our work to develop our collections and exhibitions included:

- **National Museum of the Royal Navy Hartlepool Waterfront Regeneration** - proposed plans for development opportunities at the site continued to be reviewed, to establish the income generating opportunities of the site and its commercial activities, to ensure the operating model delivers a sustainable return on investment. The development funding received from Hartlepool Borough Council formed an integral part of the project review and ongoing continued support was received from the council during the year.
- **Royal Marines Experience** - the project to develop and deliver the new experience in Boathouse 6, Portsmouth Historic Dockyard, progressed during the year. A multi-disciplinary team, including exhibition designers, architects and project managers, was procured to support the project to RIBA stage 3. Considerable support in funding the project was also realised. Key stakeholders involved in supporting the project included a Royal Marines Project Advisory Group made up of National Museum trustees and Royal Marine representatives.
- **Diving Deep: HMS Invincible 1758** - continued to be exhibited in Hartlepool, exploring archaeology of shipwrecks and facilitating community engagement around HMS Trincomalee's Indian heritage, supported by the Esmée Fairbairn Collections Fund.
- **Barracuda Live: The Big Rebuild** - entered its second year, expanding with new staff, discoveries, and a key archive from the Fairey Aviation Company to support the aircraft's reconstruction.

Collections and Research

The cyber-attack had major implications for the National Museums' collections management, development and access. Before the attack, the Collections Portal provided public access to our database of over 400,000 catalogue records, many with supporting images. We had also made significant adaptations to our collections infrastructure to allow researchers access to 3D models for the first time.

The National Museum's digital asset management system ("the DAMS"), fundamental to the success of the Collections Portal, hosted well over 100,000 images. Overnight, this level of access to the collection was halted, with

the DAMS corrupted and only the data remaining. Staff access was recovered in June 2025, with the full asset database due to be recovered by August 2025, and the Collections Portal interface following later in the year.

Initially believed to be irrecoverable, the main collections database was thankfully discovered to be intact, but without the main staff access interface. No cataloguing or data improvements could take place while the interface was rebuilt, and with reliance on paper records, the collections team's ability to support business and external requests for access and enquiries was paused. The system was recovered in February 2025.

A significant body of data and born-digital material is, however, unlikely to ever be recovered. This includes oral histories, digital object history files, research on our ships and other assets and historic exhibitions materials. One of the key workstreams prior to the cyber-attack had been the retrospective movement of historic digital assets into the DAMS. This was measured at approximately 1 million assets in 2022 and only a few thousand had made it into the system. This is a huge loss, both intellectually and also in terms of the investment made over decades.

It is important to reflect on the positives in any challenging situation. We now have the opportunity to think more strategically about our collections digitisation programme, which has financial and sustainability benefits; we can rebuild our DAMS more efficiently, streamline the connection with the main collections database, and share our learning with the sector. We are already looking at opportunities to do this over the course of 2025-2026.

We have continued to facilitate the loan of the National Museum's collections, with 103 loan agreements covering 922 items. In this period, we considered 580 separate offers to donate material, of which 254 offers were accepted, running to thousands of individual items. So far, 102 of these accepted items have been received on site, accessioned and catalogued. Highlights from all donations and purchases include:

- **Spanish cutlass captured by Lord Anson from the Manila Galleon 'Nuestra Señora de Covadonga'** – captured 20 June 1743, this sword relates to what is possibly the most famous single 'prize' ever taken by the Royal Navy, a galleon carrying over 33 tonnes of silver. It tells the story of a journey around the world, a squadron being decimated by scurvy, the mutiny on the Wager, and finally the capture of this Manilla Galleon, which propelled Anson to fame, fortune and high rank. Anson would go on to prove to be an incredibly important figure as First Lord of the Admiralty.
- **The 'Mad Major' Medal Set** - 'Mad Major' Christopher Draper was a First World War Royal Navy pilot and 'air ace'. As well as defending London from zeppelin attacks, he flew combat missions on the Western Front and was awarded both the Distinguished Service Cross and the Croix de Guerre. During the interwar period, he continued to fly in civil aviation, became a star of stage and screen, and spent a few years as a double agent feeding the Germans false intelligence. Returning to service in the Second World War, he became the only Officer to command Naval Air Squadrons in both World Wars. In 1931 and again in 1953, Draper flew under the bridges on the Thames in protest at the Government treatment of service veterans. Although the first time there was no charge, the second time he was charged with low-flying in a built-up area and fined 10 guineas. He was 61 at the time.
- **General Signal Book, 1917** – this extremely rare lead-lined naval signal book from the First World War was miraculously found in an Oxfam online bookshop in May 2024. The book, which is filled with confidential signal codes for the Home Fleet, was spotted by one of the shop's volunteers, a retired marine engineer. The National Museum was alerted and rescued it for the nation.
- **German Sextant from the SS Gedania, c1941** - on 4 June 1941, HMS Marsdale sighted and attempted to stop the SS Gedania. The Gedania refused - its crew set scuttling charges and abandoned ship. A boarding party from the Marsdale, led by Lieutenant McGuinness, found the crew and managed to plug a hole below the waterline, but due to fears of further scuttling charges they took any documents around such as codebooks and this sextant and returned to the Marsdale. The codebooks were sent to Bletchley Park and assisted with the breaking of the Enigma codes. The crew of the Gedania spent the rest of the war as Prisoners of War.

We have sought to share our collections and expertise with sector colleagues and peers; highlights of our conference, seminar and research activity have included:

- A paper at the UK Maritime Heritage Forum on the conservation and reinterpretation of our figureheads.
- Various talks at conferences and webinars on the use of AI and ongoing collaborative working with the University of Southampton's Computer Science Masters programme exploring how Artificial Intelligence could be used to enhance and support our collection information.
- Presentation to the Institute of Conservation conference on workforce development, vocational qualifications and the value apprenticeships can bring to the sector.
- A collaborative interest group with the University of Portsmouth, the Mary Rose Trust, Historic England, and English Heritage to pool resources and skills to boost the application of heritage science to cultural heritage preservation, with a focus on Portsmouth.
- Presentation to the Society for Nautical Research winter lecture on the documentation of HMS Victory's repairs using state of the art archaeological 3D and 4D technologies.
- Presentation to the International Congress of Maritime Museums on exploring HMS Trincomalee's connections to diverse communities.

Conservation and Historic Ships

- **Victory Live: The Big Repair** - our conservation project and structural work, supported by grant funding from the HMS Victory Preservation Endowment Fund, continued to stabilise and support the ship's hull. This involved the removal of decayed timber, focused on the upper and middle decks and internal structures, employing historically accurate materials and techniques. New interpretive elements were developed alongside conservation activities to enrich the visitor experience and included visual and digital tools, allowing audiences to engage with the work and appreciate the ship's historical significance. Notably, 3D imaging has played a key role in visualising and communicating the conservation process.
- **HMS Caroline** - the conservation team completed a significant painting project on the ship, from the top of the mast down to the boot topping. This marked the first full repaint since the ship's restoration in 2016 and coincided with its 110th birthday. The response to the freshly repainted ship was overwhelmingly positive, enhancing both its presentation and its role in public interpretation.
- **HMS Warrior** - modelling of the ship's mooring system began during the year, identifying necessary work for the next 5–10 years. Survey data was collected to better understand environmental conditions at the berth, leading to the installation of a temporary monitoring system to track weather, wave activity, mooring loads, and nearby ship movements.

Charitable Fundraising

The Trustees of the National Museum have overall responsibility and accountability for our charitable fundraising activities and monitor such activities through its Fundraising Committee. The National Museum is registered with the Fundraising Regulator and adheres to the Code of Fundraising Practice. We are committed to our Donor Charter, produced to assure donors and potential donors of our accountability and integrity, and an Ethical Fundraising Policy in place.

The National Museum has an in-house fundraising team, that develops relationships with donors, grant makers and corporate partners to fund areas of our work including, acquisitions, conservation, public programming and the delivery of our major capital projects.

Notable long-term supporters include: Friends of the Royal Navy Submarine Museum; Society of the Friends of FAAM; The Gosling Foundation; HMS Victory Preservation Endowment Fund; Michael Cobham Foundation; National

The National Museum of the Royal Navy
(A company limited by guarantee)
Company number: 06699696

Heritage Memorial Fund; National Lottery Heritage Fund; the Art Fund; Society for Nautical Research and The Princess Anne's Charities Trust.

The National Museum is also grateful for funding from: the Esmée Fairbairn Collections Fund; National Archives' Resilience Grants programme; Pilgrim Trust; Trinity House Maritime Charity North and Belfast Harbour Commission.

Corporate Partners are invaluable to our work, particularly in enabling us to grow our national STEM programme, and the National Museum would like to place on record the support of: ADS, Blok 'N' Mesh, BMT, BAE Systems - US Programme F35, Civica, DXC, Fujitsu, Harland & Wolff, Indra, Lockheed Martin, Netpark, Orangebox Training Solutions, Raytheon, Rolls Royce, Stannah, Thales and Walton's Business Advisors.

Whilst the National Museum collects explicit opt-in consent for communications by email, post, phone and text, it chooses to only use email for donation appeals; each email has the option to unsubscribe. Major appeals are raised for significant capital and revenue projects; however, these usually occur no more than once a year, and do not include appeals targeted at individuals for the purposes of procuring property. The National Museum does not generally conduct proactive solicitation for legacies or gifts in wills but will provide information on request and details on how to create a legacy is available on our website. The exception to this is when the National Museum participates in the UK-wide Free Wills Month; in this instance information about how to leave a legacy may be included in our consent-based e-newsletters.

The National Museum did not use any non-directly employed fundraisers, nor any commercial participators to carry out any fundraising activities during the period. In 2024-25, the National Museum did not receive any complaints about its fundraising activities or practices, and no complaints were made to the Fundraising Regulator.

Plan for future periods

National Museum of the Royal Navy Strategy

In 2024-25, we started to look at refreshing our strategy for the next 10 years, creating a new vision, values and narrative that would set a clear direction for transformative change and strategic priorities as we look ahead to celebrating our 20th birthday in 2029. A 10-year financial plan will underpin this strategy, stressing the importance of continuing to grow the 75% of our annual revenue that is generated through admissions, commercial activities, grants and fundraising to ensure our future financial sustainability. This new strategy will be launched in autumn 2025.

Sustainability

The development of the environmental and social elements of our sustainability agenda were temporarily paused whilst we completed our strategy work and dealt with the impact of the cyber-attack. Sustainability will be one of our new strategic foundations and this work will pick up pace in 2025-26 as we look at the actions and investments needed to deliver environmentally and financially sustainable operations, and better understand and reduce our carbon footprint.

We will continue to build our own financial resilience through cautious cost management, fundraising and regeneration of our income streams and commercial activities. We will continue to engage with Navy Command to seek to ensure that a new financial framework agreement supports our core operating costs, incurred in delivering activities in the public interest, and an agreed capital strategy which delivers specific, shared outputs and outcomes.

We will continue to build a modest but appropriate free reserve in accordance with our Group Reserves Policy, with the aim of holding the equivalent to 4 months' core operating costs for the Portsmouth Naval Base activities (the greatest potential area of exposure) as free reserves by the end of 2025-26.

Audiences

We will continue to grow and diversify our audiences onsite and online and explore different Royal Navy story perspectives through our diverse communities and collections. Such work will be guided from the audience development project completed in 2024-25. We will work closely with the Royal Navy to support their Global Navy initiative and offer embedded opportunities to promote the modern service and its message through our sites and activities.

We will continue to implement our core linked strategies on Interpretation, Research, Audience Development, Digital and Sustainability to support a shared transformation across our sites and activities, engaging new and diverse local, national and international audiences. We will develop new and improve existing exhibitions, to ensure our sites and stories remain exciting and vibrant to a diverse audience.

Collections

Our commitment to any new capital projects or large acquisitions will be limited to only for those essential to our purpose and that will support our future sustainability. We will prioritise the care, conservation and presentation of our existing collections and sites, including consolidation of collections where resources are duplicated. We will take forward plans for the development and delivery of funded projects, including the HMS Victory, NMRN Hartlepool, the new Royal Marines Museum, and HMS Caroline, ensuring these are financially resilient to secure long-term sustainability and to protect our heritage assets. We will rebuild our digital access channels, ensuring our collection is both physically and digitally accessible.

People

We will continue to focus on our people, to ensure that our National Museum is recognised as a great place to work and volunteer, and deliver on our commitments to equity, diversity and inclusion. We will continue to provide our “staff voice” through the excellent work of our ‘Working Together Group’. We will support the development of our teams through our people plans, focusing on health and wellbeing, talent management and workforce planning.

Resilience

Following the cyber-attack, an IT Security Infrastructure project plan has been initiated to strengthen cyber resilience and security measures. New systems and processes, designed to prevent and mitigate the impact of any future attacks, are being introduced, support by staff training. We will continue to treat cyber security and the resilience of our IT systems and service as a high priority.

Principal Risks and Uncertainties

The National Museum of the Royal Navy’s approach to risk management is detailed in page 29. The National Museum has operated a robust risk management framework throughout the report period and the trustees formally consider the risks to the delivery of the strategy at each of its meetings. The principal risks and uncertainties are outlined below. These are the most significant risks that may adversely impact our business strategy, financial position or operational performance.

Risk	Consequences	Planned Mitigation
Insufficient funding to deliver the charitable objects	Funding shortfalls impact ability to adequately fund services delivered in the public interest, including the conservation and maintenance of historic ships and the collection	We will seek to mitigate uncertainty and increasing fluctuation of our income streams arising from global uncertainty and its impact on the economy. Somewhat uniquely placed as a national museum, in that we are not funded to enable free admission, we are dependent on our revenue generated from admissions and commercial activities to deliver our charitable and social purposes. Whilst we benefit from the resolute support of our sponsor, the Royal Navy, our Grant In Aid funding lags against the real inflationary pressures we face, creating even greater demand on our self-generated income streams. We will continue to seek to mitigate this risk by continuing to develop strategies to diversify income streams, grow revenue and seek support through fundraising activities. We will develop our 10-year finance strategy and plan to focus on building financial sustainability and flexibility, with a commitment to building the free reserves in accordance with our stated policy. The consolidation of investments will also be considered to obtain a higher return.
Major project delivery failure	Delays, cost overrun, excessive operating costs, fundraising shortfall, impact on cash flow, quality of project	We will continue to develop and embed governance and oversight of key projects through our Programme Board and ensure all major projects follow our standard project management methodology. Improvements will continue to be made to project cashflow forecasting and “in operation” business cases and budgeting for all major projects.
Over complex governance arrangements	Goal incongruence Ineffective or inefficient operation of the National Museum	We will continue to review and consolidate our governance and operating structures to ensure these remain fit for purpose, with sound control of operating costs within a sustainable but flexible staffing model for future years.
Environmental sustainability across the sites	Failure to meet legislative obligations under the Environment Act. Reputational damage and negative impact on ability to attract external funding	We will mitigate this risk through developing our sustainability strategies to support the net zero targets introduced by the Government and to work with partners to reduce our environmental impact across the estate. We will embed sustainability, including environmental objectives and risks into our decision making and project evaluation processes.
Cyber Security	Loss of confidential information Breach of Data Protection Reputational damage	This became a reality for the National Museum in December 2024. There continues to be a risk of a further cyber-attack until the conclusion of the IT Security Infrastructure project and the IT Team continue to monitor this risk through the new systems, checks and controls introduced to mitigate this risk.

Post balance sheet events

There are no post balance sheet events.

Financial Review

Statement of Financial Activities for the Year Ended 31 March 2025

Total incoming resources for the National Museum in 2024-25 amounted to £19,733,000 (2023-24: £19,187,000) and relate to Grant in Aid, donations and other grants (restricted and unrestricted), admissions and associated income from charitable activities, trading subsidiary income and investments.

The movement in incoming resources on the prior year reflects the reduction in grant in aid funding, and movement in grant funding for correlating project delivery activity, in particular in relation to the long-term HMS Victory Preservation project.

Admissions income and charges for services for the year decreased by 7% to £6,543,000 (2023-24: £7,055,000), with Trading subsidiary income showing a reduction of 5% to £2,188,000 (2023-24: £2,302,000).

Revenue Grant in Aid received reduced to £3,995,000 (2023-24: £5,631,000) as the sponsor ceased the additional funding that had been put in place to support the long-term impact on the National Museum of the pandemic and the ensuing economic recession.

An increase in expenditure to £21,680,000 (2023-24: £20,667,000) reflected the increased operating, trading and fundraising costs arising from inflationary pressures.

After adjustment for net gains on endowment fund investments totalling £385,000, gains on revaluation of fixed assets of £716,000 and recognition of actuarial losses on defined benefit pensions schemes of £133,000, the net movement in funds for the year was a decrease of £979,000 (2023-24 increase of: £3,825,000). The total funds carried forward at 31 March 2025 was £219,907,000 (31 March 2024: £220,886,000).

Balance Sheet

The net assets as at 31 March 2025 amounted to £219,907,000 (2023-24: £220,886,000).

The value of heritage assets (over the capitalisation threshold and accessioned since 1 April 2000) represents 49% of the National Museum's net assets at £107,036,000. Movements in fixed assets are shown in notes 14-15 to the accounts. Fixed assets acquired by either purchase or donation, with a value of £2,500 and over are capitalised in accordance with the accounting policies set out in note 1.8. Heritage assets added to the collection are included in the accounts at acquisition cost or on the basis of internal valuations estimated by the curatorial staff and determined by their experience and judgement as set out in note 1.9.

The National Museum held £11,793,000 cash in bank and in hand at 31 March 2025 (31 March 2024: £12,572,000).

Reserves

The Trustees regularly monitor the levels of the Group's reserves and seek to take correction action as necessary.

Under the Group's governance structure, the company receives no funding other than Grant in Aid from its sponsor, the Royal Navy. This grant is used to defray the company's own expenses before granting the balance on to its operating subsidiary, NMRN Operations, and subsidiary trusts on the basis of need and as such, the Grant in Aid is fully expended. Under the terms of the financial framework (agreed 6 December 2019), the company is only permitted to carry over a maximum 2% of the total Grant in Aid into the next financial year and any carry forward may be taken into account in reducing the following year's Grant in Aid. If not carried forward, the balance of Grant in Aid not spent must be repaid to the MOD. Based on the year's revenue Grant in Aid of £3,995,000 the maximum carry forward is £80,000. Free reserves for the Group are not, therefore, built within the parent company but within the subsidiaries from charitable and self-generated income streams. As such, this free reserves balance does not represent a going concern risk to the company.

The Group's free reserves stood at £6,013,000 (31 March 2024: £7,529,000). The decrease reflects the grant of unrestricted funds from the Royal Marines Museum Trust to NMRN Operations, where it is restricted for the purposes of developing the new Royal Marines Museum.

As nearly the entire Group's operating costs now flow through NMRN Operations, the Group policy is that sufficient free reserves are accumulated within the charitable subsidiary NMRN Operations to provide four months' operating expenditure for the greatest potential area of exposure (Portsmouth Historic Dockyard, including the Gosport sites) by 31 March 2025, increasing to six months' operating expenditure for the entire National Museum by 31 March 2030 (target £6,950,000). There is no need to accumulate additional free reserves in either the company or the subsidiary trusts and any such reserves held will be appropriately used, as approved by the Board, for the furtherance of the trusts' charitable objects. The free reserves held by NMRN Operations (defined as net current assets attributable to unrestricted reserves excluding designated funds) stood at £4,851,000 (31 March 2024: £4,793,000). The Trustees will continue to seek to improve the free reserves position in NMRN Operations in accordance with the reserves policy through income diversification, consolidation of costs in future periods and the delivery of a budget each year that will deliver a modest surplus.

The Group's restricted funds stood at £135,242,000 (31 March 2024: £134,152,000). This includes tangible fixed and heritage assets of £130,573,000 and net current assets of £5,157,000. The surplus on restricted funds will reduce in future years with increasing expenditure on the preservation of HMS Victory, HMS Caroline, HMS Warrior, LCT 7074, RML 497, the new Royal Marines Museum and depreciation on capital expenditure.

The Group holds £57,438,000 (31 March 2024: £57,312,000) as endowment funds within its subsidiaries for HMS Victory, HMS Caroline and HMS Warrior and HMS Trincomalee.

As at 31 March 2025, the company's unrestricted funds stood at £5,000 (31 March 2024: £5,000). As at 31 March 2025, the level of the company's free reserves (defined as net current assets attributable to unrestricted reserves excluding designated funds) stood at £4,000 (31 March 2024: £4,000).

The company (including its linked charities) holds a number of restricted funds with a total net current asset value of £251,000 (31 March 2024: £1,219,000). These restricted funds primarily relate to major capital projects.

Investment Policy

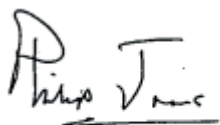
The National Museum's investment policy seeks to produce the best possible financial return within an acceptable level of risk. The majority of the National Museum's investment activity has been undertaken by its subsidiaries the HMS Victory Preservation Company and the HMS Caroline Preservation Company. The two charitable companies each have an Investment Committee, charged with agreeing a suitable asset allocation framework with its appointed professional fund managers. The assets can be invested widely and are expected to be diversified by asset class, by manager and by security. Asset classes can include cash, bonds, equities, property funds, hedge funds, structured products, private equity, commodities and any other asset class that is deemed suitable for the companies.

HMS Victory Preservation Company aims to generate a return of inflation plus 4% per annum over the long-term. Returns from the investment funds are required to ensure the operation, maintenance and preservation of HMS Victory for future generations and it is therefore essential to invest with a long-term perspective. The charitable company's approach is to seek to ensure that investment returns are sought from a combination of capital growth and income, but without specific targets for each element. Both investment income and capital gains may be expended within set parameters.

HMS Caroline Preservation Company aims to preserve the long-term real value of the assets and to generate a return of CPI plus 3-4% per annum over the long-term. Returns from the investment funds are required to grant fund the operator and it is therefore essential to invest with a long-term perspective. The charitable company has full flexibility to spend the capital as long it is in the furtherance of its objectives. Investment returns are sought from a combination of capital growth and income, but without specific targets for each element. The income

generated by the portfolio may be reinvested, and both investment income and capital gains may be expended within set parameters.

The key risk to the long-term achievement of the investment objectives is inflation and market fluctuations and the assets are invested accordingly. The Trustees understand that this will mean that investments are likely to be predominantly invested in equities, where dividends can be expected to grow, and that capital value will fluctuate. Whilst the income from the investments tracked ahead of inflation for the period, capital value was negatively impacted by market uncertainty in the last quarter, resulting in the long-term goals not being met in the short-term horizon. For the year ending 31 March 2025, income from investments totalled £1,652,000 with investment management fees of £179,000 and realised and unrealised net gains of £385,000.



Admiral Sir Philip Jones
Chair on behalf of the Board of Trustees



Matthew Sheldon
Chief Executive Officer

11 November 2025

Accountability Report including the Directors' Report

Trustees' Report and Governance Statement

This report sets out the arrangements for the governance of the National Museum of the Royal Navy, including the Board and committee structure for the Trustees. The Trustees, under charity law, who are also the Members and Directors of the National Museum of the Royal Navy for the purposes of company law and who served during the year and up to the date of this report are set out on page 2. Overall control of the National Museum is the responsibility of the members who own the company.

The Companies (Miscellaneous Reporting) Regulations 2018 require the National Museum of the Royal Navy to publish a statement explaining how the Directors (Trustees) have given due regard for the matters set out in section 172 (1) (a) to (f) of the Companies Act 2006 while performing their duty to promote the success of the company for the benefit of its members as a whole. This accountability report also sets out how the Directors have had regard to the matters set out in section 172(1).

The report demonstrates how the system of governance and internal control is maintained within the National Museum and how the major risks to which the company and group is exposed, as identified by the Trustees, have been reviewed and systems have been established to mitigate those risks. The systems described have been in place for the year under review and up to the date of approval of the annual report and accounts.

The Governance Framework

The National Museum of the Royal Navy is a company limited by guarantee (company number: 06699696) and a charity registered with the Charity Commission (registration number: 1126283). It is governed by its Articles of Association dated September 2018, which incorporates its charitable objects, the powers of the company and provides for the appointment and reappointment of Directors.

The National Museum of the Royal Navy is also a Non-Departmental Public body, sponsored by the Ministry of Defence, and as such is obliged to comply with HM Treasury's financial reporting requirements and guidance on use of public funds, "Managing Public Money". A Financial Framework, agreed in December 2019, defines the arrangements between the National Museum and its sponsor. The Financial Framework is under review for 2025.

The Board aims to stay abreast of good governance practice and has well-developed plans to ensure compliance with the principles and recommended practice set out in the [Charity Governance Code](#). Work continued to progress the action plans from the Independent Public Body Review of Service Museums 2023 and also the external Bayes Centre of Charity Excellence Board Effectiveness Review 2023. The Board's objective is of identifying and implementing a simple, clear, directly accountable governance structure that supports board effectiveness, protects the historic assets, optimises use of resources, is flexible regarding future strategic developments, and maintains and builds stakeholder confidence. It is simplifying the governance structure through a phased approach that will be delivered over the medium-term, delivering clearer lines of accountability and responsibility, and reducing meetings frequency and volume.

Each Board of Trustees of the respective subsidiary companies remains responsible for their governance, and delivery of their objectives within the Group policy and strategy framework. The NMRN Operations Board is charged with responsibility for operational delivery of the Corporate Plan Priorities to meet the National Museum's strategic objectives. The Chair of the NMRN Operations Board is invited to attend the main Board of Trustees and to report on progress.

The day-to-day operation of the company and group within the framework is delegated to the Chief Executive Officer and Accounting Officer and to the Executive Directors under a defined scheme of delegation.

The Board's oversight

The Board is responsible for ensuring leadership through effective oversight and review. It shapes the strategic thinking and sets the tone for the National Museum. It has established an organisational structure with clear reporting procedures, lines of responsibility and delegated authority.

The Trustees ensure the distinct legal responsibilities and charitable objectives of the company and Group are fulfilled within an overall policy and strategy framework. The Board is ultimately accountable to the Company's stakeholders for setting the Group's strategy and for overseeing its financial and operational performance in line with the parent company's strategic objectives.

The Board is comprised of a maximum of 16 Trustees, with the Chief Executive Officer (or their representative), the Executive Directors, the Chair of NMRN Operations, and a senior representative of our sponsor from Navy Command, in attendance by invitation. A trustees' skills audit was undertaken in early 2024 to ensure that the skills mix and diversity on the Board supported effective decision making. As a result of this review, a new trustee had been appointed to support the skills balance and to strengthen the Board. The diversity of the Board is being addressed through new initiatives, including the introduction of a Youth Advisory Group who held their first meeting on 13 September 2024 and subsequently attended the October 2024 Board meeting. Their purpose is to support the Board and provide guidance from a younger audience. Training has been provided to the Trustees to support their understanding and responsibilities of Equity, Diversity and Inclusion and also Charity law.

The Board of Trustees meet periodically through the year in line with its Articles of Association, to set the long-term strategic objectives of the Group, agree the Corporate Priorities and review performance against:

- Progress towards strategic objectives within the Corporate Plan
- Financial performance
- Operational delivery
- Capital investment
- Risks

Key Decisions

Key decisions, being those that are material or of strategic importance to the group, are taken in the Board meetings. All key decisions are supported by detailed briefings identifying main issues, their contribution to the group's strategy, recommendations and alternatives considered, and their likely long-term impact on the group in respect of value creation, impact on stakeholders and risk. Key decisions in the reporting period included the following:

- **Response to the Cyber Attack** - the December 2024 cyber-attack expedited the need to invest significantly into the IT infrastructure. The Board considered the risks, approach and options available to the National Museum to safeguard its IT infrastructure and invest in additional cyber security. The Board approved an interim solution and a longer-term major infrastructure investment project that will continue into 2025-2026.
- **Strategy Development** - the current National Museum of the Royal Navy Strategy 2022-2027, published January 2023, set out an ambitious programme of recovery and business development in an uncertain post-pandemic environment. It reflected on the role we play, not only nationally and internationally in telling the story of the Royal Navy, but at a local and regional level where our museums play a vital role in contributing to the tourism and visitor economies. The key focus for the Board during 2024-2025 was to ensure the strategy remained fit for purposes in its alignment with the speed and extent of financial recovery and that its ambition aligned with a realistic outlook on the financial position. This work has been supported by the development of a 10-year financial strategy and plan, and a refreshed vision, brand and values. A refocused 5-year strategy proposal for 2025-2030 continues to be developed, and is due to be published in the Autumn 2025.
- **The new Royal Marines Experience** – as one of the largest projects ever to be delivered by the National Museum, key decisions on vision, project delivery and funding were taken during the year to ensure the progress of the project and to continue to support relationships with the Royal Marines family. Fundraising for this important

project to the National Museum's audiences and future sustainability continues into 2025-2026.

Key decisions may have passed through the relevant subsidiary boards or committees, that in turn have the specific membership and skills sets to enable scrutiny and challenge before reaching the Board. The flow of information, its quality and accuracy and the process of review is considered sufficient for the Board to ensure that it fulfils its responsibilities effectively.

Committee	Responsibilities
<i>Audit and Governance</i>	Oversight of all auditing, risk management and governance aspects of the Group.
<i>Collections, Research, Learning and Access</i>	Articulation of the Acquisitions, Disposals and Loans Policies, the Collections Strategy and all Collections Management, Conservation, Access and Research policies and priorities.
<i>Brand and Digital</i>	Review and development of the brand and digital customer engagement.
<i>Fundraising</i>	Leading on all aspects of fundraising. Constructing a strategy that coordinates the approach to the private, public and corporate sectors. Assurance on meeting The Fundraising Regulator requirements on annual reporting of operation of the fundraising function, especially in relation to complaints.
<i>Nomination and Remuneration</i>	Leading the process for Board and Committee appointments and nominating candidates for Board approval. Making recommendations to the Board on performance and remuneration of the National Museum's Chief Executive Officer and Executive Directors.

Membership of key meetings	Board of Trustees	Committees				
		Audit and Governance	Collections Research Learning, Access	Brand and Digital	Fundraising	Nomination and Remuneration
Total number of meetings in the period:	4	3	3	2	2	1
	Number of key meetings attended / number of meetings eligible to attend					
<i>Chairman:</i>						
Admiral Sir Phillip Jones GCB	4/4					
<i>Trustees:</i>						
Rear Admiral Mark Anderson	4/4					
Ms Katherine Biggs	2/2		2/2			
Dr Andrew Burnett	4/4	3/3	3/3			
Mr Phillip Doling	4/4		3/3	2/2	2/2	
Mr Colin Evans	3/4	3/3				
Ms Helen Jackson	3/4		3/3			1/1
Major General Jeffrey Mason	2/2					
Mrs Mary Montagu-Scott	4/4				2/2	
Rear Admiral Jon Pentreath	3/4					0/1
Mr Mike Scott	3/4					0/1
Mrs Alison Start	4/4	2/3			1/2	
Mrs Sarah Whitcher	4/4					1/1
Mr Gavin Whitter	3/3	2/2				
Mr Tom Wright	4/4			2/2		1/1
Mr Ged Salzano	2/2					
<i>Non-Trustees:</i>						
Mr Stephen Bradley					2/2	
Ms Louisa Burden			2/3			
Mrs Sarah Dhanjal			0/1			
Captain Catherine Jordan					0/2	
Professor Andrew Lambert			2/3			
Ms Tiva Montalbano			3/3			
Mr Alex Patterson			1/3			
Mr Peter Pantlin					0/2	

Maintaining a reputation for high standards of business conduct

The Trustees ensure that our framework of ‘MARITIME’ values (page 4), which are reflective of our desire to maintain a reputation for high standards of business conduct, supports the culture of the organisation, guiding our everyday actions and being integral to our performance management framework. The values were reviewed, with support from our employee Working Together Group, during 2024-25 and will be rolled out with the new strategy.

Trustees are recruited and appointed in accordance with the Charity Commission’s guidance “Finding new trustees” (CC30), the principles of the relevant sections of the Governance Code for Public Appointments and the National Museum’s Trustee Recruitment Policy. A formal induction process is in place for new Trustees and committee members, which combines all the necessary background reading material, including items such as: the Articles of Association; committees’ terms of reference; minutes of recent meetings; the Charity Commission publication “The Essential Trustee: what you need to know”; the National Museum’s strategy and corporate plan; and the Museum Association publication “Code of Ethics for Trustees” (CC3)”. New Trustees and committee members are encouraged to visit the National Museum’s sites to meet key members of staff, see the collection and to discuss current issues, projects and risks. Tailored training may also be arranged. Recent appointees continue to confirm their satisfaction with this process.

A register of interests (available on request from governance@nmrn.org.uk), is maintained for Trustees, Committee Members and the Executive, requiring declaration of any interest, pecuniary or otherwise, in any matter being considered by the Board, subsidiary board or the committees. Declarations of interest are also included as a standing item at the beginning of every agenda as an opportunity for new conflicts of interests to be declared and for existing conflicts of interest to be dealt with.

There were no company directorships or other significant interests held by Board members which may conflict with their responsibilities as trustees. A number of trustees of the National Museum are also trustees of the subsidiary charities and this is disclosed in note 29 Related Party Transactions.

Having regard to the interests of our employees

The group engages with employees through a number of channels, including the Working together Group, team briefings and weekly updates through the intranet. The NMRN Operations Board, as the main employer within the group, receives regular reports on our employment matters and monitors the results and actions arising from regular staff surveys, to enable the group to have regard to the interests of our people when making decisions. The Remuneration and Staff report (pages 31 – 37) provides further detail on how we engage with our employees to create an inclusive culture and positive working environment.

The recently introduced staff survey and eNPS scores have provided a useful insight into what is working well and where there are challenges. Such surveys will continue into 2025-26 and the Executive and NMRN Operations Board will monitor and support opportunities for positive change.

Fostering business relationships with customers and suppliers

Our visitors are central to everything we do. The NMRN Operations Board receives regular updates on our performance so that the quality of the visitor experience provided can be monitored. Visitor feedback, both positive and negative, is essential for development of our visitor offer, and helps us to better understand their needs and requirements. Our team uses their significant experience in providing high quality visitor engagement, to constantly refine what we do to provide continuous improvement in our offering. Further information of how we have delivered our visitor offer in the period is provided in the Activities and Achievements section of the report (pages 6 - 8).

The group has good relationships with its key suppliers and often works in partnership with them to deliver innovative solutions to better benefit our stakeholders.

The impact of our operations on the community and the environment



The Trustees have had due regard to the guidance issued by the Charity Commission on public benefit. Our strategic aim to grow and diversify our global audiences considers how we may reduce identified barriers to access and engagement at every opportunity. Our 'Social Value and Learning' achievements, summarised from page 7, set out the impact of our public benefit delivery under three key strands: improving health and well-being; strengthening relationships and building diverse communities; and, developing skills and encouraging learning and participation.

The group recognises the serious threat posed by climate change and the urgent need for meaningful action. The National Museum is committed to operating sustainably, fostering environmental stewardship, social equity and cultural preservation. The working group activity was reduced during the year as a result of the unavoidable change of focus arising from the cyber-attack.

We are engaged in developing and embedding an ambitious sustainability commitment, aligned with the United

Nations Sustainable Development Goals, into our new strategy, to promote a more sustainable future, which applies across our operational activities and ongoing and new projects. We are engaging with the Carbon Literacy® Project to raise awareness of the carbon costs and impacts and motivation to reduce emissions across our business.

We have embedded a sustainability narrative into our financial and procurement strategy which is already delivering impact. In this period, we have procured a green energy provider for much of our supply, installed a solar array at Cobham Hall, appointed a new photocopier supplier and cleaning contract who demonstrated their contribution to our sustainability agenda.

We recognise that significant changes to our working environment, premises and collections are required, including but not limited to energy use, transport, building infrastructures, and collections management, requiring significant capital investment, and will work to ensure sustainability is an integral part of our project development.

To deliver environmental sustainability, we will conserve energy, water and consumables as far as possible, particularly if they are non-recyclable. We will seek to recycle to reduce wastage, prevent and avoid excessive pollution from our operations and projects, and ensure we dispose of any hazardous materials in the appropriate manner. We will continue to include environmental sustainability in our procurement activities, looking to our contractors, our landlords and other key stakeholders to uphold the same environmental principles as ourselves.

We will develop our social sustainability through our community engagement and educational programmes, working to ensure our museums and collections are widely accessible, both physically and digitally. We will provide fair pay, benefits, and working conditions for our employees and volunteers, supporting economic growth and decent work.

We commit to the preservation and protection of cultural heritage by responsibly managing our collections, ensuring that they are accessible for future generations.

The National Museum is continuing to develop its systems to establish, maintain and monitor data and comprehensive records on our sustainability, including calculation of our carbon footprint and greenhouse gas emissions. We are continuing to collect and improve data to calculate the best estimate of carbon emissions from our activities to a target base and data-led reduction in emissions.

The following measures and metrics have so far been established to allow the National Museum to report on performance. As we have been able to collect more accurate usage data from our key suppliers, we have reestablished our baseline data for 2023-24, to measure performance against in future years:

Waste Management		2023-24 baseline	2024-25
Non-Financial indicators	Non-recycled waste (tonnes)	85	72
	Recycled general waste (tonnes)	5	6
	Recycled timber (tonnes)	103	32
	Total waste (tonnes)	193	110
	% recycled	56%	35%
Financial indicators	Total cost (£)	61,412	45,960

Alongside regular collections of general waste and recycling, the National Museum is dedicated to recycling metal, timber, paper, food waste, hazardous waste and redundant computer equipment and will work towards establishing a zero-to-landfill policy. General waste is sent to energy recovery and mixed recycling is collected at all sites. Timber from the HMS Victory project makes up the bulk of recycled waste and the volume of waste will vary according to project activity. All hazardous waste is safely removed and disposed of by licensed contractors. The National Museum works with its contractors to ensure they comply with its waste expectations.

The National Museum has introduced recycling points in staff rooms and other key locations for 2025-26, and is preparing for the recently introduced waste 'Simpler Recycling Scheme' regulation that came into effect March 2025. This will improve the efficiency of the recycling programme.

Paper		2023-24 baseline	2024-25
Non-Financial indicators	Sheets used	176,766	125,605
	Trees consumed % of a tree	21.09	15.07
	CO2 produced (kg)	2,232	1,595
	Equivalent bulb hours	139,763	99,877
Financial indicators	Total cost including lease (£)	17,125	12,879
Digital working initiatives continue to significantly reduce paper usage on previous years. The December 2024 Cyber-attack impacted our printer servers and the printers were out of use for a period of 4 months. The printers have been replaced under a new contract for 2025-26 which promises to deliver energy-efficient and sustainable printing.			
Travel		2023-24 baseline	2024-25
Non-Financial indicators	Distance by train (miles)	12,012	17,952
	Distance by plane (miles)	26,097	18,266
	Distance by car (miles)	100,630	110,762
	Total distance travelled (miles)	138,739	147,754
	Fuel consumed by company vehicles (litres)	1,578	844
Financial indicators	Total cost (£)	45,283	67,928
The National Museum is committed to reducing the number of car miles travelled and promotes rail travel and car sharing where possible. The museum continues to encourage hybrid meetings to reduce the level of travel required. As part of its efforts to reduce carbon emissions, the museum will manage the level of business travel. The museum recognises that emissions from travel are a large contributor to climate change and air pollution and will continue to promote more sustainable travel options.			
Energy Consumption		2023-24 baseline	2024-25
Energy Consumption	Gas (kWh)	1,728,680	1,795,912
	Electricity (kWh)	2,556,682	2,492,315
	Total energy consumption (kWh)	4,285,362	4,288,227
Financial indicators	Total Energy Cost (£)	966,558	987,873
The National Museum continues to make changes across its sites to reduce energy consumption and examples include: • Reduction in the number of off-peak opening days • Adjustment to museum opening routines • Investment in internal spaces and closing areas that are not used • Installation of energy efficient lighting The Fleet Air Arm Museum project to install solar panels and a water collection system at Cobham Hall to reduce its energy consumption was completed during the year. The final installation checks were undertaken at the end of 2024-25 and the energy produced will be reported on in future annual reports. The increase in gas usage between the reporting periods arose from the temporary replacement of the broken boiler at Hartlepool with an electric powered system for much of the winter 2023-24. Electricity usage has consequently reduced for this site in 2024-25. The total energy consumption in kWh has shown negligible variance between the two periods. High energy prices continue to have a significant impact on the costs associated with running our museums. The National Museum obtains more than 40% of its energy from the Ministry of Defence and is working to obtain more robust data in			

terms of its usage. Where the museum sources its own energy supplies, it is seeking to switch to green energy as contracts come up for renewal and this will be reported on for 2025-26.

Water Consumption		2023-24 baseline	2024-25
Non-Financial indicator	Water (m3)	6,251	6,463
Financial indicators	Total Water Cost (£)	19,670	24,736
The increase in water consumption and costs arises from new service charges from the Ministry of Defence in respect of the Royal Navy Submarines Museum wastewater that has previously been provided free of charge.			

System of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the National Museum's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The review of the effectiveness of the system of internal controls is exercised through the Audit and Governance Committee. This Committee is chaired by a Trustee of the Board and draws expertise from other Trustees and committee members, with the Director General and the Executive Director of Resources in attendance, and other members of the executive attending as required. The Committee also has access to the independent accountants, internal and external auditors engaged for all companies within the Group, providing review and oversight of the financial control systems and the creation of the companies' and trusts' consolidated group accounts. The Committee reports directly to the Board of Trustees.

The Audit and Governance Committee used the National Audit Office's 'Audit and Risk Assurance Committee Effectiveness Tool' to assess its effectiveness against good practice (August 2022). Action has been taken to address the identified areas for improvement.

Internal Audit

The National Museum has an independent internal audit function, provided through Azets (from April 2024), which undertakes a rolling programme of risk-based audit activity across the Group, agreed at the start of each financial year with the Accounting Officer and the Audit and Governance Committee. Internal audit provides assurance to management and the Audit and Governance Committee on the adequacy of internal control arrangements, including risk management and governance. The internal audit conforms to the Government Functional Standard GovS009 Internal Audit, the International Standards for the Professional Practice of Internal Auditing, the wider International Professional Practices Framework (IPPF), and the Internal Audit Code of Practice as published by the Global Institute of Internal Auditors (IIA) and the Chartered IIA.

Azets UK was appointed as internal auditor following a joint tender exercise with our sister service museums, the National Army Museum and the Royal Air Force Museum, to support the sharing of best practice and economies of scale, including an agreed annual thematic review across each of the museums. The following internal audits were completed during the year:

Internal Audit review	Assurance Opinion Provided
Business Continuity Planning and Disaster Recovery	Reasonable Assurance
Commercial Activities	Reasonable Assurance
Collection Security	Reasonable Assurance
Key Financial Controls	Reasonable Assurance
Cyber Security (completed prior to the attack)	Limited Assurance
Third Part Suppliers	Substantial Assurance

The outcomes of these reviews are used to inform an annual opinion on the governance, risk management and control framework, and on the mitigating controls over the risk to the delivery of objectives. The Internal Auditor concluded that in their opinion, the National Museum has a framework of governance, risk management and controls that provides reasonable assurance regarding the effective and efficient achievement of objectives, with the exception of cyber security where they made a number of high risk recommendations. They noted within their report that the National Museum had already identified the need for investment in security improvements and that a number of actions were already underway at the time of their review, and as a result of the cyber incident in December 2024.

External Audit

The external auditor for the National Museum of the Royal Navy is the National Audit Office, on behalf of the Comptroller and Auditor General. Price Bailey LLP were appointed as the external auditor for the subsidiary companies and trusts from January 2024 on a four-year contract period (with a two-year extension subject to satisfactory performance). The Audit and Governance Committee receives and reviews all external auditor reports.

Whistleblowing

The National Museum has a whistleblowing policy and procedures in place, set in accordance with the relevant legislation and good practice, and that complies with the EU Whistleblower Protection Directive introduced in April 2019. The policy is made available on the staff intranet. An advisory review of the policy was undertaken by the internal auditor in October 2022 and concluded that the National Museum has a legally compliant policy and process with governance and effective staff communication in place. Findings and subsequent actions from the report, including amendments to the policy, improved governance and document control, the requirement for additional training in investigation skills for managers and feedback from staff on the effectiveness of the policy communications, are being implemented.

No new concerns were raised under the whistleblowing policy in this reporting period.

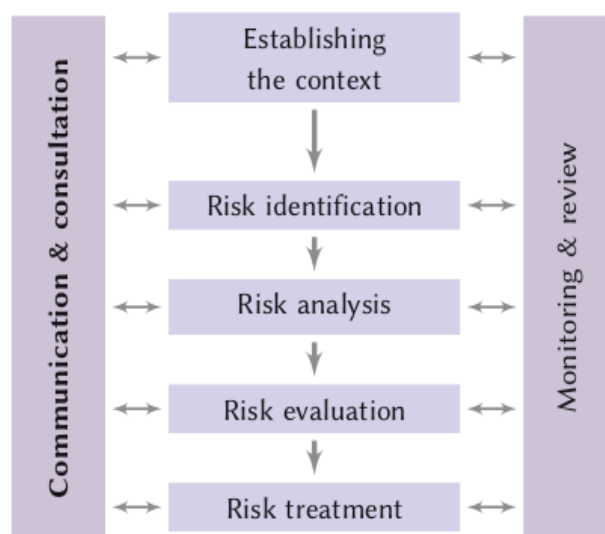
Personal data breaches

The National Museum Group identified no personal data breaches that required reporting to the Information Commissioner's Office (ICO) during 2024-25. A personal data breach means a breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data. This includes breaches that are the result of both accidental and deliberate causes. It also means that a breach is more than just about losing personal data. A personal data breach can be broadly defined as a security incident that has affected the confidentiality, integrity or availability of personal data. The cyber-attack was immediately reported to the Information Commissioner's Office and there continues to be no evidence that any personal data was compromised.

Risk Management

Our Risk Management Strategy and Policy provides a framework and process that enable the organisation to manage uncertainty in a systematic, consistent and efficient way. It supports informed decision making thereby enabling opportunities to be exploited, or action to be taken to mitigate or manage risk to an acceptable level. Effective management of risk is essential in supporting the National Museum's culture of innovation and autonomy and in establishing a "risk aware" approach. Risk management is integral to the National Museum's corporate planning. We have identified the strategic, operational and project risks to our charitable objects and strategic objectives.

The Audit and Governance Committee oversees the development and implementation of the National Museum's risk management strategy and framework and provides assurance to the Board on its effectiveness. The day-to-day management of risk is exercised through the National Museum's Executive Board, which regularly reviews the National Museum's principal activities and events, with associated risks. The Audit and Governance Committee, subsidiary boards and the Board of Trustees receive reports to each meeting on the principal risks and the steps being taken to manage them effectively, including risks relating to new project proposals. Appropriate mitigating actions are identified to address the inherent risks and to enhance the control environment. All risk registers are accessible in real time by Trustees and the Executive. The Trustees are satisfied that the risk management system has operated effectively throughout the reporting period.



Assurance Statement by the Audit and Governance Committee

The Audit and Governance Committee is reasonably confident that:

Based on the above, the Board and Accounting Officer of the National Museum of the Royal Navy believe that the organisation complies with the Corporate Governance in Central Government: Code of Good Practice 2017, to the extent that it is relevant to the company and as far as the Charities Act 2011 and Companies Act 2006 permit.

In our view, the information received was sufficient to enable us to review and confirm the effectiveness of the National Museum of the Royal Navy's system of internal control in accordance with Treasury guidance and recommendations. The system of internal control has been in place in the National Museum of the Royal Navy for the year ended 31 March 2025 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Colin Evans, CMG
Chair of the Audit and Governance Committee
on behalf of the Board of Trustees

Matthew Sheldon
Chief Executive Officer and Accounting Officer

11 November 2025

Statement of Board of Trustees' and Accounting Officer's responsibilities

The Board of Trustees of the National Museum of the Royal Navy is required to prepare financial statements for each financial year in accordance with the Companies Act 2006 and Charities Act 2011, which give a true and fair view of the statement of affairs of the parent and the group and of the net expenditure of the group for that year.

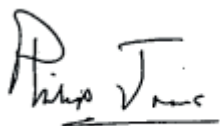
The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the National Museum of the Royal Navy and of its income and expenditure, Balance Sheet and cash flows for the financial year.

In preparing the accounts, the Trustees and Accounting Officer are required to comply with the requirements of FRS 102 and the Accounting and Reporting by Charities: Statement of Recommended Practice (FRS 102) and in particular to:

- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements;
- select suitable accounting policies and apply them consistently;
- prepare the financial statements on a going concern basis;
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable; and
- 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 National Museum of the Royal Navy's auditors are aware of that information. So far as they are aware, there is no relevant audit information of which the auditors are unaware.

The Principal Accounting Officer has appointed the Chief Executive Officer as Accounting Officer of the National Museum of the Royal Navy. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the National Museum of the Royal Navy's assets, are set out in Managing Public Money published by the HM Treasury.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent and group and enable them to ensure that the financial statements comply with applicable law and the provision of the National Museum of the Royal Navy's constitution. They are also responsible for safeguarding the assets of the parent and group and hence for taking reasonable steps for the prevention and detection of fraud and other non-compliance with laws and regulations. The Trustees are also responsible for the maintenance and integrity of the corporate and financial information included on the National Museum of the Royal Navy's website.



Admiral Sir Philip Jones
Chair on behalf of the Board of Trustees



Matthew Sheldon
Chief Executive Officer and Accounting Officer

11 November 2025

Remuneration and Staff Report

This report has been prepared in accordance with the Government Financial Reporting Manual, which requires the disclosure of certain information about directors' remuneration, where "directors" is interpreted to mean those persons in senior positions having authority or responsibility for directing or controlling the major activities of the National Museum of the Royal Navy.

Remuneration Policy

The Nomination and Remuneration Committee meets annually to consider the pay award for the Chief Executive Officer and the two Executive Directors, as set out under the Executive Remuneration policy (approved March 2022). The Chief Executive Officer and the Executive Directors are also entitled to an annual non-consolidated performance related bonus payment, based on the previous year's financial performance and non-financial performance objectives set against the Objectives and Key Priorities in the Corporate Plan and personal contribution towards the achievement of key areas of work. When reviewing Executive remuneration, the Committee is aware of the proposals for remuneration of the wider workforce. The Committee receives regular updates on salary increases and pay progression made to employees across the National Museum. These matters are considered when conducting the annual review of Executive remuneration and awarding bonuses.

Staff salaries, including salaries for Directors and Deputy Executive Directors, are set within the "Salary Grading Structure and Pay Progression Scheme" that was introduced from 1 April 2019 and reviewed annually. The Structure provides a single pay scale consisting of 49 pay points across 10 pay grades. An annual "cost of living" review is undertaken in November each year, with any recommendations arising from the review subject to Board and Ministerial approval before implementation. From 1 November 2022, the National Museum adopted the UK Living Wage as its minimum pay point. A Pay Progression Scheme enables staff to move up through the pay points within their pay grade as they demonstrate that they meet agreed performance criteria and contribute to the National Museum's performance. Any pay progression awards are effective from 1 November each year.

Jobs are matched, under the National Museum's job grading scheme, to a pay grade according to a range of factors, including: professional knowledge and experience; management of resources (finance, people, physical assets); responsibility for information systems; problem solving and decision making; planning and organising; policy and service development; freedom to act; communication and influence; and, teamwork.

Pension benefits are provided through a defined contribution group pension scheme at the rate of 10% or 6% of salary (see note 1.17) and employees may elect to increase contributions through a salary sacrifice arrangement. The following statements present remuneration before any salary sacrifice is made. None of the directors is a member of a Civil Service Pensions scheme and the National Museum did not fund any civil service pension contributions for them in 2024-25.

The Chief Executive Officer and the Executive Directors have permanent contracts of employment with 6 months' notice. The Associate Executive Directors are employed through the subsidiary company NMRN Operations and have permanent contracts of employment with 3 months' notice.

Directors' remuneration

The salary and pension entitlements set out below include gross salary, performance-related bonuses in respect of performance in the previous financial year (if applicable), benefits in kind and any other allowances to the extent that they are subject to UK taxation. The emoluments were as follows:

Directors' remuneration table (subject to audit):

Director	¹ 2024-25 all figures £k				¹ 2023-24 all figures £k			
	Salary	² Bonus payments	⁴ Pension benefits	TOTAL	Salary	³ Bonus payments	⁴ Pension benefits	TOTAL
M Sheldon, Chief Executive Officer/ Interim Director General	⁵ 135-140	0-5	-	140-145	⁵ 95-100	5-10	-	105-110
S Dennis, Executive Director of Finance and Resources	⁶ 115-120	10-15	-	125-130	95-100	5-10	-	95-110
A Baines, Executive Director of Museum Operations/Associate Executive Director: Heritage and Strategic Programmes	⁷ 85-90	-	-	85-90	⁷ 70-75	n/a	-	70-75
B Hubbard, Associate Executive Director: Marketing	70-75	n/a	-	70-75	60-65	n/a	-	60-65
H McKenna-Aspell, Associate Executive Director: Funding and Partnerships	80-85	n/a	-	80-85	75-80	n/a	-	75-80
L Andrews, Associate Executive Director: People	60-65	n/a	-	60-65	-	-	-	-
E Allen, Associate Executive Director: Commercial Operations	60-65	n/a	-	60-65	-	-	-	-
D Tweddle, Director General	n/a	n/a	n/a	n/a	⁸ 190-195	10-15	-	205-210
V Turner, Deputy Executive Director of Resources	n/a	n/a	n/a	n/a	⁹ 90-95	n/a	-	90-95

¹There were no benefits in kind.

²Bonus payments that relate to performance in 2023-24 which were approved in April 2024.

³Bonus payments relate to performance in 2021-22 and 2022-23 which were approved in April 2023.

⁴The only pension benefits are in relation to defined contribution schemes and are solely disclosable in the pensions benefits table. Employer contributions in 2024-25 are presented in the pensions benefits table below.

⁵M Sheldon held the office of Executive Director of Museum Operations until 30 November 2023. His salary on an annualised basis until that time was in the banding £85k-£90k. On 1 December 2023, he was appointed Interim Director General. His salary in this role on an annualised basis at 31 March 2024 was in the banding £120k-£125k. On 1 July 2024, he was appointed Chief Executive Officer. His salary in this role on an annualised basis at 31 March 2025 was in the banding £140k-£145k.

⁶S Dennis salary and bonus payments were subject to a backdated review in October 2024. Her salary in this role on an annualised basis at 31 March 2025 was in the banding £115k-£120k.

⁷A Baines held the office of Deputy Executive Director of Museum Operations until 14 April 2024. His salary in this role on an annualised basis at 31 March 2024 was in the banding £70k-£75k. On 15 April 2024, he was appointed Associate Executive Director: Heritage and Strategic Programmes. His salary in this role on an annualised basis was in the banding £80k-£85k. On 1 October 2024, he was appointed Executive Director of Museum Operations. His salary in this role on an annualised basis at 31 March 2025 was in the banding £90k-£95k.

⁸D Tweddle was in office until 30 November 2023 and an appropriate termination package was subsequently agreed with the Secretary of State. His salary on an annualised basis at that time of resignation was in the banding £130k-£135k. The amount included in the table above includes a payment in lieu of notice and a severance payment (see Exit Packages).

⁹This amount includes a payment in lieu of notice and a redundancy payment (see Exit Packages)

Pension benefits table (subject to audit):

Director	Real increase in pension and lump sum at pension age	Accrued pension at pension age at 31 March 2025 and related lump sum	¹ CETV at 31 March 2025	¹ CETV at 31 March 2024	Real increase in ² CETV	Employer contribution to Defined Contribution Group Pension Scheme
£'000						
M Sheldon, Chief Executive Officer/Interim Director General	-	-	-	-	-	14
S Dennis, Executive Director of Finance and Resources	-	-	-	-	-	12
A Baines, Executive Director of Museum Operations/Associate Executive Director: Heritage and Strategic Programmes	-	-	-	-	-	7
B Hubbard, Associate Executive Director: Marketing	-	-	-	-	-	4
H McKenna-Aspell, Associate Executive Director: Funding and Partnerships	-	-	-	-	-	5
L Andrews, Associate Executive Director: People	-	-	-	-	-	4
E Allen, Associate Executive Director: Commercial Operations	-	-	-	-	-	4

¹CETV (a Cash Equivalent Transfer Value) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member of a final salary scheme, required where a pension member wishes to switch to a defined contribution scheme, and is therefore not applicable to the National Museum directors.

Fair Pay Disclosures (subject to audit)

The National Museum is required to disclose the relationship between the remuneration of its highest-paid executive director and the lower quartile, median and upper quartile remuneration of the workforce, as shown below.

Fair pay bandings and ratios table:

	2024-25	2023-24
	£000	
Highest paid executive salary plus bonuses	¹ 145-150	² 145-150
Lowest paid staff member remuneration	20-25	20-25
	£	
Lower quartile salary	£24,570	£23,400
Lower quartile total remuneration	£24,570	£23,400
Median quartile salary	£26,072	£24,863
Median quartile total remuneration	£26,072	£24,863
Upper quartile salary	£31,883	£30,504
Upper quartile total remuneration	£31,883	£30,504
	³ Ratio	
Lower quartile	6.00	5.45
Median quartile	5.66	5.13
Upper quartile	4.63	4.18

¹This information is in relation to M Sheldon who was the highest paid executive director at any point during the year and represents his salary plus bonus on an annualised basis at 31 March 2025.

²This information is in relation to D Tweddle who was the highest paid executive director at any point during 2023-24 and represents his salary plus bonus on an annualised basis had he been in office at 31 March 2024.

³Ratio between the highest-paid executive director's banded mid-point remuneration and the lower quartile, median and upper quartile of the workforce. The highest paid executive director for this purpose is the highest paid executive director in office at 31 March 2025 (and at 31 March 2024), which is M Sheldon.

Pay awards made in 2024-25 resulted in a higher percentage increase to the lower quartiles pay ranges than other quartiles.

Percentage change in the total salary and bonuses of the highest-paid director and the workforce average:

	Highest-paid director	Workforce average	Highest-paid director	Workforce average
	2024-25		2023-24	
	% change		% change	
Salary and allowances	¹ 0%	5%	¹ 4%	28%
Bonuses	-67%	² N/A	0%	² N/A

¹The information used to calculate this ratio is in relation to M Sheldon who was the highest paid executive director at any point during the year and represents his salary plus bonus on an annualised basis in office at 31 March 2025 (2023-24: at 31 March 2024).

²Non-consolidated performance-related bonus payments are only payable to the Chief Executive Officer/Director General and the Executive Directors. Consolidated performance-related pay progression is payable to the rest of the workforce.

A cost of living pay award was made in February 2024. Under our Remuneration policy, a pay award is considered by the trustees in the Autumn with any approved award being effective from the 1 November. This policy enables us to ensure that we continue to consider our pay rates against the Museums Association Salary Research and Recommendations and the UK Living Wage. The November 2024 award was delayed until February 2025 owing to the Pay remit approval process that the National Museum is obliged to follow as a Non-Departmental Public Body. The percentage change in workforce average salary and allowances has increased reflecting the changes in UK Living Wage published in 2023 and 2024 and the follow-on effect through our pay scale. Under the award, our lowest to

mid pay points, representing 74% of our workforce received the highest % pay awards in the workforce. The ratios have increased due to the appointment of a permanent Chief Executive Officer in 2024-25.

In 2024-25, no employees received remuneration in excess of the highest paid Executive Director.

Total Staff costs for the National Museum Group totalled £8,862,000 (2024-25: £8,733,000). Further details on all staff costs can be found in note 10 to the financial statements.

Equity, Diversity and Inclusion

The National Museum is committed to improving equity, diversity and inclusion (EDI) across the organisation to become an inclusive museum and workplace for our visitors, trustees, workforce, volunteers and wider delivery partners.

The National Museum is a committed member of Inclusive Employers and made a pledge under the Armed Forces Covenant, holding the silver award. Work will be undertaken to progress this to the gold award in the coming period.

The National Museum does not tolerate any form of discrimination and believes that everyone has the right to live without fear or prejudice regardless of race, age, gender, disability, sexual orientation, social class, religion and belief. Practising equality of opportunities can sometimes mean treating people differently in order to treat them fairly, for example, by being flexible to meet the needs of working parents and carers, or making reasonable adjustments for individuals with disabilities at various stages of the selection process. We provide interview questions in advance to support neurodiversity, and our careers page includes accessible tools such as being able to change the colour contrast and the option for audio descriptions.

A Menopause policy was introduced on World Menopause Day (18 October) following work undertaken by our Menopause café, to provide additional support for staff.

In October 2024, following the work of our LGBTQ+ staff network, the National Museum became a 'Pride in Veterans Standard Organisation', demonstrating our commitment to providing inclusive and welcoming support to LGBTQ+ Veterans, serving personnel and their families.

We are committed to inclusion and diversity in our museum, improving this in the way we work, the collections we share and the stories we tell by:

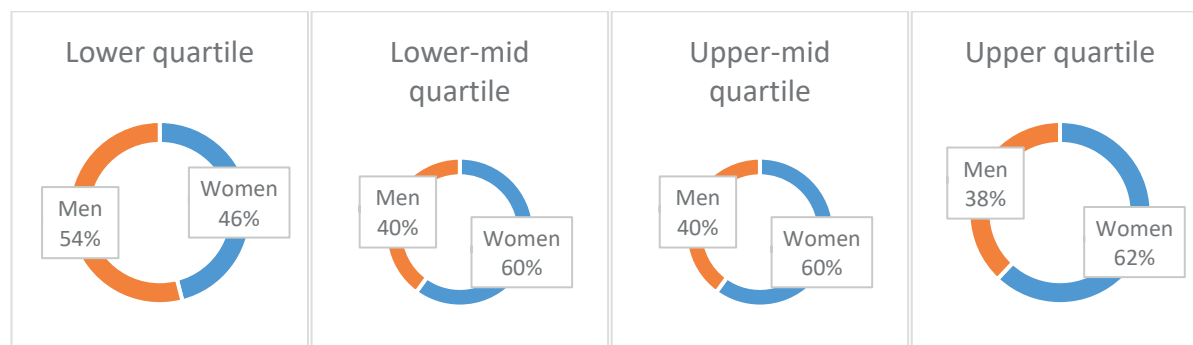
- Continuing to embed an EDI approach through our Strategy and Corporate Plan.
- Developing our practices, and identifying improvements in how we can deliver our work and support, through our EDI action group and LGBTQ+ staff network.
- Seeking to diversify our boards, committees, workforce and volunteers, enabling them to become more effective by reflecting different perspectives, experiences and skills.
- Engaging diverse voices to provide broader perspectives on the stories of the Royal Navy.
- Reducing obstacles to participation, access and engagement, through designing our work to be open to everyone, challenging inequality and achieving improved equality outcomes.
- Committing to move forward, to act collectively and individually to effect change and to be held accountable for delivering change.
- Creating a strong sense of togetherness, where although people may not share life experiences, they are always respectful of the journeys of others.
- Understanding there is still much to do; creating an inclusive organisation is a long-term and ongoing commitment so that everyone feels like they belong.



Gender Pay Gap Reporting

Our data is collected on the snapshot date of 5 April 2025, when our workforce consisted of 188 (57%) women and 143 (43%) men.

Gender pay gap reporting requires us to divide our workforce into four equal parts (quartiles) by hourly rate and show the percentage of men and women within each of the quartiles.



The mean gender pay gap is the difference in average hourly rates of pay that men and women receive. This provides an overall indication of the gender pay gap by taking all hourly rates of pay and dividing by the total number of men and women in scope. The median gender pay gap shows the difference in the midpoints of the ranges of hourly rates of pay for men and women by ordering individual rates of pay from lowest to highest and comparing the middle values.

The mean (average) hourly rate paid to women in our workforce was 3.9% higher than the mean (average) hourly rate paid to men in April 2025. The difference in hourly rates of pay, as a median average, was 4.1% lower for men compared to women in April 2025. This represents a decrease in our mean gender pay gap of 1.4% and a 4.1% decrease as a median average based on our gender pay gap in 2024.

There was an overall increase in the percentage of women in the upper-mid to upper quartiles compared to the last reporting period, with a higher percentage of women in the upper pay quartile (62%), representing a 6% increase from the last reporting period (2024: 56%). There was also a 7% increase of women in the upper-mid pay quartile (60%) from the last reporting period (2024: 53%). There was an 11% reduction in the percentage of women in the lower pay quartile (46%) from the last reporting period (2024: 57%). This is the lowest percentage of women in the lower quartile since reporting commenced in 2017 (except for the Covid reporting years 2020-2021). There was a 7% increase in the percentage of women in the lower mid-quartile (60%) from the last reporting period (2024: 53%).

The National Museum introduced a salary sacrifice scheme in 2024-25, enabling employees to voluntarily opt to reduce the gross pay or bonus payment due under their contract of employment in return for a range of non-cash benefits (e.g. childcare vouchers, additional annual leave, increased employer pension contributions). The value of salary sacrifice is excluded from gender pay gap calculations, meaning that the employee's gross pay after any reduction for salary sacrifice is used. 109 people have elected to participate in one or more schemes; 66% of people in the scheme are women and 34% are men. The National Museum is aware that salary sacrifice arrangements can influence the reported figures used in gender pay gap calculations and therefore considers this when analysing its gender pay gap data.

Our mean gender pay gap continues to be more favourable to women and for the first time our median gender pay gap is also more favourable for women (excluding 2020 Covid calculations).

We accommodate flexible and hybrid working arrangements wherever possible, supporting staff if they need to care for others or those who are returning to work after having a child or those who benefit from more flexible patterns of working. Work continues to be undertaken to support career progression and development. We are committed to offering these opportunities to all staff, regardless of gender.

Sickness absence

Periods of sickness absence are recorded in full days. The average number of sick days per employee (excluding long-term sickness absences) was 2.4 days (2023-24: 2.2 days per employee), a 0.2 day increase per employee. This paragraph is not subject to audit.

Exit packages table - reporting civil service and other compensation schemes (subject to audit):

<i>Exit package cost band</i>	<i>Number of compulsory redundancies</i>		<i>Number of other departures agreed</i>		<i>Total number of exit packages by cost band</i>	
	<i>2024-25</i>	<i>2023-24</i>	<i>2024-25</i>	<i>2023-24</i>	<i>2024-25</i>	<i>2023-24</i>
<£10,000	4	7	4	Nil	8	7
£10,000 - £25,000	1	4	Nil	Nil	1	4
£25,000 - £50,000	Nil	Nil	Nil	Nil	Nil	Nil
£50,000 - £100,000	Nil	Nil	Nil	Nil	Nil	Nil
£100,000 - £150,000	Nil	Nil	Nil	1	Nil	1
Total number of exit packages	5	11	4	1	9	12
Total resource cost/ £	18,849	99,909	7,257	100,401	26,136	200,310

For 2024-25, the 'other departures agreed' includes a single settlement agreement payment of £4,000 (2023-24: £33,467). There were 5 compulsory redundancies made in 2024-25 (11: 2023-24).

Employee Consultation and Involvement

The National Museum actively consults with its staff through the Working Together (Staff Voices) Group, established in February 2021 to improve two-way communication, involving and engaging employees through participation and collaboration, enabling them to contribute to the success of the National Museum. The group, representing staff from across the National Museum, also offers senior management the opportunity to consult over business related issues and gain commitment to change. The Working Together Group acts as a communication platform for all staff, enabling them to voice their ideas as well as identifying areas for improvement or development.

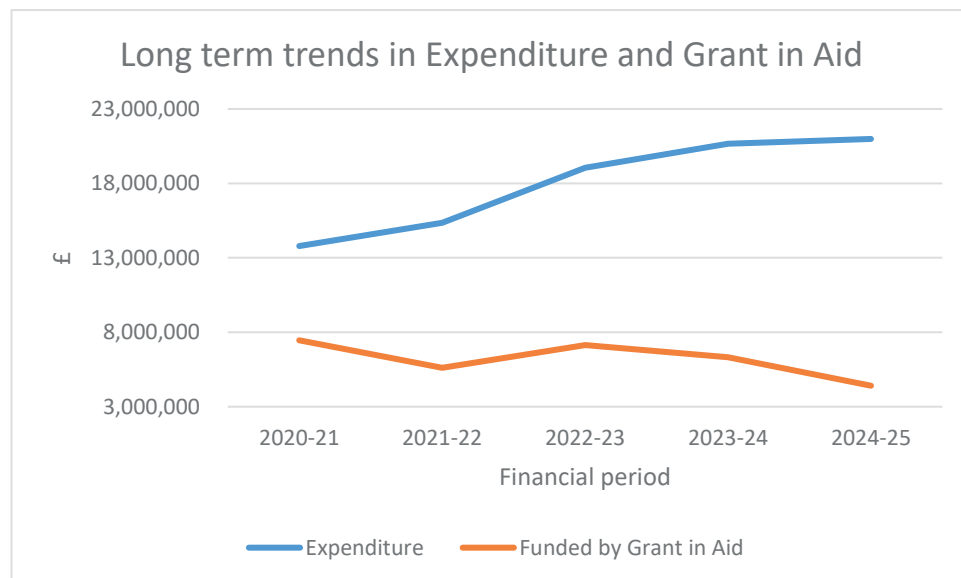
Other forums for staff consultation and involvement included: project-specific consultation and working groups that provide a delivery-focused culture of working and change management; the Health and Safety Management Group; team meetings; the National Museum's Workplace intranet which includes weekly updates from the Executive on organisational performance and celebrates the successes of teams and individuals; and the performance appraisal and "check in" system.

<i>Trade Union facility time report</i>	<i>2024-25</i>	<i>2023-24</i>
Relevant union officials	Nil	Nil
Percentage of time spent on facility time	Nil	Nil
Percentage of pay bill spent on facility time	0%	0%
Paid trade union activities	Nil	Nil

Parliamentary accountability and audit report (subject to audit)

All expenditure is regular and has been applied as intended by donors and the National Museum's sponsor body. There are no contingent liabilities, gifts, fees, charges or losses and special payments which require disclosure in this report.

Trends in expenditure and Grant in Aid received over the past five years are shown below:



The National Museum's expenditure was reduced significantly in 2020-21 in response to the impact of COVID-19 pandemic on its visitor numbers, which dropped to just 100 thousand visits, and the consequent impact on self-generated charitable and commercial income. The cost base was rigorously managed through cessation of non-contractual spend, suspension or reduction of contractual services, renegotiation of rents and service charges, the furlough of up to 89% of employees, and the freezing of the majority of capital projects. Expenditure increased as the National Museum reopened its sites, with 2023-24 seeing the first full year of normal operational activity. Expenditure in 2024-25 was broadly in line with that seen in the previous financial period.

Revenue Grant in Aid received from the sponsor body had remained broadly static in cash terms up to 2019-20 at £3,501,000 and the National Museum's growth was funded through self-generated income, grants and donations. An uplift in revenue Grant in Aid was awarded from 2020-21 up to 2023-24 to support recovery from the long-term financial impact of the pandemic. In 2024-25, all additional support ceased with revenue Grant in Aid reverting to pre-pandemic levels at £3,995,000 (2023-24: £5,631,000) accounting for 21% of total income. Capital Grant in Aid of £149,000 (2023-24: £135,000) for the purchase of exhibits, and a further £265,000 (2023-24: £565,000) grant received from the sponsor to support capital projects was also received. Use of the National Museum's free reserves, built from its charitable income, ensures future financial sustainability and its ability to continue to operate as a going concern.

Admiral Sir Philip Jones
Chair on behalf of the Board of Trustees

Matthew Sheldon
Chief Executive Officer and Accounting Officer

11 November 2025

The Certificate and Report of the Comptroller and Auditor General to the Members of the National Museum of the Royal Navy and the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the National Museum of the Royal Navy and its group for the year ended 31 March 2025 under the Government Resources and Accounts Act 2000.

The financial statements comprise the National Museum of the Royal Navy and its group's:

- Consolidated and Company Balance Sheet as at 31 March 2025;
- Consolidated Statement of Financial Activities for the year then ended;
- Consolidated and Company Cash Flow Statement for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In my opinion the financial statements:

- give a true and fair view of the state of the National Museum of the Royal Navy and its group's affairs as at 31 March 2025 and its net income and application of resources for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been properly prepared in accordance with the in accordance with the Charities Act 2011.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2024/2019*. I have also applied the ethical standards relevant to listed entities. I am independent of the National Museum of the Royal Navy and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the National Museum of the Royal Navy and its group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the National Museum of the Royal Navy and its group'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.

My responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this certificate.

Other Information

The other information comprises the information included in the Trustees' Annual Report but does not include the financial statements and my auditor's certificate and report thereafter. The Trustees and the Accounting Officer are responsible for the other information.

My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate and report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other material is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration Report and Staff Report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

- the Performance Report including the Strategic Report and the Accountability Report including the Directors' Report, has been prepared in accordance with applicable legal requirements; and
- the information given in the Performance Report including the Strategic Report and the Accountability Report including the Directors' Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the National Museum of the Royal Navy and its group and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report including the Strategic Report and the Accountability Report including the Directors' Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit.

Responsibilities of the Trustees and Accounting Officer for the financial statements

As explained more fully in the Statement of the Board of Trustees' and Accounting Officer's Responsibilities, the Trustees and the Accounting Officer are responsible for:

- maintaining proper accounting records;

- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the National Museum of the Royal Navy and its group from whom the auditor determines it necessary to obtain audit evidence.
- preparing Group financial statements, which give a true and fair view, in accordance with the Companies Act 2006 and the Charities Act 2011.
- ensuring such internal controls are in place as Trustees and the Accounting Officer determine are necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- preparing the Group financial Statements, which give a true and fair view, in accordance with the Companies Act 2006 and the Charities Act 2011;
- preparing the Annual Report, which includes the Directors' Remuneration Report, in accordance with the Companies Act 2006 and the Charities Act 2011 and
- assessing the National Museum of the Royal and its group'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 directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and report on the financial statements in accordance with applicable law and Government Resources and Accounts Act 2000.

My 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 a certificate and report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the National Museum of the Royal Navy and its group's accounting policies.
- inquired of management, the National Museum of the Royal Navy and its group's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the National Museum of the Royal Navy and its group's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and

- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the National Museum of the Royal Navy and its group's controls relating to its compliance with the National Heritage Act 1983, the Companies Act 2006, the Charities Act 2011, and Managing Public Money.
- inquired of management, the National Museum of the Royal Navy and its group's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations; and
 - they had knowledge of any actual, suspected, or alleged fraud.
- discussed with the engagement team including significant component audit teams and the relevant internal specialists, including taxation, pensions and property valuation regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the National Museum of the Royal Navy and its Group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the National Museum of the Royal Navy and its group's framework of authority and other legal and regulatory frameworks in which the National Museum of the Royal Navy and its groups operate. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the National Museum of the Royal Navy and its group. The key laws and regulations I considered in this context included the National Heritage Act 1983, Companies Act 2006, the Charities Act 2011, Managing Public Money, employment law, pensions legislation and tax legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Governance Committee and legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- in addressing the risk of fraud through management override of controls, I tested the appropriateness of journal entries and other adjustments; assessed whether the judgements on estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- other audit procedures responsive to the risk of fraud, non-compliance with laws and regulation or irregularity as appropriate

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal specialists and relevant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I 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 I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

12 November 2025

Consolidated Statement of financial activities (incorporating the income and expenditure account)
for the year ended 31 March 2025

		Unrestricted funds	Restricted funds	Linked Charities	Endowment funds	2025 Total	Unrestricted funds	Restricted funds	Linked Charities	Endowment funds	2024 Total
		Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income from:											
Donations and legacies											
Grant in Aid (revenue)			3,995	-	-	3,995	5,631	-	-	-	5,631
Grant in Aid (capital)			-	149	-	149	-	135	-	-	135
Donations and legacies		2	421	4,240	3	4,664	347	2,102	34	-	2,483
Admissions and charges for services		3	6,543	-	-	6,543	7,055	-	-	-	7,055
Trading subsidiary		4	2,188	-	-	2,188	2,302	-	-	-	2,302
Investments		5	457	-	-	1,195	142	-	-	892	1,034
Other			542	-	-	542	547	-	-	-	547
Total income			14,146	4,389	3	1,195	16,024	2,237	34	892	19,187
Expenditure on:											
Raising funds											
Fundraising and publicity		6	1,203	-	-	179	1,357	-	-	165	1,522
Trading subsidiary		4	1,657	-	-	-	1,899	-	-	-	1,899
Charitable activities		7/8	13,076	5,562	3	-	13,497	3,749	-	-	17,246
Total expenditure			15,936	5,562	3	179	16,753	3,749	-	165	20,667
Net gains/(losses) on investments		16	-	-	-	385	-	-	-	4,360	4,360
Tax payable			-	-	-	-	-	-	-	-	-
Net income/(expenditure)			(1,790)	(1,173)	-	1,401	(729)	(1,512)	34	5,087	2,880
Transfer between funds			(558)	1,786	47	(1,275)	2,630	(194)	5	(2,441)	-
Other recognised gains/(losses):											
Gains/(losses) on revaluations of fixed assets		14	286	430	-	-	306	558	-	-	864
Actuarial (losses)/gains on defined benefit pension		12	(133)	-	-	-	81	-	-	-	81
Net movement in funds			(2,195)	1,043	47	126	2,288	(1,148)	39	2,646	3,825
Reconciliation of funds:											
Total funds brought forward		23	29,422	127,526	6,626	57,312	27,134	128,674	6,587	54,666	217,061
Total funds carried forward			27,227	128,569	6,673	57,438	29,422	127,526	6,626	57,312	220,886

The notes on pages 46 to 71 form an integral part of these financial statements.

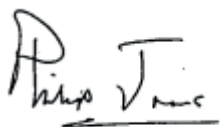
The National Museum of the Royal Navy
(A company limited by guarantee)
Company number: 06699696

Consolidated and Company Balance Sheets as at 31 March 2025

		Group 2025 £'000	Group 2024 £'000	Company 2025 £'000	Company 2024 £'000
	Notes				
Fixed assets					
Tangible assets	14	43,515	45,358	-	-
Heritage assets	15	107,036	107,240	6,649	6,602
Investments	16	56,678	56,439	-	-
		<u>207,229</u>	<u>209,037</u>	<u>6,649</u>	<u>6,602</u>
Current assets					
Stocks	17	867	708	-	-
Debtors	18	2,614	2,313	61	277
Cash at bank and in hand		11,793	12,572	1,658	1,755
		<u>15,274</u>	<u>15,593</u>	<u>1,719</u>	<u>2,032</u>
Current liabilities					
Creditors falling due within one year	20	(2,555)	(3,762)	(1,463)	(808)
Net current assets		<u>12,719</u>	<u>11,831</u>	<u>256</u>	<u>1,224</u>
Debtors falling due after one year	19	450	450	-	-
Total assets less current liabilities		<u>220,398</u>	<u>221,318</u>	<u>6,905</u>	<u>7,826</u>
Creditors falling due after more than one year	21	(586)	(664)	(488)	(566)
Net assets excluding pension asset/(liability)		<u>219,812</u>	<u>220,654</u>	<u>6,417</u>	<u>7,260</u>
Defined benefit pension scheme asset/(liability)	12	95	232	-	-
Net assets including pension fund asset/(liability)		<u>219,907</u>	<u>220,886</u>	<u>6,417</u>	<u>7,260</u>
Funds					
Unrestricted funds		23,730	26,455	4	4
Designated funds		789	545	1	1
Revaluation reserve		2,708	2,422	-	-
Total unrestricted funds	23	<u>27,227</u>	<u>29,422</u>	<u>5</u>	<u>5</u>
Restricted funds		78,305	77,692	(261)	629
Revaluation reserve		50,264	49,834	-	-
Linked charities	24	6,673	6,626	6,673	6,626
Total restricted funds	23	<u>135,242</u>	<u>134,152</u>	<u>6,412</u>	<u>7,255</u>
Total endowment funds	23	<u>57,438</u>	<u>57,312</u>	<u>-</u>	<u>-</u>
Total funds	23	<u>219,907</u>	<u>220,886</u>	<u>6,417</u>	<u>7,260</u>

The National Museum of the Royal Navy is exempt from an audit under Part 16 of the Companies Act 2006 under section 482 (non-profit-making companies subject to public sector audit) of the Companies Act 2006, but subject to audit under the Government Resources and Accounts Act 2000.

The financial statements were approved and authorised for issue by the board and signed on its behalf by



Admiral Sir Philip Jones
Chair of the Board of Trustees



Matthew Sheldon
Chief Executive Officer and Accounting Officer

11 November 2025

The National Museum of the Royal Navy

(A company limited by guarantee)

Company number: 06699696

**Consolidated and Company Cash flow statement
for the year ended 31 March 2025**

	Notes	Group 2025 £'000	Group 2024 £'000	Company 2025 £'000	Company 2024 £'000
Cash flows from operating activities:					
Net cash (used in)/provided by operating activities		(1,375)	1,854	22	(1,680)
Cash flows from investing activities:					
Dividends and interest from investments	5	1,652	1,034	8	-
Purchase of tangible fixed assets	14	(900)	(948)	-	-
Purchase of heritage assets	15	(47)	(5)	(47)	(5)
Purchase of investments	16	(1,200)	(12,809)	-	-
Sale of investments	16	1,171	2,360	-	-
Net cash provided by/(used in) investing activities		<u>676</u>	<u>(10,368)</u>	<u>(39)</u>	<u>(5)</u>
Cash flows from financing activities:					
Repayment of borrowing	21	(80)	(80)	(80)	(80)
Net cash used in financing activities		<u>(80)</u>	<u>(80)</u>	<u>(80)</u>	<u>(80)</u>
Change in cash and cash equivalents in the reporting period	33	(779)	(8,594)	(97)	(1,765)
Cash and cash equivalents at 1 April 2024		<u>12,572</u>	<u>21,166</u>	<u>1,755</u>	<u>3,520</u>
Total cash and cash equivalents at 31 March 2025	33	<u>11,793</u>	<u>12,572</u>	<u>1,658</u>	<u>1,755</u>
Reconciliation of net income to net cash flow from operating activities:					
Net income for the year		(1,562)	2,880	(843)	55
Depreciation	14	2,371	2,366	-	-
Loss on disposal of fixed assets	14/15	1,092	-	3	-
(Gain)/Loss on investments	16	(385)	(4,360)	-	-
Adjustment for non-cash fees from gains/losses	16	175	175	-	-
Dividends and interest from investments	5	(1,652)	(1,034)	(8)	-
Donated fixed assets	14/15	(3)	(34)	(3)	(34)
(Increase)/Decrease in stocks	17	(159)	(45)	-	-
(Increase)/Decrease in debtors	18/19	(301)	1,121	216	154
(Decrease)/Increase in creditors	20	(957)	776	655	(1,858)
Increase/(Decrease) in long term liabilities	21	2	3	2	3
Increase/(Decrease) in provisions for defined benefit pension scheme	12	4	6	-	-
Net cash (used in)/provided by operating activities		<u>(1,375)</u>	<u>1,854</u>	<u>22</u>	<u>(1,680)</u>

Notes to the financial statements
for the year ended 31 March 2025

1. Accounting policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and the preceding year.

1.1. Charity information

The National Museum of the Royal Navy ("the National Museum") is a private company limited by guarantee and incorporated in England and Wales. The registered office is the National Museum of the Royal Navy, HM Naval Base PP66, Portsmouth, Hampshire, PO1 3NH. The members of the company are the Trustees named on page 2. Every member of the company undertakes to contribute such an amount as may be required not exceeding £1 to the assets of the company in the event of its being wound up while they are a member, or within one year after they cease to be a member.

The National Museum meets the definition of a public benefit entity under section 34 of FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value, unless otherwise stated in the relevant accounting policy.

The principal objectives of the charity are detailed in the Trustees report.

1.2. Basis of preparation of the financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SORP FRS 102) issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, and the Companies Act 2006.

The National Museum has made an accounting policy decision to apply the requirements of HM Treasury's Financial Reporting Manual (FReM) only so far as they relate to the following specific disclosures within the Annual Report: Governance statement; Remuneration and Staff report; and Parliamentary accountability and audit report.

The results of the company include the results of the two linked charities of the National Museum: Royal Naval Museum and HMS M33 Trust.

The financial statements are presented in sterling which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

Consolidated financial statements have been prepared in respect of the charitable company, and its wholly owned subsidiaries: NMRN Operations; Royal Navy Submarine Museum; Royal Marines Museum; Fleet Air Arm Museum; NMRN Hartlepool; HMS Trincomalee Trust; Warrior Preservation Trust; HMS Victory Preservation Company; and HMS Caroline Preservation Company. The Consolidated Statement of Financial Activities and the Consolidated Balance Sheet include the results and assets of each charity on a line by line basis. The individual results of the company can be found in the detailed statement of financial activities (Note 34).

The results of Portsmouth Historic Dockyard Operations Ltd, a joint venture company owned equally by NMRN Operations and the Mary Rose Trust, are included in these group accounts by virtue of the line-by-line consolidation of the NMRN Operations group. Individual disclosures on the performance of the joint venture are not made on the grounds that the income, expenditure, and net assets of Portsmouth Historic Dockyard Operations Ltd are not material to the group.

The registered office of all subsidiaries and the joint venture company is that of the National Museum (see note 1.1).

1.3. Going concern

In addition to the revenue it generates, the company receives Grant in Aid funding from the Ministry of Defence under a Financial Framework Agreement in respect of its operation of the Group's museums. Action has been taken by the Executive to develop a 10-year financial strategy and plan to forecast and manage the impacts of its economic challenges, to ensure the National Museum is financially sustainable into 2025-26 and beyond. The National Museum will continue to engage with Navy Command to ensure its financial framework supports core operating costs, incurred in delivering activities in the public interest, and an agreed capital strategy which delivers specific, shared, sustainable outputs and outcomes.

Based on the assurances provided to the National Museum by its sponsor, the Royal Navy, that Grant in Aid funding will continue to be made available, and the work of the Executive on 2025-26 budgets and the 10-year financial strategy and plan, the Trustees and Directors are content that the going concern basis continues to apply. As such, the financial statements have been prepared on a going concern basis.

1.4. Fund accounting

Unrestricted funds are donations and other incoming resources received or generated for general purposes.

Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of overheads and support costs.

Endowment funds are expendable endowment funds which the donor has stated are to be held as capital and are expendable over the long term.

Notes to the financial statements
for the year ended 31 March 2025

1.5. Incoming resources

All incoming resources are included in the statement of financial activities when the company is legally entitled to the income, any performance conditions attached to the items of income have been met, the amount can be quantified with reasonable accuracy, and it is probable that the income will be received. The following specific policies are applied to particular categories of income:

Voluntary income is received by way of grants, donations and gifts and is included in full in the statement of financial activities when receivable. Grants where entitlement is not conditional on the delivery of a specific performance by the company, are recognised when the company becomes unconditionally entitled to the grant. Gifts in kind are included in the accounts at their current market value where this is readily identifiable. Where current market value is unavailable then gifts in kind are included in the accounts on the basis of internal valuations estimated by relevant staff and determined by their experience and judgement, unless this is not possible without incurring a cost disproportionate to the benefit of the information reported to the readers of the accounts. Where gifts in kind are services, these are measured at the price that would ordinarily be paid for that service, which is not always equivalent to market value.

Grant in Aid funding is received from the Ministry of Defence (MoD) as a contribution towards the operating costs of the National Museum Group. The majority of the Grant in Aid is received by the National Museum and then distributed to NMRN Operations and other charitable subsidiaries on the basis of need, with the remainder, which is specifically a contribution towards wage costs, paid direct to staff by the Defence Business Services (DBS) on behalf of the National Museum.

Income from investments is included in the year in which it is receivable.

Legacies are included when the company is advised by the personal representative of an estate that payment will be made, or property transferred, and the amount involved can be quantified.

Deferred income primarily relates to income received in advance for future events.

1.6. Grants receivable

Revenue grants are credited to incoming resources on the earlier of the date of when they are received or when they are receivable, unless they relate to a specified future period, in which case they are deferred.

Grants for the purchase of restricted fixed assets are credited to restricted incoming resources when receivable. Depreciation on the fixed assets purchased with such grants is charged against the restricted fund.

1.7. Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered and is reported as part of the expenditure to which it relates.

Costs of generating funds comprise costs incurred in encouraging people and organisations to contribute financially to the work of the National Museum and to promote each of the individual museums as a heritage and visitor attraction.

Charitable expenditure includes expenditure associated with Operations, Collections & Research, and Learning and includes costs directly attributable to each activity. Costs not directly attributable to one activity, including the proportion of support costs relating to charitable expenditure, have been allocated on a reasonable basis of resources used.

Governance and support costs include those costs incurred in the governance of the company and its assets, and central functions, and have been allocated to cost categories on a basis consistent with the use of resources.

1.8. Tangible fixed assets

Timber

In March 2012, along with the gift of HMS Victory, the HMS Victory Preservation Trust received approximately 527m³ of teak, plus some smaller quantities of iroko and Brazilian mahogany, that had originally been procured by MoD for use in the conservation and maintenance of the Ship and that had been valued by Timbmet.

In 2016, 93 tonnes (~39m³) of unseasoned oak and elm were donated by four Scottish Estates for potential use towards the conservation of the Ship. The logs were surveyed over winter 2016-17 and sawn into rough-hewn planks. The timber is being stored and has been seasoned by a timber specialist (W L West) with the seasoning period completing in July 2021. The timber now needs to be converted into boards appropriate for use on the Ship. The conversion process will result in wastage and the final quantity of boards will be significantly less than the unseasoned donation.

In 2022, 370 hoppus feet (~13m³) of unseasoned oak was donated by Portsmouth Water. This is presently at W L West's yard awaiting conversion and seasoning. It is anticipated that the seasoning will take 4-5 years to complete (not before 2026). Also in 2022, 3000 hoppus feet (~108m³) of unseasoned oak was donated by HS2. This timber is being stored at a yard in the Midlands awaiting conversion and seasoning. Again, it anticipated that the seasoning will take 4-5 years to complete (not before 2026).

Notes to the financial statements
for the year ended 31 March 2025

The seasoned timber, that may be held as logs, bulks, knees or boards, and that will probably be used in the conservation of this Ship is capitalised at the deemed cost provided at the time the asset was received. The useful economic life of the timber is considered to be >100 years and accordingly no depreciation will be recognised. An annual review for impairment is carried out in accordance with the Charities SORP, with any impairment recognised in the Statement of Financial Activities.

The unseasoned or green timber held and that requires further processing (logging, rough sawing and seasoning) before its suitability for use in the conservation project may be approved, is considered to have a modest market value, and the costs of obtaining a reliable valuation would not be commensurate with its value or with the benefit obtained by including the additional value on the balance sheet.

Other Tangible fixed assets

Tangible fixed assets with a cost or value greater than £2,500 and a useful life exceeding one year are capitalised at historic cost and revalued annually using Ministry of Defence Modified Historic Cost Accounting (MHCA) indices.

Land and buildings held by the Fleet Air Arm Museum and NMRN Operations are stated at a valuation of either market value or depreciated replacement cost and depreciated over the lease term. These charities obtain a professional valuation at least every five years and indices are used to reflect the change in value in the intervening years.

Depreciation has been provided at rates calculated to spread the cost of each asset over its expected useful life as follows:

Improvements to property	over the lease term
Short leasehold property	over the lease term
Exhibitions	2 - 10 years
Fixtures and fittings	3 - 25 years
Computer and office equipment	3 - 10 years
Plant and machinery	3 - 50 years

1.9. Heritage assets held by the group

The heritage assets are held in trusts and have been included in the consolidated financial statements as set out below.

Background

Each trust holds artefacts comprising its collection. The main and reserve collections (other than assets acquired since 1 April 2000 - see below) have not been included in the financial statements due to their historic and inalienable nature and, due to the specific and individual nature of the artefacts held, it is not believed to be possible to obtain a reliable value of the collection without incurring a cost disproportionate to the benefit of the information reported to the readers of the accounts.

Assets acquired prior to 1 April 2000 have not been capitalised and included in the accounts but with effect from 1 April 2000, additions to the collection with a cost in excess of £2,500, have been capitalised. These assets are carried at cost, or deemed cost, and not depreciated due to infinite useful economic lives. An annual review for impairment is carried out in accordance with the Charities SORP, with any impairment recognised in the Statement of Financial Activities. The exception to this is the Fleet Air Arm Museum where aircraft acquired prior to 1 April 2000 have also been capitalised. Note that this treatment is inconsistent with the accounts of the Fleet Air Arm Museum where the assets acquired prior to 1 April 2000 are excluded from the balance sheet.

Heritage assets donated to the trusts with a value in excess of £2,500 are included in the accounts on the basis of internal valuations estimated by the relevant curatorial staff and determined by their experience and judgement. Where this information is not available and cannot be obtained at a cost commensurate with the benefits to users of the financial statements, the assets will not be recognised in the Balance Sheet and the disclosure required by the Charities SORP will be made.

Heritage assets: policies for maintenance, management, acquisition and disposal

A single set of Collections Management policies for the National Museum group (updated and approved by the Board in January 2023) set out a common approach for the maintenance and management of collections at different museum sites and will be subject to regular review as directed by the Collections, Research, Learning and Access Committee (CRLA).

Acquisitions to the museums are guided by a single Collections Development Policy that sets out how the accessioned collection can be developed and expanded and the principles for rationalisation and disposal. There are two principal methods of acquisition:

- Acquisition by donation, bequest or transfer
- Acquisition by purchase through private sale or public auction

The Collections and Research Department has delegated authority from the Board to assess, approve or decline new acquisitions; however, there may be instances where the CRLA Committee may be included in the decision making in relation to a 'major' acquisition such as:

- in the case of a high-value (over £120,000) item, or
- where acquisition may make a material impact on revenue budgets, or
- where there may be controversy in the acquisition of an item.

Notes to the financial statements
for the year ended 31 March 2025

Subject to the approval of the Trustees, the Museum may dispose of items from the collection, undertaken in accordance with rationalisation and disposal procedures, although this will only happen in exceptional circumstances, for example:

- When items fall outside the Museum's Collecting Policy or Charitable Objectives
- When an item contains a serious hazard which cannot be remediated
- When an item is one of a significant number of duplicates
- When an item is in exceptionally poor condition which cannot be reversed and it cannot be repurposed to alternate use.

Significant Historic Ships

Accounting policy for initial recognition of the Heritage Asset

The methodology of valuation of significant historic ships by the National Museum group is total rebuild basis, discounted for the ship's current state of repair.

The values are calculated by the staff of the National Museum. Where the current build cost or market value of a similar ship is known and can be relied upon, this is used as the basis for establishing the value of the ship. Where this information is unavailable, the original build cost of each ship is grossed up to a modern-day value using a provider of historic economic data. This value is then discounted to take account of the ship's current state of repair, using the estimated costs to bring the ship to the final condition (being in most cases something close to 'as new'). For ships which are gifted to the National Museum, the discounted value becomes the 'deemed cost' of the ship.

Accounting policy for recognition of subsequent expenditure on significant ships

The National Museum's operating company, NMRN Operations, is responsible for the restoration, preservation, and maintenance of the ship under the terms of the operator agreement. Expenditure incurred by the operating company is recognised in that entity on an accruals basis as a liability is incurred. Capital expenditure on plant and machinery not integral to the fabric of the ship is capitalised on the balance sheet of the operating company.

1.10. Investment properties

Investment properties are measured at fair value at each reporting date with changes in fair value recognised in 'net gains/(losses) on investments' in the Statement of Financial Activities.

The trustees have reviewed the valuation of the investment property and are satisfied that the current carrying value is appropriate. Accordingly, they have determined that a formal professional valuation is not required at this time.

1.11. Investments

Investments held as fixed assets are revalued at mid-market value at the balance sheet date and the gain or loss taken to the statement of financial activities.

Attitude to Risk

The Company relies on the investment return to fund its objective. The key risk to the long-term achievement of its objective is inflation, and the assets are invested accordingly. The Trustees understand that this will mean that investments are likely to be predominantly invested in equities, where dividends can be expected to grow, and that capital value will fluctuate. The Company's attitude to risk is therefore described as progressive.

1.12. Operating Leases

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against incoming resources on a straight line basis over the life of the lease.

1.13. Taxation

The activities of the company fall within the exemptions afforded by the provisions of the Corporation Tax Act 2010. Accordingly, there is no tax charge in these accounts.

All taxable activities fall within the operating subsidiary, NMRN Operations and its trading subsidiary, National Museum of the Royal Navy Trading, which are VAT registered. The activities of NMRN Operations also fall within the exemptions afforded by the provisions of the Corporation Tax Act 2010. The company's trading subsidiary is subject to corporation tax.

The tax expense represents the current tax expense. Current tax is charged or credited to the SOFA and is based on taxable profits for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods.

Current tax assets are recognised when tax paid exceeds the tax payable. Current tax assets and current tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

1.14. Stock

Stocks are usually stated at the lower of cost and estimated selling price less costs to complete and sell, after making due allowance for obsolescence and slow moving items.

Notes to the financial statements
for the year ended 31 March 2025

1.15. Financial Instruments

The company's financial assets and liabilities consist of cash and cash equivalents, trade & other debtors, trade & other creditors, accrued expenses and loans. The fair value of the items due within one year approximates their carrying value due to their short term value. Items due after one year are recorded at their carrying values which are deemed to be fair value. Unless otherwise noted, the company is not exposed to significant interest, foreign exchange or credit risks arising from these instruments.

1.16. Judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The nature of estimation means that actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

Valuation of Historic Ships

The valuations of historic ships held by the group have been based on an estimate of the original build cost, uplifted to the current value at the time of donation or acquisition, and discounted for elements of the original build that have not been replaced and to reflect the current state of repair (Note 15). This assumes that the same materials and methods of construction would be utilised with the same cost profile as the original, and, on the same basis, adjusted proportionately for those parts of the vessel that would not be replaced (for example, guns and engines).

Valuation of Heritage Assets (not Historic Ships)

The valuations of heritage assets donated to the group after 1 April 2000 with a value in excess of £2,500 are based on internal estimates of market value by the relevant curatorial staff and determined by their experience and judgement. Where this information is not available and cannot be obtained at a cost commensurate with the benefits to users of the financial statements, the assets will not be recognised in the Balance Sheet.

Valuation of HMS Victory Preservation Company timber

The valuation of the seasoned timber received in 2012 has been carried out by a professional valuer based on the assumption that the open market value could be achieved in the event of a sale. The valuation of the seasoned timber received in 2016 has been carried out by a professional valuer and uses the estimated replacement cost as the deemed cost based on their estimation of the useable quantities and grades of the seasoned timber.

1.17. Pensions

The majority of staff of the National Museum and NMRN Operations are covered by the provisions of a defined contributions group pension plan, the assets of which are held in an independently administered fund and which provides benefits based on the value of the fund. A small number of staff, who have transferred into the National Museum under the Transfer of Undertakings (Protection of Employment) Regulations, have retained membership of their former employers' pensions schemes which provide benefits based on final pensionable pay, and include the Principal Civil Service Pension Scheme and the Local Government Pension Scheme.

Group Pension Plan

The National Museum operates a Group Pension Plan with employer's contributions being payable at either 6% or 10%. Under this plan a "salary exchange" scheme exists whereby employees may elect to give up the right to receive part of their salary remuneration in return for an additional employer's contribution into the Group Pension Plan of the same amount. The pension cost charged to the Statement of Financial Activities represents the contributions paid.

Principal Civil Service Pension Scheme (PCSPS)

The PCSPS is an unfunded multi-employer defined benefit scheme but the National Museum of the Royal Navy is unable to identify its share of the underlying assets and liabilities. This scheme has therefore been accounted for as if it were a defined contribution scheme in accordance with Charity SORP (FRS102).

Local Government Pension Scheme (LGPS)

The LGPS is a multi-employer defined benefit scheme. The National Museum of the Royal Navy is an admitted member of the Hampshire Pension Fund and the Teesside Pension Fund and is able to identify its share of the underlying assets and liabilities. The schemes have therefore been accounted for as defined benefit schemes in accordance with Charity SORP (FRS102).

1.18. Termination benefits

The group recognises a liability for termination benefits at the point where the group is committed to making the payments in return for employee redundancy.

Notes to the financial statements
for the year ended 31 March 2025

2. Voluntary income (Company and Group)

	Unrestricted funds £'000	Restricted funds £'000	Linked charities £'000	2025 Total £'000	Unrestricted funds £'000	Restricted funds £'000	Linked charities £'000	2024 Total £'000
Donations and grants								
Ministry of Defence	-	265	-	265	-	565	-	565
Miscellaneous donations	4	-	3	7	9	7	34	50
Received by company	<u>4</u>	<u>265</u>	<u>3</u>	<u>272</u>	<u>9</u>	<u>572</u>	<u>34</u>	<u>615</u>
Received by:								
NMRN Operations	293	3,975	-	4,268	330	1,255	-	1,585
Other subsidiaries	124	-	-	124	8	275	-	283
	<u>417</u>	<u>3,975</u>	<u>-</u>	<u>4,392</u>	<u>338</u>	<u>1,530</u>	<u>-</u>	<u>1,868</u>
Received by group	<u>421</u>	<u>4,240</u>	<u>3</u>	<u>4,664</u>	<u>347</u>	<u>2,102</u>	<u>34</u>	<u>2,483</u>

3. Admissions (Group)

	Unrestricted funds £'000	2025 Total £'000	Unrestricted funds £'000	2024 Total £'000
Museum admissions				
Portsmouth Historic Dockyard	5,112	5,112	5,561	5,561
Fleet Air Arm Museum	1,026	1,026	1,004	1,004
Hartlepool	292	292	288	288
HMS Caroline	64	64	153	153
Other site income	<u>49</u>	<u>49</u>	<u>49</u>	<u>49</u>
	<u>6,543</u>	<u>6,543</u>	<u>7,055</u>	<u>7,055</u>

There are no equivalent balances for the company. Admissions income includes amounts reclaimed from HM Revenue and Customs under the Gift Aid Scheme.

Notes to the financial statements
for the year ended 31 March 2025

4. Income and expenses from trading activities of subsidiaries

The National Museum has control of NMRN Operations (NMRNO), NMRN Hartlepool (NMRNH), the HMS Victory Preservation Company (HMSVPC), the HMS Caroline Preservation Company (HMSPCC), the HMS Trincomalee Trust (HMSTT), the Warrior Preservation Trust (WPT), the Royal Navy Submarine Museum Trust (RNSM), the Royal Marines Museum Trust (RMM), and the Fleet Air Arm Museum Trust (FAAM). NMRN Operations also has a non-charitable trading subsidiary. Dormant subsidiaries awaiting strike off are not included below (these have £Nil balances).

Note: the results for FAAM Trust include consolidation adjustments in respect of differences in the accounting policies of the individual entity and the NMRN group for assets acquired before 1 April 2000. The adjustment of £2,242,000 increases the heritage assets and reserve balances.

	NMRNO	NMRNH	HMSVPC	HMSPCC	HMSTT	WPT	RMM	RNSM	FAAM	2025	2024
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Statement of financial activities											
Income from:											
Donations and legacies	12,256	10	-	-	185	1	-	1	121	12,574	8,922
Admissions	6,543	-	-	-	-	-	-	-	-	6,543	7,055
Trading subsidiary	2,188	-	-	-	-	-	-	-	-	2,188	2,302
Investments	34	-	1,255	323	-	12	16	-	4	1,644	1,034
Other	504	-	-	-	-	-	-	-	30	534	547
Total income	21,525	10	1,255	323	185	13	16	1	155	23,483	19,860
Expenditure on:											
Raising funds	1,204	-	126	52	-	-	-	-	-	1,382	1,522
Trading subsidiary	1,657	-	-	-	-	-	-	-	-	1,657	1,899
Charitable activities	16,464	9	1,511	844	185	379	1,854	9	293	21,548	17,985
Total expenditure	19,325	9	1,637	896	185	379	1,854	9	293	24,587	21,406
Net gain/(loss) on investments	-	-	429	(44)	-	-	-	-	-	385	4,361
Net income/(expenditure)	2,200	1	47	(617)	-	(366)	(1,838)	(8)	(138)	(719)	2,815
Revaluation of fixed assets	594	-	2	-	-	-	-	-	120	716	864
Actuarial gains/(losses)	(133)	-	-	-	-	-	-	-	-	(133)	81
Net movement in funds	2,661	1	49	(617)	-	(366)	(1,838)	(8)	(18)	(136)	3,760
Reconciliation of funds											
Total funds brought forward	39,407	-	71,003	24,642	21,394	26,258	2,602	18,918	9,402	213,626	209,866
Total funds carried forward	42,068	1	71,052	24,025	21,394	25,892	764	18,910	9,384	213,490	213,626
Balance Sheet											
Fixed assets											
Tangible fixed assets	31,970	-	6,079	-	-	-	-	-	5,466	43,515	45,358
Heritage assets	-	-	19,375	12,560	21,008	25,040	709	18,651	3,044	100,387	100,638
Investments	-	-	45,332	11,346	-	-	-	-	-	56,678	56,439
	31,970	-	70,786	23,906	21,008	25,040	709	18,651	8,510	200,580	202,435
Current assets	12,232	10	311	146	51	966	1,905	269	889	16,779	14,988
Current liabilities	(2,229)	(9)	(45)	(27)	(17)	(114)	(1,850)	(10)	(15)	(4,316)	(4,381)
Net current assets	10,003	1	266	119	34	852	55	259	874	12,463	10,607
Debtors > one year	-	-	-	-	450	-	-	-	-	450	450
Long term liabilities	-	-	-	-	(98)	-	-	-	-	(98)	(98)
Net assets excl pension asset	41,973	1	71,052	24,025	21,394	25,892	764	18,910	9,384	213,395	213,394
Defined benefit pension asset	95	-	-	-	-	-	-	-	-	95	232
Total funds	42,068	1	71,052	24,025	21,394	25,892	764	18,910	9,384	213,490	213,626

Notes to the financial statements
for the year ended 31 March 2025

4.1. National Museum of the Royal Navy Trading

National Museum of the Royal Navy Trading (NMRNT) is a company limited by guarantee, incorporated in England & Wales. NMRNT operates a number of retail outlets and cafes within the Museums and the corporate events. At the discretion of its directors, the company distributes its net profit to NMRN Operations (the parent). A summary of the company's trading results is shown below:

	2025	2024
	£'000	£'000
Turnover	2,162	2,259
Cost of sales	(627)	(811)
Gross Profit	1,535	1,448
Administration expenses	(1,048)	(1,089)
Other income	26	43
Net profit / (loss)	513	402
Tax on ordinary activities	18	1
Profit / (loss) for the financial year	531	403
Amount gifted to NMRN Operations	(508)	(460)
	23	(57)
Retained profit brought forward	236	293
Retained profit carried forward	259	236

5. Investment income (Group)

	Unrestricted funds	Endowment funds	2025 Total	Unrestricted funds	Endowment funds	2024 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Interest income	74	-	74	-	43	43
Dividend income	383	1,195	1,578	142	849	991
	457	1,195	1,652	142	892	1,034

There are no equivalent balances for the company.

6. Fundraising costs (Group)

	Unrestricted funds	Endowment funds	2025 Total	Unrestricted funds	Endowment funds	2024 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Staff costs	836	-	836	904	-	904
Fundraising and publicity	367	-	367	453	-	453
Investment management costs	-	179	179	-	165	165
	1,203	179	1,382	1,357	165	1,522

There are no equivalent balances for the company, with all fundraising activities undertaken elsewhere within the Group.

7. Costs of charitable activities - by fund type (Company)

	Unrestricted funds	Restricted funds	Linked charities	2025 Total	Unrestricted funds	Restricted funds	Linked charities	2024 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Operations	455	6	3	464	687	7	-	694
Collections & research	121	13	-	134	126	20	-	146
Learning	-	-	-	-	80	1	-	81
Grant funding	3,439	1,238	-	4,677	4,747	648	-	5,395
	4,015	1,257	3	5,275	5,640	676	-	6,316

Notes to the financial statements
for the year ended 31 March 2025

Costs of charitable activities - by fund type (Group)

	Unrestricted funds	Restricted funds	Linked charities	2025 Total	Unrestricted funds	Restricted funds	Linked charities	2024 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Operations	9,447	5,164	3	14,614	10,377	3,335	-	13,712
Collections & research	3,609	398	-	4,007	2,071	310	-	2,381
Learning	20	-	-	20	1,049	104	-	1,153
	<u>13,076</u>	<u>5,562</u>	<u>3</u>	<u>18,641</u>	<u>13,497</u>	<u>3,749</u>	<u>-</u>	<u>17,246</u>

8. Costs of activities in furtherance of the objects of the charity (Company)

	Operations	Collections & research	Learning	Grant funding	2025 Total	2024 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Staff costs	273	106	-	-	379	489
Curatorial	-	11	-	-	11	20
Depreciation and loss on disposal of fixed assets	3	-	-	-	3	-
Governance and support costs	148	57	-	-	205	412
	<u>424</u>	<u>174</u>	<u>-</u>	<u>-</u>	<u>598</u>	<u>921</u>
Grant funding:						
NMRN Operations	-	-	-	4,482	4,482	5,308
Other grant funding	-	-	-	195	195	87
	<u>424</u>	<u>174</u>	<u>-</u>	<u>4,677</u>	<u>5,275</u>	<u>6,316</u>

Costs of activities in furtherance of the objects of the charity (Group)

	Operations	Collections & research	Learning	Grant funding	2025 Total	2024 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Staff costs	4,223	1,654	20	-	5,897	6,092
Operating costs	720	-	-	-	720	919
Marketing	694	-	-	-	694	736
Curatorial and exhibition	-	456	-	-	456	418
Depreciation and loss on disposal of fixed assets	2,510	867	-	-	3,377	2,278
Governance and support costs	2,778	1,030	-	-	3,808	4,306
	<u>10,925</u>	<u>4,007</u>	<u>20</u>	<u>-</u>	<u>14,952</u>	<u>14,749</u>
Project costs:						
HMS Victory	2,293	-	-	-	2,293	1,955
NMRN Hartlepool	94	-	-	-	94	227
Other project costs	1,302	-	-	-	1,302	315
	<u>3,689</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,689</u>	<u>2,497</u>
	<u>14,614</u>	<u>4,007</u>	<u>20</u>	<u>-</u>	<u>18,641</u>	<u>17,246</u>

Notes to the financial statements
for the year ended 31 March 2025

9. Analysis of governance and support costs (Company)

	Operations £'000	Collections & research £'000	Learning £'000	2025 Total £'000	2024 Total £'000
Governance costs					
Accountancy & payroll	11	4	-	15	15
Auditor remuneration - NAO	66	25	-	91	71
Legal and professional	17	7	-	24	260
Support costs					
Sundry expenses	54	21	-	75	66
	<u>148</u>	<u>57</u>	<u>-</u>	<u>205</u>	<u>412</u>

Analysis of governance and support costs (Group)

	Operations £'000	Collections & research £'000	Learning £'000	2025 Total £'000	2024 Total £'000
Governance costs					
Accountancy & payroll	49	18	-	67	78
Auditor remuneration	99	47	-	146	130
Auditor remuneration - NAO	66	25	-	91	71
Legal and professional	245	28	-	273	426
Support costs					
Repairs and maintenance	212	83	-	295	514
Insurance	411	160	-	571	553
Premises expenses	1,325	534	-	1,859	2,020
Travelling expenses	100	35	-	135	175
Bank charges & interest	89	35	-	124	121
Depreciation	11	-	-	11	10
Sundry expenses	171	65	-	236	208
	<u>2,778</u>	<u>1,030</u>	<u>-</u>	<u>3,808</u>	<u>4,306</u>

10. Employees

	Group 2025 £'000	Group 2024 £'000	Company 2025 £'000	Company 2024 £'000
Employment costs				
Wages and salaries	7,612	7,533	256	339
Social security costs	633	620	32	43
Defined contribution pension costs	580	549	84	88
Defined benefit pension costs	19	15	-	-
Employee benefits	18	16	-	-
	<u>8,862</u>	<u>8,733</u>	<u>372</u>	<u>470</u>

Higher paid employees

The number of employees who earned more than £60,000 during the year was as follows:

	Group 2025	Group 2024	Company 2025	Company 2024
£60,001 to £70,000	2	5	-	-
£70,001 to £80,000	1	2	-	-
£80,001 to £90,000	1	-	-	-
£90,001 to £100,000	-	1	-	1
£100,001 to £110,000	-	1	-	1
£120,001 to £130,000	1	-	1	-
£130,001 to £140,000	1	-	1	-
£190,001 to £200,000	-	1	-	1

Notes to the financial statements
for the year ended 31 March 2025

Number of employees

The average monthly numbers of employees during the year, was as follows:

	Group 2025	Group 2024	Company 2025	Company 2024
Charitable expenditure	340	342	-	-
Cost of generating funds	3	3	-	-
Governance costs	6	7	2	3
	<u>349</u>	<u>352</u>	<u>2</u>	<u>3</u>

The above includes workers engaged under Casual Worker Agreements. The average full-time equivalent number of staff for the year was 215 (2024: 219).

Staff costs for the charity for the year include an accrual of £2,000 (2024: £4,000), and for the group include £39,000 (2024: £54,000), for short-term compensated absences arising from employee entitlement to annual leave.

During the financial year 8 departures under redundancy or exit agreements (2024: 12) were identified within the group and contractual/redundancy costs of £22,000 and other exit costs of £4,000 were paid (2024: £200,000). No further amounts were accrued at 31 March 2025 (2024: £Nil).

Key management personnel employed by the charity

Employee benefits received by key management personnel total £290,000 for the year to 31 March 2025 (31 March 2024: £388,00).

11. Trustees' emoluments

No trustees received remuneration during the year (2024: Nil). Eight trustees from the National Museum of the Royal Navy were reimbursed for travel expenses totalling £5,000 (2024: Nine trustees - £3,000).

12. Pensions

The National Museum contributes to a Group Pension Plan. It is also a participating employer in the multi-employer plans: the Principal Civil Service Pension Scheme and the Local Government Pension Scheme (including Hampshire Pension Fund and Teesside Pension Fund). The National Museum cannot be held liable to the plan for other entities' obligations under the terms and conditions of the multi-employer plans.

Principal Civil Service Pension Scheme (PCSPS)

The PCSPS is an unfunded multi-employer defined benefit scheme but the National Museum is unable to identify its share of the underlying assets and liabilities. A full actuarial quadrennial valuation was carried out at 31 March 2020. Details can be found in the resource accounts of the Cabinet Office; Civil Superannuation: (www.civilservicepensionscheme.org.uk/about-us/scheme-valuations/)

For 2024-25, employer contributions were payable to the PCSPS by NMRN Operations at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands. The scheme actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2024-25 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Local Government Pension Scheme (LGPS)

The LGPS is a multi-employer defined benefit scheme. The funded nature of the LGPS requires the National Museum and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Hampshire Pension Fund

The National Museum is an admitted member of the Hampshire Pension Fund. This fund has over 191,000 members. The actuaries of the fund are Hymans Robertson LLP. In the year ended 31 March 2025, two staff of NMRN Operations participated in the scheme. The disclosures below relate to the funded liabilities within the Hampshire Pension Fund (the 'Fund') which is part of the LGPS.

Teesside Pension Fund

The National Museum is an admitted member of the Teesside Pension Fund. This fund has over 71,500 members. The actuaries of the fund are Hymans Robertson LLP. In the year ended 31 March 2025, five staff participated in the scheme. The disclosures below relate to the funded liabilities within the Teesside Pension Fund (the 'Fund') which is part of the LGPS.

Assumptions

The latest actuarial valuations were carried out at 31 March 2022. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the roll-forward approach. The principal assumptions used by the actuary in updating the latest valuation of the Fund for FRS 102 purposes are shown below.

Notes to the financial statements
for the year ended 31 March 2025

	Hampshire Pension Fund		Teesside Pension Fund	
	2025	2024	2025	2024
	% p.a.	% p.a.	% p.a.	% p.a.
Pension Increase Rate (CPI)	2.70%	2.75%	2.80%	2.80%
Salary Increase Rate	3.70%	3.75%	3.80%	3.80%
Discount Rate	5.85%	4.85%	5.80%	4.80%
Asset allocation				
Equities	52%	55%	65%	71%
Bonds	36%	37%	0%	0%
Property	10%	7%	27%	25%
Cash	2%	1%	8%	4%
	2025	2024	2025	2024
	£(000)	£(000)	£(000)	£(000)
Reconciliation of funded status to the Balance Sheet				
Fair value of assets	491	468	656	650
Present value of funded liabilities	(309)	(372)	(455)	(514)
Asset ceiling adjustment	(87)	-	(201)	-
Pension asset recognised on the balance sheet	95	96	-	136
Amounts recognised in the Statement of Financial Activities				
Operating cost:				
Current service cost	17	15	5	7
Financing cost:				
Interest on net defined benefit liability	(4)	(3)	(6)	(4)
Pension expense recognised in the Statement of Financial Activities	13	12	(1)	3
Asset gains/(losses) arising during the period	(9)	20	(20)	34
Liability gains/(losses) arising during the period	105	13	79	14
Asset ceiling adjustment	(87)	-	(201)	-
Gains/(losses) recognised in the Statement of Financial Activities	9	33	(142)	48
Changes made to the present value of the defined benefit obligation during the accounting period				
Opening defined benefit obligation	372	350	514	534
Current service cost	17	15	5	7
Interest expense on defined benefit obligation	19	16	25	25
Contributions by participants	6	5	1	2
Actuarial (gains)/losses on liabilities	(105)	(13)	(79)	(14)
Asset ceiling adjustment	87	-	201	-
Net benefits paid out	-	(1)	(11)	(40)
Closing defined benefit obligation	396	372	656	514
Changes to the fair value of assets during the accounting period				
Opening fair value of assets	468	423	650	618
Interest income on assets	23	19	31	29
Remeasurement gains/(losses) on assets	(9)	20	(20)	34
Contributions by the employer	3	2	5	7
Contributions by participants	6	5	1	2
Net benefits paid out	-	(1)	(11)	(40)
Closing fair value of assets	491	468	656	650
Actual return on assets				
Interest income of assets	23	19	31	29
Gain/(loss) on assets	(9)	20	(20)	34
Total amount recognised in the Statement of Financial Activities	14	39	11	63

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Group Pension Plan

The National Museum operates a Group Pension Plan with employer's contributions being payable at 6% or 10%. Under this plan, a "salary exchange" scheme exists whereby employees may elect to give up the right to receive part of their salary remuneration in return for an additional employer's contribution into the Group Pension Plan of the same amount.

The cost relating to each scheme is set out below. At the balance sheet date the contributions outstanding for the company were £7,000 (2024: £62,000), and for the group were £59,491 (2024: £64,382).

Pension Schemes (Company)

	2025	2024
	£'000	£'000
Defined contribution schemes		
Group scheme	84	88

Pension Schemes (Group)

	2025	2024
	£'000	£'000
Defined contribution schemes		
Group scheme	561	532
PCSPS	19	17
Defined benefit schemes		
LGPS - Hampshire Pension Fund	18	12
LGPS - Teesside Pension Fund	1	3
	<u>599</u>	<u>564</u>

All pension costs relate to unrestricted funds.

13. Net outgoing resources for the year

	2025	2024
	£'000	£'000
Group net outgoing resources is stated after charging:		
Operating lease payments	658	685
Depreciation and other amounts written off tangible fixed assets	3,463	2,366
Auditors' remuneration - National Audit Office	91	71
Auditors' remuneration - Subsidiary Auditors	146	130

The National Audit Office fee for the year ended 31 March 2025 is £85,000 (2024: £71,400). 2025 includes an adjustment for extra audit fees of £6,000 relating to the 2023-24 audit. There is no remuneration for non-audit work.

Notes to the financial statements
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14. Tangible fixed assets (Group)

	Assets under construction £'000	Investment property £'000	Freehold property £'000	Short leasehold property £'000	Office equipment £'000	Plant & machinery £'000	Fixtures & fittings £'000	Exhibitions £'000	Timber £'000	Total £'000
Cost or valuation										
At 1 April 2024	565	590	15,579	9,917	3,052	13,763	10,011	4,106	6,692	64,275
Additions	-	-	-	-	15	627	5	3	-	650
Transfers	(565)	-	-	-	-	1,372	(807)	-	-	-
Disposals	-	-	-	-	-	(147)	(26)	(140)	(741)	(1,054)
Revaluation	-	-	294	215	20	227	70	56	-	882
At 31 March 2025	-	590	15,873	10,132	3,087	15,842	9,253	4,025	5,951	64,753
Depreciation										
At 1 April 2024	-	-	2,465	2,129	2,956	2,617	7,119	1,631	-	18,917
Charge for the year	-	-	456	240	57	919	278	421	-	2,371
Transfers	-	-	-	-	-	590	(590)	-	-	-
On disposals	-	-	-	-	-	(141)	(20)	(55)	-	(216)
On revaluation	-	-	20	43	13	39	32	19	-	166
At 31 March 2025	-	-	2,941	2,412	3,026	4,024	6,819	2,016	-	21,238
Net book values										
At 31 March 2025	-	590	12,932	7,720	61	11,818	2,434	2,009	5,951	43,515
At 31 March 2024	565	590	13,114	7,788	96	11,146	2,892	2,475	6,692	45,358

Land and buildings at the Fleet Air Arm Museum and the Royal Navy Submarine Museum, owned by the Fleet Air Arm Museum and NMRN Operations, were revalued at 6 May 2022 by Avison Young, in accordance with the stated policy. The revaluations were conducted by qualified surveyors on a depreciated replacement cost basis and in accordance with the RICS Valuation Professional Standards. The carrying value of the property if recognised under the historical cost model cannot be easily identified.

15. Heritage assets

The total book value of Heritage Assets contains a historic valuation of a materially significant part of the collection, based on a mixture of cost (for purchased exhibits) and valuation at the point of donation (for donated exhibits). Records of the basis of these historic valuations are not consistently available across the group and such information cannot be obtained at a cost commensurate with the benefit to the users of the accounts. As such, the value relating to assets valued at cost or at valuation at the point of donation cannot be differentiated in the brought forward balance.

	Group		Company	
	Heritage assets £'000	Total £'000	Heritage assets £'000	Total £'000
Cost or valuation				
At 1 April 2024	107,240	107,240	6,602	6,602
Additions	50	50	50	50
Disposals	(254)	(254)	(3)	(3)
At 31 March 2025	107,036	107,036	6,649	6,649
Depreciation				
At 1 April 2024 and 31 March 2025	-	-	-	-
Net book values				
At 31 March 2025	107,036	107,036	6,649	6,649
At 31 March 2024	107,240	107,240	6,602	6,602

The Collections

The collections are held by each trust individually and consist of artefacts (physical, written and oral) reflecting the story of the

Notes to the financial statements
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Royal Navy and its people throughout its worldwide operations. The collections cover the Royal Navy as a whole, and its particular branches (Surface Fleet, Submarines, Royal Marines and Fleet Air Arm) are also well represented. As the work of digitising the collection progresses, more data is gathered and refined on the volumes of assets held within some collection categories, e.g. the number of documents in a paper archive, or the number of photographs within an album or photographic collection. The volume of assets accessioned by the National Museum group (including items under and over the capitalisation threshold) is summarised as follows:

Categories	Description	Number
Aircraft	Airframes, engines and parts	1,500
Art	Decorative silver, paintings, drawings, miniatures, watercolours, embroidery, silk pictures	10,000
Boats and Ships	Submarines, large landing craft, small craft, boats, canoes, dinghies and ships fabric	350
Books	Rare books. This does not include publicly accessible published documents held in library collection	70,000
Commemorative items	War trophies, memorabilia, mementoes, etc. NB this category is being gradually redistributed as 'commemorative' is no longer reflective of the items contained within	2,500
Documents	Paper archives including posters, manuscripts, printed documents, maps, charts, record books, diaries, log-books, BRs, training manuals, internally published and unpublished works NB items are now being catalogued and processed into individual records (i.e. each document within an archive) as they are digitised so this number will increase year on year	85,000
Emblems and flags	Badges, figureheads, name boards, honours boards, ensigns and colours, and stern carvings from ships, air stations, shore establishments or barracks	4,000
Medals	Campaign medals, honours and foreign awards	12,000
Models	Ship models and dioramas	2,500
Photographic collections, film and sound	Collections of negatives, positives, born digital, prints, slides, transparencies, albums, oral histories, music recordings. NB items are now being catalogued and processed into individual records (i.e. each photograph within an album/ collection) as they are digitised so this number will increase year on year	27,500
Uniforms and clothing	All issued or purchased standard uniform or clothing	18,000
Vehicles	Motorbikes and vehicle parts	40
Weapons	Bladed weapons, projectile weapons, ordnance and ammunition	6,500
Other	Including communication equipment, specialist apparatus and equipment, furniture, victualling, fittings, musical instruments, navigational instruments, personal and recreational effects, tools	12,655
Total		252,545

Royal Naval Museum

In 2011-12 the title to, and beneficial ownership of, the collection relating to HMS *Caroline* passed to the Royal Naval Museum. This collection consists of around 400 items including pictures, photographs, flags and other items. Information regarding cost or value of this collection is not readily available and the charity considers that the cost of obtaining such valuation for the collection of assets held is significant and is not commensurate with the benefit obtained by including the additional capitalised value in the financial statements.

On 28 March 2013 the title to, and beneficial ownership of, the collection belonging to the Explosion! Museum, Gosport, passed to the Royal Naval Museum. This extensive collection includes small arms, cannon and guns, shells and munitions, mines, torpedoes, modern missiles, and an atom bomb. The Trustees consider that the cost of obtaining a valuation for these collection assets is significant and is not commensurate with the benefit obtained by including the additional capitalised value in the financial statements. The collection has therefore been included within heritage asset additions at the purchase price of £145,000.

On 7 November 2014 the Second World War Landing Craft (Tank) Mk III, LCT 7074, was gifted to the National Museum of the Royal Navy (NMRN) from the Mersey Docks and Harbour Company Limited. The ship was subsequently accessioned to the collection of the Royal Naval Museum. The methodology of valuation of significant ships should be consistent across the NMRN, using the total rebuild basis discounted for the ship's current state of repair. It has not been possible to establish the original cost of building the ship therefore no value has been attributed to this gift.

On 31 March 2017, a gift for charitable purposes was made to the Royal Naval Museum of 777 items from the Ministry of Defence Art Collection, including paintings, objects d'art, ship figureheads, engravings and furniture. Given the diverse nature of the collection and the uniqueness of some items, comparables are not readily available to the National Museum for valuation purposes. The collection is dispersed across Ministry of Defence buildings throughout the United Kingdom and abroad and will remain in situ for the foreseeable future. As such, there are considerable practical difficulties associated with accessing such a large volume of items to determine their quality, authenticity, condition and value. The supporting information made available to the National Museum by the Ministry of Defence is limited in terms of making a realistic valuation and would take significant work to generate e.g. condition reports, imagery, etc. The Trustees consider that the costs of obtaining a reliable valuation for this collection would be significant and is not commensurate with the benefit obtained by including the additional capitalised value in

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the accounts. Additionally, given the circumstances described, any attempt to value the collection would be considerably arbitrary, to the extent that such a valuation would be potentially misleading to a user of the financial statements.

On 13 March 2020, the National Museum received a gift of 12 figureheads from the Ministry of Defence. This was the first tranche of a gift for charitable purposes of The Devonport Collection. The charity considers that the cost of obtaining a valuation for this gift is significant, as such items rarely come on the market, and is not commensurate with the benefit obtained by including the capitalised value in the financial statements.

Five-year summary of heritage asset transactions

The value of accessioned heritage assets added and disposed by the National Museum group (including only those items over the capitalisation threshold) is summarised in the table below. No value for off balance sheet transactions is included as obtaining a valuation is not commensurate with the benefit of the user of the accounts.

	2025	2024	2023	2022	2021
	£'000	£'000	£'000	£'000	£'000
Additions					
Purchases					
Royal Naval Museum	47	5	1,128	1,312	648
Donations					
Royal Naval Museum	3	34	105	5	-
Total additions	<u>50</u>	<u>39</u>	<u>1,233</u>	<u>1,317</u>	<u>648</u>
Disposals					
Royal Naval Museum	3	-	-	-	-
Warrior Preservation Trust	251	-	-	-	-
Total disposals	<u>254</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

Significant historic ships

Ship	Donor	Date of gift	Original build cost uplifted for value on completion £'000	Estimated repair cost at time of gifting £'000	Value of gift £'000	Value at 1 April 2024 £'000	Increase in year £'000	Value at 31 March 2025 £'000
HMS <i>Alliance</i>	Ministry of Defence	1979	£18,480	N/A	N/A	£18,480	-	£18,480
HMS <i>Caroline</i>	Ministry of Defence	2013	£12,560	£5,004	£7,556	£12,560	-	£12,560
HMS <i>M33</i>	Hampshire County Council	2014	£1,775	£683	£1,092	£1,775	-	£1,775
HMS <i>Trincomalee</i>	Purchased for £1	N/A	£21,000	N/A	N/A	£21,000	-	£21,000
HMS <i>Victory</i>	Ministry of Defence	2012	£50,000	£30,625	£19,375	£19,375	-	£19,375
HMS <i>Warrior 1860</i>	Purchased for £1	N/A	£25,040	N/A	N/A	£25,040	-	£25,040

The Royal Navy Submarine Museum Trust – HMS Alliance

The submarine, HMS Alliance, was constructed in Barrow-in-Furness in 1947. She is a Royal Navy A Class submarine and is the only surviving example of the class. The ship was transferred to the Royal Navy Submarine Museum in 1979 where she has been on display since the transfer. HMS Alliance is valued at £18,480,000 to reflect its estimated rebuild cost. The valuation was carried out in 2015. The original build cost of the submarine is estimated to be £304,495 based on the cost of a similar T Class submarine - HMS Triumph - built in 1936. Uplifted for current value (2015), this cost was equivalent to £18,480,000. HMS Alliance was completely refurbished and reopened to the public in April 2014. The renovation work carried out was an extensive project costing around £7,000,000 to complete, and included repairing damage to the hull, in addition to completely restoring the interior of the submarine. As a result of these works it was not felt that any deductions to the original cost for disrepair was necessary.

HMS Caroline Preservation Trust – HMS Caroline

The ship, HMS Caroline, was constructed at the Cammell Laird shipyard in Birkenhead in 1914. She was one of eight C-Class light cruisers and is the last remaining British WW1 light cruiser still afloat and the sole survivor of the Battle of Jutland. The ship was gifted to the Trust on 18 November 2013 by the Ministry of Defence. HMS Caroline was initially recognised in the accounts at a value of £7,556,000, calculated on a total build basis discounted to take account of the ship's state of repair at the time of gifting. In 1914, the original build cost of HMS Caroline was £300,000. Uplifted for current value (2013), this cost was the equivalent of £25,120,000. The ship would be brought to sound and original condition, as far as possible, in the course of the refurbishment programme. However substantial elements of the original ship including the boilers, and armaments, would not be replaced. It was therefore the view of the project management team that 50% of the original value was a reasonable measure of the heritage asset value of the ship on completion of these works, the discounted value being £12,560,000. Based on the above, the ship was initially recognised in the accounts at a value of £7,556,000, reflecting the value on completion of £12,560,000, discounted back for the

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expenditure anticipated to be required to achieve that outcome. The value was then increased in the year to 31 March 2016 by £1,079,000, and in the year to 31 March 2017 by £3,925,000, to the final valuation of £12,560,000 on completion of the scheduled programme of works.

HMS M33 Trust – HMS M33

Monitor HMS M33 was built by Harland and Wolff, Belfast, in 1915. She is one of only three surviving Royal Navy warships of the First World War and the only surviving ship from the Gallipoli Campaign. The ship was gifted to the Trust on 19 May 2014 by Hampshire County Council. HMS M33 was initially recognised in the accounts at a value of £1,092,000, calculated on a total build basis discounted to take account of the ship's current state of repair. In 1915, the original build cost of HMS M33 was £40,000. Uplifted for current value (2014), this cost was the equivalent of £2,863,000. The ship has been brought to sound and original condition, as far as possible, in the course of the conservation programme. However substantial elements of the original ship, notably the boilers and engines, were removed in the past and will not be replaced. It is therefore the view of the project management team that 62% of the original value is a reasonable measure of the heritage asset value of the ship on completion of these works, the discounted value being £1,775,000.

HMS Trincomalee Trust – HMS *Trincomalee*

The ship, HMS Trincomalee, is the oldest surviving Royal Navy Frigate and the oldest warship still afloat in the UK. She was acquired by the Trust for a nominal £1. HMS Trincomalee has been included at a valuation designed to reflect the estimated rebuild costs of the ship. The value of HMS Trincomalee, on the basis of a full renewal cost of rebuild, discounted to take account of the ship's current state of repair, has been calculated at £21,000,000. The calculation is based on the comparable cost of the Frigate Hermione project, completed in 2012. This cost was pro-rated for the relative displacement tonnages. L'Hermione's displacement tonnage was 1,166 tonnes and the rebuild cost was £16,700,000 in 2012. HMS Trincomalee's displacement tonnage is 1,447 tonnes (per 'Great Sailing Ships of the World' by Otmar Schauffelen) therefore the rebuild cost is approximately £21,000,000.

HMS Victory Preservation Trust – HMS *Victory*

The ship, HMS Victory, was floated out of the Old Single Dock in Chatham's Royal Dockyard in 1765. In 1805 she achieved lasting fame as the flagship of Vice-Admiral Nelson in Britain's greatest naval victory, the defeat of the French and Spanish at the Battle of Trafalgar. She is the oldest commissioned warship in the world and remains a commissioned warship of the Royal Navy and the Flag Ship of the First Sea Lord. The ship was gifted to the Trust on 29 March 2012 by the Ministry of Defence. HMS Victory has been included in the accounts at a value of £19,375,000 calculated on a total rebuild basis discounted to take account of the ship's current state of repair. This value was calculated by staff of the National Museum by reference to the costs incurred by the Association Hermione-La Fayette in their construction of the replica frigate, Hermione, on a pro-rata basis on respective tonnage displacement of the two ships.

The value of HMS Victory, on the basis of full renewal cost of rebuild, has been calculated as £50,000,000. The calculation is based on the comparable cost of the frigate 'Hermione' project, completed in 2012. This cost was pro-rated for the relative displacement tonnages. L'Hermione's displacement tonnage was 1,166 tonnes and the rebuild cost was £16,700,000 in 2012. HMS Victory's displacement tonnage is 3,500 tonnes therefore the rebuild cost is approximately £50,000,000. HMS Victory today is far from 'new build' condition and during the next 10-20 years, it is projected that a sum in the region of £30,625,000 (at current costs) will be expended in bringing the Ship to (something close to) new condition. Whilst HMS Victory will not then be literally 'as good as new', any lower value would be offset by it being, at least in perception, the original ship. Based on the above, the ship has been recognised in the accounts at a valuation of £19,375,000 reflecting an 'as new' value, discounted back for the expenditure anticipated to be required to achieve that outcome. Once the restoration project is complete a revaluation of the ship will be undertaken.

Warrior Preservation Trust – HMS *Warrior 1860*

The original hull of the ship, HMS Warrior, was laid down at the Thames Iron Works and Shipbuilding Company based at Blackwall, London. Completed in 1861, she was the world's first ocean-going, iron-hulled, armoured warship. The original hull of HMS Warrior was acquired by the Maritime Trust from the Ministry of Defence for £1 in August 1979, and transferred to the Warrior Preservation Trust in 1983. HMS Warrior 1860 has been included at a valuation designed to reflect the estimated rebuild costs of the hull. In 1861, the original cost of the hull was £282,284. Uplifted for current value (2017) this cost was the equivalent of £25,040,000. The ship was brought to sound and original condition, as far as possible, during the restoration between 1979 and 1987 therefore it was not felt that any deductions to the original cost for disrepair was necessary.

Notes to the financial statements
for the year ended 31 March 2025

16. Investment assets

		Group Listed £'000
Valuation		
At 1 April 2024		56,439
Additions		1,200
Disposals		(1,171)
Gains and losses before management fees	385	
Less management fees deducted	(175)	
Realised and unrealised gains and losses		210
At 31 March 2025		56,678
Investments By fund:		
Endowment funds		56,678
	2025 £'000	2024 £'000
UK		
UK government and fixed interest securities	4,021	3,146
UK bonds	1,649	1,446
UK equities	5,293	6,096
Portfolio funds	887	1,278
Others	5,951	5,124
Capital account	355	349
	18,156	17,439
Overseas		
Fixed interest	-	2,498
International bonds	1,125	1,824
International equities	34,123	31,666
Others	3,274	3,012
	38,522	39,000
	56,678	56,439

17. Stocks

	Group 2025 £'000	Group 2024 £'000	Company 2025 £'000	Company 2024 £'000
Held by:				
NMRN Operations	478	278	-	-
Trading subsidiaries	389	430	-	-
	867	708	-	-

Notes to the financial statements
for the year ended 31 March 2025

18. Debtors: amounts falling due within one year

	Group 2025 £'000	Group 2024 £'000	Company 2025 £'000	Company 2024 £'000
Trade debtors	270	198	8	-
Amounts owed by group undertakings	-	-	24	24
Other debtors	1,774	994	3	234
Prepayments & accrued income	470	985	26	19
VAT	100	136	-	-
	<u>2,614</u>	<u>2,313</u>	<u>61</u>	<u>277</u>

19. Debtors: amounts falling due after more than one year

	Group 2025 £'000	Group 2024 £'000	Company 2025 £'000	Company 2024 £'000
Other debtors	450	450	-	-
	<u>450</u>	<u>450</u>	<u>-</u>	<u>-</u>

20. Creditors: amounts falling due within one year

	Group 2025 £'000	Group 2024 £'000	Company 2025 £'000	Company 2024 £'000
Other loans	86	86	86	86
Trade creditors	775	882	2	28
Amounts owed to group undertakings	-	-	1,245	473
Other creditors	145	148	8	62
Other taxes and social security	233	307	11	16
Accruals and deferred income	1,316	2,339	111	143
	<u>2,555</u>	<u>3,762</u>	<u>1,463</u>	<u>808</u>

Deferred income

	Group 2025 £'000	Group 2024 £'000	Company 2025 £'000	Company 2024 £'000
Balance at 1 April 2024	166	143	-	-
Amounts released to incoming resources	(181)	(130)	-	-
Amounts deferred in year	159	153	-	-
Balance as at 31 March 2025	<u>144</u>	<u>166</u>	<u>-</u>	<u>-</u>

21. Creditors: amounts falling due after more than one year

	Group 2025 £'000	Group 2024 £'000	Company 2025 £'000	Company 2024 £'000
Other loans	488	566	488	566
Other long term liabilities	98	98	-	-
	<u>586</u>	<u>664</u>	<u>488</u>	<u>566</u>

Notes to the financial statements
for the year ended 31 March 2025

22. Analysis of net assets between funds

	Tangible Fixed Assets £'000	Heritage Assets £'000	Investments £'000	Net current assets £'000	Long term assets & liabilities £'000	Pension assets & liabilities £'000	Total 2025 £'000
Restricted funds:							
Restricted funds	-	-	-	227	(488)	-	(261)
Royal Naval Museum	-	4,874	-	24	-	-	4,898
HMS M33 Trust	-	1,775	-	-	-	-	1,775
	-	6,649	-	251	(488)	-	6,412
Unrestricted funds	-	-	-	5	-	-	5
Total Company funds at 31 March 2025	-	6,649	-	256	(488)	-	6,417
Funds held by:							
NMRN Operations	31,970	-	-	10,003	-	95	42,068
NMRN Hartlepool	-	-	-	1	-	-	1
HMS Victory Preservation Company	6,079	19,375	45,332	266	-	-	71,052
HMS Caroline Preservation Company	-	12,560	11,346	119	-	-	24,025
HMS Trincomalee Trust	-	21,008	-	34	352	-	21,394
Warrior Preservation Trust Limited	-	25,040	-	852	-	-	25,892
Royal Marines Museum Charitable Trust	-	709	-	55	-	-	764
Royal Navy Submarine Museum Trust	-	18,651	-	259	-	-	18,910
Fleet Air Arm Museum	5,466	3,044	-	874	-	-	9,384
Total Group funds at 31 March 2025	43,515	107,036	56,678	12,719	(136)	95	219,907

	Tangible Fixed Assets £'000	Heritage Assets £'000	Investments £'000	Net current assets £'000	Long term assets & liabilities £'000	Pension assets & liabilities £'000	Total 2024 £'000
Restricted funds:							
Restricted funds	-	-	-	1,195	(566)	-	629
Royal Naval Museum	-	4,827	-	24	-	-	4,851
HMS M33 Trust	-	1,775	-	-	-	-	1,775
	-	6,602	-	1,219	(566)	-	7,255
Unrestricted funds	-	-	-	5	-	-	5
Total Company funds at 31 March 2024	-	6,602	-	1,224	(566)	-	7,260
Funds held by:							
NMRN Operations	32,907	-	-	6,268	-	232	39,407
HMS Victory Preservation Company	6,828	19,375	44,348	452	-	-	71,003
HMS Caroline Preservation Company	-	12,560	12,091	(9)	-	-	24,642
HMS Trincomalee Trust	-	21,008	-	34	352	-	21,394
Warrior Preservation Trust Limited	-	25,290	-	968	-	-	26,258
Royal Marines Museum Charitable Trust	-	709	-	1,893	-	-	2,602
Royal Navy Submarine Museum Trust	-	18,651	-	267	-	-	18,918
Fleet Air Arm Museum	5,623	3,045	-	734	-	-	9,402
Total Group funds at 31 March 2024	45,358	107,240	56,439	11,831	(214)	232	220,886

Notes to the financial statements
for the year ended 31 March 2025

23. Funds

Unrestricted funds:	At 1 April 2024 £'000	Income £'000	Expenditure £'000	Gains and losses £'000	Transfers £'000	At 31 March 2025 £'000
Unrestricted funds	4	4,015	(4,015)	-	-	4
Designated funds	1	-	-	-	-	1
Total company unrestricted funds	5	4,015	(4,015)	-	-	5
NMRN Operations	19,395	13,631	(16,141)	93	2,221	19,199
NMRN Hartlepool	-	10	(9)	-	-	1
HMS Victory Preservation Company	524	267	(761)	-	311	341
HMS Caroline Preservation Company	(5)	116	(843)	-	860	128
HMS Trincomalee Trust	360	185	(184)	-	-	361
Warrior Preservation Trust Limited	300	13	(378)	-	104	39
Royal Marines Museum	2,465	16	(1,758)	-	-	723
Royal Navy Submarine Museum	329	1	(10)	-	-	320
Fleet Air Arm Museum	6,049	155	(154)	60	-	6,110
Consolidation adjustments	-	(4,263)	6,847	-	(2,584)	-
Total group unrestricted funds	29,422	14,146	(17,406)	153	912	27,227

	At 1 April 2023 £'000	Income £'000	Expenditure £'000	Gains and losses £'000	Transfers £'000	At 31 March 2024 £'000
Unrestricted funds	4	5,639	(5,639)	-	-	4
Designated funds	1	1	(1)	-	-	1
Total company unrestricted funds	5	5,640	(5,640)	-	-	5
NMRN Operations	17,888	15,741	(15,551)	394	923	19,395
NMRN Hartlepool	-	10	(10)	-	-	-
HMS Victory Preservation Company	(419)	142	(684)	-	1,485	524
HMS Caroline Preservation Company	-	1	(901)	-	895	(5)
HMS Trincomalee Trust	360	77	(77)	-	-	360
Warrior Preservation Trust Limited	323	1	(85)	-	61	300
Royal Marines Museum	2,467	6	(8)	-	-	2,465
Royal Navy Submarine Museum	335	-	(6)	-	-	329
Fleet Air Arm Museum	6,175	30	(149)	(7)	-	6,049
Consolidation adjustments	-	(5,624)	6,358	-	(734)	-
Total group unrestricted funds	27,134	16,024	(16,753)	387	2,630	29,422

Consolidation adjustments reflect funds received by, and paid to, other group entities by the National Museum.

Notes to the financial statements
for the year ended 31 March 2025

Restricted funds:	At 1 April 2024 £'000	Income £'000	Expenditure £'000	Gains and losses £'000	Transfers £'000	At 31 March 2025 £'000
HMS Caroline fund	245	-	-	-	-	245
Royal Marines Museum relocation fund	973	-	(973)	-	-	-
Purchase of exhibits fund	(650)	149	(14)	-	(47)	(562)
Kellett Sledge Flag fund	61	-	(5)	-	-	56
FAAM CDEL fund	-	265	(265)	-	-	-
Linked charities:						
Royal Naval Museum	4,851	3	(3)	-	47	4,898
HMS M33 Trust	1,775	-	-	-	-	1,775
Total company restricted funds	7,255	417	(1,260)	-	-	6,412
NMRN Operations	20,010	7,892	(4,652)	368	(751)	22,867
HMS Victory Preservation Company	26,159	-	(752)	2	-	25,409
HMS Caroline Preservation Company	12,560	-	-	-	-	12,560
HMS Trincomalee Trust Limited	21,029	-	-	-	-	21,029
Warrior Preservation Trust	25,060	-	-	-	-	25,060
Royal Marines Museum	137	-	(96)	-	-	41
Royal Navy Submarine Museum	18,590	-	-	-	-	18,590
Fleet Air Arm Museum	3,352	-	(138)	60	-	3,274
Consolidation adjustments	-	(3,917)	1,333	-	2,584	-
Total group restricted funds	134,152	4,392	(5,565)	430	1,833	135,242

	At 1 April 2023 £'000	Income £'000	Expenditure £'000	Gains and losses £'000	Transfers £'000	At 31 March 2024 £'000
HMS Caroline fund	245	-	-	-	-	245
Royal Marines Museum relocation fund	1,054	-	(81)	-	-	973
Purchase of exhibits fund	(749)	135	(28)	-	(8)	(650)
Kellett Sledge Flag fund	53	7	(2)	-	3	61
FAAM CDEL fund	-	565	(565)	-	-	-
Linked charities:						
Royal Naval Museum	4,812	34	-	-	5	4,851
HMS M33 Trust	1,775	-	-	-	-	1,775
Total company restricted funds	7,190	741	(676)	-	-	7,255
NMRN Operations	21,271	2,685	(3,581)	558	(923)	20,010
HMS Victory Preservation Company	26,162	-	(10)	7	-	26,159
HMS Caroline Preservation Company	12,560	-	-	-	-	12,560
HMS Trincomalee Trust Limited	21,029	-	-	-	-	21,029
Warrior Preservation Trust	25,060	-	-	-	-	25,060
Royal Marines Museum	143	-	(6)	-	-	137
Royal Navy Submarine Museum	18,590	-	-	-	-	18,590
Fleet Air Arm Museum	3,256	274	(171)	(7)	-	3,352
Consolidation adjustments	-	(1,429)	695	-	734	-
Total group restricted funds	135,261	2,271	(3,749)	558	(189)	134,152

The restricted and endowment funds of the individual museums are detailed in the accounts of the respective organisations.

The HMS Caroline fund is for the conservation of the ship and its development as a visitor attraction. This work has been fully funded by HLF and the Northern Ireland Tourist Board to the National Museum.

The Royal Marines Museum relocation fund represents funding received for the Royal Marines Museum project which will include the relocation of a new Royal Marines Museum at Portsmouth Historic Dockyard.

Notes to the financial statements
for the year ended 31 March 2025

Other restricted funds represent funds received towards the purchase of exhibits.

Consolidation adjustments reflect funds received by, and paid to, other group entities.

Endowment funds:	At 1 April			Gains and		At 31 March
	2024	Income	Expenditure	losses	Transfers	2025
	£'000	£'000	£'000	£'000	£'000	£'000
HMS Victory Preservation Company	44,321	988	(127)	429	(310)	45,301
HMS Caroline Preservation Company	12,087	207	(52)	(44)	(861)	11,337
HMS Trincomalee Trust	5	-	-	-	-	5
Warrior Preservation Trust Limited	899	-	-	-	(104)	795
Total group endowment funds	57,312	1,195	(179)	385	(1,275)	57,438

Endowment funds:	At 1 April			Gains and		At 31 March
	2023	Income	Expenditure	losses	Transfers	2024
	£'000	£'000	£'000	£'000	£'000	£'000
HMS Victory Preservation Company	41,754	592	(130)	3,590	(1,485)	44,321
HMS Caroline Preservation Company	11,947	300	(35)	770	(895)	12,087
HMS Trincomalee Trust	5	-	-	-	-	5
Warrior Preservation Trust Limited	960	-	-	-	(61)	899
Total group endowment funds	54,666	892	(165)	4,360	(2,441)	57,312

Endowment funds include funds donated by the Gosling Foundation for the maintenance and upkeep of HMS Victory, and funds donated by the Department for the Economy of Northern Ireland and the National Heritage Memorial Fund for the conservation, repair, protection and interpretation of HMS Caroline in Belfast. Transfers to unrestricted funds reflect amounts disinvested to facilitate the grant to NMRN Operations.

24. Linked charities of the National Museum

SORP FRS 102 requires the activities of linked charities to be shown separately within these accounts in a manner similar to the presentation of restricted funds. The Royal Naval Museum and HMS M33 Trust are made up of the following:

<u>Royal Naval Museum</u>	At 1 April	Incoming	Outgoing		At 31 March
	2024	resources	resources	Transfers	2025
	£'000	£'000	£'000	£'000	£'000
Unrestricted funds	4,744	50	(3)	-	4,791
Restricted funds - RML 497 Fairmile (the ship)	83	-	-	-	83
Endowment funds - Johnstone Library fund	24	-	-	-	24
Total funds of the Royal Naval Museum	4,851	50	(3)	-	4,898

<u>Royal Naval Museum</u>	At 1 April	Incoming	Outgoing		At 31 March
	2023	resources	resources	Transfers	2024
	£'000	£'000	£'000	£'000	£'000
Unrestricted funds	4,705	39	-	-	4,744
Restricted funds - RML 497 Fairmile (the ship)	83	-	-	-	83
Endowment funds - Johnstone Library fund	24	-	-	-	24
Total funds of the Royal Naval Museum	4,812	39	-	-	4,851

Notes to the financial statements
for the year ended 31 March 2025

Royal Naval Museum Balance Sheet summary	2025 £'000	2024 £'000
Heritage assets	4,874	4,827
Current assets	24	24
Net assets	4,898	4,851
Funds		
Unrestricted funds	4,791	4,744
Restricted funds	83	83
Endowment funds	24	24
Total funds of the Royal Naval Museum	4,898	4,851

HMS M33 Trust

HMS M33 Trust Balance Sheet summary	2025 £'000	2024 £'000
Heritage assets	1,775	1,775
Funds		
Unrestricted reserves	1,092	1,092
Revaluation reserve	683	683
Total funds of the HMS M33 Trust	1,775	1,775

25. Transfers between funds

NMRN

A total of £47,000 (2024: £5,000) was transferred from restricted funds to reflect the value of heritage assets transferred to the Royal Naval Museum collection.

NMRN Operations

A total of £751,000 (2024: £923,000) was transferred to unrestricted funds from restricted funds to compensate for project funds initially funded by unrestricted funds and to reflect the value of tangible fixed assets which were purchased using restricted funds, but are held for general purpose, in accordance with SORP FRS 102 section 2.26.

Consolidation adjustments

The consolidation adjustments eliminate grants made between group entities.

26. Financial commitments

At 31 March 2025 the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2025 £'000	Group 2024 £'000
Within one year	651	422
Between one and five years	2,603	1,687
In over five years	30,091	22,142
	33,345	24,251

27. Capital commitments and contingent liabilities

The group had capital commitments contracted but not provided for in the financial statements amounting to £819,000 (2024: £797,000). There were no contingent liabilities at 31 March 2025 (2024: £Nil).

Notes to the financial statements
for the year ended 31 March 2025

28. Losses and special payments

Losses statement

The total value of the cases of losses occurring during the financial year was significantly less than £300,000 (2024: Significantly less than £300,000).

Special payments

There were no cases of special payments during the year (2024: No cases).

29. Related party transactions

The National Museum is a Non Departmental Public Body, sponsored by the Ministry of Defence (MoD). The MoD is regarded as a related party. Grant in Aid Funding from the MoD is disclosed in the Statement of Financial Activities.

Subsidiary companies and charities

Company name	Company number	Charity number	% share holding	Description
NMRN Operations	09988314	1169061	N/A	Operating company for the National Museum Group
NMRN Trading	01261270	-	N/A	Souvenir shops & corporate events
PHD Operations Limited	12799836	-	50%	Ticketing company for Portsmouth Historic Dockyard
NMRN Hartlepool	09997836	1165917	N/A	Holds the NMRN Hartlepool lease
HMS Victory Preservation Company	07935358	1146376	N/A	Holds the ship, HMS Victory
HMS Victory Preservation Trust				
HMS Caroline Preservation Company	08303946	1149930	N/A	Holds the ship, HMS Caroline
HMS Caroline Preservation Trust				
HMS Trincomalee Trust:	02678419	1007784	N/A	Holds the ship, HMS Trincomalee
The Foudroyant Trust	00628111	0306082	N/A	Dormant Charity
Warrior Preservation Trust	00936870	0256756	100%	Holds the ship, HMS Warrior
Royal Marines Museum	-	0259422	N/A	Holds the Royal Marines Museum collection
Royal Marines Museum	07635447	1142186	N/A	Dormant Charity
Royal Navy Submarine Museum	-	1169371	N/A	Holds the Royal Navy Submarine Museum collection
Royal Navy Submarine Museum	07637385	1142123	N/A	Dormant Charity
Fleet Air Arm Museum	-	0250079	N/A	Holds the Fleet Air Arm Museum collection
Fleet Air Arm Museum	07570620	1143023	N/A	Dormant Charity

Each subsidiary is controlled by NMRN as the company either has the right to exercise dominant influence over each corporate subsidiary by virtue of provisions contained in the company's articles, or, in the cases of the unincorporated trusts, as the sole corporate trustee.

A number of trustees of the National Museum are also trustees of the following charities:

Mr Mark Anderson	NMRN Hartlepool, HMS Trincomalee Trust, The Foudroyant Trust
Mr Andrew Burnett	Warrior Preservation Trust, The Foudroyant Trust
Mr Philip Dolling	NMRN Hartlepool
Ms Helen Jackson	HMS Victory Preservation Company
Mrs Mary-Montagu-Scott	HMS Victory Preservation Company
Rear Admiral Jonathan Pentreath	NMRN Operations
Mr John Michael E Scott	HMS Caroline Preservation Company
Mrs Alison Start	Warrior Preservation Trust
Mr Tom Wright	Warrior Preservation Trust

The following employees of the National Museum are also trustees and/or directors of the following companies and charities:

Mr Matthew Sheldon	NMRN Operations, NMRN Trading , PHD Operations Ltd
Mrs Sarah Dennis	NMRN Operations, NMRN Trading, NMRN Services, PHD Operations Ltd

The related parties of the individual museums are disclosed in the accounts of those organisations.

During the year, no trustees, key managers or other related parties have undertaken any material transactions with the National Museum.

30. Third party funds

The National Museum holds funds on Trust on behalf of the Mercantile Marine Memorial Trust totalling £356,000 (2024: £487,000). Expenditure during the year was £131,000 (2024: £57,000).

Notes to the financial statements
for the year ended 31 March 2025

31. Events after the Balance Sheet date

These accounts have been authorised for issue by the Accounting Officer on the same date as the Comptroller and Auditor General's audit certificate.

32. Analysis of cash and cash equivalents

	Group	Group	Company	Company
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Cash at bank and in hand	11,793	12,572	1,658	1,755

33. Analysis of changes in net debt

Company	At 1 April	Cash	At 31 March
	2024	flows	2025
	£'000	£'000	£'000
Long-term borrowings	(566)	78	(488)
Short-term borrowings	(86)	-	(86)
Total liabilities	(652)	78	(574)
Cash and cash equivalents	1,755	(97)	1,658
Total net debt	1,103	(19)	1,084

Group	At 1 April	Cash	At 31 March
	2024	flows	2025
	£'000	£'000	£'000
Long-term borrowings	(566)	78	(488)
Short-term borrowings	(86)	-	(86)
Total liabilities	(652)	78	(574)
Cash and cash equivalents	12,572	(779)	11,793
Total net debt	11,920	(701)	11,219

Notes to the financial statements
for the year ended 31 March 2025

34. Statement of financial activities (Company only, including the Royal Naval Museum and HMS M33 Trust as linked charities) for the year ended 31 March 2025

		Unrestricted funds	Restricted funds	Linked charities	2025 Total	Unrestricted funds	Restricted funds	Linked charities	2024 Total
	Note	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income from:									
Donations and legacies									
Grant in Aid (revenue)		3,995	-	-	3,995	5,631	-	-	5,631
Grant in Aid (capital)		-	149	-	149	-	135	-	135
Donations	2	4	265	3	272	9	572	34	615
Investments		8	-	-	8	-	-	-	-
Other		8	-	-	8	-	-	-	-
Total income		4,015	414	3	4,432	5,640	707	34	6,381
Expenditure on:									
Charitable activities	7/8	576	19	3	598	893	28	-	921
Grant funding	7/8	3,439	1,238	-	4,677	4,747	648	-	5,395
Total expenditure		4,015	1,257	3	5,275	5,640	676	-	6,316
Net income/(expenditure)		-	(843)	-	(843)	-	31	34	65
Transfer between funds		-	(47)	47	-	-	(5)	5	-
Net movement in funds		-	(890)	47	(843)	-	26	39	65
Reconciliation of funds:									
Total funds brought forward		5	629	6,626	7,260	5	603	6,587	7,195
Total funds carried forward		5	(261)	6,673	6,417	5	629	6,626	7,260

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Accounts

Linking Navy to Nation

Trustees' Annual Report and Consolidated Financial Statements
For the Year Ended 31 March 2024

A Company Limited by Guarantee



Company number: 06699696
Charity Number: 1126283

The National Museum of the Royal Navy

Annual report and accounts 2023-2024

For the period 1 April 2023 to 31 March 2024

Presented to Parliament pursuant to **the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2012**

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CORRECTION SLIP

Title: The National Museum of the Royal Navy

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Correction 1:

Page 52, Note 2. Voluntary income (Company and Group) Table entries for 2024: heading for Linked charities

Text currently reads:

Linked charities '000

Text should read:

Linked charities £'000

Correction 2:

Page 58 and page 59, column headings for Teesside Pension Fund

Text currently reads:

Teesside Pension Fund

Text should read:

Teesside Pension Fund

Date of correction: 26 November 2024

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Legal and administrative information

Charity number	1126283
Company registration number	06699696
Registered office	H M Naval Base PP66 Portsmouth Hampshire PO1 3NH
Chief Executive and Accounting Officer	Matthew Sheldon (appointed 1 December 2023)
Director General and Accounting Officer	Professor Dominic Tweddle (resigned 30 November 2023)
Chairman	Admiral Sir Philip Jones GCB ADC DL
Trustee directors	Rear Admiral Mark Anderson CB Ms Katherine Biggs Dr Andrew M Burnett CBE FBA Mr Philip G Dolling Mr Colin M Evans CMG Ms Helen M Jackson Major General Jeffrey S Mason (resigned 26 July 2024) The Hon. Mrs Mary Montagu-Scott DL Rear Admiral Jonathan P Pentreath CB OBE Mr John Michael E Scott Mrs Alison R Start Mrs Sarah Whitcher Mr Gavin Whitter Mr Thomas C K Wright CBE
Auditors	Comptroller and Auditor General National Audit Office 157 - 197 Buckingham Palace Road London SW1W 9SP
Accountants	Compass Accountants Limited Venture House, The Tanneries, East Street Titchfield Hampshire PO14 4AR
Bankers	Lloyds TSB Bank Plc 38 London Road, North End Portsmouth Hampshire PO2 0LR

Performance Report including the Strategic Report

Overview

The National Museum of the Royal Navy (“the National Museum”) was established in 2008 and is the holding company of the National Museum of the Royal Navy Group. The Group’s unique and historically significant Royal Naval collections, ships and aircraft are located and displayed in museums at the National Museum of the Royal Navy in Portsmouth (including HMS Victory, HMS Warrior and HMS M33 and the national collection for the Royal Marines), the Fleet Air Arm Museum in Yeovilton, the Royal Navy Submarine Museum (including HMS Alliance) and Explosion! The Museum of Naval Firepower in Gosport, the National Museum of the Royal Navy Hartlepool (including HMS Trincomalee), and HMS Caroline in Belfast.

Our Charitable Objectives

The charitable objectives of the National Museum of the Royal Navy, as defined within its Articles of Association are:

- The promotion and education and learning of Naval Service and Auxiliaries personnel and other members of the public about the history, deeds and traditions of those services.
- The promotion and enhancement of military efficiency by assisting recruitment and retention and fostering the esprit de corps of the men and women who are serving in the Naval Service and Auxiliaries.
- The commemoration and remembrance of those members of the Naval Service and Auxiliaries who have died while on active service and the encouragement of public recognition of the sacrifice made by such persons.

In order to deliver its objects, the vision of the National Museum of the Royal Navy is to be the world’s most respected naval museum. This will be achieved by:

- Collecting, studying and interpreting objects, images and records which help to document and communicate the continuing story of the Royal Navy and the people serving in it from the earliest times to the present day.
- Offering stimulating and engaging learning opportunities for people of all ages enabling them to explore the rich collections and expertise held by the museum.
- Providing visitors with the opportunity to enjoy a great day out, experiencing and absorbing the ethos and spirit of the Royal Navy.
- Making the museum collections as widely accessible as possible through the development of the displays and special exhibitions as well as developing a world-class virtual presence.

Our Vision

To be the world’s most inspiring Naval Museum, linking Navy to nation.

Our Mission

Inspiring enjoyment and engagement with the story of the Royal Navy and its role in shaping both our nation and the modern world.

Our Strategic Aims

We will deliver the vision and mission through three aims:

Audiences:

- Grow and diversify our global audiences – on site and online.

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- Create innovative and inspirational experiences, services and products.
- Build our brand and reputation as the authority on the Royal Navy story.

Collections:

- Sustain and develop our world-class collections and sites.
- Explore different Royal Navy story perspectives with our diverse communities and collections.
- Extend access to our collections and sites through digital transformation.

Sustainability:

- Grow our income and financial resilience to secure long-term sustainability.
- Reduce our carbon consumption and transform our estate.
- Build partnerships and influence as a national museum.

Our People

We recognise that none of this will be achieved without the skills, dedication and hard work of our people. This requires that we:

Value and empower our people.

- Are outward-facing, inclusive and audience-led.
- Build a culture of innovation and enterprise.
- Be sustainable in all that we do.

Our framework of values supports the culture of the organisation, guiding our everyday actions and being integral to our performance management framework.



How We Work

The National Museum's day-to-day operation is overseen by the Executive Directors within the context of an overarching strategy framework, and underpinned by a suite of Group policies, procedures and operating models. Operational activity has been consolidated into NMRN Operations, a wholly owned charitable subsidiary of the National Museum, simplifying the governance structure and allowing the benefits of operation of the museums through a single large organisation to be realised, improving visitor experience and collections care and access, and demonstrating greater cohesion in the delivery of the charitable objectives. The National Museum's heritage collections are retained within independent charitable trusts, with the National Museum of the Royal Navy as the sole corporate trustee and the Warrior Preservation Trust will be seeking to transfer the ship and its heritage assets into a yet to be formed trust in the same model.

The National Museum is one of the few headquartered and located outside London, enabling people to learn, enjoy and engage with the naval story in the regions. The National Museum's reach is further extended through its network of naval heritage partnerships and cooperations.

The Ministry of Defence (MOD) concluded its Independent Public Body review of the Service Museums (National Museum of the Royal Navy, Royal Air Force Museum and National Army Museum) in September 2023 and concluded that MOD service museums are effective in fulfilling their purpose and should remain as Non-Departmental Public Bodies within the MOD. A total of 21 recommendations were identified, with opportunities to ensure that both the museums and the MOD continue to maintain a strong sponsorship arrangement, refresh governance and strengthen the museums' resilience in the cultural and heritage sector in terms of financial stability, maintenance and preservation of buildings and assets and rapid digital adoption.

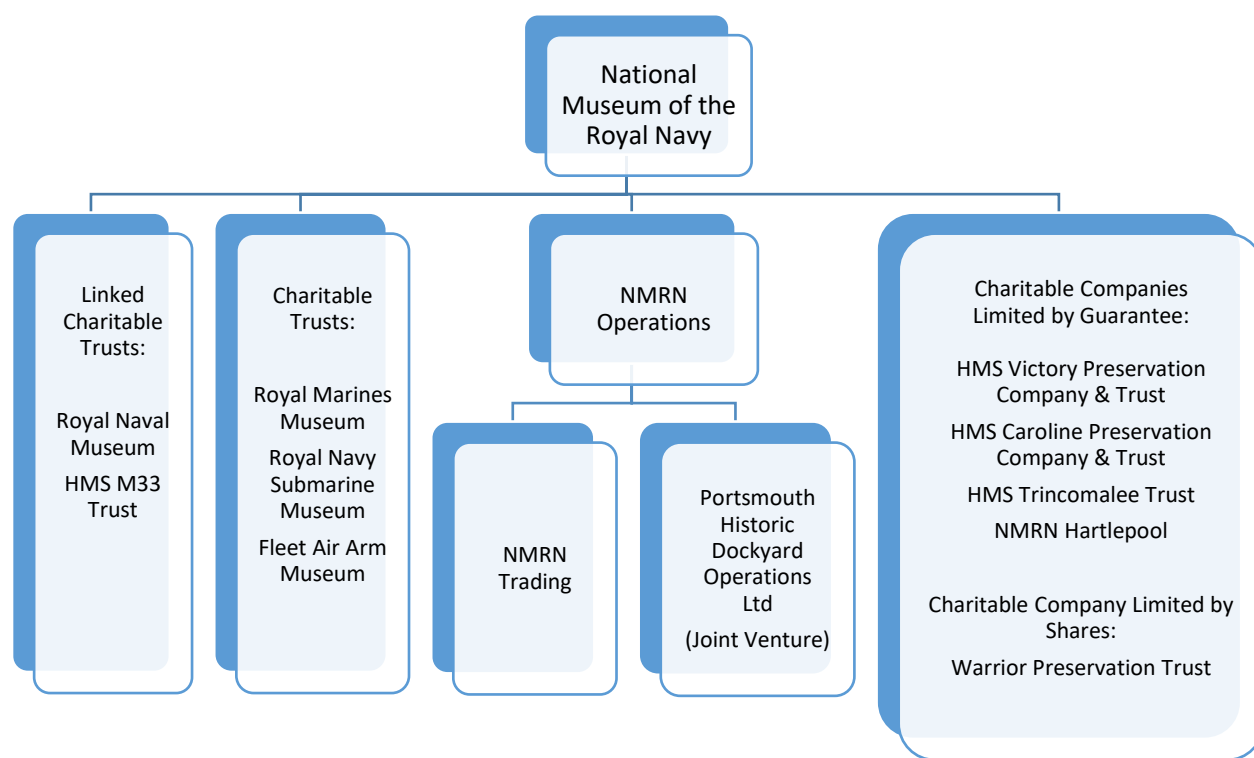
The full summary of the review may be found at <https://www.gov.uk/government/publications/service-museums-public-body-review-summary-2023/combined-service-museums-public-body-review-summary-and-findings-2023#summary-of-the-review-and-its-findings>

Funding Arrangements

The National Museum receives Grant in Aid funding from its sponsor, the Ministry of Defence, and raises other income through grant funding and sponsorship arrangements, legacies, charitable donations and through its commercial activities. Under the terms of its 2019 Financial Framework agreement for the receipt of Grant in Aid, the National Museum is permitted to build and carry forward an unrestricted “free reserve” from those self-generated funds over and above the Grant in Aid provided.

The restricted funds held by the National Museum are held in trust, under various agreements with donors, for specific purposes, to safeguard the future of the historic collections. These funds are used by the National Museum where it is appropriate to do so and in accordance with those trust agreements. The Trustees have reviewed the funds and determined that it would not be appropriate to divert them to support revenue activities, nor would it be legal to do so without the express consent of the Charity Commission.

Our Group Structure



Inactive (dormant) charitable companies awaiting strike off and dissolution:

- Fleet Air Arm Museum CLG Limited
- Foudroyant Trust
- NMRN Services
- Royal Marines Museum
- Royal Navy Submarine Museum

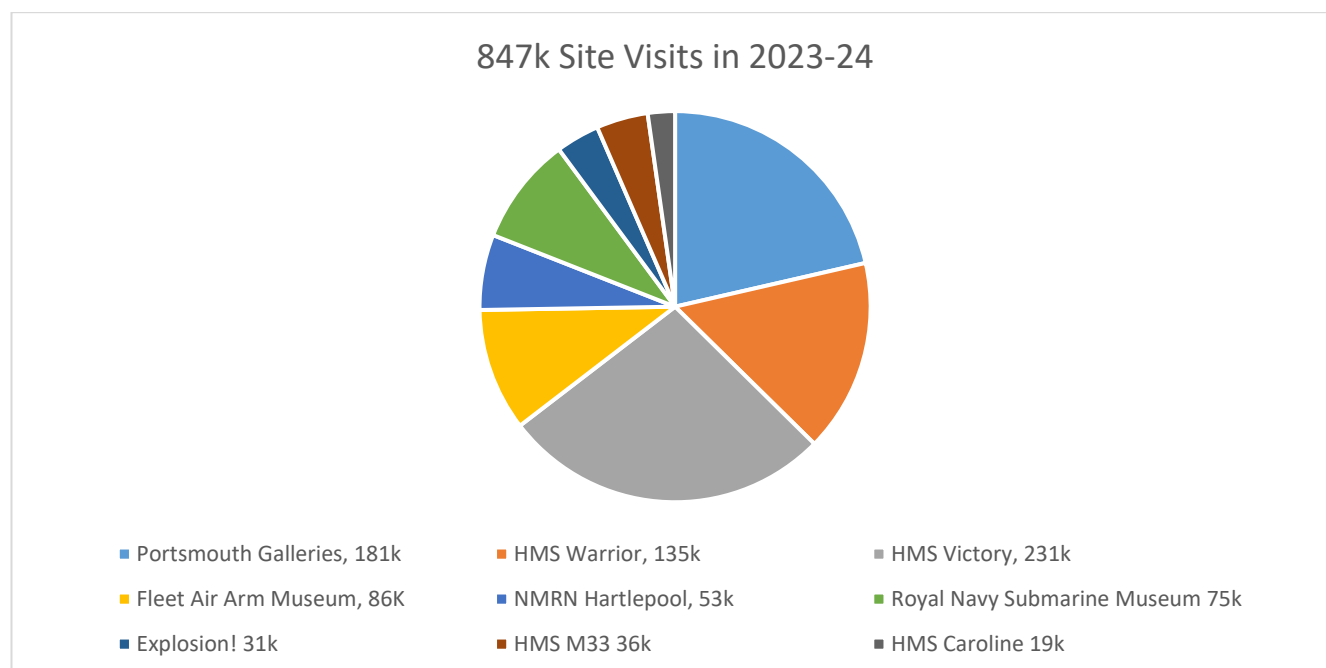
Portsmouth Historic Dockyard Operations Ltd is a joint venture company incorporated on 7 August 2020 and owned equally (50:50) by NMRN Operations and the Mary Rose Trust.

Activities and Achievements

Visitors

We received 847,410 visits across the group (2022-23: 667,253 visits)

During this period, we welcomed 847,410 visits (2022-2023: 667,253) across our National Museum sites, marking a 27% increase on the previous year's performance. This included the first full operational year for HMS Caroline since her closure in 2020, and a complete year of operation of HMS Warrior following its 3-month closure period in 2022-23 for essential maintenance. Performance at Portsmouth, Gosport, Hartlepool and Yeovilton saw revenue levels that were broadly in line with pre-pandemic performance and the group closed out the year 23% ahead of target ticket income.



The Association of Leading Visitor Attractions' 2023 visitor data highlighted a 33% increase in visitors for the Fleet Air Arm Museum (only one other attraction in the region has had higher growth) and a 15% increase for Hartlepool based on pre-COVID admission numbers. The data also recognised Portsmouth Historic Dockyard as the third most visited paid attraction in England outside of London (behind Stonehenge and the Roman Baths).

We operate Portsmouth Historic Dockyard under a joint venture (Portsmouth Historic Dockyard Operations) with the Mary Rose Trust. This partnership agreement was put in place in 2020 to create a ticket product to drive growth in sales, increase revenue and simplify the visitor offer. It provides a cohesive, consistent and excellent customer service experience that tracks across all of our customer touchpoints. Its aim is to support financial sustainability, by maximising on income and exploiting business efficiencies. It also shares knowledge and expertise to explore social impact, community engagement and tourism initiatives in support of the city of Portsmouth, embedding collaborative joint working, resulting in better outcomes and improved processes. This period, the partnership really demonstrated its impact, delivering a 24% increase in its contribution on the previous operating year. This unique operating partnership also saw us recognised as the "2024 Partnership of the Year" at the Museums and Heritage Awards and at the Portsmouth News Excellence Awards as "Visitor Attraction/Event of the Year".

Social Value and Learning

We have supported a number of outreach events, including a Foster Child event in partnership with Portsmouth City Council, creating an activity day in Action Station for children in their care, along with carers and guardians. All

families were provided lunch and free access to Portsmouth Historic Dockyard, enabling them to access our Royal Navy story.

In Portsmouth Historic Dockyard, for the second year running through our successful joint venture with the Mary Rose Trust, we offered free annual family tickets to local families whose children are in receipt of Pupil Premium Funding. Working with Portsmouth City Council and Gosport Schools, this programme enabled the most disadvantaged young people in the Portsmouth and Gosport area to access our incredible history free of charge. Set against the backdrop of the Cost of Living Crisis and challenging trading environments, this initiative demonstrates both partners' commitment to delivering social impact as well as commercial success. Families have shared what a positive impact this had, and we already anticipate repeating and extending the scheme for 2024-25. A Central South Business Awards 2024, Community Hero nomination was received in recognition of this programme.

At HMS Caroline, we offered free visits to schools in areas of local income deprivation. Community groups were also invited to visit the site, with very positive feedback from the Action Mental Health EVOLVE Group around the inclusivity of the exhibition.

"Active Aviators" is a programming partnership at Fleet Air Arm Museum with Aggie Westons, a registered charity that provides family support to those serving in the Royal Navy, through pastoral work and practical projects. Through this monthly programme, we provided crafts, sing-alongs, toys and games, in a safe and secure environment within close proximity to RNAS Yeovilton.

We have engaged 23,704 pupils and students in formal learning (2022-23: 25,694). Our sites have continued to offer a range of activities for students to engage with our ships and collections, including Discovery Visits, Discover More and Discover Live. Portsmouth Historic Dockyard ran a series of Discover Live sessions in June 2023 to compliment the Armada Maps exhibition. Targeted at KS1-3, these sessions focussed on object handling and archive materials to learn about the maps and the Armada itself.

Fleet Air Arm Museum also hosted our annual training collaboration with Bridgwater College, EDF UK and Magnox, with 23 Maintenance Operations Engineering Technician (MOET) apprentices participating in our projects as part of their course Condition Monitoring Maintenance unit. The sessions, facilitated by our staff and volunteers, challenged the apprentices with scenarios such as a major incident, combat situation, decommissioning and recommissioning, as well as taking an out-of-service aircraft from the museum and uncovering what maintenance was required to put it back into working order. From this work, the apprentices were able to draw parallels between key skills needed in the aviation industry and their own nuclear-specific roles.

At NMRN Hartlepool, we worked with a local Academy to provide supported work placements for students with Special Educational Needs, preparing the young people to transition into the workplace. This will be further developed through a recently awarded grant from the Association of Independent Museums, Connected Communities fund. This work will focus on developing our volunteering programme with SEN audiences, positioning them to influence and engage with our site redevelopment plans at the same time as combating loneliness and isolation.

Over 30,500 people engaged with our public programming activities in Portsmouth and Gosport including gallery interventions, school holiday events, community activities, outreach and regular early years programming. Highlights from the large scale events included Heritage Open Days, the Christmas Ship and Stargazing which brought in new audiences and highlighted the collections in innovative ways.

HMS Caroline was awarded one of the coveted slots from National Historic Ships as 'Static Flagship of the Year 2023' in recognition of our public engagement into 2024 (which marks the centenary of her being berthed in Belfast), the level of social media outputs and learning resources for schools.

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Our STEM offer for informal learners has continued to evolve and grow with both large scale one off events and regular programming designed to explore links with the Royal Navy past and present. Events such as STEM in Action, Creepy Conservation, Worlds Beneath the Waves lectures and Little Engineers have offered a wide range of interactive activities for audiences of all ages. The success of Little Engineers has inspired a vision for a new programme aimed at early years, families and home educators which will be developed in the coming months.

The Community Team have worked closely within the local Asian community to co create the successful Diwali event, bringing different cultures together to celebrate an important date within the Asian calendar. The team also successfully completed 'Addressing Empire' tours for local Universities, Historians those within the political arena and also those leading on childcare courses. These were warmly received to help ensure history is correctly translated and understood.

A regular Naval Tea Club is held at the museum four times a year with a regular group of people. The objective of the group is to improve people's wellbeing and break down isolation. It is planned for these sessions to continue into the new year.

The Community Team worked within the local area for several support services including the following:

- Refit Drug and Alcohol rehab tours of both HMS Victory and HMS Warrior
- Kitbags and Berets Veterans with Dementia tour of HMS Alliance
- City of Sanctuary Refugee visits to HMS Warrior as part of their English lessons
- Tea and Sea sessions and Hear My Story Outreach talks held at Jellicoe RNBT Home to help the residents with their memories and support communication.
- Hampshire Dementia Friends visit to HMS Victory
- Solent Mind art session at the dockyard using our collection as inspiration to help those suffering with mental health.
- Literacy Hub continue to use our learning centre as a base for young people every Monday and Tuesday.

Volunteers

The National Museum has a dedicated and committed volunteer team, which includes lived experience of service in the Royal Navy, the Royal Marines and the other military services. Our volunteers add significant value to our work, with the number of volunteers in the period at just over 300 individuals. Our volunteers were involved in a diverse range of projects and activities. Notably, volunteers were an integral part of the 'National Treasures: Armada Maps' exhibition, helping to bring the maps to life. They worked with our collections to help digitise and conserve them, as well as enhancing the visitor experience on our historic ships, submarines, with our aircraft and in gallery spaces and supporting exhibitions and events.

Supporting our Sponsor – The Royal Navy

The National Museum provides a unique perspective to the heritage, history, culture and traditions of the Royal Navy, and the close relationship between the museum and its sponsor organisation is essential to the effective delivery of the museum's purpose. During 2023-24, we have worked successfully with the Royal Navy to host events, support personnel and help with recruitment. In turn, the Royal Navy has supported us at STEM events, community projects and networking groups. Our work has helped the National Museum establish a very effective Royal Navy networking group, which has supported exhibitions, tours of historic vessels, and events, and has also supported veterans to become part of the National Museum community. Highlights included:

- Working with the Royal Navy Race Diversity Network and the Defence Hindu Network to celebrate Diwali on board HMS Warrior with guests, including defence personnel of all faiths from across all three services, and our community partners including Chat Over Chai, Believe in Me CIC and Cliffdale Primary Academy
- Supporting Britannia Royal Naval College Open Day where we provided Fleet Air Arm related activities

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- Supporting Naval Regional Commander, Wales Western England and the Channel Islands in hosting award winners from the John Thornton Young Achievers Foundation
- Working with the Royal Navy's LGBTQ+ network in creating a short film, and a space for veteran and LGBTQ+ organisations and allies to meet
- Delivering STEM action days supported by the Royal Navy's STEM Engagement Team
- Sponsoring partner at the hugely successful Royal Navy First Sea Lord's Reception on HMS Iron Duke that enabled supportive and constructive conversations in support of the Royal Marine Museum
- Attending HMS Collingwood's Field Gun Day providing activities for Naval Personnel and their families
- Providing archival material to the Royal Navy Race Diversity Network to support displays to educate on the role of the Women's Royal Indian Naval Service (WRINS)
- Attending Portsmouth Pride jointly with the RN LGBTQ+ network and our National Museum network
- Participating in the Royal Navy's Race Alignment Meetings
- Facilitating 19 stakeholder dinners at our venues for First and Second Sea Lords during the period.

Communications

We continued to monitor our digital communications using our 'meaningful engagement' model, reflecting not just views of digital content but meaningful interactions with it. Our strong digital presence grew through the period. Our engagement rate (that is the number of people interacting with a social media post against those who saw it) was 5% above industry average of between 1-3%. Due to the internal changes within the platform X, which prioritises paid and subscriber content over organic, we saw an expected dip in engagement, but gained 18 thousand new followers during this year, reaching 21 million people with our content.

In April 2023, we launched our new Portsmouth Historic Dockyard website. This, along with upgrades to the Google Analytics platform, meant that we altered the way in which we report our website statistics, breaking out the National Museum's website separately to the Portsmouth Historic Dockyard website and our ticketing web store. Across all three platforms we have seen 1.2 million visits, in line with the previous year's results.



Facebook
32.7M users
34M impressions
615K engagement
28% engagement rate
(2022-23: 19M users, 2.6M impressions)



X (Formerly Twitter)
2.1m Impressions
72K engagements
3% engagement rate
(2022-23: 43K engagements)



Instagram
1.4M users
1.5M impressions
58K engagements
9% engagement rate
(2022-23: 3K engagements)



Linked In
402K impressions
7% engagement rate
(2022-23: 3K engagements)



NMRN Website
303,381 users



PHD Website
333,255 users



NMRN and PHD
Webstores
289,857 users



Press, PR and Media
£8.6M AVE
c40M circulation reach
(2022-23: £7M AVE, 24M Circulation)

Media coverage across the National Museum reached an audience in excess of 40 million people, up from 24 million the year before, realising £8.4M in Advertising Value Equivalent (2022-23: £7.0M). Highlights of our press coverage included:

- Coverage of the World Beneath the Waves exhibition in the Guardian newspaper, highlighted the role of the Royal Navy's in innovation oceanography and maritime conservation
- Our use of AI technology in support of the HMS Victory conservation project to analyse data and create accurate 3D modelling featured in a number of publications including the i Newspaper and The Art Newspaper
- Valentine's day coverage on BBC Online highlighted husband and wife Fleet Air Arm Museum volunteers, Jill and Gary Umpleby, and their support of the National Museum
- A triple christening that took place on HMS Caroline, in honour of the ship's former officers and proud grandfathers, John Taylor and Billy McConkey, who revived this age-old naval family maritime tradition with the christenings of their grandchildren onboard the ship featured in a range of articles across media in Northern Ireland and beyond
- The Royal Navy Submarine Museum's X-craft's contribution to early plans for D-Day ahead of the D-Day commemorations was shown on BBC TV South
- Our project to track and manage the Deathwatch Beetle as part of the HMS Victory Conservation Project featured on ITV News



Exhibitions

We have drawn on a mixture of external and intergroup grant funding, partnership support and use of reserves to deliver a special exhibitions programme and improvements to our permanent exhibitions. These have helped us reflect on the link between the Navy and the Nation across the centuries and to improve our representation of the current Royal Navy and its people. Our work to develop our exhibitions has included:

- **The Armada Maps: National Treasures** – running for a period of 45 days in summer 2023, this exhibition allowed visitors a time-limited period to view all ten of the amazing 1588 Armada Maps which were saved for the nation thanks to our major fundraising campaign in 2020. Digital resources were produced as legacy resources at www.armadamaps.nmrn.org.uk
- **Worlds Beneath the Waves** – this current exhibition highlights the work the Royal Navy's involvement in oceanographic research. It features interviews of naval personnel filmed whilst working on HMS Protector in Antarctica and includes historic specimens from the HMS Challenger expedition, borrowed from the Royal Albert Memorial Museum, alongside contemporary equipment like 'Boaty McBoatface' loaned from our exhibition partners at the National Oceanography Centre.
- **Diving Deep: HMS Invincible 1758** – following its successful opening in Portsmouth in October 2020, this interactive exhibition, based on the archaeological excavation of the shipwreck, and funded by the National Heritage Lottery Fund and the Maritime Archaeological Sea Trust, returned to the National Museum to be exhibited in Hartlepool from Easter 2023.

- **Barracuda Live: The Big Rebuild** – this 50-year project stepped into a new phase in 2023, with customers now being able to get up close and personal with the reconstruction of an aircraft of which there is no single complete version.
- **Victory Live: The Big Repair** – our delivery of the conservation project for HMS Victory entered a major phase of work which placed large portion of the ship under a scaffolding canopy to enable the removal of huge sections of hull planking. We started to develop a new and major strand of interpretation that will progress through the project, showcasing the scale and complexity of the conservation task and bringing the unique work of our skilled teams to visitors.
- **Royal Marines Experience at Action Stations** - our interactive and family-focussed Royal Marines Commando attraction at Action Stations continued to be a popular with our visitors and forms the basis of sharing the Commando story until the fully reimaged Royal Marines Museum is delivered. We have significantly progressed our project proposals in this period.
- **National Museum of the Royal Navy Hartlepool Waterfront Regeneration** – we have continued to support the NMRN Hartlepool board in its work with Hartlepool Borough Council to develop a shared vision for the regeneration of the area around the dock basin. A vision document demonstrates the potential cultural and commercial use of the site, the addition of facilities dedicated to the care and conservation of historic ships, skills training workshops, new galleries that support STEM education (science, technology, engineering, arts and mathematics) and the creation of exciting new experiences to complement the activities taking place both on the National Museum site and the wider Waterfront area. In parallel, Hartlepool Borough Council commissioned a separate study for the Museum of Hartlepool and the PS Wingfield Castle, offering the opportunity to ensure a holistic approach to proposing future options for the whole site.
- Investments into our permanent galleries and exhibitions included the X-Craft and Jolly Rogers interventions at the Royal Navy Submarine Museum and to the Victory Gallery in Portsmouth to introduce a rare ship model into the experience.



Collections and Research

This period has seen major advances in collections access, collections information, and the external recognition of the National Museum's standards.

Our Collections Portal www.nmrn.org.uk/collections provides access to a growing database of over 400,000 catalogue records from the National Museum's collection, many with supporting images. The portal is already attracting an average of 2,000 users a month, with multiple searches which help us understand areas of research interest. Investment and development of the National Museum's Digital Asset Management System (DAMS) has also continued and is fundamental to the success of the collections portal, now hosting over 100,000 images.

The National Museum's archive collections and service have received welcome external recognition. The National Archives have awarded Archive Accreditation status, and Arts Council England conferred Museum Accreditation status on NMRN Hartlepool and HMS Caroline in 2023.

The National Museum has continued to loan our collections extensively, with over 100 loan agreements covering in excess of 900 items. Our ability to accept new material on loan from private donors for exhibition had previously been restricted by commercial insurance costs; however, with the support of the Ministry of Defence and Arts Council England, we were admitted to the Government Indemnity Scheme. The scheme provides indemnity for loaned objects made accessible to the public in temporary exhibitions, on long-term loan or loans for study and research and removes the need for commercial insurance for these objects.

In this period, we considered 580 separate offers to donate material, of which 254 offers were accepted, running to thousands of individual items. So far 102 of these accepted items have been received on site, accessioned and catalogued. At the same time, we have continued to review the Collection to ensure resources are used most efficiently, with the managed disposal of duplicated collections in our library holdings reducing our stock by 4,000 individual volumes. Highlights from all donations, purchases and transfers have included:

- **Items from the wreck of HMS Erebus** – including crockery and glassware from HMS Erebus, the sister ship to HMS Terror captained by Sir John Franklin's and lost during the search for the North West passage.
 - **Jigsaw of the Battle of Trafalgar** – a rare George III printed wooden jigsaw, representing 'Admiral Lord Nelson's Victory over the combined fleet off Trafalgar, October 21, 1805', complete with its original wooden box.
- 
- The image shows a brown wooden box on the left and a jigsaw puzzle on the right. The puzzle depicts a naval battle scene with many ships on the sea. The box has a small label on its lid.
- **Miniature Jolly Roger Flag** – from HMS Thorough, 1946, which documents the achievements of the six patrols of the T-class submarine during its campaign in the Indian Ocean, China Sea, Java Sea, and Australia. At the end of the Second World War, while on their return voyage in Malta, arrangements were made with a local convent to have copies of this flag made for the crew members.
 - **Royal Navy Recruitment Broadside** – from March 1795 for the parishes of Lewisham and Lee, offering a 20 guineas bounty (more than £2000 today) to new recruits.
 - **Archives relating to the Tirpitz** – photo albums and a diary belonging to Lieutenant Commander Geoffrey Dunworth DSC, with a descriptive account of the attack on the German Bismarck-class battleship Tirpitz on 12 November 1944. As Observer on one of the aircraft, Dunworth, an accomplished photographer, captured images and provided a unique record not only of the perilous lives of Fairey Albacore crews, but also one of the most famous battleships in the history of naval warfare.

Highlights of our conference, seminar and research activity have included:

- "Addressing Empire" article for the Museums Journal written following the creation of the Addressing Empire network with Durham Light Infantry Museum and other smaller armed forces museums. Following a successful application from the Museums Association and Esmée Fairbairn Collections Fund, we started a 2-year 'Stories of the Unheard' project in NMRN Hartlepool. This project will engage with HMS Trincomalee's South Asian communities to deliver a new display about the ship. In parallel, we are developing a 5-year strategy for our Addressing Empire work, an interpretation strategy for the ship, and a collecting strategy for Royal Indian Navy and Women's Royal Indian Navy material.
- Article published about HMS Trincomalee's raze marks in the May/June edition of British Archaeology magazine.
- Collaborative working with the University of Southampton's Computer Science Masters programme exploring how Artificial Intelligence could be used to enhance and support our collection information, including help order the preservation archive being generated around HMS Victory's conservation and image recognition of some of our historic photographic collections.

Conservation and Historic Ships

- **HMS Victory** – our efforts in the year concentrated on hull planking removal and reinstatement. A programme of surveys and testing mandated by legislation was completed, alongside the commencement of fungicidal treatment and grained repairs to the Ship's frame on the Starboard side. Production of replacement futtocks had also started. Work was undertaken under the guidance of structural support specialists, to prevent movement of the Ship in its current structure during this process. Significant achievements were:
 - Materials Trials – testing continued to establish the impact of UV, water permeability and various materials for fastenings on the Ship. This extensive programme of work, undertaken in partnership with Southampton University's nc² consultancy, is enabling the project to better understand the likely degradation of materials over time, and make informed decisions as to the best choices of fixings, glues, paints and timber to be used on the project, and the levels of maintenance likely to be required going forward. The ship-side mock-up surveys progressed on a monthly basis and the results showed patterns of deterioration. This information, combined with the laboratory results from materials trials was used when selecting the materials for re-planking the ship. The approach to the fungal survey which has been outlined with the University's microbiology department is due to commence in the summer. The Deathwatch beetle colony that was sent to London Zoo for testing reported positive signs that there is larvae in the Ship's timber and this will enable further testing and management going forward.
 - Workshop Upgrades – to support the delivery of the 12-year conservation plan, upgrades to the workshops progressed and a new space was designed. The Bay 4 racking construction was completed to support the new space for critical quality control procedures for the production of laminating oak and for the smooth supply chain flow from the timber supplier.
 - Scaffolding Structure - the large scaffold structure continues to be adapted to support the work of the operator's conservators and shipwrights.
 - Timber Procurement – our timber framework agreement implemented in 2022-23 continues to be used and materials received to date have met the required specification.
 - Digital Content – we have captured 3D digital footage of the project during the year, including drone surveys, modelling and high resolution footage of planks. All of the content was used to publicise across websites, social media and within the Victory Live experience and can be found on www.nmrn.org.uk/news/victory-live-big-repair.
- **HMS Caroline** – we have worked on the removal, repair, manufacture and installation of the spars to address some localised rot causing structural risk. Conservation contractors carried out a deep clean of the visitor route onboard, cleaning historic and interpreted areas of the ship, ensuring it was presentable for public display and access. We completed a scoping of conservation work required and the first stage of contractor led conservation activity will commence in the next period.
- **HMS Trincomalee** – following issues with water ingress onboard, a survey of the ship was carried out. As a result, an external contractor was appointed to remove and replace the ship's beam. The port brow was removed and a new attachment plate fabricated. The design will prove more secure as the ship moves in the water. To record this work, a photogrammetry survey was conducted by the onsite conservation team and will be used for future monitoring.

- **HMS Warrior** – we have progressed conservation work in addressing defects in the ship's rigging and hatches identified through the 2017 surveys. The rolling programme of hatch replacement to address rainwater ingress saw the replacement of the gallery skylight and refurbishment of the forward funnel and associated cowl vents. Aloft, maintenance work focussed on the ongoing repair and replacement of the rig, particularly on the fore mast and main mast, following the completion of works to the mizzen mast. The electrical rewire of the ship completed at the end of March 2023 enabled the completion of additional decoration in the galleys. Work included removing the windows to make the space more historically accurate and allowed corrosion treatments and conservation cleaning in this area to commence. Work was completed work on tensioning, fabricating, installing and maintaining the rigging, as well as the painting of new lower and upper topmast deadeyes.
- **Ships' Figureheads** - a National Lottery Heritage Fund grant for a ships' figureheads project has enabled active conservation of three of the figureheads in our collection: HMS Queen Charlotte, HMS Seaflower and HMS Martin. Research into the wider collection, especially HMS Madagascar and HMS Asia, has also begun with a view to improving our gallery and digital interpretation in 2024-25.



Commemoration and Remembrance

HMS Victory is a key focus for remembrance of those members of the Royal Navy who have died while on active service. The Victory Gallery marks remembrance activities on the Ship by telling the story of Queen Victoria placing a wreath on the spot where Nelson fell on Trafalgar Day, 21 October. The laying of a wreath to mark Trafalgar Day as an act of remembrance continues to be an exceptionally important day in the National Museum's calendar.

Charitable Fundraising

The Trustees of the National Museum have overall responsibility and accountability for our fundraising and income generation activities and monitor such activities through its Fundraising Committee.

The National Museum has an in-house Fundraising team that raises funds to support our core work. This team develops relationships with donors, grant makers and corporate partners to fund areas of our work including, acquisitions, conservation, public programming and the delivery of our major capital projects.

Notable long-term supporters include: American Friends of the National Museum of the Royal Navy; Art Fund; Friends of the Royal Navy Submarine Museum; Gosling Foundation; HMS Victory Preservation Endowment Fund; Michael Cobham Foundation; National Heritage Memorial Fund; National Lottery Heritage Fund; Notsew Orms Sands Foundation; Society of the Friends of FAAM; and Society for Nautical Research.

The National is also grateful for funding from: Association of Independent Museums; Museums Association and Esmée Fairbairn Collections Fund; National Archives' Resilience Grants programme; Pilgrim Trust; The Trinity House Maritime Charity North region; as well as the Burge family for their generous donation in support of the Barracuda DP782 rebuild project and the Arthur Kimberley Viewing Gallery.

Corporate Partners are invaluable to our work, including our growing national STEM programme, and the National Museum would like to place on record the support of: Airbus; Belfast Harbour Commission; Capita; Grand Central Rail; Harland & Wolff; Lockheed Martin; Newton Europe; and Serco.

The National Museum of the Royal Navy (Charity number: 1126283) is registered with the Fundraising Regulator and adheres to the Code of Fundraising Practice. We are committed to our Donor Charter, produced to assure donors and potential donors of our accountability and integrity, and an Ethical Fundraising Policy in place.

Whilst the National Museum collects explicit opt-in consent for communications by email, post, phone and text, it chooses to only use email for donation appeals; each email has the option to unsubscribe. Major appeals are raised for significant acquisitions, however, these usually occur no more than once a year, and do not usually include appeals targeted at individuals for the purposes of procuring money or property. The National Museum does not generally conduct proactive solicitation for legacies or gifts in wills but will provide information on request and details on how to create a legacy is available on our website. The exception to this is when the National Museum participates in the UK-wide Free Wills Month; in this instance information about how to leave a legacy may be included in our consent-based e-newsletters.

The National Museum did not use any non-directly employed fundraisers, nor any commercial participators to carry out any fundraising activities during the period. In 2023-24, the National Museum did not receive any complaints about its fundraising activities or practices and no complaints were made to the Fundraising Regulator.

Plans for Future Periods

National Museum of the Royal Navy Strategy: 2022-2027 and beyond

In 2022, the National Museum of the Royal Navy's Trustees took a step back to develop a refreshed approach to lead us into the next 10 years and beyond. This new strategy, containing a long-view vision for the National Museum in 2035, is set out at www.nmrn.org.uk/news/national-museum-royal-navy-strategy-2022-2027-and-beyond. It sets out how we will deliver our vision and mission through three strategic aims, sustainability, audiences, and collections, and recognises that none of this will be achieved without the skills, dedication and hard work of our people. The strategy is underpinned through the annual business planning cycle that sets out the priority and phasing of operational and project delivery for NMRN Operations each year.

Sustainability

Our key focus for the year ahead will be to develop and implement our Sustainability Strategy, to include delivery of environmentally and financially sustainable operations, and reduce our carbon footprint. Our corporate plan will be linked to the United Nations Sustainable Development Goals to highlight why our plans are important and the impact they have on our communities, climate and natural resources. We will continue to build our own financial resilience through cautious cost management, fundraising and regeneration or replacement of the income streams and commercial activities damaged by the continuing fragile UK economy.

The National Museum will continue to engage with Navy Command to ensure its financial framework supports our core operating costs, incurred in delivering activities in the public interest, and an agreed capital strategy which delivers specific, shared outputs and outcomes.

We will continue to build a modest but appropriate free reserve in accordance with our Group Reserves Policy, with the aim of holding the equivalent to 4 months' core operating costs for the Portsmouth Naval Base activities (the greatest potential area of exposure) as free reserves by the end of 2024-25.

Audiences

We will continue to grow and diversify our audiences onsite and online and explore different Royal Navy story perspectives through our diverse communities and the National Museum's collections. We will work closely with the

Royal Navy to support their Global Navy initiative and offer embedded opportunities to promote the modern service and its message through our sites and activities.

We will implement the National museum's core linked strategies on Interpretation, Research, Audience Development, Digital and Environment/Sustainability to support a shared transformation across our sites and activities, engaging new and diverse local, national and international audiences. We will develop new and improve existing exhibitions, to ensure our sites and stories remain exciting and vibrant to a diverse audience.

Collections

Our commitment to any new capital projects or large acquisitions will be limited to only for those essential to our purpose. We will prioritise the care, conservation and presentation of our existing collections and sites, including consolidation of collections with partners where resources are duplicated. We will take forward plans for the development and delivery of funded projects including the HMS Victory, NMRN Hartlepool, the new Royal Marines Museum, HMS Caroline, NMRN Portsmouth, Figureheads project and Addressing Empire activities ensuring these are financially resilient to secure long-term sustainability and protect our heritage assets. We will continue to progress our work in ensuring our collection is both physically and digitally accessible.

People

We will continue to focus on our people, to ensure that our National Museum is recognised as a great place to work, and delivering on our commitments to equity, diversity and inclusion. We will continue to implement our pay policy to pay a minimum of UK Living Wage to our staff. We will continue to provide our "staff voice" through the excellent work of our 'Working Together Group'. We will support the development of our teams through our people plans, focusing on health and wellbeing, talent management and workforce planning.

Principal Risks and Uncertainties

The National Museum of the Royal Navy's approach to risk management is detailed in page 29. The National Museum has operated a robust risk management framework throughout the report period and the trustees formally consider the risks to the delivery of the strategy and corporate plan at each of its meeting. The principal risks and uncertainties are outlined below. These are the most significant risks that may adversely impact our business strategy, financial position or operational performance.

Risk	Consequences	Planned Mitigation
Insufficient funding to deliver the charitable objects	Funding shortfalls impact ability to adequately fund services delivered in the public interest, including the conservation and maintenance of historic ships and the collection	We will seek to mitigate uncertainty of future income streams arising from the residual impact of the economic recession, and a reduction in the Grant In Aid funding that will be available to the National Museum in future years, through development of group strategies to diversify income streams, grow revenue and seek support through fundraising activities. We will develop our 10-year finance strategy to focus on building financial sustainability and flexibility, with a commitment to building the free reserves in accordance with the Trustees' policy.
Major project delivery failure	Delays, cost overrun, excessive operating costs, fundraising shortfall, impact on cash flow, quality of project	We will continue to develop and embed governance and oversight of key projects through our Programme Board and ensure all major projects follow our standard project management methodology. Improvements will continue to be made to project cashflow forecasting and "in operation" business cases and budgeting for all major projects.

Risk	Consequences	Planned Mitigation
Over complex governance arrangements	Goal incongruence Ineffective or inefficient operation of the National Museum	We will continue to review and consolidate our governance and operating structures to ensure these remain fit for purpose, with sound control of operating costs within a sustainable but flexible staffing model for future years.
Environmental sustainability across the sites	Failure to meet legislative obligations under the Environment Act. Reputational damage and negative impact on ability to attract external funding	We will mitigate this risk through developing our sustainability strategies to support the net zero targets introduced by the Government and to work with partners to reduce its environmental impact across the estate. We will embed sustainability, including environmental objectives and risks into our decision making and project evaluation processes.
Cyber Security attacks	Loss of confidential information Reputational damage	The risk of cyber-attack as witnessed at other organisations has been heightened and plans have been prepared on approaches to be taken to mitigate this, including cost, resources and expert advice.

Post balance sheet events

There are no post balance sheet events.

Financial Review

Statement of Financial Activities for the Year Ended 31 March 2024

Total incoming resources for the National Museum in 2023-24 amounted to £19,187,000 (2022-23: £29,633,000) and relate to Grant in Aid, donations (restricted and unrestricted), admissions and associated income from charitable activities, trading subsidiary income and investments.

The movement in incoming resources on the prior year reflects the reduction in grant funding for correlating project delivery activity, in particular in relation to the long-term HMS Victory Preservation project and the purchase of the Vision Retail Park in Hartlepool, shown as a reduction in Donations and Legacies to £2,483,000 (2022-23: £14,507,000).

Admissions income for the year increased by 27% to £7,055,000 (2022-23: £5,542,000), with Trading subsidiary income showing modest growth of 6% to £2,302,000 (2022-23: £2,169,000).

Revenue Grant in Aid received reduced to £5,631,000 (2022-23: £6,217,000) in recognition of the National Museum's steady recovery of self-generated income following the long-term impact of then pandemic and the ensuing economic recession.

An increase in expenditure to £20,667,000 (2022-23: £19,040,000) reflected the increased operations, trading and fundraising costs flowing from the post-pandemic recovery.

After adjustment for net gains on endowment fund investments totalling £4,360,000, gains on revaluation of fixed assets of £864,000 and recognition of actuarial gains on defined benefit pensions schemes of £81,000, the net movement in funds for the year was an increase of £3,825,000 (2022-23: £12,835,000). The total funds carried forward at 31 March 2024 was £220,886,000 (31 March 2023 restated: £217,061,000).

Balance Sheet

The net assets as at 31 March 2024 amounted to £220,886,000 (2022-23 restated: £217,061,000).

The value of heritage assets (over the capitalisation threshold and accessioned since 1 April 2000) represents 49% of the National Museum's net assets at £107,240,000. Movements in fixed assets are shown in notes 14-15 to the accounts. Fixed assets acquired by either purchase or donation, with a value of £2,500 and over are capitalised in accordance with the accounting policies set out in note 1.8. Heritage assets added to the collection are included in the accounts at acquisition cost or on the basis of internal valuations estimated by the curatorial staff and determined by their experience and judgement as set out in note 1.9.

The National Museum held £12,572,000 cash in bank and in hand at 31 March 2024 (31 March 2023: £21,166,000).

Reserves

The Trustees regularly monitor the levels of the Group's reserves and seek to take correction action as necessary. As at 31 March 2024, the company's unrestricted funds stood at £5,000 (31 March 2023: £5,000).

As at 31 March 2024, the level of the company's free reserves (defined as net current assets attributable to unrestricted reserves excluding designated funds) stood at £4,000 (31 March 2023: £4,000).

Under the Group's governance structure, the company receives no funding other than Grant in Aid from its sponsor, the Royal Navy. This grant is used to defray the company's own expenses before granting the balance onto its operating subsidiary, NMRN Operations, and subsidiary trusts on the basis of need and as such, the Grant in Aid is fully expended. Under the terms of the financial framework (agreed 6 December 2019), the company is only permitted to carry over a maximum 2% of the total Grant in Aid into the next financial year and any carry forward may be taken into account in reducing the following year's Grant in Aid. If not carried forward, the balance of Grant in Aid not spent must be repaid to the MOD. Based on the year's revenue Grant in Aid of £5,631,000 the maximum carry forward is £113,000. Free reserves for the Group are not, therefore, built within the parent company but within the subsidiaries from self-generated income streams. As such, this free reserves balance does not represent a going concern risk to the company.

The Group's free reserves stood at £7,529,000 (31 March 2023 restated: £5,372,000).

As nearly the entire Group's operating costs now flow through NMRN Operations, the Group policy is that sufficient free reserves are accumulated within the charitable subsidiary NMRN Operations to provide four months' operating expenditure for the greatest potential area of exposure (Portsmouth Historic Dockyard, including the Gosport sites) by 31 March 2025, increasing to six months' operating expenditure for the entire National Museum by 31 March 2030 (target £6,950,000). There is no need to accumulate additional free reserves in either the company or the subsidiary trusts and any such reserves held will be appropriately used, as approved by the Board, for the furtherance of the trusts' charitable objects. The free reserves held by NMRN Operations, £4,853,000 (31 March 2023 restated: £3,622,000). The Trustees will continue to seek to improve the free reserves position in NMRN Operations in accordance with the reserves policy through income diversification, consolidation of costs in future periods and the delivery of a budget each year that will deliver a modest surplus.

The company holds a number of restricted funds with a total net current asset value of £1,219,000 (31 March 2023 restated: £1,270,000). These restricted funds primarily relate to major capital projects.

The Group's restricted funds stood at £134,152,000 (31 March 2023 restated: £135,261,000). This includes tangible fixed assets of £125,183,000 and net current assets of £2,909,000. The surplus on restricted funds will reduce in future years with increasing expenditure on the preservation of HMS Victory, HMS Caroline, HMS Warrior, LCT 7074, RML 497, the new Royal Marines Museum and depreciation on capital expenditure.

The Group holds £57,312,000 (31 March 2023: £54,666,000) as endowment funds within its subsidiaries for HMS Victory, HMS Caroline and HMS Warrior and HMS Trincomalee.

Investment Policy

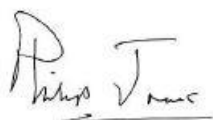
The National Museum's investment policy seeks to produce the best possible financial return within an acceptable level of risk. The majority of the National Museum's investment activity has been undertaken by its subsidiaries the HMS Victory Preservation Company and the HMS Caroline Preservation Company.

HMS Victory Preservation Company aims to generate a total return of CPI plus 4% per annum over the long term. Returns from these funds are required to maintain HMS Victory in perpetuity and it is therefore essential to invest with a long-term perspective. If achieved, the company should be able to maintain the real value of its investment portfolio while funding annual expenditure for maintenance and repair estimated in the region of 3% of capital per annum. The company adopts a total return approach to investment, generating the investment return from income and capital gains and losses. It is expected that if in any one year the total return is insufficient to fund the ongoing expenditure, in the long term the value of the portfolio will still be maintained in accordance with the investment objective stated above. Capital gains may be used to provide cash for the objective provided that the original investment has been preserved.

HMS Caroline Preservation Company aims to generate a total return of CPI plus 3-4% per annum. Returns from these funds are required to support the core costs of delivery of the charitable objectives, with an expectation that the level of financial support will reduce every year as HMS Caroline relaunches and ultimately becomes a self-funding museum. The long-term reserves are to be invested to preserve the long-term real value of the assets, however, the HMS Caroline Preservation Company has full flexibility to spend the capital in the furtherance of its objectives, and the company adopts a total return approach to investment, such that investment returns are to be sought from a combination of capital growth and income but without specific targets for each element. The income generated by the portfolio is to be reinvested. While the capital is available for distribution, the intention is to limit spending from capital by maximizing income from the operation of the ship as a visitor attraction.

The key risk to the long-term achievement of the investment objectives is inflation and the assets are invested accordingly. The Trustees understand that this will mean that investments are likely to be predominantly invested in equities, where dividends can be expected to grow, and that capital value will fluctuate. The assets can be invested widely and are expected to be diversified by asset class, by manager and by security. Asset classes can include cash, bonds, equities, property funds, hedge funds, structured products, private equity, commodities and any other asset class that is deemed suitable for the companies. Each company has an Investment Committee, charged with agreeing a suitable asset allocation framework with its appointed professional fund managers.

For the year ending 31 March 2024, income from investments totalled £1,034,000 with investment management fees of £165,000 and realised and unrealised net gains of £4,360,000.



Admiral Sir Philip Jones
Chair on behalf of the Board of Trustees



Matthew Sheldon
Chief Executive Officer

15th November 2024

Accountability Report including the Directors' Report

Trustees' Report and Governance Statement

This report sets out the arrangements for the governance of the National Museum of the Royal Navy, including the Board and committee structure for the Trustees. The Trustees, under charity law, who are also the Members and Directors of the National Museum of the Royal Navy for the purposes of company law and who served during the year and up to the date of this report are set out on page 2. Overall control of the National Museum is the responsibility of the members who own the company.

The Companies (Miscellaneous Reporting) Regulations 2018 require the National Museum of the Royal Navy to publish a statement explaining how the Directors (Trustees) have given due regard for the matters set out in section 172 (1) (a) to (f) of the Companies Act 2006 while performing their duty to promote the success of the company for the benefit of its members as a whole. This accountability report also sets out how the Directors have had regard to the matters set out in section 172(1).

The report demonstrates how the system of governance and internal control is maintained within the National Museum and how the major risks to which the company and group is exposed, as identified by the Trustees, have been reviewed and systems have been established to mitigate those risks. The systems described have been in place for the year under review and up to the date of approval of the annual report and accounts.

The Governance Framework

The National Museum of the Royal Navy is a company limited by guarantee (company number: 06699696) and a charity registered with the Charity Commission (registration number: 1126283). It is governed by its Articles of Association dated September 2018, which incorporate its charitable objects, the powers of the company and provides for the appointment and reappointment of Directors.

The National Museum of the Royal Navy is also a Non-Departmental Public body, sponsored by the Ministry of Defence, and as such is obliged to comply with HM Treasury's financial reporting requirements and guidance on use of public funds, "Managing Public Money". A Financial Framework, agreed in December 2019, defines the arrangements between the National Museum and its sponsor.

The Board of aims to stay abreast of good governance practice and has well-developed plans to ensure compliance with the Charity Governance Code. Work continued to progress the action plan from the 2021 review that compared governance arrangements against the Code. This included the introduction of a Code of Conduct for Trustees and Committee Members, a Trustee Diversity Policy, Trustee Role Profiles and an updated Trustee Recruitment Policy.

The Board completed a review of the group governance structure within the period, with the objective of identifying a simple, clear, directly accountable governance structure that supports board effectiveness, protects the historic assets, removes duplication, is flexible regarding future strategic developments, and maintains and builds stakeholder confidence. The outcome of the review resulted in a phased approach to simplifying the governance structure, delivering clearer lines of accountability and responsibility, which will be delivered over the medium-term.

Each Board of Trustees of the respective subsidiary companies remains responsible for their governance, and delivery of their objectives within the Group policy and strategy framework. The NMRN Operations Board is charged with responsibility for operational delivery of the Corporate Plan Priorities to meet the National Museum's strategic objectives. The Chair of the NMRN Operations Board is invited to attend the main Board of Trustees and to report on progress.

The day-to-day operation of the company and group within the framework is delegated to the Director General and Accounting Officer and to the Executive Directors under a defined scheme of delegation.

The Board's oversight

The Board is responsible for ensuring leadership through effective oversight and review. It shapes the strategic thinking and sets the tone for the National Museum. It has established an organisational structure with clear reporting procedures, lines of responsibility and delegated authority.

The Trustees ensure the distinct legal responsibilities and charitable objectives of the company and Group are fulfilled within an overall policy and strategy framework. The Board is ultimately accountable to the Company's stakeholders for setting the Group's strategy and for overseeing its financial and operational performance in line with the parent company's strategic objectives.

The Board is comprised of a maximum of 16 Trustees, with the Director General (or his representative), the Executive Directors, the Chair of NMRN Operations, and a senior representative of our sponsor from Navy Command, in attendance. A review of the composition of the Board and its committees was completed in 2022, to ensure that the skills mix supported effective decision making. This review also considered the diversity of the Board. As a result of this review, new trustees had been appointed to support the skills balance and to strengthen the Board. The diversity of the Board is being addressed through new initiatives including the development of a Youth Advisory Panel to support the Board and provide guidance from a younger audience. Training has been provided to the Trustees to support their understanding and responsibilities of Equity, Diversity and Inclusion.

The Board of Trustees meet periodically through the year in line with its Articles of Association, to set the long-term strategic objectives of the Group, agree the Corporate Priorities and review performance against:

- Progress towards strategic objectives within the Corporate Plan
- Financial performance
- Operational delivery
- Capital investment
- Risks

Key Decision making of the Board for 2023-24

Key decisions, being those that are material or of strategic importance to the group, are taken in the Board meetings. All key decisions are supported by detailed briefings identifying main issues, their contribution to the group's strategy, recommendations and alternatives considered, and their likely long-term impact on the group in respect of value creation, impact on stakeholders and risk.

The National Museum of the Royal Navy Strategy 2022-2027, published January 2023, reflects on the role we play, not only nationally and internationally in telling the story of the Royal Navy, but at a local and regional level where our museums play a vital role in contributing to the tourism and visitor economies.

The Strategy, underpinned by delivery through a Corporate Plan, has a specific focus on three key areas: Audiences; Collections; and, Sustainability.

The key focus for the Board during 2023-24 was to



ensure funding was available to deliver the strategic aims as outlined within the Corporate Plan. The Board also supported the delivery of the following:

- Progression of the Royal Marines Museum development - one of the largest projects to be delivered by the National Museum. Relationships with the Royal Marines family continue to be developed and funding bids and fundraising activity was a key focus for the year.
- Progression of the NMRN Hartlepool site development - including a review of the development proposals and the commercial opportunities available to support operational sustainability.
- Group governance to ensure objectives, policies and procedures across the National Museum were aligned, and implementation of the recommendations arising from the Governance Review ensure the group structure is appropriate to delivery of the Board's strategy.
- Development of the National Museum's branding and understanding of our audiences to support strategy delivery.

Key decisions may have passed through the relevant subsidiary boards or committees as appropriate, and that in turn have the specific membership and skill sets to enable scrutiny and challenge before reaching the Board. The flow of information, its quality and accuracy and the process of review is considered sufficient for the Board to ensure that it fulfils its responsibilities effectively.

Committee	Responsibilities
<i>Audit and Governance</i>	Oversight of all auditing, risk management and governance aspects of the Group, reporting back to the Board when necessary.
<i>Collections, Research, Learning and Access</i>	Articulation of the Acquisitions, Disposals and Loans Policy for the National Museum, the Collections Strategy and all Collections Management, Conservation, Access and Research policies and priorities.
<i>Digital</i>	Review and development of the digital vision and infrastructure for the National Museum.
<i>Fundraising</i>	Leading on all aspects of fundraising for the National Museum. Constructing a strategy that coordinates the approach to the private, public and corporate sectors. Meeting The Fundraising Regulator requirements on annual reporting of operation of the fundraising function, especially in relation to complaints.
<i>Nomination and Remuneration</i>	Leading the process for Board and Committee appointments and nominating candidates for Board approval. Making recommendations to the Board on performance and remuneration of the National Museum's Director General and Executive Directors, including the award of performance related bonuses.

Membership of key meetings	Board of Trustees	Committees				
		Audit and Governance	Collections Research Learning, Access	Digital	Fundraising	Nomination and Remuneration
Total number of meetings in the period:	4	4	3	4	4	2
	Number of key meetings attended / number of meetings eligible to attend					
<i>Chairman:</i>						
Admiral Sir Philip Jones GCB	4/4					
<i>Trustees:</i>						
Rear Admiral Mark Anderson	4/4	1/1				
Ms Katherine Biggs	2/2		2/2	2/2		
Dr Andrew Burnett	3/4	4/4	2/3			
Mr Philip Dolling	4/4		1/1	4/4	4/4	
Mr Colin Evans	3/4	4/4				
Ms Helen Jackson	4/4		1/1		3/3	2/2
Major General Jeffrey Mason	2/4					
Mrs Mary Montagu-Scott	4/4				3/4	
Rear Admiral Jon Pentreath	3/4					2/2
Mr Mike Scott	4/4					2/2
Mrs Alison Start	4/4	2/4			2/4	
Mrs Sarah Whitcher	4/4					1/1
Mr Gavin Whitter	4/4	4/4				
Mr Tom Wright	4/4			4/4		1/1
<i>Non-Trustees:</i>						
Mr Stephen Bradley					2/4	
Ms Louisa Burden			2/3			
Mrs Sarah Dhanjal			1/3			
Captain Catherine Jordan					3/4	
Professor Andrew Lambert			2/3			
Ms Tiva Montalbano			3/3			
Mr Alex Patterson			2/3			
Mr Peter Pantlin					3/4	

Maintaining a reputation for high standards of business conduct

The Trustees ensure that our framework of ‘MARITIME’ values (page 4), which are reflective of our desire to maintain a reputation for high standards of business conduct, supports the culture of the organisation, guiding our everyday actions and being integral to our performance management framework.

Trustees are recruited and appointed in accordance with the Charity Commission’s guidance “Finding new trustees” (CC30), the principles of the relevant sections of the Governance Code for Public Appointments and the National Museum’s Trustee Recruitment Policy. A formal induction process is in place for new Trustees and committee members, which combines all the necessary background reading material, including items such as: the Articles of Association; committees’ terms of reference; minutes of recent meetings; the Charity Commission publication “The Essential Trustee: what you need to know”; the National Museum’s strategy and corporate plan; and the Museum Association publication “Code of Ethics for Trustees” (CC3). New Trustees and committee members are encouraged to visit the National Museum’s sites to meet key members of staff, see the collection and to discuss current issues, projects and risks. Tailored training may also be arranged. Recent appointees continue to confirm their satisfaction with this process.

A register of interests (available on request from governance@nmrn.org.uk), is maintained for Trustees, Committee Members and the Executive, requiring declaration of any interest, pecuniary or otherwise, in any matter being considered by the Board, subsidiary board or the committees. Declarations of interest are also included as a standing item at the beginning of every agenda as an opportunity for new conflicts of interests to be declared and for existing conflicts of interest to be dealt with.

There were no company directorships or other significant interests held by Board members which may conflict with their responsibilities as trustees. A number of trustees of the National Museum are also trustees of the subsidiary charities and this is disclosed in note 29 Related Party Transactions.

Having regard to the interests of our employees

The group engages with employees through a number of channels, including the Working together Group, team briefings and weekly updates through the intranet. The NMRN Operations Board, as the main employer within the group, receives regular reports on our employment matters and monitors the results and actions arising from regular staff surveys, to enable the group to have regard to the interests of our people when making decisions. The Remuneration and Staff report (pages 31 – 37) provides further detail on how we engage with our employees to create an inclusive culture and positive working environment.

Fostering business relationships with customers and suppliers

Our visitors are central to everything we do. The NMRN Operations Board receives regular updates on our performance so that the quality of the visitor experience provided can be monitored. Visitor feedback, both positive and negative, is essential for development of our visitor offer, and helps us to better understand their needs and requirements. Our teams use their significant experience in providing high quality visitor engagement to constantly refine what we do to provide continuous improvement in our offering. Further information of how we have delivered our visitor offer in the period is provided in the Activities and Achievements section of the report (pages 6 - 8).

The group has good relationships with its key suppliers and often works in partnership with them to deliver innovative solutions to better benefit our stakeholders.

The impact of our operations on the community and the environment

The Trustees have had due regard to the guidance issued by the Charity Commission on public benefit. Our strategic aim to grow and diversify our global audiences considers how we may reduce identified barriers to access and engagement at every opportunity. Our 'Social Value and Learning' achievements, summarised from page 7, set out the impact of our public benefit delivery under three key strands: improving health and well-being; strengthening relationships and building diverse communities; and, developing skills and encouraging learning and participation.



The group recognises the serious threat posed by climate change and the urgent need for meaningful action. The National Museum is committed to operating sustainably, fostering environmental stewardship, social equity and cultural preservation. We have established a Sustainability Working Group, engaged in developing an ambitious sustainability strategy, aligned with the United Nations Sustainable Development Goals, to promote a more sustainable future, which applies across our operational activities and ongoing and new projects.

We recognise that significant changes to our working environment, premises and collections are required, including but not limited to energy use, transport, building infrastructures, and collections management, requiring significant capital investment, and will work to ensure sustainability is an integral part of our project development.

To deliver environmental sustainability, we will conserve energy, water and consumables as far as possible, particularly if they are non-recyclable. We will seek to recycle to reduce wastage, prevent and avoid excessive pollution from our operations and projects, and ensure we dispose of any hazardous materials in the appropriate manner. We will include environmental sustainability in our procurement activities, looking to our contractors, our landlords and other key stakeholders to uphold the same environmental principles as ourselves.

We will develop our social sustainability through our community engagement and educational programmes, working to ensure our museums and collections are widely accessible, both physically and digitally. We will provide fair pay, benefits, and working conditions for our employees and volunteers, supporting economic growth and decent work.

We commit to the preservation and protection of cultural heritage by responsibly managing our collections, ensuring that they are accessible for future generations.

The National Museum is continuing to develop its systems to establish, maintain and monitor data and comprehensive records on our sustainability, including calculation of our carbon footprint and greenhouse gas emissions. We are continuing to collect and improve data to calculate the best estimate of carbon emissions from our activities to a target base and data-led reduction in emissions.

The following measures and metrics have so far been established to allow the National Museum to report on performance, with 2022-23 being the baseline year to measure performance against in future years:

Waste Management		2022-23 baseline	2023-24
Non-Financial indicators (Kgs)	General Waste (tonne)	383	339
	Recycled (tonne)	100	100
	Total Waste (tonne)	483	439
	% recycled	21%	23%
Alongside regular collections of general waste and recycling, the National Museum is dedicated to recycling metal, wood, paper, food waste, hazardous waste and redundant computer equipment and will work towards establishing a zero to landfill policy. General waste is sent to energy recover and mixed recycling is collected at all sites. All hazardous waste is safely removed and disposed of by licensed and experienced contractors. The National Museum works with its contractors to ensure they comply with its waste expectations. Wastage from the onsite cafes will be identified and reported on in future reports. Not all sites have their own catering facilities, and third party caterers are responsible for collecting their waste data and reporting accordingly. The National Museum has introduced recycling points in their staff rooms and key locations, and this will improve the efficiency of its recycling programme.			
Paper		2022-23 baseline	2023-24
Non-Financial indicators	Sheets used	167,623	176,766
	Trees consumed % of a tree	22.18	21.09
	CO2 Produced (kg)	2,348	2,232
	Equivalent Bulb (hours)	147,021	139,763
Financial indicators (£) (including lease)	Total cost (£)	21,645	17,125

Since reopening post COVID-19, digital working initiatives have been introduced including hybrid working and paper usage has reduced significantly on previous years, although the number of sheets used has marginally increased in this period. The National Museum has also introduced online cloud software to share data and continues to review its practices to reduce the need to print. The introduction of the Board governance software, DecisionTime, has resulted in the reduction of printing hard copy meeting packs as trustees and other attendees can access all information online.			
Travel		2022-23 baseline	2023-24
Non-Financial indicators (miles)	Distance by train	Baselined in 2023-24	12,012
	Distance by plane (miles)	Baselined in 2023-24	26,097
	Distance by car (miles)	30,554	100,630
	Total distance travelled (miles)	30,554	138,739
	Fuel consumed by company vehicles (litres)	1,328	1,578
Financial indicators (£)	Total cost (£)	15,559	45,283
The National Museum is committed to reducing the number of car miles travelled and promotes rail travel where possible. The museum continues to encourage hybrid meetings to reduce the level of travel required. As part of its efforts to calculate its carbon emissions, the museum will monitor the level of business travel. The museum recognises that emissions from travel are a large contributor to climate change and air pollution. Therefore, the museum will consider the use of electric vehicles when the company vehicles are due for renewal and the installation of electric vehicle charging points at its sites where possible. 2023-24 is the first year of recording mileage travel through all sources of transportation and is therefore higher than the previous year. The museum will work with staff and trustees to establish if all travel is essential and how this may be reduced.			
Energy Consumption		2022-23 baseline	2023-24
Energy Consumption (thousand kWh)	Gas	555,947	636,109
	Electricity	1,748,429	1,873,150
Financial indicators (£)	Total Energy Cost	721,721	900,057
	Water (m3)	6,091	6,073
2023-24 was the first year of full opening across all sites post-COVID19 and the energy consumption reflects this. The National Museum continues to make changes across its sites to reduce energy consumption and examples include: • Reduction in the number of off peak opening days • Adjustment to museum opening routines • Investment in internal spaces and closing areas that are not used • Installation of energy efficient lighting LED lights have been installed where possible within the National Museum Estate, including its hire spaces. Further capital projects are under consideration at our sites for 2024-25 and will be reported on in future reports. The Head Office is on a naval base, and the National Museum works with the Royal Navy to manage its heating system. During May – September 2023, the Royal Navy replaced the Head			

Office heating system to a sustainable electricity-powered system and consumption will be recorded in future reports.	
At Fleet Air Arm Museum, a project is being delivered to install solar panels and a water collection system at Cobham Hall to reduce its energy consumption. The new systems will go live in 2024-25.	

System of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the National Museum's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The review of the effectiveness of the system of internal controls is exercised through the Audit and Governance Committee. This Committee is chaired by a Trustee of the Board and draws expertise from other Trustees and committee members, with the Director General and the Executive Director of Resources in attendance, and other members of the executive attending as required. The Committee also has access to the independent accountants, internal and external auditors engaged for all companies within the Group, providing review and oversight of the financial control systems and the creation of the companies' and trusts' consolidated group accounts. The Committee reports directly to the Board of Trustees.

The Audit and Governance Committee used the National Audit Office's 'Audit and Risk Assurance Committee Effectiveness Tool' to assess its effectiveness against good practice (August 2022). Action has been taken to address the identified areas for improvement.

Internal Audit

The National Museum has an independent internal audit function, provided through RSM Risk Assurance Services LLP (from November 2019 to March 2024), which undertakes a rolling programme of risk-based audit activity across the Group, agreed at the start of each financial year with the Accounting Officer and the Audit and Governance Committee. Internal audit provides assurance to management and the Audit and Governance Committee on the adequacy of internal control arrangements, including risk management and governance. The internal audit conforms to the Government Functional Standard GovS009 Internal Audit, the International Standards for the Professional Practice of Internal Auditing, the wider International Professional Practices Framework (IPPF), and the Internal Audit Code of Practice as published by the Global Institute of Internal Auditors (IIA) and the Chartered IIA.

RSM Risk Assurance Services LLP was appointed as internal auditor following a joint tender exercise with our sister Service Museums, the National Army Museum and the Royal Air Force Museum, to support the sharing of best practice and economies of scale, including an agreed annual thematic review across each of the museums. The following internal audits were completed during the year:

Internal Audit review	Assurance Opinion Provided
Project and Programme Management	Advisory – no opinion given
Debtors and Creditors	Reasonable Assurance
Trading Company: Stock Control	Reasonable Assurance
Ship Maintenance	Reasonable Assurance
Strategic Planning	Reasonable Assurance
Visitor Experience: Thematic Review	Reasonable Assurance
Maintenance Planned and Reactive	Partial Assurance

The outcomes of these reviews are used to inform an annual opinion on the governance, risk management and control framework, and on the mitigating controls over the risk to the delivery of objectives. The Head of Internal Audit concluded that moderate assurance could be provided and that some improvements were required to enhance the adequacy and effectiveness of the framework of governance, risk management and control. Work is underway to address all audit findings and to mitigate the risks identified, with progress on actions tracked by the Audit and Governance Committee to their satisfactory conclusion.

The contract term with RSM Risk Assurance Services LLP came to an end in March 2024. A new joint tender exercise was conducted with our sister Service Museums, and Azets was appointed as internal auditor on a three-year contract period (plus two-year extension subject to satisfactory performance) from April 2024.

External Audit

The external auditor for the National Museum of the Royal Navy is the National Audit Office, on behalf of the Comptroller and Auditor General. Price Bailey LLP has been appointed as the external auditor for the subsidiary companies and trusts from January 2024 on a four-year contract period (with a two-year extension subject to satisfactory performance). The Audit and Governance Committee receives and reviews all external auditor reports.

Whistleblowing

The National Museum has a whistleblowing policy and procedures in place, set in accordance with the relevant legislation and good practice, and that complies with the EU Whistleblower Protection Directive introduced in April 2019. The policy is made available of the staff intranet. An advisory review of the policy was undertaken by the internal auditor in October 2022 and concluded that the National Museum has a legally compliant policy and process with governance and effective staff communication in place. Findings and subsequent actions from the report, including amendments to the policy, improved governance and document control, the requirement for additional training in investigation skills for managers and feedback from staff on the effectiveness of the policy communications, are being implemented.

No new concerns were raised under the whistleblowing policy in this reporting period. Three concerns, that had been raised under the whistleblowing policy in the previous reporting period, were concluded in 2023-24. The whistleblowers received feedback on the conclusion of the investigations and the outcomes, including the actions taken and details of any organisational learnings arising. The outcomes were also reported to the relevant Executive Director(s), the Director General, the Audit and Governance Committee and the Board.

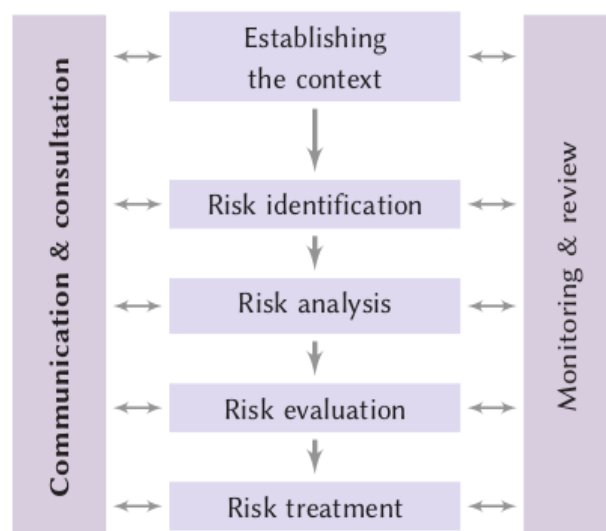
Personal data breaches

The National Museum Group identified no personal data breaches that required reporting to the Information Commissioner's Office during 2023-24. A personal data breach means a breach of security leading to the accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to, personal data. This includes breaches that are the result of both accidental and deliberate causes. It also means that a breach is more than just about losing personal data. A personal data breach can be broadly defined as a security incident that has affected the confidentiality, integrity or availability of personal data.

Risk Management

Our Risk Management Strategy and Policy provides a framework and process that enable the organisation to manage uncertainty in a systematic, consistent and efficient way. It supports informed decision making thereby enabling opportunities to be exploited, or action to be taken to mitigate or manage risk to an acceptable level. Effective management of risk is essential in supporting the National Museum's culture of innovation and autonomy and in establishing a "risk aware" approach. Risk management is integral to the National Museum's corporate planning. We have identified the strategic, operational and project risks to our charitable objects and strategic objectives.

The Audit and Governance Committee oversees the development and implementation of the National Museum's risk management strategy and framework and provides assurance to the Board on its effectiveness. The day-to-day management of risk is exercised through the National Museum's Executive Board, which regularly reviews the National Museum's principal activities and events, with associated risks. The Audit and Governance Committee, subsidiary boards and the Board of Trustees receive reports to each meeting on the principal risks and the steps being taken to manage them effectively, including risks relating to new project proposals. Appropriate mitigating actions are identified to address the inherent risks and to enhance the control environment. All risk registers are accessible in real time by Trustees and the executive. The Trustees are satisfied that the risk management system has operated effectively throughout the reporting period.



Assurance Statement by the Audit and Governance Committee

The Audit and Governance Committee is reasonably confident that:

Based on the above, the Board and Accounting Officer of the National Museum of the Royal Navy believe that the organisation complies with the Corporate Governance in Central Government: Code of Good Practice 2017, to the extent that it is relevant to the company and as far as the Charities Act 2011 and Companies Act 2006 permit.

In our view, the information received was sufficient to enable us to review and confirm the effectiveness of the National Museum of the Royal Navy's system of internal control in accordance with Treasury guidance and recommendations. The system of internal control has been in place in the National Museum of the Royal Navy for the year ended 31 March 2024 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

Gavin Whitter
Chair of the Audit and Governance Committee
on behalf of the Board of Trustees

Matthew Sheldon
Chief Executive Officer and Accounting Officer

15th November 2024

Statement of Board of Trustees' and Accounting Officer's responsibilities

The Board of Trustees of the National Museum of the Royal Navy is required to prepare financial statements for each financial year in accordance with the Companies Act 2006 and Charities Act 2011, which give a true and fair view of the statement of affairs of the parent and the group and of the net expenditure of the group for that year.

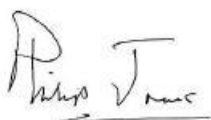
The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the National Museum of the Royal Navy and of its income and expenditure, Balance Sheet and cash flows for the financial year.

In preparing the accounts, the Trustees and Accounting Officer are required to comply with the requirements of FRS 102 and the Accounting and Reporting by Charities: Statement of Recommended Practice (FRS 102) and in particular to:

- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements;
- select suitable accounting policies and apply them consistently;
- prepare the financial statements on a going concern basis;
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable; and
- 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 National Museum of the Royal Navy's auditors are aware of that information. So far as they are aware, there is no relevant audit information of which the auditors are unaware.

The Principal Accounting Officer has appointed the Director General as Accounting Officer of the National Museum of the Royal Navy. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the National Museum of the Royal Navy's assets, are set out in Managing Public Money published by the HM Treasury.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent and group and enable them to ensure that the financial statements comply with applicable law and the provision of the National Museum of the Royal Navy's constitution. They are also responsible for safeguarding the assets of the parent and group and hence for taking reasonable steps for the prevention and detection of fraud and other non-compliance with laws and regulations. The Trustees are also responsible for the maintenance and integrity of the corporate and financial information included on the National Museum of the Royal Navy's website.



Admiral Sir Philip Jones
Chair on behalf of the Board of Trustees



Matthew Sheldon
Chief Executive Officer and Accounting Officer

15th November 2024

Remuneration and Staff Report

This report has been prepared in accordance with the Government Financial Reporting Manual, which requires the disclosure of certain information about directors' remuneration, where "directors" is interpreted to mean those persons in senior positions having authority or responsibility for directing or controlling the major activities of the National Museum of the Royal Navy.

Remuneration Policy

The Nomination and Remuneration Committee meets annually to consider the pay award for the Director General (Chief Executive Officer) and the two Executive Directors, as set out under the Executive Remuneration policy (approved March 2022). The Director General and the Executive Directors are also entitled to an annual non-consolidated performance related bonus payment, based on the previous year's financial performance and non-financial performance objectives set against the Objectives and Key Priorities in the Corporate Plan and personal contribution towards the achievement of key areas of work. When reviewing Executive remuneration, the Committee is aware of the proposals for remuneration of the wider workforce. The Committee receives regular updates on salary increases and pay progression made to employees across the National Museum. These matters are considered when conducting the annual review of Executive remuneration and awarding bonuses.

Staff salaries, including salaries for Directors and Deputy Executive Directors (Associate Executive Directors), are set within the "Salary Grading Structure and Pay Progression Scheme" that was introduced from 1 April 2019 and reviewed annually. The Structure provides a single pay scale consisting of 49 pay points across 10 pay grades. An annual "cost of living" review is undertaken in November each year, with any recommendations arising from the review subject to Board and Ministerial approval before implementation. From 1 November 2022, the National Museum adopted the UK Living Wage as its minimum pay point. A Pay Progression Scheme enables staff to move up through the pay points within their pay grade as they demonstrate that they meet agreed performance criteria and contribute to the National Museum's performance. Any pay progression awards are effective from 1 November each year.

Jobs are matched, under the National Museum's job grading scheme, to a pay grade according to a range of factors, including: professional knowledge and experience; management of resources (finance, people, physical assets); responsibility for information systems; problem solving and decision making; planning and organising; policy and service development; freedom to act; communication and influence; and, teamwork.

Pension benefits are provided through a defined contribution group pension scheme at the rate of 10% or 6% of salary (see note 1.17) and employees may elect to increase contributions through a salary sacrifice arrangement. The following statements present remuneration before any salary sacrifice is made. None of the directors is a member of the Principal Civil Service Pensions Scheme (PCSPS) and the National Museum did not fund any Civil Service pension contributions for them in 2023-24.

The Director General and the Executive Directors have permanent contracts of employment with 6 months' notice. The Deputy Executive Directors and Directors have permanent contracts of employment with 3 months' notice.

Directors' remuneration

The salary and pension entitlements set out below include gross salary, performance-related bonuses in respect of performance in the previous financial year (if applicable), benefits in kind and any other allowances to the extent that they are subject to UK taxation. During the year, the Director General indicated his intention to stand down and an appropriate termination package was subsequently agreed with the Secretary of State. The emoluments were as follows:

Directors' remuneration table (subject to audit):

Director	¹ 2023-24 all figures £k				¹ 2022-23 all figures £k			
	Salary	² Bonus payments	³ Pension benefits	TOTAL	Salary	² Bonus payments	³ Pension benefits	TOTAL
D Tweddle, Director General	⁴ 190-195	10-15	-	205-210	125-130	10-15	-	140-145
M Sheldon, Executive Director of Museum Operations/ Interim Director General	⁵ 95-100	5-10	-	105-110	80-85	5-10	-	90-95
S Dennis, Executive Director of Resources	95-100	5-10	-	105-110	90-95	5-10	-	100-105
Andrew Baines, Deputy Executive Director of Museum Operations	70-75	n/a	-	70-75	65-70	n/a	-	65-70
B Hubbard, Director of Marketing	60-65	n/a	-	60-65	60-65	n/a	-	60-65
H McKenna-Aspell, Director of Fundraising	75-80	n/a	-	75-80	75-80	n/a	-	75-80
V Turner, Deputy Executive Director of Resources	⁶ 90-95	n/a	-	90-95	65-70	n/a	-	65-70

¹There were no benefits in kind.

²Bonus payments relate to performance in 2021-22 and 2022-23 which were approved in April 2023.

³ The only pension benefits are in relation to defined contribution schemes and are solely disclosable in the pensions benefits table. Employer contributions in 2023-24 are presented in the pensions benefits table below.

⁴ D Tweddle was in office until 30 November 2023. His salary on an annualised basis at that time of resignation was in the banding £130k-£135k. The amount included in the table above includes a payment in lieu of notice and a severance payment (see Exit Packages).

⁵ M Sheldon held the office of Executive Director of Museum Operations until 30 November 2023. His salary on an annualised basis until that time was in the banding £85k-£90k. On 1 December 2023 he was appointed Interim Director General. His salary, in this role, on an annualised basis at 31 March 2024 was in the banding £120k-£125k.

⁶ This amount includes a payment in lieu of notice and a redundancy payment (see Exit Packages).

Pension benefits table (subject to audit):

Director	Real increase in pension and lump sum at pension age	Accrued pension at pension age at 31 March 2023 and related lump sum	¹ CETV at 31 March 2024	¹ CETV at 31 March 2023	Real increase in ² CETV	Employer contribution to Defined Contribution Group Pension Scheme
	£'000					
D Tweddle, Director General	-	-	-	-	-	16
M Sheldon, Executive Director of Museum Operations/Interim Director General	-	-	-	-	-	10
S Dennis, Executive Director of Resources	-	-	-	-	-	10

Director	Real increase in pension and lump sum at pension age	Accrued pension at pension age at 31 March 2023 and related lump sum	¹ CETV at 31 March 2024	¹ CETV at 31 March 2023	Real increase in ² CETV	Employer contribution to Defined Contribution Group Pension Scheme
	£'000					
Andrew Baines, Deputy Executive Director of Museum Operations	-	-	-	-	-	4
B Hubbard, Director of Marketing	-	-	-	-	-	4
H McKenna-Aspell, Director of Fundraising	-	-	-	-	-	5
V Turner, Deputy Executive Director of Resources	-	-	-	-	-	4

¹CETV (a Cash Equivalent Transfer Value) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member of a final salary scheme, required where a pension member wishes to switch to a defined contribution scheme, and is therefore not applicable to the National Museum directors.

Fair Pay Disclosures (subject to audit)

The National Museum is required to disclose the relationship between the remuneration of its highest-paid executive director and the lower quartile, median and upper quartile remuneration of the workforce, as shown below.

Fair pay bandings and ratios table:

	2023-24	2022-23
	£000	
Highest paid executive salary plus bonuses	¹ 145-150	140-145
Lowest paid staff member remuneration	20-25	15-20
	£	
Lower quartile salary	£23,400	£18,900
Lower quartile total remuneration	£23,400	£18,900
Median quartile salary	£24,863	£19,500
Median quartile total remuneration	£24,863	£19,500
Upper quartile salary	£30,504	£25,300
Upper quartile total remuneration	£30,504	£25,300
	² Ratio	
Lower quartile	5.45	7.54
Median quartile	5.13	7.31
Upper quartile	4.18	5.63

¹This information is in relation to D Twedde who was the highest paid executive director at any point during the year and represents his salary plus bonus on an annualised basis had he been in office at 31 March 2024.

²Ratio between the highest-paid executive director's banded mid-point remuneration and the lower quartile, median and upper quartile of the workforce. The highest paid executive director for this purpose is the highest paid executive director in office at 31 March 2024, which is M Sheldon.

Pay awards made in 2023-24 resulted in a higher percentage increase to the lower quartiles pay ranges than other quartiles. This has also caused the ratios to the mid-band of the highest paid executive director's remuneration to fall.

Percentage change in the total salary and bonuses of the highest-paid director and the workforce average:

	Highest-paid director	Workforce average	Highest-paid director	Workforce average
	2023-24		2022-23	
	% change		% change	
Salary and allowances	² 4%	28%	0%	4%
Bonuses	0%	¹ N/A	100%	¹ N/A

¹Non-consolidated performance-related bonus payments are only payable to the Director General and the Executive Directors. Consolidated performance-related pay progression is payable to the rest of the workforce.

²The information used to calculate this ratio is in relation to D Tweddle who was the highest paid executive director at any point during the year and represents his salary plus bonus on an annualised basis had he been in office at 31 March 2024.

Two cost of living pay awards were made in 2023-24. Under our Remuneration policy, a pay award is considered by the trustees in the Autumn with any approved award being effective from the 1 November. This policy enables us to ensure that we continue to consider our pay rates against the Museums Association Salary Research and Recommendations and the UK Living Wage. The November 2022 award was delayed until July 2023 owing to the Pay remit approval process that the National Museum is obliged to follow as a Non-Departmental Public Body. The percentage change in workforce average salary and allowances has increased reflecting the changes in UK Living Wage published in 2022 and 2023 and the follow-on effect through our pay scale. Under both awards, our lowest pay points representing 66% of our workforce received the highest % pay awards resulting in a higher median remuneration for the workforce.

In 2023-24 and 2022-23, no employees received remuneration in excess of the highest paid executive director.

Total Staff costs for the National Museum Group totalled £8,733,000 (2022-23: £7,543,000). Further details on employee costs can be found in note 10 to the financial statements.

Equity, Diversity and Inclusion

The National Museum is committed to improving equity, diversity and inclusion (EDI) across the organisation to become an inclusive museum and workplace for our visitors, trustees, workforce, volunteers and wider delivery partners.

The National Museum is a committed member of Inclusive Employers and made a pledge under the Armed Forces Covenant, holding the silver award.

The National Museum does not tolerate any form of discrimination and believes that everyone has the right to live without fear or prejudice regardless of race, age, gender, disability, sexual orientation, social class, religion and belief. Practising equality of opportunities can sometimes mean treating people differently in order to treat them fairly, for example, by being flexible to meet the needs of working parents and carers, or making reasonable adjustments for individuals with disabilities at various stages of the selection process. We provide interview questions in advance to support neurodiversity and our careers page includes accessible tools such as being able to change the colour contrast and the option for audio descriptions.



We support people who acquire a disability during the course of employment through making reasonable adjustments, that may include adjustments to job roles, workloads, workplace, etc., or that may include additional training and support, as guided by Occupational Health. We also work with the Access to Work Scheme to implement additional training or equipment required to support people with disabilities. We have enhanced our occupational sick pay so that we can offer financial support in these circumstances. We have also increased the number of Mental Health First Aiders available to provide support.

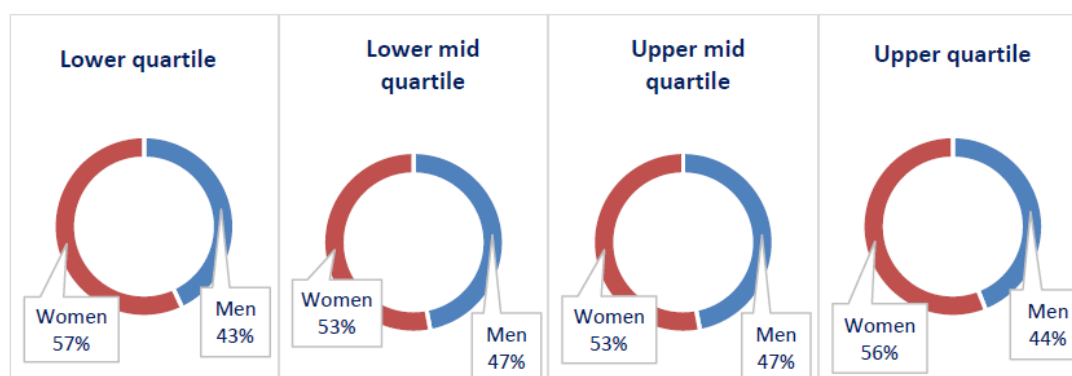
We are accelerating our commitment to inclusion and diversity in our Museum, improving this in the way that we work, the collections we share and the stories we tell by:

- Developing an EDI approach, embedded within our Strategy and Corporate Plan, that is enquiring and open minded, setting the scene and context for our stakeholders, outlining clear key performance indicators (KPIs) and further developing our EDI action plan.
- Embedding this work through our EDI action group and LGBTQ+ network, developing our practices, identifying improvements in how we can deliver our work and support.
- Seeking to diversify our boards, committees, workforce and volunteers, enabling them to become more effective by reflecting different perspectives, experiences and skills.
- Engaging diverse voices to provide broader perspectives on the stories of the Royal Navy.
- Reducing obstacles to participation, access and engagement, through designing our work to be open to everyone, challenging inequality and achieving improved equality outcomes.
- Committing to move forward, to act collectively and individually to effect change and to be held accountable for delivering change.
- Developing and growing staff and volunteer networks to give a voice to diversity within the organisation.
- Creating a strong sense of togetherness, where although people may not share life experiences, they are always respectful of the journeys of others.
- Understanding there is much to do; creating an inclusive organisation is a long term and ongoing commitment so that everyone feels like they belong.

Gender Pay Gap Reporting

Our data is collected on the snapshot date of 5 April 2024, when our workforce consisted of 201 (55%) women and 162 (45%) men.

Gender pay gap reporting requires us to divide our workforce into four equal parts (quartiles) by hourly rate and show the percentage of men and women within each of the quartiles.



The mean gender pay gap is the difference in average hourly rates of pay that men and women receive. This provides an overall indication of the gender pay gap by taking all hourly rates of pay and dividing by the total number of men and women in scope. The median gender pay gap shows the difference in the midpoints of the ranges of hourly rates

of pay for men and women by ordering individual rates of pay from lowest to highest and comparing the middle values.

The mean (average) hourly rate paid to men in our workforce was -2.5% lower than the mean (average) hourly rate paid to women in April 2024. The difference in hourly rates of pay, as a median average, was the same for men and women. This represents a decrease in our mean gender pay gap of 1.9% and a 5.1% decrease as a median average based on our gender pay gap in 2023. It should be noted that on the snapshot date the Executive had reduced from two men and one woman to one man and one woman which had a favourable impact on the mean gender pay gap. It is also important to note the April 2021 and 2020 calculations were lower than they would have ordinarily been due to staff being on furlough (reduced pay) and therefore being excluded from the calculation.

There continued to be a higher percentage of women in the upper pay quartile (56%), although this is a 2% reduction from the last reporting period (2023:58%). There was, however, a 4% increase of women in the upper-mid quartile (53%) from the last reporting period (49%). There was an increase in the percentage of women in the lower pay quartile (57%) from the last reporting period (2023:48%) and a reduction in the percentage of women in the lower mid-quartile (53%) from the last reporting period (2023:63%).

Our mean gender pay gap continues to be more favourable to women and for the first time we have no median gender pay gap, with median gender pay the same for both women and men. We accommodate flexible and hybrid working arrangements wherever possible, supporting staff if they need to care for others or for those who are returning to work after having a child or those who benefit from more flexible working patterns. Work continues to be undertaken to support career progression and development. We are committed to offering these opportunities to all staff, regardless of gender.

Sickness absence

Periods of sickness absence are recorded in full days. The average number of sick days per employee (excluding long term sickness absences) was 2.2 days (2022-23: 3.9 per employee), this is a 1.7 day decrease per employee due to a reduction in COVID-19 related absences. This paragraph is not subject to audit.

Exit packages table - reporting civil service and other compensation schemes (subject to audit)

<i>Exit package cost band</i>	<i>Number of compulsory redundancies</i>	<i>Number of other departures agreed</i>	<i>Total number of exit packages by cost band</i>
<£10,000	7 (Nil)	Nil (2)	7 (2)
£10,000 - £25,000	4 (Nil)	Nil (Nil)	4 (Nil)
£25,000 - £50,000	Nil (Nil)	Nil (Nil)	Nil (Nil)
£50,000 - £100,000	Nil (Nil)	Nil (Nil)	Nil (Nil)
£100,000 - £150,000	Nil (Nil)	1 (Nil)	1 (Nil)
Total number of exit packages	11 (Nil)	1 (2)	12 (2)
Total resource cost/ £	99,909 (Nil)	100,401 (5,547)	200,310 (5,547)

NB Comparative data for prior year is shown in brackets

The exit package cost within the £100,000 - £150,000 band includes a single ex-gratia special severance payment of £33,467. There were 11 compulsory redundancies made in 2023-24 (Nil: 2022-23).

Other staff costs

Further details relating to the National Museum's other staff costs can be found in note 10 to the financial statements.

Employee Consultation and Involvement

The National Museum actively consults with its staff through the Working Together (Staff Voices) Group, established in February 2021 to improve two-way communication, involving and engaging employees through participation and collaboration, enabling them to contribute to the success of the Museum. The group, representing staff from across the National Museum, also offers senior management the opportunity to consult over business related issues and gain commitment to change. The Working Together Group acts as a communication platform for all staff, enabling them to voice their ideas as well as identifying areas for improvement or development.

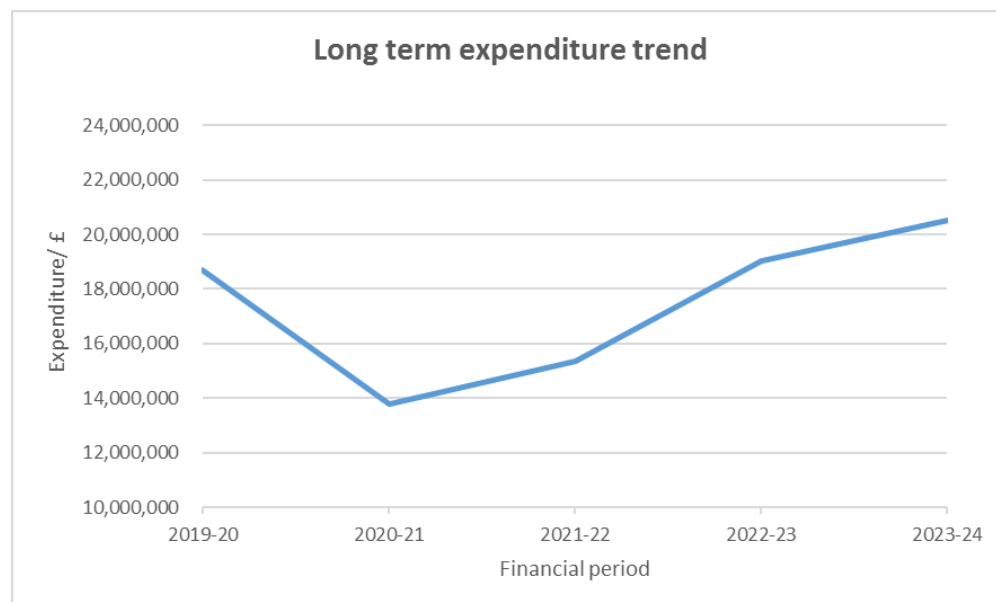
Other forums for staff consultation and involvement include: project-specific consultation and working groups that provide a delivery-focused culture of working and change management; the Tactical Action Group, providing an essential link between the working groups charged with delivering key objectives within the Corporate Plan; the Health and Safety Management Group; regular directorate and team meetings; the National Museum's Workplace intranet which includes weekly updates from the Executive on organisational performance and celebrates the successes of teams and individual; and the performance appraisal and "check in" system.

<i>Trade Union facility time report</i>	2023-24	2022-23
Relevant union officials	Nil	Nil
Percentage of time spent on facility time	Nil	Nil
Percentage of pay bill spent on facility time	0%	0%
Paid trade union activities	Nil	Nil

Parliamentary accountability and audit report

All expenditure is regular and has been applied as intended by donors and the National Museum's sponsor body. There are no contingent liabilities, gifts, fees, charges or losses and special payments which require disclosure in this report. This paragraph is subject to audit.

Expenditure trends over the past five years are shown below.



The National Museum's expenditure was reduced significantly in 2020-21 in response to the COVID-19 pandemic on its visitor numbers, which dropped to just 100 thousand visits, and the consequent impact on self-generated charitable and commercial income. The cost base was rigorously managed through cessation of non-contractual spend, suspension or reduction of contractual services, renegotiation of rents and service charges, the furlough of up to 89% of employees, and the freezing of the majority of capital projects. Expenditure has increased as the National Museum has reopened its sites, with 2023-24 seeing the first full year of normal operational activity, receiving 847 thousand visits.

Grant in Aid received from the sponsor body had remained broadly static in cash terms up to 2019-20 at £3,501,000 and the National Museum's growth had been funded through self-generated income, grants and donations. An uplift in revenue Grant in Aid was awarded from 2020-21 up to 2023-24 (and ceasing at 31 March 2024) to support recovery from the long-term financial impact of the pandemic. A strong recovery in performance means the National Museum has been able to build free reserves from its self-generated income, to ensure future financial sustainability and its ability to continue to operate as a going concern. Revenue Grant in Aid for 2023-24 was £5,631,000 (2022-23: £6,217,000), with Capital Grant in Aid of £135,000 (2022-23: £133,000) for the purchase of exhibits, and a further £565,000 (2022-23: £800,000) grant received from the sponsor to support capital projects.

Admiral Sir Philip Jones
Chair on behalf of the Board of Trustees

Matthew Sheldon
Chief Executive Officer and Accounting Officer

15th November 2024

The Certificate and Report of the Comptroller and Auditor General to the Members of the National Museum of the Royal Navy and the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the National Museum of the Royal Navy and its group for the year ended 31 March 2024 under the Government Resources and Accounts Act 2000.

The financial statements comprise the National Museum of the Royal Navy and its group's:

- Consolidated and Company Balance Sheet as at 31 March 2024;
- Consolidated Statement of Financial Activities for the year then ended;
- Consolidated and Company Cash Flow Statement for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In my opinion the financial statements:

- give a true and fair view of the state of the National Museum of the Royal Navy and its group's affairs as at 31 March 2023 and its net income and application of resources for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been properly prepared in accordance with the Charities Act 2011.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I have also applied the ethical standards relevant to listed entities. I am independent of the National Museum of the Royal Navy and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the National Museum of the Royal Navy and its group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the National Museum of the Royal Navy and its group'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.

My responsibilities and the responsibilities of the Trustees and the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

Other Information

The other information comprises information included in the Trustees' Annual Report but does not include the financial statements or my auditor's certificate and report. The Trustees and the Accounting Officer are responsible for the other information.

My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

- the Performance Report including the Strategic Report and the Accountability Report including the Directors' Report, has been prepared in accordance with applicable legal requirements; and
- the information given in the Performance Report including the Strategic Report and the Accountability Report including the Directors' Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the National Museum of the Royal Navy and its group and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report including the Strategic Report or the Accountability Report including the Directors' Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit.

Responsibilities of the Trustees and Accounting Officer for the financial statements

As explained more fully in the Statement of the Board of Trustees' and Accounting Officer's Responsibilities, the Trustees and the Accounting Officer are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to pensions within the National Museum of the Royal Navy and its group from whom the auditor determines it necessary to obtain audit evidence;
- preparing Group financial statements, which give a true and fair view, in accordance with the Companies Act 2006 and the Charities Act 2011;
- ensuring such internal controls are in place as Trustees and the Accounting Officer determine are necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing the Annual Report in accordance with the Companies Act 2006 and Charities Act 2011; and
- assessing the National Museum of the Royal Navy and its group'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 directors either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with applicable law and the Government Resources and Accounts Act 2000.

My 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 a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the National Museum of the Royal Navy and its group's accounting policies.
- inquired of management, the National Museum of the Royal Navy and its group's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the National Museum of the Royal Navy and its group's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the National Museum of the Royal Navy and its group's controls relating to its compliance with the National Heritage Act 1983, the Companies Act 2006, the Charities Act 2011 and Managing Public Money.
- inquired of management, the National Museum of the Royal Navy and its group's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations; and
 - they had knowledge of any actual, suspected, or alleged fraud.
- discussed with the engagement team including significant component audit teams regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the National Museum of the Royal Navy and its group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the National Museum of the Royal Navy and its group's framework of authority as well as other legal and regulatory frameworks in which the National Museum of the Royal Navy and its group operate. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the National Museum of the Royal Navy and its group. The key laws and regulations I considered in this context included the National Heritage Act 1983, the Companies Act 2006, the Charities Act 2011, Managing Public Money, employment law, pensions legislation and tax legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Governance Committee and legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- in addressing the risk of fraud in revenue recognition and assessing the recognition of income in line with the accounting framework.

I communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I 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 I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

19 November 2024

The National Museum of the Royal Navy
(A company limited by guarantee)
Company number: 06699696

Consolidated Statement of financial activities (incorporating the income and expenditure account)
for the year ended 31 March 2024

		Unrestricted	Restricted	Linked	Endowment	2024	Unrestricted	Restricted	Linked	Endowment	<i>Restated*</i>
		funds	funds	Charities	funds	Total	funds	funds	Charities	funds	2023
	Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income from:											
Donations and legacies											
Grant in Aid (revenue)		5,631	-	-	-	5,631	6,217	-	-	-	6,217
Grant in Aid (capital)		-	135	-	-	135	-	133	-	-	133
Donations and legacies	2	347	2,102	34	-	2,483	359	14,043	105	-	14,507
Admissions and charges for services	3	7,055	-	-	-	7,055	5,542	-	-	-	5,542
Trading subsidiary	4	2,302	-	-	-	2,302	2,169	-	-	-	2,169
Investments	5	142	-	-	892	1,034	450	-	-	235	685
Other		547	-	-	-	547	380	-	-	-	380
Total income		16,024	2,237	34	892	19,187	15,117	14,176	105	235	29,633
Expenditure on:											
Raising funds											
Fundraising and publicity	6	1,357	-	-	165	1,522	1,319	-	-	194	1,513
Trading subsidiary	4	1,899	-	-	-	1,899	1,776	-	-	-	1,776
Charitable activities	7/8	13,497	3,749	-	-	17,246	11,657	4,094	-	-	15,751
Total expenditure		16,753	3,749	-	165	20,667	14,752	4,094	-	194	19,040
Net gains/(losses) on investments	16	-	-	-	4,360	4,360	(60)	-	-	(1,690)	(1,750)
Tax payable		-	-	-	-	-	-	-	-	-	-
Net income/(expenditure)		(729)	(1,512)	34	5,087	2,880	305	10,082	105	(1,649)	8,843
Transfer between funds		2,630	(194)	5	(2,441)	-	4,681	(6,122)	1,128	313	-
Other recognised gains/(losses):											
(Losses)/gains on revaluations of fixed assets	14	306	558	-	-	864	1,349	2,158	-	-	3,507
Actuarial (losses)/gains on defined benefit pension	12	81	-	-	-	81	485	-	-	-	485
Net movement in funds		2,288	(1,148)	39	2,646	3,825	6,820	6,118	1,233	(1,336)	12,835
Reconciliation of funds:											
Total funds brought forward	23	27,134	128,674	6,587	54,666	217,061	20,314	122,556	5,354	56,002	204,226
Total funds carried forward		29,422	127,526	6,626	57,312	220,886	27,134	128,674	6,587	54,666	217,061

* Details of the restatement are disclosed in Note 31

The notes on pages 47 to 72 form an integral part of these financial statements.

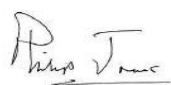
Consolidated and Company Balance Sheets as at 31 March 2024

		Group	Restated*	Company	Restated*
		2024	Group	2024	Company
		£'000	2023	£'000	2023
	Notes		£'000		£'000
Fixed assets					
Tangible assets	14	45,358	45,710	-	-
Heritage assets	15	107,240	107,201	6,602	6,563
Investments	16	56,439	41,805	-	-
		<u>209,037</u>	<u>194,716</u>	<u>6,602</u>	<u>6,563</u>
Current assets					
Stocks	17	708	663	-	-
Debtors	18	2,313	2,934	277	421
Cash at bank and in hand		12,572	21,166	1,755	3,520
		<u>15,593</u>	<u>24,763</u>	<u>2,032</u>	<u>3,941</u>
Current liabilities					
Creditors falling due within one year	20	(3,762)	(2,784)	(808)	(2,666)
Net current assets		<u>11,831</u>	<u>21,979</u>	<u>1,224</u>	<u>1,275</u>
Debtors falling due after one year	19	450	950	-	-
Total assets less current liabilities		<u>221,318</u>	<u>217,645</u>	<u>7,826</u>	<u>7,838</u>
Creditors falling due after more than one year	21	(664)	(741)	(566)	(643)
Net assets excluding pension asset/(liability)		<u>220,654</u>	<u>216,904</u>	<u>7,260</u>	<u>7,195</u>
Defined benefit pension scheme asset/(liability)	12	232	157	-	-
Net assets including pension fund asset/(liability)		<u>220,886</u>	<u>217,061</u>	<u>7,260</u>	<u>7,195</u>
Funds					
Unrestricted funds		26,455	24,499	4	4
Designated funds		545	518	1	1
Revaluation reserve		2,422	2,117	-	-
Total unrestricted funds	23	<u>29,422</u>	<u>27,134</u>	<u>5</u>	<u>5</u>
Restricted funds		77,692	79,396	629	603
Revaluation reserve		49,834	49,278	-	-
Linked charities	24	6,626	6,587	6,626	6,587
Total restricted funds	23	<u>134,152</u>	<u>135,261</u>	<u>7,255</u>	<u>7,190</u>
Total endowment funds	23	<u>57,312</u>	<u>54,666</u>	<u>-</u>	<u>-</u>
Total funds	23	<u>220,886</u>	<u>217,061</u>	<u>7,260</u>	<u>7,195</u>

* Details of the restatement are disclosed in Note 31

The National Museum of the Royal Navy is exempt from an audit under Part 16 of the Companies Act 2006 under section 482 (non-profit-making companies subject to public sector audit) of the Companies Act 2006, but subject to audit under the Government Resources and Accounts Act 2000.

The financial statements were approved and authorised for issue by the board and signed on its behalf by



Admiral Sir Philip Jones
Chair of the Board of Trustees



Matthew Sheldon
Chief Executive Officer and Accounting Officer

Date: 15th November 2024

The notes on pages 47 to 72 form an integral part of these financial statements.

**Consolidated and Company Cash flow statement
for the year ended 31 March 2024**

		Group	Restated*	Company	Restated*
		2024	2023	2024	2023
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities:					
Net cash provided by operating activities		1,854	14,558	(1,680)	2,615
Cash flows from investing activities:					
Dividends and interest from investments	5	1,034	685	-	-
Purchase of tangible fixed assets	14	(948)	(8,749)	-	-
Purchase of heritage assets	15	(5)	(1,128)	(5)	(1,128)
Purchase of investments	16	(12,809)	(1,102)	-	-
Sale of investments	16	2,360	-	-	-
Net cash used in investing activities		(10,368)	(10,294)	(5)	(1,128)
Cash flows from financing activities:					
Repayment of borrowing	21/34	(80)	(80)	(80)	(80)
Net cash provided by (used in) financing activities		(80)	(80)	(80)	(80)
Change in cash and cash equivalents in the reporting period	33	(8,594)	4,184	(1,765)	1,407
Cash and cash equivalents at 1 April 2023		21,166	16,982	3,520	2,113
Total cash and cash equivalents at 31 March 2024	33	12,572	21,166	1,755	3,520
Reconciliation of net income to net cash flow from operating activities:					
Net income for the year		2,880	8,843	55	1,344
Depreciation	14	2,366	2,152	-	-
Loss on disposal of fixed assets	14	-	115	-	-
(Gain)/Loss on investments	16	(4,360)	1,750	-	-
Adjustment for non-cash fees from gains/losses	16	175	194	-	-
Dividends and interest from investments	5	(1,034)	(685)	-	-
Donated fixed assets	15	(34)	(105)	(34)	(105)
(Increase)/Decrease in stocks	17	(45)	(124)	-	-
Decrease/(Increase) in debtors	18/19	1,121	2,791	154	(385)
Increase/(Decrease) in creditors	20	776	(432)	(1,858)	1,757
Increase/(Decrease) in long term liabilities	21	3	4	3	4
Increase/(Decrease) in provisions for defined benefit pension scheme	12	6	55	-	-
Net cash provided by operating activities		1,854	14,558	(1,680)	2,615

* Details of the restatement are disclosed in Note 31

Notes to the financial statements
for the year ended 31 March 2024

1. Accounting policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and the preceding year.

1.1. Charity information

The National Museum of the Royal Navy ("the National Museum") is a private company limited by guarantee and incorporated in England and Wales. The registered office is the National Museum of the Royal Navy, HM Naval Base PP66, Portsmouth, Hampshire, PO1 3NH. The members of the company are the Trustees named on page 2. Every member of the company undertakes to contribute such an amount as may be required not exceeding £1 to the assets of the company in the event of its being wound up while they are a member, or within one year after they cease to be a member.

The National Museum meets the definition of a public benefit entity under section 34 of FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value, unless otherwise stated in the relevant accounting policy.

The principal objectives of the charity are detailed in the Trustees report.

1.2. Basis of preparation of the financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SORP FRS 102) issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, and the Companies Act 2006.

The National Museum has made an accounting policy decision to apply the requirements of HM Treasury's Financial Reporting Manual (FReM) only so far as they relate to the following specific disclosures within the Annual Report: Governance statement; Remuneration and Staff report; and Parliamentary accountability and audit report.

The results of the company include the results of the two linked charities of the National Museum: Royal Naval Museum and HMS M33 Trust.

The financial statements are presented in sterling which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

Consolidated financial statements have been prepared in respect of the charitable company, and its wholly owned subsidiaries: NMRN Operations; Royal Navy Submarine Museum; Royal Marines Museum; Fleet Air Arm Museum; NMRN Hartlepool; HMS Trincomalee Trust; Warrior Preservation Trust; HMS Victory Preservation Company; and HMS Caroline Preservation Company. The Consolidated Statement of Financial Activities and the Consolidated Balance Sheet include the results and assets of each charity on a line by line basis. The individual results of the company can be found in the detailed statement of financial activities (Note 35).

The results of Portsmouth Historic Dockyard Operations Ltd, a joint venture company owned equally by NMRN Operations and the Mary Rose Trust, are included in these group accounts by virtue of the line-by-line consolidation of the NMRN Operations group. Individual disclosures on the performance of the joint venture are not made on the grounds that the income, expenditure, and net assets of Portsmouth Historic Dockyard Operations Ltd are not material to the group.

The registered office of all subsidiaries and the joint venture company is that of the National Museum (see note 1.1).

1.3. Going concern

In addition to the revenue it generates, the company receives Grant in Aid funding from the Ministry of Defence under a Financial Framework Agreement in respect of its operation of the Group's museums. Additional Grant in Aid funding was awarded to the National Museum by the Royal Navy to support its continuing recovery from the impact of the Covid-19 pandemic. This additional funding has supported the National Museums cashflows until 31 March 2024. A strong recovery in performance through 2023-24 means the National Museum has been able to build free reserves from its self-generated income, to ensure future financial sustainability and its ability to continue to operate as a going concern.

Based on the assurances provided to the National Museum by its sponsor, the Royal Navy, that Grant in Aid funding will continue to be made available, and the work of the Executive on 2025-26 budgets, the Trustees and Directors are content that the going concern basis continues to apply. As such, the financial statements have been prepared on a going concern basis.

1.4. Fund accounting

Unrestricted funds are donations and other incoming resources received or generated for general purposes.

Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of overheads and support costs.

Endowment funds are funds which the donor has stated are to be held as capital and expendable over the long term. It is the intention that the capital value of the donation will be maintained in real terms. However, if it becomes necessary, no more than 5% of the capital will be spent at any one time.

Notes to the financial statements
for the year ended 31 March 2024

1.5. Incoming resources

All incoming resources are included in the statement of financial activities when the company is legally entitled to the income, any performance conditions attached to the items of income have been met, the amount can be quantified with reasonable accuracy, and it is probable that the income will be received. The following specific policies are applied to particular categories of income:

Voluntary income is received by way of grants, donations and gifts and is included in full in the statement of financial activities when receivable. Grants where entitlement is not conditional on the delivery of a specific performance by the company, are recognised when the company becomes unconditionally entitled to the grant. Gifts in kind are included in the accounts at their current market value where this is readily identifiable. Where current market value is unavailable then gifts in kind are included in the accounts on the basis of internal valuations estimated by relevant staff and determined by their experience and judgement, unless this is not possible without incurring a cost disproportionate to the benefit of the information reported to the readers of the accounts. Where gifts in kind are services, these are measured at the price that would ordinarily be paid for that service, which is not always equivalent to market value.

Grant in Aid funding is received from the Ministry of Defence (MoD) as a contribution towards the operating costs of the National Museum Group. The majority of the Grant in Aid is received by the National Museum and then distributed to NMRN Operations and other charitable subsidiaries on the basis of need, with the remainder, which is specifically a contribution towards wage costs, paid direct to staff by the Defence Business Services (DBS) on behalf of the National Museum.

Income from investments is included in the year in which it is receivable.

Legacies are included when the company is advised by the personal representative of an estate that payment will be made, or property transferred, and the amount involved can be quantified.

Deferred income primarily relates to income received in advance for future events.

1.6. Grants receivable

Revenue grants are credited to incoming resources on the earlier of the date of when they are received or when they are receivable, unless they relate to a specified future period, in which case they are deferred.

Grants for the purchase of restricted fixed assets are credited to restricted incoming resources when receivable. Depreciation on the fixed assets purchased with such grants is charged against the restricted fund.

1.7. Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered and is reported as part of the expenditure to which it relates.

Costs of generating funds comprise costs incurred in encouraging people and organisations to contribute financially to the work of the National Museum and to promote each of the individual museums as a heritage and visitor attraction.

Charitable expenditure includes expenditure associated with Operations, Collections & Research, and Learning and includes costs directly attributable to each activity. Costs not directly attributable to one activity, including the proportion of support costs relating to charitable expenditure, have been allocated on a reasonable basis of resources used.

Governance and support costs include those costs incurred in the governance of the company and its assets, and central functions, and have been allocated to cost categories on a basis consistent with the use of resources.

1.8. Tangible fixed assets

Timber

In March 2012, along with the gift of HMS Victory, the HMS Victory Preservation Trust received approximately 527m³ of teak, plus some smaller quantities of iroko and Brazilian mahogany, that had originally been procured by MoD for use in the conservation and maintenance of the Ship and that had been valued by Timbmet.

In 2016, 93 tonnes (~39m³) of unseasoned oak and elm were donated by four Scottish Estates for potential use towards the conservation of the Ship. The logs were surveyed over winter 2016-17 and sawn into rough-hewn planks. The timber is being stored and has been seasoned by a timber specialist (W L West) with the seasoning period completing in July 2021. The timber now needs to be converted into boards appropriate for use on the Ship. The conversion process will result in wastage and the final quantity of boards will be significantly less than the unseasoned donation.

In 2022, 370 hoppus feet (~13m³) of unseasoned oak was donated by Portsmouth Water. This is presently at W L West's yard awaiting conversion and seasoning. It is anticipated that the seasoning will take 4-5 years to complete (not before 2026). Also in 2022, 3000 hoppus feet (~108m³) of unseasoned oak was donated by HS2. This timber is being stored at a yard in the Midlands awaiting conversion and seasoning. Again, it is anticipated that the seasoning will take 4-5 years to complete (not before 2026).

The seasoned timber, that may be held as logs, bulks, knees or boards, and that will probably be used in the conservation of this Ship is capitalised at the deemed cost provided at the time the asset was received. The useful economic life of the timber is considered to be >100 years and accordingly no depreciation will be recognised. An annual review for impairment is carried out in

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for the year ended 31 March 2024

accordance with the Charities SORP, with any impairment recognised in the Statement of Financial Activities.

The unseasoned or green timber held and that requires further processing (logging, rough sawing and seasoning) before its suitability for use in the conservation project may be approved, is considered to have a modest market value, and the costs of obtaining a reliable valuation would not be commensurate with its value or with the benefit obtained by including the additional value on the balance sheet.

Other Tangible fixed assets

Tangible fixed assets with a cost or value greater than £2,500 and a useful life exceeding one year are capitalised at historic cost and revalued annually using Ministry of Defence Modified Historic Cost Accounting (MHCA) indices.

Land and buildings held by the Fleet Air Arm Museum and NMRN Operations are stated at a valuation of depreciated replacement cost and depreciated over the lease term. These charities obtain a professional valuation at least every five years and indices are used to reflect the change in value in the intervening years.

Depreciation has been provided at rates calculated to spread the cost of each asset over its expected useful life as follows:

Improvements to property	over the lease term
Short leasehold property	over the lease term
Exhibitions	2 - 10 years
Fixtures and fittings	3 - 25 years
Computer and office equipment	3 - 10 years
Plant and machinery	3 - 50 years

1.9. Heritage assets held by the group

The heritage assets are held in trusts and have been included in the consolidated financial statements as set out below.

Background

Each trust holds artefacts comprising its collection. The main and reserve collections (other than assets acquired since 1 April 2000 - see below) have not been included in the financial statements due to their historic and inalienable nature and, due to the specific and individual nature of the artefacts held, it is not believed to be possible to obtain a reliable value of the collection without incurring a cost disproportionate to the benefit of the information reported to the readers of the accounts.

Assets acquired prior to 1 April 2000 have not been capitalised and included in the accounts but with effect from 1 April 2000, additions to the collection with a cost in excess of £2,500, have been capitalised. These assets are carried at cost, or deemed cost, and not depreciated due to infinite useful economic lives. An annual review for impairment is carried out in accordance with the Charities SORP, with any impairment recognised in the Statement of Financial Activities. The exception to this is the Fleet Air Arm Museum where aircraft acquired prior to 1 April 2000 have also been capitalised. Note that this treatment is inconsistent with the accounts of the Fleet Air Arm Museum where the assets acquired prior to 1 April 2000 are excluded from the balance sheet.

Heritage assets donated to the trusts with a value in excess of £2,500 are included in the accounts on the basis of internal valuations estimated by the relevant curatorial staff and determined by their experience and judgement. Where this information is not available and cannot be obtained at a cost commensurate with the benefits to users of the financial statements, the assets will not be recognised in the Balance Sheet and the disclosure required by the Charities SORP will be made.

Heritage assets: policies for maintenance, management, acquisition and disposal

In October 2015, a single set of Collections Management policies was created for the NMRN Group. This was updated and approved by the Board in January 2023. These policies set out a common approach for the maintenance and management of collections at different museum sites and will be subject to regular review as directed by the Collections, Research, Learning and Access Committee (CRLA).

Acquisitions to the museums are now guided by a single Collections Development Policy (December 2022) that sets out how the accessioned collection can be developed and expanded and the principles for rationalisation and disposal. There are two principal methods of acquisition:

- Acquisition by donation, bequest or transfer
- Acquisition by purchase through private sale or public auction

The Collections and Research Department has delegated authority from the Board to assess, approve or decline new acquisitions; however, there may be instances where the CRLA Committee may be included in the decision making in relation to a 'major' acquisition such as:

- in the case of a high-value (over £120,000) item, or
- where acquisition may make a material impact on revenue budgets, or
- where there may be controversy in the acquisition of an item.

Subject to the approval of the Trustees, the Museum may dispose of items from the collection, undertaken in accordance with rationalisation and disposal procedures, although this will only happen in exceptional circumstances, for example:

- When items fall outside the Museum's Collecting Policy or Charitable Objectives
- When an item contains a serious hazard which cannot be remediated

Notes to the financial statements
for the year ended 31 March 2024

- When an item is one of a significant number of duplicates
- When an item is in exceptionally poor condition which cannot be reversed and it cannot be repurposed to alternate use.

Significant Historic Ships

Accounting policy for initial recognition of the Heritage Asset

The methodology of valuation of significant historic ships by the National Museum group is total rebuild basis, discounted for the ship's current state of repair.

The values are calculated by the staff of the National Museum. Where the current build cost or market value of a similar ship is known and can be relied upon, this is used as the basis for establishing the value of the ship. Where this information is unavailable, the original build cost of each ship is grossed up to a modern-day value using a provider of historic economic data. This value is then discounted to take account of the ship's current state of repair, using the estimated costs to bring the ship to the final condition (being in most cases something close to 'as new'). For ships which are gifted to the National Museum, the discounted value becomes the 'deemed cost' of the ship.

Accounting policy for recognition of subsequent expenditure on significant ships

The National Museum's operating company, NMRN Operations, is responsible for the restoration, preservation, and maintenance of the ship under the terms of the operator agreement. Expenditure incurred by the operating company is recognised in that entity on an accruals basis as a liability is incurred. Capital expenditure on plant and machinery not integral to the fabric of the ship is capitalised on the balance sheet of the operating company.

1.10. Investment properties

Investment properties are measured at fair value at each reporting date with changes in fair value recognised in 'net gains/(losses) on investments' in the Statement of Financial Activities.

1.11. Investments

Investments held as fixed assets are revalued at mid-market value at the balance sheet date and the gain or loss taken to the statement of financial activities.

Attitude to Risk

The Company relies on the investment return to fund its objective. The key risk to the long-term achievement of its objective is inflation, and the assets are invested accordingly. The Trustees understand that this will mean that investments are likely to be predominantly invested in equities, where dividends can be expected to grow, and that capital value will fluctuate. The Company's attitude to risk is therefore described as progressive.

1.12. Operating Leases

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against incoming resources on a straight line basis over the life of the lease.

1.13. Taxation

The activities of the company fall within the exemptions afforded by the provisions of the Corporation Tax Act 2010. Accordingly, there is no tax charge in these accounts.

All taxable activities fall within the operating subsidiary, NMRN Operations and its trading subsidiary, National Museum of the Royal Navy Trading, which are VAT registered. The activities of NMRN Operations also fall within the exemptions afforded by the provisions of the Corporation Tax Act 2010. The company's trading subsidiary is subject to corporation tax.

The tax expense represents the current tax expense. Current tax is charged or credited to the SOFA and is based on taxable profits for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods.

Current tax assets are recognised when tax paid exceeds the tax payable. Current tax assets and current tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

1.14. Stock

Stocks are usually stated at the lower of cost and estimated selling price less costs to complete and sell, after making due allowance for obsolescence and slow moving items.

1.15. Financial Instruments

The company's financial assets and liabilities consist of cash and cash equivalents, trade & other debtors, trade & other creditors, accrued expenses and loans. The fair value of the items due within one year approximates their carrying value due to their short term value. Items due after one year are recorded at their carrying values which are deemed to be fair value. Unless otherwise noted, the company is not exposed to significant interest, foreign exchange or credit risks arising from these instruments.

Notes to the financial statements
for the year ended 31 March 2024

1.16. Judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Trustees are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following judgements (apart from those involving estimates) have been made that have had the most significant effect on amounts recognised in the financial statements:

The useful lives of tangible fixed assets

When a depreciable asset is purchased the Museum makes an assessment of the estimated useful life of that asset, based on experience and other assets already owned by the Museum.

The valuation of donated tangible fixed assets and heritage assets

When an asset is donated to the Group Trustees make an overall assessment of whether a value can be attributed to that item. Such a valuation will then be subject to the judgement of the curatorial staff based on their experience and any recent commercial sales.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

Valuation of Historic Ships

The valuations of historic ships held by the group have been based on an estimate of the original build cost, uplifted to the current value at the time of donation or acquisition, and discounted for elements of the original build that have not been replaced and to reflect the current state of repair (Note 15). This assumes that the same materials and methods of construction would be utilised with the same cost profile as the original, and, on the same basis, adjusted proportionately for those parts of the vessel that would not be replaced (for example, guns and engines).

Valuation of Heritage Assets (not Historic Ships)

The valuations of heritage assets donated to the group after 1 April 2000 with a value in excess of £2,500 are based on internal estimates of market value by the relevant curatorial staff and determined by their experience and judgement. Where this information is not available and cannot be obtained at a cost commensurate with the benefits to users of the financial statements, the assets will not be recognised in the Balance Sheet.

Valuation of Land and Buildings

The valuations of land and buildings are based on professional market valuations at least every five years and indices are used to reflect the change in value in the intervening years.

Valuation of HMS Victory Preservation Company timber

The valuation of the seasoned timber received in 2012 has been carried out by a professional valuer based on the assumption that the open market value could be achieved in the event of a sale. The valuation of the seasoned timber received in 2016 has been carried out by a professional valuer and uses the estimated replacement cost as the deemed cost based on their estimation of the useable quantities and grades of the seasoned timber.

1.17. Pensions

The majority of staff of the National Museum and NMRN Operations are covered by the provisions of a defined contributions group pension plan, the assets of which are held in an independently administered fund and which provides benefits based on the value of the fund. A small number of staff, who have transferred into the National Museum under the Transfer of Undertakings (Protection of Employment) Regulations, have retained membership of their former employers' pensions schemes which provide benefits based on final pensionable pay, and include the Principal Civil Service Pension Scheme and the Local Government Pension Scheme.

Group Pension Plan

The National Museum operates a Group Pension Plan with employer's contributions being payable at either 6% or 10%. Under this plan a "salary exchange" scheme exists whereby employees may elect to give up the right to receive part of their salary remuneration in return for an additional employer's contribution into the Group Pension Plan of the same amount. The pension cost charged to the Statement of Financial Activities represents the contributions paid.

Principal Civil Service Pension Scheme (PCSPS)

The PCSPS is an unfunded multi-employer defined benefit scheme but the National Museum of the Royal Navy is unable to identify its share of the underlying assets and liabilities. This scheme has therefore been accounted for as if it were a defined contribution scheme in accordance with Charity SORP (FRS102).

Notes to the financial statements
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Local Government Pension Scheme (LGPS)

The LGPS is a multi-employer defined benefit scheme. The National Museum of the Royal Navy is an admitted member of the Hampshire Pension Fund and the Teesside Pension Fund and is able to identify its share of the underlying assets and liabilities. The schemes have therefore been accounted for as defined benefit schemes in accordance with Charity SORP (FRS102).

1.18. Termination benefits

The group recognises a liability for termination benefits at the point where the group is committed to making the payments in return for employee redundancy.

1.19. Restatement of comparative information

Comparative information for 2023 has been restated. This is detailed in note 31 to the accounts.

1.20. Change in presentation

The format of the Statement of Financial Activities, Cash flow statements and notes 2 - 12 have been simplified to show separately only those items which are material to the financial statements. Where this has led to lines being amended the comparatives have been noted as restated.

2. Voluntary income (Company and Group)

	Unrestricted funds	Restricted funds	Linked charities	2024 Total	Unrestricted funds	Restricted funds	Linked charities	Restated 2023 Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Donations and grants								
Ministry of Defence	-	565	-	565	-	800	-	800
Miscellaneous donations	9	7	34	50	4	1,073	105	1,182
Received by company	<u>9</u>	<u>572</u>	<u>34</u>	<u>615</u>	<u>4</u>	<u>1,873</u>	<u>105</u>	<u>1,982</u>
Received by:								
NMRN Operations	330	1,255	-	1,585	338	12,398	-	12,736
Other subsidiaries	8	275	-	283	17	-	-	17
Consolidation adjustments (1)	-	-	-	-	-	(228)	-	(228)
	<u>338</u>	<u>1,530</u>	<u>-</u>	<u>1,868</u>	<u>355</u>	<u>12,170</u>	<u>-</u>	<u>12,525</u>
Received by group	<u>347</u>	<u>2,102</u>	<u>34</u>	<u>2,483</u>	<u>359</u>	<u>14,043</u>	<u>105</u>	<u>14,507</u>

1) Grants for purchase of exhibits, and Heritage assets transferred to the Royal Naval Museum from NMRN Operations, eliminated on consolidation

3. Admissions (Group)

	Unrestricted funds	2024 Total	Unrestricted funds	2023 Total
	£'000	£'000	£'000	£'000
Museum admissions				
Portsmouth Historic Dockyard	5,561	5,561	4,394	4,394
Fleet Air Arm Museum	1,004	1,004	809	809
Hartlepool	288	288	280	280
HMS Caroline	153	153	6	6
Other site income	<u>49</u>	<u>49</u>	<u>53</u>	<u>53</u>
	<u>7,055</u>	<u>7,055</u>	<u>5,542</u>	<u>5,542</u>

There are no equivalent balances for the company. Admissions income includes amounts reclaimed from HM Revenue and Customs under the Gift Aid Scheme.

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4. Income and expenses from trading activities of subsidiaries

The National Museum has control of NMRN Operations (NMRNO), NMRN Hartlepool (NMRNH), the HMS Victory Preservation Company (HMSVPC), the HMS Caroline Preservation Company (HMSCPC), the HMS Trincomalee Trust (HMSTT), the Warrior Preservation Trust (WPT), the Royal Navy Submarine Museum Trust (RNSM), the Royal Marines Museum Trust (RMM), and the Fleet Air Arm Museum Trust (FAAM). NMRN Operations also has a non-charitable trading subsidiary. Dormant subsidiaries awaiting strike off are not included below (these have £Nil balances).

Note: the results for FAAM Trust and WPT include consolidation adjustments in respect of differences in the accounting policies of the individual entities and the NMRN group for assets acquired before 1 April 2000. The adjustments of £2,242,000 and £250,000 respectively, increase the consolidated balances of heritage assets and reserve balances.

	NMRNO	NMRNH	HMSVPC	HMSCPC	HMSTT	WPT	RMM	RNSM	FAAM	2024	<i>Restated</i> 2023
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Statement of financial activities											
Income from:											
Donations and legacies	8,552	10	-	1	77	1	6	-	275	8,922	20,431
Admissions	7,055	-	-	-	-	-	-	-	-	7,055	5,542
Trading subsidiary	2,302	-	-	-	-	-	-	-	-	2,302	2,169
Investments	-	-	733	301	-	-	-	-	-	1,034	685
Other	517	-	-	-	-	-	-	-	30	547	380
Total income	18,426	10	733	302	77	1	6	-	305	19,860	29,207
Expenditure on:											
Raising funds	1,357	-	130	35	-	-	-	-	-	1,522	1,513
Trading subsidiary	1,899	-	-	-	-	-	-	-	-	1,899	1,776
Charitable activities	15,874	10	695	902	77	86	14	7	320	17,985	16,667
Total expenditure	19,130	10	825	937	77	86	14	7	320	21,406	19,956
Net gain/(loss) on investments	-	-	3,591	770	-	-	-	-	-	4,361	(1,750)
Net income/(expenditure)	(704)	-	3,499	135	-	(85)	(8)	(7)	(15)	2,815	7,501
Revaluation of fixed assets	871	-	7	-	-	-	-	-	(14)	864	3,507
Actuarial gains/(losses)	81	-	-	-	-	-	-	-	-	81	485
Net movement in funds	248	-	3,506	135	-	(85)	(8)	(7)	(29)	3,760	11,493
Reconciliation of funds											
Total funds brought forward	39,159	-	67,497	24,507	21,394	26,343	2,610	18,925	9,431	209,866	198,373
Total funds carried forward	39,407	-	71,003	24,642	21,394	26,258	2,602	18,918	9,402	213,626	209,866
Balance Sheet											
Fixed assets											
Tangible fixed assets	32,907	-	6,828	-	-	-	-	-	5,623	45,358	45,710
Heritage assets	-	-	19,375	12,560	21,008	25,290	709	18,651	3,045	100,638	100,638
Investments	-	-	44,348	12,091	-	-	-	-	-	56,439	41,805
	32,907	-	70,551	24,651	21,008	25,290	709	18,651	8,668	202,435	188,153
Current assets	9,583	8	493	889	71	1,007	1,900	274	763	14,988	24,632
Current liabilities	(3,315)	(8)	(41)	(898)	(37)	(39)	(7)	(7)	(29)	(4,381)	(3,928)
Net current assets	6,268	-	452	(9)	34	968	1,893	267	734	10,607	20,704
Debtors > one year	-	-	-	-	450	-	-	-	-	450	950
Long term liabilities	-	-	-	-	(98)	-	-	-	-	(98)	(98)
Net assets excl pension asset	39,175	-	71,003	24,642	21,394	26,258	2,602	18,918	9,402	213,394	209,709
Defined benefit pension asset	232	-	-	-	-	-	-	-	-	232	157
Total funds	39,407	-	71,003	24,642	21,394	26,258	2,602	18,918	9,402	213,626	209,866

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4.1. National Museum of the Royal Navy Trading

National Museum of the Royal Navy Trading (NMRNT) is a company limited by guarantee, incorporated in England & Wales. NMRNT operates a number of retail outlets and cafes within the Museums and the corporate events. At the discretion of its directors, the company distributes its net profit to NMRN Operations (the parent). A summary of the company's trading results is shown below:

	2024	<i>Restated</i> 2023
	£'000	£'000
Turnover	2,259	2,131
Cost of sales	(811)	(745)
Gross Profit	1,448	1,386
Administration expenses	(1,089)	(1,048)
Other income	43	38
Net profit / (loss)	402	376
Tax on ordinary activities	1	17
Profit / (loss) for the financial year	403	393
Amount gifted to NMRN Operations	(460)	(444)
	(57)	(51)
Retained profit brought forward	293	344
Retained profit carried forward	236	293

5. Investment income (Group)

	Unrestricted funds	Endowment funds	2024 Total	Unrestricted funds	Endowment funds	2023 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Interest income	-	43	43	1	26	27
Dividend income	142	849	991	449	209	658
	142	892	1,034	450	235	685

There are no equivalent balances for the company.

6. Fundraising costs (Group)

	Unrestricted funds	Endowment funds	2024 Total	Unrestricted funds	Endowment funds	<i>Restated</i> 2023 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Staff costs	904	-	904	890	-	890
Fundraising and publicity	453	-	453	429	-	429
Investment management costs	-	165	165	-	194	194
	1,357	165	1,522	1,319	194	1,513

There are no equivalent balances for the company, with all fundraising activities undertaken elsewhere within the Group.

7. Costs of charitable activities - by fund type (Company)

	Unrestricted funds	Restricted funds	2024 Total	Unrestricted funds	Restricted funds	<i>Restated</i> 2023 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Operations	687	7	694	415	7	422
Collections & research	126	20	146	82	16	98
Learning	80	1	81	55	1	56
Grant funding	4,747	648	5,395	5,612	800	6,412
	5,640	676	6,316	6,164	824	6,988

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Costs of charitable activities - by fund type (Group)

	Unrestricted	Restricted	2024	Unrestricted	Restricted	Restated 2023
	funds	funds	Total	funds	funds	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Operations	10,377	3,335	13,712	8,637	3,687	12,324
Collections & research	2,071	310	2,381	2,024	299	2,323
Learning	1,049	104	1,153	978	108	1,086
Grant funding	-	-	-	18	-	18
	<u>13,497</u>	<u>3,749</u>	<u>17,246</u>	<u>11,657</u>	<u>4,094</u>	<u>15,751</u>

8. Costs of activities in furtherance of the objects of the charity (Company)

	Operations	Collections & research	Learning	Grant funding	2024 Total	Restated 2023 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Staff costs	376	68	45	-	489	396
Curatorial	-	20	-	-	20	14
Governance and support costs	317	58	37	-	412	166
	<u>693</u>	<u>146</u>	<u>82</u>	<u>-</u>	<u>921</u>	<u>576</u>
Grant funding:						
NMRN Operations	-	-	-	5,308	5,308	6,347
Other grant funding	-	-	-	87	87	65
	<u>693</u>	<u>146</u>	<u>82</u>	<u>5,395</u>	<u>6,316</u>	<u>6,988</u>

Costs of activities in furtherance of the objects of the charity (Group)

	Operations	Collections & research	Learning	Grant funding	2024 Total	Restated 2023 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Staff costs	4,678	820	594	-	6,092	5,310
Operating costs	919	-	-	-	919	705
Marketing	736	-	-	-	736	673
Curatorial and exhibition	-	418	-	-	418	506
Depreciation and loss on disposal of fixed assets	1,555	541	182	-	2,278	2,090
Governance and support costs	3,327	602	377	-	4,306	3,498
	<u>11,215</u>	<u>2,381</u>	<u>1,153</u>	<u>-</u>	<u>14,749</u>	<u>12,782</u>
Grant funding:						
Pride of Bristol Trust (charity 1041341)	-	-	-	-	-	15
Royal Marines Historical Society (charity 274285)	-	-	-	-	-	3
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>18</u>
Project costs:						
HMS Victory	1,955	-	-	-	1,955	2,389
NMRN Hartlepool	227	-	-	-	227	250
Other project costs	315	-	-	-	315	312
	<u>2,497</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,497</u>	<u>2,951</u>
	<u>13,712</u>	<u>2,381</u>	<u>1,153</u>	<u>-</u>	<u>17,246</u>	<u>15,751</u>

Notes to the financial statements
for the year ended 31 March 2024

9. Analysis of governance and support costs (Company)

	Operations	Collections & research	Learning	2024 Total	Restated 2023 Total
	£'000	£'000	£'000	£'000	£'000
Governance costs					
Accountancy & payroll	12	2	1	15	15
Auditor remuneration - NAO	55	10	6	71	64
Legal and professional	200	36	24	260	39
Support costs					
Sundry expenses	50	10	6	66	48
	<u>317</u>	<u>58</u>	<u>37</u>	<u>412</u>	<u>166</u>

Analysis of governance and support costs (Group)

	Operations	Collections & research	Learning	2024 Total	Restated 2023 Total
	£'000	£'000	£'000	£'000	£'000
Governance costs					
Accountancy & payroll	60	12	6	78	70
Auditor remuneration	92	32	6	130	91
Auditor remuneration - NAO	55	10	6	71	64
Legal and professional	347	48	31	426	236
Support costs					
Repairs and maintenance	396	72	46	514	636
Insurance	426	77	50	553	460
Premises expenses	1,550	282	188	2,020	1,469
Travelling expenses	136	24	15	175	170
Bank charges & interest	93	17	11	121	96
Depreciation	10	-	-	10	10
Sundry expenses	162	28	18	208	196
	<u>3,327</u>	<u>602</u>	<u>377</u>	<u>4,306</u>	<u>3,498</u>

10. Employees

	Group 2024	Group 2023	Company 2024	Company 2023
	£'000	£'000	£'000	£'000
Employment costs				
Wages and salaries	7,533	6,433	339	270
Social security costs	620	543	43	36
Defined contribution pension costs	549	495	88	88
Defined benefit pension costs	15	62	-	-
Employee benefits	16	10	-	-
	<u>8,733</u>	<u>7,543</u>	<u>470</u>	<u>394</u>

Higher paid employees

The number of employees who earned more than £60,000 during the year was as follows:

	Group 2024	Group 2023	Company 2024	Company 2023
£60,001 to £70,000	5	3	-	-
£70,001 to £80,000	2	1	-	-
£80,001 to £90,000	-	1	-	1
£90,001 to £100,000	1	1	1	1
£100,001 to £110,000	1	-	1	-
£120,001 to £130,000	-	1	-	1
£190,001 to £200,000	1	-	1	-

Notes to the financial statements
for the year ended 31 March 2024

Number of employees

The average monthly numbers of employees during the year, was as follows:

	Group	Group	Company	Company
	2024	2023	2024	2023
Charitable expenditure	342	353	-	-
Cost of generating funds	3	4	-	-
Governance costs	7	6	3	3
	<u>352</u>	<u>363</u>	<u>3</u>	<u>3</u>

The above includes workers engaged under Casual Worker Agreements. The average full-time equivalent number of staff for the year was 219 (2023: 199).

Staff costs for the charity for the year include an accrual of £4,000 (2023: £4,000), and for the group include £54,000 (2023: £75,000), for short-term compensated absences arising from employee entitlement to annual leave.

During the financial year 12 departures under redundancy or exit agreements (2023: 2) were identified within the group and contractual/redundancy costs of £100,000 and other exit costs of £100,000 were paid (2023: £6,000). No further amounts were accrued at 31 March 2024 (2023: £Nil).

Key management personnel

Employee benefits received by key management personnel total £388,000 for the year to 31 March 2024 (31 March 2023: £308,000).

11. Trustees' emoluments

No trustees received remuneration during the year (2023: Nil). Nine trustees from the National Museum of the Royal Navy were reimbursed for travel expenses totalling £3,000 (2023: Five trustees - £3,000).

12. Pensions

The National Museum contributes to a Group Pension Plan. It is also a participating employer in the multi-employer plans: the Principal Civil Service Pension Scheme and the Local Government Pension Scheme (including Hampshire Pension Fund and Teesside Pension Fund). The National Museum cannot be held liable to the plan for other entities' obligations under the terms and conditions of the multi-employer plans.

Principal Civil Service Pension Scheme (PCSPS)

The PCSPS is an unfunded multi-employer defined benefit scheme but the National Museum is unable to identify its share of the underlying assets and liabilities. A full actuarial quadrennial valuation was carried out at 31 March 2020. Details can be found in the resource accounts of the Cabinet Office; Civil Superannuation: (www.civilservicepensionscheme.org.uk/about-us/scheme-valuations/)

For 2023-24, employer contributions were payable to the PCSPS by NMRN Operations at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands. The scheme actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2023-24 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Local Government Pension Scheme (LGPS)

The LGPS is a multi-employer defined benefit scheme. The funded nature of the LGPS requires the National Museum and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Hampshire Pension Fund

The National Museum is an admitted member of the Hampshire Pension Fund. This fund has over 191,000 members. The actuaries of the fund are AON Hewitt. In the year ended 31 March 2024, two staff of NMRN Operations participated in the scheme. The disclosures below relate to the funded liabilities within the Hampshire Pension Fund (the 'Fund') which is part of the LGPS.

Teesside Pension Fund

The National Museum is an admitted member of the Teesside Pension Fund. This fund has over 71,500 members. The actuaries of the fund are AON Hewitt. In the year ended 31 March 2024, six staff participated in the scheme. The disclosures below relate to the funded liabilities within the Teesside Pension Fund (the 'Fund') which is part of the LGPS.

Assumptions

The latest actuarial valuations were carried out at 31 March 2022. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the roll-forward approach. The principal assumptions used by the actuary in updating the latest valuation of the Fund for FRS 102 purposes are shown below.

Notes to the financial statements
for the year ended 31 March 2024

	Hampshire Pension Fund		Teesside Pension Fund	
	<i>Restated</i>			
	2024	2023	2024	2023
	% p.a.	% p.a.	% p.a.	% p.a.
Pension Increase Rate (CPI)	2.75%	2.60%	2.80%	3.00%
Salary Increase Rate	3.75%	3.60%	3.80%	4.00%
Discount Rate	4.85%	4.50%	4.80%	4.75%
Asset allocation				
Equities	55%	76%	71%	70%
Bonds	37%	16%	0%	0%
Property	7%	7%	25%	23%
Cash	1%	1%	4%	7%
	2024	2023	2024	2023
	£(000)	£(000)	£(000)	£(000)
Reconciliation of funded status to the Balance Sheet				
Fair value of assets	468	423	650	618
Present value of funded liabilities	372	350	514	534
Pension asset recognised on the balance sheet	96	73	136	84
Amounts recognised in the Statement of Financial Activities				
Operating cost:				
Current service cost	15	33	7	23
Financing cost:				
Interest on net defined benefit liability	(3)	2	(4)	5
Pension expense recognised in the Statement of Financial Activities	12	35	3	28
Asset gains/(losses) arising during the period	20	(38)	34	(169)
Liability gains/(losses) arising during the period	13	222	14	470
Gains/(losses) recognised in the Statement of Financial Activities	33	184	48	301
Changes made to the present value of the defined benefit obligation during the accounting period				
Opening defined benefit obligation	350	520	534	956
Current service cost	15	33	7	23
Interest expense on defined benefit obligation	16	14	25	26
Contributions by participants	5	5	2	3
Actuarial (gains)/losses on liabilities	(13)	(222)	(14)	(470)
Net benefits paid out	(1)	-	(40)	(4)
Closing defined benefit obligation	372	350	514	534
Changes to the fair value of assets during the accounting period				
Opening fair value of assets	423	444	618	759
Interest income on assets	19	12	29	21
Remeasurement gains/(losses) on assets	20	(38)	34	(169)
Contributions by the employer	2	-	7	8
Contributions by participants	5	5	2	3
Net benefits paid out	(1)	-	(40)	(4)
Closing fair value of assets	468	423	650	618
Actual return on assets				
Interest income of assets	19	12	29	21
Gain/(loss) on assets	20	(38)	34	(169)
Total amount recognised in the Statement of Financial Activities	39	(26)	63	(148)

Notes to the financial statements
for the year ended 31 March 2024

Group Pension Plan

The National Museum operates a Group Pension Plan with employer's contributions being payable at 6% or 10%. Under this plan, a "salary exchange" scheme exists whereby employees may elect to give up the right to receive part of their salary remuneration in return for an additional employer's contribution into the Group Pension Plan of the same amount.

The cost relating to each scheme is set out below. At the balance sheet date £62,000 contributions were outstanding (2023: £6,000 *restated*).

Pension Schemes (Company)

	2024	2023
	£'000	£'000
Defined contribution schemes		
Group scheme	88	88
	<u>88</u>	<u>88</u>

Pension Schemes (Group)

	2024	2023
	£'000	£'000
Defined contribution schemes		
Group scheme	532	478
PCSPS	17	17
Defined benefit schemes		
LGPS - Hampshire Pension Fund	12	35
LGPS - Teesside Pension Fund	3	27
	<u>564</u>	<u>557</u>

All pension costs relate to unrestricted funds.

13. Net outgoing resources for the year

	2024	<i>Restated</i>
	£'000	£'000
Group net outgoing resources is stated after charging:		
Operating lease payments	685	548
Depreciation and other amounts written off tangible fixed assets	2,366	2,267
Auditors' remuneration - National Audit Office	71	64
Auditors' remuneration - Subsidiary Auditors	130	91
	<u>3,252</u>	<u>3,070</u>

The National Audit Office fee for the year ended 31 March 2024 is £71,400 (2023: £65,600). 2023 includes an adjustment of £2,000 relating to 2021-22. There is no remuneration for non-audit work.

Notes to the financial statements
for the year ended 31 March 2024

14. Tangible fixed assets (Group)

	Assets under construction	Investment property	Freehold property	Short leasehold property	Office equipment	Plant & machinery	Fixtures & fittings	Exhibitions	Timber	Restated Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation										
At 1 April 2023	-	590	15,620	9,930	3,001	13,499	8,927	3,748	6,692	62,007
Additions	565	-	-	-	33	38	354	160	-	1,150
Revaluation	-	-	(41)	(13)	18	226	730	198	-	1,118
At 31 March 2024	565	590	15,579	9,917	3,052	13,763	10,011	4,106	6,692	64,275
Depreciation										
At 1 April 2023	-	-	2,032	1,895	2,826	2,264	6,160	1,120	-	16,297
Charge for the year	-	-	433	234	117	266	853	463	-	2,366
On revaluation	-	-	-	-	13	87	106	48	-	254
At 31 March 2024	-	-	2,465	2,129	2,956	2,617	7,119	1,631	-	18,917
Net book values										
At 31 March 2024	565	590	13,114	7,788	96	11,146	2,892	2,475	6,692	45,358
At 31 March 2023	-	590	13,588	8,035	175	11,235	2,767	2,628	6,692	45,710

Land and buildings at the Fleet Air Arm Museum and the Royal Navy Submarine Museum, owned by the Fleet Air Arm Museum and NMRN Operations, were revalued at 6 May 2022 by Avison Young, in accordance with the stated policy. The revaluations were conducted by qualified surveyors on a depreciated replacement cost basis and in accordance with the RICS Valuation Professional Standards. The carrying value of the property if recognised under the historical cost model cannot be easily identified.

15. Heritage assets (Company)

	Heritage assets £'000	Total £'000
Cost or valuation		
At 1 April 2023	6,563	6,563
Additions	39	39
At 31 March 2024	6,602	6,602
Depreciation		
At 1 April 2023 and 31 March 2024	-	-
Net book values		
At 31 March 2024	6,602	6,602
At 31 March 2023	6,563	6,563
Heritage assets (Group)		
	Heritage assets £'000	Restated Total £'000
Cost or valuation		
At 1 April 2023	107,201	107,201
Additions	39	39
At 31 March 2024	107,240	107,240
Depreciation		
At 1 April 2023 and 31 March 2024	-	-
Net book values		
At 31 March 2024	107,240	107,240
At 31 March 2023	107,201	107,201

Notes to the financial statements
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The Collections

The collections are held by each trust individually and consist of artefacts - physical, written and oral - reflecting the history of the Royal Navy and its people throughout the area of its worldwide operations. In addition to covering the Royal Navy as a whole, the particular branches of the service (Surface Fleet, Submarines, Royal Marines and Fleet Air Arm) are also well represented.

Royal Naval Museum

In 2011-12 the title to, and beneficial ownership of, the collection relating to HMS *Caroline* passed to the Royal Naval Museum. This collection consists of around 400 items including pictures, photographs, flags and other items. Information regarding cost or value of this collection is not readily available and the charity considers that the cost of obtaining such valuation for the collection of assets held is significant and is not commensurate with the benefit obtained by including the additional capitalised value in the financial statements.

On 28 March 2013 the title to, and beneficial ownership of, the collection belonging to the Explosion! Museum, Gosport, passed to the Royal Naval Museum. This extensive collection includes small arms, cannon and guns, shells and munitions, mines, torpedoes, modern missiles, and an atom bomb. The Trustees consider that the cost of obtaining a valuation for these collection assets is significant and is not commensurate with the benefit obtained by including the additional capitalised value in the financial statements. The collection has therefore been included within heritage asset additions at the purchase price of £145,000.

On 7 November 2014, Landing Craft (Tank) Mk III, LCT 7074 was gifted to the National Museum by the Mersey Docks and Harbour Company Limited. Information regarding the cost or value of the conservation required to bring the ship to an 'as new' condition was not readily available, therefore no value was applied to the gift at this stage. This significant Second World War item was accessioned to the collection of the Royal Naval Museum.

On 31 March 2017, a gift for charitable purposes was made to the Royal Naval Museum of 777 items from the Ministry of Defence Art Collection, including paintings, objects d'art, ship figureheads, engravings and furniture. Given the diverse nature of the collection and the uniqueness of some items, comparables are not readily available to the National Museum for valuation purposes. The collection is dispersed across Ministry of Defence buildings throughout the United Kingdom and abroad and will remain in situ for the foreseeable future. As such, there are considerable practical difficulties associated with accessing such a large volume of items to determine their quality, authenticity, condition and value. The supporting information made available to the National Museum by the Ministry of Defence is limited in terms of making a realistic valuation and would take significant work to generate e.g. condition reports, imagery, etc. The Trustees consider that the costs of obtaining a reliable valuation for this collection would be significant and is not commensurate with the benefit obtained by including the additional capitalised value in the accounts. Additionally, given the circumstances described, any attempt to value the collection would be considerably arbitrary, to the extent that such a valuation would be potentially misleading to a user of the financial statements.

On 13 March 2020, the National Museum received a gift of 12 figureheads from the Ministry of Defence. This was the first tranche of a gift for charitable purposes of The Devonport Collection. The charity considers that the cost of obtaining a valuation for this gift is significant, as such items rarely come on the market, and is not commensurate with the benefit obtained by including the capitalised value in the financial statements.

Five-year summary of heritage asset transactions

	2024	2023	2022	2021	2020
	£'000	£'000	£'000	£'000	£'000
Additions					
Purchases					
Royal Naval Museum	5	1,128	1,312	648	83
Donations					
Royal Naval Museum	34	105	5	-	-
Total additions	<u>39</u>	<u>1,233</u>	<u>1,317</u>	<u>648</u>	<u>83</u>

Significant historic ships

Ship	Donor	Date of gift	Original build cost uplifted for value on completion £'000	Estimated repair cost at time of gifting £'000	Value of gift £'000	Value at 1 April 2023 £'000	Increase in year £'000	Value at 31 March 2024 £'000
HMS <i>Alliance</i>	Ministry of Defence	1979	£18,480	N/A	N/A	£18,480	-	£18,480
HMS <i>Caroline</i>	Ministry of Defence	2013	£12,560	£5,004	£7,556	£12,560	-	£12,560
HMS <i>M33</i>	Hampshire County Council	2014	£1,775	£683	£1,092	£1,775	-	£1,775
HMS <i>Trincomalee</i>	Purchased for £1	N/A	£21,000	N/A	N/A	£21,000	-	£21,000
HMS <i>Victory</i>	Ministry of Defence	2012	£50,000	£30,625	£19,375	£19,375	-	£19,375
HMS <i>Warrior 1860</i>	Purchased for £1	N/A	£25,040	N/A	N/A	£25,040	-	£25,040

Notes to the financial statements
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The Royal Navy Submarine Museum Trust – HMS Alliance

The submarine, HMS Alliance, was constructed in Barrow-in-Furness in 1947. She is a Royal Navy A Class submarine and is the only surviving example of the class. The ship was transferred to the Royal Navy Submarine Museum in 1979 where she has been on display since the transfer. HMS Alliance is valued at £18,480,000 to reflect its estimated rebuild cost. The valuation was carried out in 2015. The original build cost of the submarine is estimated to be £304,495 based on the cost of a similar T Class submarine - HMS Triumph - built in 1936. Uplifted for current value (2015), this cost was equivalent to £18,480,000. HMS Alliance was completely refurbished and reopened to the public in April 2014. The renovation work carried out was an extensive project costing around £7,000,000 to complete, and included repairing damage to the hull, in addition to completely restoring the interior of the submarine. As a result of these works it was not felt that any deductions to the original cost for disrepair was necessary.

HMS Caroline Preservation Trust – HMS Caroline

The ship, HMS Caroline, was constructed at the Cammell Laird shipyard in Birkenhead in 1914. She was one of eight C-Class light cruisers and is the last remaining British WW1 light cruiser still afloat and the sole survivor of the Battle of Jutland. The ship was gifted to the Trust on 18 November 2013 by the Ministry of Defence. HMS Caroline was initially recognised in the accounts at a value of £7,556,000, calculated on a total build basis discounted to take account of the ship's state of repair at the time of gifting. In 1914, the original build cost of HMS Caroline was £300,000. Uplifted for current value (2013), this cost was the equivalent of £25,120,000. The ship would be brought to sound and original condition, as far as possible, in the course of the refurbishment programme. However substantial elements of the original ship including the boilers, and armaments, would not be replaced. It was therefore the view of the project management team that 50% of the original value was a reasonable measure of the heritage asset value of the ship on completion of these works, the discounted value being £12,560,000. Based on the above, the ship was initially recognised in the accounts at a value of £7,556,000, reflecting the value on completion of £12,560,000, discounted back for the expenditure anticipated to be required to achieve that outcome. The value was then increased in the year to 31 March 2016 by £1,079,000, and in the year to 31 March 2017 by £3,925,000, to the final valuation of £12,560,000 on completion of the scheduled programme of works.

HMS M33 Trust – HMS M33

Monitor HMS M33 was built by Harland and Wolff, Belfast, in 1915. She is one of only three surviving Royal Navy warships of the First World War and the only surviving ship from the Gallipoli Campaign. The ship was gifted to the Trust on 19 May 2014 by Hampshire County Council. HMS M33 was initially recognised in the accounts at a value of £1,092,000, calculated on a total build basis discounted to take account of the ship's current state of repair. In 1915, the original build cost of HMS M33 was £40,000. Uplifted for current value (2014), this cost was the equivalent of £2,863,000. The ship has been brought to sound and original condition, as far as possible, in the course of the conservation programme. However substantial elements of the original ship, notably the boilers and engines, were removed in the past and will not be replaced. It is therefore the view of the project management team that 62% of the original value is a reasonable measure of the heritage asset value of the ship on completion of these works, the discounted value being £1,775,000.

HMS Trincomalee Trust – HMS Trincomalee

The ship, HMS Trincomalee, is the oldest surviving Royal Navy Frigate and the oldest warship still afloat in the UK. She was acquired by the Trust for a nominal £1. HMS Trincomalee has been included at a valuation designed to reflect the estimated rebuild costs of the ship. The value of HMS Trincomalee, on the basis of a full renewal cost of rebuild, discounted to take account of the ship's current state of repair, has been calculated at £21,000,000. The calculation is based on the comparable cost of the Frigate Hermione project, completed in 2012. This cost was pro-rated for the relative displacement tonnages. L'Hermione's displacement tonnage was 1,166 tonnes and the rebuild cost was £16,700,000 in 2012. HMS Trincomalee's displacement tonnage is 1,447 tonnes (per 'Great Sailing Ships of the World' by Otmar Schauffelen) therefore the rebuild cost is approximately £21,000,000.

HMS Victory Preservation Trust – HMS Victory

The ship, HMS Victory, was floated out of the Old Single Dock in Chatham's Royal Dockyard in 1765. In 1805 she achieved lasting fame as the flagship of Vice-Admiral Nelson in Britain's greatest naval victory, the defeat of the French and Spanish at the Battle of Trafalgar. She is the oldest commissioned warship in the world and remains a commissioned warship of the Royal Navy and the Flag Ship of the First Sea Lord. The ship was gifted to the Trust on 29 March 2012 by the Ministry of Defence. HMS Victory has been included in the accounts at a value of £19,375,000 calculated on a total rebuild basis discounted to take account of the ship's current state of repair. This value was calculated by staff of the National Museum by reference to the costs incurred by the Association Hermione-La Fayette in their construction of the replica frigate, Hermione, on a pro-rata basis on respective tonnage displacement of the two ships.

The value of HMS Victory, on the basis of full renewal cost of rebuild, has been calculated as £50,000,000. The calculation is based on the comparable cost of the frigate 'Hermione' project, completed in 2012. This cost was pro-rated for the relative displacement tonnages. L'Hermione's displacement tonnage was 1,166 tonnes and the rebuild cost was £16,700,000 in 2012. HMS Victory's displacement tonnage is 3,500 tonnes therefore the rebuild cost is approximately £50,000,000. HMS Victory today is far from 'new build' condition and during the next 10-20 years, it is projected that a sum in the region of £30,625,000 (at current costs) will be expended in bringing the Ship to (something close to) new condition. Whilst HMS Victory will not then be literally 'as good as new', any lower value would be offset by it being, at least in perception, the original ship. Based on the above, the ship has been recognised in the accounts at a valuation of £19,375,000 reflecting an 'as new' value, discounted back for the expenditure anticipated to be required to achieve that outcome. Once the restoration project is complete a revaluation of the ship will be undertaken.

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Warrior Preservation Trust – HMS Warrior 1860

The original hull of the ship, HMS Warrior, was laid down at the Thames Iron Works and Shipbuilding Company based at Blackwall, London. Completed in 1861, she was the world's first ocean-going, iron-hulled, armoured warship. The original hull of HMS Warrior was acquired by the Maritime Trust from the Ministry of Defence for £1 in August 1979, and transferred to the Warrior Preservation Trust in 1983. HMS Warrior 1860 has been included at a valuation designed to reflect the estimated rebuild costs of the hull. In 1861, the original cost of the hull was £282,284. Uplifted for current value (2017) this cost was the equivalent of £25,040,000. The ship was brought to sound and original condition, as far as possible, during the restoration between 1979 and 1987 therefore it was not felt that any deductions to the original cost for disrepair was necessary.

16. Investment assets

	Group	
	Listed	Unlisted
	2024	2024
	£'000	£'000
Valuation		
At 1 April 2023	41,805	-
Additions	12,809	-
Disposals	(2,360)	-
Gains and losses before management fees	4,360	
Less management fees deducted	(175)	
Realised and unrealised gains and losses	4,185	-
At 31 March 2024	56,439	-
Investments By fund:		
Endowment funds	56,439	-
	2024	2023
	£'000	£'000
UK		
UK government and fixed interest securities	3,146	798
UK bonds	1,446	1,189
UK equities	6,096	3,314
Portfolio funds	1,278	-
Others	5,124	5,370
Capital account	349	952
	17,439	11,623
Overseas		
Fixed interest	2,498	1,791
International bonds	1,824	1,390
International equities	31,666	23,267
Others	3,012	3,734
	39,000	30,182
	56,439	41,805

17. Stocks

	Group	Group	Company	Company
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Held by:				
NMRN Operations	278	233	-	-
Trading subsidiaries	430	430	-	-
	708	663	-	-

Notes to the financial statements
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18. Debtors: amounts falling due within one year

	Group	Group	Company	Company
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Trade debtors	198	473	-	247
Amounts owed by group undertakings	-	-	24	24
Other debtors	994	1,470	234	2
Prepayments & accrued income	985	767	19	148
VAT	136	224	-	-
	<u>2,313</u>	<u>2,934</u>	<u>277</u>	<u>421</u>

19. Debtors: amounts falling due after more than one year

	Group	Group	Company	Company
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Other debtors	450	450	-	-
Accrued income	-	500	-	-
	<u>450</u>	<u>950</u>	<u>-</u>	<u>-</u>

The accrued income relates to the sale of the Royal Marines Museum.

20. Creditors: amounts falling due within one year

	Group	Group	Company	<i>Restated</i> Company
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Other loans	86	86	86	86
Trade creditors	882	690	28	58
Amounts owed to group undertakings	-	-	473	2,388
Other creditors	148	255	62	6
Other taxes and social security	307	134	16	10
Accruals and deferred income	2,339	1,619	143	118
	<u>3,762</u>	<u>2,784</u>	<u>808</u>	<u>2,666</u>

Deferred income

	Group	Group	Company	Company
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Balance at 1 April 2023	143	167	-	-
Amounts released to incoming resources	(130)	(130)	-	-
Amounts deferred in year	153	106	-	-
Balance as at 31 March 2024	<u>166</u>	<u>143</u>	<u>-</u>	<u>-</u>

21. Creditors: amounts falling due after more than one year

	Group	Group	Company	Company
	2024	2023	2024	2023
	£'000	£'000	£'000	£'000
Other loans	566	643	566	643
Other long term liabilities	98	98	-	-
	<u>664</u>	<u>741</u>	<u>566</u>	<u>643</u>

Notes to the financial statements
for the year ended 31 March 2024

22. Analysis of net assets between funds

	Tangible Fixed Assets £'000	Heritage Assets £'000	Investments £'000	Net current assets £'000	Long term assets & liabilities £'000	Pension assets & liabilities £'000	Total 2024 £'000
Restricted funds:							
Restricted funds	-	-	-	1,195	(566)	-	629
Royal Naval Museum	-	4,827	-	24	-	-	4,851
HMS M33 Trust	-	1,775	-	-	-	-	1,775
	-	6,602	-	1,219	(566)	-	7,255
Unrestricted funds	-	-	-	5	-	-	5
Total Company funds at 31 March 2024	-	6,602	-	1,224	(566)	-	7,260
Funds held by:							
NMRN Operations	32,907	-	-	6,268	-	232	39,407
HMS Victory Preservation Company	6,828	19,375	44,348	452	-	-	71,003
HMS Caroline Preservation Company	-	12,560	12,091	(9)	-	-	24,642
HMS Trincomalee Trust	-	21,008	-	34	352	-	21,394
Warrior Preservation Trust Limited	-	25,290	-	968	-	-	26,258
Royal Marines Museum Charitable Trust	-	709	-	1,893	-	-	2,602
Royal Navy Submarine Museum Trust	-	18,651	-	267	-	-	18,918
Fleet Air Arm Museum	5,623	3,045	-	734	-	-	9,402
Total Group funds at 31 March 2024	45,358	107,240	56,439	11,831	(214)	232	220,886
	Tangible Fixed Assets £'000	Heritage Assets £'000	Investments £'000	Net current assets £'000	Long term assets & liabilities £'000	Pension assets & liabilities £'000	Restated Total 2023 £'000
Restricted funds:							
Restricted funds	-	-	-	1,246	(643)	-	603
Royal Naval Museum	-	4,788	-	24	-	-	4,812
HMS M33 Trust	-	1,775	-	-	-	-	1,775
	-	6,563	-	1,270	(643)	-	7,190
Unrestricted funds	-	-	-	5	-	-	5
Total Company funds at 31 March 2023	-	6,563	-	1,275	(643)	-	7,195
Funds held by:							
NMRN Operations	32,983	-	-	6,019	-	157	39,159
HMS Victory Preservation Company	6,831	19,375	41,805	(514)	-	-	67,497
HMS Caroline Preservation Company	-	12,560	-	11,947	-	-	24,507
HMS Trincomalee Trust	-	21,008	-	34	352	-	21,394
Warrior Preservation Trust Limited	-	25,290	-	1,053	-	-	26,343
Royal Marines Museum Charitable Trust	-	709	-	1,401	500	-	2,610
Royal Navy Submarine Museum Trust	-	18,651	-	274	-	-	18,925
Fleet Air Arm Museum	5,896	3,045	-	490	-	-	9,431
Total Group funds at 31 March 2023	45,710	107,201	41,805	21,979	209	157	217,061

Notes to the financial statements
for the year ended 31 March 2024

23. Funds

Unrestricted funds:	At 1 April 2023 £'000	Income £'000	Expenditure £'000	Gains and losses £'000	Transfers £'000	At 31 March 2024 £'000
Unrestricted funds	4	5,639	(5,639)	-	-	4
Designated funds	1	1	(1)	-	-	1
Total company unrestricted funds	5	5,640	(5,640)	-	-	5
NMRN Operations	17,888	15,741	(15,551)	394	923	19,395
NMRN Hartlepool	-	10	(10)	-	-	-
HMS Victory Preservation Company	(419)	142	(684)	-	1,485	524
HMS Caroline Preservation Company	-	1	(901)	-	895	(5)
HMS Trincomalee Trust	360	77	(77)	-	-	360
Warrior Preservation Trust Limited	323	1	(85)	-	61	300
Royal Marines Museum	2,467	6	(8)	-	-	2,465
Royal Navy Submarine Museum	335	-	(6)	-	-	329
Fleet Air Arm Museum	6,175	30	(149)	(7)	-	6,049
Consolidation adjustments	-	(5,624)	6,358	-	(734)	-
Total group unrestricted funds	27,134	16,024	(16,753)	387	2,630	29,422
	<i>Restated</i> At 1 April 2022 £'000	<i>Income</i> £'000	<i>Expenditure</i> £'000	<i>Gains and</i> losses £'000	<i>Transfers</i> £'000	<i>Restated</i> At 31 March 2023 £'000
Unrestricted funds	4	6,221	(6,164)	-	(57)	4
Designated funds	1	-	-	-	-	1
Total company unrestricted funds	5	6,221	(6,164)	-	(57)	5
NMRN Operations	10,480	14,493	(13,961)	1,553	5,323	17,888
NMRN Hartlepool	-	6	(6)	-	-	-
HMS Victory Preservation Company	113	450	(114)	-	(868)	(419)
HMS Caroline Preservation Company	-	-	(555)	-	555	-
HMS Trincomalee Trust	351	44	(35)	-	-	360
Warrior Preservation Trust Limited	342	2	(21)	-	-	323
Royal Marines Museum	2,641	1	(175)	-	-	2,467
Royal Navy Submarine Museum	339	1	(5)	-	-	335
Fleet Air Arm Museum	6,043	40	(129)	221	-	6,175
Consolidation adjustments	-	(6,141)	6,413	-	(272)	-
Total group unrestricted funds	20,314	15,117	(14,752)	1,774	4,681	27,134

Consolidation adjustments reflect funds received by, and paid to, other group entities by the National Museum.

Notes to the financial statements
for the year ended 31 March 2024

Restricted funds:	At 1 April			Gains and		At 31 March
	2023	Income	Expenditure	losses	Transfers	2024
	£'000	£'000	£'000	£'000	£'000	£'000
HMS Caroline fund	245	-	-	-	-	245
Royal Marines Museum relocation fund	1,054	-	(81)	-	-	973
Purchase of exhibits fund	(749)	135	(28)	-	(8)	(650)
Kellett Sledge Flag fund	53	7	(2)	-	3	61
FAAM CDEL fund	-	565	(565)	-	-	-
Linked charities:						
Royal Naval Museum	4,812	34	-	-	5	4,851
HMS M33 Trust	1,775	-	-	-	-	1,775
Total company restricted funds	7,190	741	(676)	-	-	7,255
NMRN Operations	21,271	2,685	(3,581)	558	(923)	20,010
HMS Victory Preservation Company	26,162	-	(10)	7	-	26,159
HMS Caroline Preservation Company	12,560	-	-	-	-	12,560
HMS Trincomalee Trust Limited	21,029	-	-	-	-	21,029
Warrior Preservation Trust	25,060	-	-	-	-	25,060
Royal Marines Museum	143	-	(6)	-	-	137
Royal Navy Submarine Museum	18,590	-	-	-	-	18,590
Fleet Air Arm Museum	3,256	274	(171)	(7)	-	3,352
Consolidation adjustments	-	(1,429)	695	-	734	-
Total group restricted funds	135,261	2,271	(3,749)	558	(189)	134,152
	Restated					Restated
	At 1 April			Gains and		At 31 March
	2022	Income	Expenditure	losses	Transfers	2023
	£'000	£'000	£'000	£'000	£'000	£'000
HMS Caroline fund	245	-	-	-	-	245
Royal Marines Museum relocation fund	1,054	-	-	-	-	1,054
Purchase of exhibits fund	(807)	133	(24)	-	(51)	(749)
Kellett Sledge Flag fund	-	153	-	-	(100)	53
Kochan Collection fund	-	234	-	-	(234)	-
HMS Victory Model fund	-	686	-	-	(686)	-
Ministry of Defence Project fund	-	800	(800)	-	-	-
Linked charities:						
Royal Naval Museum	3,579	105	-	-	1,128	4,812
HMS M33 Trust	1,775	-	-	-	-	1,775
Total company restricted funds	5,846	2,111	(824)	-	57	7,190
NMRN Operations	14,731	13,933	(3,990)	1,920	(5,323)	21,271
HMS Victory Preservation Company	26,156	-	(10)	16	-	26,162
HMS Caroline Preservation Company	12,560	-	-	-	-	12,560
HMS Trincomalee Trust Limited	21,029	-	-	-	-	21,029
Warrior Preservation Trust	25,060	-	-	-	-	25,060
Royal Marines Museum	144	-	(1)	-	-	143
Royal Navy Submarine Museum	18,590	-	-	-	-	18,590
Fleet Air Arm Museum	3,794	-	(760)	222	-	3,256
Consolidation adjustments	-	(1,763)	1,491	-	272	-
Total group restricted funds	127,910	14,281	(4,094)	2,158	(4,994)	135,261

The restricted and endowment funds of the individual museums are detailed in the accounts of the respective organisations.

The HMS Caroline fund is for the conservation of the ship and its development as a visitor attraction. This work has been fully funded by HLF and the Northern Ireland Tourist Board to the National Museum.

Notes to the financial statements
for the year ended 31 March 2024

The Royal Marines Museum relocation fund represents funding received for the Royal Marines Museum project which will include the relocation of a new Royal Marines Museum at Portsmouth Historic Dockyard.

Other restricted funds represent funds received towards the purchase of exhibits.

Consolidation adjustments reflect funds received by, and paid to, other group entities.

Endowment funds:	At 1 April			Gains and		At 31 March
	2023	Income	Expenditure	losses	Transfers	2024
	£'000	£'000	£'000	£'000	£'000	£'000
HMS Victory Preservation Company	41,754	592	(130)	3,590	(1,485)	44,321
HMS Caroline Preservation Company	11,947	300	(35)	770	(895)	12,087
HMS Trincomalee Trust	5	-	-	-	-	5
Warrior Preservation Trust Limited	960	-	-	-	(61)	899
Total group endowment funds	54,666	892	(165)	4,360	(2,441)	57,312

Endowment funds:	At 1 April			Gains and		At 31 March
	2022	Income	Expenditure	losses	Transfers	2023
	£'000	£'000	£'000	£'000	£'000	£'000
HMS Victory Preservation Company	42,537	233	(194)	(1,690)	868	41,754
HMS Caroline Preservation Company	12,500	2	-	-	(555)	11,947
HMS Trincomalee Trust	5	-	-	-	-	5
Warrior Preservation Trust Limited	960	-	-	-	-	960
Total group endowment funds	56,002	235	(194)	(1,690)	313	54,666

Endowment funds include funds donated by the Gosling Foundation for the maintenance and upkeep of HMS Victory, and funds donated by the Department for the Economy of Northern Ireland and the National Heritage Memorial Fund for the conservation, repair, protection and interpretation of HMS Caroline in Belfast. Transfers to unrestricted funds reflect amounts disinvested to facilitate the grant to NMRN Operations.

24. Linked charities of the National Museum

SORP FRS 102 requires the activities of linked charities to be shown separately within these accounts in a manner similar to the presentation of restricted funds. The Royal Naval Museum and HMS M33 Trust are made up of the following:

<u>Royal Naval Museum</u>	At 1 April	Incoming	Outgoing		At 31 March
	2023	resources	resources	Transfers	2024
	£'000	£'000	£'000	£'000	£'000
Unrestricted funds	4,705	39	-	-	4,744
Restricted funds - RML 497 Fairmile (the ship)	83	-	-	-	83
Endowment funds - Johnstone Library fund	24	-	-	-	24
Total funds of the Royal Naval Museum	4,812	39	-	-	4,851

<u>Royal Naval Museum</u>	At 1 April	Incoming	Outgoing		At 31 March
	2022	resources	resources	Transfers	2023
	£'000	£'000	£'000	£'000	£'000
Unrestricted funds	3,472	1,233	-	-	4,705
Restricted funds - RML 497 Fairmile (the ship)	83	-	-	-	83
Endowment funds - Johnstone Library fund	24	-	-	-	24
Total funds of the Royal Naval Museum	3,579	1,233	-	-	4,812

Notes to the financial statements
for the year ended 31 March 2024

Royal Naval Museum Balance Sheet summary	2024	2023
	£'000	£'000
Heritage assets	4,827	4,788
Current assets	24	24
Net assets	<u>4,851</u>	<u>4,812</u>
Funds		
Unrestricted funds	4,744	4,705
Restricted funds	83	83
Endowment funds	24	24
Total funds of the Royal Naval Museum	<u>4,851</u>	<u>4,812</u>
<u>HMS M33 Trust</u>		
HMS M33 Trust Balance Sheet summary	2024	2023
	£'000	£'000
Heritage assets	1,775	1,775
Funds		
Unrestricted reserves	1,092	1,092
Revaluation reserve	683	683
Total funds of the HMS M33 Trust	<u>1,775</u>	<u>1,775</u>

25. Transfers between funds

NMRN

A total of £Nil (2023: £57,000) and £5,000 (2023: £1,071,000) was transferred from unrestricted funds and restricted funds respectively to reflect the value of heritage assets transferred to the Royal Naval Museum collection.

NMRN Operations

A total of £923,000 (2023: £5,323,000) was transferred to unrestricted funds from restricted funds to compensate for project funds initially funded by unrestricted funds and to reflect the value of tangible fixed assets which were purchased using restricted funds, but are held for general purpose, in accordance with SORP FRS 102 section 2.26.

Consolidation adjustments

The consolidation adjustments eliminate grants made between group entities.

26. Financial commitments

At 31 March 2024 the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group	Group
	2024	2023
	£'000	£'000
Within one year	422	422
Between one and five years	1,687	1,687
In over five years	22,142	22,594
	<u>24,251</u>	<u>24,703</u>

27. Capital commitments and contingent liabilities

The group had capital commitments contracted but not provided for in the financial statements amounting to £797,000 (2023: £900,000 *Restated*). There were no contingent liabilities at 31 March 2024 (2023: £Nil).

Notes to the financial statements
for the year ended 31 March 2024

28. Losses and special payments

Losses statement

The total cases of losses occurring during the financial year was significantly less than £300,000 (2023: No cases).

Special payments

There were no cases of special payments during the year (2023: No cases).

29. Related party transactions

The National Museum is a Non Departmental Public Body, sponsored by the Ministry of Defence (MoD). The MoD is regarded as a related party. Grant in Aid Funding from the MoD is disclosed in the Statement of Financial Activities.

Subsidiary companies and charities

Company name	Company number	Charity number	% share holding	Description
NMRN Operations	09988314	1169061	N/A	Operating company for the National Museum Group
NMRN Trading	01261270	-	N/A	Souvenir shops & corporate events
PHD Operations Limited	12799836	-	50%	Ticketing company for Portsmouth Historic Dockyard
NMRN Hartlepool	09997836	1165917	N/A	Holds the NMRN Hartlepool lease
HMS Victory Preservation Company	07935358	1146376	N/A	Holds the ship, HMS Victory
HMS Victory Preservation Trust				
HMS Caroline Preservation Company	08303946	1149930	N/A	Holds the ship, HMS Caroline
HMS Caroline Preservation Trust				
HMS Trincomalee Trust:	02678419	1007784	N/A	Holds the ship, HMS Trincomalee
The Foudroyant Trust	00628111	0306082	N/A	Dormant Charity
Warrior Preservation Trust	00936870	0256756	100%	Holds the ship, HMS Warrior
Royal Marines Museum	-	0259422	N/A	Holds the Royal Marines Museum collection
Royal Marines Museum	07635447	1142186	N/A	Dormant Charity
Royal Navy Submarine Museum	-	1169371	N/A	Holds the Royal Navy Submarine Museum collection
Royal Navy Submarine Museum	07637385	1142123	N/A	Dormant Charity
Fleet Air Arm Museum	-	0250079	N/A	Holds the Fleet Air Arm Museum collection
Fleet Air Arm Museum	07570620	1143023	N/A	Dormant Charity
Mr Mark Anderson	NMRN Hartlepool, HMS Trincomalee Trust, The Foudroyant Trust (appointed 3 July 2023)			
Mr Andrew Burnett	Warrior Preservation Trust (appointed 8 August 2023), The Foudroyant Trust (appointed 3 July 2023)			
Mr Philip Dolling	NMRN Hartlepool			
Ms Helen Jackson	HMS Victory Preservation Company			
Mrs Mary-Montagu-Scott	HMS Victory Preservation Company			
Rear Admiral Jonathan Pentreath	NMRN Operations			
Mr John Michael E Scott	HMS Caroline Preservation Company			
Mrs Alison Start	Warrior Preservation Trust (appointed 16 May 2024)			
Mr Tom Wright	Warrior Preservation Trust (appointed 16 May 2024)			

The following employees of the National Museum are also trustees and/or directors of the following companies and charities:

Professor Dominic Tweddle	NMRN Operations, Royal Marines Museum, Royal Navy Submarine Museum, NMRN Trading, NMRN Services (resigned as trustee and/or director from all companies and charities 30 November 2023). Mercantile Memorial Trust
Mr Matthew Sheldon	NMRN Operations (appointed 1 December 2023), PHD Operations Ltd, NMRN Trading
Mrs Sarah Dennis	NMRN Operations, NMRN Trading, NMRN Services, PHD Operations Ltd
Captain John Rees	NMRN Services (resigned 31 March 2024)

The related parties of the individual museums are disclosed in the accounts of those organisations.

During the year, no trustees, key managers or other related parties have undertaken any material transactions with the National Museum.

30. Third party funds

The National Museum holds funds on Trust on behalf of the Mercantile Marine Memorial Trust totalling £487,000 (2023: £544,000). Expenditure during the year was £57,000 (2023: £6,000).

Notes to the financial statements
for the year ended 31 March 2024

31. Prior year adjustments

Comparative information for 2023 has been restated to reflect the following:

Identified following internal reviews:

- a) A reduction to NMRN Trading income and an increase to NMRN Operations income of £82,000 to reflect the legal ownership, and right to such income, belongs to NMRN Operations. The net impact of this adjustment on the group retained earnings is £Nil.
- b) Amended treatment of a loan and loan repayments as restricted funds in the National Museum (2023 £816,000, 2022 £806,000), together with an additional grant being due to NMRN Operations from the National Museum (2023 £86,000, 2022 £87,000). The impact of this adjustment on the National Museum's retained earnings is a decrease of £173,000, and on group retained earnings is £Nil.
- c) The presentation of the cash flow statement has been amended to separately disclose the purchase of heritage assets (£1,128,000) which was previously disclosed collectively with tangible fixed assets.

Identified during annual audit:

- d) Removal of heritage assets of the Fleet Air Arm Museum that were not transferred from the predecessor charity totalling £44,000
 - e) Removal of heritage assets of the Royal Marines Museum recorded in duplicate totalling £26,000
- The net impact of both of these adjustments on the group retained earnings is a reduction of £70,000 at 1 April 2022.
- f) Within the Group cash flow statement the Purchase of tangible fixed assets has increased by £50,000 and Increase/(decrease) in creditors reduced by £50,000 to reflect cash amounts not paid but held in creditors at 31 March 2023. There is no change to the value of Cash and cash equivalents as at 1 April 2023.

	Unrestricted funds £'000	Restricted funds £'000	Linked charities £'000	Endow funds £'000	Total £'000
Total funds brought forward as previously stated at 1 April 2022	19,578	123,362	5,354	56,002	204,296
Prior period adjustment	736	(806)	-	-	(70)
Total funds brought forward as restated at 1 April 2022	20,314	122,556	5,354	56,002	204,226
Net movement in funds as previously stated 2022-23	6,810	6,128	1,233	(1,336)	12,835
Prior period adjustment	10	(10)	-	-	-
Total funds carried forward as restated at 31 March 2023	27,134	128,674	6,587	54,666	217,061

32. Events after the Balance Sheet date

These accounts have been authorised for issue by the Accounting Officer on the same date as the Comptroller and Auditor General's audit certificate.

33. Analysis of cash and cash equivalents

	Group 2024 £'000	Group 2023 £'000	Company 2024 £'000	Company 2023 £'000
Cash at bank and in hand	12,572	21,166	1,755	3,520

34. Analysis of changes in net debt

Company	Restated At 1 April 2023 £'000	Cash flows £'000	At 31 March 2024 £'000
Long-term borrowings	(643)	77	(566)
Short-term borrowings	(86)	-	(86)
Total liabilities	(729)	77	(652)
Cash and cash equivalents	3,520	(1,765)	1,755
Total net debt	2,791	(1,688)	1,103

Notes to the financial statements
for the year ended 31 March 2024

Group	At 1 April 2023 £'000	Cash flows £'000	At 31 March 2024 £'000
Long-term borrowings	(643)	77	(566)
Short-term borrowings	(86)	-	(86)
Total liabilities	(729)	77	(652)
Cash and cash equivalents	21,166	(8,594)	12,572
Total net debt	20,437	(8,517)	11,920

35. Statement of financial activities (Company only, including the Royal Naval Museum and HMS M33 Trust as linked charities) for the year ended 31 March 2024

		Unrestricted funds £'000	Restricted funds £'000	Linked charities £'000	2024 Total £'000	Unrestricted funds £'000	Restricted funds £'000	Linked charities £'000	Restated 2023 Total £'000
	Note								
Income from:									
Donations and legacies									
Grant in Aid (revenue)		5,631	-	-	5,631	6,217	-	-	6,217
Grant in Aid (capital)		-	135	-	135	-	133	-	133
Donations	2	9	572	34	615	4	1,873	105	1,982
Total income		5,640	707	34	6,381	6,221	2,006	105	8,332
Expenditure on:									
Charitable activities	7/8	893	28	-	921	552	24	-	576
Grant funding	7/8	4,747	648	-	5,395	5,612	800	-	6,412
Total expenditure		5,640	676	-	6,316	6,164	824	-	6,988
Net income/(expenditure)		-	31	34	65	57	1,182	105	1,344
Transfer between funds		-	(5)	5	-	(57)	(1,071)	1,128	-
Net movement in funds		-	26	39	65	-	111	1,233	1,344
Reconciliation of funds:									
Total funds brought forward		5	603	6,587	7,195	5	492	5,354	5,851
Total funds carried forward		5	629	6,626	7,260	5	603	6,587	7,195

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Accounts

The National Museum of the Royal Navy

Annual report and accounts 2022-2023



The National Museum of the Royal Navy

Annual report and accounts 2022-2023

For the period 1 April 2022 to 31 March 2023

Presented to the Parliament pursuant to **the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2012**

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The National Museum of the Royal Navy
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Legal and administrative information

Charity number	1126283
Company registration number	06699696
Registered office	H M Naval Base PP66 Portsmouth Hampshire PO1 3NH
Director General and Accounting Officer	Matthew Sheldon (appointed 1 December 2023) Professor Dominic Tweddle (resigned 30 November 2023)
Chairman	Admiral Sir Philip Jones GCB ADC DL
Trustee directors	Rear Admiral Mark Anderson CB Mr Michael J Bedingfield (resigned 23 October 2022) Ms Katherine Biggs Dr Andrew M Burnett CBE FBA Mr Philip G Dolling Mr Colin M Evans (appointed 5 December 2022) Ms Helen M Jackson Mrs Donna Jones (resigned 21 March 2023) Major General Jeffrey S Mason The Hon. Mrs Mary Montagu-Scott DL Rear Admiral Jonathan P Pentreath CB OBE Mr John Michael E Scott Mrs Alison R Start Mrs Sarah Whitcher (appointed 12 January 2023) Mr Gavin Whitter Mr Thomas C K Wright CBE (appointed 5 December 2022)
Auditors	Comptroller and Auditor General National Audit Office 157 - 197 Buckingham Palace Road London SW1W 9SP
Accountants	Compass Accountants Limited Venture House, The Tanneries, East Street Titchfield Hampshire PO14 4AR
Bankers	Lloyds TSB Bank Plc 38 London Road, North End Portsmouth Hampshire PO2 0LR

Performance Report including the Strategic Report

Overview

The National Museum of the Royal Navy (“the National Museum”) was established in 2008 and is the holding company of the National Museum of the Royal Navy Group. The Group’s unique and historically significant Royal Naval collections, ships and aircraft are located and displayed in museums at the National Museum of the Royal Navy in Portsmouth (including HMS Victory, HMS Warrior and HMS M33 and the national collection for the Royal Marines), the Fleet Air Arm Museum in Yeovilton, the Royal Navy Submarine Museum (including HMS Alliance) and Explosion! The Museum of Naval Firepower in Gosport, the National Museum of the Royal Navy Hartlepool (including HMS Trincomalee), and HMS Caroline in Belfast.

Our Charitable Objectives

The charitable objectives of the National Museum of the Royal Navy, as defined within its Articles of Association are:

- The promotion and education and learning of Naval Service and Auxiliaries personnel and other members of the public about the history, deeds and traditions of those services.
- The promotion and enhancement of military efficiency by assisting recruitment and retention and fostering the esprit de corps of the men and women who are serving in the Naval Service and Auxiliaries.
- The commemoration and remembrance of those members of the Naval Service and Auxiliaries who have died while on active service and the encouragement of public recognition of the sacrifice made by such persons.

In order to deliver its objects, the vision of the National Museum of the Royal Navy is to be the world’s most respected naval museum. This will be achieved by:

- Collecting, studying and interpreting objects, images and records which help to document and communicate the continuing story of the Royal Navy and the people serving in it from the earliest times to the present day.
- Offering stimulating and engaging learning opportunities for people of all ages enabling them to explore the rich collections and expertise held by the museum.
- Providing visitors with the opportunity to enjoy a great day out, experiencing and absorbing the ethos and spirit of the Royal Navy.
- Making the museum collections as widely accessible as possible through the development of the displays and special exhibitions as well as developing a world-class virtual presence.

Our Vision

To be the world’s most inspiring Naval Museum, linking Navy to nation.

Our Mission

Inspiring enjoyment and engagement with the story of the Royal Navy and its role in shaping both our nation and the modern world.

Our Strategic Aims

We will deliver the vision and mission through three aims:

Audiences

- Grow and diversify our global audiences – on site and online.
- Create innovative and inspirational experiences, services and products.

- Build our brand and reputation as the authority on the Royal Navy story.

Collections:

- Sustain and develop our world-class collections and sites.
- Explore different Royal Navy story perspectives with our diverse communities and collections.
- Extend access to our collections and sites through digital transformation.

Sustainability:

- Grow our income and financial resilience to secure long-term sustainability.
- Reduce our carbon consumption and transform our estate.
- Build partnerships and influence as a national museum.

Our People

We recognise that none of this will be achieved without the skills, dedication and hard work of our people. This requires that we:

Value and empower our people.

- Are outward-facing, inclusive and audience-led.
- Build a culture of innovation and enterprise.
- Be sustainable in all that we do.

Our framework of values supports the culture of the organisation, guiding our everyday actions and being integral to our performance management framework.



How We Work

The National Museum's day-to-day operation is overseen by the Executive Directors within the context of an overarching strategy framework, and underpinned by a suite of Group policies, procedures and operating models. Operational activity has been consolidated into NMRN Operations, a wholly owned charitable subsidiary of the National Museum, simplifying the governance structure and allowing the benefits of operation of the museums through a single large organisation to be realised, improving visitor experience and collections care and access, and demonstrating greater cohesion in the delivery of the charitable objectives. The National Museum's heritage collections are retained within independent charitable trusts, with the National Museum of the Royal Navy as the sole corporate trustee and the Warrior Preservation Trust will be seeking to transfer the ship and its heritage assets into a yet to be formed trust in the same model.

The National Museum is one of the few headquartered and located outside London, enabling people to learn, enjoy and engage with the naval story in the regions. The National Museum's reach is further extended through its network of naval heritage partnerships and cooperations.

The Ministry of Defence (MOD) concluded its Independent Public Body review of the Service Museums (National Museum of the Royal Navy, RAF Museum and National Army Museum) in September 2023 and concluded that the National Museum of the Royal Navy is a credit to its respective service as custodian of the nation's heritage archives of the Royal Navy. It noted that the pandemic exposed the financial weaknesses in the cultural and heritage sector; the closure of all museums led to a significant decline in self-generated income and for the MOD service museums, it exposed weaknesses in their financial models, with low levels of free reserves and no access to capital investment funding to preserve heritage assets. It observed that changes to the demographic mix in the UK, environmental and sustainability concerns, improved technological connectivity and rising inequality meant that the MOD service museums needed to re-evaluate their cultural, heritage and STEM offerings and their business and

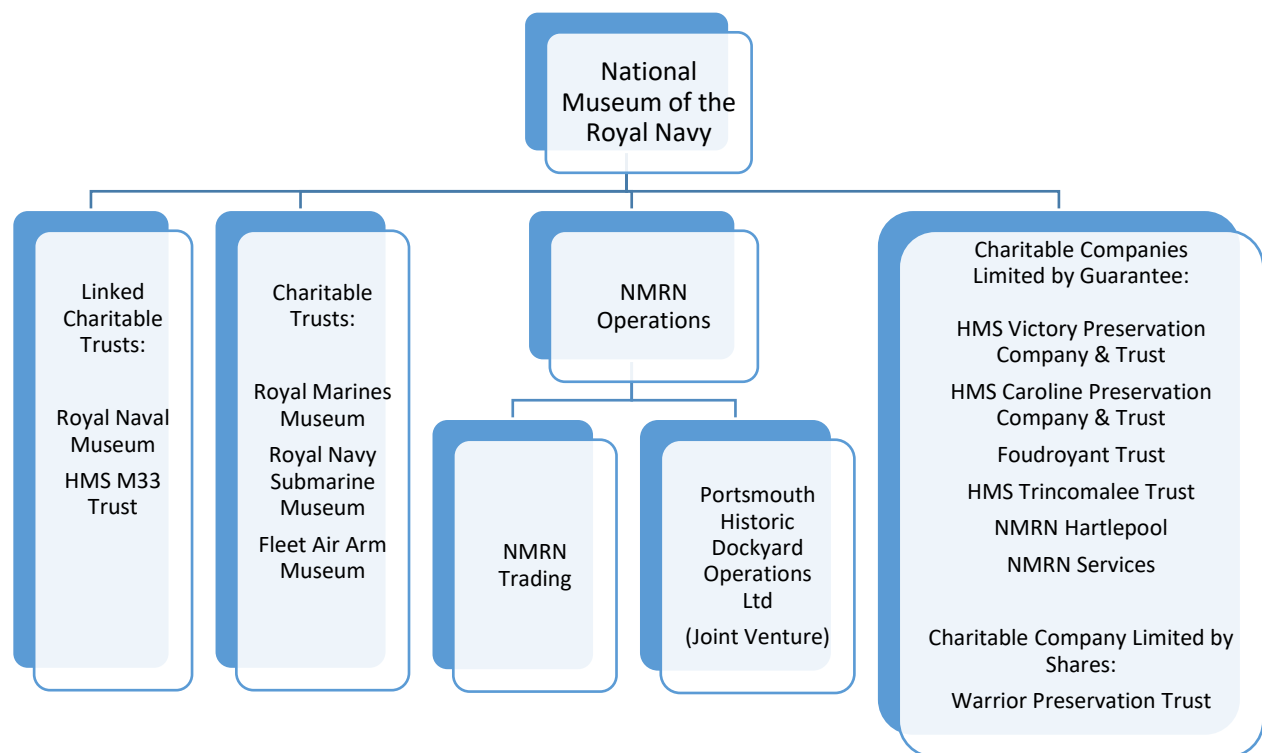
financial models to ensure they meet future needs. The pace of change has quickened and there is a pressing need to build-up resilience in the sector in terms of financial stability; maintenance and preservation of buildings and assets and rapid digital adoption. It determined that there was no immediate economic value for any of the MOD service museums to cease their operation; merge with other MOD or national museums; transfer to another department or be transferred into the private sector. The last of these would result in significant risk to the national collections of the armed forces. It tested whether the museums had a clear rationale for continuing at arm's length from government and concluded that the National Museum met the external technical expertise test to remain an arms' length body, determining it appropriate that it remains in its current form of Non-Departmental Public Body (NDPB) with charitable status and continues to operate as arm's length body to the MOD. The review made a number of recommendations relating to: building on the Service Museums' good relationships with their sponsors and with each other; further development of research and STEM activities; good governance; efficiency; and, infrastructure plans to address maintenance backlogs. The Museums are working with their sponsors to determine how the recommendations may be implemented.

Funding Arrangements

The National Museum receives Grant in Aid funding from its sponsor, the Ministry of Defence, and raises other income through grant funding and sponsorship arrangements, legacies, charitable donations and through its commercial activities. Under the terms of its 2019 Financial Framework agreement for the receipt of Grant in Aid, the National Museum is permitted to build and carry forward an unrestricted "free reserve" from those self-generated funds over and above the Grant in Aid provided.

The restricted funds held by the National Museum are held in trust, under various agreements with donors, for specific purposes, to safeguard the future of the historic collections. These funds are used by the National Museum where it is appropriate to do so and in accordance with those trust agreements. The Trustees have reviewed the funds and determined that it would not be appropriate to divert them to support revenue activities, nor would it be legal to do so without the express consent of the Charity Commission.

Our Group Structure



Inactive charitable companies awaiting strike off and dissolution:

- Royal Marines Museum
- Royal Navy Submarine Museum
- Fleet Air Arm Museum CLG Limited

Portsmouth Historic Dockyard Operations Ltd is a joint venture company incorporated on 7 August 2020 and owned equally (50:50) by NMRN Operations and the Mary Rose Trust.

Joint Statement from the Chair of Trustees and the Director General



With the COVID crisis receding, 2022-23 focussed on laying the foundations for a strong post-pandemic recovery. The bedrock for this has been the publication of a new strategy focussing on three key strands: sustainability, both financial and environmental; audiences; and collections. The aspiration is to transform the business.

The foundation of our financial sustainability is threefold, Grant in Aid from the Ministry of Defence (MoD), earned income from visitors, and income from fundraising. The MoD generously continued its COVID support package for another year, giving the National Museum a solid financial foundation. Visitors began to return in numbers to our sites, with over 667-thousand visits in all, over 38% up on the previous year. Despite this numbers remained behind projections for the first half of the year, slowly recovering so that we ended up only 1% adrift of our targets. It was a tense year! We continue to focus relentlessly on yield. A strategic review of our trading business has paid real dividends delivering a profit of £475,000 to the National Museum. Fundraising also makes an increasing contribution with over £1M raised over the last year in donations and legacies. For future years we plan to address environmental sustainability, both because this is the right thing to do, and because it will help us contain spiralling costs. Cost inflation has hit us hard. But it is not all about revenue, a particular highlight has been the take-up of free tickets by those receiving free school meals, 11,000 people have seized this opportunity.

Our audiences are attracted by our fantastic collections, our unique ships and the intriguing ways that these are presented, driven by careful research so that we understand what visitors want, how messages are best communicated to them and how we can help them enjoy themselves. New exhibitions included Her Majesty's Service, Nelson in his Own Words and Diving Deep: HMS Invincible 1758. More permanent improvements to our museums have included a revamped Carrier Experience in Yeovilton and the Big Repair, allowing visitors to get up close and personal with the work on HMS Victory. Almost the whole ship has been scaffolded for a fascinating major repair programme and our visitors are enjoying a once in a lifetime opportunity to see beneath the skin while still enjoying a traditional visit to the interior. Much planning has been put into the development of new Royal Marines Museum and into reworking our Hartlepool site.

Our collections have continued to expand with especial highlights being the only known contemporary model of HMS Victory, a builder's-style, model of the torpedo boat destroyer HMS Sturgeon and the sledge flag of Captain Kellett of HMS Resolute 1852. As important has been the massive investment in the digital collections infrastructure.

These are major achievements, but only the icing on the cake, for the rest read on.

None of this could have been achieved without our excellent, hard-working, flexible and dedicated team. Everywhere there is outstanding expertise and relentless dedication to the charity. For proof just read our reviews. And for those who do not interact directly with visitors, we'll look at all other achievements documented here so thoroughly.

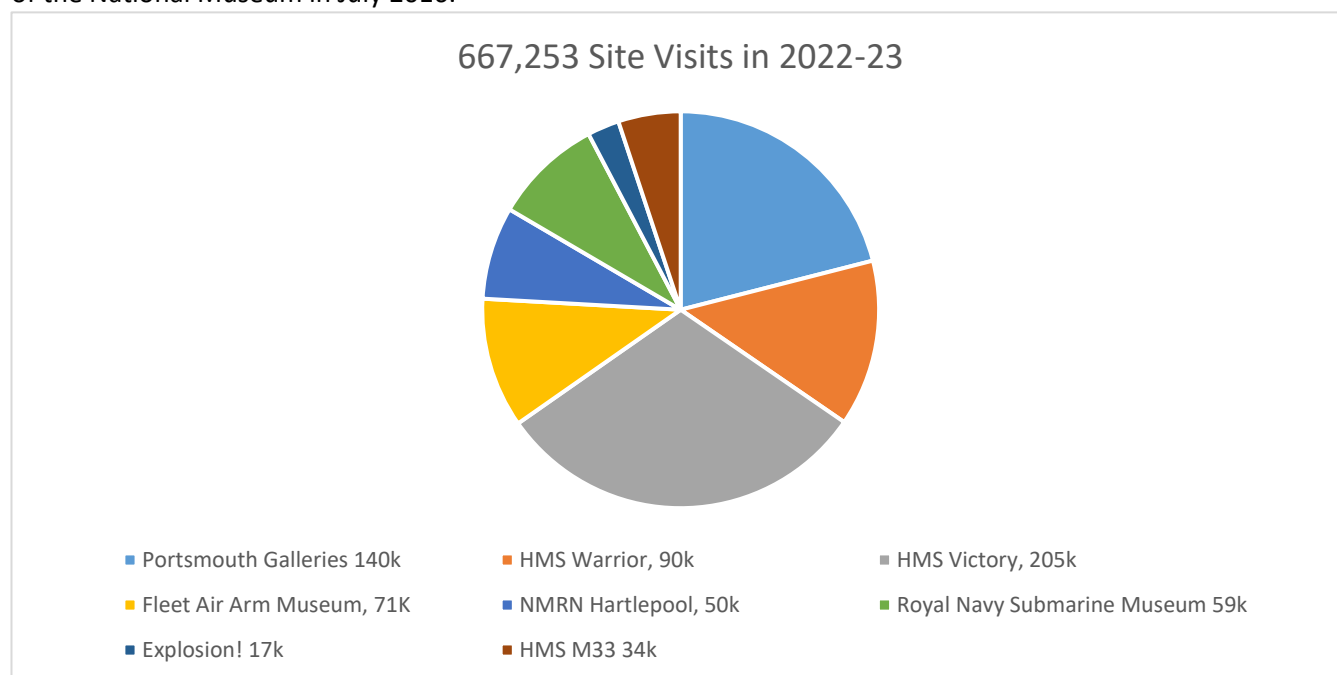
Activities and Achievements

Visitors

We received 667,253 visits across the group (2021-22: 482,903 visits)

During this period, the Museum's sites were able to return to a more standard operation, although we have retained some of the changes, such as 5 day a week opening in off peak period at certain sites and the incentive to prebook online, which made us more efficient as we emerged from the COVID-19 pandemic. In August 2022, the refreshed and revised interactive experience at Action Stations in Portsmouth Historic Dockyard reopened for the first time since spring 2020 but with a new focus on the Royal Marines' Commando Experience. In March 2023, HMS Caroline, with a newly recruited team, welcomed paying visitors for the first time in 3 years. HMS Warrior was closed from December 2022 to March 2023 to enable essential maintenance to the ship to be completed.

Against a difficult trading environment for the whole heritage sector, both ticket sales and visitor numbers were reasonable, but had not uniformly returned to pre-COVID levels. The opening 6 months of the year, and particularly the peak trading weeks, were disappointing and below targets; in contrast, the final 6 months saw stronger performance and recovery. With the National Museum so dependent on self-generated income, this created significant financial pressures which had to be managed in year, and it is a credit to our General Managers that they were able to adjust and welcome nearly 670,000 visitors to our museums and ships. Of particular note is that visits to the National Museum of the Royal Navy Hartlepool were the strongest they had been since the site became part of the National Museum in July 2016.



Customer Relationship Management (CRM) is key to ensuring we are able to understand our visitors, improve customer services and communication, and ultimately assist in increasing profitability and sales. During the period, we have made key improvements to our CRM system, growing our mailing lists to help inform visitors of the value of their ticket and to drive return visits, in renewal sales and in data analysis. This key data has helped to inform projects including sustainable travel, accessibility and expansion of our Veterans Offer across all sites. Centralising our customer engagement team, data feeds and reviews has enabled us to use our customer feedback to better inform business decisions and to improve our response rate to phone calls, emails, online customer reviews (TripAdvisor, Google, etc.). Online reviews are managed through a new piece of software that allows us to respond to 100% of reviews, and to share the many excellent reviews focused on our staff and volunteers.

The National Museum actively seeks visitors' feedback on their enjoyment and perception of quality of their visits. Alongside monitoring social media reviews, we also measure visitor satisfaction in a more structured way through the monthly 'Voice of the Visitor' survey which is conducted through a mixture of in person and online questionnaires. These measure satisfaction in everything from exhibitions to toilets, and rate visitor experience including the quality of welcome, the friendliness of staff and value for money. Through 2022-23 these have been consistently high but of course provide the essential feedback for making improvements.

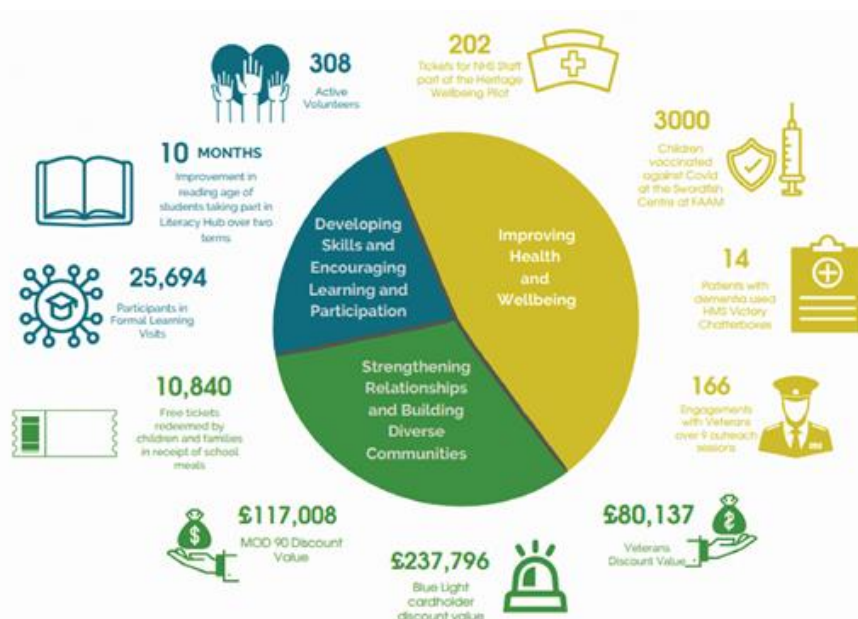
The ticket data, monitoring and evaluation surveys, and data dives continue to inform the marketing strategy and admissions targets. External sector intelligence from the Association of Leading Visitor Attractions and Visit Britain has also been used to provide valuable insight.

The National Museum of the Royal Navy Trading operates across all of the National Museum's sites as a single trading entity, delivering non-primary purpose commercial activities such as retail, catering, publishing guidebooks, venue hire, Laser Quest and brand licensing. The return of sites to more normal operation has greatly boosted the performance of the retail and food and beverage functions. A great shop and fantastic café are essential to a visit, a private event in one of our unique venues can be a long-lasting memory, and the profit generated from these activities is an also essential income stream to support our wider purposes. This was the first full year of a new Commercial Strategy for the Trading Company (approved in December 2021). Thanks to strong leadership, key investments (such as the new Warnefords Café at Fleet Air Arm Museum), and a focus on profitability, visual merchandising and product optimisation, the Trading Company's performance demonstrated a significant improvement and contribution to the National Museum.

In 2022-23, the company delivered a total income of £2,251,000 (2021-22: £1,640,000) generating a profit of £475,000 (2021-22 £13,000).

Social Value and Learning

For the first time this year, the National Museum has sought to quantify the value of our activities within a separate 'Social Value Report 2022-23' which is published at www.nmrn.org.uk. This sets out the impact of our work on the Naval Family, on diverse communities across the UK, on families and on individuals. The work is grouped under three key strands: improving health and well-being; strengthening relationships and building diverse communities; and, developing skills and encouraging learning and participation.



This reporting will continue to develop in future years and we expect it to have both a core of stable activities and short-term project initiatives which are highlighted in case studies. Notable impacts to highlight this year are:

- **Formal Learning Visits:** Our ships and museums welcomed 25,694 pupils and students engaged in formal learning (2021-22: 8,452). Our post-COVID offer for to schools has gone from strength to strength; after a relaunch in 2021-22, this year we have added the 'Discover Live' programmes. These sessions are time limited, highly interactive, are the premium experience for schools visitors and now account for high proportion of visits. Particular events of note are the 'Engineering Challenge' secondary school event at the Fleet Air Arm Museum - schools attended from Cardiff, East Dorset and Southampton. For the first time since 2020, HMS Caroline reopened and resumed its programme which includes free visits and subsidised transport for selected schools.
- **Free Family Tickets:** For the first time this year in Portsmouth and in partnership with the Mary Rose Museum, we offered free annual family tickets to local families whose children are in receipt of free school meals, enabling families who otherwise may not had visited us to engage with the Royal Navy's rich story. Working with Portsmouth City Council to reach eligible families, over 2,000 families took up the offer (equivalent to nearly 11,000 individual tickets) and returned as visitors multiple times. Families have shared what an impact this had, '...it was an amazing day out, we will be back many times over the coming year'. We already anticipate repeating and extending the scheme for 2023-24.
- **Tidal Teatime:** In this participatory community-led research project, the National Museum team worked with the Portsmouth-based community group Chat Over Chai (an inclusive group for people from a South Asian heritage and their allies) and the Royal Navy's Equality, Diversity and Inclusion policy team and associated RN networks. The project was funded by the Arts and Humanities Research Council and took place between February 2022 and July 2022, giving the communities involved the opportunity to explore the National Museum's collections and contribute to the understanding of these collections. Over 30 members of Chat Over Chai and five Naval personnel were involved. All expressed a new-found sense of ownership of and pride in the Royal Navy story and the National Museum's collections. The project resulted in new displays and presentations of objects in the museum, meaning that there is greater representation and viewpoints of different cultures than before the project and a growing awareness of this. Members of Chat Over Chai have become engaged in volunteering for NMRN and reported feeling more confident and safe in the Museum's spaces.
- **Informal learning activities:** We have provided engagement for our younger audience through World Book Day activities in Portsmouth, community fun days in Yeovilton and an early years' playgroup at the site in connection with the charity Aggie Westons. There were over 900 attendances at outreach events offered by the team in Portsmouth, including sessions with veterans and dementia groups. 'Chatterboxes' connected to HMS Victory were developed and have been used with dementia patients at Queen Alexandra Hospital. Clinical staff at the hospital using these resources say they have seen a marked improvement in their patients' ability to communicate and engage following the use of these resources.
- **Volunteers:** The National Museum has a dedicated and committed volunteer team, which includes lived experience of service in the Royal Navy, the Royal Marines and the other military services. The volunteers add significant value to the work of the National Museum. The number of volunteers in the period remained at just over 300 individuals. A new Volunteer Strategy was finalised and adopted in 2022-23. The aims of the strategy are to increase digital volunteering opportunities, to give greater recognition to the value of volunteers to the National Museum and to broaden the volunteer demographic. As a result, work to develop a more structured approach to understand and manage our volunteer demographic is underway. To this end, talks about volunteering opportunities to local groups has developed to ensure we reach a wider audience and we have also been present at both the Portsmouth University Volunteering Fair and Global Fair to engage with the local student communities. Our volunteers are involved in a diverse range of projects and activities. Notably, volunteers were integral to the reopening of HMS Caroline, having returned to the ship to support the deep clean prior to opening the doors to visitors. Volunteers have supported a

range of gallery handling opportunities, including the 'Great British Take Off' aircraft modelling at Fleet Air Arm Museum and transcribing the letters for the exhibition 'Nelson in his Own Words'.

Communications

In terms of digital communications, our 'meaningful engagement' model was used to measure our digital reach and engagement, reflecting not just views of digital content but meaningful interactions with it. Our strong digital presence has grown through the period. Our engagement rate (that is the number of people interacting with a social media post against those who saw it) has increased from 2.8% to 7.6%, significantly above industry average.

Media and filming work across the National Museum this year clearly demonstrated the breadth and variety of our work and ability to capture headlines, broadcast interest and reflect on national events in our role in sharing the Royal Navy's story. Our press, PR and media coverage realised £7M in Advertising Value Equivalent (2021-22: £8.5M) and a potential audience of 24 billion (based on the reach of every outlet we have featured in), with 3,921 media mentions across print, broadcast and online channels.

Special mention should be made of the sad passing of Her Late Majesty Queen Elizabeth II, to whom we paid our respects in recognition of the unwavering support of her own family to the National Museum and to the Royal Navy family through the display of our touching tribute, *Her Majesty's Service, The Queen's role at the heart of the Royal Navy family*.

We were extremely fortunate to welcome our patron, HRH The Princess Royal, to the official opening of our D-Day veteran LCT 7074 in Southsea.



Our important role in the saving of a rare Arctic sledge flag, used in the hunt for survivors of Captain Sir John Franklin's doomed expedition, and owned by Vice-Admiral Sir Henry Kellett, saw considerable media interest, greatly helped by support from the ever-popular Michael Palin. Following an export bar, the campaign raised funds just in time to save the flag from going abroad to a private buyer.

Regionally, our media stories covering our newly-refurbished Carrier Experience at Fleet Air Arm Museum and the long-awaited reopening of HMS Caroline in Belfast were warmly received.

Broadcast opportunities and online channels including YouTube and podcasts ensured that we reached valuable and varied audiences throughout the year. These included: the BBC's 'Inside the Factory' with a fascinating piece about dazzle camouflage featuring HMS M33; our HMS Victory guides testing mobile phones on 'The Gadget Show'; features on the popular day time programme 'Bargain Hunt'; and the US stalwart 'CBS News' which featured best-selling author David Grann and his use of our historic ships for research. Popular podcasts from 'History Hit' and historian Sam Willis were recorded from our ships and the Fleet Air Arm Museum, whilst the hugely popular YouTube channel 'Epic History' filmed a number of episodes with us to reach many millions online.

Exhibitions and Programming

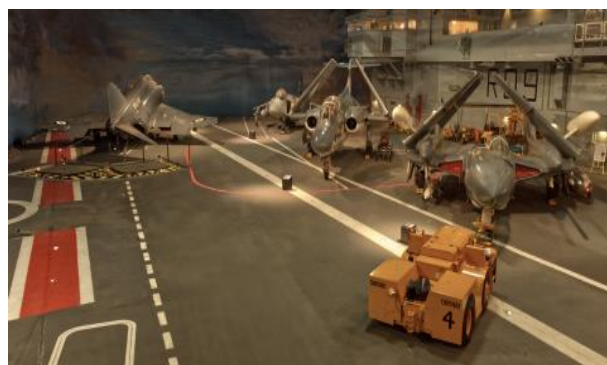
Within this difficult financial environment, the National Museum team has drawn on a mixture of external grant funding, partnership support and use of reserves in order to deliver both a special exhibition programme and improvements to our permanent exhibitions. These have helped us reflect on the link between the Navy and the Nation across the centuries and also to improve our representation of the current Royal Navy and its people.

Our special exhibitions included:

- **Diving Deep: HMS Invincible 1758** - Following its successful opening in Portsmouth in October 2020, this interactive exhibition, based on the archaeological excavation of the shipwreck, and funded by the National Heritage Lottery Fund and the Maritime Archaeological Sea Trust, returned to the National Museum in 2023 to be exhibited in Hartlepool from Easter 2023, following its loan to Chatham Historic Dockyard (February to October 2022). In Chatham, it welcomed 30,928 visitors, including HRH the Prince of Wales before his accession.
- **Her Majesty's Service** - This exhibition opened in Portsmouth in April 2022 and reflected on 70 years of Her Late Majesty Queen Elizabeth II's connection to the Royal Navy and created with some strong community input. The exhibition was an appropriate marking of the Platinum Jubilee and was extended and refreshed until May 2023 to mark both the passing of the Queen and the Coronation of His Majesty King Charles III.
- **Nelson: in his own words** - This pop-up exhibition in Portsmouth from October 2022 – April 2023 showcased letters and documents relating to Admiral Lord Horatio Nelson drawn from the private collection of the Aekatirini Laskaridis Foundation. The exhibition was supported by an online resource which gave virtual access to the collection, a publication, and wider seminar looking at the Royal Navy's connection to the struggle for Greek independence, 'From the Nile to Navarino', which drew on British, Greek and Turkish speakers.

Investments into our permanent galleries and exhibitions included the John Fieldhouse Building at the Royal Navy Submarine Museum in Gosport and to the 'HMS Gallery' in Portsmouth to update the contemporary Navy story. In Portsmouth, for example this now reflects the strategic context facing the Navy in 2023, and looks ahead to the changes in technology and personnel which are to come in this 'contested world'. More significant investments included:

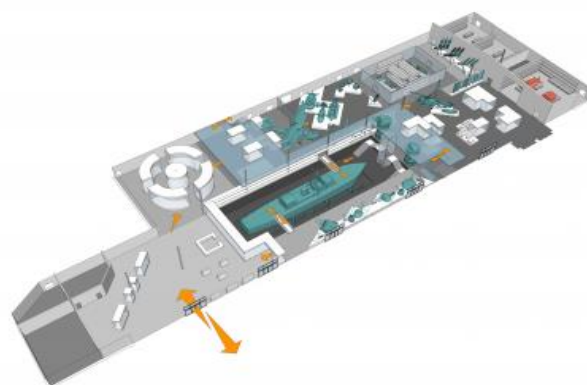
- **The Carrier Experience, Fleet Air Arm Museum** - A major £800,000 investment in the redevelopment of this permanent exhibition was completed in July 2022, funded by a generous legacy to the Fleet Air Arm Museum Trust from the Gosling Foundation. This has enabled a complete refresh of the narrative and visitor experience which immerses our visitors in the sights, sounds and smells of carrier flight and in the complexity of carrier operations. It now connects the heyday of jet aviation to the operations and deployment of the Queen Elizabeth Class carriers and F35 aircraft. The range of historic aircraft set out on Flight Deck has changed, and the Island tour completely revised with overlay of digital interpretation allowing visitors to meet key crew members.



- **Victory Live: The Big Repair** - The conservation project for HMS Victory entered a major phase of work which has placed large portion of the ship under a scaffolding canopy and removed huge sections of hull planking from the ship. This new and major strand of interpretation will develop through the project to showcase the scale and complexity of the conservation task and bring the work of our teams to visitors. In July 2022, we created an entirely new interpreted visitor route on the starboard side which takes visitors through three levels of the scaffolding and allows unprecedented views of the exposed frames of Victory. This is supported by programming involving archaeologists, conservators, and shipwrights from the team who at peak periods bring the project to life.



- **Royal Marines Experience at Action Stations** - The interactive and family-focussed attraction at Action Stations reopened for peak periods in August 2022 with entirely new elements connected to show the physical challenges faced by the Royal Marines Commando. This has proved a popular return for our visitors and forms the basis of sharing the Commando story until the fully reimagined Royal Marines Museum is delivered.



- **National Museum of the Royal Navy Hartlepool** - The NMRN Hartlepool board has continued to work with Hartlepool Borough Council to develop a shared vision for the regeneration of the area around the dock basin for the Waterfront Regeneration Project. A vision document was created that demonstrated the cultural and commercial use of the site, the addition of facilities dedicated to the care and conservation of historic ships, skills training workshops, new galleries that support STEM education (science, technology, engineering, arts and mathematics) and the creation of exciting new experiences to complement the activity taking place both on the National Museum site and the wider Waterfront area. In parallel, Hartlepool Borough Council commissioned a separate study for the Museum of Hartlepool and the Wingfield Castle, offering the opportunity to ensure a holistic approach to proposing future options for the whole site. The project was successful in securing funding of £8.5M from the Tees Valley Combined Authority for the cultural component of the Waterfront Regeneration Project. Hartlepool Borough Council will be investing £4M for the conservation of its 1934 paddlesteamer, PS Wingfield Castle, and the essential replacement of the dam board to safeguard HMS Trincomalee, which the Council has assured will be prioritised. A development funding agreement between NMRN Operations and Hartlepool Borough Council was signed on 31 January 2022, releasing £1M to commence the first phase of the project. Further funding was released in June 2022 to enable the purchase of the Vision Retail Park for £3.4M by NMRN Operations, as a key milestone in delivery of the vision, to expand the existing site and to form the core of the major new galleries expansion. The next phase of the project will see NMRN Operations redevelop the William Gray building and the Fighting Ships experience. Hartlepool Borough Council will also develop options studies for replacing the dam board and sealing the dock in which HMS Trincomalee sits.



Collections and Research

This year has seen major advances in collections access, collections information, and the external recognition of the National Museum's standards.

After a period of closure due to the impact of COVID-19 and the very major collection moves into the new Collections Centre, we reopened the Collections Access Service at the start of June 2022. This now supports researcher visits to collections in the Research Room in Portsmouth and remote requests for information on collections elsewhere. The shift in user demand to virtual access is clear and a critical improvement in September 2022 was the opening of our collections portal www.nmrn.org.uk/collections. This now provides access to a growing database of over 400,000 catalogue records from the National Museum's collection, many with supporting images. The portal is already attracting an average of 2,000 users a month, with multiple searches which help us understand areas of research interest.

Investment and development of the National Museum's Digital Asset Management System (DAMS) has been fundamental to the success of the collections portal. The DAMS is used both to manage images of our collections and to feed into our collections management software. A small team of curators, boosted by volunteer effort, has focused on ingesting imagery from historic digitisation projects and adding all new collections imaging. This has grown the images held in the DAMS to nearly 33,000; the system will be critical to both collections access and collections information in future years.

The National Museum's archive collections and service have received welcome external recognition. The National Archives have recognised Storehouse 12 in Portsmouth as a 'Place of Deposit' under the Public Records Act, licensing our Portsmouth site to hold Public Records.

The National Museum has continued to loan our collections extensively, with over 100 loan agreements covering in excess of 9,000 items. Our ability to accept new material on loan from private donors for exhibition had been restricted by insurance costs, however, after a number of years, the National Museum now has the support of the Ministry of Defence and Arts Council England to participate in the Government Indemnity Scheme. The scheme provides indemnity for loaned objects made accessible to the public in temporary exhibitions, on long-term loan or loans for study and research and removes the need for commercial insurance for these objects.

In this period, the National Museum considered 835 separate offers to donate material and has acquired just under 400, running to thousands of individual items. Highlights from all donations, purchases and transfers have included:

- **Two oil paintings from the estate of Sir Cloudesley Shovell** – 'The Battle of Vigo Bay' and the 'Siege of Gibraltar', from the War of Spanish Succession.
- **The Invincible Collection** – hundreds of items of equipment, personal possessions and ship fittings from the recent excavation of the 1758 wreck, formally transferred to the National Museum by the Receiver of Wrecks.
- **The Kochen Collection** – a collection of early Marines material including some exceptional individual portraits, uniform, equipment and manuscripts which strengthens our holdings for the formative period of Marines history, 1755-1815.
- **Model of HMS Victory** - constructed during Victory's large repair (1800-1803) and the only known contemporary full hull model of Admiral Lord Nelson's celebrated flagship in the state that she fought the battle of Trafalgar.
- **Oil painting 'Death of Nelson'** - by Mather Brown, 1807.

- **Sledge flag belonging to Captain Kellett of HMS Resolute 1852** – the flag was flown from Captain Kellett's sledge during the third of a series of expeditions from the eastern side of Canada to look for survivors, or evidence of bodies from the ill-fated Franklin expedition.
- **Model of HMS Sturgeon (1894)** - a 1:48 scale, builder's-style model of the 27 knot torpedo boat destroyer.

At the same time, then National Museum continues to rationalise our collections so that resources are used most efficiently. This period, the managed disposal of duplicated collections in our library holdings was completed and reduced our stock by over 4,000 individual volumes.

Alongside these successes we have to acknowledge the unfortunate end of the National Museum's management of the Devonport Collection which is housed at the Devonport Heritage Centre. After much investment in staff and volunteer time in recent years the collection is now better managed and better understood. In current circumstances, however, the National Museum is unable to accept the transfer of ownership of the collection and the financial responsibilities which would follow, and our oversight ended in March 2023.

Our conference, seminar and research activity has grown modestly from 2021-22, highlights have included:

- Organising and hosting the the United Kingdom Maritime Heritage Forum across our venues in Portsmouth in October 2022. This welcomed over 100 professionals from museums and historic ships across the UK and was an excellent opportunity to showcase our work with a number of the team speaking or chairing sessions.
- Research into the language used in collection catalogues was undertaken that highlighted terminology that could be perceived as offensive. The National Museum has shown sector leadership in developing its glossary of terms to support future cataloguing and research.
- Research into 'Indian Figureheads: Carvings from Royal Navy Ships Built in Bombay' was published in the Society for Nautical Research's Mariner Mirror.
- Research into HMS Trincomalee's raze marks was published in the May/June edition of 'British Archaeology' magazine. 'HMS Trincomalee Design, Construction and Modification, 1812-1900' work was published in the Naval Dockyards Society's annual Transactions.

Conservation and Historic Ships

- **HMS Victory** - Efforts in the year concentrated on preparing the ship for plank removal. A programme of surveys and testing mandated by legislation, along with preservation of weather deck areas was completed. Work was undertaken by NMRN Operations, under the guidance of structural support specialists, to prevent movement of the ship in its current structure during this process. Repairs to the electrical system, including rolling replacement of lanthorn components and elements of the ships broadcast system were also completed. Significant achievements that were made include:
 - Materials Trials testing continued to establish the impact of UV, water permeability and various materials for fastenings on the ship. This extensive programme of work, undertaken in partnership with Southampton University's nc² consultancy, is enabling the project to better understand the likely degradation of materials over time, and make informed decisions as to the best choices of fixings, glues, paints and timber to be used on the project, and the levels of maintenance likely to be required going forward. The ship-side mock-up surveys progressed on a monthly basis and the results showed patterns of deterioration. This information, combined with the laboratory results from materials trials was used when selecting the materials for re-planking the ship.
 - Workshop Upgrades to support the delivery of the 12-year conservation plan. The new space allows for critical quality control procedures for the production of laminating oak and for the smooth supply chain flow from the timber supplier.

- Scaffold Structure was erected over the ship which allows the conservation teams to undertake the programme of works, with the introduction of 'Victory Live: The Big Repair' to improve the visitor experience. The structure includes a welcome foyer, branded signage, family trail that shares some of the key messages of the project and directional signage to support the visitors moving around the structure.
 - Timber Procurement to ensure a successful re-planking process through the right suppliers to deliver the quality and quantity of oak timber required.
 - Digital Content has captured 3-D digital footage of the project during the year, including: drone surveys; modelling; and high-resolution footage of planks. All of the content was used to publicise across websites, social media and within the Victory Live experience and can be found on www.nmrn.org.uk/news/victory-live-big-repair.
- **HMS Caroline** – Following the 2021-22 successful work to secure the £12.5M expendable endowment to enable the HMS Caroline Preservation Company to fund the conservation, repair, protection and interpretation of the ship in Belfast, NMRN Operations developed a new Business Plan. The Business Plan seeks to re-establish the ship as an important heritage visitor attraction in Belfast. HMS Caroline reopened to the public during Easter 2023 and has been warmly received by her visitors.
- **HMS Trincomalee** – Significant work was completed to de-rig, undertake conservation work and reinstall the upper foremast, including topgallant mast and yards on the ship. The work addressed the long standing concern over the degraded state of some aspects of the rig. Conservation will continue to focus on reducing water ingress and improving the material state of the rig.
- **HMS Warrior** – An essential project to replace all of the ship's electrical and safety critical systems was successfully completed by 31 March 2023, following a successful bid for capital funding of £800,000 from the Royal Navy. The project was the most extensive and intrusive project to the ship's fabric since she was restored in Hartlepool and included: the redesign and replacement or refurbishment of all electrical systems, light fittings, fire detection and alarm system, CCTV system, public address system, data network, and heater circuit. Getting the project delivered to time and budget was a huge, combined effort between the National Museum teams and contractor. The ship was closed to the public during this essential work which also allowed the National Museum's teams to complete internal painting, deep cleaning, and other crucial maintenance. The ship reopened to the public on the 1 April 2023. This has been a significant investment in our historic fleet and we are hugely appreciative of the grant from the Royal Navy which made this possible.



Charitable Fundraising

The Trustees of the National Museum have overall responsibility and accountability for our fundraising and income generation activities and monitors such activities through a Trustees' Fundraising Committee that reports to the Board of Trustees.

The National Museum of the Royal Navy
(A company limited by guarantee)
Company number: 06699696

The National Museum has an in-house Fundraising team that raises funds to support our core work. This team develops relationships with donors, grant makers and corporate partners to fund areas of our work including, acquisitions, conservation, public programming and the delivery of our major capital projects.

Notable supporters include the National Lottery Heritage Fund, National Heritage Memorial Fund, The Art Fund, the American Friends of the National Museum of the Royal Navy, Society of the Friends of FAAM, Friends of the Royal Navy Submarine Museum, HMS Victory Preservation Endowment Fund, Airbus, BAE Systems Maritime, Babcock, Lockheed Martin, Newton Europe, Notsew Orms Sands Foundation, Society for Nautical Research, the Gosling Foundation and the Michael Cobham Foundation.

The National Museum of the Royal Navy (Charity number: 1126283) is registered with the Fundraising Regulator and adheres to the Code of Fundraising Practice. We are committed to our Donor Charter, produced to assure donors and potential donors of our accountability and integrity, and an Ethical Fundraising Policy in place.

Whilst the National Museum collects explicit opt-in consent for communications by email, post, phone and text, it chooses to only use email for donation appeals; each email has the option to unsubscribe. Major appeals are raised for significant acquisitions, however, these usually occur no more than once a year, and do not usually include appeals targeted at individuals for the purposes of procuring money or property. The National Museum does not generally conduct proactive solicitation for legacies or gifts in wills but will provide information on request and details on how to create a legacy is available on our website. The exception to this is when the National Museum participates in the UK-wide Free Wills Month; in this instance information about how to leave a legacy may be included in our consent based e-newsletters.

The National Museum did not use any non-directly employed fundraisers, nor any commercial participators to carry out any fundraising activities during the period. In 2022-23, the National Museum did not receive any complaints about its fundraising activities or practices and no complaints were made to the Fundraising Regulator.

Commemoration and Remembrance

The National Museum commemorated the 40th anniversary of the Falkland's conflict in April and May 2022 through a series of talks and blog posts. We were delighted to be able to host a number of talks given by Rear Admiral Chris Parry and worked in conjunction with the National Army Museum and the Royal Airforce Museum to mark this important period in living memory.

HMS Victory is a key focus for remembrance of those members of the Royal Navy who have died while on active service. The Victory Gallery marks remembrance activities on the Ship by telling the story of Queen Victoria placing a wreath on the spot where Nelson fell on Trafalgar Day, 21 October. The laying of a wreath to mark Trafalgar Day as an act of remembrance continues to be an exceptionally important day in the National Museum's calendar,

Supporting our Sponsor – The Royal Navy

The National Museum provides a unique perspective to the heritage, history, culture and traditions of the Royal Navy, and the close relationship between the museum and its sponsor organisation is essential to the effective delivery of the museum's purpose. During 2022-23, the National Museum has worked with the Royal Navy to successfully host events, support personnel and help with recruitment. In turn, the Royal Navy has also supported the museum at STEM events, community projects and networking groups. The National Museum established a very effective Royal Navy networking group, which has supported exhibitions, tours of historic vessels, and events, and has also supported veterans to join the National Museum community. Highlights included:

- For the first time, the National Museum attended the annual Portsmouth Pride alongside the Royal Navy Compass LGBTQ+ network, bringing historical and contemporary voices together to engage with a new audience.
- 220 of our Royal Navy neighbours from the Portsmouth base were welcomed into Action Stations for a SAAB-led industry conference followed by an intimate dinner with friends to "celebrate life" in HMS Warrior's Wardroom.
- We had the honour of hosting The Queen's Baton relay, which made its way around the UK after visiting every Commonwealth nation. The baton bearer was escorted into Portsmouth Historic Dockyard by elements of the fantastic Royal Marines Band (Corps of drums).
- We welcomed the Royal Navy onboard HMS M33 to support their Remembrance Day social media filming.
- We attended the first Royal Navy Inclusivity Conference held at HMS Collingwood. Key speakers ranged from serving personnel, industry partners and academics, providing opportunities to continue to develop diversity and inclusion in our own museum stories and workplace, learning from the Royal Navy's journey.
- Our curatorial visit to 40 Commando Unit proved useful for the Royal Marines Museum development project and also our contemporary collection and galleries refresh.
- We supported the RN Commonwealth network by providing a visit to HMS Victory for the Trinidad and Tobago Defence Force Steel Orchestra (who performed at the Queen's Platinum Jubilee celebrations). They also gave a performance for the visitors to Portsmouth Historic Dockyard.
- We created a Museum Advocate volunteer post for serving Royal Navy personnel only, to promote more serving personnel working within the National Museum and have welcomed an increase of Royal Navy personnel to our volunteer teams.
- The Royal Navy has helped shape our language to reflect the diversity of the Royal Navy, and provided us with policy changes on Sikh dress and hair, that have been accessioned to the collection to support telling the modern Royal Navy story.
- The HMS Gallery exhibition was refreshed with updated imagery, films, documents, uniform and objects from the Royal Navy to enable us to tell their contemporary story.
- Working closely with the Royal Navy, this modern story was also updated in the refresh of the arrival and orientation space at the Royal Naval Submarine Museum, providing a more welcoming feel and better representing the service today.
- We established monthly 'Active Aviators' sessions at the Fleet Air Arm Museum, with an average 80% of attendees represented by families from RNAS Yeovilton.

Post balance sheet events

Post balance sheet events are disclosed in note 32 to the accounts.

Plans for Future Periods

National Museum of the Royal Navy Strategy: 2022-2027 and beyond

Like many other museums, the COVID-19 pandemic prompted us to reflect on the role we play, not only nationally and internationally in telling the story of the Royal Navy, but at a local and regional level where our museums play a vital role in contributing to the tourist and visitor economy. The backdrop to this reflection is that we know people's priorities have changed and will go on changing as they come to terms with the new economic and day-to-day challenges. We also know that visitors' expectations have moved on, what they value in a museum experience is not necessarily the same as it was. The stories they expect us to explore and how we reflect the experiences and perspectives of the protagonists has altered. The expectations about how we present these stories has transformed too, with technology and the integration of physical and virtual exhibitions moving apace, and we need to respond.

In 2022, our Trustees took a step back to understand who we are, who we want to be and what kind of role we want to play in the future; we needed a refreshed approach to lead us into the next 10 years and beyond. This new strategy, containing a long-view vision for the National museum in 2035, is set out at

www.nmrn.org.uk/news/national-museum-royal-navy-strategy-2022-2027-and-beyond. It sets out how we will deliver our vision and mission through three strategic aims, sustainability, audiences, and collections, and recognises that none of this will be achieved without the skills, dedication and hard work of our people. The strategy is underpinned through our annual business planning cycle that sets out the priority and phasing of operational and project delivery each year.

Sustainability

The key focus for the National Museum for the year ahead will continue to be on recovering financial resilience and sustainability through cautious cost management, fundraising and regeneration or replacement of the income streams and commercial activities damaged by COVID-19 and the continuing fragile UK economy. The wider economic challenges and cost of living crisis continue to have an impact on public spending and also on our operating costs, and the additional Grant in Aid funding we have been generously awarded by the Royal Navy to ensure our financial survival since the pandemic hit in 2020-21 will not continue beyond 2023-24 (up to £2,000,000 in 2023-24).

The National Museum will continue to engage with Navy Command to renegotiate a financial framework that supports the core operating costs that we incur in delivering activities in the public interest and an agreed capital strategy which delivers specific, shared outputs and outcomes.

We will complete and implement our Governance Review to improve the efficiency and effectiveness of our governance framework, reinforcing the concept of 'one museum', and improving programme and project management.

We will continue to build a modest but appropriate free reserve in accordance with our Group Reserves Policy, with the aim of holding the equivalent to 4 months' core operating costs for the Portsmouth Naval Base activities (the greatest potential area of exposure) as free reserves by the end of 2024-25.

We will develop and implement our Sustainability Strategy, to deliver environmentally and financially sustainable operations, and reduce our carbon footprint.

Audiences

The National Museum will grow and diversify our audiences onsite and online and explore different Royal Navy story perspectives through our diverse communities and collections. We will work closely with the Royal Navy to support their Global Navy initiative and offer embedded opportunities to promote the modern service and its message through our sites and activities.

We will develop and implement our core linked strategies on Interpretation, Research, Audience Development, Digital and Environment/Sustainability to support a shared transformation across our sites and activities, engaging new and diverse local, national and international audiences.

We will implement our Site Improvement Plans and develop new and improve existing exhibitions, to ensure our sites and stories remain exciting and vibrant to a diverse audience.

Collections

Our commitment to any new capital projects or large acquisitions will be limited to only for those essential to our purpose. We will prioritise the care, conservation and presentation of our existing collections and sites, including consolidation of collections with partners where resources are duplicated. We will take forward plans for the development and delivery of funded projects including the HMS Victory, NMRN Hartlepool, the new Royal Marines Museum, HMS Caroline, NMRN Portsmouth and the Armada Maps, ensuring these are financially resilient to secure long-term sustainability and protect our heritage assets.

We will continue to progress our work in ensuring our collection is both physically and digitally accessible.

People

We will continue to focus on our people, to ensure that our National Museum is recognised as a great place to work, and delivering on our commitments to equity, diversity and inclusion. We will plan to implement our pay policy to pay a minimum of UK Living Wage to our staff. We will continue to provide our “staff voice” through the excellent work of our ‘Working Together Group’. We will support the development of our teams through our people plans, focusing on health and wellbeing, talent management and workforce planning.

Principal Risks and Uncertainties

The National Museum of the Royal Navy’s approach to risk management is detailed in page 32. The National Museum has operated a robust risk management framework throughout the report period and the trustees formally consider the risks to the delivery of the strategy and corporate plan at each of its meeting. The principal risks and uncertainties are outlined below. These are the most significant risks that may adversely impact our business strategy, financial position or operational performance.

Risk	Consequences	Planned Mitigation
Insufficient funding to deliver the charitable objects	Funding shortfalls impact ability to adequately fund services delivered in the public interest, including the conservation and maintenance of historic ships and the collection	The most significant risk faced by the National Museum centres around its self-generated income streams. Additional Grant In Aid funding from the Royal Navy has been essential since the pandemic to ensure the National Museum’s financial resilience and its ability to deliver public benefits, until stable trading and operating performance can be resumed. This additional funding will cease in 2024-25. The National Museum will continue to engage with Navy Command to ensure it is funded to continue to deliver services that are in the public interest but that are not commercially viable, recognising that it may be necessary to scale back some of these activities. The mid to long-term budget plan will continue to focus on building financial sustainability and flexibility, with a commitment to building the free reserves in accordance with the Trustees’ policy.
Major project delivery failure	Delays, cost overrun, excessive operating costs, fundraising shortfall, impact on cash flow, quality of project	The National Museum will continue to develop and embed governance and oversight of key projects through the Programme Board and ensure all major projects follow the standard project management methodology. Improvements will continue to be made to project cashflow forecasting and “in operation” business cases and budgeting for all major projects.
Over complex governance arrangements	Goal incongruence Ineffective or inefficient operation of the National Museum	The National Museum continues to review and consolidate its governance and operating structures to ensure these remain fit for purpose, with sound control of operating costs within a sustainable but flexible staffing model for future years.

Risk	Consequences	Planned Mitigation
Environmental sustainability across the sites	Failure to meet legislative obligations under the Environment Act. Reputational damage and negative impact on ability to attract external funding	The National Museum is developing its sustainability strategies to support the net zero targets introduced by the Government and to work with its partners to reduce its environmental impact across its whole estate. Environmental objectives and risks will be embedded into the decision making and project evaluation processes. Progress is, however, likely to be constrained by availability of funding.

Financial Review

Statement of Financial Activities for the Year Ended 31 March 2023

Total incoming resources for the National Museum in 2022-23 amounted to £29,633,000 (2021-22: £27,089,000) and relates to Grant in Aid, donations (restricted and unrestricted), admissions and associated income from charitable activities, trading subsidiary income and investments.

The change in incoming resources from the previous reporting period resulted primarily from the receipt of various restricted grants by NMRN Operations in relation to the HMS Victory conservation project (£7,881,000), the purchase of the Vision Retail Park and the development project in Hartlepool (£3,650,000), completion of the LCT7074 project (£805,000), and the Fleet Air Arm Museum carrier experience (£636,000). In the previous period, significant incoming resources related to the endowment⁷ for HMS Caroline (£12,500,000).

Admissions income for 2022-23 increased to £5,542,000 (2021-22: £5,307,000) and income generated by the trading company on non-charitable activities showed a stepped improvement to £2,251,000 (2020-21: £1,640,000).

An uplift in Revenue Grant in Aid was received to £6,217,000 (2021-22: £5,476,000) to support recovery from the long-term impact of the pandemic, enabling the National Museum to build its free reserves from self-generated income to ensure future financial sustainability.

An increase in expenditure to £19,040,000 (2021-22: £15,361,000) reflected the increased operations, trading and fundraising costs flowing from the first full year of near-normal activity post-pandemic and also the increase in grant-funded project activity. The net result was an operating surplus of £8,843,000 for the year (2021-22: £14,323,000).

After adjustment for net losses on endowment fund investments totalling £1,690,000, gains on revaluation of fixed assets of £3,507,000 and recognition of actuarial losses on defined benefit pensions schemes of £485,000, the net movement in funds for the year was an increase of £12,835,000 (2021-22: £15,762,000). The total funds carried forward at 31 March 2023 was £217,131,000 (31 March 2022: £204,296,000).

Balance Sheet

The net assets as at 31 March 2023 amounted to £217,131,000 (31 March 2022: £204,296,000).

The value of heritage assets (over the capitalisation threshold and accessioned since 1 April 2000) represents 50% of the National Museum's net assets at £107,271,000. Movements in fixed assets are shown in notes 15-16 to the accounts. Fixed assets acquired by either purchase or donation, with a value of £2,500 and over are capitalised in accordance with the accounting policies set out in note 1.8. Heritage assets added to the collection are included in the accounts at acquisition cost or on the basis of internal valuations estimated by the curatorial staff and determined by their experience and judgement as set out in note 1.9.

The National Museum held £21,166,000 cash in bank and in hand at 31 March 2023 (2022: £16,982,000 *Restated*).

Reserves

The Trustees regularly monitor the levels of the Group's reserves and seek to take correction action as necessary. As at 31 March 2023, the company's unrestricted funds (excluding the revaluation reserve) stood at a deficit of £639,000 (31 March 2022: £714,000 deficit). This deficit balances arises from loan amounts falling due after more than one year payable to Hartlepool Borough Council and used to fund the purchase of the Sim Comfort Collection.

As at 31 March 2023, the level of the company's free reserves (defined as net current assets attributable to unrestricted reserves excluding designated funds) stood at £4,000 (31 March 2022: £5,000).

Under the Group's governance structure, the company receives no funding other than Grant in Aid from the MOD. This grant is used to defray the company's own expenses before granting the balance onto its operating subsidiary, NMRN Operations, and subsidiary trusts on the basis of need and as such, the Grant in Aid is fully expended. Under the terms of the financial framework (agreed 6 December 2019), the company is only permitted to carry over a maximum 2% of the total Grant in Aid into the next financial year and any carry forward may be taken into account in reducing the following year's Grant in Aid. If not carried forward, the balance of Grant in Aid not spent must be repaid to the MOD. Based on the year's revenue Grant in Aid of £6,217,000 the maximum carry forward is £124,000. Free reserves for the Group are not, therefore, built within the parent company but within the subsidiaries from self-generated income streams. As such, this free reserves balance does not represent a going concern risk to the company.

The Group's free reserves stood at £5,200,000 (31 March 2022: £4,780,000).

As nearly the entire Group's operating costs now flow through NMRN Operations, the Group policy is that sufficient free reserves are accumulated within the charitable subsidiary NMRN Operations to provide four months' operating expenditure for the greatest potential area of exposure (Portsmouth Historic Dockyard, including the Gosport sites) by 31 March 2025, increasing to six months' operating expenditure for the entire National Museum by 31 March 2030. There is no need to accumulate additional free reserves in either the company or the subsidiary trusts and any such reserves held will be appropriately used, as approved by the Board, for the furtherance of the trusts' charitable objects. The free reserves held by NMRN Operations, £3,391,000 (31 March 2022: £2,267,000) are insufficient to meet long-term development needs and there are risks associated with unanticipated short-term demands. The Trustees will continue to seek to improve the free reserves position in NMRN Operations in accordance with the reserves policy through consolidation and reduction of costs in future periods and the delivery of a budget each year that will deliver a modest surplus.

The company holds a number of restricted funds with a total net current asset value of £1,420,000 (31 March 2022: £1,299,000). These restricted funds primarily relate to major capital projects.

The Group's restricted funds stood at £136,077,000 (31 March 2022: £128,716,000). This includes tangible fixed assets of £132,177,000 and net current assets of £3,900,000. The surplus on restricted funds will reduce in future years with increasing expenditure on the preservation of HMS Victory, HMS Caroline, HMS Warrior, LCT 7074, RML 497, the new Royal Marines Museum and depreciation on capital expenditure.

The Group holds £54,666,000 (31 March 2022: £56,002,000) as endowment funds within its subsidiaries for HMS Victory, HMS Caroline and HMS Warrior and HMS Trincomalee.

Investment Policy

The National Museum's investment policy seeks to produce the best possible financial return within an acceptable level of risk. The majority of the National Museum's investment activity has been undertaken by its subsidiaries the HMS Victory Preservation Company and the HMS Caroline Preservation Company.

HMS Victory Preservation Company aims to generate a total return of CPI plus 4% per annum over the long term. Returns from these funds are required to maintain HMS Victory in perpetuity and it is therefore essential to invest with a long-term perspective. If achieved, the company should be able to maintain the real value of its investment portfolio while funding annual expenditure for maintenance and repair estimated in the region of 3% of capital per annum. The company adopts a total return approach to investment, generating the investment return from income and capital gains and losses. It is expected that if in any one year the total return is insufficient to fund the ongoing expenditure, in the long term the value of the portfolio will still be maintained in accordance with the investment objective stated above. Capital gains may be used to provide cash for the objective provided that the original investment has been preserved.

HMS Caroline Preservation Company aims to generate a total return of CPI plus 3-4% per annum. Returns from these funds are required to support the core costs of delivery of the charitable objectives, equating to approximately £550,000 per annum, with an expectation that the level of financial support will reduce every year as HMS Caroline relaunches and ultimately becomes a self-funding museum. The long-term reserves are to be invested to preserve the long-term real value of the assets, however, the HMS Caroline Preservation Company has full flexibility to spend the capital in the furtherance of its objectives, and the company adopts a total return approach to investment, such that investment returns are to be sought from a combination of capital growth and income but without specific targets for each element. The income generated by the portfolio is to be reinvested. While the capital is available for distribution, the intention is to limit spending from capital by maximizing income from the operation of the ship as a visitor attraction.

The key risk to the long-term achievement of the investment objectives is inflation and the assets are invested accordingly. The Trustees understand that this will mean that investments are likely to be predominantly invested in equities, where dividends can be expected to grow, and that capital value will fluctuate. The assets can be invested widely and are expected to be diversified by asset class, by manager and by security. Asset classes can include cash, bonds, equities, property funds, hedge funds, structured products, private equity, commodities and any other asset class that is deemed suitable for the companies. Each company has an Investment Committee, charged with agreeing a suitable asset allocation framework with its appointed professional fund managers.

For the year ending 31 March 2023, income from investments totalled £685,000 with investment management costs of £194,000 and unrealised net losses of £1,690,000 resulting from market volatility.



Admiral Sir Philip Jones
Chair on behalf of the Board of Trustees



Matthew Sheldon
Director General and Accounting Officer

15 December 2023

Accountability Report including the Directors' Report

Trustees' Report and Governance Statement

This report sets out the arrangements for the governance of the National Museum of the Royal Navy, including the Board and committee structure for the Trustees. The Trustees, under charity law, who are also the Members and Directors of the National Museum of the Royal Navy for the purposes of company law and who served during the year and up to the date of this report are set out on page 2. Overall control of the National Museum is the responsibility of the members who own the company.

The Trustees have had due regard to the guidance issued by the Charity Commission on public benefit. Our strategic aim to grow and diversify our global audiences considers how we may reduce identified barriers to access and engagement at every opportunity. Our 'Social Value Report 2022-23', summarised from page 9, sets out the impact of our public benefit delivery under three key strands: improving health and well-being; strengthening relationships and building diverse communities; and, developing skills and encouraging learning and participation.

This report demonstrates how the system of governance and internal control is maintained within the National Museum and how the major risks to which the company and group is exposed, as identified by the Trustees, have been reviewed and systems have been established to mitigate those risks. The systems described have been in place for the year under review and up to the date of approval of the annual report and accounts.

The Governance Framework

The National Museum of the Royal Navy is a company limited by guarantee (company number: 06699696) and a charity registered with the Charity Commission (registration number: 1126283). It is governed by its Articles of Association dated September 2018, which incorporate its charitable objects, the powers of the company and provides for the appointment and reappointment of Directors. Trustees are appointed in accordance with the Charity Commission guidance 'Finding new trustees: what charities need to know' and appointments are guided by the principles of the Cabinet Office guidelines 'Governance Code for Public Appointments'.

The National Museum of the Royal Navy is also a Non-Departmental Public body, sponsored by the Ministry of Defence, and as such is obliged to comply with HM Treasury's financial reporting requirements and guidance on use of public funds, 'Managing Public Money'. The Financial Framework, which defines the arrangements between the National Museum and its sponsor, was updated in light of the department's 2016 Service Museums review and agreed in December 2019.

The Board of Trustees

The Board is responsible for ensuring leadership through effective oversight and review. It shapes the strategic thinking and sets the tone for the National Museum. The Board has delegated elements of its responsibilities to subcommittees (Audit and Governance; Nomination and Remuneration; Fundraising; Digital; Collections, Research Learning and Access) ensuring the charitable objects are met.

The Trustees ensure the distinct legal responsibilities and charitable objectives of the company and Group are fulfilled within an overall policy and strategy framework. The day-to-day operation of the company and Group within that framework is delegated to the Director General and Accounting Officer and to the Executive Directors. The Board of Trustees meet periodically through the year to set the long-term strategic objectives of the Group, agree the Corporate Priorities and review performance against objectives set.

Each Board of Trustees of the respective subsidiary companies remains responsible for their governance, which are

clearly set out between the National Museum and its constituent members. The NMRN Operations Board is charged with responsibility for operational delivery of the Corporate Plan Priorities to meet the National Museum's strategic objectives. The Chair of the NMRN Operations Board is invited to attend the main Board of Trustees and to report on progress.

The Trustees of the National Museum aim to stay abreast of good governance and practice and have well-developed plans to ensure compliance with the Charity Governance Code. Following the 2021 review that compared governance arrangements against the Charity Governance Code, work continued to progress the action plan. This included the introduction of a Code of Conduct for Trustees and Committee Members, a Trustee Diversity Policy, Trustee Role Profiles and an updated Trustee Recruitment Policy.

The Board completed a review of the group governance structure within the period, with the objective of identifying a simple, clear, directly accountable governance structure that supports board effectiveness, protects the historic assets, removes duplication, is flexible regarding future strategic developments, and maintains and builds stakeholder confidence. The outcome of the review resulted in an agreed direction of travel for a phased approach to simplifying the governance structure, delivering clearer lines of accountability and responsibility, which will be delivered over the medium-term.

A review of the composition of the Board and its committees was completed in 2022, to ensure that the skills mix supported effective decision making. This review also considered the diversity of the Board. As a result of this review, new trustees had been appointed to support the skills balance and to strengthen the Board. The diversity of the Board is being addressed through new initiatives including the development of a Youth Advisory Panel to support the Board and provide guidance from a younger audience. Training has been provided to the Trustees to support their understanding and responsibilities of Equity, Diversity and Inclusion.

The Audit and Governance Committee used the National Audit Office's 'Audit and Risk Assurance Committee Effectiveness Tool' to assess its effectiveness against good practice. The review, which was completed during August 2022, identified 12 areas for improvement from a possible 178 good practice recommendations and action was taken to address these.

Trustees are recruited and appointed in accordance with the Charity Commission's guidance "Finding new trustees" (CC30), the principles of the relevant sections of the Governance Code for Public Appointments and the Trustee Recruitment Policy. A formal induction process is in place for new Trustees and committee members, which combines all the necessary background reading material, including items such as: the Articles of Association; committees' terms of reference; minutes of recent meetings; the Charity Commission publication "The Essential Trustee: what you need to know"; the National Museum's strategy and corporate plan; and the Museum Association publication "Code of Ethics for Trustees". New Trustees and committee members are encouraged to visit the National Museum's sites to meet key members of staff, see the collection and to discuss current issues, projects and risks. Tailored training may also be arranged. Recent appointees continue to confirm their satisfaction with this process.

The Board is comprised of a maximum of 16 Trustees, with the Director General (or his representative), the Executive Directors, the Chair of NMRN Operations, and a senior representative of our sponsor, Navy Command, in attendance. The Board meets quarterly or as and when required in line with its Articles of Association.

Delegated Responsibility to Committees

Board decisions are informed by appropriately detailed management reports, which have passed through the relevant subsidiary boards or committees as appropriate, and that in turn have the specific membership and skill sets to enable scrutiny and challenge before reaching the Board. The flow of information, its quality and accuracy and the process of review is considered sufficient for the Board to ensure that it fulfils its responsibilities effectively.

The majority of Board decisions are only taken after the appropriate committee has met and discussed the issue and made their recommendations. The Director General also attends the meetings of the National Museum's committees.

Committee	Responsibilities
<i>Audit and Governance</i>	Oversight of all auditing, risk management and governance aspects of the Group, reporting back to the Board when necessary.
<i>Collections, Research, Learning and Access</i>	Articulation of the Acquisitions, Disposals and Loans Policy for the National Museum, the Collections Strategy and all Collections Management, Conservation, Access and Research policies and priorities.
<i>Digital</i>	Review and development of the digital vision and infrastructure for the National Museum.
<i>Fundraising</i>	Leading on all aspects of fundraising for the National Museum, constructing a strategy that supports the agreed Corporate Priorities of the National Museum in terms of its scale, scope and reach and coordinating the approach to the private, public and corporate sectors. The Fundraising Regulator requires Trustees to receive a report annually on the operation of the fundraising function, especially in relation to complaints received through the Regulator regarding the National Museum. No complaints have been made. The Trustees in turn are required to monitor the approach undertaken to fundraising, which is set out in reports to the Committee and Board.
<i>Nomination and Remuneration</i>	Leading the process for Board appointments and for identifying and nominating for Board approval, candidates for appointment to the Board and its constituent Committees; and determining and making recommendations to the Board on the performance and remuneration of the National Museum's Director General and Executive Directors, including the award of performance related bonuses.

Key Focus of the Board for 2022-23

In 2022, the Board undertook a review of its strategy to reflect on the role we play, not only nationally and internationally in telling the story of the Royal Navy, but at a local and regional level where our museums play a vital role in contributing to the tourist and visitor economy. A new National Museum of the Royal Navy Strategy 2022-2027 was published during January 2023:

The aim of the strategy is to “future proof” the National Museum through a greater emphasis on advances in technologies, deeper integration of the relationship with the Royal Navy and partnership working across our regions to increase reach and impact.



The Strategy, underpinned by delivery through a Corporate Plan, has a specific focus of the following three areas:

- Audiences
- Collections
- Sustainability

The Board also delivered the following:

- Significant projects during the year included ensuring improved longer-term financial security for HMS Caroline and acquisition of the Vision Retail Park at Hartlepool to support a regeneration project important not only to the National Museum's reach and sustainability, but also in terms of the regional economy, in partnership with the local authorities. The delivery of a new Royal Marines Museum also progressed with project plans being developed.
- Development of the dialogue with the Royal Navy regarding the National Museum's contribution to the Royal Navy's strategy and reach and the level of Grant In Aid funding essential to support the delivery of a National Museum.
- Governance review of the complex NMRN structure to drive efficiencies throughout the work of the museum.

Board and Committee Attendance

Membership and attendance of key meetings ¹	Board of Trustees	Committees				
		Audit and Governance	Collections Research Learning, Access	Digital	Fundraising	Nomination and Remuneration
Total number of meetings in the period:	4	4	4	3	4	3
<i>Chairman:</i>						
Admiral Sir Phillip Jones GCB	4/4	-	-		-	-
<i>Trustees:</i>						
Rear Admiral Mark Anderson	3/4	4/4				
Mr Michael Bedingfield	2/3					2/3
Ms Katherine Biggs	4/4		3/4	3/3		
Dr Andrew Burnett	2/4	4/4	4/4			
Mr Phillip Doling	4/4			3/3	4/4	
Mr Colin Evans	1/1	1/1				
Ms Helen Jackson	4/4				4/4	2/3
Mrs Donna Jones	2/4					2/3
Major General Jeffrey Mason	2/4					
Mrs Mary Montagu-Scott	4/4				4/4	
Rear Admiral Jon Pentreath	4/4					2/3
Mr Mike Scott	4/4					2/3
Mrs Alison Start	4/4	3/4			3/4	
Mrs Sarah Whitcher	1/1					
Mr Gavin Whitter	4/4	4/4				
Mr Tom Wright	1/1			0/1		
<i>Non-Trustees:</i>						
Mr Stephen Bradley					2/4	
Ms Louisa Burden			4/4			
Ms Emily Clarke			0/4			
Mrs Sarah Dhanjal			3/4			
Captain Catherine Jordan					3/4	
Professor Andrew Lambert			3/4			
Ms Tiva Montalbano			3/4			
Mr Alex Patterson			1/4			
Mr Peter Pantlin					4/4	

Register of Interests

A register of interests (available on request from governance@nrmn.org.uk), is maintained for Trustees, Committee Members and the Executive, requiring declaration of any interest, pecuniary or otherwise, in any matter being considered by the Board, subsidiary board or the committees. Declarations of interest are also included as a standing item at the beginning of every agenda as an opportunity for new conflicts of interests to be declared and for existing

conflicts of interest to be dealt with.

There were no company directorships or other significant interests held by Board members which may conflict with their responsibilities as trustees. A number of trustees of the National Museum are also trustees of the subsidiary charities and this is disclosed in note 29 Related Party Transactions.

Personal data loss

The National Museum Group identified no personal data related incidents that required reporting to the Information Commissioner's Office during 2022-23. An incident is defined as a loss, unauthorised disclosure or insecure disposal of personal data. Protected personal data is information which links an identifiable living person with information about them which, if released would put the individual at significant risk of harm or distress; the definition includes sources of information that because of the nature of the individuals or the nature, sources or extent of the information, is treated as protected personal data by the company.

System of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the National Museum's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The review of the effectiveness of the system of internal controls is exercised through the Audit and Governance Committee. This Committee is chaired by a Trustee of the Board and draws expertise from other Trustees and committee members, with the Director General and the Executive Director of Resources in attendance, and other members of the executive attending as required. The Committee also has access to the independent accountants, internal and external auditors engaged for all companies within the Group, providing review and oversight of the financial control systems and the creation of the companies' and trusts' consolidated group accounts. The Committee reports directly to the Board of Trustees.

Internal Audit

The National Museum has an independent internal audit function, provided through RSM Risk Assurance Services LLP (appointed in November 2019), which undertakes a rolling programme of risk-based audit activity across the Group, agreed at the start of each financial year with the Accounting Officer and the Audit and Governance Committee. Internal audit provides assurance to management and the Audit and Governance Committee on the adequacy of internal control arrangements, including risk management and governance. The internal audit conforms to the Government Functional Standard GovS009 Internal Audit, the International Standards for the Professional Practice of Internal Auditing, the wider International Professional Practices Framework (IPPF), and the Internal Audit Code of Practice as published by the Global Institute of Internal Auditors (IIA) and the Chartered IIA.

RSM Risk Assurance Services LLP was appointed following a joint tender exercise with our sister Service Museums, the National Army Museum and the Royal Air Force Museum, to support the sharing of best practice and economies of scale, including an agreed annual thematic review across each of the museums. The following internal audits were completed during the year:

Internal Audit review	Assurance Opinion Provided
Business Continuity	Partial Assurance
Capital Projects	Reasonable Assurance

Cashflow	Reasonable Assurance
Equality, Diversity and Inclusion (Thematic review)	Reasonable Assurance
Health and Safety	Reasonable Assurance
Heritage Assets	Reasonable Assurance
Safeguarding	Reasonable Assurance
Whistleblowing Policy	Advisory – no opinion given

The outcomes of these reviews are used to inform an annual opinion on the governance, risk management and control framework, and on the mitigating controls over the risk to the delivery of objectives. The Head of Internal Audit concluded that moderate assurance could be provided and that some improvements were required to enhance the adequacy and effectiveness of the framework of governance, risk management and control. Work is underway to address all audit findings and to mitigate the risks identified, with progress on actions tracked by the Audit and Governance Committee to their satisfactory conclusion.

The advisory review of the National Museum's Whistleblowing Policy concluded that a legally compliant policy and processes were in place with governance and effective staff communications.

External Audit

The external auditor for the National Museum of the Royal Navy is the Comptroller and Auditor General, on behalf of the National Audit Office. The external audit of the subsidiary companies and trusts is conducted by PKF Littlejohn LLP. The Audit and Governance Committee receives and reviews all external auditor reports.

Whistleblowing

The National Museum has a whistleblowing policy and procedures in place, set in accordance with the relevant legislation and good practice, and that complies with the EU Whistleblower Protection Directive introduced in April 2019. The policy is made available of the staff intranet. An advisory review of the policy was undertaken by the internal auditor in October 2022 and concluded that the National Museum has a legally compliant policy and process with governance and effective staff communication in place. Findings and subsequent actions from the report, including amendments to the policy, improved governance and document control, the requirement for additional training in investigation skills for managers and feedback from staff on the effectiveness of the policy communications, are being implemented.

Four concerns were addressed under whistleblowing policy in the period covered by this report and investigations carried out. The whistleblowers received feedback on the conclusion on the investigation and the outcomes, including the actions taken and details of any organisational learnings arising, were reported to the relevant Executive Director(s), the Director General, the Audit and Governance Committee and the Board.

Environmental Policy and Sustainability Plans



The National Museum is committed to operating sustainably, reducing our carbon consumption and transforming our estate. We are developing an ambitious sustainability and environmental strategy to promote a more sustainable future, which applies across all operational activities and ongoing and new projects.

We aim to comply with relevant legislation, mandatory codes of conduct and guidelines. We will conserve energy, water and consumables as far as possible, particularly if they are non-

recyclable. We will seek to recycle to reduce wastage, prevent and avoid excessive pollution from our operations and projects, and ensure we dispose of any hazardous materials in the appropriate manner. We will include environmental sustainability in our procurement activities, looking to our contractors, our landlords and other key stakeholders to uphold the same environmental principles as ourselves. We will work with our staff and encourage our visitors, to understand the environmental consequences of decisions, and to deliver our products and services in ways that minimise impact on the environment. We will develop our systems and approach to collect data and report on environmental sustainability indicators and use these to set measured targets for achievement.

To become a sustainable museum with reduced carbon emissions, we recognise that significant changes to our working environment, premises and collections are required, including but not limited to energy use, transport, building infrastructures, and collections management, requiring significant capital investment. Our review will look at all areas across the National Museum of the Royal Navy to identify how we can effectively change our working practices to support the Carbon Net Zero ambition; however, our actions will be constrained by availability of funding.

The National Museum is developing systems to establish, maintain and monitor data and comprehensive records on environmental performance, including calculation of its carbon footprint and greenhouse gas emissions. It is currently collecting historic data to calculate the best estimate of its carbon emissions from its activities to a target base and data-led reduction in emissions. The National Museum is also considering an appropriate ratio to demonstrate annual emissions in relation to its activities.

The following measures and metrics have so far been established to allow the National Museum to report on performance, and this period will therefore be the baseline year to measure performance against in future years:

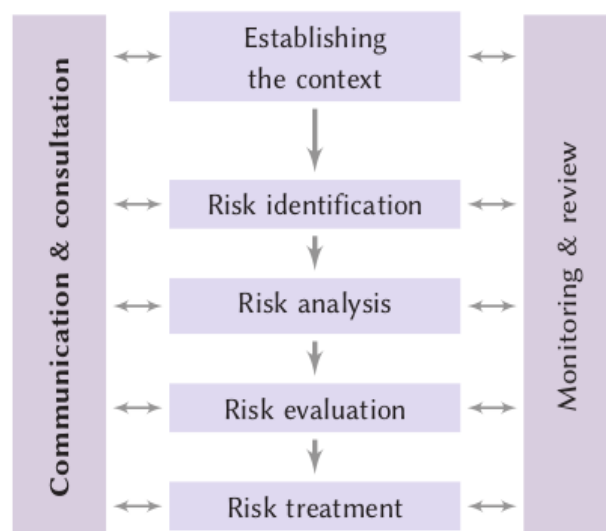
Waste Management		2022-23 baseline
Non-Financial indicators (Kgs)	General Waste (tonne)	383
	Recycled (tonne)	100
	Total Waste (tonne)	483
	% recycled	21%
Alongside regular collections of general waste and recycling, the National Museum is dedicated to recycling metal, wood, paper, food waste, hazardous waste and redundant computer equipment and will work towards establishing a zero to landfill policy. General waste is sent to energy recover and mixed recycling is collected at all sites. All hazardous waste is safely removed and disposed of by licensed and experienced contractors. The museum works with its contractors to ensure they comply with its waste expectations. Wastage from the onsite cafes will be identified and reported on in future reports. Not all sites have their own catering facilities, and third party caterers are responsible for collecting their waste data and reporting accordingly. The museum has introduced recycling points in their staff rooms and key locations, and this will improve the efficiency of its recycling programme.		
Paper		2022-23 baseline
Non-Financial indicators	Sheets used	167,623
	Trees consumed % of a tree	22.18
	CO2 Produced (kg)	2,348
	Equivalent Bulb (hours)	147,021
Financial indicators (£) (including lease)	Total cost (£)	21,645
Since opening post COVID-19, digital working initiatives have been introduced including hybrid working and paper usage has reduced significantly.		

The National Museum has also introduced online cloud software to share data and continues to review its practices to reduce the need to print. The introduction of the Board governance software, DecisionTime, has resulted in the reduction of printing hard copy meeting packs as trustees and other attendees can access all information online.		
Travel		2022-23 baseline
Non-Financial indicators (miles)	Distance by train	To be baselined in 2023-24
	Distance by plane	To be baselined in 2023-24
	Distance by car (miles)	30,554
	Total distance travelled (miles)	30,554
	Fuel consumed by company vehicles (litres)	1,328
Financial indicators (£)	Total cost (£)	15,559
The museum is committed to reducing the number of car miles travelled and promotes rail travel where possible. The museum has introduced conferencing facilities in all of its meeting rooms and continues to encourage hybrid meetings to reduce the level of travel required. As part of its efforts to calculate its carbon emissions, the museum will monitor the level of business travel. Emissions will therefore be reported in the next reporting period. The museum recognises that emissions from travel are a large contributor to climate change and air pollution. Therefore, the museum will consider the use of electric vehicles when the company vehicles are due for renewal and the installation of electric vehicle charging points at its sites where possible.		
Energy Consumption		2022-23 baseline
Energy Consumption (thousand kWh)	Gas	555,947
	Electricity	1,748,429
Financial indicators (£)	Total Energy Cost	£721,721
	Water (m3)	6,091
This is the first year the museum has recorded its energy consumption and electricity and gas consumption will be monitored monthly going forward. The museum sites continue to make changes to reduce their energy consumption and examples include: • Reduction in the number of off peak opening days • Adjustment to museum opening routines • Investment in internal spaces and closing areas that are not used • Installation of energy efficient lighting. LED lights have been installed where possible within the NMRN Estate, including its hire spaces. Further capital projects are under consideration at our sites for 2023-24 and will be reported on in future reports. The Head Office is on a naval base, and the Museum works with the Royal Navy to manage its heating system. During May – September 2023, the Royal Navy replaced the Head Office heating system to a more sustainable system and consumption will be recorded in future reports.		

Risk Management

Our Risk Management Strategy and Policy provides a framework and process that enable the organisation to manage uncertainty in a systematic, consistent and efficient way. It supports informed decision making thereby enabling opportunities to be exploited, or action to be taken to mitigate or manage risk to an acceptable level. Effective management of risk is essential in supporting the National Museum's culture of innovation and autonomy and in establishing a "risk aware" approach. Risk management is integral to the National Museum's corporate planning. We have identified the strategic, operational and project risks to our charitable objects and strategic objectives.

The Audit and Governance Committee oversees the development and implementation of the National Museum's risk management strategy and framework and provides assurance to the Board on its effectiveness. The day-to-day management of risk is exercised through the National Museum's Executive Board, which regularly reviews the National Museum's principal activities and events, with associated risks. The Audit and Governance Committee, subsidiary boards and the Board of Trustees receive reports to each meeting on the principal risks and the steps being taken to manage them effectively, including risks relating to new project proposals. Appropriate mitigating actions are identified to address the inherent risks and to enhance the control environment. All risk registers are accessible in real time by Trustees and the executive. The Trustees are satisfied that the risk management system has operated effectively throughout the reporting period.



Assurance Statement by the Audit and Governance Committee

The Audit and Governance Committee is reasonably confident that:

Based on the above, the Board and Accounting Officer of the National Museum of the Royal Navy believe that the organisation complies with the Corporate Governance in Central Government: Code of Good Practice 2017, to the extent that it is relevant to the company and as far as the Charities Act 2011 and Companies Act 2006 permit.

In our view, the information received was sufficient to enable us to review and confirm the effectiveness of the National Museum of the Royal Navy's system of internal control in accordance with Treasury guidance and recommendations. The system of internal control has been in place in the National Museum of the Royal Navy for the year ended 31 March 2023 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.



Gavin Whitter
Chair of the Audit and Governance Committee
on behalf of the Board of Trustees



Matthew Sheldon
Director General and Accounting Officer

15 December 2023

Statement of Board of Trustees' and Accounting Officer's responsibilities

The Board of Trustees of the National Museum of the Royal Navy is required to prepare financial statements for each financial year in accordance with the Companies Act 2006 and Charities Act 2011, which give a true and fair view of the statement of affairs of the parent and the group and of the net expenditure of the group for that year.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the National Museum of the Royal Navy and of its income and expenditure, Balance Sheet and cash flows for the financial year.

In preparing the accounts, the Trustees and Accounting Officer are required to comply with the requirements of FRS 102 and the Accounting and Reporting by Charities: Statement of Recommended Practice (FRS 102) and in particular to:

- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements;
- select suitable accounting policies and apply them consistently;
- prepare the financial statements on a going concern basis;
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable; and
- 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 National Museum of the Royal Navy's auditors are aware of that information. So far as they are aware, there is no relevant audit information of which the auditors are unaware.

The Principal Accounting Officer has appointed the Director General as Accounting Officer of the National Museum of

the Royal Navy. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the National Museum of the Royal Navy's assets, are set out in Managing Public Money published by the HM Treasury.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent and group and enable them to ensure that the financial statements comply with applicable law and the provision of the National Museum of the Royal Navy's constitution. They are also responsible for safeguarding the assets of the parent and group and hence for taking reasonable steps for the prevention and detection of fraud and other non-compliance with laws and regulations. The Trustees are also responsible for the maintenance and integrity of the corporate and financial information included on the National Museum of the Royal Navy's website.

A handwritten signature in black ink, appearing to read 'Philip Jones', with a horizontal line underneath.

Admiral Sir Philip Jones
Chair on behalf of the Board of Trustees

A handwritten signature in black ink, appearing to read 'Matthew Sheldon'.

Matthew Sheldon
Director General and Accounting Officer

15 December 2023

Remuneration and Staff Report

This report has been prepared in accordance with the Government Financial Reporting Manual, which requires the disclosure of certain information about directors' remuneration, where "directors" is interpreted to mean those persons in senior positions having authority or responsibility for directing or controlling the major activities of the National Museum of the Royal Navy.

Remuneration Policy

The Nomination and Remuneration Committee meets annually to consider the pay award for the Director General and the two Executive Directors. The Director General and the Executive Directors are entitled to a non-consolidated performance related bonus payment, based on performance objectives approved by the Committee annually against the Objectives and Key Priorities in the Corporate Plan and personal contribution towards the achievement of key areas of work.

Staff salaries, including salaries for Directors and Deputy Executive Directors, are set within the "Salary Grading Structure and Pay Progression Scheme" that was introduced from 1 April 2019 and reviewed annually. The Structure provides a single pay scale consisting of 49 pay points across 10 pay grades. An annual "cost of living" review is undertaken in November each year, with any recommendations arising from the review subject to Board and Ministerial approval before implementation. The National Museum adopted the UK Living Wage as its minimum pay point with effect from 1 November 2022. A Pay Progression Scheme enables staff to move up through the pay points within their pay grade as they demonstrate that they meet agreed performance criteria and contribute to the National Museum's performance. Any pay progression awards are effective from 1 November each year.

Jobs are matched, under the National Museum's job grading scheme, to a pay grade according to a range of factors, including: professional knowledge and experience; management of resources (finance, people, physical assets); responsibility for information systems; problem solving and decision making; planning and organising; policy and service development; freedom to act; communication and influence; and, teamwork.

Pension benefits are provided through a defined contribution group pension scheme at the rate of 10% or 6% of salary (see note 1.16) and employees may elect to increase contributions through a salary sacrifice arrangement. The following statements present remuneration before any salary sacrifice is made. None of the directors is a member of the Principal Civil Service Pensions Scheme (PCSPS) and the National Museum did not fund any Civil Service pension contributions for them in 2022-23.

The Director General and the Executive Directors have permanent contracts of employment with 6 months' notice. The Deputy Executive Directors and Directors have permanent contracts of employment with 3 months' notice.

Directors' remuneration

The salary and pension entitlements set out below include gross salary, performance-related bonuses (if applicable), benefits in kind and any other allowances to the extent that they are subject to UK taxation. The emoluments were as follows:

Directors' remuneration table (subject to audit):

Director	2022-23 all figures £k				³ 2021-22 all figures £k			
	Salary	¹ Bonus payments	² Pension benefits	TOTAL	Salary	¹ Bonus payments (restated)	² Pension benefits (restated)	TOTAL
D Tweddle, Director General	125-130	10-15	-	140-145	125-130	-	-	125-130
S Dennis, Executive Director of Resources	90-95	5-10	-	100-105	90-95	-	-	90-95
M Sheldon, Executive Director of Heritage	80-85	5-10	-	90-95	75-80	-	-	75-80
V Turner, Deputy Executive Director of Resources	65-70	n/a	-	65-70	60-65	n/a	-	60-65
Andrew Baines, Deputy Executive Director of Heritage	65-70	n/a	-	65-70	60-65	n/a	-	60-65
H McKenna-Aspell, Director of Fundraising	75-80	n/a	-	75-80	70-75	n/a	-	70-75
B Hubbard, Director of Marketing	60-65	n/a	-	60-65	60-65	n/a	-	60-65

¹Bonus payments have been restated to reflect that bonuses relating to performance in 2020-21 were approved in April 2022 and are therefore now disclosed in the 2022-23 bonus payments in the above table. The bonuses relating to performance in 2021-22 and 2022-23 were approved in April 2023 and thus will be recognised and disclosed in the 2023-24 remuneration report.

² The pension benefits have been restated to reflect that the pension benefits are in relation to defined contribution schemes and are solely disclosable in the pensions benefits table. Employer contributions in 2022-23 are presented in the pensions benefits table below.

³There were no benefits in kind.

Pension benefits table (subject to audit):

Director	Real increase in pension and lump sum at pension age	Accrued pension at pension age at 31 March 2023 and related lump sum	¹ CETV at 31 March 2023	¹ CETV at 31 March 2022	Real increase in ² CETV	Employer contribution to Defined Contribution Group Pension Scheme
	£'000					
D Tweddle, Director General	-	-	-	-	-	13
S Dennis, Executive Director of Resources	-	-	-	-	-	9
M Sheldon, Executive Director of Heritage	-	-	-	-	-	8
V Turner, Deputy Executive Director of Resources	-	-	-	-	-	4

Director	Real increase in pension and lump sum at pension age	Accrued pension at pension age at 31 March 2023 and related lump sum	¹ CETV at 31 March 2023	¹ CETV at 31 March 2022	Real increase in ² CETV	Employer contribution to Defined Contribution Group Pension Scheme
	£'000					
Andrew Baines, Deputy Executive Director of Heritage	-	-	-	-	-	4
H McKenna-Aspell, Director of Fundraising	-	-	-	-	-	4
B Hubbard, Director of Marketing	-	-	-	-	-	4

¹CETV (a Cash Equivalent Transfer Value) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member of a final salary scheme, required where a pension member wishes to switch to a defined contribution scheme, and is therefore not applicable to the National Museum directors.

Fair Pay Disclosures (subject to audit)

The National Museum is required to disclose the relationship between the remuneration of its highest-paid director and the lower quartile, median and upper quartile remuneration of the workforce, as shown below.

Fair pay bandings and ratios table:

	2022-23	2021-22 restated
	£000	
Highest paid executive salary plus bonuses	140-145	¹ 125-130
Lowest paid staff member remuneration	15-20	15-20
	£	
Lower quartile salary	£18,900	£17,550
Lower quartile total remuneration	£18,900	£17,550
Median quartile salary	£19,500	£18,800
Median quartile total remuneration	£19,500	£18,800
Upper quartile salary	£25,300	£26,600
Upper quartile total remuneration	£25,300	£26,600
	² Ratio	
Lower quartile	7.54	7.26
Median quartile	7.31	6.78
Upper quartile	5.63	4.79

¹Prior year bonus payments have been restated to reflect that the bonus relating to performance in 2020-21 was approved in April 2022 and thus is disclosed in the 2022-23 bonus payments in the above table. The ratios have been recalculated accordingly to reflect the change in the mid-point of the highest paid director's banded remuneration.

²Ratio between the highest-paid director's banded mid-point remuneration and the lower quartile, median and upper quartile of the workforce.

Pay awards made in 2022-23 resulted in a higher percentage increase to the lower quartile pay ranges than other quartiles, represented by the movement in the pay ratios in the lower quartile being less than in the median and

upper quartiles. The reduction in upper quartile salary arises from the change in mix of staff as the establishment of the business returned to a steady operating model post-pandemic. In all cases, ratios to the mid-band of the highest paid director's remuneration have increased due to the non-consolidated performance-related bonus payable to the director in 2022-23, where none were payable in 2021-22.

Percentage change in the total salary and bonuses of the highest-paid director and the workforce average:

	Highest-paid director	Workforce average	Highest-paid director	Workforce average
	2022-23		² 2021-22	
	% change		% change	
Salary and allowances	0%	4%	0%	-7%
Bonuses	100%	¹ N/A	0%	¹ N/A

¹Non-consolidated performance-related bonus payments are only payable to the Director General and the Executive Directors. Consolidated performance-related pay progression is payable to the rest of the workforce.

² The prior year bonus payments have been restated to reflect that the bonus relating to performance in 2020-21 was approved in April 2022 and thus is disclosed in the 2022-23 bonus payments in the above table. The bonuses relating to performance in 2021-22 and 2022-23 were approved in April 2023 and thus will be recognised and disclosed in the 2023-24 remuneration report. The percentage changes in respect of the highest paid director have been recalculated accordingly to reflect the changes in their bonus disclosed.

The percentage change in workforce average salary and allowances has increased to reflect the change in distribution of staff wages and a higher median remuneration for the workforce following the pay awards in 2022-23. The highest paid director's salary has remained consistent with the banding in the prior year and percentage change in bonuses reflect that no bonuses were payable in 2021-22 but were payable in 2022-23.

In 2022-23 and in 2021-22, no employees received remuneration in excess of the highest paid director.

Total Staff costs for the National Museum Group totalled £7,543,000 (2021-22: £6,229,000). Further details on employee costs can be found in note 11 to the financial statements.

Equity, Diversity and Inclusion

The National Museum is committed to improving equity, diversity and inclusion (EDI) across the organisation to become an inclusive museum and workplace for our visitors, trustees, workforce, volunteers and wider delivery partners.

The National Museum is a committed member of Inclusive Employers and made a pledge under the Armed Forces Covenant, holding the silver award.

The National Museum does not tolerate any form of discrimination and believes that everyone has the right to live without fear or prejudice regardless of race, age, gender, disability, sexual orientation, social class, religion and belief. Practising equality of opportunities can sometimes mean treating people differently in order to treat them fairly, for example, by being flexible to meet the needs of working parents and carers, or making reasonable adjustments for individuals with disabilities at various stages of the selection process. We provide interview questions in advance to support neurodiversity and our careers page includes accessible tools such as being able to change the colour contrast and the option for audio descriptions.

We support people who acquire a disability during the course of employment through making reasonable adjustments, that may include adjustments to job roles, workloads, workplace, etc., or that may include additional



training and support, as guided by Occupational Health. We also work with the Access to Work Scheme to implement additional training or equipment required to support people with disabilities. We have enhanced our occupational sick pay so that we can offer financial support in these circumstances. We have also increased the number of Mental Health First Aiders available to provide support.

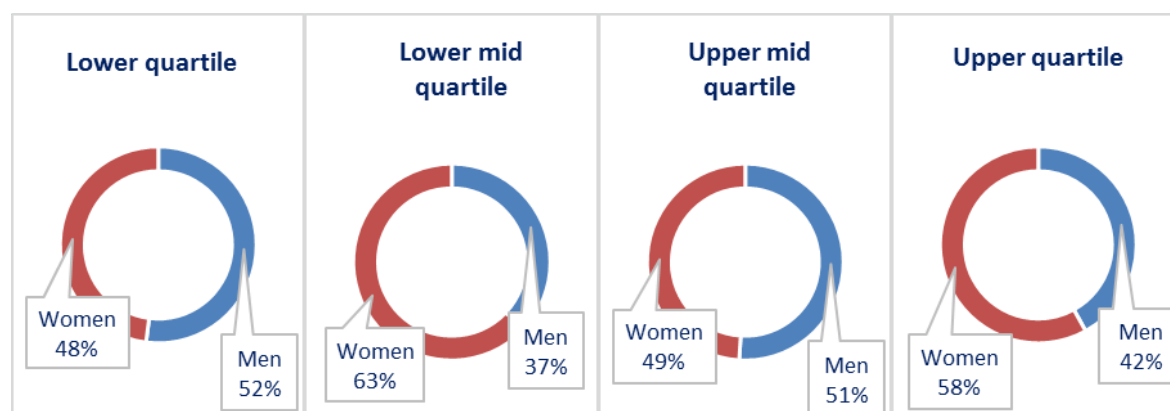
We are accelerating our commitment to inclusion and diversity in our Museum, improving this in the way that we work, the collections we share and the stories we tell by:

- Developing an EDI approach, embedded within our Strategy and Corporate Plan, that is enquiring and open minded, setting the scene and context for our stakeholders, outlining clear key performance indicators (KPIs) and further developing our EDI action plan.
- Embedding this work through our EDI action group and LGBTQ+ network, developing our practices, identifying improvements in how we can deliver our work and support.
- Seeking to diversify our boards, committees, workforce and volunteers, enabling them to become more effective by reflecting different perspectives, experiences and skills.
- Engaging diverse voices to provide broader perspectives on the stories of the Royal Navy.
- Reducing obstacles to participation, access and engagement, through designing our work to be open to everyone, challenging inequality and achieving improved equality outcomes.
- Committing to move forward, to act collectively and individually to effect change and to be held accountable for delivering change.
- Developing and growing staff and volunteer networks to give a voice to diversity within the organisation.
- Creating a strong sense of togetherness, where although people may not share life experiences, they are always respectful of the journeys of others.
- Understanding there is much to do; creating an inclusive organisation is a long term and ongoing commitment so that everyone feels like they belong.

Gender Pay Gap Reporting

Our data is collected on the snapshot date of 5 April 2023, when our workforce consisted of 187 (55%) women and 152 (45%) men.

Gender pay gap reporting requires us to divide our workforce into four equal parts (quartiles) by hourly rate and show the percentage of men and women within each of the quartiles.



The mean gender pay gap is the difference in average hourly rates of pay that men and women receive. This provides an overall indication of the gender pay gap by taking all hourly rates of pay and dividing by the total number of men and women in scope. The median gender pay gap shows the difference in the midpoints of the ranges of hourly rates of pay for men and women by ordering individual rates of pay from lowest to highest and comparing the middle values.

The mean (average) hourly rate paid to men in our workforce was -0.6% lower than the mean (average) hourly rate paid to women in April 2023. The difference in hourly rates of pay, as a median average, was 5.1% lower for women. This represents a decrease in our mean gender pay gap of 6.3% and a 0.6% increase as a median average based on our gender pay gap in 2022. A cohort of men was recruited into the upper-mid quartile during the reporting period in an area of work that continues to be a male-dominated profession (shipwrights) increasing the median average pay for men. It is also important to note the April 2021 and 2020 calculations were lower than they would have ordinarily been due to staff being on furlough (reduced pay) and therefore being excluded from the calculation.

There continued to be a higher percentage of women in the upper pay quartile (58%), however, there was an 11% reduction of women in the upper-mid pay quartile (49%) from the last reporting period (2022: 60%). There was a reduction in the percentage of women in the lower pay quartile (48%) from the last reporting period (2022: 64%), but there continued to be the highest percentage of women in the lower-mid quartile (63%).

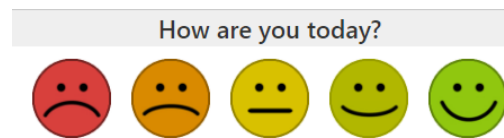
Our mean gender pay gap is now more favourable to women. We are committed to trying to reduce our median gender pay gap where we can. We accommodate flexible and hybrid working arrangements wherever possible, supporting staff if they need to care for others or those who are returning to work after having a child or those who benefit from more flexible patterns of working. Work continues to be undertaken to support career progression and development. We are committed to offering these opportunities to all staff, regardless of gender.

Sickness absence

Periods of sickness absence are recorded in full days. The average number of sick days per employee (excluding long term sickness absences) was 3.9 (2021-22: 3.8 per employee), this is a 1 day increase per employee compared to pre-pandemic sick days lost (2019-20: 2.9), with 38% of absences relating to COVID-19. This paragraph is not subject to audit.

Staff Wellness

The average sentiment score for 2022-23 was 3.54 out of 5 (2021-22: 3.49) which indicated our staff on average have felt between okay and good, our target is for our staff to feel good at work (a score of 4 or more).



Exit packages table - reporting civil service and other compensation schemes (subject to audit)

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	Nil (5)	2 (2)	2(7)
£10,000 - £25,000	Nil (Nil)	Nil (Nil)	Nil (Nil)
Total number of exit packages	Nil (5)	2 (2)	2 (7)
Total resource cost/ £	Nil (13,675)	5,547 (5,692)	5,547 (19,367)

NB Comparative data for prior year is shown in brackets)

All compensation was paid as pay in lieu of notice. There were no compulsory redundancies made in 2022-23.

Other staff costs

Further details relating to the National Museum's other staff costs can be found in note 11 to the financial statements.

Employee Consultation and Involvement

The National Museum actively consults with its staff through the Working Together (Staff Voices) Group, established in February 2021 to improve two-way communication, involving and engaging employees through participation and collaboration, enabling them to contribute to the success of the Museum. The group, representing staff from across the National Museum, also offers senior management the opportunity to consult over business related issues and gain commitment to change. The Working Together Group acts as a communication platform for all staff, enabling them to voice their ideas as well as identifying areas for improvement or development.

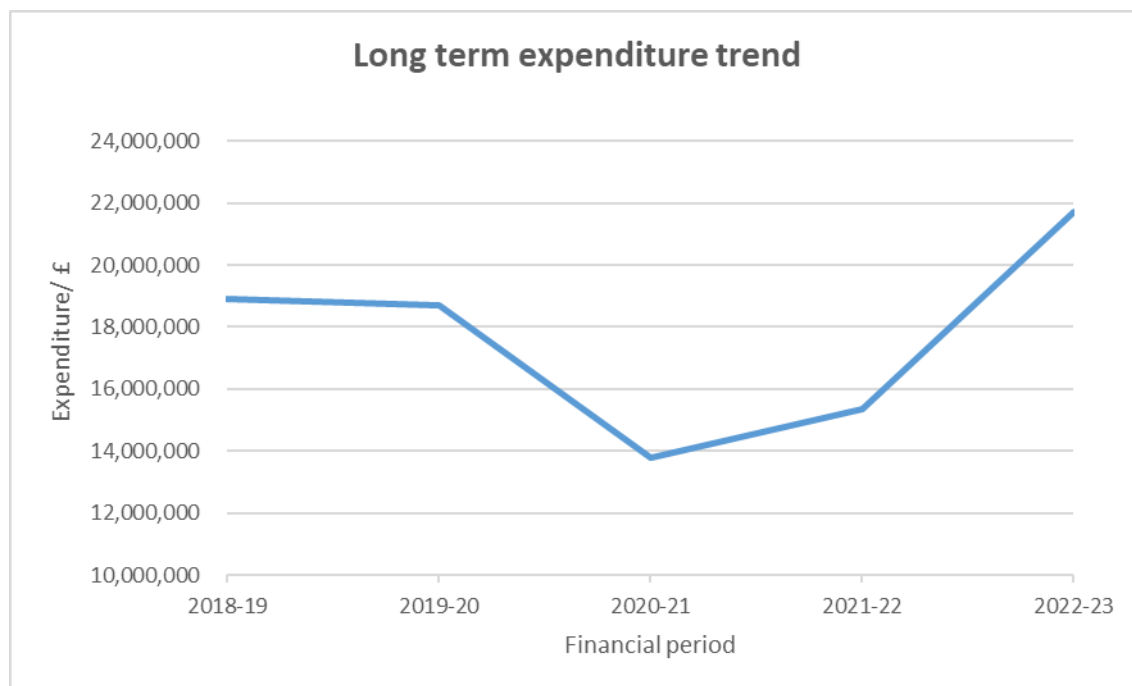
Other forums for staff consultation and involvement include: project-specific consultation and working groups that provide a delivery-focused culture of working and change management; the Tactical Action Group, providing an essential link between the working groups charged with delivering key objectives within the Corporate Plan; the Health and Safety Management Group; regular directorate and team meetings; the National Museum's Workplace intranet which includes weekly updates from the Executive on organisational performance and celebrates the successes of teams and individual; and the performance appraisal and "check in" system.

<i>Trade Union facility time report</i>	2022-23	2021-22
Relevant union officials	Nil	Nil
Percentage of time spent on facility time	Nil	Nil
Percentage of pay bill spent on facility time	0%	0%
Paid trade union activities	Nil	Nil

Parliamentary accountability and audit report

All expenditure is regular and has been applied as intended by donors and the National Museum's sponsor body. There are no contingent liabilities, gifts, fees, charges or losses and special payments which require disclosure in this report. This paragraph is subject to audit.

Expenditure trends over the past five years are shown below.



The National Museum's expenditure was reduced significantly in 2020-21 in response to the COVID-19 pandemic on its visitor numbers, which dropped to just 100 thousand visits, and the consequent impact on self-generated charitable and commercial income. The cost base was rigorously managed through cessation of non-contractual spend, suspension or reduction of contractual services, renegotiation of rents and service charges, the furlough of up to 89% of employees, and the freezing of the majority of capital projects. Expenditure has increased as the National Museum has reopened its sites, with 2022-23 seeing a more standard pattern of operation. The trading environment has, however, remained difficult for the whole heritage sector, with ticket sales and visitor numbers still below pre-COVID levels, at 667 thousand visits.

Grant in Aid received from the sponsor body had remained broadly static in cash terms up to 2019-20 at £3,501,000 and the National Museum's growth had been funded through self-generated income, grants and donations. An uplift in revenue Grant in Aid was awarded from 2020-21 through to 2022-23 to support recovery from the long-term financial impact of the pandemic, enabling the National Museum to build its free reserves from self-generated income to ensure future financial sustainability and its ability to continue to operate as a going concern. Revenue Grant in Aid for 2022-23 was £6,217,000, with a further £800,000 grant received to support a capital project.

Admiral Sir Philip Jones
Chair on behalf of the Board of Trustees

Matthew Sheldon
Director General and Accounting Officer

15 December 2023

The Certificate and Report of the Comptroller and Auditor General to the Members of the National Museum of the Royal Navy and the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the National Museum of the Royal Navy and its group for the year ended 31 March 2023 under the Government Resources and Accounts Act 2000.

The financial statements comprise the National Museum of the Royal Navy and its group's:

- Consolidated and Company Balance Sheet as at 31 March 2023;
- Consolidated Statement of Financial Activities for the year then ended;
- Consolidated and Company Cash Flow Statement for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In my opinion the financial statements:

- give a true and fair view of the state of the National Museum of the Royal Navy and its group's affairs as at 31 March 2023 and its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been properly prepared in accordance with the Charities Act 2011.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the National Museum of the Royal Navy and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the National Museum of the Royal Navy and its group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the National Museum of the Royal Navy and its group'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.

My responsibilities and the responsibilities of the Board of Trustees and the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

Other Information

The other information comprises information included in the Trustees' Annual Report but does not include the financial statements or my auditor's certificate and report. The Trustees and the Accounting Officer are responsible for the other information.

My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

- the Performance Report including the Strategic Report and the Accountability Report including the Directors' Report been prepared in accordance with applicable legal requirements; and
- the information given in the Performance Report including the Strategic Report and the Accountability Report including the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the National Museum of the Royal Navy and its group and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report including the Strategic Report or the Accountability Report including the Directors' Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit.

Responsibilities of the Trustees and Accounting Officer for the financial statements

As explained more fully in the Statement of the Board of Trustees' and Accounting Officer's Responsibilities, the Trustees and the Accounting Officer are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to pensions within the National Museum of the Royal Navy and its group from whom the auditor determines it necessary to obtain audit evidence;
- preparing Group and Company financial statements, which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006 and the Charities Act 2011;
- ensuring such internal controls are in place as Trustees and the Accounting Officer determine are necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing the Annual Report in accordance with the Companies Act 2006 and Charities Act 2011; and
- assessing the National Museum of the Royal Navy and its group'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 directors either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with applicable law and the Government Resources and Accounts Act 2000.

My 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 a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the National Museum of the Royal Navy and its group's accounting policies.
- inquired of management, the National Museum of the Royal Navy and its group's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the National Museum of the Royal Navy and its group's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the National Museum of the Royal Navy and its group's controls relating to its compliance with the National Heritage Act 1983, the Companies Act 2006, the Charities Act 2011 and Managing Public Money.
- inquired of management, the National Museum of the Royal Navy and its group's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations; and
 - they had knowledge of any actual, suspected, or alleged fraud.
- discussed with the engagement team including significant component audit teams and the relevant internal specialists, including taxation, pensions and property valuation regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the National Museum of the Royal Navy and its group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the National Museum of the Royal Navy and its group's framework of authority as well as other legal and regulatory frameworks in which the National Museum of the Royal Navy and its group operate. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the National Museum of the Royal Navy and its group. The key laws and regulations I considered in this context included the National Heritage Act 1983, the Companies Act 2006, the Charities Act 2011, Managing Public Money, employment law, pensions legislation and tax legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Governance Committee and legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- in addressing the risk of fraud in revenue recognition and assessing the recognition of income in line with the accounting framework.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I 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 I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

18 December 2023

The National Museum of the Royal Navy
(A company limited by guarantee)
Company number: 06699696

Consolidated Statement of financial activities (incorporating the income and expenditure account)
for the year ended 31 March 2023

		Unrestricted	Restricted	Linked	Endowment	2023	Unrestricted	Restricted	Linked	Endowment	2022
		funds	funds	Charities	funds	Total	funds	funds	Charities	funds	Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income from:											
Donations and legacies											
Grant in Aid (revenue)	2	6,217	-	-	-	6,217	5,476	-	-	-	5,476
Grant in Aid (capital)	2	-	133	-	-	133	130	-	-	-	130
Donations	2	347	14,038	105	-	14,490	461	689	5	12,500	13,655
Legacies	3	12	5	-	-	17	22	6	-	-	28
Charitable activities											
Admissions	4	5,542	-	-	-	5,542	5,307	-	-	-	5,307
Other trading activities											
Trading subsidiary	5	2,251	-	-	-	2,251	1,640	-	-	-	1,640
Investments	6	450	-	-	235	685	297	-	-	259	556
Other		298	-	-	-	298	297	-	-	-	297
Total income		15,117	14,176	105	235	29,633	13,630	695	5	12,759	27,089
Expenditure on:											
Raising funds											
Fundraising and publicity	7	1,319	-	-	-	1,319	1,018	-	-	-	1,018
Investment management costs		-	-	-	194	194	-	-	-	204	204
Trading subsidiary	5	1,776	-	-	-	1,776	1,626	-	-	-	1,626
Charitable activities	8	11,667	4,084	-	-	15,751	10,248	2,265	-	-	12,513
Total expenditure		14,762	4,084	-	194	19,040	12,892	2,265	-	204	15,361

The notes on pages 52 to 79 form an integral part of these financial statements.

The National Museum of the Royal Navy

(A company limited by guarantee)

Company number: 06699696

**Consolidated Statement of financial activities (incorporating the income and expenditure account)
for the year ended 31 March 2023**

		Unrestricted funds £'000	Restricted funds £'000	Linked Charities £'000	Endowment funds £'000	2023 Total £'000	Unrestricted funds £'000	Restricted funds £'000	Linked Charities £'000	Endowment funds £'000	2022 Total £'000
Net gains/(losses) on investments		(60)	-	-	(1,690)	(1,750)	-	-	-	2,595	2,595
Net income/(expenditure)		<u>295</u>	<u>10,092</u>	<u>105</u>	<u>(1,649)</u>	<u>8,843</u>	<u>738</u>	<u>(1,570)</u>	<u>5</u>	<u>15,150</u>	<u>14,323</u>
Transfer between funds		4,681	(6,122)	1,128	313	-	(934)	(378)	1,312	-	-
Other recognised gains/(losses):											
(Losses)/gains on revaluations of fixed assets	15	1,349	2,158	-	-	3,507	(489)	2,138	-	-	1,649
Actuarial (losses)/gains on defined benefit pension schemes	12	485	-	-	-	485	(210)	-	-	-	(210)
Net movement in funds		<u>6,810</u>	<u>6,128</u>	<u>1,233</u>	<u>(1,336)</u>	<u>12,835</u>	<u>(895)</u>	<u>190</u>	<u>1,317</u>	<u>15,150</u>	<u>15,762</u>
Reconciliation of funds:											
Total funds brought forward	23/24	19,578	123,362	5,354	56,002	204,296	20,473	123,172	4,037	40,852	188,534
Total funds carried forward		<u><u>26,388</u></u>	<u><u>129,490</u></u>	<u><u>6,587</u></u>	<u><u>54,666</u></u>	<u><u>217,131</u></u>	<u><u>19,578</u></u>	<u><u>123,362</u></u>	<u><u>5,354</u></u>	<u><u>56,002</u></u>	<u><u>204,296</u></u>

The notes on pages 52 to 79 form an integral part of these financial statements.

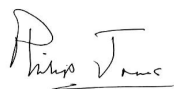
Consolidated and Company Balance Sheets as at 31 March 2023

			<i>Restated*</i>		<i>Restated*</i>
		Group	Group	Company	Company
		2023	2022	2023	2022
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	15	45,710	35,831	-	-
Heritage assets	16	107,271	106,038	6,563	5,330
Investments	17	41,805	42,587	-	-
		<u>194,786</u>	<u>184,456</u>	<u>6,563</u>	<u>5,330</u>
Current assets					
Stocks	18	663	539	-	-
Debtors	19	2,934	4,727	421	36
Cash at bank and in hand		21,166	16,982	3,520	2,113
		<u>24,763</u>	<u>22,248</u>	<u>3,941</u>	<u>2,149</u>
Current liabilities					
Creditors falling due within one year	21	(2,784)	(3,266)	(2,493)	(821)
		<u>21,979</u>	<u>18,982</u>	<u>1,448</u>	<u>1,328</u>
Net current assets					
Debtors falling due after one year	20	950	1,948	-	-
		<u>217,715</u>	<u>205,386</u>	<u>8,011</u>	<u>6,658</u>
Total assets less current liabilities					
Creditors falling due after more than one year	22	(741)	(817)	(643)	(719)
		<u>216,974</u>	<u>204,569</u>	<u>7,368</u>	<u>5,939</u>
Net assets excluding pension asset/(liability)					
Defined benefit pension scheme asset/(liability)	12	157	(273)	-	-
		<u>217,131</u>	<u>204,296</u>	<u>7,368</u>	<u>5,939</u>
Net assets including pension fund asset/(liability)					
		<u>217,131</u>	<u>204,296</u>	<u>7,368</u>	<u>5,939</u>
Funds					
Unrestricted funds		23,753	18,469	(640)	(715)
Designated funds		518	341	1	-
Revaluation reserve		2,117	768	-	1
		<u>26,388</u>	<u>19,578</u>	<u>(639)</u>	<u>(714)</u>
Total unrestricted funds					
Restricted funds		80,212	76,242	1,420	1,299
Revaluation reserve		49,278	47,120	-	-
Linked charities	23/24	6,587	5,354	6,587	5,354
		<u>136,077</u>	<u>128,716</u>	<u>8,007</u>	<u>6,653</u>
Total restricted funds	24				
Total endowment funds	24	54,666	56,002	-	-
		<u>217,131</u>	<u>204,296</u>	<u>7,368</u>	<u>5,939</u>
Total funds	24				

* Details of the restatement are disclosed in Note 31

The National Museum of the Royal Navy is exempt from an audit under Part 16 of the Companies Act 2006 under section 482 (non-profit-making companies subject to public sector audit) of the Companies Act 2006, but subject to audit under the Government Resources and Accounts Act 2000.

The financial statements were approved and authorised for issue by the board and signed on its behalf by



Admiral Sir Philip Jones
Chair of the Board of Trustees
15 December 2023



Matthew Sheldon
Director General and Accounting Officer

The notes on pages 52 to 79 form an integral part of these financial statements.

Notes to the financial statements
for the year ended 31 March 2023

Consolidated and Company Cash flow statement
for the year ended 31 March 2023

			<i>Restated</i> *	<i>Restated</i> *
		Group	Group	Company
		2023	2022	2023
		£'000	£'000	£'000
Notes				
Cash flows from operating activities:				
Net cash provided by operating activities		14,508	12,263	2,615
Cash flows from investing activities:				
Dividends and interest from investments	6	685	556	-
Purchase of property, plant and equipment	15	(9,827)	(2,460)	(1,128)
Sale of property, plant and equipment		-	-	-
Purchase of investments	17	(1,102)	(259)	-
Net cash used in investing activities		<u>(10,244)</u>	<u>(2,163)</u>	<u>(1,128)</u>
Cash flows from financing activities:				
Cash receipts from new borrowing	34	-	800	-
Repayment of borrowing	22/34	(80)	-	(80)
Net cash provided by / (used in) financing activities		<u>(80)</u>	<u>800</u>	<u>(80)</u>
Change in cash and cash equivalents in the reporting period	33	4,184	10,900	1,407
Cash and cash equivalents at 1 April 2022		16,982	6,082	2,113
	33	<u>21,166</u>	<u>16,982</u>	<u>3,520</u>
Total cash and cash equivalents at 31 March 2023		<u><u>21,166</u></u>	<u><u>16,982</u></u>	<u><u>3,520</u></u>
Reconciliation of net income to net cash flow from operating activities:				
Net income for the year		8,843	14,323	1,429
Depreciation	15	2,152	1,025	-
Loss on disposal of fixed assets	15	115	261	-
Loss/(Gain) on investments	5.1	1,750	(2,595)	-
Adjustment for non-cash fees from gains/losses	17	194	197	-
Dividends and interest from investments	6	(685)	(556)	-
Donated fixed assets	16	(105)	(49)	(105)
(Increase)/Decrease in stocks	18	(124)	134	-
Decrease/(increase) in debtors	19/20	2,791	139	(385)
(Decrease)/increase in creditors	21	(482)	(680)	1,672
Increase/(decrease) in long term liabilities	22	4	1	4
(Decrease)/Increase in provisions for defined benefit pension scheme	12	55	63	-
Net cash provided by operating activities		<u>14,508</u>	<u>12,263</u>	<u>2,615</u>

* Details of the restatement are disclosed in Note 31

Notes to the financial statements
for the year ended 31 March 2023

1. Accounting policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and the preceding year.

1.1. Charity information

The National Museum of the Royal Navy ("the National Museum") is a private company limited by guarantee and incorporated in England and Wales. The registered office is the National Museum of the Royal Navy, HM Naval Base PP66, Portsmouth, Hampshire, PO1 3NH. The members of the company are the Trustees named on page 2. Every member of the company undertakes to contribute such an amount as may be required not exceeding £1 to the assets of the company in the event of its being wound up while they are a member, or within one year after they cease to be a member.

The National Museum meets the definition of a public benefit entity under section 34 of FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value, unless otherwise stated in the relevant accounting policy.

The principal objectives of the charity are detailed in the Trustees report.

1.2. Basis of preparation of the financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, and the Companies Act 2006.

The National Museum has made an accounting policy decision to apply relevant requirements of HM Treasury's Financial Reporting Manual (FReM) when preparing the financial statements, to the extent this is consistent with the Companies Act and the SORP. This application of the FReM extends to the financial statements only, except for the inclusion of the following specific FReM-derived disclosures within the Annual Report: governance statement, remuneration report and parliamentary and accountability report.

The results of the company include the results of the two linked charities of the National Museum: Royal Naval Museum and HMS M33 Trust.

The financial statements are presented in sterling which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

Consolidated financial statements have been prepared in respect of the charitable company, and its wholly owned subsidiaries: NMRN Operations; Royal Navy Submarine Museum; Royal Marines Museum; Fleet Air Arm Museum; NMRN Hartlepool; HMS Trincomalee Trust; Warrior Preservation Trust; HMS Victory Preservation Company; and HMS Caroline Preservation Company. The Consolidated Statement of Financial Activities and the Consolidated Balance Sheet include the results and assets of each charity on a line by line basis. The individual results of the company can be found in the detailed statements of financial activities (Note 33).

The results of Portsmouth Historic Dockyard Operations Ltd, a joint venture company owned equally by NMRN Operations and the Mary Rose Trust, are included in these group accounts by virtue of the line-by-line consolidation of the NMRN Operations group. Individual disclosures on the performance of the joint venture are not made on the grounds that the income, expenditure, and net assets of Portsmouth Historic Dockyard Operations Ltd are not material to the group.

The registered office of all subsidiaries and the joint venture company is that of the National Museum (see note 1.1).

1.3. Going concern

In addition to the revenue it generates, the company receives Grant in Aid funding from the Ministry of Defence under a Financial Framework Agreement in respect of its operation of the group's museums. Additional Grant in Aid funding was awarded to the National Museum by the Royal Navy in response to the ongoing impact of the Covid-19 pandemic, based on projected budgets reflecting a range of possible operating scenarios. This additional funding has supported the National Museums cashflows until 31 March 2023. It is anticipated that the National Museum's self-generated income streams and visitor markets will continue to recover from the impacts of COVID-19 and the economic recession, and its markets are expected to fully recover before 2024-25. Additional Grant in Aid has been provided to 31 March 2024 and the National Museum will continue to engage with Navy Command to renegotiate a financial framework that supports the core operating costs that we incur in delivering activities in the public interest.

Based on the assurances provided to the National Museum by its sponsor, the Royal Navy, that Grant in Aid funding will continue to be made available, and the work of the Executive on 2024-25 budgets, the Trustees and Directors are content that the going concern basis continues to apply. As such, the financial statements have been prepared on a going concern basis.

1.4. Fund accounting

Unrestricted funds are donations and other incoming resources received or generated for general purposes.

Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of overheads and support costs.

Notes to the financial statements
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Endowment funds are funds which the donor has stated are to be held as capital and expendable over the long term. It is the intention that the capital value of the donation will be maintained in real terms. However, if it becomes necessary, no more than 5% of the capital will be spent at any one time.

1.5. Incoming resources

All incoming resources are included in the statement of financial activities when the company is legally entitled to the income, any performance conditions attached to the items of income have been met, the amount can be quantified with reasonable accuracy, and it is probable that the income will be received. The following specific policies are applied to particular categories of income:

Voluntary income is received by way of grants, donations and gifts and is included in full in the statement of financial activities when receivable. Grants where entitlement is not conditional on the delivery of a specific performance by the company, are recognised when the company becomes unconditionally entitled to the grant. Gifts in kind are included in the accounts at their current market value where this is readily identifiable. Where current market value is unavailable then gifts in kind are included in the accounts on the basis of internal valuations estimated by relevant staff and determined by their experience and judgement, unless this is not possible without incurring a cost disproportionate to the benefit of the information reported to the readers of the accounts. Where gifts in kind are services, these are measured at the price that would ordinarily be paid for that service, which is not always equivalent to market value.

Grant in Aid funding is received from the Ministry of Defence (MoD) as a contribution towards the operating costs of the National Museum Group. The majority of the Grant in Aid is received by the National Museum and then distributed to NMRN Operations and other charitable subsidiaries on the basis of need, with the remainder, which is specifically a contribution towards wage costs, paid direct to staff by the Defence Business Services (DBS) on behalf of the National Museum.

Income from investments is included in the year in which it is receivable.

Legacies are included when the company is advised by the personal representative of an estate that payment will be made, or property transferred, and the amount involved can be quantified.

Deferred income primarily relates to income received in advance for future events.

1.6. Grants receivable

Revenue grants are credited to incoming resources on the earlier of the date of when they are received or when they are receivable, unless they relate to a specified future period, in which case they are deferred.

Grants for the purchase of restricted fixed assets are credited to restricted incoming resources when receivable. Depreciation on the fixed assets purchased with such grants is charged against the restricted fund.

1.7. Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered and is reported as part of the expenditure to which it relates.

Costs of generating funds comprise costs incurred in encouraging people and organisations to contribute financially to the work of the National Museum and to promote each of the individual museums as a heritage and visitor attraction.

Charitable expenditure includes expenditure associated with Operations, Collections & Research, and Learning and includes costs directly attributable to each activity. Costs not directly attributable to one activity, including the proportion of support costs relating to charitable expenditure, have been allocated on a reasonable basis of resources used.

Governance and support costs include those costs incurred in the governance of the company and its assets, and central functions, and have been allocated to cost categories on a basis consistent with the use of resources or the floor space occupied, as applicable.

1.8. Tangible fixed assets

Timber

In March 2012, along with the gift of HMS Victory, the HMS Victory Preservation Trust received approximately 527m³ of teak, plus some smaller quantities of iroko and Brazilian mahogany, that had originally been procured by MoD for use in the conservation and maintenance of the Ship and that had been valued by Timbmet.

In 2016, 93 tonnes (~39m³) of unseasoned oak and elm were donated by four Scottish Estates for potential use towards the conservation of the Ship. The logs were surveyed over winter 2016-17 and sawn into rough-hewn planks. The timber is being stored and has been seasoned by a timber specialist (W L West) with the seasoning period completing in July 2021. The timber now needs to be converted into boards appropriate for use on the Ship. The conversion process will result in wastage and the final quantity of boards will be significantly less than the unseasoned donation.

In 2022, 370 hoppus feet (~13m³) of unseasoned oak was donated by Portsmouth Water. This is presently at W L West's yard awaiting conversion and seasoning. It is anticipated that the seasoning will take 4-5 years to complete (not before 2026). Also in 2022, 3000 hoppus feet (~108m³) of unseasoned oak was donated by HS2. This timber is being stored at a yard in the Midlands awaiting conversion and seasoning. Again, it is anticipated that the seasoning will take 4-5 years to complete (not before 2026).

Notes to the financial statements
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The seasoned timber, that may be held as logs, bulks, knees or boards, and that will probably be used in the conservation of this Ship is capitalised at the deemed cost provided at the time the asset was received. The useful economic life of the timber is considered to be >100 years and accordingly no depreciation will be recognised. An annual review for impairment is carried out in accordance with the Charities SORP, with any impairment recognised in the Statement of Financial Activities.

The unseasoned or green timber held and that requires further processing (logging, rough sawing and seasoning) before its suitability for use in the conservation project may be approved, is considered to have a modest market value, and the costs of obtaining a reliable valuation would not be commensurate with its value or with the benefit obtained by including the additional value on the balance sheet.

Other Tangible fixed assets

Tangible fixed assets with a cost or value greater than £2,500 and a useful life exceeding one year are capitalised at historic cost and revalued annually using Ministry of Defence Modified Historic Cost Accounting (MHCA) indices.

Land and buildings held by the Fleet Air Arm Museum and NMRN Operations are stated at a valuation of depreciated replacement cost and depreciated over the lease term. These charities obtain a professional valuation at least every five years and indices are used to reflect the change in value in the intervening years.

Depreciation has been provided at rates calculated to spread the cost of each asset over its expected useful life as follows:

Improvements to property	over the lease term
Short leasehold property	over the lease term
Exhibitions	10 years
Fixtures and fittings	3 - 25 years
Computer and office equipment	3 - 10 years
Plant and machinery	3 - 30 years

1.9. Heritage assets held by the group

The heritage assets are held in trusts and have been included in the consolidated financial statements as set out below.

Background

Each trust holds artefacts comprising its collection. The main and reserve collections (other than assets acquired since 1 April 2000 - see below) have not been included in the financial statements due to their historic and inalienable nature and, due to the specific and individual nature of the artefacts held, it is not believed to be possible to obtain a reliable value of the collection without incurring a cost disproportionate to the benefit of the information reported to the readers of the accounts.

Assets acquired prior to 1 April 2000 have not been capitalised and included in the accounts but with effect from 1 April 2000, additions to the collection with a cost in excess of £2,500, have been capitalised. These assets are carried at cost, or deemed cost, and not depreciated due to infinite useful economic lives. An annual review for impairment is carried out in accordance with the Charities SORP, with any impairment recognised in the Statement of Financial Activities. The exception to this is the Fleet Air Arm Museum where aircraft acquired prior to 1 April 2000 have also been capitalised. Note that this treatment is inconsistent with the accounts of the Fleet Air Arm Museum where the assets acquired prior to 1 April 2000 are excluded from the balance sheet.

Heritage assets donated to the trusts with a value in excess of £2,500 are included in the accounts on the basis of internal valuations estimated by the relevant curatorial staff and determined by their experience and judgement. Where this information is not available and cannot be obtained at a cost commensurate with the benefits to users of the financial statements, the assets will not be recognised in the Balance Sheet and the disclosure required by the Charities SORP will be made.

Heritage assets: policies for maintenance, management, acquisition and disposal

In October 2015, a single set of Collections Management policies was created for the NMRN Group. This was updated and approved by the Board in January 2023. These policies set out a common approach for the maintenance and management of collections at different museum sites and will be subject to regular review as directed by the Collections, Research, Learning and Access Committee (CRLA).

Acquisitions to the museums are now guided by a single Collections Development Policy (December 2022) that sets out how the accessioned collection can be developed and expanded and the principles for rationalisation and disposal. There are two principal methods of acquisition:

- Acquisition by donation, bequest or transfer
- Acquisition by purchase through private sale or public auction

The Collections and Research Department has delegated authority from the Board to assess, approve or decline new acquisitions; however, there may be instances where the Collections, Research, Access and Learning Committee may be included in the decision making in relation to a 'major' acquisition such as:

- in the case of a high-value (over £120,000) item, or
- where acquisition may make a material impact on revenue budgets, or
- where there may be controversy in the acquisition of an item.

Notes to the financial statements
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Subject to the approval of the Trustees, the Museum may dispose of items from the collection, undertaken in accordance with rationalisation and disposal procedures, although this will only happen in exceptional circumstances, for example:

- When items fall outside the Museum's Collecting Policy or Charitable Objectives
- When an item contains a serious hazard which cannot be remediated
- When an item is one of a significant number of duplicates
- When an item is in exceptionally poor condition which cannot be reversed and it cannot be repurposed to alternate use.

Significant Historic Ships

Accounting policy for initial recognition of the Heritage Asset

The methodology of valuation of significant historic ships by the National Museum group is total rebuild basis, discounted for the ship's current state of repair.

The values are calculated by the staff of the National Museum. Where the current build cost or market value of a similar ship is known and can be relied upon, this is used as the basis for establishing the value of the ship. Where this information is unavailable, the original build cost of each ship is grossed up to a modern-day value using a provider of historic economic data. This value is then discounted to take account of the ship's current state of repair, using the estimated costs to bring the ship to the final condition (being in most cases something close to 'as new'). For ships which are gifted to the National Museum, the discounted value becomes the 'deemed cost' of the ship.

Accounting policy for recognition of subsequent expenditure on significant ships

The National Museum's operating company, NMRN Operations, is responsible for the restoration, preservation, and maintenance of the ship under the terms of the operator agreement. Expenditure incurred by the operating company is recognised in that entity on an accruals basis as a liability is incurred. Capital expenditure on plant and machinery not integral to the fabric of the ship is capitalised on the balance sheet of the operating company.

HMS Victory

During the restoration project the ship will be subject to a formal revaluation at least every five years, with the next scheduled for 2027. The progress of the project will be reviewed annually with any material change being reflected by an interim valuation.

1.10. Operating Leases

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against incoming resources on a straight line basis over the life of the lease.

1.11. Investment properties

Investment properties are measured at fair value at each reporting date with changes in fair value recognised in 'net gains/(losses) on investments' in the Statement of Financial Activities.

1.12. Investments

Investments held as fixed assets are revalued at mid-market value at the balance sheet date and the gain or loss taken to the statement of financial activities.

Attitude to Risk

The Company relies on the investment return to fund its objective. The key risk to the long-term achievement of its objective is inflation, and the assets are invested accordingly. The Trustees understand that this will mean that investments are likely to be predominantly invested in equities, where dividends can be expected to grow, and that capital value will fluctuate. The Company's attitude to risk is therefore described as progressive.

1.13. Taxation

The activities of the company fall within the exemptions afforded by the provisions of the Corporation Tax Act 2010. Accordingly, there is no tax charge in these accounts.

All taxable activities fall within the operating subsidiary, NMRN Operations and its trading subsidiary, National Museum of the Royal Navy Trading, which are VAT registered. The activities of NMRN Operations also fall within the exemptions afforded by the provisions of the Corporation Tax Act 2010. The company's trading subsidiary is subject to corporation tax.

The tax expense represents the current tax expense. Current tax is charged or credited to the SOFA and is based on taxable profits for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods.

Current tax assets are recognised when tax paid exceeds the tax payable. Current tax assets and current tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

1.14. Stock

Stocks are usually stated at the lower of cost and estimated selling price less costs to complete and sell, after making due allowance for obsolescence and slow moving items.

Notes to the financial statements
for the year ended 31 March 2023

1.15. Basic financial Instruments

The company's financial assets and liabilities consist of cash and cash equivalents, short term investments, trade & other debtors, trade & other creditors and accrued expenses. The fair value of these items approximates their carrying value due to their short term value. Unless otherwise noted, the company is not exposed to significant interest, foreign exchange or credit risks arising from these instruments.

1.16. Judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Trustees are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following judgements (apart from those involving estimates) have been made that have had the most significant effect on amounts recognised in the financial statements:

The useful lives of tangible fixed assets

When a depreciable asset is purchased the Museum makes an assessment of the estimated useful life of that asset, based on experience and other assets already owned by the Museum.

The valuation of donated tangible fixed assets and heritage assets

When an asset is donated to the Group Trustees make an overall assessment of whether a value can be attributed to that item. Such a valuation will then be subject to the judgement of the curatorial staff based on their experience and any recent commercial sales.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

Valuation of Historic Ships

The valuations of historic ships held by the group have been based on an estimate of the original build cost, uplifted to the current value at the time of donation or acquisition, and discounted for elements of the original build that have not been replaced and to reflect the current state of repair (Note 16). This assumes that the same materials and methods of construction would be utilised with the same cost profile as the original, and, on the same basis, adjusted proportionately for those parts of the vessel that would not be replaced (for example, guns and engines).

Valuation of Heritage Assets (not Historic Ships)

The valuations of heritage assets donated to the group after 1 April 2000 with a value in excess of £2,500 are based on internal estimates of market value by the relevant curatorial staff and determined by their experience and judgement. Where this information is not available and cannot be obtained at a cost commensurate with the benefits to users of the financial statements, the assets will not be recognised in the Balance Sheet.

Valuation of Land and Buildings

The valuations of land and buildings are based on professional market valuations at least every five years and indices are used to reflect the change in value in the intervening years.

Valuation of HMS Victory Preservation Company timber

The valuation of the seasoned timber received in 2012 has been carried out by a professional valuer based on the assumption that the open market value could be achieved in the event of a sale.

The valuation of the seasoned timber received in 2016 has been carried out by a professional valuer and uses the estimated replacement cost as the deemed cost based on their estimation of the useable quantities and grades of the seasoned timber.

1.17. Pensions

The majority of staff of the National Museum and NMRN Operations are covered by the provisions of a defined contributions group pension plan, the assets of which are held in an independently administered fund and which provides benefits based on the value of the fund. A small number of staff, who have transferred into the National Museum under the Transfer of Undertakings (Protection of Employment) Regulations, have retained membership of their former employers' pensions schemes which provide benefits based on final pensionable pay, and include the Principal Civil Service Pension Scheme and the Local Government Pension Scheme.

Notes to the financial statements
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Group Pension Plan

The National Museum operates a Group Pension Plan with employer's contributions being payable at either 6% or 10%. Under this plan a "salary exchange" scheme exists whereby employees may elect to give up the right to receive part of their salary remuneration in return for an additional employer's contribution into the Group Pension Plan of the same amount. The pension cost charged to the Statement of Financial Activities represents the contributions paid.

Principal Civil Service Pension Scheme (PCSPS)

The PCSPS is an unfunded multi-employer defined benefit scheme but the National Museum of the Royal Navy is unable to identify its share of the underlying assets and liabilities. This scheme has therefore been accounted for as if it were a defined contribution scheme in accordance with Charity SORP (FRS102).

Local Government Pension Scheme (LGPS)

The LGPS is a multi-employer defined benefit scheme.

The National Museum of the Royal Navy is an admitted member of the Hampshire Pension Fund and the Teesside Pension Fund and is able to identify its share of the underlying assets and liabilities. The schemes have therefore been accounted for as defined benefit schemes in accordance with Charity SORP (FRS102).

1.18. Termination benefits

The group recognises a liability for termination benefits at the point where the group is committed to making the payments in return for employee redundancy.

2. Voluntary income (Company and Group)

	Unrestricted funds: £'000	Restricted funds: £'000	Linked charities '000	2023 Total £'000	Unrestricted funds: £'000	Restricted funds: £'000	Linked charities £'000	Endowment funds: £'000	2022 Total £'000
Grant (operating)	6,217	-	-	6,217	5,476	-	-	-	5,476
Grant (capital)	-	133	-	133	130	-	-	-	130
Total Grant in Aid	<u>6,217</u>	<u>133</u>	<u>-</u>	<u>6,350</u>	<u>5,606</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,606</u>
Other donations and grants									
Ministry of Defence	-	800	-	800	-	-	-	-	-
Miscellaneous donations and grants	4	1,073	105	1,182	31	431	5	-	467
	<u>4</u>	<u>1,873</u>	<u>105</u>	<u>1,982</u>	<u>31</u>	<u>431</u>	<u>5</u>	<u>-</u>	<u>467</u>
Gifts in kind:									
From NMRN Operations	-	-	-	-	-	-	187	-	187
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187</u>	<u>-</u>	<u>187</u>
Received by company	<u>4</u>	<u>1,873</u>	<u>105</u>	<u>1,982</u>	<u>31</u>	<u>431</u>	<u>192</u>	<u>-</u>	<u>654</u>
Received by:									
NMRN Operations	338	12,393	-	12,731	382	261	-	-	643
HMS Caroline Preservation Co	-	-	-	-	-	-	-	12,500	12,500
Royal Navy Submarine Museum	1	-	-	1	-	-	-	-	-
Royal Marines Museum	-	-	-	-	1	-	-	-	1
HMS Victory Preservation Co	3	-	-	3	46	-	-	-	46
HMS Trincomalee Trust	-	-	-	-	-	1	-	-	1
Warrior Preservation Trust	1	-	-	1	1	-	-	-	1
Consolidation adjustments (1):									
NMRN Operations	-	(57)	-	(57)	-	(4)	(187)	-	(191)
Royal Marines Museum	-	(171)	-	(171)	-	-	-	-	-
	<u>343</u>	<u>12,165</u>	<u>-</u>	<u>12,508</u>	<u>430</u>	<u>258</u>	<u>(187)</u>	<u>12,500</u>	<u>13,001</u>
Received by group	<u>347</u>	<u>14,038</u>	<u>105</u>	<u>14,490</u>	<u>461</u>	<u>689</u>	<u>5</u>	<u>12,500</u>	<u>13,655</u>

- 1) Grants for purchase of exhibits, and Heritage assets transferred to the Royal Naval Museum from NMRN Operations, eliminated on consolidation

Notes to the financial statements
for the year ended 31 March 2023

3. Legacies (Group)

	Unrestricted Funds £'000	Restricted Funds £'000	2023 Total £'000	Unrestricted funds £'000	Restricted Funds £'000	2022 Total £'000
Received by:						
NMRN Operations	-	5	5	22	6	28
Fleet Air Arm Museum	10	-	10	-	-	-
Royal Marines Museum	1	-	1	-	-	-
Warrior Preservation Trust	1	-	1	-	-	-
	<u>12</u>	<u>5</u>	<u>17</u>	<u>22</u>	<u>6</u>	<u>28</u>

There are no equivalent balances for the company.

4. Admissions (Group)

	Unrestricted funds £'000	2023 Total £'000	Unrestricted funds £'000	2022 Total £'000
Museum admissions				
Portsmouth Historic Dockyard	4,394	4,394	4,092	4,092
Fleet Air Arm Museum	809	809	735	735
Hartlepool	280	280	236	236
HMS Caroline	6	6	-	-
	<u>5,489</u>	<u>5,489</u>	<u>5,063</u>	<u>5,063</u>
Other site income				
Charges for services	53	53	244	244
	<u>5,542</u>	<u>5,542</u>	<u>5,307</u>	<u>5,307</u>

There are no equivalent balances for the company.

Portsmouth Historic Dockyard includes: HMS Victory; HMS Warrior; Royal Naval Museum; HMS M33; Royal Navy Submarine Museum; and Explosion!

Admissions income includes amounts reclaimed from HM Revenue and Customs under the Gift Aid Scheme.

5. Income and expenses from trading activities of subsidiaries

The National Museum has control of NMRN Operations (NMRNO), NMRN Hartlepool (NMRNH), the HMS Victory Preservation Company (HMSVPC), the HMS Caroline Preservation Company (HMSPCC), the HMS Trincomalee Trust (HMSTT), the Warrior Preservation Trust (WPT), the Royal Navy Submarine Museum Trust (RNSM), the Royal Marines Museum Trust (RMM), and the Fleet Air Arm Museum Trust (FAAM). NMRN Operations also has a non-charitable trading subsidiary. Dormant subsidiaries awaiting strike off are not included below (these have £Nil balances).

Note: the results for FAAM Trust and WPT include consolidation adjustments in respect of differences in the accounting policies of the individual entities and the NMRN group for assets acquired before 1 April 2000. The adjustments of £2,222,000 and £250,000 respectively, increase the consolidated balances of heritage assets and reserve balances.

Notes to the financial statements
for the year ended 31 March 2023

5.1 Statement of financial activities (subsidiaries)

	NMRNO £'000	NMRNH £'000	HMSVPC £'000	HMSCPC £'000	HMSTT £'000	WPT £'000	RMM £'000	RNSM £'000	FAAM £'000	2023 £'000	2022 £'000
Income from:											
Donations and legacies	20,279	6	3	-	42	2	1	1	10	20,344	19,074
Charitable activities	5,542	-	-	-	-	-	-	-	-	5,542	5,307
Trading subsidiary	2,251	-	-	-	-	-	-	-	-	2,251	1,640
Investments	1	-	680	2	2	-	-	-	-	685	556
Other	268	-	-	-	-	-	-	-	30	298	296
Total income	28,341	6	683	2	44	2	1	1	40	29,120	26,873
Expenditure on:											
Raising funds	1,319	-	-	-	-	-	-	-	-	1,319	1,018
Investment management	-	-	194	-	-	-	-	-	-	194	204
Trading subsidiary	1,776	-	-	-	-	-	-	-	-	1,776	1,626
Charitable activities	14,856	6	124	555	35	21	176	5	889	16,667	13,037
Total expenditure	17,951	6	318	555	35	21	176	5	889	19,956	15,885
Net (loss)/gain on investments	(60)	-	(1,690)	-	-	-	-	-	-	(1,750)	2,595
Net income/(expenditure)	10,330	-	(1,325)	(553)	9	(19)	(175)	(4)	(849)	7,414	13,583
Revaluation of fixed assets	3,048	-	16	-	-	-	-	-	443	3,507	1,649
Actuarial gains/(losses) on defined benefit pension	485	-	-	-	-	-	-	-	-	485	(210)
Net movement in funds	13,863	-	(1,309)	(553)	9	(19)	(175)	(4)	(406)	11,406	15,022
Reconciliation of funds											
Total funds brought forward	25,123	-	68,806	25,060	21,385	26,362	2,811	18,929	9,881	198,357	183,335
Total funds carried forward	38,986	-	67,497	24,507	21,394	26,343	2,636	18,925	9,475	209,763	198,357

5.2 Balance Sheet (Subsidiaries)

	NMRNO £'000	NMRNH £'000	HMSVPC £'000	HMSCPC £'000	HMSTT £'000	WPT £'000	RMM £'000	RNSM £'000	FAAM £'000	2023 £'000	2022 £'000
Fixed assets											
Tangible fixed assets	32,983	-	6,831	-	-	-	-	-	5,896	45,710	35,831
Heritage assets	-	-	19,375	12,560	21,008	25,290	735	18,651	3,089	100,708	100,708
Investments	-	-	41,805	-	-	-	-	-	-	41,805	42,587
	32,983	-	68,011	12,560	21,008	25,290	735	18,651	8,985	188,223	179,126
Current assets	8,167	9	459	12,499	72	1,060	1,411	279	503	24,459	22,032
Current liabilities	(2,321)	(9)	(973)	(552)	(38)	(7)	(10)	(5)	(13)	(3,928)	(4,378)
Net current assets	5,846	-	(514)	11,947	34	1,053	1,401	274	490	20,531	17,654
Debtors > one year	-	-	-	-	450	-	500	-	-	950	1,948
Total assets less current liabilities	38,829	-	67,497	24,507	21,492	26,343	2,636	18,925	9,475	209,704	198,728
Long term liabilities	-	-	-	-	(98)	-	-	-	-	(98)	(98)
Net assets excluding pension asset/(liability)	38,829	-	67,497	24,507	21,394	26,343	2,636	18,925	9,475	209,606	198,630
Defined benefit pension asset/(liability)	157	-	-	-	-	-	-	-	-	157	(273)
Total funds	38,986	-	67,497	24,507	21,394	26,343	2,636	18,925	9,475	209,763	198,357

Notes to the financial statements
for the year ended 31 March 2023

5.3 National Museum of the Royal Navy Trading

National Museum of the Royal Navy Trading (NMRNT) is a company limited by guarantee, incorporated in England & Wales. NMRNT operates a number of retail outlets and cafes within the Museums and the corporate events. At the discretion of its directors, the company distributes its net profit to NMRN Operations (the parent). A summary of the company's trading results is shown below:

	2023	2022
	£'000	£'000
Turnover	2,131	1,621
Cost of sales	(745)	(707)
Gross Profit	1,386	914
Administration expenses	(1,048)	(865)
Other income	120	19
Net profit / (loss)	458	68
Tax on ordinary activities	17	(55)
Profit / (loss) for the financial year	475	13
Amount gifted to NMRN Operations	(526)	-
	(51)	13
Retained profit brought forward	344	331
Retained profit carried forward	293	344

6. Investment income (Group)

	Unrestricted funds	Endowment funds	2023 Total	Unrestricted funds	Endowment funds	2022 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Interest income	1	26	27	-	7	7
Dividend income	449	209	658	297	252	549
	450	235	685	297	259	556

There are no equivalent balances for the company.

7. Fundraising costs (Group)

	Unrestricted funds	2023 Total	Unrestricted funds	2022 Total
	£'000	£'000	£'000	£'000
Staff costs	890	890	703	703
Fundraising and publicity	429	429	315	315
	1,319	1,319	1,018	1,018

There are no equivalent balances for the company, with all fundraising activities undertaken elsewhere within the Group.

8. Costs of charitable activities - by fund type (Company)

	Unrestricted funds	Restricted funds	2023 Total	Unrestricted funds	Restricted funds	2022 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Operations	422	-	422	380	4	384
Collections & research	84	14	98	73	-	73
Learning	56	-	56	62	-	62
Grant funding	5,527	800	6,327	4,998	-	4,998
	6,089	814	6,903	5,513	4	5,517

Notes to the financial statements
for the year ended 31 March 2023

Costs of charitable activities - by fund type (Group)

	Unrestricted funds £'000	Restricted funds £'000	2023 Total £'000	Unrestricted funds £'000	Restricted funds £'000	2022 Total £'000
Operations	8,645	3,679	12,324	7,092	2,132	9,224
Collections & research	2,025	298	2,323	2,144	72	2,216
Learning	979	107	1,086	978	61	1,039
Grant funding	18	-	18	34	-	34
	<u>11,667</u>	<u>4,084</u>	<u>15,751</u>	<u>10,248</u>	<u>2,265</u>	<u>12,513</u>

9. Costs of activities in furtherance of the objects of the charity (Company)

	Operations £'000	Collections & research £'000	Learning £'000	Grant funding £'000	2023 Total £'000	2022 Total £'000
Staff costs	297	59	40	-	396	391
Curatorial	-	14	-	-	14	-
Governance and support costs	125	25	16	-	166	128
	<u>422</u>	<u>98</u>	<u>56</u>	<u>-</u>	<u>576</u>	<u>519</u>
Grant funding:						
NMRN Operations	-	-	-	6,262	6,262	3,975
HMS Trincomalee Trust	-	-	-	41	41	-
Pride of Bristol Trust (charity 1041341)	-	-	-	15	15	34
Other grant funding	-	-	-	9	9	3
	<u>422</u>	<u>98</u>	<u>56</u>	<u>6,327</u>	<u>6,903</u>	<u>4,531</u>

Costs of activities in furtherance of the objects of the charity (Group)

	Operations £'000	Collections & research £'000	Learning £'000	Grant funding £'000	2023 Total £'000	2022 Total £'000
Staff costs	3,983	778	549	-	5,310	4,835
Operating costs	705	-	-	-	705	775
Marketing	673	-	-	-	673	306
Curatorial	-	439	-	-	439	939
Exhibition	-	67	-	-	67	31
Depreciation	1,365	520	182	-	2,067	863
Loss on disposal of fixed assets	18	3	2	-	23	240
Governance and support costs	2,629	516	353	-	3,498	2,861
	<u>9,373</u>	<u>2,323</u>	<u>1,086</u>	<u>-</u>	<u>12,782</u>	<u>10,850</u>
Grant funding:						
Pride of Bristol Trust (charity 1041341)	-	-	-	15	15	34
Royal Marines Historical Society (charity 274285)	-	-	-	3	3	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>18</u>	<u>18</u>	<u>34</u>
Project costs:						
HMS Victory	2,389	-	-	-	2,389	1,333
HMS Invincible	39	-	-	-	39	77
NMRN Hartlepool	250	-	-	-	250	102
Fleet Air Arm Museum	26	-	-	-	26	5
Landing Craft (Tank) - LCT7074	49	-	-	-	49	59
Royal Marines Museum relocation	37	-	-	-	37	(39)
Other project costs	161	-	-	-	161	92
	<u>2,951</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,951</u>	<u>1,629</u>
	<u>12,324</u>	<u>2,323</u>	<u>1,086</u>	<u>18</u>	<u>15,751</u>	<u>12,513</u>

Notes to the financial statements
for the year ended 31 March 2023

10. Analysis of governance and support costs (Company)

	Operations £'000	Collections & research £'000	Learning £'000	2023 Total £'000	2022 Total £'000
Governance costs					
Accountancy & payroll	11	2	2	15	16
Auditor remuneration - NAO	48	10	6	64	67
Legal and professional	29	6	4	39	15
Support costs					
Travelling expenses	7	1	1	9	12
Bank charges & interest	8	2	1	11	6
Sundry expenses	22	4	2	28	12
	<u>125</u>	<u>25</u>	<u>16</u>	<u>166</u>	<u>128</u>

Analysis of governance and support costs (Group)

	Operations £'000	Collections & research £'000	Learning £'000	2023 Total £'000	2022 Total £'000
Governance costs					
Accountancy & payroll	53	11	6	70	66
Auditor remuneration	63	22	6	91	88
Auditor remuneration - NAO	48	10	6	64	67
Legal and professional	184	31	21	236	312
Support costs					
Repairs and maintenance	477	95	64	636	685
Insurance	345	69	46	460	249
Premises expenses	1,102	210	157	1,469	1,074
Travelling expenses	128	25	17	170	69
Communication and IT	52	10	7	69	67
Printing, postage and stationery	18	3	2	23	36
Bank charges & interest	72	14	10	96	105
Depreciation	10	-	-	10	9
Sundry expenses	77	16	11	104	34
	<u>2,629</u>	<u>516</u>	<u>353</u>	<u>3,498</u>	<u>2,861</u>

11. Employees

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Employment costs				
Wages and salaries	6,433	5,326	270	288
Social security costs	543	402	36	31
Defined contribution pension costs	495	419	88	70
Defined benefit pension costs	62	71	-	-
Employee benefits	10	11	-	-
	<u>7,543</u>	<u>6,229</u>	<u>394</u>	<u>389</u>

Higher paid employees

The number of employees who earned more than £60,000 during the year was as follows:

	Group 2023	Group 2022	Company 2023	Company 2022
£60,001 to £70,000	3	2	-	-
£70,001 to £80,000	1	1	-	-
£80,001 to £90,000	1	1	1	1
£90,001 to £100,000	1	1	1	1
£120,001 to £130,000	1	1	1	1

Notes to the financial statements
for the year ended 31 March 2023

Number of employees

The average monthly numbers of employees during the year, was as follows:

	Group 2023	Group 2022	Company 2023	Company 2022
Charitable expenditure	353	294	-	-
Cost of generating funds	4	4	-	-
Governance costs	6	6	3	3
	363	304	3	3

The above includes workers engaged under Casual Worker Agreements. The average full-time equivalent number of staff for the year was 199 (2022: 175).

Staff costs for the charity for the year include an accrual of £4,000 (2022: £6,000), and for the group include £75,000 (2022: £89,000), for short-term compensated absences arising from employee entitlement to annual leave.

During the financial year Nil redundancies (2022:7) were identified within the group and contractual/redundancy costs of £Nil were paid (2022: £19,000). No further amounts were accrued at 31 March 2023 (2022: £Nil).

Key management personnel

Employee benefits received by key management personnel total £308,000 for the year to 31 March 2023 (31 March 2022: £303,000).

The total received by the group from the Coronavirus Job Retention Scheme in the period was £Nil (31 March 2022: £122,000).

11.1. Trustees' emoluments

No trustees received remuneration during the year (2022: Nil). Five trustees from the National Museum of the Royal Navy were reimbursed for travel expenses totalling £3,000 (2022: Six trustees - £2,000).

12. Pensions

The National Museum contributes to a Group Pension Plan. It is also a participating employer in the multi-employer plans: the Principal Civil Service Pension Scheme and the Local Government Pension Scheme (including Hampshire Pension Fund and Teesside Pension Fund).

The National Museum cannot be held liable to the plan for other entities' obligations under the terms and conditions of the multi-employer plans.

Principal Civil Service Pension Scheme (PCSPS)

The PCSPS is an unfunded multi-employer defined benefit scheme but the National Museum is unable to identify its share of the underlying assets and liabilities. A full actuarial quadrennial valuation was carried out at 31 March 2016. Details can be found in the resource accounts of the Cabinet Office; Civil Superannuation: (www.civilservicepensionscheme.org.uk/about-us/scheme-valuations/)

For 2022-23, employer contributions were payable to the PCSPS by NMRN Operations at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands. The scheme actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2022-23 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Local Government Pension Scheme (LGPS)

The LGPS is a multi-employer defined benefit scheme.

Hampshire Pension Fund

The National Museum is an admitted member of the Hampshire Pension Fund. This fund has over 191,000 members. The actuaries of the fund are AON Hewitt. In the year ended 31 March 2023, two staff of NMRN Operations participated in the scheme. The disclosures below relate to the funded liabilities within the Hampshire Pension Fund (the 'Fund') which is part of the LGPS. The funded nature of the LGPS requires the National Museum and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Assumptions

The latest actuarial valuation was carried out at 31 March 2022. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the roll-forward approach. The principal assumptions used by the actuary in updating the latest valuation of the Fund for FRS 102 purposes were:

Notes to the financial statements
for the year ended 31 March 2023

Period ended	31 March 2023	31 March 2022
	% p.a.	% p.a.
Pension Increase Rate (CPI)	2.60%	2.80%
Salary Increase Rate	3.60%	3.80%
Discount Rate	4.50%	2.70%
Asset allocation		
Period ended	31 March 2023	31 March 2022
Equities	57.6%	56.9%
Property	6.8%	6.9%
Government bonds	16.5%	17.2%
Multi asset credit	0.0%	9.0%
Cash	1.1%	0.9%
Other	18.0%	9.1%
Reconciliation of funded status to the Balance Sheet	31 March 2023	31 March 2022
	£(000)	£(000)
Fair value of assets	423	444
Present value of funded liabilities	350	520
Pension liability recognised on the balance sheet	73	(76)
Amounts recognised in the Statement of Financial Activities	31 March 2023	31 March 2022
	£(000)	£(000)
Operating cost:		
Current service cost	33	34
Financing cost:		
Interest on net defined benefit liability	2	3
Pension expense recognised in the Statement of Financial Activities	35	37
	31 March 2023	31 March 2022
	£(000)	£(000)
Asset gains/(losses) arising during the period	(38)	20
Liability gains/(losses) arising during the period	222	80
Gains/(losses) recognised in the Statement of Financial Activities	184	100
Changes made to the present value of the defined benefit obligation during the accounting period	31 March 2023	31 March 2022
	£(000)	£(000)
Opening defined benefit obligation	520	550
Current service cost	33	34
Interest expense on defined benefit obligation	14	12
Contributions by participants	5	4
Actuarial (gains)/losses on liabilities	(222)	(80)
Net benefits paid out	-	-
Closing defined benefit obligation	350	520
Changes to the fair value of assets during the accounting period	31 March 2023	31 March 2022
	£(000)	£(000)
Opening fair value of assets	444	411
Interest income on assets	12	9
Remeasurement gains/(losses) on assets	(38)	20
Contributions by the employer	-	-
Contributions by participants	5	4
Net benefits paid out	-	-
Closing fair value of assets	423	444
Actual return on assets	31 March 2023	31 March 2022
	£(000)	£(000)
Interest income of assets	12	9
Gain/(loss) on assets	(38)	20
Total amount recognised in the Statement of Financial Activities	(26)	29

Teesside Pension Fund

The National Museum is an admitted member of the Teesside Pension Fund. This fund has over 71,500 members. The actuaries of the fund are AON Hewitt. In the year ended 31 March 2023, six staff of NMRN Operations participated in the scheme. The disclosures below relate to the funded liabilities within the Teesside Pension Fund (the 'Fund') which is part of the LGPS. The

Notes to the financial statements
for the year ended 31 March 2023

funded nature of the LGPS requires the National Museum and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Assumptions

The latest actuarial valuation was carried out at 31 March 2022. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the roll-forward approach. The principal assumptions used by the actuary in updating the latest valuation of the Fund for FRS 102 purposes were:

Period ended	31 March 2023	31 March 2022
	% p.a.	% p.a.
Pension Increase Rate (CPI)	3.00%	3.20%
Salary Increase Rate	4.00%	4.20%
Discount Rate	4.75%	2.70%
Asset allocation		
Period ended	31 March 2023	31 March 2022
Equities	70%	68%
Bonds	0%	0%
Property	23%	16%
Cash	7%	16%
Reconciliation of funded status to the Balance Sheet	31 March 2023	31 March 2022
	£(000)	£(000)
Fair value of assets	618	759
Present value of funded liabilities	534	956
Pension liability recognised on the balance sheet	84	(197)
Amounts recognised in the Statement of Financial Activities	31 March 2023	31 March 2022
	£(000)	£(000)
Operating cost:		
Current service cost	23	27
Financing cost:		
Interest on net defined benefit liability	5	7
Pension expense recognised in the Statement of Financial Activities	28	34
	31 March 2023	31 March 2022
	£(000)	£(000)
Asset gains/(losses) arising during the period	(169)	71
Liability gains/(losses) arising during the period	470	74
Gains/(losses) recognised in the Statement of Financial Activities	301	145
Changes made to the present value of the defined benefit obligation during the accounting period	31 March 2023	31 March 2022
	£(000)	£(000)
Opening defined benefit obligation	956	988
Current service cost	23	27
Interest expense on defined benefit obligation	26	20
Contributions by participants	3	3
Actuarial (gains)/losses on liabilities	(470)	(74)
Net benefits paid out	(4)	(8)
Closing defined benefit obligation	534	956
Changes to the fair value of assets during the accounting period	31 March 2023	31 March 2022
	£(000)	£(000)
Opening fair value of assets	759	672
Interest income on assets	21	13
Remeasurement gains/(losses) on assets	(169)	71
Contributions by the employer	8	8
Contributions by participants	3	3
Net benefits paid out	(4)	(8)
Closing fair value of assets	618	759
Actual return on assets	31 March 2023	31 March 2022
	£(000)	£(000)
Interest income of assets	21	13
Gain/(loss) on assets	(169)	71
Total amount recognised in the Statement of Financial Activities	(148)	84

Notes to the financial statements
for the year ended 31 March 2023

Group Pension Plan

The National Museum operates a Group Pension Plan with employer's contributions being payable at 6% or 10%. Under this plan, a "salary exchange" scheme exists whereby employees may elect to give up the right to receive part of their salary remuneration in return for an additional employer's contribution into the Group Pension Plan of the same amount.

The cost relating to each scheme is set out below. There were no outstanding or prepaid contributions at the balance sheet date:

Pension Schemes (Company)

	2023	2022
	£'000	£'000
Defined contribution schemes		
Group scheme	88	70
	<u>88</u>	<u>70</u>

Pension Schemes (Group)

	2023	2022
	£'000	£'000
Defined contribution schemes		
Group scheme	478	404
PCSPS	17	15
Defined benefit schemes		
LGPS - Hampshire Pension Fund	35	37
LGPS - Teesside Pension Fund	27	34
	<u>557</u>	<u>490</u>

13. Net outgoing resources for the year

	2023	2022
	£'000	£'000
Group net outgoing resources is stated after charging:		
Operating lease payments	547,739	462,881
Depreciation and other amounts written off tangible fixed assets	2,267	1,286
Auditors' remuneration - National Audit Office	64	67
Auditors' remuneration - Subsidiary Auditors	92	88
	<u>557</u>	<u>490</u>

The National Audit Office fee for the year ended 31 March 2023 is £65,600 (2022: £61,000). 2023 includes an adjustment of £2,000 relating to 2021-22. There is no remuneration for non-audit work.

14. Taxation

The activities of the company and the individual charities fall within the exemptions afforded by the provisions of the Corporation Tax Act 2010. Accordingly, there is no taxation charge in these accounts. NMRN Operations wholly owned, non-charitable subsidiary, trading company is subject to Corporation Tax.

15. Tangible fixed assets (Company)

	Heritage assets	Total
	£'000	£'000
Cost or valuation		
At 1 April 2022	5,330	5,330
Additions	1,278	1,278
At 31 March 2023	<u>6,608</u>	<u>6,608</u>
Depreciation		
At 1 April 2022 and 31 March 2023	-	-
Net book values		
At 31 March 2023	<u>6,608</u>	<u>6,608</u>
At 31 March 2022	<u>5,330</u>	<u>5,330</u>

Notes to the financial statements
for the year ended 31 March 2023

Tangible fixed assets (Group)

	Assets under construction	Investment property	Freehold	Short leasehold	Office equipment	Plant & machinery	Fixtures & fittings	Exhibitions	Timber	Heritage assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation											
At 1 April 2022	189	-	11,786	8,959	2,868	8,885	7,670	2,570	6,692	106,038	155,657
Additions	-	650	2,820	-	95	3,288	852	994	-	1,233	9,932
Transfers	(189)	-	32	-	-	-	-	157	-	-	-
Disposals	-	-	-	-	(3)	(56)	(495)	(349)	-	-	(903)
Revaluation	-	(60)	982	971	41	1,382	900	376	-	-	4,592
At 31 March 2023	-	590	15,620	9,930	3,001	13,499	8,927	3,748	6,692	107,271	169,278
Depreciation											
At 1 April 2022	-	-	1,611	1,308	2,697	1,413	5,791	968	-	-	13,788
Charge for the year	-	-	421	234	108	769	265	355	-	-	2,152
Disposals	-	-	-	-	(3)	(41)	(482)	(262)	-	-	(788)
On revaluation	-	-	-	353	24	123	586	59	-	-	1,145
At 31 March 2023	-	-	2,032	1,895	2,826	2,264	6,160	1,120	-	-	16,297
Net book values											
At 31 March 2023	-	590	13,588	8,035	175	11,235	2,767	2,628	6,692	107,271	152,981
At 31 March 2022	189	-	10,175	7,651	171	7,472	1,879	1,602	6,692	106,038	141,869

Land and buildings at the Fleet Air Arm Museum and the Royal Navy Submarine Museum, owned by the Fleet Air Arm Museum and NMRN Operations, were revalued at 6 May 2022 by Avison Young, in accordance with the stated policy. The revaluations were conducted by qualified surveyors on a depreciated replacement cost basis and in accordance with the RICS Valuation Professional Standards. The carrying value of the property if recognised under the historical cost model cannot be easily identified.

16. The Collections

The collections are held by each trust individually and consist of artefacts - physical, written and oral - reflecting the history of the Royal Navy and its people throughout the area of its worldwide operations. In addition to covering the Royal Navy as a whole, the particular branches of the service (Surface Fleet, Submarines, Royal Marines and Fleet Air Arm) are also well represented.

Royal Naval Museum

In 2011-12 the title to, and beneficial ownership of, the collection relating to HMS *Caroline* passed to the Royal Naval Museum. This collection consists of around 400 items including pictures, photographs, flags and other items. Information regarding cost or value of this collection is not readily available and the charity considers that the cost of obtaining such valuation for the collection of assets held is significant and is not commensurate with the benefit obtained by including the additional capitalised value in the financial statements.

On 28 March 2013 the title to, and beneficial ownership of, the collection belonging to the Explosion! Museum, Gosport, passed to the Royal Naval Museum. This extensive collection includes small arms, cannon and guns, shells and munitions, mines, torpedoes, modern missiles, and an atom bomb. The Trustees consider that the cost of obtaining a valuation for these collection assets is significant and is not commensurate with the benefit obtained by including the additional capitalised value in the financial statements. The collection has therefore been included within heritage asset additions at the purchase price of £145,000.

On 7 November 2014, Landing Craft (Tank) Mk III, LCT 7074 was gifted to the National Museum by the Mersey Docks and Harbour Company Limited. Information regarding the cost or value of the conservation required to bring the ship to an 'as new' condition was not readily available, therefore no value was applied to the gift at this stage. This significant Second World War item was accessioned to the collection of the Royal Naval Museum.

On 31 March 2017, a gift for charitable purposes was made to the Royal Naval Museum of 777 items from the Ministry of Defence Art Collection, including paintings, objects d'art, ship figureheads, engravings and furniture. Given the diverse nature of the collection and the uniqueness of some items, comparables are not readily available to the National Museum for valuation purposes. The collection is dispersed across Ministry of Defence buildings throughout the United Kingdom and abroad and will remain in situ for the foreseeable future. As such, there are considerable practical difficulties associated with accessing such a large volume of items to determine their quality, authenticity, condition and value. The supporting information made available to

Notes to the financial statements
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the National Museum by the Ministry of Defence is limited in terms of making a realistic valuation and would take significant work to generate e.g. condition reports, imagery, etc. The Trustees consider that the costs of obtaining a reliable valuation for this collection would be significant and is not commensurate with the benefit obtained by including the additional capitalised value in the accounts. Additionally, given the circumstances described, any attempt to value the collection would be considerably arbitrary, to the extent that such a valuation would be potentially misleading to a user of the financial statements.

On 13 March 2020, the National Museum received a gift of 12 figureheads from the Ministry of Defence. This was the first tranche of a gift for charitable purposes of The Devonport Collection. The charity considers that the cost of obtaining a valuation for this gift is significant, as such items rarely come on the market, and is not commensurate with the benefit obtained by including the capitalised value in the financial statements.

Five-year summary of heritage asset transactions

	2023	2022	2021	2020	2019
	£'000	£'000	£'000	£'000	£'000
Additions					
Purchases					
Royal Naval Museum	1,128	1,312	648	83	114
Donations					
Royal Naval Museum	105	5	-	-	4
Total additions	1,233	1,317	648	83	118

Significant historic ships

Ship	Donor	Date of gift	Original build cost uplifted for value on completion £'000	Estimated repair cost at time of gifting £'000	Value of gift £'000	Value at 1 April 2022 £'000	Increase in year £'000	Value at 31 March 2023 £'000
HMS <i>Alliance</i>	Ministry of Defence	1979	£18,480	N/A	N/A	£18,480	-	£18,480
HMS <i>Caroline</i>	Ministry of Defence	2013	£12,560	£5,004	£7,556	£12,560	-	£12,560
HMS <i>M33</i>	Hampshire County	2014	£1,775	£683	£1,092	£1,775	-	£1,775
HMS <i>Trincomalee</i>	Purchased for £1	N/A	£21,000	N/A	N/A	£21,000	-	£21,000
HMS <i>Victory</i>	Ministry of Defence	2012	£50,000	£30,625	£19,375	£19,375	-	£19,375
HMS <i>Warrior 1860</i>	Purchased for £1	N/A	£25,040	N/A	N/A	£25,040	-	£25,040

The Royal Navy Submarine Museum Trust – HMS *Alliance*

The submarine, HMS *Alliance*, was constructed in Barrow-in-Furness in 1947. She is a Royal Navy A Class submarine and is the only surviving example of the class. The ship was transferred to the Royal Navy Submarine Museum in 1979 where she has been on display since the transfer. HMS *Alliance* is valued at £18,480,000 to reflect its estimated rebuild cost. The valuation was carried out in 2015.

The original build cost of the submarine is estimated to be £304,495 based on the cost of a similar T Class submarine - HMS *Triumph* - built in 1936. Uplifted for current value (2015), this cost was equivalent to £18,480,000. HMS *Alliance* was completely refurbished and reopened to the public in April 2014. The renovation work carried out was an extensive project costing around £7,000,000 to complete, and included repairing damage to the hull, in addition to completely restoring the interior of the submarine. As a result of these works it was not felt that any deductions to the original cost for disrepair was necessary.

HMS *Caroline* Preservation Trust – HMS *Caroline*

The ship, HMS *Caroline*, was constructed at the Cammell Laird shipyard in Birkenhead in 1914. She was one of eight C-Class light cruisers and is the last remaining British WW1 light cruiser still afloat and the sole survivor of the Battle of Jutland. The ship was gifted to the Trust on 18 November 2013 by the Ministry of Defence. HMS *Caroline* was initially recognised in the accounts at a value of £7,556,000, calculated on a total build basis discounted to take account of the ship's state of repair at the time of gifting.

In 1914, the original build cost of HMS *Caroline* was £300,000. Uplifted for current value (2013), this cost was the equivalent of £25,120,000. The ship would be brought to sound and original condition, as far as possible, in the course of the refurbishment programme. However substantial elements of the original ship including the boilers, and armaments, would not be replaced. It was therefore the view of the project management team that 50% of the original value was a reasonable measure of the heritage asset value of the ship on completion of these works, the discounted value being £12,560,000.

Based on the above, the ship was initially recognised in the accounts at a value of £7,556,000, reflecting the value on completion of £12,560,000, discounted back for the expenditure anticipated to be required to achieve that outcome. The value was then increased in the year to 31 March 2016 by £1,079,000, and in the year to 31 March 2017 by £3,925,000, to the final valuation of

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£12,560,000 on completion of the scheduled programme of works.

HMS M33 Trust – HMS M33

Monitor HMS M33 was built by Harland and Wolff, Belfast, in 1915. She is one of only three surviving Royal Navy warships of the First World War and the only surviving ship from the Gallipoli Campaign. The ship was gifted to the Trust on 19 May 2014 by Hampshire County Council. HMS M33 was initially recognised in the accounts at a value of £1,092,000, calculated on a total build basis discounted to take account of the ship's current state of repair.

In 1915, the original build cost of HMS M33 was £40,000. Uplifted for current value (2014), this cost was the equivalent of £2,863,000. The ship has been brought to sound and original condition, as far as possible, in the course of the conservation programme. However substantial elements of the original ship, notably the boilers and engines, were removed in the past and will not be replaced. It is therefore the view of the project management team that 62% of the original value is a reasonable measure of the heritage asset value of the ship on completion of these works, the discounted value being £1,775,000.

HMS Trincomalee Trust – HMS Trincomalee

The ship, HMS Trincomalee, is the oldest surviving Royal Navy Frigate and the oldest warship still afloat in the UK. She was acquired by the Trust for a nominal £1. HMS Trincomalee has been included at a valuation designed to reflect the estimated rebuild costs of the ship.

The value of HMS Trincomalee, on the basis of a full renewal cost of rebuild, discounted to take account of the ship's current state of repair, has been calculated at £21,000,000. The calculation is based on the comparable cost of the Frigate Hermione project, completed in 2012. This cost was pro-rated for the relative displacement tonnages. L'Hermione's displacement tonnage was 1,166 tonnes and the rebuild cost was £16,700,000 in 2012. HMS Trincomalee's displacement tonnage is 1,447 tonnes (per 'Great Sailing Ships of the World' by Otmar Schauffelen) therefore the rebuild cost is approximately £21,000,000.

HMS Victory Preservation Trust – HMS Victory

The ship, HMS Victory, was floated out of the Old Single Dock in Chatham's Royal Dockyard in 1765. In 1805 she achieved lasting fame as the flagship of Vice-Admiral Nelson in Britain's greatest naval victory, the defeat of the French and Spanish at the Battle of Trafalgar. She is the oldest commissioned warship in the world and remains a commissioned warship of the Royal Navy and the Flag Ship of the First Sea Lord. The ship was gifted to the Trust on 29 March 2012 by the Ministry of Defence.

HMS Victory has been included in the accounts at a value of £19,375,000 calculated on a total rebuild basis discounted to take account of the ship's current state of repair. This value was calculated by staff of the National Museum by reference to the costs incurred by the Association Hermione-La Fayette in their construction of the replica frigate, Hermione, on a pro-rata basis on respective tonnage displacement of the two ships.

The value of HMS Victory, on the basis of full renewal cost of rebuild, has been calculated as £50,000,000. The calculation is based on the comparable cost of the frigate 'Hermione' project, completed in 2012. This cost was pro-rated for the relative displacement tonnages. L'Hermione's displacement tonnage was 1,166 tonnes and the rebuild cost was £16,700,000 in 2012. HMS Victory's displacement tonnage is 3,500 tonnes therefore the rebuild cost is approximately £50,000,000.

HMS Victory today is far from 'new build' condition and during the next 10-20 years, it is projected that a sum in the region of £30,625,000 (at current costs) will be expended in bringing the Ship to (something close to) new condition. Whilst HMS Victory will not then be literally 'as good as new', any lower value would be offset by it being, at least in perception, the original ship.

Based on the above, the ship has been recognised in the accounts at a valuation of £19,375,000 reflecting an 'as new' value, discounted back for the expenditure anticipated to be required to achieve that outcome. An increasing value, over time, as renovations are carried out, will reflect the improving condition of the ship.

Warrior Preservation Trust – HMS Warrior 1860

The original hull of the ship, HMS Warrior, was laid down at the Thames Iron Works and Shipbuilding Company based at Blackwall, London. Completed in 1861, she was the world's first ocean-going, iron-hulled, armoured warship. The original hull of HMS Warrior was acquired by the Maritime Trust from the Ministry of Defence for £1 in August 1979, and transferred to the Warrior Preservation Trust in 1983. HMS Warrior 1860 has been included at a valuation designed to reflect the estimated rebuild costs of the hull.

In 1861, the original cost of the hull was £282,284. Uplifted for current value (2017) this cost was the equivalent of £25,040,000. The ship was brought to sound and original condition, as far as possible, during the restoration between 1979 and 1987 therefore it was not felt that any deductions to the original cost for disrepair was necessary.

Notes to the financial statements
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17. Investment assets

	Group	
	Listed	Unlisted
	2023	2023
	£'000	£'000
Valuation		
At 1 April 2022	42,587	-
Additions	1,102	-
Gains and losses before management fees	(1,690)	
Less management fees deducted	(194)	
Realised and unrealised gains and losses	(1,884)	-
At 31 March 2023	41,805	-
Historical cost as at 31 March 2023	32,772	-
Historical cost as at 31 March 2022	31,670	-
Investments By fund:		
Endowment funds	41,805	-

The above investments are those held by the HMS Victory Preservation Company. The company holds two portfolios of investments, one managed by James Hambro and Partners and the other by Cazenove Capital Management. The investment objective for the period was to generate a total return of inflation plus 4% per annum over the long term. The market valuation at the year end is provided by the Fund Managers, the results of which are summarised as follows:

	2023	2022
	£'000	£'000
UK		
UK government and fixed interest securities	798	804
UK bonds	1,189	-
UK equities	3,314	4,498
Others	5,370	3,819
Capital account	952	1,032
	11,623	10,153
Overseas		
Fixed interest	1,791	979
International bonds	1,390	1,814
International equities	23,267	24,585
Others	3,734	5,056
	30,182	32,434
	41,805	42,587

18. Stocks

	Group	Group	Company	Company
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Held by:				
NMRN Operations	233	215	-	-
Trading subsidiaries	430	324	-	-
	663	539	-	-

Notes to the financial statements
for the year ended 31 March 2023

19. Debtors: amounts falling due within one year

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Trade debtors	473	107	247	-
Amounts owed by group undertakings	-	-	24	25
Other debtors	1,470	1,071	2	1
Prepayments & accrued income	767	3,247	148	10
VAT	224	302	-	-
	<u>2,934</u>	<u>4,727</u>	<u>421</u>	<u>36</u>

20. Debtors: amounts falling due after more than one year

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Other debtors	450	448	-	-
Accrued income	500	1,500	-	-
	<u>950</u>	<u>1,948</u>	<u>-</u>	<u>-</u>

The accrued income relates to the sale of the Royal Marines Museum.

21. Creditors: amounts falling due within one year

	Group 2023 £'000	<i>Restated</i> Group 2022 £'000	Company 2023 £'000	<i>Restated</i> Company 2022 £'000
Other loans	86	86	86	86
Trade creditors	690	801	58	-
Amounts owed to group undertakings	-	-	2,215	550
Other creditors	255	211	6	6
Other taxes and social security	134	120	10	9
Accruals and deferred income	1,619	2,048	118	170
	<u>2,784</u>	<u>3,266</u>	<u>2,493</u>	<u>821</u>

Deferred income

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Balance at 1 April 2022	167	127	-	-
Amounts released to incoming resources	(130)	(594)	-	-
Amounts deferred in year	106	634	-	-
Balance as at 31 March 2023	<u>143</u>	<u>167</u>	<u>-</u>	<u>-</u>

22. Creditors: amounts falling due after more than one year

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Other loans	741	817	643	719

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23. Analysis of net assets between funds

	Tangible Fixed Assets £'000	Investments £'000	Net current assets £'000	Long term assets & liabilities £'000	Pension assets & liabilities £'000	Total 2023 £'000
Restricted funds:						
Restricted funds	-	-	1,420	-	-	1,420
Royal Naval Museum	4,788	-	24	-	-	4,812
HMS M33 Trust	1,775	-	-	-	-	1,775
	<u>6,563</u>	<u>-</u>	<u>1,444</u>	<u>-</u>	<u>-</u>	<u>8,007</u>
Unrestricted funds	-	-	4	(643)	-	(639)
Total Company funds at 31 March 2023	<u>6,563</u>	<u>-</u>	<u>1,448</u>	<u>(643)</u>	<u>-</u>	<u>7,368</u>
Funds held by:						
NMRN Operations	32,983	-	5,846	-	157	38,986
HMS Victory Preservation Company	26,206	41,805	(514)	-	-	67,497
HMS Caroline Preservation Company	12,560	-	11,947	-	-	24,507
HMS Trincomalee Trust	21,008	-	34	352	-	21,394
Warrior Preservation Trust Limited	25,290	-	1,053	-	-	26,343
Royal Marines Museum Charitable Trust	735	-	1,401	500	-	2,636
Royal Navy Submarine Museum Trust	18,651	-	274	-	-	18,925
Fleet Air Arm Museum	8,985	-	490	-	-	9,475
Total Group funds at 31 March 2023	<u>152,981</u>	<u>41,805</u>	<u>21,979</u>	<u>209</u>	<u>157</u>	<u>217,131</u>
	Tangible Fixed Assets £'000	Investments £'000	Net current assets £'000	Long term assets & liabilities £'000	Pension assets & liabilities £'000	Total 2022 £'000
Restricted funds:						
Restricted funds	-	-	1,299	-	-	1,299
Royal Naval Museum	3,555	-	24	-	-	3,579
HMS M33 Trust	1,775	-	-	-	-	1,775
	<u>5,330</u>	<u>-</u>	<u>1,323</u>	<u>-</u>	<u>-</u>	<u>6,653</u>
Unrestricted funds	-	-	5	(719)	-	(714)
Total Company funds at 31 March 2022	<u>5,330</u>	<u>-</u>	<u>1,328</u>	<u>(719)</u>	<u>-</u>	<u>5,939</u>
Funds held by:						
NMRN Operations	23,306	-	2,090	-	(273)	25,123
HMS Victory Preservation Company	26,200	42,587	19	-	-	68,806
HMS Caroline Preservation Company	12,560	-	12,500	-	-	25,060
HMS Trincomalee Trust	21,008	-	27	350	-	21,385
Warrior Preservation Trust Limited	25,290	-	1,072	-	-	26,362
Royal Marines Museum Charitable Trust	735	-	576	1500	-	2,811
Royal Navy Submarine Museum Trust	18,651	-	278	-	-	18,929
Fleet Air Arm Museum	8,789	-	1,092	-	-	9,881
Total Group funds at 31 March 2022	<u>141,869</u>	<u>42,587</u>	<u>18,982</u>	<u>1,131</u>	<u>(273)</u>	<u>204,296</u>

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24. Funds

Unrestricted funds:	At 1 April 2022 £'000	Income £'000	Expenditure £'000	Gains and losses £'000	Transfers £'000	At 31 March 2023 £'000
Unrestricted funds	(715)	6,221	(6,089)	-	(57)	(640)
Designated funds	1	-	-	-	-	1
Total company unrestricted funds	(714)	6,221	(6,089)	-	(57)	(639)
NMRN Operations	10,393	14,408	(13,961)	1,553	5,323	17,716
NMRN Hartlepool	-	6	(6)	-	-	-
HMS Victory Preservation Company	113	450	(114)	-	(868)	(419)
HMS Caroline Preservation Company	-	-	(555)	-	555	-
HMS Trincomalee Trust	351	44	(35)	-	-	360
Warrior Preservation Trust Limited	342	2	(21)	-	-	323
Royal Marines Museum	2,667	1	(175)	-	-	2,493
Royal Navy Submarine Museum	339	1	(5)	-	-	335
Fleet Air Arm Museum	6,087	40	(129)	221	-	6,219
Consolidation adjustments	-	(6,056)	6,328	-	(272)	-
Total group unrestricted funds	19,578	15,117	(14,762)	1,774	4,681	26,388

	At 1 April 2021 £'000	Income £'000	Expenditure £'000	Gains and losses £'000	Transfers £'000	At 31 March 2022 £'000
Unrestricted funds	1	5,637	(5,513)	-	(840)	(715)
Designated funds	-	-	-	-	1	1
Total company unrestricted funds	1	5,637	(5,513)	-	(839)	(714)
NMRN Operations	10,327	12,614	(12,428)	(1,005)	885	10,393
NMRN Hartlepool	4	1	(5)	-	-	-
HMS Victory Preservation Company	608	337	(832)	-	-	113
HMS Caroline Preservation Company	-	2	(2)	-	-	-
HMS Trincomalee Trust	352	4	(5)	-	-	351
Warrior Preservation Trust Limited	356	4	(18)	-	-	342
Royal Marines Museum	2,684	-	(17)	-	-	2,667
Royal Navy Submarine Museum	348	1	(10)	-	-	339
Fleet Air Arm Museum	5,793	12	(24)	306	-	6,087
Consolidation adjustments	-	(4,982)	5,962	-	(980)	-
Total group unrestricted funds	20,473	13,630	(12,892)	(699)	(934)	19,578

Consolidation adjustments reflect funds received by, and paid to, other group entities by the National Museum.

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Restricted funds:	At 1 April 2022 £'000	Income £'000	Expenditure £'000	Gains and losses £'000	Transfers £'000	At 31 March 2023 £'000
HMS Caroline fund	245	-	-	-	-	245
Royal Marines Museum relocation fund	1,054	-	-	-	-	1,054
Purchase of exhibits fund	-	133	(14)	-	(51)	68
Kellett Sledge Flag fund	-	153	-	-	(100)	53
Kochan Collection fund	-	234	-	-	(234)	-
HMS Victory Model fund	-	686	-	-	(686)	-
Ministry of Defence Project fund	-	800	(800)	-	-	-
Linked charities:						
Royal Naval Museum	3,579	105	-	-	1,128	4,812
HMS M33 Trust	1,775	-	-	-	-	1,775
Total company restricted funds	6,653	2,111	(814)	-	57	8,007
NMRN Operations	14,730	13,933	(3,990)	1,920	(5,323)	21,270
HMS Victory Preservation Company	26,156	-	(10)	16	-	26,162
HMS Caroline Preservation Company	12,560	-	-	-	-	12,560
HMS Trincomalee Trust Limited	21,029	-	-	-	-	21,029
Warrior Preservation Trust	25,060	-	-	-	-	25,060
Royal Marines Museum	144	-	(1)	-	-	143
Royal Navy Submarine Museum	18,590	-	-	-	-	18,590
Fleet Air Arm Museum	3,794	-	(760)	222	-	3,256
Consolidation adjustments	-	(1,763)	1,491	-	272	-
Total group restricted funds	128,716	14,281	(4,084)	2,158	(4,994)	136,077

	At 1 April 2021 £'000	Income £'000	Expenditure £'000	Gains and losses £'000	Transfers £'000	At 31 March 2022 £'000
HMS Caroline fund	104	141	-	-	-	245
Royal Marines Museum relocation fund	1,054	4	(4)	-	-	1,054
Death of Nelson painting fund	-	275	-	-	(275)	-
Sim Comfort Collection fund	-	11	-	-	(11)	-
Linked charities:						
Royal Naval Museum	2,262	192	-	-	1,125	3,579
HMS M33 Trust	1,775	-	-	-	-	1,775
Total company restricted funds	5,195	623	(4)	-	839	6,653
NMRN Operations (excluding CJRS – see below)	14,966	974	(2,151)	1,826	(885)	14,730
Coronavirus Job Retention Scheme	-	122	(122)	-	-	-
HMS Victory Preservation Company	26,161	-	(10)	5	-	26,156
HMS Caroline Preservation Company	12,560	-	-	-	-	12,560
HMS Trincomalee Trust	21,029	1	(1)	-	-	21,029
Warrior Preservation Trust Limited	25,060	-	-	-	-	25,060
Royal Marines Museum	105	39	-	-	-	144
Royal Navy Submarine Museum	18,590	-	-	-	-	18,590
Fleet Air Arm Museum	3,543	-	(56)	307	-	3,794
Consolidation adjustments	-	(1,059)	79	-	980	-
Total group restricted funds	127,209	700	(2,265)	2,138	934	128,716

The restricted and endowment funds of the individual museums are detailed in the accounts of the respective organisations.

The HMS Caroline fund is for the conservation of the ship and its development as a visitor attraction. This work has been fully funded by HLF and the Northern Ireland Tourist Board to the National Museum.

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The Royal Marines Museum relocation fund represents funding received for the Royal Marines Museum project which will include the relocation of a new Royal Marines Museum at Portsmouth Historic Dockyard.

Other restricted funds represent funds received towards the purchase of exhibits.

Consolidation adjustments reflect funds received by, and paid to, other group entities by the National Museum.

Endowment funds:	At 1 April			Gains and		At 31 March
	2022	Income	Expenditure	losses	Transfers	2023
	£'000	£'000	£'000	£'000	£'000	£'000
HMS Victory Preservation Company	42,537	233	(194)	(1,690)	868	41,754
HMS Caroline Preservation Company	12,500	2	-	-	(555)	11,947
HMS Trincomalee Trust	5	-	-	-	-	5
Warrior Preservation Trust Limited	960	-	-	-	-	960
Total group endowment funds	56,002	235	(194)	(1,690)	313	54,666

Endowment funds:	At 1 April			Gains and		At 31 March
	2021	Income	Expenditure	losses	Transfers	2022
	£'000	£'000	£'000	£'000	£'000	£'000
HMS Victory Preservation Co	39,887	259	(204)	2,595	-	42,537
HMS Caroline Preservation Co	-	12,500	-	-	-	12,500
HMS Trincomalee Trust	5	-	-	-	-	5
Warrior Preservation Trust Limited	960	-	-	-	-	960
Total group endowment funds	40,852	12,759	(204)	2,595	-	56,002

Endowment funds include funds donated by the Gosling Foundation for the maintenance and upkeep of HMS Victory, and funds donated by the Department for the Economy of Northern Ireland and the National Heritage Memorial Fund for the conservation, repair, protection and interpretation of HMS Caroline in Belfast.

24.1 Linked charities of the National Museum

SORP FRS 102 requires the activities of linked charities to be shown separately within these accounts in a manner similar to the presentation of restricted funds. The Royal Naval Museum and HMS M33 Trust are made up of the following:

<u>Royal Naval Museum</u>	At 1 April	Incoming	Outgoing		At 31 March
	2022	resources	resources	Transfers	2023
	£'000	£'000	£'000	£'000	£'000
Unrestricted funds	3,472	1,233	-	-	4,705
Restricted funds - RML 497 Fairmile (the ship)	83	-	-	-	83
Endowment funds - Johnstone Library fund	24	-	-	-	24
Total funds of the Royal Naval Museum	3,579	1,233	-	-	4,812

	At 1 April	Incoming	Outgoing		At 31 March
	2021	resources	resources	Transfers	2022
	£'000	£'000	£'000	£'000	£'000
Unrestricted funds	2,155	1,317	-	-	3,472
Restricted funds - RML 497 Fairmile (the ship)	83	-	-	-	83
Endowment funds - Johnstone Library fund	24	-	-	-	24
Total funds of the Royal Naval Museum	2,262	1,317	-	-	3,579

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Royal Naval Museum Balance Sheet summary	2023 £'000	2022 £'000
Heritage assets	4,788	3,555
Current assets	24	24
Net assets	4,812	3,579
Funds		
Unrestricted funds	4,705	3,472
Restricted funds	83	83
Endowment funds	24	24
Total funds of the Royal Naval Museum	4,812	3,579

HMS M33 Trust

HMS M33 Trust Balance Sheet summary	2023 £'000	2022 £'000
Heritage assets	1,775	1,775
Funds		
Unrestricted reserves	1,092	1,092
Revaluation reserve	683	683
Total funds of the HMS M33 Trust	1,775	1,775

25. Transfers between funds

NMRN

A total of £57,000 (2022: £839,000) and £1,071,000 (2022: £286,000) was transferred from unrestricted funds and restricted funds respectively to reflect the value of heritage assets transferred to the Royal Naval Museum collection.

NMRN Operations

A total of £5,323,000 (2022: £885,000) was transferred to unrestricted funds from restricted funds to compensate for project funds initially funded by unrestricted funds and to reflect the value of tangible fixed assets which were purchased using restricted funds, but are held for general purpose, in accordance with SORP FRS 102 section 2.26.

Consolidation adjustments

The consolidation adjustments eliminate grants made between group entities.

26. Financial commitments

At 31 March 2023 the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2023 £'000	Group 2022 £'000
Within one year	422	422
Between one and five years	1,687	1,686
In over five years	22,594	22,995
	24,703	25,103

27. Capital commitments and contingent liabilities

The company had capital commitments contracted but not provided for in the financial statements amounting to £6,941,000 (2022: £778,000). There were no contingent liabilities at 31 March 2023 (2022: £Nil).

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28. Losses and special payments

28.1 Losses statement

There were no cases of losses occurring during the financial year (2022: No cases).

28.2 Special payments

There were no cases of special payments during the year (2022: No cases).

29. Related party transactions

The National Museum is a Non Departmental Public Body, sponsored by the Ministry of Defence (MoD). The MoD is regarded as a related party. Grant in Aid Funding from the MoD is disclosed in the Statement of Financial Activities.

Subsidiary companies and charities

Company name	Company number	Charity number	% share holding	Description
NMRN Operations	09988314	1169061	N/A	Operating company for the National Museum Group
NMRN Trading	01261270	-	N/A	Souvenir shops & corporate events
PHD Operations Limited	12799836	-	50%	Ticketing company for Portsmouth Historic Dockyard
NMRN Hartlepool	09997836	1165917	N/A	Holds the NMRN Hartlepool lease
HMS Victory Preservation Company	07935358	1146376	N/A	Holds the ship, HMS Victory
HMS Victory Preservation Trust				
HMS Caroline Preservation Company	08303946	1149930	N/A	Holds the ship, HMS Caroline
HMS Caroline Preservation Trust				
HMS Trincomalee Trust:	02678419	1007784	N/A	Holds the ship, HMS Trincomalee
The Foudroyant Trust	00628111	0306082	N/A	Dormant Charity
Warrior Preservation Trust	00936870	0256756	100%	Holds the ship, HMS Warrior
Royal Marines Museum	-	0259422	N/A	Holds the Royal Marines Museum collection
Royal Marines Museum	07635447	1142186	N/A	Dormant Charity
Royal Navy Submarine Museum	-	1169371	N/A	Holds the Royal Navy Submarine Museum collection
Royal Navy Submarine Museum	07637385	1142123	N/A	Dormant Charity
Fleet Air Arm Museum	-	0250079	N/A	Holds the Fleet Air Arm Museum collection
Fleet Air Arm Museum	07570620	1143023	N/A	Dormant Charity

A number of trustees of the National Museum are also trustees of the following charities:

Mr Mark Anderson	NMRN Hartlepool, HMS Trincomalee Trust
Mr Michael J Bedingfield	NMRN Operations, Warrior Preservation Trust (resigned as NMRN Trustee 23 October 2022)
Mr Philip Dolling	NMRN Hartlepool
Councillor Donna Jones	Warrior Preservation Trust (resigned as NMRN Trustee 21 March 2023)
Ms Helen Jackson	HMS Victory Preservation Company
Mrs Mary-Montagu-Scott	HMS Victory Preservation Company
Rear Admiral Jonathan Pentreath	HMS Caroline Preservation Company (resigned as HMSCPCo trustee 21 October 2022)
Mr John Michael E Scott	HMS Caroline Preservation Company (appointed 14 October 2022)

The following employees of the National Museum are also trustees and/or directors of the following companies and charities:

Professor Dominic Tweddle	NMRN Operations, Royal Marines Museum, Royal Navy Submarine Museum, NMRN Trading, NMRN Services (resigned as trustee and/or director from all companies and charities 30 November 2023). Mercantile Memorial Trust (appointed 23 July 2020)
Mr Matthew Sheldon	NMRN Operations (appointed 1 December 2023), PHD Operations Ltd, NMRN Trading
Mrs Sarah Dennis	NMRN Operations, NMRN Trading, NMRN Services, PHD Operations Ltd
Captain John Rees	NMRN Services

The related parties of the individual museums are disclosed in the accounts of those organisations.

During the year, no trustees, key managers or other related parties have undertaken any material transactions with the National Museum.

30. Third party funds

The National Museum holds funds on Trust on behalf of the Mercantile Marine Memorial Trust totalling £544,000 (2022: £550,000).

Notes to the financial statements
for the year ended 31 March 2023

31. Prior year adjustments

Comparative information for 2022 has been restated to reflect third party funds which had previously been accounted for as funds of the National Museum, with a corresponding liability to the third party. See note 30. This change has no impact on reserves brought forward.

	Cash at Bank	Current liabilities
	£	£
As previously stated at 1 April 2021	1,447	(894)
Transfer between categories	(561)	561
As restated at 1 April 2021	<u>886</u>	<u>(333)</u>
	Cash at Bank	Current liabilities
	£	£
As previously stated at 31 March 2022	2,663	(1,371)
Transfer between categories	(550)	550
As restated at 31 March 2022	<u>2,113</u>	<u>(821)</u>

32. Events after the Balance Sheet date

The Director General and Accounting Officer, Professor Dominic Tweddle resigned on 30 November 2023. Mr Matthew Sheldon was appointed as Interim Director General and Accounting Officer with effect from 1 December 2023.

These accounts have been authorised for issue by the Accounting Officer on the same date as the Comptroller and Auditor General's audit certificate.

33. Analysis of cash and cash equivalents

	Restated		Restated
Group	Group	Company	Company
2023	2022	2023	2022
£'000	£'000	£'000	£'000
Cash at bank and in hand	21,166	3,520	2,113

34. Analysis of changes in net debt

Company	Restated		At 31 March
	At 1 April	Cash	2023
	2022	flows	
	£'000	£'000	£'000
Long-term borrowings	(720)	80	(640)
Short-term borrowings	(80)	-	(80)
Total liabilities	<u>(800)</u>	<u>80</u>	<u>(720)</u>
Cash and cash equivalents	<u>2,113</u>	<u>1,407</u>	<u>3,520</u>
Total net debt	<u>1,313</u>	<u>1,487</u>	<u>2,800</u>
Group	At 1 April	Cash	At 31 March
	2022	flows	2023
	£'000	£'000	£'000
Long-term borrowings	(720)	80	(640)
Short-term borrowings	(80)	-	(80)
Total liabilities	<u>(800)</u>	<u>80</u>	<u>(720)</u>
Cash and cash equivalents	<u>16,982</u>	<u>4,184</u>	<u>21,166</u>
Total net debt	<u>16,182</u>	<u>4,264</u>	<u>20,446</u>

Notes to the financial statements
for the year ended 31 March 2023

35. Statement of financial activities (Company only, including the Royal Naval Museum and HMS M33 Trust as linked charities) for the year ended 31 March 2023

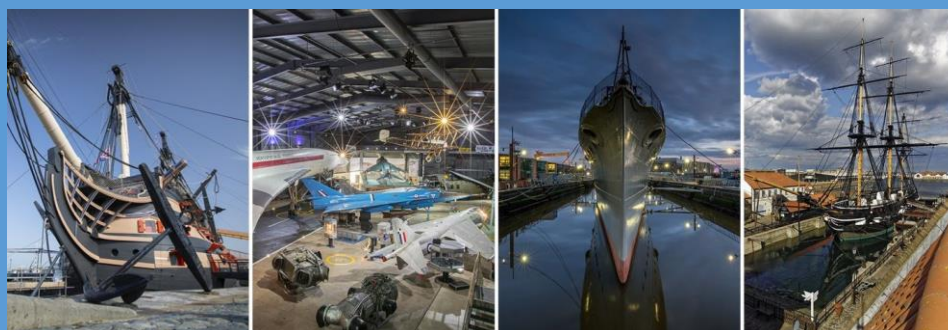
		Unrestricted	Restricted	Linked	2023	Unrestricted	Restricted	Linked	2022
		funds	funds	charities	Total	funds	funds	charities	Total
	Note	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income from:									
Donations and legacies									
Grant in Aid (revenue)	2	6,217	-	-	6,217	5,476	-	-	5,476
Grant in Aid (capital)	2	-	133	-	133	130	-	-	130
Donations	2	4	1,873	105	1,982	31	431	192	654
Total income		6,221	2,006	105	8,332	5,637	431	192	6,260
Expenditure on:									
Charitable activities	8	562	14	-	576	515	4	-	519
Grant funding	8	5,527	800	-	6,327	4,998	-	-	4,998
Total expenditure		6,089	814	-	6,903	5,513	4	-	5,517
Net income/(expenditure)		132	1,192	105	1,429	124	427	192	743
Transfer between funds		(57)	(1,071)	1,128	-	(839)	(286)	1,125	-
Net movement in funds		75	121	1,233	1,429	(715)	141	1,317	743
Reconciliation of funds:									
Total funds brought forward		(714)	1,299	5,354	5,939	1	1,158	4,037	5,196
Total funds carried forward		(639)	1,420	6,587	7,368	(714)	1,299	5,354	5,939

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Accounts

The National Museum of the Royal Navy
A Company Limited by Guarantee
Trustees' Annual Report and Consolidated
Financial Statements
For the Year Ended 31 March 2022



Company number: 06699696 Charity number: 1126283

The National Museum of the Royal Navy

Annual report and accounts 2021-2022

For the period 1 April 2021 to 31 March 2022

Presented to the Parliament pursuant to **the Government Resources and Accounts Act 2000 (Audit of Public Bodies) Order 2012**

Ordered by the House of Commons to be printed on 7 June 2023



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Legal and administrative information

Charity number	1126283
Company registration number	06699696
Registered office	H M Naval Base PP66 Portsmouth Hampshire PO1 3NH
Director General and Accounting Officer	Professor Dominic Tweddle
Chairman	Admiral Sir Philip Jones GCB ADC DL
Trustee directors	Rear Admiral Mark Anderson CB Mr Michael J Bedingfield (resigned 23 October 2022) Ms Katherine Biggs Dr Andrew M Burnett CBE FBA Mr Philip G Dolling Mr Colin M Evans (appointed 5 December 2022) Mr Mike Gambazzi (resigned 2 December 2021) Ms Helen M Jackson Mrs Donna Jones (resigned 21 March 2023) Major General Jeffrey S Mason The Hon. Mrs Mary Montagu-Scott DL Rear Admiral Jonathan P Pentreath CB OBE Mr John Michael E Scott Mrs Alison R Start Mrs Sarah Whitcher (appointed 12 January 2023) Mr Gavin Whitter Mr Thomas C K Wright CBE (appointed 5 December 2022)
Auditors	Comptroller and Auditor General National Audit Office 157 - 197 Buckingham Palace Road London SW1W 9SP
Accountants	Compass Accountants Limited Venture House, The Tanneries, East Street Titchfield Hampshire PO14 4AR
Bankers	Lloyds TSB Bank Plc 38 London Road, North End Portsmouth Hampshire PO2 0LR

About the National Museum of the Royal Navy

Overview

The National Museum of the Royal Navy ("the National Museum") was established in 2008 and is the holding company of the National Museum of the Royal Navy Group. The Group's unique and historically significant Royal Naval collections, ships and aircraft are located and displayed in museums at the National Museum of the Royal Navy in Portsmouth (including HMS Victory, HMS Warrior and HMS M33 and the national collection for the Royal Marines), the Fleet Air Arm Museum in Yeovilton, the Royal Navy Submarine Museum (including HMS Alliance) and Explosion! The Museum of Naval Firepower in Gosport, the National Museum of the Royal Navy Hartlepool (including HMS Trincomalee), and HMS Caroline in Belfast.

Our Charitable Objectives

The charitable objectives of the National Museum of the Royal Navy, as defined within its Articles of Association are:

- The promotion and education and learning of Naval Service and Auxiliaries personnel and other members of the public about the history, deeds and traditions of those services
- The promotion and enhancement of military efficiency by assisting recruitment and retention and fostering the esprit de corps of the men and women who are serving in the Naval Service and Auxiliaries
- The commemoration and remembrance of those members of the Naval Service and Auxiliaries who have died while on active service and the encouragement of public recognition of the sacrifice made by such persons.

In order to deliver its objects, the vision of the National Museum of the Royal Navy is to be the world's most respected naval museum. This will be achieved by:

- Collecting, studying and interpreting objects, images and records which help to document and communicate the continuing story of the Royal Navy and the people serving in it from the earliest times to the present day
- Offering stimulating and engaging learning opportunities for people of all ages enabling them to explore the rich collections and expertise held by the museum
- Providing visitors with the opportunity to enjoy a great day out, experiencing and absorbing the ethos and spirit of the Royal Navy
- Making the museum collections as widely accessible as possible through the development of the displays and special exhibitions as well as developing a world-class virtual presence.

Our Vision and Values

The National Museum's vision is to become the world's most respected Naval Museum and its goal is to promote the public understanding of the Royal Navy past, present and future. Its strategy for the period set out to increase its:

Resilience, improving its financial position and skilling the team so that it is able to adapt to threats to ensure its survival;

Scale, to grow the collections and the range of activities they support so that the National Museum has marked impact on society as a whole;

Scope, to develop the range of activities which together better help protect and improve access to the naval heritage, including its own collections; and

Reach, to develop a greater physical and virtual presence so that more people engage with the Royal Navy story.



The National Museum of the Royal Navy
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The National Museum's strategy is delivered through its professional and dedicated team of staff and volunteers, working within our framework of "MARITIME" values that supports the culture of the organisation, guiding our everyday actions and being integral to our performance management framework.

How We Work

The National Museum's day-to-day operation is overseen by the Executive Directors within the context of an overarching strategy framework, and underpinned by a suite of Group policies, procedures and operating models. Operational activity has been consolidated into NMRN Operations, a wholly owned charitable subsidiary of the National Museum, simplifying the governance structure and allowing the benefits of operation of the museums through a single large organisation to be realised, improving visitor experience and collections care and access, and demonstrating greater cohesion in the delivery of the charitable objectives. The National Museum's heritage collections are retained within independent charitable trusts, with the National Museum of the Royal Navy as the sole corporate trustee. The Warrior Preservation Trust will be seeking to transfer the ship and its heritage assets into a charitable trust in the same model.

The National Museum is one of the few located entirely outside London, enabling people to learn, enjoy and engage with the naval story in the regions. The National Museum's reach is further extended through its network of naval heritage partnerships and cooperations.

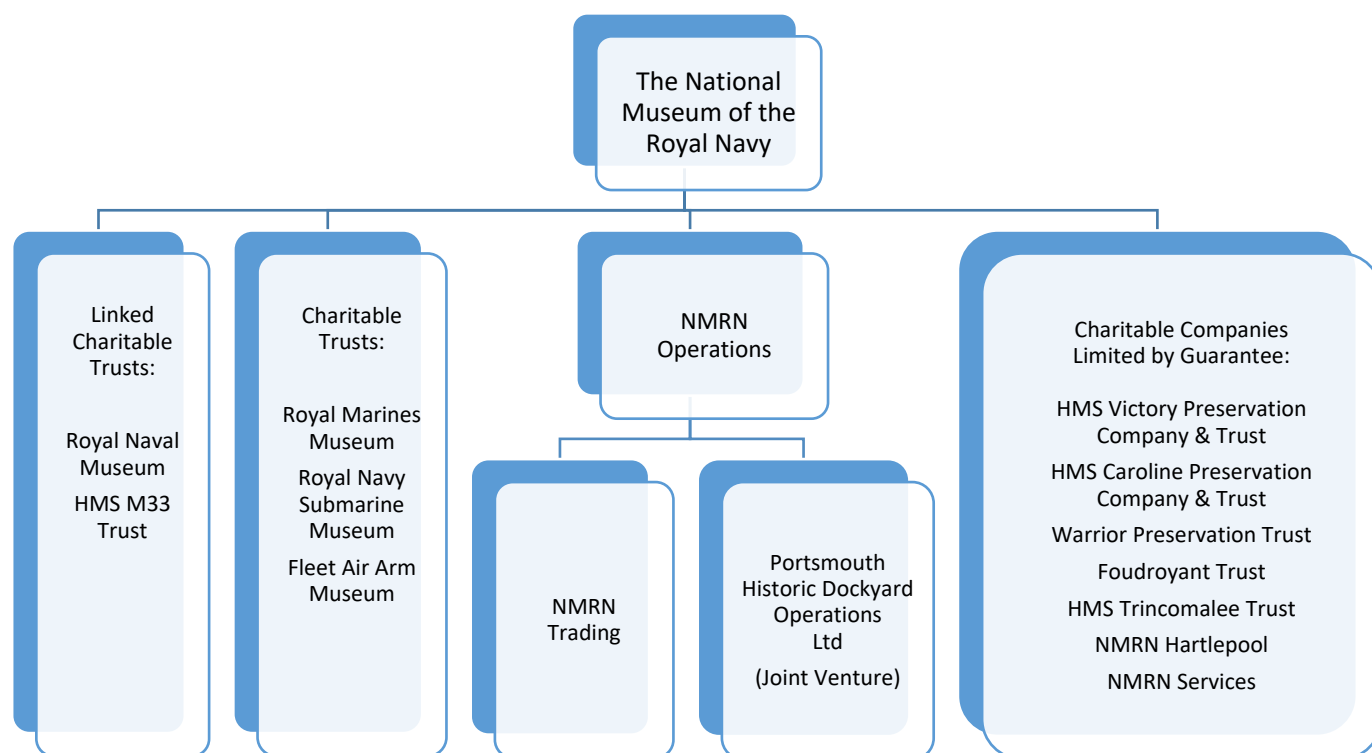
The Ministry of Defence (MOD) published its last review of its Services Museums in February 2017 and confirmed that the functions of the National Museum of the Royal Navy continued to support MOD objectives. It recommended that the National Museum should remain as a Non-Departmental Public Body sponsored by the MOD. A new Public Bodies Review of the Services Museums is currently being prepared, due for publication in 2023.

Funding Arrangements

The National Museum receives Grant in Aid funding from its sponsor, the Ministry of Defence, and raises other income through grant funding and sponsorship arrangements, legacies and donations and its commercial activities. Under the terms of its previous Financial Framework agreement for the receipt of Grant in Aid, the National Museum had not been permitted to build or carry forward a significant unrestricted "free" reserve. This position was corrected in the 2019 Financial Framework agreement that enables the National Museum to build free reserves from those self-generated funds over and above the Grant in Aid provided.

The restricted funds held by the National Museum are held in trust, under various agreements with donors, for specific purposes to safeguard the future of the historic collections. These funds are used by the National Museum where it is appropriate to do so and in accordance with those trust agreements. The Trustees have reviewed the funds and determined that it would not be appropriate to divert them to support revenue activities, nor would it be legal to do so without the express consent of the Charity Commission.

Our Group Structure



Inactive charitable companies awaiting strike off and dissolution:

- Royal Marines Museum
- Royal Navy Submarine Museum
- Fleet Air Arm Museum CLG Limited

Portsmouth Historic Dockyard Operations Ltd is a joint venture company incorporated on 7 August 2020 and owned equally (50:50) by NMRN Operations and the Mary Rose Trust.

Performance Report including the Strategic Report

Joint Statement from the Chair of Trustees and the Director General



The year 2021-22 was one that by turns was challenging, interesting and exciting. Much was achieved by the National Museum of the Royal Navy against a very volatile background.

The year began with the National Museum shut as the last wave of Covid-19 lockdowns came to an end. Of course, behind the scenes, we were

remobilising to open to the public once more on 17 May 2021. Budgeting for admissions income was challenging as no-one could forecast in what pattern and in what numbers visitors would return. Underpinned by emergency funding from The Royal Navy, we nonetheless made some challenging assumptions on admissions income. Frankly, we couldn't wait to see our visitors once more and fortunately they felt the same way about us! It was not all luck, however, our hugely professional finance, marketing and operational teams had done sterling work during lockdown to prepare our re-opening, so a mixture of good luck and good judgement!

During lockdown, we had used the government furlough scheme and emergency funding from the Royal Navy to keep afloat. However, we elected to proceed with a number of major capital projects. If we had deferred them, costs would inevitably have risen, and some may even have been lost with major impacts on the Nation's heritage. We completed the redevelopment of the Sir Donald Gosling Victory Gallery to tell the story of HMS Victory, her working life, long retirement, and conservation in a more coherent and engaging way. In Gosport, we delivered a new gallery exploring the work of the coastal forces, built around two coastal forces craft – MTB 71 and CMB 331 – and a collection donated by the Coastal Forces Heritage Trust. We worked with Chatham Historic Dockyard and the Maritime Archaeology Sea Trust to move our exhibition on the excavation of HMS Invincible, lost in 1758, from Portsmouth to Chatham and we opened the D-Day landing craft LCT 7074 to the public with a visit from HRH the Princess Royal to formally inaugurate the scheme. It has won a number of prestigious awards. Meanwhile on HMS Victory work continued apace to prepare for the major conservation works which will start next year. We are grateful to our funders for their support, especially to the National Lottery Heritage Fund, but also to many others gratefully acknowledged in this report.

The collection has also been immeasurably strengthened by a series of important acquisitions. Two stand out: the Collingwood Collection, a unique documentary collection of electronic equipment used by the Royal Navy, and the Sim Comfort Collection of edged weapons, a definitive collection with swords owned by many famous fighting Admirals as well as more workaday weapons. These acquisitions are important as they help us to better represent the Royal Navy Story across our various sites and engage with more various audiences.

All of this work has been delivered by our skilled and dedicated professional team – our people are the beating heart of our business. Without them, we cannot open our doors. In the year, 482,903 people visited with a further 34,812 to LCT 7074 and as a result, we were able to reduce our call on public funds by £1.72m. Our people have been working to very good effect.

The Impact of the Covid-19 Pandemic

The National Museum has continued to act promptly in our response to the ongoing operational and financial implications arising from the third consecutive year of the Covid-19 pandemic. In anticipation of the ongoing challenges to the National Museum's recovery from the pandemic, Navy Command responded positively to a bid to ensure additional grant funding was made available for the period, effectively underwrite financial performance. A grant uplift of up to £4.42 million was confirmed to the group.

We have continued to follow the enforced government closures, with significant repairs and maintenance work undertaken during this time to ensure the heritage assets were safeguarded and the museum sites were ready for returning visitors. We were able to open our sites safely from May 2021, and have remained open since, with appropriate social distancing, hygiene and tracking measures in place. Not all sites have been able to operate at full capacity, with reduced opening hours or visitor number restrictions; however, the safe operating procedures allowed staff and visitors to feel secure. It was not possible to reopen HMS Caroline in Belfast, with the original operating and funding agreement with the Department for the Economy Northern Ireland (DfE) expiring 30 June 2020, although a new agreement was developed during the period.

Whilst the National Museum's self-generated income streams and visitor markets continued to be clearly impacted by the Covid-19 restrictions, in particular with the slow return of international and education visitors, it saw an extremely positive response from domestic visitors on reopening, exceeding its stretch targets. As a result of effective cost management and stronger than anticipated performance during the open periods, the National Museum was able to drawdown significantly less grant in aid and grant funding from its sponsor than in the previous period, claiming £5.48 million (2020-21: £7.20 million) in the reporting period to support operating activities and cash flows.

Activities and Achievements

Conservation and Collections

A new Interpretation strategy and Master Narrative were developed and approved during the period. These major pieces of planning work form the cornerstone of future improvements in telling of the National Museum's story across all of our sites.

A full year of onsite work for our Collections and Research team has enabled some exceptional additions to the National Museum's collections, and significant progress has been made in collections rationalisation and in the protection of these heritage assets.

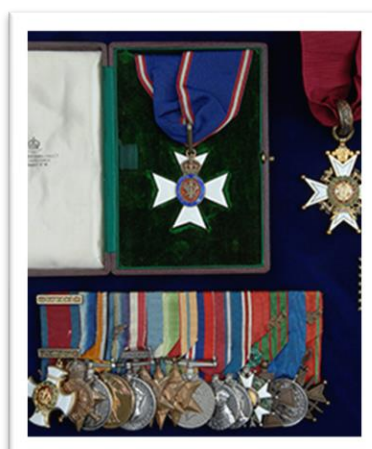
During 2021-22, 504 offers of groups of material were reviewed by the Museum's Acquisitions Panel, from which there were 203 formal acquisitions to our collections from these donations, transfers and purchases. These extend across the breadth of the Royal Navy's history and from September 2022, are accessible to search via the new Collections section of the National Museum's website <https://www.nmrn.org.uk/collections-and-conservation>

Particular individual highlights have been:

- Highly significant Royal Marines leather ammunition pouches and sheaths recovered by divers (illegally) from wreck of HMS Apollo 1793 off the Netherlands and acquired via the Receiver of Wrecks
- Oil painting, 'Death of Nelson' by the artist Mather Brown
- Silver top section of a commemorative centrepiece dedicated to Captain George Tryon, Royal Navy, from masters of merchant ships involved in the British Abyssinia expedition (1867-1868)
- Highly significant medal group relating to service in Minesweepers at Hartlepool 1914-18
- Two First World War Medal groups awarded to men serving on board HMS *Caroline* at the Battle of Jutland
- The medals of Michael G Fellows MBE DSC BEM*, most decorated, non-commissioned officer in the Royal Navy since the Second World War, and only recipient of the DSC on the lower deck, for rendering safe the first unexploded bomb on board a warship at sea whilst under enemy attack, HMS *Antrim* - Falklands campaign

The National Museum of the Royal Navy
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- 20 cine films, including footage of flight deck HMS *Albion* 1950s
- No.1C dress jacket worn by Prince Philip, Duke of Edinburgh, as Honorary Admiral of the Fleet on ceremonial occasions



One major collection purchased in 2021-22 is of particular note is the Sim Comfort Collection of Edged Weapons. This exceptional collection includes 285 swords, dirks, pikes, and small arms principally from the age of fighting sail, and what is believed to be Nelson's fighting sword. The collection illustrates the development of weapons used in hand-to-hand fighting in boarding actions and in landings by Royal Navy and Royal Marines personnel. It extends to the weapons also used by the Navy's adversaries and includes many beautiful, decorative pieces, which are examples of exquisite craftsmanship. Many items are linked to significant individuals and actions - most outstandingly the sword used by Captain Sir Philip Broke of HMS *Shannon* in the capture of the United States Navy frigate the *Chesapeake*, described as follows:

'On gaining the Chesapeake's deck, a desperate and disorderly resistance was made. Her so-called chaplain, a Mr Livermore, of Boston, (an amateur and volunteer, no more) presented and snapped a pistol at Captain Broke. A backward stroke of the good and weighty Toledo blade, which the hero carried (mounted, however, in the regulation ivory and gold wire), left his reverence to his better meditations against the mizzen-mast; and a vigorous charge along the gangways followed'.



Close work with colleagues at Navy Command has continued to be critical to safeguard the important heritage collections that tell the story of the Royal Navy, particularly in relation to two large and significant collections:

- Thirteen ship figureheads from the Naval Heritage Collection in HM Naval Base Devonport were transferred from Royal Navy ownership to the Museum. This included the magnificent figureheads of HMS Royal William (1833), HMS Sphinx (1845), HMS Tamar (1863), and HMS Windsor Castle (1854). These are now on long-term loan to Plymouth City Council who have generously funded the very significant conservation work necessary to put them on exhibition as the centrepiece of a stunning display in 'The Box', a vast new arts and heritage space in the city's cultural centre.
- The Commanding Officer of HMS Collingwood requested the Museum's assistance in the movement of their heritage collections of the earliest years of military wireless and communication spanning from the 1880's to the modern day. This important collection is a vital source for the understanding the development of radio, sonar and radar systems. We worked with the MOD to assess the collection for its safety and significance before relocating it to our specialist storage facilities. Once the transfer of gift to the National Museum is complete, opportunities for further research and display will be explored.

The significant moves undertaken through 2018 to 2021 to concentrate our collections in key centres have enabled an acceleration in the programme of rationalisation. This is tackling decades of different collecting policies by once separate collections and has led to regular formal disposal of accessions from the Museum's collections on the grounds of duplication, hazard, condition or relevance. This has resulted in transfers to other accredited museums and other institutions, including: The Museum of Internal Fire Power, The Diving Museum, The Vulcan Restoration Trust, TS Tenacity Sea Cadets. In addition, the disposals process has created separate handling and set-dressing collections of material that is not formally accessioned which is finding use in other ways. Disposal lists are also being shared with Royal Navy bases who are looking for loans. The process will continue into future years as part of good collections management processes.

We have made improvements in our non-invasive activities intended to safeguard the collection and progressed with installing Meaco Environmental Monitoring across our sites and ships. Accessed remotely, this system provides live environmental data for analysis. In response to this monitoring, we invested in improved environmental controls for the Portsmouth Library and Holland I.

Integrated Pest Management strategies are being developed throughout the collection stores and updated in the ships, ensuring that we can predict, prevent and respond to any pest activity on or near our collection. Because of these procedures, we have been able to identify and respond quickly to increased moth activity and woodworm occurrences in our collections stores and ships.

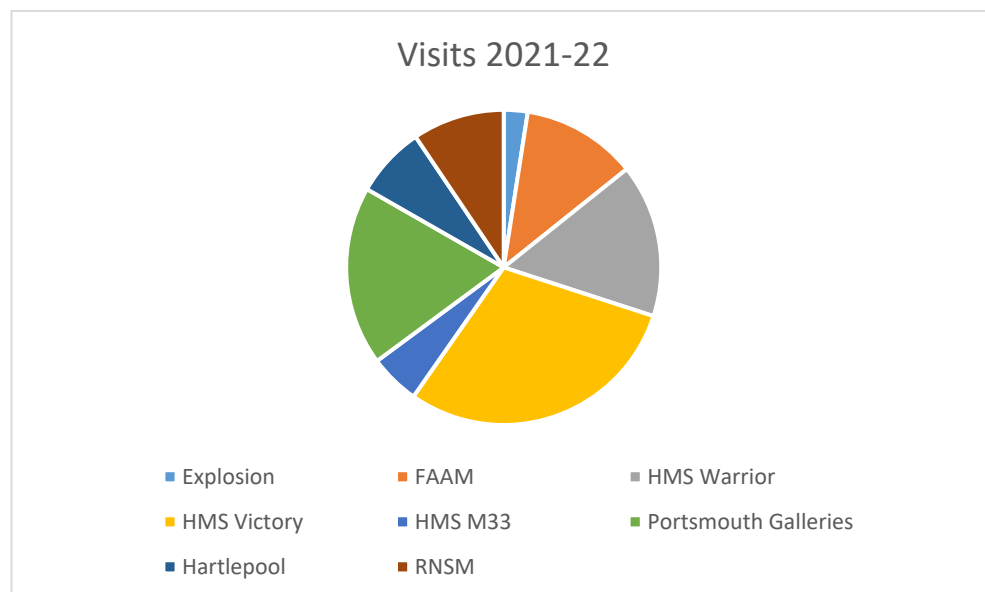
We have also made good progress on the physical conservation of the collection, delivering interventive action on heritage items to extend or maintain the use of the item within the collection. Activities have included work on the refurbishment of the HMS Victory workshop, cleaning the HMS Warrior engine to remove the dust and debris that promotes corrosion, and deep cleaning the Portsmouth Library following issues with mould and dust build up from building works. The conservators have treated objects for display in new galleries and exhibitions including Night Hunters, Her Majesty's Service, Carrier Experience and the Sir Donald Gosling Gallery. The painting by Arthur William Devis of 'The Death of Nelson' from our Nelson Gallery was successfully externally conserved, with a Conservation Grant from the Art Fund. We enabled roof works to our collection stores in Explosion! and works to the cofferdam surrounding HMS Alliance, providing a vital level of protection to our collection from the external environment.

Visitor Services

In the period 2021-22, NMRN Operations delivered the visitor services for the National Museum and we received 482,903 visits to the museums and attractions across the group based on scanned ticket data (2020-21: 100,237 visits). The ticket data provides detail on the number of visits to each of the individual attractions, and included 38,224 visits to the redeveloped Sir Donald Gosling HMS Victory Gallery.

It is important to note that during this period, a number of the museum attractions opened for reduced hours to support safe working in the Covid-19 environment and also to mitigate the impact of staff sickness. Whilst the total number of visits to all sites represents a very significant reduction on pre-pandemic performance, it exceeded expectations, demonstrating a strong recovery.

The ticket data, monitoring and evaluation surveys, and data dives continue to inform the marketing strategy and admissions targets. External sector intelligence from the Association of Leading Visitor Attractions and Visit Britain has also been used to provide valuable insight in the wake of the Covid-19 pandemic.



In terms of digital reach, our ‘meaningful engagement’ model was used to measure our digital reach and engagement, reflecting not just views of digital content but meaningful interactions with it. We sought to maintain a strong digital presence through the period.



Facebook
2021-22 – 8.5 million and 1.2 million engagements 2020-21
 4.1 million users and 824.6k engagements



Twitter
2021-22 – 647k twitter interactions through tweets and had 17k engagements -2020-21 –
 2 million twitter interactions and 5.5k engagements



Press, PR and Media coverage
2021-22 -realised £8.5 million on advertising value equivalent
 (2020-21 £10.5 million on AVE)

We have continued to share the Royal Navy’s story with a wide and diverse audience from a growing media profile, with our press, PR and media coverage realising £8.5m in Advertising Value Equivalent (2020-21: £10.5m). We have appeared in news stories featured nationally and around the world, online on website, YouTube and podcasts, and on television, radio and in feature films. This work has enabled us to showcase our expertise, our collections and the really important stories we tell, whilst earning valuable income through location fees and commercial revenue.

With restrictions around Covid-19 relaxing, we enjoyed a flurry of TV and radio activity as delayed productions sprang into action. We marked the sad passing of HRH The Duke of Edinburgh by showcasing his long and committed relationship to our museums.

Highlights over the year included a Channel 5 on The Battle of Atlantic; Bargain Hunt on LCT 7074 and front-page broadsheet coverage of D-Day veterans executing their own landing from the F8 landing craft in Portsmouth and colleagues and visitors being asked to review the latest mobile phone technology for the Gadget Show. Why Do Brits Win Every War was the question posed by Al Murray and Fred Sirieix for the History Channel and Ross Kemp’s popular Shipwreck Hunters filmed in both HMS Alliance and HMS Victory. Celebrity Antiques Road Trip welcomed Martin Kemp to the Fleet Air Arm Museum and Who Do You Think You are featured Joe Lycett and Ed Balls on HMS Warrior and Victory and DNA Journey with Rob Beckett and Ramesh Ranganathan highlighted the continuing popularity for family history. The science behind scurvy featured on Inside the Factory and many media requests about submarines were prompted by the BBC’s popular dramatised series, Vigil. We experienced our own brush with Hollywood with a

feature film location and working with Warner Bros on their Operation Mincemeat film release and capitalising on the release of Top Gun; Maverick for launch of refreshed Carrier Experience.

Learning and Access



We were delighted to welcome schools back to the National Museum's sites. In September 2021, we launched a new 'Discover More' package, supported by a short orientation film for teachers, and providing extra support for schools to self-guide during their visits through the provision of trails, backpacks of resources for use on board the historic ships and discovery boxes for use in the gallery spaces. Working in this way ensures all pupils who visit the National Museum are supported to access and explore the collections. During this period 8,452 participants (2020-21: 595 participants) took part in formal learning visits.



We have also supported engagement across our sites in a variety of other ways. A 'Loyal and Local' discount scheme was launched in Portsmouth in the winter of this period, to encourage local people to visit and take advantage of discounted tickets. The Fleet Air Arm Museum again hosted a unique weeklong training experience for a group of twenty Bridgwater and Taunton College engineering apprentices in collaboration with their employers, EDF UK and Magnox. In Portsmouth, we supported the Portsea Literacy Hub, an initiative for 80 schools in Portsmouth to improve literacy, using our gallery spaces and collections as inspiration for writing. Under this targeted intervention, the average student made ten months' progress in the first three months of the programme, more than three times the expected rate of progress.



We were able to reintroduce informal learning activities linked to the public programming themes. Highlights included a summer sporting trail and storytelling activities in Portsmouth, and 'Lego® Saturdays' at The Fleet Air Arm Museum. Our extremely popular Stargazing programme was resurrected in late January 2022 and expanded to provide activities at Fleet Air Arm Museum and Hartlepool, as well as an online programme centred around Portsmouth. We resumed our face-to-face work with communities, such as through 'Chat over Chai', a Portsmouth community organisation that supports over 50's through connection, integration and friendship.

The National Museum has focussed its efforts on improving access over the period, establishing a project to consider approaches to colonisation and related collections, supported by the Southeast Museum Development Partnership to create an Equality, Diversity and Inclusion action plan. Additionally, a pilot project funded by the Arts and Heritage Research Council, has been started to explore community-led participatory approaches to collections research. These strands of work together are changing the way the National Museum thinks about access and inclusion and enabling it to develop its practices.

Central to all of the National Museum's work is our aim to support and engage with the Royal Navy and we have continued to work with veteran groups and others who support Royal Navy personnel. In November 2021, Portsmouth Historic Dockyard provided the finishing point for Combat Stress's 'Race to Remember', an ultra-marathon to raise funds for veterans with PTSD. We undertook a considerable piece of work to enable us to apply for the Armed Forces Covenant Silver Award, engaging with our many members of staff and volunteers who are veterans, reservists or armed forces family members, to ensure that our policies and practices support the recruitment and retention of people from the armed forces communities. Our work to redevelop the Carrier Experience at Fleet Air Arm Museum

involved working with former and serving personnel to capture life on board a modern carrier. We were successful in our application for funding to develop participatory approaches to collections research and worked with a local community group and the Royal Navy's Equality and Diversity network to achieve this. As the First Sea Lord's Flagship, HMS Victory continues to be used by the Royal Navy in supporting recruitment, retention and morale, welcoming cadets and serving personnel for tours and visits, hosting overseas and British naval guests and other important stakeholders, and also playing an important role in ceremonial events, including the supersession ceremonies for the new First Sea Lord, Admiral Sir Ben Key and the new Second Sea Lord and Admiral-In-Charge, Vice Admiral Martin Connell.

Volunteers



Since reopening in May 2021, we have gradually seen the return of our team of volunteers as safe working practices have permitted, with 319 volunteers actively engaged across our sites by March 2022.

A notable recognition for our volunteers was to receive the Southeast region's Marsh Volunteers for Museum Learning Award for the successful Diving Deep: HMS Invincible 1774 project. The judges recognise the outstanding contribution made by our team who worked to help get the exhibition launched on time during the pandemic, conserving and recording the finds from the excavation of the wreck, and developing and installing a travelling exhibition and associated website.

During the period, the work of our volunteers informed a new volunteer strategy for the National Museum which is being implemented in 2022-23. The aim of the strategy is to increase digital volunteering opportunities, to give greater recognition to the value of volunteers to the National Museum and to broaden the volunteer demographic.

Our volunteering programmes also began to pick up pace, with new programmes launched in Portsmouth and Yeovil. These programmes clearly benefit the National Museum, but also bring significant benefits for the volunteers themselves.

Stakeholder engagement

A constructive, engaged relationship with our multiple stakeholders is critical to our success as a National Museum, which is embedded in different communities across the United Kingdom. We recognise that stakeholders are essential to fulfil our mission and can support us in many ways, including (but not limited to) as: national and local authorities; revenue funders; capital funders; business and project partners; landlords; sources of expertise; representatives of naval heritage and ethos; and veterans' organisations.

Key stakeholders who have helped us achieve over this period include: the Ministry of Defence and the Royal Navy; Department for Digital, Culture, Media and Sport; Department for the Economy (Northern Ireland); Hartlepool Borough Council; the National Lottery Heritage Fund; the Mary Rose Trust; Portsmouth Naval Base Property Trust; and our societies of Friends.

We seek to have proactive engagement with stakeholders, communicating the National Museum's strategy and annual priorities and exploring theirs, to ensure that relationships work to our mutual advantage. This engagement is carried out by the Executive team, but where appropriate at a strategic level, also by the trustees. For our most significant stakeholders we structure formal, regular engagement with reference back to financial and partnership agreements; in all cases healthy, open relationships between the National Museum's Executive and their counterparts is essential. This engagement informs the National Museum's own decision-making and has been used to actively

inform formulation of the National Museum's overall strategy, as well as individual strategies and policies. It is also used to actively coordinate and respond to opportunities that arise, as well as act to mitigate any risks.

As a business, the views of our visitors, customers and suppliers are critical to our success and these are structured into our business decisions. For business as usual, structured weekly reporting and active analysis and review of admissions sales, trading performance and visitor feedback, is essential for adjusting actions for the coming weeks, season or year. Our Customer Service function manages all phone, email and social media activity, as well as a regular monthly visitor survey (online and onsite) and commissions strategic audience research work to inform future developments. For projects, the National Museum is committed to formal evaluation of all aspects of a project, which includes staff, suppliers, contractors and partners; the key example this year is the external evaluation of the LCT 7074 project.

Exhibitions

The pandemic caused significant delays to our ability to deliver the National Museum's programme of exhibitions in the early months of 2021-22. Through the remainder of the period, however, were able to deliver a sequence of significant openings.

- **HMS Invincible: The Story of a Shipwreck**

Following its successful opening in October 2020, this exhibition funded by the National Heritage Lottery Fund and the Maritime Archaeological Sea Trust, ran in Portsmouth until November 2021. The exhibition was then dismantled, re-configured, moved and installed on loan at Chatham Historic Dockyard to open in February 2022, where it was visited by HRH The Prince of Wales, before his accession to the throne, and where it has generated a strong media response.

- **Night Hunters: the Royal Navy's Coastal Forces at War: The Robert Hichens Memorial Exhibition**



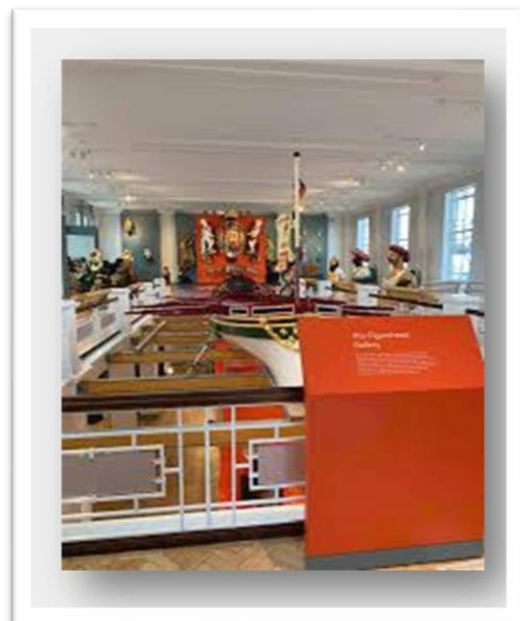
This new major exhibition was formally opened in October 2022, and was delivered through funding from the Coastal Forces Heritage Trust. It focusses on the history and operations of the Royal Navy's Coastal Forces and has enabled the National Museum's historic vessels Motor Torpedo Boat 71 and Coastal Motor Boat 331 to be conserved and restored and presented to the public.

The partnership with the Trust has also supported the sharing of significant volunteer time and historical expertise on a key area of the Royal Navy's history, and transfer of the Coastal Forces Heritage Trust collection of artefacts and archives to the permanent care of the National Museum. An additional generous donation allowed the final audio-visual content to be commissioned and the exhibition named as 'The Robert Hichens Memorial Exhibition'. The exhibition has been well received by visitors, *'An excellent exhibition with really interesting displays, video shows and two immaculately restored MTBs. The WW2 one having some incredible history in the war.'* (TripAdvisor Review)

- **HMS Victory: the Nation's Flagship**

The project to redevelop the Sir Donald Gosling Victory Gallery with the permanent exhibition 'HMS Victory: the Nation's Flagship' was funded by the HMS Victory Preservation Company and the Society for Nautical Research's "Save the Victory Fund". This project, delayed in opening by the Covid-19 Pandemic in 2020, was deliberately deferred until May 2021 to provide maximum exposure and impact at the reopening of the National Museum. The new exhibition offers visitors for the first time a full understanding of HMS Victory's long story from construction to conservation. It places the ship not only in the familiar context of the Battle of Trafalgar, but highlights the many different risks to the ship through a long active service at sea and through even longer years as national icon, moored in Portsmouth Harbour or secure in No.2 Dock.

The people who built, fought, saved and protected HMS Victory are at the heart of the gallery – in particular the major new immersive show on an 8-metre projection, with the ship's story told by individuals key to different parts of its life. The exhibition features a complete reinterpretation of WL Wyllie's monumental painting 'Panorama of the Battle of Trafalgar' from 1929, significant artefacts from her life and the ship's last figurehead displayed for the first time. The gallery firmly positions the ship as a conservation project - the amazing digital 'Conservation Explorer' lets visitors investigate the multiple changes that have occurred to HMS Victory's fabric. The final area will continuously be updated to show the progress of the major conservation programme now getting underway. Visitor reaction has been overwhelmingly positive, with many people contributing their memories of and connections to the ship as feedback within the Gallery.



- **LCT 7074: Resurrecting a D-Day Veteran**

The final elements of this National Lottery Heritage Funded project, developed in partnership with Portsmouth City Council, were completed during the pandemic. The scale, ambition, complexity and risk of the project to rescue and open LCT 7074, the last surviving Landing Craft (Tank) to take part in Operation Neptune, the naval element of 'D-Day', the great invasion of Nazi-occupied Europe, felt a good match for the largest military operation in history. The project combined the strengths of the National Museum in ship conservation, interpretation and project delivery, with the historical expertise and knowledge of community engagement of Portsmouth City Council's 'The D-Day Story'. This has produced greater public impact and also economies of scale so that operating costs are lower, The D-Day Story is more sustainable and funds for LCT 7074's future preservation are assured.



The restored LCT 7074, was moved to her final resting place outside 'The D-Day Story' on 24 August 2020. The result is that Portsmouth now has a major new landmark, a ship berthed on land underneath a beautiful floating canopy, visible to all. On 18 May 2021, the ramp of LCT 7074 was lowered and its first visitors were welcomed onboard. LCT 7074 welcomed 34,812 visitors in 2021-22. It has transformed the experience of visiting The D-Day Story, letting people explore and be immersed within a single giant artefact that actually crossed the sea to France in June 1944, landing men and tanks on Gold Beach who went to fight and die for the liberation of Europe. In July 2021, the project was joint winner of the 'Restoration or Conservation Project of the Year' in the Museums + Heritage Awards. In

November 2021, it was winner of the National Historic Ships UK 'Excellence in Maritime Conservation Award'. HRH The Princess Royal officially opened the ship on 21 April 2022.

Publications and Scholarship

Progress on original research has inevitably been limited through 2021-22, due in part to the focus on reopening our sites. A new Research Policy and a new Collections Access Strategy have been put in place, and the following externally funded research projects and individual publications have been initiated:

- A joined submission research paper that looked at 'using high-resolution digital photography and micro – CT scanning to investigate deathwatch beetle damage to historic timber from HMS Victory' was submitted for publication. The research was undertaken with the National Museum, PhD students and lecturers. The paper identified challenges of managing the damage caused by the deathwatch beetle and how digital techniques can support and reduce its impact on damaging the timber. The paper will be available for the heritage sector and other industries to learn from the research and testing undertaken to support conservation works.
- A PhD graduate research paper on investigating fungal activity onboard HMS Victory and potential application of magnesium oxide nanoparticles in its amelioration. The research paper was published during 2021 and explains the threat to the timber.
- An article 'Indian Figureheads – Carvings from Royal Navy Ships Built at Bombay', has been published (July 2022).
- Significant research has also been undertaken on the Victory figurehead and the paper is due for publication.

Charitable Fundraising

The National Museum relies on the generosity of our donors to fund much of our work and has an in-house Fundraising team that raises funds to support our core work, including delivery of our major capital projects. The National Museum is registered with the Fundraising Regulator and adheres to the Code of Fundraising Practice. We are committed to our Fundraising Promise, produced to assure donors and potential donors of our accountability and integrity.

Notable supporters are the National Lottery Heritage Fund, BAE Systems Maritime, Lockheed Martin, the American Friends of the National Museum of the Royal Navy, The Art Fund, the National Heritage Memorial Fund, Notsew Orms Sands Foundation, the Gosling Foundation and the Michael Cobham Foundation.

The Trustees have overall responsibility and accountability for our fundraising and income generation activities and monitors such activities through a Fundraising Committee.

The National Museum did not use any non-directly employed fundraisers, nor any commercial participators to carry out any fundraising activities during the period. In 2021-22, the National Museum did not receive any complaints about its fundraising activities or practices and no complaints were made to the Fundraising Regulator.

Trading

The National Museum of the Royal Navy Trading operates across all of the National Museum's sites as a single trading entity, delivering non-primary purpose commercial activities such as cafés, retail, guidebooks, weddings, corporate and private hires, and wholesale and brand licensing. In 2021-22, the company turned over £1,621,000 (2020-21: £167,000) generating a profit after tax of £13,000 (2020-21: loss £119,000).

A Commercial Strategy 2022-2025 was approved by the Trading Company Board in December 2021. The focus of the strategy is to prioritise Retail, Catering, Venue Hire and Licensing across all sites, ensuring visitors receive the best experience during their visits. Significant investment within prioritised locations was undertaken during 2021-22 to deliver attractive and enticing environments for the visitors during their exploration of our collections.

Post balance sheet events

Post balance sheet events are disclosed in note 30 to the accounts. The Going Concern assessment is disclosed in note 1.3. Principal risks and uncertainties are disclosed on pages 18-19.

Plans for Future Periods

Financial stability

The key focus for the National Museum for the year ahead will continue to be on recovering financial stability through cost management and replacement of the income lost as a result of the pandemic. It is clear that the National Museum's visitor markets and self-generated income streams will continue to be impacted, with increased competition for external funding streams, the international and education visitor markets will be slow to recover, but also affected by the impact of the economic recession and high levels of inflation on public spending more generally. Rising operating costs will also have a significant impact.



The National Museum has continued to engage with Navy Command to ensure it has sufficient funds to continue to operate throughout 2022-23. Looking ahead to 2023-24, Navy Command has approved an uplift to the amount of Grant in Aid that will be made available for the year and has undertaken to work with the National Museum to rebaseline Grant in Aid for future periods, to ensure that the National Museum is appropriately supported and can undertake proper planning for the future. Whilst the amount of additional funding received is significant, it has not been sufficient to close the budget gap for 2023-24 and it has been necessary for the National Museum to identify rapid cost cutting measures, including reduction of its strategic aims and corporate plan objectives.

Major Projects

The following major projects will be the focus of significant work for the National Museum, with impacts to be shared in future reporting periods:

- **HMS Victory Conservation project** - Installation of the ship's new support system was completed during the year and the last cradle was removed from the dock in May 2021. To support the re-planking process, a scaffold structure is required to provide a dry environment, protected from weather and within which HMS Victory's timber can be dried. The scaffold work was completed in September 2022. It provides access for shipwrights to carry out work of removing and reinstating planking and the provision of public access to view works underway. Timber specialists will be procured to support the supply of oak. The oak timber will be cut to required specification within the onsite workshop. Survey work to the lower masts and rigging has been completed, together with essential maintenance to ensure the continued safety of the remaining rig. This included removal of the main mast during May 2021, with conservation work progressing to ensure its safe replacement.
- **New Royal Marines Museum** - An options appraisal has recommitted the National Museum to establishing the new Royal Marines Museum in Boathouse 6 within Portsmouth Historic Dockyard. The National Museum is in the early development stages of a new project and is consulting on the following intent for a new Royal Marines Commando Experience:

To create a world class new attraction revealing the story of Commandos from their origins in Britain's darkest days of 1940 to the Future Commando Force. Within Boathouse 6, our dynamic experience will take visitors into the physical, mental and technical reality of Commando selection and training. It will reveal the drama of the Royal

Marines Commandos and Combined Operations and Royal Navy Special Warfare in the past, present and future. Through cutting edge design which gets people hands-on and showcases military innovation and creativity we will provide an inspirational, unforgettable experience.

- **Fleet Air Arm Museum redevelopment** - A major redevelopment of the 'Aircraft Carrier Experience' was delivered for the summer of 2022, funded by a generous legacy to the Fleet Air Arm Museum Trust from the Gosling Foundation. The new experience immerses our visitors in the sights, sounds and smells of carrier flight and in the complexity of carrier operations. It connects the heyday of jet aviation to the operations and deployment of the Queen Elizabeth Class carriers and F35 aircraft, which will be the heart of the Royal Navy from 2021 onwards. The upgrade showcases the Fleet Air Arm's 'Air Power from the Sea' in past, present and future.
- **HMS Caroline** – this site was closed to the public on 17 March 2020 in response to government advice regarding the Covid-19 pandemic. It has remained closed, as a new operating and funding agreement was developed with the Department for the Economy Northern Ireland (DfE), with the original agreement expiring 30 June 2020. Negotiations concluded in December 2021, supported by both the DfE and the National Heritage Memorial Fund (NHMF), and resulted in an agreement to endow the HMS Caroline Project, to secure the Ship's future as a heritage visitor attraction. The endowment agreement was completed on 29 March 2022 and provided an expendable endowment of £12,500,000 to HMS Caroline Preservation Company to enable it to conserve, repair, protect and interpret the Ship and the Site, and to enable HMS Caroline to continue to be kept in Belfast. Also on 29 March 2022, NMRN Operations took a 17-year lease from the Belfast Harbour Commissioner for the Alexandra Dock and associated land and buildings, and a 17-year lease with the Northern Ireland Science Park for Blocks 1 to 3 of the Pump House, thereby ensuring the Ship has a home in Belfast until 2039. NMRN Operations has developed a new Business Plan and preparations are underway to reopen HMS Caroline to the public for Easter 2023. The Business Plan seeks to re-establish the Ship as an important heritage visitor attraction in Belfast.
- **NMRN Hartlepool Vision Retail Park** – the trustees of NMRN Hartlepool have worked with Hartlepool Borough Council to develop their joint vision for the regeneration of the area around the dock basin for the Waterfront Regeneration Project. A vision document has been created that demonstrates the cultural and commercial use of the site, the addition of facilities dedicated to the care and conservation of historic ships, skills training workshops, new galleries that support STEAM education (science, technology, engineering, arts and mathematics) and the creation of exciting new experiences to complement the activity taking place both on the National Museum site and the wider Waterfront area. In parallel, Hartlepool Borough Council has commissioned a separate study for the Museum of Hartlepool and the Wingfield Castle, offering the opportunity to ensure a holistic approach to proposing future options for the whole site. The project was successful in securing funding of £8.5M from the Tees Valley Combined Authority for the cultural component of the Waterfront Regeneration Project. This is supported by £4M of funding from Hartlepool Borough Council funding for the conservation of Wingfield Castle and the essential replacement of the Dam Board to safeguard HMS Trincomalee, which the Council has assured will be prioritised in the next period. The development funding agreement between the operator, NMRN



Operations, and Hartlepool Borough Council was signed on 31 January 2022, releasing £1M to commence the first phase of the project. Additional funding applications were pursued during 2021-22 to seek the £1.5M match funding required by the project. Unfortunately, the Levelling Up Fund application undertaken by the Council was unsuccessful and despite assurances that a further bid would be submitted during round two in 2022, this did not eventuate. The funding enabled the purchase of the Vision Retail Park for £3.4M by NMRN Operations on 20 June 2022, as a key milestone in delivery of the vision, to expand the existing site and to form the core of the major new galleries expansion. The next phase of the project will see NMRN Operations redevelop the William Gray building and the Fighting Ships experience. Hartlepool Borough Council will also develop options studies for replacing the dam board and sealing the dock in which HMS Trincomalee sits.

Principal Risks and Uncertainties

The National Museum of the Royal Navy's approach to risk management is detailed in page 29. The National Museum has operated a robust risk management framework throughout the report period and the trustees formally consider the risks to the delivery of the strategy and corporate plan at each of its meeting. The principal risks and uncertainties are outlined below. These are the most significant risks that may adversely impact our strategic plans, financial position or operational performance.

Risk	Consequences	Planned Mitigation
Failure to keep the museum relevant	Reputational damage Impact on self-generated funding	The National Museum continues to develop, deliver and evaluate its annual programme supported through investment in understanding our audience. Development of strategies continue to strengthen brand loyalty and ensure appropriate pricing to balance visitor attraction and accessibility with revenue generation and to develop the commercial offering.
Insufficient funding to deliver the charitable objects	Collections are not adequately cared for	The most significant risk faced by the National Museum centres around its self-generated income streams. Additional grant in aid funding from the Royal Navy has been essential to ensure the National Museum's survival throughout 2022-23 and beyond, until a stable trading and operating base can be resumed. Funding shortfalls impact the ability of the National Museum to adequately fund the conservation and maintenance of its historic ships and collections and prioritised conservation management plans are being put in place to understand and manage this risk.
Over complex governance arrangements	Goal incongruence Ineffective or inefficient operation of the National Museum	The Board commenced a review of the governance and operating structures across the Group, with a view to streamlining these where reforms can be introduced without prejudicing compliance with charity and company law, and our relationships with stakeholders, to ensure that these remain fit for purpose for the efficient and effective conduct of business into the future. The review concluded in 2022-23, with a clear plan of actions for delivery. Funding and delivery of major capital projects will always present a risk to the National Museum and this is mitigated through the establishment of a robust project management framework, appropriate governance and oversight for all major projects, and cash flow forecasting that reflects operational and major project demands and fundraising requirements.

Risk	Consequences	Planned Mitigation
Environmental sustainability across the sites	Inappropriate strategies Impact on fundraising	The National Museum is looking to establish effective sustainability strategies to support the net zero targets introduced by the Government and to work with its partners to reduce its carbon footprint across its whole estate. Progress is, however, likely to be constrained by availability of funding.

Financial Review

Statement of Financial Activities for the Year Ended 31 March 2022

Total incoming resources for the National Museum in 2021-22 amounted to £27,089,000 (2020-21: £16,985,000) and relates largely to Grant in Aid, donations and admissions income and trading income.

The increase in incoming resources from the previous reporting period resulted directly from the receipt of the endowment for HMS Caroline (£12,500,000) and the increase in the National Museum's ability to trade effectively as the Covid-19 operating restrictions were lifted.

Admissions income for 2021-22 increased to £5,307,000 (2020-21: £1,170,000) and income generated by the trading company on non-charitable activities showed a similar stepped improvement to £1,640,000 (2020-21: £183,000). Revenue Grant in Aid was reduced accordingly to £5,476,000 (2020-21: £7,198,000).

Excluding endowment funds, an increase in expenditure to £15,157,000 (2020-21: £13,645,000) reflected the increased fundraising and trading company activity, whilst the cost of delivering charitable activities remained broadly the same, resulting in a deficit of £827,000 for the year (2020-21: £3,260,000 surplus).

After adjustment for net gains on endowment fund investments totalling £2,595,000, gains on revaluation of fixed assets of £1,649,000 and recognition of actuarial losses on defined benefit pensions schemes of £210,000, the net movement in funds for the year was an increase of £15,762,000 (2020-21: £6,004,000). The total funds carried forward at 31 March 2022 was £204,296,000 (31 March 2021: £188,534,000).

Balance Sheet

The net assets as at 31 March 2022 amounted to £204,296,000 (31 March 2021: £188,534,000).

The value of heritage assets (over the capitalisation threshold and accessioned since 1 April 2000) represents 52% of the National Museum's net assets at £106,038,000. Movements in fixed assets are shown in notes 15-16 to the accounts. Fixed assets acquired by either purchase or donation, with a value of £2,500 and over are capitalised in accordance with the accounting policies set out in note 1.8. Heritage assets added to the collection are included in the accounts at acquisition cost or on the basis of internal valuations estimated by the curatorial staff and determined by their experience and judgement as set out in note 1.9.

The National Museum held £17,532,000 cash in bank and in hand at 31 March 2022 (2021: £6,632,000).

Reserves

The Trustees regularly monitor the levels of the Group's reserves and seek to take correction action as necessary. As at 31 March 2022, the company's unrestricted funds (excluding the revaluation reserve) stood at a deficit of £714,000 (31 March 2021: £1,000). This deficit balances arises from loan amounts falling due after more than one year payable to Hartlepool Borough Council and used to fund the purchase of the Sim Comfort Collection. The deficit on reserves will reduce over the 10-year loan term (ending 15 September 2031) as loan repayments are met from funds received specifically for the purchase of exhibits.

As at 31 March 2022, the level of the company's free reserves (defined as net current assets attributable to unrestricted reserves excluding designated funds) stood at £5,000 (31 March 2021: £1,000).

Under the Group's governance structure, the company receives no funding other than Grant in Aid from the MOD. This grant is used to defray the company's own expenses before granting the balance onto its operating subsidiary, NMRN Operations, and subsidiary trusts on the basis of need and as such, the Grant in Aid is fully expended. Under the terms of the financial framework (agreed 6 December 2019), the company is only permitted to carry over a maximum 2% of

the total Grant in Aid into the next financial year and any carry forward may be taken into account in reducing the following year's Grant in Aid. If not carried forward, the balance of Grant in Aid not spent must be repaid to the MOD. Based on the year's revenue Grant in Aid of £5,476,000 the maximum carry forward is £110,000. Free reserves for the Group are not, therefore, built within the parent company but within the subsidiaries from self-generated income streams. As such, this free reserves balance does not represent a going concern risk to the company.

The Group's free reserves stood at £4,780,000 (31 March 2021: £4,815,000). As nearly the entire Group's operating costs now flow through NMRN Operations, the Group policy is that sufficient free reserves are accumulated within the charitable subsidiary NMRN Operations to provide three months' operating expenditure for the greatest potential area of exposure (Portsmouth Historic Dockyard, including the Gosport sites). There is no need to accumulate additional free reserves in either the company or the subsidiary trusts and any such reserves held will be appropriately used, as approved by the Board, for the furtherance of the trusts' charitable objects. The free reserves held by NMRN Operations (£2,286,000) are insufficient to meet long-term development needs and there are risks associated with unanticipated short-term demands; the impact of the Covid-19 pandemic clearly exposed this. The additional Grant In Aid support received for 2022-23 will prevent NMRN Operations' free reserves position from deteriorating, but will not enable the reserves to be built up to a level that will eliminate the need for further financial support in future years. As such, the Trustees continue to work with Navy Command to bid for additional funding to support the Group's financial performance in 2023-24 and beyond. The free reserves position will need to be rebalanced once a normal pattern of business has resumed, at which point the Trustees will seek to improve the free reserves position in NMRN Operations in accordance with the reserves policy through consolidation and reduction of costs in future periods and the delivery of a budget each year that will deliver a modest surplus.

The company holds a number of restricted funds with a total net current asset value of £1,299,000 (31 March 2021: £1,159,000). These restricted funds primarily relate to major capital projects.

The Group's restricted funds stood at £123,362,000 (31 March 2021: £123,171,904). This includes tangible fixed assets of £114,748,000 and net current assets of £8,614,000. The surplus on restricted funds will reduce in future years with increasing expenditure on the preservation of HMS Victory, HMS Caroline, HMS Warrior, LCT 7074, RML 497, the new Royal Marines Museum and depreciation on capital expenditure.

Payment of Creditors

The National Museum's policy, in accordance with the Government-wide standard on the payment of creditors, is to settle all undisputed bills within 30 days or in accordance with the supplier's terms of business.

Investment Policy

The National Museum's investment policy seeks to produce the best possible financial return within an acceptable level of risk. The majority of the National Museum's investment activity has been undertaken by its subsidiary the HMS Victory Preservation Company which holds the most significant investment funds, and going forward will also be undertaken by the HMS Caroline Preservation Company.

The investment objective for HMS Victory Preservation Company is to generate a total return of CPI plus 4% per annum over the long term. Returns from these funds are required to maintain HMS Victory in perpetuity and it is therefore essential to invest with a long-term perspective. If achieved, the company should be able to maintain the real value of its investment portfolio while funding annual expenditure for maintenance and repair estimated in the region of 3% of capital per annum.

The company adopts a total return approach to investment, generating the investment return from income and capital gains and losses. It is expected that if in any one year the total return is insufficient to fund the ongoing expenditure, in the long term the value of the portfolio will still be maintained in accordance with the investment objective stated above. Capital gains may be used to provide cash for the objective provided that the original investment has been preserved.

The key risk to the long-term achievement of the investment objective is inflation and the assets are invested accordingly. The Trustees understand that this will mean that investments are likely to be predominantly invested in equities, where dividends can be expected to grow, and that capital value will fluctuate. The company's attitude to risk is therefore described as progressive.

The assets can be invested widely and are expected to be diversified by asset class, by manager and by security. Asset classes can include cash, bonds, equities, property funds, hedge funds, structured products, private equity, commodities and any other asset class that is deemed suitable for the company. The Trustees do not wish to invest in property directly. The HMS Victory Investment Committee is charged with agreeing a suitable asset allocation framework with two appointed professional fund managers.

For the year ending 31 March 2022, income from investments totalled £556,000 with investment management costs of £204,000 and unrealised net gains of £2,595,000, resulting from market volatility in response to the Covid-19 pandemic.



Admiral Sir Philip Jones
Chair on behalf of the Board of Trustees

1 June 2023



Professor Dominic Tweddle
Director General and Accounting Officer

1 June 2023

Accountability Report including the Directors' Report

Trustees' Report and Governance Statement

This report sets out the arrangements for the governance of the National Museum of the Royal Navy, including the Board and committee structure for the Trustees. The Trustees, who are also the Members and Directors of the National Museum of the Royal Navy for the purposes of company law and who served during the year and up to the date of this report are set out on page 2. Overall control of the National Museum is the responsibility of the Board of Trustees.

The Trustees have had due regard to the guidance issued by the Charity Commission on public benefit. A core principle of the National Museum's strategy is to develop its digital presence and to extend regional partnerships and affiliations thereby allowing the story of the Royal Navy to be told across the United Kingdom and beyond. Through its charitable objects, the National Museum seeks to promote the education of the general public on the history, deeds and traditions of the Royal Navy and encourages the public to commemorate and recognise the sacrifice of those members of the Naval Service who have died on active service. The National Museum operates fee-paying attractions and endeavours to ensure that ticket prices are set at a reasonable level, including several types of concessions. The National Museum offers workshops to schoolchildren in support of the National Curriculum, operates community outreach programmes in the local areas for children, their parents and carers, and hosts foreign language school pupils. The National Museum's team of volunteers delivers an important contribution through a variety of tasks across the museum's sites.

This report demonstrates how the system of governance and internal control is maintained within the National Museum and how the major risks to which the company and group is exposed, as identified by the Trustees, have been reviewed and systems have been established to mitigate those risks.

The Governance Framework

The National Museum of the Royal Navy is a company limited by guarantee (company number: 06699696) and a charity registered with the Charity Commission (registration number: 1126283). It is governed by its Articles of Association dated September 2018, which incorporate its charitable objects, the powers of the company and provides for the appointment and reappointment of Directors. Trustees are appointed in accordance with the Charity Commission guidance 'Finding new trustees: what charities need to know' and appointments are guided by the principles of the Cabinet Office guidelines 'Governance Code for Public Appointments'.

The National Museum of the Royal Navy is also a Non-Departmental Public body, sponsored by the Ministry of Defence, and as such is obliged to comply with HM Treasury's financial reporting requirements and guidance on use of public funds, 'Managing Public Money'. The Financial Framework, which defines the arrangements between the National Museum and its sponsor, was updated in light of the department's 2016 Service Museums review and agreed in December 2019.

The Board of Trustees

The Board is responsible for ensuring leadership through effective oversight and review. It shapes the strategic thinking and sets the tone for the National Museum. The Board has delegated elements of its responsibilities to subcommittees (Audit and Governance; Nomination and Remuneration; Fundraising; Digital; Collections, Research Learning and Access) ensuring the charitable objects are met.

The Trustees ensure the distinct legal responsibilities and charitable objectives of the company and Group are fulfilled within an overall policy and strategy framework. The day-to-day operation of the company and Group within that framework is delegated to the Director General and Accounting Officer and to the Executive Directors. The Board of Trustees meets periodically through the year to set the long-term strategic objectives of the Group, agree the Corporate Priorities and review performance against objectives set.

Each Board of Trustees of the respective subsidiary companies remains responsible for their governance, which are clearly set out between the National Museum and its constituent members. The NMRN Operations Board is charged with responsibility for operational delivery of the Corporate Plan Priorities to meet the National Museum's strategic objectives. The Chair of the NMRN Operations Board is invited to attend the main Board of Trustees and to report on progress.

The Trustees of the National Museum aim to stay abreast of good governance and practice and have well-developed plans to ensure compliance with the Charity Governance Code. During 2021, the Board conducted an evaluation of its performance, composition, effectiveness, skills and diversity. A review was undertaken during March and April 2021 to compare the current governance arrangements against the Charity Governance Code. And the Trustees have developed an action plan and are taking necessary steps to address gaps identified. The Board is taking steps to improve its governance through a plan to simplify the Group structure to improve transparency and effectiveness of delivery.

A formal induction process is in place for new Trustees and committee members, which combines all the necessary background reading material, including items such as: the Articles of Association; committees' terms of reference; minutes of recent meetings; the Charity Commission publication "The Essential Trustee: what you need to know"; the National Museum's strategy and corporate plan; and the Museum Association publication "Code of Ethics for Trustees". New Trustees and committee members are encouraged to visit the National Museum's sites to meet key members of staff, see the collection and to discuss current issues, projects and risks. Tailored training may also be arranged. Recent appointees continue to confirm their satisfaction with this process.

The Board is comprised of a maximum of 16 Trustees, with the Director General (or his representative) and the Executive Directors in attendance. The Board meets quarterly or as and when required in line with its Articles of Association.

Delegated Responsibility to Committees

Board decisions are informed by appropriately detailed management reports, that have passed through the relevant subsidiary boards or committees as appropriate, and that in turn have the specific membership and skill sets to enable scrutiny and challenge before reaching the Board. The flow of information, its quality and accuracy and the process of review is considered sufficient for the Board to ensure that it fulfils its responsibilities effectively.

The majority of Board decisions are only taken after the appropriate committee has met and discussed the issue and made their recommendations. The Director General also attends the meetings of the National Museum's committees.

Committee	Responsibilities
<i>Audit and Governance</i>	Oversight of all auditing, risk management and governance aspects of the Group, reporting back to the Board when necessary.
<i>Nomination and Remuneration</i>	Leading the process for Board appointments and for identifying and nominating for Board approval, candidates for appointment to the Board and its constituent Committees; and determining and making recommendations to the Board on the performance and remuneration of the National Museum's Director General and Executive Directors, including the award of performance related bonuses.
<i>Collections, Research, Learning and Access</i>	Articulation of the Acquisitions, Disposals and Loans Policy for the National Museum, the Collections Strategy and all Collections Management, Conservation, Access and Research policies and priorities.

Committee	Responsibilities
<i>Fundraising</i>	Leading on all aspects of fundraising for the National Museum, constructing a strategy that supports the agreed Corporate Priorities of the National Museum in terms of its scale, scope and reach and coordinating the approach to the private, public and corporate sectors. The Fundraising Regulator requires Trustees to receive a report annually on the operation of the fundraising function, especially in relation to complaints received through the Regulator regarding the National Museum. No complaints have been made. The Trustees in turn are required to monitor the approach undertaken to fundraising, which is set out in reports to the Committee and Board.
<i>Digital</i>	Review and development of the digital vision and infrastructure for the National Museum.

Key Focus of the Board for 2021-22

The key priority for the Board during 2021-22 was the safe reopening of all sites and visitor attractions, abiding with Covid-19 secure guidance. The Board supported the Executive Team throughout this period, ensuring both visitors and staff were protected, whilst access to the collections and income generating activities resumed.

The Board commenced a review of the governance and operating structures across the Group, with a view to streamlining these where reforms can be introduced without prejudicing compliance with charity and company law, and our relationships with stakeholders, to ensure that these remain fit for purpose for the efficient and effective conduct of business into the future. The review concluded in 2022-23, with a clear plan of actions for delivery.

The Board also delivered the following:

- A review and update of the National Museum’s Strategy for 2022-2027. This major piece of work aims to “future proof” the National Museum through a greater emphasis on advances in technologies, deeper integration of the relationship with the Royal Navy and partnership working across our regions to increase reach and impact.
- Significant projects during the year included ensuring improved longer-term financial security for HMS Caroline and acquisition of the new Vision Retail Park at Hartlepool to support an important regional regeneration project, in partnership with the local authorities.
- Development of the dialogue with the Royal Navy regarding its contribution to the Royal Navy’s strategy and reach and the level of Grant In Aid funding essential to support the delivery of a National Museum.
- A full governance framework review against the Charity Commission’s Code of Governance, and a self-evaluation of performance, effectiveness, skills and diversity, to further develop accountabilities, efficiencies, transparency and public benefit delivery.
- Organisational developments to improve the terms and conditions for staff and volunteers.

Register of Trustees Interests

A register of interests is maintained for Trustees, Committee Members and the Executive, requiring declaration of any interest, pecuniary or otherwise, in any matter being considered by the Board, subsidiary board or the committees. Declarations of interest are also included at the beginning of every agenda as an opportunity for new conflicts of interests to be declared and for existing conflicts of interest to be dealt with.

Board and Committee Attendance

Membership and attendance of key meetings ¹	Board of Trustees	Committees				
		Audit and Governance	Collections, Research Learning, Access	Digital	Fundraising	Nomination and Remuneration
Total number of meetings in the period:	6²	4	4	2	4	2
<i>Chairman:</i>						
Admiral Sir Philip Jones GCB ADC DL	5/6					
<i>Trustees:</i>						
Rear Admiral Mark Anderson	5/6	2/2				
Mr Michael Bedingfield	4/6				3/4	2/2
Ms Katherine Biggs	6/6		2/4	2/2		
Dr Andrew Burnett	6/6	4/4	4/4			
Mr Philip Dolling	6/6	1/1		2/2	4/4	
Mr Mike Gambazzi	2/2					
Ms Helen Jackson	6/6				4/4	
Mrs Donna Jones	5/6					2/2
Major General Jeffrey Mason	4/6					
Mrs Mary Montagu-Scott	5/6				4/4	1/1
Rear Admiral Jon Pentreath	6/6					1/2
Mr Mike Scott	6/6					2/2
Mrs Alison Start	4/6				4/4	
Mr Gavin Whitter	6/6	4/4				
<i>Non-Trustees:</i>						
Mr Stephen Bradley						
Ms Emily Clarke			1/4			
Vice Admiral Sir Anthony Dymock KBE CB FRSA					2/3	
Mrs Sarah Dhanjal			2/4			
Ms Sarah Humphrey		2/2				
Captain Catherine Jordan					1/1	
Ms Jackie Keily			1/1			
Professor Andrew Lambert			2/4			
Ms Tiva Montalbano			3/4			
Mr Alex Patterson			3/4			
Mr Peter Pantlin					1/1	
Dr Amara Thornton			3/4			
Mr Roy Stephenson			0/1			

Notes

¹The board and committee meetings for 2021-22 were undertaken following a hybrid model of onsite/ remote attendance to enable safe working within a Covid-19 environment.

²There were two extraordinary NMRN Main Board of Trustees meetings during 2021-22.

Personal data loss

The National Museum Group identified no personal data related incidents that required reporting to the Information Commissioner's Office during 2021-22. An incident is defined as a loss, unauthorised disclosure or insecure disposal of personal data. Protected personal data is information which links an identifiable living person with information about them which, if released would put the individual at significant risk of harm or distress; the definition includes sources of information that because of the nature of the individuals or the nature, sources or extent of the information, is treated as protected personal data by the company.

System of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the National Museum's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The review of the effectiveness of the system of internal controls is exercised through the Audit and Governance Committee. This Committee is chaired by a Trustee of the Board and draws expertise from other Trustees and committee members, with the Director General and the Executive Director of Resources in attendance, and other members of the executive attending as required. The Committee also has access to the independent accountants, internal and external auditors engaged for all companies within the Group, providing review and oversight of the financial control systems and the creation of the companies' and trusts' consolidated group accounts. The Committee reports directly to the Board of Trustees.

Internal Audit

The National Museum has an independent internal audit function, provided through RSM Risk Assurance Services LLP (appointed in November 2019), which undertakes a rolling programme of risk-based audit activity across the Group, agreed at the start of each financial year with the Accounting Officer and the Audit and Governance Committee. Internal audit provides assurance to management and the Audit and Governance Committee on the adequacy of internal control arrangements, including risk management and governance. The internal audit conforms to the GovS009 Internal Audit Functional Standard.

RSM Risk Assurance Services LLP was appointed following a joint tender exercise with our sister Service Museums, the National Army Museum and the Royal Air Force Museum, to support the sharing of best practice and economies of scale, including an agreed annual thematic review across each of the museums. The following internal audits were completed during the year:

Internal Audit review	Assurance Opinion Provided
Contracts Register	No opinion/ advisory
Management Reporting	Reasonable Assurance
Marketing and Communications (Thematic Review)	Reasonable Assurance
Payroll	Reasonable Assurance
Site Visit – Fleet Air Arm Museum	Reasonable Assurance
Site Visit – NMRN Hartlepool	Substantial Assurance
System and data security	Partial Assurance
Follow up review	No opinion/ advisory

Work is underway to address all audit findings and to mitigate the risks identified. The system and data security review made a number of recommendations around remote working and operational resilience that have been responded to.

In their annual report to the Audit and Governance Committee for the year ended 31 March 2022, the internal auditor was able to provide moderate assurance on the governance, risk management and control framework and the mitigating controls over the risk to delivery of objectives. In the auditor's opinion, some improvements were required to enhance the adequacy and effectiveness of governance, risk management and control. There were no issues resulting from their work that the auditor considered should be referenced in the annual governance statement. The internal audit work for 2021-22 had been undertaken through the operational disruptions caused by the Covid-19 pandemic. In undertaking the audit work, the internal auditor recognised that there had been some impact on both the operations of the organisation and its risk profile, and advised the annual opinion should be read in this context.

External Audit

The external auditor for the National Museum of the Royal Navy is the Comptroller and Auditor General, with the audit conducted by Deloitte on behalf of the National Audit Office. The external audit of the subsidiary companies and trust is conducted by PKF Littlejohn LLP. The Audit and Governance Committee receives and reviews all external auditor reports.

Environmental Policy and Sustainability Plans



The National Museum of the Royal Navy is committed to minimising its impact on the environment and reducing its carbon footprint to promote a more sustainable future. This applies across all operational activities and ongoing and new projects.

Following the significant delays to delivery of this important policy and plan as a result of the impact of the pandemic and the limited availability of resources, 2021-22 saw us starting to shape our environmental policy and sustainability review across our estate, to take into account the Government's target to achieve Carbon Net Zero by 2050, and to establish benchmarks against which future performance may be measured.

Our aim is to comply with, and exceed where possible, all relevant legislation, mandatory codes of conduct and guidelines. We will conserve energy, water and consumables as far as possible, particularly if they are non-recyclable. We will seek to recycle to reduce wastage, prevent and avoid excessive pollution from our operations and projects, and ensure we dispose of any hazardous materials in the appropriate manner. We will include environmental sustainability in our procurement activities, looking to our contractors, our landlords and other key stakeholders to uphold the same environmental principles as ourselves. We will work with our staff and encourage our visitors, to understand the environmental consequences of decisions, and to deliver our products and services in ways that minimise impact on the environment. We will develop our systems and approach to collect data and report on environmental sustainability indicators and use these to set measured targets for achievement.

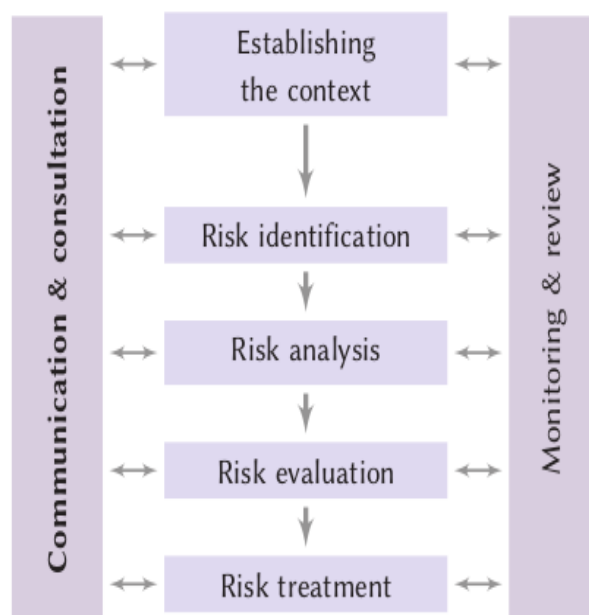
To become a sustainable museum with reduced carbon emissions, we recognise that significant changes to our working environment, premises and collections are required, including but not limited to energy use, transport, building infrastructures, and collections management, requiring significant capital investment. Our review will look at all areas across the National Museum of the Royal Navy to identify how we can effectively change our working practices to support the Carbon Net Zero ambition; however, our actions will be constrained by availability of funding.

Risk Management

During the Governance Review of 2021, we undertook a review of our Risk Management Strategy and Policy to ensure it remains fit for purpose within the context of our new organisational strategy and changes to our operating environment. The policy provides a framework and process that enable the organisation to manage uncertainty in a systematic, consistent and efficient way. It supports informed decision making thereby enabling opportunities to be exploited, or action to be taken to mitigate or manage risk to an acceptable level. Effective management of risk is essential in supporting the National Museum's culture of innovation and autonomy and in establishing a "risk aware" approach.

Risk Management is integral to the National Museum's corporate planning, and managing risk effectively is essential if the Trustees are to achieve their key objectives and safeguard the funds and assets entrusted to them. We have identified the strategic, operational and project risks to our charitable objects and strategic objectives. The Board considers the strategic risk register, including risk mitigation and outcomes, at each of its meetings. Going forward, all risk registers will be accessible in real time by Trustees and the executive. The Audit and Governance Committee oversees the development and implementation of the National Museum's risk management strategy and framework.

The day-to-day management of risk is exercised through the National Museum's Executive Board, which regularly reviews the National Museum's principal activities and events, with associated risks. The Audit and Governance Committee, subsidiary boards and the Board of Trustees receive reports to each meeting on the principal risks and the steps being taken to manage them effectively, including risks relating to new project proposals. Appropriate mitigating actions are identified to address the inherent risks and to enhance the control environment.



Key risks

The key risks facing the National Museum and the mitigations in place are set out on pages 18-19.

Assurance Statement by the Audit and Governance Committee

The Audit and Governance Committee is reasonably confident that:

Based on the above, the Board and Accounting Officer of the National Museum of the Royal Navy believe that the organisation complies with the Corporate Governance in Central Government: Code of Good Practice 2011, to the extent that it is relevant to the company and as far as the Charities Act 2011 and Companies Act 2006 permit.

In our view, the information received was sufficient to enable us to review and confirm the effectiveness of the National Museum of the Royal Navy's system of internal control in accordance with Treasury guidance and recommendations. The system of internal control has been in place in the National Museum of the Royal Navy for the year ended 31 March 2022 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.



Gavin Whitter
Chair of the Audit and Governance Committee

1 June 2023



Professor Dominic Tweddle
Director General and Accounting Officer

1 June 2023

Statement of Board of Trustees' and Accounting Officer's responsibilities

The Board of Trustees of the National Museum of the Royal Navy is required to prepare financial statements for each financial year in accordance with the Companies Act 2006, which give a true and fair view of the statement of affairs of the parent and the group and of the net expenditure of the group for that year.

The Secretary of State for the Ministry of Defence (with the consent of HM Treasury) has also directed the Accounting Officer to prepare for each financial year a statement of accounts in the form, and on the basis, set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the National Museum of the Royal Navy and of its income and expenditure, Balance Sheet and cash flows for the financial year.

In preparing the accounts, the Trustees and Accounting Officer are required to comply with the requirements of FRS 102 and the Accounting and Reporting by Charities: Statement of Recommended Practice (FRS 102) and in particular to:

- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, comprising FRS 102, and disclose and explain any material departures in the financial statements;
- select suitable accounting policies and apply them consistently;
- prepare the financial statements on a going concern basis;
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable; and

- 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 National Museum of the Royal Navy's auditors are aware of that information. So far as they are aware, there is no relevant audit information of which the auditors are unaware.

The Principal Accounting Officer has appointed the Director General as Accounting Officer of the National Museum of the Royal Navy. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the National Museum of the Royal Navy's assets, are set out in Managing Public Money published by the HM Treasury.

In preparing the accounts, the Accounting Officer is also required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Secretary of State for the Ministry of Defence, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclose and explain any material departures in the accounts.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent and group and enable them to ensure that the financial statements comply with applicable law and the provision of the National Museum of the Royal Navy's constitution. They are also responsible for safeguarding the assets of the parent and group and hence for taking reasonable steps for the prevention and detection of fraud and other non-compliance with laws and regulations. The Trustees are also responsible for the maintenance and integrity of the corporate and financial information included on the National Museum of the Royal Navy's website.



Admiral Sir Philip Jones
Chair on behalf of the Board of Trustees

1 June 2023



Professor Dominic Tweddle
Director General and Accounting Officer

1 June 2023

Remuneration and Staff Report

This report has been prepared in accordance with the Government Financial Reporting Manual, which requires the disclosure of certain information about directors' remuneration, where "directors" is interpreted to mean those persons in senior positions having authority or responsibility for directing or controlling the major activities of the National Museum of the Royal Navy.

Remuneration Policy

The Nomination and Remuneration Committee meets annually to consider the pay award for the Director General and the Executive Directors. The Director General and the Executive Directors are entitled to a non-consolidated performance related payment, based on performance objectives approved by the Committee annually against the Objectives and Key Priorities in the Corporate Plan and personal contribution towards the achievement of key areas of work. Non-consolidated payments are based on the previous financial year's performance.

Staff salaries, including salaries for Directors and Deputy Executive Directors, are set within the "Salary Grading Structure and Pay Progression Scheme" that was introduced from 1 April 2019. The Structure provides a single pay scale consisting of 50 pay points across 10 pay grades. An annual "cost of living" review is undertaken in November each year to consider affordability of UK Living Wage minimum pay recommendations, with any recommendations arising from the review subject to Board and Ministerial approval before implementation. A Pay Progression Scheme enables staff to move up through the pay points within their pay grade as they demonstrate that they meet agreed performance criteria. Any pay progression awards are effective from 1 November each year, with the first approved awards effective from 1 November 2021.

Jobs are matched, under the National Museum's job grading scheme, to a pay grade according to a range of factors, including: professional knowledge and experience; management of resources (finance, people, physical assets); responsibility for information systems; problem solving and decision making; planning and organising; policy and service development; freedom to act; communication and influence; and, teamwork.

None of the directors received any non-cash benefits (benefits in kind). Pension benefits are provided through a defined contribution group pension scheme at the rate of 10% or 6% of salary (see note 1.16) and employees may elect to increase contributions through a salary sacrifice arrangement. The following statements present remuneration before any salary sacrifice is made. None of the directors is a member of the Principal Civil Service Pensions Scheme (PCSPS) and the National Museum did not fund any Civil Service pension contributions for them in 2021-22.

The Director General and the Executive Directors have permanent contracts of employment with 6 months' notice. The Deputy Executive Directors and Directors have permanent contracts of employment with 3 months' notice.

Total remuneration table (subject to audit):

Salary

¹Non-consolidated performance payments

Pension benefits

TOTAL

Employee

£'000

2021-22

2020-21

2021-22

2020-21

2021-22

2020-21

2021-22

2020-21

D Tweddle, Director General

125-130

125-130

10-15

Nil

10-15

10-15

145-150

135-140

S Dennis, Executive Director of Resources

90-95

90-95

5-10

Nil

5-10

5-10

105-110

95-100

M Sheldon, Executive Director of Heritage

75-80

75-80

5-10

Nil

5-10

5-10

95-100

85-90

V Turner, Deputy Executive Director of Resources

60-65

60-65

N/A

N/A

0-5

0-5

65-70

65-70

Andrew Baines, Deputy Executive Director of Heritage

60-65

60-65

N/A

0-5

0-5

0-5

65-70

70-75

H McKenna-Aspell, Director of Fundraising

70-75

70-75

N/A

N/A

0-5

0-5

75-80

75-80

B Hubbard, Director of Marketing

60-65

60-65

N/A

N/A

0-5

0-5

60-65

60-65

T Ash, Partnerships Director²

Nil

40-45

N/A

N/A

Nil

0-5

Nil

40-45

¹Non-consolidated performance payments accrued in 2021-22 and paid in April 2022 relate to performance in 2020-21.

²T Ash, Partnerships Director – 0.8 FTE on furlough (including flexible furlough) from 1 April 2020 to 31 October 2020, resulting in pay below 0.8 FTE full year salary (FTE £60k-65k). Employed to 31 March 2021.

Pension benefits table (subject to audit):

Employee	Real increase in pension and lump sum at pension age	Accrued pension at pension age at 31 March 2022 and related lump sum	*CETV at 31 March 2022	*CETV at 31 March 2021	Real increase in *CETV	Employer contribution to Nest pension
	£'000			Nearest £100		
D Tweddle, Director General	N/A	N/A	N/A	N/A	N/A	12,500
S Dennis, Executive Director of Resources	N/A	N/A	N/A	N/A	N/A	9,000
M Sheldon, Executive Director of Heritage	N/A	N/A	N/A	N/A	N/A	8,000
V Turner, Deputy Executive Director of Resources	N/A	N/A	N/A	N/A	N/A	3,800
Andrew Baines, Deputy Executive Director of Heritage	N/A	N/A	N/A	N/A	N/A	3,800
H McKenna-Aspell, Director of Fundraising	N/A	N/A	N/A	N/A	N/A	4,400
B Hubbard, Director of Marketing	N/A	N/A	N/A	N/A	N/A	3,600

** CETV (a Cash Equivalent Transfer Value) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member of a final salary scheme, required where a pension member wishes to switch to a defined contribution scheme, and is therefore not applicable to the National Museum directors.*

Fair Pay Disclosure (subject to audit)

The remuneration ratios in the National Museum are shown below. These represent the relationship between the remuneration of the highest paid director in the organisation as a multiple of the 25th percentile, median and 75th percentile pay rates. The banded midpoint pay of the highest paid director was £137,500 (2020-21: £127,500) and the median salary was £18,800 (2020-21: £20,140). The banded remuneration of the highest paid director increased by 8% against the prior year as a result of the award of a non-consolidated performance payment in respect of work delivered in 2020-21. The average percentage decrease for employees of the National Museum as a whole was -3% as a result of a change in the mix of staff, with more staff on lower pay points returning to the business post pandemic, and also no cost of living pay award being made during the reporting period.

Pay ratio table:

	25 th percentile pay ratio	Median pay ratio	75 th percentile pay ratio
2022	7.83	7.31	5.17
2021	7.12	6.21	4.28
% change	10%	18%	21%

Remuneration table:

	25 th percentile remuneration	Median remuneration	75 th percentile remuneration
2022	£17,550	£18,800	£26,600
2021	£17,550	£20,140	£29,174
% change	0%	-7%	-9%

The variation of both the remuneration ratio and median pay on the previous year arose from the significant number of staff, in particular those on lower grades, returning from furlough under the Coronavirus Job Retention Scheme during the period and the recruitment to the many lower grade posts that had become vacant during the pandemic. No cost of living pay awards were made during 2021-22, however, non-consolidated performance payments in respect of work delivered in the previous financial period 2020-21 were made to the three Executive Directors.

In 2021-22, no employees (2020-21: Nil) received remuneration in excess of the highest paid executive director. Remuneration ranged from £17,550 to £137,500 (2020-21: £17,550 to £127,500).

Staff costs for the National Museum Group year total £6,166,000 (2020-21: £5,823,000). Further details on employee costs can be found in note 11 to the financial statements.

Equality, Diversity and Access



The National Museum is committed to providing a working environment in which all workers are able to realise their full potential and contribute to the Museum's success, ensuring all individuals are treated in a fair and equitable manner and in accordance with the law regardless of gender, marital status and civil partnership, pregnancy and maternity, race, religion, age, disability or sexual orientation. The National Museum is committed to promoting equality, diversity, and inclusion throughout our recruitment and selection processes. To do this, we commit to providing an environment in which the rights and dignity of all are respected, and which is free from unlawful

discrimination, prejudice, intimidation, and all forms of harassment.

Practising equality of opportunities can sometimes mean treating people differently in order to treat them fairly, for example, by being flexible to meet the needs of working parents and carers, or making reasonable adjustments for individuals with disabilities at various stages of the selection process. We provide interview questions in advance to support neurodiversity and our careers page includes accessible tools such as being able to change the colour contrast and the option for audio descriptions.

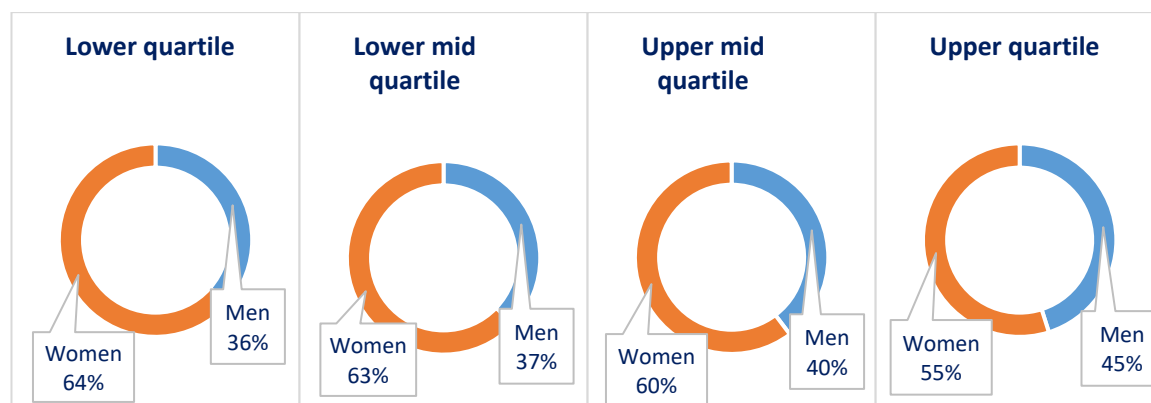
We support people who acquire a disability during the course of employment through making reasonable adjustments, that may include adjustments to job roles, workloads, workplace, etc., or that may include additional training and support, as guided by Occupational Health. We also work with the Access to Work Scheme to implement additional training or equipment required to support people with disabilities. We have enhanced our occupational sick pay so that we can offer financial support in these circumstances. We have also increased the number of Mental Health First Aiders available to provide support.

The National Museum is one of eleven museums participating in the Museum Development South East MuseumWIDE project which aims to help museums become more Welcoming, Inclusive, Diverse and Equitable. The aim of the project is to help museums evaluate their Equality, Diversity and Inclusion (EDI) position, determine their aspirations for the future and develop an EDI action plan to meet their goals, becoming more inclusive for visitors and staff.

Gender Pay Gap Reporting

Our data is collected on the snapshot date of 5 April 2022, when our workforce consisted of 165 (59%) women and 115 (41%) men.

Gender pay gap reporting requires us to divide our workforce into four equal parts (quartiles) by hourly rate and show the percentage of men and women within each of the quartiles.



The mean gender pay gap is the difference in average hourly rates of pay that men and women receive. We have seen a 0.3% increase in our mean gender pay gap and a 15.5% increase in our median gender pay gap compared to 2021 (based on the calculations that assume staff on furlough were working on the snapshot date in 2021). The increase in the mean gender pay gap is a result of the non-consolidated bonuses paid to the Executive for exceptional performance in 2020-21. The median gender pay gap has increased due to staff having the ability to earn commission payments for souvenir guidebook sales and receive honorarium payments for undertaking additional responsibilities in a fully operational National Museum in April 2022, compared to April 2021 when the Museum was closed due to the impact of the Coronavirus pandemic. There has also been a 12% decrease of women in the upper-mid pay quartile and a 22% increase of women in the lower-mid pay quartile, compared to April 2021 (including staff who were on furlough).

We continue to be committed to reducing our gender pay gap where we can. In October 2022, we implemented a new Career and Professional Development workstream that aims to identify ways in which the National Museum can improve learning, development and progression opportunities for all staff. We accommodate flexible and hybrid

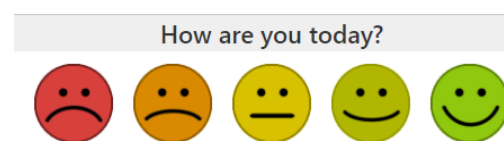
working arrangements wherever possible, supporting staff if they need to care for others or those who are returning to work after having a child or those who benefit from more flexible patterns of working. In 2022, the number of flexible working requests increased by 75% and all flexible working requests were approved. We have also continued to support hybrid working arrangements, where appropriate. We are committed to offering these opportunities to all staff, regardless of gender.

Sickness absence

Periods of sickness absence are recorded in full days. The average number of sick days per employee (excluding long term sickness absences) was 3.8 (2020-21: 0.89 per employee), this is a 0.9 day increase per employee compared to pre-pandemic sick days lost (2019-20: 2.9). This paragraph is not subject to audit.

Staff Wellness

The average sentiment score for 2021-22 was 3.49 out of 5 which indicated our staff on average have felt between okay and good, our target is for our staff to feel good at work (a score of 4 or more).



Exit packages table - reporting civil service and other compensation schemes (subject to audit)

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	5 (18)	2 (Nil)	7 (18)
£10,000 - £25,000	Nil (4)	Nil (Nil)	Nil (4)
Total number of exit packages	5 (22)	2 (Nil)	7 (22)
Total resource cost/ £	13,675 (129,682)	5,692 (Nil)	19,367 (129,692)

NB Comparative data for prior year is shown in brackets)

Exit costs are accounted for in full in the year the employee was confirmed redundant. All compensation was paid as statutory (capped) redundancy plus pay in lieu of notice.

Other staff costs

Further details relating to the National Museum's other staff costs can be found in note 11 to the financial statements.

Employee Consultation and Involvement

The National Museum actively consults with its staff through the Working Together (Staff Voices) Group, established in February 2021 to improve two-way communication, involving and engaging employees through participation and collaboration, enabling them to contribute to the success of the Museum. The group, representing staff from across the National Museum, also offers senior management the opportunity to consult over business related issues and gain commitment to change. The Working Together Group acts as a communication platform for all staff, enabling them to voice their ideas as well as identifying areas for improvement or development.

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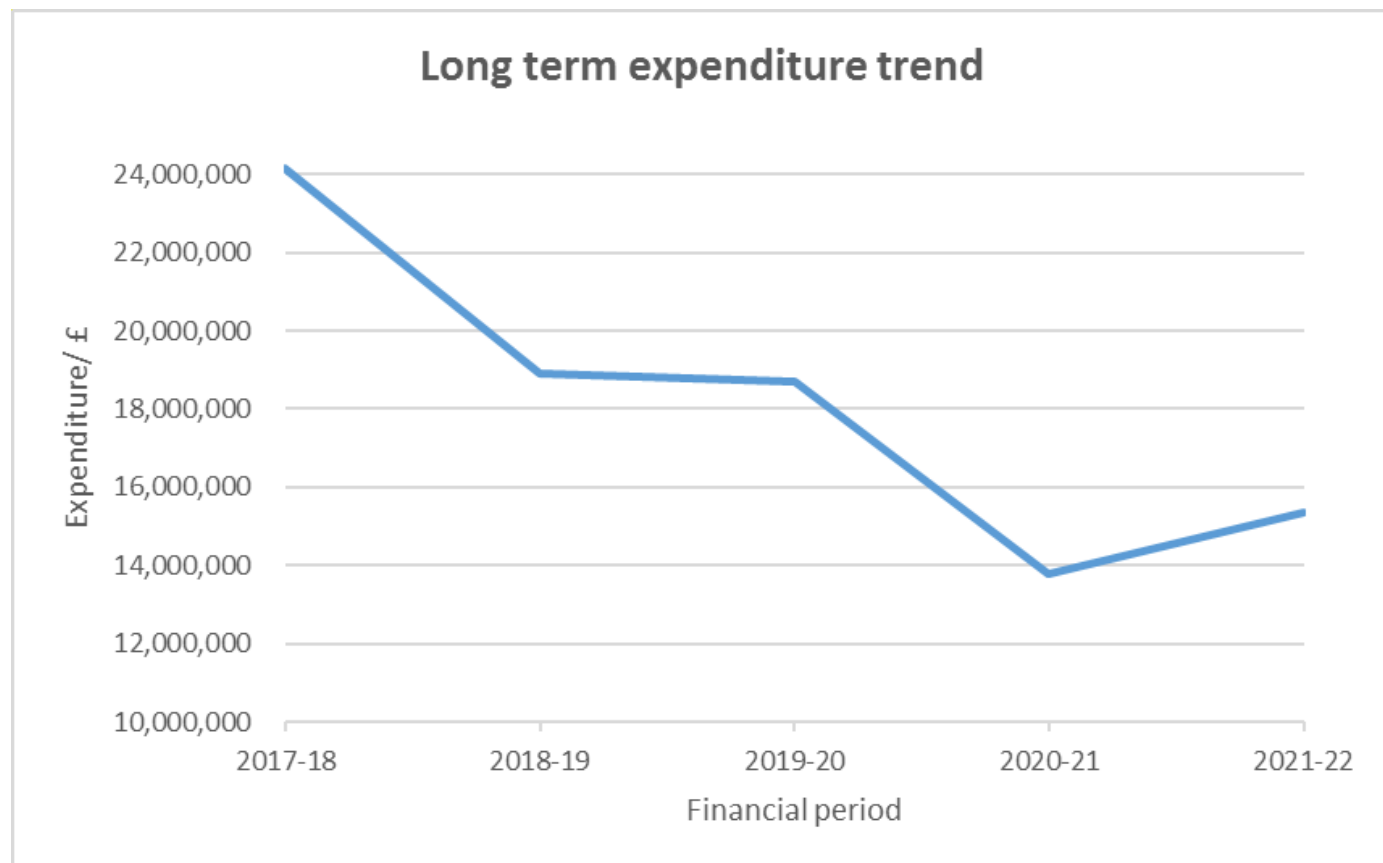
Other forums for staff consultation and involvement include: project-specific consultation and working groups that provide a delivery-focused culture of working and change management; the Tactical Action Group, providing an essential link between the working groups charged with delivering key objectives within the Corporate Plan; the Health and Safety Management Group; regular directorate and team meetings; the National Museum's Workplace intranet; and the performance appraisal and "check in" system.

<i>Trade Union facility time report</i>	2021-22	2020-21
Relevant union officials	Nil	Nil
Percentage of time spent on facility time	Nil	Nil
Percentage of pay bill spent on facility time	0%	0%
Paid trade union activities	Nil	Nil

Parliamentary accountability and audit report

All expenditure is regular and has been applied as intended by donors and the National Museum's sponsor body. There are no contingent liabilities, gifts, fees, charges or losses and special payments requiring further disclosure that have not been reported elsewhere in these financial statements. This paragraph is subject to audit.

Expenditure trends over the past five years are shown below.



The National Museum of the Royal Navy's expenditure peaked in 2017-18 as a result of its growth and expansion in pursuit of its strategy to increase its scale, scope and reach. During the five-year period, the National Museum has successfully delivered a number of significant capital projects, enabling it to increase its visitor numbers, reaching a peak of 1.87 million visits in 2018-19, dropping to just 100 thousand in 2020-21 as the Covid-19 pandemic took hold, but rebuilding to 483 thousand visits for 2021-22.

Grant in Aid received from the sponsor body had remained broadly static in cash terms up to 2019-20 at £3,501,000 (including purchase of exhibits grant) and the National Museum's growth had been funded through self-generated income, grants and donations. Grant in Aid was uplifted to £7,198,000 in 2020-21 to replace income lost as a direct result of the pandemic, dropping back to £5,476,000 in 2021-22. The National Museum undertook a rapid and significant cost reduction exercise during this period to ensure it remained a going concern.

Admiral Sir Philip Jones
Chair on behalf of the Board of Trustees
1 June 2023

Professor Dominic Tweddle
Director General and Accounting Officer
1 June 2023

The Certificate and Report of the Comptroller and Auditor General to the Members of The National Museum of the Royal Navy and the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the National Museum of the Royal Navy and its group for the year ended 31 March 2022 under the Government Resources and Accounts Act. The financial statements which comprise the National Museum of the Royal Navy and its group's:

- Consolidated and Company Balance Sheet as at 31 March 2022;
- Consolidated Statement of Financial Activities for the year then ended;
- Consolidated and Company Cash Flow Statement for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In my opinion the financial statements:

- give a true and fair view of the state of the National Museum of the Royal Navy and its group's affairs as at 31 March 2022 and its incoming resources and application of resources for the year then ended; and
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been properly prepared in accordance with the Charities Act 2011.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 Audit of Financial Statements of Public Sector Entities in the United Kingdom. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the National Museum of the Royal Navy and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the National Museum of the Royal Navy and its group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the National Museum of the Royal Navy and its group'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.

My responsibilities and the responsibilities of the Board of Trustees and the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

Other Information

The other information comprises information included in the Annual Report but does not include the parts of the Remuneration and Staff report and the Parliamentary accountability and audit report described in those reports as having been audited, the financial statements, or my auditor's certificate and report. The Trustees and the Accounting Officer are responsible for the other information.

My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

- the Performance Report including the Strategic Report and the Accountability Report including the Directors' Report been prepared in accordance with applicable legal requirements; and
- the information given in the Performance Report including the Strategic Report and the Accountability Report including the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the National Museum of the Royal Navy and its group and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report including the Strategic Report or the Accountability Report including the Directors' Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit.

Responsibilities of the Trustees and Accounting Officer for the financial statements

As explained more fully in the Statement of the Board of Trustees' and Accounting Officer's responsibilities, the Trustees and the Accounting Officer are responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as Trustees and the Accounting Officer determine are necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- assessing the National Museum of the Royal Navy and its group'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 directors either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with applicable law and Government Resources and Accounts Act 2000.

My 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 a certificate that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the National Museum of the Royal Navy and its group's accounting policies.

- Inquiring of management, the National Museum of the Royal Navy and its group's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the National Museum of the Royal Navy and its group's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the National Museum of the Royal Navy and its group's controls relating to its compliance with the National Heritage Act 1983, the Companies Act 2006, the Charities Act 2011 and Managing Public Money;
- discussing among the engagement team including significant component audit teams and involving relevant internal specialists, including taxation, pensions and property valuation regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the National Museum of the Royal Navy and its group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, and bias in management estimates and judgements. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the National Museum of the Royal Navy and its group's framework of authority as well as other legal and regulatory frameworks in which the National Museum of the Royal Navy and its group operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the National Museum of the Royal Navy and its group. The key laws and regulations I considered in this context included the National Heritage Act 1983, the Companies Act 2006, the Charities Act 2011, Managing Public Money, employment law, pensions legislation and tax legislation.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management, the Audit and Governance Committee and legal counsel concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- in addressing the risk of fraud in revenue recognition, assessing the recognition of income in line with the accounting framework and undertaking procedures to test the completeness of income.

The National Museum of the Royal Navy
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I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I 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 I identify during my audit.

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

1 June 2023

The National Museum of the Royal Navy
(A company limited by guarantee)
Company number: 06699696

Consolidated Statement of financial activities (incorporating the income and expenditure account)
for the year ended 31 March 2022

		Unrestricted	Restricted	Linked	Endowment	2022	Unrestricted	Restricted	Linked	Endowment	2021
		funds	funds	Charities	funds	Total	funds	funds	Charities	funds	Total
	Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income from:											
Donations and legacies											
Grant in Aid (revenue)	2	5,476	-	-	-	5,476	7,198	-	-	-	7,198
Grant in Aid (capital)	2	130	-	-	-	130	128	-	-	-	128
Donations	2	461	689	5	12,500	13,655	2,516	5,121	-	-	7,637
Legacies	3	22	6	-	-	28	16	-	-	-	16
Charitable activities											
Admissions	4	5,307	-	-	-	5,307	1,170	-	-	-	1,170
Memberships		-	-	-	-	-	30	-	-	-	30
Other trading activities											
Trading subsidiary	5	1,640	-	-	-	1,640	183	-	-	-	183
Investments	6	297	-	-	259	556	303	-	-	80	383
Other		297	-	-	-	297	240	-	-	-	240
Total income		13,630	695	5	12,759	27,089	11,784	5,121	-	80	16,985
Expenditure on:											
Raising funds											
Fundraising and publicity	7	1,018	-	-	-	1,018	805	-	-	-	805
Investment management costs		-	-	-	204	204	-	-	-	147	147
Trading subsidiary	5	1,626	-	-	-	1,626	344	-	-	-	344
Charitable activities	8	10,248	2,265	-	-	12,513	8,811	3,685	-	-	12,496
Total expenditure		12,892	2,265	-	204	15,361	9,960	3,685	-	147	13,792

The notes on pages 48 to 78 form an integral part of these financial statements.

Consolidated Statement of financial activities (incorporating the income and expenditure account)
for the year ended 31 March 2022

		Unrestricted funds £'000	Restricted funds £'000	Linked Charities £'000	Endowment funds £'000	2022 Total £'000	Unrestricted funds £'000	Restricted funds £'000	Linked Charities £'000	Endowment funds £'000	2021 Total £'000
Notes											
	Net gains/(losses) on										
	investments	-	-	-	2,595	2,595	-	-	-	6,413	6,413
	Net income/(expenditure)	<u>738</u>	<u>(1,570)</u>	<u>5</u>	<u>15,150</u>	<u>14,323</u>	<u>1,824</u>	<u>1,436</u>	<u>-</u>	<u>6,346</u>	<u>9,606</u>
	Transfer between funds	(934)	(378)	1,312	-	-	735	(1,356)	647	(26)	-
	Other recognised gains/(losses):										
	(Losses)/gains on revaluations of fixed assets	15	(489)	2,138	-	-	1,649	(3,358)	(244)	-	-
	Actuarial (losses)/gains on defined benefit pension schemes	12	(210)	-	-	(210)	-	-	-	-	-
	Net movement in funds	<u>(895)</u>	<u>190</u>	<u>1,317</u>	<u>15,150</u>	<u>15,762</u>	<u>(799)</u>	<u>(164)</u>	<u>647</u>	<u>6,320</u>	<u>6,004</u>
	Reconciliation of funds:										
	Total funds brought forward	23/24	20,473	123,172	4,037	40,852	188,534	21,272	123,336	3,390	34,532
	Total funds carried forward		<u><u>19,578</u></u>	<u><u>123,362</u></u>	<u><u>5,354</u></u>	<u><u>56,002</u></u>	<u><u>204,296</u></u>	<u><u>20,473</u></u>	<u><u>123,172</u></u>	<u><u>4,037</u></u>	<u><u>40,852</u></u>
											<u><u>188,534</u></u>

The notes on pages 48 to 78 form an integral part of these financial statements.

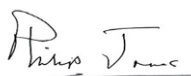
Consolidated Balance Sheet as at 31 March 2022

			<i>Restated*</i>		
		Group	Group	Company	Company
		2022	2021	2022	2021
	Notes	£'000	£'000	£'000	£'000
Fixed assets					
Tangible assets	15	35,831	34,254	-	-
Heritage assets	16	106,038	104,743	5,330	4,013
Investments	17	42,587	39,930	-	-
		<u>184,456</u>	<u>178,927</u>	<u>5,330</u>	<u>4,013</u>
Current assets					
Stocks	18	539	673	-	-
Debtors	19	4,727	3,371	36	630
Cash at bank and in hand		17,532	6,632	2,663	1,447
		<u>22,798</u>	<u>10,676</u>	<u>2,699</u>	<u>2,077</u>
Creditors falling due within one year	21	(3,816)	(4,416)	(1,371)	(894)
Net current assets		<u>18,982</u>	<u>6,260</u>	<u>1,328</u>	<u>1,183</u>
Debtors falling due after one year	20	1,948	3,443	-	-
Total assets less current liabilities		<u>205,386</u>	<u>188,630</u>	<u>6,658</u>	<u>5,196</u>
Creditors falling due after more than one year	22	(817)	(96)	(719)	-
Net assets excluding pension liability		<u>204,569</u>	<u>188,534</u>	<u>5,939</u>	<u>5,196</u>
Defined benefit pension scheme liability	12	(273)	-	-	-
Net assets including pension fund liability		<u>204,296</u>	<u>188,534</u>	<u>5,939</u>	<u>5,196</u>
Funds					
Unrestricted funds		18,469	20,083	(715)	-
Designated funds		341	81	-	-
Revaluation reserve		768	309	1	1
Total unrestricted funds		<u>19,578</u>	<u>20,473</u>	<u>(714)</u>	<u>1</u>
Restricted funds		76,242	78,191	1,299	1,158
Revaluation reserve		47,120	44,981	-	-
Linked charities	23/24	5,354	4,037	5,354	4,037
Total restricted funds	24	<u>128,716</u>	<u>127,209</u>	<u>6,653</u>	<u>5,195</u>
Total endowment funds	24	<u>56,002</u>	<u>40,852</u>	<u>-</u>	<u>-</u>
Total funds	23	<u>204,296</u>	<u>188,534</u>	<u>5,939</u>	<u>5,196</u>

* Details of the restatement are disclosed in Note 33

The National Museum of the Royal Navy is exempt from an audit under Part 16 of the Companies Act 2006 under section 485 (non-profit-making companies subject to public sector audit) of the Companies Act 2006, but subject to audit under the Government Resources and Accounts Act 2000.

The financial statements were approved and authorised for issue by the board and signed on its behalf by



Admiral Sir Philip Jones
Chair of the Board of Trustees
1 June 2023



Professor Dominic Tweddle
Director General and Accounting Officer
1 June 2023

The notes on pages 48 to 78 form an integral part of these financial statements.

**Consolidated Cash flow statement
for the year ended 31 March 2022**

		Group	Restated*	Company	Company
		2022	Group	2022	2021
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities:					
Net cash provided by operating activities		12,263	4,270	1,728	1,863
Cash flows from investing activities:					
Dividends and interest from investments		556	383	-	-
Purchase of property, plant and equipment	15	(2,460)	(3,228)	(1,312)	(647)
Sale of property, plant and equipment		-	1,720	-	-
Purchase of investments	17	(259)	(79)	-	-
Net cash used in investing activities		<u>(2,163)</u>	<u>(1,204)</u>	<u>(1,312)</u>	<u>(647)</u>
Cash flows from financing activities:					
Cash receipts from new borrowing		800	-	800	-
Repayment of borrowing		-	(130)	-	(130)
Net cash provided by (used in) financing activities		<u>800</u>	<u>(130)</u>	<u>800</u>	<u>(130)</u>
Change in cash and cash equivalents in the reporting period	32	10,900	2,936	1,216	1,086
Cash and cash equivalents at 1 April 2021		6,632	3,696	1,447	361
Total cash and cash equivalents at 31 March 2022	31	<u>17,532</u>	<u>6,632</u>	<u>2,663</u>	<u>1,447</u>
Net income for the year		14,323	9,606	740	637
Depreciation		1,025	1,375	-	-
Loss on disposal of fixed assets		261	341	-	-
(Gains) on investments		(2,595)	(6,413)	-	-
Adjustment for non-cash fees from gains/losses		197	164	-	-
Dividends and interest from investments	6	(556)	(383)	-	-
Donated fixed assets		(49)	-	(5)	-
Decrease in stocks		134	33	-	-
Decrease/(increase) in debtors		139	(632)	594	1,273
(Decrease)/increase in creditors		(680)	179	400	(47)
Increase/(decrease) in long term liabilities		1	-	(1)	-
Increase in provisions for liabilities		63	-	-	-
Net cash provided by operating activities		<u>12,263</u>	<u>4,270</u>	<u>1,728</u>	<u>1,863</u>

* Details of the restatement are disclosed in Note 33

Notes to the financial statements
for the year ended 31 March 2022

1. Accounting policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and the preceding year.

1.1. Charity information

The National Museum of the Royal Navy ("the National Museum") is a private company limited by guarantee and incorporated in England and Wales. The registered office is the National Museum of the Royal Navy, HM Naval Base PP66, Portsmouth, Hampshire, PO1 3NH. The members of the company are the Trustees named on page 3. Every member of the company undertakes to contribute such an amount as may be required not exceeding £1 to the assets of the company in the event of its being wound up while they are a member, or within one year after they cease to be a member.

The National Museum meets the definition of a public benefit entity under section 34 of FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value, unless otherwise stated in the relevant accounting policy.

The principal objectives of the charity are detailed in the Trustees report.

1.2. Basis of preparation of the financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006, and the Government Financial Reporting Manual. The results of the company include the results of the two linked charities of the National Museum: Royal Naval Museum and HMS M33 Trust.

The financial statements are presented in sterling which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

Consolidated financial statements have been prepared in respect of the charitable company, and its wholly owned subsidiaries: NMRN Operations; Royal Navy Submarine Museum; Royal Marines Museum; Fleet Air Arm Museum; NMRN Hartlepool; HMS Trincomalee Trust; Warrior Preservation Trust; HMS Victory Preservation Company; and HMS Caroline Preservation Company. The Consolidated Statement of Financial Activities and the Consolidated Balance Sheet include the results and assets of each charity on a line by line basis. The individual results of the company can be found in the detailed statements of financial activities (Note 34).

The registered office of all subsidiaries is that of the National Museum (see note 1.1).

1.3. Going concern

In addition to the revenue it generates, the company receives Grant in Aid funding from the Ministry of Defence under a Financial Framework Agreement in respect of its operation of the group's museums. Additional Grant in Aid funding has been awarded to the National Museum by the Royal Navy in response to the ongoing impact of the Covid-19 pandemic, based on projected budgets reflecting a range of possible operating scenarios. This additional funding has effectively underwritten the Group's financial performance and supported its cashflows until 31 March 2023. It is anticipated that the National Museum's self-generated income streams and visitor markets will continue to be impacted by any new restrictions to its operations (such as Covid-19), and also by the economic recession, and its markets cannot be expected to fully recover before 2024-25. As such, the National Museum continues to engage with Navy Command to ensure it has sufficient funds to continue to operate through 2023-24 and beyond.

Looking ahead to 2023-24, Navy Command has approved an uplift of the amount of Grant in Aid of up to £2M that will be made available and has committed to working with the National Museum to find a suitable financial settlement for 2024-25 and beyond. After the uplift in Grant In Aid, budgeted outgoing resources in 2023-24 were forecast to exceed budgeted incoming resources; however the Executive continues to identify rapid temporary cost cutting measures, including a reduction of its corporate plan objectives, and excluding provisions for contingencies, to ensure outgoing and incoming resources balance. Based on the assurances provided to the National Museum by its sponsor, the Royal Navy, that grant funding will be made available, and the work of the Executive on 2023-24 budgets, the Trustees and Directors are content that the going concern basis continues to apply. As such, the financial statements have been prepared on a going concern basis.

1.4. Fund accounting

Unrestricted funds are donations and other incoming resources received or generated for general purposes.

Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of overheads and support costs.

Endowment funds are funds which the donor has stated are to be held as capital and expendable over the long term. It is the intention that the capital value of the donation will be maintained in real terms. However, if it becomes necessary, no more than 5% of the capital will be spent at any one time.

Notes to the financial statements
for the year ended 31 March 2022

1.5. Incoming resources

All incoming resources are included in the statement of financial activities when the company is legally entitled to the income, any performance conditions attached to the items of income have been met, and the amount can be quantified with reasonable accuracy and it is probable that the income will be received. The following specific policies are applied to particular categories of income:

Voluntary income is received by way of grants, donations and gifts and is included in full in the statement of financial activities when receivable. Grants where entitlement is not conditional on the delivery of a specific performance by the company, are recognised when the company becomes unconditionally entitled to the grant. Gifts in kind are included in the accounts at their current market value where this is readily identifiable. Where current market value is unavailable then gifts in kind are included in the accounts on the basis of internal valuations estimated by relevant staff and determined by their experience and judgement, unless this is not possible without incurring a cost disproportionate to the benefit of the information reported to the readers of the accounts. Where gifts in kind are services, these are measured at the price that would ordinarily be paid for that service, which is not always equivalent to market value.

Grant in Aid funding is received from the Ministry of Defence (MoD) as a contribution towards the operating costs of the National Museum Group. The majority of the Grant in Aid is received by the National Museum and then distributed to NMRN Operations on the basis of need, with the remainder, which is specifically a contribution towards wage costs, paid direct to staff by the Defence Business Services (DBS) on behalf of the National Museum.

Income from investments is included in the year in which it is receivable.

Legacies are included when the company is advised by the personal representative of an estate that payment will be made, or property transferred, and the amount involved can be quantified.

Deferred income primarily relates to income received in advance for future events.

1.6. Grants receivable

Revenue grants are credited to incoming resources on the earlier of the date of when they are received or when they are receivable, unless they relate to a specified future period, in which case they are deferred.

Grants for the purchase of restricted fixed assets are credited to restricted incoming resources when receivable. Depreciation on the fixed assets purchased with such grants is charged against the restricted fund.

Government grants for the Coronavirus Job Retention Scheme are credited to the restricted incoming resources when receivable.

1.7. Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered and is reported as part of the expenditure to which it relates.

Costs of generating funds comprise costs incurred in encouraging people and organisations to contribute financially to the work of the National Museum and to promote each of the individual museums as a heritage and visitor attraction.

Charitable expenditure includes expenditure associated with Collections and Exhibitions, Curatorial Matters and Education and includes costs directly attributable to each activity. Costs not directly attributable to one activity, including the proportion of support costs relating to charitable expenditure, have been allocated on a reasonable basis of resources used.

Governance and support costs include those costs incurred in the governance of the company and its assets, and central functions, and have been allocated to cost categories on a basis consistent with the use of resources or the floor space occupied, as applicable.

1.8. Tangible fixed assets

Timber

In March 2012, along with the gift of HMS Victory, the HMS Victory Preservation Trust received approximately 527m³ of teak, plus some smaller quantities of iroko and Brazilian mahogany, that had originally been procured by MoD for use in the conservation and maintenance of the Ship and that had been valued by Timbmet.

In 2016, 93 tonnes (~39m³) of unseasoned oak and elm were donated by four Scottish Estates for potential use towards the conservation of the Ship. The logs were surveyed over winter 2016-17 and sawn into rough-hewn planks. The timber is being stored and has been seasoned by a timber specialist (W L West) with the seasoning period completing in July 2021. The timber now needs to be converted into boards appropriate for use on the Ship. The conversion process will result in wastage and the final quantity of boards will be significantly less than the unseasoned donation.

In 2022, 370 hoppus feet (~13m³) of unseasoned oak was donated by Portsmouth Water. This is presently at W L West's yard

Notes to the financial statements
for the year ended 31 March 2022

awaiting conversion and seasoning. It is anticipated that the seasoning will take 4-5 years to complete (not before 2026). Also in 2022, 3000 hoppus feet (~108m3) of unseasoned oak was donated by HS2. This timber is being stored at a yard in the Midlands awaiting conversion and seasoning. Again, it anticipated that the seasoning will take 4-5 years to complete (not before 2026).

The seasoned timber, that may be held as logs, bulks, knees or boards, and that will probably be used in the conservation of this Ship is capitalised at the deemed cost provided at the time the asset was received. The useful economic life of the timber is considered to be >100 years and accordingly no depreciation will be recognised. An annual review for impairment is carried out in accordance with the Charities SORP, with any impairment recognised in the Statement of Financial Activities.

The unseasoned or green timber held and that requires further processing (logging, rough sawing and seasoning) before its suitability for use in the conservation project may be approved, is considered to have a modest market value, and the costs of obtaining a reliable valuation would not be commensurate with its value or with the benefit obtained by including the additional value on the balance sheet.

Other Tangible fixed assets

Tangible fixed assets with a cost or value greater than £2,500 and a useful life exceeding one year are capitalised at historic cost and revalued annually using Ministry of Defence Modified Historic Cost Accounting (MHCA) indices.

Land and buildings held by the Fleet Air Arm Museum and NMRN Operations are stated at a valuation of depreciated replacement cost and depreciated over the lease term. These charities obtain a professional valuation at least every five years and indices are used to reflect the change in value in the intervening years.

Depreciation has been provided at rates calculated to spread the cost of each asset over its expected useful life as follows:

Improvements to property	over the lease term
Short leasehold property	over the lease term
Exhibitions	10 years
Fixtures and fittings	3 - 25 years
Computer and office equipment	3 - 10 years
Plant and machinery	3 - 30 years

1.9. Heritage assets held by the group

The heritage assets are held in trusts and have been included in the consolidated financial statements as set out below.

Background

Each trust holds artefacts comprising its collection. The main and reserve collections (other than assets acquired since 1 April 2000 - see below) have not been included in the financial statements due to their historic and inalienable nature and, due to the specific and individual nature of the artefacts held, it is not believed to be possible to obtain a reliable value of the collection without incurring a cost disproportionate to the benefit of the information reported to the readers of the accounts.

Assets acquired prior to 1 April 2000 have not been capitalised and included in the accounts but with effect from 1 April 2000, additions to the collection with a cost in excess of £2,500, have been capitalised. These assets are carried at cost, or deemed cost, and not depreciated due to infinite useful economic lives. An annual review for impairment is carried out in accordance with the Charities SORP, with any impairment recognised in the Statement of Financial Activities. The exception to this is the Fleet Air Arm Museum where aircraft acquired prior to 1 April 2000 have also been capitalised. Note that this treatment is inconsistent with the accounts of the Fleet Air Arm Museum where the assets acquired prior to 1 April 2000 are excluded from the balance sheet.

Heritage assets donated to the trusts with a value in excess of £2,500 are included in the accounts on the basis of internal valuations estimated by the relevant curatorial staff and determined by their experience and judgement. Where this information is not available and cannot be obtained at a cost commensurate with the benefits to users of the financial statements, the assets will not be recognised in the Balance Sheet and the disclosure required by the Charities SORP will be made.

Heritage assets: policies for maintenance, management, acquisition and disposal

In October 2015, a single set of Collections Management policies for the NMRN Group was approved by the Board. These policies were the basis of a new single application to the Arts Council for Museum Accreditation to the higher standards required of a national museum collection, replacing the individual accreditations of the subsidiary museums. These policies set out a common approach for the maintenance and management of collections at different museum sites and will be subject to regular review as directed by the Collections, Research, Learning and Access Committee (CRLA).

Acquisitions to the museums are now guided by a single Collections Development Policy (2015) and Strategy (2019); this sets out priorities and processes for acquisition. There are two principal methods of acquisition:

Acquisition by gift - Curators have authority to propose collecting in line with the 'Themes and Priorities for Future Collecting'. Offers of donations are passed to an Acquisitions Panel, chaired by the Registrar. This Committee sits on a monthly basis to assess offers. Decisions are reviewed by the Head of Collections and Research.

Acquisition by purchase - Collections and other staff can recommend and where appropriate make purchases of material from any

Notes to the financial statements
for the year ended 31 March 2022

source up to their authorisation levels in accordance with the NMRN scheme of delegation. Purchases of up to £25,000 are reviewed by the Head of Collections & Research and/or the Deputy Executive Director of Museum Operations. Any purchases of a value above £50,000 go to the Director General for assessment.

Significant acquisitions are discussed at the Collections, Research, Learning and Access Committee. This Committee also receives quarterly reports on key acquisitions and an annual report of all items added to the collection.

Subject to the approval of the Trustees, the Museum may dispose of items from the collection, although this will only happen in exceptional circumstances, for example:

- When items fall outside the Museum's Collecting Policy or Charitable Objectives
- When an item contains a serious hazard which cannot be remediated.
- When an item is one of a significant number of duplicates
- When an item is in exceptionally poor condition which cannot be reversed and it cannot be repurposed to alternate use.

Significant Historic Ships

Accounting policy for initial recognition of the Heritage Asset

The methodology of valuation of significant historic ships by the National Museum group is total rebuild basis, discounted for the ship's current state of repair.

The values are calculated by the staff of the National Museum. Where the current build cost or market value of a similar ship is known and can be relied upon, this is used as the basis for establishing the value of the ship. Where this information is unavailable, the original build cost of each ship is grossed up to a modern-day value using a provider of historic economic data. This value is then discounted to take account of the ship's current state of repair, using the estimated costs to bring the ship to the final condition (being in most cases something close to 'as new'). For ships which are gifted to the National Museum, the discounted value becomes the 'deemed cost' of the ship.

Accounting policy for recognition of subsequent expenditure on significant ships

The National Museum's operating company, NMRN Operations, is responsible for the restoration, preservation, and maintenance of the ship under the terms of the operator agreement. Expenditure incurred by the operating company is recognised in that entity on an accruals basis as a liability is incurred. Capital expenditure on plant and machinery not integral to the fabric of the ship is capitalised on the balance sheet of the operating company.

HMS Victory

During the restoration project the ship will be subject to a formal revaluation at least every five years, with the next scheduled for 2027. The progress of the project will be reviewed annually with any material change being reflected by an interim valuation.

1.10. Operating Leases

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against incoming resources on a straight line basis over the life of the lease.

1.11. Investments

Investments held as fixed assets are revalued at mid-market value at the balance sheet date and the gain or loss taken to the statement of financial activities.

Attitude to Risk

The Company relies on the investment return to fund its objective. The key risk to the long term achievement of its objective is inflation, and the assets are invested accordingly. The Trustees understand that this will mean that investments are likely to be predominantly invested in equities, where dividends can be expected to grow, and that capital value will fluctuate. The Company's attitude to risk is therefore described as progressive.

1.12. Taxation

The activities of the company fall within the exemptions afforded by the provisions of the Corporation Tax Act 2010. Accordingly, there is no tax charge in these accounts.

All taxable activities fall within the operating subsidiary, NMRN Operations and its trading subsidiary, National Museum of the Royal Navy Trading, which are VAT registered. The activities of NMRN Operations also fall within the exemptions afforded by the provisions of the Corporation Tax Act 2010. Accordingly there is no tax charge in these accounts. The company's trading subsidiary is subject to corporation tax.

The tax expense represents the current tax expense. Current tax assets are recognised when tax paid exceeds the tax payable. Current tax is charged or credited to the SOFA.

Notes to the financial statements
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Current tax assets and current tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profits for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

1.13. Stock

Stocks are usually stated at the lower of cost and estimated selling price less costs to complete and sell, after making due allowance for obsolescence and slow moving items.

1.14. Basic financial Instruments

The company's financial assets and liabilities consist of cash and cash equivalents, short term investments, trade & other debtors, trade & other creditors and accrued expenses. The fair value of these items approximates their carrying value due to their short term value. Unless otherwise noted, the company is not exposed to significant interest, foreign exchange or credit risks arising from these instruments.

1.15. Judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Trustees are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following judgements (apart from those involving estimates) have been made that have had the most significant effect on amounts recognised in the financial statements:

The useful lives of tangible fixed assets

When a depreciable asset is purchased the Museum makes an assessment of the estimated useful life of that asset, based on experience and other assets already owned by the Museum.

The valuation of donated tangible fixed assets and heritage assets

When an asset is donated to the Group the Trustees make an overall assessment of whether a value can be attributed to that item. Such a valuation will then be subject to the judgement of the curatorial staff based on their experience and any recent commercial sales.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

Valuation of Historic Ships

The valuations of historic ships held by the group have been based on an estimate of the original build cost, uplifted to the current value at the time of donation or acquisition, and discounted for elements of the original build that have not been replaced and to reflect the current state of repair (Note 16). This assumes that the same materials and methods of construction would be utilised with the same cost profile as the original, and, on the same basis, adjusted proportionately for those parts of the vessel that would not be replaced (for example, guns and engines).

Valuation of Heritage Assets (not Historic Ships)

The valuations of heritage assets donated to the group after 1 April 2000 with a value in excess of £2,500 are based on internal estimates of market value by the relevant curatorial staff and determined by their experience and judgement. Where this information is not available and cannot be obtained at a cost commensurate with the benefits to users of the financial statements, the assets will not be recognised in the Balance Sheet.

Valuation of Land and Buildings

The valuations of land and buildings are based on professional market valuations at least every five years and indices are used to reflect the change in value in the intervening years.

Notes to the financial statements
for the year ended 31 March 2022

Valuation of HMS Victory Preservation Company timber

The valuation of the seasoned timber received in 2012 has been carried out by a professional valuer based on the assumption that the open market value could be achieved in the event of a sale.

The valuation of the seasoned timber received in 2016 has been carried out by a professional valuer and uses the estimated replacement cost as the deemed cost based on their estimation of the useable quantities and grades of the seasoned timber.

1.16. Pensions

The majority of staff of the National Museum and the subsidiaries are covered by the provisions of a defined contributions group pension plan, the assets of which are held in an independently administered fund and which provides benefits based on the value of the fund. A small number of staff, who have transferred into the National Museum under the Transfer of Undertakings (Protection of Employment) Regulations, have retained membership of their former employers' pensions schemes which provide benefits based on final pensionable pay, and include the Principal Civil Service Pension Scheme and the Local Government Pension Scheme.

Group Pension Plan

The National Museum operates a Group Pension Plan with employer's contributions being payable at either 6% or 10%. Under this plan a "salary exchange" scheme exists whereby employees may elect to give up the right to receive part of their salary remuneration in return for an additional employer's contribution into the Group Pension Plan of the same amount. The pension cost charged to the Statement of Financial Activities represents the contributions paid.

Principal Civil Service Pension Scheme (PCSPS)

The PCSPS is an unfunded multi-employer defined benefit scheme but the National Museum of the Royal Navy is unable to identify its share of the underlying assets and liabilities. This scheme has therefore been accounted for as if it were a defined contribution scheme in accordance with Charity SORP (FRS102).

Local Government Pension Scheme (LGPS)

The LGPS is a multi-employer defined benefit scheme.

The National Museum of the Royal Navy is an admitted member of the Hampshire Pension Fund and the Teesside Pension Fund. The National Museum is now able to identify its share of the underlying assets and liabilities. The schemes have therefore been accounted for as defined benefit schemes in accordance with Charity SORP (FRS102). As the net liabilities are not material to the financial statements, they have been brought in during the year.

In the prior year the pension cost charged to the Statement of Financial Activities represented contributions payable under the LGPS including a past service deficit contribution at 0% (Hampshire) and 17% (Teesside) of pensionable pay.

1.17. Termination benefits

The group recognises a liability for termination benefits at the point where the group is committed to making the payments in return for employee redundancy.

1.18. Restatement of comparative information

Comparative information for 2021 has been restated to reflect the change in accounting policy for donated timber, resulting in a reclassification of timber from stock to tangible fixed assets.

In March 2012, along with the gift of HMS Victory, the HMS Victory Preservation Trust received approximately 527m³ of teak, plus some smaller quantities of iroko and Brazilian mahogany, that had originally been procured by MoD for possible use in the conservation and maintenance of the Ship. The timber was valued at deemed cost at the time of gifting. The original accounting policy was that the donated timber be accounted for as stock as it was considered to be a stock of timber available for use on HMS Victory.

Following advice received during the year, the Trustees of the HMS Victory Preservation Company reviewed this accounting policy. After consideration of Appendix I of FRS 102, as the timber intended for use in the restoration process is not expected to be realised in the normal operating cycle and is not primarily held for the purpose of trading, the Trustees are satisfied that the timber meets the definition of a non-current asset. Section 18 of Charities SORP requires non-current assets that do not meet the definition of a heritage asset to be accounted for within tangible fixed assets or investments. The Trustees concluded that classification as a tangible fixed asset is more appropriate.

Notes to the financial statements
for the year ended 31 March 2022

2. Voluntary income (Company and Group)

	Unrestricted funds £'000	Restricted funds £'000	Linked charities '000	Endowment funds £'000	2022 Total £'000	Unrestricted funds £'000	Restricted funds £'000	Linked charities £'000	2021 Total £'000
Grant (operating)	5,476	-	-	-	5,476	7,198	-	-	7,198
Grant (capital)	130	-	-	-	130	128	-	-	128
Total Grant in Aid	<u>5,606</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,606</u>	<u>7,326</u>	<u>-</u>	<u>-</u>	<u>7,326</u>
Other donations and grants									
Ministry of Defence	-	-	-	-	-	-	135	-	135
Miscellaneous donations and grants	31	431	5	-	467	1	-	-	1
	<u>31</u>	<u>431</u>	<u>5</u>	<u>-</u>	<u>467</u>	<u>1</u>	<u>135</u>	<u>-</u>	<u>136</u>
Gifts in kind:									
From NMRN Operations	-	-	187	-	187	-	-	647	647
	<u>-</u>	<u>-</u>	<u>187</u>	<u>-</u>	<u>187</u>	<u>-</u>	<u>-</u>	<u>647</u>	<u>647</u>
Received by company	<u>31</u>	<u>431</u>	<u>192</u>	<u>-</u>	<u>654</u>	<u>1</u>	<u>135</u>	<u>647</u>	<u>783</u>
Received by:									
NMRN Operations	382	261	-	-	643	2,481	3,790	-	6,271
HMS Caroline Preservation Co	-	-	-	12,500	12,500	-	-	-	-
Royal Navy Submarine Museum	-	-	-	-	-	16	-	-	16
Royal Marines Museum	1	-	-	-	1	15	1,189	-	1,204
HMS Victory Preservation Co	46	-	-	-	46	1	-	-	1
HMS Trincomalee Trust	-	1	-	-	1	1	7	-	8
Warrior Preservation Trust	1	-	-	-	1	1	-	-	1
Consolidation adjustments:			-						
NMRN Operations (1)	-	(4)	(187)	-	(191)	-	-	(647)	(647)
	<u>430</u>	<u>258</u>	<u>(187)</u>	<u>12,500</u>	<u>13,001</u>	<u>2,515</u>	<u>4,986</u>	<u>(647)</u>	<u>6,854</u>
Received by group	<u>461</u>	<u>689</u>	<u>5</u>	<u>12,500</u>	<u>13,655</u>	<u>2,516</u>	<u>5,121</u>	<u>-</u>	<u>7,637</u>

1) Heritage assets transferred to the Royal Naval Museum from NMRN Operations, eliminated on consolidation

Notes to the financial statements
for the year ended 31 March 2022

3. Legacies (Group)

	Unrestricted Funds £'000	Restricted Funds £'000	2022 Total £'000	Unrestricted funds £'000	Restricted Funds £'000	2021 Total £'000
Received by:						
NMRN Operations	22	6	28	14	-	14
Fleet Air Arm Museum	-	-	-	1	-	1
Royal Marines Museum	-	-	-	1	-	1
	<u>22</u>	<u>6</u>	<u>28</u>	<u>16</u>	<u>-</u>	<u>16</u>

There are no equivalent balances for the company.

4. Admissions (Group)

	Unrestricted funds £'000	2022 Total £'000	Unrestricted funds £'000	2021 Total £'000
Museum admissions				
Portsmouth Historic Dockyard	4,092	4,092	895	895
Fleet Air Arm Museum	735	735	215	215
Hartlepool	236	236	20	20
HMS Caroline	-	-	2	2
	<u>5,063</u>	<u>5,063</u>	<u>1,132</u>	<u>1,132</u>
Other site income				
Charges for services	244	244	38	38
	<u>5,307</u>	<u>5,307</u>	<u>1,170</u>	<u>1,170</u>

There are no equivalent balances for the company.

Portsmouth Historic Dockyard includes: HMS *Victory*; HMS *Warrior*; Royal Naval Museum; Royal Navy Submarine Museum; and Explosion!

Admissions income includes amounts reclaimed from HM Revenue and Customs under the Gift Aid Scheme.

**Notes to the financial statements
for the year ended 31 March 2022**

5. Income and expenses from trading activities of subsidiaries

The National Museum has control of NMRN Operations (NMRNO), NMRN Hartlepool (NMRNH), the HMS Victory Preservation Company (HMSVPC), the HMS Caroline Preservation Company (HMSPCC), the HMS Trincomalee Trust (HMSTT), the Warrior Preservation Trust (WPT), the Royal Navy Submarine Museum Trust (RNSM), the Royal Marines Museum Trust (RMM), and the Fleet Air Arm Museum Trust (FAAM). NMRN Operations also has a non-charitable trading subsidiary. Dormant subsidiaries awaiting strike off are not included below (these have £Nil balances).

Note: the results for FAAM Trust and WPT include consolidation adjustments in respect of differences in the accounting policies of the individual entities and the NMRN group for assets acquired before 1 April 2000. The adjustments of £2,222,000 and £250,000 respectively, increase the consolidated balances of heritage assets and reserve balances.

**5.1 Statement of Financial Activities
(Subsidiaries)**

	NMRNO £'000	NMRNH £'000	HMSVPC £'000	HMSPCC £'000	HMSTT £'000	WPT £'000	RMM £'000	RNSM £'000	FAAM £'000	2022 £'000	2021 £'000
Income from:											
Donations and legacies	6,481	1	45	12,502	1	4	39	1	-	19,074	16,122
Charitable activities	5,307	-	-	-	-	-	-	-	-	5,307	1,200
Other trading activities											
Trading subsidiary	1,640	-	-	-	-	-	-	-	-	1,640	183
Investments	1	-	551	-	4	-	-	-	-	556	383
Other	284	-	-	-	-	-	-	-	12	296	237
Total income	13,713	1	596	12,502	5	4	39	1	12	26,873	18,125
Expenditure on:											
Raising funds	1,018	-	-	-	-	-	-	-	-	1,018	805
Trading subsidiary	1,626	-	-	-	-	-	-	-	-	1,626	344
Investment management	-	-	204	-	-	-	-	-	-	204	147
Charitable activities	12,057	5	842	2	6	18	17	10	80	13,037	14,275
Total expenditure	14,701	5	1,046	2	6	18	17	10	80	15,885	15,571

Notes to the financial statements
for the year ended 31 March 2022

5.1 Statement of Financial Activities
(Subsidiaries)

	NMRNO £'000	NMRNH £'000	HMSVPC £'000	HMSCPC £'000	HMSTT £'000	WPT £'000	RMM £'000	RNSM £'000	FAAM £'000	2022 £'000	2021 £'000
Net (loss)/ gain on investments	-	-	2,595	-	-	-	-	-	-	2,595	6,413
Net income/(expenditure)	(988)	(4)	2,145	12,500	(1)	(14)	22	(9)	(68)	13,583	8,967
Other recognised gains/(losses)											
Revaluation of fixed assets	1,031	-	5	-	-	-	-	-	613	1,649	(3,602)
Actuarial gains/(losses) on defined benefit pension schemes	(210)	-	-	-	-	-	-	-	-	(210)	-
Net movement in funds	(167)	(4)	2,150	12,500	(1)	(14)	22	(9)	545	15,022	5,365
Reconciliation of funds											
Fund balances brought forward	25,290	4	66,656	12,560	21,386	26,376	2,789	18,938	9,336	183,335	177,970
Fund balances carried forward	25,123	-	68,806	25,060	21,385	26,362	2,811	18,929	9,881	198,357	183,335

5.2 Balance Sheet
(Subsidiaries)

	NMRNO £'000	NMRNH £'000	HMSVPC £'000	HMSCPC £'000	HMSTT £'000	WPT £'000	RMM £'000	RNSM £'000	FAAM £'000	2022 £'000	<i>Restated</i> 2021 £'000
Fixed assets											
Tangible fixed assets	23,306	-	6,825	-	-	-	-	-	5,700	35,831	34,253
Heritage assets	-	-	19,375	12,560	21,008	25,290	735	18,651	3,089	100,708	100,729
Investments	-	-	42,587	-	-	-	-	-	-	42,587	39,930
	23,306	-	68,787	12,560	21,008	25,290	735	18,651	8,789	179,126	174,912
Current assets	5,046	2	890	12,502	483	1,073	2,541	288	1,155	23,980	13,901
Current liabilities	(2,956)	(2)	(871)	(2)	(8)	(1)	(465)	(10)	(63)	(4,378)	(5,382)
Long term liabilities	-	-	-	-	(98)	-	-	-	-	(98)	(96)
Defined benefit liability	(273)	-	-	-	-	-	-	-	-	(273)	-
Total Funds	25,123	-	68,806	25,060	21,385	26,362	2,811	18,929	9,881	198,357	183,335

Notes to the financial statements
for the year ended 31 March 2022

5.3 National Museum of the Royal Navy Trading

National Museum of the Royal Navy Trading (NMRNT) is a company limited by guarantee, incorporated in England & Wales. NMRNT operates a number of retail outlets and cafes within the Museums and the corporate events.

At the discretion of its directors, NMRNT distributes its net profit to NMRN Operations (the parent). A summary of the company's trading results is shown below:

	2022	2021
	£'000	£'000
Turnover	1,621	167
Cost of sales	(707)	(122)
Gross Profit	914	45
Administration	(864)	(235)
Other income	19	16
Net profit / (loss)	69	(174)
Tax on ordinary activities	(55)	55
Profit / (loss) for the Financial Year	13	(119)
Amount gifted to NMRN Operations	-	-
Retained profit / (loss) for the period	13	(119)
Retained profit brought forward	331	450
Retained profit carried forward	344	331

5.4 Agency funds

The National Museum group was responsible for the collection and distribution of ticketing income for the destination Portsmouth Historic Dockyard on behalf of Portsmouth Naval Base Property Trust and the National Museum until August 2020. A summary of the agency fund activity for the year is shown below. These balances are excluded from the accounts. The ticket income due to the National Museum is included in admissions income on the SOFA.

	2022	2021
	Total	Total
	£'000	£'000
<u>Statement of financial activities</u>		
Income received	-	17
Distributions	-	(17)
Net incoming resources	-	-
<u>Balance Sheet</u>		
Current assets	-	-
Current liabilities	-	-
Net assets	-	-

6. Investment income (Group)

	Unrestricted	Endowment	2022	Unrestricted	Endowment	2021
	funds	funds	Total	funds	funds	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Interest income	-	7	7	2	13	15
Dividend income	297	252	549	301	67	368
	297	259	556	303	80	383

Notes to the financial statements
for the year ended 31 March 2022

7. Fundraising costs (Group)

	Unrestricted funds £'000	2022 Total £'000	Unrestricted funds £'000	2021 Total £'000
Staff costs	703	703	605	605
Fundraising and publicity	315	315	200	200
	<u>1,018</u>	<u>1,018</u>	<u>805</u>	<u>805</u>

There were no fundraising costs to the company during the period, with all fundraising activities undertaken elsewhere within the Group.

8. Costs of charitable activities - by fund type (Company)

	Unrestricted funds £'000	Restricted funds £'000	2022 Total £'000	Unrestricted funds £'000	Restricted funds £'000	2021 Total £'000
Operations	380	4	384	396	-	396
Collections & research	73	-	73	85	-	85
Learning	62	-	62	48	-	48
Grant funding	4,998	-	4,998	6,811	135	6,946
	<u>5,513</u>	<u>4</u>	<u>5,517</u>	<u>7,340</u>	<u>135</u>	<u>7,475</u>

Costs of charitable activities - by fund type (Group)

	Unrestricted funds £'000	Restricted funds £'000	2022 Total £'000	Unrestricted funds £'000	Restricted funds £'000	2021 Total £'000
Operations	7,092	2,132	9,224	6,617	3,053	9,670
Collections & research	2,144	72	2,216	1,502	580	2,082
Learning	978	61	1,039	692	52	744
Grant funding	34	-	34	-	-	-
	<u>10,248</u>	<u>2,265</u>	<u>12,513</u>	<u>8,811</u>	<u>3,685</u>	<u>12,496</u>

9. Costs of activities in furtherance of the objects of the charity (Company)

	Operations £'000	Collections & research £'000	Learning £'000	Grant funding £'000	2022 Total £'000	2021 Total £'000
Staff costs	289	55	47	-	391	370
Governance and support costs	95	18	15	-	128	159
	<u>384</u>	<u>73</u>	<u>62</u>	<u>-</u>	<u>519</u>	<u>529</u>
Grant funding:						
NMRN Operations	-	-	-	3,975	3,975	6,946
HMS Caroline Preservation Co	-	-	-	2	2	-
NMRN Hartlepool	-	-	-	1	1	-
Pride of Bristol Trust (charity 1041341)	-	-	-	34	34	-
	<u>384</u>	<u>73</u>	<u>62</u>	<u>4,012</u>	<u>4,531</u>	<u>7,475</u>

Notes to the financial statements
for the year ended 31 March 2022

Costs of activities in furtherance of the objects of the charity (Group)

	Operations	Collections & research	Learning	Grant funding	2022 Total	2021 Total
	£'000	£'000	£'000	£'000	£'000	£'000
Staff costs	3,591	670	574	-	4,835	4,560
Operating costs	775	-	-	-	775	442
Marketing	306	-	-	-	306	276
Curatorial	-	939	-	-	939	364
Exhibition	-	31	-	-	31	10
Depreciation	637	122	104	-	863	1,249
Loss on disposal of fixed assets	162	52	26	-	240	341
Governance and support costs	2,124	402	335	-	2,861	2,548
	<u>7,595</u>	<u>2,216</u>	<u>1,039</u>	<u>-</u>	<u>10,850</u>	<u>9,790</u>
Grant funding:						
Pride of Bristol Trust (charity 1041341)	-	-	-	34	34	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>34</u>	<u>34</u>	<u>-</u>
Project costs:						
HMS Caroline	5	-	-	-	5	9
HMS Victory	1,333	-	-	-	1,333	1,094
HMS Warrior	-	-	-	-	-	43
HMS Invincible	77	-	-	-	77	85
Coastal Forces	84	-	-	-	84	11
Landing Craft (Tank) - LCT7074	59	-	-	-	59	1,000
Royal Marines Museum relocation	(39)	-	-	-	(39)	277
Fleet Air Arm Museum	5	-	-	-	5	10
NMRN Hartlepool	102	-	-	-	102	131
Other project costs	3	-	-	-	3	46
	<u>1,629</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,629</u>	<u>2,706</u>
	<u>9,224</u>	<u>2,216</u>	<u>1,039</u>	<u>34</u>	<u>12,513</u>	<u>12,496</u>

10. Analysis of governance and support costs (Company)

	Operations	Collections & research	Learning	2022 Total	2021 Total
	£'000	£'000	£'000	£'000	£'000
Accountancy & payroll	12	2	2	16	18
Auditor remuneration	-	-	-	-	1
Auditor remuneration - NAO	50	9	8	67	60
Legal and professional	11	2	2	15	8
Insurance	-	-	-	-	46
Travelling expenses	9	2	1	12	4
Bank charges & interest	4	1	1	6	3
Sundry expenses	9	2	1	12	19
	<u>95</u>	<u>18</u>	<u>15</u>	<u>128</u>	<u>159</u>

Notes to the financial statements
for the year ended 31 March 2022

Analysis of governance and support costs (Group)

	Operations	Collections & research	Learning	2022 Total	2021 Total
	£'000	£'000	£'000	£'000	£'000
Accountancy & payroll	48	11	7	66	67
Auditor remuneration	64	15	9	88	84
Auditor remuneration - NAO	50	9	8	67	60
Legal and professional	230	44	38	312	135
Repairs and maintenance	507	96	82	685	919
Insurance	184	35	30	249	201
Premises expenses	799	150	125	1,074	835
Travelling expenses	52	9	8	69	26
Communication and IT	50	9	8	67	64
Printing, postage and stationery	27	5	4	36	32
Bank charges & interest	77	15	13	105	44
Depreciation	9	-	-	9	11
Sundry expenses	27	4	3	34	70
	<u>2,124</u>	<u>402</u>	<u>335</u>	<u>2,861</u>	<u>2,548</u>

11. Employees

Employment costs

	Group 2022	Group 2021	Company 2022	Company 2021
	£'000	£'000	£'000	£'000
Wages and salaries	5,326	5,065	288	260
Social security costs	402	335	31	33
Defined contribution pension costs	419	412	70	68
Defined benefit pension costs	71	-	-	-
Employee benefits	11	11	-	11
	<u>6,166</u>	<u>5,823</u>	<u>389</u>	<u>372</u>

Higher paid employees

The number of employees who earned more than £60,000 during the year was as follows:

	Group 2022	Group 2021	Company 2022	Company 2021
£60,001 to £70,000	2	3	-	-
£70,001 to £80,000	1	1	-	-
£80,001 to £90,000	1	1	1	1
£90,001 to £100,000	1	1	1	1
£120,001 to £130,000	1	1	1	1

Number of employees

The average monthly numbers of employees during the year, was as follows:

	Group 2022	Group 2021	Company 2022	Company 2021
Charitable expenditure	294	312	-	-
Cost of generating funds	4	3	-	-
Governance costs	6	6	3	3
	<u>304</u>	<u>321</u>	<u>3</u>	<u>3</u>

The above includes workers engaged under Casual Worker Agreements. The average full-time equivalent number of staff for the year was 175 (2021: 177).

Staff costs for the charity for the year include an accrual of £6,000 (2021: £8,000), and for the group include £89,000 (2021: £96,000), for short-term compensated absences arising from employee entitlement to annual leave.

Notes to the financial statements
for the year ended 31 March 2022

During the financial year 7 redundancies (2021: 22) were identified within the group and contractual/redundancy costs of £19,000 were paid (2021: £146,000). No further amounts were accrued at 31 March 2022 (2021: £Nil).

Key management personnel

Employee benefits received by key management personnel total £303,000 for the year to 31 March 2022 (31 March 2021: £288,000).

The total received by the group from the Coronavirus Job Retention Scheme in the period was £122,000 (31 March 2021: £1,570,000).

11.1. Trustees' emoluments

No trustees received remuneration during the year (2021: Nil). Six trustees from the National Museum of the Royal Navy were reimbursed for travel expenses totalling £2,000 (2021: Four trustees - £1,000).

12. Pensions

The National Museum contributes to a Group Pension Plan and is a participating employer in the Principal Civil Service Pension Scheme and the Local Government Pension Scheme (including Hampshire Pension Fund and Teesside Pension Fund).

Principal Civil Service Pension Scheme (PCSPS)

The PCSPS is an unfunded multi-employer defined benefit scheme but the National Museum is unable to identify its share of the underlying assets and liabilities. A full actuarial quadrennial valuation was carried out at 31 March 2016. Details can be found in the resource accounts of the Cabinet Office; Civil Superannuation: (www.civilservicepensionscheme.org.uk/about-us/scheme-valuations/)

For 2021-22, employer contributions were payable to the PCSPS at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands. The scheme actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2021-22 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Local Government Pension Scheme (LGPS)

The LGPS is a multi-employer defined benefit scheme. Previously the scheme has been accounted for as a defined contribution scheme. The National Museum is now able to identify its share of the underlying assets and liabilities therefore this scheme has been accounted for as a defined benefit pension scheme. As the net liabilities are not material, they have been brought in during the year.

Hampshire Pension Fund

The National Museum of the Royal Navy is an admitted member of the Hampshire Pension Fund. This fund has over 191,000 members. The actuaries of the fund are AON Hewitt. In the year ended 31 March 2022 two staff participated in the scheme. The scheme is a defined benefit scheme and is accounted for in accordance with the Charities SORP (FRS 102).

The disclosures below relate to the funded liabilities within the Hampshire Pension Fund (the 'Fund') which is part of the LGPS. The funded nature of the LGPS requires the National Museum and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Assumptions

The latest actuarial valuation was carried out at 31 March 2019. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the roll-forward approach. The principal assumptions used by the actuary in updating the latest valuation of the Fund for FRS 102 purposes were:

Period ended	31 March 2022	31 March 2021
	% p.a.	% p.a.
Pension Increase Rate (CPI)	2.80%	2.60%
Salary Increase Rate	3.80%	3.60%
Discount Rate	2.70%	2.10%
Asset allocation		
Period ended	31 March 2022	31 March 2021
Equities	56.9%	57.0%
Property	6.9%	6.1%
Government bonds	17.2%	17.3%
Multi asset credit	9.0%	0.0%
Cash	0.9%	1.4%
Other	9.1%	18.2%

Notes to the financial statements
for the year ended 31 March 2022

Reconciliation of funded status to the Balance Sheet

	31 March 2022	31 March 2021
	£(000)	£(000)
Fair value of assets	444	411
Present value of funded liabilities	520	550
Pension liability recognised on the balance sheet	(76)	(139)

Amounts recognised in the Statement of Financial Activities

	31 March 2022	31 March 2021
	£(000)	£(000)
Operating cost:		
Current service cost	34	20
Financing cost:		
Interest on net defined benefit liability	3	-
Pension expense recognised in the Statement of Financial Activities	37	20

	31 March 2022	31 March 2021
	£(000)	£(000)
Asset gains/(losses) arising during the period	20	74
Liability gains/(losses) arising during the period	80	(151)
Gains/(losses) recognised in the Statement of Financial Activities	100	(77)

Changes made to the present value of the defined benefit obligation during the accounting period

	31 March 2022	31 March 2021
	£(000)	£(000)
Opening defined benefit obligation	550	367
Current service cost	34	20
Interest expense on defined benefit obligation	12	8
Contributions by participants	4	4
Actuarial (gains)/losses on liabilities	(80)	151
Closing defined benefit obligation	520	550

Changes to the fair value of assets during the accounting period

	31 March 2022	31 March 2021
	£(000)	£(000)
Opening fair value of assets	411	325
Interest income on assets	9	8
Remeasurement gains/(losses) on assets	20	74
Contributions by participants	4	4
Closing fair value of assets	444	411
Actual return on assets		

	31 March 2022	31 March 2021
	£(000)	£(000)
Interest income of assets	9	8
Gain/(loss) on assets	20	74
Total amount recognised in the Statement of Financial Activities	29	82

Teesside Pension Fund

The National Museum of the Royal Navy is an admitted member of the Teesside Pension Fund. This fund has over 71,500 members. The actuaries of the fund are AON Hewitt. In the year ended 31 March 2022 six staff participated in the scheme. The scheme is a defined benefit scheme and is accounted for in accordance with the Charities SORP (FRS 102).

The disclosures below relate to the funded liabilities within the Teesside Pension Fund (the 'Fund') which is part of the LGPS. The funded nature of the LGPS requires the National Museum and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Assumptions

The latest actuarial valuation was carried out at 31 March 2019. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the roll-forward approach. The principal assumptions used by the actuary in updating the latest valuation of the Fund for FRS 102 purposes were:

Notes to the financial statements
for the year ended 31 March 2022

Period ended	31 March 2022	31 March 2021
	% p.a.	% p.a.
Pension Increase Rate (CPI)	3.20%	2.85%
Salary Increase Rate	4.20%	3.85%
Discount Rate	2.70%	2.00%
Asset allocation		
Period ended	31 March 2022	31 March 2021
Equities	68%	80%
Bonds	0%	0%
Property	16%	13%
Cash	16%	7%
Reconciliation of funded status to the Balance Sheet		
	31 March 2022	31 March 2021
	£(000)	£(000)
Fair value of assets	759	672
Present value of funded liabilities	956	988
Pension liability recognised on the balance sheet	(197)	(316)
Amounts recognised in the Statement of Financial Activities		
	31 March 2022	31 March 2021
	£(000)	£(000)
Operating cost:		
Current service cost	27	27
Financing cost:		
Interest on net defined benefit liability	7	5
Pension expense recognised in the Statement of Financial Activities	34	32
	31 March 2022	31 March 2021
	£(000)	£(000)
Asset gains/(losses) arising during the period	71	126
Liability gains/(losses) arising during the period	74	(211)
Gains/(losses) recognised in the Statement of Financial Activities	145	(85)
Changes made to the present value of the defined benefit obligation during the accounting period		
	31 March 2022	31 March 2021
	£(000)	£(000)
Opening defined benefit obligation	988	736
Current service cost	27	27
Interest expense on defined benefit obligation	20	17
Contributions by participants	3	4
Actuarial (gains)/losses on liabilities	(74)	211
Net benefits paid out	(8)	(7)
Closing defined benefit obligation	956	988
Changes to the fair value of assets during the accounting period		
	31 March 2022	31 March 2021
	£(000)	£(000)
Opening fair value of assets	672	526
Interest income on assets	13	12
Remeasurement gains/(losses) on assets	71	126
Contributions by the employer	8	11
Contributions by participants	3	4
Net benefits paid out	(8)	(7)
Closing fair value of assets	759	672
Actual return on assets		
	31 March 2022	31 March 2021
	£(000)	£(000)
Interest income of assets	13	12
Gain/(loss) on assets	71	126
Total amount recognised in the Statement of Financial Activities	84	138

Notes to the financial statements
for the year ended 31 March 2022

Group Pension Plan

The National Museum operates a Group Pension Plan with employer's contributions being payable at 6% or 10%. Under this plan, a "salary exchange" scheme exists whereby employees may elect to give up the right to receive part of their salary remuneration in return for an additional employer's contribution into the Group Pension Plan of the same amount.

The cost relating to each scheme is set out below. There were no outstanding or prepaid contributions at the balance sheet date:

	2022	2021
	£'000	£'000
Defined contribution schemes (Company)		
Group scheme	70	68
	=====	=====
Defined contribution schemes (Group)		
Group scheme	404	384
PCSPS	15	17
LGPS	-	11
Defined benefit schemes (Group)		
LGPS - Hampshire Pension Fund	37	-
LGPS - Teesside Pension Fund	34	-
	=====	=====
	490	412
	=====	=====

13. Net outgoing resources for the year

	2022	2021
	£'000	£'000
Group net outgoing resources is stated after charging:		
Depreciation and other amounts written off tangible fixed assets	1,286	1,716
Auditors' remuneration - National Audit Office	67	60
Auditors' remuneration - Subsidiary Auditors	88	84
	=====	=====

The National Audit Office fee for the year ended 31 March 2022 is £63,000 (2021: £59,500). 2022 includes an additional £4,000 relating to 2020-21. There is no remuneration for non-audit work.

14. Taxation

The activities of the company and the individual charities fall within the exemptions afforded by the provisions of the Corporation Tax Act 2010. Accordingly, there is no taxation charge in these accounts. NMRN Operations' wholly owned, non-charitable subsidiary, trading company is subject to Corporation Tax.

15. Tangible fixed assets (Company)

	Plant and machinery	Fixtures, fittings and equipment	Heritage assets	Total
	£'000	£'000	£'000	£'000
Cost or valuation				
At 1 April 2021	4	9	4,013	4,026
Additions	-	-	1,317	1,317
Disposals	(4)	(9)	-	(13)
	=====	=====	=====	=====
At 31 March 2022	-	-	5,330	5,330
	=====	=====	=====	=====
Depreciation				
At 1 April 2021	4	9	-	13
Disposals	(4)	(9)	-	(13)
	=====	=====	=====	=====
At 31 March 2022	-	-	-	-
	=====	=====	=====	=====
Net book values				
At 31 March 2022	-	-	5,330	5,330
	=====	=====	=====	=====
At 31 March 2021	-	-	4,013	4,013
	=====	=====	=====	=====

Notes to the financial statements
for the year ended 31 March 2022

Tangible fixed assets (Group)

	Assets under construction £'000	Freehold £'000	Short leasehold £'000	Computer and office equipment £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Exhibitions £'000	Timber £'000	Heritage assets £'000	Total £'000
Cost or valuation										
At 1 April 2021 (<i>Restated</i>)	183	11,140	11,083	2,867	8,504	7,695	2,016	6,648	104,743	154,879
Additions	531	-	-	22	474	90	31	44	1,317	2,509
Transfers	(525)	-	-	-	-	-	525	-	-	-
Disposals	-	-	(170)	(22)	(389)	(228)	(74)	-	(22)	(905)
Revaluation	-	646	(1,954)	1	296	113	72	-	-	(826)
At 31 March 2022	189	11,786	8,959	2,868	8,885	7,670	2,570	6,692	106,038	155,657
Depreciation										
At 1 April 2021	-	2,943	2,440	2,636	1,410	5,724	729	-	-	15,882
Charge for the year	-	-	98	78	356	204	289	-	-	1,025
Disposals	-	-	(8)	(17)	(379)	(178)	(62)	-	-	(644)
On revaluation	-	(1,332)	(1,222)	-	26	41	12	-	-	(2,475)
At 31 March 2022	-	1,611	1,308	2,697	1,413	5,791	968	-	-	13,788
Net book values										
At 31 March 2022	189	10,175	7,651	171	7,472	1,879	1,602	6,692	106,038	141,869
At 31 March 2021	183	8,197	8,643	231	7,094	1,971	1,287	6,648	104,743	138,997

Land and buildings owned by the Fleet Air Arm Museum and NMRN Operations (including land and buildings at the Fleet Air Arm Museum and the Royal Navy Submarine Museum) were revalued in 2022 by Avison Young, in accordance with the stated policy. The revaluations were conducted by qualified surveyors on a depreciated replacement cost basis and in accordance with the RICS Valuation Professional Standards.

Notes to the financial statements
for the year ended 31 March 2022

16. The Collections

The collections are held by each trust individually and consist of artefacts - physical, written and oral - reflecting the history of the Royal Navy and its people throughout the area of its worldwide operations. In addition to covering the Royal Navy as a whole, the particular branches of the service (Surface Fleet, Submarines, Royal Marines and Fleet Air Arm) are also well represented.

Royal Naval Museum

In 2011-12 the title to, and beneficial ownership of, the collection relating to HMS *Caroline* passed to the Royal Naval Museum. This collection consists of around 400 items including pictures, photographs, flags and other items. Information regarding cost or value of this collection is not readily available and the charity considers that the cost of obtaining such valuation for the collection of assets held is significant and is not commensurate with the benefit obtained by including the additional capitalised value in the financial statements.

On 28 March 2013 the title to, and beneficial ownership of, the collection belonging to the Explosion! Museum, Gosport, passed to the Royal Naval Museum. This extensive collection includes small arms, cannon and guns, shells and munitions, mines, torpedoes, modern missiles, and an atom bomb. The collection has been included within heritage asset additions at the purchase price of £145,000.

On 7 November 2014, Landing Craft (Tank) Mk III, LCT 7074 was gifted to the National Museum by the Mersey Docks and Harbour Company Limited. Information regarding the cost or value of the conservation required to bring the ship to an 'as new' condition was not readily available, therefore no value was applied to the gift at this stage. This significant Second World War item was accessioned to the collection of the Royal Naval Museum.

On 31 March 2017, a gift for charitable purposes was made to the Royal Naval Museum of 777 items from the Ministry of Defence Art Collection, including paintings, objects d'art, ship figureheads, engravings and furniture. Given the diverse nature of the collection and the uniqueness of some items, comparables are not readily available to the National Museum for valuation purposes. The collection is dispersed across Ministry of Defence buildings throughout the United Kingdom and abroad and will remain in situ for the foreseeable future. As such, there are considerable practical difficulties associated with accessing such a large volume of items to determine their quality, authenticity, condition and value. The supporting information made available to the National Museum by the Ministry of Defence is limited in terms of making a realistic valuation and would take significant work to generate e.g. condition reports, imagery, etc. The Trustees consider that the costs of obtaining a reliable valuation for this collection would be significant and is not commensurate with the benefit obtained by including the additional capitalised value in the accounts. Additionally, given the circumstances described, any attempt to value the collection would be considerably arbitrary, to the extent that such a valuation would be potentially misleading to a user of the financial statements.

On 13 March 2020, the National Museum received a gift of 12 figureheads from the Ministry of Defence. This was the first tranche of a gift for charitable purposes of The Devonport Collection. The charity considers that the cost of obtaining a valuation for this gift is significant, as such items rarely come on the market, and is not commensurate with the benefit obtained by including the capitalised value in the financial statements.

Five-year summary of transactions

	2022	2021	2020	2019	2018
	£'000	£'000	£'000	£'000	£'000
Purchased additions					
Royal Naval Museum	1,312	648	83	114	137
	<u>1,312</u>	<u>648</u>	<u>83</u>	<u>114</u>	<u>137</u>
Donated additions					
Royal Naval Museum	5	-	-	4	3
	<u>5</u>	<u>-</u>	<u>-</u>	<u>4</u>	<u>3</u>
Total additions	<u>1,317</u>	<u>648</u>	<u>83</u>	<u>118</u>	<u>140</u>

Notes to the financial statements
for the year ended 31 March 2022

Significant historic ships

Ship (see below for reporting entity)	Donor	Date of gift	Original build cost uplifted for value on completion £'000	Estimated repair cost at time of gifting £'000	Value of gift £'000	Value at 1 April 2021 £'000	Increase in year £'000	Value at 31 March 2022 £'000
HMS <i>Alliance</i>	Ministry of Defence	1979	£18,480	N/A	N/A	£18,480	-	£18,480
HMS <i>Caroline</i>	Ministry of Defence	2013	£12,560	£5,004	£7,556	£12,560	-	£12,560
HMS <i>M33</i>	Hampshire County	2014	£1,775	£683	£1,092	£1,775	-	£1,775
HMS <i>Trincomalee</i>	Purchased for £1	N/A	£21,000	N/A	N/A	£21,000	-	£21,000
HMS <i>Victory</i>	Ministry of Defence	2012	£50,000	£30,625	£19,375	£19,375	-	£19,375
HMS <i>Warrior 1860</i>	Purchased for £1	N/A	£25,040	N/A	N/A	£25,040	-	£25,040

The Royal Navy Submarine Museum Trust – HMS *Alliance*

The submarine, HMS *Alliance*, was constructed in Barrow-in-Furness in 1947. She is a Royal Navy A Class submarine and is the only surviving example of the class. The ship was transferred to the Royal Navy Submarine Museum in 1979 where she has been on display since the transfer. HMS *Alliance* is valued at £18,480,000 to reflect its estimated rebuild cost. The valuation was carried out in 2015.

The original build cost of the submarine is estimated to be £304,495 based on the cost of a similar T Class submarine - HMS *Triumph* - built in 1936. Uplifted for current value (2015), this cost was equivalent to £18,480,000. HMS *Alliance* was completely refurbished and reopened to the public in April 2014. The renovation work carried out was an extensive project costing around £7,000,000 to complete, and included repairing damage to the hull, in addition to completely restoring the interior of the submarine. As a result of these works it was not felt that any deductions to the original cost for disrepair was necessary.

HMS *Caroline* Preservation Trust – HMS *Caroline*

The ship, HMS *Caroline*, was constructed at the Cammell Laird shipyard in Birkenhead in 1914. She was one of eight C-Class light cruisers and is the last remaining British WW1 light cruiser still afloat and the sole survivor of the Battle of Jutland. The ship was gifted to the Trust on 18 November 2013 by the Ministry of Defence. HMS *Caroline* was initially recognised in the accounts at a value of £7,556,000, calculated on a total build basis discounted to take account of the ship's state of repair at the time of gifting.

In 1914, the original build cost of HMS *Caroline* was £300,000. Uplifted for current value (2013), this cost was the equivalent of £25,120,000. The ship would be brought to sound and original condition, as far as possible, in the course of the refurbishment programme. However substantial elements of the original ship including the boilers, and armaments, would not be replaced. It was therefore the view of the project management team that 50% of the original value was a reasonable measure of the heritage asset value of the ship on completion of these works, the discounted value being £12,560,000.

Based on the above, the ship was initially recognised in the accounts at a value of £7,556,000, reflecting the value on completion of £12,560,000, discounted back for the expenditure anticipated to be required to achieve that outcome. The value was then increased in the year to 31 March 2016 by £1,079,000, and in the year to 31 March 2017 by £3,925,000, to the final valuation of £12,560,000 on completion of the scheduled programme of works.

HMS *M33* Trust – HMS *M33*

Monitor HMS *M33* was built by Harland and Wolff, Belfast, in 1915. She is one of only three surviving Royal Navy warships of the First World War and the only surviving ship from the Gallipoli Campaign. The ship was gifted to the Trust on 19 May 2014 by Hampshire County Council. HMS *M33* was initially recognised in the accounts at a value of £1,092,000, calculated on a total build basis discounted to take account of the ship's current state of repair.

In 1915, the original build cost of HMS *M33* was £40,000. Uplifted for current value (2014), this cost was the equivalent of £2,863,000. The ship has been brought to sound and original condition, as far as possible, in the course of the conservation programme. However substantial elements of the original ship, notably the boilers and engines, were removed in the past and will not be replaced. It is therefore the view of the project management team that 62% of the original value is a reasonable measure of the heritage asset value of the ship on completion of these works, the discounted value being £1,775,000.

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HMS Trincomalee Trust – HMS *Trincomalee*

The ship, HMS Trincomalee, is the oldest surviving Royal Navy Frigate and the oldest warship still afloat in the UK. She was acquired by the Trust for a nominal £1. HMS Trincomalee has been included at a valuation designed to reflect the estimated rebuild costs of the ship.

The value of HMS Trincomalee, on the basis of a full renewal cost of rebuild, discounted to take account of the ship's current state of repair, has been calculated at £21,000,000. The calculation is based on the comparable cost of the Frigate Hermione project, completed in 2012. This cost was pro-rated for the relative displacement tonnages. L'Hermione's displacement tonnage was 1,166 tonnes and the rebuild cost was £16,700,000 in 2012. HMS Trincomalee's displacement tonnage is 1,447 tonnes (per 'Great Sailing Ships of the World' by Otmar Schauffelen) therefore the rebuild cost is approximately £21,000,000.

HMS Victory Preservation Trust – HMS *Victory*

The ship, HMS Victory, was floated out of the Old Single Dock in Chatham's Royal Dockyard in 1765. In 1805 she achieved lasting fame as the flagship of Vice-Admiral Nelson in Britain's greatest naval victory, the defeat of the French and Spanish at the Battle of Trafalgar. She is the oldest commissioned warship in the world and remains a commissioned warship of the Royal Navy and the Flag Ship of the First Sea Lord. The ship was gifted to the Trust on 29 March 2012 by the Ministry of Defence.

HMS Victory has been included in the accounts at a value of £19,375,000 calculated on a total rebuild basis discounted to take account of the ship's current state of repair. This value was calculated by staff of the National Museum by reference to the costs incurred by the Association Hermione-La Fayette in their construction of the replica frigate, Hermione, on a pro-rata basis on respective tonnage displacement of the two ships.

The value of HMS Victory, on the basis of full renewal cost of rebuild, has been calculated as £50,000,000. The calculation is based on the comparable cost of the frigate 'Hermione' project, completed in 2012. This cost was pro-rated for the relative displacement tonnages. L'Hermione's displacement tonnage was 1,166 tonnes and the rebuild cost was £16,700,000 in 2012. HMS Victory's displacement tonnage is 3,500 tonnes therefore the rebuild cost is approximately £50,000,000.

HMS Victory today is far from 'new build' condition and during the next 10-20 years, it is projected that a sum in the region of £30,625,000 (at current costs) will be expended in bringing the Ship to (something close to) new condition. Whilst HMS Victory will not then be literally 'as good as new', any lower value would be offset by it being, at least in perception, the original ship.

Based on the above, the ship has been recognised in the accounts at a valuation of £19,375,000 reflecting an 'as new' value, discounted back for the expenditure anticipated to be required to achieve that outcome. An increasing value, over time, as renovations are carried out, will reflect the improving condition of the ship.

Warrior Preservation Trust – HMS *Warrior 1860*

The original hull of the ship, HMS Warrior, was laid down at the Thames Iron Works and Shipbuilding Company based at Blackwall, London. Completed in 1861, she was the world's first ocean-going, iron-hulled, armoured warship. The original hull of HMS Warrior was acquired by the Maritime Trust from the Ministry of Defence for £1 in August 1979, and transferred to the Warrior Preservation Trust in 1983. HMS Warrior 1860 has been included at a valuation designed to reflect the estimated rebuild costs of the hull.

In 1861, the original cost of the hull was £282,284. Uplifted for current value (2017) this cost was the equivalent of £25,040,000. The ship was brought to sound and original condition, as far as possible, during the restoration between 1979 and 1987 therefore it was not felt that any deductions to the original cost for disrepair was necessary.

Notes to the financial statements
for the year ended 31 March 2022

17. Investment assets

	Group	
	Listed	Unlisted
	2022	2022
	£'000	£'000
Valuation		
At 1 April 2021	39,930	-
Additions	259	-
Gains and losses before management fees	2,595	
Less management fees deducted	(197)	
Realised and unrealised gains and losses	2,398	-
At 31 March 2022	42,587	-
Historical cost as at 31 March 2022	31,670	-
Historical cost as at 31 March 2021	31,411	-
Investments By fund:		
Endowment funds	42,587	-

The above investments are those held by the HMS Victory Preservation Company. The company holds two portfolios of investments, one managed by James Hambro and Partners and the other by Cazenove Capital Management. The investment objective for the period was to generate a total return of inflation plus 4% per annum over the long term. The market valuation at the year end is provided by the Fund Managers, the results of which are summarised as follows:

	2022	2021
	£'000	£'000
UK		
UK government and fixed interest securities	804	729
UK bonds	-	657
UK equities	4,498	4,550
Others	3,819	4,063
Capital account	1,032	1,013
	10,153	11,012
Overseas		
Fixed interest	979	1,388
International bonds	1,814	1,333
International equities	24,585	23,473
Others	5,056	2,724
	32,434	28,918
	42,587	39,930

18. Stocks

	Group	Restated Group	Company	Company
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Held by:				
NMRN Operations	215	215	-	-
Trading subsidiaries	324	458	-	-
	539	673	-	-

Notes to the financial statements
for the year ended 31 March 2022

19. Debtors: amounts falling due within one year

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Trade debtors	107	707	-	-
Amounts owed by group undertakings	-	-	25	503
Other debtors	1,071	37	1	7
Prepayments & accrued income	3,247	2,355	10	120
VAT	302	272	-	-
	<u>4,727</u>	<u>3,371</u>	<u>36</u>	<u>630</u>

20. Debtors: amounts falling due after more than one year

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Other debtors	448	443	-	-
Accrued income	1,500	3,000	-	-
	<u>1,948</u>	<u>3,443</u>	<u>-</u>	<u>-</u>

The accrued income relates to the sale of the Royal Marines Museum.

21. Creditors: amounts falling due within one year

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Other loans	86	-	86	-
Trade creditors	801	955	-	-
Amounts owed to group undertakings	-	-	550	-
Other creditors	761	774	556	706
Ministry of Defence	-	1,004	-	96
Other taxes and social security	120	98	9	9
Accruals and deferred income	2,048	1,585	170	83
	<u>3,816</u>	<u>4,416</u>	<u>1,371</u>	<u>894</u>

Deferred income

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Balance at 1 April 2021	127	199	-	-
Amounts released to incoming resources	(594)	(408)	-	-
Amounts deferred in year	634	336	-	-
Balance as at 31 March 2022	<u>167</u>	<u>127</u>	<u>-</u>	<u>-</u>

22. Creditors: amounts falling due after more than one year

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Other loans	817	96	719	-

Notes to the financial statements
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23. Analysis of net assets between funds

	Tangible Fixed Assets £'000	Investments £'000	Net current assets £'000	Long term assets & liabilities £'000	Pension liabilities £'000	Total 2022 £'000
Restricted funds:						
Restricted funds	-	-	1,299	-	-	1,299
Royal Naval Museum	3,555	-	24	-	-	3,579
HMS M33 Trust	1,775	-	-	-	-	1,775
	5,330	-	1,323	-	-	6,653
Unrestricted funds	-	-	5	(719)	-	(714)
Total Company funds at 31 March 2022	5,330	-	1,328	(719)	-	5,939
Funds held by:						
NMRN Operations	23,306	-	2,090	-	(273)	25,123
HMS Victory Preservation Company	26,200	42,587	19	-	-	68,806
HMS Caroline Preservation Company	12,560	-	12,500	-	-	25,060
HMS Trincomalee Trust	21,008	-	27	350	-	21,385
Warrior Preservation Trust Limited	25,290	-	1,072	-	-	26,362
Royal Marines Museum Charitable Trust	735	-	576	1500	-	2,811
Royal Navy Submarine Museum Trust	18,651	-	278	-	-	18,929
Fleet Air Arm Museum	8,789	-	1,092	-	-	9,881
Total Group funds at 31 March 2022	141,869	42,587	18,982	1,131	(273)	204,296

	Tangible Fixed Assets £'000	Investments £'000	Net current assets £'000	Long term assets & liabilities £'000	Pension liabilities £'000	<i>Restated</i> Total 2021 £'000
Restricted funds:						
Restricted funds	-	-	1,158	-	-	1,158
Royal Naval Museum	2,238	-	24	-	-	2,262
HMS M33 Trust	1,775	-	-	-	-	1,775
	4,013	-	1,182	-	-	5,195
Unrestricted funds	-	-	1	-	-	1
Total Company funds at 31 March 2021	4,013	-	1,183	-	-	5,196
Funds held by:						
NMRN Operations	22,380	-	2,411	500	-	25,291
NMRN Hartlepool	-	-	4	-	-	4
HMS Victory Preservation Company	26,162	39,930	564	-	-	66,656
HMS Caroline Preservation Company	12,560	-	-	-	-	12,560
HMS Trincomalee Trust	21,008	-	31	347	-	21,386
Warrior Preservation Trust Limited	25,290	-	1,086	-	-	26,376
Royal Marines Museum Charitable Trust	735	-	(445)	2,500	-	2,790
Royal Navy Submarine Museum Trust	18,651	-	287	-	-	18,938
Fleet Air Arm Museum	8,198	-	1,139	-	-	9,337
Total Group funds at 31 March 2021	138,997	39,930	6,260	3,347	-	188,534

Notes to the financial statements
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24. Restricted and endowment funds

Restricted funds:	At 1 April 2021 £'000	Incoming resources £'000	Outgoing resources £'000	Transfers £'000	Gains and losses £'000	At 31 March 2022 £'000
HMS Caroline fund	104	141	-	-	-	245
Royal Marines Museum relocation fund	1,054	4	(4)	-	-	1,054
Death of Nelson painting fund	-	275	-	(275)	-	-
Sim Comfort Collection fund	-	11	-	(11)	-	-
Linked charities:						
Royal Naval Museum	2,262	192	-	1,125	-	3,579
HMS M33 Trust	1,775	-	-	-	-	1,775
Total company restricted funds	5,195	623	(4)	839	-	6,653
NMRN Operations (excluding CJRS – see below)	14,966	974	(2,151)	(885)	1,826	14,730
Coronavirus Job Retention Scheme	-	122	(122)	-	-	-
HMS Victory Preservation Company	26,161	-	(10)	-	5	26,156
HMS Caroline Preservation Company	12,560	-	-	-	-	12,560
HMS Trincomalee Trust	21,029	1	(1)	-	-	21,029
Warrior Preservation Trust	25,060	-	-	-	-	25,060
Royal Marines Museum	105	39	-	-	-	144
Royal Navy Submarine Museum	18,590	-	-	-	-	18,590
Fleet Air Arm Museum	3,543	-	(56)	-	307	3,794
Consolidation adjustments	-	(1,060)	80	980	-	-
Total group restricted funds	127,209	699	(2,264)	934	2,138	128,716
	At 1 April 2020 £'000	Incoming resources £'000	Outgoing resources £'000	Transfers £'000	Gains and losses £'000	At 31 March 2021 £'000
HMS Caroline fund	104	-	-	-	-	104
Royal Marines Museum relocation fund	1,054	-	-	-	-	1,054
Ministry of Defence Projects	-	135	(135)	-	-	-
Linked charities:						
Royal Naval Museum	1,615	647	-	-	-	2,262
HMS M33 Trust	1,775	-	-	-	-	1,775
Total company restricted funds	4,548	782	(135)	-	-	5,195
NMRN Operations (excluding CJRS – see below)	14,615	3,741	(2,125)	(1,100)	(165)	14,966
Coronavirus Job Retention Scheme	-	1,570	(1,570)	-	-	-
HMS Victory Preservation Company	26,173	-	(13)	-	1	26,161
HMS Caroline Preservation Company	12,560	-	-	-	-	12,560
HMS Trincomalee Trust	21,028	7	(6)	-	-	21,029
Warrior Preservation Trust	25,060	-	-	-	-	25,060
Royal Marines Museum	459	1,189	(1,543)	-	-	105
Royal Navy Submarine Museum	18,590	-	-	-	-	18,590
Fleet Air Arm Museum	3,693	-	(70)	-	(80)	3,543
Consolidation adjustments	-	(2,168)	1,777	391	-	-
Total group restricted funds	126,726	5,121	(3,685)	(709)	(244)	127,209

The restricted and endowment funds of the individual museums are detailed in the accounts of the respective organisations.

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The HMS Caroline fund is for the conservation of the ship and its development as a visitor attraction. This work has been fully funded by HLF and the Northern Ireland Tourist Board to the National Museum.

The Royal Marines Museum relocation fund represents funding received for the Royal Marines Museum project which will include the relocation of a new Royal Marines Museum at Portsmouth Historic Dockyard.

The Ministry of Defence Project fund represents funding received for five projects: D-Day 75th Anniversary Commemoration; Securing the Small Arms Collection; Improving the use of the Art Collection; Pirates and Anti-Piracy Exhibitions; and Digital Transformation.

Consolidation adjustments reflect funds received by, and paid to, other group entities by the National Museum.

Endowment funds:	At 1 April 2021 £'000	Incoming resources £'000	Outgoing resources £'000	Transfers £'000	Gains and losses £'000	At 31 March 2022 £'000
HMS Victory Preservation Co	39,887	259	(204)	-	2,595	42,537
HMS Caroline Preservation Co	-	12,500	-	-	-	12,500
HMS Trincomalee Trust	5	-	-	-	-	5
Warrior Preservation Trust Limited	960	-	-	-	-	960
Total group endowment funds	40,852	12,759	(204)	-	2,595	56,002

	At 1 April 2020 £'000	Incoming resources £'000	Outgoing resources £'000	Transfers £'000	Gains and losses £'000	At 31 March 2021 £'000
HMS Victory Preservation Co	33,541	80	(147)	-	6,413	39,887
HMS Trincomalee Trust	5	-	-	-	-	5
Warrior Preservation Trust Limited	986	-	-	(26)	-	960
Total group endowment funds	34,532	80	(147)	(26)	6,413	40,852

Endowment funds include funds donated by the Gosling Foundation for the maintenance and upkeep of HMS Victory, and funds donated by the Department for the Economy of Northern Ireland and the National Heritage Memorial Fund for the conservation, repair, protection and interpretation of HMS Caroline in Belfast.

24.1 Linked charities of the National Museum

SORP FRS 102 requires the activities of linked charities to be shown separately within these accounts in a manner similar to the presentation of restricted funds. The Royal Naval Museum and HMS M33 Trust are made up of the following:

<u>Royal Naval Museum</u>	At 1 April 2021 £'000	Incoming resources £'000	Outgoing resources £'000	Transfers £'000	At 31 March 2022 £'000
Unrestricted funds	2,155	1,317	-	-	3,472
Restricted funds - RML 497 Fairmile (the ship)	83	-	-	-	83
Endowment funds - Johnstone Library fund	24	-	-	-	24
Total funds of the Royal Naval Museum	2,262	1,317	-	-	3,579

	At 1 April 2020 £'000	Incoming resources £'000	Outgoing resources £'000	Transfers £'000	At 31 March 2021 £'000
Unrestricted funds	1,508	647	-	-	2,155
Restricted funds - RML 497 Fairmile (the ship)	83	-	-	-	83
Endowment funds - Johnstone Library fund	24	-	-	-	24
Total funds of the Royal Naval Museum	1,615	647	-	-	2,262

Notes to the financial statements
for the year ended 31 March 2022

Royal Naval Museum Balance Sheet summary	2022 £'000	2021 £'000
Heritage assets	3,555	2,238
Current assets	24	24
Net assets	3,579	2,262
Funds		
Unrestricted funds	3,472	2,155
Restricted funds	83	83
Endowment funds	24	24
Total funds of the Royal Naval Museum	3,579	2,262

HMS M33 Trust

HMS M33 Trust Balance Sheet summary	2022 £'000	2021 £'000
Heritage assets	1,775	1,775
Funds		
Unrestricted reserves	1,092	1,092
Revaluation reserve	683	683
Total funds of the HMS M33 Trust	1,775	1,775

25. Transfers between funds

NMRN Operations

A total of £885,000 (2021: £1,100,000) was transferred to unrestricted funds from restricted funds to compensate for project funds initially funded by unrestricted funds and to reflect the value of tangible fixed assets which were purchased using restricted funds, but are held for general purpose, in accordance with SORP FRS 102 section 2.26.

Consolidation adjustments

The consolidation adjustments eliminate grants made between group entities.

26. Financial commitments

At 31 March 2022 the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2022 £'000	Group 2021 £'000
Within one year	422	427
Between one and five years	1,686	1,586
In over five years	22,995	23,076
	25,103	25,089

Notes to the financial statements
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27. Capital commitments and contingent liabilities

The company had capital commitments contracted but not provided for in the financial statements amounting to £778,342 (2021: £424,000). There were no contingent liabilities at 31 March 2022 (2021: £Nil).

28. Losses and special payments

28.1 Losses statement

There were no cases of losses occurring during the financial year (2021: No cases).

28.2 Special payments

There were no cases of special payments during the year (2021: No cases).

29. Related party transactions

The National Museum is a Non Departmental Public Body, sponsored by the Ministry of Defence (MoD). The MoD is regarded as a related party. Grant in Aid Funding from the MoD is disclosed in the Statement of Financial Activities.

Subsidiary companies and charities

Company name	Company number	Charity number	% share holding	Description
NMRN Operation	09988314	1169061	N/A	Operating company for the National Museum Group
<i>NMRN Trading</i>	<i>01261270</i>	-	N/A	<i>Souvenir shops & corporate events</i>
<i>PHD Operations Limited</i>	<i>12799836</i>	-	50%	<i>Ticketing company for Portsmouth Historic Dockyard</i>
NMRN Hartlepool	09997836	1165917	N/A	Holds the NMRN Hartlepool lease
HMS Victory Preservation Company	07935358	1146376	N/A	Holds the ship, HMS <i>Victory</i>
<i>HMS Victory Preservation Trust</i>				
HMS Caroline Preservation Company	08303946	1149930	N/A	Holds the ship, HMS <i>Caroline</i>
<i>HMS Caroline Preservation Trust</i>				
HMS Trincomalee Trust:	02678419	1007784	N/A	Holds the ship, HMS <i>Trincomalee</i>
<i>The Foudroyant Trust</i>	<i>00628111</i>	<i>0306082</i>	N/A	<i>Dormant Charity</i>
Warrior Preservation Trust	00936870	0256756	100%	Holds the ship, HMS <i>Warrior</i>
Royal Marines Museum	-	0259422	N/A	Holds the Royal Marines Museum collection
Royal Marines Museum	07635447	1142186	N/A	Dormant Charity
Royal Navy Submarine Museum	-	1169371	N/A	Holds the Royal Navy Submarine Museum collection
Royal Navy Submarine Museum	07637385	1142123	N/A	Dormant Charity
Fleet Air Arm Museum	-	0250079	N/A	Holds the Fleet Air Arm Museum collection
Fleet Air Arm Museum	07570620	1143023	N/A	Dormant Charity

A number of trustees of the National Museum are also trustees of the following charities:

Mr Mark Anderson	NMRN Hartlepool (appointed 5 July 2021)
Mr Michael J Bedingfield	NMRN Operations, Warrior Preservation Trust
Mr Philip Dolling	NMRN Hartlepool (appointed 5 July 2021)
Mr Mike Gambazzi	NMRN Hartlepool (resigned 2 December 2021)
Mrs Donna Jones	Warrior Preservation Trust
Ms Helen Jackson	HMS Victory Preservation Company
Mrs Mary-Montagu-Scott	HMS Victory Preservation Company
Rear Admiral Jonathan Pentreath	HMS Caroline Preservation Company

The related parties of the individual museums are disclosed in the accounts of those organisations.

30. Events after the Balance Sheet date

On 20 June 2022 NMRN Operations completed the purchase of Vision Retail Park in Hartlepool for £3.4M.

These accounts have been authorised for issue by the Accounting Officer on the same date as the Comptroller and Auditor General's audit certificate.

Notes to the financial statements
for the year ended 31 March 2022

31. Analysis of cash and cash equivalents

	Group 2022 £'000	Group 2021 £'000	Company 2022 £'000	Company 2021 £'000
Cash at bank and in hand	17,532	6,632	2,663	1,447

32. Analysis of changes in net debt

Company	At 1 April 2021 £'000	Cash flows £'000	At 31 March 2022 £'000
Long-term borrowings	-	(720)	(720)
Short-term borrowings	-	(80)	(80)
Total liabilities	-	(800)	(800)
Cash and cash equivalents	1,447	1,216	2,663
Total net debt	1,447	416	1,863

Group	At 1 April 2021 £'000	Cash flows £'000	At 31 March 2022 £'000
Long-term borrowings	-	(720)	(720)
Short-term borrowings	-	(80)	(80)
Total liabilities	-	(800)	(800)
Cash and cash equivalents	6,632	10,900	17,532
Total net debt	6,632	10,100	16,732

33. Prior year adjustment

Comparative information for 2021 has been restated to reflect the change in accounting policy for donated timber, resulting in a reclassification of timber from stock to tangible fixed assets. The amendments are as follows:

	Tangible fixed assets £	Stock £
As previously stated at 1 April 2020	32,059	7,357
Transfer between categories	6,651	(6,651)
As restated at 1 April 2020	38,710	706

	Tangible fixed assets £	Stock £
As previously stated at 31 March 2021	27,606	7,321
Transfer between categories	6,648	(6,648)
As restated at 31 March 2021	34,254	673

Notes to the financial statements
for the year ended 31 March 2022

34. Statement of financial activities (Company only, including the Royal Naval Museum and HMS M33 Trust as linked charities) for the year ended 31 March 2022

		Unrestricted	Restricted	Linked	2022	Unrestricted	Restricted	Linked	2021
	Note	funds	funds	charities	Total	funds	funds	charities	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income from:									
Donations and legacies									
Grant in Aid (revenue)	2	5,476	-	-	5,476	7,198	-	-	7,198
Grant in Aid (capital)	2	130	-	-	130	128	-	-	128
Donations	2	31	431	192	654	1	135	647	783
Other income		-	-	-	-	3	-	-	3
Total income		5,637	431	192	6,260	7,330	135	647	8,112
Expenditure on:									
Charitable activities	8	515	4	-	519	529	-	-	529
Grant funding	8	4,998	-	-	4,998	6,811	135	-	6,946
Total expenditure		5,513	4	-	5,517	7,340	135	-	7,475
Net income/(expenditure)		124	427	192	743	(10)	-	647	637
Transfer between funds		(839)	(286)	1,125	-	-	-	-	-
Net movement in funds		(715)	141	1,317	743	(10)	-	647	637
Reconciliation of funds:									
Total funds brought forward		1	1,158	4,037	5,196	11	1,158	3,390	4,559
Total funds carried forward		(714)	1,299	5,354	5,939	1	1,158	4,037	5,196

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Accounts

Trustees' Report and Consolidated
Financial Statements of the National
Museum of the Royal Navy
2020-21

HC 1075

The National Museum of the Royal Navy

Annual report and accounts 2020-2021

For the period 1 April 2020 to 31 March 2021

Presented to Parliament pursuant to the Government
Resources and Accounts Act 2000 (Audit of Public
Bodies) Order 2012

Ordered by the House of Commons to be printed on 31 January 2022



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Charity number: 1126283
Company Number: 06699696

The National Museum of the Royal Navy

A company limited by guarantee

**Trustees' annual report and
consolidated financial statements**

for the year ended 31 March 2021

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The National Museum of the Royal Navy**(A company limited by guarantee)****Company number: 06699696****Charity number: 1126283****Legal and administrative information**

Charity number	1126283
Company registration number	06699696
Registered office	H M Naval Base PP66 Portsmouth Hampshire PO1 3NH
Director General and Accounting Officer	Professor Dominic Tweddle
Chairman	Admiral Sir Philip Jones GCB ADC DL (Appointed 29 May 2020) Dr Caroline Williams (Resigned as Chair 29 May 2020)
Trustee directors of NMRN	Rear Admiral Mark Anderson CB (Appointed 1 September 2020) Mr Michael J Bedingfield Ms Katherine Biggs (Appointed 1 September 2020) Dr Andrew Burnett CBE FBA (Appointed 25 October 2020) Mr Philip G Dolling (Appointed 1 September 2020) Mr Mike Gambazzi (Resigned 2 December 2021) Ms Helen Jackson Vice Admiral Sir Adrian Johns KCB CBE KStJ ADC (Resigned 20 October 2020) Councillor Donna Jones Major General Jeffrey S Mason Mrs Mary Montagu-Scott DL Rear Admiral Jonathan P Pentreath CB OBE (Appointed 1 September 2020) Mr Tim Schadla-Hall (Resigned 25 October 2020) Mr John Michael E Scott (Appointed 1 September 2020) Mrs Alison Start (Appointed 1 September 2020) Mr Gavin Whitter Dr Caroline Williams (Resigned 13 July 2020)
Auditors	Comptroller and Auditor General National Audit Office, 157 - 197 Buckingham Palace Road, Victoria, London SW1W 9SP
Accountants	Compass Accountants Limited Venture House, The Tanneries, East Street, Titchfield, Hampshire PO14 4AR
Bankers	Lloyds TSB Bank Plc 38 London Road, North End, Portsmouth, Hampshire PO2 0LR

The National Museum of the Royal Navy

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Company number: 06699696

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Foreword

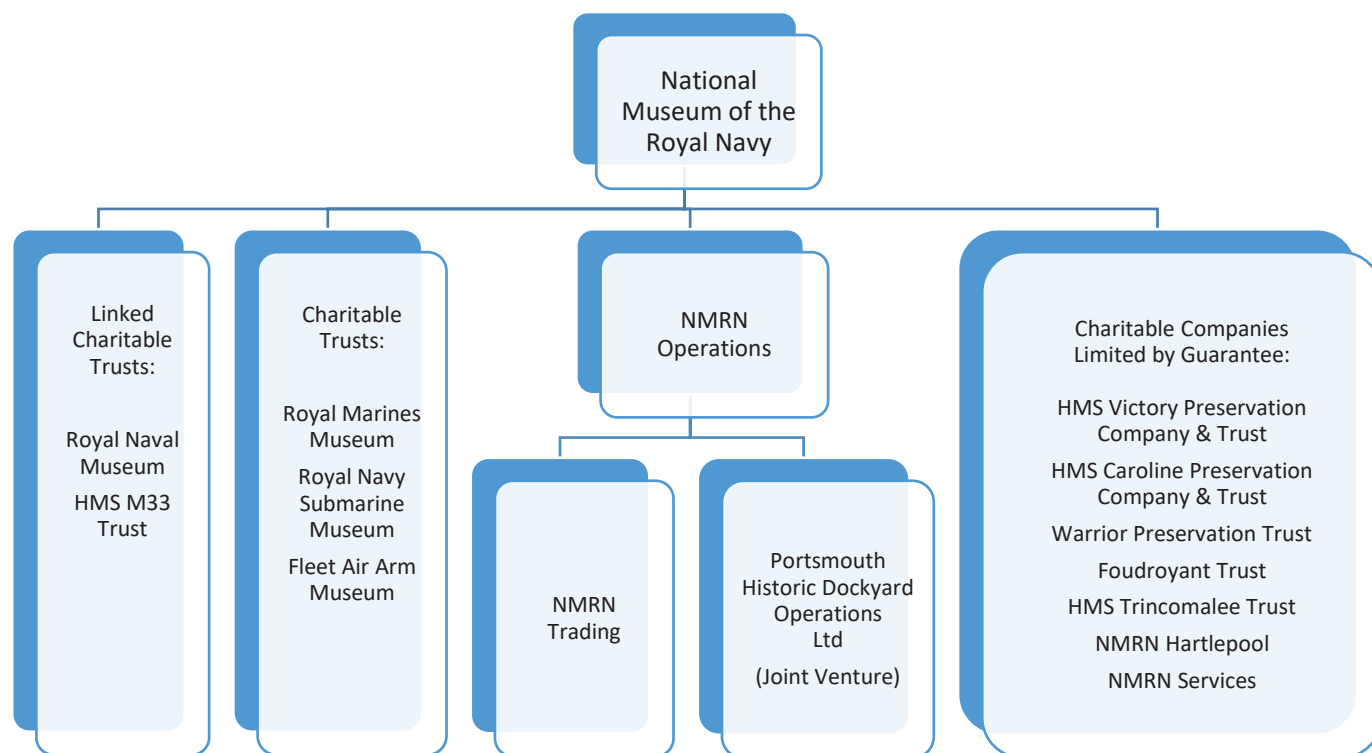
The charitable objectives of the National Museum of the Royal Navy, as defined within its Articles of Association are:

- The promotion and education and learning of Naval Service and Auxiliaries personnel and other members of the public about the history, deeds and traditions of those services
- The promotion and enhancement of military efficiency by assisting recruitment and retention and fostering the esprit de corps of the men and women who are serving in the Naval Service and Auxiliaries
- The commemoration and remembrance of those members of the Naval Service and Auxiliaries who have died while on active service and the encouragement of public recognition of the sacrifice made by such persons.

In order to deliver its objects, the vision of the National Museum of the Royal Navy is to be the world's most respected naval museum. This will be achieved by:

- Collecting, studying and interpreting objects, images and records which help to document and communicate the continuing story of the Royal Navy and the people serving in it from the earliest times to the present day
- Offering stimulating and engaging learning opportunities for people of all ages enabling them to explore the rich collections and expertise held by the museum
- Providing visitors with the opportunity to enjoy a great day out, experiencing and absorbing the ethos and spirit of the Royal Navy
- Making the museum collections as widely accessible as possible through the development of the displays and special exhibitions as well as developing a world-class virtual presence.

Group structure chart



Inactive charitable companies awaiting strike off and dissolution:

- Royal Marines Museum
- Royal Navy Submarine Museum
- Fleet Air Arm Museum CLG Limited

Portsmouth Historic Dockyard Operations Ltd is a joint venture company incorporated on 7 August 2020 and owned equally (50:50) by NMRN Operations and the Mary Rose Trust.

Performance Report

Overview

The National Museum of the Royal Navy (“the National Museum”) was established in 2008 and is the holding company of the National Museum of the Royal Navy Group. The Group includes the Royal Naval Museum, the Fleet Air Arm Museum, the Royal Navy Submarine Museum with HMS *Alliance*, Explosion! The Museum of Naval Firepower, the Royal Marines Museum, HMS *Victory*, HMS *Caroline*, HMS *M33*, HMS *Warrior* and NMRN Hartlepool (including HMS *Trincomalee*). In August 2020, its subsidiary company, NMRN Operations, created an equally owned joint venture company with the Mary Rose Trust, Portsmouth Historic Dockyard Operations Ltd, to act as agent for the sale of tickets to Portsmouth Historic Dockyard attractions, with the distribution of sales revenue and share of costs on an agreed split.

The National Museum’s vision is to become the world’s most respected Naval Museum and its goal is to promote the public understanding of the Royal Navy past, present and future. Its strategy sets out to increase its: **resilience**, improving its financial position and skilling the team so that it is able to adapt to threats to ensure its survival; **scale**, to grow the collections and the range of activities they support so that the National Museum has marked impact on society as a whole; **scope**, to develop the range of activities which together better help protect and improve access to the naval heritage, including its own collections; and **reach**, to develop a greater physical and virtual presence so that more people engage with the Royal Navy story.

The National Museum’s strategy is delivered through its professional and dedicated team of staff and volunteers, working within a framework of values that supports the culture of the organisation, guiding our everyday actions and being integral to our performance management framework:

Making Things Happen, proactively, effectively and collaboratively

Achieving the best possible outcomes and celebrating our success, acting on what is important and adds value

Respecting others and valuing diversity, acting with honesty, integrity and reliability

Inspiring our visitors and users by putting them at the centre of our business and building strong relationships

Trusting each other, taking responsibility, communicating effectively and sharing knowledge and expertise

Innovating and embracing change through our open mindedness and willingness to take calculated risks

Motivating, encouraging and empowering, acting as ambassadors for the National Museum

Excellence – continually seeking to improve the quality of our work and the services we deliver

The National Museum’s day-to-day operation is overseen by the Executive Directors within the context of an overarching strategy framework, and underpinned by a suite of Group policies, procedures and operating models. Operational activity has been consolidated into NMRN Operations, a wholly owned charitable subsidiary of the National Museum, simplifying the governance structure and allowing the benefits of operation of the museums through a single large organisation to be realised, improving visitor experience, enhancing access to and care of the collections and demonstrating greater cohesion in the delivery of the charitable objectives. The National Museum’s heritage assets are retained within independent charitable trusts, with the National Museum of the Royal Navy as the sole corporate trustee and the Warrior Preservation Trust will be seeking to transfer the ship and its heritage assets into a yet to be formed trust in the same model.

The National Museum is one of the few headquartered outside London, acquiring key sites also outside the capital, and enabling people to learn, enjoy and engage with the naval story in the regions. The National Museum’s reach is further extending through its network of naval heritage partnerships and cooperations. New cooperation agreements established during this reporting period include the Shipwreck Museum (Hastings); the Haslar Heritage Group and Haslar Developments Ltd (Gosport); and the Unicorn Preservation Society (Dundee).

The Ministry of Defence (MOD) concluded its review of its Services Museums in July 2016 and confirmed that the functions of the National Museum of the Royal Navy continued to support MOD objectives. It recommended that the National Museum should remain as a Non-Departmental Public Body sponsored by the MOD.

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Covid-19 Pandemic

During the reporting period, each of the National Museum's sites has been subject to various enforced closures, according to location, in response to the government's regional advice regarding the Covid-19 pandemic. All major projects were stalled and trading activity ceased for the three major lockdown periods, losing over 80% of trading days and significantly impacting upon the National Museum's self-generated income (a loss of £9,993,000 compared to the previous period).

Under the terms of its Financial Framework for the receipt of Grant in Aid, the National Museum has not been permitted to build or carry forward a significant unrestricted "free" reserve. Although it holds restricted reserves, special trusts and endowments within charitable trusts within the group, the significant majority (91%) of this relates to investments designed to generate income specifically for the conservation and preservation of HMS Victory, with a further 2% held in relation to the group's other historic ships. The trustees have considered seeking the derestriction of other funds held (£3,394,000), however, the majority of these funds have significant restrictions on their use put in place by the donors. Whilst in theory, the trustees could apply to the donors (where they still exist) or the Charity Commission to repurpose the funds, they considered that this would be highly inappropriate where the purpose of the funds was for the long-term safeguarding of historic assets.

The National Museum took urgent steps to engage with HM Treasury and its sponsor, the Ministry of Defence (MOD), to secure additional grant in aid funding to replace lost trading income and to provide financial stability during the period. A funding bid by the National Museum to effectively underwrite financial performance and support cashflows for 2020-21 was successful and confirmation of a grant in aid uplift of up to £5,240,000 for the National Museum Group was received from Navy Command on 27 July 2020. In reality, as a result of effective costs management and stronger than anticipated performance during the open periods, the National Museum was able to drawdown significantly less than this, claiming £4,690,000 in the reporting period to support cash flows, of which £1,004,000 will be repayable to the MOD as cash flows permit.

The National Museum undertook a thorough review of its cost base, enabling it to reduce expenditure by £4,893,000 against the previous reporting period, through cessation of non-contractual spend, negotiating reductions in property rents and service charges, suspension or reduction of contractual services and reduction in staff costs. The latter included the National Museum's operating company, NMRN Operations, making use of the Coronavirus Job Retention (Furlough) Scheme, placing the majority of its eligible staff on "furlough leave" from 1 April 2020, leaving just 30% of its staff working on revenue activities from that date, falling to 11% by 31 May 2020. Furloughed staff voluntarily took a pay reduction during this period, receiving 80% of their previous contractual salaries. The scheme has been used in response to the various lockdowns throughout the reporting period.

The National Museum undertook quick actions to put arrangements in place to reopen its sites safely in accordance with the government's guidance, returning staff to the business under the flexible furlough scheme. Some attractions, such as Action Stations and the Horrible Histories® Pirates exhibition, were unable to reopen in accordance with Covid-19 secure requirements to manage the risk of transmission. It was not possible to reopen HMS Caroline in Belfast, owing to inability to reach an appropriate operating and funding agreement with the NI Department for the Economy (DfE), with the original agreement expiring 30 June 2020.

Activities and Achievements

Conservation and Collections

During 2020-21, over 350 offers of groups of material were reviewed by the Museum's Acquisitions Panel. There were 149 formal acquisitions to our collections from donation, transfer and purchase.

The single most important addition, of international significance, was 'The Armada Maps' which are a wonderful, rather beautiful, set of ten ink and watercolour drawings of the progress and defeat of the Spanish Armada, likely to have been made in 1589. They are an exceptional primary source for understanding both the event and its contemporary

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representation. The Maps were offered for public sale for £600,000, but the Waverley Committee blocked their export until October 2020; following a 'serious expression of interest' by the National Museum, this block was extended until 9 January 2021. The Museum's Director of Fundraising led a successful campaign to raise funds which included: public donations of just under £100k; £212k from the National Heritage Memorial Fund (NHMF); and £200k from the Art Fund; with the balance provided through the Museum's Purchase of Exhibits Fund. Exhibition and other programming by the National Museum as part of these applications is under discussion.

Other important additions to the collections in the period include:

- Photographs taken by ships photographer of life on board submarine HMS *Andrew* during its final commission in the 1970s
- Map of Cologne from an RNAS raid, dated 1917. Notes on reverse read: '*1st raid on Cologne, 12 started, 3 killed, 8 lost, I reached Cologne and returned*'
- Uniform of a Swordfish pilot as worn at Taranto
- Transfer via HM Receiver of Wrecks of items from wrecks of HM Submarine *D5* 1914, HMS *Audacious* 1914, HMS *Brazen* 1940, HMT *Star of Freedom* 1917, HMS *Loyalty* 1944
- Bronze ship's bell from HMS *Ark Royal*, 1914, the first ship procured by the Royal Navy for carrying aircraft.

The significant move of collections from the former Royal Marines Museum site was completed in March 2020. Through 2020-21, there has been a major effort by the team to complete this work and decant collections from temporary cages into their permanent storage locations in the new collections centre in Storehouse 12. This now stores key artefacts, medals, archives and photograph collections; a new research room, conservation and photographic studios have been fitted out. This project is now complete.

Visitor Services

In the period 2020-21, NMRN Operations delivered the visitor services for the National Museum. In this heavily disrupted year, the National Museum sold 58,205 tickets to its sites, many of which offer visitors the opportunity to return at no extra cost. We have slightly amended the methodology for the reporting of visits to reflect the new joint ticket offer with Mary Rose Museum and ensure data reflects true engagement with the National Museum's attractions. Ticket sales generated 73,586 visits (2019-20: 1,725,428 visits) to museums and attractions across the group based on scanned ticket data. This represents a significant reduction in sales and visits in line with the enforced closures of sites in accordance with the Covid-19 restrictions.

The scanning data also provides detailed data on the number of visits to each of the individual attractions which showed that 36% of visits were made to HMS Victory, 20% to the Fleet Air Arm Museum, 13% to the NMRN Portsmouth Galleries, 9% to HMS Warrior, and 4% visits to the National Museum of the Royal Navy Hartlepool (despite only being able to open for a matter of weeks).

A combination of scanned ticket data, issued ticket data collection and monitoring and evaluation surveys and data dives, continue to inform the marketing strategy and admissions targets. External sector intelligence from the Association of Leading Visitor Attractions and Visit Britain has also provided valuable insight in the wake of the Covid-19 pandemic.

In terms of digital reach, the National Museum has adopted a new 'meaningful engagement' model to measure its digital reach and engagement, which reflects not just views of digital content but meaningful interactions with it. The National Museum sought to maintain a strong digital presence through the period, with its Facebook accounts reaching 4.1 million (2020: 1.3 million) users and had 824.6k engagements, and there were 2 million (2020 1.4 million) Twitter interactions through tweets and had 5.5k engagements. Press, PR and media coverage realised nearly £10,500,000 in Advertising Value Equivalent.

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Learning and Access

The learning offer was severely impacted by Covid-19 throughout the period, with the museum sites closure requiring different ways of working and at a significantly reduced capacity. Despite these limitations, 18 formal learning sessions were still delivered to 416 students and 595 participants took part in 33 informal learning sessions. The National Museum also responded by developing online learning resources, which were downloaded 8,328 times.

Volunteers

The National Museum's team of Volunteers was stood down as sites closed in March 2020, with the exception of virtual volunteering related to the Diving Deep project. A small number of volunteers returned to assist with access to Concorde at the Fleet Air Arm Museum in the Autumn, prior to the second lockdown period. Nevertheless, a total 1,545 hours of volunteer time was generously given to support the museum's activities.

Exhibitions

Despite the Covid challenges, the National Museum has delivered three principal new exhibitions in 2020-21:

- **Diving Deep: HMS *Invincible***

In June 2018, the National Lottery Heritage Fund approved a joint application with the Maritime Archaeological Sea Trust (MAST) for an activity and exhibition project based on a new dive and excavation of the wreck site and awarded the project £361,000 (59% of total). With match-funding from MAST, this fully-funded project progressed well until its temporary suspension in response to the Covid-19 pandemic. The project recommenced in August 2020 and the exhibition, retro-fitted with social distancing measures, and with a new website and online learning resources launched alongside it, opened in Portsmouth at the start of October half-term 2020, receiving a visit from HRH Princess Anne, 29 October 2020. The exhibition will run in Portsmouth through the summer of 2021 before moving to Chatham Historic Dockyard.

- **HMS *Victory*: The Nation's Flagship**

In July 2019, a grant from HMS Victory Preservation Company of £700,000, supported by £400,000 from the Society for Nautical Research's "Save the Victory Fund", was used to redevelop the Sir Donald Gosling Victory Gallery with the permanent exhibition 'HMS Victory: the Nation's Flagship'. This project, delayed in opening by the COVID-19 pandemic in 2020, was deliberately held over until 17 May 2021 to provide maximum exposure and impact at the reopening of the National Museum. The exhibition offers visitors a much better understanding of HMS *Victory*'s long story, and places both the Battle of Trafalgar and the major conservation works underway within the wider context of the ship's 260-year history. It includes a major new immersive show told by individuals key to different parts of the ship's life, a complete reinterpretation of WL Wyllie's monumental painting 'Panorama of the Battle of Trafalgar', significant artefacts and the ship's last figurehead, displayed for the first time. Stakeholder and visitor reaction has been overwhelmingly positive with many people providing memories of and connections to the ship as feedback within the Gallery.

- **Walk Under Victory**

On 24 August 2020, the National Museum opened 'Walk Under Victory' – a dramatic extension of the public visitor route which provides access for the first time under the HMS *Victory* hull. This was made possible by the new support system of 134 props which has removed the old cradles. A new public walkway takes visitors from the hold, along the altar of the dock, under the bow and down along the full port side of the ship to the rudder. Interpretation of both ship and dock is provided by an extension of the audio tour and by graphics and greatly improves understanding of both the long history of the ship, and the conservation efforts to support her in dock. Public reaction to these new views of the ship has been very positive.

Publications and Scholarship

This has been another difficult period for publications and scholarship, with the team furloughed for a significant period and still occupied with project delivery when on site. Very significant research has, however, been carried out by the

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Conservation Team relating to several aspects of the HMS *Victory* project, and research continues to take place in support of LCT 7074, The Night Hunters (formerly Spitfires of the Seas): The Story of the RN's Coastal Forces, Diving Deep: HMS *Invincible* 1744, and the new Victory Gallery. A new Research Policy and Research Strategy will be delivered in the next reporting period.

Charitable Fundraising

The National Museum is committed to fundraising in an honest and transparent way, and relies on the generosity of our donors to fund our work. The National Museum is registered with the Fundraising Regulator and adheres to the Code of Fundraising Practice. We are committed to our fundraising promise, produced to assure donors and potential donors of our accountability and integrity, and which is published on our website <https://www.nmrn.org.uk/get-involved/donor-charter>

To maintain the highest standards of fundraising ethics, the Director of Fundraising oversees the National Museum's fundraising activities and ensures our compliance with the Codes of Fundraising Practice (Fundraising Regulator). The Trustees have overall responsibility and accountability for our fundraising and income generation activities and monitors such activities through a Fundraising Committee.

The National Museum employs an in-house fundraising team and did not use any non-directly employed fundraisers, nor any commercial participators to carry out any fundraising activities during the period. In 2020-21, the National Museum did not receive any complaints about its fundraising activities or practices and no complaints were made to the Fundraising Regulator.

Over the coming period, we aim to work with the Telephone, Mail and Fundraising Preference Services to improve our processes around proactively identifying those who choose not to receive specific types of communication. We will also seek to improve our procedures for dealing with people in vulnerable circumstances and we will make this freely available on our website. We will also join the Data and Marketing Association and work in accordance with the associated code.

Trading

The National Museum of the Royal Navy Trading operates across all of the National Museum's sites as a single trading entity, delivering non-primary purpose commercial activities such as cafés, retail, guidebooks, weddings, corporate and private hires, and wholesale and brand licensing. It has delivered very limited trading during the period as a result of the Covid-19 pandemic. In 2020-21, the company turned over £183,000 (2019-20: £2,920,000) generating a loss after tax of £161,000 (2019-20: loss £53,000).

Post balance sheet events

Post balance sheet events are disclosed in note 30 to the accounts. There are no post balance sheet events.

Plans for Future Periods

Responding to the Covid-19 Pandemic

The National Museum continues to respond to government advice, adopting appropriate working practices to ensure that it remains able to operate its sites safely, whilst also regenerating income potential. The National Museum's operating company, NMRN Operations, continued to make appropriate use of the Coronavirus Job Retention Scheme in 2021-22 until the scheme ended on 30 September 2021. Closed attractions, such as Action Stations and the Horrible Histories® Pirates exhibition have reopened as and when it was safe operationally and commercially viable to do so.

The key focus for the National Museum group throughout 2021-22 and into 2022-23 will be on financial stability through cost management and replacement of the income lost as a result of the pandemic. It is anticipated that the National Museum's self-generated income streams and visitor markets will continue to be severely impacted by ongoing and

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future Covid restrictions, and in particular, overseas and education visitor markets cannot be expected to fully recover before 2023-24.

Meanwhile, the National Museum continues to engage with Navy Command to ensure it has sufficient funds to maintain its operations into 2022-23, and has shared its budget projections based on its market recovery assumptions, and although there remains uncertainty over the level of funding to be provided (as is the case for all government bodies at this stage in the funding cycle), the Trustees and Directors take comfort from the legislative foundation within the National Heritage Act 1983 that underpins the group's operations and the Navy Command's reassurances that it will work with the National Museum of the Royal Navy to ensure that the Museum remains a going concern and can deliver its strategy. The National Museum also continues its dialogue with the NI Department for the Economy (DfE) to ensure that the debts outstanding in respect of the operating and maintenance costs of HMS *Caroline* can be recovered and to develop an appropriate agreement to secure the ship's future as a museum and visitor attraction in Belfast.

In the event that no further additional grant in aid funding was made available to the National Museum of the Royal Navy beyond 31 March 2022, and the charitable group was unable to achieve its self-generated income targets, it would seek to further reduce its operating costs through cessation of its operations, and would ultimately be obliged to cease trading. The Trustees and Directors are, however, content that based on the assurances provided to the National Museum by its sponsor, the Royal Navy, grant in aid funding will be made available, the going concern basis continues to apply, and the impact of the COVID-19 pandemic does not create a material uncertainty around going concern to the charity.

Major Projects

The following major projects will be the focus of significant work for the National Museum, with impacts to be shared in future reporting periods:

- **LCT 7074: Resurrecting a D-Day Veteran** - In September 2018, the National Lottery Heritage Fund (NLHF) approved an application by the National Museum for £4,513,500 (80% of total cost) to restore the last Landing Craft (Tank) to take part in Operation Neptune, the naval element of the great invasion of Nazi-occupied Europe which has gone down in history simply as 'D-Day'. LCT 7074 is a unique time capsule and of enormous importance to the history of the Second World War, the Royal Navy, and British shipbuilding. The project, developed in partnership with Portsmouth City Council, was halted following the onset of the Covid-19 pandemic. At this stage the ship had been largely conserved, a process which included several rounds of high-pressure water blasting, dewatering and drying, precision grit blasting, fabrication of new steel components, and priming. The support structure and canopy built to house the ship was largely complete. Contractor teams resumed operations in Southsea and on the Naval Base in May 2020, with LCT 7074 sporting her new Admiralty Disruptive Camouflage scheme by early June. On 24 August 2020, the ship was moved to her final resting place, to be showcased outside Portsmouth City Council's D-Day Story. Landscaping, exhibition fit-out and interpretation were completed to tell the story of her D-Day journey, and the men and women who built, serviced and maintained her, and took her into action. The ship was briefly opened to the public in December 2020 before lockdown, reopening from 17 May 2021. The ship has become a major new landmark within the city. In July 2021 the project was joint winner of the 'Best Restoration and Conservation' project in the prestigious 'Museum + Heritage' awards. An uplift grant from NLHF will ensure that the remaining activity elements of the project will be completed in 2021-22.
- **Night Hunters: the Royal Navy's Coastal Forces at War** - In June 2018, the NLHF approved a major project for the redevelopment of the Priddy's Hard Royal Naval Armaments Depot in Gosport. Match funding for this project (previously reported under its working name as Spitfires of the Seas) included a major permanent exhibition with a budget of £500,000 on the Royal Navy's Coastal Forces and is contributed by the Coastal Forces Heritage Trust (CFHT); the National Museum is a partner with CFHT to deliver the exhibition at Explosion Museum, Gosport. The completion of the project was delayed by a combination of Covid, the base build programme and the time required to agree a lease. The exhibition design is in place, with the National Museum's boats MTB 71 and CMB 331 *in situ* and conservation works well advanced, with the exhibition fit out to be completed in 2021-22. An additional

generous donation has allowed final additional audio-visual content to be commissioned and the exhibition named as 'The Robert Hitchens Memorial Exhibition'.

- **HMS Victory Conservation project** - Installation of the ship's new support system continued throughout the reporting period and the last cradle was removed from the dock on 5 May 2021. Project acceptance marks a significant point in the ship's conservation, as the project transitions from the stabilisation phase to one of more active conservation. Elsewhere, maintenance of weather deck caulking and paintwork has been undertaken, with the aim of preventing water ingress. The Museum's team of in-house riggers has progressed survey work to the lower masts and rigging and undertaken essential maintenance to ensure the continued safety of the remaining rig.
- **New Royal Marines Museum** - An options appraisal has recommitted the National Museum to establishing the new Royal Marines Museum in Boathouse 6 within Portsmouth Historic Dockyard. The company is in the early development stages of a new project and is consulting on the following intent for a new Royal Marines Commando Experience:

To create a world class new attraction revealing the story of Commandos from their origins in Britain's darkest days of 1940 to the Future Commando Force. Within Boathouse 6, our dynamic experience will take visitors into the physical, mental and technical reality of Commando selection and training. It will reveal the drama of the Royal Marines Commandos and Combined Operations and Royal Navy Special Warfare in the past, present and future. Through cutting edge design which gets people hands-on and showcases military innovation and creativity we will provide an inspirational, unforgettable experience.

- **Fleet Air Arm Museum redevelopment** - As an interim development at the Fleet Air Arm Museum, a major redevelopment of the 'Carrier Experience' is planned for the summer of 2022. This will be funded by a generous legacy to the Fleet Air Arm Museum Trust left by Sir Donald Gosling and aims:

To deliver a full upgrade of the Aircraft Carrier Experience at the Fleet Air Arm Museum. The new experience will immerse our visitors in the sights, sounds and smells of carrier flight and in the complexity of carrier operations. It will connect the heyday of jet aviation to the operations and deployment of the Queen Elizabeth Class carriers and F35 aircraft which will be the heart of the Royal Navy from 2021 onwards. The upgrade will create a new immersive experience which blends the best of digital technology with the scale of a carrier flight deck and our incredible aircraft. It will showcase the Fleet Air Arm's 'Air Power from the Sea' in past, present and future. It will provide an inspirational, unforgettable visitor experience.

Financial Review

Statement of Financial Activities for the Year Ended 31 March 2021

Total incoming resources for the National Museum in 2020-21 amounted to £16,985,000 (2019-20 restated: £23,231,000) and relates largely to Grant in Aid, payments under the Coronavirus Job Retention Scheme and donations, with a significant reduction in admissions income and trading income. The decrease in incoming resources from the previous reporting period resulted directly from the impact of Covid-19 on the National Museum's ability to trade. This included a decrease in restricted grants funds, donations and legacies to NMRN Operations, with £5,121,000 received to support major projects including LCT7074, HMS *Victory* and the Sir Donald Gosling Gallery redevelopment, and our plans for a new Royal Marines Museum (2019-20 restated: £8,008,000).

The National Museum received £7,198,000 revenue grant in aid for the year (2019-20: £3,375,000), plus £128,000 capital grant in aid (2019-20: £126,000) for the purchase of exhibits. This uplift reflected the generous support from the Royal Navy to offset the impact of Covid-19 on the National Museum's ability to trade.

Legacy donations totalling £16,000 (2019-20: restated £1,414,000) were received by NMRN Operations, the Fleet Air Arm Museum and the Royal Marines Museum.

Admissions income for 2020-21 at £1,170,000 (2019-20: £5,584,000) showed a 79% decrease, reflecting the loss of over 80% of trading days in the period.

Income generated by the trading company on non-charitable activities was £183,000 (2019-20: £2,920,000), which after expenditure of £344,000 (2019-20: £2,973,000) resulted in an operating deficit of £161,000 for the year arising from the impact of the pandemic on all trading activities.

Total resources expended for 2020-21 amounted to £13,792,000 (2019-20: £18,685,000) with the reduction in costs reflecting the cost-savings measures taken in response to the pandemic. The majority of costs related to core charitable activities and included expenditure of £3,685,000 on projects (2019-20 £4,814,000). Expenditure on fundraising and publicity decreased to £805,000 (2019-20: £935,000).

A total of £735,000, made up from £709,000 from restricted funds (including linked charities) and £26,000 from endowment funds, was transferred to unrestricted funds as assets capitalised and where there were no restrictions on the use of those assets.

After adjustment for net gains on investments totalling £6,413,000 and losses on revaluation of fixed assets of £3,602,000, the net movement in funds for the year was an increase of £6,004,000 (2019-20 restated: an increase of £3,559,000). The total funds carried forward at 31 March 2021 was £188,534,000 (31 March 2020 restated: £182,530,000).

Balance Sheet

The net assets as at 31 March 2021 amounted to £188,534,000 (31 March 2020 restated: £182,530,000).

The value of heritage assets (over the capitalisation threshold and accessioned since 1 April 2000) represents 55% of the National Museum's net assets at £104,743,000. Movements in fixed assets are shown in notes 15-16 to the accounts. Fixed assets acquired by either purchase or donation, with a value of £2,500 and over are capitalised in accordance with the accounting policies set out in note 1.9. Heritage assets added to the collection are included in the accounts at acquisition cost or on the basis of internal valuations estimated by the curatorial staff and determined by their experience and judgement as set out in note 1.10.

The National Museum held £6,632,000 cash in bank and in hand at 31 March 2021 (2020: £3,696,000).

The National Museum of the Royal Navy

(A company limited by guarantee)

Company number: 06699696

Charity number: 1126283

Reserves

The Trustees regularly monitor the levels of the Group's reserves and seek to take correction action as necessary. As at 31 March 2021, the company's unrestricted funds (excluding the revaluation reserve) stood at £nil (31 March 2020: £11,000).

As at 31 March 2021, the level of the company's free reserves (defined as net current assets attributable to unrestricted reserves) stood at £1,000 (31 March 2020: £11,000). Under the Group's governance structure, the company receives no funding other than Grant in Aid from the MOD. This grant is used to defray the company's own expenses before granting the balance onto its operating subsidiary, NMRN Operations, and subsidiary trusts on the basis of need. Under the terms of the financial framework (agreed 6 December 2019), the company is only permitted to carry over a maximum 2% of the total Grant in Aid into the next financial year and any carry forward may be taken into account in reducing the following year's Grant in Aid. If not carried forward, the balance of Grant in Aid not spent must be repaid to the MOD. Based on the year's Grant in Aid of £7,198,000 the maximum carry forward is £143,960. Under the terms of the agreement with Navy Command for additional Grant in Aid funding, however, it is not possible to build free reserves, with any surplus reducing the drawdown of Grant in Aid funding.

The Group's free reserves (including designated funds) stood at £5,258,000 (31 March 2020 restated: £2,209,000). As nearly the entire Group's operating costs now flow through NMRN Operations, the Group policy is that sufficient free reserves are accumulated within the charitable subsidiary NMRN Operations to provide three months' operating expenditure for the greatest potential area of exposure (Portsmouth Historic Dockyard, including the Gosport sites). There is no need to accumulate additional free reserves in either the company or the subsidiary trusts and any such reserves held will be appropriately used, as approved by the Board, for the furtherance of the trusts' charitable objects. The free reserves held by NMRN Operations (including within its trading subsidiary, National Museum of the Royal Navy Trading) stood at £1,792,000, of which £1,266,000 was cash in the bank, and are insufficient to meet long-term development needs and there are risks associated with unanticipated short-term cash demands; the impact of the Covid-19 pandemic clearly exposed this.

The additional Grant In Aid received for 2021-22 will support NMRN Operation's cash position, but the nature of the funding agreement, based on need, will not permit the free reserves to be built up and maintained to eliminate the requirement for further financial support in 2022-23. As such, the Trustees will continue to work with Navy Command to bid for additional funding to support the Group's financial performance in 2022-23. The free reserves position will need to be rebalanced once a normal pattern of business has resumed, at which point the Trustees will seek to improve the free reserves position in NMRN Operations in accordance with the reserves policy through the delivery of a budget each year that will deliver a modest surplus.

The company holds a number of restricted funds with a total net current asset value of £1,182,000 (31 March 2020: £1,182,000). These restricted funds relate to the linked charity, Royal Naval Museum, and to major capital projects (HMS Caroline and the new Royal Marines Museum).

The net current assets in the Group's restricted funds stood at £12,908,000 (31 March 2020 restated: £11,930,000). The restricted funds will reduce in future years with increasing expenditure on the preservation of HMS Victory, HMS Caroline, HMS Warrior, LCT 7074, RML 497, the new Royal Marines Museum and depreciation on capital expenditure. The endowment funds surplus should remain on the Balance Sheet for the foreseeable future, as will the gifts of the Ships, as the Ships are held as heritage assets and not depreciated.

Investment Policy

The National Museum's investment policy seeks to produce the best possible financial return within an acceptable level of risk. The majority of the National Museum's investment activity is undertaken by its subsidiary the HMS Victory Preservation Company which holds the most significant investment funds. The company's investment objective is to

generate a total return of inflation plus 3% per annum over the long term. This was reviewed in January 2020 and the objective amended to generate a total return of CPI plus 4% per annum over the long term. Returns from these funds are required to maintain HMS *Victory* in perpetuity and it is therefore essential to invest with a long-term perspective. If achieved, the charitable company should be able to maintain the real value of its investment portfolio whilst funding annual expenditure for the maintenance and repair on the ship in the region of 3% of its capital per annum.

The company adopts a total return approach to investment, generating the investment return from income and capital gains and losses. It is expected that if in any one year the total return is insufficient to fund the ongoing expenditure, in the long term the value of the portfolio will still be maintained in accordance with the investment objective stated above. Capital gains may be used to provide cash for the objective provided that the original investment has been preserved.

The key risk to the long-term achievement of the investment objective is inflation and the assets are invested accordingly. The Trustees understand that this will mean that investments are likely to be predominantly invested in equities, where dividends can be expected to grow, and that capital value will fluctuate. The company's attitude to risk is therefore described as progressive.

The assets can be invested widely and are expected to be diversified by asset class, by manager and by security. Asset classes can include cash, bonds, equities, property funds, hedge funds, structured products, private equity, commodities and any other asset class that is deemed suitable for the company. The Trustees do not wish to invest in property directly. The HMS *Victory* Investment Committee is charged with agreeing a suitable asset allocation framework with two appointed professional fund managers.

For the year ending 31 March 2021, income from investments totalled £383,000 with management fees of £147,000 and unrealised gains of £6,413,000, resulting from market volatility in response to the Covid-19 pandemic, representing growth of 10.6% (against 12-month CPI of 1%).

Accountability Report

Trustees' Report and Governance Statement

This report sets out the arrangements for the governance of the National Museum of the Royal Navy, including the Board and committee structure for the Trustees. The Trustees, who are also the Members and Directors of the National Museum of the Royal Navy for the purposes of company law and who served during the year and up to the date of this report are set out on page 3. Overall control of the National Museum is the responsibility of the Board of Trustees.

The Trustees have had due regard to the guidance issued by the Charity Commission on public benefit. A core principle of the National Museum's strategy is to initiate, develop and extend regional partnerships and affiliations thereby allowing the story of the Royal Navy to be told across the UK. Through its charitable objects, the National Museum seeks to promote the education of the general public about the history, deeds and traditions of the Royal Navy and encourages the public to commemorate and recognise the sacrifice of those members of the Naval Service who have died on active service. The National Museum operates fee-paying attractions and endeavours to ensure that ticket prices are set at a reasonable level, including several types of concessions. The National Museum offers workshops to schoolchildren in support of the National Curriculum, operates community outreach programmes in the local areas for children, their parents and carers, and hosts foreign language school pupils. The National Museum's activities are supported by a team of around 366 volunteers who deliver an important contribution through a variety of tasks across the museum.

This report demonstrates how the system of governance and internal control is maintained within the National Museum and how the major risks to which the company and group is exposed, as identified by the Trustees, have been reviewed and systems have been established to mitigate those risks.

The Governance Framework

The National Museum of the Royal Navy is a company limited by guarantee (company number: 06699696) and a charity registered with the Charity Commission (registration number: 1126283). It is governed by its Articles of Association dated September 2018, which incorporate its charitable objects, the powers of the company and provides for the appointment and reappointment of Directors. Trustees are appointed in accordance with the Charity Commission guidance 'Finding new trustees: what charities need to know' and appointments are guided by the principles of the Cabinet Office guidelines 'Governance Code on Public Appointments'.

The National Museum of the Royal Navy is also a Non-Departmental Public body, sponsored by the Ministry of Defence, and as such is obliged to comply with HM Treasury financial reporting requirements. The Financial Framework, which defines the arrangements between the National Museum and its sponsor, was updated in light of the department's 2016 Service Museums review and agreed in December 2019.

The Trustees ensure the distinct legal responsibilities and charitable objectives of the company are fulfilled within an overall policy and strategy framework. The day-to-day operation of the company within that framework is delegated to the Director General and Accounting Officer and to the Executive Directors. The Board of Trustees meets periodically through the year to set the long-term strategic objectives of the Group, agree the Corporate Priorities and review performance against previous objectives set.

The Trustees of the National Museum aim to stay abreast of good governance and practice and have well-developed plans to ensure compliance with the Charity Governance Code. During 2018, the Board conducted an evaluation of its performance, composition, effectiveness, skills and diversity. The Board has taken steps to improve its governance through the simplification of its group structure to improve transparency and effectiveness of delivery.

Board decisions are informed by appropriately detailed management reports, which have passed through the relevant subsidiary boards or committees as appropriate, and which in turn have the specific membership and skill sets to enable close scrutiny and challenge before reaching the Board. The flow of information, its quality and accuracy and the process of review is considered sufficient for the Board to ensure that it fulfils its responsibilities effectively.

The National Museum of the Royal Navy

(A company limited by guarantee)

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A full formal induction process is in place for new Trustees and committee members, which combines all the necessary background reading material, including items such as: the Articles of Association; committees' terms of reference; minutes of recent meetings; the Charity Commission publication "The Essential Trustee: what you need to know"; the National Museum's strategy and corporate plan; and the Museum Association publication "Code of Ethics for Trustees". New Trustees and committee members are encouraged to visit the National Museum's sites to meet key members of staff, see the collection and to discuss current issues and projects. Tailored training may also be arranged. Recent appointees continue to confirm their satisfaction with this process.

Each Board of Trustees of the respective subsidiary companies remains responsible for their governance issues, which are clearly set out between the National Museum and its constituent members. The NMRN Operations Board is charged with responsibility for operational delivery of the Corporate Priorities to meet the National Museum's strategic objectives. The Chair of the NMRN Operations Board is invited to attend the main Board of Trustees and to report on progress.

In addition to the Board of Trustees, there are several committees covering the key areas of operations. The majority of Board decisions are only taken after the appropriate committee has met and discussed the issue and made their recommendations. The committees of the Board include:

Audit and Governance Committee – with delegated responsibility on behalf of the Board of Trustees for overseeing all auditing, risk management and governance aspects of the Group, reporting back to the Board when necessary.

Nomination and Remuneration Committee - responsible for leading the process for Board appointments and for identifying and nominating for Board approval, candidates for appointment to the Board and its constituent Committees; and determining and making recommendations to the Board on the performance and remuneration of the National Museum's Director General and Executive Directors, including the award of personal performance related bonuses.

Collections, Research, Learning and Access Committee – responsible for articulation of the Acquisitions, Disposals and Loans Policy for the National Museum, the Collections Strategy and all Collections Management, Conservation, Access and Research policies and priorities.

Fundraising Committee – with responsibility to lead on all aspects of fundraising for the National Museum, constructing a strategy that supports the agreed Corporate Priorities of the National Museum in terms of its scale, scope and reach and to coordinate the approach to the private, public and corporate sectors. The Fundraising Regulator requires Trustees to receive a report annually on the operation of the fundraising function, especially in relation to complaints received through the Regulator regarding the National Museum. No complaints have been made. The Trustees in turn are required to monitor the approach undertaken to fundraising, which is set out in reports to the Committee and Board.

Day to day operation of the National Museum is the responsibility of the Director General who is appointed by the Trustees and who is also the Accounting Officer of the organisation. The Director General attends the meetings of the main Board and subsidiaries and also attends the National Museum's committees.

A register of Trustees', Committee Members' and Executives' interests is maintained, requiring declaration of any interest, pecuniary or otherwise, in any matter being considered by the Board, subsidiary board or the committees.

Membership and attendance of key meetings	Board of Trustees	Audit and Governance Committee	Nomination and Remuneration Committee	Collections Research Learning and Access	Fundraising Committee
Total number of meetings in the period:	5	4	1	3	4
<u>Chairman:</u>					
Admiral Sir Phillip Jones GCB ADC DL	5/5	-	-	-	-
<u>Trustees:</u>					
Mrs Emma Allen	-	2/4	-	-	-
Mr Michael Bedingfield	5/5	-	1/1	-	4/4
Rear Admiral Mark Anderson	2/2	-	-	-	-
Miss Katherine Biggs	2/2	-	-	1/1	-
Andrew Burnett	2/2	2/2	-	2/2	-
Mr Phillip Dolling	2/2	-	-	-	2/2
Mr Mike Gambazzi	3/5	4/4	1/1	-	-
Ms Helen Jackson	5/5	-	-	-	4/4
Vice Admiral Sir Adrian Johns KCB CBE KStJ ADC	1/1	-	-	-	-
Councillor Donna Jones	5/5	-	1/1	-	-
Major General Jeffrey Mason	4/5	-	-	-	-
Mrs Mary Montagu-Scott	5/5	-	1/1	-	4/4
Rear Admiral Jon Pentreath	2/2	-	-	-	-
Mr Mike Scott	2/2	-	1/1	-	-
Mrs Alison Start	2/2	-	-	-	2/2
Mr Tim Schadla-Hall	5/5	-	-	1/1	-
Mr Gavin Whitter	5/5	4/4	-	-	-
Dr Caroline Williams	2/3	-	-	-	-
Mr Charles Wilson	1/1	-	-	-	-
<u>Non- Trustees:</u>					
Mr Stephen Bradley	-	-	-	-	4/4
Ms Emily Clarke	-	-	-	3/3	-
Vice Admiral Sir Anthony Dymock KBE CB FRSA	-	-	-	-	4/4
Mrs Sarah Dhanjal	-	-	-	2/3	-
Ms Sarah Humphrey	-	4/4	-	-	-
Ms Jackie Keily	-	-	-	3/3	-
Professor Andrew Lambert	-	-	-	3/3	-
Ms Tiva Montalbano	-	-	-	3/3	-
Mr Alex Patterson				2/3	
Dr Amara Thornton	-	-	-	3/3	-
Mr Roy Stephenson	-	-	-	2/3	-

Personal data loss

The National Museum identified one personal data related incident that required reporting to the Information Commissioners Office (ICO) during 2020-21. The matter was also reported as a Serious Incident to the Charity Commission. An incident is defined as a loss, unauthorised disclosure or insecure disposal of personal data. Protected personal data is information which links an identifiable living person with information about them which, if released would put the individual at significant risk of harm or distress; the definition includes sources of information that because of the nature of the individuals or the nature, sources or extent of the information, is treated as protected personal data by the company. The incident involved a ransomware attack against Blackbaud, a previous software supplier, where the museum's database has been copied and encrypted. The data was released back to Blackbaud and assurances were given that no copies had been retained. The Museum's relationship with this supplier ended in 2014. No action was taken against the National Museum by the ICO.

System of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the National Museum's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The review of the effectiveness of the system of internal controls is exercised through the Audit and Governance Committee. This Committee is chaired by a Trustee of the Board and draws expertise from other Trustees and committee members, with the Director General and the Executive Director of Resources in attendance, and other members of the executive attending as required. The Committee also has access to the independent accountants, internal and external auditors engaged for all companies within the Group, providing review and oversight of the financial control systems and the creation of the companies' and trusts' consolidated group accounts. The Committee reports directly to the Board of Trustees.

Internal Audit

The National Museum has an independent internal audit function, provided through RSM Risk Assurance Services LLP (appointed in November 2019), which undertakes a rolling programme of risk based audit activity across the Group, agreed at the start of each financial year with the Accounting Officer and the Audit and Governance Committee. Internal audit provides assurance to management and the Audit and Governance Committee on the adequacy of internal control arrangements, including risk management and governance. The internal audit conforms to the Public Sector Internal Audit Standards.

RSM Risk Assurance Services LLP were appointed following a joint tender exercise with our sister Service Museums, the National Army Museum and the Royal Airforce Museum, to support the sharing of best practice and economies of scale, including an agreed annual thematic review across each of the museums.

In their annual report to the Audit and Governance Committee for the year ended 31 March 2021, the internal auditor's opinion was that they were able to provide moderate assurance on the governance, risk management and control framework and the mitigating controls over the risk to delivery of objectives. In the auditor's opinion, some improvements were required to enhance the adequacy and effectiveness of governance, risk management and control. There were no issues resulting from their work that the auditor considered should be referenced in the annual governance statement. The internal audit work for 2020-21 had been undertaken through the substantial operational disruptions caused by the Covid-19 pandemic. In undertaking the audit work, they recognised that there had been a significant impact on both the operations of the organisation and its risk profile, and advised the annual opinion should be read in this context. Planned internal audit work for 2020-21 had been subject to some delay and cancellation. The auditor was, however, of the view that sufficient internal audit coverage has been performed to allow the provision of the annual Head of Internal Audit Opinion.

External Audit

The external auditor for the National Museum of the Royal Navy is the Comptroller and Auditor General, with the audit conducted by Grant Thornton UK LLP on behalf of the National Audit Office. The external audit of the subsidiary companies is conducted by PKF Littlejohn LLP. The Audit and Governance Committee receives and reviews all external auditor reports.

Risk Management

For the year ended 31 March 2021, a comprehensive suite of uniformly presented Strategic, Operational and Project Risk Registers have been in place, which identify the risks relevant to the successful continuation of the company and group's current operations and its future development.

Risk Management is incorporated into the National Museum's corporate planning, with the risk of failure and severity of the failure being applied to key activities. The Audit and Governance Committee oversees the development and implementation of the National Museum's risk management strategy and framework.

The day-to-day management of risk is exercised through the National Museum's Executive Board, which regularly reviews the National Museum's principal activities and events, with associated risks. The Audit and Governance Committee, subsidiary boards and the Board of Trustees receive reports to each meeting on the principal risks and the steps being taken to manage them effectively, including risks relating to new project proposals.

The most significant risk faced by the National Museum centres around its self-generated income streams. The government's response to control the Covid-19 pandemic resulted in an extended period of full site closure to visitors and reduced operating capacity upon reopening, significantly affecting these income streams and placing the National Museum under immense financial pressure and threatening its very existence. Additional grant in aid funding from the Royal Navy has been essential to ensure the National Museum's survival throughout 2020-21 and beyond, until a stable trading and operating base can be resumed. The National Museum has not been complacent during this period, seeking to minimise costs and develop strategies to strengthen brand loyalty and ensure appropriate pricing to balance visitor attraction with revenue generation and to develop the commercial offering. Funding shortfalls impact the ability of the National Museum to adequately fund the conservation and maintenance of its historic ships and collections and prioritised conservation management plans are being put in place to understand and manage this risk. The National Museum continues to review and consolidate its governance and operating structure to ensure it remains fit for purpose, with sound control of operating costs within a sustainable but flexible staffing model for future years. Funding and effective control of major capital projects will always present a risk to the National Museum and is mitigated through the establishment of a robust project management framework, appropriate governance and oversight for all major projects, and cash flow forecasting that reflects operational and major project demands and fundraising requirements.

Assurance Statement by the Audit and Governance Committee

The Audit and Governance Committee is reasonably confident that:

Based on the above, the Board and Accounting Officer of the National Museum of the Royal Navy believe that the organisation complies with the Corporate Governance in Central Government: Code of Good Practice 2011, to the extent that it is relevant to the company and as far as the Charities Act 2011 and Companies Act 2006 permit.

In our view, the information received was sufficient to enable us to review and confirm the effectiveness of the National Museum of the Royal Navy's system of internal control in accordance with Treasury guidance and recommendations. The system of internal control has been in place in the National Museum of the Royal Navy for the year ended 31 March 2021 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.



Gavin Whitter
Chair of the Audit and Governance Committee
on behalf of the Board of Trustees

Date: 20th January 2022



Professor Dominic Tweddle
Director General and Accounting Officer

Date: 20th January 2022

Statement of Board of Trustees' and Accounting Officer's responsibilities

The Board of Trustees of the National Museum of the Royal Navy is required to prepare financial statements for each financial year in accordance with the Companies Act 2006, which give a true and fair view of the statement of affairs of the parent and the group and of the net expenditure of the group for that year.

The Secretary of State for the Ministry of Defence (with the consent of HM Treasury) has also directed the Accounting Officer to prepare for each financial year a statement of accounts in the form, and on the basis, set out in the Accounts Direction.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the National Museum of the Royal Navy and of its income and expenditure, Balance Sheet and cash flows for the financial year.

In preparing the accounts, the Trustees and Accounting Officer are required to comply with the requirements of FRS 102 and the Accounting and Reporting by Charities: Statement of Recommended Practice (FRS 102) and in particular to:

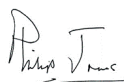
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed, comprising FRS 102, and disclose and explain any material departures in the financial statements;
- select suitable accounting policies and apply them consistently;
- prepare the financial statements on a going concern basis;
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable; and
- 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 National Museum of the Royal Navy's auditors are aware of that information. So far as they are aware, there is no relevant audit information of which the auditors are unaware.

The Principal Accounting Officer has appointed the Chief Executive (the 'Director General') as Accounting Officer of the National Museum of the Royal Navy. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the National Museum of the Royal Navy's assets, are set out in Managing Public Money published by the HM Treasury.

In preparing the accounts, the Accounting Officer is also required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the Accounts Direction issued by the Secretary of State for the Ministry of Defence, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- state whether applicable accounting standards as set out in the Government Financial Reporting Manual have been followed and disclose and explain any material departures in the accounts.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent and group and enable them to ensure that the financial statements comply with applicable law and the provision of the National Museum of the Royal Navy's constitution. They are also responsible for safeguarding the assets of the parent and group and hence for taking reasonable steps for the prevention and detection of fraud and other non-compliance with laws and regulations. The Trustees are also responsible for the maintenance and integrity of the corporate and financial information included on the National Museum of the Royal Navy's website.



Admiral Sir Philip Jones

Chair on behalf of the Board of Trustees

Date: 20th January 2022



Professor Dominic Tweddle

Director General and Accounting Officer

Date: 20th January 2022

Remuneration and Staff Report

for the year ended 31 March 2021

This report has been prepared in accordance with the Government Financial Reporting Manual, which requires the disclosure of certain information about directors' remuneration, where "directors" is interpreted to mean those persons in senior positions having authority or responsibility for directing or controlling the major activities of the National Museum of the Royal Navy.

Remuneration Policy

The Nomination and Remuneration Committee meets annually to consider the pay award for the Director General and the Executive Directors. The Director General is entitled to a non-consolidated performance related payment, based on performance objectives set by the Committee annually against the Objectives and Key Priorities in the Corporate Plan and personal contribution towards the achievement of key areas of work. Non-consolidated payments are based on the previous financial year's performance and may also be awarded to the Executive Directors based on exceptional performance against objectives set.

Staff salaries, including salaries for Directors and Deputy Executive Directors, are set within a new "Salary Grading Structure and Pay Progression Scheme" that was introduced on 29 February 2020 and backdated to 1 April 2019. The new scheme and pay awards received Ministerial approval on 15 January 2020. The Structure introduced a single pay scale consisting of 50 pay points across 10 pay grades. The new pay scale was set with the lowest pay point at £9.00 per hour (£17,550 FTE per annum) for all staff regardless of their age. The annual "cost of living" review to be undertaken in November each year which will consider affordability of UK Living Wage minimum pay recommendations, with any recommendations arising from the review subject to Board and Ministerial approval before implementation, was delayed as a result of the pandemic and the numbers of staff on furlough. Any pay progression awards will be effective from 1 November each year, with the first approved awards to be effective from 1 November 2021 (subject to Board and Ministerial approval before implementation).

Jobs were matched, under the National Museum's job grading scheme, to a pay grade according to a range of factors, including: professional knowledge and experience; management of resources (finance, people, physical assets); responsibility for information systems; problem solving and decision making; planning and organising; policy and service development; freedom to act; communication and influence; and, teamwork. Staff have been paid at the closest appropriate pay point within this pay grade. The new Pay Progression Scheme enables staff to move up through the pay points within their pay grade as they demonstrate that they meet agreed performance criteria.

None of the directors received any non-cash benefits (benefits in kind). Pension benefits are provided through a defined contribution group pension scheme at the rate of 10% or 6% of salary (see note 1.17). None of the directors is a member of the Principal Civil Service Pensions Scheme (PCSPS).

The Director General and the Executive Directors have permanent contracts of employment with 6 months' notice. The Deputy Executive Directors and Directors have permanent contracts of employment with 3 months' notice.

Total remuneration table (subject to audit):

Employee	Salary £'000		Non-consolidated payments £'000		Pension benefits £'000		Total £'000	
	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20	2020-21	2019-20
D Tweddle, Director General	125-130	125-130	Nil	Nil	13	13	135-140	135-140
S Dennis, Executive Director of Resources	90-95	90-95	Nil	Nil	9	9	100-105	100-105
J Rawlinson, Executive Director of Visitor Experience	Nil	50-55 ¹	Nil	Nil	Nil	5	Nil	55-60
M Sheldon, Executive Director of Heritage	75-80	75-80	Nil	Nil	8	8	85-90	85-90
V Turner, Deputy Executive Director of Resources	60-65	65-70	Nil	Nil	4	4	65-70	65-70
Andrew Baines, Deputy Executive Director of Heritage	60-65	65-70	0-5	0-5	4	4	70-75	75-80
H McKenna-Aspell, Director of Fundraising	70-75	15-20 ²	Nil	Nil	4	1	75-80	15-20
B Hubbard, Director of Marketing	60-65	5-10 ³	Nil	Nil	4	1	60-65	10-15
T Ash, Partnerships Director	40-45 ⁴	55-60 ⁴	Nil	Nil	3	3	40-45	60-65

¹J Rawlinson to 30 November 2019 – full year equivalent £80-85k

²H McKenna-Aspell from 6 January 2020 – full year equivalent £70-75k

³B Hubbard from 10 February 2020 – full year equivalent £65-70k

⁴T Ash 0.8FTE from 1 November 2019 to 31 March 2020 (FTE £60-65k). Furlough, including flexible furlough from 1 April 2020 to 31 October 2020, resulted in pay below 0.8 FTE full year salary (FTE £60-65k). Employed to 31 March 2021.

Median Pay Disclosure (subject to audit)

Reporting bodies are required to disclose the relationship between the remuneration of the highest paid director in their organisation and the median (mid-point) remuneration of the organisation's workforce. The banded remuneration of the highest paid director in 2020-21 (the Director General) was £125-130k (2020: £125-130k). This was 6.33 times (2020: 5.60) the median remuneration of the workforce, which was £20,140 (2020: £22,785). In 2020-21, no employees (2019-20: Nil) received remuneration in excess of the highest paid executive director. Excluding the highest paid director, remuneration ranged from £14,040 to £90,000 (2020: £17,550 to £90,000).

The variation of both the remuneration ratio and median pay on the previous year arises from the significant number of staff (66 post holders) furloughed or flexibly furloughed under the Coronavirus Job Retention Scheme on the reference

date and who had voluntarily accepted a change in terms and conditions to reduce pay by 20% during the furlough period.

Staff costs for the National Museum Group year total £5,823,000 (2019-20: £7,392,000). Further details on employee costs can be found in note 11 to the financial statements.

Sickness absence

Periods of sickness absence are recorded in full days. The average number of days of sickness absence for 2020-21 was 0.89 per employee (2019-20: 2.3 per employee) excluding days lost due to long-term sickness absence. This is due to fewer staff working as a result of the impact of the Coronavirus pandemic with up to 80% of staff being placed on furlough during periods of the year.

Exit packages table - reporting civil service and other compensation schemes (subject to audit)

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	18	Nil	18
£10,000-£25,000	4	Nil	4
Total number of exit packages	22	Nil	22
Total resource cost/ £	129,692	Nil	129,692

Exit costs are accounted for in full in the year the employee was confirmed redundant. All compensation was paid as statutory (capped) redundancy plus pay in lieu of notice.

Other staff costs

Further details relating to the National Museum's other staff costs can be found in note 11 to the financial statements.

Equality, Diversity and Access

The National Museum is committed to providing a working environment in which all workers are able to realise their full potential and contribute to the Museum's success, ensuring all individuals will be treated in a fair and equal manner and in accordance with the law regardless of gender, marital status, race, religion, colour, age, disability or sexual orientation. The National Museum takes all reasonable steps to provide a work environment in which all workers are treated with dignity and respect and that is free of harassment.

Employee Consultation and Involvement

The Director General and the Executive Directors consult with staff through project-focused staff consultation groups, set up to encourage increased levels of communication and consultation across the whole of the National Museum and establishing a delivery-focused culture of working, exchanging views and ideas, discussing problems and planning for the future.

Consultation and involvement with staff is also maintained through various forums including the Safety, Health, Environment and Quality Committee, regular directorate and team meetings, the National Museum's intranet "Ahoy! Workplace", and the performance appraisal and "check in" system.

The National Museum of the Royal Navy

(A company limited by guarantee)

Company number: 06699696

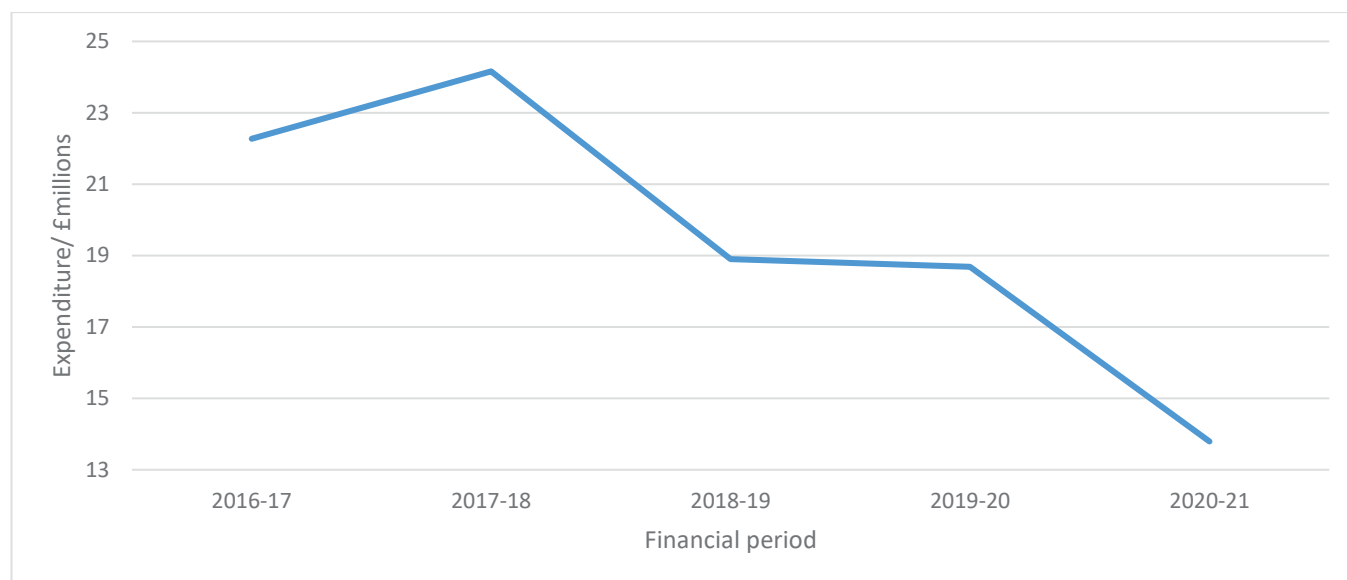
Charity number: 1126283

<i>Trade Union facility time report</i>	2020-21	2019-20
Relevant union officials	Nil	Nil
Percentage of time spent on facility time	Nil	Nil
Percentage of pay bill spent on facility time	0%	0%
Paid trade union activities	Nil	Nil

Parliamentary accountability and audit report

All expenditure is regular and has been applied as intended by donors and the National Museum's sponsor body. There are no contingent liabilities, gifts, fees, charges or losses and special payments requiring further disclosure that have not been reported elsewhere in these financial statements. This paragraph is subject to audit.

Expenditure trends over the past five years are shown below.



The increase of expenditure to the peak in 2017-18 was a result of the growth and expansion of the National Museum of the Royal Navy as it pursued its strategy to increase its scale, scope and reach. During the five-year period, the National Museum has successfully delivered a number of significant capital projects, enabling it to increase its visitor numbers, reaching a peak of 1.87 million visits in 2018-19, dropping back to just 74 thousand visits in 2020-21 as the Covid-19 pandemic took hold.

Grant in Aid received from the sponsor body had remained broadly static in cash terms up to 2019-20 at £3,501,000 (including purchase of exhibits grant) and the National Museum's growth had been funded through self-generated income, grants and donations. Additional Grant in Aid of £3,825,000 was awarded in 2020-21 to replace income lost as a direct result of the pandemic. At the same time, the National Museum undertook a rapid cost reduction exercise to ensure it remained a going concern.

Admiral Sir Philip Jones
Chair on behalf of the Board of Trustees

Date: 20th January 2022

Professor Dominic Tweddle
Director General and Accounting Officer

Date: 20th January 2022

The Certificate and Report of the Comptroller and Auditor General to the Members of the National Museum of the Royal Navy

Opinion on financial statements

I certify that I have audited the financial statements of the National Museum of the Royal Navy for the year ended 31 March 2021 which comprise the group and parent charity Statement of Financial Activities, Balance Sheet, Cash Flow Statement and the related notes, including the significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In my opinion the financial statements:

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

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 'Audit of Financial Statements of Public Sector Entities in the United Kingdom'. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2019. I have also elected to apply the ethical standards relevant to listed entities. I am independent of the National Museum of the Royal Navy in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the National Museum of the Royal Navy's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the National Museum of the Royal Navy'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.

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

Other Information

The other information comprises information included in the annual report, but does not include the parts of the of the Remuneration Report and Staff Report and the Parliamentary accountability and audit report described in that report as having been audited, the financial statements and my auditor's report thereon. The Trustees and the Accounting Officer are responsible for the other information. My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon. In connection with my audit

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

I have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

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

- the information given in the Performance Report and Accountability Report for the financial year for which the financial statements are prepared is consistent with the financial statements and those reports have been prepared in accordance with applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the National Museum of the Royal Navy and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report or the Accountability Report.

I have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires me to report to you if, in our opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Remuneration and Staff Report and the Parliamentary accountability and audit report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit;

Responsibilities of the trustees for the financial statements

As explained more fully in the Statement of Board of Trustees' and Accounting Officer's responsibilities, the Trustees are responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- such internal controls as management determine is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error.
- assessing the group and parent entity'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 directors either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with applicable law.

My 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 a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The National Museum of the Royal Navy

(A company limited by guarantee)

Company number: 06699696

Charity number: 1126283

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulation, including fraud.

My procedures included the following:

- inquiring of management, the National Museum of the Royal Navy's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the National Museum of the Royal Navy's policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the group's controls relating to the National Heritage Act 1983, the Charities Act 2011, the Companies Act 2006 and Managing Public Money;
- discussing among the engagement team including significant component audit teams and involving relevant internal and or external specialists, including taxation and property valuation, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud. As part of this discussion, I identified potential for fraud in the following areas: revenue recognition, posting of unusual journals, bias in management judgements and estimation, and the application of the Coronavirus Job Retention Scheme;
- obtaining an understanding of the National Museum of the Royal Navy's framework of authority as well as other legal and regulatory frameworks that the National Museum of the Royal Navy and group operates in, focusing on those laws and regulations that had a direct effect on the financial statements or that had a fundamental effect on the operations of the National Museum of the Royal Navy and group. The key laws and regulations I considered in this context included the National Heritage Act 1983, Managing Public Money, Employment Law, Tax Legislation, Pension Legislation, the Charities Act 2011, the Companies Act 2006 and the Coronavirus Act 2020.

In addition to the above, my procedures to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with relevant laws and regulations discussed above;
- enquiring of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- reading minutes of meetings of those charged with governance and the Board;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;
- in addressing the risk of fraud in revenue recognition, assessing the recognition of income in line with the accounting framework and undertaking procedures to test the completeness of income;
- in addressing the risk of fraud in the Coronavirus Job Retention Scheme, undertaking procedures to test that claims made were in line with the scheme rules; and
- in addressing the risk in the sale of the Royal Marines Museum, undertaking procedures to ensure that the sale was within relevant guidance and legislation and that the sale is appropriately reflected in the financial statements.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

The National Museum of the Royal Navy
(A company limited by guarantee)
Company number: 06699696
Charity number: 1126283

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my report.

In addition, I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I 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 I identify during my audit.

Gareth Davies **21 January 2022**
Comptroller and Auditor General

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

The National Museum of the Royal Navy
(A company limited by guarantee)
Company number: 06699696

Consolidated Statement of financial activities (incorporating the income and expenditure account)
for the year ended 31 March 2021

		Unrestricted	Restricted	Linked	Endowment	2021	Unrestricted	Restricted	Linked	Endowment	<i>Restated</i>
		funds	funds	Charities	funds	Total	funds	funds	Charities	funds	2020
	Notes	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	Total
											£'000
Income from:											
Donations and legacies											
Grant in Aid (revenue)	2	7,198	-	-	-	7,198	3,375	-	-	-	3,375
Grant in Aid (capital)	2	128	-	-	-	128	126	-	-	-	126
Donations	2	2,516	5,121	-	-	7,637	891	8,008	-	-	8,899
Legacies	3	16	-	-	-	16	414	1,000	-	-	1,414
Charitable activities											
Admissions	4	1,170	-	-	-	1,170	5,584	-	-	-	5,584
Memberships		30	-	-	-	30	46	-	-	-	46
Other trading activities											
Trading subsidiary	5	183	-	-	-	183	2,920	-	-	-	2,920
Investments	6	303	-	-	80	383	518	-	-	157	675
Other		240	-	-	-	240	192	-	-	-	192
Total income		<u>11,784</u>	<u>5,121</u>	<u>-</u>	<u>80</u>	<u>16,985</u>	<u>14,066</u>	<u>9,008</u>	<u>-</u>	<u>157</u>	<u>23,231</u>
Expenditure on:											
Raising funds											
Fundraising and publicity	7	805	-	-	-	805	935	-	-	-	935
Investment management costs		-	-	-	147	147	-	-	-	243	243
Trading subsidiary	5	344	-	-	-	344	2,973	-	-	-	2,973
Charitable activities	8	8,811	3,685	-	-	12,496	9,720	4,814	-	-	14,534
Total expenditure		<u>9,960</u>	<u>3,685</u>	<u>-</u>	<u>147</u>	<u>13,792</u>	<u>13,628</u>	<u>4,814</u>	<u>-</u>	<u>243</u>	<u>18,685</u>

The notes on pages 35 to 64 form an integral part of these financial statements.

Consolidated Statement of financial activities (incorporating the income and expenditure account)
for the year ended 31 March 2021

	Unrestricted funds £'000	Restricted funds £'000	Linked Charities £'000	Endowment funds £'000	2021 Total £'000	Unrestricted funds £'000	Restricted funds £'000	Linked Charities £'000	Endowment funds £'000	<i>Restated</i> 2020 Total £'000
Net gains/(losses) on investments	-	-	-	6,413	6,413	-	-	-	(1,292)	(1,292)
Net income/(expenditure)	1,824	1,436	-	6,346	9,606	438	4,194	-	(1,378)	3,254
Transfer between funds	735	(1,356)	647	(26)	-	1,322	(1,292)	83	(113)	-
Other recognised gains/(losses): (Losses)/gains on revaluations of fixed assets	(3,358)	(244)	-	-	(3,602)	133	172	-	-	305
Net movement in funds	(799)	(164)	647	6,320	6,004	1,893	3,074	83	(1,491)	3,559
Reconciliation of funds: Total funds brought forward	21,272	123,336	3,390	34,532	182,530	19,379	120,262	3,307	36,023	178,971
Total funds carried forward	20,473	123,172	4,037	40,852	188,534	21,272	123,336	3,390	34,532	182,530

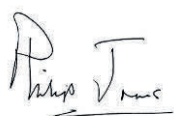
The notes on pages 35 to 64 form an integral part of these financial statements.

Consolidated and Parent Balance Sheet
as at 31 March 2021

		Group	Restated	Company	Company
		2021	Group	2021	2020
		£'000	2020	£'000	£'000
	Notes		£'000		
Fixed assets					
Tangible assets	15	27,606	32,059	-	-
Heritage assets	15/16	104,743	104,096	4,013	3,366
Investments	17	39,930	33,602	-	-
		<u>172,279</u>	<u>169,757</u>	<u>4,013</u>	<u>3,366</u>
Current assets					
Stocks	18	7,321	7,357	-	-
Debtors	19	3,371	5,244	630	1,903
Cash at bank and in hand		6,632	3,696	1,447	361
		<u>17,324</u>	<u>16,297</u>	<u>2,077</u>	<u>2,264</u>
Creditors falling due within one year	21	(4,416)	(4,367)	(894)	(1,071)
Net current assets		<u>12,908</u>	<u>11,930</u>	<u>1,183</u>	<u>1,193</u>
Debtors falling due after one year	20	3,443	939	-	-
Total assets less current liabilities		<u>188,630</u>	<u>182,626</u>	<u>5,196</u>	<u>4,559</u>
Creditors falling due after more than one year	22	(96)	(96)	-	-
Net assets		<u><u>188,534</u></u>	<u><u>182,530</u></u>	<u><u>5,196</u></u>	<u><u>4,559</u></u>
Funds					
Unrestricted funds		20,083	20,619	-	10
Designated funds		81	72	-	-
Revaluation reserve		309	581	1	1
Total unrestricted funds		<u>20,473</u>	<u>21,272</u>	<u>1</u>	<u>11</u>
Restricted funds		78,191	78,086	1,158	1,158
Revaluation reserve		44,981	45,250	-	-
Linked charities		4,037	3,390	4,037	3,390
Total restricted funds		<u>127,209</u>	<u>126,726</u>	<u>5,195</u>	<u>4,548</u>
Total endowment funds		<u>40,852</u>	<u>34,532</u>	<u>-</u>	<u>-</u>
Total funds	23	<u><u>188,534</u></u>	<u><u>182,530</u></u>	<u><u>5,196</u></u>	<u><u>4,559</u></u>

The National Museum of the Royal Navy is exempt from an audit under Part 16 of the Companies Act 2006 under section 485 (non-profit-making companies subject to public sector audit) of the Companies Act 2006, but subject to audit under the Government Resources and Accounts Act 2000.

The financial statements were approved and authorised for issue by the board and signed on its behalf by



Admiral Sir Philip Jones
Chair of the Board of Trustees
Date: 20th January 2022



Professor Dominic Tweddle
Director General and Accounting Officer
Date: 20th January 2022

The notes on pages 35 to 64 form an integral part of these financial statements.

Consolidated and Parent Cash flow statement
for the year ended 31 March 2021

		Group	<i>Restated</i>	Company	Company
		2021	Group	2021	2020
	Notes	£'000	£'000	£'000	£'000
Cash flows from operating activities:					
Net cash provided by (used in) operating activities		4,273	3,002	1,863	(445)
Cash flows from investing activities:					
Dividends and interest from investments		383	675	-	-
Purchase of property, plant and equipment		(3,228)	(4,895)	(647)	(83)
Sale of property, plant and equipment		1,717	4	-	-
Purchase of investments		(79)	(158)	-	-
Net cash (used in) investing activities		<u>(1,207)</u>	<u>(4,374)</u>	<u>(647)</u>	<u>(83)</u>
Cash flows from financing activities:					
Repayment of borrowing		<u>(130)</u>	<u>(130)</u>	<u>(130)</u>	<u>(130)</u>
Net cash provided by (used in) financing activities		<u>(130)</u>	<u>(130)</u>	<u>(130)</u>	<u>(130)</u>
Change in cash and cash equivalents in the reporting period	31	<u>2,936</u>	<u>(1,502)</u>	<u>1,086</u>	<u>(658)</u>
Cash and cash equivalents at 1 April 2020		<u>3,696</u>	<u>5,198</u>	<u>361</u>	<u>1,019</u>
Total cash and cash equivalents at 31 March 2021	31	<u>6,632</u>	<u>3,696</u>	<u>1,447</u>	<u>361</u>
Net income/(expenditure) for the year		9,606	3,254	637	(462)
Depreciation		1,375	1,337	-	1
Loss on disposal of fixed assets		341	20	-	-
(Gains)/losses on investments		(6,413)	1,292	-	-
Adjustment for non-cash fees from gains/losses		164	241	-	-
Dividends and interest from investments		(383)	(675)	-	-
Decrease/(increase) in stocks		36	(6)	-	-
Decrease/(increase) in debtors		(632)	(2,673)	1,273	494
Increase/(decrease) in creditors		179	186	(47)	(478)
Increase/(decrease) in long term liabilities		-	26	-	-
Net cash provided by (used in) operating activities		<u>4,273</u>	<u>3,002</u>	<u>1,863</u>	<u>(445)</u>

The notes on pages 35 to 64 form an integral part of these financial statements.

**Notes to the financial statements
for the year ended 31 March 2021**

1. Accounting policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and the preceding year.

1.1. Charity information

The National Museum of the Royal Navy ("the National Museum") is a private company limited by guarantee and incorporated in England and Wales. The registered office is the National Museum of the Royal Navy, HM Naval Base PP66, Portsmouth, Hampshire, PO1 3NH. The members of the company are the Trustees named on page 3. Every member of the company undertakes to contribute such an amount as may be required not exceeding £1 to the assets of the company in the event of its being wound up while they are a member, or within one year after they cease to be a member.

The National Museum meets the definition of a public benefit entity under section 34 of FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value, unless otherwise stated in the relevant accounting policy.

The principal objectives of the charity are detailed in the Trustees report.

1.2. Basis of preparation of the financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice (SORP) applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006, and guidance issued by HM Treasury. The results of the company include the results of the two linked charities of the National Museum: Royal Naval Museum and HMS M33 Trust.

The financial statements are presented in sterling which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £'000.

1.3. Going concern

In addition to the revenue it generates, the company receives grant in aid funding from the Ministry of Defence under a Financial Framework Agreement in respect of its operation of the group's museums. Additional grant funding was awarded by the Royal Navy in response to the National Museum's assessment of the impact of the Covid-19 pandemic on its financial position. The funding was based what would be necessary to ensure the National Museum remained a going concern, with forecasts reflecting a range of possible operating scenarios that included: full museums closure; a low opening scenario with very limited ability to generate revenue; and a high opening scenario with a strong recovery from enforced closures. Neither "opening" scenario considered that the National Museum would be in a position to return to pre-pandemic levels of operations or self-generated revenue within 2020-21 or 2021-22. The additional funding from the Royal Navy has effectively underwritten the Group's financial performance and supported cashflows for 2020-21 and 2021-22. Although performance during periods of opening has been strong, it remains the Trustees' view that the National Museum's self-generated income streams and visitor markets will continue to be adversely impacted by any continuing or new Covid restrictions, and that its markets cannot be expected to fully recover before 2023-24. The level of cash available within free reserves to support operating activity is insufficient to meet long-term development needs and there are risks associated with unanticipated short-term cash demands; the immediate impact of the Covid-19 pandemic clearly exposed this. Whilst the additional grant funding supports the operating cash position, the nature of the funding agreement, based on need, will not permit the free reserves to be built up and maintained to eliminate the requirement for further cash support in 2022-23. The National Museum therefore continues to engage with Navy Command to ensure it has sufficient funds to continue to operate through 2022-23 and has shared its budget projections based on a full year's operation across all sites, with slowly improving market recovery, cost pressures arising outside the National Museum's direct control (including increasing costs of staff pay, rents, utilities and insurance), together with the need to address a range of essential site maintenance and IT investment requirements that were stalled during the closure periods. Although there remains uncertainty over the level of funding to be provided (as is the case for all government bodies at this stage in the funding cycle), the Trustees and Directors take comfort from the legislative foundation within the National Heritage Act 1983 that underpins the NMRN group's operations and the Navy Command's reassurances that it will work with the National Museum of the Royal Navy to ensure that the Museum remains a going concern and can deliver its strategy. The National Museum also continues to engage with the Department for the Economy (NI) to ensure that the debts outstanding in respect of the operating and maintenance costs of HMS Caroline can be recovered and that a new agreement can be shaped to ensure the ship's future as a key visitor attraction in Belfast. The Trustees and Directors are therefore content that, based on the assurances provided to the National Museum by its sponsor, the Royal Navy, grant funding will be made available, the going concern basis continues to apply, and the impact of the COVID-19 pandemic does not create a material uncertainty around going concern to the charity. As such, the financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. With additional grant support, the budgeted income and expenditure is sufficient for the charity to be able to continue as a going concern.

The National Museum of the Royal Navy
(A company limited by guarantee)
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Notes to the financial statements
for the year ended 31 March 2021

1.4. Basis of consolidation

Consolidated financial statements have been prepared which include the following charities over which the National Museum has a controlling interest:

NMRN Operations (company 9988314, charity 1169061) inc. the National Museum of the Royal Navy Trading (company 1261270) and the Joint Venture, Portsmouth Historic Dockyard Operations Limited (company 12799836)
Royal Navy Submarine Museum (company 07637385, charity 1142123) and Trust (charity 1169371)
Royal Marines Museum (company 07635447, charity 1142186) and Trust (charity 259422)
Fleet Air Arm Museum (company 07570620, charity 1143023) and Trust (charity 250079)
NMRN Hartlepool (company 09997836, charity 1165917)
HMS Trincomalee Trust (company 02678419, charity 1007784) inc. the Foudroyant Trust (company 00628111, charity 306082)
Warrior Preservation Trust (company 00936870, charity 256756)
HMS Victory Preservation Company (company 07935358, charity 1146376) incorporating HMS Victory Preservation Trust
HMS Caroline Preservation Company (company 08303946, charity 1149930) incorporating HMS Caroline Preservation Trust

The Consolidated Statement of Financial Activities and the Consolidated Balance Sheet include the results and assets of each charity on a line by line basis. The individual results of the company can be found in the detailed statements of financial activities (Note 33).

1.5. Fund accounting

Unrestricted funds are donations and other incoming resources received or generated for general purposes.

Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of overheads and support costs.

Endowment funds are funds which the donor has stated are to be held as capital and expendable over the long term. It is the intention that the capital value of the donation will be maintained in real terms. However, if it becomes necessary, no more than 5% of the capital will be spent at any one time.

1.6. Incoming resources

All incoming resources are included in the statement of financial activities when the company is legally entitled to the income, any performance conditions attached to the items of income have been met, and the amount can be quantified with reasonable accuracy and it is probable that the income will be received. The following specific policies are applied to particular categories of income:

Voluntary income is received by way of grants, donations and gifts and is included in full in the statement of financial activities when receivable. Grants where entitlement is not conditional on the delivery of a specific performance by the company, are recognised when the company becomes unconditionally entitled to the grant. Gifts in kind are included in the accounts at their current market value where this is readily identifiable. Where current market value is unavailable then gifts in kind are included in the accounts on the basis of internal valuations estimated by relevant staff and determined by their experience and judgement, unless this is not possible without incurring a cost disproportionate to the benefit of the information reported to the readers of the accounts. Where gifts in kind are services, these are measured at the price that would ordinarily be paid for that service, which is not always equivalent to market value.

Grant in Aid funding is received from the Ministry of Defence (MoD) as a contribution towards the operating costs of the National Museum Group. The majority of the Grant in Aid is received by the National Museum and then distributed to NMRN Operations on the basis of need, with the remainder, which is specifically a contribution towards wage costs, paid direct to staff by the Defence Business Services (DBS) on behalf of the National Museum.

Income from investments is included in the year in which it is receivable.

Legacies are included when the company is advised by the personal representative of an estate that payment will be made, or property transferred, and the amount involved can be quantified.

1.7. Grants receivable

Revenue grants are credited to incoming resources on the earlier of the date of when they are received or when they are receivable, unless they relate to a specified future period, in which case they are deferred.

Grants for the purchase of restricted fixed assets are credited to restricted incoming resources when receivable. Depreciation on the fixed assets purchased with such grants is charged against the restricted fund.

Government grants for the Coronavirus Job Retention Scheme are credited to the restricted incoming resources when receivable.

Notes to the financial statements
for the year ended 31 March 2021

1.8. Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes any VAT which cannot be fully recovered and is reported as part of the expenditure to which it relates.

Costs of generating funds comprise costs incurred in encouraging people and organisations to contribute financially to the work of the National Museum and to promote each of the individual museums as a heritage and visitor attraction.

Charitable expenditure includes expenditure associated with Collections and Exhibitions, Curatorial Matters and Education and includes costs directly attributable to each activity. Costs not directly attributable to one activity, including the proportion of support costs relating to charitable expenditure, have been allocated on a reasonable basis of resources used.

Governance and support costs include those costs incurred in the governance of the company and its assets, and central functions, and have been allocated to cost categories on a basis consistent with the use of resources or the floor space occupied, as applicable.

1.9. Tangible fixed assets

Tangible fixed assets with a cost or value greater than £2,500 and a useful life exceeding one year are capitalised at historic cost and revalued annually using Ministry of Defence Modified Historic Cost Accounting (MHCA) indices.

Land and buildings held by the Fleet Air Arm Museum, Royal Navy Submarine Museum Trust, and NMRN Operations are stated at a valuation of depreciated replacement cost and depreciated over the lease term. These charities obtain a professional valuation at least every five years and indices are used to reflect the change in value in the intervening years.

Depreciation has been provided at rates calculated to spread the cost of each asset over its expected useful life as follows:

Improvements to property	over the lease term
Short leasehold property	over the lease term
Exhibitions	10 years
Fixtures and fittings	3 - 25 years
Computer and office equipment	3 - 10 years
Plant and machinery	3 - 30 years
Motor vehicles	5 years

1.10. Heritage assets held by the group

The heritage assets are held in trusts and have been included in the consolidated financial statements as set out below.

Background

Each trust holds artefacts comprising its collection. The main and reserve collections (other than assets acquired since 1 April 2000 - see below) have not been included in the financial statements due to their historic and inalienable nature and, due to the specific and individual nature of the artefacts held, it is not believed to be possible to obtain a reliable value of the collection without incurring a cost disproportionate to the benefit of the information reported to the readers of the accounts.

Assets acquired prior to 1 April 2000 have not been capitalised and included in the accounts but with effect from 1 April 2000, additions to the collection with a cost in excess of £2,500, have been capitalised. These assets are carried at cost, or deemed cost, and not depreciated due to infinite useful economic lives. An annual review for impairment is carried out in accordance with the Charities SORP, with any impairment recognised in the Statement of Financial Activities. The exception to this is the Fleet Air Arm Museum where aircraft acquired prior to 1 April 2000 have also been capitalised. Note that this treatment is inconsistent with the accounts of the Fleet Air Arm Museum where the assets acquired prior to 1 April 2000 are excluded from the balance sheet.

Heritage assets donated to the trusts with a value in excess of £2,500 are included in the accounts on the basis of internal valuations estimated by the relevant curatorial staff and determined by their experience and judgement. Where this information is not available and cannot be obtained at a cost commensurate with the benefits to users of the financial statements, the assets will not be recognised in the Balance Sheet and the disclosure required by the Charities SORP will be made.

Heritage assets: policies for maintenance, management, acquisition and disposal

In October 2015, a single set of Collections Management policies for the NMRN Group was approved by the Board. These policies were the basis of a new single application to the Arts Council for Museum Accreditation to the higher standards required of a national museum collection, replacing the individual accreditations of the subsidiary museums. These policies set out a common approach for the maintenance and management of collections at different museum sites and will be subject to regular review as directed by the Collections, Research, Learning and Access Committee (CRLA).

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Notes to the financial statements for the year ended 31 March 2021

Acquisitions to the museums are now guided by a single Collections Development Policy (2015) and Strategy (2019); this sets out priorities and processes for acquisition. There are two principal methods of acquisition:

Acquisition by gift - Curators have authority to propose collecting in line with the 'Themes and Priorities for Future Collecting'. Offers of donations are passed to an Acquisitions Panel, chaired by the Registrar. This Committee sits on a monthly basis to assess offers. Decisions are reviewed by the Head of Collections and Research.

Acquisition by purchase - Collections and other staff can recommend and where appropriate make purchases of material from any source up to their authorisation levels in accordance with the NMRN scheme of delegation. Purchases of up to £25,000 are reviewed by the Head of Collections & Research and/or the Deputy Executive Director of Museum Operations. Any purchases of a value above £50,000 go to the Director General for assessment.

Significant acquisitions are discussed at the Collections, Research, Learning and Access Committee. This Committee also receives quarterly reports on key acquisitions and an annual report of all items added to the collection.

Subject to the approval of the Trustees, the Museum may dispose of items from the collection, although this will only happen in exceptional circumstances, for example:

- When items fall outside the Museum's Collecting Policy or Charitable Objectives
- When an item contains a serious hazard which cannot be remediated.
- When an item is one of a significant number of duplicates
- When an item is in exceptionally poor condition which cannot be reversed and it cannot be repurposed to alternate use.

Significant Historic Ships

Accounting policy for initial recognition of the Heritage Asset

The methodology of valuation of significant historic ships by the National Museum group is total rebuild basis, discounted for the ship's current state of repair.

The values are calculated by the staff of the National Museum. Where the current build cost or market value of a similar ship is known and can be relied upon, this is used as the basis for establishing the value of the ship. Where this information is unavailable, the original build cost of each ship is grossed up to a modern-day value using a provider of historic economic data. This value is then discounted to take account of the ship's current state of repair, using the estimated costs to bring the ship to the final condition (being in most cases something close to 'as new'). For ships which are gifted to the National Museum, the discounted value becomes the 'deemed cost' of the ship.

Accounting policy for recognition of subsequent expenditure on significant ships

The National Museum's operating company, NMRN Operations, is responsible for the restoration, preservation, and maintenance of the ship under the terms of the operator agreement. Expenditure incurred by the operating company is recognised in that entity on an accruals basis as a liability is incurred. Capital expenditure on plant and machinery not integral to the fabric of the ship is capitalised on the balance sheet of the operating company.

HMS Victory

During the restoration project the ship will be subject to a formal revaluation at least every five years, with the next scheduled for 2022. The progress of the project will be reviewed annually with any material change being reflected by an interim valuation.

1.11. Operating Leases

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against incoming resources on a straight line basis over the life of the lease.

1.12. Investments

Investments held as fixed assets are revalued at mid-market value at the balance sheet date and the gain or loss taken to the statement of financial activities.

The Company adopts a total return approach to investment, generating the investment return from income and capital gains or losses. It is expected that if in any one year the total return is insufficient to fund the on-going expenditure, in the long term the value of the portfolio will still be maintained in accordance with the investment objective above.

Notes to the financial statements

for the year ended 31 March 2021

Attitude to Risk

The Company relies on the investment return to fund its objective. The key risk to the long term achievement of its objective is inflation, and the assets are invested accordingly. The Trustees understand that this will mean that investments are likely to be predominantly invested in equities, where dividends can be expected to grow, and that capital value will fluctuate. The Company's attitude to risk is therefore described as progressive.

1.13. Taxation

The activities of the company fall within the exemptions afforded by the provisions of the Corporation Tax Act 2010. Accordingly, there is no tax charge in these accounts. The company's trading subsidiary is subject to corporation tax.

The tax expense represents the current tax expense. Current tax assets are recognised when tax paid exceeds the tax payable. Current tax is charged or credited to the SOFA.

Current tax assets and current tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously.

Current tax is based on taxable profits for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

1.14. Stock

Stocks are usually stated at the lower of cost and estimated selling price less costs to complete and sell, after making due allowance for obsolescence and slow moving items.

The valuation of the timber stock is an exception, based on an estimate of the open market value that could be achieved in the event of a sale (please see note 1.16). Oak and elm donated by four Scottish Estates is excluded and will be valued at market value once the final seasoned quantity is known (please see note 18).

1.15. Basic financial Instruments

The company's financial assets and liabilities consist of cash and cash equivalents, short term investments, trade & other debtors, trade & other creditors and accrued expenses. The fair value of these items approximates their carrying value due to their short term value. Unless otherwise noted, the company is not exposed to significant interest, foreign exchange or credit risks arising from these instruments.

1.16. Judgements and key sources of estimation uncertainty

In applying the above accounting policies the following judgements (apart from those involving estimates) have been made that have had the most significant effect on amounts recognised in the financial statements:

- The useful lives of tangible fixed assets

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

- Valuation of historic ships
- Valuation of other heritage assets
- Valuation of land and buildings
- Valuation of HMS Victory timber stock

The estimation techniques that have been used in the consolidated financial statements are set out below.

Notes to the financial statements
for the year ended 31 March 2021

Estimate	Assumption
Valuation of Historic Ships	The valuations of historic ships acquired by the group has been based on an estimate of current costs of rebuilding the vessels, as the actual costs of doing so are unknown. This assumes that the same materials and methods of construction would be utilised with the same cost profile as the original, and, on the same basis, adjusted proportionately for those parts of the vessel that would not be replaced (for example, guns and engines).
Valuation of Heritage Assets (not Historic Ships)	The valuations of heritage assets donated to the group after 1 April 2000 with a value in excess of £2,500 are based on internal estimates of market value by the relevant curatorial staff and determined by their experience and judgement. Where this information is not available and cannot be obtained at a cost commensurate with the benefits to users of the financial statements, the assets will not be recognised in the Balance Sheet.
Valuation of Land and Buildings	The valuations of land and buildings are based on professional market valuations at least every five years and indices are used to reflect the change in value in the intervening years.
Valuation of HMS Victory Preservation Company timber stock	The valuations of the timber stock has been carried out by a professional valuer based on the assumption that the open market value could be achieved in the event of a sale. Although the stock of timber has been professionally valued, this can only be considered an estimate because, due to the nature and quantity of timber held, if it were ever to be sold on the open market, there would likely be a negative impact on the market price (please see note 18).

1.17. Pensions

During the year, contributions for the Director General only, totalling £13,000 (excluding salary exchange amounts) (2019-20 £13,000), were paid into a defined contribution group pension scheme. There were no outstanding or prepaid contributions at the balance sheet date. The pension cost charged to the Statement of Financial Activities represents the contributions paid.

The majority of staff of the National Museum and the subsidiaries are covered by the provisions of a defined contributions group pension plan, the assets of which are held in an independently administered fund and which provides benefits based on the value of the fund. A small number of staff, who have transferred into the National Museum under the Transfer of Undertakings (Protection of Employment) Regulations, have retained membership of their former employers' pensions schemes which provides benefits based on final pensionable pay, and include the Principal Civil Service Pension Scheme (PCSPS) and the Local Government Pension Scheme (LGPS).

Group Pension Plan

The National Museum operates a Group Pension Plan with employer's contributions being payable at either 6% or 10%. Under this plan a "salary exchange" scheme exists whereby employees may elect to give up the right to receive part of their salary remuneration in return for an additional employer's contribution into the Group Pension Plan of the same amount. The pension cost charged to the Statement of Financial Activities represents the contributions paid.

Principal Civil Service Pension Scheme (PCSPS)

The PCSPS is an unfunded multi employer defined benefit scheme but the National Museum of the Royal Navy is unable to identify its share of the underlying assets and liabilities. A full actuarial quadrennial valuation was carried out at 31 March 2016. Details can be found in the resource accounts of the Cabinet Office; Civil Superannuation: (www.civilservicepensionscheme.org.uk/about-us/scheme-valuations/)

For 2020-21, employer contributions were payable to the PCSPS at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands. The scheme actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2020-21 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Local Government Pension Scheme (LGPS)

The LGPS is a multi-employer defined benefit scheme. The National Museum of the Royal Navy is an admitted member of the Hampshire Pension Fund but is unable to identify its share of the underlying assets and liabilities. An actuarial valuation was carried out at 31 March 2019 with revised rates of contributions being payable from 1 April 2020. Details can be found in the Hampshire Pension Fund annual report and accounts: (<https://www.lgpsboard.org/index.php/schemedata/scheme-annual-report>). The next valuation date is 31 March 2022, with revised contributions being payable from 1 April 2023.

Notes to the financial statements
for the year ended 31 March 2021

The National Museum of the Royal Navy is also an admitted member of the Teesside Pension Fund but is unable to identify its share of the underlying assets and liabilities. An actuarial valuation was carried out at 31 March 2019 with revised rates of contributions being payable from 1 April 2020. Details can be found in the Teesside Pension Fund annual report and accounts: (<https://www.lgpsboard.org/index.php/schemedata/scheme-annual-report>). The next valuation date is 31 March 2022, with revised contributions being payable from 1 April 2023.

The pension cost charged to the Statement of Financial Activities is represented by the contributions payable under the LGPS including a past service deficit contribution at 0% (Hampshire) and 17% (Teesside) of pensionable pay.

1.18. Termination benefits

The group recognises a liability for termination benefits at the point where the group is committed to making the payments in return for employee redundancy.

1.19. Restatement of comparative information

Comparative information for 2020 has been restated to reflect the changes described below:

The Fleet Air Arm Museum was awarded a legacy from Sir Donald Gosling, through The Gosling Foundation in February 2020, the legacy being received in July 2020. Comparative information has been restated to accrue the income as at 31 March 2020.

Notes to the financial statements
for the year ended 31 March 2021

2. Voluntary income (Company and Group)

	Unrestricted funds £'000	Restricted funds £'000	Linked charities £'000	2021 Total £'000	Unrestricted funds £'000	Restricted funds £'000	Linked charities £'000	2020 Total £'000
Grant (operating)	7,198	-	-	7,198	3,375	-	-	3,375
Grant (capital)	128	-	-	128	126	-	-	126
Total Grant in Aid	<u>7,326</u>	<u>-</u>	<u>-</u>	<u>7,326</u>	<u>3,501</u>	<u>-</u>	<u>-</u>	<u>3,501</u>
Other donations and grants								
Coastal Forces Heritage Trust	-	-	-	-	-	140	-	140
Ministry of Defence	-	135	-	135	-	328	-	328
Miscellaneous donations and grants	1	-	-	1	2	-	-	2
	<u>1</u>	<u>135</u>	<u>-</u>	<u>136</u>	<u>2</u>	<u>468</u>	<u>-</u>	<u>470</u>
Gifts in kind:								
Transferred from NMRN Operations	-	-	647	647	-	-	83	83
	<u>-</u>	<u>-</u>	<u>647</u>	<u>647</u>	<u>-</u>	<u>-</u>	<u>83</u>	<u>83</u>
Received by company	<u>1</u>	<u>135</u>	<u>647</u>	<u>783</u>	<u>2</u>	<u>468</u>	<u>83</u>	<u>553</u>
Received by:								
NMRN Operations	2,481	3,790	-	6,271	838	7,540	-	8,378
Royal Navy Submarine Museum	16	-	-	16	1	-	-	1
Royal Marines Museum	15	1,189	-	1,204	44	-	-	44
HMS Victory Preservation Co	1	-	-	1	5	-	-	5
HMS Trincomalee Trust	1	7	-	8	-	-	-	-
Warrior Preservation Trust	1	-	-	1	1	-	-	1
Consolidation adjustments:								
NMRN Operations (1)	-	-	(647)	(647)	-	-	(83)	(83)
	<u>2,515</u>	<u>4,986</u>	<u>(647)</u>	<u>6,854</u>	<u>889</u>	<u>7,540</u>	<u>(83)</u>	<u>8,346</u>
Received by group	<u>2,516</u>	<u>5,121</u>	<u>-</u>	<u>7,637</u>	<u>891</u>	<u>8,008</u>	<u>-</u>	<u>8,899</u>

1) Heritage assets transferred to the Royal Naval Museum from NMRN Operations, eliminated on consolidation

Notes to the financial statements
for the year ended 31 March 2021

3. Legacies (Group)

	Unrestricted funds £'000	Restricted Funds £'000	2021 Total £'000	Unrestricted funds £'000	Restricted funds £'000	<i>Restated</i> 2020 Total £'000
Received by:						
NMRN Operations	14	-	14	341	-	341
Fleet Air Arm Museum	1	-	1	-	1,000	1,000
Royal Marines Museum	1	-	1	2	-	2
Royal Navy Submarine Museum	-	-	-	71	-	71
	<u>16</u>	<u>-</u>	<u>16</u>	<u>414</u>	<u>1,000</u>	<u>1,414</u>

There are no equivalent balances for the company.

4. Admissions (Group)

	Unrestricted funds £'000	2021 Total £'000	Unrestricted funds £'000	2020 Total £'000
Museum admissions				
Portsmouth Historic Dockyard	895	895	4,333	4,333
Fleet Air Arm Museum	215	215	776	776
Hartlepool	20	20	250	250
HMS Caroline	2	2	190	190
	<u>1,132</u>	<u>1,132</u>	<u>5,549</u>	<u>5,549</u>
Other site income				
Portsmouth Historic Dockyard	38	38	35	35
	<u>1,170</u>	<u>1,170</u>	<u>5,584</u>	<u>5,584</u>

There are no equivalent balances for the company.

Portsmouth Historic Dockyard includes: HMS *Victory*; HMS *Warrior*; Royal Naval Museum; Royal Navy Submarine Museum; and Explosion!

Admissions income includes amounts reclaimed from HM Revenue and Customs under the Gift Aid Scheme.

Notes to the financial statements
for the year ended 31 March 2021

5. Income and expenses from trading activities of subsidiaries

The National Museum has control of NMRN Operations (NMRNO), NMRN Hartlepool (NMRNH), the HMS Victory Preservation Company (HMSVPC), the HMS Caroline Preservation Company (HMSCPC), the HMS Trincomalee Trust (HMSTT), the Warrior Preservation Trust (WPT), the Royal Navy Submarine Museum Trust (RNSM), the Royal Marines Museum Charitable Trust (RMM), and the Fleet Air Arm Museum (FAAM). NMRN Operations also has a non-charitable trading subsidiary. Dormant subsidiaries awaiting strike off are not included below (these have £Nil balances).

Note: the results for FAAM Trust and WPT include consolidation adjustments of £2,222,000 and £250,000 respectively, to increase reserves brought forward and heritage assets.

5.1 Statement of Financial Activities
(Subsidiaries)

	NMRNO	NMRNH	HMSVPC	HMSCPC	HMSTT	WPT	RMM	RNSM	FAAM	2021	2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income from:											
Donations and legacies	14,889	-	1	-	9	1	1,205	16	1	16,122	15,104
Charitable activities	1,200	-	-	-	-	-	-	-	-	1,200	5,630
Other trading activities											
Trading subsidiary	183	-	-	-	-	-	-	-	-	183	2,920
Investments	-	-	379	-	4	-	-	-	-	383	675
Other	236	-	-	-	-	-	-	1	-	237	192
Total income	16,508	-	380	-	13	1	1,205	17	1	18,125	24,521
Expenditure on:											
Raising funds	805	-	-	-	-	-	-	-	-	805	935
Trading subsidiary	344	-	-	-	-	-	-	-	-	344	2,973
Investment management	-	-	147	-	-	-	-	-	-	147	243
Charitable activities	12,175	-	246	-	11	45	1,382	95	321	14,275	15,364
Total expenditure	13,324	-	393	-	11	45	1,382	95	321	15,571	19,515

Notes to the financial statements
for the year ended 31 March 2021

5.1 Statement of Financial Activities (continued) (Subsidiaries)	NMRNO	NMRNH	HMSVPC	HMSCPC	HMSTT	WPT	RMM	RNSM	FAAM	2021	Restated 2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Net (loss)/ gain on investments	-	-	6,413	-	-	-	-	-	-	6,413	(1,292)
Net income/(expenditure)	3,184	-	6,400	-	2	(44)	(177)	(78)	(320)	8,967	3,714
Other recognised gains/(losses)											
Revaluation of fixed assets	(267)	-	1	-	-	-	(3,176)	-	(160)	(3,602)	306
Net movement in funds	2,917	-	6,401	-	2	(44)	(3,353)	(78)	(480)	5,365	4,020
Reconciliation of funds											
Fund balances brought forward	22,373	4	60,255	12,560	21,384	26,420	6,142	19,016	9,816	177,970	173,950
Fund balances carried forward	25,290	4	66,656	12,560	21,386	26,376	2,789	18,938	9,336	183,335	177,970
5.2 Balance Sheet (Subsidiaries)	NMRNO	NMRNH	HMSVPC	HMSCPC	HMSTT	WPT	RMM	RNSM	FAAM	2021	Restated 2020
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fixed assets											
Tangible fixed assets	22,380	-	139	-	-	-	-	-	5,086	27,605	32,058
Heritage assets	-	-	19,375	12,560	21,008	25,290	734	18,651	3,111	100,729	100,729
Investments	-	-	39,930	-	-	-	-	-	-	39,930	33,602
	22,380	-	59,444	12,560	21,008	25,290	734	18,651	8,197	168,264	166,389
Current assets	7,011	4	7,260	1	486	1,089	3,182	375	1,141	20,549	17,954
Current liabilities	(4,101)	-	(48)	(1)	(12)	(3)	(1,127)	(88)	(2)	(5,382)	(6,277)
Long term liabilities	-	-	-	-	(96)	-	-	-	-	(96)	(96)
Total Funds	25,290	4	66,656	12,560	21,386	26,376	2,789	18,938	9,336	183,335	177,970

Notes to the financial statements
for the year ended 31 March 2021

5.3 National Museum of the Royal Navy Trading

National Museum of the Royal Navy Trading (NMRNT) is a company limited by guarantee, incorporated in England & Wales. NMRNT operates a number of retail outlets and cafes within the Museums and the corporate events.

At the discretion of its directors, NMRNT distributes its net profit to NMRN Operations (the parent). A summary of the company's trading results is shown below:

	2021	2020
	£'000	£'000
Turnover	167	2,902
Cost of sales	(122)	(1,243)
Gross Profit	45	1,659
Administration	(235)	(1,753)
Commissioning fee from NMRN Operations	-	-
Other income	16	19
Net (loss) / profit	(174)	(75)
Tax on ordinary activities	55	22
(Loss) / Profit for the Financial Year	(119)	(53)
Amount gifted to NMRN Operations	-	(41)
Retained (loss)/profit for the period	(119)	(94)
Retained profit brought forward	450	544
Retained profit carried forward	331	450

5.4 Agency funds

The National Museum group was responsible for the collection and distribution of ticketing income for the destination Portsmouth Historic Dockyard on behalf of Portsmouth Naval Base Property Trust and the National Museum until August 2020. A summary of the agency fund activity for the year is shown below. These balances are excluded from the accounts. The ticket income due to the National Museum is included in admissions income on the SOFA.

	2021	2020
	Total	Total
	£'000	£'000
<u>Statement of financial activities</u>		
Income received	17	5,107
Distributions	(17)	(5,107)
Net incoming resources	-	-
<u>Balance Sheet</u>		
Current assets	-	702
Current liabilities	-	(702)
Net assets	-	-

Notes to the financial statements
for the year ended 31 March 2021

6. Investment income (Group)

	Unrestricted funds £'000	Endowment funds £'000	2021 Total £'000	Unrestricted funds £'000	Endowment funds £'000	2020 Total £'000
Interest income	2	13	15	3	14	17
Dividend income	301	67	368	515	143	658
	<u>303</u>	<u>80</u>	<u>383</u>	<u>518</u>	<u>157</u>	<u>675</u>

7. Fundraising costs (Group)

	Unrestricted funds £'000	2021 Total £'000	Unrestricted funds £'000	2020 Total £'000
Staff costs	605	605	530	530
Fundraising and publicity	200	200	405	405
	<u>805</u>	<u>805</u>	<u>935</u>	<u>935</u>

There were no fundraising costs to the company during the period, with all fundraising activities undertaken elsewhere with the Group.

8. Costs of charitable activities - by fund type (Company)

	Unrestricted funds £'000	Restricted funds £'000	2021 Total £'000	Unrestricted funds £'000	Restricted funds £'000	2020 Total £'000
Operations	396	-	396	420	-	420
Collections & research	85	-	85	107	-	107
Learning	48	-	48	40	-	40
Grant funding	6,811	135	6,946	2,806	1,143	3,949
	<u>7,340</u>	<u>135</u>	<u>7,475</u>	<u>3,373</u>	<u>1,143</u>	<u>4,516</u>

Costs of charitable activities - by fund type (Group)

	Unrestricted funds £'000	Restricted funds £'000	2021 Total £'000	Unrestricted funds £'000	Restricted funds £'000	2020 Total £'000
Operations	6,617	3,053	9,670	7,249	4,626	11,875
Collections & research	1,502	580	2,082	1,883	152	2,035
Learning	692	52	744	588	36	624
	<u>8,811</u>	<u>3,685</u>	<u>12,496</u>	<u>9,720</u>	<u>4,814</u>	<u>14,534</u>

Notes to the financial statements
for the year ended 31 March 2021

9. Costs of activities in furtherance of the objects of the charity (Company)

	Operations £'000	Collections & research £'000	Learning £'000	Grant funding £'000	2021 Total £'000	2020 Total £'000
Staff costs	277	59	34	-	370	437
Governance and support costs	119	26	14	-	159	130
	<u>396</u>	<u>85</u>	<u>48</u>	<u>-</u>	<u>529</u>	<u>567</u>
Grant funding: NMRN Operations	-	-	-	6,946	6,946	3,949
	<u>396</u>	<u>85</u>	<u>48</u>	<u>6,946</u>	<u>7,475</u>	<u>4,516</u>

Costs of activities in furtherance of the objects of the charity (Group)

	Operations £'000	Collections & research £'000	Learning £'000	Grant funding £'000	2021 Total £'000	2020 Total £'000
Staff costs	3,439	713	408	-	4,560	4,617
Operating costs	442	-	-	-	442	459
Marketing	276	-	-	-	276	758
Curatorial	-	364	-	-	364	302
Purchase of exhibits	-	10	-	-	10	35
Depreciation	833	316	100	-	1,249	1,207
Loss on disposal of fixed assets	64	269	8	-	341	20
Governance and support costs	1,910	410	228	-	2,548	2,619
	<u>6,964</u>	<u>2,082</u>	<u>744</u>	<u>-</u>	<u>9,790</u>	<u>10,017</u>
Project costs:						
HMS Caroline	9	-	-	-	9	265
HMS Victory	1,094	-	-	-	1,094	1,036
HMS Warrior	43	-	-	-	43	296
HMS Invincible	85	-	-	-	85	210
Landing Craft (Tank) - LCT7074	1,000	-	-	-	1,000	1,762
Royal Marines Museum relocation	277	-	-	-	277	316
Fleet Air Arm Museum	10	-	-	-	10	199
Royal Navy Submarine Museum	-	-	-	-	-	42
NMRN Hartlepool	131	-	-	-	131	58
Other project costs	57	-	-	-	57	333
	<u>2,706</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,706</u>	<u>4,517</u>
	<u>9,670</u>	<u>2,082</u>	<u>744</u>	<u>-</u>	<u>12,496</u>	<u>14,534</u>

Notes to the financial statements
for the year ended 31 March 2021

10. Analysis of governance and support costs (Company)

	Operations £'000	Collections & research £'000	Learning £'000	2021 Total £'000	2020 Total £'000
Accountancy & payroll	13	3	2	18	20
Auditor remuneration	1	-	-	1	2
Auditor remuneration - NAO	45	10	5	60	49
Legal and professional	6	1	1	8	18
Insurance	35	7	4	46	-
Travelling expenses	3	1	-	4	20
Bank charges & interest	2	1	-	3	12
Depreciation	-	-	-	-	1
Sundry expenses	14	3	2	19	8
	<u>119</u>	<u>26</u>	<u>14</u>	<u>159</u>	<u>130</u>

Analysis of governance and support costs (Group)

	Operations £'000	Collections & research £'000	Learning £'000	2021 Total £'000	2020 Total £'000
Accountancy & payroll	50	12	5	67	84
Auditor remuneration	62	15	7	84	48
Auditor remuneration - NAO	45	10	5	60	49
Legal and professional	101	22	12	135	101
Repairs and maintenance	689	147	83	919	384
Insurance	151	32	18	201	215
Premises expenses	624	134	77	835	1,336
Travelling expenses	20	4	2	26	127
Communication and IT	48	10	6	64	62
Printing, postage and stationery	24	5	3	32	58
Bank charges & interest	33	7	4	44	107
Depreciation	11	-	-	11	11
Sundry expenses	52	12	6	70	37
	<u>1,910</u>	<u>410</u>	<u>228</u>	<u>2,548</u>	<u>2,619</u>

11. Employees

	Group 2021 £'000	Group 2020 £'000	Company 2021 £'000	Company 2020 £'000
Employment costs				
Wages and salaries	5,065	6,445	260	306
Social security costs	335	437	33	35
Pension costs	412	494	68	76
Employee benefits	11	16	11	16
	<u>5,823</u>	<u>7,392</u>	<u>372</u>	<u>433</u>

Key management personnel

Employee benefits received by key management personnel total £288,000 for the year to 31 March 2021 (31 March 2020: £349,000).

The total received by the group from the Coronavirus Job Retention Scheme in the period was £1,570,000 (Company only - £Nil).

Notes to the financial statements
for the year ended 31 March 2021

Higher paid employees

The number of employees who earned more than £60,000 during the year was as follows:

	Group 2021	Group 2020	Company 2021	Company 2020
£60,001 to £70,000	3	2	-	-
£70,001 to £80,000	1	1	-	1
£80,001 to £90,000	1	-	1	-
£90,001 to £100,000	1	1	1	1
£120,001 to £130,000	1	1	1	1
	<u>3</u>	<u>5</u>	<u>3</u>	<u>3</u>

Number of employees

The average monthly numbers of employees during the year, was as follows:

	Group 2021	Group 2020	Company 2021	Company 2020
Charitable expenditure	312	401	-	-
Cost of generating funds	3	4	-	-
Governance costs	6	7	3	4
	<u>321</u>	<u>412</u>	<u>3</u>	<u>4</u>

The above includes workers engaged under Casual Worker Agreements. The average full-time equivalent number of staff for the year was 177 (2020: 226).

Staff costs for the charity for the year include an accrual of £8,000 (2020: £3,000), and for the group include £96,000 (2020: £41,000), for short-term compensated absences arising from employee entitlement to annual leave.

During the financial year 22 redundancies (2020: 4) were identified within the group and contractual/redundancy costs of £146,000 were paid (2020: £50,000). No further amounts were accrued at 31 March 2021 (2020: £Nil).

Pensions contributions

The contributions made to each scheme during the year are set out below. There were no outstanding or prepaid contributions at the balance sheet date:

	2021			2020		
	Group Schemes £'000	PCSPS £'000	LGPS £'000	Group Schemes £'000	PCSPS £'000	LGPS £'000
National Museum of the Royal Navy	68	-	-	76	-	-
NMRN Operations	315	17	11	371	22	16
NMRN Trading (reported within trading expenditure)	-	-	-	9	-	-
	<u>383</u>	<u>17</u>	<u>11</u>	<u>456</u>	<u>22</u>	<u>16</u>

12. Trustees' emoluments

No trustees received remuneration during the year (2020: Nil). Four trustees from the National Museum of the Royal Navy were reimbursed for travel expenses totalling £1,000 (2020: Nine trustees - £4,000).

13. Net outgoing resources for the year

	2021 £'000	2020 £'000
Net outgoing resources is stated after charging:		
Depreciation and other amounts written off tangible fixed assets	1,716	1,360
Auditors' remuneration - National Audit Office	60	49
Auditors' remuneration - Subsidiary Auditors	84	48
	<u>1,860</u>	<u>1,457</u>

The National Audit Office fee for the year ended 31 March 2021 is £59,500, including £6,000 additional costs relating to 2020 (2020: £49,000). There is no remuneration for non-audit work.

Notes to the financial statements
for the year ended 31 March 2021

14. Taxation

The activities of the company and the individual charities fall within the exemptions afforded by the provisions of the Corporation Tax Act 2010. Accordingly, there is no taxation charge in these accounts.

NMRN Operations' wholly owned, non-charitable subsidiary, trading company is subject to Corporation Tax.

15. Tangible fixed assets (Company)

	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Heritage assets £'000	Total £'000
Cost or valuation				
At 1 April 2020	4	9	3,366	3,379
Additions	-	-	647	647
At 31 March 2021	4	9	4,013	4,026
Depreciation				
At 1 April 2020	4	9	-	13
Charge for the year	-	-	-	-
At 31 March 2021	4	9	-	13
Net book values				
At 31 March 2021	-	-	4,013	4,013
At 31 March 2020	-	-	3,366	3,366

Tangible fixed assets (Group)

	Assets under construction £'000	Freehold £'000	Short Leasehold £'000	Computer and office equipment £'000	Plant and machinery £'000	Fixtures, fittings and equipment £'000	Exhibitions £'000	Heritage assets £'000	Total £'000
Cost or valuation									
At 1 April 2020	4,154	17,029	11,334	2,655	2,493	7,750	1,602	104,096	151,113
Additions	1,707	-	72	108	280	-	414	647	3,228
Transfers	(5,678)	-	-	-	5,678	-	-	-	-
Disposals	-	(2,038)	-	(97)	-	(133)	(31)	-	(2,299)
Revaluation	-	(3,851)	(323)	201	53	78	31	-	(3,811)
At 31 March 2021	183	11,140	11,083	2,867	8,504	7,695	2,016	104,743	148,231
Depreciation									
At 1 April 2020	-	3,211	2,157	2,465	1,123	5,491	511	-	14,958
Charge for the year	-	223	333	77	290	224	228	-	1,375
Disposals	-	(66)	-	(93)	-	(51)	(31)	-	(241)
On revaluation	-	(425)	(50)	187	(3)	60	21	-	(210)
At 31 March 2021	-	2,943	2,440	2,636	1,410	5,724	729	-	15,882
Net book values									
At 31 March 2021	183	8,197	8,643	231	7,094	1,971	1,287	104,743	132,349
At 31 March 2020	4,154	13,818	9,177	190	1,370	2,259	1,091	104,096	136,155

Notes to the financial statements
for the year ended 31 March 2021

Land and buildings owned by the Fleet Air Arm Museum were revalued in 2015 by DVS Property Specialists, in accordance with the stated policy. Land and buildings owned by the Royal Navy Submarine Museum (and subsequently transferred to NMRN Operations) were revalued in 2017 by Hellier Langston, in accordance with the stated policy. The revaluations were conducted by qualified surveyors on a depreciated replacement cost basis and in accordance with the RICS Valuation Professional Standards.

Land and buildings owned by the Royal Marines Museum were previously valued at depreciated replacement cost, with a professional valuation being obtained at least every five years. The Museum closed on 1 April 2017 and the land and buildings were revalued to market value on 18 May 2017, and subsequently sold on 25 November 2020.

16. The Collections

The collections are held by each trust individually and consist of artefacts - physical, written and oral - reflecting the history of the Royal Navy and its people throughout the area of its worldwide operations. In addition to covering the Royal Navy as a whole, the particular branches of the service (Surface Fleet, Submarines, Royal Marines and Fleet Air Arm) are also well represented.

The collections are subject to an ongoing programme of audit, review and documentation as they are integrated into the National Museum's collection management systems, and the numbers of artefacts held within the Explosion! and Royal Marines Museum collections have been amended within this reporting period. The number of artefacts held by each trust is summarised below, by category:

Category	Royal Naval Museum	Explosion!	Royal Navy Submarine Museum	Royal Marines Museum	Fleet Air Arm Museum	HMS Trincomalee Trust	Warrior Preservation Trust	HMS M33 Trust	HMS Caroline Pres. Trust	HMS Victory Pres. Trust	Total
Large Items	86	13	8	17	181	1	1	1	1	1	310
Works of Art/Models	5,330	260	957	10,824	1,310	8	155	-	-	-	18,844
Documentary Archive	35,365	4,109	22,000	36,000	1,034,148	4	1,427	-	-	-	1,133,128
Uniforms/Badges & Insignia	7,543	-	848	15,817	4,403	-	45	-	-	-	28,656
Orders & Decorations	5,418	-	235	2,564	1,556	19	12	-	-	-	9,804
Weapons/Armaments	297	1,251	64	1,694	194	-	20	-	-	-	3,520
Photograph/Microfilm/Fiche	165,804	2,978	60,793	2,000,000	881,452	-	315	-	-	-	3,111,342
Film and Sound Recordings	700	22	825	1,382	164	-	1	-	-	-	3,094
Other	4,412	5,057	3,600	3,347	17,265	2	1,154	-	-	-	34,837
Total	224,955	13,690	89,330	2,071,645	1,940,673	34	3,130	1	1	1	4,343,460

Royal Naval Museum

In 2011-12 the title to, and beneficial ownership of, the collection relating to HMS *Caroline* passed to the Royal Naval Museum. This collection consists of around 400 items including pictures, photographs, flags and other items. Information regarding cost or value of this collection is not readily available and the charity considers that the cost of obtaining such valuation for the collection of assets held is significant and is not commensurate with the benefit obtained by including the additional capitalised value in the financial statements.

On 28 March 2013 the title to, and beneficial ownership of, the collection belonging to the Explosion! Museum, Gosport, passed to the Royal Naval Museum. This extensive collection includes small arms, cannon and guns, shells and munitions, mines, torpedoes, modern missiles, and an atom bomb. The collection has been included within heritage asset additions at the purchase price of £145,000.

One other significant Second World War item accessioned to the collection of the Royal Naval Museum is Landing Craft (Tank) Mk III, LCT 7074, gifted to the National Museum of the Royal Navy (NMRN) from the Mersey Docks and Harbour Company Limited on 7 November 2014. The methodology of valuation of significant ships should be consistent with that used by NMRN, using the total rebuild basis discounted for the ship's current state of repair. Whilst the cost of rebuild can be established using the original cost of building uplifted for today's value, information regarding the cost or value of the conservation required to bring the ship to an 'as new' condition is not readily available, therefore no value has been applied to the gift at this stage. The value will be revisited in future years when further information regarding the costs of conservation have been established.

**Notes to the financial statements
for the year ended 31 March 2021**

On 31 March 2017, a gift for charitable purposes was made to the Royal Naval Museum of 777 items from the Ministry of Defence Art Collection, including paintings, objects d'art, ship figureheads, engravings and furniture. Given the diverse nature of the collection and the uniqueness of some items, comparables are not readily available to the National Museum for valuation purposes. The collection is dispersed across Ministry of Defence buildings throughout the United Kingdom and abroad and will remain in situ for the foreseeable future. As such, there are considerable practical difficulties associated with accessing such a large volume of items to determine their quality, authenticity, condition and value. The supporting information made available to the National Museum by the Ministry of Defence is limited in terms of making a realistic valuation and would take significant work to generate e.g. condition reports, imagery, etc. The Trustees consider that the costs of obtaining a reliable valuation for this collection would be significant and is not commensurate with the benefit obtained by including the additional capitalised value in the accounts. Additionally, given the circumstances described, any attempt to value the collection would be considerably arbitrary, to the extent that such a valuation would be potentially misleading to a user of the financial statements.

On 13 March 2020, the National Museum received a gift of 12 figureheads from the Ministry of Defence. This was the first tranche of a gift for charitable purposes of The Devonport Collection. The charity considers that the cost of obtaining a valuation for this gift is significant, as such items rarely come on the market, and is not commensurate with the benefit obtained by including the capitalised value in the financial statements.

Five-year summary of transactions	2021	2020	2019	2018	2017
	£'000	£'000	£'000	£'000	£'000
Purchased additions					
Royal Naval Museum	648	83	114	137	5
Royal Navy Submarine Museum	-	-	-	-	-
Fleet Air Arm Museum	-	-	-	-	3
	<u>648</u>	<u>83</u>	<u>114</u>	<u>137</u>	<u>8</u>
Donated additions					
Royal Naval Museum	-	-	4	3	264
Fleet Air Arm Museum	-	-	-	-	-
HMS Trincomalee Trust	-	-	-	-	8
	<u>-</u>	<u>-</u>	<u>4</u>	<u>3</u>	<u>272</u>
Total additions	<u>648</u>	<u>83</u>	<u>118</u>	<u>140</u>	<u>280</u>

Significant historic ships

Ship (for reporting entity please see below)	Donor	Date of gift	Uplifted original build cost apportioned for value on completion	Estimated cost of repair at time of gifting	Value of gift	Value at 1 April 2020	Increase in year	Value at 31 March 2021
			£'000	£'000	£'000	£'000	£'000	£'000
HMS <i>Alliance</i>	Ministry of Defence	1979	£18,480	N/A	N/A	£18,480	-	£18,480
HMS <i>Caroline</i>	Ministry of Defence	2013	£12,560	£5,004	£7,556	£12,560	-	£12,560
HMS <i>M33</i>	Hampshire County	2014	£1,775	£683	£1,092	£1,775	-	£1,775
HMS <i>Trincomalee</i>	Purchased for £1	N/A	£21,000	N/A	N/A	£21,000	-	£21,000
HMS <i>Victory</i>	Ministry of Defence	2012	£50,000	£30,625	£19,375	£19,375	-	£19,375
HMS <i>Warrior 1860</i>	Purchased for £1	N/A	£25,040	N/A	N/A	£25,040	-	£25,040

The Royal Navy Submarine Museum Trust – HMS *Alliance*

The submarine, HMS *Alliance*, was constructed in Barrow-in-Furness in 1947. She is a Royal Navy A Class submarine and is the only surviving example of the class. The ship was transferred to the Royal Navy Submarine Museum in 1979 where she has been on display since the transfer. HMS *Alliance* is valued at £18,480,000 to reflect its estimated rebuild cost. The valuation was carried out in 2015.

The original build cost of the submarine is estimated to be £304,495 based on the cost of a similar T Class submarine - HMS *Triumph* - built in 1936. Uplifted for current value (2015), this cost was equivalent to £18,480,000. HMS *Alliance* was completely refurbished and reopened to the public in April 2014. The renovation work carried out was an extensive project costing around £7,000,000 to complete, and included repairing damage to the hull, in addition to completely restoring the interior of the submarine. As a result of these works it was not felt that any deductions to the original cost for disrepair was necessary.

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HMS Caroline Preservation Trust – HMS *Caroline*

The ship, HMS *Caroline*, was constructed at the Cammell Laird shipyard in Birkenhead in 1914. She was one of eight C-Class light cruisers and is the last remaining British WW1 light cruiser still afloat and the sole survivor of the Battle of Jutland. The ship was gifted to the Trust on 18 November 2013 by the Ministry of Defence. HMS *Caroline* was initially recognised in the accounts at a value of £7,556,000, calculated on a total build basis discounted to take account of the ship's state of repair at the time of gifting.

In 1914, the original build cost of HMS *Caroline* was £300,000. Uplifted for current value (2013), this cost was the equivalent of £25,120,000. The ship would be brought to sound and original condition, as far as possible, in the course of the refurbishment programme. However substantial elements of the original ship including the boilers, and armaments, would not be replaced. It was therefore the view of the project management team that 50% of the original value was a reasonable measure of the heritage asset value of the ship on completion of these works, the discounted value being £12,560,000.

Based on the above, the ship was initially recognised in the accounts at a value of £7,556,000, reflecting the value on completion of £12,560,000, discounted back for the expenditure anticipated to be required to achieve that outcome. The value was then increased in the year to 31 March 2016 by £1,079,000, and in the year to 31 March 2017 by £3,925,000, to the final valuation of £12,560,000 on completion of the scheduled programme of works.

HMS M33 Trust – HMS *M33*

Monitor HMS *M33* was built by Harland and Wolff, Belfast, in 1915. She is one of only three surviving Royal Navy warships of the First World War and the only surviving ship from the Gallipoli Campaign. The ship was gifted to the Trust on 19 May 2014 by Hampshire County Council. HMS *M33* was initially recognised in the accounts at a value of £1,092,000, calculated on a total build basis discounted to take account of the ship's current state of repair.

In 1915, the original build cost of HMS *M33* was £40,000. Uplifted for current value (2014), this cost was the equivalent of £2,863,000. The ship has been brought to sound and original condition, as far as possible, in the course of the conservation programme. However substantial elements of the original ship, notably the boilers and engines, were removed in the past and will not be replaced. It is therefore the view of the project management team that 62% of the original value is a reasonable measure of the heritage asset value of the ship on completion of these works, the discounted value being £1,775,000.

HMS Trincomalee Trust – HMS *Trincomalee*

The ship, HMS *Trincomalee*, is the oldest surviving Royal Navy Frigate and the oldest warship still afloat in the UK. She was acquired by the Trust for a nominal £1. HMS *Trincomalee* has been included at a valuation designed to reflect the estimated rebuild costs of the ship.

The value of HMS *Trincomalee*, on the basis of a full renewal cost of rebuild, discounted to take account of the ship's current state of repair, has been calculated at £21,000,000. The calculation is based on the comparable cost of the Frigate *Hermione* project, completed in 2012. This cost was pro-rated for the relative displacement tonnages. L'*Hermione*'s displacement tonnage was 1,166 tonnes and the rebuild cost was £16,700,000 in 2012. HMS *Trincomalee*'s displacement tonnage is 1,447 tonnes (per 'Great Sailing Ships of the World' by Otmar Schauffelen) therefore the rebuild cost is approximately £21,000,000.

The restoration to restore her to her original condition was completed in 2001, prior to this revaluation to her full rebuild cost.

HMS Victory Preservation Trust – HMS *Victory*

The ship, HMS *Victory*, was floated out of the Old Single Dock in Chatham's Royal Dockyard in 1765. In 1805 she achieved lasting fame as the flagship of Vice-Admiral Nelson in Britain's greatest naval victory, the defeat of the French and Spanish at the Battle of Trafalgar. She is the oldest commissioned warship in the world and remains a commissioned warship of the Royal Navy and the Flag Ship of the First Sea Lord. The ship was gifted to the Trust on 29 March 2012 by the Ministry of Defence.

HMS *Victory* has been included in the accounts at a value of £19,375,000 calculated on a total rebuild basis discounted to take account of the ship's current state of repair. This value was calculated by staff of the National Museum by reference to the costs incurred by the Association Hermione-La Fayette in their construction of the replica frigate, Hermione, on a pro-rata basis on respective tonnage displacement of the two ships.

The value of HMS *Victory*, on the basis of full renewal cost of rebuild, has been calculated as £50,000,000. The calculation is based on the comparable cost of the frigate 'Hermione' project, completed in 2012. This cost was pro-rated for the relative displacement tonnages. L'*Hermione*'s displacement tonnage was 1,166 tonnes and the rebuild cost was £16,700,000 in 2012. HMS *Victory*'s displacement tonnage is 3,500 tonnes therefore the rebuild cost is approximately £50,000,000.

HMS *Victory* today is far from 'new build' condition and during the next 10-20 years, it is projected that a sum in the region of £30,625,000 (at current costs) will be expended in bringing the Ship to (something close to) new condition. Whilst HMS *Victory* will not then be literally 'as good as new', any lower value would be offset by it being, at least in perception, the original ship.

Based on the above, the ship has been recognised in the accounts at a valuation of £19,375,000 reflecting an 'as new' value, discounted back for the expenditure anticipated to be required to achieve that outcome. An increasing value, over time, as renovations are carried out, will reflect the improving condition of the ship.

Notes to the financial statements
for the year ended 31 March 2021

Warrior Preservation Trust – HMS *Warrior* 1860

The original hull of the ship, HMS *Warrior*, was laid down at the Thames Iron Works and Shipbuilding Company based at Blackwall, London. Completed in 1861, she was the world's first ocean-going, iron-hulled, armoured warship. The original hull of HMS *Warrior* was acquired by the Maritime Trust from the Ministry of Defence for £1 in August 1979, and transferred to the Warrior Preservation Trust in 1983. HMS *Warrior* 1860 has been included at a valuation designed to reflect the estimated rebuild costs of the hull.

In 1861, the original cost of the hull was £282,284. Uplifted for current value (2017) this cost was the equivalent of £25,040,000. The ship was brought to sound and original condition, as far as possible, during the restoration between 1979 and 1987 therefore it was not felt that any deductions to the original cost for disrepair was necessary.

17. Investment assets

	Group	
	Listed	Unlisted
	2021	2021
	£'000	£'000
Valuation		
At 1 April 2020	33,602	-
Additions	79	-
Gains and losses before management fees	6,413	
Less management fees deducted	(164)	
Realised and unrealised gains and losses	6,249	-
At 31 March 2021	39,930	-
Historical cost as at 31 March 2021	31,411	-
Historical cost as at 31 March 2020	31,331	-
Investments By fund:		
Endowment funds	39,930	-

Included in the above investments are:

HMS Victory Preservation Company:

The HMS Victory Preservation Company holds two portfolios of investments, managed by Ruffer and Cazenove respectively. The investment objective is to generate a total return of inflation plus 3% per annum over the long term. The market valuation at the year end is provided by the Fund Managers, the results of which are summarised as follows:

	2021	2020
	£'000	£'000
UK		
UK government and fixed interest securities	729	2,338
UK bonds	657	1,183
UK equities	4,550	5,586
Portfolio funds	-	524
Others	4,063	8,555
Capital account	1,013	864
	11,012	19,050
Overseas		
Fixed interest	1,388	3,817
International bonds	1,333	737
International equities	23,473	9,998
Others	2,724	-
	28,918	14,552
	39,930	33,602

Notes to the financial statements
for the year ended 31 March 2021

18. Stocks

	Group 2021 £'000	Group 2020 £'000
Held by:		
HMS Victory Preservation Company	6,648	6,650
NMRN Operations	215	215
Trading subsidiaries	458	492
	<u>7,321</u>	<u>7,357</u>

Stock is valued at the lower of cost, (or at net current replacement cost, if materially different), and net realisable value after making due allowance for obsolescence and slow-moving items.

In March 2012, along with the gift of HMS Victory, the HMS Victory Preservation Trust received approximately 500m³ of teak, procured by MoD and valued by Timbmet, in order to undertake repairs to the Ship's planking. At the HMS Victory Preservation Company Board meeting of 13 November 2014, the Board endorsed the Technical Committee's recommendation that, for planning purposes, oak be used as the candidate timber for the conservation of the Ship. Samples of oak are presently being subject to material trials to assess their durability in the Ship's structure. Completion of the Phase 1 Trials (static accelerated weathering and UV trials of paint schemes, fixings and caulking) and Phase 2 Trials (dynamic trials of caulking), which will confirm the use of the oak, were delayed as a result of the pandemic. A contract is now in place with Southampton University's nc2 Engineering Consultancy to complete the materials testing in 2021.

The teak timber stocks held are in laminated board form; that is, the boards have been manufactured from smaller pieces of timber. The University of Ljubljana and BMTRADA (formerly the Timber Research and Development Agency) were contracted to undertake testing of the quality of the laminates, both with a view to the use of teak in the Ship (should oak prove unable to meet the conservation objectives), and also to understand the timber's value should disposal be considered. The teak has been tested and found to have a durability test score of class one and a laminate strength of 'strength three' which is adequate for cladding but not necessarily marine usage. Should oak prove unsuitable for the conservation project, it is estimated that around 50% of the 500m³ of teak in stock will be required for use on the Ship over the next twenty years.

Although the stock of timber has been professionally valued, this can only be considered an estimate because due to the nature and quantity of the timber held, if it were ever to be sold in its entirety on the open market, there would likely be a negative impact on the market price. In 2021, the Board will set out an appropriate disposal policy for the surplus stock, which may include open market disposal in small quantities so as not to saturate the market.

In addition to the timber gifted by the MoD, a further amount of timber is also held for use in the preservation of the Ship. This timber remains the property of the Crown. Although the Trust has day to day use of this timber, ultimate control remains with the Crown. Accordingly, movements of this stock are recorded to recognise the donation of timber by the Crown as it is used on the Ship.

In 2016, 93 tonnes of oak and elm were donated by four Scottish Estates towards the conservation of HMS *Victory*. The logs were surveyed over winter 2016/17 and sawn into planks. The timber is being stored and seasoned by a timber specialist with the anticipated seasoning period expected to be between 4-5 years for the oak, and 3-7 years for the elm. When the final seasoned quantity is known, the timber will be valued at market value and brought onto the balance sheet.

Notes to the financial statements
for the year ended 31 March 2021

19. Debtors: amounts falling due within one year

	Group	<i>Restated</i> Group	Company	Company
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade debtors	707	490	-	-
Amounts owed by group undertakings	-	-	503	1,902
Other debtors	37	595	7	1
Prepayments & accrued income	2,355	3,853	120	-
VAT	272	306	-	-
	<u>3,371</u>	<u>5,244</u>	<u>630</u>	<u>1,903</u>

20. Debtors: amounts falling due after more than one year

	Group	Group	Company	Company
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Other debtors	443	439	-	-
Accrued income	3,000	500	-	-
	<u>3,443</u>	<u>939</u>	<u>-</u>	<u>-</u>

The accrued income relates to the sale of the Royal Marines Museum, and a grant to NMRN Operations from RMA The Royal Marines Charity and payable in four annual instalments.

21. Creditors: amounts falling due within one year

	Group	Group	Company	Company
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Other loans	-	128	-	128
Trade creditors	955	1,732	-	53
Other creditors	774	876	706	716
Ministry of Defence	1,004	-	96	-
Other taxes and social security	98	126	9	17
Accruals and deferred income	1,585	1,505	83	157
	<u>4,416</u>	<u>4,367</u>	<u>894</u>	<u>1,071</u>

22. Creditors: amounts falling due after more than one year

	Group	Group	Company	Company
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Other loans	96	96	-	-
	<u>96</u>	<u>96</u>	<u>-</u>	<u>-</u>

Notes to the financial statements
for the year ended 31 March 2021

23. Analysis of net assets between funds

	Tangible Fixed Assets £'000	Investments £'000	Net current assets £'000	Long term liabilities £'000	Total 2021 £'000
Restricted funds:					
Restricted funds	-	-	1,158	-	1,158
Royal Naval Museum	2,238	-	24	-	2,262
HMS M33 Trust	1,775	-	-	-	1,775
	4,013	-	1,182	-	5,195
Unrestricted funds	-	-	1	-	1
Total Company funds at 31 March 2021	4,013	-	1,183	-	5,196
Funds held by:					
NMRN Operations	22,380	-	2,911	-	25,291
NMRN Hartlepool	-	-	4	-	4
HMS Victory Preservation Company	19,514	39,930	7,212	-	66,656
HMS Caroline Preservation Company	12,560	-	-	-	12,560
HMS Trincomalee Trust	21,008	-	474	(96)	21,386
Warrior Preservation Trust Limited	25,290	-	1,086	-	26,376
Royal Navy Submarine Museum Trust	18,651	-	287	-	18,938
Royal Marines Museum Charitable Trust	735	-	2,055	-	2,790
Fleet Air Arm Museum	8,198	-	1,139	-	9,337
Total Group funds at 31 March 2021	132,349	39,930	16,351	(96)	188,534

	Tangible Fixed Assets £'000	Investments £'000	Net current assets £'000	Long term liabilities £'000	<i>Restated</i> Total 2020 £'000
Restricted funds:					
Restricted funds	-	-	1,158	-	1,158
Royal Naval Museum	1,591	-	24	-	1,615
HMS M33 Trust	1,775	-	-	-	1,775
	3,366	-	1,182	-	4,548
Unrestricted funds	-	-	11	-	11
Total Company funds at 31 March 2020	3,366	-	1,193	-	4,559
Funds held by:					
NMRN Operations	21,376	-	998	-	22,374
NMRN Hartlepool	-	-	4	-	4
HMS Victory Preservation Company	19,525	33,602	7,128	-	60,255
HMS Caroline Preservation Company	12,560	-	-	-	12,560
HMS Trincomalee Trust	21,009	-	471	(96)	21,384
Warrior Preservation Trust Limited	25,290	-	1,130	-	26,420
Royal Navy Submarine Museum Trust	18,651	-	365	-	19,016
Royal Marines Museum Charitable Trust	5,882	-	260	-	6,142
Fleet Air Arm Museum	8,496	-	1,320	-	9,816
Total Group funds at 31 March 2020	136,155	33,602	12,869	(96)	182,530

Notes to the financial statements
for the year ended 31 March 2021

24. Restricted and endowment funds

Restricted funds:	At 1 April 2020 £'000	Incoming resources £'000	Outgoing resources £'000	Transfers £'000	Gains and losses £'000	At 31 March 2021 £'000
HMS Caroline fund	104	-	-	-	-	104
LIBOR Royal Marines Museum relocation fund	1,054	-	-	-	-	1,054
Ministry of Defence Projects	-	135	(135)	-	-	-
Linked charities:						
Royal Naval Museum	1,615	647	-	-	-	2,262
HMS M33 Trust	1,775	-	-	-	-	1,775
Total company restricted funds	4,548	782	(135)	-	-	5,195
NMRN Operations (excluding CJRS – see below)	14,615	3,741	(2,125)	(1,100)	(165)	14,966
Coronavirus Job Retention Scheme	-	1,570	(1,570)	-	-	-
HMS Victory Preservation Company	26,173	-	(13)	-	1	26,161
HMS Caroline Preservation Company	12,560	-	-	-	-	12,560
HMS Trincomalee Trust	21,028	7	(6)	-	-	21,029
Warrior Preservation Trust	25,060	-	-	-	-	25,060
Royal Navy Submarine Museum	18,590	-	-	-	-	18,590
Royal Marines Museum	459	1,189	(1,543)	-	-	105
Fleet Air Arm Museum	3,693	-	(70)	-	(80)	3,543
Consolidation adjustments	-	(2,168)	1,777	391	-	-
Total group restricted funds	126,726	5,121	(3,685)	(709)	(244)	127,209

Restricted funds (comparatives):	At 1 April 2019 £'000	Incoming resources £'000	Outgoing resources £'000	Transfers £'000	Gains and losses £'000	<i>Restated</i> At 31 March 2020 £'000
HMS Caroline fund	104	-	-	-	-	104
LIBOR Royal Marines Museum relocation fund	1,729	-	(675)	-	-	1,054
Ministry of Defence Projects	-	328	(328)	-	-	-
Coastal Forces Heritage Trust	-	140	(140)	-	-	-
Linked charities:						
Royal Naval Museum	1,532	83	-	-	-	1,615
HMS M33 Trust	1,775	-	-	-	-	1,775
Total company restricted funds	5,140	551	(1,143)	-	-	4,548
NMRN Operations	11,797	9,932	(4,720)	(2,530)	136	14,615
HMS Victory Preservation Company	26,180	-	(10)	-	3	26,173
HMS Caroline Preservation Company	12,560	-	-	-	-	12,560
HMS Trincomalee Trust	21,036	-	(8)	-	-	21,028
Warrior Preservation Trust	25,060	-	-	-	-	25,060
Royal Navy Submarine Museum	18,594	-	(4)	-	-	18,590
Royal Marines Museum	460	-	(5)	-	4	459
Fleet Air Arm Museum	2,742	1,000	(78)	-	29	3,693
Consolidation adjustments	-	(2,475)	1,154	1,321	-	-
Total group restricted funds	123,569	9,008	(4,814)	(1,209)	172	126,726

The restricted and endowment funds of the individual museums are detailed in the accounts of the respective organisations.

Notes to the financial statements
for the year ended 31 March 2021

The HMS Caroline fund is for the conservation of the ship and its development as a visitor attraction. This work has been fully funded by HLF and the Northern Ireland Tourist Board (NITB) to the National Museum.

The LIBOR Royal Marines Museum relocation fund represents funding received for the Royal Marines Museum project which will include the relocation of the Royal Marines Museum to Portsmouth Historic Dockyard.

The Ministry of Defence Project fund represents funding received for five projects: D-Day 75th Anniversary Commemoration; Securing the Small Arms Collection; Improving the use of the Art Collection; Pirates and Anti-Piracy Exhibitions; and Digital Transformation.

The Coastal Forces Heritage Trust donation relates to a joint project to develop a major permanent exhibition on the Royal Navy's Coastal Forces and is granted by the Coastal Forces Heritage Trust.

Consolidation adjustments reflect funds received by, and paid to, other group entities by the National Museum.

Endowment funds:	At 1 April 2020 £'000	Incoming resources £'000	Outgoing resources £'000	Transfers £'000	Gains and losses £'000	At 31 March 2021 £'000
HMS Victory Preservation Co	33,541	80	(147)	-	6,413	39,887
HMS Trincomalee Trust	5	-	-	-	-	5
Warrior Preservation Trust Limited	986	-	-	(26)	-	960
Total group endowment funds	34,532	80	(147)	(26)	6,413	40,852

Endowment funds (comparatives):	At 1 April 2019 £'000	Incoming resources £'000	Outgoing resources £'000	Transfers £'000	Gains and losses £'000	At 31 March 2020 £'000
HMS Victory Preservation Co	34,919	157	(243)	-	(1,292)	33,541
HMS Trincomalee Trust	5	-	-	-	-	5
Warrior Preservation Trust Limited	1,099	-	-	(113)	-	986
Total group endowment funds	36,023	157	(243)	(113)	(1,292)	34,532

Endowment funds include funds donated by the Gosling Foundation for the maintenance and upkeep of HMS Victory.

24.1 Linked charities of the National Museum

SORP FRS 102 requires the activities of linked charities to be shown separately within these accounts in a manner similar to the presentation of restricted funds. The Royal Naval Museum and HMS M33 Trust are made up of the following:

<u>Royal Naval Museum</u>	At 1 April 2020 £'000	Incoming resources £'000	Outgoing resources £'000	Transfers £'000	At 31 March 2021 £'000
Unrestricted funds	1,508	647	-	-	2,155
Restricted funds - RML 497 Fairmile (the ship)	83	-	-	-	83
Endowment funds - Johnstone Library fund	24	-	-	-	24
Total funds of the Royal Naval Museum	1,615	647	-	-	2,262

	At 1 April 2019 £'000	Incoming resources £'000	Outgoing resources £'000	Transfers £'000	At 31 March 2020 £'000
Unrestricted funds	1,425	83	-	-	1,508
Restricted funds - RML 497 Fairmile (the ship)	83	-	-	-	83
Endowment funds - Johnstone Library fund	24	-	-	-	24
Total funds of the Royal Naval Museum	1,532	83	-	-	1,615

Notes to the financial statements
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Royal Naval Museum Balance Sheet summary	2021	2020
	£'000	£'000
Heritage assets	2,238	1,591
Current assets	24	24
Net assets	2,262	1,615
Funds		
Unrestricted funds	2,155	1,508
Restricted funds	83	83
Endowment funds	24	24
Total funds of the Royal Naval Museum	2,262	1,615

HMS M33 Trust

HMS M33 Trust Balance Sheet summary	2021	2020
	£'000	£'000
Heritage assets	1,775	1,775
Funds		
Unrestricted reserves	1,092	1,092
Revaluation reserve	683	683
Total funds of the HMS M33 Trust	1,775	1,775

25. Transfers between funds

NMRN Operations

A total of £1,100,000 (2020: £2,530,000) was transferred to unrestricted funds from restricted funds to compensate for project funds initially funded by unrestricted funds and to reflect the value of tangible fixed assets which were purchased using restricted funds, but are held for general purpose, in accordance with SORP FRS 102 section 2.26.

Warrior Preservation Trust

A total of £26,000 (2020: £113,000) was transferred to unrestricted funds from the Ward legacy endowment fund. This fund was to be used for the furtherance of education and to be maintained as a permanent endowment fund. On 6 October 2019, the Trust received approval from the Charity Commission to amend the objects of the fund under section s275 of the Charities Act 2011 to include funding of capital works on board the ship, this being in the best interests of the charity and its beneficiaries, ensuring the proper safeguarding of the asset. The trustees are satisfied that the capital works constitute an educational purpose to allow the ship to remain open and educate visitors.

Consolidation adjustments

The consolidation adjustments eliminate grants made between group entities.

26. Financial commitments

At 31 March 2021 the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group	Group
	2021	2020
	£'000	£'000
Within one year	427	175
Between one and five years	1,586	60
In over five years	23,076	864
	25,089	1,099

Notes to the financial statements
for the year ended 31 March 2021

27. Capital commitments and contingent liabilities

The company had capital commitments contracted but not provided for in the financial statements amounting to £424,000 (2020: £2,896,000). There were no contingent liabilities at 31 March 2021 (2020: £Nil).

28. Losses and special payments

28.1 Losses statement

There were no cases of losses occurring during the financial year (2020: No cases).

28.2 Special payments

There were no cases of special payments during the year (2020: No cases).

29. Related party transactions

The National Museum is a Non Departmental Public Body, sponsored by the Ministry of Defence (MoD). The MoD is regarded as a related party. Grant in Aid Funding from the MoD is disclosed in the Statement of Financial Activities.

The National Museum is a related party of: NMRN Operations; NMRN Hartlepool; HMS Victory Preservation Company; HMS Caroline Preservation Company; HMS Trincomalee Trust; Warrior Preservation Trust; Royal Navy Submarine Museum; Royal Marines Museum; and Fleet Air Arm Museum by virtue of the effective control over each organisation. A number of trustees of the National Museum of the Royal Navy are also trustees of the following charities:

Mr Michael J Bedingfield	NMRN Operations, Warrior Preservation Trust
Mr Mike Gambazzi	NMRN Hartlepool
Councillor Donna Jones	Warrior Preservation Trust
Ms Helen Jackson	HMS Victory Preservation Company (appointed 24 February 2021)
Mrs Mary-Montagu-Scott	HMS Victory Preservation Company
Rear Admiral Jonathan Pentreath	HMS Caroline Preservation Company

The related parties of the individual museums are disclosed in the accounts of those organisations.

30. Events after the Balance Sheet date

These accounts have been authorised for issue by the Accounting Officer on the same date as the Comptroller and Auditor General's audit certificate.

31. Analysis of cash and cash equivalents

	Group	Group	Company	Company
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Cash at bank and in hand	6,632	3,696	1,447	361

Notes to the financial statements
for the year ended 31 March 2021

32. Analysis of changes in net debt

Company	At 1 April 2020 £'000	Cash flows £'000	At 31 March 2021 £'000
Short-term borrowings	(130)	130	-
Total liabilities	(130)	130	-
Cash and cash equivalents	361	1,086	1,447
Total net debt	231	1,216	1,447
Group	At 1 April 2020 £'000	Cash flows £'000	At 31 March 2021 £'000
Short-term borrowings	(130)	130	-
Total liabilities	(130)	130	-
Cash and cash equivalents	3,696	2,936	6,632
Total net debt	3,566	3,066	6,632

33. Statement of financial activities (Company only, including the Royal Naval Museum and HMS M33 Trust as linked charities) for the year ended 31 March 2021

Note	Unrestricted funds £'000	Restricted funds £'000	Linked charities £'000	2021 Total £'000	Unrestricted funds £'000	Restricted funds £'000	Linked charities £'000	2020 Total £'000
Income from:								
Donations and legacies								
Grant in Aid (revenue) 2	7,198	-	-	7,198	3,375	-	-	3,375
Grant in Aid (capital) 2	128	-	-	128	126	-	-	126
Donations 2	1	135	647	783	2	468	83	553
Other income	3	-	-	3	-	-	-	-
Total income	7,330	135	647	8,112	3,503	468	83	4,054
Expenditure on:								
Charitable activities 8	529	-	-	529	567	-	-	567
Grant funding 8	6,811	135	-	6,946	2,806	1,143	-	3,949
Total expenditure	7,340	135	-	7,475	3,373	1,143	-	4,516
Net income/(expenditure)	(10)	-	647	637	130	(675)	83	(462)
Transfer between funds	-	-	-	-	-	-	-	-
Net movement in funds	(10)	-	647	637	130	(675)	83	(462)
Reconciliation of funds:								
Total funds brought forward	11	1,158	3,390	4,559	(119)	1,833	3,307	5,021
Total funds carried forward	1	1,158	4,037	5,196	11	1,158	3,390	4,559

Notes to the financial statements
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34. Prior period adjustment

The Fleet Air Arm Museum was awarded a legacy from Sir Donald Gosling, through The Gosling Foundation in February 2020, the legacy being received in July 2020. Comparative information has been restated to accrue the income as at 31 March 2020.

The effect of this change on reserves is as follows:

	Unrestricted funds £'000	Restricted funds £'000	Linked Charities £'000	Endowment funds £'000	2021 Total £'000	Unrestricted funds £'000	Restricted funds £'000	Linked Charities £'000	Endowment funds £'000	<i>Restated</i> 2020 Total £'000
Total funds brought forward as previously stated	21,272	122,336	3,390	34,532	181,530	19,379	120,262	3,307	36,023	178,971
Prior period adjustment	-	1,000	-	-	1,000	-	-	-	-	-
Total funds brought forward as restated	21,272	123,336	3,390	34,532	182,530	19,379	120,262	3,307	36,023	178,971
Net movement in funds	(799)	(164)	647	6,320	6,004	1,893	3,074	83	(1,491)	3,559
Total funds carried forward	20,473	123,172	4,037	40,852	188,534	21,272	123,336	3,390	34,532	182,530

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