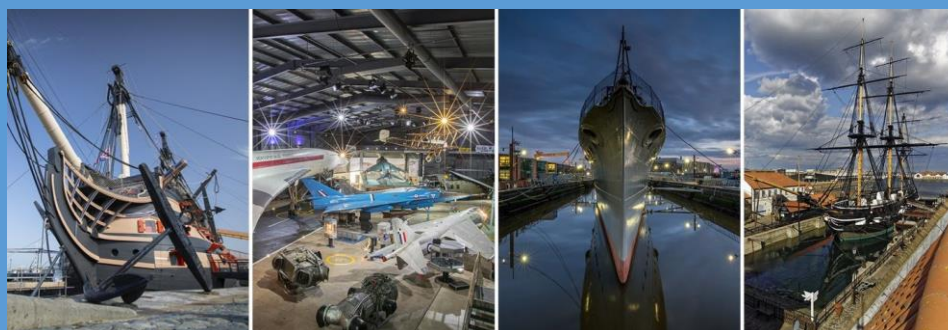


The National Museum of the Royal Navy
A Company Limited by Guarantee
Trustees' Annual Report and Consolidated
Financial Statements
For the Year Ended 31 March 2022



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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ISBN 978-1-5286-3865-4

E02858935 06/23

Printed on paper containing 40% recycled fibre content minimum.

Printed in the UK by HH Associates Ltd. on behalf of the Controller of His Majesty's Stationery Office

Contents

Legal and administrative information	2
About the National Museum of the Royal Navy	3
Overview.....	3
Our Charitable Objectives	3
Our Vision and Values	3
How We Work	4
Funding Arrangements.....	4
Our Group Structure	5
Performance Report including the Strategic Report	6
Joint Statement from the Chair of Trustees and the Director General	6
The Impact of the Covid-19 Pandemic.....	7
Activities and Achievements.....	7
Plans for Future Periods	16
Financial Review	20
Accountability Report including the Directors' Report	23
Trustees' Report and Governance Statement.....	23
Statement of Board of Trustees' and Accounting Officer's responsibilities	30
Remuneration and Staff Report.....	32
Parliamentary accountability and audit report.....	38
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	39
Consolidated Statement of financial activities (incorporating the income and expenditure account)	44
Consolidated Balance Sheet.....	46
Notes to the Financial Statements.....	48

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.

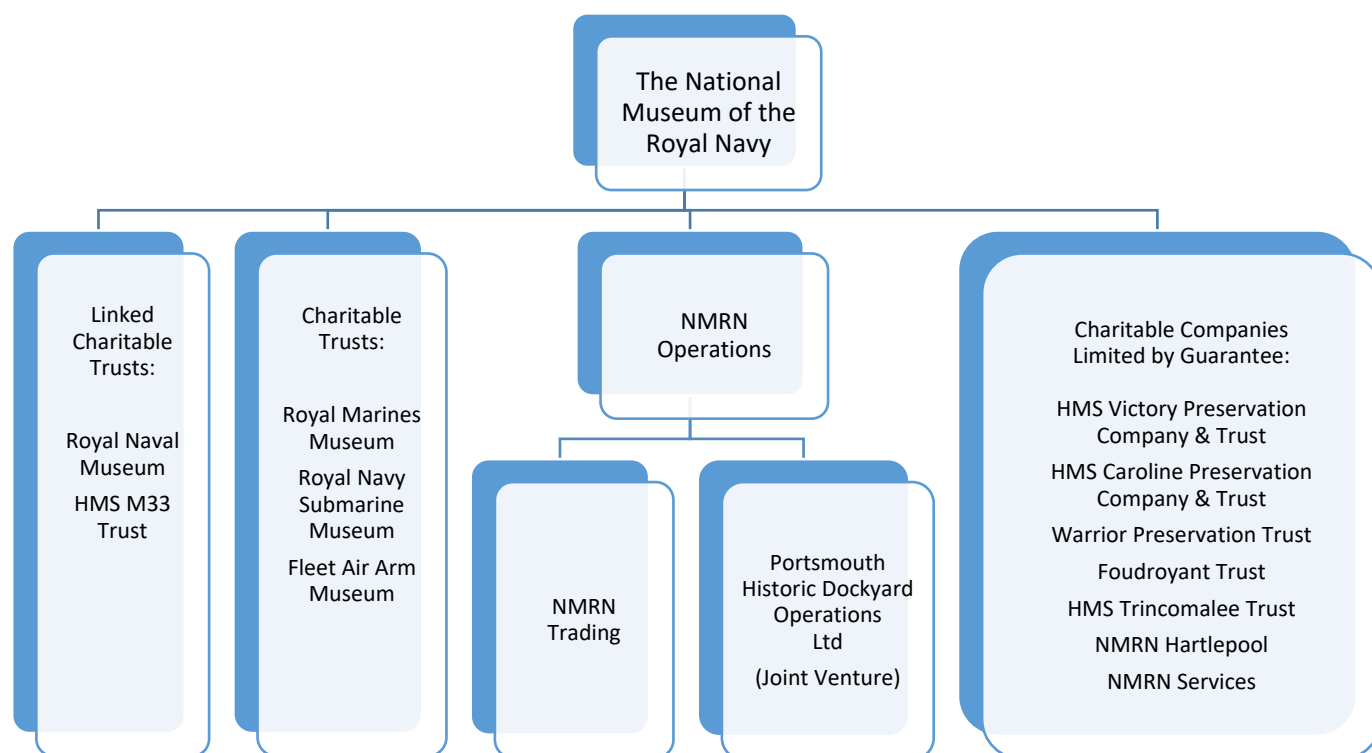
The Ministry of Defence (MOD) published its last review of its Services Museums in February 2017 and confirmed that the functions of the National Museum of the Royal Navy continued to support MOD objectives. It recommended that the National Museum should remain as a Non-Departmental Public Body sponsored 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.

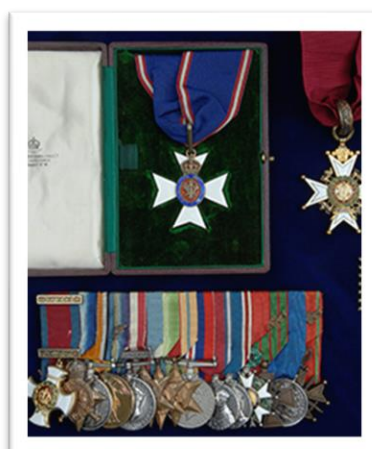
During 2021-22, 504 offers of groups of material were reviewed by the Museum's Acquisitions Panel, from which there were 203 formal acquisitions to our collections from these donations, transfers and purchases. These extend across the breadth of the Royal Navy's history and from September 2022, are accessible 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.

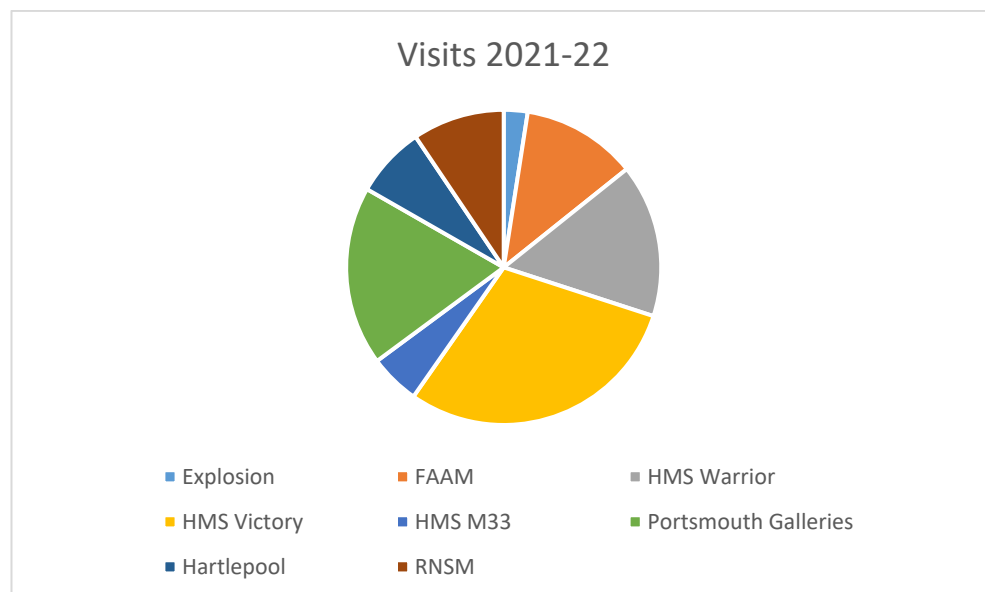
We have also made good progress on the physical conservation of the collection, delivering interventive action on heritage items to extend or maintain the use of the item within the collection. Activities have included work on the refurbishment of the HMS Victory workshop, cleaning the HMS Warrior engine 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 Hitchens Memorial Exhibition**



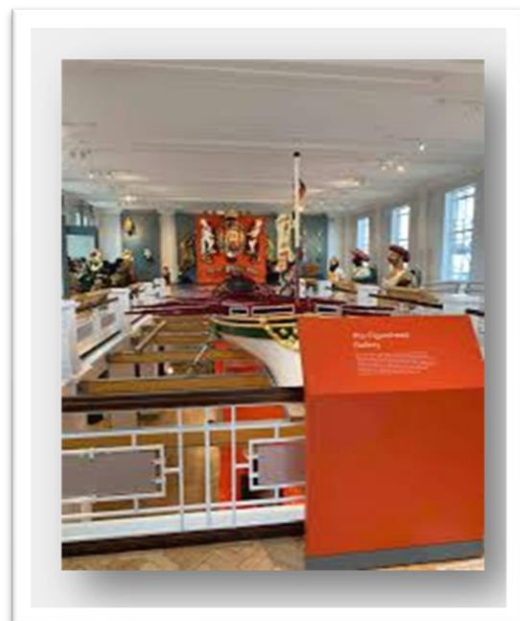
This new major exhibition was formally opened in October 2022, and was delivered through funding from the Coastal Forces Heritage Trust. It focusses on the history and operations of the Royal Navy's Coastal Forces and has enabled the National Museum's historic vessels Motor Torpedo Boat 71 and Coastal 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 Hitchens 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.

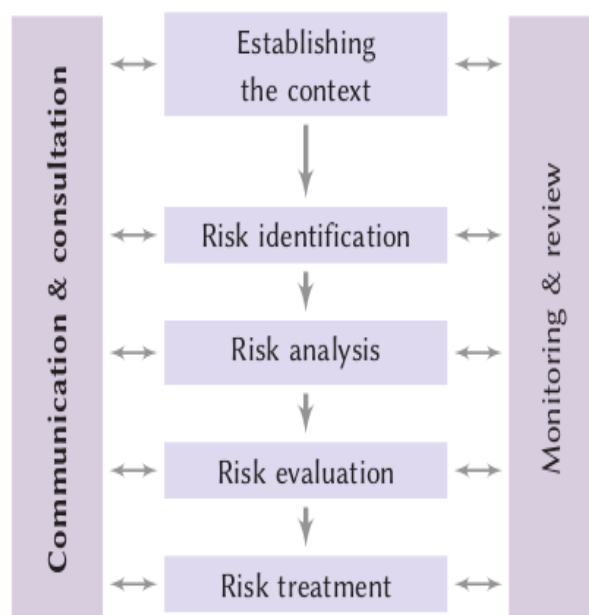
To become a sustainable museum with reduced carbon emissions, we recognise that significant changes to our working environment, premises and collections are required, including but not limited to energy use, transport, building infrastructures, and collections management, requiring significant capital 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):

Employee	Salary		¹ Non-consolidated performance payments		Pension benefits		TOTAL	
	£'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 Director ²	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.

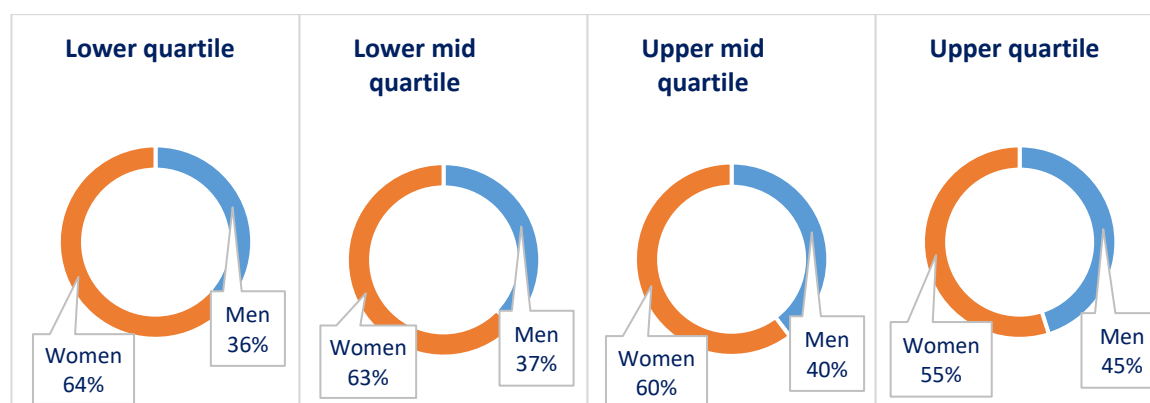
We support people who acquire a disability during the course of employment through making reasonable adjustments, that may include adjustments to job roles, workloads, workplace, etc., or that may include additional training and support, as guided by Occupational Health. We also work with the Access 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

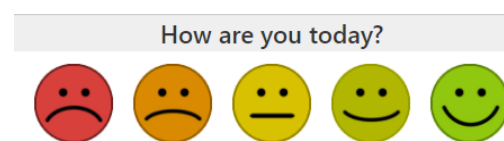
working arrangements wherever possible, supporting staff if they need to care for others or those who are returning to work after having a child or those who benefit from more flexible patterns of working. In 2022, the number of flexible working requests increased by 75% and all flexible working requests 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.

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

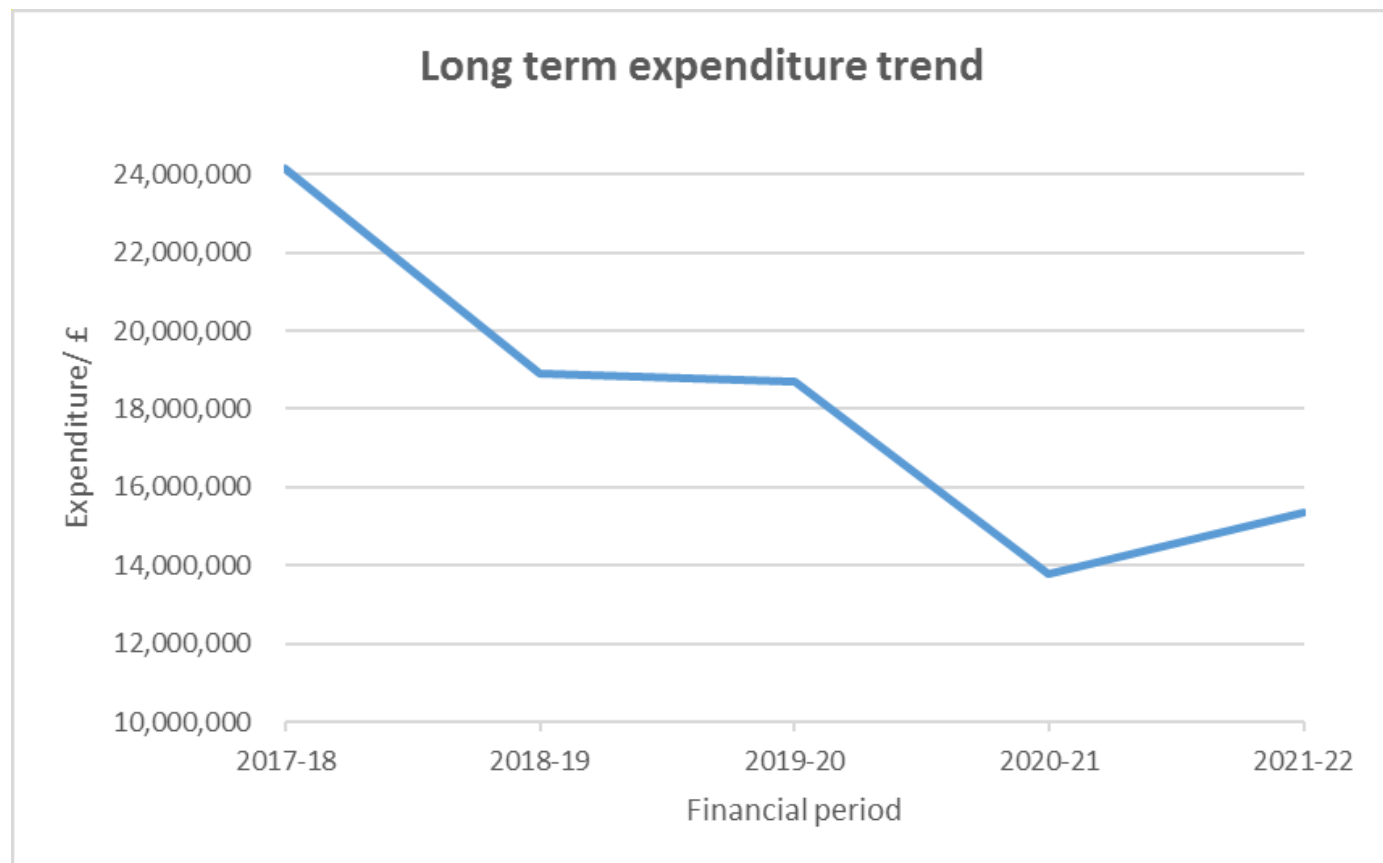
Other forums for staff consultation and involvement include: project-specific consultation and working groups that provide a delivery-focused culture of working and change management; the Tactical Action Group, providing an essential link between the working groups charged with delivering key objectives 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
(A company limited by guarantee)
Company number: 06699696

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)	-	-	(3,602)
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	182,530
Total funds carried forward		<u>19,578</u>	<u>123,362</u>	<u>5,354</u>	<u>56,002</u>	<u>204,296</u>	<u>20,473</u>	<u>123,172</u>	<u>4,037</u>	<u>40,852</u>	<u>188,534</u>

The notes on pages 48 to 78 form an integral part of these financial statements.

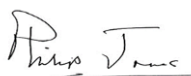
Consolidated Balance Sheet as at 31 March 2022

		Group	Restated*	Company	Company
		2022	Group	2022	2021
	Notes	£'000	2021	£'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
for the year ended 31 March 2022

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 (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 £2,222,000 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	HMSCPC £'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
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	1,312	648	83	114	137
Donated additions					
Royal Naval Museum	5	-	-	4	3
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	5	-	-	4	3
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total additions	1,317	648	83	118	140
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

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.

Notes to the financial statements

for the year ended 31 March 2022

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
for the year ended 31 March 2022

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
for the year ended 31 March 2022

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.

**Notes to the financial statements
for the year ended 31 March 2022**

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
for the year ended 31 March 2022

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 Victory
<i>HMS Victory Preservation Trust</i>				
HMS Caroline Preservation Company	08303946	1149930	N/A	Holds the ship, HMS Caroline
<i>HMS Caroline Preservation Trust</i>				
HMS Trincomalee Trust:	02678419	1007784	N/A	Holds the ship, HMS Trincomalee
<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 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 (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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