

Charity number: 1146376
Company number: 07935358

The HMS Victory Preservation Company
(A company limited by guarantee)

Incorporating the HMS Victory Preservation Trust

Trustees' report and financial statements

for the year ended 31 March 2025

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The HMS Victory Preservation Company
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Legal and administrative information

Charity number	1146376
Company registration number	07935358
Registered office	HM Naval Base (PP66) Portsmouth Hampshire PO1 3NH
Chief Executive and Accounting Officer	Matthew Sheldon
Trustees	Vice Admiral Sir Charles Montgomery Ms Rosemary Bridge (name change) Commodore Jeremy Bailey (resigned 5 June 2025) Ms Joanna Baldwin Mrs Barbara Halliday Rear Admiral Amjad Hussain Mr Andrew Impey Ms Helen Jackson Mr Jamie Matheson Mrs Mary Montagu-Scott Dr Matthew Tanner Mrs Julie Taylor
Company Secretary	Nichola Tregear
Accountants	Compass Accountants Venture House, The Tanneries, East Street, Titchfield, Hampshire PO14 4AR
Auditors	Price Bailey LLP 24 Old Bond Street, London, W1S 4AP
Bankers	Lloyds TSB Bank Plc 16A High Street, Cosham, Portsmouth, Hampshire PO6 3DY

Foreword

The Trustees present their annual report and the audited financial statements of The HMS Victory Preservation Company ("the charitable company") for the year ended 31 March 2025. The Trustee has adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charitable company.

The charitable objectives of The HMS Victory Preservation Company, as defined in the Articles of Association, are:

- a) To preserve, restore and maintain HMS Victory;
- b) To educate the Naval Service and Auxiliaries and members of the public about the history of HMS Victory and the history of the Royal Navy and other matters relating to the defence of the realm;
- c) To promote the efficiency of the armed forces by assisting recruitment and retention and fostering the esprit de corps of the men and women who are serving in the Naval Service or Auxiliaries; and
- d) To commemorate and remember those members of the Naval Service and Auxiliaries who have died while on active service and to encourage public recognition of the sacrifice made by such persons.

The charitable objectives of The **HMS Victory Preservation Trust** are that the Trust shall hold:

- a) HMS Victory the flagship of Lord Nelson at the Battle of Trafalgar (incorporating all subsequent and future repairs and changes in constituent parts) (the Ship);
- b) All chattels which the Trust owns that belong or have belonged to the Ship including the Ship's cradle and supports (the Ship's Fittings); and
- c) All intellectual property in the Ship

in perpetuity, but for the avoidance of doubt:

- i. The Trust may repair, replace or renew any part of the fabric of the Ship in order to preserve her as a whole in as historically authentic condition as possible and after taking advice on good conservation practice and reference to "the Ship" are references to HMS Victory in her condition at the time in question which may reflect such repairs, replacements and renewals
 - ii. The Trust is not required to hold in perpetuity any parts of the Ship or the Ship's Fittings which are removed in the course of a programme of preservation and restoration and in the opinion of an appropriately qualified expert have no remaining historical value;
- d) All material acquired by the Trust for the purposes of application in preserving, restoring or maintaining the Ship; and
 - e) The remainder of the Trust Fund and all accretions thereto as expendable endowment, upon trust to apply them for the benefit of the public:
 - i. To preserve, restore and maintain the Ship;
 - ii. To educate the public about the history of the Ship and the history of the Royal Navy and other matters relating to the defence of the realm;
 - iii. To promote the efficiency of the armed forces by assisting recruitment and retention and fostering the esprit de corps of the men and women who are serving in the Naval Service or Auxiliaries;
 - iv. To commemorate and remember those members of the Naval Service and Auxiliaries who have died while on active service and to encourage public recognition of the sacrifice made by such persons;

Provided that the Trust shall have regard to the need not to act in detriment of objects (iii) and (iv) when acting in furtherance of objects (i) or (ii).

Performance Report

Overview

The charitable company was established in February 2012 as a wholly owned subsidiary of the National Museum of the Royal Navy ("the National Museum"), which is the sole corporate member of the charitable company.

On 29 March 2012, the ownership of HMS Victory transferred to the HMS Victory Preservation Trust, an unincorporated registered charitable trust of the charitable company. An agreement was signed which allows the use of the Ship by the Royal Navy for the foreseeable future. HMS Victory thus remains a commissioned warship and the Royal Navy's Flagship. At the same time, The Gosling Foundation made an exceptionally generous gift of £25,000,000 to the charitable company. The charitable company, by formal declaration, holds the Foundation's donation as an endowment fund as trustee of the trust. This was also supported by a donation of £5,000,000 from the Heritage Lottery Fund Catalyst Endowment fund, a non-expendable endowment from which the charitable company may only use the income for a period of 25 years. The value of these endowment funds stood at £45,301,616 on the 31 March 2025.

The Trustees have concluded that whilst the Board is richly endowed with the experience and expertise to govern the charitable company and trust, they do not have the operational expertise or infrastructure to present the Ship to the public as a visitor attraction or to preserve, restore and maintain it. Accordingly, it has come to an agreement with the charitable entity, NMRN Operations ("the operator") (charity number: 1169061), also a wholly owned subsidiary of the National Museum, that it will present the Ship as a visitor attraction to the public, and in order to do so, it will also maintain and preserve the Ship, as part of its own charitable activities. Grants to the operator to support its activities are currently funded from the charitable company's investment income, but also through grant funding received from the separate and independent charitable trust, HMS Victory Preservation Endowment Fund.

The Trustees have complied with the duty in section 17 of the Charities Act 2011 to have due regard to public benefit guidance published by the Charity Commission in defining the strategic direction and activities outlined below relating to HMS Victory.

Activities and Achievements

Strategic intent and delivery

During the period, the charitable company has for the first time set out its strategic intent (for the years 2025 – 2035) and reviewed its strategic alignment with that of the National Museum group and the arrangements in place for its delivery. The review has concluded that the current delivery arrangements remain fit for purpose, and through further clarity and strengthening of the relationship with its operator, will serve the charitable company well into the future.

The charitable company awarded grants totalling £725,000 to NMRN Operations (2023-24: £665,000) under the operator agreement. These grant funds enabled the ship to function as a visitor attraction, and in so doing, deliver a comprehensive conservation programme, and support interpretation that conveyed the history and significance of this iconic vessel. Regular assurance reports, combined with trustees' tours of the ship, demonstrated how the grants had been used and the reasons for any underspend.

The operator's audience engagement work also played a valuable role in providing assurance to the charitable company. For the period, the total number of visitors to the ship had increased to 236k (2023-24: 231k). Sincere thanks are passed to the operator who delivered an exciting programme of activities to support the

learning and education of those who came on board. Further details of activities and achievements can be found in the sections below.

Separate to the assurance reports received from the operator, quarterly investment reports are presented to the charitable company. Such reports inform the charitable company of how effective the Investment Managers are in delivering the investment policy for the total investments of £45,332,177 (market value at 31 March 2025). Returns from the investment is used to support the long-term conservation management plan and presentation of the ship. For this period, the total investment income was £1,255,302 (2024: £732,979). Further information on the Investment Policy can be found in the sections below.

Preserving, restoring and maintaining HMS Victory

Since assuming responsibility for the presentation and care of HMS Victory, the operator has adopted a conservation approach in accordance with those principles set out in the National Historic Ships UK publication "Conserving Historic Vessels". Its Conservation Programme Plan (CPP) for the Ship, developed in association with subject matter experts, defines what conservation work is required to deliver a fully conserved HMS Victory, in an open environment and in a condition to survive for 50 years without major work beyond a programme of planned maintenance.

To support the CPP, a revised Conservation Management Plan (CMP) was developed during the year by the operator, supported and challenged by its Victory Technical Committee, to ensure it is future proofed and supports the planned programme. The plan will enable a consistent approach for all who work on the Ship.

Efforts in the year continued to concentrate on hull planking removal, removal of rot decay and mitigating against the re-growth of rot should the timber become temporarily wet again in the future. The operator was successful in working with the structural engineers to ensure all necessary works did not significantly impact the structure and ensured all works were undertaken in a controlled environment.

The operator's programme of surveys and testing continued throughout the year, including the fastenings on futtock scarph joints as mandated by the structural modelling. The hull conservation continued, and the first stage of oak was delivered to commence its work in Spring 2025.

Stonework within the docking area of the Ship continued during the year with much needed repairs completed to ensure the dry-docking of the ship remained safe and the stability structure was sound.

Cleaning of the Trafalgar Sail was completed during November 2024 and generated widespread media coverage. This foretopsail is the only surviving sail from the Battle of Trafalgar. The sail bears the marks of this ferocious battle, being peppered with some 90 shot holes. Following the cleaning, the sail was documented on a grid to record stains, areas of loss, or fraying. This helped to enable comparison works to be completed to previous reports, showing any signs of deterioration over time, and assess how the sail is currently being kept. To date no areas of concern have been discovered.

The operator undertook options appraisals of the preservation and interpretative opportunities associated with the historically significant port oak frames in the long term. The stabilisation of the timber will require two main pieces of work, treatment to ensure removal of pest activity and some consolidation of the timber futtocks to prevent loss of material. Work would continue in this area into the next year.

Educating about the history of HMS Victory and the Royal Navy and the defence of the realm

The operator continued to welcome visitors to the Ship and museum gallery and held a number of STEM activities during the year. Such activities included: The Fungus Heroes and Villains Trail and 'Meet the Teams' talks that were given by the operator's shipwrights, showcasing the processes followed for caulking and

general conservation works. A comprehensive programme of Heritage Open Days (HOD) was held and the tours were delivered by the operator's conservation team working on Victory Live. Events included timber marks tours, shipwright scaffolding tours, and conservation tours onboard HMS Victory.

Guided tours continued to be successful during off peak periods and proved successful for a second year. The operator's staff brought the ship to life and educated the visitors on the whole history of the Ship in a personable way.

The operator's schools offer continued to feature as a core element of programming and engagement. The Minecraft programming strand, delivered in partnership with the scaffold contractors, continued to be popular with younger audiences during holiday periods.

Media coverage of activities included a visit from Agence France Presse which led to 14 pieces of global coverage including Hindustan Times, inewspaper, France 24 and Khaleej Times. The French Oak story resulted in widespread national coverage including multiple BBC radio outlets, Mail Online and GB News.

The operator was also proud to support and host the Association of Women in Boatbuilding event onboard HMS Victory.

The operator has continued to regularly meet with the Royal Navy Communications and Engagement Teams to plan priority events, including those supporting joint working, with examples including the display of the Peregrine Trophy winners for the year, and remembrance activities including Trafalgar Day.

A joint initiative between Portsmouth City Council and the operator's joint venture with the Mary Rose Trust, PHD Operations Limited, to offer free tickets to all families within the city who are entitled to Pupil Premium was offered for the second year and opened up HMS Victory again to those who may not have been able to visit the Ship previously. All MoD serving personnel are also admitted free of charge to Portsmouth Historic Dockyard and its attractions. Significant discounts are given to guests of serving personnel, veterans, HM Workers within the Naval Base, blue light and NHS personnel.

The operator continues to update its online collections service, following the cyber-attack, and a number of items relating to HMS Victory are available to view. Work continues to upload further collections to support digital research and education.

Supporting the Royal Navy

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.

HRH The Princess Royal visited the ship during the year and was impressed with the conservation work and the approach taken by the operator's project team.

During the reporting period, the Royal Navy was able to host a number of ceremonial events including dinners and receptions in the Great Cabin and on the lower gun deck. In June 2024, Armed Forces Day was celebrated at the Portsmouth Historic Dockyard and all serving personnel were given free access to the attractions including HMS Victory.

Commemoration and remembrance

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

Plans for Future Periods

2025-26 will see further development of the Trustees' strategic intent and clarity over the assurance reporting requirements of the operator, NMRN Operations.

Expenditure for the coming period will be grant funding to NMRN Operations to deliver the Ship's operation for the public benefit, and the charitable company's governance costs and investment management costs. Grants to NMRN Operations will be funded from investment income.

The charitable company holds substantial endowments, which together with the support of the HMS Victory Preservation Endowment Fund, will fund the presentation and conservation of the Ship for many years to come. The Trustees and Directors are, however, aware of inflationary pressures and will begin to review fundraising opportunities over the coming years to ensure the ability to deliver a fully conserved HMS Victory, in an open environment and in a condition to survive for 50 years, without major work beyond a programme of planned maintenance. The Trustee and Directors are therefore content that the going concern basis continues to apply.

Financial Review

Statement of Financial Activities for the Year Ended 31 March 2025

Total incoming resources for the HMS Victory Preservation Company in 2024-25 amounted to £1,255,302 (2023-24: £732,979). This inflow related to investment income.

Total resources expended for 2024-25 amounted to £1,638,627 (2023-24: £824,885). This outflow related to grants awarded to NMRN Operations to support its delivery of its visitor and educative activities and its conservation work, and the value of timber used in the conservation activity. Outflows also related to the charitable company's investment management and governance costs.

After net gains on investments of £429,594 (2023-24: £3,590,658) on the investment portfolio, and other recognised gains on revaluation of fixed assets totalling £2,364 (2023-24: £7,484), the net movement in funds for the year was an increase of £48,633 (2023-24: £3,506,236).

Balance sheet

The net assets as at 31 March 2025 amounted to £71,052,100 (31 March 2024: £71,003,467). Of this total, unrestricted funds were £340,498 (2023-24: £523,171), £45,301,616 related to endowment funds (2023-24: £44,321,412), and £25,409,986 are the assets (the ship itself, the stock and the revaluation reserve) of the HMS Victory Preservation Trust (2023-24: £26,158,884).

Movements in fixed assets are shown in notes 8 – 10.

Free Reserves

The Trustees regularly monitor the levels of the company's "free reserves" (defined for the purposes of this policy as the amounts shown as net current assets in the accounts of the company attributable to unrestricted funds). As at 31 March 2025, the level of the company's free reserves stood at a £296,078 (2023-24 £478,751).

The Trustees have considered the Reserves Policy and have decided not to set a minimum figure for the free reserves because of the continually changing circumstances of the company and group.

Endowment Funds

The endowment funds include the Gosling Foundation gift (£25,000,000) and the Heritage Lottery Fund Catalyst Endowment (£5,000,000 non-expendable endowment for a period of 25 years). The value of these endowment funds stood at £45,301,616 on the 31 March 2025 (2023-24 £44,321,412). These funds may be used to support the charitable objects of the company.

Investment Policy

The Trustees have developed an Investment Policy that operates alongside its Reserves Policy. The charitable company seeks to produce the best possible financial return on its investments within an acceptable level of risk.

The Trustees have delegated decision making on investment matters to its Investment Committee who have appointed two professional investment management firms to manage the assets on a discretionary basis in line with the Investment Policy. The investment managers provide custody of assets. Each manager is required to meet with the Investment Committee twice a year and to provide a quarterly written report on investment performance.

The Investment Committee has responsibility for delivering the investment strategy and monitoring the investment assets. It is charged with agreeing a suitable asset allocation framework with the investment managers, which is set with the overall charitable company objective in mind. The committee reviews investment performance, including the asset allocation strategy, risk profile and consistency with the long-term objective. Performance is monitored against agreed benchmarks and against the long-term investment objective.

Returns from the investment funds are required to ensure the maintenance and presentation of HMS Victory for future generations and it is therefore essential to invest with a long-term perspective.

The charitable company's approach is to seek to ensure that investment returns are sought from a combination of capital growth and income, but without specific targets for each element. Both investment income and capital gains may be expended within set parameters.

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 charitable company's attitude to risk is therefore described as progressive.

The charitable company's 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 charitable company. The Trustees do not wish to invest in direct property.

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The Investment Policy was reviewed and updated during the 2022-23 year to outline the Trustees' expectations of the investment managers to make socially responsible investments decisions and to demonstrate a rigorous process which seeks improvements in corporate social responsibility over time.

Auditors

The accounts have been audited by Price Bailey LLP. So far as the Trustees and Accounting Officer are aware, there is no relevant audit information of which the charitable company's auditors are unaware. Trustees have taken all the steps necessary to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Small company provisions

This report has been prepared in accordance with the small companies' regime under the Companies Act 2006.

Approved by the Board and signed on its behalf by



Vice Admiral Sir Charles Montgomery
On Behalf of the Board of Trustees

Date: 28 October 2025



Matthew Sheldon
Chief Executive and Accounting Officer

Date: 28 October 2025

Accountability Report

Trustees Report and Governance Statement

This report sets out the arrangements for the governance of the HMS Victory Preservation Company, including the Board structure for Trustees. The Trustees, who are also directors of the HMS Victory Preservation Company for the purposes of company law and who served during the year and up to the date of this report are set out on page 3. The National Museum of the Royal Navy is the sole corporate member of the charitable company.

The Trustees have due regard to guidance issued by the Charity Commission on public benefit and in its charitable objects, the charitable company seeks to promote the education of the general public about the history, deeds and traditions of the Naval Service and to encourage the public to commemorate, honour and preserve the memory of those members of the Naval Service who have died on active service.

This report demonstrates how the system of governance and internal control is maintained within the HMS Victory Preservation Company and how the major risks to which the charitable company is exposed, as identified by Trustees, have been reviewed and systems have been established to mitigate those risks.

The Governance Framework

HMS Victory Preservation Company is a company limited by guarantee (company number: 07935358) and a charity registered with the Charity Commission (registration number: 1146376). It is governed by its Articles of Association dated February 2012, which incorporates 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's guidance 'Finding new trustees: what charities need to know' and appointments are guided by the principles of the Cabinet Office guidelines 'Governance Code on Public Appointments'.

The Trustees ensure the distinct legal responsibilities and charitable objectives of the company are fulfilled within an overall policy and strategy framework. The day-to-day operation of the charitable company within that framework is delegated to the Chief Executive Officer and Accounting Officer and to the Executive Directors of the National Museum of the Royal Navy.

A formal induction process for Trustees is in place which combines all the necessary background reading material including items such as the Articles of Association, copies of minutes of recent meetings, a copy of the Charity Commission publication, "The Essential Trustee: what you need to know", a copy of the National Museum's strategy and corporate plan and a copy of the Museum Association publication, "Code of Ethics for Trustees", the Conservation Maintenance Plan for the Ship, with a day visit to the National Museum to meet key members of staff and to discuss current issues. Recent appointees continue to confirm their satisfaction with this process.

The Board of Trustees meets periodically through the year to set the long-term strategic objectives of the charitable company, agree the priorities and review performance against previous objectives set. The Board undertakes a periodic review of its membership and skills set and new appointments are made on the basis of what skills Trustees believe the Board is lacking or believe are needed to tackle specific issues.

In addition to the Board of Trustees, there are several subcommittees covering the key areas of operations. Relevant Board decisions are only taken after the appropriate subcommittee has met and discussed the issue and made their recommendations.

The subcommittees of the Board include:

Victory Investment Committee

This committee aims to meet at least two times a year and in addition, reviews the investment managers' quarterly reports and valuations. The committee develops and recommends to the Board the investment strategy and policy of the charitable company, having regard to capital and income requirements. Also, to consider and recommend benchmarks for the measurement of investment performance and to monitor, encourage and challenge the investment managers regarding the investments.

Victory Technical Committee

This committee meets periodically to seek assurance that NMRN Operation's workplans for the repair, refurbishment, and conservation of HMS Victory ensure she may continue to be enjoyed by current and future beneficiaries. The Victory Technical Committee has the appropriate technical competences and professional expertise in the conservation of 18th Century wooden ships to provide assurance on the repair, refurbishment and conservation of HMS Victory to the Board.

Victory Audit, Risk and Assurance Committee

The committee meets as business requires to consider extraordinary items or items specific to the charitable company. Members are invited to observe the National Museum's Audit and Governance Committee, which is responsible for the effectiveness of audit, risk management and internal controls across the National Museum group. The Victory Audit, Risk and Assurance Committee liaises with the National Museum's Audit and Governance Committee to confirm audit compliance with statutory and regulatory requirements. It also reviews the risks on a periodic basis to provide assurance that the system of internal control is appropriately established and maintained.

Victory Appointment and Nomination Committee

The committee meets as required to provide assurance and advise on the process for making appointments to the HMS Victory Preservation Company Board and its committees. It advises on an annual training calendar for the trustees and reviews the skills and experiences of trustees to ensure the composition of the committees are adequate and robust.

Victory Communication and Engagement Committee

The committee meets as required to advise the Board on its strategic plans for the communication and engagement of HMS Victory and her conservation, so that she may be enjoyed by current and future beneficiaries on site, off site and digitally.

Register of interests

A register of Trustees' and Executives' interests is maintained, requiring declaration of any interest, pecuniary or otherwise, in any matter being considered by the Board.

Cyber-attack

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

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

The operator has prioritised the recovery of vital information relating to the ship, its conservation and key data to support future projects. Where data was unable to be recovered and assessed as critical, the operator is working to rebuild such crucial information. This includes the data necessary data to continue with the rigging and spars work.

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

Personal data loss

The charitable company has not identified any personal data related incidents during 2024-25. An incident is defined as a loss, unauthorised disclosure or insecure disposal. 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 charitable 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 charitable company'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 control is exercised through the National Museum's Audit and Governance Committee. This committee is chaired by a Trustee of the National Museum's Board of Trustees and draws expertise from other Trustees and committee members, with the executive in attendance as required. The committee also has access to the independent accountants and external and internal auditors engaged for all companies within the Group, providing review and oversight of the financial control systems and the creation of company and consolidated group accounts.

Risk Management

The charitable company's risk register and the responses to risk are managed by the Chief Executive Officer and overseen by the National Museum's Audit and Governance Committee as well as the charitable company's Board. In addition, the charitable company has a system of internal review and checks which link to plans and risks.

The principal risks to the delivery of the charitable company's objectives focus on decisions made by NMRN Operations in its understanding and conservation of the Ship and the impact of those decisions on the Ship's long-term future. To mitigate this risk, the Board seeks assurance from NMRN Operations on its use of grant

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funding in delivery of its plans for the presentation, repair, refurbishment and conservation of HMS Victory in line with best international practice in the conservation of 18th Century wooden ships.

A further risk centres around returns from the investment funds required to financially support NMRN Operations in its presentation of the Ship to meet the charitable objects. The key risk to the achievement of the investment objective is inflation and the Trustees will address this by predominantly investing in equities, where dividends can be expected to grow, although capital value will fluctuate.

Statement of Trustees' and Accounting Officer's responsibilities
for the year ended 31 March 2025

The Board of Trustees (who are also directors of HMS Victory Preservation Company for the purposes of company law) and the Accounting Officer are responsible for preparing the Trustees' Annual Report (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the method and principles of the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The Trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and which enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Vice Admiral Sir Charles Montgomery
On Behalf of the Board of Trustees

Date: 28 October 2025



Matthew Sheldon
Chief Executive and Accounting Officer

Date: 28 October 2025

Independent Auditor's report to the Trustees of The HMS Victory Preservation Company

Opinion

We have audited the financial statements of The HMS Victory Preservation Company (the 'charitable company') for the year ended 31 March 2025 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2025 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the trustees' annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have

performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

We obtained an understanding of the charitable company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, sector research and application of cumulative audit knowledge and experience.

We determined the principal laws and regulations relevant to the charitable company in this regard to be those arising from the Companies Act 2006, Charities Act 2011, and the Charities SORP.

The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified. These included reviewing minutes of Trustee Board meetings; agreeing the financial statement disclosures to underlying supporting documentation; enquiring of management, including those charged with governance.

To address the risk of management override of controls, we carried out testing of journal entries and other adjustments for appropriateness. We also assessed management bias in relation to the accounting policies adopted and in determining significant accounting estimates.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our 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 our auditor's report.

Use of our report

This report is made solely to the charitable company's trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the charitable company and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Cooper-Davis FCCA ACA (Senior Statutory Auditor)
Price Bailey LLP
Chartered Accountants
Statutory Auditors
24 Old Bond Street
London
W1S 4AP

Date: 28 October 2025

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

	Notes	Unrestricted funds	HMS Victory Preservation Trust	Endowment funds	2025 Total	Unrestricted funds	HMS Victory Preservation Trust	Endowment funds	2024 Total
		£	£	£	£	£	£	£	£
Income and endowments from:									
Investments	2	267,153	-	988,149	1,255,302	141,964	-	591,015	732,979
Total income and endowments		<u>267,153</u>	<u>-</u>	<u>988,149</u>	<u>1,255,302</u>	<u>141,964</u>	<u>-</u>	<u>591,015</u>	<u>732,979</u>
Expenditure on:									
Investment management costs		-	-	126,812	126,812	-	-	130,019	130,019
Charitable activities:									
HMS Victory Preservation	3 / 4	760,553	751,262	-	1,511,815	684,415	10,451	-	694,866
Total expenditure		<u>760,553</u>	<u>751,262</u>	<u>126,812</u>	<u>1,638,627</u>	<u>684,415</u>	<u>10,451</u>	<u>130,019</u>	<u>824,885</u>
Net (losses)/gains on investments		-	-	429,594	429,594	-	-	3,590,658	3,590,658
Net (expenditure)/income		<u>(493,400)</u>	<u>(751,262)</u>	<u>1,290,931</u>	<u>46,269</u>	<u>(542,451)</u>	<u>(10,451)</u>	<u>4,051,654</u>	<u>3,498,752</u>
Transfers between funds		310,727	-	(310,727)	-	1,485,482	-	(1,485,482)	-
Other recognised gains/(losses)									
Gains/(losses) on revaluation of fixed assets	8	-	2,364	-	2,364	-	7,484	-	7,484
Net movement in funds		<u>(182,673)</u>	<u>(748,898)</u>	<u>980,204</u>	<u>48,633</u>	<u>943,031</u>	<u>(2,967)</u>	<u>2,566,172</u>	<u>3,506,236</u>
Reconciliation of funds:									
Total funds brought forward		523,171	26,158,884	44,321,412	71,003,467	(419,860)	26,161,851	41,755,240	67,497,231
Total funds carried forward		<u>340,498</u>	<u>25,409,986</u>	<u>45,301,616</u>	<u>71,052,100</u>	<u>523,171</u>	<u>26,158,884</u>	<u>44,321,412</u>	<u>71,003,467</u>

All recognised gains and losses are included in the statement of financial activities.

The notes on pages 22 to 31 form an integral part of these financial statements.

Balance sheet
as at 31 March 2025

		2025	2024
	Notes	£	£
Fixed assets			
Tangible assets	8	6,079,406	6,828,304
Heritage assets	9	19,375,000	19,375,000
Investments	10	45,332,177	44,348,371
Total fixed assets		70,786,583	70,551,675
Current assets			
Debtors	11	-	1,232
Cash at bank and in hand		311,383	491,900
Total current assets		311,383	493,132
Creditors: amounts falling due within one year	12	(45,866)	(41,340)
Net current assets		265,517	451,792
Net assets		71,052,100	71,003,467
Funds			
Unrestricted funds		340,498	523,171
HMS Victory Preservation Trust:			
HMS Victory Preservation Trust funds		25,347,546	26,098,809
Revaluation reserve		62,440	60,075
Total HMS Victory Preservation Trust funds	14	25,409,986	26,158,884
Endowment funds	15	45,301,616	44,321,412
Total funds		71,052,100	71,003,467

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the board and signed on its behalf by:



Vice Admiral Sir Charles Montgomery
Director, on behalf of the Board of Trustees

Date: 28 October 2025

The notes on pages 22 to 31 form an integral part of these financial statements.

**Cash flow statement
for the year ended 31 March 2025**

	Notes	2025 £	2024 £
Cash flows from operating activities:			
Net cash used in operating activities		(881,607)	(1,724,216)
Cash flows from investing activities			
Dividend and interest income		1,255,302	732,979
Purchase of investments		(988,150)	(591,016)
Disposal of investments		310,727	1,485,482
Adjustment for non-cash fees deducted from gains/losses		123,211	153,275
Cash used in investing activities		<u>701,090</u>	<u>1,780,720</u>
Increase/(Decrease) in cash and cash equivalents in the year	17	<u>(180,517)</u>	<u>56,504</u>
Cash and cash equivalents at the beginning of the year		<u>491,900</u>	<u>435,396</u>
Cash and cash equivalents at the end of the year		<u><u>311,383</u></u>	<u><u>491,900</u></u>
Net (expenditure)/income for the reporting period (as per the statement of financial activities)		46,269	3,498,752
Depreciation and loss on disposal of assets		751,262	10,451
(Gains) on investments		(429,594)	(3,590,658)
Dividends and interest from investments		(1,255,302)	(732,979)
Decrease in debtors		1,232	22,655
Increase/(Decrease) in creditors		4,526	(932,437)
Net cash used in operating activities		<u><u>(881,607)</u></u>	<u><u>(1,724,216)</u></u>

Analysis of changes in net funds

	Opening balance £	Cash flows £	Closing balance £
Cash at bank and in hand	<u>491,900</u>	<u>(180,517)</u>	<u>311,383</u>
Net funds	<u><u>491,900</u></u>	<u><u>(180,517)</u></u>	<u><u>311,383</u></u>

The notes on pages 22 to 31 form an integral part of these financial statements.

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

1. Accounting policies

1.1. Company information

The HMS Victory Preservation Company 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 company is the sole corporate trustee of the HMS Victory Preservation Trust. As a linked charity the results of the Trust are shown within these accounts.

The HMS Victory Preservation Company 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 company are detailed in the Trustees report.

1.2. Basis of preparation of financial statements

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SORP FRS 102) issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, and UK Generally Accepted Practice as it applies from 1 January 2019.

The role of the Company and Trust is to hold HMS Victory and its reserves, which it will grant to NMRN Operations as and when required in accordance with the delivery of the charitable objects, for the preservation and operation of the ship, until such a time as the reserves are expended or a nominal sum remains. The Trustees are content that the going concern basis continues to apply to the Company and 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 £.

1.3. 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.

The financial statements include the HMS Victory Preservation Trust as a separately identifiable restricted fund. The Trust is a special trust, charity number 1146376-1, which is a linked charity of the HMS Victory Preservation Company. The Statement of Financial Activities and the Balance Sheet include the results and net assets of the Trust on a line-by-line basis.

1.4. Endowment funds

Endowment funds are funds which the donors have stated are to be held as capital and could be expendable over the long term. It is the intention that the capital value of the donation will be maintained although the company is free to expend the donation from the Gosling Foundation if it wishes. The Heritage Lottery Fund Catalyst Endowment donation is required to be retained for twenty-five years before it may be expended, or an application be made to expend it before the twenty-five year limit is reached.

1.5. Incoming resources

All incoming resources are included in the statement of financial activities when the company is entitled to the income and the amount can be quantified with reasonable accuracy. 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.

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

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.

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

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

1.6. Grants receivable

Revenue grants are credited to incoming resources on the earlier date of when they are received or when they are receivable. If a grant or donation is subject to conditions that require a level of performance before the company is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the company's control and it is probable those conditions will be met in the accounting period.

1.7. Resources expended

Expenditure is recognised on an accrual 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.

Charitable expenditure comprises those costs incurred by the company in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

Support costs are those costs incurred directly in support of expenditure on the objects of the company and include project management.

Governance costs include those costs incurred in the governance of the company and its assets and are primarily associated with constitutional and statutory requirements.

1.8. Tangible fixed assets and depreciation

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 the Ministry of Defence 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 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 timber is not depreciated as it is deemed to have an indefinite life. 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. This relates to the following donated timber:

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

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

Other Tangible fixed assets

Other 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 derived indices.

Depreciation is provided at rates calculated to write off the cost or valuation less residual value of each asset over its expected useful life, as follows:

Fixtures, fittings and equipment - 3 - 25 years

1.9. Heritage assets

The heritage assets are owned by the HMS Victory Preservation Trust and have been included in the financial statements as set out below:

Additions to the collection with a cost in excess of £2,500 are capitalised. In accordance with section 34 of FRS 102 these assets are not depreciated as they are deemed to have indefinite lives.

On 29 March 2012 the title to, and beneficial ownership of, the collection on board HMS Victory passed to the Trust. Information regarding cost or value of this collection is not readily available and the Trust 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.

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. 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 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.

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.

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

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 £50million.

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.

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.

Once the restoration project is complete a revaluation of the ship will be undertaken.

1.10. 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.

1.11. Basic financial instruments

The company's current financial assets and liabilities consist of cash and cash equivalents, trade and other debtors, and trade and other creditors. 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.

1.12. Estimation techniques

Estimate	Assumption
Valuation of HMS Victory	The valuation of HMS Victory has been based on the cost of building a similar vessel. This assumes that the same materials and methods of construction would be utilised with the same cost profile as the Hermione-La Fayette.
Valuation, being the deemed cost, of seasoned timber	<p>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.</p> <p>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.</p> <p>Although the seasoned timber has been professionally valued, this can only be considered an estimate because, due to the nature and quantity of timber held, if it were ever to be sold on the open market, there would likely be a negative impact on the market price.</p>

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

2. Investment income

	Unrestricted funds £	Endowment funds £	2025 Total £	Unrestricted funds £	Endowment funds £	2024 Total £
Income from listed investments	267,153	988,149	1,255,302	141,964	591,015	732,979

3. Costs of charitable activities - by fund type

	HMS Victory		2025	HMS Victory		2024
	Unrestricted funds £	Preservation Trust £	Total £	Unrestricted funds £	Preservation Trust £	Total £
HMS Victory Preservation	760,553	751,262	1,511,815	684,415	10,451	694,866

4. Costs of charitable activities - by activity

	Activities undertaken directly £	Governance and support costs £	2025 Total £	2024 Total £
HMS Victory Preservation	754,447	32,368	786,815	29,866
Grant to NMRN Operations (Charity 1169061)	725,000	-	725,000	665,000
	1,479,447	32,368	1,511,815	694,866

5. Analysis of governance and support costs

	2025 Total £	2024 Total £
Depreciation and impairment	10,633	10,451
Accountancy fees	2,400	2,400
Auditor remuneration	12,600	9,422
Trustee expenses	6,735	5,498
	32,368	27,771

6. Employees

There were no employees directly employed by the charity in the period (2024: Nil).

No Trustees received remuneration during the period (2024: Nil). Eight Trustees were reimbursed for travel expenses totalling £5,858 (2024: Six Trustees were reimbursed for travel expenses totalling £2,104).

7. Taxation

All of the company's income is applied for charitable purposes and therefore the company is exempt from Corporation Tax.

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

8. Fixed assets – Tangible assets

	Fixtures, fittings and equipment £	Timber £	Total £
Cost or valuation			
At 1 April 2024	261,279	6,692,439	6,953,718
Revaluation	4,545	-	4,545
Disposals	-	(740,629)	(740,629)
At 31 March 2025	<u>265,824</u>	<u>5,951,810</u>	<u>6,217,634</u>
Depreciation			
At 1 April 2024	125,414	-	125,414
Charge for the year	10,633	-	10,633
Revaluation	2,181	-	2,181
At 31 March 2025	<u>138,228</u>	<u>-</u>	<u>138,228</u>
Net book values			
At 31 March 2025	<u>127,596</u>	<u>5,951,810</u>	<u>6,079,406</u>
At 31 March 2024	<u>135,865</u>	<u>6,692,439</u>	<u>6,828,304</u>

9. Fixed assets – Heritage assets

	HMS Victory £	Total £
Valuation and Net book value		
At 1 April 2024 and 31 March 2025	<u>19,375,000</u>	<u>19,375,000</u>
	At cost £	At valuation £
Carrying amount at 1 April 2024 and 31 March 2025	<u>-</u>	<u>19,375,000</u>

There were no additions made to the Collection in the year. There were no impairments during the year.

Cost or valuation	2025 £	2024 £	2023 £	2022 £	2021 £
<u>Additions</u>					
Purchases	-	-	-	-	-
Donations	-	-	-	-	-
<u>Disposals</u>	-	-	-	-	-

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

10. Fixed assets – Investments

	Listed investments £	Total £
Valuation		
At 1 April 2024	44,348,371	44,348,371
Additions	988,150	988,150
Disposals	(310,727)	(310,727)
Gains and losses before management fees	429,594	
Less management fees deducted	(123,211)	
	<hr/>	
Net increase in investment market value	306,383	306,383
	<hr/>	<hr/>
At 31 March 2025	45,332,177	45,332,177
	<hr/> <hr/>	<hr/> <hr/>

The HMS Victory Preservation Company holds two portfolios of investments, one managed by Cazenove Capital Management and the other by James Hambro and Partners. The investment objective for the period was to generate a return of inflation plus 4% per annum over the long term. The market valuation at the year end is provided by the Investment Managers, the results of which are summarised as follows:

		2025 £	2024 £
<u>UK</u>	UK government and fixed interest securities	2,814,264	1,853,883
	UK bonds	1,142,395	1,446,215
	UK equities	3,417,509	3,694,081
	Others	4,846,918	4,165,621
	Capital account	203,889	74,714
		<hr/>	<hr/>
		12,424,975	11,234,514
		<hr/>	<hr/>
<u>Overseas</u>	Fixed interest	-	1,269,778
	International bonds	1,029,257	1,315,376
	International equities	28,603,702	27,516,781
	Others	3,274,243	3,011,922
		<hr/>	<hr/>
		32,907,202	33,113,857
		<hr/>	<hr/>
		45,332,177	44,348,371
		<hr/> <hr/>	<hr/> <hr/>

11. Debtors

	2025 £	2024 £
Accrued income	-	1,232
	<hr/> <hr/>	<hr/> <hr/>

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

12. Creditors: amounts falling due within one year

	2025	2024
	£:	£
Trade creditors	2,400	-
Amounts owed to group companies	305	140
Accruals and deferred income	43,161	41,200
	<u>45,866</u>	<u>41,340</u>

13. Analysis of net assets between funds

	Unrestricted funds £	HMS Victory Preservation Trust £	Endowment funds £	2025 Total funds £
Fund balances at 31 March 2025 as represented by:				
Tangible fixed assets	44,420	6,034,986	-	6,079,406
Heritage assets	-	19,375,000	-	19,375,000
Investment assets	-	-	45,332,177	45,332,177
Current assets	311,383	-	-	311,383
Current liabilities	(15,305)	-	(30,561)	(45,866)
	<u>340,498</u>	<u>25,409,986</u>	<u>45,301,616</u>	<u>71,052,100</u>
Unrealised gains included in tangible fixed assets	<u>-</u>	<u>62,439</u>	<u>-</u>	<u>62,439</u>

	Unrestricted funds £	HMS Victory Preservation Trust £	Endowment funds £	2024 Total funds £
Fund balances at 31 March 2024 as represented by:				
Tangible fixed assets	44,420	6,783,884	-	6,828,304
Heritage assets	-	19,375,000	-	19,375,000
Investment assets	-	-	44,348,371	44,348,371
Current assets	493,132	-	-	493,132
Current liabilities	(14,381)	-	(26,959)	(41,340)
	<u>523,171</u>	<u>26,158,884</u>	<u>44,321,412</u>	<u>71,003,467</u>
Unrealised gains included in tangible fixed assets	<u>-</u>	<u>60,075</u>	<u>-</u>	<u>60,075</u>

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

14. Restricted funds

	At 1 April 2024 £	Outgoing resources £	Gains and losses £	At 31 March 2025 £
HMS Victory Preservation Trust	26,158,884	(751,262)	2,364	25,409,986
	At 1 April 2023 £	Outgoing resources £	Gains and losses £	At 31 March 2024 £
HMS Victory Preservation Trust	26,161,851	(10,451)	7,484	26,158,884

Purposes of restricted funds

The HMS Victory Preservation Trust is a linked Charity (and Special Trust) of the HMS Victory Preservation Company and as such is shown as a separate restricted fund.

15. Endowment funds

	At 1 April 2024 £	Incoming resources £	Outgoing resources £	Transfers £	Gains and losses £	At 31 March 2025 £
Endowment Fund	37,247,170	830,045	(106,522)	(261,011)	360,859	38,070,541
Catalyst Endowment Fund	7,074,242	158,104	(20,290)	(49,716)	68,735	7,231,075
	<u>44,321,412</u>	<u>988,149</u>	<u>(126,812)</u>	<u>(310,727)</u>	<u>429,594</u>	<u>45,301,616</u>
	At 1 April 2023 £	Incoming resources £	Outgoing resources £	Transfers £	Gains and losses £	At 31 March 2024 £
Endowment Fund	35,091,585	496,453	(109,216)	(1,247,805)	3,016,153	37,247,170
Catalyst Endowment Fund	6,663,655	94,562	(20,803)	(237,677)	574,505	7,074,242
	<u>41,755,240</u>	<u>591,015</u>	<u>(130,019)</u>	<u>(1,485,482)</u>	<u>3,590,658</u>	<u>44,321,412</u>

Transfers to unrestricted funds from endowment funds represent investment income disinvested during the period.

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

16. Ultimate parent undertaking

The HMS Victory Preservation Company considers the National Museum of the Royal Navy (“the National Museum”), a charitable company (charity number 1126283, company number 06699696), to be its ultimate parent undertaking.

Control is exercised by the National Museum being the corporate member of the HMS Victory Preservation Company.

Consolidated accounts can be obtained from the National Museum’s registered office: National Museum of the Royal Navy, HM Naval Base PP66, Portsmouth, Hampshire, PO1 3NH.

17. Related party transactions

The company has taken advantage of the exemption under FRS 102 33.1A regarding disclosure of transactions with other National Museum group entities. There were no other related party transactions (2024: None).

18. Revaluation reserve

	2025 £	2024 £
At 1 April 2024	60,075	52,591
Movement in reserves	2,364	7,484
At 31 March 2025	<u>62,439</u>	<u>60,075</u>