

**Charity number: 1147573**

**The HMS Victory Preservation Endowment Fund**

**Trustees' report and financial statements**

**for the year ended 31 March 2024**

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**Legal and administrative information**

<b>Charity number</b>	1147573
<b>Business address</b>	HM Naval Base (PP66) Portsmouth Hampshire PO13 3NH
<b>Trustees</b>	Mr Keith W Morris Mr John D Dagg Mr Robert M N Norman Mr Keith Scott
<b>Accountants</b>	Compass Accountants Venture House, The Tanneries, East Street, Titchfield Hampshire PO14 4AR
<b>Auditors</b>	Price Bailey LLP 24 Old Bond Street, London, W1S 4AP
<b>Bankers</b>	Schroder & Co Limited t/a Cazenove Capital 1 London Wall Place, London, EC2Y 5AU

## Trustees' annual report

### Foreword

The Trustees of HMS Victory Preservation Endowment Fund ("the charity") present their report and the financial statements for the year ended 31 March 2024. The Trustees have had due regard to the guidance issued by the Charity Commission on Public Benefit. The Trustees have 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 charity.

The financial statements have been prepared in accordance with the accounting policies set out in notes to the accounts and comply with the charity's governing document, applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

### Objectives and activities

The charity is governed by the Declaration of Trust dated 26 March 2012. The charity was established as an independent charitable trust to manage £25 million received from the Ministry of Defence into an endowment fund, for the purposes of supporting the HMS Victory Preservation Company (company number 7935358 and registered charity number 1146376) in pursuance of their charitable objects, which are:

- a) To preserve, restore and maintain HMS *Victory*, the flagship of Lord Nelson at the Battle of Trafalgar;
- b) To educate 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 Declaration of Trust imposes no restriction on the charity to prohibit the Trustees from spending the entire capital of the endowment in furtherance of the objectives of the charity. The Trustees anticipate, subject to receiving acceptable grant requests, that the endowment will be fully expended by the 2027-28 financial year.

### Structure, governance and management

On 29 March 2012, the ownership of HMS *Victory* ("the Ship") transferred to the HMS Victory Preservation Trust, a registered charitable trust of the HMS Victory Preservation Company ("the company"), a wholly owned subsidiary of the National Museum of the Royal Navy (company number 6699696 and registered charity number 1126283). The company's trustees have concluded that they do not have the expertise or infrastructure to preserve, restore and maintain the Ship or to present it to the public as a visitor attraction. Accordingly, the company has come to an agreement with the charitable entity, NMRN Operations (company number 9988314 and charity number 1169061), also a wholly owned subsidiary of the National Museum, that it will restore and maintain the Ship and present it as a visitor attraction to the public as part of its charitable activities.

The trustees note that a sister fund, managed by the HMS Victory Preservation Company, shares identical objectives and holds significant resources. This Company has indicated its intention to continue supporting the restoration of HMS *Victory* after the endowment is spent.

The Trustees meet regularly, normally four times a year and more as required, to review and consider performance of invested funds with the appointed fund managers and to consider requests for grant funding from NMRN Operations. The Trustees regularly review any potential conflicts of interest.

A formal induction process for Trustees is in place which combines all the necessary background reading material including items such as the governing document, minutes of recent meetings, the Charity Commission's publication "The Essential Trustee: what you need to know", and the Museum Association's publication "Code of Ethics for Trustees". Trustees are encouraged to visit HMS *Victory* and the National Museum of the Royal Navy's Head Office in Portsmouth, to meet key members of staff and to discuss current issues.

## **Risk Management**

The Trustees have considered and reviewed the risks to the charity and have established systems and procedures to manage them. The principal risk to the Endowment Fund's amount available to make grants, lies in the volatility of investments in equities. Sale of these in a depressed market would lead to less monies being available to the trustees to distribute. This risk is managed by reducing the percentage of equities held and increasing the cash and fixed interest portfolio as the fund reduces in size. In addition the Trustees only approve grants where the fund holds cash sufficient to meet the amount granted. This process is managed through a clearly defined investment policy; the selection of an investment manager that is fully briefed on that policy; and regular reviews of investment manager performance to confirm that the assets are in line with the policy.

## **Activities and Achievements**

We have made grants to NMRN Operations to fund work on HMS *Victory* totalling £1,107,567 during this financial year.

The HMS *Victory* Preservation Company has resolved that the conservation of the Ship will be approached in accordance with those principles set out in the National Historic Ships UK publication "Conserving Historic Vessels". In May 2015, the Company approved the Conservation Programme Plan for the Ship, developed by NMRN Operations in association with subject matter experts. Its purpose is to define 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.

We have funded the development of a revised Conservation Management Plan, with support and challenge from the 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.

NMRN Operations has continued to concentrate on hull planking removal, that has come with a number of challenges due to degradation of on-ship materials, and the standard of frames being exposed. This has resulted in a revised project baseline which was further impacted by the cost of materials significantly increasing due to inflationary rises.

A programme of surveys and testing, mandated by legislation, was completed alongside the commencement of fungicidal treatment and grained repairs to the Ship's frame on the Starboard side. Production of replacement futtocks had also started. Work was undertaken by NMRN Operations, under the guidance of its structural support specialists, to prevent movement of the Ship in its structure during this process.

The year also saw the final consolidating of the Ship's rig and smaller spars that were removed in 2011. They are now in one location where they will be catalogued, and their condition assessed to inform planning for the re-rig.

We funded NMRN Operations to continue testing to establish the impact of UV, water permeability and various materials for fastenings on the Ship. This extensive programme of work, undertaken in partnership with Southampton University's nc<sup>2</sup> consultancy, is enabling the project to better understand the likely degradation of materials over time, and make informed decisions as to the best choices of fixings, glues, paints and timber to be used on the project, and the levels of maintenance likely to be required going

forward. The ship-side mock-up surveys progressed on a monthly basis and the results showed patterns of deterioration. This information, combined with the laboratory results from materials trials was used when selecting the materials for re-planking the ship. The approach to the fungal survey which has been outlined with the University's microbiology department is due to commence in the summer 2024. The Deathwatch beetle colony that was sent to London Zoo for testing reported positive signs that there is larvae in the Ship's timber and this will enable further testing and management going forward.

To support the delivery of the 12-year conservation plan, we funded upgrades to the workshops. The Bay 4 racking construction was completed to support the new space for critical quality control procedures for the production of laminating oak and for the smooth supply chain flow from the timber supplier.

We have enabled NMRN Operations to capture digital footage of the project during the year, including 3D drone surveys, modelling and high resolution footage of planks. All of the content has been used to support visitors' research and experiences across websites, social media and within the Victory Live experience. This has enabled digital and site visitors to experience the levels of conservation being undertaken, receive key updates, witness the restoration milestones and learn more about the science. We have also funded the preparation and implementation of a strategy for recording the work packages dealing with the starboard futtock repairs. Such strategies included photographs and laser scans as work progressed and will be used as an archaeological archive for future researchers and custodians of the Ship.

With support from our funding, NMRN Operations welcomed 282,056 visitors (2022-23: 204,859 visitors) to HMS Victory (Ship and Gallery) during the period. There were approximately 12,149 school visits to the Ship and Gallery. A 'virtual' session on board HMS Victory was delivered as part of a 'Kids in Museums' conference. A 'Minecraft' programming strand, delivered by NMRN Operations in partnership with their scaffold contractors, was nominated for the Construction News Specialist Awards in the 'Excellence in Social Value' category and continues to be held on site when large numbers of families visit.

During September 2023, HMS Victory was part of the National Museum's Heritage Open Days offering visitors the chance to meet shipwrights and riggers, with the opportunity to take a 'Beetles on Board' tour. A joint initiative between NMRN Operations, Portsmouth City Council and the Mary Rose Trust, offered free tickets to all families within the city who are entitled to Pupil Premium, opening up HMS Victory to those who may not have been able to visit the Ship previously.

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**

The Endowment Fund expects to receive and consider further grant requests from NMRN Operations in the 2024-25 financial year, and subsequent financial years, for funding to support the HMS Victory Conservation Project Plan. Significant changes were made to the project plan during 2022 that accelerate certain project activities to enable work to be completed more quickly and to the same quality, but that will result in increased expenditure in the early years, although significantly lower total expenditure in aggregate over the life of the project. This increased rate of expenditure has had a significant impact on the Trustees' view of the anticipated life of the Fund.

## Investment Policy

The Trustees completed a review of the Investment Policy and Investment Managers at their meeting of 10 December 2021, which resulted in the Trustees resolving to hold all funds with one investment manager, Cazenove. They took into account the anticipated grant funding requests for the revised Conservation Project Plan, which indicated a high level of grant requests in the 2023-24 financial year.

The current investment objective is to maintain the cash and liquidity available to meet anticipated near-term grant funding requests (defined as the next 12 months) and to invest the remaining assets in a way consistent with the expected project timeframe.

The forecast of expenditure of NMRN Operations at the date of approving this investment policy showed that the capital resources of the Endowment Fund will have been fully expended by the 2026-27 financial year. Any forecast should be treated with some caution, given the complexities of the Conservation Programme Plan and the impact of the current economic environment on both the work programme and investment performance. The latest projections indicate that at the anticipated level of future grant making, taking into account anticipated future investment returns, the Endowment Fund will now be fully expended during the first half of the 2027-28 financial year. The trustees considered our Investment Objectives and did not consider any change in approach was required.

The Endowment Fund seeks to produce the best possible financial return within an acceptable level of risk. Return can be achieved by either income or capital gain, but given the duration of the fund, significant volatility in the investment portfolio is undesirable. The Endowment Fund will seek to strike a balance between equity investments, which provide the best opportunity for capital retention and growth in excess of inflation, and fixed investments such as cash and bonds, which provide lower volatility and more certain returns. The trustees have determined they have a conservative approach to risk.

Subject to the above, the Endowment Fund 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 assets, private equity, commodities and any other asset class that is deemed suitable. The Trustees do not wish to invest directly in property. In making investments, the Trustees may take into consideration the fact that the Preservation Company fund, which shares the identical objectives, will not be using its capital and will be available to take up the funding needs of HMS *Victory* after the Endowment Fund is expended. The Trustees will agree a suitable asset allocation framework with the chosen Investment Managers

The base currency of the investment portfolio is Sterling. Investments may be made in non-sterling assets. Hedging is permitted.

The Endowment Fund shall, through the chosen Investment Managers, maintain a cash reserve to fund near-term requirements for funding the programme of work on HMS *Victory*. The Investment Managers manage the Endowment Fund's assets on a discretionary basis in line with this policy. The Investment Managers provide custody of assets and each is required to produce a quarterly valuation and performance report.

The Trustees are responsible for agreeing strategy and monitoring the investment assets, and the performance of the Investment Managers and will meet at least annually to review the portfolios, including an analysis of return, asset allocation and risk. This will include monitoring and reviewing the fees charged. No specific ethical investment restriction is placed in the Investment Managers' remit. The trustees are content that the corporate socially responsible investment policies of the Investment Managers meets their needs.

## Reserves Policy

The Trustees regularly monitor the levels of the Endowment Fund's liquid and total reserves. Due to the expected higher grant requests in the coming year, the Trustees needed to hold additional liquidity. On advice from their Investment Manager the Trustees opened a short term liquidity fund to maintain easily accessible assets sufficient to meet anticipated grant requests in the next twelve months, and to avoid selling of investments assets at a sub-optimum time in a potentially declining market. This accounts for the majority of the decline in Endowment Funds, and increase in Unrestricted Income Funds, shown in the accounts.

## Grant Making Policies

The Endowment Fund exists to support the charitable objects of the HMS Victory Preservation Company. In so doing, the Endowment Fund expects to make a grant to NMRN Operations based on the budget proposed for preservation, maintenance and operation of the Ship. In addition, occasional grants may be made to fund specific projects and one-off expenditure that support the charitable objects. The Endowment Fund received and made grant funding requests totalling £1,107,567 for the preservation, maintenance and operation of HMS *Victory* in the year to 31 March 2024.

## Related Parties

The related parties of the HMS Victory Preservation Endowment Fund are disclosed in note 13 to the accounts.

## Financial Review

### Results for the Year Ended 31 March 2024

The trustees were pleased to be able to report that after making grants totalling £1,107,567 they are still able to report a decline in net assets of only £79,051. This was due to a very satisfactory investment return during the year as set out below.

Total income from investments for the HMS Victory Preservation Endowment Fund in 2023-24 amounted to £413,188 (2022-23: £287,081).

Total expenditure for 2023-24 amounted to £1,176,683 (2022-23: £8,178,158). After net gains on mid-market valuation of investments of £684,444 (2022-23: losses of £464,428), the net movement in funds for the year was a decrease of £79,051 (2022-23: decrease of £8,355,505).

The net assets as at 31 March 2024 amounted to £14,290,431 (31 March 2023: £14,369,482).

### Changes in Fixed Assets

Movements in fixed asset investments are shown in note 7 to the accounts.

## Auditors

The accounts have been audited by Price Bailey LLP. So far as the Trustees are aware, there is no relevant audit information of which the charity'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 charity's auditors are aware of that information.



Mr Keith Morris

Date: 22/1/2025



## Statement of Trustees' responsibilities

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England and Wales 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 charity and of the incoming resources and application of resources of the charity 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Mr Keith Morris

Date: 22nd January 2025

## Independent auditors' report to the Trustees of HMS Victory Preservation Endowment Fund

### Opinion

We have audited the financial statements of the HMS Victory Preservation Endowment Fund (the 'charity') for the year ended 31 March 2024 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 Charity's affairs as at 31 March 2024 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 Charities Act 2011.

### 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 Charity 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 Charity'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.

#### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

#### **Responsibilities of trustees**

As explained more fully in the Statement of Trustees Responsibilities, the trustees are responsible for the preparation of financial statements which 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 charity'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 charity 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 Charity 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 Charity in this regard to be those arising from the 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](http://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 charity's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity'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 charity and the charity'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. 23 January 2025

**Statement of financial activities**  
**For the year ended 31 March 2024**

	Notes	Unrestricted funds £	Endowment funds £	2024 Total £	Unrestricted funds £	Endowment funds £	2023 Total £
<b>Income from:</b>							
Investments	2	406,624	6,564	413,188	283,317	3,764	287,081
<b>Total income</b>		<u>406,624</u>	<u>6,564</u>	<u>413,188</u>	<u>283,317</u>	<u>3,764</u>	<u>287,081</u>
<b>Expenditure on:</b>							
Investment management costs		1,831	33,440	35,271	4,212	48,969	53,181
Charitable activities	3	1,141,412	-	1,141,412	8,124,977	-	8,124,977
<b>Total expenditure</b>		<u>1,143,243</u>	<u>33,440</u>	<u>1,176,683</u>	<u>8,129,189</u>	<u>48,969</u>	<u>8,178,158</u>
Net gains/(losses) on investments	7	-	684,444	684,444	-	(464,428)	(464,428)
<b>Transfers between funds</b>		<u>2,142,990</u>	<u>(2,142,990)</u>	<u>-</u>	<u>2,902</u>	<u>(2,902)</u>	<u>-</u>
<b>Net movement in funds</b>		<u>1,406,371</u>	<u>(1,485,422)</u>	<u>(79,051)</u>	<u>(7,842,970)</u>	<u>(512,535)</u>	<u>(8,355,505)</u>
<b>Reconciliation of funds</b>							
Total funds brought forward		<u>3,579,857</u>	<u>10,789,625</u>	<u>14,369,482</u>	<u>11,422,827</u>	<u>11,302,160</u>	<u>22,724,987</u>
<b>Total funds carried forward</b>		<u>4,986,228</u>	<u>9,304,203</u>	<u>14,290,431</u>	<u>3,579,857</u>	<u>10,789,625</u>	<u>14,369,482</u>

The statement of financial activities includes all gains and losses in the year.

All of the above amounts relate to continuing activities.

The notes on pages 16 to 21 form an integral part of these financial statements.

**Balance sheet**  
as at 31 March 2024

	Notes	£	2024 £	2023 £	£
<b>Fixed assets</b>					
Investments	7		9,385,878		11,078,903
<b>Current assets</b>					
Investments	7	4,975,745		3,349,249	
Debtors	8	13,187		6,623	
Total current assets		4,988,932		3,355,872	
<b>Creditors: amounts falling due within one year</b>	9	(84,379)		(65,293)	
<b>Net current assets</b>			4,904,553		3,290,579
<b>Net assets</b>			14,290,431		14,369,482
<b>Funds</b>	10				
Endowment funds	12		9,304,203		10,789,625
Unrestricted income funds	11		4,986,228		3,579,857
<b>Total funds</b>			14,290,431		14,369,482

The financial statements were approved by the Trustees and signed on their behalf by



**Mr K Morris**  
Trustee

Date: 22nd January 2025

## Cash flow statement for the year ended 31 March 2024

	2024 £	2023 £
<b>Cashflows from operating activities:</b>		
<b>Net cash (outflow)/inflow from operating activities</b>	(2,744,162)	(207,902)
<b>Cash flows from investing activities:</b>		
Dividends and interest from investments	413,188	287,081
Purchase of investments	(435,020)	-
Disposal of investments	2,578,010	1,546
Movement in cash held in investments	187,984	(199,914)
<b>Net cash provided by (used in) investing activities</b>	<u>2,744,162</u>	<u>88,713</u>
Change in cash and cash equivalents in the reporting period	-	(119,189)
<b>Cash and cash equivalents at 1 April 2023</b>	<u>-</u>	<u>119,189</u>
<b>Total cash and cash equivalents at 31 March 2024</b>	<u><u>-</u></u>	<u><u>-</u></u>
Net (expenditure)/income for the year	(79,051)	(8,355,505)
Income from investments	(413,188)	(287,081)
Losses /(Gains) on investments	(684,444)	464,428
Adjustment for non-cash fees from gains/losses	46,495	48,062
Decrease /(Increase) in short term investments	(1,626,496)	7,878,636
(Increase)/Decrease in debtors	(6,564)	(3,779)
Increase/(Decrease) in creditors	19,086	47,337
<b>Net cash (used in)/provided by operating activities</b>	<u><u>(2,744,162)</u></u>	<u><u>(207,902)</u></u>

## Notes to the financial statements for the year ended 31 March 2024

### 1. Accounting policies

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

#### 1.1. Charity information

The HMS Victory Preservation Endowment Fund is a registered charity, number 1147573. The business address is HM Naval Base PP66, Portsmouth, Hampshire, PO1 3NH. The HMS Victory Preservation Endowment Fund 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 accounting

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 (FRS 102) issued in October 2019, the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Practice as it applies from 1 January 2019.

The financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

The financial statements are prepared under the historical cost convention, modified to include fixed asset investments at fair value. The financial statements are presented in sterling which is the functional currency of the charity. 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 this 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.

#### 1.4. Incoming resources

Income is recognised when the charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably. 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.

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

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



## Notes to the financial statements for the year ended 31 March 2024

### 1.5. 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 of donation is subject to conditions that require a level of performance before the charity 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 charity's control and it is probable those conditions will be met in the accounting period.

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

### 1.6. 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.

Charitable expenditure comprises those costs incurred by the charity 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 charity and include project management.

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

### 1.7. Investments

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

## 2. Investment income

	Unrestricted funds	Endowment funds	2024 Total	Unrestricted funds	Endowment funds	2023 Total
	£	£	£	£	£	£
Income from UK listed investments	368,047	6,564	374,611	266,100	3,764	269,864
Interest income	38,577	-	38,577	17,217	-	17,217
	<u>406,624</u>	<u>6,564</u>	<u>413,188</u>	<u>283,317</u>	<u>3,764</u>	<u>287,081</u>

## 3. Costs of charitable activities - by fund type

	Unrestricted funds	2024 Total	Unrestricted funds	2023 Total
	£	£	£	£
HMS Victory Preservation	<u>1,141,412</u>	<u>1,141,412</u>	<u>8,124,977</u>	<u>8,124,977</u>

**Notes to the financial statements  
for the year ended 31 March 2024**

**4. Costs of charitable activities - by activity**

	Activities undertaken directly £	Governance and support costs £	2024 Total £	2023 Total £
Governance and support costs	-	33,845	33,845	52,329
Grant to NMRN Operations (Charity 1169061)	1,107,567	-	1,107,567	7,783,648
Grant to the National Museum of the Royal Navy (Charity 1126283)	-	-	-	289,000
	<u>1,107,567</u>	<u>33,845</u>	<u>1,141,412</u>	<u>8,124,977</u>

**5. Governance and support costs**

	Unrestricted funds £	2024 Total £	Unrestricted funds £	2023 Total £
Accountancy fees	1,203	1,203	1,704	1,704
Auditor remuneration	10,082	10,082	6,022	6,022
Administration and support costs	17,040	17,040	42,000	42,000
Bank charges	-	-	30	30
Legal & professional fees	-	-	1,356	1,356
Other governance costs	5,520	5,520	1,217	1,217
	<u>33,845</u>	<u>33,845</u>	<u>52,329</u>	<u>52,329</u>

**6. Trustees' emoluments**

No Trustees received remuneration during the year (2023: Nil). No expenses have been paid to the Trustees during the year (2023: £Nil).

**Notes to the financial statements  
for the year ended 31 March 2024**

**7. Fixed asset investments**

	Listed investments £	Total £
<b>Valuation</b>		
At 1 April 2023	10,732,051	10,732,051
Additions	435,020	435,020
Disposals	(2,578,010)	(2,578,010)
Gains and losses before management fees	684,444	
Less management fees deducted	(46,495)	
Net increase in investment market value	(637,949)	(637,949)
At 31 March 2024	9,227,010	9,227,010
Cash held in investments		
At 1 April 2023		346,852
Net movement in the year		(187,984)
At 31 March 2024		158,868
Total investment value at 1 April 2023		11,078,903
Total investment value at 31 March 2024		9,385,878
Historical cost as at 31 March 2024		16,774,220
Historical cost as at 31 March 2023		14,631,230

The investment portfolio also includes £4,975,745 (2023: £3,349,249) of short-term low-volatility variable net asset value money-market funds.

**8. Debtors**

	2024 £	2023 £
Other debtors	12,879	6,315
Prepayments	308	308
	13,187	6,623

**9. Creditors: amounts falling due  
within one year**

	2024 £	2023 £
Other creditors	13,202	11,360
Accruals and deferred income	71,177	53,933
	84,379	65,293

**Notes to the financial statements  
for the year ended 31 March 2024**

**10. Analysis of net assets between funds**

	Unrestricted funds	Endowment funds	2024 Total funds
	£	£	£
Fund balances at 31 March 2024 as represented by:			
Investment assets	158,868	9,227,010	9,385,878
Current assets	4,911,002	77,930	4,988,932
Current liabilities	(83,642)	(737)	(84,379)
	<u>4,986,228</u>	<u>9,304,203</u>	<u>14,290,431</u>
	Unrestricted funds	Endowment funds	2023 Total funds
	£	£	£
Fund balances at 31 March 2023 as represented by:			
Investment assets	346,852	10,732,051	11,078,903
Current assets	3,284,506	71,366	3,355,872
Current liabilities	(51,501)	(13,792)	(65,293)
	<u>3,579,857</u>	<u>10,789,625</u>	<u>14,369,482</u>

**11. Unrestricted funds**

	At 1 April 2023 £	Incoming resources £	Outgoing resources £	Gains and losses £	Transfer between Funds £	At 31 March 2024 £
Unrestricted Funds	<u>3,579,857</u>	<u>406,624</u>	<u>(1,143,243)</u>	<u>-</u>	<u>2,142,990</u>	<u>4,986,228</u>
	At 1 April 2022 £	Incoming resources £	Outgoing resources £	Gains and losses £	Transfer between Funds £	At 31 March 2023 £
Unrestricted Funds	<u>11,422,827</u>	<u>283,317</u>	<u>(8,129,189)</u>	<u>-</u>	<u>2,902</u>	<u>3,579,857</u>

**Notes to the financial statements  
for the year ended 31 March 2024**

**12. Endowment funds**

	At 1 April 2023 £	Incoming resources £	Outgoing resources £	Gains and losses £	Transfer between Funds £	At 31 March 2024 £
Endowment Funds	10,789,625	6,564	(33,440)	684,444	(2,142,990)	9,304,203

	At 1 April 2022 £	Incoming resources £	Outgoing resources £	Gains and losses £	Transfer between Funds £	At 31 March 2023 £
Endowment Funds	11,302,160	3,764	(48,969)	(464,428)	(2,902)	10,789,625

Transfers to unrestricted funds reflect amounts disinvested to facilitate the grant to NMRN Operations.

**13. Related party transactions**

There were no related party transactions during the period (2023: None).