

Charity number: 1147573

The HMS Victory Preservation Endowment Fund

Trustees' report and financial statements

for the year ended 31 March 2025

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Legal and administrative information

Charity number	1147573
Business address	HM Naval Base (PP66) Portsmouth Hampshire PO13 3NH
Trustees	Mr Keith W Morris Mr John D Dagg Mr Robert M N Norman Mr Keith Scott
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	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 2025. 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 preservation, restoration and maintenance of HMS *Victory*, the flagship of Lord Nelson and the world's oldest commissioned warship.

The charitable objects of the charity are to support the work of the HMS Victory Preservation Company (company number 7935358 and registered charity number 1146376) in pursuance of its 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 Trustees of the HMS Victory Preservation Company have an agreement with the charitable entity, NMRN Operations (company number 9988314 and registered 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.

Structure, governance and management

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 2026-27 financial year.

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 operator"). 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 its 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 its work on HMS *Victory* totalling £2,644,804 during this financial year.

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, we have funded the operator to develop a revised Conservation Management Plan during the year, 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 became 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.

The National Museum lost a significant quantity of data during a cyber-attack in December 2024, and the operator worked hard to restore or rebuild necessary data to continue with the rigging and spars work. The mast conservation plans continued to be progressed.

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.

With support from our funding, 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) were 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*.

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 2025-26 financial year, and subsequent financial years, for funding to support HMS *Victory's* presentation to the public and its Conservation Project Plan. There is potential for NMRN Operations to review the project programme to bring forward specific stages of its planned activities. If this was agreed, the result would mean increased expenditure earlier. This increased rate of expenditure, with the Trustees' decision not to seek to raise further funds, has resulted in the Trustees reviewing its plans for the future closure of the charity.

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.

Investment Policy

The Trustees completed a review of the Investment Policy and Investment Managers during 2024 and the Trustees resolved 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 2024-25 financial year.

The investment objective has continued to be 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.

At the date of approving this investment policy, the forecast grant funding requirement from NMRN Operations showed that the capital resources of the Endowment Fund would be fully expended in the 2026-27 financial year. Any forecast should be treated with some caution, given the complexities of the operator's Conservation Programme Plan and the impact of the current economic environment on both the work programme and investment performance. The latest projections indicate that the Endowment Fund will be fully expended in the 2026-27 financial year. The Trustees do not consider any change in approach was required to our investment objectives.

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.

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 the operation, preservation, and maintenance of the Ship. In addition, occasional grants may be made to fund specific projects and one-off expenditure that support the charitable objects.

Related Parties

The related parties of the HMS Victory Preservation Endowment Fund are disclosed in note 14 to the accounts.

Financial Review

Results for the Year Ended 31 March 2025

The expenditure was primarily on grants to support HMS Victory which totalled £2,644,084.

Total income from investments for the HMS Victory Preservation Endowment Fund in 2024-25 amounted to £563,328 (2023-24: £413,188).

Total expenditure for 2024-25 amounted to £2,696,076 (2023-24: £1,176,683). After net losses on mid-market valuation of investments of £17,966 (2023-24: gains of £684,444), the net movement in funds for the year was a decrease of £2,150,714 (2023-24: decrease of £79,051).

The net assets as at 31 March 2025 amounted to £12,139,717 (31 March 2024: £14,290,431).

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: 17 December 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: 17 December 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 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 Charity'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 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. 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. 5 January 2026

Statement of financial activities

For the year ended 31 March 2025

	Notes	Unrestricted funds £	Endowment funds £	2025 Total £	Unrestricted funds £	Endowment funds £	2024 Total £
Income from:							
Investments	2	563,328	-	563,328	406,624	6,564	413,188
Total income		<u>563,328</u>	<u>-</u>	<u>563,328</u>	<u>406,624</u>	<u>6,564</u>	<u>413,188</u>
Expenditure on:							
Investment management costs		-	25,920	25,920	1,831	33,440	35,271
Charitable activities	3	2,670,156	-	2,670,156	1,141,412	-	1,141,412
Total expenditure		<u>2,670,156</u>	<u>25,920</u>	<u>2,696,076</u>	<u>1,143,243</u>	<u>33,440</u>	<u>1,176,683</u>
Net gains/(losses) on investments	7,8	-	(17,966)	(17,966)	-	684,444	684,444
Transfers between funds		<u>(2,826,926)</u>	<u>2,826,926</u>	<u>-</u>	<u>2,142,990</u>	<u>(2,142,990)</u>	<u>-</u>
Net movement in funds		<u>(4,933,754)</u>	<u>2,783,040</u>	<u>(2,150,714)</u>	<u>1,406,371</u>	<u>(1,485,422)</u>	<u>(79,051)</u>
Reconciliation of funds							
Total funds brought forward		<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>
Total funds carried forward		<u><u>52,474</u></u>	<u><u>12,087,243</u></u>	<u><u>12,139,717</u></u>	<u><u>4,986,228</u></u>	<u><u>9,304,203</u></u>	<u><u>14,290,431</u></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 2025

	Notes	£	2025 £	£	2024 £
Fixed assets					
Investments	7		3,410,279		9,385,878
Current assets					
Investments	8	8,722,336		4,975,745	
Debtors	9	41,472		13,187	
Total current assets		8,763,808		4,988,932	
Creditors: amounts falling due within one year	10	(34,370)		(84,379)	
Net current assets			8,729,438		4,904,553
Net assets			12,139,717		14,290,431
Funds	11				
Endowment funds	13		12,087,243		9,304,203
Unrestricted income funds	12		52,474		4,986,228
Total funds			12,139,717		14,290,431

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



Mr K Morris
Trustee

Date: 17 December 2025

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

Cash flow statement for the year ended 31 March 2025

	2025 £	2024 £
Cashflows from operating activities:		
Net cash outflow from operating activities	(2,721,638)	(2,744,162)
Cash flows from investing activities:		
Dividends and interest from investments	535,043	413,188
Purchase of investments	(669,777)	(435,020)
Disposal of investments	2,740,662	2,578,010
Movement in cash held in investments	115,710	187,984
Net cash provided by investing activities	<u>2,721,638</u>	<u>2,744,162</u>
Change in cash and cash equivalents in the reporting period	-	-
Cash and cash equivalents at 1 April 2024	<u>-</u>	<u>-</u>
Total cash and cash equivalents at 31 March 2025	<u><u>-</u></u>	<u><u>-</u></u>
Net expenditure for the year	(2,150,714)	(79,051)
Income from investments	(535,043)	(413,188)
Losses /(Gains) on investments	17,966	(684,444)
Adjustment for non-cash fees from gains/losses	24,447	46,495
Other increase in short term investments	-	(1,626,496)
Increase in debtors	(28,285)	(6,564)
(Decrease)/Increase in creditors	(50,009)	19,086
Net cash (used in)/provided by operating activities	<u><u>(2,721,638)</u></u>	<u><u>(2,744,162)</u></u>

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

1. Accounting policies

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

1.1. Charity information

The 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 2025

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	2025 Total	Unrestricted funds	Endowment funds	2024 Total
	£	£	£	£	£	£
Income from UK listed investments	274,694	-	274,694	368,047	6,564	374,611
Interest income	288,634	-	288,634	38,577	-	38,577
	<u>563,328</u>	<u>-</u>	<u>563,328</u>	<u>406,624</u>	<u>6,564</u>	<u>413,188</u>

3. Costs of charitable activities - by fund type

	Unrestricted funds	2025 Total	Unrestricted funds	2024 Total
	£	£	£	£
HMS Victory Preservation	<u>2,670,156</u>	<u>2,670,156</u>	<u>1,141,412</u>	<u>1,141,412</u>

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

4. Costs of charitable activities - by activity

	Activities undertaken directly £	Governance and support costs £	2025 Total £	2024 Total £
Governance and support costs	-	26,072	26,072	33,845
Grant to NMRN Operations (Charity 1169061)	2,644,084	-	2,644,084	1,107,567
	<u>2,644,084</u>	<u>26,072</u>	<u>2,670,156</u>	<u>1,141,412</u>

5. Governance and support costs

	Unrestricted funds £	2025 Total £	Unrestricted funds £	2024 Total £
Accountancy fees	1,800	1,800	1,203	1,203
Auditor remuneration	6,000	6,000	10,082	10,082
Administration and support costs	17,040	17,040	17,040	17,040
Other governance costs	1,232	1,232	5,520	5,520
	<u>26,072</u>	<u>26,072</u>	<u>33,845</u>	<u>33,845</u>

6. Trustees' emoluments

No Trustees received remuneration during the year (2024: Nil). No expenses have been paid to the Trustees during the year (2024: £Nil).

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

7. Fixed asset investments

	Listed investments £	Total £
Valuation		
At 1 April 2024	9,385,878	9,385,878
Additions	669,777	669,777
Disposals	(2,740,662)	(2,740,662)
Transferred to current asset investments	(3,862,301)	(3,862,301)
Gains and losses before management fees	(17,966)	
Less management fees deducted	(24,447)	
Net increase in investment market value	<u>(42,413)</u>	<u>(42,413)</u>
At 31 March 2025	<u><u>3,410,279</u></u>	<u><u>3,410,279</u></u>
 Cash held in investments		
At 1 April 2024		158,868
Transferred to current investments		(158,868)
At 31 March 2025		<u><u>-</u></u>
 Total investment value at 1 April 2024		<u><u>9,385,878</u></u>
 Total investment value at 31 March 2025		<u><u>3,410,279</u></u>
 Historical cost as at 31 March 2025		<u><u>17,443,997</u></u>
Historical cost as at 31 March 2024		<u><u>16,774,220</u></u>

Disposals from the above investment fund were used to fund acquisitions in current asset investments .

8. Current asset investments

	2025 £	2024 £
Current asset investments	8,679,178	4,816,877
Cash	43,158	158,868
	<u><u>8,722,336</u></u>	<u><u>4,975,745</u></u>

The current asset investment portfolio includes short-term, low-volatility, variable net asset value money-market funds maturing within the next 12 months.

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

9. Debtors

	2025	2024
	£	£
Other debtors	41,164	12,879
Prepayments	308	308
	<u>41,472</u>	<u>13,187</u>

10. Creditors: amounts falling due within one year

	2025	2024
	£	£
Other creditors	7,320	13,202
Accruals and deferred income	27,050	71,177
	<u>34,370</u>	<u>84,379</u>

11. Analysis of net assets between funds

	Unrestricted funds	Endowment funds	2025 Total funds
	£	£	£
Fund balances at 31 March 2025 as represented by:			
Investment assets	-	3,410,279	3,410,279
Current assets	84,634	8,679,174	8,763,808
Current liabilities	(32,160)	(2,210)	(34,370)
	<u>52,474</u>	<u>12,087,243</u>	<u>12,139,717</u>
	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>

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

12. Unrestricted funds

	At 1 April 2024 £	Incoming resources £	Outgoing resources £	Gains and losses £	Transfer between Funds £	At 31 March 2025 £
Unrestricted Funds	<u>4,986,228</u>	<u>563,328</u>	<u>(2,670,156)</u>	<u>-</u>	<u>(2,826,926)</u>	<u>52,474</u>

	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>

13. Endowment funds

	At 1 April 2024 £	Incoming resources £	Outgoing resources £	Gains and losses £	Transfer between Funds £	At 31 March 2025 £
Endowment Funds	<u>9,304,203</u>	<u>-</u>	<u>(25,920)</u>	<u>(17,966)</u>	<u>2,826,926</u>	<u>12,087,243</u>

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

Transfers from unrestricted funds in 2024/25 reflect amounts returned to the endowment fund that were unspent during the 2024/25 year and therefore reinvested as part of the endowment.

Transfers to unrestricted funds in 2023/24 reflect amounts disinvested to facilitate the grant to NMRN Operations.

14. Related party transactions

There were no related party transactions during the period (2024: None).