

**The HMS Caroline Preservation Company**  
**(A company limited by guarantee)**  
**Company number: 08303946**

**Charity number: 1149930**  
**Company number: 08303946**

**The HMS Caroline Preservation Company**  
**(A company limited by guarantee)**  
**Incorporating the HMS Caroline Preservation Trust**  
**Trustees' report and financial statements**  
**for the year ended 31 March 2025**

## Contents

Legal and administrative information .....	1
Foreword.....	2
Performance Report .....	4
Accountability Report .....	8
Statement of Trustees' and Accounting Officer's responsibilities .....	11
Independent auditor's report to the Trustees of The HMS Caroline Preservation Company and Trust .....	12
Statement of financial activities (incorporating the income and expenditure account) .....	15
Balance sheet.....	16
Cash flow statement.....	17
Notes to the financial statements .....	18

**The HMS Caroline Preservation Company**  
**(A company limited by guarantee)**  
**Company number: 08303946**

**Legal and administrative information**

<b>Charity number</b>	1149930
<b>Company number</b>	08303946
<b>Registered office</b>	H M Naval Base PP66 Portsmouth Hampshire PO1 3NH
<b>Chief Executive and Accounting Officer</b>	Matthew Sheldon
<b>Trustees</b>	Mr John Armstrong Mr Scott Armstrong Mr Richard Brady (resigned 16 October 2025) Mr John McMillen Commodore Martin Quinn RNR Mr Michael Scott
<b>Accountants</b>	Compass Accountants Limited 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>	Lloyds TSB Bank Plc 16A High Street, Cosham, Portsmouth, Hampshire, PO6 3BY

**The HMS Caroline Preservation Company**

**(A company limited by guarantee)**

**Company number: 08303946**

**Foreword**

The trustees present their annual report and the audited financial statements of the charitable company for the year ended 31 March 2025. 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 charitable company.

The charitable objectives of the HMS Caroline Preservation Company ("the charitable company"), as defined in the Articles of Association are

For the benefit of the public:

- a) to preserve, restore and maintain HMS Caroline;
- b) to educate the Naval Service and Auxiliaries and other members of the public about the history of HMS Caroline 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) 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 and activities of the HMS Caroline Preservation Trust (the Trust) are that

The trustee shall hold:

- a) HMS Caroline the light cruiser which was commissioned by the Royal Navy from 1914 until 2011 (the "Ship");
- b) all chattels which the trustee owns that belong or have belonged to the Ship (the "Ship's Fittings"); and
- c) all intellectual property in the Ship owned by the trustee (the "Ship IP"),

in perpetuity but for the avoidance of doubt:

the trustee 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 references to "the Ship" are references to HMS Caroline in her condition at the time in question which may reflect such repairs, replacements and renewals;

the trustee is not required to hold in perpetuity and part of the Ship or the Ships 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 materials 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:

**The HMS Caroline Preservation Company**

**(A company limited by guarantee)**

**Company number: 08303946**

- 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.

**The HMS Caroline Preservation Company**

**(A company limited by guarantee)**

**Company number: 08303946**

## **Performance Report**

### **Overview**

The HMS Caroline Preservation Company ("the charitable company") was established in November 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.

The charitable company is the sole corporate trustee of the HMS Caroline Preservation Trust. The Ship, the collection and the endowment for the future of HMS Caroline are held under the objects of this Trust.

All operational activity, including the presentation of the Ship as a museum and visitor attraction, is undertaken under an operator agreement with the charitable entity, NMRN Operations ("the operator" - charity number: 1169061), also a wholly owned subsidiary of the National Museum. In delivering its own charitable objects, the operator is able to take such actions as it deems fit to preserve, restore and maintain the Ship.

### **Activities and achievements**

Grant funding was provided to the operator to support it in the running of its business. The operator has reported an increase in visitor numbers compared to the prior year and there has been a specific increase of using the ship to hold events and conferences. Such events included participation in the NI Science Festival's Education Programme, the NI Royal Naval Reserves 100<sup>th</sup> Anniversary celebrations, and the Belfast Shadow Dock event. The operator also hosted its first Stargazing event, which was sold out, and had a wide selection of audiences attend.

The operator's conservation team, completed a significant painting project on the Ship from the top of the mast to the boot topping. This was the first time the Ship had been painted since its restoration in 2016 and coincided with both the ship's 110<sup>th</sup> birthday and 100 years in Belfast. This was celebrated with a special event in December 2024, to which the trustees welcomed the Deputy First Minister of Northern Ireland, the NI Minister of Communities and NI Minister of Education.

Further information on the operator's activities can be found in its Trustees' Annual Report.

### **Plans for Future Periods**

Expenditure for the coming period will be grant funding to the operator to support the Ship's operation for the public benefit, governance costs and investment management costs.

The Charitable company holds substantial endowments, and its work will be funded for many years to come. The trustees 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 Caroline Preservation Company in 2024-25 amounted to £323,004 (2023-24: £301,798) in respect of income from investments and donations.

Total resources expended for 2024-25 amounted to £895,427 (2023-24: £936,922) in respect of grant funding to the operator, and investment management and governance costs. After losses on investments of £44,390 (2023-24: gains of £769,860), the net movement in funds for the year was a decrease of £616,813 (2023-24: increase of £134,736).

### ***Balance sheet***

The net assets as at 31 March 2025 amounted to £24,025,008 (31 March 2024: £24,641,821).

### ***Free Reserves***

The Group policy is that there is no requirement to accumulate free reserves (defined for the purposes of this policy as the amounts shown as "Net Current Assets" in the accounts of the charitable company, and which are attributable to Unrestricted Funds) within the subsidiary charities and trusts and that any reserves held will be appropriately used, as approved by the Board, for the furtherance of the charitable objects.

The trustees' investment policy is to remain largely invested at all times. The charitable company exists solely to act as the corporate trustee of the HMS Caroline Preservation Trust, whose only activity is that of the ownership of HMS Caroline and its endowment. The operation of the site is undertaken by NMRN Operations under an operator agreement. Short term investments act as lower risk, higher liquidity assets for near term grant support as provided to the operator.

As at 31 March 2025, the level of the charitable company's free reserves stood at £127,525 (31 March 2024: deficit of £5,440). The trustees are content that the going concern basis continues to apply and that the investment policy is sufficient to support the appropriate generation of free reserves as necessary.

### ***Endowment Funds***

The endowment funds include an expendable endowment from both the Department for the Economy and the National Heritage Memorial Fund. The value of these endowment funds stood at £11,337,483 on the 31 March 2025 (31 March 2024: £12,087,261). These funds may be used to support the charitable objects of the charitable company.

### ***Investment Policy***

The trustees developed a formal investment policy in 2023 that operates alongside the reserves policy. The charitable company seeks to produce the best possible financial return on its investments within an acceptable level of risk. The investment objective is to preserve the long-term real value of the assets and to generate a return of CPI plus 3-4% per annum over the long term.

The trustees have delegated decision making on investment matters to its Investment Committee, who have appointed a professional investment management firm to manage the assets on a discretionary basis in line with the investment policy. The investment manager provides custody of the assets which are allocated in accordance with a portfolio risk profile.

## **The HMS Caroline Preservation Company**

**(A company limited by guarantee)**

**Company number: 08303946**

The charitable company requires the Investment Manager to take environmental, social and governance factors into account when considering any investment within the portfolio, and it is expected that the Investment Manager is a signatory to the UN Principles for Responsible Investment and the UK Stewardship code in this regard. The charitable company has no requirement for explicit investment restrictions or negative exclusions on an ethical basis; because of its membership of the NMRN Group, combined with the fact that the Investment Fund is required to support a decommissioned warship, any investment policy proposal cannot have restrictions in place which limit investment in companies involved in the production or sale of weapons and other military equipment. The trustees recognise, however, the Investment Manager's exclusion on cluster munitions and understand the positioning on this.

The Investment 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 grant fund the operator and it is therefore essential to invest with a long-term perspective. The charitable company has full flexibility to spend the capital as long it is in the furtherance of its objectives. As such, the charitable company seeks to ensure that investment returns are sought from a combination of capital growth and income, but without specific targets for each element. The income generated by the portfolio may be reinvested, and both investment income and capital gains may be expended within set parameters.

The trustees accept that the attainment of the long-term investment objectives requires the acceptance of a level of investment risk. The principal risks are the fluctuation in the capital value of the funds, the variation in income provided from them and ultimately the potential for permanent capital loss. The trustees have sought to reduce risk by:

- delegating investment management responsibility to Rathbone Investment Management
- detailing their risk profile and investment restrictions/limitations
- reviewing the portfolio and this statement regularly

The trustees recognise the risks associated with investment in mainstream financial markets and accept this risk in return for the prospect of potentially enhanced returns over the medium to long term.

### ***Auditors***

The accounts have been audited. 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.



**The HMS Caroline Preservation Company**

**(A company limited by guarantee)**

**Company number: 08303946**

***Small company provisions***

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

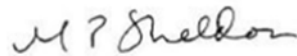
Approved by the Board and signed on its behalf by



**Captain Martin Quinn**

**Chair on behalf of the Board of Trustees**

**Date 22 October 2025**



**Matthew Sheldon**

**Chief Executive and Accounting Officer**

**Date 22 October 2025**

## **Accountability Report**

### **Trustees' Report and Governance Statement**

This report sets out the arrangements for the governance of the HMS Caroline Preservation Company, including the Board structure for trustees. The trustees, who are also the directors of HMS Caroline Preservation Company (the charitable 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 1.

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 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 Caroline 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***

The HMS Caroline Preservation Company is a company limited by guarantee (company number: 08303946) and a charity registered with the Charity Commission (registration number: 1149930). It is governed by its Memorandum and Articles of Association dated 21 November 2012, which incorporates its charitable objects, the powers of the charitable company and provides for the appointment and reappointment of Directors. Trustees are appointed in accordance with the Charity Commission guidance 'Finding new trustees: what charities need to know' and appointments are guided by the principles of the Cabinet Office guidelines 'Governance Code on Public Appointments'.

The charitable company is the sole corporate trustee of the linked trust, the HMS Caroline Preservation Trust (the Trust), charity number 1149930-1. The Trust is governed by the Deed of Trust dated 22 November 2012. The charities were linked on 7 July 2014.

The charitable company has established its board with a spread of skills appropriate to the delivery of its aspirations; the HMS Caroline Preservation Company is established specifically to act as the corporate trustee of the special trust which holds the title of HMS Caroline on its Deeds of Trust.

The trustees have entered into an agreement with NMRN Operations, the operational arm of the National Museum of the Royal Navy, to operate and maintain HMS Caroline as a heritage visitor attraction. The trustees ensure the distinct legal responsibilities and charitable objectives of the charitable 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 and Accounting Officer and to the executive directors.

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" with a day visit to the ship 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 made on the basis of what skills trustees believe the Board is lacking or believe are needed to tackle specific issues.

### ***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.

### ***Personal data loss***

The charitable company has not identified any reportable 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.

### ***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.

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

### ***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 controls is exercised through the National Museum of the Royal Navy's Audit and Governance Committee. This Committee is chaired by a trustee of the National

**The HMS Caroline Preservation Company**

**(A company limited by guarantee)**

**Company number: 08303946**

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 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 faced by the charitable company centre around returns from the expendable endowment funds required to operate and maintain the Ship to meet the charitable objects. The key risk to the achievement of the investment objective is inflation and the trustees will seek to 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 trustees (who are also directors of The HMS Caroline Preservation Company for the purpose of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted 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:

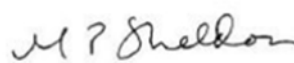
- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP 2019 (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the 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 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.



**Captain Martin Quinn**  
**Chair on behalf of the Board of Trustees**

**Date 22 October 2025**



**Matthew Sheldon**  
**Chief Executive and Accounting Officer**

**Date 22 October 2025**

**Independent auditor's report to the Trustees of The HMS Caroline Preservation Company and Trust**

**Opinion**

We have audited the financial statements of The HMS Caroline Preservation Company and Trust (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 have 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.

**The HMS Caroline Preservation Company**

**(A company limited by guarantee)**

**Company number: 08303946**

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 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 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 Caroline Preservation Trust	Endowment funds	2025 Total	Unrestricted funds	HMS Caroline Preservation Trust	Endowment funds	2024 Total
		£	£	£	£	£	£	£	£
<b>Income and endowments from:</b>									
Donations		-	-	-	-	1,100	-	-	1,100
Investments		116,049	-	206,955	323,004	-	-	300,698	300,698
<b>Total income and endowments</b>		<u>116,049</u>	<u>-</u>	<u>206,955</u>	<u>323,004</u>	<u>1,100</u>	<u>-</u>	<u>300,698</u>	<u>301,798</u>
<b>Expenditure on:</b>									
Investment management costs		-	-	52,356	52,356	-	-	35,100	35,100
Charitable activities	2	18,084	-	-	18,084	26,924	-	-	26,924
Grant to NMRN Operations		824,987	-	-	824,987	874,898	-	-	874,898
<b>Total expenditure</b>		<u>843,071</u>	<u>-</u>	<u>52,356</u>	<u>895,427</u>	<u>901,822</u>	<u>-</u>	<u>35,100</u>	<u>936,922</u>
Net (losses)/gains on investments		-	-	(44,390)	(44,390)	-	-	769,860	769,860
<b>Net (expenditure)/income</b>		<u>(727,022)</u>	<u>-</u>	<u>110,209</u>	<u>(616,813)</u>	<u>(900,722)</u>	<u>-</u>	<u>1,035,458</u>	<u>134,736</u>
<b>Transfers between funds</b>		859,987	-	(859,987)	-	895,282	-	(895,282)	-
<b>Net movement in funds</b>		<u>132,965</u>	<u>-</u>	<u>(749,778)</u>	<u>(616,813)</u>	<u>(5,440)</u>	<u>-</u>	<u>140,176</u>	<u>134,736</u>
<b>Reconciliation of funds:</b>									
Total funds brought forward		(5,440)	12,560,000	12,087,261	24,641,821	-	12,560,000	11,947,085	24,507,085
<b>Total funds carried forward</b>		<u>127,525</u>	<u>12,560,000</u>	<u>11,337,483</u>	<u>24,025,008</u>	<u>(5,440)</u>	<u>12,560,000</u>	<u>12,087,261</u>	<u>24,641,821</u>

All recognised gains and losses are included in the statement of financial activities. All of the above amounts relate to continuing activities.

**The notes on pages 18 to 24 form an integral part of these financial statements.**

**Balance sheet**  
**as at 31 March 2025**

		2025		2024	
	Notes	£	£	£	£
<b>Fixed assets</b>					
Heritage assets	5	12,560,000		12,560,000	
Investments	6	11,345,729		12,090,544	
		<u>23,905,729</u>		<u>24,650,544</u>	
<b>Current assets</b>					
Debtors	7	4,705		9,118	
Cash at bank and in hand		141,702		879,784	
		<u>146,407</u>		<u>888,902</u>	
<b>Total current assets</b>					
		146,407		888,902	
<b>Creditors: amounts falling due within one year</b>	8	(27,128)		(897,625)	
		<u></u>		<u></u>	
<b>Net current assets</b>			119,279		(8,723)
<b>Net assets</b>			<u>24,025,008</u>		<u>24,641,821</u>
			<u></u>		<u></u>
<b>Funds</b>					
HMS Caroline Preservation Trust		7,556,000		7,556,000	
Revaluation reserve		5,004,000		5,004,000	
	10	<u>12,560,000</u>		<u>12,560,000</u>	
Endowment funds	11	11,337,483		12,087,261	
Unrestricted income funds		127,525		(5,440)	
		<u>127,525</u>		<u>(5,440)</u>	
<b>Total funds</b>	9	<u>24,025,008</u>		<u>24,641,821</u>	
		<u></u>		<u></u>	

The financial statements are 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



**Captain Martin Quinn**  
**Chair, on behalf of the Board of Trustees**

**Date: 22 October 2025**

The notes on pages 18 to 24 form an integral part of these financial statements.

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

	<b>2025</b>	<b>2024</b>
	<b>£</b>	<b>£</b>
<b>Cash flows from operating activities:</b>		
<b>Net cash provided used in operating activities</b>	(1,761,511)	(596,729)
<b>Cash flows from investing activities</b>		
Dividend and interest income	323,004	300,698
Purchase of investments	-	(11,925,010)
Reinvestment of income	(211,370)	(293,271)
Disposal of investments	859,987	874,898
Adjustment for non-cash fees deducted from gains/losses	51,808	22,699
<b>Cash used in investing activities</b>	1,023,429	(11,019,986)
 (Decrease)/Increase in cash and cash equivalents in the year	(738,082)	(11,616,715)
 Cash and cash equivalents at the beginning of the year	879,784	12,496,499
<b>Total cash and cash equivalents at the end of the year</b>	<b>141,702</b>	<b>879,784</b>
Net (expenditure)/income for the reporting period	(616,813)	134,736
Losses/(Gains) on investments	44,390	(769,860)
Dividends and interest from investments	(323,004)	(300,698)
Decrease/(Increase) in debtors	4,413	(6,698)
(Decrease)/increase in creditors	(870,497)	345,791
<b>Net cash provided by/(used in) operating activities</b>	(1,761,511)	(596,729)

**Analysis of changes in net funds**

	<b>Opening balance</b>	<b>Cash flows</b>	<b>Closing balance</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	879,784	(738,082)	141,702
<b>Net funds</b>	<b>879,784</b>	<b>(738,082)</b>	<b>141,702</b>

## Notes to the financial statements For the year ended 31 March 2025

### 1. Accounting policies

#### 1.1. Charity information

The HMS Caroline 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 Caroline Preservation Trust. As a linked charity the results of the Trust are shown within these accounts.

The HMS Caroline 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 charity 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 (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 Accounting Practice as it applies from 1 January 2019.

The role of the Company and Trust is to hold HMS Caroline 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 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 Caroline Preservation Trust as a separately identifiable restricted fund. The Trust is a special trust, charity number 1149930-1, which is a linked charity of the HMS Caroline 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 donor has stated are to be held as capital and expendable over the long term. It is the intention that the capital value of the donation will be maintained.

#### 1.5. Incoming resources

All incoming resources are included in the statement of financial activities when the charity 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 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 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.

### 1.7. Resources expended

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

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

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.

### 1.9. Heritage assets

The heritage assets are owned by the HMS Caroline Preservation Trust and are not depreciated due to infinite useful economic lives. An annual review for impairment is carried out in accordance with the Charities SORP, with any impairment recognised in the Statement of Financial Activities.

#### Significant Historic Ships

##### Accounting policy for initial recognition of the Heritage Asset

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

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

## Notes to the financial statements For the year ended 31 March 2025

The ship, HMS Caroline, was constructed at the Cammell Laird shipyard in Birkenhead in 1914. She was one of eight C-class light cruisers and is the last remaining British WW1 light cruiser still afloat and the sole survivor of the Battle of Jutland. The ship was gifted to the Trust on 18 November 2013 by the Ministry of Defence. HMS Caroline was initially recognised in the accounts at a value of £7,556,000, calculated on a total build basis discounted to take account of the ship's state of repair at the time of gifting.

In 1914, the original build cost of HMS Caroline was £300,000. Uplifted for current value (2013), this cost was the equivalent of £25,120,000. The ship would be brought to sound and original condition, as far as possible, in the course of the refurbishment programme. However substantial elements of the original ship including the boilers, and armaments, would not be replaced. It was therefore the view of the project management team that 50% of the original value was a reasonable measure of the heritage asset value of the ship on completion of these works, the discounted value being £12,560,000.

Based on the above, the ship was initially recognised in the accounts at a value of £7,556,000, reflecting the value on completion of £12,560,000, discounted back for the expenditure anticipated to be required to achieve that outcome. The value was then increased in the year to 31 March 2016 by £1,079,000, and in the year to 31 March 2017 by £3,925,000, to the final valuation of £12,560,000 on completion of the scheduled programme of works.

### Accounting policy for recognition of subsequent expenditure on significant ships

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

### 1.10. Investments

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

### 1.11. Basic financial instruments

The company's financial assets and liabilities consist of cash and cash equivalents, and other short term 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. Term deposits of less than one year are classified as investments within current assets.

### 1.12. Estimation techniques

Estimate	Assumption
Valuation of HMS Caroline	<p>The valuation of historic ships acquired by the group has been based on an estimate of current costs of rebuilding the vessels, as the actual costs of doing so are unknown.</p> <p>This assumes that the same materials and methods of construction would be utilised with the same cost profile as the original, and, on the same basis, adjusted proportionately for those parts of the vessel that would not be replaced (for example, guns and engines).</p>

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

**2. Governance costs**

	Unrestricted funds £	2025 Total £	Unrestricted Total £	2024 Total £
Bank charges	72	72	114	114
Audit fees	9,600	9,600	9,553	9,553
Accountancy	1,800	1,800	603	603
Legal fees	-	-	13,794	13,794
Travel expenses	6,563	6,563	2,843	2,843
Sundry expenses	49	49	17	17
	<u>18,084</u>	<u>18,084</u>	<u>26,924</u>	<u>26,924</u>

**3. Trustees' emoluments**

No Trustees received remuneration during the year (2024: Nil). During the year two Trustees were reimbursed for travel expenses totalling £835 (2024: Two Trustees £1,097).

**4. Taxation**

All of the charity's income is applied for charitable purposes and therefore the charity is exempt from corporation tax.

**5. Fixed assets - Heritage assets**

	HMS Caroline £	Total £
<b>Valuation</b>		
At 31 March 2024 and 31 March 2025	<u>12,560,000</u>	<u>12,560,000</u>
<b>Net book values</b>		
At 31 March 2024 and 2025	<u>12,560,000</u>	<u>12,560,000</u>

**6. Fixed asset investments**

	Listed investments £	Total £
<b>Valuation</b>		
At 1 April 2024	12,090,544	12,090,544
Income reinvested	211,370	211,370
Disinvested	(859,987)	(859,987)
Gains and losses before management fees	(44,390)	
Less management fees deducted	<u>(51,808)</u>	
Net increase in investment market value	(96,198)	(96,198)
At 31 March 2025	<u>11,345,729</u>	<u>11,345,729</u>

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

**7. Debtors**

	<b>2025</b>	<b>2024</b>
	<b>£</b>	<b>£</b>
Accrued income	4,705	9,118
	<u>4,705</u>	<u>9,118</u>

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

	<b>2025</b>	<b>2024</b>
	<b>£</b>	<b>£</b>
Amounts owed to connected companies	1,943	874,873
Accrued expenditure	24,668	22,752
Other creditors	517	-
	<u>27,128</u>	<u>897,625</u>

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

	<b>Unrestricted funds</b>	<b>HMS Caroline Preservation Trust</b>	<b>Endowment funds</b>	<b>2025 Total funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Fund balances at 31 March 2025 as represented by:				
Tangible fixed assets	-	12,560,000	-	12,560,000
Investments	-	-	11,345,729	11,345,729
Current assets	141,702	-	4,705	146,407
Current liabilities	(14,177)	-	(12,951)	(27,128)
	<u>127,525</u>	<u>12,560,000</u>	<u>11,337,483</u>	<u>24,025,008</u>

	<b>Unrestricted funds</b>	<b>HMS Caroline Preservation Trust</b>	<b>Endowment funds</b>	<b>2024 Total funds</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Fund balances at 31 March 2024 as represented by:				
Tangible fixed assets	-	12,560,000	-	12,560,000
Investments	-	-	12,090,544	12,090,544
Current assets	879,784	-	9,118	888,902
Current liabilities	(885,224)	-	(12,401)	(897,625)
	<u>(5,440)</u>	<u>12,560,000</u>	<u>12,087,261</u>	<u>24,641,821</u>



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

**10. Restricted funds**

	At 1 April 2024 £	At 31 March 2025 £
HMS Caroline Preservation Trust	12,560,000	12,560,000

**Purposes of restricted funds**

The HMS Caroline Preservation Trust is a special trust, charity number 1149930-1, which is a linked charity of the HMS Caroline Preservation Company. This Trust is accounted for as a restricted fund of The HMS Caroline Preservation Company in accordance with SORP FRS 102 section 25.16.

**11. Endowment funds**

	At 1 April 2024 £	Income £	Expenditure £	Gains/ (losses) £	Transfers £	At 31 March 2025 £
Department for the Economy NI	9,669,809	165,564	(41,885)	(35,512)	(687,990)	9,069,986
National Heritage Memorial Fund	2,417,452	41,391	(10,471)	(8,878)	(171,997)	2,267,497
	<u>12,087,261</u>	<u>206,955</u>	<u>(52,356)</u>	<u>(44,390)</u>	<u>(859,987)</u>	<u>11,337,483</u>

	At 1 April 2023 £	Income £	Expenditure £	Gains/ (losses) £	Transfers £	At 31 March 2024 £
Department for the Economy NI	9,557,668	240,559	(28,080)	615,888	(716,226)	9,669,809
National Heritage Memorial Fund	2,389,417	60,139	(7,020)	153,972	(179,056)	2,417,452
	<u>11,947,085</u>	<u>300,698</u>	<u>(35,100)</u>	<u>769,860</u>	<u>(895,282)</u>	<u>12,087,261</u>

**Purposes of endowment funds**

The company received an expendable endowment from the Department for the Economy of Northern Ireland, and a grant from the National Heritage Memorial Fund, to be used for the following charitable purposes for the benefit of the public:

- to preserve, restore, maintain, upkeep, and operate the Ship as a heritage visitor attraction in Northern Ireland;
- to educate members of the public and visitors about the history of the Ship and allied matters relating to naval and maritime history; and
- to commemorate and remember those who served and lost their lives at sea.

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**

**12. Ultimate parent undertaking**

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

Control is exercised by the NMRN being the corporate member of The HMS Caroline Preservation Company.

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

**13. Related party transactions**

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

**14. Revaluation reserve**

	<b>Total £</b>
At 31 March 2024 and 31 March 2025	5,004,000