

NMRN OPERATIONS

England & Wales · Charity number 1169061

Details

Status Registered

Legal form Charitable company

Company number [09988314](#)

Registered 2016-09-06

Register [View on the Charity Commission register](#)

Contact

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Hm Naval Base (Pp66)
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Activities

Objects: THE PROMOTION OF THE EFFICIENCY AND EFFECTIVENESS OF CHARITIES FOR THE BENEFIT OF THE PUBLIC, IN PARTICULAR BY SUPPORTING AND ASSISTING THE CHARITABLE WORK OF NMRN.

Activities: To support the work of the National Museum of the Royal Navy

Classification

- **How:** Provides Human Resources, Provides Services, Acts As An Umbrella Or Resource Body
- **What:** Education/training, Arts/culture/heritage/science, Environment/conservation/heritage, Armed Forces/emergency Service Efficiency
- **Who:** The General Public/mankind

Geography

- Northern Ireland
- Throughout England And Wales

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£21,524,894	£19,323,768	£42,068,258	0
2024-03-31	£18,426,275	£19,131,395	£39,406,003	349
2023-03-31	£28,341,959	£17,951,652	£38,986,225	360
2022-03-31	£13,712,182	£14,701,220	£25,122,820	301
2021-03-31	£16,507,557	£13,323,304	£25,290,729	324

Trustees

Name	Role	Appointed
RICHARD HATFIELD CBE	Chair	2016-10-11
Christopher Mark Pemberton		2019-03-27
Jane Dean		2016-10-11
Kathleen Janet Barnes		2022-12-05
Matthew Sheldon		2023-12-01
Michael James Bedingfield DL		2017-12-15
Rear ADMIRAL Jonathan Pentreath		2023-09-01

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England & Wales - Charity number 1169061

Accounts

Charity number: 1169061
Company number: 09988314

NMRN Operations
(A company limited by guarantee)

Trustees' report and Consolidated financial statements

for the year ended 31 March 2025

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Legal and administrative information

Charity number	1169061
Company registration number	09988314
Registered office	HM Naval Base PP66 Portsmouth Hampshire PO1 3NH
Business address	HM Naval Base PP66 Portsmouth Hampshire PO1 3NH
Chief Executive and Accounting Officer	Matthew Sheldon
Trustees	Mr Richard Hatfield Mrs Kathleen Barnes Mr Michael Bedingfield Mrs Jane Dean Mr Mark Pemberton Rear Admiral Jonathan P Pentreath CB OBE Mr Matthew Sheldon
Accountants	Compass Accountants Limited Venture House, The Tanneries, East Street, Titchfield, Hampshire PO14 4AR
Auditors	Price Bailey Group Limited 3 rd Floor 24 Old Bond Street London W1S 4AP
Bankers	NatWest Bank Plc 130 Commercial Road, Portsmouth, Hampshire PO1 1ES

NMRN Operations
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Trustees' annual report (incorporating the directors' report) and Strategic report

Foreword

The Trustees present the annual report and the audited financial statements of NMRN Operations ("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 Trust.

The charitable objectives, as defined in the Articles of Association (as amended by Special Resolution 9 August 2016), are:

The promotion of the efficiency and effectiveness of charities for the benefit of the public, in particular by supporting and assisting the charitable work of the National Museum of the Royal Navy.

Performance Report

Overview

The charitable company was formed as the operating company for the National Museum of the Royal Navy Group and operates the Fleet Air Arm Museum, the Royal Marines Museum, Explosion! Museum of Naval Firepower, NMRN Portsmouth (the Royal Naval Museum), HMS Caroline, NMRN Hartlepool, the Royal Navy Submarine Museum, HMS Victory, HMS M33, HMS Warrior, Portsmouth Historic Dockyard and Action Stations.

The National Museum of the Royal Navy (“the National Museum”) is the sole corporate member of the charitable company.

The formation of NMRN Operations enabled the National Museum to simplify the governance structure and consolidate all operations and project delivery for the National Museum Group. The charitable company is the main employer for the National Museum. This structure realises the benefits of operation of the museums through a large organisation, improving visitor experience, enhancing access to the collections and providing greater cohesion and efficiency in the delivery of the charitable objectives.

The National Museum is one of the few national museums headquartered outside London, acquiring key sites also outside the capital, enabling people to learn, enjoy and engage with the story of the Royal Navy, and its impact in shaping the modern world. Its vision is to be the world’s most inspiring Naval Museum, and its mission is inspiring enjoyment and engagement with the story of the Royal Navy and its role in shaping both our nation and the modern world. The National Museum’s “Strategy 2022-2027: Linking Navy to nation” sets out its strategic aims in three areas, which NMRN Operations delivers through the execution of its annual corporate plan:

Audiences:

- Grow and diversify our global audiences – on site and online
- Create innovative and inspirational experiences, services and products
- Build our brand and reputation as the authority on the Royal Navy story

Collections:

- Sustain and develop our world-class collections and sites
- Explore different Royal Navy story perspectives with our diverse communities and collections
- Extend access to our collections and sites through digital transformation

Sustainability:

- Grow our income and financial resilience to secure long-term sustainability
- Reduce our carbon consumption and transform our estate
- Build partnerships and influence as a national museum

Our People:

We recognise that none of this will be achieved without the skills, dedication and hard work of our people. This requires that we:

- Value and empower our people
- Are outward-facing, inclusive and audience-led



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- Build a culture of innovation and enterprise
- Be sustainable in all that we do

Our framework of “MARITIME” values supports the culture of the organisation, guiding our everyday actions and being integral to our performance management framework.

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.

Impact Summary Across the National Museum:

- Disruption to operations, including loss of IT services, ticketing, and data storage
- Data inaccessibility affecting heritage and business records
- Financial cost of recovery and infrastructure rebuild
- Reputational risk and staff well-being

The incident highlighted the urgent need for ongoing investment in cyber security. A proactive review was already underway before the attack, with further improvements now being accelerated as a priority. The implementation of the new IT infrastructure will support the National Museums application for Cyber Essentials accreditation.

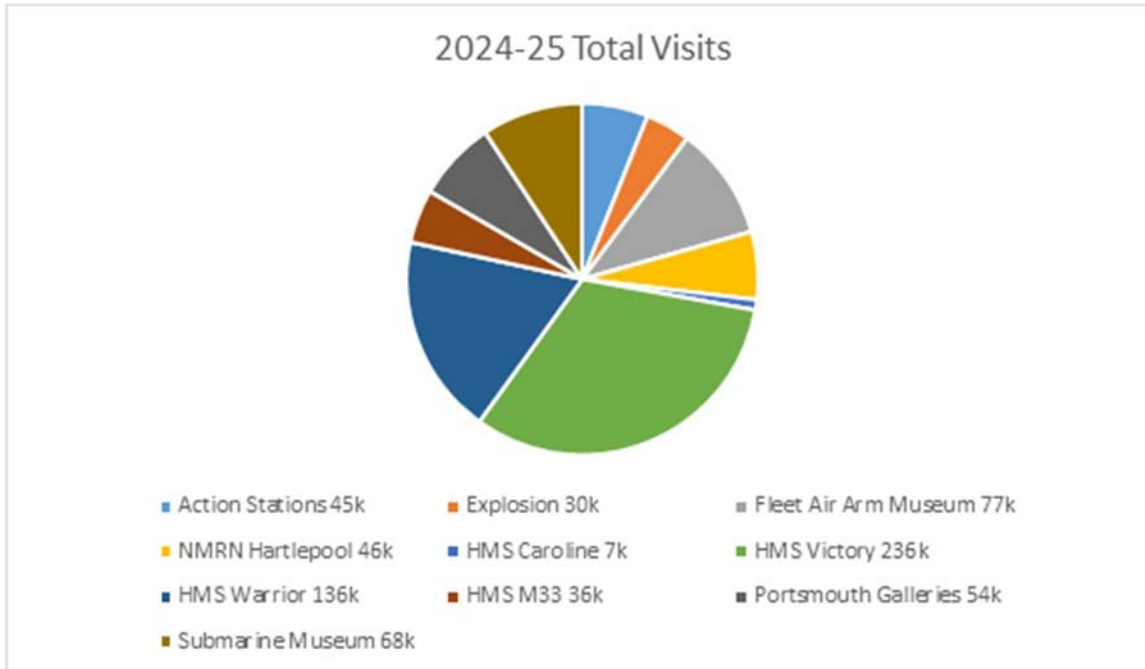
The new IT infrastructure will also review opportunities to improve the effective use of systems. With improved security measures introduced and further staff training, this will reduce the risk and impact of a further attack.

Activities and Achievements

Visitors

During this period, we welcomed circa 735,841 visits (2023-2024: 847,410) across our National Museum sites, marking a 15% decrease on the previous year’s performance. This figure is, however, an estimate due to the cyber-attack in December 2024 impacting the reliability of data from December – March. This is disappointing performance compared to previous years in our post-pandemic recovery and is considered to be reflective of trends seen in the tourism day visit volumes (source: Visit Britain GB Tourist Annual Report 2024) attributable to cost of living pressures, domestic sentiment, increased overseas trips and 2024 being the 4th warmest year on record.

We are working hard to rebuild our visits and believe that a number of tactical interventions around our ticketing model and marketing activity in 2025-26, and the impact of the new Royal Marines Experience due to open Summer 2026, will mitigate this in future periods.



Social Value and Learning

- We welcomed over 36,000 pupils (2023-24: 23,700) and 30,000 international students to our sites, an increase of 52% on the previous year. Our public programming activities included gallery interventions, school holiday events, community activities, outreach and regular early years programming. Large scale events included Heritage Open Days, Christmas activities and Stargazing which brought in new audiences across our sites and highlighted the collections in innovative ways.
- Our school holiday programmes, supported by corporate partners such as Serco, Trinity House, Fujitsu, Raytheon, BAE, Belfast Harbour, Harland and Wolff, Thales, BMT and Stannah, and from the Royal Navy STEM teams, included hands-on, creative and fun STEM activities, with topics such as chemistry of explosions, waves, rockets, sound, submarines, engineering, explorers, space, fungus and our own deathwatch beetles!
- Our ‘Navy Threads’ gallery at the Portsmouth Historic Dockyard saw our visitors create graffiti art to display alongside the Terry Higgins Memorial Trust quilt, in recognition of the 20th anniversary of lifting the ban on LGBTQ+ serving personnel.
- HMS Caroline participated in the NI Science Festival’s Education Programme and the Belfast Shadow Dock event.
- In Portsmouth Historic Dockyard, for the third year working through our successful joint venture with the Mary Rose Trust, we offered free annual family tickets to 2,066 local families whose children are in receipt of Pupil Premium Funding, generating 14,692 free visits.
- In supporting accessibility to the Fleet Air Arm Museum site, the team worked with First Bus service to introduce a trial bus route to transport our visitors, offering affordable and sustainable travel to and from key areas of the local community.
- Our “Active Aviators” collaborative program between the Fleet Air Arm Museum and Aggie Westons, a registered charity that offers family support to Royal Navy personnel, has provided pastoral care and practical initiatives for families from RNAS Yeovilton and further afield. Aggies helped us engage over 700

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visitors at a Community Fun Day of STEM activities, where we were joined by Royal Navy Family and People Support and also the RNAS Yeovilton Fire Station crew.

- We grew our annual collaboration with Bridgwater College and EDF UK, with a much larger student pool of some 50 Maintenance Operations Engineering Technician (MOET) apprentices participating in this year's training projects at Fleet Air Arm Museum as part of their course's Condition Monitoring Maintenance unit. The students engaged in scenarios such as a major incident, combat situation, decommissioning and recommissioning, as well as taking an out-of-service aircraft from the museum and uncovering what maintenance was needed to put it back in working order. From this, the apprentices were able to draw parallels between key skills needed in the aviation industry and their own nuclear-specific roles.
- The celebration of HMS Caroline's 110th birthday and 100 years in Belfast was a high-profile events, to which the trustees welcomed the Deputy First Minister of Northern Ireland, the NI Minister of Communities and the NI Minister of Education.

Volunteers

The National Museum has a dedicated and committed volunteer team, which includes lived experience of serving in the Royal Navy, the Royal Marines and the other military services. Our volunteers add significant value to our work, with the number of volunteers in the period at just over 260 individuals, contributing over 16,000 volunteer hours. Our volunteers are involved in a diverse range of projects and activities including working behind the scenes with our collections and conservation teams, restoring the Barracuda aircraft, undertaking research, and supporting our facilities teams. In public facing roles, our volunteers engage with our visitors through talks, tours, demonstrations, events, and workshops.

In June 2024, the National Museum introduced a Volunteers Award recognition scheme to coincide with National Volunteers Week, celebrating and recognising the valuable contribution our volunteers make. The scheme showcases the knowledge, skills and experience of our volunteers and the impact they make to our wider colleagues, our visitors and our museums. We are lucky to have such a breadth of volunteers who provide outstanding interactions with our visitors and offer bespoke insights, sometimes based on lived experiences, into the world of the Royal Navy, including special talks and tours, some of which is in costume, bringing the Royal Navy's stories to life.

We continue to develop partnerships with our local community groups to provide volunteering opportunities to support people to gain work experience. The National Museum also welcomes Corporate Volunteering, providing businesses the opportunity to support team building and employee satisfaction, whilst demonstrating social value and enabling employees to learn about our unique stories, collections and conservation activities. We recognise the value such activities bring and so have introduced our own Employer Supported Volunteering leave, to provide our employees the opportunity to undertake volunteering activities with other charities and community groups.

Supporting the National Museum's Sponsor - The Royal Navy

The National Museum provides a unique perspective to the heritage, history, culture and traditions of the Royal Navy, and the close relationship between the museum and its sponsor organisation is essential to the effective delivery of the museum's purpose. During 2024-25, we have worked successfully with the Royal Navy to host events, support personnel and help with recruitment. In turn, the Royal Navy has supported us at STEM events, community projects and networking groups. Our work with our Royal Navy network has supported exhibitions, remembrance, tours of our historic vessels, events, and has also supported veterans to become part of our National Museum community. Highlights have included:

- Regular visits from the Royal Navy Recruit and Attract team to Fleet Air Arm Museum, to engage with potential recruits and promote the opportunities within the Royal Navy. These visits provide an interactive and informative experience, allowing individuals to learn about the Royal Navy's history, its missions, and

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the various career paths available. The team uses the National Museum's exhibits and resources to inspire and inform visitors, fostering a deeper connection to the Royal Navy and encouraging those interested in joining to explore their options.

- Our nomination for an Iris Prize LGBTQ+ Film Festival Community Award for our film 'Uncharted Waters', created in partnership with the Royal Navy's LGBTQ+ network. This short film showcased how the first-hand experiences of LGBTQ+ Sailors and Officers have differed before and after the lifting of the ban on homosexuality in the armed forces in 2000.
- Our spectacular two-night fundraising event, to raise funds for our new Royal Marines Experience, was supported by fantastic performances from the Royal Marines Band, the Royal Marines Commando Display Team and the Portsmouth Military Wives Choir. A huge success, generating much needed funding for the project.
- ANZAC Day remembrance service continues to be held on board HMS M33, "The Lucky Ship" famous for emerging unscathed from the Gallipoli Campaign in 1915, with representatives from the Royal Navy.
- The National Museum and its collection featured in a range of commemorative events marking the 80th anniversary of D-Day. A poignant service was held on the Flight Deck at Fleet Air Arm Museum, in collaboration with RNAS Yeovilton and the Fleet Air Arm Memorial Church, St Bartholomew's. Portsmouth Historic Dockyard hosted an event for the lighting of one of the D-Day 80 beacons, featuring the Royal Marines Band and attended by a range of Royal Navy and local stakeholders against the backdrop of HMS M33 and the Royal Navy's HMS Prince of Wales. While on Southsea Common, the national focus of the commemorations, reflecting on the service and sacrifice of the Allied Forces, gave veterans, media and visitors the chance to explore LCT 7074, our landing craft tank which is on permanent display outside the D-Day Story.
- HMS Caroline supported the NI Royal Naval Reserves 100th Anniversary celebrations in Belfast.

Communications

We continue to grow our international digital audiences across our two websites: our corporate website which reflects the full activities of the National Museum and the ships, collections and activities in our portfolio; and our destination brand website for visitors wishing to visit our biggest collection of ships and attractions at Portsmouth Historic Dockyard. In 2024-25, users to our main website [Discover the Royal Navy like never before | National Museum of the Royal Navy](#) grew by 104%, whilst our [Portsmouth Historic Dockyard](#) website had a marginal 1% drop.

Our digital impact focussed on Facebook, Instagram and LinkedIn as we moved away from X (formally Twitter). Although our Facebook reach and impressions reduced, engagements and engagement rate rose significantly, suggesting more relevant or targeted content. For Instagram, we witnessed a significant increase in profile reach, while post-level reach dipped slightly. Steady engagement implies a strong audience base. It should be noted that Meta has changed reporting against users and as such we now report Page Reach.

Media coverage across the National Museum reached an audience in excess of 32 million people, realising £4.9M in Advertising Value Equivalent (2023-24: £8.4M). Whilst this figure is thought to be down due to less PR activity, a refined approach to reporting this year made it difficult to measure like for like.

Figures provide current year reach with previous year in brackets:



Facebook
 Page reach 32m (35m)
 43.7m impressions
 (44.6m)
 1.5m (1.6m)
 engagement
 81% (28%)
 engagement rate



Instagram
 Page Reach 1.8m
 (1.1m)
 2.8m (1m)
 impressions
 56K (61K)
 engagements
 8% (8%) engagement
 rate



Linked In
 359K (402K)
 impressions
 7% (7%) engagement
 rate



NMRN Website
 615,254 (303,381)
 users



PHD Website
 320,572(333,255)
 users



Press, PR and Media
 £4.9m AVE
 c32m circulation
 reach

Highlights of our press coverage included:

- Coverage of our ANZAC Day service onboard HMS M33 was featured in The Independent, The Standard, ITV and the Mail Online.
- Our patron, HRH Princess Anne’s visit to HMS Victory was covered widely in the press, with pictures of her in a branded hard hat featured in HELLO! Magazine.
- The announcement of successfully securing a National Lottery Heritage Fund development grant for our new project to reimagine Boathouse 6 and develop a new Royal Marines Experience received great online coverage from Yahoo and MSN, syndicated across the world.
- After a potentially negative story regarding the use of French oak on our HMS Victory conservation work, we issued a statement which led to positive coverage across a wide range of outlets, including the BBC, The Guardian, Daily Mail and The Express.
- Our Royal Navy Submarine Museum and Explosion sites featured heavily in the TV documentary series ‘Warship: Life in the Royal Navy’.

Exhibitions

We have drawn on a mixture of external and intergroup grant funding, partnership support and use of reserves to deliver a special exhibitions programme and improve and develop our permanent exhibitions. These have helped us reflect on the link between the Navy and the Nation across the centuries and to improve our representation of the current Royal Navy and its people. Our work to develop our collections and exhibitions included:

- **National Museum of the Royal Navy Hartlepool Waterfront Regeneration** - proposed plans for development opportunities at the site continued to be reviewed, to establish the income generating opportunities of the site and its commercial activities, to ensure the operating model delivers a sustainable return on investment. The development funding received from Hartlepool Borough Council formed an

integral part of the project review and ongoing continued support was received from the council during the year.

- **Royal Marines Experience** - the project to develop and deliver the new experience in Boathouse 6, Portsmouth Historic Dockyard, progressed during the year. A multi-disciplinary team, including exhibition designers, architects and project managers, was procured to support the project to RIBA stage 3. Considerable support in funding the project was also realised. Key stakeholders involved in supporting the project included a Royal Marines Project Advisory Group made up of National Museum trustees and Royal Marine representatives.
- **Diving Deep: HMS Invincible 1758** - continued to be exhibited in Hartlepool, exploring archaeology of shipwrecks and facilitating community engagement around HMS Trincomalee's Indian heritage, supported by the Esmée Fairbairn Collections Fund.
- **Barracuda Live: The Big Rebuild** - entered its second year, expanding with new staff, discoveries, and a key archive from the Fairey Aviation Company to support the aircraft's reconstruction.

Collections and Research

The cyber-attack had major implications for the National Museums' collections management, development and access. Before the attack, the Collections Portal provided public access to our database of over 400,000 catalogue records, many with supporting images. We had also made significant adaptations to our collections infrastructure to allow researchers access to 3D models for the first time.

The National Museum's digital asset management system ("the DAMS"), fundamental to the success of the Collections Portal, hosted well over 100,000 images. Overnight, this level of access to the collection was halted, with the DAMS corrupted and only the data remaining. Staff access was recovered in June 2025, with the full asset database due to be recovered by August 2025, and the Collections Portal interface following later in the year.

Initially believed to be irrecoverable, the main collections database was thankfully discovered to be intact, but without the main staff access interface. No cataloguing or data improvements could take place while the interface was rebuilt, and with reliance on paper records, the collections team's ability to support business and external requests for access and enquiries was paused. The system was recovered in February 2025.

A significant body of data and born-digital material is, however, unlikely to ever be recovered. This includes oral histories, digital object history files, research on our ships and other assets and historic exhibitions materials. One of the key workstreams prior to the cyber-attack had been the retrospective movement of historic digital assets into the DAMS. This was measured at approximately 1 million assets in 2022 and only a few thousand had made it into the system. This is a huge loss, both intellectually and also in terms of the investment made over decades.

It is important to reflect on the positives in any challenging situation. We now have the opportunity to think more strategically about our collections digitisation programme, which has financial and sustainability benefits; we can rebuild our DAMS more efficiently, streamline the connection with the main collections database, and share our learning with the sector. We are already looking at opportunities to do this over the course of 2025-2026.

We have continued to facilitate the loan of the National Museum's collections, with 103 loan agreements covering 922 items. In this period, we considered 580 separate offers to donate material, of which 254 offers were accepted, running to thousands of individual items. So far, 102 of these accepted items have been received on site, accessioned and catalogued.

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We have sought to share our collections and expertise with sector colleagues and peers; highlights of our conference, seminar and research activity have included:

- A paper at the UK Maritime Heritage Forum on the conservation and reinterpretation of our figureheads.
- Various talks at conferences and webinars on the use of AI and ongoing collaborative working with the University of Southampton's Computer Science Masters programme exploring how Artificial Intelligence could be used to enhance and support our collection information.
- Presentation to the Institute of Conservation conference on workforce development, vocational qualifications and the value apprenticeships can bring to the sector.
- A collaborative interest group with the University of Portsmouth, the Mary Rose Trust, Historic England, and English Heritage to pool resources and skills to boost the application of heritage science to cultural heritage preservation, with a focus on Portsmouth.
- Presentation to the Society for Nautical Research winter lecture on the documentation of HMS Victory's repairs using state of the art archaeological 3D and 4D technologies.
- Presentation to the International Congress of Maritime Museums on exploring HMS Trincomalee's connections to diverse communities.

Conservation and Historic Ships

- **Victory Live: The Big Repair** - our conservation project and structural work, supported by grant funding from the HMS Victory Preservation Endowment Fund, continued to stabilise and support the ship's hull. This involved the removal of decayed timber, focused on the upper and middle decks and internal structures, employing historically accurate materials and techniques. New interpretive elements were developed alongside conservation activities to enrich the visitor experience and included visual and digital tools, allowing audiences to engage with the work and appreciate the ship's historical significance. Notably, 3D imaging has played a key role in visualising and communicating the conservation process.
- **HMS Caroline** - the conservation team completed a significant painting project on the ship, from the top of the mast down to the boot topping. This marked the first full repaint since the ship's restoration in 2016 and coincided with its 110th birthday. The response to the freshly repainted ship was overwhelmingly positive, enhancing both its presentation and its role in public interpretation.
- **HMS Warrior** - modelling of the ship's mooring system began during the year, identifying necessary work for the next 5–10 years. Survey data was collected to better understand environmental conditions at the berth, leading to the installation of a temporary monitoring system to track weather, wave activity, mooring loads, and nearby ship movements.

Charitable Fundraising

The parent company has overall responsibility and accountability for our charitable fundraising activities and monitors such activities through its Fundraising Committee. The National Museum is registered with the Fundraising Regulator and adheres to the Code of Fundraising Practice. We are committed to our Donor Charter, produced to assure donors and potential donors of our accountability and integrity, and an Ethical Fundraising Policy in place.

Our in-house fundraising team develops relationships with donors, grant makers and corporate partners to fund areas of our work including, acquisitions, conservation, public programming and the delivery of our major capital projects.

Notable long-term supporters include: Friends of the Royal Navy Submarine Museum; Society of the Friends of FAAM; The Gosling Foundation; HMS Victory Preservation Endowment Fund; Michael Cobham Foundation; National Heritage Memorial Fund; National Lottery Heritage Fund; the Art Fund; Society for Nautical Research and The Princess Anne's Charities Trust. We are also grateful for funding from: the Esmée Fairbairn Collections

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Fund; National Archives' Resilience Grants programme; Pilgrim Trust; Trinity House Maritime Charity North and Belfast Harbour Commission.

Corporate Partners are invaluable to our work, particularly in enabling us to grow our national STEM programme, and we would like to place on record the support of: ADS, Blok 'N' Mesh, BMT, BAE Systems - US Programme F35, Civica, DXC, Fujitsu, Harland & Wolff, Indra, Lockheed Martin, Netpark, Orangebox Training Solutions, Raytheon, Rolls Royce, Stannah, Thales and Walton's Business Advisors.

Whilst the National Museum collects explicit opt-in consent for communications by email, post, phone and text, it chooses to only use email for donation appeals; each email has the option to unsubscribe. Major appeals are raised for significant capital and revenue projects; however, these usually occur no more than once a year, and do not include appeals targeted at individuals for the purposes of procuring property. The National Museum does not generally conduct proactive solicitation for legacies or gifts in wills but will provide information on request and details on how to create a legacy is available on our website. The exception to this is when the National Museum participates in the UK-wide Free Wills Month; in this instance information about how to leave a legacy may be included in our consent-based e-newsletters.

We did not use any non-directly employed fundraisers, nor any commercial participators to carry out any fundraising activities during the period. In 2024-25, the National Museum did not receive any complaints about its fundraising activities or practices, and no complaints were made to the Fundraising Regulator.

National Museum of the Royal Navy Trading

Our subsidiary company, the National Museum of the Royal Navy Trading, operates across all of the National Museum's sites, delivering non-primary purpose commercial activities such as retail, catering, publishing guidebooks, venue hire, commercial immersive experiences and brand licensing. We understand that a great shop and fantastic café are essential to a visit, and a private event in one of our unique venues creates long-lasting memories. The contribution generated from these activities is an essential income stream to support our wider purposes. The Trading Company delivered income of £2,189,000 (2023-24: £2,302,000) generating a gift aided contribution to the charitable company of £508,000 (2023-24: £460,000).

Joint Venture with the Mary Rose Trust

Our joint venture vehicle, Portsmouth Historic Dockyard Operations Ltd (company number: 127998360), has continued to act as agent for the sale of tickets for NMRN Operations and the Mary Rose Trust, with the distribution of sales revenue and share of costs on an agreed split. The rolling 3-year agreement has gone from strength to strength, providing stability and a shared stake in improvement and development of the business.

Plans for Future Periods

National Museum of the Royal Navy Strategy

In 2024-25, the National Museum of the Royal Navy's Trustees started to look at refreshing its strategy for the next 10 years, creating a new vision, values and narrative that would set a clear direction for transformative change and strategic priorities as we look ahead to celebrating our 20th birthday in 2029. A 10-year financial plan will underpin this strategy, stressing the importance of continuing to grow the 75% of our annual revenue that is generated through admissions, commercial activities, grants and fundraising to ensure our future financial sustainability. This new strategy will be launched in autumn 2025. It will be underpinned through the annual business planning cycle that sets out the priority and phasing of operational and project delivery for NMRN Operations for the year.

Sustainability

The development of the environmental and social elements of our sustainability agenda, were temporarily paused whilst we completed our strategy work and dealt with the impact of the cyber-attack. Sustainability will be one of our new strategic foundations and this work will pick up pace in 2025-26 as we look at the actions and investments needed to deliver environmentally and financially sustainable operations, and reduce our carbon footprint.

We will continue to build our own financial resilience through cautious cost management, fundraising and regeneration of our income streams and commercial activities. The National Museum will continue to engage with Navy Command to seek to ensure its financial framework supports our core operating costs, incurred in delivering activities in the public interest, and an agreed capital strategy which delivers specific, shared outputs and outcomes.

We will continue to build a modest but appropriate free reserve in accordance with our Group Reserves Policy, with the aim of holding the equivalent to 4 months' core operating costs for the Portsmouth Naval Base activities (the greatest potential area of exposure) as free reserves by the end of 2025-26.

Audiences

We will continue to grow and diversify our audiences onsite and online and explore different Royal Navy story perspectives through our diverse communities and the National Museum's collections. Such work will be guided from the audience development project completed in 2024-25. We will work closely with the Royal Navy to support their Global Navy initiative and offer embedded opportunities to promote the modern service and its message through our sites and activities.

We will continue to implement the National museum's core linked strategies on Interpretation, Research, Audience Development, Digital and Environment/Sustainability to support a shared transformation across our sites and activities, engaging new and diverse local, national and international audiences. We will develop new and improve existing exhibitions, to ensure our sites and stories remain exciting and vibrant to a diverse audience.

Collections

The National Museum's commitment to any new capital projects or large acquisitions will be limited to only for those essential to its purpose and that will support its future sustainability. We will support the National Museum by prioritising the care, conservation and presentation of our existing collections and sites, including consolidation of collections where resources are duplicated. We will take forward plans for the development and delivery of funded projects, including the HMS Victory, NMRN Hartlepool, the new Royal Marines Museum, and HMS Caroline, ensuring these are financially resilient to secure long-term sustainability and to protect our heritage assets. We will rebuild our digital access channels, ensuring our collection is both physically and digitally accessible.

People

We will continue to focus on our people, to ensure that our National Museum is recognised as a great place to work and volunteer, and deliver on our commitments to equity, diversity and inclusion. We will continue to provide our "staff voice" through the excellent work of our 'Working Together Group'. We will support the development of our teams through our people plans, focusing on health and wellbeing, talent management and workforce planning.

Resilience

Following the cyber-attack, an IT Security Infrastructure project plan has been initiated to strengthen cyber resilience and security measures. New systems and processes, designed to prevent and mitigate the impact of any future attacks, are being introduced, support by staff training. The Trustees will continue to treat cyber security and the resilience of our IT systems and service as a high priority.

Principal Risks and Uncertainty

A principal risk faced by the charitable company centres around the increasing fluctuation and unpredictability of income streams arising from global uncertainty and its impact on the economy. We are somewhat uniquely placed in that as a national museum we are not funded to enable free admission and we are dependent on our revenue generated from admissions and commercial activities to deliver our charitable and social purposes. Whilst we benefit from the resolute support of our sponsor, the Royal Navy, our Grant In Aid funding lags against the real inflationary pressures we face, creating even greater demand on our self-generated income streams. We will continue to seek to mitigate this risk by continuing to support the National Museum in development of group strategies to diversify income streams, grow revenue and seek support through fundraising activities.

The risk of major project delivery failure, through delays, cost overrun, excessive operating costs, fundraising shortfall, impact on cash flow, and quality of project, will be mitigated as we continue to develop and embed governance and oversight of key projects through our Programme Board and ensure all major projects follow our standard project management methodology. Improvements will continue to be made to project cashflow forecasting and “in operation” business cases and budgeting for all major projects.

The risk of failure to meet our legislative obligations under the Environment Act will be mitigated through supporting the National Museum in developing its sustainability strategies to support the net zero targets introduced by the Government and to work with its partners to reduce environmental impact across its whole estate. We will embed sustainability, including environmental objectives and risks into our decision making and project evaluation processes.

There continues to be a risk of a further cyber-attack until the conclusion of the IT Security Infrastructure project and the IT Team continue to monitor this risk through the new systems, checks and controls introduced to mitigate this risk.

Post balance sheet events

There are no post balance sheet events.

Financial Review

Statement of Financial Activities for the Year Ended 31 March 2025

Total incoming resources for NMRN Operations for the year amounted to £21,525,000 (2023-24: £18,426,000). This included operating grants and project grants, admissions income (including gift aid), voluntary donations, investments and trading activity through the subsidiary National Museum of the Royal Navy Trading.

Admissions income for the year decreased by 7% to £6,494,000. The movement in incoming resources on the prior year reflects the increase in grant funding for correlating project delivery activity, in particular in relation to the new Royal Marines Museum and the long-term HMS Victory Preservation projects.

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Total resources expended for 2024-25 amounted to £19,324,000 (2023-24: £19,131,000), representing operating and project costs, trading, publicity and fundraising activity. The movement in resources expended reflects increased site, premises and staff costs as a result of inflationary pressures and cost of living pay awards offset by a reduction in trading company expenditure.

After gains of £594,000 on the revaluation of fixed assets and actuarial losses of £133,000 on defined benefit pension schemes, the net movement in funds for the year was an increase of £2,662,000 (2023-24: £247,000).

Balance sheet

The net group assets, including pension fund asset, as at 31 March 2025 amounted to £42,068,000 (2024: £39,406,000). Of this total, £22,869,000 related to restricted funds, £18,940,000 was unrestricted and designated funds. A further £259,000 related to non-charitable trading funds.

Reserves

The Trustees regularly monitor the levels of reserves and seek to take correction action as necessary. As at 31 March 2025, the level of the charitable company's free reserves (defined as net current assets attributable to unrestricted reserves excluding designated funds) stood at £4,851,000 (31 March 2024: £4,793,000).

Under the Group's governance structure, as nearly the entire Group's operating costs now flow through NMRN Operations, the policy is that sufficient free reserves are accumulated within NMRN Operations to provide four months' operating expenditure for the greatest potential area of exposure (Portsmouth Historic Dockyard, including the Gosport sites) by 31 March 2025, increasing to six months' operating expenditure for the entire National Museum by 31 March 2030 (target £6,950,000). There is no need to accumulate additional free reserves in either the National Museum or the subsidiary trusts and any such reserves held will be appropriately used, as approved by the Board, for the furtherance of charitable objects. The Trustees will continue to seek to improve the free reserves position in NMRN Operations in accordance with the reserves policy through income diversification, consolidation of costs in future periods and the delivery of a budget each year that will deliver a modest surplus.

Auditors

The accounts have been audited by Price Bailey LLP. A resolution to reappoint the auditor will be put to the members at the Annual General Meeting.

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.

Approved by the Board and signed on its behalf by



Mr Richard Hatfield
Chairman on Behalf of the Board of Trustees
Date: 05 November 2025



Matthew Sheldon
Chief Executive and Accounting Officer
Date: 05 November 2025

Accountability Report

Trustees Report and Governance Statement

This report sets out the arrangements for the governance of the NMRN Operations, including the Board structure for Trustees. The Trustees, who are also the directors of NMRN Operations (“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 3.

The Trustees have due regard to guidance issued by the Charity Commission on public benefit and in its charitable objects, the charity seeks to promote the efficiency and effectiveness of other charities for the public benefit. The charitable company operates fee paying attractions and endeavours to ensure that ticket prices are set at an accessible level, which includes the availability of several types of concessions. The charitable company offers workshops to schoolchildren in support of the National Curriculum, operates community outreach programmes in the local areas for children, their parents and carers, and hosts foreign language school pupils. NMRN Operations’ activities are supported by a team of volunteers numbering 380 who deliver a variety of tasks across the museum.

This report demonstrates how the system of governance and internal control is maintained within NMRN Operations and how the major risks to which the charity is exposed, as identified by Trustees, have been reviewed and systems have been established to mitigate those risks.

The Governance Framework

NMRN Operations is a charity registered with the Charity Commission (registration number 1169061). It is governed by its Memorandum and Articles of Association dated 9 August 2016, which incorporate its charitable objects, the powers of the company and provides for the appointment and re-appointment 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 Trustees ensure the distinct legal responsibilities and charitable objectives of NMRN Operations are fulfilled while acting within an overall policy and strategy framework developed by the National Museum of the Royal Navy. The day-to-day operation of the charitable company within that framework is delegated to the National Museum’s Chief Executive Officer and Executive Directors.

A formal induction process for Trustees is in place which combines all the necessary background reading material including items such as the Memorandum and 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 visits to the National Museum’s sites to meet key members of staff and to discuss current issues. Recent appointees continue to confirm their satisfaction with this process.

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.

Equity, Diversity and Inclusion

The National Museum is committed to improving equity, diversity and inclusion (EDI) across the organisation to become an inclusive museum and workplace for our visitors, trustees, workforce, volunteers and wider delivery partners.

The National Museum is a committed member of Inclusive Employers and made a pledge under the Armed Forces Covenant, holding the silver award. Work will be undertaken to progress this to the gold award in the coming period.

The National Museum does not tolerate any form of discrimination and believes that everyone has the right to live without fear or prejudice regardless of race, age, gender, disability, sexual orientation, social class, religion and belief. Practising equality of opportunities can sometimes mean treating people differently in order to treat them fairly, for example, by being flexible to meet the needs of working parents and carers, or making reasonable adjustments for individuals with disabilities at various stages of the selection process. We provide interview questions in advance to support neurodiversity, and our careers page includes accessible tools such as being able to change the colour contrast and the option for audio descriptions.

A Menopause policy was introduced on World Menopause Day (18 October) following work undertaken by our Menopause café, to provide additional support for staff.

In October 2024, following the work of our LGBTQ+ staff network, the National Museum became a 'Pride in Veterans Standard Organisation', demonstrating our commitment to providing inclusive and welcoming support to LGBTQ+ Veterans, serving personnel and their families.

We are committed to inclusion and diversity in our museum, improving this in the way we work, the collections we share and the stories we tell by:

- Continuing to embed an EDI approach through our Strategy and Corporate Plan.
- Developing our practices, and identifying improvements in how we can deliver our work and support, through our EDI action group and LGBTQ+ staff network.
- Seeking to diversify our boards, committees, workforce and volunteers, enabling them to become more effective by reflecting different perspectives, experiences and skills.
- Engaging diverse voices to provide broader perspectives on the stories of the Royal Navy.
- Reducing obstacles to participation, access and engagement, through designing our work to be open to everyone, challenging inequality and achieving improved equality outcomes.
- Committing to move forward, to act collectively and individually to effect change and to be held accountable for delivering change.
- Creating a strong sense of togetherness, where although people may not share life experiences, they are always respectful of the journeys of others.
- Understanding there is still much to do; creating an inclusive organisation is a long term and ongoing commitment so that everyone feels like they belong.

Personal data related incidents

There have been no incidents of data loss involving personal information during the period which required formal reporting to the Information Commissioner's Office (ICO). The cyber-attack was reported immediately to the ICO although there was no evidence of any personal data loss.

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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 charity'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 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 internal 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 Executive team 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.



Mr Richard Hatfield
Chairman on Behalf of the Board of Trustees

Date: 05 November 2025



Matthew Sheldon
Chief Executive and Accounting Officer

Date: 05 November 2025

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

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

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

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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Mr Richard Hatfield
Chairman on Behalf of the Board of Trustees

Date: 05 November 2025



Matthew Sheldon
Chief Executive and Accounting Officer

Date: 05 November 2025

Independent auditors' report to the members of NMRN Operations

Opinion

We have audited the financial statements of NMRN Operations (the 'parent charitable company') for the year ended 31 March 2025 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charitable Company Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including 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 group's and the parent charitable company's affairs as at 31 March 2025, and of the group's 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:

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- the information given in the trustees' report, which includes the strategic report and 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 strategic report 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 parent 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 by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's 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;

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the parent 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

We have been appointed auditor under the Companies Act 2006 and report in accordance with this Act, and relevant regulations made or having effect thereunder.

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 gained an understanding of the legal and regulatory framework applicable to the charitable company and the sector in which it operates and considered the risk of the charitable company not complying with the relevant laws and regulations including fraud; in particular those that could have a material impact on the financial statements. This included those regulations directly related to the financial statements, including financial reporting and tax legislation. In relation to the operations of the charitable company this included compliance with Companies Act 2006, Charities Act 2011 and relevant SORP.

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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 the following:

- Review of legal fees incurred;
- Reviewing minutes of Trustee Board meetings;
- Agreeing the financial statement disclosures to underlying supporting documentation;
- Enquiring of management, including those charged with governance;
- Reviewing key accounting policies and estimates

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 parent charitable companies members, 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 parent charitable company's members 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 parent charitable company and the parent charitable company's members 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)

For and on behalf of Price Bailey LLP
3rd Floor, 24 Old Bond St
London W1S 4AP

Date: 06 November 2025

NMRN Operations
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Consolidated Statement of financial activities (incorporating the income and expenditure account)
For the year ended 31 March 2025

	Notes	Unrestricted funds £	Restricted funds £	2025 Total £	Unrestricted funds £	Restricted funds £	2024 Total £
Income from:							
Donations and legacies	2	4,362,174	7,892,904	12,255,078	5,866,676	2,684,965	8,551,641
Charitable activities							
Admissions	3	6,493,783	-	6,493,783	7,005,895	-	7,005,895
Charges for services		49,332	-	49,332	49,194	-	49,194
Other trading activities							
Trading company	4	2,188,644	-	2,188,644	2,302,016	-	2,302,016
Investments		33,627	-	33,627	-	-	-
Other	5	503,950	480	504,430	517,529	-	517,529
Total income		13,631,510	7,893,384	21,524,894	15,741,310	2,684,965	18,426,275
Expenditure on:							
Raising funds							
Fundraising and publicity	6	1,203,067	-	1,203,067	1,357,142	-	1,357,142
Trading company	4	1,657,342	-	1,657,342	1,899,259	-	1,899,259
Charitable activities:							
Museum and visitor operations	7	11,811,130	4,652,229	16,463,359	12,294,082	3,580,912	15,874,994
Total expenditure		14,671,539	4,652,229	19,323,768	15,550,483	3,580,912	19,131,395
Net gains/(losses) on investments		-	-	-	-	-	-
Net income/(expenditure)		(1,040,029)	3,241,155	2,201,126	190,827	(895,947)	(705,120)
Transfers between funds		750,917	(750,917)	-	922,806	(922,806)	-
Other recognised gains/(losses):							
Gains on revaluation of fixed assets		226,613	367,516	594,129	312,810	558,244	871,054
Actuarial gains/(losses) on defined benefit pension schemes		(133,000)	-	(133,000)	81,000	-	81,000
Net movement in funds		(195,499)	2,857,754	2,662,255	1,507,443	(1,260,509)	246,934
Reconciliation of funds:							
Total funds brought forward		19,394,717	20,011,286	39,406,003	17,887,274	21,271,795	39,159,069
Total funds carried forward		19,199,218	22,869,040	42,068,258	19,394,717	20,011,286	39,406,003

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

The notes on pages 27 to 45 form an integral part of these financial statements.

NMRN Operations
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Consolidated Balance sheet
as at 31 March 2025

	Notes	Group 2025 £	Group 2024 £	Charity 2025 £	Charity 2024 £
Fixed assets					
Tangible fixed assets	13	31,380,414	32,317,234	31,277,178	32,141,115
Investment properties	13	590,000	590,000	590,000	590,000
		<u>31,970,414</u>	<u>32,907,234</u>	<u>31,867,178</u>	<u>32,731,115</u>
Current assets					
Stocks	14	867,390	708,309	478,309	278,249
Debtors	15	5,636,525	2,904,810	6,103,222	3,134,627
Cash at bank and in hand		5,727,270	5,969,093	5,166,378	5,415,057
		<u>12,231,185</u>	<u>9,582,212</u>	<u>11,747,909</u>	<u>8,827,933</u>
Liabilities:					
Creditors falling due within one year	16	<u>(2,228,341)</u>	<u>(3,315,443)</u>	<u>(1,900,878)</u>	<u>(2,621,009)</u>
Net current assets		<u>10,002,844</u>	<u>6,266,769</u>	<u>9,847,031</u>	<u>6,206,924</u>
Total assets less current liabilities		<u>41,973,258</u>	<u>39,174,003</u>	<u>41,714,209</u>	<u>38,938,039</u>
Net assets excluding pension asset		<u>41,973,258</u>	<u>39,174,003</u>	<u>41,714,209</u>	<u>38,938,039</u>
Defined benefit pension scheme asset	10	<u>95,000</u>	<u>232,000</u>	<u>95,000</u>	<u>232,000</u>
Net assets		<u><u>42,068,258</u></u>	<u><u>39,406,003</u></u>	<u><u>41,809,209</u></u>	<u><u>39,170,039</u></u>
Funds					
Unrestricted funds	17	16,139,874	16,829,107	16,139,874	16,829,107
Revaluation reserve		2,012,613	1,786,000	2,012,613	1,786,000
Designated funds		787,682	543,646	787,682	543,646
Total unrestricted funds	18	<u>18,940,169</u>	<u>19,158,753</u>	<u>18,940,169</u>	<u>19,158,753</u>
Restricted funds		17,363,380	14,873,142	17,363,380	14,873,142
Restricted revaluation reserve		5,505,660	5,138,144	5,505,660	5,138,144
Total restricted funds	19	<u>22,869,040</u>	<u>20,011,286</u>	<u>22,869,040</u>	<u>20,011,286</u>
Non charitable trading funds		259,049	235,964	-	-
Total funds		<u><u>42,068,258</u></u>	<u><u>39,406,003</u></u>	<u><u>41,809,209</u></u>	<u><u>39,170,039</u></u>

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



Mr Richard Hatfield
Chairman
Date: 05 November 2025

The notes on pages 27 to 45 form an integral part of these financial statements.

Consolidated Cash Flow Statement
for the year ended 31 March 2025

	Group 2025 £	Group 2024 £
Cash flows from operating activities:		
Net cash provided by operating activities	625,415	4,467,260
Cash flows from investing activities:		
Income from investments	33,627	-
Purchase of fixed assets	(900,865)	(947,050)
Purchase of investments	-	-
Net cash used in investing activities	<u>(867,238)</u>	<u>(947,050)</u>
(Decrease)/Increase in cash and cash equivalents in the year	<u>(241,823)</u>	<u>3,520,210</u>
Cash and cash equivalents at 1 April 2024	<u>5,969,093</u>	<u>2,448,883</u>
Cash and cash equivalents at 31 March 2025	<u><u>5,727,270</u></u>	<u><u>5,969,093</u></u>
Net income/(expenditure) for the reporting period	2,201,126	(705,120)
Depreciation and impairment	2,084,367	2,097,481
Loss on disposal of fixed assets	97,904	-
Income from investments	(33,627)	-
(Increase)/Decrease in stocks	(159,081)	(45,315)
(Increase)/Decrease in debtors	(2,731,715)	2,321,657
(Decrease)/Increase in creditors	(837,559)	792,557
Increase/(Decrease) in provisions for liabilities	4,000	6,000
Net cash provided by operating activities	<u><u>625,415</u></u>	<u><u>4,467,260</u></u>

Analysis of cash and cash equivalents

	Group 2025 £	Group 2024 £	Charity 2025 £	Charity 2024 £
Cash at bank and in hand	<u><u>5,727,270</u></u>	<u><u>5,969,093</u></u>	<u><u>5,166,378</u></u>	<u><u>5,415,057</u></u>

Analysis of changes in net debt

	Group 2025 £	Group 2024 £	Charity 2025 £	Charity 2024 £
Net (decrease)/increase in cash and cash equivalents in the year	<u>(241,823)</u>	<u>3,520,210</u>	<u>(248,679)</u>	<u>3,371,517</u>
Movement in net debt in the year	<u>(241,823)</u>	<u>3,520,210</u>	<u>(248,679)</u>	<u>3,371,517</u>
Net debt at the start of the year	<u>5,969,093</u>	<u>2,448,883</u>	<u>5,415,057</u>	<u>2,043,540</u>
Net debt at the end of the year	<u><u>5,727,270</u></u>	<u><u>5,969,093</u></u>	<u><u>5,166,378</u></u>	<u><u>5,415,057</u></u>

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

1. Accounting policies

1.1. Company information

NMRN Operations 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.

NMRN Operations and its group meet 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 (Charities SORP FRS 102) issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting 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 presented in sterling which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

Consolidated financial statements have been prepared in respect of the charitable company, its wholly owned subsidiary, the National Museum of the Royal Navy (NMRN) Trading, and its Joint Venture, Portsmouth Historic Dockyard (PHD) Operations Limited. The Consolidated Statement of Financial Activities includes the results of NMRN Trading and the company's share of the results of PHD Operations Limited as single line items. The consolidated balance sheet includes the net assets of NMRN Trading on a line by line basis and the company's share of the net assets of PHD Operations Limited as an item within Fixed Asset Investments.

1.3. Going concern

In addition to the revenue it generates and its fundraising activities, the company receives grant funding from the parent company, the National Museum of the Royal Navy, and other subsidiary trusts within the Group, in respect of its operation of the group's museums and heritage assets. Action has been taken by the Executive to develop a 10-year financial strategy and plan to forecast and manage the impacts of its economic challenges, to ensure the National Museum is financially sustainable into 2025-26 and beyond. The National Museum will continue to engage with Navy Command to ensure its financial framework supports core operating costs, incurred in delivering activities in the public interest, and an agreed capital strategy which delivers specific, shared, sustainable outputs and outcomes.

Based on the assurances provided to the National Museum by its sponsor, the Royal Navy, that Grant in Aid funding will continue to be made available, and the work of the Executive on 2025-26 budgets and the 10-year financial strategy and plan, the Trustees and Directors are content that the going concern basis continues to apply. As such, the financial statements have been prepared on a going concern basis.

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

1.4. Income

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

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.

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 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.

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. Expenditure

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.

1.7. Basis of allocation

Cost of generating funds comprises costs incurred in encouraging people and organisations to contribute financially to the charity's work and to promote the Naval Service Museums as visitor attractions.

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

Charitable expenditure includes expenditure associated with Operations, Collections & Research, and Learning, and include costs directly attributable to each activity. Costs not directly attributable to one activity including the proportion of support costs relating to charitable expenditure have been allocated in proportion to staff costs incurred in the following percentages:

	2025	2024
	%	%
Operations	72	77
Collections & research	28	14
Learning	-	9
	<u>100</u>	<u>100</u>

Support costs include central functions and have been allocated to cost categories on a basis consistent with the use of resources.

1.8. Foreign currency transactions

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling at the end of the month preceding the transaction. Exchange differences are taken into account in arriving at the net incoming/(outgoing) resources.

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

1.9. Funds

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.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

1.10. Tangible fixed assets

Tangible fixed assets with a cost or value greater than £2,500 and a useful life exceeding one year are capitalised at historic cost and revalued annually using Ministry of Defence derived indices.

Land and buildings are stated at a valuation of depreciated replacement cost and depreciated over the lease term. A professional valuation is obtained at least every 5 years and indices are used to reflect the change in value in the intervening years.

Depreciation has been provided at rates calculated to spread the cost of each asset over its expected useful life as follows:

Leasehold buildings	- over the lease term
Property improvements	- over the lease term
Computer and office equipment	- 3 - 10 years
Fixtures and fittings	- 3 - 20 years
Plant and machinery	- 3 - 30 years
Exhibitions	- 2 - 10 years

Assets under construction are not depreciated.

Significant Historic Ships

Significant ships are held by separate charitable Trusts within the National Museum group.

Accounting policy for recognition of subsequent expenditure on significant ships

As the National Museum's operating company, NMRN Operations is responsible for the restoration, preservation, and maintenance of each ship under the terms of the operator agreement. Expenditure incurred by the operating company is recognised 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.

1.11. Assets held by the National Museum of the Royal Navy Trading

The tangible fixed assets of the National Museum of the Royal Navy Trading are stated in the group accounts at historic cost less accumulated depreciation. Depreciation has been provided at rates calculated to spread the cost of each asset over its expected useful life as follows:

Plant and machinery	- 5 years
Fixtures and Fittings	- 5 years

1.12. Leased assets

Rentals applicable to operating leases are charged to the Statement of Financial Activities as incurred.

1.13. Investment properties

Investment properties are measured at fair value at each reporting date with changes in fair value recognised in 'net gains/(losses) on investments' in the Statement of Financial Activities.

1.14. Stock

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell, after making due allowance for obsolescence and slow moving items.

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

1.15. Basic financial Instruments

The charity's financial assets and liabilities consist of cash and cash equivalents, trade and other debtors, and trade and other creditors. The fair value of these items approximates their carrying value due to their short term value. Unless otherwise noted, the company is not exposed to significant interest, foreign exchange or credit risks arising from these instruments. Term deposits of less than one year are classified as investments within current assets.

1.16. Pensions

The majority of staff of NMRN Operations and its subsidiary are covered by the provisions of a defined contributions group pension plan, the assets of which are held in an independently administered fund and which provides benefits based on the value of the fund.

A small number of staff who have transferred into NMRN Operations under the Transfer of Undertakings (Protection of Employment) Regulations 1981 have retained membership of their former employers' pension schemes, which provide benefits based on final pensionable pay and include the Principal Civil Service Pension Scheme (PCSPS) and the Local Government Pension Scheme (LGPS).

Group Pension Plan

The National Museum operates a Group Pension Plan with employer's contributions being payable at 6% or 10%. Under this plan, a "salary exchange" scheme exists whereby employees may elect to give up the right to receive part of their salary remuneration in return for an additional employer's contribution into the Group Pension Plan of the same amount.

The pension cost charged to the Statement of Financial Activities represents the contributions paid.

Principal Civil Service Pension Scheme (PCSPS)

The PCSPS is an unfunded multi-employer defined benefit scheme but the National Museum of the Royal Navy is unable to identify its share of the underlying assets and liabilities. This scheme has therefore been accounted for as if it were a defined contribution scheme in accordance with Charity SORP (FRS102).

Local Government Pension Scheme (LGPS)

The LGPS is a multi-employer defined benefit scheme.

The National Museum of the Royal Navy is an admitted member of the Hampshire Pension Fund and the Teesside Pension Fund and is able to identify its share of the underlying assets and liabilities. The schemes have therefore been accounted for as defined benefit schemes in accordance with Charity SORP (FRS102).

1.17. Termination benefits

The group recognises a liability for termination benefits at the point where the group is committed to making the payments in return for employee redundancy.

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

2. Grants and donations received

During the year the following grants and donations were received:

	Unrestricted funds £	Restricted funds £	Total 2025 £	Unrestricted funds £	Restricted funds £	Total 2024 £
National Museum of the Royal Navy						
Operations	3,244,054	-	3,244,054	4,661,926	-	4,661,926
Projects	-	1,238,093	1,238,093	-	640,698	640,698
Other grants and donations						
Royal Marines Museum Trust	-	1,845,000	1,845,000	-	-	-
National Lottery Heritage Fund – RMM	-	432,270	432,270	-	-	-
National Lottery Heritage Fund – Figureheads	-	164,551	164,551	-	-	-
Hartlepool Borough Council	248,000	556,206	804,206	259,667	-	259,667
HMS Caroline Preservation Company	824,987	-	824,987	874,878	-	874,878
HMS Victory Preservation Endowment Fund	-	2,644,084	2,644,084	-	1,107,567	1,107,567
HMS Victory Preservation Company	-	725,000	725,000	-	665,000	665,000
Miscellaneous donations and grants	34,054	287,700	321,754	68,005	271,700	339,705
Legacies	11,079	-	11,079	2,200	-	2,200
	<u>4,362,174</u>	<u>7,892,904</u>	<u>12,255,078</u>	<u>5,866,676</u>	<u>2,684,965</u>	<u>8,551,641</u>

3. Admissions

	Unrestricted funds £	Total 2025 £	Unrestricted funds £	Total 2024 £
Portsmouth Historic Dockyard	5,112,419	5,112,419	5,560,319	5,560,319
Fleet Air Arm Museum	1,025,774	1,025,774	1,004,021	1,004,021
Hartlepool	291,806	291,806	288,110	288,110
HMS Caroline	63,784	63,784	153,445	153,445
	<u>6,493,783</u>	<u>6,493,783</u>	<u>7,005,895</u>	<u>7,005,895</u>

Admissions income includes amounts reclaimed from HM Revenue and Customs under the Gift Aid Scheme.

4. Income and expenses from trading activities of subsidiaries

National Museum of the Royal Navy Trading

The company controls the National Museum of the Royal Navy Trading, a company limited by guarantee incorporated in England and Wales. NMRN Trading operates a number of souvenir shops within the Museums and the corporate events.

At the discretion of its directors, NMRN Trading distributes its net profit to NMRN Operations (the parent).

NMRN Operations
(A company limited by guarantee)
Company number: 09988314

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

A summary of the company's trading results is shown below:

	2025	2024
	£	£
Turnover	2,161,837	2,259,538
Cost of sales	(626,881)	(811,186)
Gross Profit	<u>1,534,956</u>	<u>1,448,352</u>
Administration expenses	(1,048,600)	(1,088,683)
Other income	26,807	42,478
Net profit / (loss)	<u>513,163</u>	<u>402,147</u>
Tax on ordinary activities	18,139	610
Available for distribution	<u>531,302</u>	<u>402,757</u>
Amount gifted to NMRN Operations	(508,217)	(460,403)
	<u>23,085</u>	<u>(57,646)</u>
Reserves brought forward	<u>235,964</u>	<u>293,610</u>
Reserves carried forward	<u><u>259,049</u></u>	<u><u>235,964</u></u>
Assets	1,191,712	1,443,860
Liabilities	(932,663)	(1,207,896)
Retained earnings	<u><u>259,049</u></u>	<u><u>235,964</u></u>

5. Other income

	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	funds	funds	2025	funds	funds	2024
	£	£	£	£	£	£
Rental income	186,743	-	186,743	202,802	-	202,802
Museum & Galleries Exhibition Tax Relief	81,775	-	81,775	183,021	-	183,021
Sundry income	235,432	480	235,912	131,706	-	131,706
	<u>503,950</u>	<u>480</u>	<u>504,430</u>	<u>517,529</u>	<u>-</u>	<u>517,529</u>

6. Cost of generating funds

	Unrestricted	Total	Unrestricted	Total
	funds	2025	funds	2024
	£	£	£	£
Staff costs	835,718	835,718	903,986	903,986
Premises expenses	277,739	277,739	328,876	328,876
Fundraising and publicity	89,610	89,610	124,280	124,280
	<u>1,203,067</u>	<u>1,203,067</u>	<u>1,357,142</u>	<u>1,357,142</u>

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

7. Museum and visitor operations

	Operations	Collections & Research	Learning	Total 2025	Total 2024
	£	£	£	£	£
Staff costs	3,860,665	1,513,595	20,367	5,394,627	5,467,745
Other staff costs	89,534	34,819	-	124,353	136,203
Marketing	694,391	-	-	694,391	735,815
Site costs	419,603	-	-	419,603	510,578
Computer costs	285,525	-	-	285,525	393,850
Curatorial and exhibition	-	444,361	-	444,361	397,818
Depreciation & loss on disposal of assets	1,515,203	589,245	-	2,104,448	2,020,032
Governance and support costs	2,376,839	944,162	-	3,321,001	3,718,282
	<u>9,241,760</u>	<u>3,526,182</u>	<u>20,367</u>	<u>12,788,309</u>	<u>13,380,323</u>
Project costs					
HMS Victory Preservation	2,278,779	-	-	2,278,779	1,952,714
Hartlepool project costs	94,048	-	-	94,048	226,707
BH6 Reinvigoration	855,591	-	-	855,591	-
Other project costs	446,632	-	-	446,632	315,250
	<u>3,675,050</u>	<u>-</u>	<u>-</u>	<u>3,675,050</u>	<u>2,494,671</u>
	<u><u>12,916,810</u></u>	<u><u>3,526,182</u></u>	<u><u>20,367</u></u>	<u><u>16,463,359</u></u>	<u><u>15,874,994</u></u>

8. Governance and support costs

	Operations	Collections & Research	Total 2025	Total 2024
	£	£	£	£
Governance costs				
Legal and professional	54,482	21,187	75,669	80,487
Accountancy & payroll	31,282	12,165	43,447	53,378
Auditors' remuneration	52,176	20,291	72,467	70,065
Support costs				
Repairs and maintenance	212,493	82,636	295,129	513,698
Insurance	410,951	159,815	570,766	552,906
Premises costs	1,324,604	534,114	1,858,718	2,020,239
Travelling	91,361	35,530	126,891	150,200
Bank charges and interest	83,264	32,380	115,644	110,185
Health and safety	9,935	3,864	13,799	17,105
Subscriptions	44,829	17,433	62,262	70,390
Sundry expenses	61,462	24,747	86,209	79,629
	<u>2,376,839</u>	<u>944,162</u>	<u>3,321,001</u>	<u>3,718,282</u>

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

9. Employee costs

	Group	Group	Charity	Charity
	2025	2024	2025	2024
	£	£	£	£
Employment costs				
Wages and salaries	7,356,190	7,194,448	7,356,190	7,194,448
Social security costs	600,572	576,551	600,572	576,551
Defined contribution pension costs	496,706	460,648	496,706	460,648
Defined benefit pension costs	18,880	15,172	18,880	15,172
Recharges	-	-	(761,397)	(755,812)
	<u>8,472,348</u>	<u>8,246,819</u>	<u>7,710,951</u>	<u>7,491,007</u>

Key management personnel

Key management personnel are employed by the parent charity.

Higher paid employees

The number of employees who earned more than £60,000 during the year was as follows:

	2025	2024
£60,001 to £70,000	2	5
£70,001 to £80,000	1	2
£80,001 to £90,000	1	-

Number of employees

The average monthly number of employees during the period was as follows:

	2025	2024
Fundraising	3	3
Charitable activities	340	342
Governance	4	4
	<u>347</u>	<u>349</u>

During this financial year 8 redundancies were identified (2024: 11) and contractual/redundancy costs of £26,621 (2024: £Nil) were paid in the year with £Nil (2024: £99,909) being accrued at 31 March 2025.

Trustees' emoluments

No trustees received remuneration during the period (2024: Nil). Two trustees were reimbursed for travel expenses totalling £830 (2024: Two Trustees £610).

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

10. Pensions

NMRN Operations contributes to a Group Pension Plan and is a participating employer in the Principal Civil Service Pension Scheme and the Local Government Pension Scheme (including Hampshire Pension Fund and Teesside Pension Fund).

Principal Civil Service Pension Scheme (PCSPS)

The PCSPS is an unfunded multi-employer defined benefit scheme but NMRN Operations is unable to identify its share of the underlying assets and liabilities. A full actuarial quadrennial valuation was carried out at 31 March 2016. Details can be found in the resource accounts of the Cabinet Office; Civil Superannuation: www.civilservicepensionscheme.org.uk/about-us/scheme-valuations/

For 2024-25, employer contributions were payable to the PCSPS at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands. The scheme actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2024-25 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Local Government Pension Scheme (LGPS)

The LGPS is a multi-employer defined benefit scheme.

Hampshire Pension Fund

The National Museum is an admitted member of the Hampshire Pension Fund. This fund has over 191,000 members. The actuaries of the fund are Hymans Robertson LLP. In the year ended 31 March 2025 two staff participated in the scheme. The disclosures below relate to the funded liabilities within the Hampshire Pension Fund (the 'Fund') which is part of the LGPS. The funded nature of the LGPS requires the National Museum and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Assumptions

The latest actuarial valuation was carried out at 31 March 2022. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the roll-forward approach. The principal assumptions used by the actuary in updating the latest valuation of the Fund for FRS 102 purposes are shown below.

Teesside Pension Fund

The National Museum is an admitted member of the Teesside Pension Fund. This fund has over 71,500 members. The actuaries of the fund are Hymans Robertson LLP. In the year ended 31 March 2025 five staff participated in the scheme. The disclosures below relate to the funded liabilities within the Teesside Pension Fund (the 'Fund') which is part of the LGPS. The funded nature of the LGPS requires the National Museum and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Assumptions

The latest actuarial valuation was carried out at 31 March 2022. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the roll-forward approach. The principal assumptions used by the actuary in updating the latest valuation of the Fund for FRS 102 purposes are shown below.

	Hampshire Pension Fund		Teesside Pension Fund	
	2025	2024	2025	2024
	% p.a.	% p.a.	% p.a.	% p.a.
Pension Increase Rate (CPI)	2.70%	2.75%	2.80%	2.80%
Salary Increase Rate	3.70%	3.75%	3.80%	3.80%
Discount Rate	5.85%	4.85%	5.80%	4.80%

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

	Hampshire Pension Fund		Teesside Pension Fund	
	2025 % p.a.	2024 % p.a.	2025 % p.a.	2024 % p.a.
Asset allocation				
Equities	52%	55%	65%	71%
Bonds	36%	37%	0%	0%
Property	10%	7%	27%	25%
Cash	2%	1%	8%	4%
	2025 £(000)	2024 £(000)	2025 £(000)	2024 £(000)
Reconciliation of funded status to the Balance Sheet				
Fair value of assets	491	468	656	650
Present value of funded liabilities	(309)	(372)	(455)	(514)
Asset ceiling adjustment	(87)	-	(201)	-
Pension asset recognised on the balance sheet	95	96	-	136
Amounts recognised in the Statement of Financial Activities				
Operating cost:				
Current service cost	17	15	5	7
Financing cost:				
Interest on net defined benefit liability	(4)	(3)	(6)	(4)
Pension expense recognised in the Statement of Financial Activities	13	12	(1)	3
Asset gains/(losses) arising during the period	(9)	20	(20)	34
Liability gains/(losses) arising during the period	105	13	79	14
Asset ceiling adjustment	(87)	-	(201)	-
Gains/(losses) recognised in the Statement of Financial Activities	9	33	(142)	48
Changes made to the present value of the defined benefit obligation during the accounting period				
Opening defined benefit obligation	372	350	514	534
Current service cost	17	15	5	7
Interest expense on defined benefit obligation	19	16	25	25
Contributions by participants	6	5	1	2
Actuarial (gains)/losses on liabilities	(105)	(13)	(79)	(14)
Asset ceiling adjustment	87	-	201	-
Net benefits paid out	-	(1)	(11)	(40)
Closing defined benefit obligation	396	372	656	514
Changes to the fair value of assets during the accounting period				
Opening fair value of assets	468	423	650	618
Interest income on assets	23	19	31	29
Remeasurement gains/(losses) on assets	(9)	20	(20)	34
Contributions by the employer	3	2	5	7
Contributions by participants	6	5	1	2
Net benefits paid out	-	(1)	(11)	(40)
Closing fair value of assets	491	468	656	650

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

Actual return on assets

Interest income of assets	23	19	31	29
Gain/(loss) on assets	(9)	20	(20)	34
Total amount recognised in the Statement of Financial Activities	14	39	11	63

Group Pension Plan

The National Museum operates a Group Pension Plan with employer's contributions being payable at 6% or 10%. Under this plan, a "salary exchange" scheme exists whereby employees may elect to give up the right to receive part of their salary remuneration in return for an additional employer's contribution into the Group Pension Plan of the same amount.

The cost relating to each scheme is set out below. At the balance sheet date £52,442 contributions were outstanding (2024: £Nil).

	2025	2024
	£	£
Defined contribution schemes		
Group scheme	477,066	443,234
PCSPS	19,640	17,414
Defined benefit schemes		
LGPS - Hampshire Pension Fund	18,339	11,645
LGPS - Teesside Pension Fund	541	3,527
	<u>515,586</u>	<u>475,820</u>

11. Net outgoing resources for the year

	2025	2024
	£	£
Net outgoing resources for the year is stated after charging:		
Depreciation and other amounts written off tangible assets	2,104,448	2,020,032
Auditors' remuneration	30,375	28,565
	<u>2,134,823</u>	<u>2,048,597</u>

12. Taxation

The activities of the company fall within the exemptions afforded by the provisions of the Corporation Tax Act 2010. Accordingly there is no tax charge in these accounts. The company's trading subsidiary is subject to corporation tax.

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

13. Fixed assets

Group	Investment	Short leasehold	Assets under	Improvements	Computer	Fixtures &	Plant &	Exhibition	Total
	properties	land & buildings	construction	to property	& office	fittings	machinery	costs	£
	£	£	£	£	£	£	£	£	£
Cost or valuation									
At 1 April 2024	590,000	7,840,782	564,973	8,926,012	714,316	4,676,146	14,115,010	3,895,371	41,322,610
Additions	-	-	-	-	14,494	4,940	628,465	3,423	651,322
Transfers	-	-	(564,973)	-	-	-	564,973	-	-
Revaluation	-	161,981	-	214,002	20,050	66,091	229,003	55,117	746,244
Disposals	-	-	-	-	-	(25,655)	(14,868)	(140,542)	(181,065)
At 31 March 2025	590,000	8,002,763	-	9,140,014	748,860	4,721,522	15,522,583	3,813,369	42,539,111
Depreciation									
At 1 April 2024	-	349,799	-	1,137,818	618,116	2,137,577	2,752,635	1,419,431	8,415,376
Charge for the year	-	178,940	-	239,787	57,413	268,120	919,082	421,025	2,084,367
Revaluation	-	8,081	-	42,867	11,816	28,958	41,359	19,034	152,115
On disposals	-	-	-	-	-	(20,025)	(8,383)	(54,753)	(83,161)
At 31 March 2025	-	536,820	-	1,420,472	687,345	2,414,630	3,704,693	1,804,737	10,568,697
Net book values									
At 31 March 2025	590,000	7,465,943	-	7,719,542	61,515	2,306,892	11,817,890	2,008,632	31,970,414
At 31 March 2024	590,000	7,490,983	564,973	7,788,194	96,200	2,538,569	11,362,375	2,475,940	32,907,234

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

Charity

	Investment properties	Short leasehold land & buildings	Assets under construction	Improvements to property	Computer & office equipment	Fixtures & fittings	Plant & machinery	Exhibition costs	Total
	£	£	£	£	£	£	£	£	£
Cost or valuation									
At 1 April 2024	590,000	7,840,782	564,973	8,926,012	714,316	4,543,459	13,856,155	3,895,371	40,931,068
Additions	-	-	-	-	14,494	-	628,465	3,423	646,382
Transfers	-	-	(564,973)	-	-	-	564,973	-	-
Revaluation	-	161,981	-	214,002	20,050	66,091	229,003	55,117	746,244
Disposals	-	-	-	-	-	(25,655)	(14,868)	(140,542)	(181,065)
At 31 March 2025	590,000	8,002,763	-	9,140,014	748,860	4,583,895	15,263,728	3,813,369	42,142,629
Depreciation									
At 1 April 2024	-	349,799	-	1,137,818	618,116	2,075,316	2,599,473	1,419,431	8,199,953
Charge for the year	-	178,940	-	239,787	57,413	240,592	868,787	421,025	2,006,544
Revaluation	-	8,081	-	42,867	11,816	28,958	41,359	19,034	152,115
On disposals	-	-	-	-	-	(20,025)	(8,383)	(54,753)	(83,161)
At 31 March 2025	-	536,820	-	1,420,472	687,345	2,324,841	3,501,236	1,804,737	10,275,451
Net book values									
At 31 March 2025	590,000	7,465,943	-	7,719,542	61,515	2,259,054	11,762,492	2,008,632	31,867,178
At 31 March 2024	590,000	7,490,983	564,973	7,788,194	96,200	2,468,143	11,256,682	2,475,940	32,731,115

Land and buildings previously owned by the Royal Navy Submarine Museum were revalued at 6 May 2022 by Avison Young in accordance with the stated accounting policy. The revaluation was conducted by a qualified surveyor on a depreciated replacement cost basis and in accordance with the RICS Valuation – Global Standards 2022 (the Red Book). The Investment Property was revalued at 31 March 2023 by Lambert Smith Hampton on the basis of market value in accordance with the RICS Red Book Global Standards.

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

14. Stocks

	Group 2025	Group 2024	Charity 2025	Charity 2024
	£	£	£	£
The amounts attributable to the different categories are as follows:				
Goods for resale	682,967	517,704	293,886	87,644
HMS Victory arisings	184,423	190,605	184,423	190,605
	<u>867,390</u>	<u>708,309</u>	<u>478,309</u>	<u>278,249</u>

15. Debtors

	Group 2025	Group 2024	Charity 2025	Charity 2024
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	262,070	198,547	183,095	139,719
Other debtors	1,557,516	249,780	1,535,417	191,442
Prepayments and accrued income	438,886	955,025	428,810	822,753
VAT	99,822	136,011	99,822	136,011
Amount due from associated companies	3,278,231	1,365,447	3,856,078	1,844,702
	<u>5,636,525</u>	<u>2,904,810</u>	<u>6,103,222</u>	<u>3,134,627</u>

16. Creditors: amounts falling due within one year

	Group 2025	Group 2024	Charity 2025	Charity 2024
	£	£	£	£
Trade creditors	766,461	846,505	702,797	783,390
Other taxes and social security	222,079	290,313	144,889	222,412
Other creditors	134,421	83,480	94,346	29,263
Deferred income	144,019	166,022	52,006	49,468
Amounts due to associated companies	23,918	28,999	23,918	28,999
Accruals	937,443	1,900,124	882,922	1,507,477
	<u>2,228,341</u>	<u>3,315,443</u>	<u>1,900,878</u>	<u>2,621,009</u>
Deferred income				
	Group 2025	Group 2024	Charity 2025	Charity 2024
	£	£	£	£
Balance at 1 April 2024	166,022	142,981	49,468	36,298
Amounts released to incoming resources	(180,609)	(130,060)	(49,468)	(36,298)
Amounts deferred in year	158,606	153,101	52,006	49,468
Balance as at 31 March 2025	<u>144,019</u>	<u>166,022</u>	<u>52,006</u>	<u>49,468</u>

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

17. Analysis of net assets between funds

	Tangible Fixed Assets £	Net Current Assets £	Pension Scheme Asset £	Total 2025 £
Restricted funds	18,660,455	4,208,585	-	22,869,040
Unrestricted funds	13,206,723	4,850,764	95,000	18,152,487
Designated funds	-	787,682	-	787,682
	<u>31,867,178</u>	<u>9,847,031</u>	<u>95,000</u>	<u>41,809,209</u>
Non charitable trading funds	103,236	155,813	-	259,049
Total	<u><u>31,970,414</u></u>	<u><u>10,002,844</u></u>	<u><u>95,000</u></u>	<u><u>42,068,258</u></u>
Included in the above figures is the revaluation reserve:				
Revaluation reserve	7,518,273	-	-	7,518,273

	Tangible Fixed Assets £	Net Current Assets £	Pension Scheme Asset £	Total 2024 £
Restricted funds	19,140,710	870,576	-	20,011,286
Unrestricted funds	13,590,405	4,792,702	232,000	18,615,107
Designated funds	-	543,646	-	543,646
	<u>32,731,115</u>	<u>6,206,924</u>	<u>232,000</u>	<u>39,170,039</u>
Non charitable trading funds	176,119	59,845	-	235,964
Total	<u><u>32,907,234</u></u>	<u><u>6,266,769</u></u>	<u><u>232,000</u></u>	<u><u>39,406,003</u></u>
Included in the above figures is the revaluation reserve:				
Revaluation reserve	6,924,144	-	-	6,924,144

18. Unrestricted funds

	At 1 April 2024 £	Incoming Resources £	Outgoing Resources £	Transfers £	Gains and Losses £	At 31 March 2025 £
Unrestricted funds	18,615,107	11,936,120	(12,987,753)	495,400	93,613	18,152,487
Designated funds	543,646	14,963	(26,444)	255,517	-	787,682
	<u>19,158,753</u>	<u>11,951,083</u>	<u>(13,014,197)</u>	<u>750,917</u>	<u>93,613</u>	<u>18,940,169</u>
Non charitable trading funds	235,964	2,188,644	(2,165,559)	-	-	259,049
Consolidation adjustments	-	(508,217)	508,217	-	-	-
	<u><u>19,394,717</u></u>	<u><u>13,631,510</u></u>	<u><u>(14,671,539)</u></u>	<u><u>750,917</u></u>	<u><u>93,613</u></u>	<u><u>19,199,218</u></u>

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

	At 1 April 2023	Incoming Resources	Outgoing Resources	Transfers	Gains and Losses	At 31 March 2024
	£	£	£	£	£	£
Unrestricted funds	17,086,202	13,860,037	(13,630,246)	905,304	393,810	18,615,107
Designated funds	507,462	18,682	-	17,502	-	543,646
	<u>17,593,664</u>	<u>13,878,719</u>	<u>(13,630,246)</u>	<u>922,806</u>	<u>393,810</u>	<u>19,158,753</u>
Non charitable trading funds	293,610	2,281,038	(2,338,684)	-	-	235,964
Consolidation adjustments	-	(439,425)	439,425	-	-	-
	<u>17,887,274</u>	<u>15,720,332</u>	<u>(15,529,505)</u>	<u>922,806</u>	<u>393,810</u>	<u>19,394,717</u>

Designated funds represent funds designated for the PHD Masterplan, Preservation of the Historic Fleet and the Development of Galleries and Exhibitions.

19. Restricted funds

	At 1 April 2024	Incoming resources	Outgoing resources	Transfers	Gains and losses	At 31 March 2025
	£	£	£	£	£	£
RNM Development fund	6,062,528	-	(197,290)	-	131,341	5,996,579
HMS Alliance fund	45,026	1,103	-	-	-	46,129
HMS Caroline fund	55,849	-	-	-	-	55,849
HMS M33 fund	50,579	-	-	-	-	50,579
HMS Warrior 1860 fund	100,601	-	-	-	-	100,601
HMS Warrior dry docking	-	104,130	(104,130)	-	-	-
HMS Victory Preservation fund	9,258,818	3,371,984	(3,042,446)	(389,200)	136,583	9,335,739
LCT 7074 fund	21,391	-	-	-	-	21,391
RMM New Museum	23,270	3,306,935	(855,591)	(13,296)	-	2,461,318
Hartlepool development fund	(467,911)	556,206	(94,048)	(23,541)	-	(29,294)
Cobham Hall & Leading Edge	150,683	-	-	-	-	150,683
FAAM Environmental Sustainability	-	270,642	-	(270,642)	-	-
Trincomalee fund	40,495	1,827	(7,509)	(9,378)	-	25,435
Other restricted funds (projects)	188,194	280,557	(139,608)	(44,860)	495	284,778
Fieldhouse fund	4,481,763	-	(211,607)	-	99,097	4,369,253
	<u>20,011,286</u>	<u>7,893,384</u>	<u>(4,652,229)</u>	<u>(750,917)</u>	<u>367,516</u>	<u>22,869,040</u>

In 2000 the Royal Naval Museum completed phase I of a major capital development programme to redesign and refit existing galleries and bring new display and office space into use. The movements on the Development fund shown represent the income raised by donations and grants from the National Heritage Memorial Fund and other organisations, less the revenue expenditure and depreciation incurred up to the balance sheet date.

The HMS Alliance fund consists of funding received for the ongoing maintenance of HMS Alliance.

The HMS Caroline fund is for the conservation of the ship and its development as a visitor attraction. This work has been fully funded by HLF and the Northern Ireland Tourist Board to the National Museum.

The HMS M33 fund is for the conservation and presentation/interpretation of the ship, work which has been primarily funded by the Heritage Lottery Fund (HLF), and supported by funding from Hampshire County Council.

The HMS Warrior 1860 Preservation fund is for the conservation of the bulwarks, work which has been primarily funded by the HLF.

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

The HMS Victory Preservation fund is for the conservation and ongoing maintenance of the ship, work which is funded by grants from the HMS Victory Preservation Company and the HMS Victory Preservation Endowment Fund.

The LCT7074 fund relates to the restoration of the last Landing Craft (Tank) to take part in Operation Neptune and is primarily funded by the National Lottery Heritage Fund with match funding from other donors.

The RMM New Museum fund represents funding received for the development of a new Royal Marines Museum in Portsmouth Historic Dockyard.

The Hartlepool Development fund includes grant funding from the Tees Valley Combined Authority for the joint redevelopment of NMRN Hartlepool and the surrounding waterfront area, to support the regeneration of Hartlepool.

The FAAM Environmental Sustainability fund represents capital grant funding from the Royal Navy to improve Cobham Hall's defence against weather conditions and to reduce its energy consumption.

The Trincomalee fund includes donations from the Friends of HMS Trincomalee to support to the preservation, exhibition and promotion of the ship.

The Fieldhouse fund consists of funding received for the improvement and construction of buildings housing exhibits in the Royal Navy Submarine Museum.

Other restricted funds were received towards funding specific projects across the group's museums.

Transfers between funds

The transfers from restricted to unrestricted funds reflect costs recharged to projects, and the value of tangible fixed assets which have been purchased using restricted funds, but are held for general purpose, in accordance with SORP 2019 section 2.26.

	At 1 April 2023	Incoming resources	Outgoing resources	Transfers	Gains and losses	At 31 March 2024
	£	£	£	£	£	£
RNM Development fund	6,225,506	-	(224,295)	-	61,317	6,062,528
HMS Alliance fund	44,996	30	-	-	-	45,026
HMS Caroline fund	55,849	-	-	-	-	55,849
HMS M33 fund	50,579	-	-	-	-	50,579
HMS Warrior 1860 fund	91,365	61,187	(51,951)	-	-	100,601
HMS Victory Preservation fund	10,081,775	1,774,882	(2,671,558)	(397,488)	471,207	9,258,818
LCT 7074 fund	21,391	-	-	-	-	21,391
RMM New Museum	24,457	87,760	(73,795)	(15,152)	-	23,270
Hartlepool development fund	(324,440)	-	(226,707)	83,236	-	(467,911)
Barracuda project fund	19,166	58,005	(62,588)	(14,583)	-	-
Cobham Hall & Leading Edge	150,000	683	-	-	-	150,683
FAAM Environmental Sustainability	-	564,973	-	(564,973)	-	-
Trincomalee fund	29,778	10,717	-	-	-	40,495
Other restricted funds (projects)	147,457	126,728	(67,099)	(13,846)	(5,046)	188,194
Fieldhouse fund	4,653,916	-	(202,919)	-	30,766	4,481,763
	<u>21,271,795</u>	<u>2,684,965</u>	<u>(3,580,912)</u>	<u>(922,806)</u>	<u>558,244</u>	<u>20,011,286</u>

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

20. Revaluation reserve

	£
At 1 April 2024	6,924,144
Revaluation of fixed assets	594,129
	<u>7,518,273</u>
At 31 March 2025	<u>7,518,273</u>
	£
At 1 April 2023	6,053,090
Revaluation of fixed assets	871,054
	<u>6,924,144</u>
At 31 March 2024	<u>6,924,144</u>

21. Commitments and contingent liabilities

The company had capital commitments contracted but not provided for in the financial statements amounting to £818,872 (2024: £796,629). There were no contingent liabilities at 31 March 2025 (2024: £Nil).

22. Financial commitments

The charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2025	2024
	£	£
Within one year	635,678	406,808
Between one and five years	2,542,711	1,627,232
Greater than five years	29,302,929	21,338,248
	<u>32,481,318</u>	<u>23,372,288</u>

23. Related party transactions

Parent charitable company and ultimate parent undertaking

NMRN Operations considers the National Museum of the Royal Navy (the "National Museum"), a charitable company (charity number 1126283, company number 06699696), to be its ultimate parent undertaking. NMRN Operations receives grant funding from the National Museum which is separately disclosed in Note 2. Control is exercised by the National Museum being the corporate member of NMRN Operations.

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

Subsidiary company

Company name	Company number	Percentage shareholding	Description
National Museum of the Royal Navy Trading	01261270	N/A	Souvenir shops & corporate events

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

Joint Venture

NMRN Operations is a related party of Portsmouth Historic Dockyard Operations Limited (PHD Operations Limited), a company limited by shares (company number 12799836) and a Joint Venture with the Mary Rose Trust. In the consolidated financial statements, PHD Operations Limited has been treated as a Joint Venture in which the company has a 50% interest.

A summary of the results for the year are as follows:

	2025		2024	
	Company share £	Total £	Company share £	Total £
Trading income	59,944	119,887	80,516	161,032
Services provided	1,352,629	2,705,259	93,539	187,078
Expenditure	(1,412,573)	(2,825,146)	(174,055)	(348,110)
Net income	-	-	-	-
Balance Sheet				
Current assets	106,261	212,522	15,316	30,632
Current liabilities	(106,260)	(212,520)	(15,315)	(30,630)
Net assets	1	2	1	2

PHD Operations Limited is responsible for the collection and distribution of ticketing income for the two members. The company contributes towards the services provided. During the year the net contribution totaled £232,755 (2024: £130,163) and is included within site costs shown in note 7.

NMRN OPERATIONS

England & Wales - Charity number 1169061

Accounts

Charity number: 1169061
Company number: 09988314

NMRN Operations
(A company limited by guarantee)

Trustees' report and Consolidated financial statements
for the year ended 31 March 2024

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NMRN Operations
(A company limited by guarantee)
Company number: 09988314

Legal and administrative information

Charity number	1169061
Company registration number	09988314
Registered office	HM Naval Base PP66 Portsmouth Hampshire PO1 3NH
Business address	HM Naval Base PP66 Portsmouth Hampshire PO1 3NH
Chief Executive and Accounting Officer	Matthew Sheldon (appointed 1 December 2023)
Director General and Accounting Officer	Dominic Tweddle (resigned 30 November 2023)
Trustees	Mr Richard Hatfield Mrs Kathleen Barnes Mr Michael Bedingfield Mrs Jane Dean Mr Mark Pemberton Rear Admiral Jonathan P Pentreath CB OBE (appointed 1 September 2023) Mr Matthew Sheldon (appointed 1 December 2023) Professor Dominic Tweddle (resigned 30 November 2023)
Accountants	Compass Accountants Limited Venture House, The Tanneries, East Street, Titchfield, Hampshire PO14 4AR
Auditors	Price Bailey Group Limited 3 rd Floor 24 Old Bond Street London W1S 4AP
Bankers	NatWest Bank Plc 130 Commercial Road, Portsmouth, Hampshire PO1 1ES

NMRN Operations
(A company limited by guarantee)
Company number: 09988314

Trustees' annual report (incorporating the directors' report) and Strategic report

Foreword

The Trustees present the annual report and the audited financial statements of NMRN Operations ("the charitable company") for the year ended 31 March 2024. 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 Trust.

The charitable objectives, as defined in the Articles of Association (as amended by Special Resolution 9 August 2016), are:

The promotion of the efficiency and effectiveness of charities for the benefit of the public, in particular by supporting and assisting the charitable work of the National Museum of the Royal Navy.

Performance Report

Overview

The charitable company was formed as the operating company for the National Museum of the Royal Navy Group and operates the Fleet Air Arm Museum, the Royal Marines Museum, Explosion! Museum of Naval Firepower, NMRN Portsmouth (the Royal Naval Museum), HMS Caroline, NMRN Hartlepool, the Royal Navy Submarine Museum, HMS Victory, HMS M33, HMS Warrior, Portsmouth Historic Dockyard and Action Stations.

The National Museum of the Royal Navy (“the National Museum”) is the sole corporate member of the charitable company.

The formation of NMRN Operations enabled the National Museum to simplify the governance structure and consolidate all operations and project delivery for the National Museum Group. The charitable company is the main employer for the National Museum. This structure realises the benefits of operation of the museums through a large organisation, improving visitor experience, enhancing access to the collections and providing greater cohesion and efficiency in the delivery of the charitable objectives.

The National Museum is one of the few national museums headquartered outside London, acquiring key sites also outside the capital, enabling people to learn, enjoy and engage with the story of the Royal Navy, and its impact in shaping the modern world. Our vision is to be the world’s most inspiring Naval Museum and our mission is inspiring enjoyment and engagement with the story of the Royal Navy and its role in shaping both our nation and the modern world. Our “Strategy 2022-2027: Linking Navy to nation” sets out our strategic aims in three areas, which NMRN Operations delivers through the execution of its annual corporate plan:

Audiences:

- Grow and diversify our global audiences – on site and online.
- Create innovative and inspirational experiences, services and products.
- Build our brand and reputation as the authority on the Royal Navy story.

Collections:

- Sustain and develop our world-class collections and sites.
- Explore different Royal Navy story perspectives with our diverse communities and collections.
- Extend access to our collections and sites through digital transformation.

Sustainability:

- Grow our income and financial resilience to secure long-term sustainability.
- Reduce our carbon consumption and transform our estate.
- Build partnerships and influence as a national museum.

Our People

We recognise that none of this will be achieved without the skills, dedication and hard work of our people. This requires that we:

- Value and empower our people
- Are outward-facing, inclusive and audience-led
- Build a culture of innovation and enterprise
- Be sustainable in all that we do

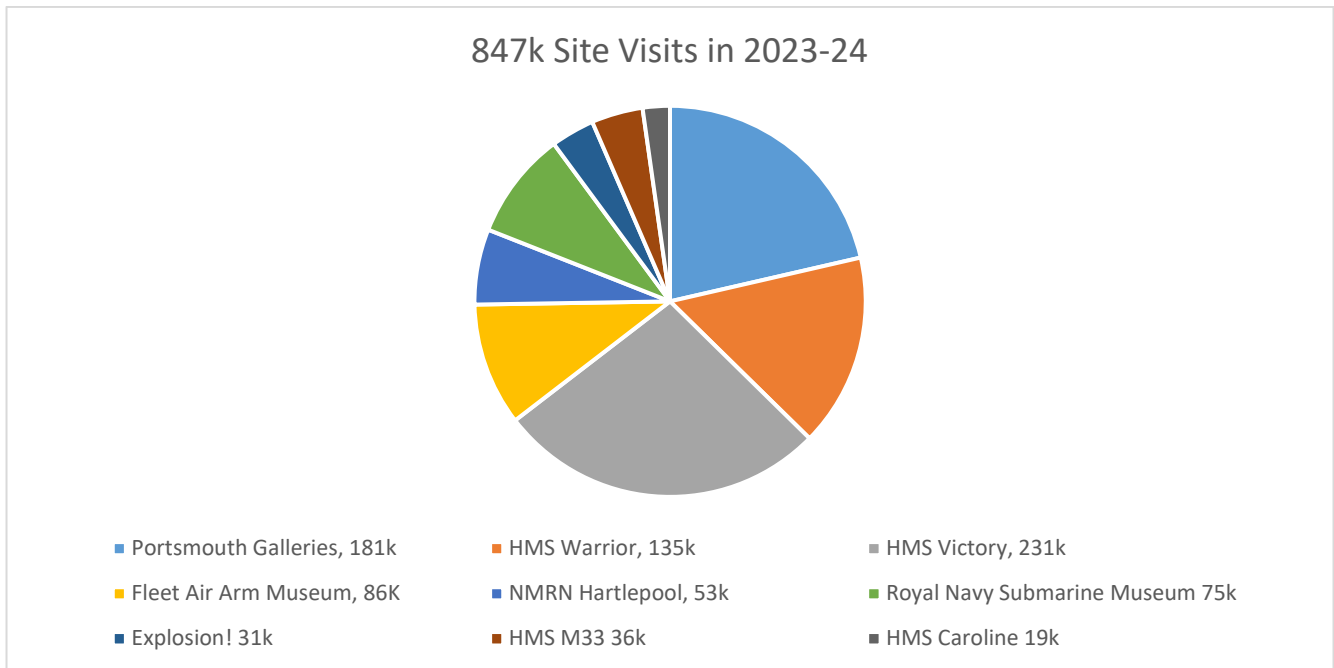
Our framework of values supports the culture of the organisation, guiding our everyday actions and being integral to our performance management framework.



Activities and Achievements

Visitors

During this period, we welcomed 847,410 visits (2022-2023: 667,253) across our National Museum sites, marking a 27% increase on the previous year’s performance. This included the first full operational year for HMS Caroline since her closure in 2020, and a complete year of operation of HMS Warrior following its 3-month closure period in 2022-23 for essential maintenance. Performance at Portsmouth, Gosport, Hartlepool and Yeovilton saw revenue levels that were broadly in line with pre-pandemic performance and the group closed out the year 23% ahead of target ticket income.



The Association of Leading Visitor Attraction’s 2023 visitor data highlighted a 33% increase in visitors for the Fleet Air Arm Museum (only one other attraction in the region has had higher growth) and a 15% increase for Hartlepool based on pre-COVID admission numbers. The data also recognised Portsmouth Historic Dockyard as the third most visited paid attraction in England outside of London (behind Stonehenge and the Roman Baths).

The charitable company operates Portsmouth Historic Dockyard under a joint venture (Portsmouth Historic Dockyard Operations) with the Mary Rose Trust. This partnership agreement was put in place in 2020 to create

NMRN Operations
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Company number: 09988314

a ticket product to drive growth in sales, increase revenue and simplify the visitor offer. It provides a cohesive, consistent, and excellent customer service experience that tracks across all of our customer touchpoints. Its aim is to support financial sustainability, by maximising on income and exploiting business efficiencies. It also shares knowledge and expertise to explore social impact, community engagement and tourism initiatives in support of the city of Portsmouth, embedding collaborative joint working, resulting in better outcomes and improved processes. This period, the partnership really demonstrated its impact, delivering a 24% increase in its contribution on the previous operating year. This unique operating partnership also saw us recognised as the “2024 Partnership of the Year” at the Museums and Heritage Awards and at the Portsmouth News Excellence Awards as “Visitor Attraction/Event of the Year”.

Social Value and Learning

We have supported a number of outreach events, including a Foster Child event in partnership with Portsmouth City Council, creating an activity day in Action Station for children in their care, along with carers and guardians. All families were provided lunch and free access to Portsmouth Historic Dockyard, enabling them to access our Royal Navy story.

In Portsmouth Historic Dockyard, for the second year running through our successful joint venture with the Mary Rose Trust, we offered free annual family tickets to local families whose children are in receipt of Pupil Premium Funding. Working with Portsmouth City Council and Gosport Schools, this programme enabled the most disadvantaged young people in the Portsmouth and Gosport area to access our incredible history free of charge. Set against the backdrop of the Cost of Living Crisis and challenging trading environments, this initiative demonstrates both partners’ commitment to delivering social impact as well as commercial success. Families have shared what a positive impact this had, and we already anticipate repeating and extending the scheme for 2024-25. A Central South Business Awards 2024, Community Hero nomination was received in recognition of this programme.

At HMS Caroline, we offered free visits to schools in areas of local income deprivation. Community groups were also invited to visit the site, with very positive feedback from the Action Mental Health EVOLVE Group around the inclusivity of the exhibition.

“Active Aviators” is a programming partnership at Fleet Air Arm Museum with Aggie Westons, a registered charity that provides family support to those serving in the Royal Navy, through pastoral work and practical projects. Through this monthly programme, we provided crafts, sing-alongs, toys and games, in a safe and secure environment, with an average 80% of attendees represented by families from RNAS Yeovilton.

We have engaged 23,704 pupils and students in formal learning (2022-23: 25,694). Our sites have continued to offer a range of activities for students to engage with our ships and collections, including Discovery Visits, Discover More and Discover Live. Portsmouth Historic Dockyard ran a series of Discover Live sessions in June 2023 to compliment the Armada Maps exhibition. Targeted at KS1-3, these sessions focussed on object handling and archive materials to learn about the maps and the Armada itself.

Fleet Air Arm Museum also hosted our annual training collaboration with Bridgwater College, EDF UK and Magnox, with 23 Maintenance Operations Engineering Technician (MOET) apprentices participating in our projects as part of their course Condition Monitoring Maintenance unit. The sessions, facilitated by our staff and volunteers, challenged the apprentices with scenarios such as a major incident, combat situation, decommissioning and recommissioning, as well as taking an out-of-service aircraft from the museum and uncovering what maintenance was required to put it back into working order. From this work, the apprentices were able to draw parallels between key skills needed in the aviation industry and their own nuclear-specific roles.

NMRN Operations
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At NMRN Hartlepool, we worked with a local Academy to provide supported work placements for students with Special Educational Needs, preparing the young people to transition into the workplace. This will be further developed through a recently awarded grant from the Association of Independent Museums, Connected Communities fund. This work will focus on developing our volunteering programme with SEN audiences, positioning them to influence and engage with our site redevelopment plans at the same time as combating loneliness and isolation.

HMS Caroline was awarded one of the coveted slots from National Historic Ships as 'Static Flagship of the Year 2023' in recognition of our public engagement into 2024 (which marks the centenary of her being berthed in Belfast), the level of social media outputs and learning resources for schools.

Over 30,500 people engaged with our public programming activities in Portsmouth and Gosport including gallery interventions, school holiday events, community activities, outreach and regular early years programming. Highlights from the large scale events included Heritage Open Days, the Christmas Ship and Stargazing which brought in new audiences and highlighted the collections in innovative ways.

Our STEM offer for informal learners has continued to evolve and grow with both large scale one off events and regular programming designed to explore links with the Royal Navy past and present. Events such as STEM in Action, Creepy Conservation, Worlds Beneath the Waves lectures and Little Engineers have offered a wide range of interactive activities for audiences of all ages. The success of Little Engineers has inspired a vision for a new programme aimed at early years, families and home educators which will be developed in the coming months.

Volunteers

The National Museum has a dedicated and committed volunteer team, which includes lived experience of service in the Royal Navy, the Royal Marines and the other military services. Our volunteers add significant value to our work, with the number of volunteers in the period at just over 300 individuals. Our volunteers were involved in a diverse range of projects and activities. Notably, volunteers were an integral part of the 'National Treasures: Armada Maps' exhibition, helping to bring the maps to life. They worked with our collections to help digitise and conserve them, as well as enhancing the visitor experience on our historic ships, submarines, with our aircraft and in gallery spaces and supporting exhibitions and events.

Supporting the National Museum's Sponsor - The Royal Navy

The National Museum provides a unique perspective to the heritage, history, culture and traditions of the Royal Navy, and the close relationship between the museum and its sponsor organisation is essential to the effective delivery of the museum's purpose. During 2023-24, we have worked successfully with the Royal Navy to host events, support personnel and help with recruitment. In turn, the Royal Navy has supported us at STEM events, community projects and networking groups. Our work has helped the National Museum establish a very effective Royal Navy networking group, which has supported exhibitions, tours of historic vessels, and events, and has also supported veterans to become part of the National Museum community. Highlights included:

- Working with the Royal Navy Race Diversity Network and the Defence Hindu Network to celebrate Diwali on board HMS Warrior with guests, including defence personnel of all faiths from across all three services, and our community partners including Chat Over Chai, Believe in Me CIC and Clifffdale Primary Academy
- Supporting Britannia Royal Naval College Open Day where we provided Fleet Air Arm related activities

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- Supporting Naval Regional Commander, Wales Western England and the Channel Islands in hosting award winners from the John Thornton Young Achievers Foundation
- Working with the Royal Navy’s LGBTQ+ network in creating a short film, and a space for veteran and LGBTQ+ organisations and allies to meet
- Delivering STEM action days supported by the Royal Navy’s STEM Engagement Team
- Sponsoring partner at the hugely successful Royal Navy First Sea Lord’s Reception on HMS Iron Duke that enabled supportive and constructive conversations in support of the Royal Marine Museum
- Attending HMS Collingwood’s Field Gun Day providing activities for Naval Personnel and their families
- Providing archival material to the Royal Navy Race Diversity Network to support displays to educate on the role of the Women’s Royal Indian Naval Service (WRINS)
- Attending Portsmouth Pride jointly with the RN LGBTQ+ network and our National Museum network
- Participating in the Royal Navy’s Race Alignment Meetings
- Facilitating 19 stakeholder dinners at our venues for First and Second Sea Lords during the period.

Communications

We continued to monitor our digital communications using our ‘meaningful engagement’ model, reflecting not just views of digital content but meaningful interactions with it. Our strong digital presence grew through the period. Our engagement rate (that is the number of people interacting with a social media post against those who saw it) was 5% above industry average of between 1-3%. Due to the internal changes within the platform X, which prioritises paid and subscriber content over organic, we saw an expected dip in engagement, but gained 18 thousand new followers during this year, reaching 21 million people with our content.



Facebook
 32.7M users
 34M impressions
 615K engagement
 28% engagement rate
 (2022-23: 19M users, 2.6M impressions)



X (Formerly Twitter)
 2.1m Impressions
 72K engagements
 3% engagement rate
 (2022-23: 43K engagements)



Instagram
 1.4M users
 1.5M impressions
 58K engagements
 9% engagement rate
 (2022-23: 3K engagements)



Linked In
 402K impressions
 7% engagement rate
 (2022-23: 3K engagements)



NMRN Website
 303,381 users



PHD Website
 333,255 users



NMRN and PHD Webstores
 289,857 users



Press, PR and Media
 £8.6M AVE
 c40M circulation reach
 (2022-23: £7M AVE, 24M Circulation)

In April 2023, we launched our new Portsmouth Historic Dockyard website. This, along with upgrades to the Google Analytics platform, meant that we altered the way in which we report our website statistics, breaking out the National Museum’s website separately to the Portsmouth Historic Dockyard website and our ticketing web store. Across all three platforms we have seen 1.2 million visits, in line with the previous year’s results.

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Media coverage across the National Museum reached an audience in excess of 40 million people, up from 24 million the year before, realising £8.4M in Advertising Value Equivalent (2022-23: £7.0M). Highlights of our press coverage included:

- Coverage of the *World Beneath the Waves* exhibition in the Guardian newspaper, highlighted the role of the Royal Navy's in innovation oceanography and maritime conservation
- Our use of AI technology in support of the HMS Victory conservation project to analyse data and create accurate 3D modelling featured in a number of publications including the i Newspaper and The Art Newspaper
- Valentine's day coverage on BBC Online highlighted husband and wife Fleet Air Arm Museum volunteers, Jill and Gary Umpleby, and their support of the National Museum
- A triple christening that took place on HMS Caroline, in honour of the ship's former officers and proud grandfathers, John Taylor and Billy McConkey, who revived this age-old naval family maritime tradition with the christenings of their grandchildren onboard the ship featured in a range of articles across media in Northern Ireland and beyond
- The Royal Navy Submarine Museum's X-craft's contribution to early plans for D-Day ahead of the D-Day commemorations was shown on BBC TV South
- Our project to track and manage the Deathwatch Beetle as part of the HMS Victory Conservation Project featured on ITV News

Exhibitions

We have drawn on a mixture of external and intergroup grant funding, partnership support and use of reserves to deliver a special exhibitions programme and improvements to our permanent exhibitions. These have helped us reflect on the link between the Navy and the Nation across the centuries and to improve our representation of the current Royal Navy and its people. Our work to develop our exhibitions has included:

- **The Armada Maps: National Treasures** – running for a period of 45 days in summer 2023, this exhibition allowed visitors a time-limited period to view all ten of the amazing 1588 Armada Maps which were saved for the nation thanks to our major fundraising campaign in 2020. Digital resources were produced as legacy resources at www.armadamaps.nmrn.org.uk
- **Worlds Beneath the Waves** – this current exhibition highlights the work the Royal Navy's involvement in oceanographic research. It features interviews of naval personnel filmed whilst working on HMS Protector in Antarctica and includes historic specimens from the HMS Challenger expedition, borrowed from the Royal Albert Memorial Museum, alongside contemporary equipment like 'Boaty McBoatface' loaned from our exhibition partners at the National Oceanography Centre.
- **Diving Deep: HMS Invincible 1758** – following its successful opening in Portsmouth in October 2020, this interactive exhibition, based on the archaeological excavation of the shipwreck, and funded by the National Heritage Lottery Fund and the Maritime Archaeological Sea Trust, returned to the National Museum to be exhibited in Hartlepool from Easter 2023.
- **Barracuda Live: The Big Rebuild** – this 50-year project stepped into a new phase in 2023, with customers now being able to get up close and personal with the reconstruction of an aircraft of which there is no single complete version.
- **Victory Live: The Big Repair** – our delivery of the conservation project for HMS Victory entered a major phase of work which placed large portion of the ship under a scaffolding canopy to enable the removal of huge sections of hull planking. We started to develop a new and major strand of interpretation that will progress through the project, showcasing the scale and complexity of the conservation task and bringing the unique work of our skilled teams to visitors.

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- **Royal Marines Experience at Action Stations** - our interactive and family-focussed Royal Marines Commando attraction at Action Stations continued to be a popular with our visitors and forms the basis of sharing the Commando story until the fully reimaged Royal Marines Museum is delivered. We have significantly progressed our project proposals in this period.
- **National Museum of the Royal Navy Hartlepool Waterfront Regeneration** – we have continued to support the NMRN Hartlepool board in its work with Hartlepool Borough Council to develop a shared vision for the regeneration of the area around the dock basin. A vision document demonstrates the potential cultural and commercial use of the site, the addition of facilities dedicated to the care and conservation of historic ships, skills training workshops, new galleries that support STEM education (science, technology, engineering, arts and mathematics) and the creation of exciting new experiences to complement the activities taking place both on the National Museum site and the wider Waterfront area. In parallel, Hartlepool Borough Council commissioned a separate study for the Museum of Hartlepool and the PS Wingfield Castle, offering the opportunity to ensure a holistic approach to proposing future options for the whole site.
- Investments into our permanent galleries and exhibitions included the X-Craft and Jolly Rogers interventions at the Royal Navy Submarine Museum and to the Victory Gallery in Portsmouth to introduce a rare ship model into the experience.

Collections and Research

This period has seen major advances in collections access, collections information, and the external recognition of the National Museum’s standards.

Our Collections Portal www.nmrn.org.uk/collections provides access to a growing database of over 400,000 catalogue records from the National Museum’s collection, many with supporting images. The portal is already attracting an average of 2,000 users a month, with multiple searches which help us understand areas of research interest. Investment and development of the National Museum’s Digital Asset Management System (DAMS) has also continued and is fundamental to the success of the collections portal, now hosting over 100,000 images.

The National Museum’s archive collections and service have received welcome external recognition. The National Archives have awarded Archive Accreditation status, and Arts Council England conferred Museum Accreditation status on NMRN Hartlepool and HMS Caroline in 2023.

The National Museum has continued to loan our collections extensively, with over 100 loan agreements covering in excess of 900 items. Our ability to accept new material on loan from private donors for exhibition had previously been restricted by commercial insurance costs; however, with the support of the Ministry of Defence and Arts Council England, we were admitted to the Government Indemnity Scheme. The scheme provides indemnity for loaned objects made accessible to the public in temporary exhibitions, on long-term loan or loans for study and research and removes the need for commercial insurance for these objects.

In this period, we considered 580 separate offers to donate material, of which 254 offers were accepted, running to thousands of individual items. At the same time, we have continued to review the Collection to ensure resources are used most efficiently, with the managed disposal of duplicated collections in our library holdings reducing our stock by 4,000 individual volumes.

Highlights of our conference, seminar and research activity have included:

- “Addressing Empire” article for the Museums Journal written following the creation of the Addressing Empire network with Durham Light Infantry Museum and other smaller armed forces museums. Following a successful application from the Museums Association and Esmée Fairbairn Collections

Fund, we started a 2-year 'Stories of the Unheard' project in NMRN Hartlepool. This project will engage with HMS Trincomalee's South Asian communities to deliver a new display about the ship. In parallel, we are developing a 5-year strategy for our Addressing Empire work, an interpretation strategy for the ship, and a collecting strategy for Royal Indian Navy and Women's Royal Indian Navy material.

- Article published about HMS Trincomalee's raze marks in the May/June edition of British Archaeology magazine.
- Collaborative working with the University of Southampton's Computer Science Masters programme exploring how Artificial Intelligence could be used to enhance and support our collection information, including help order the preservation archive being generated around HMS Victory's conservation and image recognition of some of our historic photographic collections.

Conservation and Historic Ships

- **HMS Victory** – our efforts in the year concentrated on hull planking removal and reinstatement. A programme of surveys and testing mandated by legislation was completed, alongside the commencement of fungicidal treatment and graved repairs to the Ship's frame on the Starboard side. Production of replacement futtocks had also started. Work was undertaken under the guidance of structural support specialists, to prevent movement of the Ship in its current structure during this process. Significant achievements were:
 - Materials Trials – testing continued to establish the impact of UV, water permeability and various materials for fastenings on the Ship. This extensive programme of work, undertaken in partnership with Southampton University's nc² consultancy, is enabling the project to better understand the likely degradation of materials over time, and make informed decisions as to the best choices of fixings, glues, paints and timber to be used on the project, and the levels of maintenance likely to be required going forward. The ship-side mock-up surveys progressed on a monthly basis and the results showed patterns of deterioration. This information, combined with the laboratory results from materials trials was used when selecting the materials for re-planking the ship. The approach to the fungal survey which has been outlined with the University's microbiology department is due to commence in the summer. The Deathwatch beetle colony that was sent to London Zoo for testing reported positive signs that there is larvae in the Ship's timber and this will enable further testing and management going forward.
 - Workshop Upgrades – to support the delivery of the 12-year conservation plan, upgrades to the workshops progressed and a new space was designed. The Bay 4 racking construction was completed to support the new space for critical quality control procedures for the production of laminating oak and for the smooth supply chain flow from the timber supplier.
 - Scaffolding Structure - the large scaffold structure continues to be adapted to support the work of the operator's conservators and shipwrights.
 - Timber Procurement – our timber framework agreement implemented in 2022-23 continues to be used and materials received to date have met the required specification.
 - Digital Content – we have captured 3D digital footage of the project during the year, including drone surveys, modelling and high resolution footage of planks. All of the content was used to publicise across websites, social media and within the Victory Live experience and can be found on www.nmrn.org.uk/news/victory-live-big-repair.
- **HMS Caroline** – We have worked on the removal, repair, manufacture and installation of the spars to address some localised rot causing structural risk. Conservation contractors carried out a deep clean of the visitor route onboard, cleaning historic and interpreted areas of the ship, ensuring it was presentable for

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public display and access. We completed a scoping of conservation work required and the first stage of contractor led conservation activity will commence in the next period.

- **HMS Trincomalee** – Following issues with water ingress onboard, a survey of the ship was carried out. As a result, an external contractor was appointed to remove and replace the ship’s beam. The port brow was removed and a new attachment plate fabricated. The design will prove more secure as the ship moves in the water. To record this work, a photogrammetry survey was conducted by the onsite conservation team and will be used for future monitoring.
- **HMS Warrior** – we have progressed conservation work in addressing defects in the ship’s rigging and hatches identified through the 2017 surveys. The rolling programme of hatch replacement to address rainwater ingress saw the replacement of the gallery skylight and refurbishment of the forward funnel and associated cowl vents. Aloft, maintenance work focussed on the ongoing repair and replacement of the rig, particularly on the fore mast and main mast, following the completion of works to the mizzen mast. The electrical rewire of the ship completed at the end of March 2023 enabled the completion of additional decoration in the galleys. Work included removing the windows to make the space more historically accurate and allowed corrosion treatments and conservation cleaning in this area to commence. Work was completed work on tensioning, fabricating, installing and maintaining the rigging, as well as the painting of new lower and upper topmast deadeyes.
- **Ships’ Figureheads** - A National Lottery Heritage Fund grant for a ships’ figureheads project has enabled active conservation of three of the figureheads in our collection: HMS Queen Charlotte, HMS Seaflower and HMS Martin. Research into the wider collection, especially HMS Madagascar and HMS Asia, has also begun with a view to improving our gallery and digital interpretation in 2024-25.

National Museum of the Royal Navy Trading

Our subsidiary company, the National Museum of the Royal Navy Trading, operates across all of the National Museum’s sites, delivering non-primary purpose commercial activities such as retail, catering, publishing guidebooks, venue hire, commercial immersive experiences and brand licensing. We understand that a great shop and fantastic café are essential to a visit, and a private event in one of our unique venues creates long-lasting memories. The contribution generated from these activities is an essential income stream to support our wider purposes. The Trading Company delivered income of £2,302,000 (2022-23 restated: £2,169,000) generating a gift aided contribution to the charitable company of £460,000 (2022-23: £444,000).

Joint Venture with the Mary Rose Trust

Our joint venture vehicle, Portsmouth Historic Dockyard Operations Ltd (company number: 127998360), has continued to act as agent for the sale of tickets for NMRN Operations and the Mary Rose Trust, with the distribution of sales revenue and share of costs on an agreed split. The rolling 3-year agreement has gone from strength to strength, providing stability and a shared stake in improvement and development of the business.

Through the joint venture, and the efforts of the teams from the Mary Rose Trust and NMRN Operations working in close partnership, we were able to provide a revised and simplified ticket offer, new pricing, single point of entry for visitors and refreshed branding for Portsmouth Historic Dockyard. The ticket and pricing strategy has also delivered increases in yield which has been vital in a period when capacities have been limited by government restrictions and when many visitor markets were not operating. The push of website sales increased ticket sales and gift aid conversion rates. Key marketing campaigns for the period

were based on investments made by each charitable company: 'World Beneath the Waves and the 4D Diving the Mary Rose experience.

Plans for Future Periods

National Museum of the Royal Navy Strategy: 2022-2027 and beyond

In 2022, the National Museum of the Royal Navy's Trustees took a step back to develop a refreshed approach to lead us into the next 10 years and beyond. This new strategy, containing a long-view vision for the National Museum in 2035, is set out at www.nmrn.org.uk/news/national-museum-royal-navy-strategy-2022-2027-and-beyond. It sets out how we will deliver our vision and mission through three strategic aims, sustainability, audiences, and collections, and recognises that none of this will be achieved without the skills, dedication and hard work of our people. The strategy is underpinned through the annual business planning cycle that sets out the priority and phasing of operational and project delivery for NMRN Operations each year.

Sustainability

Our key focus for the year ahead will be to develop and implement our Sustainability Strategy, to include delivery of environmentally and financially sustainable operations, and reduce our carbon footprint. Our corporate plan will be linked to the United Nations Sustainable Development Goals to highlight why our plans are important and the impact they have on our communities, climate and natural resources. We will continue to build our own financial resilience through cautious cost management, fundraising and regeneration or replacement of the income streams and commercial activities damaged by the continuing fragile UK economy.

The National Museum will continue to engage with Navy Command to ensure its financial framework supports our core operating costs, incurred in delivering activities in the public interest, and an agreed capital strategy which delivers specific, shared outputs and outcomes.

We will continue to build a modest but appropriate free reserve in accordance with our Group Reserves Policy, with the aim of holding the equivalent to 4 months' core operating costs for the Portsmouth Naval Base activities (the greatest potential area of exposure) as free reserves by the end of 2024-25.

Audiences

We will continue to grow and diversify our audiences onsite and online and explore different Royal Navy story perspectives through our diverse communities and the National Museum's collections. We will work closely with the Royal Navy to support their Global Navy initiative and offer embedded opportunities to promote the modern service and its message through our sites and activities.

We will implement the National museum's core linked strategies on Interpretation, Research, Audience Development, Digital and Environment/Sustainability to support a shared transformation across our sites and activities, engaging new and diverse local, national and international audiences. We will develop new and improve existing exhibitions, to ensure our sites and stories remain exciting and vibrant to a diverse audience.

Collections

The National Museum's commitment to any new capital projects or large acquisitions will be limited to only for those essential to its purpose. We will support the National Museum by prioritising the care, conservation and presentation of our existing collections and sites, including consolidation of collections with partners where resources are duplicated. We will take forward plans for the development and delivery of funded projects including the HMS Victory, NMRN Hartlepool, the new Royal Marines Museum, HMS Caroline, NMRN Portsmouth, Figureheads project and Addressing Empire activities ensuring these are financially resilient to secure long-term sustainability and protect our heritage assets. We will continue to progress our work in ensuring our collection is both physically and digitally accessible.

People

We will continue to focus on our people, to ensure that our National Museum is recognised as a great place to work, and delivering on our commitments to equity, diversity and inclusion. We will continue to implement our pay policy to pay a minimum of UK Living Wage to our staff. We will continue to provide our “staff voice” through the excellent work of our ‘Working Together Group’. We will support the development of our teams through our people plans, focusing on health and wellbeing, talent management and workforce planning.

Principal Risks and Uncertainty

A principal risk faced by the charitable company centres around the ongoing uncertainty of future income streams arising from the residual impact of the economic recession, and a reduction in the Grant In Aid funding that will be available to the National Museum in future years. We will seek to mitigate this risk by continuing to support the National Museum in development of group strategies to diversify income streams, grow revenue and seek support through fundraising activities.

The risk of major project delivery failure, through delays, cost overrun, excessive operating costs, fundraising shortfall, impact on cash flow, and quality of project, will be mitigated as we continue to develop and embed governance and oversight of key projects through our Programme Board and ensure all major projects follow our standard project management methodology. Improvements will continue to be made to project cashflow forecasting and “in operation” business cases and budgeting for all major projects.

The risk of failure to meet our legislative obligations under the Environment Act will be mitigated through supporting the National Museum in developing its sustainability strategies to support the net zero targets introduced by the Government and to work with its partners to reduce its environmental impact across its whole estate. We will embed sustainability, including environmental objectives and risks into our decision making and project evaluation processes.

The risk of cyber-attack as witnessed at other organisations has been heightened and plans have been shared with the National Museum on approaches to be taken to mitigate this, including cost, resources and expert advice.

Post balance sheet events

There are no post balance sheet events.

Financial Review

Statement of Financial Activities for the Year Ended 31 March 2024

Total incoming resources for NMRN Operations for the year amounted to £18,426,275 (2022-23 restated: £28,429,077). This included operating grants and project grants, admissions income (including gift aid), voluntary donations and trading activity through the subsidiary National Museum of the Royal Navy Trading. Admissions income, including charges for services, for the year increased by 16% to £7,055,089, but this was offset by decreased grant funding received from the National Museum to support our operations. The movement in incoming resources on the prior year reflects the reduction in grant funding for correlating project delivery activity, in particular in relation to the long-term HMS Victory Preservation project and the purchase of the Vision Retail Park in Hartlepool.

Total resources expended for 2023-24 amounted to £19,131,395 (2022-23: £17,951,652), representing operating and project costs, trading and fundraising activity. The movement in resources expended reflects increased site, premises and staff costs as a result of inflationary pressures and cost of living pay awards.

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After gains of £952,054 (2022-23: gains of £3,533,098) on the revaluation of fixed assets and actuarial gains on defined benefit pension schemes, the net movement in funds for the year was an increase of £246,934 (2022-23 restated: £13,950,523).

Balance sheet

The net assets, including pension fund asset, as at 31 March 2024 amounted to £39,406,003 (2023 restated: £39,159,069). Of this total, £20,011,286 related to restricted funds, £19,158,753 was unrestricted and designated funds. A further £235,964 related to non-charitable trading funds.

Reserves

The Trustees regularly monitor the levels of reserves and seek to take correction action as necessary. As at 31 March 2024, the level of the charitable company's free reserves (defined as net current assets attributable to unrestricted reserves excluding designated funds) stood at £4,792,702 (31 March 2023 restated: £3,563,354).

Under the Group's governance structure, as nearly the entire Group's operating costs now flow through NMRN Operations, the policy is that sufficient free reserves are accumulated within NMRN Operations to provide four months' operating expenditure for the greatest potential area of exposure (Portsmouth Historic Dockyard, including the Gosport sites) by 31 March 2025, increasing to six months' operating expenditure for the entire National Museum by 31 March 2030 (target £6,950,000). There is no need to accumulate additional free reserves in either the National Museum or the subsidiary trusts and any such reserves held will be appropriately used, as approved by the Board, for the furtherance of charitable objects. The Trustees will continue to seek to improve the free reserves position in NMRN Operations in accordance with the reserves policy through income diversification, consolidation of costs in future periods and the delivery of a budget each year that will deliver a modest surplus.

Auditors

The accounts have been audited by Price Bailey LLP. A resolution to reappoint the auditor will be put to the members at the Annual General Meeting.

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.

Approved by the Board and signed on its behalf by



Mr Richard Hatfield
Chairman on Behalf of the Board of Trustees

Date: 13th November 2024



Matthew Sheldon
Chief Executive and Accounting Officer

Date: 13th November 2024

Accountability Report

Trustees Report and Governance Statement

This report sets out the arrangements for the governance of the NMRN Operations, including the Board structure for Trustees. The Trustees, who are also the directors of NMRN Operations (“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 3.

The Trustees have due regard to guidance issued by the Charity Commission on public benefit and in its charitable objects, the charity seeks to promote the efficiency and effectiveness of other charities for the public benefit. The charitable company operates fee paying attractions and endeavours to ensure that ticket prices are set at an accessible level, which includes the availability of several types of concessions. The charitable company offers workshops to schoolchildren in support of the National Curriculum, operates community outreach programmes in the local areas for children, their parents and carers, and hosts foreign language school pupils. NMRN Operations’ activities are supported by a team of volunteers numbering 380 who deliver a variety of tasks across the museum.

This report demonstrates how the system of governance and internal control is maintained within NMRN Operations and how the major risks to which the charity is exposed, as identified by Trustees, have been reviewed and systems have been established to mitigate those risks.

The Governance Framework

NMRN Operations is a charity registered with the Charity Commission (registration number 1169061). It is governed by its Memorandum and Articles of Association dated 9 August 2016, which incorporate its charitable objects, the powers of the company and provides for the appointment and re-appointment 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 Trustees ensure the distinct legal responsibilities and charitable objectives of NMRN Operations are fulfilled while acting within an overall policy and strategy framework developed by the National Museum of the Royal Navy. The day to day operation of the charitable company within that framework is delegated to the National Museum’s Chief Executive Officer and Executive Directors.

A formal induction process for Trustees is in place which combines all the necessary background reading material including items such as the Memorandum and 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 visits to the National Museum’s sites to meet key members of staff and to discuss current issues. Recent appointees continue to confirm their satisfaction with this process.

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.

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Equity, Diversity and Inclusion

The charitable company is committed to support the National Museum in improving equity, diversity and inclusion (EDI) across the organisation to become an inclusive museum and workplace for our visitors, trustees, workforce, volunteers and wider delivery partners.

The National Museum is a committed member of Inclusive Employers and made a pledge under the Armed Forces Covenant, holding the silver award.

The National Museum does not tolerate any form of discrimination and believes that everyone has the right to live without fear or prejudice regardless of race, age, gender, disability, sexual orientation, social class, religion and belief. Practising equality of opportunities can sometimes mean treating people differently in order to treat them fairly, for example, by being flexible to meet the needs of working parents and carers, or making reasonable adjustments for individuals with disabilities at various stages of the selection process. We provide interview questions in advance to support neurodiversity and our careers page includes accessible tools such as being able to change the colour contrast and the option for audio descriptions.

We support people who acquire a disability during the course of employment through making reasonable adjustments, that may include adjustments to job roles, workloads, workplace, etc., or that may include additional training and support, as guided by Occupational Health. We also work with the Access to Work Scheme to implement additional training or equipment required to support people with disabilities. We have enhanced our occupational sick pay so that we can offer financial support in these circumstances. We have also increased the number of Mental Health First Aiders available to provide support.

Personal data related incidents

There have been no incidents of data loss involving personal information during the period which required formal reporting to the Information Commissioner's Office.

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 charity'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 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 internal 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.

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Risk Management

The charitable company's risk register and the responses to risk are managed by the Executive team 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.



Mr Richard Hatfield
Chairman on Behalf of the Board of Trustees

Date: 13th November 2024



Matthew Sheldon
Chief Executive and Accounting Officer

Date: 13th November 2024

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Statement of Trustees' and Accounting Officer's responsibilities
for the year ended 31 March 2024

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

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

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

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company's transactions and 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.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Mr Richard Hatfield
Chairman on Behalf of the Board of Trustees

Date: 13th November 2024



Matthew Sheldon
Chief Executive and Accounting Officer

Date: 13th November 2024

Independent auditors' report to the members of NMRN Operations

Opinion

We have audited the financial statements of NMRN Operations (the 'parent charitable company') for the year ended 31 March 2024 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charitable Company Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including 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 group's and the parent charitable company's affairs as at 31 March 2024, and of the group's 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.

NMRN Operations
(A company limited by guarantee)
Company number: 09988314

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 strategic report and 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 strategic report 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 parent 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 by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's 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;

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the parent 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

We have been appointed auditor under the Companies Act 2006 and report in accordance with this Act, and relevant regulations made or having effect thereunder.

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 gained an understanding of the legal and regulatory framework applicable to the charitable company and the sector in which it operates and considered the risk of the charitable company not complying with the relevant laws and regulations including fraud; in particular those that could have a material impact on the financial statements. This included those regulations directly related to the financial statements, including financial reporting and tax legislation.

NMRN Operations
(A company limited by guarantee)
Company number: 09988314

In relation to the operations of the charitable company this included compliance with Companies Act 2006, Charities Act 2011 and relevant 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 the following:

- Review of legal fees incurred;
- Reviewing minutes of Trustee Board meetings;
- Agreeing the financial statement disclosures to underlying supporting documentation;
- Enquiring of management, including those charged with governance;
- Reviewing key accounting policies and estimates

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 parent charitable companies members, 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 parent charitable company's members 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 parent charitable company and the parent charitable company's members 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)

For and on behalf of Price Bailey LLP
3rd Floor, 24 Old Bond St
London W1S 4AP
Date: 15 November 2024

Consolidated Statement of financial activities (incorporating the income and expenditure account)
For the year ended 31 March 2024

		Unrestricted funds	Restricted funds	2024 Total	Unrestricted funds	Restricted funds	Restated 2023 Total
	Notes	£	£	£	£	£	£
Income from:							
Donations and legacies	2	5,866,676	2,684,965	8,551,641	5,885,783	13,932,673	19,818,456
Charitable activities							
Admissions	3	7,005,895	-	7,005,895	5,489,241	-	5,489,241
Charges for services		49,194	-	49,194	600,806	-	600,806
Other trading activities							
Trading company	4	2,302,016	-	2,302,016	2,169,480	-	2,169,480
Investments		-	-	-	889	-	889
Other	5	517,529	-	517,529	350,205	-	350,205
Total income		15,741,310	2,684,965	18,426,275	14,496,404	13,932,673	28,429,077
Expenditure on:							
Raising funds							
Fundraising and publicity	6	1,357,142	-	1,357,142	1,318,892	-	1,318,892
Trading company	4	1,899,259	-	1,899,259	1,776,261	-	1,776,261
Charitable activities:							
Museum and visitor operations	7	12,294,082	3,580,912	15,874,994	10,862,548	3,936,467	14,799,015
Grants	9	-	-	-	4,000	53,484	57,484
Total expenditure		15,550,483	3,580,912	19,131,395	13,961,701	3,989,951	17,951,652
Net losses on investments		-	-	-	(60,000)	-	(60,000)
Net income/(expenditure)		190,827	(895,947)	(705,120)	474,703	9,942,722	10,417,425
Transfers between funds		922,806	(922,806)	-	5,322,995	(5,322,995)	-
Other recognised gains/(losses):							
Gains on revaluation of fixed assets		312,810	558,244	871,054	1,127,646	1,920,452	3,048,098
Actuarial gains/(losses) on defined benefit pension schemes		81,000	-	81,000	485,000	-	485,000
Net movement in funds		1,507,443	(1,260,509)	246,934	7,410,344	6,540,179	13,950,523
Reconciliation of funds:							
Total funds brought forward		17,887,274	21,271,795	39,159,069	10,476,930	14,731,616	25,208,546
Total funds carried forward		19,394,717	20,011,286	39,406,003	17,887,274	21,271,795	39,159,069

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

NMRN Operations
(A company limited by guarantee)
Company number: 09988314

Consolidated Balance sheet
as at 31 March 2024

		Group	Group	Charity	Restated
		2024	2023	2024	Charity
	Notes	£	£	£	2023
					£
Fixed assets					
Tangible fixed assets	14	32,317,234	32,394,512	32,141,115	32,159,740
Investment properties	14	590,000	590,000	590,000	590,000
		<u>32,907,234</u>	<u>32,984,512</u>	<u>32,731,115</u>	<u>32,749,740</u>
Current assets					
Stocks	15	708,309	662,994	278,249	233,286
Debtors	16	2,904,810	5,226,467	3,134,627	5,744,194
Cash at bank and in hand		5,969,093	2,448,883	5,415,057	2,043,540
		<u>9,582,212</u>	<u>8,338,344</u>	<u>8,827,933</u>	<u>8,021,020</u>
Liabilities:					
Creditors falling due within one year	17	<u>(3,315,443)</u>	<u>(2,320,787)</u>	<u>(2,621,009)</u>	<u>(2,062,301)</u>
Net current assets/(liabilities)		<u>6,266,769</u>	<u>6,017,557</u>	<u>6,206,924</u>	<u>5,958,719</u>
Total assets less current liabilities		<u>39,174,003</u>	<u>39,002,069</u>	<u>38,938,039</u>	<u>38,708,459</u>
Net assets excluding pension asset/liability		39,174,003	39,002,069	38,938,039	38,708,459
Defined benefit pension scheme asset/liability	11	<u>232,000</u>	<u>157,000</u>	<u>232,000</u>	<u>157,000</u>
Net assets including pension fund liability		<u>39,406,003</u>	<u>39,159,069</u>	<u>39,170,039</u>	<u>38,865,459</u>
Funds					
Unrestricted funds	18	16,829,107	15,613,012	16,829,107	15,613,012
Revaluation reserve		1,786,000	1,473,190	1,786,000	1,473,190
Designated funds		543,646	507,462	543,646	507,462
Total unrestricted funds	19	<u>19,158,753</u>	<u>17,593,664</u>	<u>19,158,753</u>	<u>17,593,664</u>
Restricted funds		14,873,142	16,691,895	14,873,142	16,691,895
Restricted revaluation reserve		5,138,144	4,579,900	5,138,144	4,579,900
Total restricted funds	20	<u>20,011,286</u>	<u>21,271,795</u>	<u>20,011,286</u>	<u>21,271,795</u>
Non charitable trading funds		235,964	293,610	-	-
Total funds		<u>39,406,003</u>	<u>39,159,069</u>	<u>39,170,039</u>	<u>38,865,459</u>

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



Mr Richard Hatfield
Chairman
Date: 13th November 2024

The notes on pages 27 to 46 form an integral part of these financial statements.

Consolidated Cash Flow Statement
for the year ended 31 March 2024

	Notes	Group 2024 £	<i>Restated</i> Group 2023 £
Cash flows from operating activities:			
Net cash provided by/(used in) operating activities		4,467,260	9,801,051
Cash flows from investing activities:			
Income from investments		-	889
Purchase of fixed assets		(947,050)	(8,100,474)
Purchase of investments		-	(650,000)
Net cash (used in)/provided by investing activities		<u>(947,050)</u>	<u>(8,749,585)</u>
Increase/(Decrease) in cash and cash equivalents in the year		<u>3,520,210</u>	<u>1,051,466</u>
Cash and cash equivalents at 1 April 2023		2,448,883	1,397,417
Cash and cash equivalents at 31 March 2024	26	<u><u>5,969,093</u></u>	<u><u>2,448,883</u></u>
Net income/(expenditure) for the reporting period		(705,120)	10,417,425
Depreciation and impairment		2,097,481	1,894,491
Loss on disposal of fixed assets		-	115,483
Loss on investments		-	60,000
Income from investments		-	(889)
(Increase)/Decrease in stocks		(45,315)	(124,743)
(Increase)/Decrease in debtors		2,321,657	(2,030,547)
(Decrease)/Increase in creditors		792,557	(585,169)
Increase/(Decrease) in provisions for liabilities		6,000	55,000
Net cash provided by/(used in) operating activities		<u><u>4,467,260</u></u>	<u><u>9,801,051</u></u>

Analysis of cash and cash equivalents

	Group 2024 £	Group 2023 £	Charity 2024 £	Charity 2023 £
Cash and cash equivalents	<u>5,969,093</u>	<u>2,448,883</u>	<u>5,415,057</u>	<u>2,043,540</u>

Analysis of changes in net debt

	Group 2024 £	Group 2023 £	Charity 2024 £	Charity 2023 £
Cash and cash equivalents	<u>5,969,093</u>	<u>2,448,883</u>	<u>5,415,057</u>	<u>2,043,540</u>

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

1. Accounting policies

1.1. Company information

NMRN Operations 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.

NMRN Operations and its group meet 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 (Charities SORP FRS 102) issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting 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 presented in sterling which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

Consolidated financial statements have been prepared in respect of the charitable company, its wholly owned subsidiary, the National Museum of the Royal Navy (NMRN) Trading, and its Joint Venture, Portsmouth Historic Dockyard (PHD) Operations Limited. The Consolidated Statement of Financial Activities includes the results of NMRN Trading and the company's share of the results of PHD Operations Limited as single line items. The consolidated balance sheet includes the net assets of NMRN Trading on a line by line basis and the company's share of the net assets of PHD Operations Limited as an item within Fixed Asset Investments.

1.3. Going concern

In addition to the revenue it generates, the company receives grant funding from the parent company, the National Museum of the Royal Navy, and other subsidiary trusts within the Group, in respect of its operation of the group's museums and conservation of heritage assets. Additional Grant in Aid funding was awarded to the National Museum by the Royal Navy in response to the ongoing impact of the Covid-19 pandemic, and supported the National Museum's cashflows until 31 March 2024. The charitable company's self-generated income streams and visitor markets have steadily recovered and this additional Grant in Aid funding has ceased. Action has been taken by the Executive to manage the impacts of inflation and the economic recession to ensure the National Museum is financially sustainable into 2024-25 and beyond. The National Museum will continue to engage with Navy Command to ensure its financial framework supports our core operating costs, incurred in delivering activities in the public interest, and an agreed capital strategy which delivers specific, shared outputs and outcomes.

Based on the assurances provided to the National Museum by its sponsor, the Royal Navy, that Grant in Aid funding will continue to be made available, and the work of the Executive on 2024-25 budgets and the 10-year Financial Strategy that is under development, the Trustees and Directors are content that the going concern basis continues to apply.

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

1.4. Income

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

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.

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 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.

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. Expenditure

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.

1.7. Basis of allocation

Cost of generating funds comprises costs incurred in encouraging people and organisations to contribute financially to the charity's work and to promote the Naval Service Museums as visitor attractions.

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

Charitable expenditure includes expenditure associated with Operations, Collections & Research, and Learning, and include costs directly attributable to each activity. Costs not directly attributable to one activity including the proportion of support costs relating to charitable expenditure have been allocated in proportion to staff costs incurred in the following percentages:

	2024	2023
	%	%
Operations	77	75
Collections & research	14	15
Learning	9	10
	<u>100</u>	<u>100</u>

Support costs include central functions and have been allocated to cost categories on a basis consistent with the use of resources.

1.8. Foreign currency transactions

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling at the end of the month preceding the transaction. Exchange differences are taken into account in arriving at the net incoming/(outgoing) resources.

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

1.9. Funds

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.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

1.10. Tangible fixed assets

Tangible fixed assets with a cost or value greater than £2,500 and a useful life exceeding one year are capitalised at historic cost and revalued annually using Ministry of Defence derived indices.

Land and buildings are stated at a valuation of depreciated replacement cost and depreciated over the lease term. A professional valuation is obtained at least every 5 years and indices are used to reflect the change in value in the intervening years.

Depreciation has been provided at rates calculated to spread the cost of each asset over its expected useful life as follows:

Leasehold buildings	- over the lease term
Property improvements	- over the lease term
Computer and office equipment	- 3 - 10 years
Fixtures and fittings	- 3 - 20 years
Plant and machinery	- 3 - 30 years
Exhibitions	- 2 - 10 years

Assets under construction are not depreciated.

Significant Historic Ships

Significant ships are held by separate charitable Trusts within the National Museum group.

Accounting policy for recognition of subsequent expenditure on significant ships

As the National Museum's operating company, NMRN Operations is responsible for the restoration, preservation, and maintenance of each ship under the terms of the operator agreement. Expenditure incurred by the operating company is recognised 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.

1.11. Assets held by the National Museum of the Royal Navy Trading

The tangible fixed assets of the National Museum of the Royal Navy Trading are stated in the group accounts at historic cost less accumulated depreciation. Depreciation has been provided at rates calculated to spread the cost of each asset over its expected useful life as follows:

Plant and machinery	- 5 years
Fixtures and Fittings	- 5 years

1.12. Leased assets

Rentals applicable to operating leases are charged to the Statement of Financial Activities as incurred.

1.13. Investment properties

Investment properties are measured at fair value at each reporting date with changes in fair value recognised in 'net gains/(losses) on investments' in the Statement of Financial Activities.

1.14. Stock

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell, after making due allowance for obsolescence and slow moving items.

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

1.15. Basic financial Instruments

The charity's financial assets and liabilities consist of cash and cash equivalents, trade and other debtors, and trade and other creditors. The fair value of these items approximates their carrying value due to their short term value. Unless otherwise noted, the company is not exposed to significant interest, foreign exchange or credit risks arising from these instruments. Term deposits of less than one year are classified as investments within current assets.

1.16. Pensions

The majority of staff of NMRN Operations and its subsidiary are covered by the provisions of a defined contributions group pension plan, the assets of which are held in an independently administered fund and which provides benefits based on the value of the fund.

A small number of staff who have transferred into NMRN Operations under the Transfer of Undertakings (Protection of Employment) Regulations 1981 have retained membership of their former employers' pension schemes, which provide benefits based on final pensionable pay and include the Principal Civil Service Pension Scheme (PCSPS) and the Local Government Pension Scheme (LGPS).

Group Pension Plan

The National Museum operates a Group Pension Plan with employer's contributions being payable at 6% or 10%. Under this plan, a "salary exchange" scheme exists whereby employees may elect to give up the right to receive part of their salary remuneration in return for an additional employer's contribution into the Group Pension Plan of the same amount.

The pension cost charged to the Statement of Financial Activities represents the contributions paid.

Principal Civil Service Pension Scheme (PCSPS)

The PCSPS is an unfunded multi-employer defined benefit scheme but the National Museum of the Royal Navy is unable to identify its share of the underlying assets and liabilities. This scheme has therefore been accounted for as if it were a defined contribution scheme in accordance with Charity SORP (FRS102).

Local Government Pension Scheme (LGPS)

The LGPS is a multi-employer defined benefit scheme.

The National Museum of the Royal Navy is an admitted member of the Hampshire Pension Fund and the Teesside Pension Fund and is able to identify its share of the underlying assets and liabilities. The schemes have therefore been accounted for as defined benefit schemes in accordance with Charity SORP (FRS102).

1.17. Termination benefits

The group recognises a liability for termination benefits at the point where the group is committed to making the payments in return for employee redundancy.

1.18. Restatement of comparative information

Comparative information for 2023 has been restated. This is detailed in note 25 to the accounts.

1.19. Change in presentation

The format of the Statement of Financial Activities and notes 3, 5, 6, 7 and 8 have been simplified to show only those items which are material to the financial statements separately.

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

2. Grants and donations received

During the year the following grants and donations were received:

	Unrestricted funds	Restricted funds	Total 2024	Unrestricted funds	Restricted funds	Restated Total 2023
	£	£	£	£	£	£
National Museum of the Royal Navy						
Operations	4,661,926	-	4,661,926	5,549,583	-	5,549,583
Projects	-	640,698	640,698	-	800,000	800,000
Other grants and donations						
Fleet Air Arm Museum Trust	-	-	-	-	635,815	635,815
Heritage Lottery Fund Grant - LCT 7074	-	-	-	-	804,994	804,994
Hartlepool Borough Council	259,667	-	259,667	309,667	3,524,918	3,834,585
HMS Caroline Preservation Company	874,878	-	874,878	-	-	-
HMS Victory Preservation Endowment Fund	-	1,107,567	1,107,567	-	7,783,648	7,783,648
HMS Victory Preservation Company	-	665,000	665,000	-	97,079	97,079
Miscellaneous donations and grants	68,005	271,700	339,705	26,533	280,824	307,357
Legacies	2,200	-	2,200	-	5,395	5,395
	<u>5,866,676</u>	<u>2,684,965</u>	<u>8,551,641</u>	<u>5,885,783</u>	<u>13,932,673</u>	<u>19,818,456</u>

3. Admissions

	Unrestricted funds	Total 2024	Unrestricted funds	Restated Total 2023
	£	£	£	£
Portsmouth Historic Dockyard	5,560,319	5,560,319	4,393,792	4,393,792
Fleet Air Arm Museum	1,004,021	1,004,021	809,289	809,289
Hartlepool	288,110	288,110	279,921	279,921
HMS Caroline	153,445	153,445	6,239	6,239
	<u>7,005,895</u>	<u>7,005,895</u>	<u>5,489,241</u>	<u>5,489,241</u>

Admissions income includes amounts reclaimed from HM Revenue and Customs under the Gift Aid Scheme.

4. Income and expenses from trading activities of subsidiaries

National Museum of the Royal Navy Trading

The company controls the National Museum of the Royal Navy Trading, a company limited by guarantee incorporated in England and Wales. NMRN Trading operates a number of souvenir shops within the Museums and the corporate events.

At the discretion of its directors, NMRN Trading distributes its net profit to NMRN Operations (the parent).

NMRN Operations
(A company limited by guarantee)
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Notes to the financial statements
for the year ended 31 March 2024

A summary of the company's trading results is shown below:

	2024	Restated
	£	2023
		£
Turnover	2,259,538	2,131,520
Cost of sales	(811,186)	(744,604)
Gross Profit	<u>1,448,352</u>	<u>1,386,916</u>
Administration expenses	(1,088,683)	(1,048,843)
Other income	42,478	37,960
Net profit / (loss)	<u>402,147</u>	<u>376,033</u>
Tax on ordinary activities	610	17,186
Available for distribution	<u>402,757</u>	<u>474,947</u>
Amount gifted to NMRN Operations	(460,403)	(444,084)
	<u>(57,646)</u>	<u>(50,865)</u>
Reserves brought forward	<u>293,610</u>	<u>344,475</u>
Reserves carried forward	<u><u>235,964</u></u>	<u><u>293,610</u></u>
Assets	1,443,860	1,235,134
Liabilities	(1,207,896)	(941,524)
Retained earnings	<u><u>235,964</u></u>	<u><u>293,610</u></u>

5. Other income

	Unrestricted	Total	Unrestricted	Total
	funds	2024	funds	2023
	£	£	£	£
Rental income	202,802	202,802	81,728	81,728
Museum & Galleries Exhibition Tax Relief	183,021	183,021	170,110	170,110
Sundry income	131,706	131,706	98,367	98,367
	<u>517,529</u>	<u>517,529</u>	<u>350,205</u>	<u>350,205</u>

6. Cost of generating funds

	Unrestricted	Total	Unrestricted	Total
	funds	2024	funds	2023
	£	£	£	£
Staff costs	903,986	903,986	890,146	890,146
Premises expenses	328,876	328,876	279,802	279,802
Fundraising and publicity	124,280	124,280	148,944	148,944
	<u>1,357,142</u>	<u>1,357,142</u>	<u>1,318,892</u>	<u>1,318,892</u>

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

7. Museum and visitor operations

	Operations	Collections & Research	Learning	Total 2024	<i>Restated</i> Total 2023
	£	£	£	£	£
Staff costs	4,197,528	731,856	538,361	5,467,745	4,740,611
Other staff costs	104,877	19,068	12,258	136,203	174,845
Marketing	735,815	-	-	735,815	672,672
Site costs	510,578	-	-	510,578	338,325
Computer costs	393,850	-	-	393,850	351,831
Curatorial and exhibition	-	397,818	-	397,818	490,950
Depreciation & loss on disposal of fixed assets	1,555,425	282,804	181,803	2,020,032	1,844,356
Governance and support costs	2,857,724	519,588	340,970	3,718,282	3,242,515
	<u>10,355,797</u>	<u>1,951,134</u>	<u>1,073,392</u>	<u>13,380,323</u>	<u>11,856,105</u>
Project costs					
HMS Victory Preservation	1,952,714	-	-	1,952,714	2,381,127
Hartlepool project costs	226,707	-	-	226,707	249,571
Other project costs	315,250	-	-	315,250	312,212
	<u>2,494,671</u>	<u>-</u>	<u>-</u>	<u>2,494,671</u>	<u>2,942,910</u>
	<u><u>12,850,468</u></u>	<u><u>1,951,134</u></u>	<u><u>1,073,392</u></u>	<u><u>15,874,994</u></u>	<u><u>14,799,015</u></u>

8. Governance and support costs

	Operations	Collections & Research	Learning	Total 2024	<i>Restated</i> Total 2023
	£	£	£	£	£
Governance costs					
Legal and professional	61,975	11,268	7,244	80,487	168,784
Accountancy & payroll	41,101	7,473	4,804	53,378	46,960
Auditors' remuneration	53,950	9,809	6,306	70,065	56,767
Support costs					
Repairs and maintenance	395,547	71,918	46,233	513,698	635,348
Insurance	425,737	77,407	49,762	552,906	459,860
Premises costs	1,550,416	281,894	187,929	2,020,239	1,468,963
Travelling	115,654	21,028	13,518	150,200	157,186
Bank charges and interest	84,842	15,426	9,917	110,185	84,935
Health and safety	13,171	2,395	1,539	17,105	17,573
Subscriptions	54,200	9,855	6,335	70,390	54,948
Sundry expenses	61,131	11,115	7,383	79,629	91,191
	<u>2,857,724</u>	<u>519,588</u>	<u>340,970</u>	<u>3,718,282</u>	<u>3,242,515</u>

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

9. Grants payable

	Unrestricted funds £	Restricted funds £	Total 2024 £	Unrestricted funds £	Restricted funds £	Total 2023 £
National Museum of the Royal Navy	-	-	-	4,000	53,484	57,484

10. Employee costs

	Group 2024 £	Group 2023 £	Charity 2024 £	Charity 2023 £
Employment costs				
Wages and salaries	7,194,448	6,163,311	7,194,448	6,163,311
Social security costs	576,551	506,694	576,551	506,694
Defined contribution pension costs	460,648	407,067	460,648	407,067
Defined benefit pension costs	15,172	61,525	15,172	61,525
Recharges	-	-	(755,812)	(610,440)
	<u>8,246,819</u>	<u>7,138,597</u>	<u>7,491,007</u>	<u>6,528,157</u>

Key management personnel

Key management personnel are employed by the parent charity.

Higher paid employees

The number of employees who earned more than £60,000 during the year was as follows:

	2024	2023
£60,001 to £70,000	5	3
£70,001 to £80,000	2	1

Number of employees

The average monthly number of employees during the period was as follows:

	2024	2023
Fundraising	3	4
Charitable activities	342	353
Governance	4	3
	<u>349</u>	<u>360</u>

During this financial year 11 redundancies were identified (2023: Nil) and contractual/redundancy costs of £Nil (2023: £Nil) were paid in the year with £99,909 (2023: £Nil) being accrued at 31 March 2024.

Trustees' emoluments

No trustees received remuneration during the period. Two trustees were reimbursed for travel expenses totalling £610 (2023: Five Trustees £898).

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

11. Pensions

NMRN Operations contributes to a Group Pension Plan and is a participating employer in the Principal Civil Service Pension Scheme and the Local Government Pension Scheme (including Hampshire Pension Fund and Teesside Pension Fund).

Principal Civil Service Pension Scheme (PCSPS)

The PCSPS is an unfunded multi-employer defined benefit scheme but NMRN Operations is unable to identify its share of the underlying assets and liabilities. A full actuarial quadrennial valuation was carried out at 31 March 2016. Details can be found in the resource accounts of the Cabinet Office; Civil Superannuation: www.civilservicepensionscheme.org.uk/about-us/scheme-valuations/

For 2023-24, employer contributions were payable to the PCSPS at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands. The scheme actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2023-24 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Local Government Pension Scheme (LGPS)

The LGPS is a multi-employer defined benefit scheme.

Hampshire Pension Fund

The National Museum is an admitted member of the Hampshire Pension Fund. This fund has over 191,000 members. The actuaries of the fund are AON Hewitt. In the year ended 31 March 2024 two staff participated in the scheme. The disclosures below relate to the funded liabilities within the Hampshire Pension Fund (the 'Fund') which is part of the LGPS. The funded nature of the LGPS requires the National Museum and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Assumptions

The latest actuarial valuation was carried out at 31 March 2022. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the roll-forward approach. The principal assumptions used by the actuary in updating the latest valuation of the Fund for FRS 102 purposes are shown below.

Teesside Pension Fund

The National Museum is an admitted member of the Teesside Pension Fund. This fund has over 71,500 members. The actuaries of the fund are AON Hewitt. In the year ended 31 March 2024 six staff participated in the scheme. The disclosures below relate to the funded liabilities within the Teesside Pension Fund (the 'Fund') which is part of the LGPS. The funded nature of the LGPS requires the National Museum and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Assumptions

The latest actuarial valuation was carried out at 31 March 2022. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the roll-forward approach. The principal assumptions used by the actuary in updating the latest valuation of the Fund for FRS 102 purposes are shown below.

	Hampshire Pension Fund		Teesside Pension Fund	
	2024	2023	2024	2023
	% p.a.	% p.a.	% p.a.	% p.a.
Pension Increase Rate (CPI)	2.75%	2.60%	2.80%	3.00%
Salary Increase Rate	3.75%	3.60%	3.80%	4.00%
Discount Rate	4.85%	4.50%	4.80%	4.75%

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

	Hampshire Pension Fund		Teesside Pension Fund	
	2024	2023	2024	2023
	% p.a.	% p.a.	% p.a.	% p.a.
Asset allocation				
Equities	55%	76%	71%	70%
Bonds	37%	16%	0%	0%
Property	7%	7%	25%	23%
Cash	1%	1%	4%	7%
	2024	2023	2024	2023
	£(000)	£(000)	£(000)	£(000)
Reconciliation of funded status to the Balance Sheet				
Fair value of assets	468	423	650	618
Present value of funded liabilities	372	350	514	534
Pension asset recognised on the balance sheet	96	73	136	84
Amounts recognised in the Statement of Financial Activities				
Operating cost:				
Current service cost	15	33	7	23
Financing cost:				
Interest on net defined benefit liability	(3)	2	(4)	5
Pension expense recognised in the Statement of Financial Activities	12	35	3	28
Asset gains/(losses) arising during the period	20	(38)	34	(169)
Liability gains/(losses) arising during the period	13	222	14	470
Gains/(losses) recognised in the Statement of Financial Activities	33	184	48	301
Changes made to the present value of the defined benefit obligation during the accounting period				
Opening defined benefit obligation	350	520	534	956
Current service cost	15	33	7	23
Interest expense on defined benefit obligation	16	14	25	26
Contributions by participants	5	5	2	3
Actuarial (gains)/losses on liabilities	(13)	(222)	(14)	(470)
Net benefits paid out	(1)	-	(40)	(4)
Closing defined benefit obligation	372	350	514	534
Changes to the fair value of assets during the accounting period				
Opening fair value of assets	423	444	618	759
Interest income on assets	19	12	29	21
Remeasurement gains/(losses) on assets	20	(38)	34	(169)
Contributions by the employer	2	-	7	8
Contributions by participants	5	5	2	3
Net benefits paid out	(1)	-	(40)	(4)
Closing fair value of assets	468	423	650	618
Actual return on assets				
Interest income of assets	19	12	29	21
Gain/(loss) on assets	20	(38)	34	(169)
Total amount recognised in the Statement of Financial Activities	39	(26)	63	(148)

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

Group Pension Plan

The National Museum operates a Group Pension Plan with employer's contributions being payable at 6% or 10%. Under this plan, a "salary exchange" scheme exists whereby employees may elect to give up the right to receive part of their salary remuneration in return for an additional employer's contribution into the Group Pension Plan of the same amount.

The cost relating to each scheme is set out below. There were no outstanding or prepaid contributions at the balance sheet date:

	2024	2023
	£	£
Defined contribution schemes		
Group scheme	443,234	389,966
PCSPS	17,414	17,493
Defined benefit schemes		
LGPS - Hampshire Pension Fund	11,645	35,000
LGPS - Teesside Pension Fund	3,527	26,525
	<u>475,820</u>	<u>468,984</u>

12. Net outgoing resources for the year

	2024	2023
	£	£
Net outgoing resources for the year is stated after charging:		
Depreciation and other amounts written off tangible assets	2,020,032	1,528,071
Auditors' remuneration	28,565	18,787
	<u>2,048,597</u>	<u>1,546,858</u>

13. Taxation

The activities of the company fall within the exemptions afforded by the provisions of the Corporation Tax Act 2010. Accordingly there is no tax charge in these accounts. The company's trading subsidiary is subject to corporation tax.

NMRN Operations
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Notes to the financial statements
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14. Fixed assets

Group

	Investment properties £	Short leasehold land & buildings £	Assets under construction £	Improvements to property £	Computer & office equipment £	Fixtures & fittings £	Plant & machinery £	Exhibition costs £	Total £
Cost or valuation									
At 1 April 2023	590,000	7,867,278	-	8,938,894	662,576	4,413,063	13,044,588	3,537,509	39,053,908
Additions	-	-	564,973	-	33,476	37,428	353,696	159,576	1,149,149
Transfers	-	-	-	-	-	-	-	-	-
Revaluation	-	(26,496)	-	(12,882)	18,264	225,655	716,726	198,286	1,119,553
Disposals	-	-	-	-	-	-	-	-	-
At 31 March 2024	<u>590,000</u>	<u>7,840,782</u>	<u>564,973</u>	<u>8,926,012</u>	<u>714,316</u>	<u>4,676,146</u>	<u>14,115,010</u>	<u>3,895,371</u>	<u>41,322,610</u>
Depreciation									
At 1 April 2023	-	174,921	-	903,642	487,628	1,784,612	1,809,846	908,747	6,069,396
Charge for the year	-	174,899	-	234,372	117,444	265,790	842,309	462,667	2,097,481
Revaluation	-	(21)	-	(196)	13,044	87,175	100,480	48,017	248,499
On disposals	-	-	-	-	-	-	-	-	-
At 31 March 2024	<u>-</u>	<u>349,799</u>	<u>-</u>	<u>1,137,818</u>	<u>618,116</u>	<u>2,137,577</u>	<u>2,752,635</u>	<u>1,419,431</u>	<u>8,415,376</u>
Net book values									
At 31 March 2024	<u>590,000</u>	<u>7,490,983</u>	<u>564,973</u>	<u>7,788,194</u>	<u>96,200</u>	<u>2,538,569</u>	<u>11,362,375</u>	<u>2,475,940</u>	<u>32,907,234</u>
At 31 March 2023	<u>590,000</u>	<u>7,692,357</u>	<u>-</u>	<u>8,035,252</u>	<u>174,948</u>	<u>2,628,451</u>	<u>11,234,742</u>	<u>2,628,762</u>	<u>32,984,512</u>

NMRN Operations
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Charity

	Investment properties	Short leasehold land & buildings	Assets under construction	Improvements to property	Computer & office equipment	Fixtures & fittings	Plant & machinery	Exhibition costs	Total
	£	£	£	£	£	£	£	£	£
Cost or valuation									
At 1 April 2023	590,000	7,867,278	-	8,938,894	662,576	4,299,172	12,785,733	3,537,509	38,681,162
Additions	-	-	564,973	-	33,476	18,632	353,696	159,576	1,130,353
Transfers	-	-	-	-	-	-	-	-	-
Revaluation	-	(26,496)	-	(12,882)	18,264	225,655	716,726	198,286	1,119,553
Disposals	-	-	-	-	-	-	-	-	-
At 31 March 2024	<u>590,000</u>	<u>7,840,782</u>	<u>564,973</u>	<u>8,926,012</u>	<u>714,316</u>	<u>4,543,459</u>	<u>13,856,155</u>	<u>3,895,371</u>	<u>40,931,068</u>
Depreciation									
At 1 April 2023	-	174,921	-	903,642	487,628	1,748,888	1,707,596	908,747	5,931,422
Charge for the year	-	174,899	-	234,372	117,444	239,253	791,397	462,667	2,020,032
Revaluation	-	(21)	-	(196)	13,044	87,175	100,480	48,017	248,499
On disposals	-	-	-	-	-	-	-	-	-
At 31 March 2024	<u>-</u>	<u>349,799</u>	<u>-</u>	<u>1,137,818</u>	<u>618,116</u>	<u>2,075,316</u>	<u>2,599,473</u>	<u>1,419,431</u>	<u>8,199,953</u>
Net book values									
At 31 March 2024	<u>590,000</u>	<u>7,490,983</u>	<u>564,973</u>	<u>7,788,194</u>	<u>96,200</u>	<u>2,468,143</u>	<u>11,256,682</u>	<u>2,475,940</u>	<u>32,731,115</u>
At 31 March 2023	<u>590,000</u>	<u>7,692,357</u>	<u>-</u>	<u>8,035,252</u>	<u>174,948</u>	<u>2,550,284</u>	<u>11,078,137</u>	<u>2,628,762</u>	<u>32,749,740</u>

Land and buildings previously owned by the Royal Navy Submarine Museum were revalued at 6 May 2022 by Avison Young in accordance with the stated accounting policy. The revaluation was conducted by a qualified surveyor on a depreciated replacement cost basis and in accordance with the RICS Valuation – Global Standards 2022 (the Red Book). The Investment Property was revalued at 31 March 2023 by Lambert Smith Hampton on the basis of market value in accordance with the RICS Red Book Global Standards.

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

15. Stocks

	Group 2024	Group 2023	Charity 2024	Charity 2023
	£	£	£	£
The amounts attributable to the different categories are as follows:				
Goods for resale	517,704	472,389	87,644	42,681
HMS Victory arisings	190,605	190,605	190,605	190,605
	<u>708,309</u>	<u>662,994</u>	<u>278,249</u>	<u>233,286</u>

16. Debtors

	Group 2024	<i>Restated</i> Group 2023	Charity 2024	<i>Restated</i> Charity 2023
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	198,547	225,570	139,719	141,118
Other debtors	249,780	217,900	191,442	155,535
Prepayments and accrued income	955,025	592,610	822,753	574,959
VAT	136,011	223,512	136,011	280,418
Amount due from associated companies	1,365,447	3,966,875	1,844,702	4,592,164
	<u>2,904,810</u>	<u>5,226,467</u>	<u>3,134,627</u>	<u>5,744,194</u>

17. Creditors: amounts falling due within one year

	Group 2024	Group 2023	Charity 2024	Charity 2023
	£	£	£	£
Trade creditors	846,505	631,567	783,390	609,449
Other taxes and social security	290,313	124,740	222,412	124,740
Other creditors	83,480	243,913	29,263	199,589
Deferred income	166,022	142,981	49,468	36,298
Amounts due to associated companies	28,999	23,918	28,999	23,918
Accruals	1,900,124	1,153,668	1,507,477	1,068,307
	<u>3,315,443</u>	<u>2,320,787</u>	<u>2,621,009</u>	<u>2,062,301</u>

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

18. Analysis of net assets between funds

	Tangible Fixed Assets £	Net Current Assets £	Pension Scheme Asset £	Total 2024 £
Restricted funds	19,140,710	870,576	-	20,011,286
Unrestricted funds	13,590,405	4,792,702	232,000	18,615,107
Designated funds	-	543,646	-	543,646
	<u>32,731,115</u>	<u>6,206,924</u>	<u>232,000</u>	<u>39,170,039</u>
Non charitable trading funds	176,119	59,845	-	235,964
Total	<u><u>32,907,234</u></u>	<u><u>6,266,769</u></u>	<u><u>232,000</u></u>	<u><u>39,406,003</u></u>
Included in the above figures is the revaluation reserve:				
Revaluation reserve	6,924,144	-	-	6,924,144

	Tangible Fixed Assets £	Net Current Assets £	Pension Scheme Asset £	Restated Total 2023 £
Restricted funds	19,383,892	1,887,903	-	21,271,795
Unrestricted funds	13,365,848	3,563,354	157,000	17,086,202
Designated funds	-	507,462	-	507,462
	<u>32,749,740</u>	<u>5,958,719</u>	<u>157,000</u>	<u>38,865,459</u>
Non charitable trading funds	234,772	58,838	-	293,610
Total	<u><u>32,984,512</u></u>	<u><u>6,017,557</u></u>	<u><u>157,000</u></u>	<u><u>39,159,069</u></u>
Included in the above figures is the revaluation reserve:				
Revaluation reserve	6,053,090	-	-	6,053,090

19. Unrestricted funds

	At 1 April 2023 £	Incoming Resources £	Outgoing Resources £	Transfers £	Gains and Losses £	At 31 March 2024 £
Unrestricted funds	17,086,202	13,860,037	(13,630,246)	905,304	393,810	18,615,107
Designated funds	507,462	18,682	-	17,502	-	543,646
	<u>17,593,664</u>	<u>13,878,719</u>	<u>(13,630,246)</u>	<u>922,806</u>	<u>393,810</u>	<u>19,158,753</u>
Non charitable trading funds	293,610	2,281,038	(2,338,684)	-	-	235,964
Consolidation adjustments	-	(439,425)	439,425	-	-	-
	<u><u>17,887,274</u></u>	<u><u>15,720,332</u></u>	<u><u>(15,529,505)</u></u>	<u><u>922,806</u></u>	<u><u>393,810</u></u>	<u><u>19,394,717</u></u>

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

	<i>Restated</i>					<i>Restated</i>
	At	Incoming	Outgoing		Gains and	At
	1 April 2022	Resources	Resources	Transfers	Losses	31 March 2023
	£	£	£	£	£	£
Unrestricted funds	9,791,593	12,771,008	(12,185,440)	5,156,395	1,552,646	17,086,202
Designated funds	340,862	-	-	166,600	-	507,462
	<u>10,132,455</u>	<u>12,771,008</u>	<u>(12,185,440)</u>	<u>5,322,995</u>	<u>1,552,646</u>	<u>17,593,664</u>
Non charitable trading funds	344,475	2,169,480	(2,220,345)	-	-	293,610
Consolidation adjustments	-	(444,084)	444,084	-	-	-
	<u>10,476,930</u>	<u>14,496,404</u>	<u>(13,961,701)</u>	<u>5,322,995</u>	<u>1,552,646</u>	<u>17,887,274</u>

Designated funds represent funds designated for the PHD Masterplan, NMRN Site Improvement, Preservation of the Historic Fleet and the Kochan Collection.

20. Restricted funds

	At	Incoming	Outgoing		Gains and	At
	1 April 2023	Resources	Resources	Transfers	Losses	31 March 2024
	£	£	£	£	£	£
RNM Development fund	6,225,506	-	(224,295)	-	61,317	6,062,528
HMS Alliance fund	44,996	30	-	-	-	45,026
HMS Caroline fund	55,849	-	-	-	-	55,849
HMS M33 fund	50,579	-	-	-	-	50,579
HMS Warrior 1860 fund	91,365	61,187	(51,951)	-	-	100,601
HMS Victory Preservation fund	10,081,775	1,774,882	(2,671,558)	(397,488)	471,207	9,258,818
LCT 7074 fund	21,391	-	-	-	-	21,391
RMM New Museum	24,457	87,760	(73,795)	(15,152)	-	23,270
Hartlepool development fund	(324,440)	-	(226,707)	83,236	-	(467,911)
Barracuda project fund	19,166	58,005	(62,588)	(14,583)	-	-
Cobham Hall & Leading Edge	150,000	683	-	-	-	150,683
FAAM Environmental Sustainability	-	564,973	-	(564,973)	-	-
Trincomalee fund	29,778	10,717	-	-	-	40,495
Other restricted funds (projects)	147,457	126,728	(67,099)	(13,846)	(5,046)	188,194
Fieldhouse fund	4,653,916	-	(202,919)	-	30,766	4,481,763
	<u>21,271,795</u>	<u>2,684,965</u>	<u>(3,580,912)</u>	<u>(922,806)</u>	<u>558,244</u>	<u>20,011,286</u>

In 2000 the Royal Naval Museum completed phase I of a major capital development programme to redesign and refit existing galleries and bring new display and office space into use. The movements on the Development fund shown represent the income raised by donations and grants from the National Heritage Memorial Fund and other organisations, less the revenue expenditure and depreciation incurred up to the balance sheet date.

The HMS Alliance fund consisting of funding received for the ongoing maintenance of HMS Alliance.

The HMS Caroline fund is for the conservation of the ship and its development as a visitor attraction. This work has been fully funded by HLF and the Northern Ireland Tourist Board to the National Museum.

The HMS M33 fund is for the conservation and presentation/interpretation of the ship, work which has been primarily funded by the Heritage Lottery Fund (HLF), and supported by funding from Hampshire County Council.

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

The HMS Warrior 1860 Preservation fund is for the conservation of the bulwarks, work which has been primarily funded by the HLF.

The HMS Victory Preservation fund is for the conservation and ongoing maintenance of the ship, work which is funded by grants from the HMS Victory Preservation Company and the HMS Victory Preservation Endowment Fund.

The LCT7074 fund relates to the restoration of the last Landing Craft (Tank) to take part in Operation Neptune and is primarily funded by the National Lottery Heritage Fund with match funding from other donors.

The RMM New Museum fund represents funding received for the development of a new Royal Marines Museum in Portsmouth Historic Dockyard.

The Hartlepool Development fund includes grant funding from the Tees Valley Combined Authority for the joint redevelopment of NMRN Hartlepool and the surrounding waterfront area, to support the regeneration of Hartlepool.

The Barracuda Project Fund is made up of donations to restore a Barracuda and provides for expenses such as materials.

The FAAM Environmental Sustainability fund represents capital grant funding from the Royal Navy to improve Cobham Hall's defence against weather conditions and to reduce its energy consumption.

The Trincomalee fund includes donations from the Friends of HMS Trincomalee to support to the preservation, exhibition and promotion of the ship.

The Fieldhouse fund consists of funding received for the improvement and construction of buildings housing exhibits in the Royal Navy Submarine Museum.

Other restricted funds were received towards funding specific projects across the group's museums.

Transfers between funds

The transfers from restricted to unrestricted funds reflect costs recharged to projects, and the value of tangible fixed assets which have been purchased using restricted funds, but are held for general purpose, in accordance with SORP 2019 section 2.26.

Restricted funds continued

	At	Incoming	Outgoing		Gains and	At
	1 April 2022	Resources	Resources	Transfers	Losses	31 March 2023
	£	£	£	£	£	£
RNM Development fund	5,898,588	-	(217,926)	-	544,844	6,225,506
HMS Alliance fund	44,894	102	-	-	-	44,996
HMS Caroline fund	55,849	-	-	-	-	55,849
HMS M33 fund	50,579	-	-	-	-	50,579
HMS Warrior 1860 fund	91,252	800,000	(26,610)	(773,277)	-	91,365
HMS Victory Preservation fund	4,621,840	7,980,727	(3,032,937)	(457,852)	969,997	10,081,775
LCT 7074 fund	(734,325)	804,994	(49,278)	-	-	21,391
RMM New Museum	53,689	7,881	(37,113)	-	-	24,457
Hartlepool development fund	(129,544)	3,524,918	(249,571)	(3,470,243)	-	(324,440)
Barracuda project fund	20,490	65	(1,389)	-	-	19,166
Cobham Hall & Leading Edge	150,000	-	-	-	-	150,000
FAAM Carrier fund	-	658,867	(25,983)	(632,884)	-	-
Trincomalee fund	29,778	-	-	-	-	29,778
Other restricted funds (projects)	129,554	155,119	(150,646)	11,261	2,169	147,457
Fieldhouse fund	4,448,972	-	(198,498)	-	403,442	4,653,916
	<u>14,731,616</u>	<u>13,932,673</u>	<u>(3,989,951)</u>	<u>(5,322,995)</u>	<u>1,920,452</u>	<u>21,271,795</u>

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

21. Revaluation reserve

	£
At 1 April 2023	6,053,090
Revaluation of fixed assets	871,054
	<u>6,924,144</u>
At 31 March 2024	<u>6,924,144</u>
	£
At 1 April 2022	3,004,992
Revaluation of fixed assets	3,048,098
	<u>6,053,090</u>
At 31 March 2023	<u>6,053,090</u>

22. Commitments and contingent liabilities

The company had capital commitments contracted but not provided for in the financial statements amounting to £796,629 (2023: £900,495). There were no contingent liabilities at 31 March 2024 (2023: £Nil).

23. Financial commitments

The charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2024	2023
	£	£
Within one year	406,808	406,808
Between one and five years	1,627,232	1,627,232
Greater than five years	21,338,248	21,745,056
	<u>23,372,288</u>	<u>23,779,096</u>

24. Related party transactions

Parent charitable company and ultimate parent undertaking

NMRN Operations considers the National Museum of the Royal Navy (the "National Museum"), a charitable company (charity number 1126283, company number 06699696), to be its ultimate parent undertaking. NMRN Operations receives grant funding from the National Museum which is separately disclosed in Note 2. Control is exercised by the National Museum being the corporate member of NMRN Operations.

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

Subsidiary company

Company name	Company number	Percentage shareholding	Description
National Museum of the Royal Navy Trading	01261270	N/A	Souvenir shops & corporate events

Joint Venture

NMRN Operations is a related party of Portsmouth Historic Dockyard Operations Limited (PHD Operations Limited), a company limited by shares (company number 12799836) and a Joint Venture with the Mary Rose Trust. In the consolidated financial statements, PHD Operations Limited has been treated as a Joint Venture in which the company has a 50% interest.

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

A summary of the results for the year are as follows:

	2024		2023	
	Company share	Total	Company share	Total
	£	£	£	£
Trading income	80,516	161,032	9,842	19,684
Deficit contribution	93,539	187,078	91,667	183,334
Expenditure	(174,055)	(348,110)	(101,509)	(203,018)
Net income	-	-	-	-
Balance Sheet				
Current assets	15,316	30,632	197,548	395,097
Current liabilities	(15,315)	(30,630)	(197,547)	(395,095)
Net assets	1	2	1	2

PHD Operations Limited is responsible for the collection and distribution of ticketing income for the two members. The company contributes towards the deficit. During the year this totaled £130,163 (2023: £127,435) and is included within site costs shown in note 7.

25. Prior period adjustment

Comparative information for 2023 has been restated to reflect a £81,728 reduction to NMRN Trading income and a corresponding reduction to the donation due to NMRN Operations. The £81,728 trading income has now been recognised as income of NMRN Operations. Comparative information for 2023 has also been restated to reflect additional grant income of £87,118 relating to 2023, and £85,726 relating to 2022, receivable by NMRN Operations from its parent company, the National Museum. The impact of these adjustments on retained earnings is an increase of £172,844.

The effect of this change on reserves is as follows:

	Unrestricted funds	Restricted funds	2024 Total	Unrestricted funds	Restricted funds	Restated
						2023 Total
	£	£	£	£	£	£
Total funds brought forward as previously stated	17,714,430	21,271,795	38,986,225	10,391,204	14,731,616	25,122,820
Prior period adjustment	172,844	-	172,844	85,726	-	85,726
Total funds brought forward as restated	17,887,274	21,271,795	39,159,069	10,476,930	14,731,616	25,208,546
Net movement in funds	1,507,443	(1,260,509)	246,934	7,410,344	6,540,179	13,950,523
Total funds carried forward	19,394,717	20,011,286	39,406,003	17,887,274	21,271,795	39,159,069

NMRN OPERATIONS

England & Wales - Charity number 1169061

Accounts

Charity number: 1169061
Company number: 09988314

NMRN Operations
(A company limited by guarantee)

Trustees' report and Consolidated financial statements
for the year ended 31 March 2023

NMRN Operations
(A company limited by guarantee)
Company number: 09988314

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NMRN Operations
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Legal and administrative information

Charity number	1169061
Company registration number	09988314
Registered office	HM Naval Base PP66 Portsmouth Hampshire PO1 3NH
Business address	HM Naval Base PP66 Portsmouth Hampshire PO1 3NH
Director General and Accounting Officer	Matthew Sheldon (appointed 1 December 2023) Dominic Tweddle (resigned 30 November 2023)
Trustees	Mr Richard Hatfield Mrs Emma Allen (resigned 27 July 2022) Mrs Kathleen Barnes (appointed 5 December 2022) Mr Michael Bedingfield Mrs Jane Dean Ms Carol Marlow (resigned 17 March 2022) Mr Mark Pemberton Rear Admiral Jonathan P Pentreath CB OBE (appointed 1 September 2023) Mr Matthew Sheldon (appointed 1 December 2023) Professor Dominic Tweddle (resigned 30 November 2023)
Accountants	Compass Accountants Limited Venture House, The Tanneries, East Street, Titchfield, Hampshire PO14 4AR
Auditors	PKF Littlejohn LLP 15 Westferry Circus, Canary Wharf, London, E14 4HD
Bankers	Natwest Bank Plc 130 Commercial Road, Portsmouth, Hampshire PO1 1ES

NMRN Operations
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Trustees' annual report (incorporating the directors' report) and Strategic report

Foreword

The charitable objectives of NMRN Operations (the company), as defined in the Articles of Association (as amended by Special Resolution 9 August 2016), are:

The promotion of the efficiency and effectiveness of charities for the benefit of the public, in particular by supporting and assisting the charitable work of the National Museum of the Royal Navy.

Performance Report

Overview

The company was formed as the operating company for the National Museum of the Royal Navy Group and operates the Fleet Air Arm Museum, the Royal Marines Museum, Explosion! Museum of Naval Firepower, NMRN Portsmouth (the Royal Naval Museum), HMS Caroline, NMRN Hartlepool, the Royal Navy Submarine Museum, HMS Victory, HMS M33, HMS Warrior, Portsmouth Historic Dockyard and Action Stations.

The National Museum of the Royal Navy (“the National Museum”) is the sole corporate member of the company.

The formation of NMRN Operations enabled the National Museum to simplify the governance structure and consolidate all operations and project delivery for the National Museum Group. The company is the main employer for the National Museum. This structure realises the benefits of operation of the museums through a large organisation, improving visitor experience, enhancing access to the collections and providing greater cohesion and efficiency in the delivery of the charitable objectives.

The National Museum is one of the few national museums headquartered outside London, acquiring key sites also outside the capital, enabling people to learn, enjoy and engage with the story of the Royal Navy, and its impact in shaping the modern world. Its vision is to become the world’s most respected Naval Museum and its goal is to promote the public understanding of the Royal Navy past, present and future. Its strategy for the period set out to increase its:

Resilience, improving its financial position and skilling the team so that it is able to adapt to threats to ensure its survival;

Scale, to grow the collections and the range of activities they support so that the National Museum has marked impact on society as a whole;

Scope, to develop the range of activities which together better help protect and improve access to the naval heritage, including its own collections; and

Reach, to develop a greater physical and virtual presence so that more people engage with the Royal Navy story.

The National Museum’s strategy is delivered through its professional and dedicated team of staff and volunteers, working within a framework of values that supports the culture of the organisation, guiding our everyday actions and being integral to our performance management framework.

Activities and Achievements

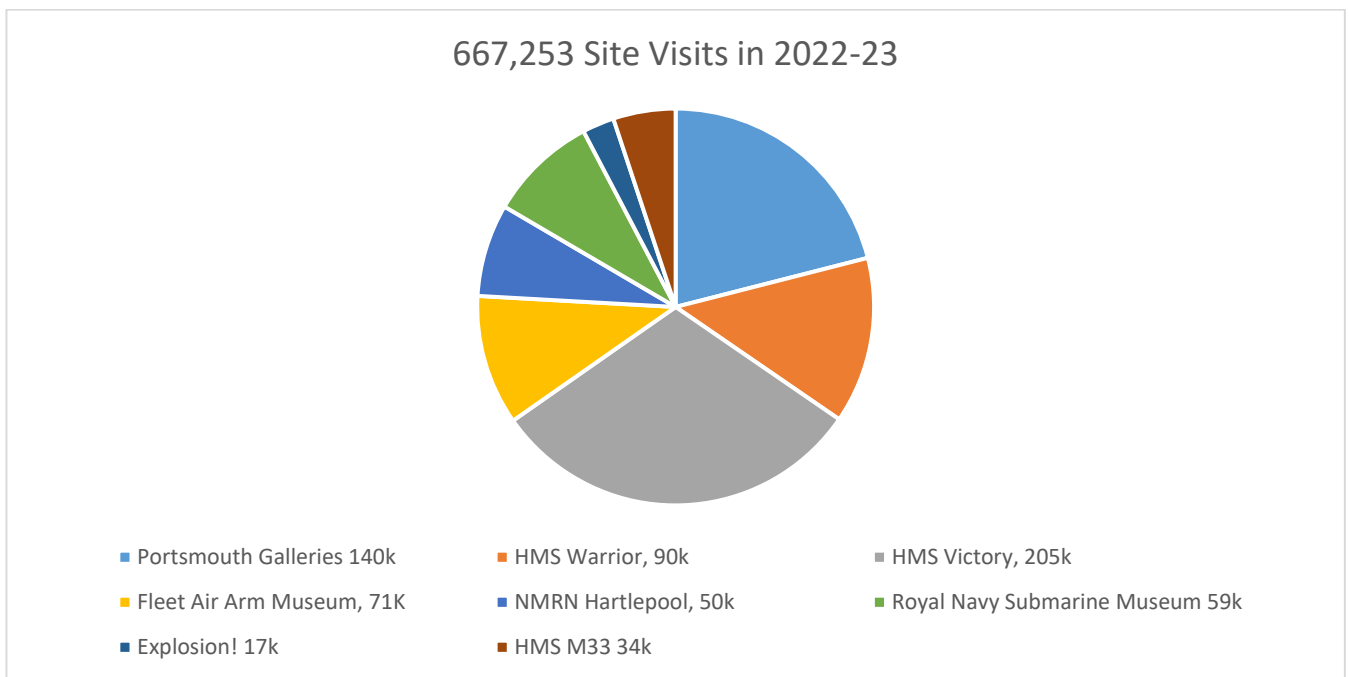
Visitors

During this period, our museum sites were able to return to a more standard operation, although we have retained some of the changes, such as 5 day a week opening in off peak period at certain sites and the incentive to prebook online, which made us more efficient as we emerged from the COVID-19 pandemic. In August 2022, the refreshed and revised interactive experience at Action Stations in Portsmouth Historic Dockyard reopened for the first time since spring 2020 but with a new focus on the Royal Marines’ Commando Experience. In March 2023, HMS Caroline, with a newly recruited team, welcomed paying visitors for the first

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time in 3 years. HMS Warrior was closed from December 2022 to March 2023 to enable essential maintenance to the ship to be completed.

Against a difficult trading environment for the whole heritage sector, both ticket sales and visitor numbers were reasonable, but had not uniformly returned to pre-COVID levels. The opening 6 months of the year, and particularly the peak trading weeks, were disappointing and below targets; in contrast, the final 6 months saw stronger performance and recovery. With the National Museum so dependent on self-generated income, this created significant financial pressures which had to be managed in year, and it is a credit to our General Managers that they were able to adjust and welcome nearly 670,000 visitors to our museums and ships. Of particular note is that visits to the National Museum of the Royal Navy Hartlepool were the strongest they had been since the site became part of the National Museum in July 2016.



Customer Relationship Management (CRM) is key to ensuring we are able to understand our visitors, improve customer services and communication, and ultimately assist in increasing profitability and sales. During the period, we have made key improvements to our CRM system, growing our mailing lists to help inform visitors of the value of their ticket and to drive return visits, in renewal sales and in data analysis. This key data has helped to inform projects including sustainable travel, accessibility and expansion of our Veterans Offer across all sites. Centralising our customer engagement team, data feeds and reviews has enabled us to use our customer feedback to better inform business decisions and to improve our response rate to phone calls, emails, online customer reviews (TripAdvisor, Google, etc.). Online reviews are managed through a new piece of software that allows us to respond to 100% of reviews, and to share the many excellent reviews focused on our staff and volunteers.

We actively seeks visitors' feedback on their enjoyment and perception of quality of their visits. Alongside monitoring social media reviews, we also measure visitor satisfaction in a more structured way through the monthly 'Voice of the Visitor' survey which is conducted through a mixture of in person and online questionnaires. These measure satisfaction in everything from exhibitions to toilets, and rate visitor experience including the quality of welcome, the friendliness of staff and value for money. Through 2022-23 these have been consistently high but of course provide the essential feedback for making improvements.

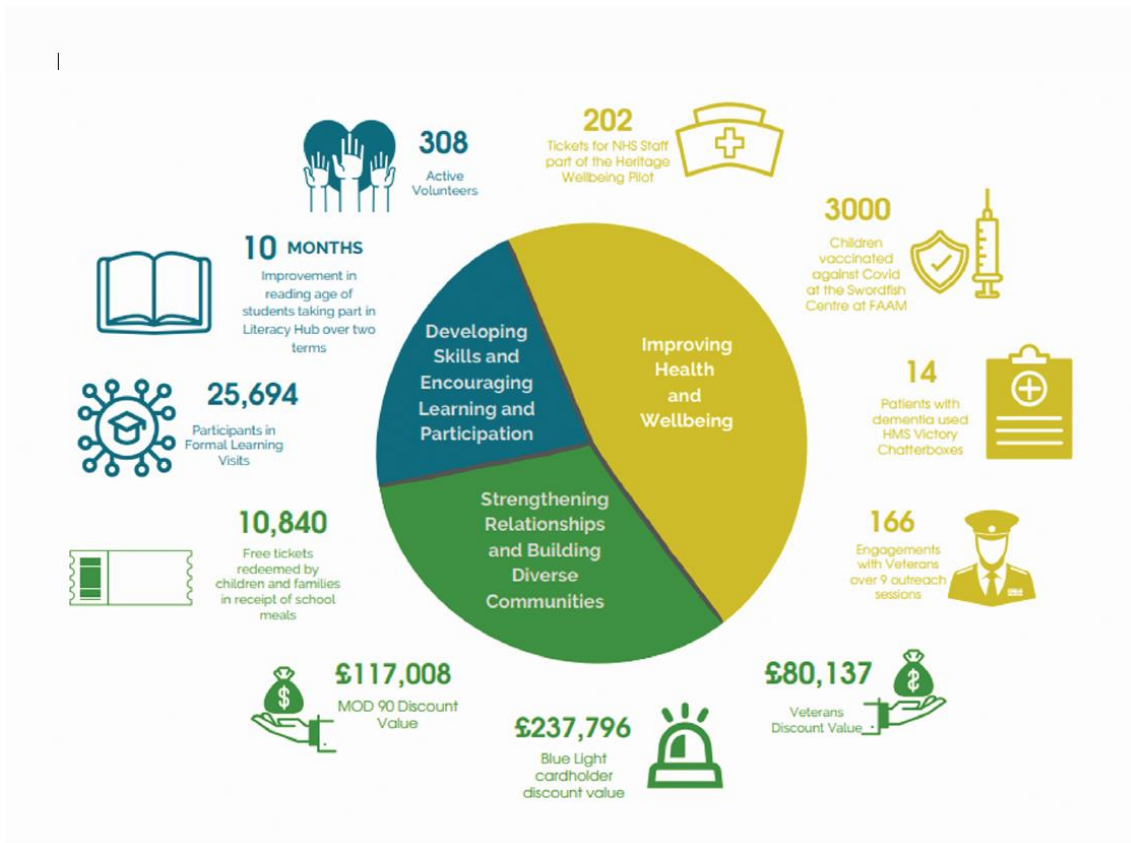
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The ticket data, monitoring and evaluation surveys, and data dives continue to inform the marketing strategy and admissions targets. External sector intelligence from the Association of Leading Visitor Attractions and Visit Britain has also been used to provide valuable insight.

Our subsidiary company, the National Museum of the Royal Navy Trading operates across all of the National Museum’s sites as a single trading entity, delivering non-primary purpose commercial activities such as retail, catering, publishing guidebooks, venue hire, Laser Quest and brand licensing. The return of sites to more normal operation has greatly boosted the performance of the retail and food and beverage functions. A great shop and fantastic café are essential to a visit, a private event in one of our unique venues can be a long-lasting memory, and the profit generated from these activities is an also essential income stream to support our wider purposes. This was the first full year of a new Commercial Strategy for the Trading Company (approved in December 2021). Thanks to strong leadership, key investments (such as the new Warnefords Café at Fleet Air Arm Museum), and a focus on profitability, visual merchandising and product optimisation, the Trading Company’s performance demonstrated a significant improvement and contribution to the National Museum. In 2022-23, the trading company delivered a total income of £2,251,000 (2021-22: £1,640,000) generating a profit of £475,000 (2021-22 £13,000).

Social Value and Learning

For the first time this year, we have sought to quantify the value of our activities within a separate ‘Social Value Report 2022-23’ which is published at www.nmrn.org.uk. This sets out the impact of our work on the Naval Family, on diverse communities across the UK, on families and on individuals. The work is grouped under three key strands: improving health and well-being; strengthening relationships and building diverse communities; and, developing skills and encouraging learning and participation.



This reporting will continue to develop in future years and we expect it to have both a core of stable activities and short-term project initiatives which are highlighted in case studies. Notable impacts to highlight this year are:

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- **Formal Learning Visits:** Our ships and museums welcomed 25,694 pupils and students engaged in formal learning (2021-22: 8,452). Our post-COVID offer to schools has gone from strength to strength; after a relaunch in 2021-22, this year we have added the 'Discover Live' programmes. These sessions are time limited, highly interactive, are the premium experience for schools visitors and now account for high proportion of visits. Particular events of note are the 'Engineering Challenge' secondary school event at the Fleet Air Arm Museum - schools attended from Cardiff, East Dorset and Southampton. For the first time since 2020, HMS Caroline reopened and resumed its programme which includes free visits and subsidised transport for selected schools.
- **Free Family Tickets:** For the first time this year in Portsmouth and in partnership with the Mary Rose Museum, we offered free annual family tickets to local families whose children are in receipt of free school meals, enabling families who otherwise may not had visited us to engage with the Royal Navy's rich story. Working with Portsmouth City Council to reach eligible families, over 2,000 families took up the offer (equivalent to nearly 11,000 individual tickets) and returned as visitors multiple times. Families have shared what an impact this had, '...it was an amazing day out, we will be back many times over the coming year'. We already anticipate repeating and extending the scheme for 2023-24.
- **Tidal Teatime:** In this participatory community-led research project, our team worked with the Portsmouth-based community group Chat Over Chai (an inclusive group for people from a South Asian heritage and their allies) and the Royal Navy's Equality, Diversity and Inclusion policy team and associated RN networks. The project was funded by the Arts and Humanities Research Council and took place between February 2022 and July 2022, giving the communities involved the opportunity to explore the National Museum's collections and contribute to the understanding of these collections. Over 30 members of Chat Over Chai and five Naval personnel were involved. All expressed a new-found sense of ownership of and pride in the Royal Navy story and the National Museum's collections. The project resulted in new displays and presentations of objects in the museum, meaning that there is greater representation and viewpoints of different cultures than before the project and a growing awareness of this. Members of Chat Over Chai have become engaged in volunteering for us and reported feeling more confident and safe in the Museum's spaces.
- **Informal learning activities:** We have provided engagement for our younger audience through World Book Day activities in Portsmouth, community fun days in Yeovilton and an early years' playgroup at the site in connection with the charity Aggie Westons. There were over 900 attendances at outreach events offered by the team in Portsmouth, including sessions with veterans and dementia groups. 'Chatterboxes' connected to HMS Victory were developed and have been used with dementia patients at Queen Alexandra Hospital. Clinical staff at the hospital using these resources say they have seen a marked improvement in their patients' ability to communicate and engage following the use of these resources.
- **Volunteers:** we are proud to have a dedicated and committed volunteer team, which includes lived experience of service in the Royal Navy, the Royal Marines and the other military services. The volunteers add significant value to the work of the National Museum. The number of volunteers in the period remained at just over 300 individuals. A new Volunteer Strategy was finalised and adopted in 2022-23. The aims of the strategy are to increase digital volunteering opportunities, to give greater recognition to the value of volunteers to the National Museum and to broaden the volunteer demographic. As a result, work to develop a more structured approach to understand and manage our volunteer demographic is underway. To this end, talks about volunteering opportunities to local groups has developed to ensure we reach a wider audience and we have also been present at both the

Portsmouth University Volunteering Fair and Global Fair to engage with the local student communities. Our volunteers are involved in a diverse range of projects and activities. Notably, volunteers were integral to the reopening of HMS Caroline, having returned to the ship to support the deep clean prior to opening the doors to visitors. Volunteers have supported a range of gallery handling opportunities, including the ‘Great British Take Off’ aircraft modelling at Fleet Air Arm Museum and transcribing the letters for the exhibition ‘Nelson in his Own Words’.

Communications

In terms of digital communications, our ‘meaningful engagement’ model was used to measure our digital reach and engagement, reflecting not just views of digital content but meaningful interactions with it. Our strong digital presence has grown through the period. Our engagement rate (that is the number of people interacting with a social media post against those who saw it) has increased from 2.8% to 7.6%, significantly above industry average.



Facebook
19M users
2.6M impressions
180k engagements
12% engagement rate
 (2021-22: 8.5M users
 1.2M impressions)



Twitter
1.3M users
43k engagements
4% engagement rate
 (2021-22: 17k
 engagements)



Instagram
1.3M users
2M impressions
3k engagements
4% engagement rate



Websites
1.2M users
 (2021-22: 1.2M users)



Press, PR and Media
£7.0M AVE
24M circulation reach
 (2021-22: £8.5M AVE)

Media and filming work across the National Museum this year clearly demonstrated the breadth and variety of our work and ability to capture headlines, broadcast interest and reflect on national events in our role in sharing the Royal Navy’s story. Our press, PR and media coverage realised £7M in Advertising Value Equivalent (2021-22: £8.5M) and reached an audience of 24 billion, with 3,921 media mentions across print, broadcast and online channels.

Special mention should be made of the sad passing of Her Majesty Queen Elizabeth II, to whom we paid our respects in recognition of the unwavering support of her own family to the National Museum and to the Royal Navy family through the display of our touching tribute, *Her Majesty’s Service, The Queen’s role at the heart of the Royal Navy family*.

We were extremely fortunate to welcome the National Museum’s patron, HRH The Princess Royal, to the official opening of our D-Day veteran LCT 7074 in Southsea.

Our important role in the saving of a rare Arctic sledge flag, used in the hunt for survivors of Captain Sir John Franklin’s doomed expedition, and owned by Vice-Admiral Sir Henry Kellett, saw considerable media interest,

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greatly helped by support from the ever-popular Michael Palin. Following an export bar, the campaign raised funds just in time to save the flag from going abroad to a private buyer.

Regionally, our media stories covering our newly-refurbished Carrier Experience at Fleet Air Arm Museum and the long-awaited reopening of HMS Caroline in Belfast were warmly received.

Broadcast opportunities and online channels including YouTube and podcasts ensured that we reached valuable and varied audiences throughout the year. These included: the BBC's 'Inside the Factory' with a fascinating piece about dazzle camouflage featuring HMS M33; our HMS Victory guides testing mobile phones on 'The Gadget Show'; features on the popular day time programme 'Bargain Hunt'; and the US stalwart 'CBS News' which featured best-selling author David Grann and his use of our historic ships for research. Popular podcasts from 'History Hit' and historian Sam Willis were recorded from our ships and the Fleet Air Arm Museum, whilst the hugely popular YouTube channel 'Epic History' filmed a number of episodes with us to reach many millions online.

Exhibitions and Programming

Within this difficult financial environment, we have drawn on a mixture of external grant funding, partnership support, our restricted funds and grant funding from the charitable trusts within the National Museum group in order to deliver both a special exhibition programme and improvements to our permanent exhibitions. These have helped us reflect on the link between the Navy and the Nation across the centuries and also to improve our representation of the current Royal Navy and its people.

Our special exhibitions included:

- **Diving Deep: HMS Invincible 1758** - Following its successful opening in Portsmouth in October 2020, this interactive exhibition, based on the archaeological excavation of the shipwreck, and funded by the National Heritage Lottery Fund and the Maritime Archaeological Sea Trust, returned to the National Museum in 2023 to be exhibited in Hartlepool from Easter 2023, following its loan to Chatham Historic Dockyard (February to October 2022). In Chatham, it welcomed 30,928 visitors, including HRH the Prince of Wales before his accession.
- **Her Majesty's Service** - This exhibition opened in Portsmouth in April 2022 and reflected on 70 years of Her Majesty Queen Elizabeth II's connection to the Royal Navy and created with some strong community input. The exhibition was an appropriate marking of the Platinum Jubilee and was extended and refreshed until May 2023 to mark both the passing of the Queen and the Coronation of His Majesty King Charles III.
- **Nelson: in his own words** - This pop-up exhibition in Portsmouth from October 2022 – April 2023 showcased letters and documents relating to Admiral Lord Horatio Nelson drawn from the private collection of the Aikaterini Laskaridis Foundation. The exhibition was supported by an online resource which gave virtual access to the collection, a publication, and wider seminar looking at the Royal Navy's connection to the struggle for Greek independence, 'From the Nile to Navarino', which drew on British, Greek and Turkish speakers.

We delivered improvement to the National Museum's permanent galleries and exhibitions, including the John Fieldhouse Building at the Royal Navy Submarine Museum in Gosport and to the 'HMS Gallery' in Portsmouth to update the contemporary Navy story. In Portsmouth, for example this now reflects the strategic context facing the Navy in 2023, and looks ahead to the changes in technology and personnel which are to come in this 'contested world'. More significant investments that we delivered included:

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- **The Carrier Experience, Fleet Air Arm Museum** – We completed a major £636,000 project to redevelop this permanent exhibition in July 2022, grant funded by the Fleet Air Arm Museum Trust which had received a generous legacy from the Gosling Foundation. This has enabled a complete refresh of the narrative and visitor experience which immerses our visitors in the sights, sounds and smells of carrier flight and in the complexity of carrier operations. It now connects the heyday of jet aviation to the operations and deployment of the Queen Elizabeth Class carriers and F35 aircraft. The range of historic aircraft set out on Flight Deck has changed, and the Island tour completely revised with overlay of digital interpretation allowing visitors to meet key crew members.
- **Victory Live: The Big Repair** - Our conservation project for HMS Victory, grant funded by the HMS Victory Preservation Endowment Fund, entered a major phase of work which has placed a large portion of the ship under a scaffolding canopy and removed huge sections of hull planking from the ship. This new and major strand of interpretation will develop through the project to showcase the scale and complexity of the conservation task and bring the work of our teams to visitors. In July 2022, we created an entirely new interpreted visitor route on the starboard side which takes visitors through three levels of the scaffolding and allows unprecedented views of the exposed frames of Victory. This is supported by programming involving archaeologists, conservators, and shipwrights from the team who at peak periods bring the project to life.
- **Royal Marines Experience at Action Stations** - Our interactive and family-focussed attraction at Action Stations reopened for peak periods in August 2022 with entirely new elements connected to show the physical challenges faced by the Royal Marines Commando. This has proved a popular return for our visitors and forms the basis of sharing the Commando story until the fully reimaged Royal Marines Museum is delivered.
- **National Museum of the Royal Navy Hartlepool** - We signed a development funding agreement with Hartlepool Borough Council on 31 January 2022, releasing £1M from a total funding of £8.5M from the Tees Valley Combined Authority, to enable us to commence the first phase of the Waterfront Regeneration Project. A vision document was created that demonstrates the cultural and commercial use of the site, the addition of facilities dedicated to the care and conservation of historic ships, skills training workshops, new galleries that support STEM education (science, technology, engineering, arts and mathematics) and the creation of exciting new experiences to complement the activity taking place both on the National Museum site and the wider Waterfront area. Further funding was released in June 2022 to enable us to purchase the Vision Retail Park for £3.4M, as a key milestone in delivery of the vision, to expand the existing site and to form the core of the major new galleries expansion. In the next phase of the project, we will redevelop the William Gray building and the Fighting Ships experience. Hartlepool Borough Council will also develop options studies for replacing the dam board and sealing the dock in which HMS Trincomalee sits.

Collections and Research

This year we have made major advances in collections access, collections information, and the external recognition of the National Museum's standards.

After a period of closure due to the impact of COVID-19 and the very major collection moves into the new Collections Centre, we reopened the Collections Access Service at the start of June 2022. This now supports researcher visits to collections in the Research Room in Portsmouth and remote requests for information on collections elsewhere. The shift in user demand to virtual access is clear and a critical improvement in September 2022 was the opening of our collections portal www.nmrn.org.uk/collections. This now provides access to a growing database of over 400,000 catalogue records from the National

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Museum's collection, many with supporting images. The portal is already attracting an average of 2,000 users a month, with multiple searches which help us understand areas of research interest.

Our investment and development of the National Museum's Digital Asset Management System (DAMS) has been fundamental to the success of the collections portal. The DAMS is used both to manage images of our collections and to feed into our collections management software. A small team of curators, boosted by volunteer effort, has focused on ingesting imagery from historic digitisation projects and adding all new collections imaging. This has grown the images held in the DAMS to nearly 33,000; the system will be critical to both collections access and collections information in future years.

Our archive collections and service have received welcome external recognition. The National Archives have recognised Storehouse 12 in Portsmouth as a 'Place of Deposit' under the Public Records Act, licensing our Portsmouth site to hold Public Records.

Our conference, seminar and research activity has grown modestly from 2021-22, highlights have included:

- Organising and hosting the the United Kingdom Maritime Heritage Forum across our venues in Portsmouth in October 2022. This welcomed over 100 professionals from museums and historic ships across the UK and was an excellent opportunity to showcase our work with a number of the team speaking or chairing sessions.
- Research into the language used in collection catalogues was undertaken that highlighted terminology that could be perceived as offensive. The National Museum has shown sector leadership in developing its glossary of terms to support future cataloguing and research.
- Research into 'Indian Figureheads: Carvings from Royal Navy Ships Built in Bombay' was published in the Society for Nautical Research's Mariner Mirror.
- Research into HMS Trincomalee's raze marks was published in the May/June edition of 'British Archaeology' magazine. 'HMS Trincomalee Design, Construction and Modification, 1812-1900' work was published in the Naval Dockyards Society's annual Transactions.

Conservation and Historic Ships

- **HMS Victory** – our efforts in the year concentrated on preparing the ship for plank removal. A programme of surveys and testing mandated by legislation, along with preservation of weather deck areas was completed. Our work was carried out under the guidance of structural support specialists, to prevent movement of the ship in its current structure during this process. We completed repairs to the electrical system, including rolling replacement of lanthorn components and elements of the ships broadcast system were also completed. Significant achievements that were made include:
 - Materials Trials testing continued to establish the impact of UV, water permeability and various materials for fastenings on the ship. This extensive programme of work, undertaken in partnership with the University of Southampton's nc² consultancy, is enabling the project to better understand the likely degradation of materials over time, and make informed decisions as to the best choices of fixings, glues, paints and timber to be used on the project, and the levels of maintenance likely to be required going forward. The ship-side mock-up surveys progressed on a monthly basis and the results showed patterns of deterioration. This information, combined with the laboratory results from materials trials was used when selecting the materials for re-planking the ship.
 - Workshop Upgrades to support the delivery of the 12-year conservation plan. The new space allows for critical quality control procedures for the production of laminating oak and for the smooth supply chain flow from the timber supplier.
 - Scaffold Structure was erected over the ship which allows the conservation teams to undertake the programme of works, with the introduction of 'Victory Live: The Big Repair' to improve the visitor experience. The structure includes a welcome foyer, branded signage, family trail that shares some

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of the key messages of the project and directional signage to support the visitors moving around the structure.

- Timber Procurement to ensure a successful re-planking process through the right suppliers to deliver the quality and quantity of oak timber required.
- Digital Content has captured 3-D digital footage of the project during the year, including: drone surveys; modelling; and high-resolution footage of planks. All of the content was used to publicise across websites, social media and within the Victory Live experience and can be found on www.nmrn.org.uk/news/victory-live-big-repair.
- **HMS Caroline** – we developed a new Business Plan for our conservation, repair, protection and interpretation of the ship in Belfast. The Business Plan seeks to re-establish the ship as an important heritage visitor attraction in Belfast. HMS Caroline reopened to the public during Easter 2023 and has been warmly received by her visitors.
- **HMS Trincomalee** – Significant work was completed to de-rig, undertake conservation work and reinstall the upper foremast, including topgallant mast and yards on the ship. The work addressed the long standing concern over the degraded state of some aspects of the rig. Conservation will continue to focus on reducing water ingress and improving the material state of the rig.
- **HMS Warrior** – We successfully completed an essential project to replace all of the ship’s electrical and safety critical systems by 31 March 2023, following a successful bid for capital funding of £800,000 from the Royal Navy. The project was the most extensive and intrusive project to the ship’s fabric since she was restored in Hartlepool and included: the redesign and replacement or refurbishment of all electrical systems, light fittings, fire detection and alarm system, CCTV system, public address system, data network, and heater circuit. Getting the project delivered to time and budget was a huge, combined effort between our teams and contractor. The ship was closed to the public during this essential work which also allowed our teams to complete internal painting, deep cleaning, and other crucial maintenance. The ship reopened to the public on the 1 April 2023.

Joint Venture with the Mary Rose Trust

Our joint venture vehicle, Portsmouth Historic Dockyard Operations Ltd (company number: 127998360), has continued to act as agent for the sale of tickets for NMRN Operations and the Mary Rose Trust, with the distribution of sales revenue and share of costs on an agreed split. The rolling 3-year agreement has gone from strength to strength, providing stability and a shared stake in improvement and development of the business.

Through the joint venture, and the efforts of the teams from the Mary Rose Trust and NMRN Operations working in close partnership, we were able to provide a revised and simplified ticket offer, new pricing, single point of entry for visitors and refreshed branding for Portsmouth Historic Dockyard. The ticket and pricing strategy has also delivered increases in yield which has been vital in a period when capacities have been limited by government restrictions and when many visitor markets were not operating. The push of website sales increased ticket sales and gift aid conversion rates. Key marketing campaigns for the period were based on investments made by each charitable company: the permanent new gallery ‘HMS Victory: the Nation’s Flagship’ and a dramatic new immersive experience ‘1545: When Their World Ended’.

Post balance sheet events

There are no post balance sheet events.

Plans for Future Periods

National Museum of the Royal Navy Strategy: 2022-2027 and beyond

In 2022, the National Museum of the Royal Navy's Trustees took a step back to develop a refreshed approach to lead us into the next 10 years and beyond. This new strategy, containing a long-view vision for the National Museum in 2035, is set out at www.nmrn.org.uk/news/national-museum-royal-navy-strategy-2022-2027-and-beyond. It sets out how we will deliver our vision and mission through three strategic aims, sustainability, audiences, and collections, and recognises that none of this will be achieved without the skills, dedication and hard work of our people. The strategy is underpinned through the annual business planning cycle that sets out the priority and phasing of operational and project delivery for NMRN Operations each year.

Sustainability

Our key focus for the year ahead will continue to be on recovering financial resilience and sustainability through cautious cost management, fundraising and regeneration or replacement of the income streams and commercial activities damaged by COVID-19 and the continuing fragile UK economy. The wider economic challenges and cost of living crisis continue to have an impact on public spending and also on our operating costs.

The National Museum will continue to engage with Navy Command to renegotiate a financial framework that supports our core operating costs, incurred in delivering activities in the public interest and an agreed capital strategy which delivers specific, shared outputs and outcomes.

We will continue to build a modest but appropriate free reserve in accordance with our Group Reserves Policy, with the aim of holding the equivalent to 4 months' core operating costs for the Portsmouth Naval Base activities (the greatest potential area of exposure) as free reserves by the end of 2024-25.

We will develop and implement our Environmental Sustainability Strategy, to deliver environmentally and financially sustainable operations, and reduce our carbon footprint.

Audiences

We will continue to grow and diversify our audiences onsite and online and explore different Royal Navy story perspectives through our diverse communities and the National Museum's collections. We will work closely with the Royal Navy to support their Global Navy initiative and offer embedded opportunities to promote the modern service and its message through our sites and activities.

We will implement the National museum's core linked strategies on Interpretation, Research, Audience Development, Digital and Environment/Sustainability to support a shared transformation across our sites and activities, engaging new and diverse local, national and international audiences.

We will implement our Site Improvement Plans and develop new and improve existing exhibitions, to ensure our sites and stories remain exciting and vibrant to a diverse audience.

Collections

The National Museum's commitment to any new capital projects or large acquisitions will be limited to only for those essential to its purpose. We will support the National Museum by prioritising the care, conservation and presentation of our existing collections and sites, including consolidation of collections with partners where resources are duplicated. We will take forward plans for the development and delivery of funded projects including the HMS Victory, NMRN Hartlepool, the new Royal Marines Museum, HMS Caroline, NMRN Portsmouth and the Armada Maps, ensuring these are financially resilient to secure long-term sustainability and protect our heritage assets.

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We will continue to progress our work in ensuring our collection is both physically and digitally accessible.

People

We will continue to focus on our people, to ensure that our National Museum is recognised as a great place to work, and delivering on our commitments to equity, diversity and inclusion. We will plan to implement our pay policy to pay a minimum of UK Living Wage to our staff. We will continue to provide our “staff voice” through the excellent work of our ‘Working Together Group’. We will support the development of our teams through our people plans, focusing on health and wellbeing, talent management and workforce planning.

Principal Risks and Uncertainty

A principal risk faced by the company centres around the ongoing uncertainty of future income streams arising from the residual impact of the Covid-19 pandemic combined with the economic recession, and a reduction in the Grant In Aid funding that will be available to the National Museum in future years. We will seek to mitigate this risk by continuing to support the National Museum in development of group strategies to diversify income streams, grow revenue and seek support through fundraising activities.

The risk of major project delivery failure, through delays, cost overrun, excessive operating costs, fundraising shortfall, impact on cash flow, and quality of project, will be mitigated as we continue to develop and embed governance and oversight of key projects through our Programme Board and ensure all major projects follow our standard project management methodology. Improvements will continue to be made to project cashflow forecasting and “in operation” business cases and budgeting for all major projects.

The risk of failure to meet our legislative obligations under the Environment Act will be mitigated through supporting the National Museum in developing its sustainability strategies to support the net zero targets introduced by the Government and to work with its partners to reduce its environmental impact across its whole estate. We will embed environmental objectives and risks into our decision making and project evaluation processes.

Financial Review

Statement of Financial Activities for the Year Ended 31 March 2023

Total incoming resources for NMRN Operations in 2022-23 amounted to £28,493,678 (2021-22: £13,712,182). This included operating grants and project grants, admissions income (including gift aid), voluntary donations and trading activity through the subsidiary National Museum of the Royal Navy Trading. The movement on the prior year reflects the increased grant funding we have received for project delivery as we have recommenced project activities in the post-pandemic environment.

Total resources expended for 2022-23 amounted to £20,673,034 (2021-22: £14,701,220), representing operating and project costs, trading and fundraising activity. Again, the movement reflects increased project delivery activity.

After gains of £2,802,634 (2021-22: gains of £1,276,129) on the revaluation of fixed assets and actuarial gains on defined benefit pension schemes, the net movement in funds for the year was an increase of £10,623,278 (2021-22: £287,091).

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Balance sheet

The net assets as at 31 March 2023 amounted to £35,746,098 (2022: £25,122,820). Of this total, £18,084,292 related to restricted funds, £16,860,734 was unrestricted funds and £507,462 was designated funds. A further £293,610 related to non-charitable trading funds.

Reserves

The Trustees regularly monitor the levels of reserves and seek to take correction action as necessary. As at 31 March 2023, the level of the company's free reserves (defined as net current assets attributable to unrestricted reserves excluding designated funds) stood at £3,408,493 (31 March 2022: £2,267,323).

Under the Group's governance structure, as nearly the entire Group's operating costs now flow through NMRN Operations, the policy is that sufficient free reserves are accumulated within NMRN Operations to provide four months' operating expenditure for the greatest potential area of exposure (Portsmouth Historic Dockyard, including the Gosport sites) by 31 March 2025 (target £3,930,000), increasing to six months' operating expenditure for the entire National Museum by 31 March 2030 (target £6,950,000). There is no need to accumulate additional free reserves in either the company or the subsidiary trusts and any such reserves held will be appropriately used, as approved by the Board, for the furtherance of the trusts' charitable objects.

The free reserves held by NMRN Operations are insufficient to meet long-term development needs and there are risks associated with unanticipated short-term demands. The Trustees will continue to seek to improve the free reserves position in NMRN Operations in accordance with the reserves policy through consolidation and reduction of costs in future periods and the delivery of a budget each year that will deliver a modest surplus.

Auditors

The accounts have been audited by PKF Littlejohn LLP. A resolution to reappoint the auditor will be put to the members at the Annual General Meeting.

So far as the Trustees and Accounting Officer are aware, there is no relevant audit information of which the 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 company's auditors are aware of that information.

Approved by the Board and signed on its behalf by



Mr Richard Hatfield
Chairman on Behalf of the Board of Trustees

Date: 19th December 2023



Matthew Sheldon
Director General and Accounting Officer

Date: 19th December 2023

Accountability Report

Trustees Report and Governance Statement

This report sets out the arrangements for the governance of the NMRN Operations, including the Board structure for Trustees. The Trustees, who are also the directors of NMRN Operations (the company) for the purposes of company law and who served during the year and up to the date of this report are set out on page 3.

The Trustees have due regard to guidance issued by the Charity Commission on public benefit and in its charitable objects, the charity seeks to promote the efficiency and effectiveness of other charities for the public benefit. The charitable company operates fee paying attractions and endeavours to ensure that ticket prices are set at an accessible level, which includes the availability of several types of concessions. The charitable company offers workshops to schoolchildren in support of the National Curriculum, operates community outreach programmes in the local areas for children, their parents and carers, and hosts foreign language school pupils. NMRN Operations' activities are supported by a team of volunteers numbering 380 who deliver a variety of tasks across the museum.

This report demonstrates how the system of governance and internal control is maintained within NMRN Operations and how the major risks to which the charity is exposed, as identified by Trustees, have been reviewed and systems have been established to mitigate those risks.

The Governance Framework

NMRN Operations is a charity registered with the Charity Commission (registration number 1169061). It is governed by its Memorandum and Articles of Association dated 9 August 2016, which incorporate its charitable objects, the powers of the company and provides for the appointment and re-appointment 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 Trustees ensure the distinct legal responsibilities and charitable objectives of NMRN Operations are fulfilled while acting within an overall policy and strategy framework developed by the National Museum of the Royal Navy. The day to day operation of the charitable company within that framework is delegated to the National Museum's Director General and Executive Directors.

A formal induction process for Trustees is in place which combines all the necessary background reading material including items such as the Memorandum and 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 visits to the National Museum's sites to meet key members of staff and to discuss current issues. Recent appointees continue to confirm their satisfaction with this process.

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.

Equity, Diversity and Inclusion

Our vision is to be the world's most inspiring Naval Museum, Linking Navy to Nation. Our staff are pivotal in realising our vision. To support this, we are committed to creating a great place to work where people feel

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happy, can be themselves and want to achieve their best. We embrace diversity and want everyone to feel valued and have a sense of belonging.

Equity, Diversity and Inclusion is a priority, we know we have much work to do, and we are accelerating our commitment to inclusion and diversity in our workplace and National Museum, improving this in the collections we share and the stories we tell. One of our key strategic objectives for 2022-2027 is to, 'explore different Royal Navy story perspectives with our diverse communities and collections'. Our Trustees recently approved a set of principles which will guide the Museum in work on, 'Addressing Empire'. These are:

- To develop an approach across the Museum which is enquiring and open-minded.
- To embed this work within the NMRN's plans in order to sustain its benefits.
- To develop an approach which is specific to the NMRN and based on the Royal Navy's connections to colonialism.
- To work with MOD-funded national museums on an approach common to the UK's national military museums.
- To engage external, diverse voices to provide broader perspectives.
- To always be objective, basing judgements on historical research into our collections and narratives.
- To use this as a positive opportunity to deepen understanding of the complexity of colonial relationships.

Personal data related incidents

There have been no incidents of data loss involving personal information during the period which required formal reporting to the Information Commissioner's Office.

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 charity'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 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 internal 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.

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Risk Management

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



Mr Richard Hatfield
Chairman on Behalf of the Board of Trustees

Date: 19th December 2023



Matthew Sheldon
Director General and Accounting Officer

Date: 19th December 2023

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Statement of Trustees' and Accounting Officer's responsibilities
for the year ended 31 March 2023

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

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

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

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



Mr Richard Hatfield
Chairman on Behalf of the Board of Trustees

Date: 19th December 2023



Matthew Sheldon
Director General and Accounting Officer

Date: 19th December 2023

Independent auditors' report to the members of NMRN Operations

Opinion

We have audited the financial statements of NMRN Operations (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 March 2023 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charitable Company Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including 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 group's and the parent charitable company's affairs as at 31 March 2023, and of the group's 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 group and parent 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 group's or parent 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.

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We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, except for the possible effects of the matters described in the basis for qualified opinion section of our report, based on the work undertaken in the course of the audit:

- the information given in the trustees' report, which includes the strategic report and 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 strategic report 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 group and parent charitable company and their environment obtained in the course of the audit, except for the possible effects of the matters described in the basis for qualified opinion section of our report, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' annual 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 by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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 group and parent charitable company 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 group and parent charitable company financial statements, the trustees are responsible for assessing the group and parent 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 group or the parent 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

We have been appointed auditor under the Companies Act 2006 and report in accordance with this Act, and relevant regulations made or having effect thereunder.

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

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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 group and parent charitable company and the sector in which they operate 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 group and parent charitable company in this regard to be those arising from the Companies Act 2006, Charities Act 2011, Financial Reporting Standard 102, the Charities SORP and relevant employee legislation.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent charitable company with those laws and regulations. These procedures included, but were not limited to enquiries of management, review of minutes and review of legal and regulatory correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was a potential for management bias in the timing of recognition of income from grants. We addressed this through review of all material grant agreements to ensure correct treatment under the Charities SORP, including consideration of the accounting period in which income should be recognised.
- We also identified potential for management bias:
 - in respect of the timing of recognition of income from legacies. We addressed this through review of all legacy correspondence and receipts up to the date of approval of the financial statements, to ensure correct treatment under the Charities SORP, including consideration of the accounting period in which income should be recognised.
 - in the judgements made around recoverability of debtors. We addressed this through examination of post year end cash received, review of correspondence with debtors and discussion of recoverability with management.
 - in the allocation of support costs against charitable activity categories. We addressed this through reviewing the method used for reasonableness, and re-performing the calculation to ensure it had been performed accurately in line with the stated method.
 - in the valuation of the land and buildings. We reviewed the latest available valuation report, considered qualifications and experience of the management's expert, and challenged inputs and assumptions applied. We also challenged management's assertion that there has been
 - in the recording of stock at the lower of cost and net realisable value, and we addressed this through testing of post year-end sales of a sample of stock lines, and reviewing photographic evidence for a sample to confirm existence and no evidence of impairment.
 - in the depreciation rate applied to tangible fixed assets, and we addressed this by considering the useful economic life applied for the types of asset held, and re-performing the calculation to ensure it had been performed accurately in line with the stated method.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

NMRN Operations
(A company limited by guarantee)
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risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, 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 members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.



Alastair Duke (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

Date: 20 December 2023

NMRN Operations
(A company limited by guarantee)
Company number: 09988314

Consolidated Statement of financial activities (incorporating the income and expenditure account)
For the year ended 31 March 2023

	Notes	Unrestricted funds £	Restricted funds £	2023 Total £	Unrestricted funds £	Restricted funds £	2022 Total £
Income from:							
Donations and legacies							
Grant (operating)	2	5,462,465	-	5,462,465	4,870,023	-	4,870,023
Grant (projects)	2	-	800,000	800,000	-	-	-
Grant (capital)	2	-	-	-	91,089	-	91,089
Other grants and donations	2	336,200	13,127,278	13,463,478	397,338	1,093,121	1,490,459
Legacies		-	5,395	5,395	22,580	6,300	28,880
Charitable activities							
Admissions	3	5,489,241	-	5,489,241	5,062,792	-	5,062,792
Charges for services		600,806	-	600,806	243,928	-	243,928
Other trading activities							
Trading company	4	2,251,208	-	2,251,208	1,639,523	-	1,639,523
Investments		889	-	889	464	-	464
Other	5	268,477	-	268,477	285,024	-	285,024
Total income		14,409,286	13,932,673	28,341,959	12,612,761	1,099,421	13,712,182
Expenditure on:							
Raising funds							
Fundraising and publicity	6	1,318,892	-	1,318,892	1,017,531	-	1,017,531
Trading company	4	1,776,261	-	1,776,261	1,625,806	-	1,625,806
Charitable activities:							
Museum and visitor operations	7	10,862,548	3,936,467	14,799,015	9,616,535	2,249,723	11,866,258
Grants	9	4,000	53,484	57,484	167,500	24,125	191,625
Total expenditure		13,961,701	3,989,951	17,951,652	12,427,372	2,273,848	14,701,220
Net losses on investments		(60,000)	-	(60,000)	-	-	-
Net income/(expenditure)		387,585	9,942,722	10,330,307	185,389	(1,174,427)	(989,038)
Transfers between funds		5,322,995	(5,322,995)	-	885,379	(885,379)	-
Other recognised gains/(losses):							
Impairment on revaluation of properties		-	-	-	(948,096)	-	(948,096)
Gains on revaluation of fixed assets		1,127,646	1,920,452	3,048,098	152,669	1,826,556	1,979,225
Actuarial gains/(losses) on defined benefit pension schemes		485,000	-	485,000	245,000	-	245,000
Net movement in funds		7,323,226	6,540,179	13,863,405	520,341	(233,250)	287,091
Reconciliation of funds:							
Total funds brought forward		10,391,204	14,731,616	25,122,820	9,870,863	14,964,866	24,835,729
Total funds carried forward		17,714,430	21,271,795	38,986,225	10,391,204	14,731,616	25,122,820

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

The notes on pages 28 to 52 form an integral part of these financial statements.

NMRN Operations
(A company limited by guarantee)
Company number: 09988314

Consolidated Balance sheet
as at 31 March 2023

	Notes	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Fixed assets					
Tangible fixed assets	14	32,394,512	23,305,870	32,159,740	22,980,157
Investment properties	14	590,000	-	590,000	
		<u>32,984,512</u>	<u>23,305,870</u>	<u>32,749,740</u>	<u>22,980,157</u>
Current assets					
Stocks	15	662,994	538,251	233,286	214,605
Debtors	16	5,053,623	3,110,194	5,571,350	3,076,728
Cash at bank and in hand		2,448,883	1,397,417	2,043,540	1,333,759
		<u>8,165,500</u>	<u>5,045,862</u>	<u>7,848,176</u>	<u>4,625,092</u>
Liabilities:					
Creditors falling due within one year	17	<u>(2,320,787)</u>	<u>(2,955,912)</u>	<u>(2,062,301)</u>	<u>(2,558,704)</u>
Net current assets/(liabilities)		<u>5,844,713</u>	<u>2,089,950</u>	<u>5,785,875</u>	<u>2,066,388</u>
Total assets less current liabilities		<u>38,829,225</u>	<u>25,395,820</u>	<u>38,535,615</u>	<u>25,046,545</u>
Net assets excluding pension asset/liability		<u>38,829,225</u>	<u>25,395,820</u>	<u>38,535,615</u>	<u>25,046,545</u>
Defined benefit pension scheme asset/liability	11	<u>157,000</u>	<u>(273,000)</u>	<u>157,000</u>	<u>(273,000)</u>
Net assets including pension fund liability		<u><u>38,986,225</u></u>	<u><u>25,122,820</u></u>	<u><u>38,692,615</u></u>	<u><u>24,773,545</u></u>
Funds					
Unrestricted funds	18	15,440,168	9,360,323	15,440,168	9,360,323
Revaluation reserve		1,473,190	345,544	1,473,190	345,544
Designated funds		507,462	340,862	507,462	340,862
Total unrestricted funds	19	<u>17,420,820</u>	<u>10,046,729</u>	<u>17,420,820</u>	<u>10,046,729</u>
Restricted funds		16,691,895	12,072,168	16,691,895	12,067,368
Restricted revaluation reserve		4,579,900	2,659,448	4,579,900	2,659,448
Total restricted funds	20	<u>21,271,795</u>	<u>14,731,616</u>	<u>21,271,795</u>	<u>14,726,816</u>
Non charitable trading funds		293,610	344,475	-	-
Total funds		<u><u>38,986,225</u></u>	<u><u>25,122,820</u></u>	<u><u>38,692,615</u></u>	<u><u>24,773,545</u></u>

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



Mr Richard Hatfield
Chairman
Date:

The notes on pages 28 to 52 form an integral part of these financial statements.

Consolidated Cash Flow Statement for the year ended 31 March 2023

	Notes	Group 2023 £	Group 2022 £
Cash flows from operating activities:			
Net cash provided by/(used in) operating activities		9,751,095	1,236,042
Cash flows from investing activities:			
Income from investments		889	464
Purchase of fixed assets		(8,050,518)	(1,147,124)
Purchase of investments		(650,000)	-
Net cash (used in)/provided by investing activities		(8,699,629)	(1,146,660)
Increase/(Decrease) in cash and cash equivalents in the year		1,051,466	89,382
Cash and cash equivalents at 1 April 2022		1,397,417	1,308,035
Cash and cash equivalents at 31 March 2023	26	<u>2,448,883</u>	<u>1,397,417</u>
Net income/(expenditure) for the reporting period		10,330,307	(989,038)
Depreciation and impairment		1,894,491	1,016,206
Loss on disposal of fixed assets		115,483	236,210
Loss on investments		60,000	-
Income from investments		(889)	(464)
(Increase)/Decrease in stocks		(124,743)	134,894
(Increase)/Decrease in debtors		(1,943,429)	1,842,237
(Decrease)/Increase in creditors		(635,125)	(1,067,003)
Increase/(Decrease) in provisions for liabilities		55,000	63,000
Net cash provided by/(used in) operating activities		<u>9,751,095</u>	<u>1,236,042</u>

Notes to the financial statements
for the year ended 31 March 2023

1. Accounting policies

1.1. Company information

NMRN Operations 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.

NMRN Operations and its group meet 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 United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

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 presented in sterling which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

Consolidated financial statements have been prepared in respect of the charitable company, its wholly owned subsidiary, the National Museum of the Royal Navy (NMRN) Trading, and its Joint Venture, Portsmouth Historic Dockyard (PHD) Operations Limited. The Consolidated Statement of Financial Activities includes the results of NMRN Trading and the company's share of the results of PHD Operations Limited as single line items. The consolidated balance sheet includes the net assets of NMRN Trading on a line by line basis and the company's share of the net assets of PHD Operations Limited as an item within Fixed Asset Investments.

1.3. Going concern

In addition to the revenue it generates, the company receives grant funding from the parent company, the National Museum of the Royal Navy, and other subsidiary trusts within the Group, in respect of its operation of the group's museums and conservation of heritage assets. Additional Grant in Aid funding was awarded to the National Museum by the Royal Navy in response to the ongoing impact of the Covid-19 pandemic, based on projected budgets reflecting a range of possible operating scenarios. This additional funding has supported the National Museums cashflows until 31 March 2023. It is anticipated that the company's self-generated income streams and visitor markets will continue to recover from the impacts of COVID-19 and the economic recession, and its markets are expected to fully recover before 2024-25. Additional Grant in Aid has been provided to 31 March 2024 and the National Museum will continue to engage with Navy Command to renegotiate a financial framework that supports the core operating costs that we incur in delivering activities in the public interest.

Based on the assurances provided to the National Museum by its sponsor, the Royal Navy, that Grant in Aid funding will continue to be made available, and the work of the Executive on 2024-25 budgets, the Trustees and Directors are content that the going concern basis continues to apply. As such, the financial statements have been prepared on a going concern basis.

1.4. Income

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

Notes to the financial statements
for the year ended 31 March 2023

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.

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.

Government grants for the Coronavirus Job Retention Scheme are credited to the restricted incoming resources when receivable.

1.6. Expenditure

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.

1.7. Basis of allocation

Cost of generating funds comprises costs incurred in encouraging people and organisations to contribute financially to the charity's work and to promote the Naval Service Museums as visitor attractions.

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

Charitable expenditure includes expenditure associated with Operations, Collections & Research, and Learning, and include costs directly attributable to each activity. Costs not directly attributable to one activity including the proportion of support costs relating to charitable expenditure have been allocated in proportion to staff costs incurred in the following percentages:

	2023	2022
	%	%
Operations	75	74
Collections & research	15	14
Learning	10	12
	<u>100</u>	<u>100</u>

Support costs include central functions and have been allocated to cost categories on a basis consistent with the use of resources.

1.8. Foreign currency transactions

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling at the end of the month preceding the transaction. Exchange differences are taken into account in arriving at the net incoming/(outgoing) resources.

1.9. Funds

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.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

Notes to the financial statements
for the year ended 31 March 2023

1.10. Tangible fixed assets

Tangible fixed assets with a cost or value greater than £2,500 and a useful life exceeding one year are capitalised at historic cost and revalued annually using Ministry of Defence derived indices.

Land and buildings are stated at a valuation of depreciated replacement cost and depreciated over the lease term. A professional valuation is obtained at least every 5 years and indices are used to reflect the change in value in the intervening years.

Depreciation has been provided at rates calculated to spread the cost of each asset over its expected useful life as follows:

Leasehold buildings	- over the lease term
Property improvements	- over the lease term
Computer and office equipment	- 3 - 10 years
Fixtures and fittings	- 3 - 20 years
Plant and machinery	- 3 - 30 years
Exhibitions	- 3 - 10 years

Assets under construction are not depreciated.

Significant Historic Ships

Significant ships are held by separate charitable Trusts within the National Museum group.

Accounting policy for recognition of subsequent expenditure on significant ships

As the National Museum's operating company, NMRN Operations is responsible for the restoration, preservation, and maintenance of each ship under the terms of the operator agreement. Expenditure incurred by the operating company is recognised 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.

1.11. Assets held by the National Museum of the Royal Navy Trading

The tangible fixed assets of the National Museum of the Royal Navy Trading are stated in the group accounts at historic cost less accumulated depreciation. Depreciation has been provided at rates calculated to spread the cost of each asset over its expected useful life as follows:

Property Improvements	- over the lease term
Fixtures and Fittings	- 5 years
Plant and machinery	- 5 years
Office Equipment	- 5 years
Exhibitions	- 4 years

1.12. Leased assets

Rentals applicable to operating leases are charged to the Statement of Financial Activities as incurred.

1.13. Investment properties

Investment properties are measured at fair value at each reporting date with changes in fair value recognised in 'net gains/(losses) on investments' in the Statement of Financial Activities.

1.14. Stock

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell, after making due allowance for obsolescence and slow moving items.

1.15. Basic financial Instruments

The charity's financial assets and liabilities consist of cash and cash equivalents, trade and other debtors, and trade and other creditors. The fair value of these items approximates their carrying value due to their short term value. Unless otherwise noted, the company is not exposed to significant interest, foreign exchange or credit risks arising from these instruments.

Notes to the financial statements
for the year ended 31 March 2023

Term deposits of less than one year are classified as investments within current assets.

1.16. Pensions

The majority of staff of NMRN Operations and its subsidiary are covered by the provisions of a defined contributions group pension plan, the assets of which are held in an independently administered fund and which provides benefits based on the value of the fund.

A small number of staff who have transferred into NMRN Operations under the Transfer of Undertakings (Protection of Employment) Regulations 1981 have retained membership of their former employers' pension schemes, which provide benefits based on final pensionable pay and include the Principal Civil Service Pension Scheme (PCSPS) and the Local Government Pension Scheme (LGPS).

Group Pension Plan

The National Museum operates a Group Pension Plan with employer's contributions being payable at 6% or 10%. Under this plan, a "salary exchange" scheme exists whereby employees may elect to give up the right to receive part of their salary remuneration in return for an additional employer's contribution into the Group Pension Plan of the same amount.

The pension cost charged to the Statement of Financial Activities represents the contributions paid.

Principal Civil Service Pension Scheme (PCSPS)

The PCSPS is an unfunded multi-employer defined benefit scheme but the National Museum of the Royal Navy is unable to identify its share of the underlying assets and liabilities. This scheme has therefore been accounted for as if it were a defined contribution scheme in accordance with Charity SORP (FRS102).

Local Government Pension Scheme (LGPS)

The LGPS is a multi-employer defined benefit scheme.

The National Museum of the Royal Navy is an admitted member of the Hampshire Pension Fund and the Teesside Pension Fund and is able to identify its share of the underlying assets and liabilities. The schemes have therefore been accounted for as defined benefit schemes in accordance with Charity SORP (FRS102).

1.17. Termination benefits

The group recognises a liability for termination benefits at the point where the group is committed to making the payments in return for employee redundancy.

Notes to the financial statements
for the year ended 31 March 2023

2. Grants and donations received

During the year the following grants and donations were received:

	Unrestricted funds £	Restricted funds £	Total 2023 £	Unrestricted funds £	Restricted funds £	Total 2022 £
National Museum of the Royal Navy						
Operations	5,462,465	-	5,462,465	4,870,023	-	4,870,023
Projects	-	887,000	887,000	-	-	-
Purchase of exhibits	-	-	-	91,089	-	91,089
	<u>5,462,465</u>	<u>887,000</u>	<u>6,262,465</u>	<u>4,961,112</u>	<u>-</u>	<u>4,961,112</u>
Other grants and donations						
Heritage Lottery Fund Grant - LCT 7074	-	804,994	804,994	-	-	-
Coronavirus Job Retention Scheme	-	-	-	-	121,628	121,628
Coastal Forces Heritage Trust	-	-	-	-	87,000	87,000
Fleet Air Arm Museum Trust	-	635,815	635,815	-	56,255	56,255
Lady Cobham	-	-	-	-	150,000	150,000
Hartlepool Borough Council	309,667	3,524,918	3,834,585	359,563	-	359,563
HMS Victory Preservation Endowment Fund	-	7,783,648	7,783,648	-	750,000	750,000
HMS Victory Preservation Company	-	97,079	97,079	-	809,358	809,358
Maritime Archaeology Sea Trust	-	61,890	61,890	-	53,516	53,516
RMA The Royal Marines Charity	-	-	-	-	(1,000,000)	(1,000,000)
Royal Navy Submarine Museum Trust	-	-	-	-	6,692	6,692
Society of Friends of Fleet Air Arm Museum	-	-	-	-	20,000	20,000
Society of Nautical Research	-	100,000	100,000	-	-	-
Miscellaneous donations and grants	26,533	118,934	145,467	37,775	38,672	76,447
	<u>336,200</u>	<u>13,127,278</u>	<u>13,463,478</u>	<u>397,338</u>	<u>1,093,121</u>	<u>1,490,459</u>

3. Admissions

	Unrestricted funds £	Total 2023 £	Unrestricted funds £	Total 2022 £
Portsmouth Historic Dockyard	4,393,792	4,393,792	4,092,030	4,092,030
Fleet Air Arm Museum	809,289	809,289	734,733	734,733
Hartlepool	279,921	279,921	236,029	236,029
HMS Caroline	6,239	6,239	-	-
	<u>5,489,241</u>	<u>5,489,241</u>	<u>5,062,792</u>	<u>5,062,792</u>

Admissions income includes amounts reclaimed from HM Revenue and Customs under the Gift Aid Scheme.

Notes to the financial statements
for the year ended 31 March 2023

4. Income and expenses from trading activities of subsidiaries

National Museum of the Royal Navy Trading

The company controls the National Museum of the Royal Navy Trading (NMRNT), a company limited by guarantee incorporated in England and Wales. NMRNT operates a number of souvenir shops within the Museums and the corporate events.

At the discretion of its directors, NMRNT distributes its net profit to NMRN Operations (the parent).

A summary of the company's trading results is shown below:

	2023	2022
	£	£
Turnover	2,131,520	1,620,298
Cost of sales	(744,604)	(707,153)
Gross Profit	<u>1,386,916</u>	<u>913,145</u>
Administration expenses	(1,048,843)	(863,610)
Other income	119,688	19,225
Net profit / (loss)	<u>457,761</u>	<u>68,760</u>
Tax on ordinary activities	17,186	(55,043)
Available for distribution	<u>474,947</u>	<u>13,717</u>
Amount gifted to NMRN Operations	(525,812)	-
	<u>(50,865)</u>	<u>13,717</u>
Reserves brought forward	<u>344,475</u>	<u>330,758</u>
Reserves carried forward	<u><u>293,610</u></u>	<u><u>344,475</u></u>
Assets	1,235,134	813,126
Liabilities	(941,524)	(468,651)
Retained earnings	<u><u>293,610</u></u>	<u><u>344,475</u></u>

5. Other income

	Unrestricted	Total	Unrestricted	Total
	funds	2023	funds	2022
	£	£	£	£
Education workshops	22	22	375	375
CLRA events	5,020	5,020	4,212	4,212
Hires	13,657	13,657	11,277	11,277
Collections	1,883	1,883	1,540	1,540
Media	5,227	5,227	585	585
Museum & Galleries Exhibition Tax Relief	170,110	170,110	219,821	219,821
Sundry income	72,558	72,558	47,214	47,214
	<u>268,477</u>	<u>268,477</u>	<u>285,024</u>	<u>285,024</u>

Notes to the financial statements
for the year ended 31 March 2023

6. Cost of generating funds

	Unrestricted funds £	Total 2023 £	Unrestricted funds £	Total 2022 £
Staff costs	890,146	890,146	702,395	702,395
Premises expenses	279,802	279,802	174,888	174,888
Fundraising operating costs	88,200	88,200	112,741	112,741
Printing, postage and stationery	4,544	4,544	5,934	5,934
Telephone	11,492	11,492	9,227	9,227
Events and functions	43,703	43,703	10,650	10,650
Membership scheme	1,005	1,005	1,696	1,696
	<u>1,318,892</u>	<u>1,318,892</u>	<u>1,017,531</u>	<u>1,017,531</u>

7. Museum and visitor operations

	Collections Operations & Research		Learning	Total 2023	Total 2022
	£	£	£	£	£
Staff costs	3,555,838	693,279	491,494	4,740,611	4,211,490
Other staff costs	131,134	26,227	17,484	174,845	235,166
Marketing	672,672	-	-	672,672	306,042
Site costs	218,518	-	-	218,518	304,435
Computer costs	351,831	-	-	351,831	375,110
Curatorial	-	423,754	-	423,754	939,274
Purchase of exhibits	-	450	-	450	17,220
Exhibition costs	-	66,746	-	66,746	14,133
Waterbus operating costs	119,807	-	-	119,807	80,647
Depreciation	1,364,955	272,993	181,993	1,819,941	860,984
Loss on disposal of fixed assets	18,311	3,662	2,442	24,415	215,955
Governance and support costs	2,431,885	475,284	335,346	3,242,515	2,691,227
	<u>8,864,951</u>	<u>1,962,395</u>	<u>1,028,759</u>	<u>11,856,105</u>	<u>10,251,683</u>
Project costs					
HMS Invincible	39,316	-	-	39,316	76,506
HMS Victory Preservation	2,381,127	-	-	2,381,127	1,318,819
Landing Craft (Tank) LCT7074	49,278	-	-	49,278	59,037
Royal Marines Museum relocation	37,113	-	-	37,113	(38,730)
Hartlepool project costs	249,571	-	-	249,571	101,792
Fleet Air Arm Museum project costs	25,983	-	-	25,983	5,068
Coastal Forces Gallery	-	-	-	-	83,545
Other project costs	160,522	-	-	160,522	8,538
	<u>2,942,910</u>	<u>-</u>	<u>-</u>	<u>2,942,910</u>	<u>1,614,575</u>
	<u>11,807,861</u>	<u>1,962,395</u>	<u>1,028,759</u>	<u>14,799,015</u>	<u>11,866,258</u>

Notes to the financial statements
for the year ended 31 March 2023

8. Governance and support costs

	Operations £	Collections & Research £	Learning £	Total 2023 £	Total 2022 £
Governance costs					
Legal and professional	45,454	9,091	6,061	60,606	177,314
Consultancy	81,133	16,227	10,818	108,178	96,408
Accountancy & payroll	35,220	7,044	4,696	46,960	38,890
Auditors' remuneration	14,090	2,818	1,879	18,787	37,887
Internal auditors' remuneration	28,485	5,697	3,798	37,980	34,383
Support costs					
Repairs and maintenance	476,511	95,302	63,535	635,348	684,844
Insurance	344,895	68,979	45,986	459,860	248,499
Premises costs	1,101,722	209,852	157,389	1,468,963	1,074,314
Printing, postage and stationery	17,892	3,408	2,556	23,856	36,451
Telephone	45,248	8,619	6,464	60,331	56,683
Travelling	117,889	23,578	15,719	157,186	55,556
Bank charges and interest	63,702	12,740	8,493	84,935	98,314
Health and safety	13,180	2,636	1,757	17,573	20,192
Sundry expenses	5,253	1,051	700	7,004	8,403
Subscriptions	41,211	8,242	5,495	54,948	23,089
	<u>2,431,885</u>	<u>475,284</u>	<u>335,346</u>	<u>3,242,515</u>	<u>2,691,227</u>

9. Grants payable

	Unrestricted funds £	Restricted funds £	Total 2023 £	Unrestricted funds £	Restricted funds £	Total 2022 £
Royal Naval Museum	-	-	-	167,500	20,000	187,500
National Museum of the Royal Navy	4,000	53,484	57,484	-	4,125	4,125
	<u>4,000</u>	<u>53,484</u>	<u>57,484</u>	<u>167,500</u>	<u>24,125</u>	<u>191,625</u>

Notes to the financial statements
for the year ended 31 March 2023

10. Employee costs

	Group	Group	Charity	Charity
	2023	2022	2023	2022
	£	£	£	£
Employment costs				
Wages and salaries	6,163,311	5,037,972	6,163,311	5,037,972
Social security costs	506,694	370,750	506,694	370,750
Defined contribution pension costs	407,067	349,057	407,067	349,057
Defined benefit pension costs	61,525	71,448	61,525	71,448
Recharges	-	-	(610,440)	(312,203)
	<u>7,138,597</u>	<u>5,829,227</u>	<u>6,528,157</u>	<u>5,517,024</u>

Key management personnel

Key management personnel are employed by the parent charity.

Higher paid employees

The number of employees who earned more than £60,000 during the year was as follows:

	2023	2022
£60,001 to £70,000	3	2
£70,001 to £80,000	1	1
	<u>4</u>	<u>3</u>

Number of employees

The average monthly number of employees during the period was as follows:

	2023	2022
Fundraising	4	4
Charitable activities	353	294
Governance	3	3
	<u>360</u>	<u>301</u>

During this financial year Nil (2022: 7) redundancies were identified and contractual/redundancy costs of £Nil (2022: £19,367) were paid in the year with £Nil (2022: £Nil) being accrued at 31 March 2023.

Trustees' emoluments

No trustees received remuneration during the period. Five trustees were reimbursed for travel expenses totalling £898 (2022: £906).

Notes to the financial statements
for the year ended 31 March 2023

11. Pensions

NMRN Operations contributes to a Group Pension Plan and is a participating employer in the Principal Civil Service Pension Scheme and the Local Government Pension Scheme (including Hampshire Pension Fund and Teesside Pension Fund).

Principal Civil Service Pension Scheme (PCSPS)

The PCSPS is an unfunded multi-employer defined benefit scheme but NMRN Operations is unable to identify its share of the underlying assets and liabilities. A full actuarial quadrennial valuation was carried out at 31 March 2016. Details can be found in the resource accounts of the Cabinet Office; Civil Superannuation: www.civilservicepensionscheme.org.uk/about-us/scheme-valuations/

For 2022-23, employer contributions were payable to the PCSPS at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands. The scheme actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2022-23 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Local Government Pension Scheme (LGPS)

The LGPS is a multi-employer defined benefit scheme.

Hampshire Pension Fund

The National Museum is an admitted member of the Hampshire Pension Fund. This fund has over 191,000 members. The actuaries of the fund are AON Hewitt. In the year ended 31 March 2023 two staff participated in the scheme. The disclosures below relate to the funded liabilities within the Hampshire Pension Fund (the 'Fund') which is part of the LGPS. The funded nature of the LGPS requires the National Museum and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Assumptions

The latest actuarial valuation was carried out at 31 March 2022. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the roll-forward approach. The principal assumptions used by the actuary in updating the latest valuation of the Fund for FRS 102 purposes were:

Period ended	31 March 2023	31 March 2022
	% p.a.	% p.a.
Pension Increase Rate (CPI)	2.60%	2.80%
Salary Increase Rate	3.60%	3.80%
Discount Rate	4.50%	2.70%

Asset allocation

Period ended	31 March 2023	31 March 2022
Equities	57.6%	56.9%
Property	6.8%	6.9%
Government bonds	16.5%	17.2%
Multi asset credit	0.0%	9.0%
Cash	1.1%	0.9%
Other	18.0%	9.1%

Reconciliation of funded status to the Balance Sheet

	31 March 2023	31 March 2022
	£(000)	£(000)
Fair value of assets	423	444
Present value of funded liabilities	350	520
Pension liability recognised on the balance sheet	73	(76)

Notes to the financial statements
for the year ended 31 March 2023

Amounts recognised in the Statement of Financial Activities

	31 March 2023	31 March 2022
	£(000)	£(000)
Operating cost:		
Current service cost	33	34
Financing cost:		
Interest on net defined benefit liability	2	3
Pension expense recognised in the Statement of Financial Activities	35	37

	31 March 2023	31 March 2022
	£(000)	£(000)
Asset gains/(losses) arising during the period	(38)	20
Liability gains/(losses) arising during the period	222	80
Gains/(losses) recognised in the Statement of Financial Activities	184	100

Changes made to the present value of the defined benefit obligation during the accounting period

	31 March 2023	31 March 2022
	£(000)	£(000)
Opening defined benefit obligation	520	550
Current service cost	33	34
Interest expense on defined benefit obligation	14	12
Contributions by participants	5	4
Actuarial (gains)/losses on liabilities	(222)	(80)
Net benefits paid out	-	-
Closing defined benefit obligation	350	520

Changes to the fair value of assets during the accounting period

	31 March 2023	31 March 2022
	£(000)	£(000)
Opening fair value of assets	444	411
Interest income on assets	12	9
Remeasurement gains/(losses) on assets	(38)	20
Contributions by the employer	-	-
Contributions by participants	5	4
Net benefits paid out	-	-
Closing fair value of assets	423	444

Actual return on assets

	31 March 2023	31 March 2022
	£(000)	£(000)
Interest income of assets	12	9
Gain/(loss) on assets	(38)	20
Total amount recognised in the Statement of Financial Activities	(26)	29

Teesside Pension Fund

The National Museum is an admitted member of the Teesside Pension Fund. This fund has over 71,500 members. The actuaries of the fund are AON Hewitt. In the year ended 31 March 2023 six staff participated in the scheme. The disclosures below relate to the funded liabilities within the Teesside Pension Fund (the 'Fund') which is part of the LGPS. The funded nature of the LGPS requires the National Museum and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Notes to the financial statements
for the year ended 31 March 2023

Assumptions

The latest actuarial valuation was carried out at 31 March 2022. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the roll-forward approach. The principal assumptions used by the actuary in updating the latest valuation of the Fund for FRS 102 purposes were:

Period ended	31 March 2023	31 March 2022
	% p.a.	% p.a.
Pension Increase Rate (CPI)	3.00%	3.20%
Salary Increase Rate	4.00%	4.20%
Discount Rate	4.75%	2.70%

Asset allocation

Period ended	31 March 2023	31 March 2022
Equities	70%	68%
Bonds	0%	0%
Property	23%	16%
Cash	7%	16%

Reconciliation of funded status to the Balance Sheet

	31 March 2023	31 March 2022
	£(000)	£(000)
Fair value of assets	618	759
Present value of funded liabilities	534	956
Pension liability recognised on the balance sheet	84	(197)

Amounts recognised in the Statement of Financial Activities

	31 March 2023	31 March 2022
	£(000)	£(000)
Operating cost:		
Current service cost	23	27
Financing cost:		
Interest on net defined benefit liability	5	7
Pension expense recognised in the Statement of Financial Activities	28	34

	31 March 2023	31 March 2022
	£(000)	£(000)
Asset gains/(losses) arising during the period	(169)	71
Liability gains/(losses) arising during the period	470	74
Gains/(losses) recognised in the Statement of Financial Activities	301	145

Changes made to the present value of the defined benefit obligation during the accounting period

	31 March 2023	31 March 2022
	£(000)	£(000)
Opening defined benefit obligation	956	988
Current service cost	23	27
Interest expense on defined benefit obligation	26	20
Contributions by participants	3	3
Actuarial (gains)/losses on liabilities	(470)	(74)
Net benefits paid out	(4)	(8)
Closing defined benefit obligation	534	956

Notes to the financial statements
for the year ended 31 March 2023

Changes to the fair value of assets during the accounting period

	31 March 2023	31 March 2022
	£(000)	£(000)
Opening fair value of assets	759	672
Interest income on assets	21	13
Remeasurement gains/(losses) on assets	(169)	71
Contributions by the employer	8	8
Contributions by participants	3	3
Net benefits paid out	(4)	(8)
Closing fair value of assets	618	759

Actual return on assets

	31 March 2023	31 March 2022
	£(000)	£(000)
Interest income of assets	21	13
Gain/(loss) on assets	(169)	71
Total amount recognised in the Statement of Financial Activities	(148)	84

Group Pension Plan

The National Museum operates a Group Pension Plan with employer's contributions being payable at 6% or 10%. Under this plan, a "salary exchange" scheme exists whereby employees may elect to give up the right to receive part of their salary remuneration in return for an additional employer's contribution into the Group Pension Plan of the same amount.

The cost relating to each scheme is set out below. There were no outstanding or prepaid contributions at the balance sheet date:

	2023	2022
	£	£
Defined contribution schemes		
Group scheme	389,966	334,216
PCSPS	17,493	15,073
Defined benefit schemes		
LGPS - Hampshire Pension Fund	35,000	37,000
LGPS - Teesside Pension Fund	26,525	34,448
	<u>468,984</u>	<u>420,737</u>

12. Net outgoing resources for the year

	2023	2022
	£	£
Net outgoing resources for the year is stated after charging:		
Depreciation and other amounts written off tangible assets	1,528,071	1,076,939
Auditors' remuneration	18,787	37,887
	<u>1,546,858</u>	<u>1,114,826</u>

13. Taxation

The activities of the company fall within the exemptions afforded by the provisions of the Corporation Tax Act 2010. Accordingly there is no tax charge in these accounts. The company's trading subsidiary is subject to corporation tax.

Notes to the financial statements
for the year ended 31 March 2023

14. Fixed assets

Group

	Investment properties	Short leasehold land & buildings	Assets under construction	Improvements to property	& office equipment	Computer fixtures & fittings	Plant & machinery	Exhibition costs	Total
	£	£	£	£	£	£	£	£	£
Cost or valuation									
At 1 April 2022	-	4,475,000	188,720	7,967,248	529,681	3,184,335	8,416,831	2,358,023	27,119,838
Additions	650,000	2,820,242	-	-	95,022	852,051	3,289,505	993,698	8,700,518
Transfers	-	31,580	(188,720)	-	-	-	-	157,140	-
Revaluation	(60,000)	540,456	-	971,646	40,658	872,128	1,381,055	377,632	4,123,575
Disposals	-	-	-	-	(2,785)	(495,451)	(42,803)	(348,984)	(890,023)
At 31 March 2023	590,000	7,867,278	-	8,938,894	662,576	4,413,063	13,044,588	3,537,509	39,053,908
Depreciation									
At 1 April 2022	-	-	-	316,278	358,094	1,440,013	943,635	755,948	3,813,968
Charge for the year	-	174,921	-	234,400	107,951	251,228	770,614	355,377	1,894,491
Revaluation	-	-	-	352,964	24,368	575,779	122,914	59,452	1,135,477
On disposals	-	-	-	-	(2,785)	(482,408)	(27,317)	(262,030)	(774,540)
At 31 March 2023	-	174,921	-	903,642	487,628	1,784,612	1,809,846	908,747	6,069,396
Net book values									
At 31 March 2023	590,000		7,692,357			8,035,252	11,234,74	2,628,762	32,984,5
At 31 March 2022	-	4,475,000	188,720	7,650,970	171,587	1,744,322	7,473,196	1,602,075	23,305,870

NMRN Operations
(A company limited by guarantee)
Company number: 09988314

Notes to the financial statements
for the year ended 31 March 2023

Notes to the financial statements
for the year ended 31 March 2023

Charity

	Investment properties	Short leasehold land & buildings	Assets under Improvements constructi on	to property	& office equipment	Computer Fixtures & fittings	Plant & machinery	Exhibition costs	Total
	£	£	£	£	£	£	£	£	£
Cost or valuation									
At 1 April 2022	-	4,475,000	188,720	7,967,248	529,681	3,067,598	8,167,372	2,010,213	26,405,832
Additions	650,000	2,820,242	-	-	95,022	802,888	3,263,991	993,698	8,625,841
Transfers	-	31,580	(188,720)	-	-	-	-	157,140	-
Revaluation	(60,000)	540,456	-	971,646	40,658	872,128	1,381,055	377,632	4,123,575
Disposals	-	-	-	-	(2,785)	(443,442)	(26,685)	(1,174)	(474,086)
At 31 March 2023	590,000	7,867,278	-	8,938,894	662,576	4,299,172	12,785,733	3,537,509	38,681,162
Depreciation									
At 1 April 2022	-	-	-	316,278	358,094	1,378,590	877,621	495,092	3,425,675
Charge for the year	-	174,921	-	234,400	107,951	228,449	718,843	355,377	1,819,941
Revaluation	-	-	-	352,964	24,368	575,779	122,914	59,452	1,135,477
On disposals	-	-	-	-	(2,785)	(433,930)	(11,782)	(1,174)	(449,671)
At 31 March 2023	-	174,921	-	-	903,642	487,628	1,748,888	1,707,596	908,747
Net book values									
At 31 March 2023	590,000	7,692,357	-	-	8,035,252	174,948	2,550,284	11,078,137	32,749,740
At 31 March 2022	-	4,475,000	188,720	7,650,970	171,587	1,689,008	7,289,751	1,515,121	22,980,157

Land and buildings previously owned by the Royal Navy Submarine Museum were revalued at 6 May 2022 by Avison Young in accordance with the stated accounting policy. The revaluation was conducted by a qualified surveyor on a depreciated replacement cost basis and in accordance with the RICS Valuation – Global Standards 2022

NMRN Operations
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Notes to the financial statements
for the year ended 31 March 2023

(the Red Book). The Investment Property was revalued at 31 March 2023 by Lambert Smith Hampton on the basis of market value in accordance with the RICS Red Book Global Standards.

Notes to the financial statements
for the year ended 31 March 2023

15. Stocks

	Group 2023	Group 2022	Charity 2023	Charity 2022
	£	£	£	£
The amounts attributable to the different categories are as follows:				
Goods for resale	472,389	347,646	42,681	24,000
HMS Victory arisings	190,605	190,605	190,605	190,605
	<u>662,994</u>	<u>538,251</u>	<u>233,286</u>	<u>214,605</u>

16. Debtors

	Group 2023	Group 2022	Charity 2023	Charity 2022
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	225,570	106,811	141,118	81,915
Other debtors	217,900	65,741	155,535	55,824
Prepayments and accrued income	592,610	731,210	574,959	705,266
VAT	223,512	301,777	280,418	260,778
Amount due from associated companies	3,794,031	1,904,655	4,419,320	1,972,945
	<u>5,053,623</u>	<u>3,110,194</u>	<u>5,571,350</u>	<u>3,076,728</u>

17. Creditors: amounts falling due within one year

	Group 2023	Group 2022	Charity 2023	Charity 2022
	£	£	£	£
Trade creditors	631,567	801,361	609,449	701,485
Other taxes and social security	124,740	110,188	124,740	110,188
Other creditors	243,913	157,695	199,589	93,743
Deferred income	142,981	43,469	36,298	43,469
Amounts due to associated companies	23,918	68,837	23,918	68,837
Accruals	1,153,668	1,774,362	1,068,307	1,540,982
	<u>2,320,787</u>	<u>2,955,912</u>	<u>2,062,301</u>	<u>2,558,704</u>

Notes to the financial statements
for the year ended 31 March 2023

18. Analysis of net assets between funds

	Tangible Fixed Assets £	Net Current Assets £	Pension Scheme Asset £	Total 2023 £
Restricted funds	19,383,892	1,887,903	-	21,271,795
Unrestricted funds	13,365,848	3,390,510	157,000	16,913,358
Designated funds	-	507,462	-	507,462
	<u>32,749,740</u>	<u>5,785,875</u>	<u>157,000</u>	<u>38,692,615</u>
Non charitable trading funds	234,772	58,838	-	293,610
Total	<u><u>32,984,512</u></u>	<u><u>5,844,713</u></u>	<u><u>157,000</u></u>	<u><u>38,986,225</u></u>
Included in the above figures is the revaluation reserve:				
Revaluation reserve	<u>6,053,090</u>	<u>-</u>	<u>-</u>	<u>6,053,090</u>

	Tangible Fixed Assets £	Net Current Assets £	Pension Scheme Liability £	Total 2022 £
Restricted funds	15,268,613	(536,997)	-	14,731,616
Unrestricted funds	7,711,544	2,267,323	(273,000)	9,705,867
Designated funds	-	340,862	-	340,862
	<u>22,980,157</u>	<u>2,071,188</u>	<u>(273,000)</u>	<u>24,778,345</u>
Non charitable trading funds	325,713	18,762	-	344,475
Total net assets	<u><u>23,305,870</u></u>	<u><u>2,089,950</u></u>	<u><u>(273,000)</u></u>	<u><u>25,122,820</u></u>
Included in the above figures is the revaluation reserve:				
Revaluation reserve	<u>3,004,992</u>	<u>-</u>	<u>-</u>	<u>3,004,992</u>

19. Unrestricted funds

	At 1 April 2022 £	Incoming Resources £	Outgoing Resources £	Transfers £	Gains and Losses £	At 31 March 2023 £
Unrestricted funds	9,705,867	12,683,890	(12,185,440)	5,156,395	1,552,646	16,913,358
Designated funds	340,862	-	-	166,600	-	507,462
	<u>10,046,729</u>	<u>12,683,890</u>	<u>(12,185,440)</u>	<u>5,322,995</u>	<u>1,552,646</u>	<u>17,420,820</u>
Non charitable trading funds	344,475	2,251,208	(2,302,073)	-	-	293,610
Consolidation adjustments	-	(525,812)	525,812	-	-	-
	<u><u>10,391,204</u></u>	<u><u>14,409,286</u></u>	<u><u>(13,961,701)</u></u>	<u><u>5,322,995</u></u>	<u><u>1,552,646</u></u>	<u><u>17,714,430</u></u>

Notes to the financial statements
for the year ended 31 March 2023

	At 1 April 2021	Incoming Resources	Outgoing Resources	Transfers	Gains and Losses	At 31 March 2022
	£	£	£	£	£	£
Unrestricted funds	9,459,099	10,973,238	(10,801,566)	625,523	(550,427)	9,705,867
Designated funds	81,006	-	-	259,856	-	340,862
	<u>9,540,105</u>	<u>10,973,238</u>	<u>(10,801,566)</u>	<u>885,379</u>	<u>(550,427)</u>	<u>10,046,729</u>
Non charitable trading funds	330,758	1,639,523	(1,625,806)	-	-	344,475
Consolidation adjustments	-	-	-	-	-	-
	<u>9,870,863</u>	<u>12,612,761</u>	<u>(12,427,372)</u>	<u>885,379</u>	<u>(550,427)</u>	<u>10,391,204</u>

Designated funds represent funds designated for the PHD Masterplan, NMRN Site Improvement, Preservation of the Historic Fleet and the Kochan Collection.

20. Restricted funds

	At 1 April 2022	Incoming Resources	Outgoing Resources	Transfers	Gains and Losses	At 31 March 2023
	£	£	£	£	£	£
RNM Development fund	5,898,588	-	(217,926)	-	544,844	6,225,506
HMS Alliance fund	44,894	102	-	-	-	44,996
HMS Caroline fund	55,849	-	-	-	-	55,849
HMS Invincible fund	4,351	61,890	(39,316)	(20,144)	-	6,781
HMS M33 fund	50,579	-	-	-	-	50,579
HMS Warrior 1860 fund	91,252	800,000	(26,610)	(773,277)	-	91,365
HMS Victory Preservation fund	4,621,840	7,980,727	(3,032,937)	(457,852)	969,997	10,081,775
LCT 7074 fund	(734,325)	804,994	(49,278)	-	-	21,391
RMM New Museum	53,689	7,881	(37,113)	-	-	24,457
Hartlepool development fund	(129,544)	3,524,918	(249,571)	(3,470,243)	-	(324,440)
Airships Collection fund	19,146	-	-	-	-	19,146
Barracuda project fund	20,490	65	(1,389)	-	-	19,166
Coastal Forces Gallery fund	(9,511)	-	-	9,511	-	-
Cobham Hall & Leading Edge	150,000	-	-	-	-	150,000
Dommett Archive fund	6,000	-	-	-	-	6,000
FAAM Carrier fund	-	658,867	(25,983)	(632,884)	-	-
Kochan Collection fund	53,484	-	(53,484)	-	-	-
Trincomalee fund	29,778	-	-	-	-	29,778
Other restricted funds (projects)	39,007	93,229	(57,331)	21,894	693	97,492
Centennial fund	17,077	-	(515)	-	1,476	18,038
Fieldhouse fund	4,448,972	-	(198,498)	-	403,442	4,653,916
	<u>14,731,616</u>	<u>13,932,673</u>	<u>(3,989,951)</u>	<u>(5,322,995)</u>	<u>1,920,452</u>	<u>21,271,795</u>

Notes to the financial statements
for the year ended 31 March 2023

In 2000 the Royal Naval Museum completed phase I of a major capital development programme to redesign and refit existing galleries and bring new display and office space into use. The movements on the Development fund shown represent the income raised by donations and grants from the National Heritage Memorial Fund and other organisations, less the revenue expenditure and depreciation incurred up to the balance sheet date.

The HMS Alliance fund consisting of funding received for the ongoing maintenance of HMS Alliance.

The HMS Caroline fund is for the conservation of the ship and its development as a visitor attraction. This work has been fully funded by HLF and the Northern Ireland Tourist Board to the National Museum.

The HMS Invincible 1744 fund relates to a National Heritage Lottery Funded joint project with the Maritime Archaeological Sea Trust (MAST) for activities and an exhibition based on a new dive and excavation of the wreck site.

The HMS M33 fund is for the conservation and presentation/interpretation of the ship, work which has been primarily funded by the Heritage Lottery Fund (HLF), and supported by funding from Hampshire County Council.

The HMS Warrior 1860 Preservation fund is for the conservation of the bulwarks, work which has been primarily funded by the HLF.

The HMS Victory Preservation fund is for the conservation and ongoing maintenance of the ship, work which is funded by grants from the HMS Victory Preservation Company and the HMS Victory Preservation Endowment Fund.

The LCT7074 fund relates to the restoration of the last Landing Craft (Tank) to take part in Operation Neptune and is primarily funded by the National Lottery Heritage Fund with match funding from other donors.

The RMM New Museum fund represents funding received for the relocation of the new Royal Marines Museum to Portsmouth Historic Dockyard.

The Hartlepool Development fund includes grant funding from the Tees Valley Combined Authority for the joint redevelopment of NMRN Hartlepool and the surrounding waterfront area, to support the regeneration of Hartlepool.

The Airships Collection fund was received from the Mrs L D Rope Fourth Charitable Settlement towards supporting work on an airship heritage trust collection at Fleet Air Arm Museum.

The Barracuda Project Fund is made up of donations to restore a Barracuda and provides for expenses such as materials.

The Coastal Forces Gallery fund relates to a joint project to develop a major permanent exhibition on the Royal Navy's Coastal Forces and was primarily granted by the Coastal Forces Heritage Trust.

The Dommett Archive fund was donated by the Dommett family towards the cost of archiving the papers of Roy Dommett CBE.

Other restricted funds were received towards funding specific projects across the group's museums.

The following restricted funds related to the purchase of tangible fixed assets:

The Centennial Project fund, created to mark the anniversary of Holland I, and to be used for improving buildings on the Royal Navy Submarine Museum site; the Fieldhouse fund consisting of funding received for the improvement and construction of buildings housing exhibits in the Royal Navy Submarine Museum.

Transfers between funds

The transfers from restricted to unrestricted funds reflect costs recharged to projects, and the value of tangible fixed assets which have been purchased using restricted funds, but are held for general purpose, in accordance with SORP 2019 section 2.26.

Notes to the financial statements
for the year ended 31 March 2023

Restricted funds (Continued)

	At 1 April 2021	Incoming Resources	Outgoing Resources	Transfers	Gains and Losses	At 31 March 2022
	£	£	£	£	£	£
RNM Development fund	5,865,979	-	(199,318)	(83,313)	315,240	5,898,588
HMS Alliance fund	46,490	(1,500)	(96)	-	-	44,894
HMS Caroline fund	61,191	-	(5,342)	-	-	55,849
HMS Invincible fund	72,635	54,576	(76,506)	(46,354)	-	4,351
HMS M33 fund	50,579	-	-	-	-	50,579
HMS Warrior 1860 fund	91,173	(3,155)	3,234	-	-	91,252
HMS Victory Preservation fund	4,557,371	1,559,356	(1,556,911)	(122,172)	184,196	4,621,840
LCT 7074 fund	(468,826)	(400)	(59,037)	(206,062)	-	(734,325)
RMM New Museum	-	53,689	-	-	-	53,689
RMM RMC fund	1,000,000	(1,000,000)	-	-	-	-
Hartlepool development fund	-	(25,856)	(100,854)	(2,834)	-	(129,544)
Hartlepool projects fund	28,878	1,151	(939)	688	-	29,778
Airships Collection fund	19,146	-	-	-	-	19,146
Barracuda project fund	22,033	301	(1,844)	-	-	20,490
Coastal Forces Gallery fund	276,878	110,000	(83,545)	(312,844)	-	(9,511)
Cobham Hall & Leading Edge	-	150,000	-	-	-	150,000
Dommett Archive fund	6,000	-	-	-	-	6,000
FAAM Carrier fund	-	56,255	(1,078)	(55,177)	-	-
Kochan Collection fund	53,484	-	-	-	-	53,484
Coronavirus Job Retention Scheme	-	121,628	(121,628)	-	-	-
Other restricted funds (projects)	68,210	23,376	4,512	(57,311)	220	39,007
Centennial fund	10,263	-	-	-	6,814	17,077
Fieldhouse fund	3,203,382	-	(74,496)	-	1,320,086	4,448,972
	<u>14,964,866</u>	<u>1,099,421</u>	<u>(2,273,848)</u>	<u>(885,379)</u>	<u>1,826,556</u>	<u>14,731,616</u>

The RMM RMC Fund relates to a pledge from the Royal Marines Association – The Royal Marines Charity that had been made in 2019 to support delivery of a new museum in 2022. This pledge was subsequently withdrawn owing to the delays in project delivery and in securing other funding streams.

21. Revaluation reserve

	£
At 1 April 2022	3,004,992
Revaluation of fixed assets	3,048,098
At 31 March 2023	<u>6,053,090</u>
	£
At 1 April 2021	1,025,767
Revaluation of fixed assets	1,979,225
At 31 March 2022	<u>3,004,992</u>

22. Commitments and contingent liabilities

Notes to the financial statements
for the year ended 31 March 2023

The company had capital commitments contracted but not provided for in the financial statements amounting to £900,495 (2022: £778,342). There were no contingent liabilities at 31 March 2023 (2022: £Nil).

23. Financial commitments

The charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2023	2022
	£	£
Within one year	406,808	406,808
Between one and five years	1,627,232	1,625,732
Greater than five years	21,745,056	22,146,364
	<u>23,779,096</u>	<u>24,178,904</u>

24. Related party transactions

Parent charitable company

NMRN Operations considers the National Museum of the Royal Navy (the “National Museum”), a charitable company (charity number 1126283, company number 06699696), to be its ultimate parent undertaking. NMRN Operations receives grant funding from the National Museum which is separately disclosed in the Statement of Financial Activities.

Subsidiary company

Company name	Company number	Percentage shareholding	Description
National Museum of the Royal Navy Trading	01261270	N/A	Souvenir shops & corporate events

Joint Venture

NMRN Operations is a related party of Portsmouth Historic Dockyard Operations Limited (PHD Operations Limited), a company limited by shares (company number 12799836) and a Joint Venture with the Mary Rose Trust. In the consolidated financial statements, PHD Operations Limited has been treated as a Joint Venture in which the company has a 50% interest.

A summary of the results for the year are as follows:

	2023		2022	
	Company share	Total	Company share	Total
	£	£	£	£
Trading income	9,842	19,684	-	-
Deficit contribution	91,667	183,334	70,664	141,328
Expenditure	(101,509)	(203,018)	(70,664)	(141,328)
Net income	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance Sheet				
Current assets	197,548	395,097	44,985	89,970
Current liabilities	(197,547)	(395,095)	(44,984)	(89,968)
Net assets	<u>1</u>	<u>2</u>	<u>1</u>	<u>2</u>

Notes to the financial statements
for the year ended 31 March 2023

PHD Operations Limited is responsible for the collection and distribution of ticketing income for the two members. The company contributes towards the deficit. During the year this totaled £127,435 (2022: £98,506) and is included within site costs shown in note 9.

25. Ultimate parent undertaking

NMRN Operations considers the National Museum to be its ultimate parent undertaking. Control is exercised by the National Museum being the corporate member of NMRN Operations.

The National Museum was established in 2008 as a holding company of the National Museum Group which operates a number of naval service museums. Its vision is to become the world's most respected Naval Museum. The National Museum's strategy sets out to increase the scale, scope and reach and resilience of the museum. The goal is to promote the public understanding of the Royal Navy past, present and future.

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

26. Analysis of cash and cash equivalents

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Cash and cash equivalents	2,448,883	1,397,417	2,043,540	1,333,759

27. Analysis of changes in net debt

	Group 2023 £	Group 2022 £	Charity 2023 £	Charity 2022 £
Cash and cash equivalents	2,448,883	1,397,417	2,043,540	1,333,759

28. Financial instruments

The carrying amounts of the charity's financial instruments are as follows:

	2023 £	2022 £
Financial assets		
Debt instruments measured at amortised cost:		
- Trade debtors (note 16)	141,118	81,915
- Amounts owed by group undertakings (note 16)	4,419,320	1,972,945
- Other debtors (note 16)	155,535	55,824
- Accrued income (note 16)	327,221	8,862
- VAT (note 16)	280,418	260,778
	<u>5,323,612</u>	<u>2,380,324</u>
Financial liabilities		
Measured at amortised cost		
- Trade creditors (note 17)	609,449	701,485
- Amounts owed to associated companies (note 17)	23,918	24,901
- Other creditors (note 17)	199,589	93,743
- Other taxes & social security (note 17)	124,740	110,188

NMRN Operations
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Company number: 09988314

Notes to the financial statements
for the year ended 31 March 2023

957,696 930,317

NMRN OPERATIONS

England & Wales - Charity number 1169061

Accounts

Charity number: 1169061
Company number: 09988314

NMRN Operations
(A company limited by guarantee)

Trustees' report and Consolidated financial statements

for the year ended 31 March 2021

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NMRN Operations
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Company number: 09988314

Legal and administrative information

Charity number	1169061
Company registration number	09988314
Registered office	H M Naval Base PP66 Portsmouth Hampshire PO1 3NH
Business address	H M Naval Base PP66 Portsmouth Hampshire PO1 3NH
Director General and Accounting Officer	Professor Dominic Tweddle
Trustees	Mr Richard Hatfield Mrs Emma Allen Mr Michael Bedingfield Mrs Jane Dean Ms Carol Marlow Mr Mark Pemberton Professor Dominic Tweddle
Accountants	Compass Accountants Limited Venture House, The Tanneries, East Street, Titchfield, Hampshire PO14 4AR
Auditors	PKF Littlejohn LLP 15 Westferry Circus, Canary Wharf, London, E14 4HD
Bankers	Natwest Bank Plc 130 Commercial Road, Portsmouth, Hampshire PO1 1ES

NMRN Operations
(A company limited by guarantee)
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Trustees' annual report (incorporating the directors' report) and Strategic report

Foreword

The charitable objectives of NMRN Operations (the company), as defined in the Articles of Association (as amended by Special Resolution 9 August 2016), are:

The promotion of the efficiency and effectiveness of charities for the benefit of the public, in particular by supporting and assisting the charitable work of the National Museum of the Royal Navy.

Performance Report

Overview

The company was formed as the operating company for the National Museum of the Royal Navy Group and operates the Fleet Air Arm Museum, the Royal Marines Museum, Explosion! Museum of Naval Firepower, NMRN Portsmouth (the Royal Naval Museum), HMS Caroline, NMRN Hartlepool, the Royal Navy Submarine Museum, HMS Victory, HMS M33, HMS Warrior, Portsmouth Historic Dockyard and Action Stations.

The National Museum of the Royal Navy (the National Museum) is the sole corporate member of the company.

The formation of NMRN Operations represented the final stage of integration within the National Museum, simplifying the governance structure and consolidating all operations and undertakings of the National Museum Group. The company is the main employer for the National Museum. This new structure realises the benefits of operation of the museums through a large organisation, improving visitor experience, enhancing access to the collections and providing greater cohesion in the delivery of the charitable objectives.

The National Museum's strategy sets out to increase the scale, scope, reach and resilience of the museum with a vision to become the world's most inspiring Naval Museum. It is one of the few national museums headquartered outside London, acquiring key sites also outside the capital, enabling people to learn, enjoy and engage with the story of the Royal Navy, and its impact in shaping the modern world.

Covid-19 Pandemic

During the reporting period, each of the National Museum's sites has been subject to various enforced closures, according to location, in response to the government's regional advice regarding the Covid-19 pandemic. All major projects were stalled and trading activity ceased for the three major lockdown periods, losing over 80% of trading days.

The National Museum took urgent steps to engage with HM Treasury and its sponsor, the Ministry of Defence, to secure additional grant in aid funding to replace lost trading income and to provide financial stability during the period. A bid by the National Museum to effectively underwrite financial performance for 2020-21, was successful and confirmation of a grant in aid uplift of up to £5.24 million for the National Museum Group was received from Navy Command on 27 July 2020. In reality, as a result of effective costs management and stronger than anticipated performance during the open periods, the National Museum was able to drawdown significantly less than this, claiming £4.69 million in the reporting period to support cash flows.

The company made use of the Coronavirus Job Retention (Furlough) Scheme, placing the majority of its eligible staff on "furlough leave" from 1 April 2020, leaving just 30% of its staff working on revenue activities from that date, falling to 11% by 31 May 2020. The scheme has been used in response to the various lockdowns throughout the reporting period.

The company undertook quick actions to put arrangements in place to reopen the National Museum's sites safely in accordance with the government's guidance, returning staff to the business under the flexible furlough scheme. Some attractions, such as Action Stations and the Horrible Histories® Pirates exhibition, were unable to reopen in accordance with Covid-19 Secure requirements to manage the risk of transmission. It was not possible to reopen HMS Caroline in Belfast, owing to inability to reach an appropriate operating and funding agreement with the NI Department for the Economy (DfE), with the original agreement expiring 30 June 2020.

Activities and Achievements

Visitor Services

In the period 2020-21, NMRN Operations delivered the visitor services for the National Museum and received 100,237 visits to museums and attractions across the group based on scanned ticket data. This represents a very significant reduction in visits on previous years, in line with the enforced closures of sites in accordance with the Covid-19 restrictions.

The scanning data also provides detailed data on the number of visits to each of the individual attractions including 26,825 visits to HMS Victory, 6,907 visits to HMS Warrior, 9,596 visits to the NMRN Portsmouth Galleries, 14,592 visits to the Fleet Air Arm Museum and 3,219 visits to the National Museum of the Royal Navy Hartlepool (despite only being able to open for a matter of weeks).

A combination of scanned ticket data, issued ticket data collection and monitoring and evaluation surveys and data dives, continue to inform the marketing strategy and admissions targets. External sector intelligence from the Association of Leading Visitor Attractions and Visit Britain has also provided valuable insight in the wake of the Covid-19 pandemic.

In terms of digital reach, the National Museum has adopted a new 'meaningful engagement' model to measure its digital reach and engagement, which reflects not just views of digital content but meaningful interactions with it. The National Museum sought to maintain a strong digital presence through the period, with its Facebook accounts reaching 4.1 million (2020: 1.3 million) users and had 824.6k engagements, and there were 2 million (2020 1.4 million) Twitter interactions through tweets and had 5.5k engagements.

Learning and Access

The learning offer was severely impacted by Covid-19 throughout the period, with museum sites closure requiring different ways of working and at a significantly reduced capacity. Despite these limitations 18 formal learning sessions were still delivered to 416 students and 595 participants took part in 33 informal learning sessions. The National Museum also responded by developing online resources, which were downloaded 8,328 times.

A well-received programme of digital content around Black History Month, was delivered in October 2020, which looked at different connections between the Royal Navy and black history through conversation between the National Museum's staff and external experts.

Resources for schools were created and published on the Times Educational Supplement Website and a programme of bedtime stories was created to build a family audience during the third lockdown period.

The Access and Inclusion Coordinator has developed a new equality impact assessment process and has been working with colleagues to assess the visitor journey at each of our sites. This foundational work will support future access improvements.

Crucially, the learning offer has been refocussed on wider public programming, with development of the schools learning programme in line with this approach to be delivered in the next reporting period. This change will expand the reach of the learning programme to many more students as school visits begin to return.

Volunteers

The National Museum's team of Volunteers was stood down as sites closed in March 2020, with the exception of virtual volunteering related to the Diving Deep project. A small number of volunteers returned to assist with

access to Concorde at the Fleet Air Arm Museum in the Autumn, prior to the second lockdown period. Nevertheless, a total 1,545 hours of volunteer time was generously given to support the museum's activities.

Exhibitions

Despite the Covid challenges, the company has delivered three principal new exhibitions on behalf of the National Museum in 2020-21:

- **Diving Deep: HMS Invincible**

In June 2018, the National Lottery Heritage Fund approved a joint application with the Maritime Archaeological Sea Trust (MAST) for an activity and exhibition project based on a new dive and excavation of the wreck site and awarded the project £361,000 (59% of total). With match-funding from MAST, this fully-funded project progressed well until its temporary suspension in response to the Covid-19 pandemic. The project recommenced in August 2020 and the exhibition, retro-fitted with social distancing measures, and with a new website and online learning resources launched alongside it, opened in Portsmouth at the start of October half-term 2020, receiving a visit from HRH Princess Anne 29 October 2020. The exhibition will run in Portsmouth through the summer of 2021 before moving to Chatham Historic Dockyard.

- **HMS Victory: The Nation's Flagship**

In July 2019, HMS Victory Preservation Company awarded a grant of £700,000 to the company, supported by £400,000 from the Society for Nautical Research's "Save the Victory Fund", to redevelop the Sir Donald Gosling Victory Gallery with the permanent exhibition 'HMS Victory: the Nation's Flagship'. This project, delayed in opening by the COVID-19 Pandemic in 2020, was deliberately held over until 17 May 2021 to provide maximum exposure and impact at the re-opening of the Museum. The exhibition offers visitors a much better understanding of Victory's long story, and places both the Battle of Trafalgar and the major conservation works underway within the wider context of the ship's 260-year history. It includes a major new immersive show with Victory's story told by individuals key to different parts of her life, a complete reinterpretation of WL Wyllie's monumental painting 'Panorama of the Battle of Trafalgar', significant artefacts from her life and the ship's last figurehead displayed for the first time alongside. Stakeholder and visitor reaction has been overwhelmingly positive with many people providing memories of and connections to the ship as feedback within the Gallery.

- **Walk Under Victory**

On 24 August 2020, the Museum opened 'Walk Under Victory' – a dramatic extension of the public visitor route which provides access for the first time under the HMS Victory hull. This was made possible by the new support system of 134 props which has removed the old cradles. A new public walkway takes visitors from the hold, along the altar of the dock, under the bow and down along the full port side of the ship to the rudder. Interpretation of both ship and dock is provided by an extension of the audio tour and by graphics and greatly improves understanding of both the long history of the ship, and the conservation efforts to support her in Dock. Public reaction to these new views of the ship has been very positive.

Collections

- **Royal Marines Museum Collection Move**

The significant move of collections from the former Royal Marines Museum site was completed in March 2020. Through 2020-21, there has been a major effort by the team to complete this work and decant collections from temporary cages into their permanent storage locations in the new collections centre in Storehouse 12. This now stores key artefacts, medals, archives and photograph collections; a new research room, conservation and photographic studios have been fitted out. This project is now complete.

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Publications and Scholarship

This has been another difficult period for publications and scholarship, with the team furloughed for a significant period and still occupied with project delivery when on site. Very significant research has, however, been carried out by the Conservation Team relating to several aspects of the HMS Victory project, and research continues to take place in support of LCT 7074, The Night Hunters (formerly Spitfires of the Seas): The Story of the RN's Coastal Forces, Diving Deep: HMS Invincible 1744, and the new Victory Gallery. A new Research Policy and Research Strategy will be delivered in the next reporting period.

Plans for Future Periods

Responding to the Covid-19 Pandemic

The company will continue to respond to government advice, adopting appropriate working practices to ensure that it remains able to operate its sites safely, whilst also regenerating income potential. The key focus for the company will be on financial stability through cost reduction and replacement of the income lost as a result of the pandemic and this work will be ongoing throughout 2021-22.

It is anticipated that the company's self-generated income streams and visitor markets will be severely impacted by any future Covid restrictions, and in particular, foreign and education visitor markets cannot be expected to fully recover before 2022-23. Meanwhile, the National Museum will continue to engage with Navy Command to ensure it has sufficient funds to continue to operate into 2022-23. It will also continue its dialogue with the NI Department for the Economy (DfE) to seek to develop an appropriate agreement to enable HMS Caroline to reopen as a museum and visitor attraction.

The company will continue to make appropriate use of the Coronavirus Job Retention Scheme in 2021-22 until the scheme ends on 30 September 2021.

Any deficit in free reserves will be offset by means of grant funding from the parent company, the National Museum, to the charity. In the event that no further Grant in Aid funding was made available to the National Museum Group beyond 31 March 2022 and the charity was unable to achieve its self-generated income targets, the charity would seek to reduce its operating costs through cessation of its operations, and would ultimately be obliged to cease trading. The Trustees and Directors are, however, content that based on the assurances provided to the National Museum by its sponsor, the Royal Navy, Grant in Aid funding will be made available, the going concern basis continues to apply, and the impact of the COVID-19 pandemic does not create a material uncertainty around going concern to the charity.

Volunteers

Volunteers are very keen to resume their duties and will be brought back in limited ways as Covid restrictions lift, delivering specific activities around the delivery of public programming and returning in greater numbers from early July 2021.

Work is underway to develop a new volunteer strategy. The aims of the strategy will be to increase digital volunteering opportunities, to give greater recognition to the value of volunteers to the National Museum and to broaden the volunteer demographic.

Interpretation Strategy

A major piece of planning work has been set under way through the commissioning of the National Museum's first 'Interpretation Strategy, 2021-2026'. This was completed in draft during the reporting period and following review and approval by Trustees will form the cornerstone of future improvements of the telling of the National Museum's 'Master Narrative' across all of its sites.

Major Projects

The following major projects, at different stages of delivery, will continue to be the focus of significant work for the company going forward:

- **LCT 7074: Resurrecting a D-Day Veteran**

In September 2018, the National Lottery Heritage Fund (NLHF) approved an application by the National Museum for £4,513,500 (80% of total cost) to restore the last Landing Craft (Tank) to take part in Operation Neptune, the naval element of the great invasion of Nazi-occupied Europe which has gone down in history simply as 'D-Day'. LCT 7074 is a unique time capsule and of enormous importance to the history of the Second World War, the Royal Navy, and British shipbuilding.

The project, developed in partnership with Portsmouth City Council, was halted following the onset of the Covid-19 pandemic. At this stage the ship had been largely conserved, a process which included several rounds of high-pressure water blasting, dewatering and drying, precision grit blasting, fabrication of new steel components, and priming. The support structure and canopy built to house the ship was largely complete.

Contractor teams resumed operations in Southsea and on the Naval Base in May 2020, with LCT 7074 sporting her new Admiralty Disruptive Camouflage scheme by early June. On 24 August 2020, the ship was moved to her final resting place, to be showcased outside Portsmouth City Council's D-Day Story. Landscaping, exhibition fit-out and interpretation were completed to tell the story of her D-Day journey, and the men and women who built, serviced and maintained her, and took her into action. The ship was briefly opened to the public in December 2020 before lockdown, reopening from 17 May 2021. The ship has become a major new landmark within the city. In July 2021 the project was joint winner of the 'Best Restoration and Conservation' project in the prestigious 'Museum + Heritage' awards.

An uplift grant from NLHF will ensure that the remaining activity elements of the project will be completed in 2021-22.

- **Night Hunters: the Royal Navy's Coastal Forces at War**

In June 2018, the NLHF approved a major project for the redevelopment of the Priddy's Hard Royal Naval Armaments Depot in Gosport. Match funding for this project (previously reported under its working name as Spitfires of the Seas) included a major permanent exhibition with a budget of £500,000 on the Royal Navy's Coastal Forces and is contributed by the Coastal Forces Heritage Trust (CFHT); the National Museum is a partner with CFHT to deliver the exhibition at Explosion Museum, Gosport. The completion of the project was delayed by a combination of Covid, the base build programme and the time required to agree a lease.

The exhibition fit out, with the National Museum's conserved boats MTB 71 and CMB 331 *in situ*, was completed in October 2021. An additional generous donation has allowed final additional audio-visual content to be commissioned and the exhibition named as 'The Robert Hitchens Memorial Exhibition'. The exhibition was opened to the public on 9 October 2021.

- **HMS Victory Conservation project**

The company has supported the HMS Victory Preservation Company's conservation project in the period, providing the project resources to work on the ship's stabilisation and developing the conservation approach.

Installation of the ship's new support system continued throughout the reporting period and the last cradle was removed from the dock on 5 May 2021. Project acceptance marks a significant point in the ship's conservation, as the project transitions from the stabilisation phase to one of more active conservation.

Elsewhere, maintenance of weather deck caulking and paintwork has been undertaken, with the aim of preventing water ingress. The Museum's team of in-house riggers has progressed survey work to the lower masts and rigging and undertaken essential maintenance to ensure the continued safety of the remaining rig.

- **New Royal Marines Museum**

An options appraisal has recommitted the National Museum to establishing the new Royal Marines Museum in Boathouse 6 within Portsmouth Historic Dockyard. The company is in the early development stages of a new project and is consulting on the following intent for a new Royal Marines Commando Experience:

To create a world class new attraction revealing the story of Commandos from their origins in Britain's darkest days of 1940 to the Future Commando Force. Within Boathouse 6, our dynamic experience will take visitors into the physical, mental and technical reality of Commando selection and training. It will reveal the drama of the Royal Marines Commandos and Combined Operations and Royal Navy Special Warfare in the past, present and future. Through cutting edge design which gets people hands-on and showcases military innovation and creativity we will provide an inspirational, unforgettable experience.

- **Fleet Air Arm Museum redevelopment**

As an interim development at the Fleet Air Arm Museum, a major redevelopment of the 'Carrier Experience' is planned for the summer of 2022. This will be funded by a generous legacy to the Fleet Air Arm Museum Trust left by Sir Donald Gosling and aims:

To deliver a full upgrade of the Aircraft Carrier Experience at the Fleet Air Arm Museum. The new experience will immerse our visitors in the sights, sounds and smells of carrier flight and in the complexity of carrier operations. It will connect the heyday of jet aviation to the operations and deployment of the Queen Elizabeth Class carriers and F35 aircraft which will be the heart of the Royal Navy from 2021 onwards. The upgrade will create a new immersive experience which blends the best of digital technology with the scale of a carrier flight deck and our incredible aircraft. It will showcase the Fleet Air Arm's 'Air Power from the Sea' in past, present and future. It will provide an inspirational, unforgettable visitor experience.

Joint Venture with the Mary Rose Trust

The joint venture vehicle, Portsmouth Historic Dockyard Operations Ltd (company number: 127998360), was incorporated 7 August 2020. This new company acts as agent for the sale of tickets with the distribution of sales revenue and share of costs on an agreed split. The rolling 3-year agreement was in place for the site's reopening to the public on 24 August 2020, providing stability and a shared stake in improvement and development of the business. The joint venture company has had a promising first 8 months.

At reopening, Portsmouth Historic Dockyard was able to provide a revised and simplified ticket offer, new pricing, single point of entry for visitors and refreshed branding. Through the limited 15 weeks of opening which were

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possible, the initial evidence was that this was delivering an improved visitor offer with approximately 80% of paying visitors purchasing tickets which give access to attractions provided by both partners. The ticket and pricing strategy has also delivered increases in yield which has been vital in a period when capacities have been limited by government restrictions and when many visitor markets were not operating. This success has come through the efforts of senior management, marketing and visitor operations teams from the Mary Rose Trust and NMRN Operations working in close partnership.

Key marketing campaigns for 2021-22 for the joint venture are based on investments made by each charitable company: the permanent new gallery 'HMS Victory: the Nation's Flagship' and a dramatic new immersive experience '1545: When Their World Ended'.

Principal Risks and Uncertainty

The principal risk faced by the company centres around the ongoing impact of the Covid-19 pandemic on future income streams with diluted visitor markets, social distancing measures, volatility of admissions numbers and limitations to commercial activity impacting on revenue. NMRN Operations will seek to mitigate this risk by continuing to support the National Museum in development of group strategies to diversify income streams, grow revenue and seek support through fundraising activities.

Financial Review

Statement of Financial Activities for the Year Ended 31 March 2021

Total incoming resources for NMRN Operations in 2020-21 amounted to £16,507,557 (2019-20: £22,715,854). This included operating grants and project grants, admissions income (including gift aid), voluntary donations and some limited trading activity through the subsidiary National Museum of the Royal Navy Trading.

Total resources expended for 2020-21 amounted to £13,323,304 (2019-20: £17,575,217), representing operating and project costs and trading activity. After losses of £267,484 (2019-20: gains of £197,753) on the revaluation of fixed assets, the net movement in funds for the year was an increase of £2,916,769.

Balance sheet

The net assets as at 31 March 2021 amounted to £25,290,729 (2019-20: £22,373,960).

Reserves

The Trustees regularly monitor the levels of the company's reserves. The company's policy, in accordance with Group policy, is to build a 'free reserve', which is defined as the amounts shown as Net Current Assets (before long term liabilities) in the accounts of the company, and which are attributable to Unrestricted Funds.

The charity needs to be able to continue to operate as a going concern and it needs to ensure that it holds sufficient free reserves, in particular cash, to support its cash flow. The Group policy is that sufficient free reserves are accumulated within NMRN Operations to provide three months' operating expenditure for the greatest potential area of exposure (Portsmouth Historic Dockyard, including the Gosport sites). Under the terms of the pandemic agreement with Navy Command for additional Grant in Aid funding, however, it is not possible to build free reserves, with any operating surplus reducing the drawdown of Grant in Aid funding by the parent company.

As at 31 March 2021, the level of the company's free reserves (defined as net current assets attributable to unrestricted reserves) stood at £1,671,823, excluding designated unrestricted funds. A further free reserve of

NMRN Operations
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£120,251 sits within the trading company giving a consolidated free reserve of £1,792,074. The designated unrestricted funds total £81,006.

The extraordinary nature of the ongoing Covid-19 pandemic means that the free reserves held at 31 March 2021 will be required to support operations in 2021-22, and additionally the company will need to continue to draw grant funding from the parent company to support its operations. As such, the company's free reserves are insufficient to meet long-term development needs and there are risks associated with unanticipated short-term demands, particularly in relation to the impact of the Covid-19 pandemic. The Trustees are content that both expenditure and the cash flow position are carefully monitored to mitigate these risks. Moreover, post-pandemic, the Trustees will seek to improve the reserve position in accordance with the reserves policy through consolidation and reduction of costs in future periods and the delivery of a budget each year that will deliver a modest surplus to grow reserves.

In addition to its free reserves, the company holds a number of restricted funds with a total net current asset value of £1,037,616 as at 31 March 2021. These restricted funds relate primarily to the major capital projects, investments and exhibitions that are being delivered by NMRN Operations on behalf of the Group.

Auditors

The accounts have been audited by PKF Littlejohn LLP. A resolution to reappoint the auditor will be put to the members at the Annual General Meeting.

So far as the Trustees and Accounting Officer are aware, there is no relevant audit information of which the 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 company's auditors are aware of that information.

Approved by the Board and signed on its behalf by



Mr Richard Hatfield
Chairman on Behalf of the Board of Trustees

Date: 17 December 2021



Professor Dominic Tweddle
Director General and Accounting Officer

Date: 17 December 2021

Accountability Report

Trustees Report and Governance Statement

This report sets out the arrangements for the governance of the NMRN Operations, including the Board structure for Trustees. The Trustees, who are also the directors of NMRN Operations (the company) for the purposes of company law and who served during the year and up to the date of this report are set out on page 3.

The Trustees have due regard to guidance issued by the Charity Commission on public benefit and in its charitable objects, the charity seeks to promote the efficiency and effectiveness of other charities for the public benefit. The charitable company operates fee paying attractions and endeavours to ensure that ticket prices are set at an accessible level, which includes the availability of several types of concessions. The charitable company offers workshops to schoolchildren in support of the National Curriculum, operates community outreach programmes in the local areas for children, their parents and carers, and hosts foreign language school pupils. NMRN Operations' activities are supported by a team of volunteers numbering 380 who deliver a variety of tasks across the museum.

This report demonstrates how the system of governance and internal control is maintained within NMRN Operations and how the major risks to which the charity is exposed, as identified by Trustees, have been reviewed and systems have been established to mitigate those risks.

The Governance Framework

NMRN Operations is a charity registered with the Charity Commission (registration number 1169061). It is governed by its Memorandum and Articles of Association dated 9 August 2016, which incorporate its charitable objects, the powers of the company and provides for the appointment and re-appointment 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 Trustees ensure the distinct legal responsibilities and charitable objectives of NMRN Operations are fulfilled while acting within an overall policy and strategy framework developed by the National Museum of the Royal Navy. The day to day operation of the charitable company within that framework is delegated to the National Museum's Director General and Executive Directors.

A formal induction process for Trustees is in place which combines all the necessary background reading material including items such as the Memorandum and 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 visits to the National Museum's sites to meet key members of staff and to discuss current issues. Recent appointees continue to confirm their satisfaction with this process.

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.

Disabled Employees

NMRN Operations is committed to fair employment practices and welcomes applications from all prospective employees irrespective of sex, race, colour, disability or marital status and is committed to complying with equalities legislation and best practice. Employees are given opportunities to disclose disabilities in a safe environment to the HR team to allow reasonable adjustments to be made for attending interviews or as part of day to day employment. Regular meetings are held with line managers to monitor and ensure the adjustments are appropriate for both the employee and NMRN. If staff become disabled appropriate measures will be implemented to ensure employment may continue or an alternative role undertake with the appropriate retraining.

Personal data related incidents

There have been no incidents of data loss involving personal information during the period which required formal reporting to the Information Commissioner's Office.

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 charity'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 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. The Chairman of the company produces a short report for each of the meetings of the Audit and Governance Committee.

Risk Management

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



Mr Richard Hatfield
Chairman on Behalf of the Board of Trustees

Date: 17 December 2021



Professor Dominic Tweddle
Director General and Accounting Officer

Date: 17 December 2021

Statement of Trustees' and Accounting Officer's responsibilities
for the year ended 31 March 2021

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

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

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

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



Mr Richard Hatfield
Chairman on Behalf of the Board of Trustees

Date: 17 December 2021



Professor Dominic Tweddle
Director General and Accounting Officer

Date: 17 December 2021

Independent auditors' report to the members of NMRN Operations

Opinion

We have audited the financial statements of NMRN Operations (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 March 2021 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charitable Company Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including 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 group's and the parent charitable company's affairs as at 31 March 2021, and of the group's 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 group and parent 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.

Emphasis of matter

We draw attention to note 1.2 of the financial statements, which describes the Trustees' assessment of the Covid-19 impact on the group's ability to continue as a going concern. The Trustees have explained that the events arising from the Covid-19 outbreak do not impact the use of the going concern basis of preparation nor do they cast significant doubt about the charitable company or group's ability to continue as a going concern for a period of at least 12 months from the date when the financial statements are authorised for issue.

Our opinion is not modified in respect of this matter.

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 strategic report and 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 strategic report 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 group and parent charitable company and their 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' annual 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 by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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 group and parent charitable company 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 group and parent charitable company financial statements, the trustees are responsible for assessing the group and parent 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 group or the parent 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

We have been appointed auditor under the Companies Act 2006 and report in accordance with this Act, and relevant regulations made or having effect thereunder.

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 group and parent charitable company and the sector in which they operate 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 group and parent charitable company in this regard to be those arising from the Companies Act 2006, Charities Act 2011, Financial Reporting Standard 102, the Charities SORP and relevant employee legislation.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent charitable company with those laws and regulations. These procedures included, but were not limited to enquiries of management, review of minutes and review of legal and regulatory correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was a potential for management bias in the timing of recognition of income from grants. We addressed this through review of all material grant agreements to ensure correct treatment under the Charities SORP, including consideration of the accounting period in which income should be recognised.
- We also identified potential for management bias in respect of the timing of recognition of income from legacies. We addressed this through review of all legacy correspondence and receipts up to the date of approval of the financial statements, to ensure correct treatment under the Charities SORP, including consideration of the accounting period in which income should be recognised.
- We also identified potential for management bias in the judgements made around recoverability of debtors. We addressed this through examination of post year end cash received, review of correspondence with debtors and discussion of recoverability with management.
- We also identified potential for management bias in the allocation of support costs against charitable activity categories. We addressed this through reviewing the method used for reasonableness, and re-performing the calculation to ensure it had been performed accurately in line with the stated method.
- We also identified potential for management bias in the valuation of the land and buildings. We reviewed the latest available valuation report, considered qualifications and experience of the management's expert, and challenged inputs and assumptions applied. We also challenged management's assertion that there has been no material movement in valuation since the last external revaluation was performed.
- We also identified potential for management bias in the recording of stock at the lower of cost and net realisable value, and we addressed this through testing of post year-end sales of a sample of stock lines, and reviewing photographic evidence for a sample to confirm existence and no evidence of impairment.
- We also identified potential for management bias in the depreciation rate applied to tangible fixed assets, and we addressed this by considering the useful economic life applied for the types of asset held, and re-performing the calculation to ensure it had been performed accurately in line with the stated method.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charitable company's members, 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 members 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 members as a body, for our audit work, for this report, or for the opinions we have formed.



Alastair Duke BA (Hons) FCA (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP, Statutory Auditor

PKF Littlejohn LLP
15 Westferry Circus, Canary Wharf
London, E14 4HD

Date: 21 December 2021

PKF Littlejohn LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Consolidated Statement of financial activities (incorporating the income and expenditure account)
For the year ended 31 March 2021

	Notes	Unrestricted funds £	Restricted funds £	2021 Total £	Unrestricted funds £	Restricted funds £	2020 Total £
Income from:							
Donations and legacies							
Grant (operating)	2	6,683,063	-	6,683,063	2,680,011	-	2,680,011
Grant (projects)	2	-	217,779	217,779	-	1,150,643	1,150,643
Grant (capital)	2	127,895	-	127,895	125,756	-	125,756
Other grants and donations	2	1,183,771	6,662,393	7,846,164	902,569	8,780,833	9,683,402
Legacies	3	14,016	-	14,016	339,958	-	339,958
Charitable activities							
Admissions	4	1,132,490	-	1,132,490	5,549,289	-	5,549,289
Portsmouth Historic Dockyard Levy		37,492	-	37,492	34,531	-	34,531
Memberships		29,507	-	29,507	46,155	-	46,155
Other trading activities							
Trading company	5	182,949	-	182,949	2,920,329	-	2,920,329
Investments		-	-	-	-	-	-
Other	7	236,202	-	236,202	185,780	-	185,780
Total income		9,627,385	6,880,172	16,507,557	12,784,378	9,931,476	22,715,854
Expenditure on:							
Raising funds							
Fundraising and publicity	8	804,613	-	804,613	935,114	-	935,114
Trading company	5	343,878	-	343,878	2,973,186	-	2,973,186
Charitable activities:							
Museum and visitor operations	9	6,771,186	4,738,591	11,509,777	8,863,707	4,720,200	13,583,907
Grants	11	139,225	525,811	665,036	83,010	-	83,010
Total expenditure		8,058,902	5,264,402	13,323,304	12,855,017	4,720,200	17,575,217
Net income/(expenditure)		1,568,483	1,615,770	3,184,253	(70,639)	5,211,276	5,140,637
Transfers between funds		1,100,967	(1,100,967)	-	2,528,880	(2,528,880)	-
Other recognised gains/(losses):							
Gains on revaluation of fixed assets		(102,083)	(165,401)	(267,484)	61,280	136,473	197,753
Net movement in funds		2,567,367	349,402	2,916,769	2,519,521	2,818,869	5,338,390
Reconciliation of funds:							
Total funds brought forward		7,758,496	14,615,464	22,373,960	5,238,975	11,796,595	17,035,570
Total funds carried forward		10,325,863	14,964,866	25,290,729	7,758,496	14,615,464	22,373,960

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

Consolidated Balance sheet
as at 31 March 2021

	Notes	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Fixed assets					
Tangible assets	15	22,380,033	21,376,162	22,169,526	21,049,840
		<u>22,380,033</u>	<u>21,376,162</u>	<u>22,169,526</u>	<u>21,049,840</u>
Current assets					
Stocks	16	673,145	706,757	214,605	214,656
Debtors: amounts due after one year	18	500,000	500,000	500,000	500,000
Debtors	17	4,452,431	4,318,551	4,580,106	4,334,335
Cash at bank and in hand		1,308,035	1,565,993	1,273,548	1,279,081
		<u>6,933,611</u>	<u>7,091,301</u>	<u>6,568,259</u>	<u>6,328,072</u>
Liabilities					
Creditors falling due within one year	19	(4,022,915)	(6,093,503)	(3,777,814)	(5,454,269)
Net current assets/(liabilities)					
		<u>2,910,696</u>	<u>997,798</u>	<u>2,790,445</u>	<u>873,803</u>
Net assets					
		<u>25,290,729</u>	<u>22,373,960</u>	<u>24,959,971</u>	<u>21,923,643</u>
Funds					
Unrestricted funds	20	9,721,224	6,899,887	9,721,224	6,941,257
Revaluation reserve		192,875	294,958	192,875	294,958
Designated funds		81,006	71,964	81,006	71,964
Total unrestricted funds	21	<u>9,995,105</u>	<u>7,266,809</u>	<u>9,995,105</u>	<u>7,308,179</u>
Restricted funds		14,131,974	13,617,171	14,131,974	13,617,171
Restricted revaluation reserve		832,892	998,293	832,892	998,293
Total restricted funds	22	<u>14,964,866</u>	<u>14,615,464</u>	<u>14,964,866</u>	<u>14,615,464</u>
Non charitable trading funds		330,758	491,687	-	-
Total funds		<u>25,290,729</u>	<u>22,373,960</u>	<u>24,959,971</u>	<u>21,923,643</u>

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



Mr R Hatfield
Chairman

Date: 17 December 2021

The notes on pages 23 to 43 form an integral part of these financial statements.

NMRN Operations
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Consolidated Cash Flow Statement
for the year ended 31 March 2021

	Group 2021 £	Group 2020 £
Notes		
Cash flows from operating activities:		
Net cash provided by (used in) operating activities	2,323,783	4,941,285
Cash flows from investing activities:		
Purchase of fixed assets	(2,581,741)	(4,811,996)
Proceeds from sale of fixed assets	-	3,366
Net cash provided by (used in) investing activities	(2,581,741)	(4,808,630)
(Decrease)/Increase in cash and cash equivalents in the year	(257,958)	132,655
Cash and cash equivalents at 1 April 2020	1,565,993	1,433,338
Cash and cash equivalents at 31 March 2021	28 <u>1,308,035</u>	<u>1,565,993</u>
Net income/(expenditure) for the reporting period	3,184,253	5,140,637
Depreciation and impairment	1,224,888	1,022,673
Loss on disposal of fixed assets	85,498	20,039
Decrease/(Increase) in stocks	33,612	(5,899)
(Increase)/Decrease in debtors	(133,880)	(2,443,223)
(Decrease)/Increase in creditors	(2,07,0588)	1,207,058
Net cash provided by (used in) operating activities	<u>2,323,783</u>	<u>4,941,285</u>

Notes to the financial statements
for the year ended 31 March 2021

1. Accounting policies

1.1. Company information

NMRN Operations 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.

NMRN Operations and its group meet 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 United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

In addition to the revenue it generates, the company receives grant funding from the National Museum of the Royal Navy in respect of its operation of the Group's museums. Additional Grant In Aid funding was awarded to the National Museum by Navy Command in response to the impact of the Covid-19 pandemic, and will flow through to the company under its operator agreements with the National Museum, effectively underwriting the company's financial performance for 2020-21. This arrangement extended to 2021-22. Furthermore, the National Museum has received commitment from Navy Command that the ongoing impact of the pandemic on its finances will be reviewed for 2022-23, with the assurance that the National Museum will not be allowed to fail. As such, 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 presented in sterling which is the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £.

Consolidated financial statements have been prepared in respect of the charitable company, its wholly owned subsidiary, the National Museum of the Royal Navy (NMRN) Trading, and its Joint Venture, Portsmouth Historic Dockyard (PHD) Operations Limited. The Consolidated Statement of Financial Activities includes the results of NMRN Trading and the company's share of the results of PHD Operations Limited as single line items. The consolidated balance sheet includes the net assets of NMRN Trading on a line by line basis and the company's share of the net assets of PHD Operations Limited as an item within Fixed Asset Investments.

1.3. Income

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

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.

1.4. 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.

Notes to the financial statements
for the year ended 31 March 2021

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.

Government grants for the Coronavirus Job Retention Scheme are credited to the restricted incoming resources when receivable.

1.5. Expenditure

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.

1.6. Basis of allocation

Cost of generating funds comprises costs incurred in encouraging people and organisations to contribute financially to the charity's work and to promote the Naval Service Museums as visitor attractions.

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

Charitable expenditure includes expenditure associated with Operations, Collections & Research, and Learning, and include costs directly attributable to each activity. Costs not directly attributable to one activity including the proportion of support costs relating to charitable expenditure have been allocated in proportion to staff costs incurred in the following percentages:

	2021	2020
	%	%
Operations	75	75
Collections & research	16	17
Learning	9	8
	<u>100</u>	<u>100</u>

Support costs include central functions and have been allocated to cost categories on a basis consistent with the use of resources.

1.7. Foreign currency transactions

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling at the end of the month preceding the transaction. Exchange differences are taken into account in arriving at the net incoming/(outgoing) resources.

1.8. Restricted funds

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.

Unrestricted funds are donations and other incoming resources received or generated for the charitable purposes.

1.9 Tangible fixed assets

Tangible fixed assets with a cost or value greater than £2,500 and a useful life exceeding one year are capitalised at historic cost and revalued annually using Ministry of Defence derived indices.

Land and buildings are stated at a valuation of depreciated replacement cost and depreciated over the lease term. A professional valuation is obtained at least every 5 years and indices are used to reflect the change in value in the intervening years.

Notes to the financial statements
for the year ended 31 March 2021

Depreciation has been provided at rates calculated to spread the cost of each asset over its expected useful life as follows:

Leasehold buildings	- over the lease term
Property improvements	- over the lease term
Computer and office equipment	- 3 - 10 years
Fixtures and fittings	- 3 - 20 years
Plant and machinery	- 3 - 30 years
Exhibitions	- 3 - 10 years

Assets under construction are not depreciated.

Significant Historic Ships

Significant ships are held by separate charitable Trusts within the National Museum group.

Accounting policy for recognition of subsequent expenditure on significant ships

As the National Museum's operating company, NMRN Operations is responsible for the restoration, preservation, and maintenance of each ship under the terms of the operator agreement. Expenditure incurred by the operating company is recognised 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 Assets held by the National Museum of the Royal Navy Trading

The tangible fixed assets of the National Museum of the Royal Navy Trading are stated in the group accounts at historic cost less accumulated depreciation. Depreciation has been provided at rates calculated to spread the cost of each asset over its expected useful life as follows:

Property Improvements	- over the lease term
Fixtures and Fittings	- 5 years
Plant and machinery	- 5 years
Office Equipment	- 5 years
Exhibitions	- 4 years

1.11 Leased assets

Rentals applicable to operating leases are charged to the Statement of Financial Activities as incurred.

1.12 Stock

Stocks are valued at the lower of cost and estimated selling price less costs to complete and sell, after making due allowance for obsolescence and slow moving items.

1.13 Basic financial Instruments

The charity's financial assets and liabilities consist of cash and cash equivalents, trade and other debtors, and trade and other creditors. The fair value of these items approximates their carrying value due to their short term value. Unless otherwise noted, the company is not exposed to significant interest, foreign exchange or credit risks arising from these instruments.

Term deposits of less than one year are classified as investments within current assets.

1.14 Pensions

The majority of staff of NMRN Operations and its subsidiary are covered by the provisions of a defined contributions group pension plan, the assets of which are held in an independently administered fund and which provides benefits based on the value of the fund.

A small number of staff who have transferred into NMRN Operations under the Transfer of Undertakings (Protection of Employment) Regulations 1981 have retained membership of their former employers' pension schemes, which provide benefits based on final pensionable pay and include the Principal Civil Service Pension Scheme (PCSPS) and the Local Government Pension Scheme (LGPS).

Notes to the financial statements
for the year ended 31 March 2021

Group Pension Plan

The National Museum operates a Group Pension Plan with employer's contributions being payable at 6% or 10%. Under this plan, a "salary exchange" scheme exists whereby employees may elect to give up the right to receive part of their salary remuneration in return for an additional employer's contribution into the Group Pension Plan of the same amount.

The pension cost charged to the Statement of Financial Activities represents the contributions paid.

Principal Civil Service Pension Scheme (PCSPS)

The PCSPS is an unfunded multi employer defined benefit scheme but the National Museum of the Royal Navy is unable to identify its share of the underlying assets and liabilities. A full actuarial quadrennial valuation was carried out at 31 March 2016. Details can be found in the resource accounts of the Cabinet Office; Civil Superannuation: (www.civilservicepensionscheme.org.uk/about-us/scheme-valuations/)

For 2020-21, employer contributions were payable to the PCSPS at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands. The scheme actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2020-21 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Local Government Pension Scheme (LGPS)

The LGPS is a multi-employer defined benefit scheme.

The National Museum of the Royal Navy is an admitted member of the Hampshire Pension Fund but is unable to identify its share of the underlying assets and liabilities. An actuarial valuation was carried out at 31 March 2019 with revised rates of contributions being payable from 1 April 2020. Details can be found in the Hampshire Pension Fund annual report and accounts:

(<https://www.lgpsboard.org/index.php/schemedata/scheme-annual-report>).

The next valuation date is 31 March 2022, with revised contributions being payable from 1 April 2023.

The National Museum of the Royal Navy is also an admitted member of the Teesside Pension Fund but is unable to identify its share of the underlying assets and liabilities. An actuarial valuation was carried out at 31 March 2019 with revised rates of contributions being payable from 1 April 2020. Details can be found in the Teesside Pension Fund annual report and accounts:

(<https://www.lgpsboard.org/index.php/schemedata/scheme-annual-report>).

The next valuation date is 31 March 2022, with revised contributions being payable from 1 April 2023.

The pension cost charged to the Statement of Financial Activities is represented by the contributions payable under the LGPS including a past service deficit contribution at 0% (Hampshire) and 17% (Teesside) of pensionable pay.

Total contributions (charitable company only)

The contributions made to each scheme during the year are set out below. There were no outstanding or prepaid contributions at the balance sheet date:

	2021	2020
	£	£
Group scheme	315,458	371,171
PCSPS	16,938	22,176
LGPS	11,143	15,718
	<u>343,539</u>	<u>409,065</u>

Notes to the financial statements
for the year ended 31 March 2021

1.15 Termination benefits

The group recognises a liability for termination benefits at the point where the group is committed to making the payments in return for employee redundancy.

2. Grants and donations received

During the year the following grants and donations were received:

	Unrestricted funds £	Restricted funds £	Total 2021 £	Unrestricted funds £	Restricted funds £	Total 2020 £
National Museum of the Royal Navy						
Operations	6,683,063	-	6,683,063	2,680,011	-	2,680,011
Projects	-	217,779	217,779	-	1,150,643	1,150,643
Purchase of exhibits	127,895	-	127,895	125,756	-	125,756
	<u>6,810,958</u>	<u>217,779</u>	<u>7,028,737</u>	<u>2,805,767</u>	<u>1,150,643</u>	<u>3,956,410</u>
Other grants and donations						
Heritage Lottery Fund Grants						
LCT 7074	-	1,758,160	1,758,160	-	2,498,220	2,498,220
HMS Warrior 1860	-	-	-	-	147,716	147,716
Coronavirus Job Retention Scheme	-	1,569,567	1,569,567	-	-	-
Art Fund	-	200,000	200,000	-	-	-
Coastal Forces Heritage Trust	-	60,000	60,000	-	-	-
Department of Enterprise, Trade and Investment	407,926	-	407,926	317,181	-	317,181
Fleet Air Arm Museum Trust	180,190	-	180,190	56,000	6,800	62,800
Friends of the RN Museum	-	-	-	-	107,379	107,379
National Heritage Memorial Fund	-	212,800	212,800	-	779,293	779,293
Hartlepool Borough Council	409,220	-	409,220	459,220	-	459,220
HMS Victory Preservation Endowment Fund	-	834,592	834,592	-	2,275,821	2,275,821
HMS Victory Preservation Company	-	228,000	228,000	-	1,124,179	1,124,179
Maritime Archaeology Sea Trust	-	72,471	72,471	-	125,473	125,473
Portsmouth City Council	35,000	231,274	266,274	-	-	-
RMA The Royal Marines Charity	-	-	-	-	1,000,000	1,000,000
Royal Marines Museum	-	1,124,521	1,124,521	-	-	-
Royal Navy Submarine Museum Trust	92,491	-	92,491	8,600	3,982	12,582
Sands Foundation	-	-	-	-	200,000	200,000
Society of Nautical Research	-	100,000	100,000	-	200,000	200,000
Warrior Preservation Trust	-	26,346	26,346	-	113,702	113,702
Miscellaneous donations and grants	58,944	244,662	303,606	61,568	198,268	259,836
	<u>1,183,771</u>	<u>6,662,393</u>	<u>7,846,164</u>	<u>902,569</u>	<u>8,780,833</u>	<u>9,683,402</u>

Notes to the financial statements
for the year ended 31 March 2021

3. Legacies

	Unrestricted funds	Total 2021	Unrestricted funds	Total 2020
	£	£	£	£
Hyslop	14,016	14,016	334,958	334,958
Other legacies	-	-	5,000	5,000
	<u>14,016</u>	<u>14,016</u>	<u>339,958</u>	<u>339,958</u>

The generous legacy bequeathed by Mr Roger D. Hyslop, a dedicated volunteer with the National Museum, has been used in support of the LCT7074 project.

4. Admissions

	Unrestricted funds	Total 2021	Unrestricted funds	Total 2020
	£	£	£	£
Portsmouth Historic Dockyard	895,209	895,209	4,332,705	4,332,705
Fleet Air Arm Museum	215,094	215,094	775,813	775,813
Hartlepool	20,159	20,159	250,521	250,521
HMS Caroline	2,028	2,028	190,250	190,250
	<u>1,132,490</u>	<u>1,132,490</u>	<u>5,549,289</u>	<u>5,549,289</u>

Admissions income includes amounts reclaimed from HM Revenue and Customs under the Gift Aid Scheme.

Notes to the financial statements
for the year ended 31 March 2021

5. Income and expenses from trading activities of subsidiaries

National Museum of the Royal Navy Trading

The company controls the National Museum of the Royal Navy Trading (NMRNT), a company limited by guarantee incorporated in England and Wales. NMRNT operates a number of souvenir shops within the Museums and the corporate events.

At the discretion of its directors, NMRNT distributes its net profit to NMRN Operations (the parent).

A summary of the company's trading results is shown below:

	2021	2020
	£	£
Turnover	166,832	2,901,829
Commissioning fee from NMRN Operations	-	-
Cost of sales	(122,686)	(1,242,275)
Gross Profit	44,146	1,659,554
Administration expenses	(234,731)	(1,753,014)
Other income	16,117	18,500
Net profit / (loss)	(174,468)	(74,960)
Tax on ordinary activities	54,909	22,103
Available for distribution	(119,559)	(52,857)
Amount gifted to NMRN Operations	-	(41,370)
	(119,559)	(94,227)
Reserves brought forward	450,317	544,544
Reserves carried forward	330,758	450,317

6. Agency funds

NMRN Operations was responsible for the collection and distribution of ticketing income for the destination Portsmouth Historic Dockyard on behalf of Portsmouth Naval Base Property Trust and NMRN Operations until August 2020. A summary of the agency fund activity for the year is shown below. These balances are excluded from the accounts. The ticket income due to NMRN Operations is included in admissions income on the SOFA.

	Total	Total
	2021	2020
	£	£
Income received	16,596	5,107,413
Distributions	(16,596)	(5,107,413)
Net incoming/(outgoing) resources	-	-
	-	-
Balance Sheet	£	£
Current assets	-	702,408
Current liabilities	-	(702,408)
Net assets	-	-

Notes to the financial statements
for the year ended 31 March 2021

7. Other income

	Unrestricted funds £	Total 2021 £	Unrestricted funds £	Total 2020 £
Education workshops	-	-	27,526	27,526
CLRA events	-	-	15,884	15,884
Hires	1,668	1,668	13,261	13,261
Collections	789	789	258	258
Promoted events	-	-	4,343	4,343
Sponsorship	-	-	8,700	8,700
PHD and Portsmouth Pass fees	2	2	4,456	4,456
Museum & Galleries Exhibition Tax Relief	204,257	204,257	106,289	106,289
Sundry income	29,486	29,486	5,063	5,063
	<u>236,202</u>	<u>236,202</u>	<u>185,780</u>	<u>185,780</u>

8. Cost of generating funds

	Unrestricted funds £	Total 2021 £	Unrestricted funds £	Total 2020 £
Staff costs	604,934	604,934	530,448	530,448
Premises expenses	124,804	124,804	197,590	197,590
Fundraising operating costs	52,944	52,944	85,707	85,707
Printing, postage and stationery	4,724	4,724	8,674	8,674
Telephone	9,687	9,687	9,126	9,126
Events and functions	1,085	1,085	87,404	87,404
Membership scheme	6,435	6,435	16,165	16,165
	<u>804,613</u>	<u>804,613</u>	<u>935,114</u>	<u>935,114</u>

Notes to the financial statements
for the year ended 31 March 2021

9. Museum and visitor operations

	Operations	Collections & Research	Learning	Total 2021	Total 2020
	£	£	£	£	£
Staff costs	3,121,508	645,049	369,865	4,136,422	4,110,998
Other staff costs	40,321	8,602	4,839	53,762	69,613
Marketing	275,638	-	-	275,638	758,039
Site costs	81,491	-	-	81,491	34,742
Computer costs	337,947	-	-	337,947	289,564
Curatorial	-	363,748	-	363,748	254,893
Purchase of exhibits	-	9,658	-	9,658	34,607
Exhibition costs	-	-	-	-	47,509
Waterbus operating costs	8,401	-	-	8,401	119,485
Depreciation	831,834	177,458	99,820	1,109,112	905,461
Loss on disposal of fixed assets	64,095	13,673	7,691	85,459	20,039
Governance and support costs	1,767,467	378,488	214,236	2,360,191	2,427,808
	<u>6,528,702</u>	<u>1,596,676</u>	<u>696,451</u>	<u>8,821,829</u>	<u>9,072,758</u>
Project costs					
HMS Caroline	8,908	-	-	8,908	264,531
HMS Invincible	85,181	-	-	85,181	209,988
HMS Victory Preservation	1,091,330	-	-	1,091,330	1,029,885
HMS Warrior 1860 Preservation	43,277	-	-	43,277	295,552
Landing Craft (Tank) LCT7074	1,000,072	-	-	1,000,072	1,762,119
Royal Marines Museum relocation	277,062	-	-	277,062	315,360
Hartlepool project costs	131,423	-	-	131,423	56,871
Fleet Air Arm Museum project costs	10,000	-	-	10,000	198,786
Royal Navy Submarine Museum project costs	-	-	-	-	42,189
Coastal Forces Gallery	10,957	-	-	10,957	19,891
British Mercantile Marine Memorial Collection	3,605	-	-	3,605	7,369
Other project costs	26,133	-	-	26,133	308,608
	<u>2,687,948</u>	<u>1,596,676</u>	<u>696,451</u>	<u>2,687,948</u>	<u>4,511,149</u>
	<u><u>9,216,650</u></u>	<u><u>1,596,676</u></u>	<u><u>696,451</u></u>	<u><u>11,509,777</u></u>	<u><u>13,583,907</u></u>

Notes to the financial statements
for the year ended 31 March 2021

10. Governance and support costs

	Operations	Collections & Research	Learning	Total 2021	Total 2020
	£	£	£	£	£
Governance costs					
Legal and professional	80,572	17,189	9,669	107,430	57,108
Consultancy	15,624	3,333	1,875	20,832	-
Accountancy & payroll	31,249	6,666	3,750	41,665	54,007
Auditors' remuneration	18,195	3,881	2,183	24,259	19,548
Internal auditors' remuneration	35,737	7,624	4,288	47,649	15,342
Support costs					
Repairs and maintenance	689,213	147,032	82,705	918,950	384,406
Insurance	116,091	24,766	13,931	154,788	215,150
Premises costs	624,018	134,404	76,802	835,224	1,322,331
Education	402	86	48	536	1,286
Printing, postage and stationery	23,621	5,088	2,907	31,616	58,050
Telephone	48,437	10,433	5,961	64,831	61,073
Travelling	16,453	3,510	1,974	21,937	106,026
Bank charges and interest	30,879	6,588	3,706	41,173	94,710
Health and safety	14,946	3,188	1,794	19,928	13,357
Sundry expenses	4,410	941	529	5,880	9,131
Subscriptions	17,620	3,759	2,114	23,493	16,283
	<u>1,767,467</u>	<u>378,488</u>	<u>214,236</u>	<u>2,360,191</u>	<u>2,427,808</u>

11. Grants payable

	Unrestricted funds	Restricted funds	Total 2021	Unrestricted funds	Restricted funds	Total 2020
	£	£	£	£	£	£
Royal Naval Museum	137,779	509,521	647,300	83,010	-	83,010
HMS Caroline Preservation Company	16	-	16	-	-	-
HMS Trincomalee Trust	1,430	-	1,430	-	-	-
National Museum of the Royal Navy	-	16,290	16,290	-	-	-
	<u>139,225</u>	<u>525,811</u>	<u>665,036</u>	<u>83,010</u>	<u>-</u>	<u>83,010</u>

12. Employee costs

	Group 2021	Group 2020	Charity 2021	Charity 2020
	£	£	£	£
Employment costs				
Wages and salaries	4,805,598	6,139,259	4,805,598	6,002,306
Social security costs	302,302	401,150	302,302	394,783
Pension costs	343,539	417,826	343,539	409,065
Recharges	(1,879)	(9,629)	(1,879)	(1,208,574)
	<u>5,449,560</u>	<u>6,948,606</u>	<u>5,449,560</u>	<u>5,597,580</u>

Notes to the financial statements
for the year ended 31 March 2021

Key management personnel

Key management personnel are employed by the parent charity.

Higher paid employees

The number of employees who earned more than £60,000 during the year was as follows:

	2021	2020 <i>Restated</i>
£60,001 to £70,000	3	2
£70,001 to £80,000	1	-
	<u>4</u>	<u>2</u>

Number of employees

The average monthly number of employees during the period was as follows:

	2021	2020
Fundraising	3	4
Charitable activities	318	401
Governance	3	3
	<u>324</u>	<u>408</u>

During this financial year 22 (2020: 4) redundancies were identified and contractual/redundancy costs of £146,904 (2020: £49,633) were paid in the year with £Nil (2020: £Nil) being accrued at 31 March 2021.

Trustees' emoluments

No trustees received remuneration during the period. One trustee was reimbursed for travel expenses totalling £90 (2020: £574).

13. Net outgoing resources for the year

	2021	2020
	£	£
Net outgoing resources for the year is stated after charging:		
Depreciation and other amounts written off tangible assets	1,194,571	925,500
Auditors' remuneration	24,259	19,548
	<u>1,218,830</u>	<u>945,048</u>

14. Taxation

The activities of the company fall within the exemptions afforded by the provisions of the Corporation Tax Act 2010. Accordingly there is no tax charge in these accounts. The company's trading subsidiary is subject to corporation tax.

Notes to the financial statements
for the year ended 31 March 2021

15. Tangible fixed assets

Group	Short leasehold land & buildings £	Assets under construction £	Improvements to property £	Computer & office equipment £	Fixtures & fittings £	Plant & machinery £	Exhibition costs £	Total £
Cost or valuation								
At 1 April 2020	3,939,795	4,154,389	10,341,912	317,218	3,264,371	1,659,267	1,390,689	25,067,641
Additions	-	1,707,456	71,789	108,258	-	280,083	414,155	2,581,741
Transfers	-	(5,678,554)	-	-	-	5,678,554	-	-
Revaluation	(105,942)	-	(322,370)	199,649	76,582	53,014	29,727	(69,340)
Disposals	-	-	-	(96,547)	(132,754)	-	(30,537)	(259,838)
At 31 March 2021	<u>3,833,853</u>	<u>183,291</u>	<u>10,091,331</u>	<u>528,578</u>	<u>3,208,199</u>	<u>7,670,918</u>	<u>1,804,034</u>	<u>27,320,204</u>
Depreciation								
At 1 April 2020	656,074	-	1,166,573	125,709	1,147,712	295,882	299,529	3,691,479
Charge for the year	84,086	-	333,382	77,121	215,597	286,409	228,293	1,224,888
Revaluation	(17,498)	-	(50,496)	187,917	61,292	(3,230)	20,159	198,144
On disposals	-	-	-	(92,736)	(51,067)	-	(30,537)	(174,340)
At 31 March 2021	<u>722,662</u>	<u>-</u>	<u>1,449,459</u>	<u>298,011</u>	<u>1,373,534</u>	<u>579,061</u>	<u>517,444</u>	<u>4,940,171</u>
Net book values								
At 31 March 2021	<u>3,111,191</u>	<u>183,291</u>	<u>8,641,872</u>	<u>230,567</u>	<u>1,834,665</u>	<u>7,091,857</u>	<u>1,286,590</u>	<u>22,380,033</u>
At 31 March 2020	<u>3,283,721</u>	<u>4,154,389</u>	<u>9,175,339</u>	<u>191,509</u>	<u>2,116,659</u>	<u>1,363,385</u>	<u>1,091,160</u>	<u>21,376,162</u>

Notes to the financial statements
for the year ended 31 March 2021

Charity

	Short leasehold land & buildings £	Assets under construction £	Improvements to property £	Computer & office equipment £	Fixtures & fittings £	Plant & machinery £	Exhibition costs £	Total £
Cost or valuation								
At 1 April 2020	3,939,795	4,154,389	10,341,912	317,218	3,139,447	1,635,762	1,042,879	24,571,402
Additions	-	1,707,456	71,789	108,258	-	280,083	414,155	2,581,741
Transfers	-	(5,678,554)	-	-	-	5,678,554	-	-
Revaluation	(105,942)	-	(322,370)	199,649	76,582	53,014	29,727	(69,340)
Disposals	-	-	-	(96,547)	(132,754)	-	(30,537)	(259,838)
At 31 March 2021	<u>3,833,853</u>	<u>183,291</u>	<u>10,091,331</u>	<u>528,578</u>	<u>3,083,275</u>	<u>7,647,413</u>	<u>1,456,224</u>	<u>26,823,965</u>
Depreciation								
At 1 April 2020	656,074	-	1,166,573	125,699	1,076,177	284,462	212,577	3,521,562
Charge for the year	84,086	-	333,382	77,121	191,475	281,707	141,341	1,109,112
Revaluation	(17,498)	-	(50,496)	187,917	61,292	(3,230)	20,159	198,144
On disposals	-	-	-	(92,736)	(51,106)	-	(30,537)	(174,379)
At 31 March 2021	<u>722,662</u>	<u>-</u>	<u>1,449,459</u>	<u>298,001</u>	<u>1,277,838</u>	<u>562,939</u>	<u>343,540</u>	<u>4,654,439</u>
Net book values								
At 31 March 2021	<u>3,111,191</u>	<u>183,291</u>	<u>8,641,872</u>	<u>230,577</u>	<u>1,805,437</u>	<u>7,084,474</u>	<u>1,112,684</u>	<u>22,169,526</u>
At 31 March 2020	<u>3,283,721</u>	<u>4,154,389</u>	<u>9,175,339</u>	<u>191,519</u>	<u>2,063,270</u>	<u>1,351,300</u>	<u>830,302</u>	<u>21,049,840</u>

Land and buildings owned by the Royal Navy Submarine Museum were revalued in 2017 by Hellier Langston in accordance with the stated accounting policy. The revaluation was conducted by a qualified surveyor on a depreciated replacement cost basis and in accordance with the RICS Appraisal and Valuation manual (5th Edition).

Notes to the financial statements
for the year ended 31 March 2021

16. Stocks

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
The amounts attributable to the different categories are as follows:				
Goods for resale	482,540	516,101	24,000	24,000
HMS Victory arisings	190,605	190,656	190,605	190,656
	<u>673,145</u>	<u>706,757</u>	<u>214,605</u>	<u>214,656</u>

17. Debtors

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Amounts falling due within one year:				
Trade debtors	707,397	489,581	681,460	444,297
Other debtors	29,063	594,562	28,875	393,358
Prepayments and accrued income	2,226,413	2,830,933	2,214,332	2,823,152
VAT	271,943	306,179	242,414	306,179
Amount due from associated companies	1,217,615	97,296	1,413,025	367,349
	<u>4,452,431</u>	<u>4,318,551</u>	<u>4,580,106</u>	<u>4,334,335</u>

18. Debtors: amounts falling due after more than one year:

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Accrued income	500,000	500,000	500,000	500,000
	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>

19. Creditors: amounts falling due within one year

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Trade creditors	955,058	1,678,478	900,471	1,328,268
Other taxes and social security	88,594	108,466	88,594	106,795
Other creditors	65,880	159,130	54,941	77,284
Ministry of Defence	908,088	-	908,088	-
Deferred income	6,891	61,784	6,891	61,784
Amounts due to associated companies	563,893	2,882,361	563,893	2,883,952
Accruals	1,434,511	1,203,284	1,254,936	996,186
	<u>4,022,915</u>	<u>6,093,503</u>	<u>3,777,814</u>	<u>5,454,269</u>

Notes to the financial statements
for the year ended 31 March 2021

20. Analysis of net assets between funds

	Tangible Fixed Assets £	Net Current Assets £	Total 2021 £	Tangible Fixed Assets £	Net Current Assets £	Total 2020 £
Restricted funds	13,927,250	1,037,616	14,964,866	13,875,236	740,228	14,615,464
Unrestricted funds	8,242,276	1,671,823	9,914,099	7,174,604	61,611	7,236,215
Designated funds	-	81,006	81,006	-	71,964	71,964
	<u>22,169,526</u>	<u>2,790,445</u>	<u>24,959,971</u>	<u>21,049,840</u>	<u>873,803</u>	<u>21,923,643</u>
Non charitable trading funds	210,507	120,251	330,758	326,322	123,995	450,317
Total net assets	<u><u>22,380,033</u></u>	<u><u>2,910,696</u></u>	<u><u>25,290,729</u></u>	<u><u>21,376,162</u></u>	<u><u>997,798</u></u>	<u><u>22,373,960</u></u>

Included in the above figures is the revaluation reserve:

Revaluation reserve	<u>1,025,767</u>	<u>-</u>	<u>1,025,767</u>	<u>1,293,251</u>	<u>-</u>	<u>1,293,251</u>
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21. Unrestricted funds

	At 1 April 2020 £	Incoming Resources £	Outgoing Resources £	Transfers £	Gains and Losses £	At 31 March 2021 £
Unrestricted funds	7,236,215	9,403,066	(7,715,024)	1,091,925	(102,083)	9,914,099
Consolidation adjustments	(41,370)	41,370	-	-	-	-
Designated funds	71,964	-	-	9,042	-	81,006
	<u>7,266,809</u>	<u>9,444,436</u>	<u>(7,715,024)</u>	<u>1,100,967</u>	<u>(102,083)</u>	<u>9,995,105</u>
Non charitable trading funds	450,317	182,949	(302,508)	-	-	330,758
Consolidation adjustments	41,370	-	(41,370)	-	-	-
	<u><u>7,758,496</u></u>	<u><u>9,627,385</u></u>	<u><u>(8,058,902)</u></u>	<u><u>1,100,967</u></u>	<u><u>(102,083)</u></u>	<u><u>10,325,863</u></u>

	At 1 April 2019 £	Incoming Resources £	Outgoing Resources £	Transfers £	Gains and Losses £	At 31 March 2020 £
Unrestricted funds	4,622,467	9,905,419	(9,881,831)	2,528,880	61,280	7,236,215
Consolidation adjustments	(35,100)	(6,270)	-	-	-	(41,370)
Designated funds	71,964	-	-	-	-	71,964
	<u>4,659,331</u>	<u>9,899,149</u>	<u>(9,881,831)</u>	<u>2,528,880</u>	<u>61,280</u>	<u>7,266,809</u>
Non charitable trading funds	544,544	2,920,329	(3,014,556)	-	-	450,317
Consolidation adjustments	35,100	(35,100)	41,370	-	-	41,370
	<u><u>5,238,975</u></u>	<u><u>12,784,378</u></u>	<u><u>(12,855,017)</u></u>	<u><u>2,528,880</u></u>	<u><u>61,280</u></u>	<u><u>7,758,496</u></u>

Designated funds represent funds designated for the PHD Masterplan and Coastal Forces Boats.

Notes to the financial statements
for the year ended 31 March 2021

22. Restricted funds

	At 1 April 2020	Incoming Resources	Outgoing Resources	Transfers	Gains and Losses	At 31 March 2021
	£	£	£	£	£	£
RNM Development fund	6,351,089	-	(190,987)	(166,673)	(127,450)	5,865,979
HMS Alliance fund	46,317	200	(32)	-	5	46,490
HMS Caroline fund	70,099	-	(8,908)	-	-	61,191
HMS Invincible fund	38,991	72,471	(85,181)	46,354	-	72,635
HMS M33 fund	50,579	-	-	-	-	50,579
HMS Warrior 1860 fund	28,106	26,346	(43,279)	80,000	-	91,173
HMS Victory Preservation fund	4,595,559	1,162,768	(1,318,210)	80,018	37,236	4,557,371
RML497 fund	(240,644)	-	-	240,644	-	-
LCT 7074 fund	(307,104)	2,145,140	(1,000,072)	(1,306,790)	-	(468,826)
RMM relocation fund	(842,155)	1,119,217	(277,062)	-	-	-
RMM RMC fund	1,000,000	-	-	-	-	1,000,000
Hartlepool projects fund	43,127	46,181	(60,430)	-	-	28,878
Airships Collection fund	19,146	-	-	-	-	19,146
Armada Maps fund	-	502,121	(502,121)	-	-	-
Barracuda project fund	19,919	2,747	(633)	-	-	22,033
Coastal Forces Gallery fund	301,419	58,683	(10,957)	(72,267)	-	276,878
Dommett Archive fund	6,000	-	-	-	-	6,000
Kochan Collection fund	-	53,484	-	-	-	53,484
Coronavirus Job Retention Scheme	-	1,569,567	(1,569,567)	-	-	-
Other restricted funds (projects)	(13,384)	121,247	(37,448)	(2,253)	48	68,210
Centennial fund	10,863	-	(277)	-	(323)	10,263
Fieldhouse fund	3,418,331	-	(140,032)	-	(74,917)	3,203,382
Medal Room Refurbishment	10,749	-	(10,749)	-	-	-
Minstrel's Gallery	8,457	-	(8,457)	-	-	-
	<u>14,615,464</u>	<u>6,880,172</u>	<u>(5,264,402)</u>	<u>(1,100,967)</u>	<u>(165,401)</u>	<u>14,964,866</u>

In 2000 the Royal Naval Museum completed phase I of a major capital development programme to redesign and refit existing galleries and bring new display and office space into use. The movements on the Development fund shown represent the income raised by donations and grants from the National Heritage Memorial Fund and other organisations, less the revenue expenditure and depreciation incurred up to the balance sheet date.

The HMS Alliance fund consisting of funding received for the ongoing maintenance of HMS Alliance.

The HMS Caroline fund is for the conservation of the ship and its development as a visitor attraction. This work has been fully funded by HLF and the Northern Ireland Tourist Board (NITB) to the National Museum. The fund was in deficit at the year end due to a delay in drawdown of NITB grants.

The HMS Invincible 1744 fund relates to a National Heritage Lottery Funded joint project with the Maritime Archaeological Sea Trust (MAST) for activities and an exhibition based on a new dive and excavation of the wreck site.

The HMS M33 fund is for the conservation and presentation/interpretation of the ship, work which has been primarily funded by the Heritage Lottery Fund (HLF), and supported by funding from Hampshire County Council.

The HMS Warrior 1860 Preservation fund is for the conservation of the bulwarks, work which has been primarily funded by the HLF.

Notes to the financial statements
for the year ended 31 March 2021

The HMS Victory Preservation fund is for the conservation and ongoing maintenance of the ship, work which is funded by grants from the HMS Victory Preservation Company and the HMS Victory Preservation Endowment Fund.

The RML497 fund is for the ship's relocation in Hartlepool and its enclosure within a temporary structure for conservation. This has been primarily funded by the Tees Valley Combined Authority with match funding from other donors.

The LCT7074 fund relates to the restoration of the last Landing Craft (Tank) to take part in Operation Neptune and is primarily funded by the National Lottery Heritage Fund with match funding from other donors.

The RMM Relocation fund represents LIBOR and HLF funding received for the former SeaMore project which will include the relocation of the Royal Marines Museum to Portsmouth Historic Dockyard.

The Hartlepool Projects fund includes grant funding from the Tees Valley Combined Authority and other donors including the Catherine Cookson Charitable Trust for the creation of accessible children's play activities at NMRN Hartlepool.

The Airships Collection fund was received from the Mrs L D Rope Fourth Charitable Settlement towards supporting work on an airship heritage trust collection at Fleet Air Arm Museum.

The Barracuda Project Fund is made up of donations to restore a Barracuda and provides for expenses such as materials.

The Coastal Forces Gallery fund relates to a joint project to develop a major permanent exhibition on the Royal Navy's Coastal Forces and is granted by the Coastal Forces Heritage Trust.

The Dommett Archive fund was donated by the Dommett family towards the cost of archiving the papers of Roy Dommett CBE.

The Coronavirus Job Retention Scheme fund comprises funds received from the government under the Coronavirus Job Retention Scheme. All funds received through this grant are utilised to cover the salary costs of the furloughed employees. Salaries are paid at 80% of wages up to a maximum cap of £2,500 per month per furloughed employee.

Other restricted funds were received towards funding specific projects across the group's museums.

The following restricted funds related to the purchase of tangible fixed assets:

The Medal Room refurbishment fund representing a number of grants and donation to enable the Royal Marines Museum to upgrade and refurbish its medal room exhibition; the Minstrel's Gallery Refurbishment fund representing a number of grants and donations for the purpose of upgrading and refurbishing the Royal Marines Museum's Minstrel's Gallery; the Centennial Project fund, created to mark the anniversary of Holland I, and to be used for improving buildings on the Royal Navy Submarine Museum site; the Fieldhouse fund consisting of funding received for the improvement and construction of buildings housing exhibits in the Royal Navy Submarine Museum.

Transfers between funds

The transfers from restricted to unrestricted funds reflect the value of tangible fixed assets which have been purchased using restricted funds, but are held for general purpose, in accordance with SORP 2019 section 2.26.

Notes to the financial statements
for the year ended 31 March 2021

Restricted funds (continued)

	At 1 April 2019	Incoming Resources	Outgoing Resources	Transfers	Gains and Losses	At 31 March 2020
	£	£	£	£	£	£
RNM Development fund	6,474,227	-	(191,735)	-	68,597	6,351,089
HMS Alliance fund	46,347	31,949	(31,981)	-	2	46,317
HMS Caroline fund	(454,690)	789,320	(264,531)	-	-	70,099
HMS Invincible fund	123,506	125,473	(209,988)	-	-	38,991
HMS M33 fund	50,579	-	-	-	-	50,579
HMS Warrior 1860 fund	33,956	279,417	(295,552)	-	-	17,821
HMS Victory Preservation fund	2,111,735	3,600,000	(1,143,709)	-	27,533	4,595,559
RML497 fund	(248,798)	9,060	(906)	-	-	(240,644)
LCT 7074 fund	(281,555)	2,781,277	(1,762,119)	(1,044,707)	-	(307,104)
RMM relocation fund	-	796,242	(315,360)	(1,323,037)	-	(842,155)
RMM RMC fund	-	1,000,000	-	-	-	1,000,000
Hartlepool projects fund	29,575	15,000	(1,448)	-	-	43,127
Airships Collection fund	19,146	-	-	-	-	19,146
Barracuda project fund	11,671	18,291	(10,043)	-	-	19,919
Coastal Forces Gallery fund	270,292	149,650	(19,891)	(98,632)	-	301,419
Dommett Archive fund	6,000	-	-	-	-	6,000
Other restricted funds (projects)	51,957	335,797	(328,454)	(62,504)	105	(3,099)
Centennial fund	11,034	-	(286)	-	115	10,863
Fieldhouse fund	3,519,027	-	(141,605)	-	40,909	3,418,331
Medal Room Refurbishment	13,242	-	(1,555)	-	(938)	10,749
Minstrel's Gallery	9,344	-	(1,037)	-	150	8,457
	<u>11,796,595</u>	<u>9,931,476</u>	<u>(4,720,200)</u>	<u>(2,528,880)</u>	<u>136,473</u>	<u>14,615,464</u>

23. Revaluation reserve

	£
At 1 April 2020	1,293,251
Revaluation of fixed assets	(267,484)
At 31 March 2021	<u>1,025,767</u>
	£
At 1 April 2019	1,095,498
Revaluation of fixed assets	197,753
At 31 March 2020	<u>1,293,251</u>

24. Commitments and contingent liabilities

The company had capital commitments contracted but not provided for in the financial statements amounting to £424,004 (2020: £2,896,077). There were no contingent liabilities at 31 March 2021 (2020: £Nil).

Notes to the financial statements
for the year ended 31 March 2021

25. Financial commitments

The charity had outstanding commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2021	2020
	£	£
Within one year	411,908	159,852
Between one and five years	1,525,232	-
Greater than five years	22,227,172	-
	<u>24,164,312</u>	<u>159,852</u>

26. Related party transactions

Parent charitable company

NMRN Operations receives grant funding from the National Museum of the Royal Navy which is separately disclosed in the Statement of Financial Activities.

Subsidiary company

Company name	Company number	Percentage shareholding	Description
National Museum of the Royal Navy Trading	01261270	N/A	Souvenir shops & corporate events

Joint Venture

NMRN Operations is a related party of Portsmouth Historic Dockyard Operations Limited (PHD Operations Limited), a Joint Venture with the Mary Rose Trust. PHD Operations Limited is a company limited by shares, incorporated in England & Wales (company number 12799836). In the consolidated financial statements, PHD Operations Limited has been treated as a Joint Venture in which the company has a 50% interest.

A summary of the results for the year are as follows:

	2021	
	Company share	Total
	£	£
Deficit contribution	3,357	6,715
Expenditure	(3,357)	(6,715)
Net income	<u>-</u>	<u>-</u>
Balance Sheet		
Current assets	2,260	4,517
Current liabilities	(2,258)	(4,515)
Net assets	<u>2</u>	<u>2</u>

Notes to the financial statements
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PHD Operations Limited was responsible for the collection and distribution of ticketing income for the two members from August 2020. The total income distributed in the period is disclosed within the Statement of Financial Activities.

The company contributes towards the deficit. During the year this totalled £4,680 and is included within site costs shown in note 9.

27. Ultimate parent undertaking

NMRN Operations considers the National Museum of the Royal Navy (the “National Museum”), a charitable company (charity number 1126283, company number 06699696), to be its ultimate parent undertaking.

Control is exercised by the National Museum being the corporate member of NMRN Operations.

The National Museum was established in 2008 as a holding company of the National Museum Group which operates a number of naval service museums. Its vision is to become the world's most respected Naval Museum. The National Museum’s strategy sets out to increase the scale, scope and reach and resilience of the museum. The goal is to promote the public understanding of the Royal Navy past, present and future.

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

28. Analysis of cash and cash equivalents

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Cash and cash equivalents	1,308,035	1,565,993	1,273,548	1,279,081
	<u>1,308,035</u>	<u>1,565,993</u>	<u>1,273,548</u>	<u>1,279,081</u>

29. Analysis of changes in net debt

	Group 2021 £	Group 2020 £	Charity 2021 £	Charity 2020 £
Cash and cash equivalents	1,308,035	1,565,993	1,273,548	1,279,081
	<u>1,308,035</u>	<u>1,565,993</u>	<u>1,273,548</u>	<u>1,279,081</u>

Notes to the financial statements
for the year ended 31 March 2021

30. Financial instruments

The carrying amounts of the charity's financial instruments are as follows:

	2021	2020
	£	£
Financial assets		
Debt instruments measured at amortised cost:		
- Trade debtors (note 17)	681,460	444,297
- Amounts owed by group undertakings (note 17)	1,413,025	367,349
- Other debtors (note 17)	28,875	393,358
- Accrued income (note 17)	2,027,410	2,773,660
- VAT (note 17)	242,414	306,179
	<u>4,393,184</u>	<u>4,284,843</u>
Financial liabilities		
Measured at amortised cost		
- Trade creditors (note 19)	900,471	1,328,268
- Amounts owed to group undertakings (note 19)	563,893	2,883,952
- Other creditors (note 19)	963,029	77,284
- Other taxes & social security (note 19)	88,594	106,795
	<u>2,515,987</u>	<u>4,396,299</u>