

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

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(A company limited by guarantee)
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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

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.

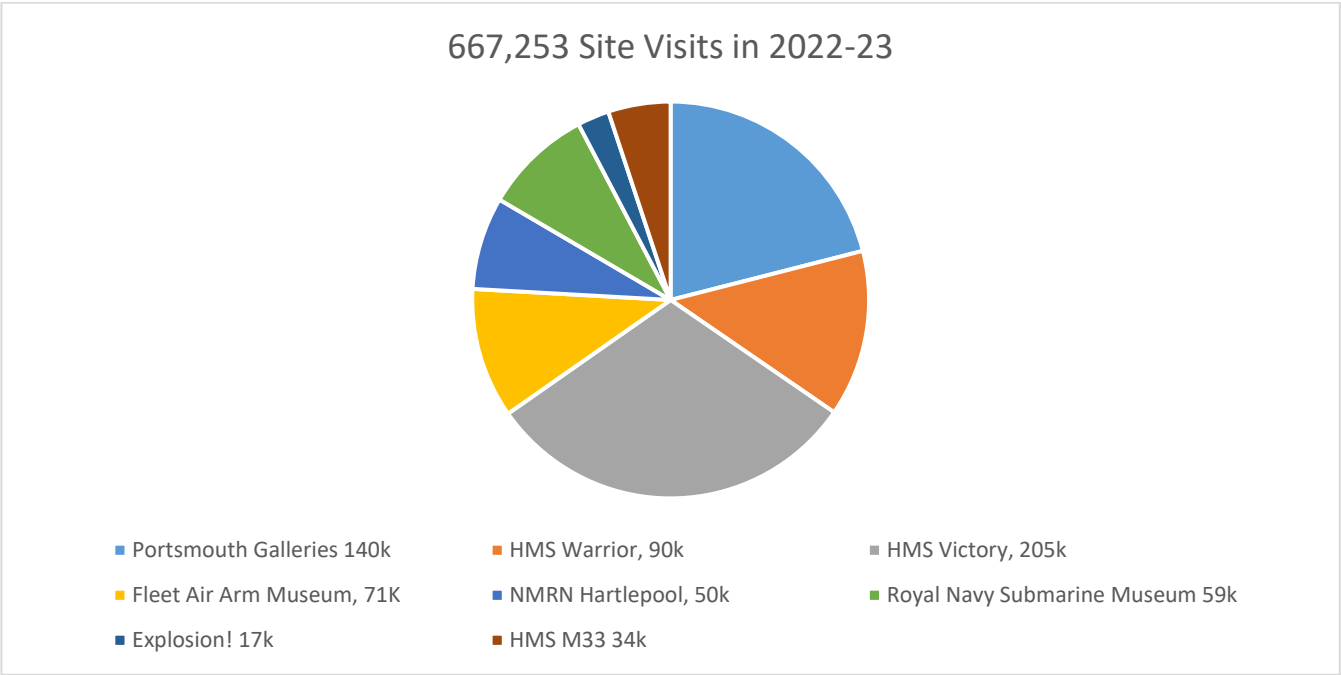
Activities and Achievements

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

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.

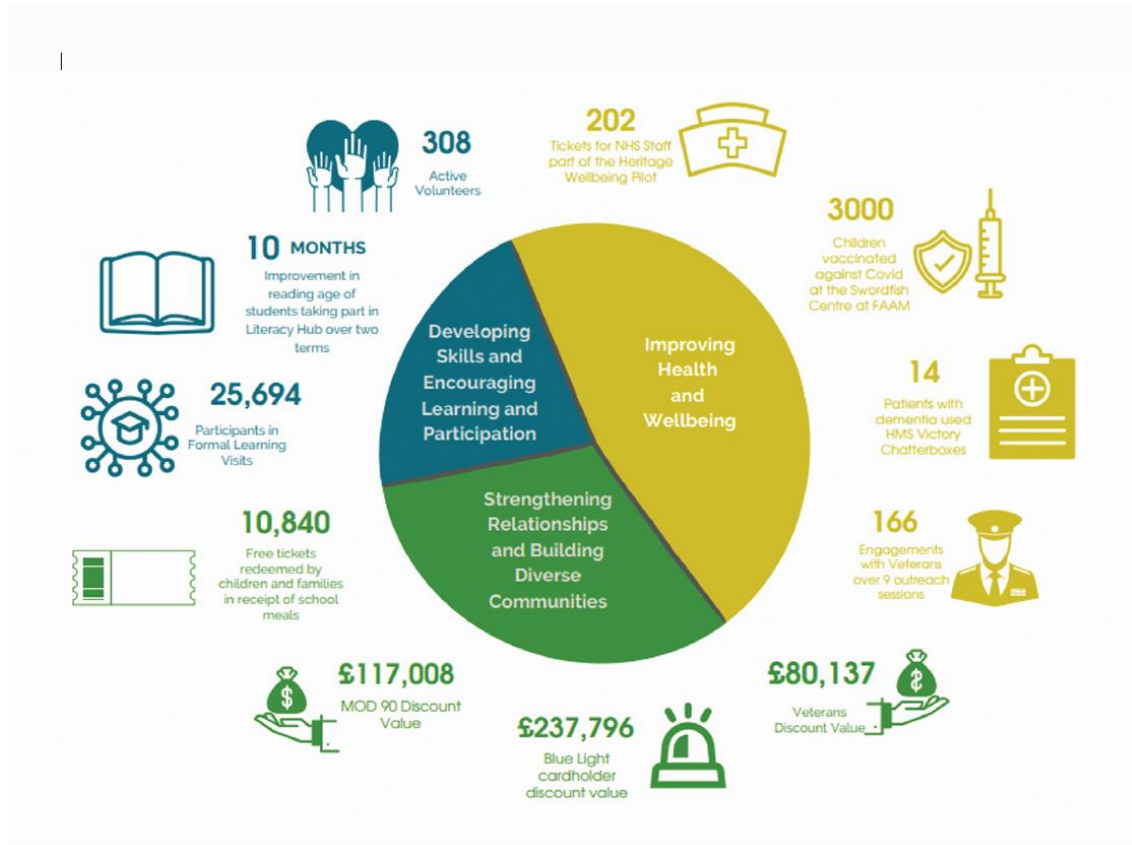
We actively seeks visitors’ feedback on their enjoyment and perception of quality of their visits. Alongside monitoring social media reviews, we also measure visitor satisfaction in a more structured way through the monthly ‘Voice of the Visitor’ survey which is conducted through a mixture of in person 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.

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:

- **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 have 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,

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:

- **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

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

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.

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).

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

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.

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

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

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.

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

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

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

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

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	(2,320,787)	(2,955,912)	(2,062,301)	(2,558,704)
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		38,829,225	25,395,820	38,535,615	25,046,545
Defined benefit pension scheme asset/liability	11	157,000	(273,000)	157,000	(273,000)
Net assets including pension fund liability		<u>38,986,225</u>	<u>25,122,820</u>	<u>38,692,615</u>	<u>24,773,545</u>
Funds	18				
Unrestricted funds		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>38,986,225</u>	<u>25,122,820</u>	<u>38,692,615</u>	<u>24,773,545</u>

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



Mr Richard Hatfield
Chairman
Date:

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
	100	100

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	1,386,916	913,145
Administration expenses	(1,048,843)	(863,610)
Other income	119,688	19,225
Net profit / (loss)	457,761	68,760
Tax on ordinary activities	17,186	(55,043)
Available for distribution	474,947	13,717
Amount gifted to NMRN Operations	(525,812)	-
	(50,865)	13,717
Reserves brought forward	344,475	330,758
Reserves carried forward	293,610	344,475
Assets	1,235,134	813,126
Liabilities	(941,524)	(468,651)
Retained earnings	293,610	344,475

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
	268,477	268,477	285,024	285,024

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
	468,984	420,737

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

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

	Investme nt propertie s	Short leasehold land & buildings	Assets under constructi on	Improvem ents to property	& office equipme nt	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	2,628,451	32,984,5
						174,948	2	2,628,762	12
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
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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	5,931,422
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

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(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>32,984,512</u>	<u>5,844,713</u>	<u>157,000</u>	<u>38,986,225</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>23,305,870</u>	<u>2,089,950</u>	<u>(273,000)</u>	<u>25,122,820</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>10,391,204</u>	<u>14,409,286</u>	<u>(13,961,701)</u>	<u>5,322,995</u>	<u>1,552,646</u>	<u>17,714,430</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
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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	<u>2,448,883</u>	<u>1,397,417</u>	<u>2,043,540</u>	<u>1,333,759</u>

27. Analysis of changes in net debt

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

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)	<u>124,740</u>	<u>110,188</u>

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957,696	930,317
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