

Charity number: 1169061
Company number: 09988314

NMRN Operations
(A company limited by guarantee)

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

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(A company limited by guarantee)
Company number: 09988314

Legal and administrative information

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

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

Foreword

The Trustees present the annual report and the audited financial statements of NMRN Operations ("the charitable company") for the year ended 31 March 2024. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the Trust.

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

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

Performance Report

Overview

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

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

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

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

Audiences:

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

Collections:

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

Sustainability:

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

Our People

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

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

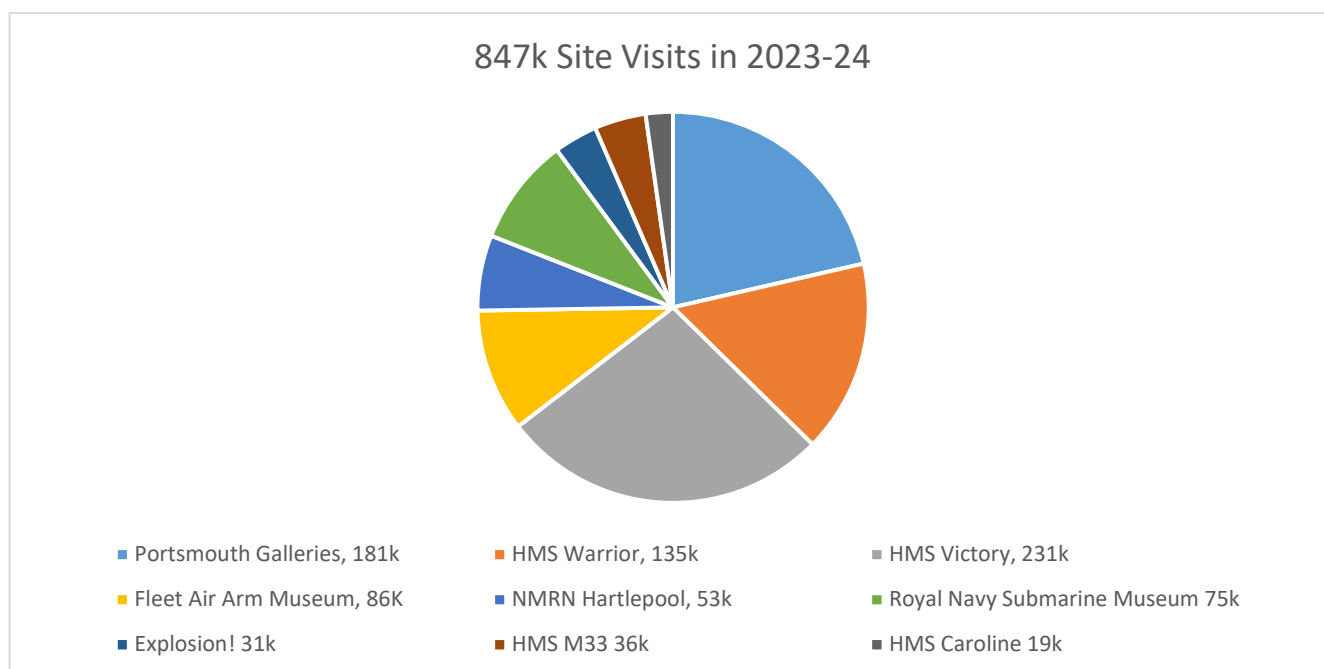
Our framework of values supports the culture of the organisation, guiding our everyday actions and being integral to our performance management framework.



Activities and Achievements

Visitors

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



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

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

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

Social Value and Learning

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

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

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

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

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

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

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

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

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

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

Volunteers

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

Supporting the National Museum's Sponsor - The Royal Navy

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

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

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

Communications

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



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



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



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



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



NMRN Website
 303,381 users



PHD Website
 333,255 users



NMRN and PHD Webstores
 289,857 users



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

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

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

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

Exhibitions

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

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

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

Collections and Research

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

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

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

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

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

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

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

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

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

Conservation and Historic Ships

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

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

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

National Museum of the Royal Navy Trading

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

Joint Venture with the Mary Rose Trust

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

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

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

Plans for Future Periods

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

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

Sustainability

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

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

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

Audiences

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

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

Collections

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

People

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

Principal Risks and Uncertainty

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

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

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

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

Post balance sheet events

There are no post balance sheet events.

Financial Review

Statement of Financial Activities for the Year Ended 31 March 2024

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

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

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

Balance sheet

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

Reserves

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

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

Auditors

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

So far as the Trustees and Accounting Officer are aware, there is no relevant audit information of which the charitable company's auditors are unaware. Trustees have taken all the steps necessary to make themselves aware of any relevant audit information and to establish that the charitable company's auditors are aware of that information.

Approved by the Board and signed on its behalf by



Mr Richard Hatfield
Chairman on Behalf of the Board of Trustees

Date: 13th November 2024



Matthew Sheldon
Chief Executive and Accounting Officer

Date: 13th November 2024

Accountability Report

Trustees Report and Governance Statement

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

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

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

The Governance Framework

NMRN Operations is a charity registered with the Charity Commission (registration number 1169061). It is governed by its Memorandum and Articles of Association dated 9 August 2016, which incorporate its charitable objects, the powers of the company and provides for the appointment and re-appointment of directors. Trustees are appointed in accordance with the Charity Commission guidance ‘Finding new trustees: what charities need to know’ and appointments are guided by the principles of the Cabinet Office guidelines ‘Governance Code on Public Appointments’.

The Trustees ensure the distinct legal responsibilities and charitable objectives of NMRN Operations are fulfilled while acting within an overall policy and strategy framework developed by the National Museum of the Royal Navy. The day to day operation of the charitable company within that framework is delegated to the National Museum’s Chief Executive Officer and Executive Directors.

A formal induction process for Trustees is in place which combines all the necessary background reading material including items such as the Memorandum and Articles of Association, copies of minutes of recent meetings, a copy of the Charity Commission publication “The Essential Trustee: what you need to know”, a copy of the National Museum’s strategy and corporate plan and a copy of the Museum Association publication “Code of Ethics for Trustees”, with visits to the National Museum’s sites to meet key members of staff and to discuss current issues. Recent appointees continue to confirm their satisfaction with this process.

Register of Interests

A register of Trustees’ and Executives’ interests is maintained, requiring declaration of any interest, pecuniary or otherwise, in any matter being considered by the Board.

Equity, Diversity and Inclusion

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

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

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

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

Personal data related incidents

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

System of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the charity's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The review of the effectiveness of the system of internal controls is exercised through the National Museum of the Royal Navy's Audit and Governance Committee. This Committee is chaired by a Trustee of the National Museum's Board of Trustees and draws expertise from other Trustees and committee members, with the executive in attendance as required. The Committee also has access to the independent accountants and internal and external auditors engaged for all companies within the Group, providing review and oversight of the financial control systems and the creation of company and consolidated group accounts.

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Risk Management

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



Mr Richard Hatfield
Chairman on Behalf of the Board of Trustees

Date: 13th November 2024



Matthew Sheldon
Chief Executive and Accounting Officer

Date: 13th November 2024

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

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

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

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

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

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



Mr Richard Hatfield
Chairman on Behalf of the Board of Trustees

Date: 13th November 2024



Matthew Sheldon
Chief Executive and Accounting Officer

Date: 13th November 2024

Independent auditors' report to the members of NMRN Operations

Opinion

We have audited the financial statements of NMRN Operations (the 'parent charitable company') for the year ended 31 March 2024 which comprise the Consolidated Statement of Financial Activities, the Consolidated and Parent Charitable Company Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2024, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the trustees' annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the trustees' report, which includes the strategic report and the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report included within the trustees' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made;
- we have not received all the information and explanations we require for our audit;

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the parent charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

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

The risks were discussed with the audit team and we remained alert to any indications of non-compliance throughout the audit. We carried out specific procedures to address the risks identified. These included the following:

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

To address the risk of management override of controls, we carried out testing of journal entries and other adjustments for appropriateness. We also assessed management bias in relation to the accounting policies adopted and in determining significant accounting estimates

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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

Use of our report

This report is made solely to the parent charitable companies members, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the parent charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the parent charitable company and the parent charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Michael Cooper-Davis FCCA ACA
(Senior Statutory Auditor)

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

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

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

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

Consolidated Balance sheet
as at 31 March 2024

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

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



Mr Richard Hatfield
Chairman
Date: 13th November 2024

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

Consolidated Cash Flow Statement
for the year ended 31 March 2024

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

Analysis of cash and cash equivalents

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

Analysis of changes in net debt

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

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

1. Accounting policies

1.1. Company information

NMRN Operations is a private company limited by guarantee and incorporated in England and Wales. The registered office is the National Museum of the Royal Navy, HM Naval Base PP66, Portsmouth, Hampshire, PO1 3NH.

NMRN Operations and its group meet the definition of a public benefit entity under section 34 of FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value, unless otherwise stated in the relevant accounting policy. The principal objectives of the charity are detailed in the Trustees report.

1.2. Basis of accounting

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (Charities SORP FRS 102) issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice as it applies from 1 January 2019.

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

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

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

1.3. Going concern

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

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

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

1.4. Income

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

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

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

1.5. Grants receivable

Revenue grants are credited to incoming resources on the earlier date of when they are received or when they are receivable. If a grant or donation is subject to conditions that require a level of performance before the charity is entitled to the funds, the income is deferred and not recognised until either those conditions are fully met, or the fulfilment of those conditions is wholly within the charity's control and it is probable those conditions will be met in the accounting period.

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

1.6. Expenditure

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

1.7. Basis of allocation

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

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

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

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

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

1.8. Foreign currency transactions

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

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

1.9. Funds

Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of overheads and support costs.

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

1.10. Tangible fixed assets

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

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

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

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

Assets under construction are not depreciated.

Significant Historic Ships

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

Accounting policy for recognition of subsequent expenditure on significant ships

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

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

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

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

1.12. Leased assets

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

1.13. Investment properties

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

1.14. Stock

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

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

1.15. Basic financial Instruments

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

1.16. Pensions

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

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

Group Pension Plan

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

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

Principal Civil Service Pension Scheme (PCSPS)

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

Local Government Pension Scheme (LGPS)

The LGPS is a multi-employer defined benefit scheme.

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

1.17. Termination benefits

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

1.18. Restatement of comparative information

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

1.19. Change in presentation

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

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

2. Grants and donations received

During the year the following grants and donations were received:

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

3. Admissions

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

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

4. Income and expenses from trading activities of subsidiaries

National Museum of the Royal Navy Trading

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

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

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

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

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

5. Other income

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

6. Cost of generating funds

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

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

7. Museum and visitor operations

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

8. Governance and support costs

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

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

9. Grants payable

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

10. Employee costs

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

Key management personnel

Key management personnel are employed by the parent charity.

Higher paid employees

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

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

Number of employees

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

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

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

Trustees' emoluments

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

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

11. Pensions

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

Principal Civil Service Pension Scheme (PCSPS)

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

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

Local Government Pension Scheme (LGPS)

The LGPS is a multi-employer defined benefit scheme.

Hampshire Pension Fund

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

Assumptions

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

Teesside Pension Fund

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

Assumptions

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

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

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

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

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

Group Pension Plan

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

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

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

12. Net outgoing resources for the year

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

13. Taxation

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

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

14. Fixed assets

Group

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

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

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

Charity

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

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

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

15. Stocks

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

16. Debtors

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

17. Creditors: amounts falling due within one year

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

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

18. Analysis of net assets between funds

	Tangible Fixed Assets £	Net Current Assets £	Pension Scheme Asset £	Total 2024 £
Restricted funds	19,140,710	870,576	-	20,011,286
Unrestricted funds	13,590,405	4,792,702	232,000	18,615,107
Designated funds	-	543,646	-	543,646
	<u>32,731,115</u>	<u>6,206,924</u>	<u>232,000</u>	<u>39,170,039</u>
Non charitable trading funds	176,119	59,845	-	235,964
Total	<u>32,907,234</u>	<u>6,266,769</u>	<u>232,000</u>	<u>39,406,003</u>
Included in the above figures is the revaluation reserve:				
Revaluation reserve	<u>6,924,144</u>	<u>-</u>	<u>-</u>	<u>6,924,144</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Restricted funds	19,383,892	1,887,903	-	21,271,795
Unrestricted funds	13,365,848	3,563,354	157,000	17,086,202
Designated funds	-	507,462	-	507,462
	<u>32,749,740</u>	<u>5,958,719</u>	<u>157,000</u>	<u>38,865,459</u>
Non charitable trading funds	234,772	58,838	-	293,610
Total	<u>32,984,512</u>	<u>6,017,557</u>	<u>157,000</u>	<u>39,159,069</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>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>

19. Unrestricted funds

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

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

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

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

20. Restricted funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Transfers between funds

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

Restricted funds continued

	At 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 M33 fund	50,579	-	-	-	-	50,579
HMS Warrior 1860 fund	91,252	800,000	(26,610)	(773,277)	-	91,365
HMS Victory Preservation fund	4,621,840	7,980,727	(3,032,937)	(457,852)	969,997	10,081,775
LCT 7074 fund	(734,325)	804,994	(49,278)	-	-	21,391
RMM New Museum	53,689	7,881	(37,113)	-	-	24,457
Hartlepool development fund	(129,544)	3,524,918	(249,571)	(3,470,243)	-	(324,440)
Barracuda project fund	20,490	65	(1,389)	-	-	19,166
Cobham Hall & Leading Edge	150,000	-	-	-	-	150,000
FAAM Carrier fund	-	658,867	(25,983)	(632,884)	-	-
Trincomalee fund	29,778	-	-	-	-	29,778
Other restricted funds (projects)	129,554	155,119	(150,646)	11,261	2,169	147,457
Fieldhouse fund	4,448,972	-	(198,498)	-	403,442	4,653,916
	14,731,616	13,932,673	(3,989,951)	(5,322,995)	1,920,452	21,271,795

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

21. Revaluation reserve

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

22. Commitments and contingent liabilities

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

23. Financial commitments

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

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

24. Related party transactions

Parent charitable company and ultimate parent undertaking

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

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

Subsidiary company

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

Joint Venture

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

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

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

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

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

25. Prior period adjustment

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

The effect of this change on reserves is as follows:

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