

Charity number: 1179537

Mercantile Marine Memorial Trust
Trustees' report and financial statements
for the year ended 31 December 2020

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Legal and administrative information

Charity number	1179537
Registered office	HM Naval Base PP66 Portsmouth Hampshire PO1 3NH
Trustees	Captain Josh Garner Professor Dominic Tweddle Tim Schadla-Hall Alastair Chapman - resigned 2 nd July 2021
Accountants & auditors	Compass Accountants Limited Venture House The Tanneries East Street Titchfield Hampshire PO14 4AR

Trustees' annual report

The Trustees present their report and the audited financial statements of the charity for the year ended 31st December 2020. The Trustees have adopted the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS 102) in preparing the annual report and financial statements of the charity.

Foreword

The charitable objects of the Mercantile Marine Memorial Trust (the Trust) are:

- 1) To receive and maintain the British Mercantile Marine collection of paintings and other artistic works depicting the life and history of the British Mercantile Marine; and
- 2) To curate and display such paintings and other artistic works in museums and other public event space in order to advance the education of the public in the life and history of the British Mercantile Marine.

Performance Report

Overview

The Mercantile Marine Memorial Trust was registered as a Charitable Incorporated Organisation on the 14 August 2018 (charity number 1179537).

The Mercantile Marine artworks, a collection of approximately 1,300 portraits of British steam shipping in locations across the world, were purchased on behalf of the Trust by the National Museum of the Royal Navy ("the National Museum") (charity number 1126283) on the 27th November 2017. The purchase of the artworks was supported through a LIBOR grant agreement between the National Museum and HM Treasury dated the 12th June 2017. The total grant, to be held in trust by the National Museum, totalled £1,233,000. The purchase price of the artworks was £600,000 and the remaining funds to be held by the National Museum to catalogue and research the collection, to establish exhibition and storage facilities and to create a loan programme.

Covid-19 Pandemic

The Covid-19 pandemic has significantly impacted the activities of Trust during the reporting period in terms of its ability to develop its programme to further the delivery of its charitable objects. This will be remedied in 2021 and future years as the Trust develops its plans to catalogue and research its collection of artworks and to curate and display it in museums and other public event spaces.

Financial Review

Statement of Financial Activities for the year ended 31 December 2020

Total incoming resources for the Mercantile Marine Memorial Trust in 2019-20 amounted to £Nil (2019: £1,233,000).

Total resources expended for 2019-20 amounted to £7,900 (2019: £22,184) relating to storage, management and governance costs.

Balance sheet

The net assets as at 31st December 2020 amounted to £1,154,011 (2019: £1,161,911).

Reserves

The Trustees regularly monitor the levels of the Trust's reserves. The Trust retains a 'free reserve' in accordance with Group policy and defined as the amounts shown as Net Current Assets in the accounts and which are attributable to Unrestricted Funds. The Group policy is that there is no requirement to accumulate free reserves within the subsidiary charities and trusts and that any reserves held will be appropriately used, as approved by the Board, for the furtherance of the Trust's charitable objects.

As at 31st December 2020, the Trust's free reserves (defined as net current assets attributable to unrestricted reserves) stood at £554,011 (2019: £561,911). The purpose of the Trust is solely to hold the heritage assets and reserves of the Mercantile Marine Memorial Trust, which it will grant to the National Museum as and when required until they are expended or a nominal sum remains. The ongoing operating costs are undertaken under the agreement with NMRN, therefore the Trustees are content that the going concern basis continues to apply and that the free reserves are at an appropriate level.

Plans for future periods

The Trustees are currently reviewing the collection and are looking to turn the Trust into useable objects so the public can learn the history around the mercantile marine history and the Trustees are seeking legal advice on the best approach to achieve this.

The National Museum will novate the LIBOR grant agreement and all the remaining grant held to the Trust as soon as it is practical and the Trust has the appropriate management arrangements in place.

Future expenditure will be limited to governance and support costs. As such, the Trustees are content that the going concern basis continues to apply and the impact of the COVID-19 pandemic does not create a material uncertainty around going concern to the charity.

Auditors

The accounts have been audited by Compass Accountants Ltd. So far as the Trustees are aware, there is no relevant audit information of which the charity's auditors are unaware. Trustees have taken all the steps necessary to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.

On behalf of the board



Joshua Garner
Chair on Behalf of the Board of Trustees

Date: 25/10/21

Statement of Trustees' responsibilities
for the year ended 31 December 2020

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources of the charity for that period. In preparing these financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the Trust deed. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



Joshua Garner
Chair on Behalf of the Board of Trustees

Date:

25/10/21

Independent auditors' report to the Trustee of the Mercantile Marine Memorial Trust

Opinion

We have audited the financial statements of the Mercantile Marine Memorial Trust (the 'charity') for the year ended 31st December 2020 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31st December 2020, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Charities Act 2011.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the Trustees' annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the Trustees' report; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' responsibilities set out on page 7, the Trustees 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 charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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 specific procedures for this engagement and the extent to which these are capable of detecting irregularities, including fraud is detailed below:

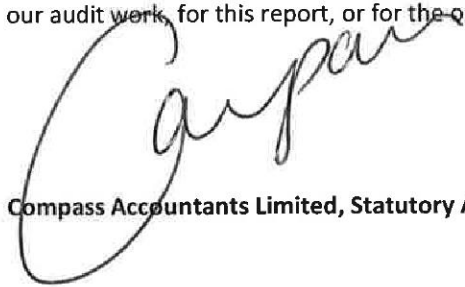
- Enquiry of management around actual and potential litigation and claims;
- Enquiry of management to identify any instances of non-compliance with laws and regulations;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

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: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the charity's Trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charity's Trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's Trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Compass Accountants Limited, Statutory Auditor

**Venture House, The Tanneries
East Street, Titchfield
Hampshire, PO14 4AR**

Date: 31 OCTOBER 2021

Compass Accountants Limited is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Statement of financial activities

For the year ended 31 December 2020

	Notes	Unrestricted funds £	2020 Total £	Unrestricted funds £	2019 Total £
Income from:					
Donations and legacies					
Balance of LIBOR income from the National Museum of the Royal Navy		-	-	1,184,095	1,184,095
Total income		-	-	1,184,095	1,184,095
Expenditure on:					
Charitable activities					
Collections and asset management	2	7,900	7,900	22,184	22,184
Total expenditure		7,900	7,900	22,184	22,184
Net income/(expenditure)		(7,900)	(7,900)	1,161,911	1,161,911
Transfers between funds		-	-	-	-
Net movement in funds		(7,900)	(7,900)	1,161,911	1,161,911
Reconciliation of funds:					
Funds brought forward		1,161,911	1,161,911	-	-
Total funds carried forward		1,154,011	1,154,011	1,161,911	1,161,911

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

The notes on pages 14 to 18 form an integral part of these financial statements.

Balance Sheet
as at 31 December 2020

	Notes	2020 £	2019 £
Fixed assets			
Heritage assets	5	600,000	600,000
		<u>600,000</u>	<u>600,000</u>
Current assets			
Debtors	6	561,211	565,511
		<u>561,211</u>	<u>565,511</u>
Creditors: amounts falling due within one year	7	(7,200)	(3,600)
Net current assets		<u>554,011</u>	<u>561,911</u>
Net assets		<u><u>1,154,011</u></u>	<u><u>1,161,911</u></u>
Funds			
Unrestricted funds		<u>1,154,011</u>	<u>1,161,911</u>
Total funds		<u><u>1,154,011</u></u>	<u><u>1,161,911</u></u>

The financial statements were approved by the board and signed on its behalf by

Joshua Garner
Chair on Behalf of the Board of Trustees

Date:

The notes on pages 14 to 18 form an integral part of these financial statements.

Cash flow statement

for the year ended 31 December 2020

	2020	2019
Cash flows from operating activities:		
Net cash provided by/(used in) operating activities	-	600,000
Cash flows from investing activities:		
Purchase of heritage assets	-	(600,000)
Cash and cash equivalents at 1 January 2020	-	-
Cash and cash equivalents at 31 December 2020	-	-
 Net income/(expenditure) for the reporting period	(7,900)	1,161,911
(Increase)/decrease in debtors	4,300	(565,511)
Increase/(decrease) in creditors	3,600	3,600
Net cash provided by/(used in) operating activities	-	600,000

Notes to the financial statements for the period ended 31 December 2020

1. Accounting policies

1.1. Charity information

The Mercantile Marine Memorial Trust is a registered charity, number 1179537.

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

1.2. Basis of preparation of financial statements

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

The role of the Trust is solely to hold the heritage assets and reserves of the Mercantile Marine Memorial Collection. The Trustees are content that the going concern basis continues to apply and the impact of the COVID-19 pandemic does not create a material uncertainty around going concern in the Trust.

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

1.3. Income

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

1.4. Grants receivable

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

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.

1.5. Expenditure

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

1.6. Basis of allocation

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

1.7. Restricted funds

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

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

Notes to the financial statements for the period ended 31 December 2020

1.8. 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.

1.9. Heritage assets

The heritage assets held by the trust are capitalised in the accounts on the basis of cost of purchase. The assets are not depreciated due to their infinite useful economic lives. An annual review for impairment is carried out in accordance with the Charities SORP, with any impairment recognised in the Statement of Financial Activities.

The Collection

The collection consists of artefacts, physical, written and oral reflecting the history of the British Mercantile Marine.

1.10. Basic financial instruments

The Museum's financial assets and liabilities consist of cash and cash equivalents, short term investments, trade debtors, trade creditors and accrued expenses. The fair value of these items approximates their carrying value due to their short term value. Unless otherwise noted, the Museum 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.

**Notes to the financial statements
for the period ended 31 December 2020**

2. Collections and asset management

	Collections and asset management	2020	2019
	£	£	£
Storage costs	3,908	3,908	9,102
Governance and support costs	3,992	3,992	13,082
	<u>7,900</u>	<u>7,900</u>	<u>22,184</u>

3. Governance and support costs

	Collections and asset management	2020	2019
	£	£	£
Accountancy fees	900	900	900
Auditor's remuneration	2,700	2,700	2,700
Legal and professional fees	392	392	8,951
Other costs	-	-	531
	<u>3,992</u>	<u>3,992</u>	<u>13,082</u>

4. Employee costs

There were no employees directly employed by the charity in the period.

No Trustees received remuneration or were reimbursed for travel expenses during the year.

**Notes to the financial statements
for the period ended 31 December 2020**

5. Heritage assets

	At cost £	Total £
Cost or valuation		
At 31 December 2019 and 31 December 2020	600,000	600,000
Net book values		
At 31 December 2019 and 31 December 2020	600,000	600,000

On 27th November 2017 a collection of artworks was purchased from Mr Michael Charles for £600,000, consisting mainly paintings of ships. The collection consists of approximately 1300 artworks but at this stage there is no complete list. Further work is required to ensure the Trust has a complete inventory of the collection.

The collection has been included within heritage asset additions at the purchase price of £600,000.

Five-year summary	2020 £	2019 £
<u>Additions</u>		
Purchases	-	600,000
Donations	-	-
<u>Disposals</u>	-	-

6. Debtors

	2020 £	2019 £
Other debtors	561,211	565,511
	561,211	565,511

7. Creditors: amounts falling due within one year

	2020 £	2019 £
Accruals	7,200	3,600
	7,200	3,600

**Notes to the financial statements
for the period ended 31 December 2020**

8. Analysis of net assets between funds

	Tangible Fixed Assets	Net Current Assets	2020 Total
	£	£	£
Unrestricted funds	600,000	554,011	1,154,011
	<u>600,000</u>	<u>554,011</u>	<u>1,154,011</u>

	Tangible Fixed Assets	Net Current Assets	2019 Total
	£	£	£
Unrestricted funds	600,000	561,911	1,161,911
	<u>600,000</u>	<u>561,911</u>	<u>1,161,911</u>

9. Related party transactions

The charity is a related party of the National Museum of the Royal Navy (the National Museum). During the year the charity received income of £Nil (2019: £1,184,095) from, and paid expenses of £4,300 (2019: £18,584) to, the National Museum. At the end of the period an amount of £561,211 (2019: £565,511) was held on trust on behalf of the charity by the National Museum.