

# The Chatham Historic Dockyard Trust

Trustees' Report and Financial Statements

for the year ended 31 March 2023

Company number 01804108

Registered Charity number: 292101

## Vision

The most complete and best-preserved Dockyard of the Age of Sail will increase its impact through innovative reuses of our heritage assets making it ever more relevant to all users, providing excellent experiences for all and inspirational learning for the widest audiences.

## Our Strategic Objectives

### Preservation

To set the benchmark in maintaining excellence in the sympathetic preservation and use of The Historic Dockyard, its buildings, ships and collections through diverse re-use. Excellence in management of the heritage environment and building use will remain essential in preserving the unique, award-winning, historic character of the site.

### Learning

To engage the widest audiences in learning about the significance and role of the former Royal Dockyard at Chatham and its people in supporting the Royal Navy from sail to steam to nuclear power over a 400 year period.

Utilising on-site heritage assets as the foundation for an industry leading museum and heritage site, we will maximise our reach and capacity whilst maintaining quality in delivering inspirational programmes and engaging activities which will incorporate the best use of digital technology and outreach activities.

### Excellence

Providing excellence in everything we do, we will deliver an unmatched, inspirational and memorable experience for all users of The Historic Dockyard – whether visitors, tenants, residents or students – that exceed their expectations and maintains a balanced ecology of uses.

In setting and pursuing these objectives the Trustees have had regard to the Charity Commission's guidance on public benefit.

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**Patron**

HRH The Former Prince of Wales

**Vice Patrons at 31 March 2023**

Admiral of the Fleet Lord Boyce KG GCB OBE DL (Deceased 06/11/2022)

Admiral Sir Ian Garnett KCB

The Rt. Hon Sir Timothy Sainsbury Kt PC

**Trustees and Board Members**

Admiral Sir Trevor Soar KCB, OBE, DL (Chairman)

Professor Robert Allison CBE, DL

Sir Ian Andrews CBE, TD

Councillor Rodney Chambers OBE

Mr William A Corbett

Mr Paul D Hudson

Mr Paul Jackson OBE

Miss Sarah E Roots

Mr Prodaman K Sarwal MBE

Mr Duncan Wilson CBE

Mrs Deidre Wells OBE (Appointed 24/05/2022)

**Secretary**

Mr Christopher Langridge

**Company members**

The Trustees and Board Members (as above)

The Rt. Hon. The Secretary of State for Defence

The Rt. Hon. The Secretary of State for Digital, Culture, Media and Sport

Mr John Spence OBE DL

**Key Management**

Mr Richard Morsley

Mr Paul Barnard

Ms Lynnette Crisp

Mr Nigel Howard

Mr Christopher Knott

Ms Olivia Horner

Chief Executive

Chief Operating Officer

Director of Communications & Public Engagement

Director of the Historic Environment and Buildings

Financial Controller

Director of Commercial Operations (Appointed 01/04/2022)

**Bankers**

Barclays Bank PLC

13 Fremlin Walk

Maidstone

Kent ME14 1QG

**Auditor**

Azets Audit Services

Greytown House

Orpington, Kent BR6 0NZ

**Solicitors**

Cripps LLP

22 Mount Ephraim

Tunbridge Wells

Kent TN4 8AS

**Registered Office**

1<sup>st</sup> Floor North

Fitted Rigging House

The Historic Dockyard

Chatham

Kent

ME4 4TZ

Tel: 01634 823800 / [www.thedockyard.co.uk](http://www.thedockyard.co.uk)



The Trust gratefully acknowledges the financial and other support during 2022/23 of its Dockyard Ambassadors, and of its many stakeholders and funders, so essential to its successful operation.

Major Donors and Supporters during 2022/2023 (in alphabetical order):

Arts Council England  
BAE Systems  
DCMS Wolfson Museums and Galleries Improvements Fund  
The Department for Digital, Culture, Media and Sport (DCMS)  
The Garfield Weston Foundation  
Historic England  
Marsh Christian Trust  
Medway Council  
National Lottery Heritage Fund  
Sir Charles Jessel Charitable Trust  
The Submarine Family (RN Charities)  
The Submariners Association (National Museum of the Royal Navy)  
South East LEP

We would like to thank all of the individuals and organisations that have supported the Historic Dockyard through this year, including those who have generously left gifts in the form of a legacy. Their support is hugely appreciated and makes a real difference to the valuable work we do.

In addition, we would like to thank, in particular, the Department for Digital, Culture, Media & Sport and Medway Council for their continued valuable support.

The Chatham Historic Dockyard Trust is a registered charity (Charity No. 292101) and registered company (Company No. 01804108).

Gifts and donations made by UK taxpayers under gift aid substantially increase the value of donations made.

The Trust is a Fully Accredited Museum.

# Trustees' annual report incorporating the strategic report

For the year ended 31 March 2023

## **Chairman's Introduction**

As 2022/23 draws to a close and a new year begins, it is with some pleasure that I write this report following a year of relative normality following the impact of the COVID pandemic. Whilst the year has come with its own challenges, not least the emerging cost of living crisis, it has been hugely satisfying to start to welcome visitors back to The Historic Dockyard for an uninterrupted year and for all our income streams to start to recover.

This document reports against the period 1 April 2022 to 31 March 2023.

## ***Achieving the Learning Purpose***

We were delighted to be able to operate a full visitor season in 2022 following the two years of uncertainty due to the COVID-19 Pandemic. Our visitors started to return over the course of the year and we are pleased to report that 125,280 people visited the Historic Dockyard throughout the reporting period. Whilst this is still below our pre-pandemic averages, the green shoots of recovery were very much present throughout the whole year, particularly as we headed into 2023, giving us cause for optimism for the year ahead.

## **Visitors**

It has been a real pleasure to see visitors returning to The Historic Dockyard Chatham throughout 2022. In an effort to rebuild our visitor numbers following the pandemic, we took a conscious decision to remain competitive with our pricing and offer the greatest value possible through a diverse range of exhibitions and activities hosted across the year. Whilst visitor numbers didn't return to pre-pandemic levels (around 28% down), we believe that our efforts have supported our efforts in rebuilding audiences.

Throughout 2022, we hosted the exhibition *Diving Deep: HMS Invincible 1744*. This ground-breaking exhibition told the story of the Invincible, her sinking and subsequent fascinating discovery over 260 years later. The exhibition was developed in partnership with the National Museum of the Royal Navy, Bournemouth University and Maritime Archaeology Sea Trust (MAST) with funding from the National Lottery Heritage Fund. Originally due to open in Chatham in 2020 but postponed due to COVID restrictions, the exhibition was officially opened by our research volunteers who worked tirelessly during the national lockdown periods developing content for the exhibition with our partners in Portsmouth. We took the opportunity to also create a wide range of family activities linked to this exhibition to excite and engage audiences, including a brand partnership with Silvergate Media to bring *Octonauts*, a popular children's TV show and range of books, to The Historic Dockyard.

2022 also marked the 60<sup>th</sup> Anniversary of the launch of HM Submarine *OCELOT*. We took the opportunity to mark this event by making some significant upgrades to the experience onboard the submarine and held a commemorative event that was attended by submariners and dockyard workers, brought together to celebrate the launch of the last vessel built for the Royal Navy in Chatham.

For the first time, The Historic Dockyard Chatham opened its doors to audiences over the Christmas period having launched a new product, *Mission Christmas*. This was a separately ticketed event that welcomed visitors throughout December to an immersive Christmas experience with the clear objective to drive new audiences to the site. We were delighted to welcome over 7,400 visitors to this experience and we are looking forward to developing the product further for future years.

## ***Achieving the Preservation Purpose***

With over 100 buildings and structures, including 47 ancient monuments, preservation of our historic estate can never stand still. Our strategy of 'preservation through reuse' remains effective and our commercial estate sustains an enviable rate of occupation.

I'm pleased to report that excellent progress is being made in the delivery of the Levelling Up Fund funded Fitted Rigger House South project and the project is still on course to be completed with tenants moving into the newly

# Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2023

created spaces in Autumn 2023. Interest in the commercial space has been very strong with most of the spaces having been pre-let at the time of writing this report.

We are currently in the process of acquiring our 48th Scheduled Ancient Monument - the Police Section House. This Grade II listed Scheduled Ancient Monument will be developed into an innovative new creative space called The Docking Station. This new development will become a digital creative and cultural industries hub providing cutting edge technologies, performance and training opportunities. Construction is planned to commence in 2024 and the project is being led by the University of Kent.

A number of small preservation projects have been undertaken across the course of the year including the external repair and redecoration of the Craft workshops, refurbishment and rehanging of the Main Gate doors, the rebuilding of the Commissioners House canopy, and a range of site surveys including quinquennial inspections of chimneys and a full inspection of the dry dock caissons.

## External Support

Support through third-party sources has always been transformational, not only in supporting our day-to-day operation but in supporting us in our drive for financial resilience. During this period, we have been fortunate to receive significant grant support from the Levelling Up Fund, Arts Council England, the Garfield Weston Foundation and DCMS as well as support from a number of donors and benefactors who are referenced later in this report. It is worth noting that the Trust's consolidated net surplus of £1,213k is due to receipt of Levelling Up Fund grant for the Fitted Rigging House South project of £1,808k in mid-March 2023, less depreciation of £805k (£732k of which is restricted).

## Our Teams

Chatham Historic Dockyard Trust has gone through a period of significant change within its staff teams at a Leadership level over the past couple of years and I'm very pleased to report that the Senior Leadership Team is now fully settled into post, completed in this reporting year with the appointment of Olivia Horner as Director of Commercial Operations.

We are fortunate to have a highly dedicated and motivated team of staff and volunteers that give so much time and energy to supporting the furtherance of our charitable objectives and my thanks goes to each and every one of those people that make this place what it is today.

## Looking to the Future

The Trust is looking towards the future in a very positive way. It is anticipated that the completion of the Fitted Rigging House South project in Autumn 2023 will mark a significant point in the Trust's history where we will finally reach a point of financial self-sustainability on a revenue level. As we head into our 40<sup>th</sup> anniversary as a charity in 2024, I can't think of a more fitting achievement than the realisation of this long-held ambition. Our ambition for the future doesn't simply stop there however. Financial resilience marks the point where Chatham Historic Dockyard Trust can forge a path into the future that is based on choice rather than necessity. This path will always be forged with the delivery of our charitable objectives at its core and our strategic planning over the coming years will provide direction for how best to achieve this. This next part of our journey fills all of us with a great deal of excitement and I look forward to the opportunity to report on the progress of this in the future.

Admiral Sir Trevor Soar KCB OBE DL



Chairman

# Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2023

## **Strategic Report - Vision & Objectives**

### **Vision**

The most complete and best-preserved Dockyard of the Age of Sail will increase its impact through innovative reuses of our heritage assets making it ever more relevant to all users, providing excellent experiences for all and inspirational learning for the widest audiences.

### **Our Core Charitable Objectives**

The preservation of the Historic Dockyard Chatham, the most complete 18th Century dockyard in the world and; The education of the public in its historical, architectural and archaeological importance.

### **Our Strategic Objectives**

#### **Preservation**

To set the benchmark in maintaining excellence in the sympathetic preservation and use of The Historic Dockyard, its buildings, ships and collections through diverse re-use. Excellence in management of the heritage environment and building use will remain essential in preserving the unique, award-winning, historic character of the site.

#### **Learning**

To engage the widest audiences in learning about the significance and role of the former Royal Dockyard at Chatham and its people in supporting the Royal Navy from sail to steam to nuclear power over a 400-year period.

Utilising on-site heritage assets as the foundation for an industry leading museum and heritage site, we will maximise our reach and capacity whilst maintaining quality in delivering inspirational programmes and engaging activities which will incorporate the best use of digital technology and outreach activities.

#### **Excellence**

Providing excellence in everything we do, we will deliver an unmatched, inspirational and memorable experience for all users of The Historic Dockyard – whether visitors, tenants, residents or students – that exceed their expectations and maintains a balanced ecology of uses.

## **Achieving the Vision and Objectives**

### **Learning**

The Trust has traditionally operated its ships, collections, open spaces, museums, galleries and programmes as a visitor attraction to meet the majority of its Learning objectives.

Before the pandemic there was an ambition to grow visitor numbers to 225-250K but with a fundamentally different operating environment and shifts in consumer behaviour, reaching such targets will not be achievable for several years. We are, however, pleased to report that the Historic Dockyard was able to operate a full visitor season and welcomed 125,280 visitors to site over this period. Whilst this is still below our ambition, the growth shown throughout the year gives us cause for optimism going into the year ahead to further increase our visitor number and hence, the delivery of our charitable objectives whilst simultaneously aiming to increase spends with visitors who choose to be with us.

### ***Monsters of the Deep and Engaging Programming to Drive Visitation***

The Trust took the conscious decision in 2022 to programme more thematically for 2023 and beyond and the theme of "Monsters of the Deep" was settled upon following the confirmation of the Monsters of the Deep exhibition on loan from the National Maritime Museum Cornwall. This temporary exhibition, which opened to the public on 1<sup>st</sup> April 2023 followed on from the successful Diving Deep exhibition which was hosted within the No.1 Smithery temporary exhibition space throughout 2022.

# Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2023

The Trust also took the decision to start to include a smaller range of temporary exhibitions within No.1 Smithery and further across the site. We were delighted to host the National Historic Ships Photography exhibition for the first time in 2022 and will be hosting this again in 2023. This followed an initial exhibition created within the Pipe Bending Floor to commemorate the 40<sup>th</sup> Anniversary of the Falklands Conflict.

Working alongside our exhibitions programme, the Trust developed an engaging range of family activities to excite and engage audiences during peak visitation periods around school holidays. These included a variety of craft activities, underwater archaeology and storytelling all linked to either our core product or to our temporary exhibition. We were also thrilled to enter into a partnership with Silvergate Media to present a range of activities from May to August linked to Octonauts, a popular children's TV series originated from a range of books. This partnership was exceptionally successful, and the Trust took the decision to extend this partnership with Silvergate Media into 2023 to support the Monsters of the Deep programme of activity.

## **Family Programming**

Attracting family audiences during our peak visitation periods is important to us as it provides an additional reason for our visitors to join us during a very competitive time of year. We programme each of the holiday periods independently and over the reporting period have delivered the following activities:

- Easter 2022 – Doc. Yard's Easter Eggstravaganza – 2,578 participants
- May 2022 (to Summer 2022) – Octonauts – 8,750 participants
- Summer 2022 – Science of the Sea – 3,542 participants
- October 2022 – Spookyard Crafts – 2,242 participants
- February 2023 – Big Games – 2,160 participants

In total, we have delivered 522 family learning sessions to 19,272 participants during the reporting period.

## **Brand Partnership**

Of note in 2022, we developed a brand partnership with Silvergate Media to utilise the Octonauts intellectual property at The Historic Dockyard. This took the form of a trail where our younger visitors could undertake a number of tasks around the Historic Dockyard site to become an Octo-Cadet. This gave us the opportunity to work with a recognised brand and we are very grateful for the support provided by Silvergate Media in helping us deliver these trails to over 8,000 young people between May and August 2022.

## **Community and Public Engagement**

B&G Partners was commissioned in Spring 2022 to conduct research and support the development of a new public engagement strategy for Chatham Historic Dockyard Trust. A focus of this was on how we could engage and include a more diverse local audience. To this end, B&G ran a series of consultative conversations with people and organisations in a selection of the local communities with which we particularly want to build relationships. This piece of work has provided a solid foundation for the development of a wider public engagement strategy and will guide the partnerships that we will foster to enable us to deliver this effectively.

Working alongside this work, our Public Engagement team have already started to work with several partners within Medway and the local area to start to build relationships and address improvements across the organisation that will enable us to reach the broadest possible audiences. The nature of these partnerships include outreach to several events, focussed training sessions for our teams and the full integration of relaxed opening sessions aimed at visitors who find a quiet environment more inviting for their needs.

## **Festivals in Full Swing**

Throughout 2022, the Historic Dockyard was proud to host 3 major events:

- Medway Gaming and Creative Festival 2022 (16<sup>th</sup> & 17<sup>th</sup> July 2022) – 2022 marked the second year of this event which was hosted at the Historic Dockyard in partnership with Medway Council following a pilot in 2021 towards the end of the COVID-19 pandemic. The event is a celebration of Gaming in its widest form and serves as an excellent way to drive new audiences that are currently not engaging with our core product. We welcomed 3,989 paid visitors to this event.
- Medway Safety in Action Day (24<sup>th</sup> July 2022) – In partnership with Medway Council, the Historic Dockyard was the host to the first Medway Safety in Action day, an event which seeks to promote a positive safety



# Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2023

message ahead of the summer holidays for families in Medway. We opened the Historic Dockyard site for free to visitors (operated via a pre-registered online system) to also give Medway residents a chance to see the wider Historic Dockyard site with a clear objective to be able to provide access to people where price may be a barrier for accessing cultural activities. We welcomed 5,441 people onto site on this day.

- Salute to the 40s (10<sup>th</sup> & 11<sup>th</sup> September 2022) – We hosted our annual Salute to the 40s event in September following a relaunch event in 2021 after the COVID-19 pandemic. Visitor numbers to this nostalgic event grew from the previous year and we were delighted to have welcomed 5,618 visitors to site over the weekend.

## *Lifelong Learning*

The COVID-19 pandemic had a pronounced impact on organised group visitation to museums and attractions across the country and we experienced this throughout 2020 and 2021. 2022 marked the start of a recovery for organised school groups as teachers were keen to get groups out of the classroom to aid attainment and learning. Over the course of the reporting period, we have welcomed 10,309 school visitors to the Historic Dockyard as part of organised school visits with an additional c.2,000 young people engaged via online learning and physical outreach to schools. This marked a 99% increase from the previous year but was unfortunately below pre-pandemic levels. The rising cost of coach travel is being cited as a sector-wide challenge for schools and we are experimenting with our pricing models to mitigate these rising costs recognising that the delivery of this type of activity feeds directly to our core charitable purposes.

## *Building Collections*

Following the completion of the Ropery Gallery in 2022, our Museums and Collections team have been focusing on several projects throughout the year including some targeted acquisitions to further enhance our museum collections. Notable acquisitions include a sword owned by Charles Austen (Commanding Officer of the Namur and brother to author Jane Austen). We also took the opportunity over the reporting period to refine our Collecting Policy to ensure it is fit for purpose and carefully aligned to our charitable objectives.

Online collections have been developed further over the course of the reporting period and we are pleased to have trebled the number of objects available to view online via our website. Additions to digital collections include our Uniform collection., Historic Vessels, Lifebuoys and a selection of Historic Photographs (where copyright allows).

## *Preservation*

With over 100 buildings and structures, including 47 ancient monuments, preservation on our historic estate can never stand still. We achieve our charitable purpose of 'preservation' through our long-term 'Preservation through Reuse' strategy.

## *Caring for Scheduled Ancient Monuments*

This year our Historic Buildings team has undertaken a wide range of projects across our historic estate, including the external redecoration of the Spinning Room and Hemp House Stores. Forming part of the wider Ropery complex, these buildings are a significant part of the process and story of ropemaking in Chatham. A range of external fabric repairs and redecoration were undertaken to this significant Scheduled Ancient Monument.

A range of smaller projects have been undertaken across the historic estate, including the external repair and redecoration of the Craft workshops, refurbishment and rehangings of the Main Gate doors, the rebuilding of the Commissioners House canopy, and a range of site surveys including quinquennial inspections of chimneys and a full inspection of the dry dock caissons.

Following the successful re-use of the northern Fitted Rigging House in 2019 for public benefit and to generate property revenue, the Trust secured a significant grant from the Levelling Up Fund (LUF) in 2021 to bring the southern end of the building, a Scheduled Ancient Monument, into effective use. The building was underutilised and the LUF funded project will transform the property from a heritage liability into a significant heritage asset. The project, directly managed by the Trust as managing contractor, will see the building preserved and appropriately re-used, generating further property revenue. The project is ongoing and will be completed in September 2023.

# Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2023

The Fitted Rigging House project required enabling works to ensure that the property was fully vacated. This required the relocation of the Chatham Dockyard Historical Society collection into a newly created collections store located on the First Floor of the Ropery. The newly created store provides dedicated collections storage facilities with enhanced security and environmental conditions.

We are in the process of acquiring our 48th Scheduled Ancient Monument. In a partnership between Medway Council, the University of Kent's Institute of Cultural and Creative Industries, and the Trust, the Police Section House, a Grade II listed Scheduled Ancient Monument will be developed into innovative new creative space called The Docking Station. This new development will become a digital creative and cultural industries hub providing cutting edge technologies, performance and training opportunities. Construction is planned to commence in 2024.

## *Historic Ship Maintenance*

With three historic warships in our care, their preservation is an important part of our activity.

May 2022 was the 60<sup>th</sup> anniversary of HMS Ocelot, the last submarine built for the Royal Navy in Chatham. This anniversary presented an opportunity to undertake vital Preservation works, including a full repaint, and to dress the submarine as she would have been on her last command in the 1980's, providing an immersive experience.

HMS Cavalier is a Second World War destroyer built on the Isle of Wight in 1944. HMS Cavalier is preserved at the Historic Dockyard Chatham as the National Destroyer Memorial commemorating the lives and Royal Navy Destroyers lost during the Second World War. As part of our planned maintenance, works were undertaken to provide hull repairs, painting of the hull and decks and improvements to interpretation with the Dive Cabin.

## *Achieving Excellence*

As an independent charity our aim is to provide excellence in everything we do. We strive to deliver unmatched, inspirational and memorable experiences for all users of the Historic Dockyard – whether visitors, tenants, residents or students – that exceed their expectations.

Developing excellence is the key to unlocking income and creative development across several areas.

## *Quality Assured*

We believe that benchmarking against others and using external judgement through accredited schemes is the best way to assess achievement. We participate in the VisitEngland Visitor Attraction Quality Assurance Scheme (VAQAS) and we're pleased to report that for 2022/23 we received a score of 93 out of 100.

## *Travellers' Choice*

We are delighted to have been awarded the 2023 Tripadvisor Travellers' Choice Award, which recognises outstanding visitor experiences, for the 12th year running.

## *Investing in our people*

Investment in our staff and volunteers as an educational charity is fundamental to our culture and essential for our future success.

The challenges of operating the business over the last three years has placed a huge amount of strain on our teams. The Board of Trustees and Executive team worked hard to ensure all teams have been supported in the aftermath of the COVID-19 pandemic as the country now heads into a cost of living crisis. The Trustees took the decision to support paid staff with additional pay awards to mitigate cost of living pressures in 2022 alongside annual pay reviews.

We continue to manage talent within our organisation. Following the retirement of some long-standing members of the team, a succession planning process has engaged people at different levels of the Trust.

# Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2023

In addition to a new Executive team, a few other key appointments were made to support development within the organisation, including:

Olivia Horner, Director of Commercial Operations – appointed April 2022

Ben Morgan, Head of Facilities Management (new appointment) - appointed December 2022

We have policies in place to encourage good relationships with staff and managers, and to promote a happy and productive working environment. The areas covered include training in health and safety, GDPR, equal opportunities, technology and safeguarding. A comprehensive staff handbook is issued to all new staff during induction and is available through internal systems.

Engaging diverse audiences and ensuring everyone has access to The Historic Dockyard Chatham is a priority. In February the Board of Trustees adopted a new Equality, Diversity and Inclusion strategy putting the importance of this work stream at the highest level. The strategy documents how we aim to better understand our barriers to entry and make The Historic Dockyard Chatham welcoming and inclusive for everyone.

## Staff Complement

Permanent 69

Seasonal 73

## Volunteers

The year saw the return to normal activities for our volunteer teams, after volunteering activity was severely restricted in 2020 and 2021. From railway operators to ship-keepers and conservators to researchers, volunteers are crucial to the operation of the Historic Dockyard and the Trust is forever grateful for the time and expertise our volunteers bring to the organisation.

## **Trading activity**

As an organisation we are committed to being entrepreneurial, dynamic and proactive whilst remaining focussed on activity that maximises charitable purpose. We use trading activity to generate income to further our core purpose.

### *Visitor Trading*

Our consolidated trading result generated a net profit of £90k, with 'spend per head' hitting a record breaking high.

### *Call the Midwife*

Call the Midwife location tours remain a popular choice for visitors and our costumed midwife guides took over 6,175 fans through our official tour and gallery. Planning began in 2022 for a revised Call The Midwife tour which brings the product up to date with the current TV series and included a revised and refreshed gallery adding new props, sets and costumes to further enhance the experience. This product was launched in May 2023.

### *Filming*

We remain a popular choice for location managers with our filming business having our best year, generating £757k in income.

### *Rope Sales*

Rope sales were £404k for the year versus £430k in 2021/22, demonstrating a small decrease in a difficult market.



# Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2023

## Governance

In accordance with the articles of association there are eleven trustees, all of whom are the Directors and members of the Trust, which is a company limited by guarantee. The Secretary of State for Digital, Culture, Media & Sport, the Secretary of State for Defence and Mr John Spence OBE DL are also members of the Trust company.

The Trust Board retains ultimate responsibility for strategic decision-making, but ordinary management of the activities and business of the Trust is delegated to the Chief Executive, who in turn delegates specific management areas to appropriate member of his executive team. Specific and defined expenditure and contractual limits are in place and operate effectively. The Chief Executive and key members of the Executive team report regularly to Board committees and to the Trust Board itself.

As vacancies in the Trust Board from time to time arise, it is Trust policy to ensure that new appointments reflect specific skill sets seen as important for a charity of this nature. In accordance with an established protocol, nominations for new Trustees are invited from existing Board members, and considered by a Nominations Committee, comprising the Chairman of the Trust and the Chairman of the Remuneration Committee, who consult and invite representations from appropriate Board members. After an interview process, a formal proposal is put to the full Board for decision. Once appointed, new Trustees are given a full day's induction at the Historic Dockyard which includes a full site tour and time spent understanding the business with the Chairman, Chief Executive and other senior managers of the Trust with on-going training provided as necessary.

The Trust Board, Committees of the Board and wholly owned subsidiaries (see below), with their separate boards, have all operated effectively during the year, providing strategic guidance to the Executive team and all-important oversight and scrutiny of delivery against objectives set. Following best practice, the Trust Board has effective Audit, Finance & General Purposes and Remuneration Committees as well as specially formed groups start-finish Committees, such as the Interface Land Committee, to focus scrutiny on areas considered to carry special significance and potential risk. The Audit Sub-Committee is comprised of 6 members (Pommy Sarwal, Tony Corbett, Paul Hudson, Sir Ian Andrews, David Philip and Sir Trevor Soar). The Committee meets twice a year (February and October).

The Remuneration Committee is comprised of 6 members (Tony Corbett, Sir Ian Andrews, Pommy Sarwal, Paul Hudson, David Philip and Sir Trevor Soar). The Committee meets at least twice a year (April and September) to consider pay conditions, any annual increases and performance related pay (where applicable).

## Financial Management Policies

Management of the finances of the Trust remains the immediate responsibility of the Financial Controller who prepares detailed monthly financial and management accounting information for review by the Chief Executive. A summary of the financial position of the Trust and its subsidiaries is also presented for quarterly review and approval to the Finance and General Purposes Committee, and then to the Board itself.

## Trust Net Expenditure

The consolidated Statement of Financial Activities for the year ending 31<sup>st</sup> March 2023 shows a significant surplus of £1,213k on Net Expenditure but it should be noted that this surplus is due to a grant of £1,808k received from the Levelling Up Fund less the depreciation charge of £805k (£732k of which relates to depreciation of restricted assets).

## Reserves Policy

The policy of the Trust is to hold in reserve a minimum sum of £800k and a maximum level of £1.6m. This reserve is to cover various contingencies such as a significant uninsured loss, a significant event which damages the Trust's reputation leading to a reduction in visitor income, and a reduction in the Trust's rental income. The general reserve can also be used to cover temporary cash flow shortfalls in receiving grant payments relating to major capital projects. At 31 March 2023 this reserve stood at £644k.

The Trust also maintains a designated development reserve and a designated PPM reserve of at least £400k (£870k at 31 March 2023), use of which is only to be made when considered appropriate against a conscious review of future risks occurring over a project's / payback period. This reserve can be re-designated to general reserve following the review process should perceived risks have changed.

# Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2023

This will provide a minimum reserve of £800k but rising to a cash maximum of £1.6m when the designated PPM reserve and development reserve is replenished by rentals received post project completion. The total free reserves at 31 March 2023 were £1,494k.

This policy is reviewed annually by the Trust Board.

## Investment Policy

Following the Trust's policy review in 2014/15, £400k, as part of the general reserve, has been placed in medium term low risk investments through CCLA. These investments have now decreased to £632k on 31 March 2023.

## Risk

The Trust has an active risk register, which is reviewed by the Board twice in each year. The register covers identified strategic risks and monitors movement in risk as a key indicator of progress. Key risks are generally stable and considered manageable.

Chatham Historic Dockyard Trust holds a business risk register which is reviewed on a regular basis by the Board of Trustees. The register identifies key risks and at the point of reporting, these are listed as the following:

1. A substantial reduction in the resources required to meet the Trust's operational and development needs.
2. The occurrence of significant physical damage to the property, historic character or fabric of the Dockyard.
3. A failure in the strategic or operational management of the Trust.
4. A failure to maintain/manage our IT data-holding and related systems appropriately to meet statutory operational and security imperatives.
5. The loss of key staff or damage to morale within the workforce or volunteer community.
6. Failure to maintain a safe and healthy environment.
7. The loss of a key partner or relationship.
8. Inappropriate development or change of use of property adjoining or near to the Dockyard.
9. A change in government policy or professional standards which is incompatible with the charitable purposes of the Trust.
10. Increased energy/utility costs and increased material/labour costs due to current economic climate.

Each of these risks is scored and appropriate mitigating actions are taken to ensure both likelihood and impact are reduced where possible.

To enhance internal controls a member of the finance team provides an internal audit function as a substantial part of his role, reporting directly to the Chief Executive, and thence to the audit and compliance committee of the Trust Board.

Several internal audits have been undertaken in designated areas, to ensure compliance with statutory and internal Trust requirements.

## Fundraising

Support through third-party sources has been imperative to the Trust's survival. During this period, we have been fortunate to receive significant grant support from the Arts Council England, DCMS Wolfson Museums and Galleries Improvements Fund and the Garfield Weston Foundation.

### DCMS

We were awarded £196,000 from DCMS to support a range of Planned Preventative Maintenance projects.

### *DCMS/Wolfson Museums and Galleries Improvements Fund and Garfield Weston Foundation*

We have been successful in raising £100,000 from the DCMS/Wolfson Museums and Galleries Improvements Fund and £100,000 from the Garfield Weston Foundation to support reinterpretation of No.1 Smithery. This project is due to commence from November 2023 and will be completed and reopened to the public from March 2024.

## Individual Fundraising Activity

## Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2023

Section 162a of the Charities Act 2011 requires charities to make a statement regarding fundraising activities. Although we do not undertake widespread fundraising from the general public, the legislation defines fund raising as "soliciting or otherwise procuring money or other property for charitable purposes." Such amounts received are presented in our accounts as "income from donations, including grants".

In relation to the above, we confirm that all solicitations are managed internally, without involvement of commercial participators or professional fund-raisers, or third parties. The day-to-day management of all income generation is delegated to the executive team, who are accountable to the trustees.

The charity is not bound by any undertaking to be bound by any Regulatory Scheme but any fundraising that does take place with individuals is in line with guidance set by the Fundraising Regulator.

We have received no complaints in relation to fundraising activities. Our terms of employment require staff to behave reasonably at all times; as we do not approach individuals for funds we do not particularise this to fundraising activities nor do we consider it necessary to design specific procedures to monitor such activities.

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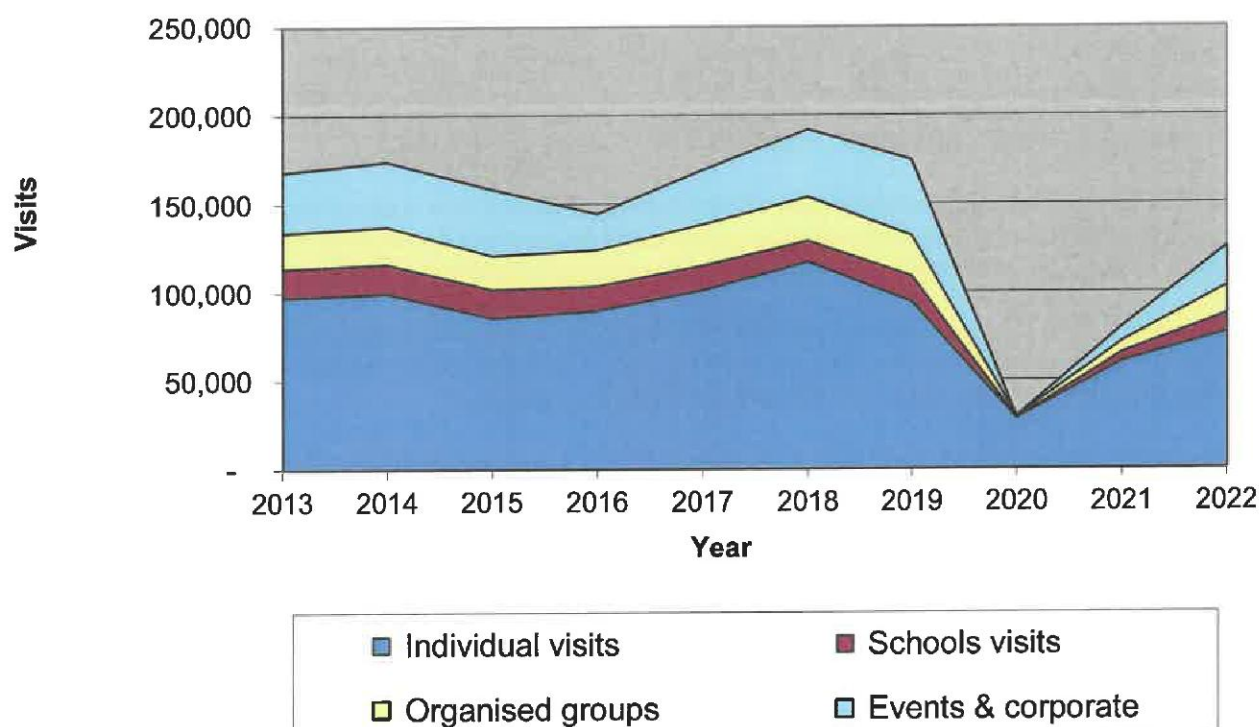
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# Trustees' annual report incorporating the strategic report (continued)

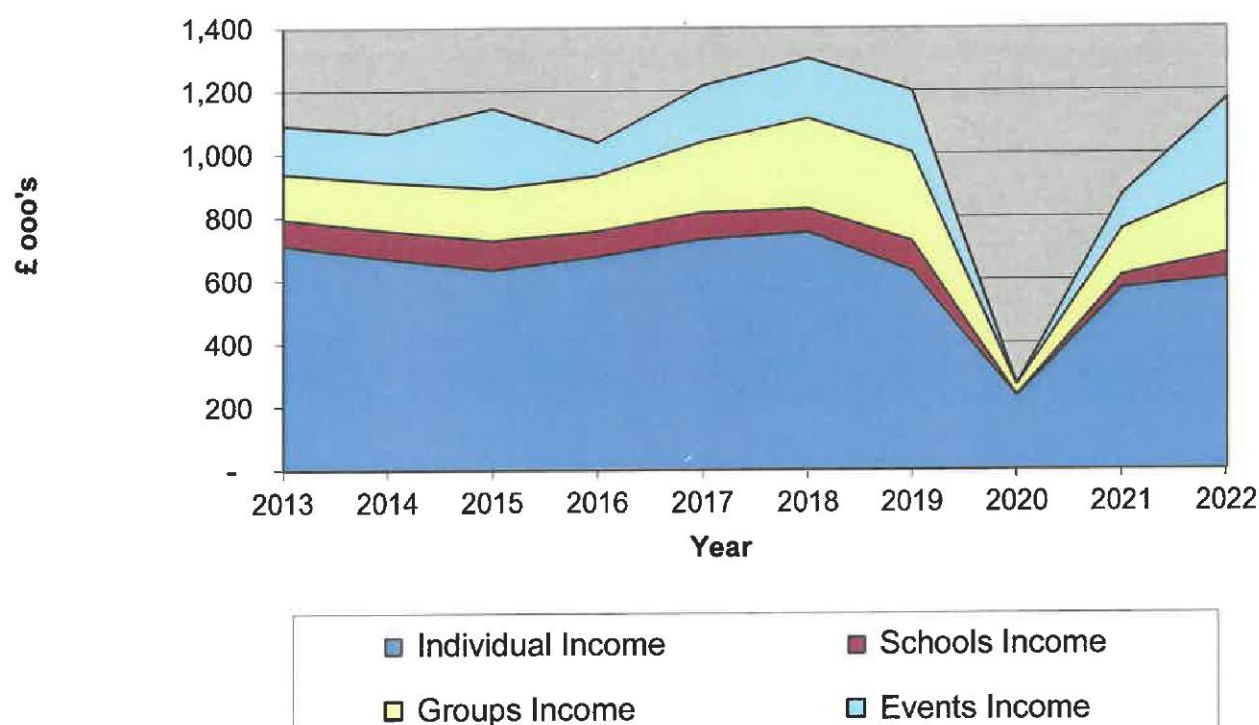
For the year ended 31 March 2023

## Financial Statistics

**Visitor Numbers 2013 to 2022/23**



**Visitor INCOME 2013 to 2022/23**

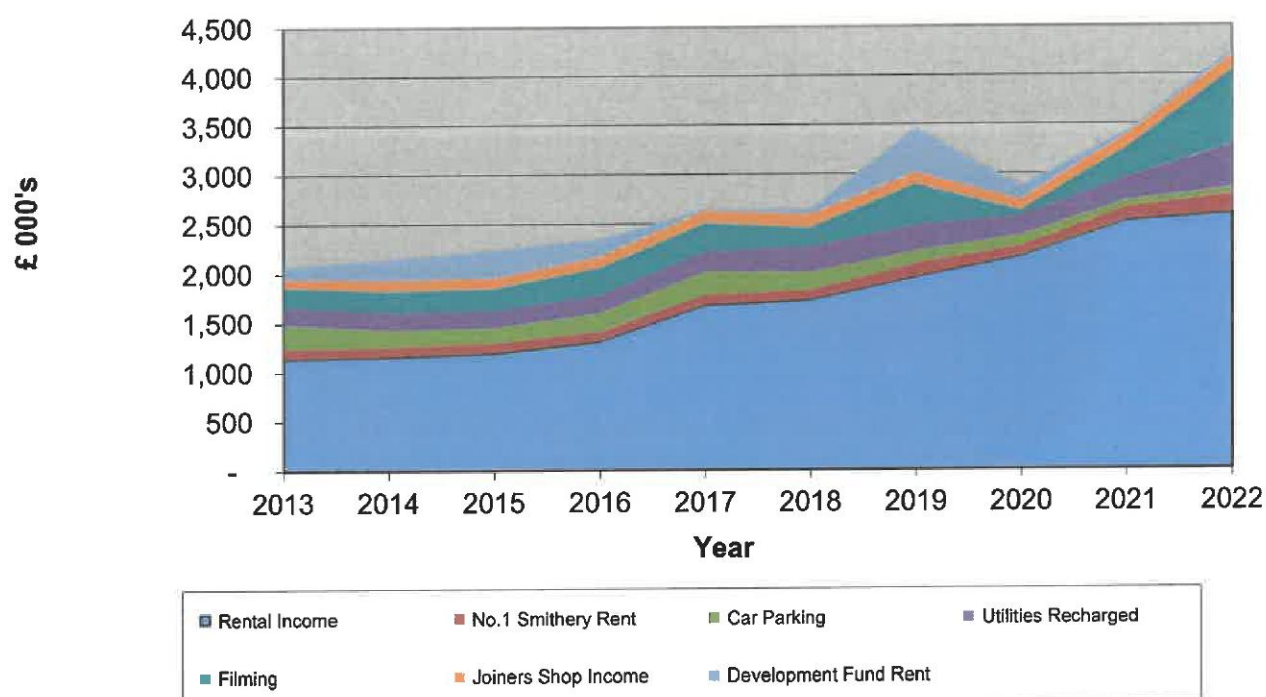




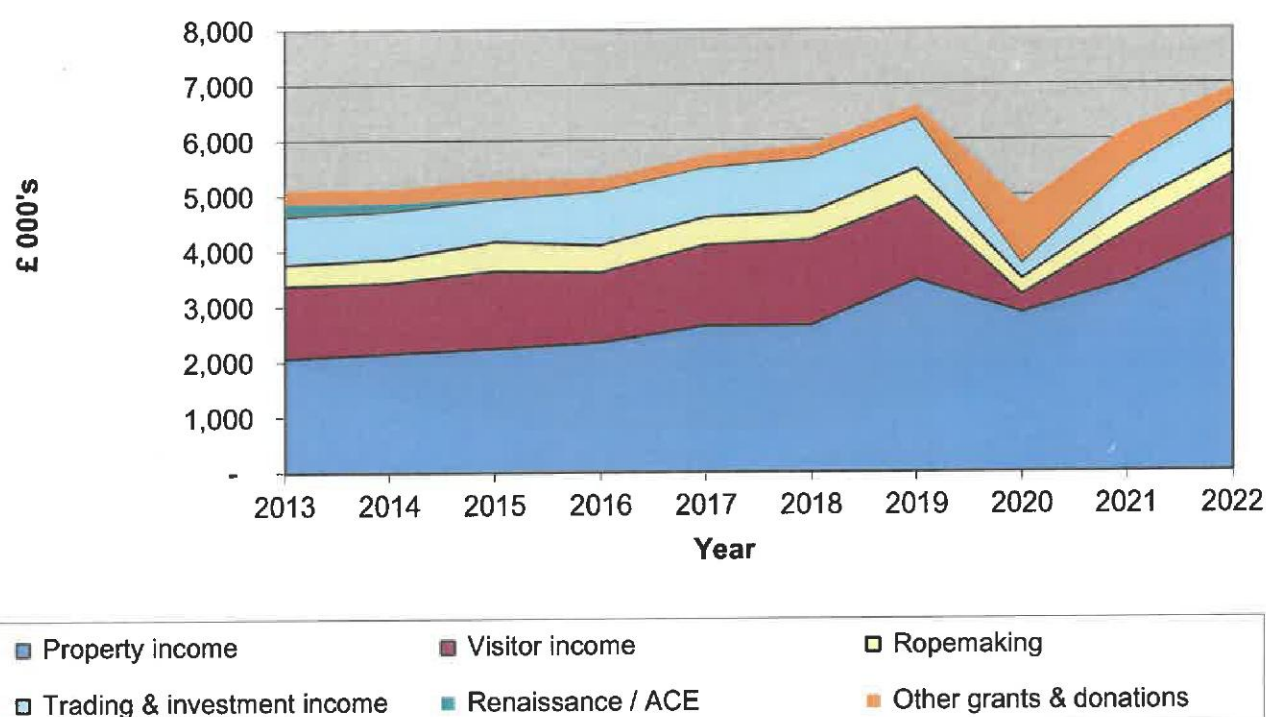
# Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2023

## Property Income 2013 to 2022/23

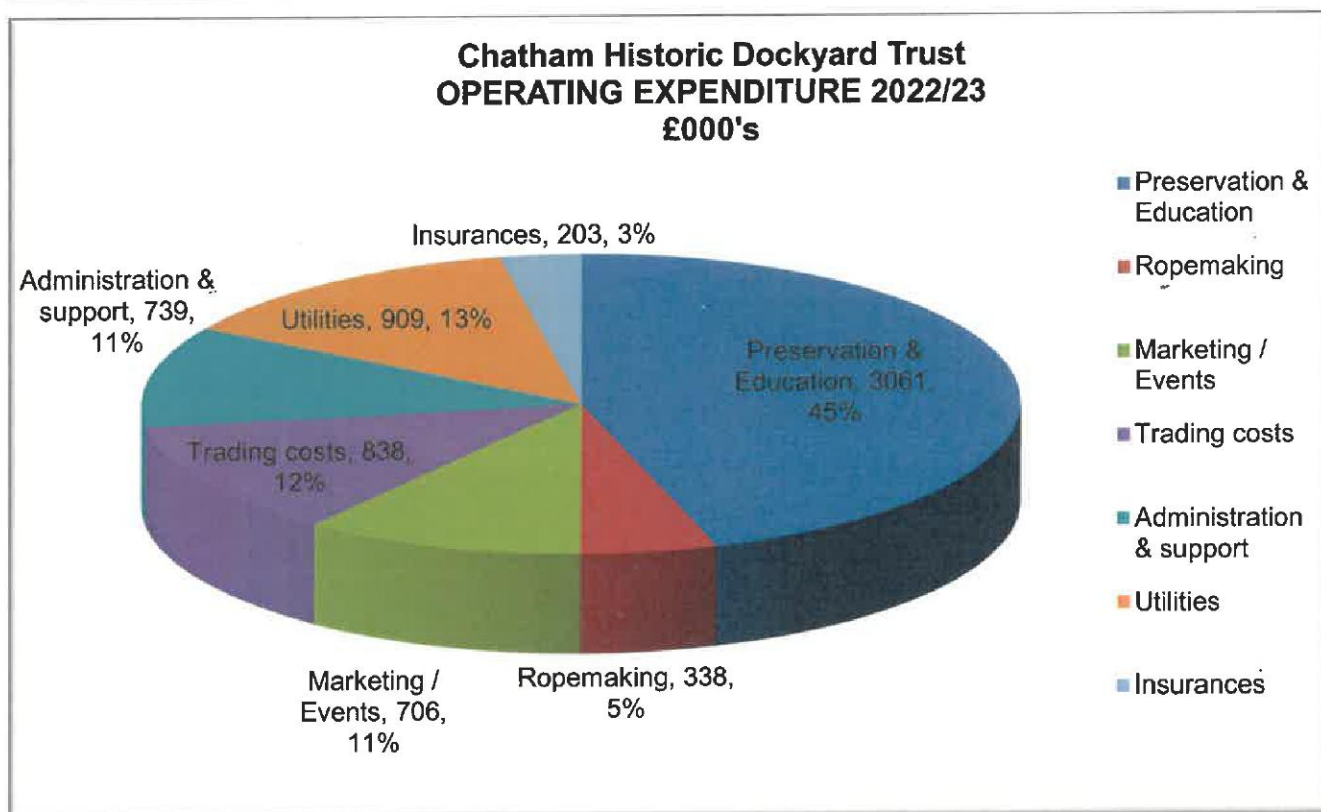
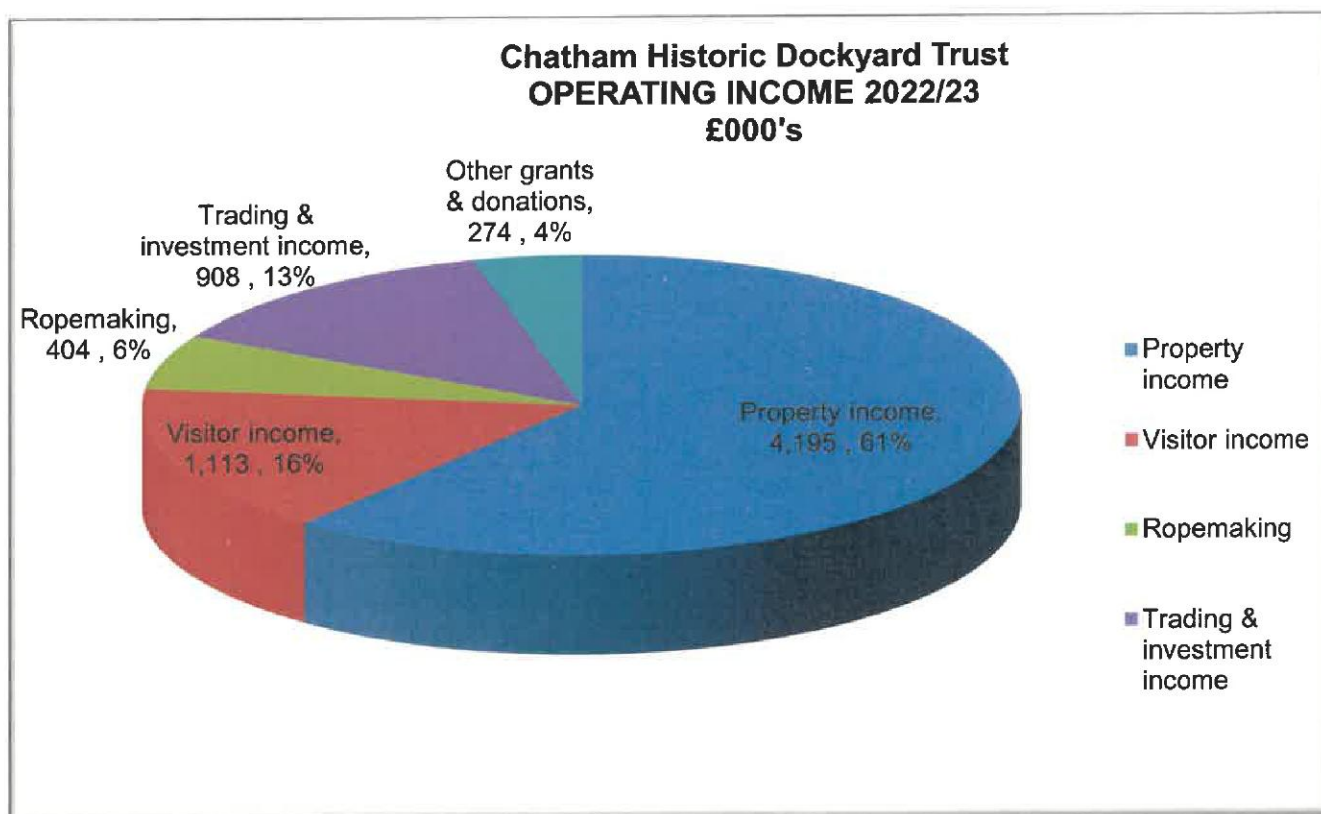


## Total Income 2013 to 2022/23



# Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2023



## Subsidiaries

## Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2023

The Trust has four wholly owned trading subsidiaries which manage activities designed to create related income streams for the charity that do not arise from its primary purposes of preservation by re-use of its heritage assets and education.

In each case net profits are transferred to the Trust with the benefit of gift aid as a qualifying charitable donation.

The subsidiaries are:

### *Chatham Historic Dockyard (Trading) Limited*

This subsidiary undertakes retail, catering and similar operations at the Historic Dockyard. The results for the year were:

	<b>Retail</b>	<b>Catering</b>
Turnover	£223k	£692k
Net Profit/(Loss)	£27k	£63k
Spend per visitor	£1.97	£5.02

CHD(Trading) Ltd. generated a net profit of £90k (£99k in 2021/22). This was despite visitor volumes still below pre-pandemic levels as retail and catering spends per head hit record levels.

### *Property Companies*

The Trust has two wholly owned subsidiary property holding companies that manage the residential and potential development land on the Trust's estate:

#### *Net Profit for the Year*

Historic Dockyard Property Ltd (HDPL)	£2k
Historic Dockyard Property (2005) Ltd (HDPL 2005)	£104k

HDPL provides management and a range of maintenance services to the residential estate at the Historic Dockyard. It works closely with a formal Residents' Association. The time and commitment devoted by that Association is very valuable in helping to provide a well maintained and harmonious environment as part of the Trust's strategy of excellent service to all users of the estate.

HDPL 2005 owns and manages an area of potential development land within the estate, known as The Interface Land, currently let on commercial leases.

### *Master Ropemakers (Trading) Ltd (MRL)*

The Trust recognises that the Ropery is one of its strongest visitor attractions. The combination of a guided tour and the traditional manufacturing process provide a highly enjoyable and educational experience. The manufacturing process, because of its educational value, is now undertaken by the Trust as part of its core activities, but the sale of manufactured rope and rope products continues as a commercial activity, undertaken by MRL.

The year saw the annual turnover for MRL reach £404k. There was a Net Profit of £66k which has been Gift Aided to Chatham Historic Dockyard Trust. Products made from manufactured rope for the retail market continue to grow in importance within the business of MRL. The encouraging results of the company are founded on principles of excellent customer service, quality production and diversification of product and markets.

### **Energy Carbon Reporting**

The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 (the 2018 Regulations) implement the government's policy on Streamlined Energy and Carbon Reporting (SECR). Although Chatham Historic Dockyard Trust currently falls outside of the SECR remit, the Trust commission a SECR



# Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2023

report in order to voluntarily disclose Scope 1 and Scope 2 energy and carbon emissions for the 2022/23 fiscal year against a 2021/22 baseline.

The Trust fully acknowledges the climate change emergency and the urgency required to adapt and mitigate the effects of climate change. As a large multi operation estate with over 100 buildings, the Historic Dockyard Chatham is a large emitter of carbon through energy, water consumption, generated waste, purchase of supplier goods and transportation fuel. The Trust seeks to address the estate's carbon footprint by reducing operational energy within its buildings through adoption of green technologies, but equally through engagement with stakeholders to reduce energy demand. Moreover, the Trust seeks to assess current waste streams and energy drainers within operational activity in order to mitigate and reduce GHG emissions. Furthermore, the Trust recognises biodiversity loss from land development and human activity and will seek to restore and preserve natural ecosystems within the heritage estate.

## Carbon Emissions and Energy Consumption

<b>Scope 1 (tonnes CO<sub>2</sub>e)</b>	623	620
• Combustion of gas		
<b>Scope 2 (tonnes CO<sub>2</sub>e)</b>		
• Electricity		
o Location-based	607	502
o Market-based	-	-
<b>Total Gross CO<sub>2</sub>e based on above (tCO<sub>2</sub>e)</b>	<b>1,230</b>	<b>1,122</b>
<b>Intensity Ratio (tCO<sub>2</sub>e/m<sup>2</sup>)</b>	<b>0.0180</b>	<b>0.0098</b>

Notes:

- Scope 1: Emissions associated with our direct activities, such as heating.
- Scope 2: Emissions related to the electricity we purchase. 'Location-based' represents the CO<sub>2</sub>e intensity of our sites based on the fuel mix of the National Grid. 'Market-based' represents the electricity we have purchased, which is 100% REGO-backed renewable.

<b>The Chatham Historic Dockyard</b>	2,860,215	2,377,561
<b>Trust Energy Consumption Total</b>	3,403,479	3,396,887
energy consumed (kWh)		
• Electricity		
• Natural Gas		
<b>The Chatham Historic Dockyard</b>	100%	100%
<b>Trust Electricity Renewable %</b>		
Total electricity which is renewable %		
<b>The Chatham Historic Dockyard</b>	100%	100%
<b>Trust Natural Gas Carbon Offset %</b>		
Total natural gas which is carbon offset %		

## Methodology and Estimates

### Emissions from combustion of Gas tCO<sub>2</sub>e (Scope 1)

Location Based Tonnes of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e) are calculated from the product of the invoiced gas consumption in kWh during the previous reporting period and the 2022 UK Government GHG Conversion Factors for Company Reporting (version 1.0) for 'Natural Gas'

Since 1st October 2020, The Chatham Historic Dockyard Trust has purchased Carbon Neutral Gas as part of their Gas supply contract provided by Brook Green Supply Limited. For more information, please visit

<https://www.brookgreensupply.com/fuel-mix>.



# Trustees' annual report incorporating the strategic report (continued)

For the year ended 31 March 2023

## Emissions from purchased electricity tCO<sub>2</sub>e (Scope 2, Location-based)

Location Based Tonnes of CO<sub>2</sub> equivalent (tCO<sub>2</sub>e) are calculated from the product of the above stated electricity consumption in kWh during the current reporting period and the 2022 UK Government GHG Conversion Factors for Company Reporting (version 1.0) for 'Electricity Generated/Electricity: UK'

## Emissions from purchased electricity tCO<sub>2</sub>e (Scope 2, Market-based)

Market Based Emissions are reported as 0 due to the fuel mix of the electricity purchased, as defined by the suppliers' fuel mix. Haven Power fuel mix: 100% REGO Backed Renewable Electricity.

## Intensity Ratio (tCO<sub>2</sub>e gross figure based on mandatory fields)


The intensity ratio stated above has been calculated as Tonnes of CO<sub>2</sub>e per total square metres of property owned for The Chatham Historic Dockyard Trust as a whole (113,918 m<sup>2</sup>).

## Provision of Information to the Auditor

In accordance with company law, as Trustees we confirm that:

- So far as we are aware, there is no relevant audit information of which the Trust's auditor is unaware; and
- As the Trustees of the Trust we have taken all the steps that we ought to have taken in order to make ourselves aware of that information and to establish that the Trust's auditor is aware of that information.

The Trustees' Annual Report, incorporating the Strategic Report, is approved by the Board of Trustees and signed on behalf of the Trustees.



**Admiral Sir Trevor Soar KCB OBE DL**

Chairman

Date: 12 OCTOBER 2023

The Historic Dockyard

Chatham

Kent ME4 4TZ

# Statement of Responsibilities of the Trustees

For the year ended 31 March 2023

The Trustees are responsible for preparing the Strategic Report, the Trustees' Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and charity and of the incoming resources and application of resources, including the income and expenditure, of the group for that period.

In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity 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 charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the charity's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the charity's website is the responsibility of the trustees. The trustees' responsibility also extends to the ongoing integrity of the financial statements contained therein.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHATHAM HISTORIC DOCKYARD TRUST**

For the year ended 31 March 2023

## **Opinion**

We have audited the financial statements of Chatham Historic Dockyard Trust (the parent charitable company) and its subsidiaries (the group) for the year ended 31 March 2023 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Charitable Company Balance Sheet, the Consolidated Cash Flow Statement and the related notes. 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 (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group and parent charitable company's affairs as at 31 March 2023, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

## **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and 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**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

## **Other information**

The trustees are responsible for the 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. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHATHAM HISTORIC DOCKYARD TRUST**

For the year ended 31 March 2023

## **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 (incorporating the [strategic report and the] directors' report) 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 have been prepared in accordance with applicable legal requirements.

## **Matters on which we are required to report by exception**

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

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

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

## **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 19, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error

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

## **Auditor's responsibilities for the audit of the financial statements**

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

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHATHAM HISTORIC DOCKYARD TRUST

For the year ended 31 March 2023

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the trustees.
- Conclude on the appropriateness of the trustees' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the charitable company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the charitable company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above and on the Financial Reporting Council's website, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CHATHAM HISTORIC DOCKYARD TRUST

For the year ended 31 March 2023

- Performing audit work over the risk of management bias and 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 indicators of potential 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 of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

### Use of our report

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

*Azets Audit Services*

Michelle Wilkes (Senior Statutory Auditor)

For and on behalf of Azets Audit Services

Greytown House

221 - 227 High Street

Kent, BR6 0NZ

Date:

*23/10/23*

# Consolidated Statement of Financial Activities

(Incorporating the income and expenditure account)

For the year ended 31 March 2023

	Notes	Unrestricted funds	Restricted Funds		Total 2023	Total 2022
		£	Fitted Rigging House	Other	£	£
			£	£		
<b>Income from:</b>						
Donations and grants	4	72,835	1,808,657	570,220	2,451,712	1,016,042
Charitable activities	5	5,691,207	-	-	5,691,207	4,391,250
Other trading activities	6	1,677,838	-	-	1,677,838	1,397,436
Investments	7	1,371	-	-	1,371	2,506
Other income	8	-	-	-	-	(900)
<b>Total income</b>		<b>7,443,251</b>	<b>1,808,657</b>	<b>570,220</b>	<b>9,822,128</b>	<b>6,806,334</b>
<b>Expenditure on:</b>						
Raising funds	9	1,704,380	-	-	1,704,380	1,470,207
Charitable activities						
Preservation	10	2,976,134	-	360,854	3,336,988	2,875,591
Education	11	2,664,693	-	879,836	3,544,529	3,502,580
<b>Total charitable activities</b>		<b>5,640,827</b>	<b>-</b>	<b>1,240,690</b>	<b>6,881,517</b>	<b>6,378,171</b>
<b>Total expenditure</b>		<b>7,345,207</b>	<b>-</b>	<b>1,240,690</b>	<b>8,585,897</b>	<b>7,848,378</b>
<b>Net income/(expenditure) before gains and losses</b>		<b>98,044</b>	<b>1,808,657</b>	<b>(670,470)</b>	<b>1,236,231</b>	<b>(1,042,044)</b>
Net (losses)/gains on investments	19	(23,194)	-	-	(23,194)	67,380
Net gains on investment property	17	-	-	-	-	(21,150)
<b>Net income (expenditure)</b>	<b>14</b>	<b>74,850</b>	<b>1,808,657</b>	<b>(670,470)</b>	<b>1,213,037</b>	<b>(995,814)</b>
Transfers between funds		-	-	-	-	-
<b>Net movement in funds</b>		<b>74,850</b>	<b>1,808,846</b>	<b>(670,470)</b>	<b>1,213,037</b>	<b>(995,814)</b>
Funds as at 1 April 2022		2,146,031	6,631,846	9,882,939	18,660,816	19,656,630
<b>Funds as at 31 March 2023</b>	<b>29,30</b>	<b>2,220,881</b>	<b>8,440,503</b>	<b>9,212,469</b>	<b>19,873,853</b>	<b>18,660,816</b>

All amounts relate to continuing activities.

The notes on pages 29 to 57 form part of these financial statements.



# Consolidated Statement of Financial Activities

(Incorporating the income statement)

Full comparative information the year ended 31 March 2022

	Notes	Unrestricted funds	Restricted Funds		Total 2022	Total 2021
		£	Fitted Rigging House	Other	£	£
<b>Income from:</b>						
Donations and grants	4	178,051	-	837,991	<b>1,016,042</b>	1,994,557
Charitable activities	5	4,391,250	-	-	<b>4,391,250</b>	3,253,910
Other trading activities	6	1,397,436	-	-	<b>1,397,436</b>	928,895
Investments	7	2,506	-	-	<b>2,506</b>	3,646
Other income	8	(900)	-	-	<b>(900)</b>	3,190
<b>Total income</b>		<b>5,968,343</b>	<b>-</b>	<b>837,991</b>	<b>6,806,334</b>	<b>6,184,198</b>
<b>Expenditure on:</b>						
Raising funds	9	1,470,207	-	-	<b>1,470,207</b>	1,020,090
Charitable activities						
Preservation	10	2,501,721	189,032	184,838	<b>2,875,591</b>	2,105,594
Education	11	2,038,645	-	1,463,935	<b>3,502,580</b>	3,633,228
<b>Total charitable activities</b>		<b>4,540,366</b>	<b>189,032</b>	<b>1,648,773</b>	<b>6,378,171</b>	<b>5,738,822</b>
<b>Total expenditure</b>		<b>6,010,573</b>	<b>189,032</b>	<b>1,648,773</b>	<b>7,848,378</b>	<b>6,758,912</b>
<b>Net income/(expenditure) before gains and losses</b>		<b>(42,230)</b>	<b>(189,032)</b>	<b>(810,782)</b>	<b>(1,042,044)</b>	<b>(574,714)</b>
Net gains on investments	19	67,380	-	-	<b>67,380</b>	86,347
Net gains on investment property	17	(21,150)	-	-	<b>(21,150)</b>	72,668
<b>Net income (expenditure)</b>	14	<b>4,000</b>	<b>(189,032)</b>	<b>(810,782)</b>	<b>(995,814)</b>	<b>(415,699)</b>
Transfers between funds		-	-	-	-	-
<b>Net movement in funds</b>		<b>(4,000)</b>	<b>(189,032)</b>	<b>(810,782)</b>	<b>(995,814)</b>	<b>(415,699)</b>
Funds as at 1 April 2021		<b>2,142,031</b>	<b>6,820,878</b>	<b>10,693,721</b>	<b>19,656,630</b>	<b>20,072,329</b>
<b>Funds as at 31 March 2022</b>	29,30	<b>2,146,031</b>	<b>6,631,846</b>	<b>9,882,939</b>	<b>18,660,816</b>	<b>19,656,630</b>

All amounts relate to continuing activities.

The notes on pages 29 to 57 form part of these financial statements.



# Consolidated and Trust Balance Sheets

As at 31 March 2023

	Notes	Consolidated 2023 £	2022 £	Trust 2023 £	2022 £
<b>Fixed assets</b>					
Property plant and equipment	15	2,470,474	1,264,618	2,460,870	1,256,467
Heritage assets	16	15,013,157	15,568,222	15,013,157	15,568,222
Investment properties	17	310,554	310,554	-	-
Investments in subsidiaries	18	-	-	26,100	1,100
Listed investments	19	632,322	655,516	632,322	655,516
		<u>18,426,507</u>	<u>17,798,910</u>	<u>18,132,449</u>	<u>17,481,305</u>
<b>Current assets</b>					
Inventories	20	325,495	270,257	237,799	211,623
Debtors	21	1,300,237	1,010,581	1,578,087	1,350,501
Cash and cash equivalents		2,056,096	1,502,568	1,787,717	1,115,970
		<u>3,681,828</u>	<u>2,783,406</u>	<u>3,603,603</u>	<u>2,678,094</u>
<b>Creditors: amounts falling due within one year</b>	22	<u>(1,825,477)</u>	<u>(1,412,495)</u>	<u>(1,778,621)</u>	<u>(1,340,006)</u>
<b>Net current assets</b>		<u>1,856,351</u>	<u>1,370,911</u>	<u>1,824,982</u>	<u>1,338,088</u>
<b>Total assets less current liabilities</b>		20,282,858	19,169,821	19,957,431	18,819,393
<b>Creditors: amounts falling due after more than one year</b>	23	(350,000)	(450,000)	(350,000)	(450,000)
Provision for deferred tax	25	(59,005)	(59,005)	-	-
<b>Net assets</b>	28	<u>19,873,853</u>	<u>18,660,816</u>	<u>19,607,431</u>	<u>18,369,393</u>
<b>Funds employed</b>					
<b>Restricted funds</b>					
Fitted Rigging House		8,440,503	6,631,846	8,440,503	6,631,846
Other		9,212,469	9,882,939	9,212,469	9,882,939
<b>Total restricted funds</b>	29	<u>17,652,972</u>	<u>16,514,785</u>	<u>17,652,972</u>	<u>16,514,785</u>
<b>Unrestricted funds</b>					
Designated funds	30	1,330,659	1,119,483	1,330,659	1,119,483
Revaluation reserve	30	246,321	246,321	-	-
General	30	643,901	780,227	623,800	735,125
	30	<u>2,220,881</u>	<u>2,146,031</u>	<u>1,954,459</u>	<u>1,854,608</u>
	28	<u>19,873,853</u>	<u>18,660,816</u>	<u>19,607,431</u>	<u>18,369,393</u>

# Consolidated and Trust Balance Sheets

As at 31 March 2022

The financial statements were approved and authorised for issue by the Trustees on 28<sup>th</sup> September 2023 in accordance with section 408 of the Companies Act 2006, a separate Statement of Financial Activities for the charity has not been presented. The surplus attributable to the Trust for the year was £1,236,232 (2022- deficit of £998,920). Income attributable to the Trust for the year was £8,924,938 (2022- £6,151,768).



**Admiral Sir Trevor Soar**  
Chairman

Company number 01804108

The notes on pages 29 to 57 form part of these financial statements

# Consolidated statement of cash flows

For the year ended 31 March 2023

	Notes	2023 £	2022 £
<b>Net cash from operating activities</b>	31	<u>1,993,287</u>	<u>124,745</u>
<b>Cash flow from investing activities</b>			
Purchase of property, plant and equipment		(1,455,008)	(60,996)
Proceeds from the disposal of investment properties		-	21,150
(Purchase) of investments		-	(150,000)
Income from investment property		<u>15,249</u>	<u>16,242</u>
		<u>(1,439,759)</u>	<u>(173,620)</u>
<b>Cash flow from financing activities</b>			
Loan repayments		<u>-</u>	<u>(100,000)</u>
		<u>-</u>	<u>(100,000)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		553,528	(148,875)
Cash and cash equivalents at the beginning of the year		<u>1,502,568</u>	<u>1,651,443</u>
<b>Cash and cash equivalents at the end of the year</b>		<u>2,056,096</u>	<u>1,502,568</u>
<b>Cash and cash equivalents at the end of the year</b>			
Restricted fund		-	-
Unrestricted funds		<u>2,056,096</u>	<u>1,502,568</u>
Cash and cash equivalents at the end of the year		<u>2,056,096</u>	<u>1,502,568</u>

Cash and cash equivalents comprise cash at bank and in hand.

The notes on pages 29 to 57 form part of these financial statements.

# Notes to the financial statements

For the year ended 31 March 2023

## 1 Status

The Chatham Historic Dockyard Trust ("the Trust") is an independent charitable trust, incorporated in England and Wales, formed for the purpose of preserving The Historic Dockyard for the public benefit and to promote a wide knowledge of its archaeological, historical and architectural importance. The Trust was set up in 1984 under the terms of a Memorandum of Understanding with the Department of the Environment, under which a grant of £11,350,000 was received to be applied to the principal activities of the Trust. The Trust's constitution is set out in its Memorandum and Articles of Association, as amended by Special Resolutions on 27 February 2013, 18 July 2017, 24 May 2018 and 24 November 2022

The Trust is a company limited by guarantee, registered in England, not having a share capital, and has a licence to dispense with the word "limited" in its title. In the event of the Trust being wound up, the liability in respect of the guarantee is limited to £10 per member. The members of the Trust are the Secretary of State for Defence, the Secretary of State for Digital, Culture, Media and Sport, Mr John Spence OBE DL and the Trustees. The Trust's registered office is: The Fitted Rigging House, The Historic Dockyard, Chatham, Kent, England, ME4 4TZ, and its registered number is 01804108.

Details of the principal activities of the Trust is given in the accompanying narrative reporting.

## 2 Accounting policies

The principal accounting policies are summarised below.

### *Basis of preparation*

The Trust is a public benefit entity and the Group is a public benefit group, as defined by FRS 102.

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 issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK Generally Accepted Accounting Practice.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties and listed investments.

### *Going concern*

As a charity the Trustees of Chatham Historic Dockyard Trust (CHDT) and its trading subsidiaries have a duty to consider the future resilience of all parts of the organisation. The Trust holds necessary reserves should there be a need to undertake an orderly wind down of operations caused by financial challenges or a change in the need for charitable services making the charity's role redundant. CHDT reviews this situation on a monthly rolling basis through cash flow management based on evidence-based business planning.

Review of the Trust's ongoing financial resilience is considered for 12 months from the date of review and beyond through regular reviews (at board level) of the strategic risk register and changes to it. The impact of internal and external factors likely to have a significant effect on income and expenditure are key elements of ongoing cash flow management and by implication the Going Concern status.

# Notes to the financial statements (continued)

For the year ended 31 March 2023

## 2. Accounting policies (continued)

### *Going concern (continued)*

The Trustees will continue to review plans with the CHDT Executive Team to make the necessary changes to remain within the free reserves level over the coming two years and indeed the life of the current Corporate Plan. The Trust has a strong balance sheet, so the Trustees are of the opinion that the charity will have sufficient resources to meet its liabilities as required. As such, they remain satisfied that the Chatham Historic Dockyard Trust can continue operating for the next 12 months and accounts have been prepared in the knowledge that the Chatham Historic Dockyard Trust is a financially viable organisation.

### *Disclosure exemptions for qualifying entities under FRS 102*

The Trust is a qualifying entity as defined by FRS 102 and, as such, has taken advantage of the following exemptions:

- presenting a statement of entity cash flows on the grounds that the relevant information is included within the consolidated information presented within these financial statements;
- presenting certain financial instruments disclosures on the grounds that the relevant information is included within the consolidated information presented within these financial statements; and
- presenting information concerning key management personnel compensations.

### *Basis of consolidation*

The Group consolidated financial statements include the financial statements of the Trust and all of its subsidiary undertakings.

A subsidiary is an entity controlled by the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Any entities which either become, or cease being, subsidiary undertakings during the year are included up to, or from, the dates of change of control, respectively. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

### *Income recognition*

Income is measured at the fair value of the consideration received or receivable and represents property rental and service income, admissions income from visitors, grants and donations, income from the sale of goods and services, and interest.

Income is recognised as follows:

- Property rental – on a time apportioned basis, over the life of the lease.
- Services – as the services are provided.
- Retail sales of goods – when the sale is made.
- Other sales of goods – when the risk of ownership passes to the customer.
- Grants – when the group has met the relevant performance criteria, and the grant can be measured reliably and receipt is probable.
- Donations – when the Group has entitlement, the donation or grant can be measured reliably and receipt is probable.
- Interest – as it is earned.

Any income received prior to recognition is deferred.

# Notes to the financial statements (continued)

For the year ended 31 March 2023

## 2. Accounting policies (continued)

### *Grants*

Grants are recognised in the Statement of Financial Activities as described above, with any grants received prior to recognition being deferred. In certain circumstance grants may become repayable (for example, if the grant funded property ceases to be used for a charitable purposes). A creditor is established whenever it becomes probable that a grant will become repayable.

Restricted grants received to fund capital expenditure are transferred to general funds once the expenditure has been incurred unless the resultant asset is restricted as to its use, in which case the funds remain as restricted. Depreciation on restricted assets is charged to the appropriate restricted fund.

Payments received from the government for furloughed employees are a form of grant. This grant money is receivable as compensation for expenses already incurred, and where this is not in respect of future related costs, is recognised in income in the period in which it becomes receivable and the related expense is incurred.

### *Donated assets*

Donated assets and services which would otherwise have been purchased are included at the estimated expenditure which has been avoided as a result of the gift. No value is attributed to volunteer time donated to the Trust. Except for the initial gift to the Trust, other donated assets and services are recognised at the fair value of the asset or service received. The initial gift to the Trust is recognised at £1 (being the nominal consideration paid) as the cost of valuing the assets outweighs the benefit of such a valuation.

### *Employee benefits*

The Group provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

Short term benefits, including compensation for loss of employment, holiday pay and other non-monetary benefits, are recognised as an expense in the period in which the service is received.

The Group operates a defined contribution plan, whereby the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense in the period to which they relate. Amounts not paid are shown in accruals in the balance sheet. The assets of the plan are held separately from the Group in independently administered funds.

### *Expenditure*

Expenditure is accounted for in the period in which it is incurred. Expenditure includes any VAT which cannot be fully recovered which is reported as part of the expenditure to which it relates.

Expenditure relating directly to a particular activity is allocated to that activity. Indirect costs are classified as support costs, and these are allocated to activities on a basis consistent with use of the resources.

Expenditure includes the estimated value of donations in kind.

# Notes to the financial statements (continued)

For the year ended 31 March 2023

## 2. Accounting policies (continued)

### *Operating leases*

Operating leases are leases that do not transfer all the risks and rewards of ownership. Payments made by the Group under operating leases are charged to the Statement of Financial Activities on a straight-line basis over the period of the lease, including payments which are not required to be made on a straight-line basis. Lease incentives given or received are similarly spread on a straight-line basis over the relevant lease term.

### *Taxation*

The tax expense represents the sum of the tax currently payable and any deferred tax.

The current tax charge is based on the taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date. The Trust's activities are charitable and therefore, to the extent that any surpluses are applied to its charitable objects, the Trust is not liable to tax. In addition, its subsidiaries incur no current tax charge as all their profits, which would otherwise be taxable, are distributed to the Trust by way of Gift Aid and thus no tax liability arises.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the reporting date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the reporting date.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset realised. Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Whilst the tax expense is immaterial, it is recognised as a part of the cost of the relevant activity, rather than being disclosed separately in the Statement of Financial Activities.

### *Property expenditure*

The Trust has a substantial property portfolio which includes a significant number of scheduled ancient monuments, listed properties and other historic properties. On the inception of the Trust, many of the properties were in a state of disrepair and were not functional. The Trust is pursuing a programme of works to bring all properties into productive use which results in significant expenditure on the properties.

Expenditure on the existing properties is capitalised (as either part of property, plant and equipment or heritage assets, as appropriate) when the expenditure results in incremental future benefits to the Trust or replaces a previously identified component. Incremental benefits may arise through bringing a property into use (or back into use), through reduced future maintenance expenditure, or through the ability to generate additional income, directly or indirectly, in the future.

Expenditure which does not meet this criteria is written off as incurred.

## Notes to the financial statements (continued)

For the year ended 31 March 2023

### 2 Accounting policies (continued)

#### *Property, plant and equipment*

Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. Cost comprises the original purchase price, subsequent expenditure capitalised in accordance with the policy on *Property expenditure*, and expenditure directly attributable in bringing the asset to its working condition for its intended use. As noted above, the assets transferred to the Trust on its formation are recorded at £1, this being the nominal cost of these assets.

Land and assets under construction are not depreciated. Other assets are depreciated on a straight line basis so as to write off their cost over their expected useful lives, using the straight line method. The component categories and annual rates used are as follows:

Structural works to buildings	2%	Computer/ AV equipment	20%
Roofs	4%	Other fixtures and fittings	10%
Ships refurbishments	10%	Plant and machinery	10%
Exhibition equipment	6.67%	Motor vehicles	20%
Galleries	10%		
Assets under construction	Not depreciated		

Subsequent expenditure which relates to either the replacement of previously capitalised component or part of a component or the enhancement of the asset which results in incremental future benefits, is capitalised and the carrying amount of any replaced part of the asset is derecognised.

#### *Heritage Assets*

Heritage assets are tangible and intangible assets with historic, artistic, scientific, technological, geophysical, or environmental qualities that are held and maintained principally for their contribution to knowledge and culture. As a charity with preservation as one of its objects, in accordance with the SORP, the Trust's heritage assets may include assets which are not accessible to the public.

The Trust classifies the following classes of assets as heritage assets:

- The land and building acquired from the Ministry of Defence on the inception of the Trust.
- Capital works to the structure of its historic buildings.
- Its various collections of artefacts, exhibits and historical archives.
- Items of plant and machinery of historic importance, notably the two ships.

Currently, all the Trust's heritage assets are tangible assets and are accounted for in accordance with the accounting policy for property, plant and equipment as detailed in the policy on *Property expenditure*. The Trustees consider the cost of obtaining a valuation of donated heritage assets would outweigh the benefit of such a valuation.



# Notes to the financial statements (continued)

For the year ended 31 March 2023

## 2 Accounting policies (continued)

### *Impairment*

At each period end date, non-financial assets (comprising property, plant and equipment and heritage assets) are assessed to determine if there are indicators that the assets may be impaired in value; if there are such indicators of impairment, then a comparison of the asset's carrying value to its recoverable amount is undertaken. Any excess over the recoverable amount is recognised as an impairment loss and charged as expenditure in the Statement of Financial Activities; the carrying value of the asset is reduced appropriately.

The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use. Value in use for the Trust's properties and other non-financial assets held for charitable purposes and which are fulfilling the charitable purpose for which they were acquired, is based on the depreciated replacement cost of the asset. For other assets, value in use is defined as the net present value of the future cash flows before interest expected to be generated from the assets.

For financial assets (comprising trade and other debtors) carried at cost less impairment, the impairment loss is the difference between the assets carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

If an impairment loss subsequently reverses, the carrying amount of the assets is increased to the revised estimate of their recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the Statement of Financial Activities.

### *Investment properties*

Investment properties, which are properties held to earn rentals and/or for capital appreciation, are initially measured at cost and subsequently at fair value. Revaluation surpluses and deficits are recognised in net income.

### *Investments*

Investments in subsidiaries are stated at cost less accumulated impairment losses. Other investments are stated at fair value with movements through income and expenditure.

### *Inventories*

Inventories are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis. At each reporting date, inventories are assessed for impairment. If inventory is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment is recognised immediately in profit or loss.

### *Cash and cash equivalents*

Cash and cash equivalents comprise cash in hand, cash at bank and bank deposits. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash without significant risk of change in value. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

# Notes to the financial statements (continued)

For the year ended 31 March 2023

## 2 Accounting policies (continued)

### *Provisions and contingencies*

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably. Currently, the Group has no provisions.

Contingent liabilities arise from past events when either:

- It is only possible that an obligation will arise and when the existence or otherwise of the obligation will be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the group's control; or.
- An obligation has arisen, but a provision is not recognised because either it is not probable that there will be an outflow of resources or the amount cannot be reliably measured at the reporting date.

Contingent liabilities are disclosed in the financial statements unless the probability of an outflow of resources is remote.

Contingent assets are not recognised. Contingent assets are disclosed in the financial statements when an inflow of economic benefits is probable.

### *Financial instruments*

The charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. The charity has elected to apply the provisions of Section 11 Basic Financial Instruments' and Section 12 'Other Financial instruments Issues' of FRS 102 to all of its financial instruments.

### *Funds*

Designated funds are unrestricted funds which the Trustees have ring-fenced for a particular purpose. Transfers to and from the designated funds are recognised as and when decided by the Trustees.

Restricted funds are funds subject to specific restrictions imposed by donors, the nature of the appeal or other reasons.

Unrestricted funds comprise the accumulated surplus or deficit or recognised in income and expenditure after transfers to other reserves.

## Notes to the financial statements (continued)

For the year ended 31 March 2023

### 3 Key judgements and sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make judgements and estimates that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates.

#### Critical judgements

In preparing the financial statements, the following judgements which have, or could have, a material impact on the financial statements were made:

##### *Classification of property expenditure*

Expenditure on properties is analysed as either giving rise to an asset or expenditure which is written off as an expense when incurred, depending on whether the expenditure results in an incremental benefit, or not. The assessment of whether there is future benefit requires judgement. A key aspect of the judgement is whether the expenditure enables the Trust to gain greater use of the properties.

##### *Classification of properties as investment properties*

Investment properties are properties which are held to generate income or capital appreciation rather than for their contribution to culture or for the provision of services. As all of the Group's properties are within the boundary of the historic 80 acre site and are accessible to a certain extent to the visitors to the site; therefore the categorisation of any property as an investment property requires the exercise of judgement. The Trustees consider that the reversionary freeholds of the residential estate should be classed as investment properties as the Trust has no rights to use the properties and the freehold reversions are held to provide an income stream.

##### *Property components*

The Group accounts for its expenditure on property, plant and equipment using component accounting. Under component accounting, the property is divided into those major components which are considered to have substantially different useful economic lives. Judgement is used in allocating property costs between components and in determining the useful lives of each component. The identification of such components is a matter of judgement and may have a material impact on the depreciation charge.

# Notes to the financial statements (continued)

For the year ended 31 March 2023

## 3 Key judgements and sources of estimation uncertainty (continued)

### *Property impairments*

It is necessary to undertake an impairment assessment if there are any indicators of impairment, the identification of such indicators requires judgement. The Trustees consider that for properties used for charitable purposes, the key indicators of impairment are the extent to which the property continues to be used for its intended use, any forecast future reductions in use, and the physical condition of the property. During the year, the Trustees judged that there were no indicators of impairment and so no requirement to undertake an impairment review.

### *Initial gift to the Trust*

The initial gift to the Trust has not been valued as, in the Trustees' judgement, the cost of obtaining such a valuation, which would be subjective and possibly unreliable, would outweigh the benefit of such a valuation.

### *Recognition of grant income*

Grant income is recognised, inter alia, when the Trust has met any criteria of substance required of it under the relevant grant agreement. In the case of Heritage Lottery Funding, the Trustees consider that the receipt of permission to start is the only criteria of substance and therefore recognise grant income once that permission has been received. The DCMS provides funding for specific years; in the judgement of the Trustees, the terms of the grant are such that the Trust does not have prior entitlement to the funding.

### *Contingent assets and liabilities*

The classification of assets and liabilities as contingent requires the exercise of judgement as to the probability of future cash flows. In the case of the contingent liabilities, in the Trustees' judgement any future cash flows would arise from actions of third parties over which the Trust has no or limited influence, and as such no provision is needed.

### *Restricted funds relating to capitalised expenditure*

Restricted funds received to fund capital expenditure are transferred to general funds once the expenditure has been incurred unless the resultant asset is restricted as to its use, in which case the funds remain as restricted. The assessment of whether an asset is restricted as to its use requires the exercise of judgement in assessing whether the terms of the donation(s) which funded the asset prevent the Trust from using the asset for any of its general purposes. Where the Trustees consider that this to be the case, the entire cost of the asset is classed as restricted and all of the related funds are retained as restricted funds. The corollary of this is that the subsequent depreciation of the assets is deemed to be a restricted cost.

## **Critical estimates**

### *Investment property valuations*

Investment properties are recognised at their fair value, which is estimated as being the anticipated proceeds from future disposals, based on the immediate past history property sales. The timing and actual proceeds of any future sales are uncertain and may not reflect the past history.

## Notes to the financial statements (continued)

For the year ended 31 March 2023

### 3 Key judgements and sources of estimation uncertainty (continued)

#### *Useful lives*

Depreciation of assets is calculated based on the cost and the estimated useful lives of the assets. The useful lives of property components (for example roofs) are estimated based on relevant construction data.

#### *Carrying values*

The carrying amount of the assets and liabilities affected by the above judgements and estimates are set out in the following notes.

### 4 Income from donations, including grants

	Unrestricted £	Restricted £	Total 2023 £	Total 2022 £
Government grants				
- Department for Digital, Culture, Media & Sport	-	196,000	196,000	196,000
- Medway Council		1,808,657	1,808,657	-
- Arts Council England (ACE)	-	249,508	249,508	633,652
Other grants	3,833	24,712	28,545	174,889
Garfield Weston	-	100,000	100,000	-
Donations	19,002	-	19,002	11,501
Legacies	50,000	-	50,000	-
	<u>72,835</u>	<u>2,378,877</u>	<u>2,451,712</u>	<u>1,016,042</u>

### 5 Income from charitable activities

	2023 £	2022 £
Preservation - rent & service charges	4,331,495	3,339,318
Education - visitor admissions	<u>1,359,712</u>	<u>1,051,932</u>
	<u>5,691,207</u>	<u>4,391,250</u>

Income from charitable activities arises from the provision of services and is fully unrestricted.

# Notes to the financial statements (continued)

For the year ended 31 March 2023

## 6 Income from other trading activities

	2023 £	2022 £
Income from sale of goods		
Retail – gift shop	151,199	90,361
Sales of rope products	476,098	479,362
Catering	599,904	457,113
Income from provision of services		
Weddings & other functions	282,079	210,436
Property income	168,558	158,847
Other miscellaneous income	-	1,317
	<u>1,677,838</u>	<u>1,397,436</u>

## 7 Income from investments

	2023 £	2022 £
Fixed interest on cash deposits	<u>1,371</u>	<u>2,506</u>

## 8 Other income

	2023 £	2022 £
(Loss)/Profit on disposal of fixed asset	<u>-</u>	<u>(900)</u>

## Future income from non-cancellable operating leases

	2023 £	2022 £
The Group is due to receive the following amounts under non-cancellable operating leases:		
Due next year	1,461,305	1,719,841
Due in 2 to 5 years	5,004,023	5,428,072
Due after more than 5 years	<u>10,063,162</u>	<u>11,107,588</u>
	<u>16,528,491</u>	<u>18,255,501</u>

Under the terms of the leases, the rental income is subject to periodic review. The leases give the tenants no right of acquisition.



# Notes to the financial statements (continued)

For the year ended 31 March 2023

## 9 Expenditure on raising funds

	2023 £	2022 £
Incurred by the Trust	630,534	488,702
Incurred by the trading subsidiaries	892,733	627,300
Depreciation	4,456	4,076
	<u>1,527,723</u>	<u>1,120,078</u>
Support costs allocated to raising funds (see note 12)	176,657	350,129
	<u>1,704,380</u>	<u>1,470,207</u>

## 10 Expenditure on preservation

	2023 £	2022 £
Staff and associated costs	431,521	330,402
Maintenance costs	724,437	805,436
Fitted Rigging House preliminary expenditure	920	-
Utilities	912,578	445,193
Other direct costs	417,259	476,525
Depreciation	150,671	151,657
Allocated support costs (see note 12)	699,602	666,378
	<u>3,336,988</u>	<u>2,875,591</u>

Preservation comprises the cost of repair, maintenance and restoration of the historic buildings and ships of the Dockyard and other maintenance.

## 11 Expenditure on education

	2023 £	2022 £
Staff and associated costs	1,353,100	999,408
Other direct costs	873,523	1,467,907
Depreciation	650,090	673,366
Other project expenditure	57,129	22,888
Maintenance	222,833	186,339
Allocated support costs (see note 12)	387,854	152,672
	<u>3,544,529</u>	<u>3,502,580</u>

Education expenditure comprises the cost of the maintenance and operation of the galleries and exhibits within the Dockyard.

# Notes to the financial statements (continued)

For the year ended 31 March 2023

## 12 Support costs

	2023 £	2022 £
Staff and associated costs	878,514	786,994
Office costs	83,357	89,622
Professional fees	26,859	25,233
Insurances	202,818	221,222
Other costs	52,485	23,832
Governance costs	20,080	22,276
	<u>1,264,113</u>	<u>1,169,179</u>

	2023 £	2022 £
Support costs are allocated as follows:		
Raising funds	176,657	350,129
Preservation	699,602	666,378
Education	387,854	152,672
	<u>1,264,113</u>	<u>1,169,179</u>

Support costs comprise the management costs of the Trust and its charitable subsidiaries and site security costs. Management costs comprise the Senior Executive and Finance functions (including Personnel and IT support). Site security comprises staff and other costs in respect of the provision of 24-hour security for the site for the benefit of the Trust, its tenants and residents.

The bases of apportionment utilised are as follows:

- Trustee expenses and security – equally between the two charitable activities.
- Management costs – in accordance with staff numbers.

## 13 Wages and salaries

Group	2023 £	2022 £
Wages and salaries	2,793,095	2,372,952
Social security costs	227,591	188,590
Pension scheme – defined contribution scheme	155,420	139,206
	<u>3,176,106</u>	<u>2,700,748</u>

Trust	2023 £	2022 £
Wages and salaries	2,469,471	2,145,671
Social security costs	202,933	168,157
Pension scheme – defined contribution scheme	135,016	120,931
	<u>2,807,419</u>	<u>2,434,759</u>

# Notes to the financial statements (continued)

For the year ended 31 March 2023

## 13 Wages and salaries (continued)

Average no. of persons employed:	Group 2023 Number	2022 Number	Trust 2023 Number	2022 Number
Preservation	21	20	21	20
Education	81	78	81	78
Ropemaking	6	7	6	7
Catering & retail	25	20	25	-
Support	9	8	9	8
	<u>142</u>	<u>133</u>	<u>142</u>	<u>113</u>

In addition, volunteers assist the Trust in undertaking its activities; details are provided in the Trustees' Annual Report.

The number of employees whose emoluments amounted to over £60,000 in the year was as follows:

	2023 Number	2022 Number
£60,001 - £70,000	2	1
£70,001 - £80,000	1	1
£80,001 - £90,000	-	1
£90,001 - £100,000	<u>1</u>	<u>-</u>

Contributions in the year for the provision of money purchase benefits to higher paid employees totalled £26,679 (2022: £20,661).

The Chairman of the Trustees is entitled to receive remuneration from the Trust for services provided, as permitted by the Memorandum and Articles and approved by the Charity Commission. The Chairman's emoluments for the year were £34,912 for Sir Trevor (2022 - £30,721 for Sir Trevor); this remuneration is not pensionable. The Trust chooses to pay the Chairman as the role significantly exceeds that of other Trustees. No other Trustees received emoluments. Expenses reimbursed to 3 (2022 - 3) Trustees in respect of the cost of attending meetings and other reimbursed expenses amounted to £2,724 (2022 - £289).

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Trust, directly or indirectly, including any Trustee. In the opinion of the Trust key management personnel are the Trustees and the senior managers.

Key management remuneration was as follows:

	2023 £	2022 £
Key management remuneration	<u>530,043</u>	<u>455,926</u>

## Notes to the financial statements (continued)

For the year ended 31 March 2023

### 14 Net income/(expenditure)

	2023 £	2022 £
Net income/(expenditure) is stated after charging:		
Depreciation of tangible assets:		
- Property, plant and equipment	250,152	534,465
- Heritage assets	555,065	294,454
Auditor's remuneration:		
- Audit (Trust)	17,400	13,750
- Audit underprovision	(70)	(1,224)
- Audit (Subsidiaries)	12,325	9,750
- Non audit services paid to companies associated with the auditors	2,750	6,000
Income received under non-cancellable operating leases	1,565,388	1,336,113
Operating lease charges	907	907

### 15 Tangible fixed assets – Property plant and equipment

Group	Fixtures, fittings and equipment £	Galleries £	Assets under construction £	Total £
<b>Cost</b>				
1 April 2022	7,611,311	6,938,882	-	14,550,193
Additions	10,630	138,474	1,306,904	1,455,008
<b>31 March 2023</b>	<u>7,621,941</u>	<u>6,077,356</u>	<u>1,306,904</u>	<u>16,006,201</u>
<b>Depreciation</b>				
1 April 2022	6,957,604	6,327,971	-	13,285,575
Charge for year	103,808	146,344	-	250,152
<b>31 March 2023</b>	<u>7,061,412</u>	<u>6,474,315</u>	<u>-</u>	<u>13,535,727</u>
<b>Net book value</b>				
<b>31 March 2023</b>	<u>560,529</u>	<u>603,041</u>	<u>1,306,904</u>	<u>2,470,474</u>
31 March 2022	<u>653,707</u>	<u>610,911</u>	<u>-</u>	<u>1,264,618</u>

# Notes to the financial statements (continued)

For the year ended 31 March 2023

## 15 Tangible fixed assets – Property plant and equipment (continued)

Trust	Fixtures, fittings and equipment £	Galleries £	Assets under construction £	Total £
<b>Cost</b>				
1 April 2022	7,475,685	6,938,882	-	14,414,567
Additions	4,630	138,474	1,306,904	1,450,008
<b>31 March 2023</b>	<b>7,480,315</b>	<b>7,077,356</b>	<b>1,306,904</b>	<b>15,864,575</b>
<b>Depreciation</b>				
1 April 2022	6,830,129	6,327,971	-	13,158,100
Charge for year	99,261	146,344	-	245,605
<b>31 March 2023</b>	<b>6,929,390</b>	<b>6,474,315</b>	<b>-</b>	<b>13,403,705</b>
<b>Net book value</b>				
<b>31 March 2023</b>	<b>550,925</b>	<b>603,041</b>	<b>1,306,904</b>	<b>2,460,870</b>
31 March 2022	645,556	610,911	-	1,256,467

As part of the terms of the heritage lottery grant, there is a charge in place over the fitted rigging house.

## 16 Heritage assets

Group and Trust	Freehold land and buildings £	Ships £	Collections and artefacts £	Total £
<b>Cost</b>				
1 April 2022	21,389,779	3,344,642	144,000	24,878,241
<b>31 March 2023</b>	<b>21,389,779</b>	<b>3,344,642</b>	<b>144,000</b>	<b>24,878,421</b>
<b>Depreciation</b>				
1 April 2022	5,965,557	3,344,642	-	15,798,215
Charge for year	555,065	-	-	555,065
<b>31 March 2023</b>	<b>6,520,622</b>	<b>3,344,642</b>	<b>-</b>	<b>9,865,264</b>
<b>Net book value</b>				
<b>31 March 2023</b>	<b>14,869,157</b>	<b>-</b>	<b>144,000</b>	<b>15,013,157</b>
31 March 2022	15,424,222	-	144,000	15,568,222

## Notes to the financial statements (continued)

For the year ended 31 March 2023

### 16 Heritage assets (continued)

No value was attributed to the assets transferred to the Trust on its creation as the cost of obtaining such valuations would not be commensurate with the benefits to the users of the accounts and, in any event, given the uniqueness of many of the assets transferred, a reliable valuation may be impossible to obtain.

The heritage assets comprise the Trust's freehold land and buildings, the ships, items of historic plant and equipment, the museum collections, art and photographs and the archives. The heritage assets recognised comprise capitalised expenditure on enhancing the utility of the historic properties and expenditure on assets which have been purchased since the inception of the Trust.

The assets include:

- 47 structures designated as Scheduled Ancient Monuments and 54 listed buildings;
- two ships and one submarine;
- large plant and equipment, including the rope manufacturing machines, cranes and metal working plant;
- over 100,000 items connected to the history of Chatham Dockyard and the Royal Navy at Chatham. They range from small items of personal ephemera - a dockyard matey's old cigarette box - to HMS Cavalier, the Royal Navy's last Second World War destroyer;
- over 20,000 photographs dating from the very earliest years of photography, mainly depicting Chatham Dockyard at work and ships of the Royal Navy on the River Medway;
- over 150 works of art including oil paintings, watercolours and prints. Their content ranges from topographical views of the dockyard to portraits of naval personnel;
- 50 models, mainly of naval ships;
- over 100 machine tools all of which were originally used in the dockyard for shipbuilding and repair;
- over 100 items of naval ordnance dating from the seventeenth to the twentieth centuries and includes guns, torpedoes, mines and mortars; and
- over 10,000 items in the archive collection, mainly documents relating to naval and dockyard correspondence and to individuals' naval service.

Whilst the Trust would like to acquire further assets to add to its collections, the main focus of the Trust's efforts has been - and will be for the foreseeable future - preserving the various buildings. To this end, the Trust has a long term maintenance plan for its buildings and a shorter term plan for bringing unused buildings into use through appropriate refurbishment work. However, in the year, the Trust was able to acquire a model submarine and a white ensign; the cost of these new assets was less than the de minimis capitalisation threshold.

All assets have been catalogued in order that they can be properly managed and all collections are stored in such a manner to prevent any deterioration in their condition and to ensure that they are physically secure. The buildings, the ships, structures and heavy plant are all accessible to visitors to the Dockyard (although the public cannot obtain access to the interior of certain buildings as they are in use). The collections are accessible to the public through the Trust's museum and those items not on show are made accessible to researchers on request.

The Trust does not expect to dispose of any of its heritage assets.



# Notes to the financial statements (continued)

For the year ended 31 March 2023

## 17 Investment Properties

Group	2023 £	2022 £
1 April	310,554	331,704
Disposals	-	(21,150)
31 March	<u>310,554</u>	<u>310,554</u>

The investment properties are valued by reference to the rental yield established by recent sales of properties as determined by independent valuers and applying that yield to the rental income stream from ongoing investment properties. The directors have carried out that valuation at 31<sup>st</sup> March 2023 and the revaluation is £310,554.

## 18 Investments - shares in subsidiary companies - Trust

Group	Share capital £	Total £
1 April	1,100	1,100
Reversal of impairment	<u>25,000</u>	<u>25,000</u>
31 March	<u>26,100</u>	<u>26,100</u>

The subsidiary companies at 31 March 2023 were wholly owned and registered in England & Wales and are as follows:

Name	Company number	Activity
Master Ropemakers (Trading) Limited	02651660	Non-traditional rope sales
Chatham Historic Dockyard (Trading) Limited	01983754	Retail & catering
Historic Dockyard Property Limited	02331347	Residential property management
Historic Dockyard Property (2005) Limited	05538093	Property development
Historic Dockyard Property (2010) Limited	07232729	Dormant
Master Ropemakers Limited	07232492	Dormant

The registered office of the above subsidiaries is The Fitted Rigging House, The Historic Dockyard, Chatham, Kent, England, ME4 4TZ.

The shareholding in Master Ropemakers (Trading) Limited had previously been impaired to £Nil. However as the company is now profitable the value of the share capital has been reinstated.

# Notes to the financial statements (continued)

For the year ended 31 March 2023

## 18 Investments – shares in subsidiary companies – Trust (continued)

### Results of active subsidiaries

	Master Ropemakers (Trading) Limited £	Historic Dockyard Property Limited £	Historic Dockyard Property 2005 Limited £	Chatham Historic Dockyard (Trading) Limited £
<b>Year ended 31 March 2023</b>				
Turnover	403,950	15,249	120,703	915,047
Expenditure	(337,469)	(13,630)	(16,260)	(824,771)
Transfer from revaluation reserve	-	-	-	-
Distribution to the Trust	(66,481)	(1,619)	(104,433)	(90,276)
Result for the year	-	-	-	-
<b>As at 31 March 2023</b>				
Assets	129,573	338,755	103,032	210,925
Creditors and provisions	(104,573)	(91,434)	(102,932)	(190,825)
Net assets	25,000	247,321	100	20,100
<b>Year ended 31 March 2022</b>				
Turnover	429,953	16,242	118,426	695,545
Expenditure	(317,321)	(18,348)	(23,680)	(596,337)
Taxation	-	7,336	-	-
Transfer from revaluation reserve	-	18,044	-	-
Distribution to the Trust	(112,632)	(23,274)	(94,746)	(94,153)
Result for the year	-	-	-	5,055
<b>As at 31 March 2022</b>				
Assets	169,612	349,928	152,703	177,329
Creditors and provisions	(144,612)	(102,607)	(152,603)	(157,229)
Net assets	25,000	247,321	100	20,100

## 19 Investments

	Group 2023 £	2022 £	Trust 2023 £	2022 £
<b>Listed investments – common investment funds</b>				
As at 1 April 2022	655,516	438,136	655,516	438,136
Additions	-	150,000	-	150,000
Unrealised gain/(loss)	(23,194)	67,380	(23,194)	67,380
As at 31 March 2023	632,322	655,516	632,322	655,516

## Notes to the financial statements (continued)

For the year ended 31 March 2023

### 19 Investments (continued)

Listed investments comprise	Group		Trust	
	2023	2022	2023	2022
	£	£	£	£
Investment Fund	269,435	271,755	269,435	271,755
Property Fund	138,324	157,284	128,324	157,284
Global Equity Fund	224,563	226,477	224,563	226,477
	<u>632,322</u>	<u>655,516</u>	<u>632,332</u>	<u>655,516</u>
Historical cost	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>	<u>400,000</u>

### 20 Inventories

	Group		Trust	
	2022	2021	2022	2021
	£	£	£	£
Raw materials and consumables	155,284	118,310	155,284	118,310
Goods for resale	170,211	151,947	82,515	93,313
	<u>325,495</u>	<u>270,257</u>	<u>237,799</u>	<u>211,623</u>

There is no significant difference between the replacement cost of the inventories and their carrying amount. Inventories are stated after provisions for impairment of £14,871 (2022 - £19,238).

### 21 Debtors

	Group		Trust	
	2023	2022	2023	2022
	£	£	£	£
Trade debtors	424,212	301,614	423,264	300,033
Amount owed by subsidiary undertakings	-	-	121,095	100,837
Amounts due to parent undertaking – Gift Aid	-	-	262,809	324,826
Other debtors	315,746	162,009	213,818	107,417
Prepayments and accrued income	560,279	546,958	557,101	517,388
	<u>1,300,237</u>	<u>1,010,581</u>	<u>1,578,087</u>	<u>1,350,501</u>

Amounts above owed by Group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

### 22 Creditors: amounts falling due within one year

	Group		Trust	
	2023	2022	2023	2022
	£	£	£	£
Other loan	100,000	-	100,000	-
Trade creditors	357,608	474,838	333,916	442,075
Taxation and social security	55,144	47,301	55,144	47,301
Other creditors	359,443	338,514	357,288	335,488
Accruals and deferred income (see note 24)	953,282	551,842	932,273	515,142
	<u>1,825,477</u>	<u>1,412,495</u>	<u>1,778,621</u>	<u>1,340,006</u>

## Notes to the financial statements (continued)

For the year ended 31 March 2023

### 23 Creditors: amounts falling due after more than one year

	Group		Trust	
	2023	2022	2023	2022
	£	£	£	£
Other loan	350,000	450,000	350,000	450,000
Due within one year	100,000	-	100,000	-
Due within 1 – 2 years	150,000	250,000	150,000	250,000
Due within 2 – 5 years	200,000	200,000	200,000	200,000
	450,000	450,000	450,000	450,000

The South East Local Enterprise Partnership (SELEP) loan is repayable by March 2026.

### 24 Deferred income

	Group		Trust	
	2023	2022	2023	2022
	£	£	£	£
Balance at 1 April	32,139	10,565	32,139	10,565
Amount released to SOFA	(32,139)	(10,565)	(32,139)	(10,565)
Amount deferred in the period	125,839	32,139	125,839	32,139
Balance at 31 March	125,839	32,139	125,839	32,139

Deferred income principally relates to advance event ticket sales and pre-billed rents.

### 25 Deferred tax

	Group		Trust	
	2023	2022	2023	2022
	£	£	£	£
Arising on property revaluations:				
At 1 April	59,005	66,341	59,005	66,341
Credit to profit & loss	-	(4,230)	-	(4,230)
Tax on revaluation	-	(3,106)	-	(3,106)
At 31 March	59,005	59,005	-	59,005

Deferred tax is calculated at a rate of 19% (2022 – 19%).

### 26 Contingent liabilities

Within the Historic Dockyard there are 47 structures designated as Scheduled Ancient Monuments and 54 Listed Buildings. The Trust has a responsibility and liability to remedy any state of disrepair of the Listed Buildings under the Planning (Listed Buildings & Conservation Areas) Act 1990. Whilst the Trust continues to maintain these structures, it may have insufficient funds to carry out the full-scale repair of all the structures should the appropriate notice be served upon the Trustees. To date, no such notice has been served.

Certain grants received by the Trust for capital works within the Historic Dockyard may, under the provisions of the respective grant contracts, become repayable under certain circumstances. In the opinion of the Trustees such circumstances are unlikely to arise and accordingly no provision has been made in the accounts.

If fixed assets are disposed of then under certain circumstances any related grant funding in respect of these properties may be repayable. The Trustees have no intention of disposing of any grant funded assets.

# Notes to the financial statements (continued)

For the year ended 31 March 2023

## 27 Capital commitments

As at the year end, the Group and Trust had contracted for capital commitments totalling £1,543,877 (2022: £79,470).

The capital commitment relates to the work on Fitted Rigging House South. Of the commitment detailed above £658,905 will be contributed by the Trust and £884,972 by the DCMS Levelling Up Fund, managed by Medway Council.

## 28 Analysis of funds

Group - as at 31 March 2023	Restricted	Unrestricted			Total	Group Total
		Designated	Revaluation	General		
	£	£	£	£	£	£
Property, plant and equipment	2,074,094	213,828	-	182,552	396,380	2,470,474
Heritage assets	14,766,036	247,121	-	-	247,121	15,013,157
Investment properties	-	-	246,321	64,233	310,554	310,554
Investments	-	-	-	632,322	632,322	632,222
Inventories	-	-	-	325,495	325,495	325,495
Debtors	-	-	-	1,300,237	1,300,237	1,300,237
Cash and cash equivalents	812,842	869,710	-	373,544	1,243,254	2,056,096
Creditors	-	-	-	(2,175,477)	(2,175,477)	(2,175,477)
Deferred tax	-	-	-	(59,005)	(59,005)	(59,005)
	<u>17,652,972</u>	<u>1,330,659</u>	<u>246,321</u>	<u>643,901</u>	<u>2,220,881</u>	<u>19,873,853</u>

Group - as at 31 March 2022	Restricted	Unrestricted			Total	Group Total
		Designated	Revaluation	General		
	£	£	£	£	£	£
Property, plant and equipment	1,110,559	145,908	-	8,151	154,059	1,264,618
Heritage assets	15,327,354	240,868	-	-	240,868	15,568,222
Investment properties	-	-	246,321	64,233	310,554	310,554
Inventories	-	-	-	270,257	270,257	270,257
Debtors	76,872	-	-	951,657	951,657	1,028,529
Investments	-	-	-	655,516	655,516	655,516
Cash and cash equivalents	-	732,707	-	769,861	1,502,568	1,502,568
Creditors	-	-	-	(1,880,443)	(1,880,443)	(1,880,443)
Deferred tax	-	-	-	(59,005)	(59,005)	(59,005)
	<u>16,514,785</u>	<u>1,119,483</u>	<u>246,321</u>	<u>780,227</u>	<u>2,146,031</u>	<u>18,660,816</u>

# Notes to the financial statements (continued)

For the year ended 31 March 2023

## 28 Analysis of funds (continued)

Trust - as at 31 March 2023	Restricted	Unrestricted		General	Total	Trust Total
		Designated	Revaluation			
	£	£	£	£	£	£
Property, plant and equipment	2,074,094	213,828	-	172,948	386,776	2,460,870
Heritage assets	14,766,036	247,121	-	-	247,121	15,013,157
Inventories	-	-	-	237,799	237,799	237,799
Investment in subsidiaries	-	-	-	26,100	26,100	26,100
Debtors	-	-	-	1,578,087	1,578,087	1,578,087
Investments	-	-	-	632,322	632,322	632,322
Cash and cash equivalents	812,842	869,710	-	105,165	974,873	1,787,717
Creditors	-	-	-	(2,128,621)	(2,128,621)	(2,128,621)
	<u>17,652,972</u>	<u>1,330,659</u>	<u>-</u>	<u>623,800</u>	<u>1,954,459</u>	<u>19,607,431</u>

Trust - as at 31 March 2022	Restricted	Unrestricted		General	Total	Trust Total
		Designated	Revaluation			
	£	£	£	£	£	£
Property, plant and equipment	1,355,662	142,327	-	-	142,327	1,497,989
Heritage assets	15,821,976	270,693	-	-	270,693	16,092,669
Inventories	-	-	-	190,880	190,880	190,880
Investment in subsidiaries	-	-	-	1,100	1,100	1,100
Debtors	336,961	-	-	915,857	915,857	1,252,818
Investments	-	-	-	438,136	438,136	438,136
Cash and cash equivalents	-	664,649	-	647,622	1,312,271	1,312,271
Creditors	-	-	-	(1,433,638)	(1,433,638)	(1,433,638)
	<u>17,514,599</u>	<u>1,077,669</u>	<u>-</u>	<u>759,957</u>	<u>1,837,626</u>	<u>19,352,225</u>



## Notes to the financial statements (continued)

For the year ended 31 March 2023

### 29 Restricted funds

	At 1 April 2022 £	Transfers 2023 £	Income 2023 £	Expend- iture 2023 £	At 31 March 2023 £
<b>Year ended 31 March 2023</b>					
<b>Group and Trust</b>					
Fixed asset funds	9,802,672	-	-	(512,158)	9,290,514
Fitted Rigging House	6,631,846	-	-	(219,672)	6,412,174
Arts Council England – NPO	53,292	-	249,508	(296,300)	6,500
No 1 Smithery	-	-	100,000	-	100,000
Other	26,975	-	24,712	(16,560)	35,127
DCMS	-	-	196,000	(196,000)	-
Fitted Rigging House (South)	-	-	1,808,657	-	1,808,657
	<u>16,514,785</u>	<u>-</u>	<u>2,378,877</u>	<u>(1,240,690)</u>	<u>17,652,972</u>

	At 1 April 2021 £	Transfers 2022 £	Income 2022 £	Expend- iture 2021 £	At 31 March 2022 £
<b>Year ended 31 March 2022</b>					
<b>Group and Trust</b>					
Fixed asset funds	10,356,760	-	-	(554,088)	9,802,672
Education programmes	37,851	-	-	(37,851)	-
Arts Council England	-	-	381,144	(384,144)	-
Arts Council England – NPO	121,307	-	249,508	(317,523)	53,292
DCMS	-	-	196,000	(196,000)	-
Other	177,803	-	8,339	(159,167)	26,975
Fitted Rigging House	6,820,878	-	-	(189,032)	6,631,846
	<u>17,514,599</u>	<u>-</u>	<u>837,991</u>	<u>(1,837,805)</u>	<u>16,514,785</u>

## Notes to the financial statements (continued)

For the year ended 31 March 2023

### 29 Restricted funds (continued)

The fixed asset funds represent the donations and grants received in previous years to fund capital expenditure; the balance of the funds represents the net book value of the related assets and the resources expended represents the annual depreciation of the related assets.

The Education programmes relate to various activities, designed to provide school children with educational activities relevant to the dockyard and its contribution to naval history.

The Fitted Rigging House project is to preserve the fitted rigging house, this being the last major building within the dockyard which has yet to be refurbished, to allow it to be used more productively.

No 1 Smithery – The Trust has been pledged £100,000 from the DCMS Wolfson Museums and Galleries Improvement Fund followed by an additional £100,000 received in 2022/23 from the Garfield Weston Foundation to support the refurbishment of the existing No.1 Smithery gallery space which was first developed in 2010 and is in need of uplift and improvement.

DCMS – The Trust acknowledges the continuing support from DCMS of £196k for FY 2022/23 which has been utilised to support a variety of preservation and learning projects across the organisation.

Other Grants – Grant funding to celebrate the 60<sup>th</sup> Anniversary of HMS Ocelot

## Notes to the financial statements (continued)

For the year ended 31 March 2023

### 33 Operating lease commitments

At 31 March 2023 the Group was committed to making the following payments under non-cancellable operating leases in the coming years

	2023 £	2022 £
Due next year	2,954	2,954
Due in the next 2 to 5 years	4,431	7,385
	<u>7,385</u>	<u>10,339</u>

### 34 Related Party Transactions

The Trust has a number of transactions with its subsidiaries. The Trust provides accommodation, management, IT and other services to its subsidiaries, details of these are as follows:

	Chatham Historic Dockyard (Trading) Ltd £	Master Ropemakers Trading Ltd £	Historic Dockyard Property Ltd £	Historic Dockyard Property(2005) Ltd £	Total 2023 £
<b>From the Trust:</b>					
Employment recharges	334,470	33,606	-	-	368,076
Rent	19,000	-	-	-	19,000
Utilities	3,633	-	-	-	3,633
Rope purchases	-	278,870	-	-	278,870
Finance and insurance costs	-	-	5,340	-	5,340
	<u>357,103</u>	<u>312,476</u>	<u>5,340</u>	<u>-</u>	<u>674,918</u>
Amounts owed from/(to):	<u>64,048</u>	<u>30,888</u>	<u>29,245</u>	<u>(3,086)</u>	<u>121,095</u>

# Notes to the financial statements (continued)

For the year ended 31 March 2023

## 34 Related Party Transactions (continued)

	Chatham Historic Dockyard (Trading) Ltd £	Master Ropemakers Trading Ltd £	Historic Dockyard Property Ltd £	Historic Dockyard Property(2005) Ltd £	Total 2022 £
<b>From the Trust:</b>					
Employment recharges	247,482	24,114	-	-	271,596
Rent	19,000	-	-	-	19,000
Audit fee recharges	3,750	3,500	1,250	1,250	9,750
Postage costs	-	-	1,500	-	1,500
Utilities	-	-	-	-	-
Rope purchases	-	265,123	-	-	265,123
Finance and insurance costs	-	-	3,779	-	3,779
	<u>270,232</u>	<u>292,737</u>	<u>6,529</u>	<u>1,250</u>	<u>570,749</u>
Amounts owed from/(to):	<u>1,470</u>	<u>25,312</u>	<u>18,428</u>	<u>55,627</u>	<u>100,837</u>

The subsidiaries have committed to distribute any profits made, by way of charitable donation, to the Trust on an annual basis (see note 18).

The balances due from the subsidiaries are shown in note 21.

## 35 Financial instruments

	Group 2023 £	2022 £	Trust 2023 £	2022 £
Financial assets at fair value through profit or loss	<u>632,322</u>	<u>655,516</u>	<u>632,322</u>	<u>655,516</u>
(Loss)/Gain on financial assets at fair value through profit or loss	<u>(23,194)</u>	<u>67,380</u>	<u>(23,194)</u>	<u>67,380</u>

Financial assets at fair value through profit or loss are valued using quoted market prices in an active market.

The risk from financial instruments primarily arises from its bank deposits, where the Trust is exposed to credit risk. The Trust seeks to minimise this risk as far as possible risks by using a number of different banks each of which must each have a good credit rating. The Trust is also exposed to credit risk from the trade debtors of its subsidiaries, which it seeks to minimise by undertaking credits checks and restricting sales to customers in default.

The financial assets at fair value through profit or loss also give rise to market risks, which are managed by investing in common investment funds and by having a mix of listed investments and cash deposits.

# Notes to the financial statements (continued)

For the year ended 31 March 2023

## 30 Unrestricted funds

Year ended 31 March 2023	At 1 April 2022 £	Gains/ Transfers 2023 £	Income in 2023 £	Expend- iture in 2023 £	At 31 March 2023 £
<b>Group</b>					
Designated funds					
- Fixed assets	386,776	143,104	-	(68,931)	460,949
- Maintenance and development	732,707	92,867	44,136	-	869,710
Revaluation	246,321	-	-	-	246,321
General	780,227	(259,165)	7,399,115	(7,276,276)	643,901
	<u>2,146,031</u>	<u>(23,194)</u>	<u>7,443,251</u>	<u>(7,541,207)</u>	<u>2,220,881</u>
<b>Year ended 31 March 2022</b>	<b>At 1 April 2021 £</b>	<b>Gains/ Transfers 2022 £</b>	<b>Income in 2022 £</b>	<b>Expend- iture in 2022 £</b>	<b>At 31 March 2022 £</b>
<b>Group</b>					
Designated funds					
- Fixed assets	413,020	55,659	-	(81,903)	386,776
- Maintenance and development	664,649	56,985	47,880	(36,807)	732,707
Revaluation	264,365	(18,044)	-	-	246,321
General	799,997	(45,264)	5,920,463	(5,894,969)	780,227
	<u>2,142,031</u>	<u>49,336</u>	<u>5,968,343</u>	<u>(6,013,679)</u>	<u>2,146,031</u>
<b>Year ended 31 March 2023</b>	<b>At 1 April 2022 £</b>	<b>Gains/ Transfers 2023 £</b>	<b>Income in 2023 £</b>	<b>Expend- iture in 2023 £</b>	<b>At 31 March 2023 £</b>
<b>Trust</b>					
Designated funds					
- Fixed assets	386,776	143,104	-	(68,931)	460,949
- Maintenance and development	732,707	92,867	44,136	-	869,710
General	735,125	(259,165)	6,526,925	(6,379,085)	623,800
	<u>1,854,608</u>	<u>(23,194)</u>	<u>6,571,061</u>	<u>(6,448,016)</u>	<u>1,954,459</u>
<b>Year ended 31 March 2022</b>	<b>At 1 April 2021 £</b>	<b>Gains/ Transfers 2022 £</b>	<b>Income in 2022 £</b>	<b>Expend- iture in 2022 £</b>	<b>At 31 March 2022 £</b>
<b>Trust</b>					
Designated funds					
- Fixed assets	413,020	55,659	-	(81,903)	386,776
- Maintenance and development	664,649	56,985	47,880	(36,807)	732,707
General	759,957	(45,264)	5,083,234	(5,062,802)	735,125
	<u>1,837,626</u>	<u>67,380</u>	<u>5,131,114</u>	<u>(5,181,512)</u>	<u>1,854,608</u>

# Notes to the financial statements (continued)

For the year ended 31 March 2023

## 30 Unrestricted funds (continued)

The fixed assets fund presents funds used to acquire fixed assets and which are therefore not available for funding the Trust's day to day activities.

The Maintenance and Development Fund represents sums set aside for planned preventive maintenance and building refurbishment expenditure in future periods.

The transfer to the general reserve from the revaluation reserve arises on disposals and represents the realisation of previously recognised revaluation surpluses.

## 31 Reconciliation of net income to net cash outflow from operating activities

	2023 £	2022 £
Net income/(expenditure)	1,213,037	(995,814)
Depreciation of property, plant and equipment	250,152	304,652
Depreciation of heritage assets	555,065	524,447
Profit on disposal of tangible fixed assets	-	-
Loss on disposal of investment properties	-	-
Rental income	(15,249)	(16,226)
Revaluation of investment property	-	-
Net (loss)/gain on investments	23,194	(67,380)
(Increase) in inventories	(55,238)	(29,093)
(Increase) in debtors	(289,656)	(90,896)
Increase in creditors	312,982	502,391
Movement in deferred tax provision	-	(7,336)
<b>Net cash provided by from operating activities</b>	<b>1,993,287</b>	<b>124,745</b>

## 32 Analysis of net debt

	At 1 April 2022 £	Cash flows £	At 31 March 2023 £
Cash at bank and in hand	1,502,568	553,528	2,056,096
Loans	(450,000)	-	(450,000)
<b>Net cash inflow from operating activities</b>	<b>1,052,568</b>	<b>553,528</b>	<b>1,606,096</b>



## Notes to the financial statements (continued)

For the year ended 31 March 2023

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# Notes to the financial statements (continued)

For the year ended 31 March 2023

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