Portsmouth Historic Quarter Trust

England & Wales · Charity number 293188

Details

Other names	PORTSMOUTH HISTORIC QUARTER TRUST, PORTSMOUTH HISTORIC QUARTER TRUST LIMITED, PORTSMOUTH NAVAL BASE PROPERTY TRUST
Status	Registered
Legal form	Charitable company
Company number	01959490
Registered	1985-12-12
Register	View on the Charity Commission register

Contact

Address	19 College Road H M Naval Base Portsmouth Hampshire PO1 3LJ
Phone	02392820921
Email	chiefexecpa@pnbpt.com
Website	https://portsmouthhq.org/

Activities

Objects: 1. THE PRESERVATION OF BUILDINGS, STRUCTURES, VESSELS, DOCKS AND BERTHS OF NATIONAL INTEREST OR ARCHITECTURAL OR HISTORIC INTEREST OR HISTORICALLY ASSOCIATED WITH HER MAJESTY'S NAVAL BASE AT PORTSMOUTH AND THE PROTECTION AND AUGMENTATION OF THE AMENITIES OF SUCH BUILDINGS, STRUCTURES, VESSELS, DOCKS AND BERTHS AND THEIR SURROUNDINGS (HEREINAFTER CALLED THE 'NAVAL BASE BUILDINGS' FOR THE PUBLIC BENEFIT INCLUDING FOR THE ADVANCEMENT OF CULTURE:2. THE ACCESS TO AND ENJOYMENT OF THE NAVAL BASE BUILDINGS BY THE PUBLIC FOR THE PURPOSES OF EDUCATION IN NAVAL HISTORY AND OTHER MATTERS RELATED TO THE DEFENCE OF THE REALM.

Activities: To preserve the Historic Dockyard at Portsmouth so that it may be enjoyed by the public for generations to come. To restore, maintain and find appropriate new uses for buildings of outstanding historic and architectural interest in the Dockyard.

Downloaded from opencharities.uk/ew/293188

Classification

- **How:** Provides Buildings/facilities/open Space
- **What:** Arts/culture/heritage/science, Environment/conservation/heritage, Economic/community Development/employment
- **Who:** Other Charities Or Voluntary Bodies, The General Public/mankind

Geography

- **Area of benefit:** IN PRACTICE PORTSMOUTH, FAREHAM AND GOSPORT
- Hampshire
- Portsmouth City

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£4,254,000	£3,876,000	£17,332,000	33
2024-03-31	£3,897,000	£5,212,000	£22,513,000	36
2023-03-31	£3,911,756	£4,880,764	£25,354,420	55
2022-03-31	£3,860,181	£4,944,408	£26,680,693	49
2021-03-31	£5,336,544	£2,771,823	£27,656,387	40

Downloaded from opencharities.uk/ew/293188

Trustees

Name	Role	Appointed
BENJAMIN FRENCH		2023-11-01
Cllr Stephen Mark Christopher Pitt		2018-09-01
Dr Tarek Teba		2023-11-01
Graham Morrison		2024-11-01
Helen Green		2023-11-01
Jonathan William Mercer Trice		2026-01-01
Mark John Goulding		2026-01-01
Professor Virginia Adair Gibson		2019-04-01
Rear Admiral Rex John Cox		2022-04-01
Simon Verdon		2023-11-01
William James Croser		2026-01-01

Downloaded from opencharities.uk/ew/293188

Portsmouth Historic Quarter Trust

England & Wales - Charity number 293188

Accounts

PHQ

PORTSMOUTH HISTORIC QUARTER TRUST

ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2025

A COMPANY LIMITED BY GUARANTEE

COMPANY REGISTERED NUMBER 01959490 (ENGLAND AND WALES)

CHARITY REGISTERED NUMBER 293188

PHQ

CONTENTS

Message From Our Chair 4
Message From Our CEO 4
Trustees' Report 5
- Our Vision 5
  - Our Strategic Aims 5
  - Our Charitable Purpose 5
- Our Impact In Numbers 6
- Our Work In Action: Preserve 7
  - Regeneration Projects 7
  - Built Heritage 8
  - Historic Vessels 9
- Our Work In Action: Educate & Enjoy 10
  - Enhancing Our Visitor Destination 10
  - Free-Entry Exhibitions 10
  - Free-Entry Events 11
  - Historic Vessels In Action 12
  - Volunteer Community 12
  - Priddy's Hard Creative Community 13
  - F8 Pride Project 13
- Our Work In Action: Develop 14
  - Investing In Our People 14
  - Investing In Our Infrastructure 14
  - Partnerships And Stakeholders 15
  - Accolades 15
- Looking Ahead 16
  - Activity Since Year End 16
  - Plans For Future Periods 16
- Financial Review 18
  - Current Underlying Financial Performance 18
  - Review Of Trust's Classification And Valuation Of Fixed Assets 18
  - Financial Result 19
  - Balance Sheet 19
  - Going Concern 19
- Structure And Governance 20
  - Governance 20
  - Management 22
  - Group Structure And Subsidiaries 22
  - Key Land Holdings And Heritage Assets 22
  - Public Benefit Statement 23
  - Policies And Disclosures 23
  - Trustees' Responsibilities Statement 25
  - Statement Of Disclosure To Auditor 25

Independent Auditor's Report To The Members Of Portsmouth Historic Quarter Trust 26
Financial Statements For The Year Ended 31 March 2025 29
Notes To The Financial Statements For The Year Ended 31 March 2025 32

TRUSTEES, EXECUTIVE AND ADVISORS

CHARITY STATUS

Portsmouth Historic Quarter Trust is a private company limited by guarantee and a registered charity.

REGISTERED OFFICE

19 College Road
HM Naval Base
Portsmouth
Hampshire
PO1 3LJ

EXECUTIVE TEAM

Hannah Prowse (Chief Executive)
Neil Pearce (Finance Director)

AUDITOR

Sumer Audit
53 Kents Road
Southsea
Hampshire
PO6 3HU

INVESTMENT MANAGERS

Cazenove Capital
1 London Wall Place
London
EC2Y5AU

BANKERS

The Royal Bank of Scotland plc
London Corporate Centre
62-63 Threadneedle Street
London
EC2R 8LA

SOLICITORS

Macfarlanes LLP
20 Cursitor Street
London
EC4A 1LT

Blake Morgan LLP
New Kings Court
Tollgate
Chandler's Ford
Eastleigh, Hampshire
SO53 3LJ

DMH Stallard LLP
3rd Floor
Origin One
108 High Street
Crawley, West Sussex
RH10 1BD

DIRECTORS AND TRUSTEES

Helen Green (Interim Chair)
Thomas Coles
Rear-Admiral Rex Cox
William Croser
Benjamin French
Professor Virginia Gibson
Mark Goulding
Graham Morrison
Steve Pitt
Tarek Teba
Jonathan Trice
Simon Verdon

MESSAGE FROM OUR CHAIR

"This report marks an exciting milestone, our first year under our new name and branding. Our new name, Portsmouth Historic Quarter, better reflects our commitment to preserving and promoting our maritime heritage and welcoming people into our places, spaces and stories.

It has been inspiring to see new projects bring this vision to life across our sites, Portsmouth Historic Dockyard and Priddy's Hard in Gosport. From the redevelopment of a fully accessible theatre and new visitor toilets at the Dockyard to the creation of studios for a new community of artists at Priddy's Hard, this year's initiatives have preserved, adapted and improved our heritage for our visitors and communities.

Our strategic partners on-site and across the city and sector continue to play a vital role in our work, supporting the ongoing preservation and development of our buildings, boats, and wider sites. Through thoughtful stewardship and long-term planning, we are striving to safeguard our heritage for generations to come.

I would like to thank all those Trustees who have served and in particular David Butters who retired as Chair last year – he skilfully and adeptly oversaw significant change and progress during his tenure and his insight will be missed. On behalf of the Board I also want to thank our Chief Executive, Hannah Prowse, and the entire PHQ team of staff and volunteers for their dedication, professionalism and imagination throughout the year. Their commitment, alongside the energy and generosity of our collaborators and partners, ensures that our heritage remains active, relevant and welcoming for all."

Helen Green
Interim Chair

MESSAGE FROM OUR CEO

"Portsmouth Historic Quarter is transforming our heritage and bringing it to life, preserving and developing our historic buildings and boats, creating welcoming and accessible opportunities for people to learn about and enjoy history and culture, and enabling new voices and untold stories to be heard.

Our teams have worked tirelessly to keep our sites open, active and accessible. We welcomed over 100,000 visitors to our free exhibitions, delivered 122 days of free public activities and events, and saw thousands take to the water aboard our historic vessels.

The launch of the F8 Pride Project, created in partnership with military LGBTQ+ charity Fighting With Pride, embodied our commitment to inclusion, using heritage to spark national conversation and genuine social impact. As the home port of heritage, we are committed to supporting and amplifying the work of the wider Naval family, as celebrated in our VE Day 80 event and the installation of the Royal Navy and Royal Marines Charity memory tree.

I'm grateful to our staff, volunteers and partners whose energy, ideas and commitment bring heritage to life in practical, generous ways. Together, we're ensuring that Portsmouth Historic Quarter isn't just preserved, but active, open and ready for the future."

Hannah Prowse
Chief Executive

PHQ

TRUSTEES' REPORT

OUR VISION

Portsmouth Historic Quarter (PHQ) is the charity responsible for caring for and operating key heritage sites across Portsmouth Harbour, including Portsmouth Historic Dockyard and Priddy's Hard.

As custodians of historic buildings, boats and spaces in and around Portsmouth Harbour, we breathe new life into this Naval heritage, creating energy and vibrancy, ensuring that it is accessible for all. We are an ambitious and collaborative charity.

We actively create and curate authentic, educational, sustainable and enjoyable places, experiences and opportunities.

OUR STRATEGIC AIMS

PRESERVE

Being active in the conservation, restoration and regeneration of important assets and places which are at risk or under-utilised

DEVELOP

Operating a sustainable charity with a long-term vision and sufficient reserves to intervene and make a difference

EDUCATE

Achieving and maintaining high standards in interpretation and education

ENJOY

Working with heritage and other partners to develop and manage a world class visitor destination centred on Portsmouth Historic Dockyard and developing a thriving and happy community at Priddy's Hard

OUR CHARITABLE PURPOSE

Our Vision and Strategic Aims are derived from our Charitable Purpose "the preservation of buildings, structures, vessels, docks and berths of national interest or architectural or historic interest or historically associated with His Majesty's Naval Base at Portsmouth and the protection and augmentation of the amenities of such buildings, structures, vessels, docks and berths and their surroundings for the public benefit including for the advancement of culture and the access to and enjoyment of the Naval Base buildings by the public for the purposes of education in naval history and other matters related to the Defence of the Realm."

PHQ

OUR IMPACT IN NUMBERS

75,582
FREE Historic Quarter Passes

4
FREE EXHIBITIONS OPENED

122 DAYS
OF FREE PUBLIC EVENTS & ACTIVITIES

3,683
Trips on Our Operational Historic Craft

OVER **100,000** VISITS TO OUR FREE EXHIBITIONS

2,932
VOLUNTEER DAYS

£3,051,000
Invested in Conservation

7,000,000+
Total Audience

667
HOURS OF STAFF TRAINING

96
VOLUNTEERS

1
PRIDE LANDING CRAFT

OUR WORK IN ACTION: PRESERVE

Being active in the conservation, restoration and regeneration of important assets and places which are at risk or under-utilised

This year we have invested £3,051,000 into the preservation and restoration of our heritage.

REGENERATION PROJECTS

We restore our heritage assets and establish new sustainable uses, ensuring their ongoing care and conservation for future generations.

CARPENTERS' YARD

With generous support from Arts Council England and the Foyle Foundation, we have restored Carpenters' Yard, a cluster of historic naval workshops at Priddy's Hard, to create nine artists' studios.

We stabilised and repaired building fabric, installed new welfare facilities, and upgraded infrastructure to improve environmental performance, including internal insulation, an air-source heat pump, and photovoltaic panels. Each studio has its own entrance, sink, and meter, with access to shared welfare facilities and the landscaped public courtyard around which the studios are set.

This £1,000,000+ project aims to support local artists at the start of their creative journey, provide the buildings with a long-term sustainable use and contribute to the ongoing regeneration of the wider Priddy's Hard area. Design work continued throughout the year, with specialist contractors appointed in March 2025 and onsite works completed in November 2025.

BOATHOUSE 5

Again investing in heritage-led cultural regeneration, our refurbishment of Boathouse 5 has transformed a long-unused 60-seater cinema into a fully equipped and accessible performance and rehearsal theatre space. The theatre complements the flexible main area within the Boathouse, which can accommodate larger performances, rehearsals and exhibitions. Design work began in January 2025, and we completed our work to the theatre in October 2025.

We developed this project to provide local creative and cultural organisations with a low-cost, accessible multipurpose venue, and to offer the recently displaced Groundlings Theatre Company a new home within the Historic Dockyard. Groundlings Theatre is a community-focused theatre company based in Portsmouth, operated by the registered charity Groundlings Theatre Trust. Groundlings will also deliver their popular drama school, engaging local young people with arts and culture, from Boathouse 5.

Our in-house maintenance team carried out the full internal redecoration and refit, including upgrades to cabling, emergency lighting, and energy-efficient LED house lights. The stage and seating areas were refloored, new seating installed, and a new performers' entrance and emergency exit lighting added, completing the transformation into a small, functional theatre.

This project brings an unused historic space back into active use, enhances the Dockyard offer, and reinforces our partnerships across the city.

BUILT HERITAGE

We continue to invest significantly in the ongoing care and maintenance of our historic buildings, ensuring they remain safe, functional, and welcoming for visitors, tenants, staff and volunteers.

This year, work ranged from routine redecorations to specialist stone repairs, carried out variously by our in-house team and trusted contractors. These projects protect the fabric of our historic estate, ensuring their ongoing use and viability.

REPAIR AND MAINTENANCE

- STOREHOUSES 9, 10 & 11: Delicate stone arch repairs were made across the three buildings, producing a high-quality finish that preserves their architectural character. Storehouse 11 also received targeted repointing where mortar and brickwork had deteriorated, carried out alongside routine redecorations.
- BOATHOUSE 6: The auditorium air-conditioning system was replaced, providing compliant, reliable ventilation for both the auditorium and top-floor spaces.
- VICTORY GALLERY ROOF: Following a severe roof leak, our Maintenance Programme Manager engaged with NMRN curators to deliver targeted roof repairs.
- EXPLOSION MUSEUM: Lintel and glazing repairs addressed structural and weatherproofing issues.
- DOCKYARD LIGHTING: All site uplighters and lampposts were upgraded with energy-efficient, low-profile fittings, replacing outdated systems to improve efficiency and visitor experience.

REFURBISHMENT AND REDECORATION

- BOATHOUSE 7 KITCHEN: The kitchen and food preparation areas were fully refurbished, including new flooring, wall plates, and gas-safe pipework and isolation units.
- BOATHOUSE 7 TOILET BLOCK: The ladies' toilets in Boathouse 7 were refurbished with timber and glazing repairs carried out simultaneously to protect the buildings' fabric.
- ARENA TOILETS: Repainting, flooring replacement, and plumbing and electrical improvements ensured these high-traffic visitor facilities remain fully functional and welcoming.
- BOATHOUSE 5: One of the most visible buildings as visitors enter the site benefited from a general redecoration.

PHQ

HISTORIC VESSELS

Our collection of historic vessels comprises three operational vessels, available for events, trips and charters; ten boats exhibited and interpreted, five currently under restoration and three awaiting restoration.

VOLUNTEER-LED WORKS

Our skilled Boathouse 4 Volunteer team, with guidance from our Shipwright & Workshop Manager, undertakes the majority of our vessel conservation work. Their achievements include:

- Landing Craft FOXTROT 8: Our team lifted this operational craft onto hardstanding in Boathouse 4 over the winter for antifouling and repainting. Maintenance included servicing ramp gear, fitting a new steel rope and wear patches, re-machining fuel caps, and replacing all batteries. Pride colours were added as a vinyl wrap for the season.
- Victualling Inshore Craft (VIC) 56: Volunteers installed a new gangway on VIC 56 and repainted the crew quarters deck head and aft external cabin sides.
- Seaplane Tender (ST) 1502: Our team has carried out extensive repairs to ST 1502, addressing the transom and lazarette, repairing areas of delaminating GRP, replacing a rotten frame, installing additional mooring hardware, and repainting and re-varnishing the vessel.
- Open Rowing Launch CYCLOPS: Received major structural attention, including repairs to the keel, installation of a new stem, and replacement of the stern post and stern shaft knee. The team also completed gravings to the hull planking, installed splines between seams, and replaced the quarter badges.
- Armed Steam Cutter (ASC) 26: Volunteers finalised the stern shaft arrangement on ASC 26 'Falmouth'. This full restoration project will be completed in 2026.
- GRP Whaler DANAE: Underwent comprehensive repair and refurbishment, including GRP hull repairs, repainting and antifouling, foredeck removal and remedial repairs, engine strip and rebuild, installation of a new samson post, sole board repairs, bilge cleaning and recoating, and fitting of a new rubber rubrail.
- Steam Cutter 438: External hull was repainted and antifouled.

SPECIALIST WORKS

Works from specialist providers and in-house experts on our two operational power craft:

- Motor Gun Boat (MGB 81): Received a full professional repaint by Berthon. This was a significant expense but essential for long-term preservation. A winter service programme included full servicing of all three engines, hull lift and antifoul, and ongoing maintenance such as repairs to navigation lighting, storm-damaged fairlead, and engine room fans.
- High Speed Launch (HSL) 102: Also fully repainted by Berthon as part of its preservation programme. Centre engine cardan shaft and universal joint replaced. Winter service covered full engine servicing, hull lift and antifoul, and general maintenance including engine anode renewal and flag stay replacement.

OUR WORK IN ACTION: EDUCATE & ENJOY

Achieving and maintaining high standards in interpretation and education

Working with heritage and other partners to develop and manage a world class visitor destination centred on Portsmouth Historic Dockyard and developing a thriving and happy community at Priddy's Hard

ENHANCING OUR VISITOR DESTINATION

NEW SITE TOILETS

Until recently, visitors to Portsmouth Historic Dockyard had to walk upstairs in Boathouse 4 or through the Boathouse 7 restaurant to find facilities. Now, we have installed brand-new toilets at the front of Boathouse 5, within sight of the Dockyard entrance, making finding and accessing the facilities easier for everyone.

The spacious new toilet block was designed to accommodate the diverse needs of our visitors. It includes a dedicated baby change and a separate nursing room as well as facilities for visitors with disabilities.

In partnership with the Portsmouth Royal Dockyard Historical Trust, we have turned the walls into a celebration of local history. Archive photographs, stories, and objects bring the Dockyard's past to life in the facility.

Works began in January 2025; the new facilities opened to the public in May 2025. The toilet block has since been granted "Platinum" status at the "2025 Loo of the Year Awards"!

FREE-ENTRY EXHIBITIONS

SHE_SEES

In August 2024 we launched the *SHE_SEES* exhibition in Boathouse 4. Developed by the UK-based global safety and education charity Lloyd's Register Foundation and premiered at London International Shipping Week, *SHE_SEES* celebrates the often-overlooked contributions of women across the maritime world.

Presented in partnership with the University of Portsmouth, the exhibition will remains on display in the Dockyard. Drawing on archive materials from across the UK and Ireland, it uncovers trailblazing female voices in the maritime industry and challenges the sector to build a more inclusive future.

A programme of tours, talks and activities led by PHQ, Dr Mel Bassett of the University of Portsmouth, and photographer Emilie Sandy, accompanies the exhibition, offering a deeper insight into the stories behind *SHE_SEES*. This has included International Women's Day Adult Workshops, children's workshops, and welcoming visitors to learn more on tours as part of Heritage Open Days 2024.

LANDSCAPE ARTIST OF THE YEAR

In July 2024, we hosted Landscape Artist of the Year at Portsmouth Historic Dockyard, welcoming the Sky Arts production team to film on site over four days. Local people and visitors were able to get up close to the artists and watch as they captured their views of HMS Warrior in a timed painting challenge.

The episode aired on Sky Arts in March 2025 and, to celebrate the broadcast we staged a free-entry public exhibition of the artists' paintings in the Porter's Lodge opposite HMS Warrior, enabling visitors to see the artworks alongside the vessel that inspired them.

MY DOG SIGHS: WE SHELTER HERE, SOMETIMES

In June 2024, Storehouse 9 at Portsmouth Historic Dockyard hosted *We Shelter Here, Sometimes*, a free-entry public exhibition by local artist My Dog Sighs. The show featured new work alongside selected pieces from his 2021 *Inside* project, offering visitors a window into his creative process over the past two years.

The exhibition was accompanied by the premiere of a feature-length documentary of the same name, directed by Paul Gonella, which captured the making of the work and provided further insight into the artist's journey.

The exhibition and film were free to the public, reflecting our commitment to making creative experiences accessible and engaging for our visitors and local communities.

SPATIAL FRAGMENTS

In April 2024 we hosted *Spatial Fragments*, a free-entry public exhibition responding to Storehouse 9, by artists Pippa Charlesworth and Sally Tyrie.

Supported through the Sustainable Conservation Trust's Crafted by SCT initiative, the project recorded and responded to the architectural features, objects and stories of the storehouse ahead of its redevelopment, using printmaking, drawing, sculpture, book art and installation to capture a sense of place.

FREE-ENTRY EVENTS

PONTOON OPEN WEEKENDS

From May to October 2024, on the last weekend of each month, the Boathouse 4 pontoon opened to the public, offering a unique opportunity to explore our operational historic craft. On Pontoon Open Days, visitors are invited to join guided tours led by knowledgeable volunteers, and to step aboard our vessels, including Second World War power boats MGB81 and HSL102.

POSE

In October 2024, we participated in the Portsmouth Open Studios Event (POSE), organised by City Arts Portsmouth CIC and held across the city for the first time since 2019. The weekend invited visitors to explore creativity across Portsmouth, as artists opened their studios and transformed unexpected spaces into temporary galleries and workshops. In our ongoing

collaboration with the city's creative communities, we provided space in Storehouse 9, the Old Pay Office, and Porter's Lodge for artists to exhibit their work.

HISTORIC VESSELS IN ACTION

PUBLIC ACCESS

Between March and November 2024, more than 3,000 visitors experienced Portsmouth Historic Dockyard from the water aboard our Falklands veteran landing craft, Foxtrot 8 (F8). The 20-minute trips ran up to five times each day and were priced at £10 per person to balance maximum accessibility with meeting running costs.

Beyond the Dockyard, our vessels, staff, and volunteers brought the experience to wider audiences at various external events. In May 2024 this included MGB81 and F8 attending the Gosport Marine Festival, an annual free event celebrating the town's maritime heritage and culture. F8 trips operated throughout the day, sharing our historic vessels at their best with the local community.

Operational vessels F8, MGB81 and HSL102 also attended the Southampton International Boat Show in September 2024. Our teams enjoyed chatting with attendees, and more than 450 people took the opportunity to get out on the water aboard our vessels.

CEREMONIAL AND SUPPORT

On 23 May 2024, crewed by staff and volunteers, MGB81 and CMB4R were inspected by HRH Princess Royal, as they participated in the Hornet Services Sailing Club's 60th Anniversary event.

On 4 June 2024, HSL102 and MGB81 joined a flotilla of historic and active warships escorting the Mont St Michel ferry as she departed Portsmouth Harbour, carrying D-Day veterans and a commemorative torch from the Commonwealth War Graves Commission. An RAF A400 performed a close-quarters flypast, while well-wishers lined the harbour on both sides to see the flotilla and mark the occasion.

VOLUNTEER COMMUNITY

Our Volunteer Mess continues to provide a welcoming space for both the Boathouse 4 and Porter's Garden teams.

Likewise, the Porter's Garden volunteers have worked tirelessly to keep the gardens looking their best throughout the year, this year with greater engagement and support from PHQ staff. One of the team, Valerie, reflected on the group's volunteering experience: "We are a good example of how volunteering brings people together - forming friendships, social outings, learning new skills, improving wellbeing and much more".

PHQ and the Mary Rose Trust joined forces to host the 2025 Volunteers' Tea Party, bringing together some 100 volunteers from across both organisations. It was a chance to share thanks, celebrate achievements, and strengthen connections across the Dockyard's wider volunteer community.

PRIDDY'S HARD CREATIVE COMMUNITY

Working with Arts Council England, we have developed a Curatorial Strategy for the upcoming artists' studios at Carpenters' Yard.

The strategy prioritises artists whose participation will contribute to a vibrant, welcoming, and inclusive creative community at Carpenters' Yard, with a strong focus on collaboration, public engagement, and participation in events and outreach projects.

F8 PRIDE PROJECT

In Spring 2025, we partnered with Fighting With Pride, a charity led by LGBTQ+ veterans, to transform Landing Craft F8 with a bold Pride-inspired wrap, marking 25 years since the lifting of the ban on LGBTQ+ personnel serving openly in the UK Armed Forces and Portsmouth's year as the UK City of Pride.

Until 2000, LGBTQ+ personnel faced dismissal, investigations, and the loss of honours, yet many served with courage while forced to hide their identities. F8, a significant piece of Falklands history and a symbol of courage, sacrifice, and service, became a floating tribute to all who served, including those forced to serve in silence. The temporary rainbow wrap, designed by artist Angela Chick, drew on the original Gilbert Baker 1978 eight-colour Pride flag as well as military rhythms and dazzle camouflage.

Launched publicly in May 2025, the wrap made F8 a striking presence in Portsmouth, the official home of Pride for 2025.

The wrap drew national attention through more than 80 pieces of media coverage, including coverage on radio, television and in five national newspapers.

The project's visibility encouraged LGBTQ+ veterans to contact Fighting With Pride for support, helping turn recognition into tangible impact. In the month following the launch, the charity reported a 94% rise in new veterans reaching out.

OUR WORK IN ACTION: DEVELOP

Operating a sustainable charity with a long-term vision and sufficient reserves to intervene and make a difference

INVESTING IN OUR PEOPLE

We continue to invest in our staff, trustees and volunteers, building capability and confidence across our teams to support delivery of our strategic aims and vision.

From April 2024 to March 2025, our 35 members of staff undertook 667 hours of training, including 24 courses and workshops delivered by external providers. Following the introduction of our new training platform at the end of March 2025, our staff have already completed a further 333 modules and 160 hours of training.

In November 2024, local legal firm Blake Morgan delivered a full day's training session for our Board of Trustees and executive team. The session focused on trustees' duties and liabilities, Charity Commission guidance and compliance, and considered the potential impact of legislative changes on charitable organisations.

Our volunteers have developed their skills and knowledge through peer-to-peer mentoring and professional guidance as well as formal training. All Boathouse 4 volunteers receive in-house machine shop training, and two individuals are now trained and certified to operate our gantry cranes.

Our teams' wellbeing matters as much as their skills. Our staff now enjoy a standing invitation to join our green-fingered volunteer team for up to two working hours each week, caring for the Porters' Garden. The sessions provide time outdoors, a break from desks, and the chance to connect with colleagues and volunteers, with no gardening experience required.

INVESTING IN OUR INFRASTRUCTURE

We continue to strengthen the systems and tools that underpin our work. In this financial year, we introduced two key digital platforms:

The iHasco training platform, introduced in March 2025, enables us to tailor training profiles to specific job roles and individual needs, supported by a broad and flexible library of courses. Its reporting tools allow us to monitor participation and drive learner engagement. We are also able to expand and adapt our training offer without additional cost as our needs evolve.

In January 2025, we began implementing Volunteer Impact (Better Impact) to streamline the administration of our volunteer programme. The platform includes management tools for recruitment, onboarding, scheduling, and training, offering a significant improvement on previous manual processes. Initially introduced as a volunteer database, it will continue to expand in function over the coming year, helping us to reduce administrative workload and strengthen volunteer engagement.

PARTNERSHIPS AND STAKEHOLDERS

We continue to strengthen our collaboration with onsite partners, the National Museum of the Royal Navy and the Mary Rose Trust. Quarterly meetings of Chairs and CEOs, as well as Trustees and CEOs, along with monthly CEO catch-ups, support and develop this partnership. We have also established a staff working group, with representatives from all three trusts, to develop plans for shared onsite events.

We actively support the Portsmouth Royal Dockyard Historical Trust, helping to preserve the industrial history of the former Royal Dockyard and maintain the Dockyard Apprentice Exhibition.

We supported the Royal Navy and Royal Marines Charity in creating the Heart of Oak Memory Tree at Portsmouth Historic Dockyard. The sculpture, installed near HMS Victory, honours the service and sacrifice of the Naval family. Supporting initiatives that celebrate and care for the Naval community is an important part of our work, and we are proud to have helped bring this meaningful project to life.

We also work closely with a wide range of charities and stakeholders, including the Royal Navy, the Royal Navy and Royal Marines Charity, the National Lottery Heritage Fund, Arts Council England, the Foyle Foundation, Crying Out Loud, Groundlings Theatre Trust, Lloyd's of London, the Ministry of Defence, Historic England, Portsmouth City Council, Gosport Borough Council, the Coastal Forces Heritage Trust, National Historic Ships, the University of Portsmouth, Shaping Portsmouth, Portsmouth Creates, the Association of Sail Training Organisations, Sustainable Conservation Trust, and Veterans Outreach Support.

ACCOLADES

- National Historic Ships Awards 2024: "CMB 4R" our replica of Coastal Motor Boat CMB4, was awarded Highly Commended in the Martyn Heighton Award for Excellence in Maritime Conservation.
- Gosport Business Awards 2024: Highly Commended runner-up in the Best Use of Heritage in Business category for the conversion and operation of the Shifting House at Priddy's Hard into Adventure Prospect.

PHQ

LOOKING AHEAD

ACTIVITY SINCE YEAR END

BOATHOUSE 4 WELCOME

Visitors entering Boathouse 4 are now greeted by a clear, welcoming entrance that reflects both the activity inside and the building's history.

The redesign, developed by Sama Creatives and constructed by our own in-house team, includes angled walls that mirror the roofline, a purpose-built retail area, and interpretation panels explaining what visitors can see and offering a brief history of the building. A large screen shares footage of our boats afloat and the boathouse in use.

The new entrance, completed in July 2025, offers a stronger welcome to those approaching the building's big blue doors. It improves circulation, highlights our brand, and provides clearer orientation and interpretation for our visitors.

VE DAY 80

On 10 May 2025, we marked the 80th anniversary of VE Day with a full day of free public activities in Portsmouth Historic Dockyard. We dressed the site in bunting and offered lindy hop lessons, live performances from The Charlalas, a Powder Monkey pop-up bar, a helter skelter, and a Royal Navy & Royal Marines Charity stand, as well as ticketed boat trips from Boathouse 4 pontoons.

Four Second World War veterans joined the celebrations with their families, enjoying a ride on MGB81 and lunch in Boathouse 4. A public Q&A session offered visitors the rare opportunity to hear first-hand from the veterans, who generously shared their own stories and recollections, including reflections on VE Day itself.

Sunny weather enhanced the vibrant atmosphere, with a full car park, strong sales across catering outlets, and glowing feedback from both partners and visitors.

PLANS FOR FUTURE PERIODS

In 2026 we will build on the momentum of the past year, continuing to invest in our heritage, strengthen our partnerships, and create new opportunities for people to experience Portsmouth Historic Quarter as a vibrant cultural destination.

At the Dockyard, we will develop plans for an improved catering offer, expand our evening events and performance programme, and test new approaches to activating public spaces across the site. With the theatre now operational in Boathouse 5 and an evolving calendar of creative activity, our aim is to ultimately establish the Quarter as a lively evening destination as well as a daytime one.

At Priddy's Hard, work at Carpenters' Yard works were completed in November 2025. We have already let five studios and started to establish a thriving community of artists on site. The new

landscaped courtyard will create a welcoming shared space for artists, visitors and the wider community.

Restoration and maintenance will remain a priority across our sites. Following a generous donation, the Green Parrot will be restored, alongside projects on ASC 26, ST1502, Cyclops, and the Special Operations Dory. At Priddy's Hard and the Dockyard, we will continue to deliver our survey-informed, carefully costed and well-planned maintenance programme. We will also undertake essential repairs to the sea wall at Priddy's Hard.

We are also preparing the next stages of our sustainability strategy, exploring the feasibility of solar installations and further measures to reduce the environmental impact of our estate.

Together with the National Museum of the Royal Navy and the Mary Rose Trust, we will continue to refine a shared vision for the Dockyard and the wider Historic Quarter.

Finally, we will continue the development of our digital infrastructure, expanding the new volunteer management and training platforms introduced this year, strengthening the systems that support our teams, visitors, and partners.

PHQ

FINANCIAL REVIEW

CURRENT UNDERLYING FINANCIAL PERFORMANCE

The Trustees monitor current operational performance by focussing on its unrestricted surplus before depreciation, impairment, disposals, investment portfolio returns and tax – this is highlighted in the Statement of financial activities.

PHQ's underlying financial performance has remained stable. In the year ended 31 March 2025 PHQ reported such a surplus of £393,000 (2024 as restated: £427,000) and on the same basis a surplus after taking account of restricted activities of £378,000 (2024 as restated: £359,000).

Whilst there was a drop in visitor related income this was offset to a large extent by an increase in rental income. Service charge income and expenditure was also greater than in 2024 due to renovation and preservation projects. These are pass through costs from which no surplus is derived. Support expenditure has remained stable given the increase in income.

REVIEW OF TRUST'S CLASSIFICATION AND VALUATION OF FIXED ASSETS

In last year's financial statements a number of steps were taken to rationalise the Trust's approach to accounting for its fixed assets. Two key matters remained to be resolved. The Trustees continued to review the presentation of its assets. In particular there was concern about how the Trust's heritage assets were presented. The Trust has always accounted for the original donated assets at £Nil value. In 2008 it adopted FRS30 accounting for heritage assets and continued to do so. On the implementation of FRS102 the costs associated with renovation and improvements were transferred to heritage assets from non-heritage assets and it was also noted that there was an inconsistent treatment of an heritage asset of the same class in one of the Trust's subsidiaries.

The review found that within heritage assets the costs capitalised did not meet the criteria which would reasonably be expected of such an asset – for instance new stairwells, air conditioning and other modernisation works. The review has concluded that this presentation could lead users of the financial statements to have the impression that the heritage part of the asset had value. The Trustees wish to be completely transparent in the way PHQ presents the value of its assets and have taken the decision to reanalyse assets previously classified as heritage as property plant and equipment. There is no financial impact of this restatement to PHQ's net assets and the transfer has been accounted for as a prior year adjustment.

Moreover the Trustees considered that, due to the nature of its fixed assets and the obligations which the Trust faces as their custodian, whether they should consider the need for an impairment review together with an alignment of depreciation rates on similar asset types. This was because the review found that, incrementally over many years, expenditure on refurbishment, repairs, improvements and augmentation had been capitalised on various buildings. Although this was in accordance with FRS102 and its predecessor accounting

standards the review found that this had resulted in a cumulative total value which could be greater than the underlying value of the assets in question. The Trustees therefore considered that there was sufficient evidence and indicators to require the need to test the assets for an impairment in value as at 31 March 2025.

The alignment of depreciation rates resulted in the annual depreciation charge of £1,145,000 (2024: £666,000) and is expected to continue at a similar rate in future years.

The impairment test which was performed in accordance with FRS102 value in use methodology resulted in a charge in the year of £4,750,000. The Trust is currently undertaking its five year review of future maintenance requirements of its portfolio which might impact impairment levels in future years.

FINANCIAL RESULT

The unrestricted surplus for the year was £631,000 (2024 as restated: £278,000). There was a one-off benefit in the year of £299,000 as the deferred tax provision was released due to the remoteness of crystallisation. Once legacy project charges including increased depreciation and impairment charges are included PHQ reported a consolidated deficit of £5,227,000 (2024 as restated: deficit £1,212,000).

BALANCE SHEET

In 2022 the net assets of PHQ were reported at more than £26,000,000. As a result of the research and reviews performed during 2024 and 2025 the Trustees believe that the 2025 presentation and valuation of those assets is significantly clearer and much more representative of their true value. In the year the net assets of PHQ have been impacted by the review of PHQ's heritage assets and were £17,332,000 at 31 March 2025 (2024 as restated: £22,559,000). The reduction does not impact the cash position nor financial strength of PHQ.

GOING CONCERN

The financial statements have been prepared on the going concern basis. The Trustees have considered the level of funds held and expected income and expenditure for 12 months from the date these financial statements were approved which show sufficient levels of funds for PHQ.

STRUCTURE AND GOVERNANCE

GOVERNANCE

We are governed by our Articles and Memorandum of Association. The list below comprises the Trustees who served during the financial year, along with any changes up to the date of this report.

TRUSTEES AND DIRECTORS

Paul Bennett (resigned 28 March 2025)

David Butters (Chair to 31 March 2025, resigned 14 July 2025)

Roger Ching (retired 30 June 2024)

Thomas Coles (appointed 1 October 2024)

Rear Admiral Rex Cox CB CMMar

William Croser (appointed 1 January 2026)

Henry Flint (resigned 2 September 2025)

Benjamin French

Professor Virginia Gibson

Mark Goulding (appointed 1 January 2026)

Helen Green (Interim Chair from 8 August 2025)

Graham Morrison (appointed 1 November 2024)

Robert Palmer (resigned 3 September 2025)

Steve Pitt

Robert Robson (appointed 1 November 2024, Chair from 1 April 2025 to 7 August 2025, resigned 7 August 2025)

Tarek Teba

Jonathan Trice (appointed 1 January 2026)

Simon Verdon

COMMITTEES

PHQ operates various committees, each focusing on specific areas in line with their respective terms of reference.

Approval of all annual budgets, budget revisions, and non-budgeted expenditure remains the responsibility of the Board. Operational matters within approved strategies and budgets are managed by the executive, with support, oversight and scrutiny provided by both the committees and the Board.

As noted in the 2024 Annual Report, in Autumn 2024 we reviewed our committees and restructured them to align more closely with our strategic aims, the pillars guiding our work.

The new committee structure was implemented on 1 January 2025 and each one meets quarterly. Each committee comprises at least three Trustees and is attended by the CEO, Finance Director and relevant members of staff. The remits, members and reporting lines of the new committees are outlined overleaf.

PHQ

PRESERVE	DEVELOP
To oversee the maintenance of our existing assets (buildings, infrastructure, boats) ensuring that PHQ's funds are appropriately deployed, that the quality of the work is suitable, and effort is prioritised and timely.	To take a future looking perspective on the way in which PHQ is moving forward including the review of the core and supporting strategies, the identification and securing of funds, the development and management of major capital projects, and reviewing any potential acquisitions.
Members are Simon Verdon (Chair), Rear Admiral Rex Cox, Ben French, Mark Goulding, Graham Morrison, Tarek Teba, Jonathan Trice.	Members are Helen Green (Interim Chair), Tom Coles, Rear Admiral Rex Cox, William Croser, Graham Morrison, Jonathan Trice.
Reports to Board, also submitting relevant issues to Finance and Resources Committee for review.	Reports to Board, also submitting relevant issues to Finance and Resources Committee for review.

EDUCATE AND ENJOY	FINANCE AND RESOURCES
To oversee PHQ's external image and reputation, its relationships with the wide range of stakeholders, and supporting the attraction of a more diverse set of visitors. To oversee all aspects of the customer experience including interpretation and wayfinding; the facilities, attractions and volunteering opportunities available; and all events.	To provide effective financial governance of PHQ and its subsidiaries including its financial reporting, budgeting, project cost reporting, the statutory annual report and accounts and the charity's auditors. To provide a risk assurance function to ensure there is adequate and effective risk management. To oversee the strategy and ongoing implementation of key operational functions including health and safety, human resources and IT .
Members are Professor Virginia Gibson (Chair), Ben French, Tom Coles, Mark Goulding, Steve Pitt, Tarek Teba.	Members are Helen Green (Interim Chair), William Croser, Professor Virginia Gibson, Simon Verdon.
Reports to Board, also submitting relevant issues to Finance and Resources Committee for review.	Reports to Board.

TRUSTEE REMUNERATION AND APPOINTMENTS

During the year, we remunerated Trustees in line with our Memorandum of Association and with the Charity Commission's approval.

We have clear procedures for selecting Trustees. Portsmouth City Council can nominate up to two Trustees, and Historic England may nominate one; we recruit and appoint others to ensure that our Board has the right mix of skills, experience and expertise to deliver our strategic aims.

New Trustees receive an induction pack and guidance from the Chair and fellow Trustees, and we arrange formal training when needed, delivered by relevant specialists, including our solicitors. Trustee liability is limited by guarantee to £1 each.

MANAGEMENT

The day-to-day management of PHQ is led by the Chief Executive, supported by the Senior Management Team, under authority delegated to the executive by the Board of Trustees.

We remunerate our staff in line with established policies and procedures, which we review annually as part of a wider assessment of staff performance and market rates. Any recommended adjustments are proposed by the Senior Management Team and require approval from the Trustees via the Finance and Resources Committee and ultimately by the Board.

GROUP STRUCTURE AND SUBSIDIARIES

PHQ's subsidiary companies are all wholly owned, and all directors are Trustees of PHQ. None of the subsidiary companies employs any staff. Decisions of the Board of each company are taken within meetings of PHQ's Board and committees. Each has its own annual general meeting.

KEY LAND HOLDINGS AND HERITAGE ASSETS

PHQ was established in 1985 by the Ministry of Defence (MoD), English Heritage (now Historic England), and Portsmouth City Council (PCC) to take on surplus land and buildings of historic significance within His Majesty's Naval Base at Portsmouth.

Our properties support the charity's objectives by preserving historic buildings, enabling public access, and generating income to fund our work.

HOLDING	TENURE	COMMENTS
Heritage Quarter of HM Naval Base	99-year lease granted in 1988 by the MoD	Most buildings have been renovated and brought into beneficial use. Sub-let premises include a mixture of market rents, which support our charitable purpose, and concessionary agreements in support of other charities.
Admiralty Quarter	Freehold acquired in 1990	A site redeveloped into apartments. PHQ retains the freehold and derives income from ground rents, retail lettings, and car park charges, all of which support our charitable purpose.

HOLDING	TENURE	COMMENTS
Priddy's Hard, Gosport	Freehold acquired in 2009	A former naval ordnance depot comprising numerous historic buildings and ramparts, designated as a scheduled ancient monument. Sub-let premises are let on a mixture of market rents supporting our charitable purpose. Regeneration of this area continues.
Priddy's Hard – Open Land	125-year lease granted in 2014	Open land immediately to the northwest of the freehold property, used as overflow car park and as a buffer between the historic site and future commercial development.
Number 2 Dock	999-year lease granted in 2012 by the MoD	Berth for HMS Victory.
South Office Block, Bay 1 of the Ropery, Storehouse 12 and HMS Victory Starboard Arena	Leases granted in 2018 by the MoD, co-terminus with the main HMS Victory 1988 lease	Currently let to the National Museum of the Royal Navy as office space.

Where possible, we aim to balance preservation with public access and responsible regeneration, ensuring that our properties continue to deliver benefit for the community.

PUBLIC BENEFIT STATEMENT

The Trustees have had regard to the Charity Commission's guidance on public benefit.

POLICIES AND DISCLOSURES

PRINCIPAL RISKS AND UNCERTAINTIES AND MANAGEMENT OF RISK

A comprehensive risk register identifies each risk and its likely impact on PHQ's affairs. PHQ reviews its principal risks and the risk register on a quarterly basis through its Finance and Resource Committee which advises the Board. The Trustees confirm that they have reviewed the major risks PHQ faces and that systems and procedures have been established to manage those risks where appropriate.

The most significant risks identified for the forthcoming period relate to financial sustainability, and are summarised below.

Stakeholder management: PHQ is one of a number of organisations which reside and operate in HM Naval Base – these include the Royal Navy and major visitor attractions such as the National Museum of the Royal Navy and the Mary Rose. All organisations are reliant on the trust and co-operation of each other. PHQ, especially in the current uncertain environment, is in constant dialogue with these stakeholders to ensure that it can deliver on its objectives in a way which is positive to all.

Inflationary Pressures: The rising cost base, which cannot be fully passed on to visitors, presents a risk to financial stability. One third of PHQ income is derived from visitors. It monitors visitor numbers closely and makes appropriate adjustment to spend as required.

Rental voids: Whilst many of PHQ's tenants are on long term leases a proportion are on shorter term leases and licences to occupy. There is a risk in the current economic environment that void rates could increase. PHQ mitigates this risk by reviewing outstanding rents closely and is in regular contact with all tenants.

FUNDS POLICY

PHQ sets aside funds to provide both financial stability and the financial means by which it can deliver and develop its charitable activities. PHQ's activities from time to time include substantial investments in capital projects and restorative maintenance so the Trustees accept that the level of funds will significantly fluctuate year on year.

Where funds are set aside for future charitable activities, whether capital or operational expenditure, PHQ classifies these as designated funds. The current designated funds represent funds set aside for budgeted projects during the current and next financial year. PHQ intends to maintain unrestricted designated funds representing at least six months of core costs. These funds have been classified as the Protected fund and is currently set at £900,000 which is as intended. Unrestricted funds surplus to this amount are available to either designate for future projects or spend in accordance with the annual budget.

INVESTMENT POWERS AND POLICY

PHQ delegates the day-to-day responsibility for its investment portfolio to its investment manager and has relied upon the experience and expertise of the investment manager to deliver a balanced and diversified portfolio that will create an appropriate annual income and generate capital growth to meet the investment objective. PHQ's investment manager is Cazenove Capital, a member of the Schroders Group and investments have been made in its managed Sustainable Multi-Asset Fund.

PHQ has an investment policy approved by the board which sets out how PHQ balances requirements for cash reserves, liquidity and investment returns against risk. The financial objective for the investment portfolio is to at least maintain the overall real value of its assets whilst not taking undue risk. PHQ's ambition is to be at the forefront of responsible investment practice and believes that taking account of environmental, social and governance issues is an intrinsic part of being a good long-term investor, for both ethical and financial reasons.

TRUSTEES' RESPONSIBILITIES STATEMENT

Company Law requires the Trustees, who are also the Directors, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable Trust and of the Group, and of the incoming resources and application of those resources, including income and expenditure of the charitable group for that period. In preparing those financial statements, the Trustees are required to:

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

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable Trust and Group, which enables them to ensure that the financial statements comply with the Companies' Act 2006.

They are also responsible for safeguarding the assets of the charitable Trust and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the maintenance and integrity of the corporate and financial information included on PHQ's website.

STATEMENT OF DISCLOSURE TO AUDITOR

The Trustees confirm that:

- so far as the Trustees are aware, there is no relevant audit information of which PHQ's auditors are unaware; and
- they have taken all reasonable steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that PHQ's auditors are aware of that information.

PHQ maintains professional indemnity insurance for the Trustees.

Approved by the Board of Trustees on 9 January 2026 and signed on its behalf by:

Helen Green
Interim Chair

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PORTSMOUTH HISTORIC QUARTER TRUST

OPINION

We have audited the financial statements of Portsmouth Historic Quarter Trust (the 'charity') and its subsidiaries (the 'group') for the year ended 31 March 2025 which comprise the consolidated statement of financial activities (including consolidated income and expenditure account), the consolidated balance sheet, the charity balance sheet, the consolidated statement of cash flows and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group and parent charitable company's affairs as at 31 March 2025 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

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

CONCLUSIONS RELATING TO GOING CONCERN

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

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

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

OTHER INFORMATION

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

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

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

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report or the directors' report included within the trustees' report. We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate and proper 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

RESPONSIBILITIES OF TRUSTEES

As explained more fully in the trustees' responsibilities section within the trustees' report, the trustees, who are also the directors of the charity for the purpose 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 charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the 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.

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

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- Obtaining an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a direct effect on the financial statements and operations;
- Obtaining an understanding of the charity's policies and procedures on fraud risks, including knowledge of any actual, suspected or alleged fraud; and
- Discussing among the engagement team how and where fraud might occur in the financial statements and any potential indicators of fraud through our knowledge and understanding of the charity and our sector-specific experience.

As a result of these procedures, we considered the opportunities and incentives that may exist within the charitable company for fraud. We are also required to perform specific procedures to respond to the risk of management override. As a result of performing the above, we identified the following areas as those most likely to have an impact on the financial statements: health & safety, employment law and compliance with the UK Companies Act and Charities Act. In addition to the above, our procedures to respond to risks identified included the

following:

- Making enquiries of management and those charged with governance about any known or suspected instances of non-compliance with laws and regulations and fraud;
- Reviewing minutes of meetings of the board and senior management;
- Challenging assumptions and judgements made by management in their significant accounting estimates including valuation of tangible fixed assets; and
- Auditing the risk of management override of controls, including through testing journal entries and other adjustments for appropriateness.

Due to the inherent limitations of an audit, there is an unavoidable risk that some material misstatement in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK). For instance, the further removed non-compliance is from the events and transactions reflected in the financial statements, the less likely the auditor is to become aware of it or to recognise the non-compliance.

A further description of our responsibilities is available on the Financial Reporting Council's website at: https://

www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

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

05/01/26

Jordan Abbott (Senior Statutory Auditor)
for and on behalf of Sumer Audit
Chartered Accountants
Statutory Auditor
Southsea

Sumer Audit is the trading name of Sumer Auditco Limited

PHQ

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCLUDING AN INCOME AND EXPENDITURE ACCOUNT AND THE STATEMENT OF COMPREHENSIVE INCOME)

	Note	Unrestricted funds £000s	Restricted funds £000s	2025 Total £000s	Unrestricted funds £000s	Restricted funds £000s	2024 As restated Total £000s
Income							
Donations and legacies	4	9	-	**9**	8	13	21
Income from charitable activities	5	3,921	-	**3,921**	3,473	-	3,473
Investment income	6	324	-	**324**	403	-	403
Total income		4,254	-	**4,254**	3,884	13	3,897
Expenditure							
Direct expenditure on objectives	7	(3,003)	(15)	**(3,018)**	(2,620)	(81)	(2,701)
Charitable activities support	7	(619)	-	**(619)**	(596)	-	(596)
Raising funds		(60)	-	**(60)**	(48)	-	(48)
Other expenditure	8	(179)	-	**(179)**	(193)	-	(193)
		(3,861)	(15)	**(3,876)**	(3,457)	(81)	(3,538)
Net incoming/(outgoing) resources before depreciation, impairment and gains on investments		**393**	**(15)**	**378**	427	(68)	359
Direct depreciation on objectives	11	(52)	(1,093)	**(1,145)**	(26)	(640)	(666)
Loss on disposal		-	-	**-**	(137)	(782)	(919)
Impairment charge	11	-	(4,750)	**(4,750)**	-	-	-
Net incoming/(outgoing) resources before (losses)/ gains on investments		**341**	**(5,858)**	**(5,517)**	264	(1,490)	(1,226)
Net (losses)/gains on investments	16	(9)	-	**(9)**	14	-	14
Net incoming/(outgoing) resources before taxation		**332**	**(5,858)**	**(5,526)**	278	(1,490)	(1,212)
Deferred taxation	21	299	-	**299**	-	-	-
Net incoming/(outgoing) resources after taxation		**631**	**(5,858)**	**(5,227)**	278	(1,490)	(1,212)
Transfers between funds	22	1,042	(1,042)	**-**	2	(2)	-
Net movement in funds		**1,673**	**(6,900)**	**(5,227)**	280	(1,492)	(1,212)
Reconciliation of funds							
Total funds brought forward	22	**13,003**	**9,556**	**22,559**	12,723	11,048	23,771
Net movement in funds	22	**1,673**	**(6,900)**	**(5,227)**	280	(1,492)	(1,212)
Total funds carried forward		**14,676**	**2,656**	**17,332**	13,003	9,556	22,559

The statement of financial activities includes all gains and losses in the year. All income and expenditure derive from continuing activities.

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

BALANCE SHEETS

Registered number: 01959490

		Group				Trust			
		2025			2024 As restated	2025			2024 As restated
		Unrestricted £000s	Restricted £000s	Total £000s	Total £000s	Unrestricted £000s	Restricted £000s	Total £000s	Total £000s
	Note								
Property plant and equipment	14	6,991	2,191	**9,182**	14,322	1,614	2,191	**3,805**	8,656
Investment properties	15	3,619	-	**3,619**	3,619	795	-	**795**	795
Investments	16	1,563	-	**1,563**	1,069	8,409	-	**8,409**	7,648
Fixed assets		12,173	2,191	**14,364**	19,010	10,818	2,191	**13,009**	17,099
Current assets									
Investments	16	2,244	-	**2,244**	3,549	2,244	-	**2,244**	3,549
Debtors	17	976	-	**976**	741	1,014	-	**1,014**	649
Cash at bank and in hand		854	465	**1,319**	418	711	465	**1,176**	377
Current assets		4,074	465	**4,539**	4,708	3,969	465	**4,434**	4,575
Creditors: due within one year	18	(1,571)	-	**(1,571)**	(860)	(3,794)	-	**(3,794)**	(2,835)
Net current assets/ (liabilities)		2,503	465	**2,968**	3,848	175	465	**640**	1,740
Total assets less current liabilities		14,676	2,656	**17,332**	22,858	10,993	2,656	**13,649**	18,839
Provision for deferred tax	21	-	-	**-**	(299)	-	-	**-**	-
Net assets	20	14,676	2,656	**17,332**	22,559	10,993	2,656	**13,649**	18,839
Funds									
Undesignated	22	10,932	-	**10,932**	9,558	8,523	-	**8,523**	6,813
Designated	22	2,250	-	**2,250**	2,250	2,250	-	**2,250**	2,250
Total		13,182	-	**13,182**	11,808	10,773	-	**10,773**	9,063
Non distributable	22	1,494	-	**1,494**	1,195	220	-	**220**	220
Total unrestricted		14,676	-	**14,676**	13,003	10,993	-	**10,993**	9,283
Restricted									
Active projects	22	-	465	**465**	480	-	465	**465**	480
Legacy projects	22	-	2,191	**2,191**	9,076	-	2,191	**2,191**	9,076
Total funds		14,676	2,656	**17,332**	22,559	10,993	2,656	**13,649**	18,839

The financial statements on pages 29 to 41 were approved by the Board on 9 January 2026 and signed on its behalf by:

Helen Green
Interim Chair

PHQ

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

CONSOLIDATED STATEMENT OF CASH FLOWS

	2025	2024 As restated
	£000s	£000s
Net cash provided/(absorbed) by operating activities (see below)	**530**	(275)
Investing activities		
Interest received	**196**	160
Dividends received	**12**	20
Net income from investment properties	**116**	223
Purchase of plant property and equipment	**(755)**	(282)
Cash invested in deposit accounts	**802**	(2,255)
Net cash movement in investing activities	**371**	(2,134)
Net increase/(decrease) in cash at bank and in hand	**901**	(2,409)
Cash and cash equivalents at the beginning of the year	**418**	2,827
Cash and cash equivalents at the end of the year	**1,319**	418
Relating to Cash at bank and in hand	**1,319**	418
Reconciliation of net expenditure to net cash provided/(absorbed) by operating activities		
Net expenditure for the year	**(5,227)**	(1,212)
Tax	**(299)**	-
Depreciation of fixed assets	**1,145**	666
Impairment of fixed assets	**4,750**	-
Loss on disposal of fixed assets	**-**	919
Investment income	**(324)**	(403)
Loss/(gain) on investments	**9**	(14)
Increase in debtors	**(235)**	(106)
Increase/(decrease) in creditors	**711**	(125)
Net cash provided/(absorbed) by operating activities (see above)	**530**	(275)

PHQ

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2025

1 Principal accounting policies

Corporate information

Portsmouth Historic Quarter Trust (PHQ and formally known as Portsmouth Naval Base Property Trust) is a charitable Trust, limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member. PHQ is incorporated in England and Wales. The registered office and principal place of business is 19 College Road, HM Naval Base, Portsmouth, PO1 3LJ.

Basis of preparation

The financial statements have been prepared in accordance with: Financial Reporting Standard 102 (FRS102), as issued by the Financial Reporting Council; Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland"; the Companies Act 2006; the Charities Act 2011; and, UK Generally Accepted Accounting Practice. PHQ meets the definition of a public benefit entity under FRS102 and is the parent Trust. The financial statements are prepared: under the historical cost convention, modified to include investment properties at fair value; in sterling, the functional currency of PHQ; and, monetary amounts in these financial statements are rounded to the nearest £1,000 unless stated otherwise. The parent Trust is included in the consolidated financial statements and is considered to be a qualifying entity under FRS102 and as such has applied the following exemptions from disclosure for the parent Trust in Section 7 'Statement of cash flows': Presentation of a statement of cash flow and related notes and disclosures. It has also applied the following exemptions in Section 11 'Basic financial instruments' and Section 12 'Other financial instrument issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches; details of hedges; and, hedging fair value changes recognised in statement of financial activities and in other comprehensive income.

Basis of consolidation

The financial statements consolidate the results of PHQ and all its subsidiary companies (disclosed in note 17) on a line by line basis. A separate Trust statement of financial activities has not been prepared as permitted by Section 408 of Companies Act 2006.

Going Concern

The financial statements have been prepared on the going concern basis. The Trustees have considered the level of funds held and expected income and expenditure for 12 months from the date these financial statements were approved which show sufficient levels of funds for PHQ to continue as a going concern.

Incoming resources

All incoming resources are recognised in the statement of financial activities when the conditions for receipt have been met and the amount can be quantified with reasonable accuracy. All incoming resources are stated net of Value Added Tax (VAT). Grants and donations receivable are recognised when received or when they become unconditional whichever is the sooner.

Expenditure

Expenditure is recognised on an accruals basis stated net of recoverable VAT. Expenditure on raising funds includes all expenditure incurred by the trust to raise funds for its charitable purposes and includes costs of all fundraising activities events and non-charitable trading. Expenditure on charitable activities is incurred on directly undertaking the activities which further the trusts objectives, as well as any associated costs.

Leases

All leases whether as lessor or lessee and accounted for as operating leases and credited or charged to the Statement of financial activities evenly over the life of the lease.

Funds

Unrestricted funds represent funds which are expendable at the discretion of the Trustees in the furtherance of the objects of PHQ. From time to time the Trustees allocate funds for a particular purpose and these are classified as designated funds but are still at the full discretion of the Trustees. Restricted funds represent funds receivable for a specific purpose as defined by the donor. Non distributable funds relate to the revaluation of investment property held in the group less any associated deferred tax.

Heritage assets

PHQ was established as the vehicle in which the historic land and buildings in and around His Majesty's Naval Base would be held, renovated and maintained. This is the key reason it exists and as such considers all of the historical land and buildings which it has been gifted to be heritage assets. All other activities either within the buildings or across the site are incidental to that aim. No value is attributed to any of the heritage assets due to the conditionality which is attached to their tenure and in particular on the grounds of the expense of and lack of reliability of any valuation method adopted given the uniqueness of each individual asset.

Property plant and equipment

Property plant and equipment are stated at historic cost less accumulated depreciation and impairment. At the year end the Trustees reviewed the historic cost of each property plant equipment asset and performed impairment tests on each usage the value in use methodology. The Trustees have decided to account for all fully written off assets as disposals on assets which are no longer individually identifiable. Property plant equipment is depreciated as set out below:

- Freehold land - not depreciated
- Freehold and leasehold property and improvements – 10 to 33 years
- Powerboats – capitalised during construction/enhancement phase until use determine – then subject to annual impairment test
- Fixtures and fittings – 10 years
- Assets in the course of construction - are capitalised over the course of construction and not depreciated until the asset is available for use.

Investment Properties

Investment properties have been stated at fair value.

Financial instruments, assets and liabilities

Current assets and Creditors: amounts falling due within one year are classified respectively as financial assets and liabilities. All are recorded at amortised cost. Financial instruments are recognised in the statement of financial activities when PHQ becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction which includes transaction costs for financial instruments not subsequently measured at fair value. Financial instruments are classified as either 'basic' or 'other' within FRS102. At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective rate method. All financial instruments not classified as basic are measured at fair value at the end of the reporting period with the resulting changes recognised in income or expenditure. Where the fair value cannot be reliably measured, they are recognised at cost less impairment. Financial assets are derecognised when the contractual rights to the cash flows from assets expire, or when PHQ has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

Investments

Parent Trust interests in subsidiaries are stated at cost less any amounts written off for diminution in value. Other investments are included on the balance sheet at fair value. Unrealised gains and losses reflect the effect of changes in market values of investments. Realised gains and losses on quoted investments are based on the difference between disposal proceeds and brought forward market value, or cost if acquired during the year.

Cash and cash equivalents and other current asset investments

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less. Current asset investments are basic financial assets and represent amounts held on deposit where the original maturity is greater than three months.

Tax

The tax currently payable is based on taxable profit of the Group 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 Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date. Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Pensions

PHQ operates a defined contribution pension scheme on behalf of its employees. The assets of the scheme are held and administered separately from those of PHQ. Contributions are charged to the statement of financial activities as they become payable in accordance with the rules of the scheme.

2 Critical judgements and estimates

In the application of PHQ's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimate is revised where the revision affects only that period, or in the period of the revision

and future periods where the revision affects both current and future periods. The Trustees consider that the one significant risk from estimates and assumptions of causing a material adjustment to the carrying amount of assets and liabilities is fixed assets. The Trustees review the valuation of fixed assets at the end of each year: some assets are valued by external third parties, whilst others are valued by Trustees based on their knowledge. PHQ will undertake its five yearly building conditions survey which might impact current carrying values. If any of the valuations are inaccurate then the valuation of fixed assets in the financial statements might be misstated.

3 Changes in accounting policies and consequential restatement of financial statements adjustments

During the year the Trustees continued the review of how PHQ's heritage assets were represented in the accounts. PHQ's accounting policy has always been to attribute no value to the underlying donated asset. In 2016, the costs associated with renovation and improvements were transferred to heritage assets from non heritage assets. The review found that there was an inconsistent treatment of an heritage asset of the same class in one of the Trust's subsidiaries. The review also found that within heritage assets the costs capitalised did not meet the criteria which would reasonably be expected of such an asset – for instance new stairwells, air conditioning and other modernisation works. The review has concluded that this presentation could lead users of the financial statements to have the impression that the heritage part of the asset also had value. The Trustees wish to be completely transparent in the way PHQ presents the value of its assets and have taken the decision to reanalyse assets previously classified as heritage as property plant and equipment. There is no financial impact of this restatement to PHQ's net assets and the transfer has been accounted for as a prior year adjustment. The impact of this adjustment on the financial statements as at 1 April 2023 was as follows.

Balance sheet at 1 April 2023	Previously stated £000s	Restatement £000s	As restated £000s
Heritage assets	9,716	(9,716)	-
Non-heritage assets	5,907	9,716	15,623

During the year it was found that there was a difference between the assets, liabilities and reserves brought forward at 1 April 2023 in PHQ's accounting system and those previously approved and published. The difference was traced back to the previous accounting system. A correcting adjustment has been made as a prior year adjustment. The effect has been to decrease net assets by £43,000 at 1 April 2023. In addition, in the year ended 31 March 2024 costs associated with the Carpenters' Yard project were charged to the Statement of financial affairs when they should have been recognised as Assets in the Course of Construction. This has been corrected in the 2024 comparative financial statements. The effect has been to increase fixed assets at 31 March 2024 by £46,000 and decrease the deficit recorded in the year ended 31 March 2024 by the same amount. The deficit in the year ended 31 March 2024 reduced by £89,000.

	Unrestricted funds £000s	Restricted funds £000s	Total 2025 £000s	Total 2024 £000s
4 Donations and legacies				
Historic England	-	-	**-**	13
Other	9	-	**9**	8
	9	**-**	**9**	21
5 Income from charitable activities				
Property	2,746	-	**2,746**	2,206
Visitors, access and education	1,175	-	**1,175**	1,267
	3,921	**-**	**3,921**	3,473
6 Investment income				
Interest on cash deposited with banks	195	-	**195**	165
Rental income from investment properties	117	-	**117**	218
Dividends from listed investments	12	-	**12**	20
	324	**-**	**324**	403

During the year ended 31 March 2024 £13,000 of the donations recorded were to restricted funds.

During the year ended 31 March 2024 £Nil of the income recorded was to restricted funds.

During the year ended 31 March 2024 £Nil of the income recorded was to restricted funds.

	Unrestricted funds	Restricted funds	Total 2025	Total 2024
	£000s	£000s	£000s	£000s
7 Expenditure on charitable activities				
Preservation	2,569	15	**2,584**	2,113
Visitors, access and education	434	-	**434**	588
Direct expenditure on objectives	**3,003**	**15**	**3,018**	2,701
Salaries	484	-	**484**	452
Other staff	58	-	**58**	21
Communications	70	-	**70**	59
Other	7	-	**7**	64
Charitable activities support	**619**	**-**	**619**	596

During the year ended 31 March 2024 £81,000 of the expenditure on preservation activities was from restricted funds.

8 Other expenditure				
Trustees (governance expenditure)	20	-	**20**	9
Legal and professional fees	97	-	**97**	147
Auditors' fees (governance expenditure)	62	-	**62**	37
	179	**-**	**179**	193

During the year ended 31 March 2024 £Nil expenditure was from restricted funds. Governance expenditure is specific and no other expenditure has been apportioned to it.

9 Trustees' emoluments and expenses

	2025 £s	2024 £s
Paul Bennett	-	-
David Butters (Chair)	**1,800**	1,800
Roger Ching	-	1,000
Michàl Cohen	**500**	1,000
Thomas Coles	**500**	-
Rear Admiral Rex Cox	-	1,000
Henry Flint	**1,417**	417
Ben French	**1,000**	417
Professor Virginia Gibson	-	1,000
Helen Green	**1,417**	417
Theresa Hall	-	246
Graham Morrison	-	-
Robert Palmer	-	1,000
Steve Pitt	**1,000**	1,000
Michael Ridley	-	1,000
Robert Robson	**417**	-
Tarek Teba	**1,000**	417
Simon Verdon	**1,417**	417
	10,468	11,131

Trustee remuneration is in accordance with the governing documents of PHQ and has been approved by the Charities Commission. In 2025 seven (2024: seven) of the above Trustees were reimbursed a total of £3,934 (2024: £3,027) of expenses in relation to travelling and administration costs incurred during the year. £10,466 was paid directly to third parties including trustee retirement gifts. Six (2024: two) Trustees donated £5,250 (2024: £3,687). Paul Bennett stepped down as a Trustee during the year to take up an employed position within PHQ, he received remuneration for this role as well as for casual skippering assignments of £7,265 during the year. Rear Admiral Rex Coxis a director of Coastal Forces Heritage Trust. During the year, this Trust purchased tickets amounting to £60 (2024 - £nil).

10 Employee costs and information

	2025 £000s	2024 £000s
Wages and salaries	**1,134**	977
Social security costs	**102**	91
Pension costs	**110**	88
	1,346	1,156

Employee earnings and benefits ranges (£s)	Number	Number
60,000 to 70,000	-	-
70,001 to 80,000	-	1
80,001 to 90,000	-	-
90,001 to 100,000	2	-
100,001 to 110,000	-	1
110,001 to 120,000	1	-

The cost of Trustees and key management personnel during the year was £375,000 (2024: £272,000) including pension and social security costs. The average monthly headcount of persons (excluding Trustees) employed by the Group during the year was:

	2025	2024
Preservation	**13**	12
Visitors, access and education	**9**	10
Support	**11**	14
	33	36

The amount of outstanding pension contributions at the year end was £9,000 (2024: £8,000).

11 Net expenditure for the year

Net expenditure for the year is stated after charging:

	2025 £000s	2024 £000s
Depreciation (see notes 14 and 15)	**1,145**	666
Impairment (see notes 14 and 15)	**4,750**	-
Auditor's remuneration for audit	**25**	38
Fees payable to the auditor for:		
Audit of Trust	**25**	20
Audit of subsidiaries	**-**	17
Other services	**2**	1

12 Trust net expenditure for the year

As permitted by Section 408 of the Companies Act 2006, PHQ's statement of financial activities has not been included in these financial statements. PHQ's movement in funds for the financial year is a deficit of £5,190,000 (2024 as restated: deficit £565,000).

13 Heritage assets

PHQ's objects focus on the preservation of buildings, structures, vessels, docks and berths associated with His Majesty's Naval Base in and around Portsmouth. In total there are 34 buildings, 3 docks and a mast pond the majority of which are scheduled ancient monuments, Grade I, Grade II* or Grade II listed buildings and a fleet of historic military vessels details of which are available at www.portsmouthhq.org. The Trustees have taken the view that these buildings, structures, vessels, docks and berths together with their associated infrastructure are heritage assets. Wherever possible properties have been renovated and in previous years the costs of these renovations have been capitalised and included in the cost of heritage assets (see note 1). PHQ maintains a list of all of its heritage assets which have been acquired. The vast majority of the assets are on display on the site, although for rented buildings internal access is not always possible.

14 Property plant and equipment (as restated)

Group	Freehold property	Freehold improvement	Leasehold improvement	Fixtures and fittings	Historic military vessel improvement	Assets in the course of construction	Total
	As restated £000s	As restated £000s	As restated £000s	As restated £000s	As restated £000s	As restated £000s	As restated £000s
Cost							
1 April 2024	1,300	2,072	19,526	3,150	2,002	235	28,285
Additions	-	-	240	-	-	515	755
31 March 2025	1,300	2,072	19,766	3,150	2,002	750	29,040
Depreciation							
1 April 2024	(390)	(149)	(9,024)	(3,150)	(1,250)	-	(13,963)
Charge for year	(52)	(109)	(864)	-	(120)	-	(1,145)
Impairment	-	(240)	(3,974)	-	(536)	-	(4,750)
31 March 2025	(442)	(498)	(13,862)	(3,150)	(1,906)	-	(19,858)
Net book value 1 April 2024	910	1,923	10,502	-	752	235	14,322
Net book value 31 March 2025	**858**	**1,574**	**5,904**	**-**	**96**	**750**	**9,182**

Trust	Freehold improvement	Leasehold improvement	Fixtures and fittings	Historic military vessel improvement	Assets in the course of construction	Total
	As restated £000s	As restated £000s	As restated £000s	As restated £000s	As restated £000s	As restated £000s
Cost						
1 April 2024	2,072	10,413	3,150	2,002	235	17,872
Additions	-	237	-	-	515	752
31 March 2025	2,072	10,650	3,150	2,002	750	18,624
Depreciation						
1 April 2024	(149)	(4,667)	(3,150)	(1,250)	-	(9,216)
Charge for year	(109)	(624)	-	(120)	-	(853)
Impairment	(240)	(3,974)	-	(536)	-	(4,750)
31 March 2025	(498)	(9,265)	(3,150)	(1,906)	-	(14,819)
Net book value 1 April 2024	1,923	5,746	-	752	235	8,656
Net book value 31 March 2025	**1,574**	**1,385**	**-**	**96**	**750**	**3,805**

15 Investment properties

	Group		Trust	
	2025	2024	**2025**	2024
	£000s	£000s	**£000s**	£000s
At 31 March	**3,619**	3,619	**795**	795

A Trust and Group investment property costing £575,000 (2024: £575,000) is valued in the accounts at £795,000. They were last valued by Vail Williams, Chartered Surveyors in April 2023. The Trustees have reviewed the valuation and consider it to remain appropriate. Portsmouth Naval Base Property Company (Queen Street) Limited investment properties costing £1,550,000 (and 2024 as restated) are valued in the accounts at £2,824,000 (and 2024 as restated). Ground rent income was valued by Vail Williams Chartered Surveyors in March 2022. The valuation was prepared on the basis of market value using the investment method. Retail units were valued on the basis of market value by Holloway Iliffe & Mitchell, Chartered Surveyors in June 2021, using market rental values. The valuations are deemed to remain appropriate by the Trustees.

16 Investments

	Group		Trust	
	2025	2024	2025	2024
	£000s	£000s	£000s	£000s
Fixed asset investments				
Investment portfolio (see below)	**560**	569	**560**	569
Interest in subsidiary undertakings	**-**	-	**6,846**	6,579
Fixed term deposits	**1,003**	500	**1,003**	500
	1,563	1,069	**8,409**	7,648
Investment portfolio reconciliation				
Market value at 1 April	**569**	555	**569**	555
Net unrealized (losses)/ gains	**(9)**	14	**(9)**	14
Market value at 31 March	**560**	569	**560**	569

In September 2024 the investment portfolio was transferred to a new provider. On transfer the value of the funds invested was £571,000.

Subsidiary undertakings (all with the same registered office as PHQ)

PHQ holds a 100% interest in the £1 ordinary share capital of the following companies all of which are incorporated in England and Wales.

Portsmouth Naval Base Trading Co Limited
Registration number 08802879
Dormant

Portsmouth Naval Base Property Company Limited
Registration number 04207508
Principal activity: to hold the asset Boathouse 6
Turnover: £915,000 (2024: £631,000); Profit after taxation: £267,000 (2024: £474,000)
Net assets: £6,846,000 (2024: £6,577,000)

Portsmouth Naval Base Property Company (Queen Street) Limited
Registration number 04969934
Principal activity: to hold the Queen Street car park and collect ground rents
Turnover: £238,000 (2024: £248,000); Surplus after taxation: £473,000 (2024: £167,000)
Net assets: £3,582,000 (2024: £3,609,000)

Portsmouth Naval Base Property (Priddy's Hard) Limited
Registration number 06964416
Principal activity: to hold and develop part of the land at Priddy's Hard
Turnover: £78,000 (2024: £39,000); Surplus after taxation: £75,000 (2024: £31,000)
Net assets: £104,000 (2024: £79,000)

Associated undertaking

PHQ holds a 25% interest in the £1 ordinary share capital of Portsmouth Harbour Renaissance Limited which is incorporated in England and Wales and the aggregate capital and reserves of which are not material to nor included in these consolidated accounts.

	Group and Trust	
	2025	2024
	£000s	£000s
Current asset investments		
Fixed term deposits	**2,244**	3,549

	Group		Trust	
	2025	2024	**2025**	2024
	£000s	£000s	**£000s**	£000s

17 Debtors

Trade	**46**	205	**36**	168
Amounts owed by subsidiary undertakings	**-**	-	**74**	-
Prepayments and accrued income	**834**	505	**808**	481
Other	**96**	31	**96**	-
	976	741	**1,014**	649

	Group		Trust	
	2025	2024	**2025**	2024
	£000s	£000s	**£000s**	£000s
18 Creditors: amounts falling due within one year				
Trade	**947**	296	**927**	296
PAYE	**33**	25	**33**	25
Amounts owed to subsidiary undertakings	**-**	-	**2,302**	2,025
Accruals and deferred income	**540**	463	**502**	433
Other	**51**	76	**30**	56
	1,571	860	**3,794**	2,835

As at 1 April 2023 and 1 April 2024 there was no income deferred. During the year ended 31 March 2025 £127,000 of income was deferred.

19 Future minimum lease rentals under non-cancellable operating leases				
Lease payments to be made				
Amounts due within one year	**41**	40	**41**	40
Amounts due between one and five years	**84**	4	**84**	4
Amounts due after five years	**53**	54	**53**	54
	178	98	**178**	98
Lease receipts to be received				
Amounts due within one year	**1,285**	1,524	**622**	742
Amounts due between one and five years	**3,873**	3,781	**1,527**	1,477
Amounts due after five years	**40,122**	36,355	**5,475**	6,433
	45,280	41,660	**7,624**	8,652

20 Assets still subject to some form of covenant and comparative analysis of net assets between funds

Funds received often contain conditions on both initial use and over the assets once renovated. Funds categorized as "legacy" have been spent as intended. The key assets and related restricted funds over which conditions continue to apply are:

- All assets are subject to restrictions in the objects of the Trust but under which the Trustees may operate discretionary powers;
- Land and buildings are all subject to restrictions contained within the various transfer and/or leasehold tenures;
- Boathouse 4 – NLHF/HLF grants – conditions on permitted usage of the building and provision of public access until 2038. At the year end restricted funds of £Nil remained (2024: £2,657,000). The reduction was due to impairment charges;
- Boathouse 6 – BLF grant – allow the NMRN to use the building as a museum until 2041. At the year end restricted funds of £Nil remained (2024: £1,392,000). The reduction was due to grant conditions being released;
- MGB81 and HSL102 – NLHF grant - cannot be transferred to a third party and maintain provision of public access – open ended. At the year end restricted funds of £Nil remained (2024: £Nil);
- Boathouse 4, historic boat fleet and pontoons – LIBOR grant – must be maintained until 2038. At the year end restricted funds of £240,000 remained (2024: £1,208,000). The reduction was due to impairment charges;
- Land and buildings – NLHF grant - cannot be transferred to a third party and maintain provision of public access – open ended. At the year end restricted funds of £250,000 remained (2024: £1,326,000). The reduction was due to impairment charges; and,
- Priddy's Hard – NLHF/HE grants - cannot be transferred to a third party and maintain provision of public access until 2032. At the year end restricted funds of £1,608,000 remained (2024: £1,958,000)

	Group 2024 (as restated)			Trust 2024 (as restated)		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Property plant and equipment	5,712	8,610	14,322	-	8,656	8,656
Investment properties	3,619	-	3,619	795	-	795
Investments	1,069	-	1,069	7,648	-	7,648
Fixed assets	10,400	8,610	19,010	8,443	8,656	17,099
Current asset investments	2,603	946	3,549	2,649	900	3,549
Debtors	741	-	741	649	-	649
Cash at bank and in hand	418	-	418	377	-	377
Current assets	3,762	946	4,708	3,675	900	4,575
Creditors: due within one year	(860)	-	(860)	(2,835)	-	(2,835)
Net current assets	2,902	946	3,848	840	900	1,740
Total assets less current liabilities	13,302	9,556	22,858	9,283	9,556	18,839
Provisions for liabilities	(299)	-	(299)	-	-	-
Net assets	13,003	9,556	22,559	9,283	9,556	18,839

The note has been restated to reflect that the asset to reflect the reclassification of assets from heritage to property plant and equipment.

21 Contingent liabilities and capital commitments

In November 2025 a visible inspection was undertaken of the substructure of Boathouse 4 which indicated that it is likely that there will be a need for some remedial repairs the cost of which is yet to be quantified. A full building condition survey is currently underway and any appropriate actions will be taken.

In the year, the Trustees reviewed the likelihood of whether the deferred tax liability of £299,000 would ever crystallise. The Trustees currently have no plans to dispose of the company's investment properties nor change its dividend policy, nor are they aware of any planned corporation tax changes. It was decided that it was appropriate to release the whole of this provision in the year. A contingent liability still exists in that if either: the Trust were to change its dividend policy; or, corporate tax law were to change in respect of gift aiding dividends to charities, then a corporate tax liability might crystallize at some future date on the disposal of its investment properties. The Trustees believe the likelihood of a tax liability crystallizing is remote.

The Trust had contractual capital commitments of £1,100,000 at 31 March 2025.

22 Funds

PHQ sets aside funds to provide both financial stability and the financial means by which it can deliver and develop its charitable activities.

Unrestricted funds

Distributable

Unrestricted funds are those to which no conditionality for use exists. Undesignated funds are those available to PHQ for future use in furtherance of PHQ's objects. Where funds have been set aside for future charitable activities, whether capital or operational expenditure, PHQ classifies these as "Designated projects" funds. Currently these funds represent amounts set aside for budgeted projects during the current and next financial year. PHQ maintains unrestricted designated funds representing at least six months of core costs – this fund is classified as "Designated protected".

Non distributable

Non distributable funds represent investment property valuations gains less any related deferred tax.

Restricted funds

Restricted funds have some form of conditionality for use. Where the conditionality is in respect of capital projects this results in an accounting anomaly in that the full amount of the donation or grant is recognised as income at the point at which it is awarded rather than applied to reducing the capital cost of the asset. Depreciation is then charged as an expense over many years. This has resulted in many historical donations and grants still being reported as restricted funds when the related projects have been completed in accordance with the terms of the related donation or grant agreement. The Trustees have reviewed this and decided to clarify: which funds are still active (where cash is still to be spent); and, which funds relate to completed projects to which the only expense still to be charged is depreciation (no future cash impact). The classifications below are respectively "Active projects" and "Legacy projects". The Trust's material legacy projects which still have restricted funds associated with them are set out in note 20. These funds are all held within the Trust.

22 Funds continued

Group 2025		Start of year £000s	Income £000s	Depreciation £000s	Impairment £000s	Other £000s	Transfers £000s	**End of year £000s**
Unrestricted								
Distributable								
Undesignated general		9,558	4,245	(52)	-	(3,861)	1,042	**10,932**
Designated projects		1,350	-	-	-	-	-	**1,350**
Designated protected		900	-	-	-	-	-	**900**
Total distributable		11,808	4,245	(52)	-	(3,861)	1,042	**13,182**
Non distributable		1,195	-	-	-	299	-	**1,494**
Total unrestricted		13,003	4,245	(52)	-	(3,562)	1,042	**14,676**
Restricted								
Active projects								
Project	***Source***							
Ramparts	*HE*	115	-	-	-	(15)	-	**100**
Various	*MOD*	365	-	-	-	-	-	**365**
		480	-	-	-	(15)	-	**465**
Legacy projects		9,076	-	(1,093)	(4,750)	-	(1,042)	**2,191**
Total restricted		9,556		(1,093)	(4,750)	(15)	(1,042)	**2,656**
Total funds		**22,559**	**4,245**	**(1,145)**	**(4,750)**	**(3,577)**	**-**	**17,332**

Group 2024 as restated	Start of year £000s	Income £000s	Depreciation £000s	Disposal £000s	Other £000s	Transfers £000s	End of year £000s
Undesignated general	11,278	3,898	(26)	(137)	(3,457)	(1,998)	9,558
Designated projects	250	-	-	-	-	1,100	1,350
Designated protected	-	-	-	-	-	900	900
Total distributable	11,528	3,898	(26)	(137)	(3,457)	2	11,808
Non distributable	1,195	-	-	-	-	-	1,195
Total unrestricted	12,723	3,898	(26)	(137)	(3,457)	2	13,003
Restricted active	489	13	-	-	(22)	-	480
Restricted legacy	10,559	-	(640)	(782)	(59)	(2)	9,076
Total funds	23,771	3,911	(666)	(919)	(3,538)	-	22,559

Trust 2025		Start of year £000s	Income £000s	Depreciation £000s	Impairment £000s	Other £000s	Transfers £000s	**End of year £000s**
Unrestricted								
Distributable								
Undesignated general		6,813	3,844	-	-	(3,176)	1,042	**8,523**
Designated projects		1,350	-	-	-	-	-	**1,350**
Designated protected		900	-	-	-	-	-	**900**
Total distributable		9,063	3,844	-	-	(3,176)	1,042	**10,773**
Non distributable		220	-	-	-	-	-	**220**
Total unrestricted		9,283	3,844	-	-	(3,176)	1,042	**10,993**
Restricted								
Active projects								
Project	***Source***							
Ramparts	*HE*	115	-	-	-	(15)	-	**100**
Various	*MOD*	365	-	-	-	-	-	**365**
		480	-	-	-	(15)	-	**465**
Legacy projects		9,076	-	(855)	(4,750)	(238)	(1,042)	**2,191**
Total restricted		9,556		(855)	(4,750)	(253)	(1,042)	**2,656**
Total funds		**18,839**	**3,844**	**(855)**	**(4,750)**	**(3,429)**	**-**	**13,649**

Trust 2024 as restated	Start of year £000s	Income £000s	Depreciation £000s	Disposal £000s	Other £000s	Transfers £000s	End of year £000s
Undesignated general	7,983	3,045	-	(137)	(1,983)	(2,095)	6,813
Designated projects	153	-	-	-	-	1,197	1,350
Designated protected	-	-	-	-	-	900	900
Total distributable	8,136	3,045	-	(137)	(1,983)	2	9,063
Non distributable	220	-	-	-	-	-	220
Total unrestricted	8,356	3,045	-	(137)	(1,983)	2	9,283
Restricted active	489	13	-	-	(22)	-	480
Restricted legacy	10,559	-	(640)	(782)	(59)	(2)	9,076
Total funds	19,404	3,058	(640)	(919)	(2,064)	-	18,839

Portsmouth Historic Quarter Trust

England & Wales - Charity number 293188

Accounts

Portsmouth Historic Quarter Trust
(formerly known as Portsmouth Naval Base Property Trust)

Annual report for the year ended 31 March 2024

A company limited by guarantee

Company registered number 01959490 (England and Wales)
Charity registered number 293188

Portsmouth Historic Quarter Trust

(formerly known as Portsmouth Naval Base Property Trust) and its subsidiary undertakings

Contents

	Page
Trustees, executives and advisors	3
Trustees' report	4
Report of the independent auditor	18
Consolidated statement of financial activities	22
Balance sheets	23
Consolidated statement of cash flows	24
Notes to the financial statements	25

Portsmouth Historic Quarter Trust

(formerly known as Portsmouth Naval Base Property Trust) and its subsidiary undertakings

Trustees, executives and advisors

Trustees and Directors David Butters Thomas Coles Rear Admiral Rex Cox Henry Flint Benjamin French Professor Virginia Gibson Helen Green Graham Morrison Robert Palmer Steve Pitt Robert Robson (Chair) Tarek Teba Simon Verdon	**Investment Managers** Cazenove Capital 1 London Wall Place London EC2Y 5AU
Executive team Hannah Prowse (Chief executive) Neil Pearce (Finance director)	**Solicitors** Blake Morgan LLP New Kings Court Tollgate Chandler's Ford Eastleigh Hampshire SO53 3LJ
Registered office 19 College Road HM Naval Base Portsmouth PO1 3LJ	**Solicitors** DMH Stallard LLP 3rd Floor Origin One 108 High Street Crawley West Sussex RH10 1BD
Auditors Moore (South) LLP City Gates 2-4 Southgate Chichester West Sussex PO19 8DJ	**Solicitors** Macfarlanes LLP 20 Cursitor Street London EC4A 1LT
Bankers The Royal Bank of Scotland plc London Corporate Centre 62-63 Threadneedle Street London EC2R 8LA	

Trustees' report - overview

Introduction

The Trustees present their annual report incorporating: the Trustees' report; Directors' report; Directors' statement of responsibilities; strategic review; and the audited consolidated financial statements of the Trust (PHQ) for the year ended 31 March 2024. Portsmouth Historic Quarter Trust (formally known as Portsmouth Naval Base Property Trust) is a private company limited by guarantee and a registered charity. PHQ changed its name on 28 March 2024.

Charitable purpose

The charitable purpose of PHQ was updated to encompass its cultural aims more explicitly as follows: "the preservation of buildings, structures, vessels, docks and berths of national interest or architectural or historic interest or historically associated with His Majesty's Naval Base at Portsmouth and the protection and augmentation of the amenities of such buildings, structures, vessels, docks and berths and their surroundings for the public benefit ***including for the advancement of culture*** and the access to and enjoyment of the Naval Base buildings by the public for the purposes of education in naval history and other matters related to the Defence of the Realm." The Trustees have had regard to the Charity Commission's guidance on public benefit.

Key land holdings and heritage assets

PHQ was established in 1985 by the Ministry of Defence (MoD), English Heritage - now known as Historic England (HE), and Portsmouth City Council (PCC) to take on surplus land and buildings of historic significance in His Majesty's Naval Base at Portsmouth. Its key land holdings and heritage assets are set out below.

Holding	Tenure	Comments
Heritage Quarter of HM Naval Base Portsmouth	99 year lease granted in 1988 by the MoD	Most of the buildings have been renovated and brought into beneficial use. Sub-let premises are a mixture of market rents which support PHQ's charitable purpose and concessionary agreements in support of other charities.
Admiralty Quarter	Freehold acquired in 1990	A site which was redeveloped into apartments. PHQ retains the freehold and derives income from ground rents, retail lettings and car park charges which all support PHQ's charitable purpose.
Priddy's Hard, Gosport	Freehold acquired in 2009	A former naval ordnance depot. It comprises numerous historic buildings and ramparts which is a scheduled ancient monument. Sub-let premises are let on a mixture of market rents which support PHQ's charitable purpose. Regeneration of this area continues.

Trustees' report - overview

Holding	Tenure	Comments
Priddy's Hard, Gosport	125 year lease granted in 2014	Open land immediately to the north west of the freehold property. Used as over flow car park and as a buffer between the historic site and future commercial development.
Number 2 Dock	999 year lease granted in 2012 by the MoD	HMS Victory
South Office Block, Bay 1 of the former Ropery, Storehouse 12 and the HMS Victory Starboard Arena	Leases granted in 2018 by the MoD – co-terminus with main 1988 lease.	

Key stakeholders

PHQ works closely with other charities and stakeholders including the Royal Navy, The Royal Navy and Royal Marines Charity, the National Lottery Heritage Fund, The Arts Council, Lloyds of London (LL), MoD, HE, National Museum of the Royal Navy (NMRN), the Mary Rose Trust (MRT), PCC, Gosport Borough Council, the Coastal Forces Heritage Trust, National Historic Ships, University of Portsmouth (UoP), Shaping Portsmouth, Portsmouth Creates, the Association of Sail Training Organisations and Veterans Outreach Support. PHQ continues to collaborate ever more closely with NMRN and MRT.

PHQ also supports the activities of the Portsmouth Royal Dockyard Historical Trust (PRDHT) which promotes the industrial history of the former Royal Dockyard and assists PHQ in maintaining the Dockyard Apprentice Exhibition. PHQ remains concerned about the condition of various protected historic buildings which remain in MoD ownership and continues its dialogue with the MoD to ensure the long-term survival of these precious historic assets.

Rebranding

In March 2024, PHQ completed a rebranding exercise which included changing its name from Portsmouth Naval Base Property Trust to Portsmouth Historic Quarter Trust It adopted new images and styles for all communications and publicity materials. It did this to better reflect PHQ's mission and to reach a broader audience signifying a renewed commitment to preserving and promoting the rich maritime heritage that the organisation has safeguarded for years.

The rebrand included an entirely redesigned visual identity taking cues straight from the historical elements of the buildings, vessels and spaces in the PHQ's care from the iconic silhouette of Victory Gate to smaller details such as archways featured on Storehouse 9.

The circular logo is a nod to rubber stamps historically used for official documentation. A strong, standalone mark with authority that is used throughout PHQ's digital and physical branding. This is complemented by the new strapline 'Home Port of Heritage' which adds detail to the name, and lets people know that Portsmouth Historic Quarter is a welcoming destination to be visited regularly.

The refreshed colour palette adds interest and vibrancy. The names of the colours are inspired by PHQ's naval heritage such as sailcloth, harbour brick and garden green and the font used is informed by industrial signage from the early 20th century which can be found across the site.

Trustees' report – review of the year

This year's annual report

2024 was a year of great progression and change for PHQ. As noted above it rebranded. It also invested in our board and executive team and had a thorough review of how it engages externally looking at its communications with stakeholders, its website, social media and in its annual report – all with the aim of helping its stakeholders understand what we do and in doing so being as transparent as possible.

Progress, activities and achievements of PHQ during the year

Drawn from its charitable purpose the 2022 strategic review resulted in the overarching vision of PHQ:

As custodians of historic buildings, boats and spaces in and around Portsmouth Harbour, we breathe new life into this naval heritage, creating energy and vibrancy, ensuring that it is accessible for all. We are an ambitious and collaborative charity. We actively create and curate authentic, educational, sustainable and enjoyable places, experiences and opportunities.

This vision is delivered through four strategic aims:

Preserve	**Develop**
Educate	**Enjoy**

Preserve

Be active in the conservation, restoration and regeneration of important assets and places which are at risk or under-utilised

During the year, PHQ invested more than £1 million in property maintenance across the Dockyard and Priddy's Hard.

Major projects included:

- external redecorations of Boathouse 5 (Grade II) and Boathouse 7 (Grade II);
- mortar, brick and window repairs to Storehouse 11 (Grade I);
- restoration and preservation of the gable end wall of the Cell Block facing the harbour (Grade II); and,
- further maintenance and protection works in the Ramparts at Priddy's Hard (scheduled ancient monument).

Good progress was made to improve the roof of Boathouse 4 which had suffered storm damage. The western roof slope facing the harbour has been completely replaced and essential repairs carried out to all the other slopes. The installation of a safe access system for the roof will enable future inspection and maintenance. The project, which reached completion post year end, also included decoration and window repairs to the west elevation, protecting the boathouse and re-emphasising its fine Art Deco features.

Preservation of PHQ's collection of boats, both in Boathouse 4 and on the water, continues apace. During the year, £235,000 was spent on restoration and maintenance. Significant investment was made in the finishes of both High Speed Launch 102 and Motor Gun Boat 81. Both were professionally recoated by Berthon Boat Company in Lymington with an anticipated five year life span to the new finishes. This was not simply a cosmetic exercise: these vessels are irreplaceable artefacts and listed in the National Historic

Trustees' report – review of the year

Ship's register of supreme national heritage value. Adequate coatings and finishes protect their fabric against the weather and ensure the ongoing preservation of these vessels as operational concerns. Our Landing Craft, Foxtrot 8, also received a thorough winter overhaul, conducted by our staff team and volunteers. This is an annual commitment and, in the period, included an inspection by a surveyor from the Maritime and Coastguard Agency to ensure her continued operation as a passenger vessel bringing kinetic interpretation to passengers.

PHQ's volunteers also began a deep overhaul of the Seaplane Tender 1502 which needed significant reconstruction to the transom and quarterdeck and associated substructure. The deck has received a new coating and although out of service for 2024 while these works were completed, her ongoing future as an operational concern is assured. This level of overhaul is required to keep these boats operational, and the wide variety of skills shown by our volunteers, together with the unique facility offered by Boathouse 4, makes this possible.

Work also continues on a similar deep overhaul of the motor whaler Danae though on a smaller scale. The final piece of the LIBOR funded tranche of projects continues slowly as the return to steam of the Armed Steam Cutter 26 draws ever closer. The engine installation and fitting of the boiler continue to demand the skills of the volunteers who meet every challenge with dedication and good humour.

With all of the work the volunteers do and their continued dedication, PHQ receives well in excess of 10,000 person hours a year which is a tremendous contribution.

The completion of the replica Coastal Motor Boat 4 was a highlight of the year. Coastal Motor Boats (CMBs) were small high-speed torpedo boats used by the Royal Navy in the First World War. They were designed by the Thornycroft Company, who had gained considerable experience and success in developing racing boats. During WWI three officers of the Harwich Force suggested that small motor boats carrying a torpedo might be able to travel over minefields and attack ships of the German High Seas Fleet in their bases. The Admiralty approved the concept and in the summer of 1915 asked Thornycroft for designs for a boat capable of at least 30 knots; of shallow draught; no more than 4½ tons; and capable of delivering a three-quarter-ton torpedo. The Thornycroft Company carried out design work at Bembridge on the Isle of Wight and the boats were built on the Thames at Richmond.

CMB 4 was ordered in January 1916 and delivered four months later. She is 40 feet long, 8½ feet wide and fully laden with a crew of three and torpedo, weighed just over 4 tons. Her top speed was 34.4 knots. During WWI she saw action off Dunkirk, Zeebrugge and Ostend, and contributed in the sinking of a German destroyer. In 1919, during the Russian Civil War, she was sent to the Baltic. On June 17th, she sank the Russian cruiser Oleg. Her skipper, Lt. Augustus Agar, was awarded the Victoria Cross.

In 2023, the volunteers in Boathouse 4 completed a six year project to build a fully operational replica. This was funded by the Chancellor using LIBOR funds and the total cost of £300,000 was met from this fund. There was no "how to" manual – everything had to be worked out by reverse engineering and experimentation. Copies of original plans were used; construction techniques are traditional and similar to those used in the original boats. Part of the project purpose was to establish the veracity of contemporary claims for the CMB's performance. Having launched the vessel in September 2023, a series of experimental sea trials have been conducted and a maximum speed of 39.2 knots achieved. There is more potential in the boat yet however, and ongoing trials will reveal yet more about the handling and capabilities of these groundbreaking craft and further our understanding of the skill and courage displayed by their crews. The original CMB 4 is on display in Boathouse 4 on loan from the Imperial War Museum, who have agreed to extend that loan by another 10 years so that the full story of the CMB can remain and be told by PHQ in Boathouse 4.
Boathouse 4 remains a centre for the preservation of skills, boatbuilding and repair. PHQ's own collection requires skills and techniques long since passed from mainstream boatbuilding to maintain it and with around 100 active boat volunteers and four staff, PHQ continues to foster the preservation and handing

on of skills and traditions. The volunteers come from a wide variety of backgrounds and are willing to pass on their abilities and our staff team offer a guiding hand. One of PHQ's staff team, Emily Ball, started her time as a "Kickstarter" on a government sponsored training programme. Having completed this, PHQ was delighted to retain her as an employee and her continual professional development has led to her becoming a skilled slinger and crane driver, boat's crew and shortly to become a welder among other skills necessary to the smooth running of the workshop area.

In addition to its own direct activities, as landlord of the Historic Dockyard PHQ enables the preservation work of NMRN, Mary Rose and the PRDHT.

Develop

Operate a sustainable charity with a long term vision and sufficient resources to intervene and make a difference

Income generation was strong during the year. Visitor numbers were up 15% compared to the previous year and this fed through into PHQ's share of ticket income attributable to the Harbour Tours and the Dockyard Apprentice exhibition. Turnover shares from the outsourced catering operations in Boathouse 7, Boathouse 4 and the visitor centre also increased and the visitor car park performed well.

Trips onto the harbour on the Trust's historic boats remain popular with more than 2,500 visitors enjoying outings on the Foxtrot 8 landing craft and 1502 seaplane tender during the year. During Boathouse 4 pontoon open days and at the Southampton International Boat Show, PHQ also offered trips on power boats HSL102 and MGB81. All four of these boats are also available for private charters.

Where parts of PHQ's estate are surplus to museum and visitor attraction requirements but suitable for other uses, PHQ generates income by leasing these to appropriate third party businesses. These are mostly on short term leases or licences to occupy to maintain flexibility to take back the premises if PHQ's requirements change. In all cases, PHQ retains responsibility for and control over maintenance of the exterior and structure of the relevant building and alterations by the occupier are strictly limited. All rental income generated supports the maintenance of PHQ's estate and cross-subsidises other activities.

PHQ derives additional income from its investments comprising cash held in interest bearing accounts, a professionally managed share portfolio, ground rents from flats at Admiralty Quarter (above the visitor car park) and at Priddy's Hard and rental income from shop units at Admiralty Quarter. Plans by the developer, Crest Nicholson, and its team to remedy various fire safety issues at Admiralty Quarter have commenced. PHQ is satisfied that legal responsibility for remediation rests with the leaseholders and Crest Nicholson, a responsibility the management company accepts having taken independent legal advice. Crest Nicholson has signed up to the Government pledge to deal with cladding issues on tall buildings without cost to leaseholders.

In March 2024, PHQ established a new fundraising committee comprising both trustees, external benefactors and specialists with a remit to develop and implement a comprehensive fundraising strategy aligned with the strategic aims and objectives of PHQ. In developing a comprehensive fundraising strategy and pipeline, this committee will position PHQ to respond to opportunities and secure funding in support of capital and other projects to develop its sites and offer.

During the year, PHQ developed proposals for the restoration of a cluster of buildings at Priddy's Hard to create a community of artist's studios to be known as Carpenters' Yard. An application for grant funding to support the project was made to Arts Council England and post year end this grant was confirmed. PHQ has committed to meet the balance of the project cost while still seeking other grant opportunities. The project will reach completion during 2025/26 and mark a further important step in the regeneration of Priddy's Hard.

Trustees' report – review of the year

Educate

Achieve and maintain high standards in interpretation and education

Education is at the heart of the main aspects of the Historic Dockyard for which PHQ is responsible. Following the rebranding exercise PHQ is working with interpretation designers to expand, refine and reinvigorate how we communicate the stories of our estate, assets and people.

The interpretation panels and exhibition in Boathouse 4 tell the stories of the boats and those who worked with them including the highly successful She Sees Exhibition. This is a collaboration with Lloyds of London, the UoP and PRDHT which celebrates the role of women in the Dockyard through time. The Dockyard Apprentice exhibition in Boathouse 7, which is provided and maintained for PHQ by PRDHT and its volunteers, tells the important civilian story of the Naval Dockyard. The Harbour Tour includes an informative commentary on the harbour and the ships alongside from time to time. At Priddy's Hard, interpretation panels tell the story of the harbour defences and munitions operations there.

The PHQ website, which has been redesigned and enhanced as part of the rebranding exercise, includes a wealth of information for browsers to digest before, during or after their visit or without visiting at all.

For a more detailed learning experience, staff and volunteers are on hand at Boathouse 4 pontoon open days to explain more about the boats on the water from their engineering and engagements to their restoration.

For the staff and volunteers involved, the completion and launch of the CMB4 replica has been an intense learning exercise covering her construction, engineering and performance and has been extensively documented.

PHQ had a core of 112 volunteers as at the year end, mostly working in Boathouse 4 or on the boats but also tirelessly maintaining and improving Porter's Garden. Volunteering is a continuous process of learning and teaching as knowledge and skills are shared and developed.

PHQ has worked with a variety of artists, raising the profile of Portsmouth Historic Quarter as an enabler of collaboration between heritage and art. The ongoing residency of artist Pete Codling in Storehouse 9 allows access to the massive history lesson of more than 800 portraits of Portsmouth people drawn onto a full size replica HMS Victory sail. The individuals portrayed go back 2,000 years but also reflect the city today in all its diversity. Each portrait has an accompanying personal story which will be documented and available online. Post year end, the sail drawing was completed and revealed at a public event at Portsmouth Football Club. After being hung briefly on HMS Warrior it is on display for all to see in Boathouse 4.

This activity, supported by PHQ, gained coverage from several media outlets including ITV Meridian, BBC Radio Solent, BBC online and Portsmouth News which has since driven visitors to Boathouse 4 to view and enjoy the artwork.

PHQ continues to build its brand online under the new name of PHQ as well as leveraging the audience and engagement of the Boathouse 4 legacy channels. PHQ has created a social media strategy to clarify the objectives of its chosen communication platforms. This details the different audiences and content for PHQ as the master brand and Boathouse 4 as the sub brand. The strategy lays out how cross content sharing and engagement between PHQ and BH4 will help to strengthen and grow both.

PHQ has developed a new website reflecting the new brand identity and tone of voice which subsumes all previous live websites. The website aims to be a single point of information for visitor facing information

such as events, boat trips, charters and partner activity. As well as providing information about PHQ's work and charitable objectives such as building and boat project updates, job postings and Trustee information.

Enjoy

Work with heritage partners to develop and manage a world class visitor destination centred on the Portsmouth Historic Dockyard and developing a thriving and engaged community at Priddy's Hard

Enjoyment and access for all is fundamental to PHQ's ethos. Free entry to the Dockyard using the Historic Quarter Pass issued at the visitor centre ensures there is no economic barrier to the enjoyment of the places and spaces around the site, including access to the exhibitions and activities in Boathouse 4 and Boathouse 7. The Historic Quarter Pass accounted for more than 70,000 entries to the Dockyard in the year. PHQ also supports initiatives by its Historic Dockyard attraction partners to offer free tickets to local families whose children are eligible for free school meals and seasonal reduced-price tickets for local residents. Access to the historic Ramparts at Priddy's Hard during open days is free of charge. PHQ is also mindful of the needs of visitors with disabilities and seeks to provide adequate facilities and access arrangements wherever possible and within its control. The Foxtrot 8 landing craft is wheelchair accessible, giving wheelchair users a rare opportunity to get out on the water on trips and charters. PHQ recognises that more can be done to accommodate disabilities of all kinds and will continue to make improvements. There is no complacency about this. During the rebranding exercise, PHQ deliberately selected styles of presentation which are clear to the widest range of audiences and website and social media content is written with clarity and simplicity.

The Historic Dockyard and Priddy's Hard are for people's enjoyment as well as their education. PHQ strives to make and maintain both sites as inviting, vibrant places where people choose to spend their leisure time. As well as the attractions, exhibitions and boats already mentioned in this report there are hands on activities in Boathouse 4, Mini-Port electric boats on the Mast Pond (which are very popular with younger children) and an extensive collection of vintage amusement machines in Boathouse 7 (for children of all ages).

PHQ's partnerships with Ankle Deep studio and the Sustainable Conservation Trust (SCT) continued to flourish in 2023/24. Based in the former Pay Office in the Historic Dockyard, Ankle Deep and SCT work with a range of students and creatives. From June 2023 to June 2024, 700 people benefitted directly from the organisations' work, six artists were resident in the Old Pay Office, 50 professionals had Heritage Skills sessions or educational activities, and 450 students collaborated with SCT for creative activities, placements/work experiences.

PHQ continues to grow its connections with arts organisations across the city. As part of Ports Fest 2023, PHQ hosted a launch event for Kate Mosse's motion graphic novel Ship of the Dead. Through the year, we provided much needed rehearsal space for the Kings Theatre Portsmouth as well as exhibition and content creation space for UoP student projects as well as for local artists and creatives.

PHQ was delighted to support the Royal Navy with use of the Historic Dockyard for a tri-service celebration of Diwali and various ship homecomings and families' days.

Events which generated income as well as enjoyment included hosting a launch party for the Clipper Round the World Race and a Christmas market arranged by Love Southsea.

Plans for future periods

PHQ will continue to work in partnership with NMRN and MRT to agree a combined vision and strategy for Portsmouth Historic Dockyard and then work collaboratively to implement this. 2024/25 saw a more

Trustees' report – review of the year

joined up approach to marketing between the three trusts as well as greater team working at all levels of the organisations and we are working on new initiatives together for the coming years.

Building on the success of recent exhibitions in Boathouse 4, we will look for more opportunities to bring exciting exhibitions into this space: working with creatives and businesses in Portsmouth to tell the stories of the Dockyard. Boathouse 5 will be trialled as a performance and exhibition space – again building on individual events over the previous year.

Key projects for 2024/25 included repair and restoration work on the wooden boathouses, 5 & 7, as well as initial works to the roof of Boathouse 4. We will look to continue this work, repairing more of the Boathouse 4 roof and looking at solar panelling and insulation for Boathouse 5.

PHQ will also be progressing the Carpenters' Yard project at Priddy's Hard with a view to breaking ground in early 2025. This development of nine artists' studios, supported with a generous grant from The Arts Council, will be completed in September 2025.

PHQ is developing a new strand of commercial activity through merchandise celebrating the Historic Quarter and key assets such as the boats. Following the rebrand, investment will also be made into developing our social media and marketing.

The dialogue with the MoD over the potential release of further land and buildings from the Naval Base will continue.

Trustees' report - financial review

Changes to the way in which PHQ reports its financial results and position

PHQ is committed to being accessible and, as referred to elsewhere in this report, it started this process by rebranding the organisation to better reflect its purpose and objectives. The Trustees appointed Neil Pearce as finance director in September 2023 and Henry Flint joined the audit committee in December 2023 becoming its chair in July 2024. They reviewed how the financial statements are presented and sought to simplify them in the context of:

- Language used;
- Analysis of financial information given;
- Consistency and rationalisation of presentation; and,
- Valuation of certain fixed assets.

The key changes that the Trustees approved are set out below.

A better reflection of our current operational performance
The way in which we report our financial performance in the statement of financial activities has been reviewed and amended to better highlight our current underlying financial result in each year.

The Trustees consider this is best measured by looking at the surplus or deficit before taking account of depreciation and unrealised investment portfolio performance. This is considered to be the most appropriate measure as it removes depreciation to which PHQ has been historically committed and valuation matters which do not impact current operations and/or cash but are required to be charged in accordance with current accounting standards. Previously these items were included in the surplus or deficit for the year.

A better reflection of our operational assets
Previously Queen Street car park had been presented as an investment property. Such properties are ordinarily held for rental income and valuation gains. The Trustees consider that the car park is not held for those purposes – it is an asset which is vital to the ongoing operations of PHQ.

The car park has been reclassified in the accounts as Property plant and equipment. To do this the car park has had to be valued in the accounts at its historic cost. This has led to a financial impact to the reported balance sheet of PHQ of a reduction in net assets of £1,630,000. This has been reflected in the accounts as if it had been Property plant and equipment throughout so comparative year financial information has also been updated. This treatment is allowed under FRS102 and is known as a prior year adjustment.

A consistent approach to the valuation of our heritage assets
These assets were recorded within the accounts at their historic cost net book value. The costs which had been capitalised reflected expenditure related to refurbishment, repairs, improvements and augmentation. Incrementally, over many years expenditure on refurbishment, repairs, improvements and augmentation has been capitalised on various buildings in accordance with FRS102 and its predecessor accounting standards. During the year ended 31 March 2026 PHQ will be conducting its five yearly future condition survey of all of its buildings – this might significantly impact future net cash flows and require adjustments to the amounts by which the individual assets have been impaired.

A consistent approach to treatment of fixed assets
The review found that there were a significant number of assets which had either been fully depreciated or could not be specifically identified. The Trustees have decided to remove the accumulated costs and depreciation from the accounts and these have been treated as disposals in the year.

Trustees' report - financial review

Greater clarity on PHQ's short and medium term plans

Previously, with the exception of receipts set aside from property sales on Priddy's Hard, PHQ has not indicated within the financial statements how much of its unrestricted funds have already been assigned to future planned projects or expenditure. This has been rectified in the current year by a transfer from general funds to designated funds as noted in our funds policy.

Greater clarity of restricted funds

Many of the donations and grants that PHQ has received in the past had conditions attached to them. Income from grants is recognised at the point at which it is awarded rather than applied to reducing the capital cost of the asset. Depreciation is then charged as an expense over many years. This has resulted in many historical donations and grants still being reported within restricted expenditure and restricted funds when the related projects have been completed in accordance with the terms of the related donation or grant agreement. The Trustees have reviewed this and decided to clarify which funds are still active (and where cash is still to be spent) and which funds relate to completed projects and to which the only expense still to be charged is depreciation and hence not having any current future cash impact. The classifications within Note 24 are respectively "Active projects" and "Legacy projects".

Current underlying financial performance

In the year ended 31 March 2024 PHQ reported a surplus before taking account of depreciation, losses recognised on disposal of asset and unrealised investment portfolio performance of £270,000 (2023 Deficit: £210,000) and on the same basis a surplus before taking account of restricted activities of £338,000 (2023 Deficit: £202,000). The improvement in PHQ's underlying financial performance is due to:

- increased unrestricted income (up 8% to £3,884,000): a rise of 15% in visitor numbers (which impacts car park, catering and attraction ticket incomes); interest income as interest rates rose and more cash was invested in fixed term products; and, indexed linked increases in rental charges on existing tenancies together with a reduction in voids; and,
- a reduction in costs (down 12% to £3,627,000): reduced expenditure following the closure of the training college in the previous year; legal costs reduced significantly; and, there was no movement in the deferred tax provision in the current year.

Both years' results were also impacted by a major repair to the roof of Boathouse 4 due to storm damage in early 2023.

Reported result

PHQ reported an unrestricted surplus of £189,000 (2023: Deficit £741,000). The overall deficit reported for the year ended 31 March 2024 was £1,301,000 (2023: Deficit £1,237,000).

Balance sheet

The net assets of PHQ have been impacted by the review of PHQ's heritage assets and were £22,513,000 at 31 March 2024 (2023 as restated: £23,814,000). The reduction does not impact the cash position of PHQ. The Trustees believe that this net asset value more accurately reflects the underlying value of the Group.

Going concern

Trustees' report – review of the year

The financial statements have been prepared on the going concern basis. The Trustees have considered the level of funds held and expected income and expenditure for 12 months from the date these financial statements were approved which show sufficient levels of funds for PHQ to continue as a going concern.

Trustees' report – governance

Structure, governance and management

PHQ is governed by its Articles and Memorandum of Association. The following table presents the Trustees who served during the financial year and changes since the financial year end to the date of this report.

Trustees and directors

Paul Bennett (appointed 1 November 2023 and resigned 28 March 2025)
David Butters (Chair to 31 March 2025)
Roger Ching (resigned 30 June 2024)
Michàl Cohen (resigned 3 October 2024)
Thomas Coles (appointed 1 November 2024)
Rear-Admiral Rex Cox
Henry Flint (appointed 1 November 2023)
Benjamin French (appointed 1 November 2023)
Professor Virginia Gibson
Helen Green (appointed 1 November 2023)
Theresa Hall (resigned 30 June 2023)
Graham Morrison (appointed 1 November 2024)
Robert Palmer
Steve Pitt
Michael Ridley (resigned 31 March 2024)
Robert Robson (Chair from 1 April 2025) (appointed 1 November 2024)
Tarek Teba (appointed 1 November 2023)
Simon Verdon (appointed 1 November 2023)

Trustee appointments

PHQ has formal selection procedures in place for its Trustees. PCC has the right to nominate two Trustees from time to time. Others are appointed based on PHQ's strategic needs for professional skills, experience and expertise. All new Trustees receive an induction pack and guidance from the Chair and other Trustees as appropriate. Formal training for all Trustees is arranged and delivered from time to time by relevant specialists including PHQ's solicitors. The liability of the Trustees is limited by guarantee of £1 each.

Committees and subsidiary governance

PHQ has constituted various committees as set out below. These focus on particular areas within their respective terms of reference. Approval of all annual budgets, budget revisions and non-budgeted expenditure is reserved for the Board. Operational matters within approved strategy and budgets are delegated to the executive but supported and scrutinised by the committees and the Board.

PHQ's subsidiary companies are all wholly owned and all directors are Trustees of PHQ. None of the subsidiary companies employs any staff. Decisions of the Board of each company are taken within meetings of PHQ's Board and committees. Each has its own annual general meeting.

Fundraising

With the exception of The Arts Council application PHQ did not undertake significant fundraising activities during the year. As noted in the Trustees' report a fundraising committee has now been established and its scope and activities will be reported going forward.

Trustees' report – governance

Audit committee Henry Flint (Chair) Robert Palmer Professor Virginia Gibson	**Interpretation & education committee** Professor Virginia Gibson (Chair) Tarek Teba Paul Bennett Benjamin French Helen Green
Boat committee Robert Palmer (Chair) Rear Admiral Rex Cox Paul Bennett Benjamin French	**Property management committee** Simon Verdon (Chair) Professor Virginia Gibson Tarek Teba
Operations management committee Steve Pitt (Chair) Paul Bennett Benjamin French Helen Green Simon Verdon	**Priddy's Hard development committee** David Butters (Chair) Robert Palmer Tarek Teba Simon Verdon
Fundraising committee Rear Admiral Rex Cox (Chair) Henry Flint Robert Palmer	

Since the year end the Board has reviewed the scope and terms of reference of each of the committees and has decided to restructure them to align to PHQ's four strategic aims. The new committees will come into full operation for the financial year ending 31 March 2026 and are as follows: Preserve; Develop; Educate and enjoy; and, Finance and resources.

Management of risk

A comprehensive risk register measures the extent of each risk and its likely impact on PHQ's affairs. PHQ reviews its principal risks and the risk register on a quarterly basis through its Audit Committee which advises the Board. The Trustees confirm that they have reviewed the major risks PHQ faces and that systems and procedures have been established to manage those risks where appropriate.

Funds policy

PHQ sets aside funds to provide both financial stability and the financial means by which it can deliver and develop its charitable activities. PHQ's activities from time to time include substantial investments in capital projects and restorative maintenance so the Trustees accept that the level of funds will significantly fluctuate year on year. Where funds are set aside for future charitable activities, whether capital or operational expenditure, PHQ classifies these as designated funds. The current designated funds represent funds set aside for budgeted projects during the current and next financial year. PHQ intends to maintain unrestricted

Trustees' report – governance

designated funds representing at least six months of core costs. These funds have been classified as the protected fund.

Investment powers and policy

PHQ delegates the day-to-day responsibility for its investment portfolio to its investment manager and has relied upon the experience and expertise of the investment manager to deliver a balanced and diversified portfolio that will create an appropriate annual income and generate capital growth to meet the investment objective. During the year PHQ reviewed the performance of the portfolio and as a result has changed investment manager to Cazenove Capital, a member of the Schroders Group. Future investments will be through its managed Sustainable Multi-Asset Fund.

PHQ has an investment policy approved by the board which sets out how PHQ balances requirements for cash reserves, liquidity and investment returns against risk. The financial objective for the investment portfolio is to at least maintain the overall real value of its assets whilst not taking undue risk. PHQ's ambition is to be at the forefront of responsible investment practice and believes that taking account of environmental, social and governance issues is an intrinsic part of being a good long-term investor, for both ethical and financial reasons.

Trustee remuneration

During the reporting year PHQ remunerated Trustees in accordance with the provisions contained in its Memorandum of Association and with the approval of the Charity Commission.

Staff remuneration

PHQ remunerates its staff in accordance with established policies and procedures which are subject to review annually as part of a wider review of staff performance and market rates. Adjustments are recommended by the executive and are subject to approval by Trustees through the Audit Committee and then the Board.

Trustees' responsibilities

Company Law requires the Trustees, who are also the Directors, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable Trust and of the Group, and of the incoming resources and application of those resources, including income and expenditure of the charitable group for that period. In preparing those financial statements, the Trustees are required to:

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

Trustees' report – governance

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable Trust and Group, which enables them to ensure that the financial statements comply with the Companies' Act 2006. They are also responsible for safeguarding the assets of the charitable Trust and Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the maintenance and integrity of the corporate and financial information included on PHQ's website.

Statement of disclosure to auditor

The Trustees confirm that:

- so far as the Trustees are aware, there is no relevant audit information of which PHQ's auditors are unaware; and
- they have taken all reasonable steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that PHQ's auditors are aware of that information.

Indemnity insurance

PHQ maintains professional indemnity insurance for the Trustees.

Approved by the Board of Trustees on 11 July 2025 and signed on its behalf by:

David Butters
Trustee

Henry Flint
Trustee

Independent auditor's report to the members of Portsmouth Historic Quarter Trust

Opinion

We have audited the financial statements of Portsmouth Historic Quarter Trust (the 'charitable parent Trust') for the year ended 31 March 2024 which comprise consolidated statement of financial activities (including income and expenditure account), the group and parent charitable Trust balance sheets, the group cash flow statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. 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.

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' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' annual report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable Trust and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' annual report.

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on pages 16 and 17, the Trustees (who are also the directors of the charitable Trust 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 and parent charitable Trust'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 parent charitable Trust 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Independent auditor's report to the members of Portsmouth Historic Quarter Trust

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud are:

- to identify and assess the risks of material misstatement of the financial statements due to fraud;
- to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and,
- to respond appropriately to instances of fraud or suspected fraud identified during the audit.

However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable Trust.

Our approach was as follows:

- The engagement partner selected staff for the audit who had prior experience and appropriate knowledge and who had the required competence and skills to identify or recognise non-compliance with laws and regulations;
- We assessed the risk of irregularities as part of our audit planning, and ongoing review, including those due to fraud, management override was identified as a significant fraud risk. This is due to the ability to bypass controls through inappropriate expenditure and accounting policies adopted;
- Completeness of grant income was deemed a significant risk. Additionally as some income received is restricted in its use, a significant risk was identified regarding the correct classification of income between restricted and unrestricted funds and that the expenditure against this income was in line with any special restrictions;
- Valuation of fixed assets was deemed a significant risk due to the nature of the assets and the potential impairment;
- We obtained an understanding of the legal and regulatory requirements applicable to the charitable Trust and subsidiary company's and we considered the most significant are the Companies Act 2006, the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council. We considered how the charitable Trust and subsidiary entity complies with these requirements by discussions with management and those charged with governance;
- We enquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations. Consideration was also made of the internal controls in place to mitigate the identified risks; and,
- We assessed the control environment, documenting the systems, controls and processes adopted. The audit approach incorporated a combination of controls where appropriate, analytical review and substantive procedures involving tests of transactions and balances. Any irregularities noted were discussed with management and additional corroborative evidence was obtained as required.

Independent auditor's report to the members of Portsmouth Historic Quarter Trust

To address the risk of fraud through management override we:
- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify any unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- reviewed transactions with related parties and in particular with group entities and Trustees;
- reviewed the disclosures within the financial statements to ensure they meet the requirements of the accounting standards and relevant legislation; and,
- tested a sample of transactions that could be influenced by actions of management.

To address the risk of completeness of income we:
- performed analytical procedures to identify any unusual or unexpected relationships, along with comparison to budget;
- tested a sample of grants to supporting documentation confirming income correctly accounted for;
- reviewed grants received around the year end, ensuring cut-off was correctly applied; and,
- agreed deferred income to supporting documentation.

To address the risk of classification of income between restricted and unrestricted we:
- agreed a sample of income recorded in the nominal ledger to source documentation to ensure any restrictions were correctly identified;
- agreed a sample of expenses incurred to ensure that they had been allocated to the correct fund; and,
- obtained and reviewed fund analysis workings to ensure that the calculations were correct and agreed to the accounting records.

To address the risk of valuation of fixed assets we:
- reviewed and discussed the basis of the valuation with management; and,
- reviewed the assessment of impairment by the Trustees.

There are inherent limitations in our audit procedures described above. The more removed the laws and regulations are from the financial statements, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence if any. Material misstatements that arise due to fraud can be harder to detect that those that arise from error as they may involve deliberate concealment of collusion.

Use of our report

This report is made solely to the charitable Trust's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and, in respect of the consolidated financial statements, to the charity's Trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable Trust's Members and Trustees those matters which 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 any party other than the charitable Trust, the charitable Trust's members, as a body, and the charity's Trustees, as a body, for our audit work, for this report, or for the opinion we have formed.

Sue Lucas, Senior Statutory Auditor
For and on behalf of Moore (South) LLP, Statutory Auditor
City Gates 2-4 Southgate
Chichester, PO19 8DJ

14 July 2025

Financial statements for the year ended 31 March 2024

Consolidated statement of financial activities (including an income and expenditure account and the statement of comprehensive income)

	Note	Unrestricted funds £000s	Restricted funds £000s	2024 Total £000s	Unrestricted funds £000s	Restricted funds £000s	2023 As restated Total £000s
Income							
Donations and legacies	4	8	13	**21**	20	315	335
Income from charitable activities	5	3,473	-	**3,473**	3,194	-	3,194
Investment income	6	403	-	**403**	285	-	285
Other income		-	-	**-**	98	-	98
Total income		**3,884**	**13**	**3,897**	3,597	315	3,912
Expenditure							
Raising funds		(48)	-	**(48)**	(86)	-	(86)
Other expenditure	8	(193)	-	**(193)**	(489)	-	(489)
Charitable activities							
Direct expenditure on objectives	7	(2,709)	(81)	**(2,790)**	(2,722)	(323)	(3,045)
Charitable activities support	7	(596)	-	**(596)**	(502)	-	(502)
Direct depreciation on objectives	12	(26)	(640)	**(666)**	(182)	(488)	(670)
Loss on disposal	9	(137)	(782)	**(919)**	-	-	-
Total charitable activities		**(3,468)**	**(1,503)**	**(4,971)**	**(3,406)**	**(811)**	**(4,217)**
Total expenditure		**(3,709)**	**(1,503)**	**(5,212)**	(3,981)	(811)	(4,792)
Net incoming/(outgoing) resources before gains/(losses)		**175**	**(1,490)**	**(1,315)**	(384)	(496)	(880)
Net gains/(losses) on investments	17	14	-	**14**	(357)	-	(357)
Net incoming/(outgoing) resources		**189**	**(1,490)**	**(1,301)**	(741)	(496)	(1,237)
Transfers between funds	24	2	(2)	**-**	-	-	-
Net movement in funds		**191**	**(1,492)**	**(1,301)**	(741)	(496)	(1,237)
Reconciliation of funds							
Total funds brought forward	24	12,766	11,048	**23,814**	13,507	11,544	25,051
Net movement in funds	24	191	(1,492)	**(1,301)**	(741)	(496)	(1,237)
Total funds carried forward		**12,957**	**9,556**	**22,513**	12,766	11,048	23,814

Financial statements for the year ended 31 March 2024

Balance sheets
Registered number: 01959490

		Group				Trust			
		2024			2023 As restated	2024			2023
		Unrestricted £000s	Restricted £000s	Total £000s	Total £000s	Unrestricted £000s	Restricted £000s	Total £000s	Total £000s
	Note								
Heritage assets	14	-	8,610	**8,610**	9,716	-	8,610	**8,610**	9,716
Property plant and equipment	15	5,666	-	**5,666**	5,907	-	-	**-**	138
Investment properties	16	3,619	-	**3,619**	3,619	795	-	**795**	795
Investments	17	1,069	-	**1,069**	555	7,648	-	**7,648**	5,781
Fixed assets		**10,354**	**8,610**	**18,964**	19,797	**8,443**	**8,610**	**17,053**	16,430
Current assets									
Investments		2,603	946	**3,549**	1,795	2,603	946	**3,549**	1,795
Debtors	18	741	-	**741**	635	649	-	**649**	662
Cash at bank and in hand		418	-	**418**	2,827	377	-	**377**	1,724
Current assets		**3,762**	**946**	**4,708**	5,257	**3,629**	**946**	**4,575**	4,181
Creditors: due within one year	19	(860)	-	**(860)**	(941)	(2,835)	-	**(2,835)**	(1,164)
Net current assets		**2,902**	**946**	**3,848**	4,316	**794**	**946**	**1,740**	3,017
Total assets less current liabilities		**13,256**	**9,556**	**22,812**	24,113	**9,237**	**9,556**	**18,793**	19,447
Provision for deferred tax		(299)	-	**(299)**	(299)	-	-	**-**	-
Net assets	22	**12,957**	**9,556**	**22,513**	23,814	**9,237**	**9,556**	**18,793**	19,447
Funds									
Undesignated	24	9,512	-	**9,512**	11,321	6,767	-	**6,767**	8,026
Designated	24	2,250	-	**2,250**	250	2,250	-	**2,250**	153
Total		**11,762**	**-**	**11,762**	11,571	**9,017**	**-**	**9,017**	8,179
Non distributable	24	**1,195**	**-**	**1,195**	1,195	**220**	**-**	**220**	220
Total unrestricted		**12,957**	**-**	**12,957**	12,766	**9,237**	**-**	**9,237**	8,399
Restricted									
Active projects	24	-	480	**480**	489	-	480	**480**	489
Legacy projects	24	-	9,076	**9,076**	10,559	-	9,076	**9,076**	10,559
Total funds		**12,957**	**9,556**	**22,513**	23,814	**9,237**	**9,556**	**18,793**	19,447

The financial statements on pages 22 to 35 were approved by the Board on 11 July 2025 and signed on its behalf by:

David Butters
Trustee

Henry Flint
Trustee

Financial statements for the year ended 31 March 2024

Consolidated statement of cash flows

	2024 £000s	2023 As restated £000s
Net cash (absorbed)/provided by operating activities (see below)	**(284)**	852
Investing activities		
Interest received	160	48
Dividends received	20	20
Net income from investment properties	199	217
Purchase of fixed assets	(236)	(700)
Net cash invested in deposit accounts	(2,268)	(1,276)
Sale of current asset	-	47
Net cash used in investing activities	**(2,125)**	(1,644)
Financial activities		
Repayment of bank loan	-	(916)
Net decrease in cash at bank and in hand	**(2,409)**	(1,708)
Cash and cash equivalents at the beginning of the year	2,838	4,546
Cash and cash equivalents at the end of the year	**429**	2,838
Relating to		
Cash at bank and in hand	418	2,827
Cash and cash equivalents	11	11
	429	2,838

Reconciliation of net expenditure to net cash (absorbed)/provided by operating activities		
Net expenditure for the year	**(1,301)**	(1,237)
Tax	-	72
Depreciation of fixed assets	666	670
Loss on disposal of fixed assets	-	30
Loss on disposal of fixed assets	919	-
Investment income	(403)	(285)
(Gain)/loss on investments	(14)	357
(Increase)/decrease in debtors	(70)	1,095
Decrease in creditors	(81)	150
Net cash (absorbed)/provided by operating activities (see above)	**(284)**	852

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

1 Principal accounting policies

Corporate information

Portsmouth Historic Quarter Trust (PHQ and formally known as Portsmouth Naval Base Property Trust) is a charitable Trust, limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member. PHQ is incorporated in England and Wales. The registered office and principal place of business is 19 College Road, HM Naval Base, Portsmouth, PO1 3LJ.

Basis of preparation

The financial statements have been prepared in accordance with: Financial Reporting Standard 102 (FRS102), as issued by the Financial Reporting Council; Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standards applicable in the UK and Republic of Ireland"; the Companies Act 2006; the Charities Act 2011; and, UK Generally Accepted Accounting Practice. PHQ meets the definition of a public benefit entity under FRS102 and is the parent Trust. The financial statements are prepared: under the historical cost convention, modified to include investment properties at fair value; in sterling, the functional currency of PHQ; and, monetary amounts in these financial statements are rounded to the nearest £1,000 unless stated otherwise. The parent Trust is included in the consolidated financial statements and is considered to be a qualifying entity under FRS102 and as such has applied the following exemptions from disclosure for the parent Trust in Section 7 'Statement of cash flows': Presentation of a statement of cash flow and related notes and disclosures. It has also applied the following exemptions in Section 11 'Basic financial instruments' and Section 12 'Other financial instrument issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches; details of hedges; and, hedging fair value changes recognised in statement of financial activities and in other comprehensive income.

Basis of consolidation

The financial statements consolidate the results of PHQ and all its subsidiary companies (disclosed in Note 17) on a line by line basis as if they form a single entity. Intercompany transactions and balances between group entities are eliminated in full on consolidation, and all subsidiaries have conterminous year ends. A separate Trust statement of financial activities has not been prepared as permitted by Section 408 of Companies Act 2006.

Going Concern

The financial statements have been prepared on the going concern basis. The Trustees have considered the level of funds held and expected income and expenditure for 12 months from the date these financial statements were approved which show sufficient levels of funds for PHQ to continue as a going concern.

Incoming resources

All incoming resources are recognised in the statement of financial activities when the conditions for receipt have been met and the amount can be quantified with reasonable accuracy. All incoming resources are stated net of Value Added Tax (VAT). Grants and donations receivable are recognised when received or when they become unconditional whichever is the sooner.

Expenditure

Expenditure is recognised on an accruals basis stated net of recoverable VAT. Cost of raising funds comprise costs associated with attracting voluntary income and fundraising. Direct charitable expenditure includes all expenditure directly related to the objects of the Trust. Other expenditure represents those costs not falling into any other category. Costs are allocated to the particular activity where the costs relate directly to that activity. The costs of overall direction and administration on each activity, is apportioned on a reasonable basis.

Funds

Unrestricted funds represent funds which are expendable at the discretion of the Trustees in the furtherance of the objects of PHQ. From time to time the Trustees allocate funds for a particular purpose and these are classified as designated funds but are still at the full discretion of the Trustees. Restricted funds represent funds receivable for a specific purpose as defined by the donor. Non distributable funds relate to the revaluation of investment property held in the group less any associated deferred tax.

Heritage assets

PHQ was established as the vehicle in which the historic land and buildings in and around His Majesty's Naval Base would be held, renovated and maintained. This is the key reason it exists and as such considers all of the historical land and buildings which it has been gifted to be heritage assets. All other activities either within the buildings or across the site are incidental to that aim. No value is attributed to any of the heritage assets as donated due to the conditionality which is attached to their tenure and in particular on the grounds of the expense of and lack of reliability of any valuation method adopted given the uniqueness of each individual asset. Since the acquisition of those assets costs associated with renovation, refurbishment and augmentation are capitalised within this category. The Trustees have decided to account for all fully written off assets as disposals on assets which are no longer individually identifiable. Heritage assets are depreciated as set out below:

- Freehold land - not depreciated
- Freehold and leasehold property improvements– 10 to 99 years
- Powerboats – capitalised during construction/enhancement phase until use determine – then 10 years
- Fixtures and fittings – 10 years

Property plant and equipment

Property plant and equipment are stated at historic cost less accumulated depreciation and impairment. The Trustees have decided to account for all fully written off assets as disposals on assets which are no longer individually identifiable. Property plant and equipment is depreciated as set out below:

- Freehold land - not depreciated

- Freehold and leasehold property improvements – 10 to 99 years
- Fixtures and fittings – 10 years

Investment Properties

Investment properties have been stated at fair value.

Financial instruments, assets and liabilities

Current assets and Creditors: amounts falling due within one year are classified respectively as financial assets and liabilities. All are recorded at amortised cost and disclosed on the face of the Balance sheet. Financial instruments are recognised in the statement of financial activities when PHQ becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction which includes transaction costs for financial instruments not subsequently measured at fair value. Financial instruments are classified as either 'basic' or 'other' within FRS102. At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective rate method. All financial instruments not classified as basic are measured at fair value at the end of the reporting period with the resulting changes recognised in income or expenditure. Where the fair value cannot be reliably measured, they are recognised at cost less impairment. Financial assets are derecognised when the contractual rights to the cash flows from assets expire, or when PHQ has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

Investments

Parent Trust interests in subsidiaries are stated at cost less any amounts written off for diminution in value. Other investments are included on the balance sheet at fair value. Unrealised gains and losses reflect the effect of changes in market values of investments. Realised gains and losses on quoted investments are based on the difference between disposal proceeds and brought forward market value, or cost if acquired during the year.

Cash and cash equivalents and other current asset investments

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks and other short-term liquid investments with original maturities of three months or less. Current asset investments are basic financial assets and represent amounts held on deposit where the original maturity is greater than three months.

Tax

The tax currently payable is based on taxable profit of the Group 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 Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date. Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

Pensions

PHQ operates a defined contribution pension scheme on behalf of its employees. The assets of the scheme are held and administered separately from those of PHQ. Contributions are charged to the statement of financial activities as they become payable in accordance with the rules of the scheme.

2 Critical judgements and estimates

In the application of PHQ's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods. The Trustees consider that the one significant risk from estimates and assumptions of causing a material adjustment to the carrying amount of assets and liabilities is fixed assets. The Trustees review the valuation of fixed assets at the end of each year: some assets are valued by external third parties, whilst others are valued by Trustees based on their knowledge. PHQ will undertake its five yearly building conditions survey which might impact current carrying values. If any of the valuations are inaccurate then the valuation of fixed assets in the financial statements might be misstated.

3 Changes in accounting policies and consequential restatement of financial statements adjustments

During the year the Trustees reviewed the appropriateness of the group's accounting policies. As a result of this review they decided to reclassify the Queen Street car park as property plant and equipment. The car park was previously classified as an investment property. This is due to the asset being considered as an integral operational asset of the Group and is also in accordance with FRS 102 in that the asset is rented to another group entity and so does not qualify as an investment property. As this is a change of accounting policy the 2023 and 2022 comparative financial statements have been restated – financial information tables which have been impacted are noted throughout the financial statements and the notes to the financial statements. The financial impact of these restatements is set out overleaf.

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

Balance sheet at 1 April 2022	Previously stated £000s	Restatement £000s	As restated £000s
Property plant and equipment	5,052	962	6,014
Investment properties	6,814	(2,895)	3,919
Deferred tax	(531)	303	(228)
Undistributable fund	(2,859)	1,292	(1,567)
Undesignated fund	(12,276)	338	(11,938)
Income and retained earnings for the year ended 31 March 2023			
Increase in depreciation charge	644	26	670
Reduction in deferred tax charge	187	(115)	72
Change in deficit reported	(1,326)	89	(1,237)

	Unrestricted funds £000s	Restricted funds £000s	Total 2024 £000s	Total 2023 £000s
4 Donations and legacies				
Lottery Fund	-	-	-	200
Historic England	-	13	13	-
Other	8	-	8	135
	8	13	21	335
5 Income from charitable activities				
Property	2,206	-	2,206	1,986
Visitors, access and education	1,267	-	1,267	1,208
	3,473	-	3,473	3,194

Income from charitable activities has been reanalysed to reflect our strategic objectives.

6 Investment income				
Interest on cash deposited with banks	165	-	165	47
Rental income from investment properties	218	-	218	218
Dividends from listed investments	20	-	20	20
	403	-	403	285
7 Direct expenditure on objectives				
Preservation	2,121	81	2,202	2,581
Visitors, access and education	588	-	588	464
Direct expenditure on objectives	2,709	81	2,790	3,045
Salaries	452	-	452	344
Other staff	21	-	21	49
Communications	59	-	59	70
Other	64	-	64	39
Charitable activities support	596	-	596	502

Expenditure on charitable activities has been reanalysed to reflect our strategic objectives. It is analysed on an activity basis.

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

	Unrestricted funds £000s	Restricted funds £000s	Total 2024 £000s	Total 2023 £000s
8 Other expenditure				
Trustees (governance expenditure)	9	-	9	62
Legal and professional fees	147	-	147	313
Auditors' fees (governance expenditure)	37	-	37	42
Deferred tax	-	-	-	72
	193	-	193	489

9 Loss on disposal

	Unrestricted funds £000s	Restricted funds £000s	Total 2024 £000s
Loss on disposal of Property plant and equipment (2023: £Nil)	137	782	919

As discussed in the financial review the Trustees have conducted a review of the valuation and existence of certain fixed assets. The findings of this review has resulted in the charges set out in the table above.

10 Trustees' emoluments and expenses

	2024 £s	2023 £s
Paul Bennett	-	-
David Butters (Chair)	1,800	8,900
Roger Ching	1,000	5,000
Michal Cohen	1,000	5,000
Rear Admiral Rex Cox	1,000	5,000
Henry Flint	417	-
Ben French	417	-
Professor Virginia Gibson	1,000	5,000
Helen Green	417	-
Theresa Hall	246	5,000
Philip A Marriott	-	5,000
Robert Palmer	1,000	5,000
Steve Pitt	1,000	5,000
Rear Admiral Neil E Rankin CB CBE	-	2,876
Michael Ridley	1,000	5,000
Tarek Teba	417	-
Simon Verdon	417	-
	11,131	56,776

In 2024 six (2023: six) of the above Trustees were reimbursed a total of £1,567 (2023: £5,622) of expenses in relation to travelling and administration costs incurred during the year. Six (2023: two) Trustees donated £3,687 (2023: £21,380).

11 Employee costs and information

	2024 £000s	2023 £000s
Wages and salaries	977	1,203
Social security costs	91	110
Pension costs	88	56
	1,156	1,369

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

Employee earnings and benefits ranges (£s)	Number	Number
60,000 to 70,000	-	-
70,001 to 80,000	1	2
80,001 to 90,000	-	-
90,001 to 100,000	-	1
100,001 to 110,000	1	-

The cost of Trustees and key management personnel during the year was £272,000 (2023: £361,000) including pension and social security costs. The average monthly headcount of persons (excluding Trustees) employed by the Group during the year was:

	2024	2023 (As restated)
Preservation	12	14
Visitors, access and education	10	12
Support	14	12
	36	38

PHQ's headcount was misstated in 2023, it has been corrected in the table above. The amount of outstanding pension contributions at the year end was £8,000 (2022: £9,000).

12 Net expenditure for the year

Net expenditure for the year is stated after charging:

	2024 £000s	2023 £000s
Depreciation (see notes 14 and 15)	666	670
Auditor's remuneration for audit	38	34
Fees payable to the auditor for:		
Audit of Trust	20	19
Audit of subsidiaries	17	15
Other services	1	12

13 Trust net expenditure for the year

As permitted by Section 408 of the Companies Act 2006, PHQ's statement of financial activities has not been included in these financial statements. PHQ's movement in funds for the financial year is a deficit of £654,000 (2023: deficit £1,446,000).

14 Heritage assets

PHQ's objects focus on the preservation of buildings, structures, vessels, docks and berths associated with His Majesty's Naval Base in and around Portsmouth. In total there are 34 buildings, 3 docks and a mast pond the majority of which are scheduled ancient monuments, Grade I, Grade II* or Grade II listed buildings and a fleet of historic military vessels details of which are available at www.portsmouthhq.org. The Trustees have taken the view that these buildings, structures, vessels, docks and berths together with their associated infrastructure are heritage assets. The initial lease was granted at nil cost and the 2 World War II motor boats were donated. The costs recorded represent renovation, refurbishment and augmentation. PHQ maintains a list of all of its heritage assets which have been acquired. The vast majority of the assets are on display on the site, although for rented buildings internal access is not always possible. More details regarding these assets can be found in the Trustees' Report, Note 22 and Note 24.

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

Group and Trust	Freehold improvement £000s	Leasehold improvements £000s	Fixtures and fittings £000s	Powerboats £000s	Total £000s
Cost					
1 April 2023	2,216	10,168	1,229	2,188	15,801
Additions	-	236	-	-	236
Disposals (Notes 1 and 9)	(150)	(8)	(1,229)	-	(1,387)
31 March 2024	2,066	10,396	-	2,188	14,650
Depreciation					
1 April 2023	(90)	(4,280)	(590)	(1,125)	(6,085)
Charge for year	(63)	(379)	-	(120)	(562)
Disposals (Notes 1 and 9)	9	8	590	-	607
31 March 2024	(144)	(4,651)	-	(1,245)	(6,040)
Net book value 1 April 2023	2,126	5,888	639	1,063	9,716
Net book value 31 March 2024	**1,922**	**5,745**	-	**943**	**8,610**

Group five year summary	**2024 £000s**	2023 £000s	2022 £000s	2021 £000s	2020 £000s
Cost					
1 April	**15,801**	15,156	15,412	13,666	12,485
Changes (Notes 1 and 9)	**(1,151)**	645	(256)	1,746	1,181
31 March	**14,650**	15,801	15,156	15,412	13,666
Depreciation					
1 April	**(6,085)**	(5,544)	(5,021)	(4,544)	(4,142)
Charge for year	**(562)**	(541)	(525)	(480)	(403)
Disposals (Notes 1 and 9)	**607**	-	2	3	-
31 March	**(6,040)**	(6,085)	(5,544)	(5,021)	(4,545)
Net book value 31 March	**8,610**	9,716	9,612	10,391	9,121

15 Property plant and equipment

	Freehold property (Group) As restated £000s	Leasehold improvements (Group) £000s	Fixtures and fittings (Group and Trust) £000s	Total (Group) As restated £000s
Cost				
1 April 2023	1,300	9,087	3,670	14,057
Disposals (Notes 1 and 9)	-	-	(495)	(495)
31 March 2024	1,300	9,087	3,175	13,562
Depreciation				
1 April 2023	(365)	(4,253)	(3,532)	(8,150)
Charge for year	(26)	(77)	-	(103)
Disposals (Notes 1 and 9)	-	-	357	357
31 March 2024	(391)	(4,330)	(3,175)	(7,896)
Net book value 1 April 2023	935	4,834	138	5,907
Net book value 31 March 2024	**909**	**4,757**	-	**5,666**

16 Investment properties (as restated)

	Group		Trust	
	2024	2023 As restated	**2024**	2023
	£000s	£000s	**£000s**	£000s
At 1 April	**3,619**	3,919	**795**	1,095
Revaluation	-	(300)	-	(300)
At 31 March	**3,619**	3,619	**795**	795

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

A Trust and Group investment property costing £575,000 (2023: £575,000) is valued in the accounts at £795,000. They were last valued by Vail Williams, Chartered Surveyors in April 2023. The Trustees have reviewed the valuation and consider it to remain appropriate. Portsmouth Naval Base Property Company (Queen Street) Limited investment properties costing £1,550,000 (and 2023 as restated) are valued in the accounts at £2,824,000 (and 2023 as restated). Ground rent income was valued by Vail Williams Chartered Surveyors in March 2022. The valuation was prepared on the basis of market value using the investment method. Retail units were valued on the basis of market value by Holloway Iliffe & Mitchell, Chartered Surveyors in June 2021, using market rental values. The valuations are deemed to remain appropriate by the Trustees.

17 Investments

	Group		Trust	
	2024 £000s	2023 £000s	2024 £000s	2023 £000s
Fixed asset investments				
Investment portfolio (see below)	569	555	569	555
Interest in subsidiary undertakings (restricted asset)	-	-	14,100	14,100
Interest in subsidiary undertakings – provision	-	-	(7,521)	(8,874)
Interest in associated undertakings	-	-	-	-
Fixed term deposits	500	-	500	-
	1,069	555	**7,648**	5,781
Investment portfolio reconciliation				
Market value at 1 April	555	612	555	612
Net unrealized gains/(losses)	14	(57)	14	(57)
Market value at 31 March (see below)	**569**	555	**569**	555
Investment portfolio market value				
Equities	414	405	414	405
Fixed Interest	71	47	71	47
Alternative Investments	72	87	72	87
Cash available to invest	11	11	11	11
Accrued income	1	5	1	5
	569	555	**569**	555
Investment portfolio cost				
Equities	269	263	269	263
Fixed Interest	81	57	81	57
Alternative Investments	99	102	99	102
Cash available to invest	11	11	11	11
Accrued income	1	5	1	5
	461	438	**461**	438

Subsidiary undertakings

PHQ holds a 100% interest in the £1 ordinary share capital of the following companies all of which are incorporated in England and Wales.

Portsmouth Naval Base Trading Co Limited Registration number 8802879
Dormant

Portsmouth Naval Base Property Company Limited Registration number 4207508
Principal activity: to hold the asset Boathouse 6
Turnover: £631,000 (2023: £581,000); Profit after taxation: £474,000 (2023: £384,000)
Net assets: £6,577,000 (2023: £6,103,000 as restated)

Portsmouth Naval Base Property Company (Queen Street) Limited Registration number 4969934
Principal activity: to hold the Queen Street car park and collect ground rents
Turnover: £248,000 (2023: £248,000); Surplus after taxation: £167,000 (2023: £44,000 as restated)
Net assets: £3,609,000 (2023: £3,442,000 as restated

Portsmouth Naval Base Property (Priddy's Hard) Limited Registration number 6964416
Principal activity: to hold and develop part of the land at Priddy's Hard
Turnover: £39,000 (2023: £2,000); Surplus/(Loss) after taxation: £31,000 (2023: (£48,000))
Net assets: £79,000 (2023: £48,000)

Associated undertaking

PHQ holds a 25% interest in the £1 ordinary share capital of Portsmouth Harbour Renaissance Limited which is incorporated in England and Wales and the aggregate capital and reserves of which are not material to nor included in these consolidated accounts.

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

	Group		Trust	
	2024	2023	**2024**	2023
	£000s	£000s	**£000s**	£000s
18 Debtors				
Trade	205	126	168	118
Amounts owed by subsidiary undertakings	-	-	-	71
Prepayments and accrued income	505	506	481	444
Other	31	3	-	29
	741	635	**649**	662
19 Creditors: amounts falling due within one year				
Trade	296	367	296	358
PAYE and VAT	25	79	25	79
Amounts owed to subsidiary undertakings	-	-	2,025	274
Accruals and deferred income	463	486	433	444
Other	76	9	56	9
	860	941	**2,835**	1,164
20 Financial assets and financial liabilities				
Financial assets measured at fair value	569	555	**569**	555
Financial assets at amortised cost	5,208	5,255	**5,075**	4,181
Financial liabilities at amortised cost	(860)	(941)	**(2,835)**	(1,164)

Group financial assets comprise trade debtors, accrued income, prepayments and cash and bank balances, excluding cash with investment brokers. Company financial assets also includes balances due from subsidiary undertakings. Financial liabilities comprise trade creditors, accruals and other creditors.

21 Future minimum lease rentals under non-cancellable operating leases				
Lease payments to be made				
Amounts due within one year	40	35	40	35
Amounts due between one and five years	-	40	-	40
	40	75	**40**	75
Lease receipts to be received				
Amounts due within one year	1,524	1,294	742	704
Amounts due between one and five years	3,781	3,079	1,477	1,044
Amounts due after five years	36,355	37,550	6,433	6,301
	41,660	41,923	**8,652**	8,049

22 Assets still subject to some form of covenant and comparative analysis of net assets between funds

Funds received often contain conditions on both initial use and over the assets once renovated. Funds categorized as "legacy" have been spent as intended. The key assets over which conditions continue to apply are:

- All assets are subject to restrictions in the objects of the Trust but under which the Trustees may operate discretional powers;
- Land and buildings are all subject to restrictions contained within the various transfer and/or leasehold tenures;
- Boathouse 4 – NLHF grant – conditions on permitted usage of the building and provision of public access until 2038;
- Boathouse 6 – BLF grant – allow the NMRN to use the building as a museum until 2041;
- MGB81 and HSL102 – NLHF grant - cannot be transferred to a third party and maintain provision of public access – open ended;
- Boathouse 4, historic boat fleet and pontoons – LIBOR grant – must be maintained until 2038;
- Land and buildings – NLHF grant - cannot be transferred to a third party and maintain provision of public access – open ended;
- Priddy's Hard – NLHF/HE grants - cannot be transferred to a third party and maintain provision of public access until 2032.

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

	Group 2023 (as restated)			Trust 2023		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£000s	£000s	£000s	£000s	£000s	£000s
Heritage assets	-	9,716	9,716	-	9,716	9,716
Property plant and equipment	5,909	-	5,909	138	-	138
Investment properties	3,619	-	3,619	795	-	795
Investments	555	-	555	5,781	-	5,781
Fixed assets	10,083	9,716	19,799	6,714	9,716	16,430
Current asset investments	1,795	-	1,795	1,306	489	1,795
Debtors	577	56	633	606	56	662
Cash at bank and in hand	1,521	1,306	2,827	907	817	1,724
Current assets	3,893	1,362	5,255	2,819	1,362	4,181
Creditors: due within one year	(911)	(30)	(941)	(1,134)	(30)	(1,164)
Net current assets	2,982	1,332	4,314	1,685	1,332	3,017
Total assets less current liabilities	13,065	11,048	24,113	8,399	11,048	19,447
Provisions for liabilities	(299)	-	(299)	-	-	-
Net assets	12,766	11,048	23,814	8,399	11,048	19,447

23 Contingent liability and post balance sheet event

PHQ was party to a composite banking agreement as at 31 March 2024 whereby there was a fixed and floating charge over the assets as security for historic bank borrowings of the group. The charges were released on 1 October 2024. In November 2024 a visible inspection was undertaken of the substructure of Boathouse 4 which indicated it is likely that there will be a need for some remedial repairs the cost of which is yet to be quantified. A full building condition survey is planned and any appropriate actions will be taken. On 5 February 2025 the share capital of Portsmouth Naval Base Property Company Limited was reduced from £14,100,001 £1 ordinary shares to 1 £1 ordinary share. This reduction has had no impact on control of the company but has facilitated the acceleration of dividend payments in the future.

24 Funds

PHQ sets aside funds to provide both financial stability and the financial means by which it can deliver and develop its charitable activities.

Unrestricted funds

Distributable

Unrestricted funds are those to which no conditionality for use exists.

Undesignated funds are those available to PHQ for future use in furtherance of PHQ's objects.

Where funds have been set aside for future charitable activities, whether capital or operational expenditure, PHQ classifies these as "Designated projects" funds. Currently these funds represent amounts set aside for budgeted projects during the current and next financial year. PHQ maintains unrestricted designated funds representing at least six months of core costs – this fund is classified as "Designated protected".

Non distributable

Non distributable funds represent investment property valuations gains less any related deferred tax.

Restricted funds

Restricted funds have some form of conditionality for use. Where the conditionality is in respect of capital projects this results in an accounting anomaly in that the full amount of the donation or grant is recognised as income at the point at which it is awarded rather than applied to reducing the capital cost of the asset. Depreciation is then charged as an expense over many years. This has resulted in manyhistorical donations and grants still being reported as restricted funds when the related projects have been completed in accordance with the terms of the related donation or grant agreement. The Trustees have reviewed this and decided to clarify: which funds are still active (where cash is still to be spent); and, which funds relate to completed projects to which the only expense still to be charged is depreciation (no future cash impact). The classifications below are respectively "Active projects" and "Legacy projects".

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

Group 2024			Start of year £000s	Income £000s	Change £000s	Transfers £000s	End of year £000s
Unrestricted							
Distributable							
Undesignated			11,321	3,898	(3,709)	(1,998)	**9,512**
Designated projects			250	-	-	1,100	**1,350**
Designated protected			-	-	-	900	**900**
Total distributable			11,571	3,898	(3,709)	2	**11,762**
Non distributable			1,195	-	-	-	**1,195**
Total unrestricted			12,766	3,898	(3,709)	2	**12,957**
Restricted							
Active projects							
Project	***Source***						
Ramparts	*HE*		102	13	-	-	**115**
Various	*MOD*		387	-	(22)	-	**365**
			489	13	(22)	-	**480**
Legacy projects							
Project	***Source***	***Total investment by PHQ***					
Boathouse 6	*HLF*	*£14.2 m – renovation*	1,470	-	(78)	-	**1,392**
Promenade	*HLF*	*£1.0 m – installation*	477	-	(20)	-	**457**
Interpretation	*HLF*	*£1.4 m – installation*	896	-	(25)	(2)	**869**
Porter's Lodge	*Various*	*£0.1 m – renovation*	80	-	(7)	-	**73**
Powerboats/Jetty	*LIBOR*	*£2.8 m – preservation*	1,578	-	(370)	-	**1,208**
Boathouse 4	*HLF*		2,863	-	(206)	-	**2,657**
Boathouse 4	*RGF*	*£5.1 m – renovation*	364	-	(364)	-	**-**
Boathouse 4	*Various*		146	-	(146)	-	**-**
Cell Block	*RGF*	*£0.7 m – renovation*	460	-	(22)	-	**438**
Priddy's Hard	*HLF*	*£1.2 m – renovation*	1,576	-	(191)	-	**1,385**
Coastal Forces	*HE*	*£0.5 m – renovation*	406	-	-	-	**406**
E Magazine	*HE*	*£0.5 m – renovation*	183	-	(16)	-	**167**
Other	*Various*		60	-	(36)	-	**24**
			10,559	-	(1,481)	(2)	**9,076**
Total funds			23,814	3,911	(5,212)	-	**22,513**
2023 (as restated and reanalysed)							
Unrestricted							
Undesignated general			11,569	3,596	(3,844)	-	11,321
Designated projects			366	2	(118)	-	250
Total distributable			11,935	3,598	(3,962)	-	11,571
Non distributable			1,567	-	(372)	-	1,195
Total unrestricted			13,502	3,598	(4,334)	-	12,766
Restricted active			492	6	(9)	-	489
Restricted legacy			11,053	308	(802)	-	10,559
Total funds			25,047	3,912	(5,145)	-	23,814

Portsmouth Historic Quarter Trust

(formerly known as Portsmouth Naval Base Property Trust) and its subsidiary undertakings

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

Trust 2024		Start of year	Income	Change	Transfers	End of year
		£000s	£000s	£000s	£000s	£000s
Unrestricted						
Distributable						
Undesignated		8,026	3,045	(2,209)	(2,095)	**6,767**
Designated projects		153	-	-	1,197	**1,350**
Designated protected		-	-	-	900	**900**
Total distributable		8,179	3,045	(2,209)	2	**9,017**
Non distributable		220	-	-	-	**220**
Total unrestricted		8,399	3,045	(2,209)	2	**9,237**
Restricted						
Active projects						
Project	***Source***					
Ramparts	*HE*	102	13	-	-	**115**
Various	*MOD*	387	-	(22)	-	**365**
		489	13	(22)	-	**480**
Legacy projects						
Project	***Source***					
Boathouse 6	*HLF*	1,470	-	(78)	-	**1,392**
Promenade	*HLF*	477	-	(20)	-	**457**
Interpretation	*HLF*	896	-	(25)	(2)	**869**
Porter's Lodge	*Various*	80	-	(7)	-	**73**
Powerboats/Jetty	*LIBOR*	1,578	-	(370)	-	**1,208**
Boathouse 4	*HLF*	2,863	-	(206)	-	**2,657**
Boathouse 4	*RGF*	364	-	(364)	-	-
Boathouse 4	*Various*	146	-	(146)	-	-
Cell Block	*RGF*	460	-	(22)	-	**438**
Priddy's Hard	*HLF*	1,576	-	(191)	-	**1,385**
Coastal Forces	*HE*	406	-	-	-	**406**
E Magazine	*HE*	183	-	(16)	-	**167**
Other	*Various*	60	-	(36)	-	**24**
		10,559	-	(1,481)	(2)	**9,076**
Total funds		**19,447**	**3,058**	**(3,712)**	-	**18,793**
2023 (reanalysed)						
Unrestricted						
Undesignated general		8,558	3,027	(3,559)	-	8,026
Designated projects		270	2	(119)	-	153
Total distributable		8,828	3,029	(3,678)	-	8,179
Non distributable		520	-	(300)	-	220
Total unrestricted		9,348	3,029	(3,978)	-	8,399
Restricted active		492	6	(9)	-	489
Restricted legacy		11,053	308	(802)	-	10,559
Total funds		20,893	3,343	(4,789)	-	19,447

Portsmouth Historic Quarter Trust

England & Wales - Charity number 293188

Accounts

Portsmouth Naval Base Property Trust

A Company Limited by Guarantee

Annual Report
for the year ended 31 March 2023

Company Registration no: 01959490 (England and Wales)
Charity registered no: 293188

Portsmouth Naval Base Property Trust

Annual report for the year ended 31 March 2023

	Pages
Governance and Management	1 - 2
Trustees' Report (including the Strategic Report)	3 - 20
Report of the Auditors	21 - 25
Consolidated Statement of Financial Activities (incorporating the Statement of Comprehensive Income)	26
Summary Income and Expenditure Account	27
Balance Sheets - Group and Trust	28
Consolidated Statement of Cash Flows	29
Notes to the financial statements	30 - 61

Governance

Trustees (also Directors)
David Butters (Chair)
Roger Ching
Michàl Cohen
Rear Admiral Rex Cox
Professor Virginia Gibson
Theresa Hall (resigned 30/06/23)
Philip Marriott (resigned 30/03/23)
Robert Palmer
Steve Pitt
Rear Admiral Neil Rankin CB CBE (resigned 22/07/22)
Michael Ridley

Chief executive
Hannah Prowse

Secretary
Patrick Holmes

Registered office
19 College Road
HM Naval Base
Portsmouth
PO1 3LJ

Statutory auditors
Moore (South) LLP
City Gates
2-4 Southgate
Chichester
West Sussex
PO19 8DJ

Bankers
The Royal Bank of Scotland plc
London Corporate Centre
62-63 Threadneedle Street
London
EC2R 8LA

Solicitors
Macfarlanes LLP
20 Cursitor Street
London
EC4A 1LT

Blake Morgan LLP
New Kings Court
Tollgate
Chandler's Ford
Eastleigh
Hants
SO53 3LJ

DMH Stallard LLP
3rd Floor
Origin One
108 High Street
Crawley
West Sussex
RH10 1BD

Investment Managers
Quilter Cheviot Ltd
Senator House
85 Queen Victoria Street
London
EC4V 4AB

Membership of Committees, Boards and Working Groups reporting to the Main Board (whose meetings are also attended as required by members of staff and other stakeholders)

Audit Committee
David Butters (appointed 30/06/23)
Roger Ching (Chair)
Theresa Hall (resigned 30/06/23)
Philip Marriott (resigned 30/03/23)
Robert Palmer
Rear Admiral Neil Rankin CB CBE (resigned 22/07/22)

Boat Committee
Rear Admiral Rex Cox
Robert Palmer (Chair from 22/07/22)
Steve Pitt
Rear Admiral Neil Rankin CB CBE (Chair until 22/07/22) (resigned 22/07/22)

IBTC Portsmouth College Board (dissolved 30/03/23)
Roger Ching
Rear Admiral Rex Cox
Professor Virginia Gibson
Philip Marriott (Chair)
Rear Admiral Neil Rankin CB CBE (resigned 22/07/22)

Operations Management Committee
Theresa Hall (resigned 30/06/23)
Philip Marriott (Chair until 30/03/23) (resigned 30/03/23)
Steve Pitt (Chair from 30/03/23)
Michael Ridley

Property Management Committee
Roger Ching
Michàl Cohen
Professor Virginia Gibson
Michael Ridley (Chair)

Interpretation & Education Committee
Michál Cohen
Professor Virginia Gibson (Chair)
Theresa Hall (resigned 30/06/23)
Steve Pitt

Priddy's Hard Development Committee
David Butters (Chair)
Michál Cohen
Robert Palmer
Michael Ridley

Trustees' Report for the year ended 31 March 2023

The Trustees present their Annual Report, together with the audited consolidated Financial Statements of the Trust for the year ended 31 March 2023.

Legal status

Portsmouth Naval Base Property Trust is a private company limited by guarantee and a registered charity.

Trustees

The following Trustees (who are also the directors of the company), acted during the year:

David Butters
Roger Ching
Michàl Cohen
Rear-Admiral Rex Cox
Professor Virginia Gibson
Theresa Hall (resigned 30/06/23)
Philip Marriott (resigned 30/03/23)
Robert Palmer
Steve Pitt
Rear-Admiral Neil Rankin CB CBE (resigned 22/07/23)
Michael Ridley

The liability of the Trustees is limited by guarantee of £1 each.

The Trust has formal selection and training procedures in place for its Trustees. Portsmouth City Council has the right to nominate two Trustees from time to time. Others are appointed based on the Trust's strategic needs for particular professional skills, experience and expertise. In May 2023 the Trust advertised for new Trustees and received a strong response as a result of which 6 new Trustees will be joining the Board before the calendar year end. All new Trustees receive an induction pack and guidance from the chair and other Trustees as appropriate. Formal training for all Trustees is arranged and delivered from time to time by, for example, charity law and other relevant specialists from the Trust's solicitors.

Remuneration

During the reporting year the Trust remunerated Trustees in accordance with the provisions contained in its Memorandum of Association. Since the charity was established, with the approval of the Charity Commission Trustees have been remunerated for services rendered up to annual limits agreed from time to time. It has become apparent in recent years that this is increasingly unusual as well as being a cost to the Trust so during 2022/23 it was decided to reduce the remuneration to a nominal sum.

The Trust remunerates its staff in accordance with established policies and procedures which are subject to review annually as part of a wider review of staff performance and market rates. Adjustments are recommended by the executive but are subject to approval by Trustees through the Audit Committee and then the full board.

Trustees' Report for the year ended 31 March 2023 (cont.)

Structure, governance and management

The Trust is governed by its Articles and Memorandum of Association. It has constituted various board committees and working groups as set out in the Governance section which precedes this report. These focus on particular areas within their respective terms of reference but approval of all annual budgets, budget revisions and non-budgeted expenditure is reserved for the board. Operational matters within approved strategy and budgets are delegated to the chief executive and other members of the senior management team but supported and scrutinised by the committees, working groups and full board.

The Trust's subsidiary companies as referred to in the Accounts are all wholly owned and all directors are directors/Trustees of the Trust. The subsidiary companies each have three directors. Decisions of the board of each company are taken within meetings of the Trust's board and committees. Each has its own annual general meeting.

The Trust's main advisers are set out in the Governance section which precedes this report.

Management of risk

A comprehensive risk register measures the extent of each risk and its likely impact on the Trust's business. The Trust reviews its principal risks and the risk register on a quarterly basis through its Audit Committee and then presented to the board.

Public benefit

The Trustees have had regard to the Charity Commission's guidance on public benefit.

Charitable purpose

During the year the charitable purpose of the Trust was "the preservation of buildings, structures, vessels, docks and berths of national interest or architectural or historic interest or historically associated with His Majesty's Naval Base at Portsmouth and the protection and augmentation of the amenities of such buildings, structures, vessels, docks and berths and their surroundings for the public benefit and the access to and enjoyment of the Naval Base buildings by the public for the purposes of education in naval history and other matters related to the Defence of the Realm."

On the 2 October 2023 the Trust updated its objects to better reflect its strategic goals. The charitable purpose of the Trust were updated to "the preservation of buildings, structures, vessels, docks and berths of national interest or architectural or historic interest or historically associated with His Majesty's Naval Base at Portsmouth and the protection and augmentation of the amenities of such buildings, structures, vessels, docks and berths and their surroundings for the public benefit including for the advancement of culture and the access to and enjoyment of the Naval Base buildings by the public for the purposes of education in naval history and other matters related to the Defence of the Realm."

Overview of assets and activities in pursuance of the Trust's charitable purpose

The Trust was established in 1985 by the Ministry of Defence (MoD) and English Heritage to take on surplus land and buildings of historic significance within the Portsmouth Harbour hinterland based on the principle of an endowment paid by the MoD to reflect the poor condition of the protected buildings and to help to offset the overall negative value of the sites.

Trustees' Report for the year ended 31 March 2023 (cont.)

The Trust's land holdings comprise:

- A 99-year lease granted in 1988 by the MoD comprising the 12 acre site forming the historic quarter of HM Naval Base, Portsmouth. Most of the historic buildings and other structures within the site have been renovated to bring them back into beneficial use. Many are sub-let at market rents to support the Trust's charitable purpose while others are sub-let on concessionary terms in support of fellow charities operating within the site.
- A 999-year lease granted in 2012 by the MoD of No. 2 Dock (which holds HMS Victory) and that part of the HMS Victory Port Arena contiguous with the land subject to the 99-year lease.
- Two leases granted in 2018 by the MoD comprising South Office Block, Bay 1 of the former Ropery, Storehouse 12 and the HMS Victory Starboard Arena with an expiry date coincident with that of the main 1988 lease.
- A 10-year lease granted by the MoD on 1 April 2022 comprising the Chain & Cable Test House (Building 1/41) in the Naval Base.
- The freehold of a four acre site in Queen Street acquired in the 1990's and subsequently developed as a mixed use scheme known as Admiralty Quarter. The Trust's retained interest comprises a visitor and public car park, four shop units which the Trust has let and ground rents from the 500+ apartments.
- The freehold of 23 acres of land at Priddy's Hard, Gosport acquired in 2009. This site is a former naval ordnance depot and comprises numerous historic buildings, the ramparts which are a scheduled ancient monument, the Explosion Museum of Naval Firepower (leased to the National Museum of the Royal Navy (NMRN) in 2013) and additional land with development potential. As noted below the Trust is continuing the ongoing regeneration of Priddy's Hard.
- A 125-year lease granted in 2014 of five acres of open land immediately to the north west of the Trust's Priddy's Hard property. This acts as a buffer against development by others adjacent to the ramparts and is also used for overflow parking for special events at Priddy's Hard.

The Trust works closely with other charities and stakeholders including the Royal Navy / MoD, Historic England, National Museum of the Royal Navy (NMRN), the Mary Rose Trust (MRT), Portsmouth City Council, Gosport Borough Council, the Coastal Forces Heritage Trust, National Historic Ships, University of Portsmouth (UoP), Shaping Portsmouth, the Association of Sail Training Organisations and Veterans Outreach Support. A blossoming relationship is Ankle Deep Studios, a partnership with the Sustainable Conservation Trust and UoP students whereby the Trust provides access and accommodation in the Historic Dockyard in return for specific and measurable creative output through student projects and other activities such as the design of bespoke merchandise for future sale to visitors and improvements to the Trust's websites and social media engagement. During 2022/23, the Trust has also developed closer relationships with a number of other educational, community and military/veterans' charities and organisations including The Royal Navy and Royal Marines Charity, Oarsome Chance, The Kings Theatre Trust Ltd, The Medusa Trust, Portsmouth Creates and Portsmouth and Gosport History.

The Trust also supports the activities of the Portsmouth Royal Dockyard Historical Trust (PRDHT) who promote the industrial history of the former Royal Dockyard and provide the artefacts for and assist the Trust in the maintenance and care of the Dockyard Apprentice Exhibition. The Trust provides working accommodation for the volunteers and storage facilities for PRDHT's archives and collection of artefacts.

Trustees' Report for the year ended 31 March 2023 (cont.)

Progress, activities and achievements of the Trust during the year

As mentioned in previous Annual Reports, the Trust remains concerned about the condition of various protected historic buildings in HM Naval Base, Portsmouth remaining in MoD ownership. In the absence of intervention these important heritage buildings continue to be at serious risk. The Trust will continue its dialogue with the MoD with a view to finding a mutually agreeable solution to ensure the long-term survival of these precious historic assets. The Trust welcomes the appointment of Brigadier Jock Fraser to oversee Royal Navy heritage buildings and the collaborative and pragmatic approach being taken by the current Naval Base Commander.

Strategic review

The strategic review by the board and the Senior Management Team which began in 2021/22 continued though the year and included a joint away day in May 2022. The Board agreed a new overarching vision for the Trust, drawn from its charitable purpose:

As custodians of historic buildings, boats and spaces in and around Portsmouth Harbour, we breathe new life into this Naval heritage, creating energy and vibrancy, ensuring that it is accessible for all. We are an ambitious and collaborative charity. We actively create and curate authentic, educational, sustainable and enjoyable places, experiences and opportunities.

This vision will be delivered through four strategic aims:

PRESERVE Being active in the conservation, restoration and regeneration of important assets and places which are at risk, or under-utilised
DEVELOP Operating a sustainable charity with a long-term vision and sufficient resources to intervene and make a difference
EDUCATE **Achieving and maintaining high standards in interpretation and education**
ENJOY **Working with heritage and other partners to develop and manage a world class visitor destination, centred on the Portsmouth Historic Dockyard; developing a thriving and engaged community at Priddy's Hard**

The activities described below all relate back to one or more of these aims and new propositions and possibilities are tested against how they further the aims as well as other considerations such as business case where relevant.

Trustees' Report for the year ended 31 March 2023 (cont.)

Collaboration with key stakeholders in Portsmouth Historic Dockyard

Alongside consideration of its own vision and aims, the Trust has initiated a process with NMRN and MRT to explore a combined vision and strategy for Portsmouth Historic Dockyard. Assisted by an external facilitator, the respective chief executives met initially to share and analyse key priorities for each charity relating to the Dockyard, which revealed a high level of commonality while recognising some non-negotiable boundaries for each organisation. Building on this the group worked on the text of a provisional shared vision which was tested and refined in a larger session including other members of the senior management teams. In summer 2023 the three stakeholders signed a memorandum of understanding committing to further collaboration and this is being implemented through fortnightly meetings of the chief executives and regular meetings of operational heads. The parties are already implementing enhanced levels of collaboration in operational matters, information sharing and the co-ordination of grant applications, recognising that this approach benefits each individually and collectively.

Portsmouth Historic Dockyard visitor attraction

As noted above the Trust, NMRN and MRT are working collaboratively for mutual benefit and to enhance the visitor experience and wider public benefit which they are able to deliver.

In summer 2022, the Trust led on Dockyard events to mark the D Day anniversary and the platinum jubilee of Her Late Majesty the Queen over the same weekend in June and hosted the annual Armed Forces Day celebration in partnership with Portsmouth City Council. The site also hosted the closing day and awards ceremony of an inaugural sea angling competition which brought new audiences to the Dockyard and the city, with the City Council and Gunwharf Quays hosting other parts of the five day event.

The Trust continues to invest in the Historic Dockyard for the benefit of visitors. Public facing improvements in the year include the cyclical external redecoration of the Visitor Centre, Boathouse 5 and Storehouses 10 and 11, completion of the replacement walkways either side of the Mast Pond, a new staircase within Boathouse 4 and the ongoing roll out of new outdoor furniture (manufactured from sustainable recycled plastic which requires minimal maintenance). Overall, the Trust spent £788,000 in 2022/23 on maintenance and Dockyard capital improvements of which about £252,000 was recoverable through lease service charges with the balance coming from the Trust's funds.

As well as maintaining the site, its buildings and infrastructure, the Trust contributes to the visitor attraction through the Dockyard Apprentice exhibition in Boathouse 7, the Forgotten Craft exhibition in Boathouse 4, the ever-popular harbour boat tours and boat rides on some of the Trust's historic vessels. Agreement was reached with a new operator for the Mini Port electric boats on the Mast Pond which are very popular with younger children. As part of the arrangement, the operator implemented various improvements to the access pontoons and queuing area.

In November 2022, Boathouse 4 restaurant was relaunched by the Trust and its catering contractor Baxter Storey with seasonal menus designed by award winning young chef Ruth Hansom. As well as offering a premium dining option for Dockyard visitors, it is intended that as business develops Boathouse 4 will become a destination restaurant in its own right, attracting guests from across the city and further afield. Special events such as a periodic evening supper club are helping to grow the brand. The exceptional food and service and the unique Harbourside location, have been recognised by extremely positive Tripadvisor reviews since the relaunch.

Boathouse 7 restaurant and the cafes in the Visitor Centre and the Mary Rose Museum also continue to operate, offering visitors a choice of venues and price points. Picnic tables are available around the site for those who wish to bring their own food.

While visitor numbers to the Historic Dockyard are still below pre-pandemic levels (the number of overseas visitors in particular continuing to be much reduced) attendance has shown a positive trend since October half term and since the beginning of 2023. This has continued post year end with visitor numbers for April to August 2023 being up 20% on the equivalent period in 2022. Across the visitor attraction industry, there are concerns looking forward due to the national cost of living crisis but the Trust, NMRN and MRT remain keen to maximise the site's share of what custom is available by offering an exceptional experience to visitors.

The Trust's activities in this section contribute to all four strategic aims – Preserve, Develop, Educate and Enjoy.

Free entry to Portsmouth Historic Dockyard and Priddy's Hard for the public benefit

Free access to the Historic Dockyard (alongside paid access to the ships and museums) has long been a cornerstone of the Trust's activities for public benefit. After a brief suspension due to pandemic related legal restrictions, visitor safety and the need to maximise revenue for all three charities during a very difficult period, free access was reinstated in November 2021. Since then free entry has been permitted at all times when the Dockyard is open to the public.

The free entry ticket has been branded the Historic Quarter Pass. This reflects the site's historic role as an intrinsic part of the city of Portsmouth and the Trust's desire to connect with communities across the city. In 2022/23 more than 68,000 visitors enjoyed access using the Historic Quarter Pass

Public access and enjoyment of the Trust's estate at Priddy's Hard took huge steps forward during the year. Working with volunteers from Portsmouth and Gosport History (a local interest group) five open days allowing access to the historic Ramparts took place and more than 2,500 visitors were able to view this long-hidden historic gem. As the Ramparts are a scheduled monument and for safety reasons, access has to be supervised but it is hoped that the number of open days can increase over time.

The Trust made premises at Priddy's Hard available to Portsmouth and Gosport History in May 2022 to host a free public exhibition commemorating the 40th anniversary of the Falklands Conflict and its impact locally.

The Powder Monkey brewery and tap house at Priddy's Hard (in buildings restored by the Trust with National Lottery Heritage Fund grant as reported in previous years) have flourished and attracted visitors to enjoy the history of the site and views across Portsmouth Harbour as well as to sample their fare. Special events attracting notable crowds include the monthly farmers' market in the brewery, occasional music events and a very successful Christmas fair.

Interpretation panels have been installed around Priddy's Hard explaining the history and importance of the site. These were the final aspect of the Lottery funded scheme to be implemented and they enhance the visitor experience with easily comprehensible historical insights.

Free entry and public access contribute to the Trust's strategic aims Educate and Enjoy.

Trustees' Report for the year ended 31 March 2023 (cont.)

IBTC Portsmouth

Despite extensive efforts to rationalise and diversify the offer, and with support from the National Lottery Heritage Fund to improve its resilience, the college continued to operate at a very substantial and unacceptable annual deficit in 2022/23. As reported last year the Trust's strategic review included a full review of the costs and operation of IBTC Portsmouth, consultation with individuals, National Historic Ships, the wider maritime sector and private philanthropists and analysis of financial modelling across a series of options for the operation of the college.

In May 2022 the Trust, with regret, concluded that the college would not be able to generate sufficient revenue to cover the cost of delivery in any of the wide-ranging scenarios considered and was therefore financially unsustainable. The review also concluded that in its current form the college did not use Boathouse 4 to its full potential to deliver the needs of the sector. The Trust therefore took the difficult decision to wind up college operations, honouring its commitment to existing students and ceasing IBTC Portsmouth training at the end of February 2023.

The final cohort of students who graduated in February all passed with Distinction. Since summer 2022, some previous graduates have operated a business within BH4 which further develops their boat building skills and contributes rent to the Trust.

The Trust remains dedicated to developing its educational offer in line with its charitable purpose and to Boathouse 4 remaining a thriving hub for its volunteers and for trainees working on its historic craft collection. The Trust is looking to support training opportunities in partnership with industry and in a manner more aligned with the needs of the marine sector.

In collaboration with British Marine and South Devon College, the Trust has created a 16 week training model to deliver the needs of industry. Through the work of the UK Shipbuilding Skills Taskforce, this model has been presented to the Secretary of State for Defence and the Secretary of State for Education – both of whom were supportive. The Trust is exploring funding models for a pilot scheme.

The college and the replacement offer contribute to the Trust's strategic aims Educate, Preserve and Enjoy.

Boat collection and operations

The projects funded by the Chancellor's LIBOR scheme are drawing to a close, with the entire programme being completed within approximately £10,000 of the initial £2.4m budget. The CMB (Coastal Motor Boat) has had its engines installed and was launched in Summer 2023. ASC26, the armed steam cutter, continues to progress under the care of an entirely volunteer-led team and should be ready for launch next year.

The preservation of the Trust's collection of vessels has continued this year, with several major projects undertaken. MGB81 was discovered to have developed deck rot and significant investment was made to have this removed and the wood replaced. VIC56 was put in steam and for the first time in several years undertook a voyage up the harbour. She was surveyed, repaired and antifouled and shown to be in sound condition.

As a National Historic Ships Shipshape Hub, the Trust has played host to visiting historic vessels and arranged joint sailings and volunteer exchange days for 'CPD'. It is delighted to have forged a growing relationship with the Shieldhall steam ship and the two will look to continue to learn from each other. The Trust's craft continue to provide wider inspiration – with National Historic Ships' Photographer of the Year award won by Mark Sutherland with his photo of MGB81. MGB81 was also invited to participate in the Solent Royal Jubilee Celebration in Cowes, where she joined a fleet of vessels reviewed by HRH the Princess Royal and Sir Tim Laurence.

F8, the Trust's Falkland's Landing Craft, was National Historic Ships "Operational Flagship of the Year" and took 2,919 visitors out onto the water in the reporting year. The larger vessels, hosted around 30 charter trips: in addition to commercial charter activity the Trust also worked in partnership with VOS, Forgotten Veterans and Admiral Jellico House to support their work.

Boathouse 4 and the boat collection again played host to a memorable D-Day event in June, with veterans from D-Day taken out for a trip aboard MGB81 (herself a D-Day veteran). The Trust was honoured to have been joined at this event by Penny Mordaunt MP and Stephen Morgan MP, but most importantly, by four D-Day veterans.

The Trust was delighted that Emily Ball, a trainee Shipwright, who joined from the Government Kickstarter scheme last year, was a finalist in the Portsmouth News Business Awards as Apprentice or Trainee of the Year. Although narrowly missing out on the top prize, Emily was highly commended for her achievements.

During the reporting year, the Trust's only fund-raising activity directed at individual donors was the placing of collection boxes inviting people to contribute towards the cost of maintaining the Trust's historic boat collection both within Boathouse 4 where some of the collection is on display and on or adjacent to particular boats when they are off site, for example at regattas and boat shows. No professional fund-raiser or commercial participator carried out any fund-raising activities for the Trust. The charity was not subject to an undertaking to be bound by any voluntary scheme for regulating fund-raising, or any voluntary standard of fund-raising. The Trust did not actively monitor the behaviour of staff working near to any of the collection boxes, but the general approach taken by staff was not to solicit donations but to direct anyone who asked to the boxes and thank people who placed money in the boxes. The Trust received no complaints about fund-raising activities by it or anyone acting on its behalf. Given the passive nature of the fund-raising activity the Trust took no particular steps to protect vulnerable people and members of the public against unreasonable intrusion, unreasonably persistent approaches or undue pressure to donate.

The boat collection and operations contribute to the Trust's strategic aims Preserve, Educate and Enjoy.

Social impact

A crucial part of the Trust's vision is to breathe life into the Historic Dockyard spaces and to increase accessibility for all. To that end, the Trust hosted a number of activities and charitable partnerships in the reporting year, 'breaking down the wall' of the Dockyard:

- The D-Day 78/Platinum Jubilee celebration included singers, local actors, model boats, veterans, boat excursions, and afternoon tea. It was free to enter and advertising was specifically targeted at the least affluent areas of Portsmouth to try and encourage new communities to engage with their heritage.

- The Royal Navy and Royal Marines Charity launched a pop up 'charity shop' in BH5 which welcomed an estimated 4,500 visitors in the first week and offered a chance for them to showcase the work that they do on behalf of naval families
- The Trust supported ASTO – the Association of Sail Training Organisations – by hosting their annual conference in Boathouse 6 and offering berthing to ASTO vessels working with young people
- Working with Portsmouth City Council, the Trust played host to the City's Armed Forces Day celebrations, featuring field gun competitions, the Royal Marines Association Band and Family Activities
- The Royal Naval Association were supported with the gift of Boathouse 5 to host the Uckers World Championship – keeping an aspect of intangible naval heritage alive
- Essential Teaching UK hosted the *First Lego League Challenge Event* in BH6, Action Stations. This event offered a hands-on approach to introducing youth to STEM learning through kinetic building with Lego, with the Explore and Challenge events specifically aimed at the ages of 6 – 10 and 9 – 16 respectively. Several schools from the wider local area were invited to take part, and the organisers report that the Challenge Event was well attended.

PNBPT was delighted during the year to formally pledge its support to the Armed Forces Covenant, which recognises and reinforces the Trust's commitment to working with veterans.

The Trust continued to support artists and creative communities in Portsmouth through the year. Artist in residence, Pete Codling, has made substantial progress with his major project "Crowd" to depict Portsmouth people past and present on sails replicating actual sizes used on HMS Victory and Mary Rose. The accompanying public engagement programme embraces the civilian and military populations of the Dockyard, the wider city and diverse communities of Portsmouth and students across the generations from local schools to the University of Portsmouth and the University of the Third Age. The Trust has supported the project since it began in 2021 through the provision of studio space in Storehouse 9, which also hosts much of the engagement activity.

Ankle Deep Studios have continued to welcome University of Portsmouth students into the Historic Dockyard to undertake projects. Over 450 young people worked in and were inspired by the dockyard heritage in the year. In collaboration with the Sustainable Conservation Trust, PNBPT supported a range of artists in displaying their work in the Historic Dockyard:

- The Map Room – Fort as Time Machine – Nicola Crowson and Tina Wallbridge in Storehouse 9 attic. A virtual exhibition supported by the University of Portsmouth exhibiting student collaborated work
- Interactive Weaves – Alice Hume: this Arts Council England funded project has found a home in the Porter's Garden where it can be publicly and freely accessible
- Matter of MRI environment – PhD student Jennifer Crouch: an exhibition, workshops and talks were hosted for free in the ground floor of Storehouse 9
- University of Portsmouth MA Photography students exhibition 'Women' – hosted in Boathouse 5
- B Corp Purpose Party – a pop up event and collaborative networking hosted in Boathouse 5 in partnership with B Corp Hampshire

The Trust has a very close relationship with the Portsmouth Royal Dockyard Historical Trust and was delighted to support with the launch of their Triangle Girls project, looking at the women who worked in the Portsmouth Dockyard during World War One. This event secured excellent TV and media coverage and over the coming year the Trust will be looking for ways in which it can bring more stories to the fore around the history of the Dockyard workers.

In recognition of the Trust's engagement with the cultural life of the city as well as its prominence as owner of one of the region's leading visitor attractions, local newspaper The News named the Trust winner of the Culture or Leisure Business of the Year award in The News Business Excellence Awards 2023.

As part of the wider heritage community, and members of the Heritage Alliance, the Trust has been active in advocacy and awareness raising around issues affecting heritage estates. This year the executive team campaigned strongly to raise awareness of the effect of rising energy prices on heritage bodies – lobbying DCMS and leading the debate on television and other media outlets. The Trust welcomed the continued support for cultural institutions but will continue to press for long term measures to enable heritage and cultural bodies to be more sustainable – both economically and environmentally.

These social impact activities contributed to the Trust's strategic aims Educate and Enjoy.

Volunteering

The Trust currently has 112 volunteers regularly engaged in the care, maintenance and operation of historic vessels and the tending, planning and upkeep of the Porter's Garden, an area of historic recreational gardening within the Historic Dockyard. These include one volunteer who attends with a support worker, ten who have mental or physical impairments, and a Ukrainian refugee. An especially proud moment this year was the celebration of the 80th birthday of one volunteer who has been volunteering with the Trust for over 20 years.

It has long been recognised that the relationship with volunteers is two-way and that the benefits of volunteer-led schemes work just as well for the volunteers themselves as for the organisation they volunteer with. It would be difficult to accurately quantify the monetary value of the hours of volunteering the Trust receives and to do so would fail to appreciate the true value of the commitment. It would also fail to appreciate the value to the individuals themselves and the wider community.

As noted in last year's report the volunteer hub is a permanent base for the Trust's volunteers and provides a warm and comfortable space to meet, chat, eat and relax during their day when they are not active with the boats, supporting staff in BH4 or gardening. In summer 2022 the environment was transformed with redecoration and improved floor coating, improvements to the washroom and toilet facilities and new personal storage lockers for the volunteers to use. The choice of furnishing and layout took into account the comfort and specific requirements of the volunteers to improve accessibility and functionality for them.

The existence and activities of the Trust's volunteer group contribute to its strategic aims Preserve, Educate and Enjoy.

Trustees' Report for the year ended 31 March 2023 (cont.)

Leasing activity

Where parts of the Trust's estate are surplus to museum and visitor attraction requirements but suitable for other uses, the Trust generates income by leasing these to appropriate third party businesses. These are mostly on short term leases or licences to occupy to maintain flexibility to take back the premises if the Trust's requirements change. In all cases the Trust retains responsibility for and control over maintenance of the exterior and structure of the relevant building and alterations by the occupier are strictly limited. During 2022/23 new or renewal deals were agreed which yield income in excess of £170,000 per annum.

The income generated supports the maintenance of the estate and cross-subsidises other activities and thereby contributes to the Trust's strategic aims Preserve and Develop.

Regeneration of Priddy's Hard, Gosport

The final aspects of the regeneration project supported by the National Lottery Heritage Fund were completed during the year. These included the site interpretation panels mentioned above, the fitting out and equipping of the holiday let and some internal works to Building Q.

The Powder Monkey brewery in E Magazine and tap house overlooking the Harbour in Building M continue to flourish and attract leisure and corporate visitors to Priddy's Hard. Building P opened to the public as the Night Hunters exhibition of coastal forces, operated by NMRN as part of the ticket to Explosion museum.

Building U launched as a holiday let in July 2022 under the name Adventure Prospect. This commemorates the Royal Navy's sail training vessel 'Adventure' which entered the inaugural Whitbread Round the World Challenge 50 years ago. The opportunity to stay in a historic building on a heritage site with views across the Harbour to Portsmouth Naval Base and its ships has proven very popular, resulting in high levels of occupancy and excellent guest reviews on Air BnB.

The Trust has enhanced its investment in Priddy's Hard by appointing a site manager to build and maintain relationships with neighbours and stakeholders as well as keeping on top of maintenance, minor improvements and security.

Public access to the Ramparts and events held at Priddy's Hard have been noted in the public access section above. Post year end, from May 2023 the Trust has worked with Portsmouth and Gosport History to establish a volunteer team to contribute to the maintenance of the Ramparts. C Magazine serves its intended purpose as an equipment store and welfare hub for the volunteers and as part of the arrangement Portsmouth and Gosport History use the building as their office and meeting space.

The Trust has explored interim uses for unrestored buildings whose condition (with light touch improvements) allows this to bring more life and footfall to the site. The buildings to the west of the Green are hosting an emerging cluster of artistic and creative businesses who pay affordable rents which help to support the Trust's other activities and future plans for Priddy's Hard.

Elite Homes completed the construction of their houses in Site T (now known as Cartridge Close) and the site of the former Cook House with new residents moving in from June 2022. The Trust received from Elite the deferred portion of the land sale price. Work is ongoing on the houses at the southern end of the Ramparts.

Trustees' Report for the year ended 31 March 2023 (cont.)

The Trust's plans for the remaining unrestored historic buildings and undeveloped areas of Priddy's Hard are referred to below.

The works, businesses and activities at Priddy's Hard contribute to all of the Trust's strategic aims – Preserve, Develop, Educate and Enjoy.

Admiralty Quarter

The development of Admiralty Quarter was completed in 2008 by the national house builder, Crest Nicholson. In common with many residential developments of that era it has emerged that the buildings have a range of issues relating to fire safety including cladding, wooden balconies and fire stopping. The Trust continues to liaise with the developer, the managing agents and the residents' management company to address these and it is likely that some but not all of the remedial work will qualify for Government funding. The Trust is satisfied that legal responsibility for remediation rests with the leaseholders and Crest Nicholson, a responsibility the management company accepts having taken independent legal advice. In April 2022 it was announced that Crest Nicholson has signed up to the Government pledge to deal with cladding issues on tall buildings without cost to leaseholders. Discussions between the management company/managing agents, Crest Nicholson and its contractor about remedial works are ongoing.

The income generated from Admiralty Quarter (comprising ground rents from the apartments, rents from the shop units and car park revenue) contributes to the Trust's strategic aims Preserve and Develop and the car park supports the aims Educate and Enjoy by facilitating visits to the Historic Dockyard.

Security and counter-terrorism, health & safety and safeguarding

The Trust continues to take a lead in putting policies and plans in place to protect, insofar as possible, those working at and visiting its estate.

Working in partnership with Hampshire Police, MoD Police, Counter Terrorism Policing South East and Portsmouth City Council, the Trust continues to maintain and improve security around Victory Gate, the visitor entrance to the Historic Dockyard. All staff receive annual security and terrorism awareness training. Front of house staff receive additional training and the Trust engages in regular counter-terrorism exercises with HM Naval Base and Government agencies.

The Trust is engaging with the new legal duty on owners and operators of publicly accessible locations to protect and prepare against the risk of terrorist attacks so that it can both comply with the new duty and embrace evolving best practice.

The Trust continues to strengthen its commitment to health & safety and to embed within the culture of the organisation the highest possible standards.

While the Trust has minimal contact with vulnerable members of the community, it has in place protocols on safeguarding and there have been no reported safeguarding issues.

All of these activities support a safe working environment and visitor access to the Historic Dockyard and Priddy's Hard and thereby contribute to the Trust's strategic aims Develop, Educate and Enjoy.

Trustees' Report for the year ended 31 March 2023 (cont.)

Energy costs and sustainability

Rising energy costs since early 2022 have had a massive impact on the Trust. Until July, prices for the energy bought in the commercial market were fixed by a two-year agreement which started in 2020. Knowing that any new contract would be likely to be at much higher rates, the Trust engaged two brokers who both sought the best (or least bad) deals available from a wide range of suppliers. Notwithstanding this, the unit cost under the new contract increased almost fivefold for gas and threefold for electricity compared to the favourable pandemic rates achieved in summer 2020. Costs under the contract fell slightly from April 2023 but remain significantly above 2020 levels.

Some of the Trust's energy in the Historic Dockyard is supplied by MoD via the Naval Base. The costs of this also increased, but by a much lower percentage. A further increase of up to 90% applies from April 2023.

The overall effect of the increases is that the Trust's contractual energy costs for 2022/23 were 4.1 times higher than the previous year and will remain at high levels in 2023/24. The Government support under the Energy Bill Relief Scheme has been welcome but offered only partial relief, lowering the impact in 2022/23 to a 3.7 times increase on the previous year.

The Trust was already committed to improving the environmental sustainability of its activities but current energy costs have helped to bring this into even sharper focus. In August 2022, specialist consultants Max Fordham were engaged to provide an overview of the carbon footprint of the Trust's buildings in Portsmouth Historic Dockyard and recommend measures for improvement. They provided their initial report in October, which included advice on quick wins as well as suggested further studies and longer term strategies. Nearly all of the buildings are old and often of simple construction without insulation. Most of them are listed, which limits the extent of physical interventions to improve energy efficiency. Even so the Trust has been able to implement quick wins such as installing additional thermostatic controls, increased discipline over timer controls, reducing hot water flow temperatures and addressing local issues in hot spots identified with a thermal imaging camera. Through the winter energy consumption in each building has been closely monitored so that any unexplained increases can be investigated and addressed promptly.

Following recent policy changes by Historic England with regard to solar panels on listed buildings, the Trust submitted a formal pre-application to Portsmouth City Council for planning permission for solar panels on the roofs of Boathouses 5 and 7. After consultation with Historic England, the Council approved the concept. The Trust is investigating funding options for this and other projects.

At Priddy's Hard, the Lottery funded project for the restoration of some of the listed buildings which took place from 2020 to 2022 included modern measures such as LED lighting, insulation and, for some buildings, air sourced heat pumps so they are a lower priority for further changes. Future projects to restore the remaining buildings will have regard to Historic England's revised policies on matters such as solar panels and secondary glazing.

Sustainability measures contribute towards the Trust's strategic aim Develop.

Trustees' Report for the year ended 31 March 2023 (cont.)

Plans for future periods

The Trust is keen to conclude the work with NMRN and MRT to agree a combined vision and strategy for Portsmouth Historic Dockyard and then work collaboratively to implement this.

Following the Trust's strategy review it will be considering whether its name and brand adequately communicate its vision and aims.

At Priddy's Hard, the Trust has taken a step back to consider options for restoration of the remaining historic buildings and regeneration of the rest of the estate. In the summer of 2022, architects Witherford Watson Mann were appointed to work up a masterplan which was presented to the board in December. The outcome comprises a mix of residential, creative, cultural and commercial/education uses. The commercial viability of different aspects is being investigated alongside conversations with Art Council England and others about grant funding and dialogue with potential commercial partners. Flood defence works are likely to be a requirement of any further development. Depending on the nature and extent of these, further development may not prove viable.

Review of the Transactions and Financial Position of the Trust

The accounts show a deficit being made in the financial year £1,326k, £642k of this relates to unrestricted funds and the remainder to restricted funds. £300k of the deficit is attributable to the revaluation of the ground rent income at Priddy's Hard and £644k is depreciation, both of which are book values rather than cash changes.

Unrestricted funds

The Group's unrestricted income has increased by £467k (14.9%) over the previous year. Income from charitable activities has increased by £505k, boosted by the increase in visitor numbers. This includes additional car park income of £83k and £105k of new and reviewed rental income. Investment income has increased by £47k reflecting the increase in interest rates during the year. Other income includes an insurance settlement relating to storm damage to the Boathouse 4 roof. Partially offsetting these increases, income from other trading activities decreased by £209k following the closure of IBTC in the year.

Unrestricted expenditure increased by £295k (8%) from the previous year, £177k was attributable to the increase in deferred tax charge as a result of the change in corporation tax rate from 19% to 25% effective 1st April 2023. Support costs rose in the year following changes in the mix of roles and salaries, this was offset by a reduction in legal and professional fees as the current phase of the Priddy's Hard regeneration was finalised at the start of the year.

Restricted funds

The movement on restricted funds is set out in note 30 to the Accounts.

Restricted income dropped by 57% from the previous year as grant funding available during and directly after the pandemic ceased, however the Trust benefited from two grant instalments from the Heritage Lottery Fund totalling £306k in relation to building resilience for traditional wooden boatbuilding and the regeneration of Priddy's Hard.

A significant proportion of the remainder of the expenditure relates to the amortisation of heritage assets. This includes the Millennium projects, leasehold property, LIBOR, Boathouse 4, Cell block project and Priddy's Hard. With the exception of internal recoveries within central project management, all grants received in respect of Millennium projects were towards capital projects and are amortised over the estimated useful life of the assets.

Balance Sheet

The accounts show a strong balance sheet even following the deficit made in the financial year which reduced the reserves. Overall, group net assets have decreased on the result seen in 2022 to £25,354k. This figure includes a net revaluation of £300k relating to investment property (specifically the ground rents / freehold interest in the flats at Priddy's Hard constructed in the mid 2000s) as required by the application of current Accounting Standards.

This asset value includes buildings leased to the Trust by the MoD in Portsmouth Historic Dockyard. However, due to their location within the Naval Base these buildings could not realistically be sold by the Trust (and nor would the Trust wish to sell them) or be used as security for finance.

During the year the Trust repaid in full the loan it had taken out under The Coronavirus Business Interruption Loan Scheme in the light of rising interest rates and sufficient assets and cashflow to support the Trust's activities without the loan.

Reserves Policy

The reserves the Trust have set aside provide financial stability and the means for the development of the Trust's charitable activity. The Trust's activity includes large investments in capital projects and as such, the Trustees accept that the level of reserves will fluctuate year on year. The Trust intends to maintain the free reserves in the region of six months of core costs, which currently equates to approximately £1.8m but accept variations either side of this. The Trust receives income from several different streams with some being secure providing comfort to the Trustees when entering a position with low reserves.

The current level of reserves is much higher than is required by the policy. These reserves have been accumulated over many years and the Trust is likely to use the reserves in the following manner:

- To support the Trust coming out of the pandemic. The Trust is in a transition period to enable it to stabilise. Deficits are likely to be made during the next few years and the Trust will be drawing down on reserves.
- Planned investment in capital projects over the next few years with in addition to funds already allocated.
- Invest in opportunities when they may arise. This could include investing in existing assets which will benefit the Trust in the medium to long term.

The net assets are represented mainly by cash, the investment portfolio, investment properties and tangible fixed assets. The Trust is in a position to be able to leverage borrowing against these unencumbered assets if required.

The level of free reserves at 31st March 2023 is £2.3m, which covers over eight months of core expenditure and is above the level required by the policy.

Trustees' Report for the year ended 31 March 2023 (cont.)

Investment Powers and Policy

The Trust delegates the day-to-day responsibility for its investment portfolio to its investment manager. The Trust has relied upon the experience and expertise of the investment manager to deliver a balanced and diversified portfolio that will create an appropriate annual income and generate capital growth to meet the investment objective. The Trust is satisfied with the portfolio performance, which was regularly reviewed throughout the year. The Trust has an investment policy approved by the board which sets out how the Trust balances requirements for cash reserves, liquidity and investment returns against risk. The financial objective for the investment portfolio is to at least maintain the real value of its assets whilst generating a stable and sustainable return to fund both annual operations and future projects whilst not taking undue risk. The Trust's ambition is to be at the forefront of responsible investment practice and believes that taking account of environmental, social and governance (ESG) issues is an intrinsic part of being a good long-term investor, for both ethical and financial reasons.

Availability and Adequacy of Assets of each of the Funds

There are adequate and available assets in each fund, sufficient to meet all liabilities and obligations of the Trust.

Trustees' Responsibilities

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

(1) select suitable accounting policies and then apply them consistently;
(2) observe the methods and principles in the Charities' SORP;
(3) make judgements and estimates that are reasonable and prudent;
(4) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
(5) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and group, which enables them to ensure that the financial statements comply with the Companies' Act 2006. They are also responsible for safeguarding the assets of the charitable company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the maintenance and integrity of the corporate and financial information included on the Company's website.

Trustees' Report for the year ended 31 March 2023 (cont.)

Statement of Disclosure to Auditor

The Trustees confirm that:

(a) so far as the Trustees are aware, there is no relevant audit information of which the company's auditors are unaware, and
(b) they have taken all reasonable steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Indemnity Insurance

The Trust has paid a premium of £984 (2022: £879) during the year in respect of professional indemnity insurance for the trustees.

Auditors

The auditors, Moore (South) LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Approved by the Board of Trustees on 30 October 2023 and signed on its behalf by:

David Butters
Chairman

Roger Ching
Trustee, Chair of Audit Committee

Independent Auditors' report to the members of Portsmouth Naval Base Property Trust

Opinion

We have audited the financial statements of Portsmouth Naval Base Property Trust (the 'charitable parent company') for the year ended 31 March 2023 which comprise Consolidated Statement of Financial Activities (including Income and Expenditure Account), the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. 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.

Independent Auditors' report to the members of Portsmouth Naval Base Property Trust (cont.)

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.

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' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' annual report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' annual report.

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 18, 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 and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' report to the members of Portsmouth Naval Base Property Trust (cont.)

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- The engagement partner selected staff for the audit who had prior experience and appropriate knowledge and who had the required competence and skills to identify or recognise non-compliance with laws and regulations.

- We assessed the risk of irregularities as part of our audit planning, and ongoing review, including those due to fraud, management override was identified as a significant fraud risk. This is due to the ability to bypass controls through inappropriate expenditure and accounting policies adopted.

- Completeness of grant income was deemed a significant risk. Additionally as some income received is restricted in its use, a significant risk was identified regarding the correct classification of income between restricted and unrestricted funds and that the expenditure against this income was in line with any special restrictions.

- Valuation of fixed assets was deemed a significant risk due to the nature of the assets and the potential impairment.

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and subsidiary company's and we considered the most significant are the Companies Act 2006, the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council. We considered how the charitable company and subsidiary entity complies with these requirements by discussions with management and those charged with governance.

Independent Auditors' report to the members of Portsmouth Naval Base Property Trust (cont.)

- We enquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations. Consideration was also made of the internal controls in place to mitigate the identified risks.

- We assessed the control environment, documenting the systems, controls and processes adopted. The audit approach incorporated a combination of controls where appropriate, analytical review and substantive procedures involving tests of transactions and balances. Any irregularities noted were discussed with management and additional corroborative evidence was obtained as required.

To address the risk of fraud through management override we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify any unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- reviewed transactions with related parties and in particular with group entities and Trustees;
- reviewed the disclosures within the financial statements to ensure they meet the requirements of the accounting standards and relevant legislation; and
- tested a sample of transactions that could be influenced by actions of management.

To address the risk of completeness of income we:-

- performed analytical procedures to identify any unusual or unexpected relationships, along with comparison to budget;
- tested a sample of grants to supporting documentation confirming income correctly accounted for;
- reviewed grants received around the year end, ensuring cut-off was correctly applied; and
- agreed deferred income to supporting documentation.

To address the risk of classification of income between restricted and unrestricted we:

- agreed a sample of income recorded in the nominal ledger to source documentation to ensure any restrictions were correctly identified;
- agreed a sample of expenses incurred to ensure that they had been allocated to the correct fund; and
- obtained and reviewed fund analysis workings to ensure that the calculations were correct and agreed to the accounting records.

To address the risk of valuation of fixed assets we:-

- reviewed and discussed the basis of the valuation with management;
- reviewed the assessment of impairment by the Trustees.

There are inherent limitations in our audit procedures described above. The more removed the laws and regulations are from the financial statements, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect that those that arise from error as they may involve deliberate concealment of collusion.

Independent Auditors' report to the members of Portsmouth Naval Base Property Trust (cont.)

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 and, in respect of the consolidated financial statements, to the charity's Trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's Members and Trustees those matters which 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 any party other than the charitable company, the charitable company's members, as a body, and the charity's Trustees, as a body, for our audit work, for this report, or for the opinion we have formed.

Danielle Griffin

Danielle Griffin (Senior Statutory Auditor)
For and on behalf of Moore (South) LLP

Statutory Auditor

31 October 2023

City Gates
2-4 Southgate
Chichester
West Sussex
PO19 8DJ

Consolidated Statement of Financial Activities (incorporating the Statement of Comprehensive Income) For the year ended 31 March 2023

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2023 £	Total 2022 £
Income:					
Donations and legacies	4	21,380	314,158	335,538	756,293
Income from charitable activities	5	3,290,853	-	3,290,853	2,753,858
Income from other trading activities	6	120,041	-	120,041	328,977
Investment income	7	67,626	-	67,626	21,053
Other income	8	97,698	-	97,698	-
Total income		3,597,598	314,158	3,911,756	3,860,181
Expenditure:					
Costs of raising funds	10	(75,339)	-	(75,339)	(43,719)
Charitable activities	11	(3,387,457)	(811,370)	(4,198,827)	(4,078,902)
Other	13	(606,598)	-	(606,598)	(821,787)
Total expenditure		(4,069,394)	(811,370)	(4,880,764)	(4,944,408)
Net (losses)/gains on investments	14	(357,265)	-	(357,265)	108,533
Net outcoming resources		(829,061)	(497,212)	(1,326,273)	(975,694)
Transfers between funds	30	-	-	-	-
Net movement in funds		(829,061)	(497,212)	(1,326,273)	(975,694)
Reconciliation of funds					
Total funds brought forward	30	15,135,673	11,545,020	26,680,693	27,656,387
Total funds carried forward	30	14,306,612	11,047,808	25,354,420	26,680,693

The statement of financial activities includes all gains and losses in the year.

Summary Income and Expenditure Account
For the year ended 31 March 2023

	All income funds 2023 £	All income funds 2022 £
Income	**3,844,130**	3,839,128
(Losses)/gains on investments	**(357,265)**	108,533
Interest and investment income	**67,626**	21,053
Gross income in the reporting period	**3,554,491**	3,968,714
Expenditure	**(4,049,353)**	(4,314,172)
Depreciation and charges for impairment of fixed assets	**(644,440)**	(619,986)
Total expenditure in the reporting period	**(4,693,793)**	(4,934,158)
Net expenditure before tax for the reporting period	**(1,139,302)**	(965,444)
Tax payable	**(186,971)**	(10,250)
Net expenditure for the financial year	**(1,326,273)**	(975,694)

Balance Sheets at 31 March 2023

Registered no: 01959490

	Notes	Group 2023 £	Group 2022 £	Trust 2023 £	Trust 2022 £
Fixed assets					
Heritage assets	19	**9,715,980**	9,611,545	**9,715,980**	9,611,545
Tangible assets	20	**4,972,935**	5,052,239	**138,302**	140,045
Investment properties	21	**6,514,000**	6,814,000	**795,000**	1,095,000
Investments	22	**555,365**	617,525	**5,781,336**	5,843,496
		21,758,280	22,095,309	**16,430,618**	16,690,086
Current assets					
Current asset investments		**1,794,835**	555,000	**1,794,835**	555,000
Debtors	24	**632,861**	1,727,584	**662,028**	1,700,237
Cash at bank and in hand		**2,826,614**	4,542,052	**1,724,481**	3,649,821
		5,254,310	6,824,636	**4,181,344**	5,905,058
Creditors: amounts falling due within one year	25	**(940,649)**	(992,035)	**(1,164,698)**	(985,534)
Net current assets		**4,313,661**	5,832,601	**3,016,646**	4,919,524
Total assets less current liabilities		**26,071,941**	27,927,910	**19,447,264**	21,609,610
Creditors: amounts falling due after one year	26	**-**	(716,667)	**-**	(716,667)
Provisions for liabilities	28	**(717,521)**	(530,550)	**-**	-
Total net assets		**25,354,420**	26,680,693	**19,447,624**	20,892,943
Funds					
Restricted funds	30	**11,047,808**	11,545,020	**11,047,808**	11,545,020
Unrestricted funds	30	**11,634,152**	12,276,242	**8,179,456**	8,827,923
Non-Distributable Reserve	30	**2,672,460**	2,859,431	**220,000**	520,000
		25,354,420	26,680,693	**19,447,264**	20,892,943

The financial statements on pages 26 to 61 were approved by the Board of Trustees on 30 October 2023 and signed on its behalf by:

David Butters
Chairman

Roger Ching
Trustee, Chair of Audit Committee

Consolidated Statement of Cash Flows
For the year ended 31 March 2023

	Notes	2023 £	2022 £
Cash flows from operating activities			
Cash generated/(absorbed) by operations	**36**	**1,068,278**	(100,071)
Net cash inflow / (outflow) from operating activities		**1,068,278**	(79,018)
Investing activities			
Purchase of PP&E	**20**	**(14,724)**	(69,788)
Purchase of heritage assets	**19**	**(685,330)**	(132,463)
Purchase of investments net of cash		**(1,273,464)**	(583,379)
Proceeds of sale of investment properties		**-**	305,689
Sale of current assets		**45,972**	25,385
Interest received		**67,626**	21,053
Net cash generated from / (used in) investing activities		**(1,859,920)**	(454,556)
Financial activities			
Repayment of bank loan		**(916,667)**	(83,334)
Net cash used in financing activities		**(916,667)**	(83,334)
Net decrease in cash and cash equivalents		**(1,708,309)**	(616,908)
Cash and cash equivalents at the beginning of the year		**4,546,187**	5,163,095
Cash and cash equivalents at the end of the year		**2,837,878**	4,546,187
Relating to			
Cash at bank and in hand		**2,826,614**	4,542,052
Cash and cash equivalents at the end of the year	**22**	**11,264**	4,135

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

1 Principal Accounting Policies

Company information

Portsmouth Naval Base Property Trust is a charitable company, limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member. The company is incorporated in England and Wales. The registered office and principal place of business is 19 College Road, HM Naval Base, Portsmouth, PO1 3LJ.

Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standard 102, as issued by the Financial Reporting Council, the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102)", the Companies Act 2006, the Charities Act 2011, and UK Generally Accepted Accounting Practice.

Portsmouth Naval Base Property Trust meets the definition of a public benefit entity under FRS102.

The financial statements are prepared under the historical cost convention, modified to include the investment properties at fair value in accordance with the Statement of Recommended Practice (SORP) applicable to charities.

The financial statements are prepared in Sterling, the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £1.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 – 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- Section 7 'Statement of Cash flows': Presentation of a statement of cash flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;

Basis of consolidation

The financial statements consolidate the results of the company and its subsidiary companies Portsmouth Naval Base Trading Company Limited, Portsmouth Naval Base Property Company Limited, Portsmouth Naval Base Property Company (Queen Street) Limited and Portsmouth Naval Base Property (Priddy's Hard) Limited for the year ended 31 March 2023 on a line by line basis. These companies comprise the group. The Trust also has one associated undertaking that is excluded from the consolidation as it is not material to the Trust's operations. A separate Statement of Financial Activities is not prepared as permitted by Section 408 of Companies Act 2006.

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

1 Principal Accounting Policies (cont.)

Going Concern

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

Incoming resources

All incoming resources are recognised in the statement of financial activities when the conditions for receipt have been met and the amount can be quantified with reasonable accuracy.

Gifts of fixed assets for specific projects are included in incoming resources at the value to the project. Values are assessed by independent project consultants.

Government grants relate to amounts received from the wage subsidy programme (CJRS), local authority grants and the Coronavirus Business Interruption Loan Scheme (CBILS) interest, all of which were introduced in response to the COVID-19 coronavirus pandemic. Grants and donations receivable are recognised when received or when they become unconditional, whichever is the sooner. Where terms are placed on income that limits the Company's discretion over how that income can be used that income is shown as restricted income in the financial statements.

Charitable activities includes Income from property, which represents the amounts receivable from rental agreements for the year excluding VAT. Income from the car park and sundry trading is accounted for on a cash basis excluding VAT.

Income from investments is included, together with the related tax credit (so far as recoverable), in the statement of financial activities on an accruals basis. Interest on cash deposited with banks and investment stockbrokers is included within investment income in the statement of financial activities for the period in which it is earned.

Millennium project costs and funding

Expenditure on the elements of the project are capitalised and are included in tangible fixed assets. A transfer from restricted to unrestricted funds will occur to match depreciation charged once these assets are brought into use.

All claims made to the Millennium Commission for funding of such costs have been credited to the statement of financial activities and are treated as restricted funds. Funds received in advance of expenditure have been removed from restricted funds and treated as deferred income.

Expenditure

Expenditure is recognised on an accrual basis as a liability is incurred and includes irrecoverable VAT.

Cost of raising funds comprise costs associated with attracting voluntary income and fundraising.

Direct charitable expenditure includes all expenditure directly related to the objects of the Trust. The expenditure is included in the period for which it was incurred. Preservation and ancillary improvements costs, together with professional fees, relate to annual expenditure on planned works on Historic Dockyard buildings including those sublet.

Other expenditure represents those costs not falling into any other heading.

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

1 Principal Accounting Policies (cont.)

Allocation of support costs

Costs are allocated to the particular activity where the costs relate directly to that activity. The costs of overall direction and administration on each activity, is apportioned on a reasonable basis.

Funds

The Trust maintains the following funds:

Restricted funds

Restricted funds represent amounts receivable in respect of a specific purpose as defined by the donor.

Unrestricted funds

Unrestricted funds represent funds which are expendable at the discretion of the Trustees in the furtherance of the objects of the Trust.

Designated funds

Designated funds represent unrestricted funds assigned for a particular purpose by the Board of Trustees. The aim or purpose of the designated funds are set out in the notes to the accounts.

Non distributable reserves

This relates to the revaluation of investment property held in the group less associated deferred tax.

Heritage assets

Heritage assets relate to buildings and infrastructure and are shown at cost less depreciation. In the majority of cases the original cost is either very low value or even £nil as the assets have been given to the Trust for restoration and public display as part of the infrastructure of the Portsmouth Historic Dockyard experience. The majority of the cost is therefore attributable to renovation and restoration of the assets. Gifts in kind received are valued at their market value where this is readily ascertainable; otherwise they are not valued and included within the accounts.

Depreciation is applied where the assets are not deemed to have an indefinite life at the following rates: -

	%
Powerboats	10
Promenade, interpretation and lighting	2
Improvements to leasehold property	3-4

Tangible fixed assets

The cost of fixed assets is their purchase cost, together with any incidental expenses of acquisition. Costs of a capital nature related to leasehold property, other than costs incurred primarily for preservation of the Historic Dockyard buildings, are included in fixed assets.

Depreciation is calculated so as to write off the cost of fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The annual rates used for this purpose are:

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

1 Principal Accounting Policies (cont.)

Tangible fixed assets (cont.)

	%
Shop fittings and exhibition units	20
Office equipment and furniture	15
Catering equipment and play area	10
Other equipment and signposting	10
Computer equipment	25-33
Boathouse 6	10

Investment Properties

Investment properties which now includes the apportionment of freehold retained in the Admiralty Quarter development, the car park and retail units, have been stated at open market value in accordance with FRS102. The open market value of investment properties is assessed annually and any significant differences are adjusted in the non-distributable reserve.

Financial assets and financial liabilities

Financial instruments are recognised in the statements of financial activities when the Charity becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction which includes transaction costs for financial instruments not subsequently measured at fair value.

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS102.

At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective rate method. All financial instruments not classified as basic are measured at fair value at the end of the reporting period with the resulting changes recognised in income or expenditure. Where the fair value cannot be reliably measured, they are recognised at cost less impairment.

Financial assets are derecognised when the contractual rights to the cash flows from assets expire, or when the Charity has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

Investments

Investments are held as fixed assets. The interest in subsidiaries is stated at cost less any amounts written off for diminution in value. Other investments, being the investment portfolio, are included on the balance sheet at fair value. Cash available for investment held by the investment managers has been included in investments.

Unrealised gains and losses reflect the effect of changes in market values of investments. Realised gains and losses on quoted investments are based on the difference between disposal proceeds and brought forward market value, or cost if acquired during the year.

Cash and cash equivalents

Cash and cash equivalents are basic financial assets and included cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

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

1 Principal Accounting Policies (cont.)

Current asset investments
Current asset investments are basic financial assets and represent amounts held on deposit where the original maturity is greater than three months.

Taxation

As a registered charity the Trust's income is generally exempt from taxation under Section 505 Taxes Act 1988. The Trust is registered for value added tax.

Operating lease rentals

Operating lease rentals are recognised in the statement of financial activities for the period to which they relate.

Pensions

The Trust operates a defined contribution pension scheme on behalf of its employees. The assets of the scheme are held separately from those of the company in a separately administered fund. Contributions are charged to the statement of financial activities as they become payable in accordance with the rules of the scheme.

2 Critical judgements and estimates

In the application of the company's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:-

Determination of values of investment property
The Trustees review the valuation of investment properties at the end of each year, some properties are valued by external third parties, whilst others are valued by Trustees based on their knowledge. If the Trustees valuation is inaccurate then the valuation of investment property in the financial statements will be misstated. The valuation basis is described in Note 21

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

3 Comparative consolidated statement of financial activities

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2022 £
Income:				
Donations and legacies	4	26,542	729,751	756,293
Income from charitable activities	5	2,753,858	-	2,753,858
Income from other trading activities	6	328,977	-	328,977
Investment income	7	21,053	-	21,053
Other income	8	-	-	-
Total income		3,130,430	729,751	3,860,181
Expenditure:				
Costs of raising funds	10	(43,719)	-	(43,719)
Charitable activities	11	(2,981,167)	(1,097,735)	(4,078,902)
Other	13	(749,815)	(71,972)	(821,787)
Total expenditure		(3,774,701)	(1,169,707)	(4,944,408)
Net gains on investments	14	108,533	-	108,533
Net outgoing resources		(535,738)	(439,956)	(975,694)
Transfers between funds	30	32,700	(32,700)	-
Net movement in funds		(503,038)	(472,656)	(975,694)
Reconciliation of funds				
Total funds brought forward	30	15,638,711	12,017,676	27,656,387
Total funds carried forward	30	15,135,673	11,545,020	26,680,693

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

4 Donations and legacies

	Unrestricted Funds £	Restricted Funds £	2023 £	2022 £
Lottery Fund	-	201,401	201,401	305,451
Coastal Forces	-	-	-	200,000
English Heritage	-	-	-	-
Cultural Recovery Fund	-	-	-	222,300
Donations	-	-	-	2,000
Coronavirus Job Retention Scheme	-	-	-	212
Portsmouth City Council	-	-	-	-
Other	21,380	112,757	134,137	26,330
	21,380	314,158	335,538	756,293

5 Income from charitable activities

	Unrestricted Funds £	Restricted Funds £	2023 £	2022 £
Income from property & catering	1,593,708	-	1,593,708	1,346,135
Income from car park	541,356	-	541,356	458,345
Exhibitions and Harbour Tours	299,651	-	299,651	248,846
Boats	85,671	-	85,671	34,735
Subsidiary property rental	770,467	-	770,467	665,797
	3,290,853	-	3,290,853	2,753,858

6 Income from other trading activities

	Unrestricted Funds £	Restricted Funds £	2023 £	2022 £
Training college fees	120,041	-	120,041	328,977
	120,041	-	120,041	328,977

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

7 Investment income

	2023 £	2022 £
Interest on cash deposited with banks	**47,256**	2,090
Dividends from listed investments and commission	**20,370**	18,963
	67,626	21,053

8 Other income

	2023 £	2022 £
Other	**97,698**	-
	97,698	-

Other income includes £73k in respect of an insurance settlement.

9 Subsidiary activities

A summary of the activities of the Trust's wholly owned subsidiaries is set out below:

	2023 £	2022 £
Profit and loss account		
Property income	**909,666**	818,136
Direct costs	**(77,561)**	(77,561)
Administration costs		
Property companies	**(355,728)**	(136,818)
Revaluations of investment properties		54,000
Net profit before tax	**476,377**	657,757
Taxation	**(186,971)**	(10,250)
Intra-group transactions		
Gain on disposal of assets		-
Net comprehensive income retained by the group	**289,406**	647,507

10 Cost of raising funds

	Unrestricted Funds £	Restricted Funds £	Total 2023 £	Total 2022 £
Investment Management fees	**7,305**	-	**7,305**	6,216
Other direct costs	**68,034**	-	**68,034**	37,503
	75,339	-	**75,339**	43,719

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

11 Charitable Activities

	Unrestricted Funds £	Restricted Funds £	Total 2023 £	Total 2022 £
Preservation and related costs	**2,376,623**	**213,676**	**2,590,299**	2,451,165
Costs relating to car park	**176,449**	**-**	**176,449**	168,600
Harbour Tour costs	**14,414**	**-**	**14,414**	21,565
Access and education	**240,239**	**32,123**	**272,362**	432,007
Depreciation	**156,430**	**488,010**	**644,440**	619,986
Support costs (note 12)	**423,302**	**77,561**	**500,863**	385,579
	3,387,457	**811,370**	**4,198,827**	4,078,902

12 Support Costs

	2023 £	2022 £
Wages and Salaries	**342,781**	251,206
Staff costs	**42,798**	30,795
Travel and subsistence	**5,830**	4,769
Computer costs	**54,819**	45,122
Telephone, printing, postage and stationery	**15,291**	15,039
Bank charges	**17,780**	10,340
Sundry	**21,563**	28,308
	500,863	385,579

All support costs are deemed to relate to charitable activities.

13 Other Costs

	Unrestricted £	Restricted £	2023 £	2022 £
Trustees fees	**62,308**	**-**	**62,308**	110,263
Legal and professional fees	**314,024**	**-**	**314,024**	657,991
Auditors' fees	**43,295**	**-**	**43,295**	43,283
Deferred tax movement	**186,971**	**-**	**186,971**	10,250
	606,598	**-**	**606,598**	821,787

The above costs, with the exception of deferred tax, relate to the governance costs.

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

14 Net (losses)/gains on investments

	Unrestricted £	Restricted £	2023 £	2022 £
Net unrealised / realised (losses)/gains	**(357,265)**	-	**(357,265)**	97,504
Profit on sale of Investment property	-	-	-	11,029
	(357,265)	-	**(357,265)**	108,533

15 Staff Costs

	2023 £	2022 £
Staff costs:		
Wages and salaries	**1,203,072**	1,193,066
Social security costs	**110,272**	104,400
Pension costs	**56,220**	54,735
	1,369,564	1,352,201

Employee bandings:
No employee had earnings (including benefits) of £60,000 to £70,000 (2022: none)
Two employees had earnings (including benefits) of £70,000 to £80,000 (2022: none)
No employee had earnings (including benefits) of £80,000 to £90,000 (2022: one)
One employee had earnings (including benefits) of £90,000 to £100,000 (2022: one)

The employee costs of key management personnel during the year was £361,360 (2022: £428,137) including pensions, national insurance and Trustees' emoluments in note 16.

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

16 Trustees' emoluments

The remuneration paid to the Trustees of Portsmouth Naval Base Property Trust, as authorised by the Articles and Memorandum of Association, was:

	2023 £	2022 £
Fees for service as Directors and Trustees:		
Rear Admiral Neil E Rankin CB CBE	**2,876**	9,000
Philip A Marriott	**5,000**	9,000
Michael Ridley	**5,000**	9,000
Michàl Cohen	**5,000**	9,000
Roger Ching	**5,000**	9,000
David Butters (Chairman)	**8,900**	16,000
Prof Virginia Gibson	**5,000**	9,000
Theresa Hall	**5,000**	9,000
Steve Pitt	**5,000**	9,000
Robert Palmer	**5,000**	9,000
Rear Admiral Rex Cox	**5,000**	-
	56,776	97,000

In 2023: six (2022: five) of the above Trustees were reimbursed a total of £5,622 (2022: £12,842) of expenses in relation to travelling and administration costs incurred during the year.

Two (2022 – one) Trustees donated £21,380 (2022 - £9,655).

17 Employee information

The average monthly headcount of persons (excluding Trustees) employed by the Trust and the group during the year was:

	2023		2022	
	Group Number	Trust Number	Group Number	Trust Number
By activity				
Property and related activities	**13**	**13**	10	10
Boats	**15**	**15**	9	9
Other trading	**4**	**4**	3	3
College	**7**	**7**	10	10
Administration	**16**	**16**	17	17
	55	**55**	49	49

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

18 Net income / expenditure for the year

	2023 £	2022 £
Net income / expenditure for the year is stated after charging/(crediting):		
Depreciation and loss on disposal	**644,440**	619,986
Auditors' remuneration for audit	**33,700**	29,250
Government Grants	-	6,718
Fees payable to the auditor for:		
- Audit of parent company	18,925	16,750
- Audit of subsidiaries	14,775	12,500
- Taxation	1,275	1,200
- Other services	11,375	10,000

Trust net outgoing resources for the financial year

As permitted by Section 408 of the Companies Act 2006, the Trust's statement of financial activities has not been included in these financial statements. The Trust's movement in funds for the financial year is a deficit of £(948,467) (2022: deficit of £1,035,423) for unrestricted funds and deficit of £(497,212) (2022: deficit £472,656) for restricted funds.

19 Heritage assets

The charity was set up in 1985 by the Ministry of Defence, English Heritage and Portsmouth City Council and its charitable objects are set out on page 4 of the Trustees report. The main part of its objects concerns the preservation of buildings, structures, vessels, docks and berths associated with His Majesty's Naval Base at Portsmouth for the public to access and enjoy for the purposes of education in naval history and the defence of the realm. The Trust was granted a 99-year lease by the Ministry of Defence over certain properties located within His Majesty's Naval Base at Portsmouth with a view to maintaining them in accordance with its objects. In all 15 buildings, 3 docks and a mast pond were included within the lease. The majority of the buildings, all 3 docks and the mast pond are either scheduled ancient monuments, Grade I, Grade II* or Grade II listed buildings and each has historical significance. The Trustees have taken the view that these buildings, structures, vessels, docks and berths, together with their associated infrastructure are heritage assets. These assets were treated as general fixed assets until 2015, but following a review by the Trustees they were reclassified as heritage assets. This reclassification did not affect the cost or carrying values of the relevant assets, only how they are disclosed in the accounts.

The initial lease was granted at nil cost, so there is no purchase cost in the accounts. Wherever possible some of the properties have been renovated and the cost of these renovations has been capitalised and included in the cost of heritage assets. Many of the properties are let to third parties or used by the Trust, but they are still part of the visitor experience and promote the objects of the charity. As such the buildings are well maintained and there is no evidence of impairment. Routine maintenance costs are written off as they are incurred.

Since the lease was granted the Trust has expended significant amounts on renovation costs and also acquired many artefacts and two of the last remaining fully operational high-speed World War II motor boats. The artefacts have been gifted to the Trust and so have no cost in the accounts, although a significant number of the boats in the boat collection are on The National Register of Historic Vessels.

19 Heritage assets (cont.)

The value of the artefacts is not considered to be material. The motor boats were acquired and are disclosed in the accounts at cost less related depreciation.

Additionally, the Trust secured grant funding from LIBOR to create a Memorial Flotilla. The project consists of five elements, these relate to; the restoration of MGB81, a World War II gunboat, the construction of a replica Coastal Motor gunboat, the restoration of the Steam Cutter 'Falmouth', the restoration of a Falkland Islands conflict landing craft and the installation of pontoons on which to display the Trust's boat collection.

In 2012 the Trust acquired 23 acres of land from Gosport Borough Council which is the old site of Priddy's Hard Fort. Built in the 1750's its original purpose was to extend the defences of Portsmouth Harbour and the Royal Dockyard. In the late 18th century it started to be used as a gunpowder store and later a site for munitions storage and handling. New buildings were added as extra space and new types of explosives were invented, and it was used extensively during both World Wars. The site closed in 1989 and since then it has been used primarily as the location for the Explosion! Museum. The site holds many listed buildings. Priddy's Hard has many layers of historic significance due to its varied history as a Royal Ordnance yard during the 18th to 20th centuries. The site is recognised by national designations including scheduling, listing and protected sites for nature conservation. The Trust acquired the site for £1 but it has taken on the obligation to maintain and where necessary renovate the site, as well as to keep it open for public enjoyment and education. The site is disclosed in the accounts at cost.

None of the heritage assets have been revalued. The motor boats are of such historical significance that it would be difficult and expensive to obtain accurate formal valuations, but the Trustees are confident that their value is in excess of their written down value.

The Trust maintains a list of all of its heritage assets which have been bought, lent and gifted. The vast majority of the assets are on display on the site, although for rented buildings internal access is not always possible.

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

19 Heritage assets (cont.)

Group and company
As at 31 March 2023

	Improvements to leasehold property, fixtures etc. £	Infrastructure and lighting £	Powerboats and LIBOR project £	Total £
Cost				
At 1 April 2022	10,169,172	2,371,041	2,616,550	15,156,763
Additions	524,810	-	160,520	685,330
Disposals	(30,483)	-	-	(30,483)
Transfer to tangible fixed assets	(10,133)	-	-	(10,133)
At 31 March 2023	10,653,366	2,371,041	2,777,070	15,801,477
Depreciation				
At 1 April 2022	3,438,568	953,484	1,153,166	5,545,218
Charge for year	344,994	47,250	148,035	540,279
Disposals	-	-	-	-
At 31 March 2023	3,783,562	1,000,734	1,301,201	6,085,497
Net book value at 31 March 2023	**6,869,804**	**1,370,307**	**1,475,869**	**9,715,980**
Net book value at 31 March 2022	6,730,604	1,417,557	1,463,384	9,611,545

The net book value at 31 March 2023 represented fixed assets used for direct charitable purposes.

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

19 Heritage assets (summary)

Group and company

	2023 £	2022 £	2021 £	2020 £	2019 £
Cost					
At 1 April	15,156,763	15,412,628	13,665,900	12,485,295	11,616,075
Additions/disposals	644,714	(255,865)	1,746,728	1,180,605	869,220
At 31 March	15,801,477	15,156,763	15,412,628	13,665,900	12,485,295
Depreciation					
At 1 April	5,545,218	5,021,593	4,544,094	4,141,527	3,713,996
Eliminated on disposal	-	(1,000)	(2,811)	-	-
Charge for year	540,279	524,625	480,310	402,567	427,531
At 31 March	6,085,497	5,545,218	5,021,593	4,544,094	4,141,527
Net book value at 31 March	9,715,980	9,611,545	10,391,035	9,121,806	8,343,768

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

20 Tangible fixed assets

Group	Plant, fixtures, fittings and office equipment £	Other equipment, sign-posting and film £	Boathouse Number 6 £	Promenade, Interpretation & lighting £	Total £
Cost					
At 1 April 2022	3,500,738	3,345,576	5,875,051	37,054	12,758,419
Additions	14,724	-	-	-	14,724
Transfer from heritage assets	10,133	-	-	-	10,133
At 31 March 2023	3,525,595	3,345,576	5,875,051	37,054	12,783,276
Depreciation					
At 1 April 2022	3,494,904	3,211,366	962,856	37,054	7,706,180
Charge for year	6,016	20,584	77,561	-	104,161
At 31 March 2023	3,500,920	3,231,950	1,040,417	37,054	7,810,341
Net book value at 31 March 2023	**24,675**	**113,626**	**4,834,634**	**-**	**4,972,935**
Net book value at 31 March 2022	5,834	134,210	4,912,195	-	5,052,239

The net book value of fixed assets which are not used for the Trust's charitable purposes is insignificant.

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

20 Tangible fixed assets (cont.)

Trust	Fixtures, fittings, office equipment and furniture £	Other equipment and sign-posting & film £	Interpretation & lighting £	Total £
Cost				
At 1 April 2022	262,438	3,345,576	37,054	3,645,068
Additions	14,724	-	-	14,724
Transfer from heritage assets	10,133	-	-	10,133
At 31 March 2023	287,295	3,345,576	37,054	3,669,925
Depreciation				
At 1 April 2022	256,604	3,211,365	37,054	3,505,023
Charge for year	6,016	20,583	-	26,600
At 31 March 2023	262,620	3,231,949	37,054	3,531,623
Net book value at 31 March 2023	**24,675**	**113,627**	**-**	**138,302**
Net book value at 31 March 2022	5,834	134,211	-	140,045

The net book value of fixed assets which are not used for the Trust's charitable purposes is insignificant.

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

21 Investment Properties

	Group	Trust
	£	£
At 1 April 2022	**6,814,000**	**1,095,000**
Revaluation	**(300,000)**	**(300,000)**
At 31 March 2023	**6,514,000**	**795,000**
At 31 March 2022	6,814,000	1,095,000

Trust and Group investment properties costing £575,000 (2022: £575,000) are shown in the accounts at £795,000 (2022: £1,095,000) following a valuation completed by Vail Williams, Chartered Surveyors in April 2023. The valuation was prepared on the basis of fair value (market value) in accordance with the RICS Valuation - Global Standards 2022.

Land and Buildings owned by Portsmouth Naval Base Property Company (Queen Street) Limited, a subsidiary company, are classified as investment properties. The properties are included in the Group's accounts at a valuation of £5,719,000. The car park and ground rent income was valued by Vail Williams Chartered Surveyors at 31 March 2022. The valuation was prepared on the basis of fair value (market value) using the investment method, and in accordance with RICS valuation - professional standards. The commercial units were valued by Holloway LLiffe & Mitchell in June 2021 using market rental values and the valuations are deemed to remain appropriate by the Trustees.

The historical cost of these properties is £2,849,019 (2022: £2,849,019).

22 Fixed asset investments

	Group		Trust	
	2023	2022	**2023**	2022
	£	£	**£**	£
Investment portfolio	**555,340**	617,500	**555,340**	617,500
Interest in subsidiary undertakings – cost at 1 April	**-**	-	**14,100,004**	14,100,004
Interest in subsidiary undertakings – additions	**-**	-	**-**	-
Interest in subsidiary undertakings - provision	**-**	-	**(8,874,033)**	(8,874,033)
Interest in associated undertakings	**25**	25	**25**	25
	555,365	617,525	**5,781,336**	5,843,496

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

22 Fixed asset investments (cont.)

Market value reconciliation

	2023 £	2022 £
Market value at 1 April 2022	**608,153**	568,892
Less: Disposals	**(45,972)**	(28,379)
Add: Acquisitions at cost	**33,629**	25,385
Net unrealised/realised (losses)/gains	**(57,266)**	42,255
Market value at 31 March 2023	**538,544**	608,153
Cash available to invest	**11,264**	4,135
Accrued income	**5,532**	5,212
Total of investments	**555,340**	617,500

Investment portfolio

	Group and Trust			
	2023		2022	
	Market Value £	Cost £	Market Value £	Cost £
Equities	**405,262**	**262,600**	454,927	274,552
Fixed Interest	**46,289**	**57,102**	56,230	59,490
Alternative Investments	**86,993**	**101,764**	96,994	95,710
	538,544	**421,466**	608,151	429,752

The investment portfolio is not held in direct furtherance of the Trust's objectives. It is however held with a view to funding some of the Trust's objectives.

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

22 Fixed asset investments (cont.)

Interest in subsidiary companies

The Trust holds a 100% interest in the £1 ordinary share capital of Portsmouth Naval Base Trading Co. Limited (PNBTCL) registration number 8802879, Portsmouth Naval Base Property Company Limited (PNBPCL) registration number 4207508, Portsmouth Naval Base Property Company (Queen Street) Limited (QS) registration number 4969934, and Portsmouth Naval Base Property (Priddy's Hard) Limited (PH) registration number 6964416, all companies incorporated in England and Wales. PNBTCL was set up to protect the trading name and has been dormant since incorporation. The principal business activity of PNBPCL is property rental. As the latter relates to Boathouse Number 6 and Action Stations this is considered to be a charitable activity. QS was incorporated as a vehicle for the development of the Queen Street car park, now Admiralty Quarter. PH was incorporated as a vehicle for the development of part of the land at Priddy's Hard and was dormant during the year. All group investments have been written down to their net asset values where applicable.

The results and net assets of subsidiaries are:

	2023	2022
	£	£
PNBPCL		
Turnover	**580,560**	493,357
Profit after taxation	**384,021**	387,743
Net assets	**6,103,209**	5,719,188
QS		
Turnover	**248,178**	247,218
(Loss)/profit after taxation	**(45,817)**	272,317
Net assets	**4,982,413**	5,198,230
PH		
Turnover	**1,729**	-
Loss after taxation	**(48,798)**	(12,553)
Net assets	**47,506**	96,304

Associated undertakings

The Trust holds a 25% interest in the £1 ordinary share capital of Portsmouth Harbour Renaissance Limited, a company incorporated in England and Wales. This company was formed to act in a co-ordinating role, overseeing the various Portsmouth Harbour Millennium projects.

Significant influence was not exerted over the above entity; therefore, it has not been consolidated into these accounts. The aggregate capital and reserves of Portsmouth Harbour Renaissance Limited are not material to these accounts and are not disclosed.

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

23 Financial assets and financial liabilities

	Group		Trust	
	2023	2022	**2023**	2022
	£	£	**£**	£
Financial assets at amortised cost	**5,254,310**	6,824,366	**n/a**	n/a
Financial liabilities at amortised cost	**(940,649)**	(1,708,702)	**n/a**	n/a
Net financial assets	**4,313,661**	5,115,664	**n/a**	n/a

Group financial assets comprise trade debtors, accrued income, prepayments and cash and bank balances, excluding cash with investment brokers. Company financial assets also includes balances due from subsidiary undertakings. Financial liabilities comprise trade creditors, accruals and other creditors.

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

24 Debtors

	Group		Trust	
	2023	2022	**2023**	2022
	£	£	**£**	£
Amounts falling due within one year				
Trade debtors	**125,682**	545,169	**118,200**	333,672
Amounts owed by subsidiary undertakings	**-**	-	**71,165**	711,048
Other debtors and VAT	**940**	-	**940**	-
Prepayments and accrued income	**506,239**	1,182,415	**443,800**	655,517
Total	**632,861**	1,727,584	**634,105**	1,700,237

25 Creditors: amounts falling due within one year

	Group		Trust	
	2023	2022	**2023**	2022
	£	£	**£**	£
Trade creditors	**367,180**	433,206	**367,180**	433,206
PAYE, VAT and social security	**78,845**	41,794	**78,845**	41,794
Amounts owed to subsidiary undertakings	**-**	-	**274,282**	-
Accruals and deferred income	**486,032**	306,876	**450,799**	300,375
Other creditors	**8,592**	10,159	**8,592**	10,159
Bank loan	**-**	200,000	**-**	200,000
	940,649	992,035	**1,179,698**	985,534

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

26 Creditors: amounts falling due after one year

	Group		Trust	
	2023	2022	**2023**	2022
	£	£	£	£
Bank loan	-	716,667	-	716,667
	-	716.667	-	716,667

The bank loan relates to a CBILS loan taken out in September 2020, the loan was for 6 years and no repayments were due for the first 12 months. Interest of 1.88% over base is applied after the initial 12 months have elapsed. The loan was secured over the assets of the group but was repaid during the year.

27 Deferred income

	Group		Trust	
	2023	2022	**2023**	2022
	£	£	£	£
Balance at 1 April 2022	**99,076**	182,754	**99,076**	182,754
Amounts deferred in period	**42,034**	99,076	**26,079**	99,076
Amounts released to incoming resources	**(99,076)**	(182,754)	**(99,076)**	(182,754)
Balance at 31 March 2023	**42,034**	99,076	**26,079**	99,076

Deferred income for 2022/23 is as follows:

- Rental income £42,034

28 Provisions for liabilities

	Group		Trust	
	2023	2022	**2023**	2022
	£	£	£	£
Deferred tax on revaluation of Investment properties	**717,521**	530,550	-	-
	717,521	530,550	-	-

The movement in the year reflects the change in the tax rate from 19% to 25%.

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

29 Analysis of net assets between funds

Group – year ended 31 March 2023

	Unrestricted funds £	Restricted funds £	Total funds £
Heritage assets	-	9,715,980	9,715,980
Tangible fixed assets	4,972,935	-	4,972,935
Investment properties	6,514,000	-	6,514,000
Fixed asset investments	555,365	-	555,365
Current assets	2,372,279	55,417	2,427,696
Cash at bank	1,520,447	1,306,167	2,826,614
Current liabilities	(910,893)	(29,756)	(940,649)
Provisions for liabilities	(717,521)	-	(717,521)
As at 31 March 2023	**14,306,612**	**11,047,808**	**25,354,420**

Group – year ended 31 March 2022

	Unrestricted funds £	Restricted funds £	Total funds £
Heritage assets	-	9,611,545	9,611,545
Tangible fixed assets	5,052,239	-	5,052,239
Investment properties	6,814,000	-	6,814,000
Fixed asset investments	617,525	-	617,525
Current assets	2,195,376	87,208	2,282,584
Cash at bank	2,683,379	1,858,673	4,542,052
Current liabilities	(979,629)	(12,406)	(992,035)
Non current liabilities	(716,667)	-	(716,667)
Provisions for liabilities	(530,550)	-	(530,550)
As at 31 March 2022	**15,135,677**	**11,545,020**	**26,680,693**

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

29 Analysis of net assets between funds

Trust – year ended 31 March 2023

	Unrestricted funds £	Restricted funds £	Total funds £
Heritage assets	-	9,715,980	9,715,980
Tangible fixed assets	138,302	-	138,302
Investment properties	795,000	-	795,000
Fixed asset investments	5,781,336	-	5,781,336
Current assets	2,401,446	55,417	2,456,863
Cash at bank	418,314	1,306,167	1,724,481
Current liabilities	(1,134,942)	(29,756)	(1,164,698)
Non current liabilities	-	-	-
As at 31 March 2023	**8,399,456**	**11,047,808**	**19,447,264**

Trust – year ended 31 March 2022

	Unrestricted funds £	Restricted funds £	Total funds £
Heritage assets	-	9,611,545	9,611,545
Tangible fixed assets	140,045	-	140,045
Investment properties	1,095,000	-	1,095,000
Fixed asset investments	5,843,496	-	5,843,496
Current assets	2,168,030	87,208	2,255,238
Cash at bank	1,791,148	1,858,673	3,649,821
Current liabilities	(973,129)	(12,406)	(985,53)
Non current liabilities	(716,667)	-	(716,667)
As at 31 March 2022	**9,347,923**	**11,545,020**	**20,892,943**

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

30 Funds

Group

	At 1 April 2022 £	Incoming resources £	Movement in period £	Transfers £	Balance at 31 March 2023 £
RESTRICTED FUNDS					
Millennium projects					
Boathouse 6	**1,546,432**	-	(77,561)	-	**1,468,871**
Dockyard Promenade	**497,142**	-	(20,277)	-	**476,865**
Interpretation and lighting	**922,842**	-	(26,976)	-	**895,866**
Other		-			
Leasehold property	**98,003**	-	(17,976)	-	**80,027**
HLF Resilience	**(78,002)**	104,580	(26,578)	-	**-**
Powerboats					
LIBOR	**1,784,628**	-	(206,213)	-	**1,578,415**
Boathouse 4					
HLF	**3,010,196**	-	(147,080)	-	**2,863,116**
RGF	**386,960**	-	(22,762)	-	**364,198**
Other	**166,649**	2,000	(22,532)	-	**146,117**
Cell Block Project					
RGF	**489,212**	-	(28,777)	-	**460,435**
Store 12, Ropery and South Office Block					
MoD Dowry	**386,560**	-	-	-	**386,560**
Cultural Recovery fund	**99,924**	-	(39,323)	-	**60,601**
Priddy's Hard - HLF	**1,522,855**	201,401	(148,147)	-	**1,576,109**
Ramparts	**104,498**	6,177	(8,460)	-	**102,215**
Coastal Forces	**418,565**	-	(12,846)	-	**405,719**
Historic England – E Magazine	**188,556**	-	(5,862)	-	**182,694**
	11,545,020	314,158	(811,370)	-	**11,047,808**
UNRESTRICTED FUNDS					
General funds	**11,909,965**	3,595,287	(4,120,666)	-	**11,384,586**
Designated funds – Priddy's Hard	**366,277**	2,311	(119,022)	-	**249,566**
	12,276,242	3,597,598	(4,239,688)	-	**11,634,152**
NON DISTRIBUTABLE RESERVES	**2,859,431**	-	**(186,971)**	-	**2,672,460**
TOTAL	**26,680,693**	**3,911,756**	**(5,238,029)**	-	**25,354,420**

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

30 Funds (cont.)

Millennium project grant funding was received as a contribution towards the costs of the various millennium projects. Additional capital grants were received from the Millennium Commission in 2005-06 in support of the InterAction science gallery. All of the projects were completed as at 31 March 2006.

Capital grants were received in 1992 towards the cost of sign-posting in the Portsmouth Historic Dockyard. Further capital grants were received during 1993-94 in respect of building works on Boathouse 7, a leasehold property, a project which was completed during the year to 31 March 1995.

The National Lottery Heritage Fund (formerly HLF) Resilient Heritage grant provided funding for non-operational College costs, with a view to supporting the economic resilience of the College business. This included development of strategies and resources, and funding for staff posts involved in college development. The Trust, by agreement with the National Lottery Heritage Fund, continued with its Resilient Heritage project, with a view to submitting its application for the second tranche of funding in Summer 2022. This was submitted on 17th August 2022.

Powerboats relates to the acquisition of two World War II powerboats, which are being displayed as part of the Trust's growing boat collection. These were funded predominantly by a £580,000 grant from the National Heritage Memorial Fund. The resultant restricted funds are represented in the balance sheet by the related fixed assets and are being reduced by annual transfers to unrestricted funds over the anticipated lives of the related assets.

The LIBOR relates to LIBOR grant funding received to create a Memorial Flotilla. The project includes the creation of pontoons in front of Boathouse 4 and the restoration of some of the Trust's historic boat collection.

Boathouse 4 relates to the restoration of this boathouse, its conversion to an exhibition space, a volunteer base and a restaurant. This is being funded predominantly by the Heritage Lottery Fund and the Regional Growth Fund. Other donations include £100,000 from Garfield Weston Foundation, £50,000 from Headley Trust, £10,000 from Fidelity UK Foundation, £10,000 from Gosling Foundation, £25,000 from Bernard Sunley Charitable Foundation and £15,000 from Charles Hayward Foundation.

Cell Block Project relates to a joint project with the University of Portsmouth converting the cell block within the dockyard into a business incubation centre. The capital works were funded by the Regional Growth Fund.

The funds for Storehouse 12, Ropery and South Office Block comprise a reverse premium paid by MoD to the Trust upon the grant of the leases of those buildings as a contribution towards the cost of repairs for which the Trust is liable under the leases.

The Culture Recovery Fund grant supported employment costs for staff when not furloughed, bursary support for IBTC College students, investment in IT to facilitate home working and create business efficiencies and the purchase of new equipment for the car park in Admiralty Quarter.

The Priddy's Hard funding comprises grant from (i) the National Lottery Heritage Fund (formerly known as the Heritage Lottery Fund) towards the restoration and re-use of seven listed buildings and related site improvements and specific additional support for the historic ramparts and the creation of a Coastal Forces exhibition in one of the listed buildings and (ii) Historic England towards the cost of clearing and maintaining the ramparts to enable public access and repair costs for E Magazine.

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

30 Funds (cont.)

	At 1 April 2021 £	Incoming resources £	Movement in period £	Transfers £	Balance at 31 March 2022 £
RESTRICTED FUNDS					
Millennium projects					
Boathouse 6	**1,623,993**	-	(77,561)	-	**1,546,432**
Dockyard Promenade	**517,419**	-	(20,277)	-	**497,142**
Interpretation and lighting	**949,818**	-	(26,976)	-	**922,842**
Other					
Leasehold property	**115,979**	-	(17,976)	-	**98,003**
HLF Resilience	**4,555**	-	(82,557)	-	**(78,002)**
Powerboats					
LIBOR	**1,985,358**	-	(200,730)	-	**1,784,628**
Boathouse 4	-			-	
HLF	**3,157,276**	-	(147,080)	-	**3,010,196**
RGF	**409,722**	-	(22,762)	-	**386,960**
Other	**173,781**	2,000	(9,132)	-	**166,649**
Cell Block Project					
RGF	**517,989**	-	(28,777)	-	**489,212**
Store 12, Ropery and South Office Block					
MoD Dowry	**441,603**	-	(55,043)	-	**386,560**
Cultural Recovery fund	**220,774**	222,300	(343,150)	-	**99,924**
Priddy's Hard - HLF	**1,354,112**	305,451	(104,008)	(32,700)	**1,522,855**
Ramparts	**121,703**	-	(17,205)	-	**104,498**
Coastal Forces	**228,200**	200,000	(9,635)	-	**418,565**
Historic England – E Magazine	**195,394**		(6,838)	-	**188,556**
	12,017,676	729,751	(1,169,707)	(32,700)	**11,545,020**
UNRESTRICTED FUNDS					
General funds	**10,909,260**	3,105,149	(2,844,015)	739,301	**11,909,965**
Designated funds – Priddy's Hard	**1,913,770**	90,063	(930,685)	(706,601)	**366,277**
	12,823,030	3,195,212	(3,774,700)	32,700	**12,276,242**
NON DISTRIBUTABLE RESERVES	**2,815,681**	**43,750**	-	-	**2,859,431**
TOTAL	**27,656,387**	**3,968,713**	**(4,944,407)**	-	**26,680,693**

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

30 Funds (cont.)

Trust

	At 1 April 2022 £	Incoming resources £	Movement in period £	Transfers £	Balance at 31 March 2023 £
RESTRICTED FUNDS					
Millennium projects					
Boathouse 6	**1,546,432**	-	(77,561)	-	**1,468,871**
Dockyard Promenade	**497,142**	-	(20,277)	-	**476,865**
Interpretation and lighting	**922,842**	-	(26,976)	-	**895,866**
Other					
Leasehold property	**98,003**	-	(17,976)	-	**80,027**
HLF Resilience	**(78,002)**	104,580	(26,578)	-	-
Powerboats					
LIBOR	**1,784,628**	-	(206,213)	-	**1,578,415**
Boathouse 4					
HLF	**3,010,196**	-	(147,080)	-	**2,863,116**
RGF	**386,960**	-	(22,762)	-	**364,198**
Other	**166,649**	2,000	(22,532)	-	**146,117**
Cell Block Project					
RGF	**489,212**	-	(28,777)	-	**460,435**
Store 12, Ropery and South Office Block					
MoD Dowry	**386,560**	-	-	-	**386,560**
Cultural Recovery fund	**99,924**	-	(39,323)	-	**60,601**
Priddy's Hard - HLF	**1,522,855**	201,401	(148,147)	-	**1,576,109**
Ramparts	**104,498**	6,177	(8,460)	-	**102,215**
Coastal Forces	**418,565**	-	(12,846)	-	**405,719**
Historic England – E Magazine	**188,556**	-	(5,862)	-	**182,694**
	11,545,020	314,158	(811,370)	-	**11,047,808**
UNRESTRICTED FUNDS					
General funds	**8,557,950**	3,026,699	(3,558,455)	-	**8,026,194**
Designated funds – Priddy's Hard	**269,973**	2,311	(119,022)	-	**153,262**
	8,827,923	3,029,010	(3,677,477)	-	**8,179,456**
NON DISTRIBUTABLE RESERVES	**520,000**	-	(300,000)	-	**220,000**
TOTAL	**20,892,943**	**3,343,168**	**(4,788,847)**	-	**19,447,264**

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

30 Funds (cont.)

Trust

	At 1 April 2021 £	Incoming resources £	Movement in period £	Transfers £	Balance at 31 March 2022 £
RESTRICTED FUNDS					
Millennium projects					
Boathouse 6	1,623,993	-	(77,561)	-	**1,546,432**
Dockyard Promenade	517,419	-	(20,277)	-	**497,142**
Interpretation and lighting	949,818	-	(26,976)	-	**922,842**
Other					
Leasehold property	115,979	-	(17,976)	-	**98,003**
HLF Resilience	4,555	-	(82,557)	-	**(78,002)**
Powerboats					
LIBOR	1,985,358	-	(200,730)	-	**1,784,628**
Boathouse 4	-	-		-	
HLF	3,157,276	-	(147,080)	-	**3,010,196**
RGF	409,722	-	(22,762)	-	**386,960**
Other	173,781	2,000	(9,132)	-	**166,649**
Cell Block Project					
RGF	517,989	-	(28,777)	-	**489,212**
Store 12, Ropery and South Office Block					
MoD Dowry	441,603	-	(55,043)	-	**386,560**
Cultural Recovery fund	220,774	222,300	(343,150)	-	**99,924**
Priddy's Hard - HLF	1,354,112	305,451	(104,008)	(32,700)	**1,522,855**
Ramparts	121,703	-	(17,205)	-	**104,498**
Coastal Forces	228,200	200,000	(9,635)	-	**418,565**
Historic England – E Magazine	195,394	-	(6,838)	-	**188,556**
	12,017,676	729,751	(1,169,707)	(32,700)	**11,545,020**
UNRESTRICTED FUNDS					
General funds	9,196,065	2,556,024	(2,796,078)	(398,061)	**8,557,950**
Designated funds – Priddy's Hard	667,281	99,563	(927,632)	430,761	**269,973**
	9,863,346	2,655,587	(3,723,710)	32,700	**8,827,923**
NON DISTRIBUTABLE RESERVES	520,000	-	-	-	**520,000**
TOTAL	22,401,022	**3,385,338**	**(4,893,417)**	-	**20,892,943**

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

31 Related party transactions

The Trust has taken exemption under FRS 102 from disclosing transactions with other Group companies, which eliminate on consolidation in the financial statements of the Trust.

32 Pension Commitments

The Trust operates a defined contribution scheme for the benefit of its employees. The assets of the scheme are held separately from those of the Trust in an independently administered fund. The pension cost charge represents contributions payable by the Trust to the fund.

The pension cost paid by the Trust for the year amounted to £56,220 (2022: £54,735). The amount outstanding at the year end was £8,594 (2022 - £10,159).

33 Capital commitments

At the year end, the Trust had capital commitments of £Nil (2022: £Nil).

34 Contingent liabilities

During the year ending 31 March 2010, the Trust acquired the land and buildings at Priddy's Hard from Gosport Borough Council. Under the acquisition agreement, if the Trust develops certain areas of the site there is a profit sharing arrangement such that 32.5% of any profit is due to Gosport Borough Council. It is not possible at this stage to quantify the value of any payments that may be due in the future.

The Ministry of Defence (MoD) is in dispute with two tenants in the Historic Dockyard over utility costs that it failed to invoice for several years. The tenants are disputing some of the proposed charges which could be up to £450,000. Should the tenants and the MoD not come to an agreement over these charges the MoD has indicated that the Trust may ultimately be liable under the terms of the headlease dated 01/06/1988. The Trust does not believe that it is contractually liable and will defend any attempt to be drawn into this dispute. Should the Trust have any liability in this respect, any charges raised against it will be passed on to the tenants.

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

35 Commitments

Lessee

At 31 March the Group and Trust had outstanding commitments for future minimum lease payments under non-cancellable operating leases as follows:

	2023	2022
Amounts due within one year	**35,000**	-
Amounts due between one and five years	**40,000**	-
Amounts due after five years	-	-
	75,000	-

Lessor

At 31 March the Group held lessor commitments as follows:

	2023	2022
Amounts due within one year	**1,294,249**	1,105,257
Amounts due between one and five years	**3,079,342**	2,793,204
Amounts due after five years	**37,549,910**	34,977,407
	41,923,501	38,875,868

At 31 March the Trust held lessor commitments as follows:

	2023	2022
Amounts due within one year	**703,613**	598,569
Amounts due between one and five years	**1,044,243**	1,094,739
Amounts due after five years	**6,301,252**	6,212,632
	8,049,108	7,905,940

36. Reconciliation of net income to net cash flow from operating activities

	2023 £	2022 £
Net income / (expenditure) for the year	**(1,326,273)**	(975,694)
Taxation	**186,971**	10,250
Depreciation	**644,440**	618,986
Amortisation	**30,483**	388,328
Investment income in income statement	**(67,626)**	(21,053)
Gain on investments	**357,266**	(107,282)
Increase / (Decrease) in stock	**-**	6,570
(Increase) in debtors	**1,094,402**	(193,037)
Increase / (Decrease) in creditors	**148,615**	172,861
Net cash provided by operating activities	**1,068,278**	(100,071)

37 Analysis of changes in net debt - group

	1 April 2022 £	Cash Flows £	Non-cash changes £	31 March 2023 £
Cash at bank	4,542,052	(1,715,438)	-	2,826,614
Cash in investments	4,135	7,129	-	11,264
Loans falling due within 1 year	(200,000)	200,000	-	-
Loans falling due after more than 1 year	(716,667)	716,667	-	-
Balance at 31 March 2023	**3,629,520**	**(791,642)**	-	**2,837,878**

Portsmouth Historic Quarter Trust

England & Wales - Charity number 293188

Accounts

Portsmouth Naval Base Property Trust

A Company Limited by Guarantee

Annual Report
for the year ended 31 March 2022

Company Registration no: 01959490 (England and Wales)
Charity registered no: 293188

Portsmouth Naval Base Property Trust

Annual report for the year ended 31 March 2022

	Pages
Governance and Management	1 - 2
Trustees' Report (including the Strategic Report)	3 - 16
Report of the Auditors	17 - 21
Consolidated Statement of Financial Activities (incorporating the Statement of Comprehensive Income)	22
Summary Income and Expenditure Account	23
Balance Sheets - Group and Trust	24
Consolidated Statement of Cash Flows	25
Notes to the financial statements	26 - 57

Governance

Trustees (also Directors)
David Butters (Chair)
Roger Ching
Michàl Cohen
Rear-Admiral Rex Cox (appointed 01/04/22)
Professor Virginia Gibson
Theresa Hall
Philip Marriott
Robert Palmer
Steve Pitt
Rear-Admiral Neil Rankin CB CBE (resigned 22/07/22)
Michael Ridley

Chief executive
Hannah Prowse (appointed 06/04/21)

Secretary
Peter Goodship (resigned 01/04/21)
Hannah Prowse (appointed 06/04/21, resigned 29/07/21)
Patrick Holmes (appointed 29/07/21)

Registered office
19 College Road
HM Naval Base
Portsmouth
PO1 3LJ

Statutory auditors
Moore (South) LLP
City Gates
2-4 Southgate
Chichester
West Sussex
PO19 8DJ

Bankers
The Royal Bank of Scotland plc
London Corporate Centre
62-63 Threadneedle Street
London
EC2R 8LA

Solicitors
Macfarlanes LLP
20 Cursitor Street
London
EC4A 1LT

Blake Morgan LLP
Harbour Court
Compass Road
North Harbour
Portsmouth
Hants
PO6 4ST

DMH Stallard LLP
3rd Floor
Origin One
108 High Street
Crawley
West Sussex
RH10 1BD

Investment Managers
Quilter Cheviot Ltd
1 Kingsway
London
WC2B 6AN

Membership of Committees, Boards and Working Groups reporting to the Main Board (whose meetings are also attended as required by members of staff and other stakeholders)

Audit Committee
Roger Ching (Chair from 29/07/21)
Theresa Hall
Philip Marriott
Robert Palmer
Rear-Admiral Neil Rankin CB CBE (Chair until 29/07/21) (resigned 22/07/22)

Boat Committee
Rear-Admiral Rex Cox (appointed 01/04/22)
Robert Palmer (Chair from 22/07/22)
Steve Pitt (appointed 01/01/22)
Rear-Admiral Neil Rankin CB CBE (Chair) (resigned 22/07/22)

IBTC Portsmouth College Board
Roger Ching
Rear-Admiral Rex Cox (appointed 01/04/22)
Professor Virginia Gibson
Philip Marriott (Chair)
Rear-Admiral Neil Rankin CB CBE (resigned 22/07/22)

Operations Management Committee
Theresa Hall
Philip Marriott (Chair)
Steve Pitt
Rear-Admiral Neil Rankin CB CBE (resigned 01/01/22)
Michael Ridley (appointed 01/01/22)

Property Maintenance Committee
Roger Ching
Michàl Cohen
Professor Virginia Gibson
Michael Ridley (Chair)

Interpretation & Education Committee
(formed 01/01/22)
Michál Cohen
Professor Virginia Gibson (Chair)
Theresa Hall
Steve Pitt

Priddy's Hard Development Committeeee David Butters (Chair)
Roger Ching (resigned 01/01/22)
Michál Cohen
Philip Marriott (resigned 01/01/22)
Robert Palmer
Michael Ridley

Trustees' Report for the year ended 31 March 2022

The Trustees present their Annual Report, together with the audited consolidated Financial Statements of the Trust for the year ended 31 March 2022.

Legal status

Portsmouth Naval Base Property Trust is a private company limited by guarantee and a registered charity.

Trustees

The following Trustees (who are also the directors of the company), acted during the year:

David Butters
Roger Ching
Michàl Cohen
Professor Virginia Gibson
Theresa Hall
Philip Marriott
Robert Palmer
Steve Pitt
Rear-Admiral Neil Rankin CB CBE
Michael Ridley

Post year end, on 1st April 2022, Rear-Admiral Rex Cox was appointed as a trustee and on 22nd July 2022 Rear Admiral Neil Rankin resigned as a trustee.

The liability of the trustees is limited by guarantee of £1 each.

The Trust has formal selection and training procedures in place for its trustees. Portsmouth City Council has the right to nominate two trustees from time to time. Others are appointed based on the Trust's strategic needs for particular professional skills, experience and expertise. All new trustees receive an induction pack and guidance from the chairman and other trustees as appropriate. Formal training for all trustees is arranged and delivered by, for example, charity law and other relevant specialists from the Trust's solicitors.

Remuneration

During the reporting year the Trust remunerated trustees in accordance with the provisions contained in its Memorandum of Association.

The Trust remunerates its staff in accordance with established policies and procedures which are subject to review annually as part of a wider review of staff performance and market rates

Structure, governance and management

The Trust is governed by its Articles and Memorandum of Association. It has constituted various board committees and working groups as set out in the Governance section which precedes this report. These focus on particular areas within their respective terms of reference but approval of all annual budgets, budget revisions and non-budgeted expenditure is reserved for the board. Operational matters within approved strategy and budgets are delegated to the chief executive and other members of the senior management team (SMT) but supported and scrutinised by the committees, working groups and full board.

Trustees' Report for the year ended 31 March 2022 (cont.)

The membership of each committee and working group was reviewed during the year and some changes implemented to assist succession planning. A new Interpretation & Education Committee was created with effect from 1st January 2022 to refocus the Trust's existing activity in this area in pursuance of its charitable objects and develop strategies to deliver more effectively.

The Trust's subsidiary companies as referred to in the Accounts are all wholly owned and all directors are directors/trustees of the Trust. None of the subsidiary companies employs any staff other than the directors. Decisions of the board of each company are taken within meetings of the Trust's board, its committees and working groups. Each has its own annual general meeting.

The Trust's main advisers are set out in the Governance section which precedes this report.

Management of risk

A comprehensive risk register measures the extent of each risk and its likely impact on the Trust's business. The Trust reviews its principal risks and the risk register on a quarterly basis through its Audit Committee.

Public benefit

The trustees have had regard to the Charity Commission's guidance on public benefit.

Fund-raising activity

During the reporting year, the Trust's only fund-raising activity directed at individual donors was the placing of collection boxes inviting people to contribute towards the cost of maintaining the Trust's historic boat collection both within Boathouse 4 where some of the collection is on display and on or adjacent to particular boats when they are off site, for example at regattas and boat shows. There was also a collection box in Boathouse 4 for contributions to the cost of bursaries for students of the International Boatbuilding Training College (IBTC) Portsmouth. No professional fund-raiser or commercial participator carried out any fund-raising activities for the Trust. The charity was not subject to an undertaking to be bound by any voluntary scheme for regulating fund-raising, or any voluntary standard of fund-raising. The Trust did not actively monitor the behaviour of staff working near to any of the collection boxes, but the general approach taken by staff was not to solicit donations but to direct anyone who asked to the boxes and thank people who placed money in the boxes. The Trust received no complaints about fund-raising activities by it or anyone acting on its behalf. Given the passive nature of the fund-raising activity the Trust took no particular steps to protect vulnerable people and members of the public against unreasonable intrusion, unreasonably persistent approaches or undue pressure to donate.

Charitable objectives

The objective of the Trust is "the preservation of buildings, structures, vessels, docks and berths of national interest or architectural or historic interest or historically associated with His Majesty's Naval Base at Portsmouth and the protection and augmentation of the amenities of such buildings, structures, vessels, docks and berths and their surroundings for the public benefit and the access to and enjoyment of the Naval Base buildings by the public for the purposes of education in naval history and other matters related to the Defence of the Realm."

Trustees' Report for the year ended 31 March 2022 (cont.)

The strategic review carried out by the trustees and SMT during the year (and referred to below) identified key themes from the charitable objectives: preserve, develop, educate and enjoy.

This report describes how the Trust has continued to fulfil its charitable objectives. The various activities can be linked back to the key themes. For example:

- Preserve: ongoing maintenance of the Trust's estate and historic boats; the capital regeneration project at Priddy's Hard; collaboration with and support to other relevant organisations including the Portsmouth Royal Dockyard Historical Trust.
- Develop: site investments at Portsmouth Historic Dockyard; the Priddy's Hard project and ongoing placemaking deriving from it; restoration of historic boats; the Boathouse 4 Shipshape Hub; promotion of free access and site facilities.
- Educate: the Dockyard Apprentice exhibition; Boathouse 4 Forgotten Craft exhibition; interpretation of harbour tours and boat rides; upskilling of volunteers and other trainees in carpentry and boatbuilding within Boathouse 4, including via the Shipshape Hub; the IBTC Portsmouth college; site interpretation at Priddy's Hard; engagement on history and interpretation with and by volunteers.
- Enjoy: free access; harbour tours and boat rides; volunteers; new public building uses, interpretation and place making at Priddy's Hard; Dockyard Apprentice exhibition and Forgotten Craft exhibition and hands on activities.

Overview of assets and activities in pursuance of the Trust's charitable objectives

The Trust was established in 1985 by the Ministry of Defence (MoD) and English Heritage to take on surplus land and buildings of historic significance within the Portsmouth Harbour hinterland based on the principle of an endowment paid by the MoD to reflect the poor condition of the protected buildings and to help to offset the overall negative value of the sites.

The Trust's land holdings comprise:

- A 99-year lease granted in 1988 by the MoD comprising the 12 acre site forming the heritage quarter of HM Naval Base, Portsmouth. Most of the historic buildings and other structures within the site have been renovated to bring them back into beneficial use. Many are sub-let at market rents to support the Trust's charitable objectives while others are sub-let on concessionary terms in support of fellow charities operating within the site.
- A 999-year lease granted in 2012 by the MoD of No. 2 Dock (which holds HMS Victory) and that part of the HMS Victory Port Arena contiguous with the land subject to the 99-year lease.
- Two leases granted in 2018 by the MoD comprising South Office Block, Bay 1 of the former Ropery, Storehouse 12 and the HMS Victory Starboard Arena with an expiry date coincident with that of the main 1988 lease.
- A 10-year lease granted by the MoD post year end on 1 April 2022 comprising the Chain & Cable Test House (Building 1/41) in the Naval Base.
- The freehold of a four acre site in Queen Street acquired in the 1990's and subsequently developed as a mixed use scheme known as Admiralty Quarter. The Trust's retained interest comprises a visitor and public car park, four shop units which the Trust has let and ground rents from the 500+ apartments.

- The freehold of 23 acres of land at Priddy's Hard, Gosport acquired in 2009. This site is a former naval ordnance depot and comprises numerous historic buildings, the ramparts which are a scheduled ancient monument, the Explosion Museum of Naval Firepower (leased to the National Museum of the Royal Navy (NMRN) in 2013) and additional land suitable for development. As noted below the Trust is continuing the ongoing regeneration of Priddy's Hard.
- A 125-year lease granted in 2014 of five acres of open land immediately to the north west of the Trust's Priddy's Hard property. This acts as a buffer against development by others adjacent to the ramparts and is also used for overflow parking for special events at Priddy's Hard.

Within the heritage quarter of HM Naval Base, Portsmouth the Trust manages four elements of the Portsmouth Historic Dockyard visitor attraction: the Dockyard Apprentice Exhibition in Boathouse 7, Harbour Tours, the exhibition of small craft related to the armed services in Boathouse 4 and the operation of boat trips and charters on some of the Trust's historic vessels. Among other interests the Trust is responsible for a range of related services, including site catering.

During the reporting year the Trust also operated the IBTC Portsmouth in Boathouse 4, where the activities of the college are open to public view alongside the small craft exhibition and associated boat workshops. Post year end changes affecting the college are described below.

The Trust works closely with other charities and stakeholders including the Royal Navy / MoD, Historic England, National Museum of the Royal Navy (NMRN), the Mary Rose Trust (MRT), Portsmouth City Council, Gosport Borough Council, the Coastal Forces Heritage Trust, National Historic Ships and the University of Portsmouth (UoP). One aspect of the blossoming relationship with UoP has been the partnership with the Sustainable Conservation Trust and UoP students whereby the Trust provides access and accommodation in the Historic Dockyard in return for specific and measurable creative output through student projects and other activities such as the design of bespoke merchandise for future sale to visitors and improvements to the Trust's websites and social media engagement. During 2021/22, the Trust has also developed closer relationships with a number of other educational, community and military/veterans' charities including The 1851 Trust (promoting STEM engagement by girls in local schools), the Association of Sail Training Organisations and Veterans Outreach Support.

In December 2021, the Trust was delighted to work with the Navy to host a special day-long event in the Historic Dockyard for crew, families and friends upon the homecoming of HMS Queen Elizabeth following the first Carrier Strike Group deployment.

The Trust also supports the activities of the Portsmouth Royal Dockyard Historical Trust (PRDHT) who promote the industrial history of the former Royal Dockyard and provide the artefacts for and assist the Trust in the maintenance and care of the Dockyard Apprentice Exhibition. The Trust provides working accommodation for the volunteers, storage facilities for PRDHT's archives and collection of artefacts.

As mentioned in previous Annual Reports, the Trust remains concerned about the condition of various protected historic buildings in HM Naval Base, Portsmouth remaining in MoD ownership. In the absence of intervention these important heritage buildings continue to be at serious risk. The Trust will continue its dialogue with the MoD with a view to finding a mutually agreeable solution to ensure the long-term survival of these precious historic assets.

Progress, activities and achievements of the Trust during the year

Development of senior management team

The new chief executive, Hannah Prowse, joined the Trust on 6th April 2021. Following a review of all employee roles, the workforce was restructured (without any redundancies) to create a clearly defined SMT and lines of reporting and responsibility. The SMT now includes the head of human resources to reflect the importance of the Trust's people to the delivery of its charitable objectives. During the year, the Trust recruited a new finance director and a head of projects. The SMT has been reflecting on the Trust's mission and values and, as noted below, in May 2022 the SMT joined the trustees for a joint session to develop the Trust's strategy.

Ongoing impact of the coronavirus pandemic

Due to ongoing lockdown restrictions at the start of the year, the Portsmouth Historic Dockyard visitor attraction did not re-open to the public until 17th May 2021 and visitor numbers were restricted until 19th July 2021. In line with previous practice in 2020, because of the impact on many of the Trust's tenants of the absence of ticket sales and other visitor revenue from Portsmouth Historic Dockyard, the Trust offered relief from rents until 17th May 2021 in order to support the ongoing viability of the site and its ability to inform and educate visitors in accordance with the Trust's objects.

The college was able to operate through the year, but with ongoing restrictions including distancing, masks and operating separately in defined pods to reduce the risk of spreading infection.

Just three staff remained on furlough in April 2021 and as a result the Trust drew a small amount of further support from the Coronavirus Job Retention Scheme. The Trust also benefited from ongoing hospitality / retail business rates reliefs for parts of its estate during the year. In addition, the Culture Recovery Fund (CRF) provided a further grant for the period April to June 2021 to support employment costs and some overhead and marketing costs.

The pandemic continued to have an impact on business operations after formal restrictions ended in July 2021. In particular visitor numbers to Portsmouth Historic Dockyard did not recover to 2019 levels, due mainly to ongoing public caution among certain audience sectors and the absence of overseas visitors. From late November into the New Year general trade and events (Christmas parties) also suffered badly due to the emergence of the Omicron variant of coronavirus, public caution and staff sickness absences.

Portsmouth Historic Dockyard visitor attraction

As noted above, the Historic Dockyard did not open to visitors until 17th May 2021 due to lockdown restrictions. Visitors were encouraged (but not required) to purchase tickets online and timed entry slots were operated both in line with Government restrictions until mid-July and thereafter on a voluntary basis as timed entry has proven to have benefits in managing the flow of visitors on arrival to avoid excessive queues.

The Trust, NMRN and MRT continue to work collaboratively for mutual benefit and to enhance the visitor experience and wider public benefit which we are able to deliver.

The Trust continues to invest in the Historic Dockyard for the benefit of visitors. Improvements in the year include contributing to the refresh of the Visitor Centre by NMRN and MRT, replacing the walkways attached to Boathouse 5 and Boathouse 7 to enable better public viewing of the historic Mast Pond and facilitate access to Action Stations in Boathouse 6 and an ongoing roll out of new outdoor furniture for use by visitors who prefer to bring their own refreshments rather than purchasing on site. The furniture was sourced with sustainability as a dominant consideration and is manufactured from very durable recycled plastic which requires minimal maintenance.

As well as maintaining the site, its buildings and infrastructure, the Trust contributes to the visitor attraction through the Dockyard Apprentice exhibition in Boathouse 7, the Forgotten Craft exhibition in Boathouse 4, the ever-popular harbour boat tours and (a new addition during 2021/22) boat rides on some of the Trust's historic vessels including the accessible-to-all landing craft F8 (described in more detail below).

Post year end in June 2022, to drive visitor numbers and introduce the Historic Dockyard to new audiences (many of whom choose to become paying visitors), the Trust led the delivery of major free access events to celebrate the anniversary of D Day and Her Late Majesty the Queen's platinum jubilee, the final day of a major new world sea angling event hosted by the city of Portsmouth and Armed Forces Day (in partnership with Portsmouth City Council).

Free entry to Portsmouth Historic Dockyard and Priddy's Hard for the public benefit

Free access to the Historic Dockyard (alongside paid access to the ships and museums) has long been a cornerstone of the Trust's activities for public benefit. However, when the site re-opened in summer 2020 pandemic related legal restrictions and visitor safety led to the Trust agreeing with NMRN and MRT that visitor numbers would have to be limited. In order to maximise revenue for all three charities, it was agreed that as a temporary measure all visitors would have to buy a ticket to enter the site.

When legal restrictions ended in July 2021, free entry to the site resumed from midday onwards. From November 2021 the Trust, NMRN and MRT reverted to the standard practice whereby free entry is permitted at all times when the Dockyard is open to the public.

The free entry ticket has been branded the Historic Quarter Pass. This reflects the site's historic role as an intrinsic part of the city of Portsmouth and the Trust's desire to connect with communities across the city.

Public access and enjoyment is also growing at Priddy's Hard. Through the completion of further regeneration works at Priddy's Hard in summer 2021 and the successful opening of the Powder Monkey brewery and tap house and the Night Hunters exhibition of coastal forces craft as an enhancement to Explosion museum, the Trust and its partner tenants have created a growing sense of place and increased public footfall around the restored heritage buildings. Free accompanied public access to the historic ramparts was made available in summer 2022 as part of Portsmouth & Gosport History Week and Heritage Open Days.

Trustees' Report for the year ended 31 March 2022 (cont.)

IBTC Portsmouth

As noted above, the IBTC Portsmouth was able to operate throughout the 2021/22 year, albeit with coronavirus safety measures in place.

The college experienced an increase in drop-out rates as new cohorts joined. The intake for the full diploma course was 16 students over the September 2021 and March 2022 intakes, with an additional three students undertaking only the joinery modules. Short course delivery continued, with one to five day courses being delivered alongside the diploma and joinery courses.

Despite extensive efforts to rationalise and diversify the offer, and with support from the National Lottery Heritage Fund to improve its resilience, the college continued to operate at a very substantial and unacceptable annual deficit.

As noted elsewhere in this report, a strategic review of the Trust was undertaken by the board and the SMT through the year and continued into 2022/23. This included a full review of the costs and operation of IBTC Portsmouth.

During its strategic review, the Trust undertook consultation with individuals, National Historic Ships, the wider maritime sector and private philanthropists. The Trust also developed and analysed financial modelling across a series of options, including short course delivery models.

In May 2022 the Trust, with regret, concluded that the college would not be able to generate sufficient revenue to cover the cost of delivery in any of the wide-ranging scenarios considered and was therefore financially unsustainable. The review also concluded that in its current form the College does not use Boathouse 4 to its full potential to deliver the needs of the sector. The Trust has therefore taken the difficult decision to wind up college operations, honouring its commitment to existing students and ceasing IBTC Portsmouth training at the end of February 2023.

The Trust remains dedicated to developing its educational offer in line with its charitable objectives and to Boathouse 4 remaining a thriving hub for its volunteers and for trainees working on its historic craft collection. The Trust will look to support training opportunities in partnership with industry and in a manner more aligned with the needs of the marine sector.

Boat collection and operations

As noted above, the 2021 season was dominated at the start by the continuing restrictions imposed by the coronavirus pandemic with the Historic Dockyard not fully opening to the public until May. However, in response to the Trust's commitment to preserve naval heritage for the benefit of future generations, the landing craft F8 was made available for short harbour tours at a price point that maximised opportunities for all to get afloat. Funded by the Government's LIBOR fund and completed in 2020 the completion of the restoration of F8, herself a veteran of the Falkland Islands conflict, was one of the major success stories for the Trust during the lockdowns in 2020. In 2021 she made her debut as an operational part of the Trust's collection.

Priced at £10 per person and with a "four for three" offer to encourage family parties, F8 made five scheduled 20-minute trips per day from mid-July and at the close of the season had entertained over 1,600 people on an historically themed tour of the harbour with the warships present from time to time. A highlight of the trip, which is interpreted to the passengers by the crew on board, is the passing of the defunct HMS Bristol, the only other surviving vessel from the Falkland Islands conflict, which lies off Whale Island in the harbour. The contextualising of this heritage (which for many is well within living memory) by transportation in a veteran vessel is unique. Being equipped for disembarking vehicles, F8 is naturally suitable for wheelchair users and those with mobility difficulties and is therefore a truly inclusive experience.

In other areas of the boat collection, work has been undertaken by the volunteers to complete the other LIBOR funded projects, namely the Armed Steam Cutter 26 and the Coastal Motorboat replica, a reproduction of a First World War era torpedo boat.

In August 2021, Boathouse 4 was inaugurated as the National Historic Ships Shipshape Network Regional Hub for south east England. As a focal point and resource for owners and operators of historic vessels, the role encompasses knowledge sharing, outreach, events, provision of mooring facilities on the Trust's pontoons and education.

The project workforce was enhanced by the addition of a trainee for each vessel as part of the Government sponsored Kickstart scheme. Two individuals were selected from applications via the job centre service and both proved to be inspired and motivated by the opportunity to work with the Trust. The scheme allowed for a 25 hour week with the Government sponsoring the trainees to a minimum or national living wage level depending on age. The Trust enhanced this offer so that the trainees would earn the "real" Living Wage set by the Living Wage Foundation, which is the Trust's minimum pay rate. From a starting point of "Not in Employment, Education or Training" both trainees have exceeded expectations and as a result of their time with the Trust one has sought and been granted a Royal Navy engineering apprenticeship and the other is now employed by the Trust to continue the work of the care and restoration of the collection of historic vessels.

Social impact including activities of volunteers

The Trust currently has 86 volunteers regularly engaged in the care, maintenance and operation of historic vessels and the tending, planning and upkeep of the Porter's Garden, an area of historic recreational gardening within the historic dockyard.

It has long been recognised that the relationship with volunteers is two-way and that the benefits of volunteer lead schemes work just as well for the volunteers themselves as for the organisation they volunteer with. It would be difficult to accurately quantify the monetary value of the hours of volunteering the Trust receives and to do so would fail to appreciate the true value of the commitment. It would also fail to appreciate the value to the individuals themselves and the wider community.

In a recent survey of the volunteers, respondents provided feedback including the following highlights:

- 8% consider themselves to have a disability;
- 75% volunteer in order to meet new people and make new friends thus combating loneliness; and
    - 85% say that volunteering has achieved this for them with their circle of friends being now wider;
- 58% have improved physical health;
- 81% have new or improved skills;
- 80% say they feel supported or very supported by the Trust;
- 88% say they feel valued or very valued by the Trust ;
- 91% say they recommend volunteering with the Trust to their friends; and
- 92% say that volunteering with the Trust improves their state of mind.

The Trust's staff who interact with the volunteers play a key role in supporting and nurturing the volunteers to further the Trust's own charitable objectives, maintaining a sustainable and beneficial community in which the volunteers can succeed. The Trust has expanded the number of employed staff who have specific responsibilities to the volunteers' welfare and a volunteer hub has been created in Boathouse 5 as a specific base for the volunteers on site.

The volunteer hub is a dedicated space containing welfare facilities and recreational areas. It is a permanent base for what is hoped will be an expanding number of volunteers and provides a warm and comfortable space to meet, chat, eat and relax during their day. The object is to help to create an environment where the volunteers are included and supported and feel that they belong. In 2022/23 the environment has been improved with redecoration and improved floor coating, improvements to the washroom and toilet facilities and new personal storage lockers for the volunteers to use. The choice of furnishing and layout will take in to account the comfort and specific requirements of the volunteers to improve accessibility and functionality for them.

The Trust recognises the value of the volunteers to the Trust and the value of the Trust to the individuals that volunteer to contribute to its work.

Regeneration of Priddy's Hard, Gosport

Most parts of the regeneration project supported by the National Lottery Heritage Fund were completed during the year. E Magazine and Building M opened for business in summer 2021 as a brewery and tap house respectively, attracting locals and new visitors. Building P was handed over to NMRN for fit out and the new Night Hunters exhibition of coastal forces craft opened to the public in October 2021. The fitting out of Building U has been completed and it started operating as a uniquely located holiday let from July 2022. So as not to waste the Trust's or any grant funds, further internal works to Building Q have been deferred until an occupier is identified.

Following a clearance project in parallel with the Lottery funded development, the ramparts (a scheduled ancient monument) are being actively maintained and the first public access was in summer 2022 as part of Portsmouth & Gosport History Week and Heritage Open Days. C Magazine within the ramparts has been restored and fitted out ready to operate as the base for a new team of volunteers.

Trustees' Report for the year ended 31 March 2022 (cont.)

Elite Homes have made good progress with the development of new houses on parts of the estate sold to them in 2020. House sales have also progressed well and new residents started moving in during June 2022.

Having designated the net sale proceeds from the land sale to Elite Homes for reinvestment in Priddy's Hard, the Trust has made various site improvements to enhance the appearance of the estate for visitors and residents. Post year end site interpretation panels have been installed around the site as one of the final stages of the Lottery funded project

The site improvements and additional footfall and activity generated by the museum, brewery and tap house and the addition of new residents are contributing to a growing sense of place but the regeneration of Priddy's Hard is not complete. The Trust has considered various options for the optimum development of the rest of the site and is undertaking a further master planning exercise in summer/autumn 2022. The Trust is also working with Gosport Borough Council in support of the Council's Heritage Action Zone and levelling up funding bids.

Admiralty Quarter

The development of Admiralty Quarter was completed in 2008 by the national house builder, Crest Nicholson. In common with many residential developments of that era it has emerged that the buildings have a range of issues relating to fire safety including cladding, wooden balconies and fire stopping. The Trust continues to liaise with the developer, the managing agents and the residents' management company to address these and it is likely that some but not all of the remedial work will qualify for Government funding. The Trust is satisfied that legal responsibility for remediation rests with the leaseholders and Crest Nicholson, a responsibility the management company accepts having taken independent legal advice. In April 2022 it was announced that Crest Nicholson has signed up to the Government pledge to deal with cladding issues on tall buildings without cost to leaseholders.

Security and counter-terrorism, health & safety and safeguarding

The Trust continues to take a lead in putting policies and plans in place to protect, insofar as possible, those working at and visiting its estate.

Working in partnership with Hampshire Police, MoD Police, Counter Terrorism Policing South East and Portsmouth City Council, the Trust continues to maintain and improve security around Victory Gate, the visitor entrance to the Historic Dockyard. The retention of timed entry slots for visitors since re-opening after lockdown periods has mitigated the number of visitors queuing at any time but at busy times there are substantial numbers outside the gate.

All staff receive annual security and terrorism awareness training. Front of house staff receive additional training and the Trust engages in regular counter-terrorism exercises with HM Naval Base and Government agencies.

The Trust is monitoring announcements relating to the new legal duty on owners and operators of publicly accessible locations to protect and prepare against the risk of terrorist attacks so that it can both comply with the new duty and embrace evolving best practice.

The Trust continues to strengthen its commitment to health & safety and to embed within the culture of the organisation the highest possible standards.

While the Trust has minimal contact with vulnerable members of the community, it has in place protocols on safeguarding and there have been no reported safeguarding issues.

Trustees' Report for the year ended 31 March 2022 (cont.)

Plans for future periods

A strategic review by the board and the SMT continued though the year and included a joint away day in May 2022. The Board agreed a new overarching vision for the Trust, drawn from our charitable objects:

As custodians of historic buildings, boats and spaces in and around Portsmouth Harbour, we breathe new life into this Naval heritage, creating energy and vibrancy, ensuring that it is accessible for all. We are an ambitious and collaborative charity. We actively create and curate authentic, educational, sustainable and enjoyable places, experiences and opportunities.

This vision will be delivered through our strategic aims:

PRESERVE

Being active in the conservation, restoration and regeneration of important assets and places which are at risk, or under-utilised

DEVELOP

Operating a sustainable charity with a long-term vision and sufficient resources to intervene and make a difference

EDUCATE

Achieving and maintaining high standards in interpretation and education

ENJOY

Working with heritage and other partners to develop and manage a world class visitor destination, centred on the Portsmouth Historic Dockyard; developing a thriving and engaged community at Priddy's Hard

Trustees' Report for the year ended 31 March 2022 (cont.)

Review of the Transactions and Financial Position of the Trust

The accounts show a deficit being made in the financial year of £975k, £503k of this relates to unrestricted funds and the remainder to restricted funds.

Unrestricted funds

The Trust's unrestricted income has decreased by 16% over the previous year. The income reduced from £3.6M in the prior year to £3.1M this year. There are some significant reasons for this. In last financial year, income of £1.9M was generated from the sale of land at Priddy's Hard, of which £792k remains unpaid at 31st March 2022. Excluding this one-off item, unrestricted income increased in this financial year by £1.4M. Income from charitable activities was lower in the prior year while the Dockyard was closed and restrictions were in place for long periods during the pandemic. In addition, relief was offered to support tenants and partners during this period. Income from other trading activities in the form of IBTC Portsmouth also increased in this financial year following periods of closure in the prior year during the pandemic.

Expenditure increased substantially to £2.8M compared with a much lower £1.6M in 2021 when charitable activity had reduced significantly during the pandemic as all expenditure was reviewed and limited through periods of uncertainty. This activity has increased once again this financial year as visitors and tenants return to the Dockyard. A large proportion of this expenditure related to preservation costs of the buildings. Other costs including legal and professional fees also increased as much of this related to the regeneration project at Priddy's Hard as the current phase of works largely came to an end during the year.

Restricted funds

The movement on restricted funds is set out in note 30 to the Accounts. During the pandemic, the Trust benefitted from a Cultural Recovery Fund (CRF) grant helping to support the Trust during this difficult period. This increased the restricted fund income in the prior year. Further assistance was gratefully provided during this financial year via an additional grant but this was for a lower amount and as a result restricted income has reduced. The grant over the two years provided support to employment costs, bursary support for IBTC students, investment in IT and new equipment at the car park in Admiralty Quarter.

A significant proportion of the remainder of the expenditure relates to the amortisation of heritage assets. This includes the Millennium projects, leasehold property, LIBOR, Boathouse 4, Cell block project and Priddy's Hard.

Balance Sheet

The accounts show a strong balance sheet even following the deficit made in the financial year which reduced the reserves. Overall, group net assets have decreased on the result seen in 2021 to £26.7M. This figure includes a net revaluation of £54k relating to investment properties (the visitor car park, ground rents and freehold interest in the apartments at Admiralty Quarter) as required by the application of current Accounting Standards.

This asset value includes £6.2M for the buildings leased to the Trust by the MoD in Portsmouth Historic Dockyard. However, due to their location within the Naval Base these buildings could not realistically be sold by the Trust (and nor would the Trust wish to sell them) or be used as security for finance.

Trustees' Report for the year ended 31 March 2022 (cont.)

Going forward, it remains to be seen whether and when trading activity, particularly income from visitors to the Historic Dockyard, will return to pre-pandemic levels. New concerns over increased energy costs and the overall cost of living may have an impact on ticket sales and secondary spend. Energy price rises will also directly increase the cost of the Trust's activities.

Reserves Policy

The free reserves the Trust currently have set aside provide financial stability and the means for the development of the Trust's charitable activity. The Trust's activity includes large investments in capital projects and, as such, the Trustees accept that the level of reserves will fluctuate year on year. The Trust intends to maintain free reserves to cover expenditure for a period that is in the region of six months but due to the nature of the activity accept variations either side of this. The Trust receives income from a variety of sources, including some secure streams which provide comfort to the Trustees when entering a position of low reserves.

The level of free reserves at 31st March 2022 covers fourteen months of expenditure which is much higher than required by the policy. The Trust has planned investment in capital projects over the next few years with funds already allocated in the year ahead. In addition, the reserves will be required to support the Trust coming out of the pandemic as the Trust enters a period of transition during which deficits will likely be made. The Trust therefore expects to be drawing down on the free reserves in the coming years.

Investment Powers and Policy

The Trust delegates the day-to-day responsibility for its investment portfolio to its investment manager. The Trust has relied upon the experience and expertise of the investment manager to deliver a balanced and diversified portfolio that will create an appropriate annual income and generate capital growth to meet the investment objective. The Trust is satisfied with the portfolio performance, which was regularly reviewed throughout the year. The Trust has an investment policy approved by the board which sets out how the Trust balances requirements for cash reserves, liquidity and investment returns against risk. The financial objective for the investment portfolio is to at least maintain the real value of its assets whilst generating a stable and sustainable return to fund both annual operations and future projects whilst not taking undue risk. The Trust's ambition is to be at the forefront of responsible investment practice and believes that taking account of environmental, social and governance (ESG) issues is an intrinsic part of being a good long-term investor, for both ethical and financial reasons.

Availability and Adequacy of Assets of each of the Funds

There are adequate and available assets in each fund, sufficient to meet all liabilities and obligations of the Trust.

Trustees' Report for the year ended 31 March 2022 (cont.)

Trustees' Responsibilities

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

(1) select suitable accounting policies and then apply them consistently;
(2) observe the methods and principles in the Charities' SORP;
(3) make judgements and estimates that are reasonable and prudent;
(4) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
(5) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and group, which enables them to ensure that the financial statements comply with the Companies' Act 2006. They are also responsible for safeguarding the assets of the charitable company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the maintenance and integrity of the corporate and financial information included on the Company's website.

Statement of Disclosure to Auditor

The Trustees confirm that:

(a) so far as the Trustees are aware, there is no relevant audit information of which the company's auditors are unaware, and
(b) they have taken all reasonable steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Indemnity Insurance

The Trust has paid a premium of £879 (2021: £673) during the year in respect of professional indemnity insurance for the trustees.

Auditors

The auditors, Moore (South) LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Approved by the Board of Trustees on 13 October 2022 and signed on its behalf by:

David Butters
Chairman

Roger Ching
Trustee, Chair of Audit Committee

Independent Auditors' report to the members of Portsmouth Naval Base Property Trust

Opinion

We have audited the financial statements of Portsmouth Naval Base Property Trust (the 'charitable parent company') for the year ended 31 March 2022 which comprise Consolidated Statement of Financial Activities (including Income and Expenditure Account), the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable parent company's affairs as at 31 March 2022 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. 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.

Independent Auditors' report to the members of Portsmouth Naval Base Property Trust (cont.)

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.

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' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' annual report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' annual report.

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 16, 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 and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' report to the members of Portsmouth Naval Base Property Trust (cont.)

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- The engagement partner selected staff for the audit who had prior experience and appropriate knowledge and who had the required competence and skills to identify or recognise non-compliance with laws and regulations.

- We assessed the risk of irregularities as part of our audit planning, and ongoing review, including those due to fraud, management override was identified as a significant fraud risk. This is due to the ability to bypass controls through inappropriate expenditure and accounting policies adopted.

- Completeness of grant income was deemed a significant risk. Additionally as some income received is restricted in its use, a significant risk was identified regarding the correct classification of income between restricted and unrestricted funds and that the expenditure against this income was in line with any special restrictions.

- Valuation of fixed assets was deemed a significant risk due to the nature of the assets and the potential impairment.

- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and subsidiary company's and we considered the most significant are the Companies Act 2006, the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council. We considered how the charitable company and subsidiary entity complies with these requirements by discussions with management and those charged with governance.

Independent Auditors' report to the members of Portsmouth Naval Base Property Trust (cont.)

- We enquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations. Consideration was also made of the internal controls in place to mitigate the identified risks.

- We assessed the control environment, documenting the systems, controls and processes adopted. The audit approach incorporated a combination of controls where appropriate, analytical review and substantive procedures involving tests of transactions and balances. Any irregularities noted were discussed with management and additional corroborative evidence was obtained as required.

- We obtained an understanding and assessed the impact and effect of Covid-19 on the operations of the charitable company and subsidiaries and adapted our approach accordingly. We enquired and obtained evidence to support the going concern assumption and reviewed grants received, dovetailed with work undertaken on management override.

To address the risk of fraud through management override we:
- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify any unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- reviewed transactions with related parties and in particular with group entities and Trustees;
- reviewed the disclosures within the financial statements to ensure they meet the requirements of the accounting standards and relevant legislation; and
- tested a sample of transactions that could be influenced by actions of management.

To address the risk of completeness of income we:-
- performed analytical procedures to identify any unusual or unexpected relationships, along with comparison to budget;
- tested a sample of grants to supporting documentation confirming income correctly accounted for;
- reviewed grants received around the year end, ensuring cut-off was correctly applied; and
- agreed deferred income to supporting documentation.

To address the risk of classification of income between restricted and unrestricted we:
- agreed a sample of income recorded in the nominal ledger to source documentation to ensure any restrictions were correctly identified;
- agreed a sample of expenses incurred to ensure that they had been allocated to the correct fund; and
- obtained and reviewed fund analysis workings to ensure that the calculations were correct and agreed to the accounting records.

To address the risk of valuation of fixed assets we:-
- reviewed and discussed the basis of the valuation with management;
- reviewed the assessment of impairment by the Trustees.

There are inherent limitations in our audit procedures described above. The more removed the laws and regulations are from the financial statements, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect that those that arise from error as they may involve deliberate concealment of collusion.

Independent Auditors' report to the members of Portsmouth Naval Base Property Trust (cont.)

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 and, in respect of the consolidated financial statements, to the charity's Trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's Members and Trustees those matters which 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 any party other than the charitable company, the charitable company's members, as a body, and the charity's Trustees, as a body, for our audit work, for this report, or for the opinion we have formed.

Danielle Griffin

Danielle Griffin (Senior Statutory Auditor)
For and on behalf of Moore (South) LLP

Statutory Auditor

24 OCTOBER 2022

City Gates
2-4 Southgate
Chichester
West Sussex
PO19 8DJ

Consolidated Statement of Financial Activities (incorporating the Statement of Comprehensive Income) For the year ended 31 March 2022

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2022 £	Total 2021 £
Income:					
Donations and legacies	4	26,542	729,751	756,293	2,027,874
Income from charitable activities	5	2,753,858	-	2,753,858	1,291,855
Income from other trading activities	6	328,977	-	328,977	115,389
Investment income	7	21,053	-	21,053	18,508
Other income	8	-	-	-	1,882,918
Total income		3,130,430	729,751	3,860,181	5,336,544
Expenditure:					
Costs of raising funds	10	43,719	-	43,719	6,134
Charitable activities	11	2,981,167	1,097,735	4,078,902	2,503,412
Other	13	749,815	71,972	821,787	262,277
Total expenditure		3,774,701	1,169,707	4,944,408	2,771,823
Net gains / (losses) on investments	14	54,533	-	54,533	102,843
Net incoming resources		(589,738)	(439,956)	(1,029,694)	2,667,564
Transfers between funds	30	32,700	(32,700)	-	-
Gains / (losses) on revaluation of fixed assets	21	54,000	-	54,000	-
Net movement in funds		(503,038)	(472,656)	(975,694)	2,667,564
Reconciliation of funds					
Total funds brought forward	30	15,638,711	12,017,676	27,656,387	24,988,823
Total funds carried forward	30	15,135,673	11,545,020	26,680,693	27,656,387

The statement of financial activities includes all gains and losses in the year

Summary Income and Expenditure Account
For the year ended 31 March 2022

	Notes	All income funds (current year) £	All income funds (previous year) £
Income		**3,839,128**	5,318,036
Gains/(losses) on investments		**54,533**	102,843
Gains/(losses) on revaluation of fixed assets		**54,000**	-
Interest and investment income		**21,053**	18,508
Gross income in the reporting period		**3,968,714**	5,439,387
Expenditure		**(4,314,172)**	(2,209,361)
Depreciation and charges for impairment of fixed assets		**(619,986)**	(562,462)
Total expenditure in the reporting period		**(4,934,158)**	(2,771,823)
Net (expenditure)/ income before tax for the reporting period		**(965,944)**	2,667,564
Tax payable		**(10,250)**	-
Net (expenditure)/ income for the financial year		**(975,694)**	2,667,564

Balance Sheets at 31 March 2022

Registered no: 01959490

	Notes	Group 2022 £	Group 2021 £	Trust 2022 £	Trust 2021 £
Fixed assets					
Heritage assets	19	**9,611,545**	10,391,035	**9,611,545**	10,391,035
Tangible assets	20	**5,052,239**	5,077,812	**140,045**	88,057
Investment properties	21	**6,814,000**	7,054,662	**1,095,000**	1,389,661
Investments	22	**617,525**	1,036,905	**5,843,496**	6,262,876
		22,095,309	23,560,414	**16,690,086**	18,131,629
Current assets					
Stock		**-**	6,570	**-**	6,570
Current asset investments		**555,000**	-	**555,000**	-
Debtors	24	**1,727,584**	1,531,223	**1,700,237**	1,485,167
Cash at bank and in hand		**4,542,052**	4,697,655	**3,649,821**	4,386,339
		6,824,636	6,235,448	**5,905,058**	5,878,076
Creditors: amounts falling due within one year	25	**(992,035)**	(702,508)	**(985,534)**	(692,016)
Net current assets		**5,832,601**	5,532,940	**4,919,524**	5,186,060
Total assets less current liabilities		**27,927,910**	29,093,354	**21,609,610**	23,317,689
Creditors: amounts falling due after **one year**	26	**(716,667)**	(916,667)	**(716,667)**	(916,667)
Provisions for liabilities	28	**(530,550)**	(520,300)	**-**	-
Total net assets		**26,680,693**	27,656,387	**20,892,943**	22,401,022
Funds					
Restricted funds	30	**11,545,020**	12,017,676	**11,545,020**	12,017,676
Unrestricted funds	30	**12,276,242**	12,823,030	**8,827,923**	9,863,346
Non-Distributable Reserve	30	**2,859,431**	2,815,681	**520,000**	520,000
		26,680,693	27,656,387	**20,892,943**	22,401,022

The financial statements on pages 25 to 54 were approved by the Board of Trustees on 13 October 2022 and signed on its behalf by:

David Butters
Chairman

Roger Ching
Trustee, Chair of Audit Committee

Consolidated Statement of Cash Flows
For the year ended 31 March 2022

	Notes	2022 £	2021 £
Cash flows from operating activities			
Cash generated by operations	36	**(100,071)**	338,857
Interest received		**21,053**	-
Net cash inflow / (outflow) from operating activities		**(79,018)**	338,857
Investing activities			
Purchase of PP&E	20	**(69,788)**	(1,815,380)
Proceeds from sale of fixed assets		**-**	2,307,918
Purchase of heritage assets	19	**(132,463)**	-
Purchase of investments net of cash		**(583,379)**	(70,176)
Proceeds of sale of investment properties		**305,689**	-
Sale of current asset		**25,385**	76,199
Net cash generated from / (used in) investing activities		**(454,556)**	498,561
Financial activities			
Proceeds of bank loans		**-**	1,000,000
Repayment of bank loan		**(83,334)**	-
Net cash generated from / (used in) financing activities		**(83,334)**	1,000,000
Net increase in cash and cash equivalents		**(616,908)**	1,837,418
Cash and cash equivalents at the beginning of the year		**5,163,095**	3,325,677
Cash and cash equivalents at the end of the year		**4,546,187**	5,163,095
Relating to			
Cash at bank and in hand		**4,542,052**	4,697,655
Cash and cash equivalents at the end of the year		**4,135**	465,440

Notes to the financial statements
For the year ended 31 March 2022

1 Principal Accounting Policies

Company information

Portsmouth Naval Base Property Trust is a charitable company, limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member. The company is incorporated in England and Wales. The registered office and principal place of business is 19 College Road, HM Naval Base, Portsmouth, PO1 3LJ.

Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standard 102, as issued by the Financial Reporting Council, the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102)", the Companies Act 2006, the Charities Act 2011, and UK Generally Accepted Accounting Practice.

Portsmouth Naval Base Property Trust meets the definition of a public benefit entity under FRS102.

The financial statements are prepared under the historical cost convention, modified to include the investment properties at fair value in accordance with the Statement of Recommended Practice (SORP) applicable to charities.

The financial statements are prepared in Sterling, the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £1.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 – 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- Section 7 'Statement of Cash flows': Presentation of a statement of cash flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;

Basis of consolidation

The financial statements consolidate the results of the company and its subsidiary companies Portsmouth Naval Base Trading Company Limited, Portsmouth Naval Base Property Company Limited, Portsmouth Naval Base Property Company (Queen Street) Limited and Portsmouth Naval Base Property (Priddy's Hard) Limited for the year ended 31 March 2021 on a line by line basis. These companies comprise the group. The Trust also has one associated undertaking that is excluded from the consolidation as it is not material to the Trust's operations. A separate Statement of Financial Activities is not prepared as permitted by Section 408 of Companies Act 2006.

Notes to the financial statements
For the year ended 31 March 2022

1 Principal Accounting Policies (cont.)

Going Concern

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

Incoming resources

All incoming resources are recognised in the statement of financial activities when the conditions for receipt have been met and the amount can be quantified with reasonable accuracy.

Gifts of fixed assets for specific projects are included in incoming resources at the value to the project. Values are assessed by independent project consultants.

Government grants relate to amounts received from the wage subsidy programme (CJRS), local authority grants and the Coronavirus Business Interruption Loan Scheme (CBILS) interest, all of which were introduced in response to the COVID-19 coronavirus pandemic. Grants and donations receivable are recognised when received or when they become unconditional, whichever is the sooner. Where terms are placed on income that limits the Company's discretion over how that income can be used that income is shown as restricted income in the financial statements.

Charitable activities includes Income from property, which represents the amounts receivable from rental agreements for the year excluding VAT. Income from the car park and sundry trading is accounted for on a cash basis excluding VAT.

Income from investments is included, together with the related tax credit (so far as recoverable), in the statement of financial activities on an accruals basis. Interest on cash deposited with banks and investment stockbrokers is included within investment income in the statement of financial activities for the period in which it is earned.

Millennium project costs and funding

Expenditure on the elements of the project are capitalised and are included in tangible fixed assets. A transfer from restricted to unrestricted funds will occur to match depreciation charged once these assets are brought into use.

All claims made to the Millennium Commission for funding of such costs have been credited to the statement of financial activities and are treated as restricted funds. Funds received in advance of expenditure have been removed from restricted funds and treated as deferred income.

Expenditure

Expenditure is recognised on an accrual basis as a liability is incurred and includes irrecoverable VAT.

Cost of raising funds comprise costs associated with attracting voluntary income and fundraising.

Direct charitable expenditure includes all expenditure directly related to the objects of the Trust. The expenditure is included in the period for which it was incurred. Preservation and ancillary improvements costs, together with professional fees, relate to annual expenditure on planned works on Historic Dockyard buildings including those sublet.

Other expenditure represents those costs not falling into any other heading.

Notes to the financial statements
For the year ended 31 March 2022

1 Principal Accounting Policies (cont.)

Allocation of support costs

Costs are allocated to the particular activity where the costs relate directly to that activity. However the costs of overall direction and administration on each activity, is apportioned on a reasonable basis.

Funds

The Trust maintains the following funds:

Restricted funds

Restricted funds represent amounts receivable in respect of a specific purpose as defined by the donor.

Unrestricted funds

Unrestricted funds represent funds which are expendable at the discretion of the Trustees in the furtherance of the objects of the Trust.

Non-charitable trading funds

Non-charitable trading funds represent the funds generated or expended by the Trust's subsidiary undertaking, Portsmouth Naval Base Property Company (Queen Street) Limited.

Heritage assets

Heritage assets relate to buildings and infrastructure and are shown at cost less depreciation. In the majority of cases the original cost is either very low value or even £nil as the assets have been given to the Trust for restoration and public display as part of the infrastructure of the Portsmouth Historic Dockyard experience. The majority of the cost is therefore attributable to renovation and restoration of the assets. Gifts in kind received are valued at their market value where this is readily ascertainable; otherwise they are not valued and included within the accounts.

Depreciation is applied where the assets are not deemed to have an indefinite life at the following rates: -

	%
Powerboats	10
Promenade, interpretation and lighting	2
Improvements to leasehold property	3-4

Tangible fixed assets

The cost of fixed assets is their purchase cost, together with any incidental expenses of acquisition. Costs of a capital nature related to leasehold property, other than costs incurred primarily for preservation of the Historic Dockyard buildings, are included in fixed assets.

Depreciation is calculated so as to write off the cost of fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The annual rates used for this purpose are:

Notes to the financial statements
For the year ended 31 March 2022

1 Principal Accounting Policies (cont.)

Tangible fixed assets (cont.)

	%
Shop fittings and exhibition units	20
Office equipment and furniture	15
Catering equipment and play area	10
Other equipment and signposting	10
Computer equipment	25-33
Boathouse 6	10

Investment Properties

Investment properties which now includes the apportionment of freehold retained in the Admiralty Quarter development, the car park and retail units, have been stated at open market value in accordance with FRS102. The open market value of investment properties is assessed annually and any significant differences are adjusted in the non-distributable reserve.

Financial assets and financial liabilities

Financial instruments are recognised in the statements of financial activities when the Charity becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction which includes transaction costs for financial instruments not subsequently measured at fair value.

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS102.

At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective rate method. All financial instruments not classified as basic are measured at fair value at the end of the reporting period with the resulting changes recognised in income or expenditure. Where the fair value cannot be reliably measured, they are recognised at cost less impairment.

Financial assets are derecognised when the contractual rights to the cash flows from assets expire, or when the Charity has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

Investments

Investments are held as fixed assets. The interest in subsidiaries is stated at cost less any amounts written off for diminution in value. Other investments, being the investment portfolio, are included on the balance sheet at fair value. Cash available for investment held by the investment managers has been included in investments.

Unrealised gains and losses reflect the effect of changes in market values of investments. Realised gains and losses on quoted investments are based on the difference between disposal proceeds and brought forward market value, or cost if acquired during the year.

Cash and cash equivalents

Cash and cash equivalents are basic financial assets and included cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less.

Notes to the financial statements
For the year ended 31 March 2022

1 Principal Accounting Policies (cont.)

Current asset investments
Current asset investments are basic financial assets and represent amounts held on deposit where the original maturity is greater than three months.

Taxation

As a registered charity the Trust's income is generally exempt from taxation under Section 505 Taxes Act 1988. The Trust is registered for value added tax.

Operating lease rentals

Operating lease rentals are recognised in the statement of financial activities for the period to which they relate.

Pensions

The Trust operates a defined contribution pension scheme on behalf of its employees. The assets of the scheme are held separately from those of the company in a separately administered fund. Contributions are charged to the statement of financial activities as they become payable in accordance with the rules of the scheme.

2 Critical judgements and estimates

In the application of the company's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows:-

Determination of values of investment property
The Trustees review the valuation of investment properties at the end of each year based on their knowledge and judgement. All investment properties are externally valued every three years on a rotating basis. If the Trustees valuation is inaccurate then the valuation of investment property in the financial statements will be misstated. The valuation basis is described in Note 21

Notes to the financial statements
For the year ended 31 March 2022

3 Comparative consolidated statement of financial activities

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2021 £
Income:				
Donations and legacies	4	333,934	1,693,940	2,027,874
Income from charitable activities	5	1,291,855	-	1,291,855
Income from other trading activities	6	115,389	-	115,389
Investment income	7	18,508	-	18,508
Other income	8	1,882,918	-	1,882,918
Total income		3,642,604	1,693,940	5,336,544
Expenditure:				
Costs of raising funds	10	6,134	-	6,134
Charitable activities	11	1,366,325	1,137,087	2,503,412
Other	13	242,521	19,756	262,277
Total expenditure		1,614,980	1,156,843	2,771,823
Net gains / (losses) on investments	21	102,843	-	102,843
Net incoming resources		2,130,467	537,097	2,667,564
Gains / (losses) on revaluation of fixed assets	19	-	-	-
Net movement in funds		2,130,467	537,097	2,667,564
Reconciliation of funds				
Total funds brought forward	29	13,508,244	11,480,579	24,988,823
Total funds carried forward	29	15,638,711	12,017,676	27,656,387

Notes to the financial statements
For the year ended 31 March 2022

4 Donations and legacies

	Unrestricted Funds £	Restricted Funds £	2022 £	2021 £
Lottery Fund	-	305,451	305,451	891,608
Coastal Forces	-	200,000	200,000	-
Historic England	-	-	-	94,132
English Heritage	-	-	-	7,600
Cultural Recovery Fund	-	222,300	222,300	698,600
Donations	-	2,000	2,000	2,000
Coronavirus Job Retention Scheme	212	-	212	266,534
Portsmouth City Council	-	-	-	55,000
Health Foundation	-	-	-	12,400
Other	26,330	-	26,330	-
	26,542	729,751	756,293	2,027,874

5 Income from charitable activities

	Unrestricted Funds £	Restricted Funds £	2022 £	2021 £
Income from property	1,346,135	-	1,346,135	562,626
Income from car park	458,345	-	458,345	160,847
Exhibitions and Harbour Tours	248,846	-	248,846	47,018
Boats	34,735	-	34,735	-
Property rental	665,797	-	665,797	521,364
	2,753,858	-	2,753,858	1,291,855

6 Income from other trading activities

	Unrestricted Funds £	Restricted Funds £	2022 £	2021 £
Training college fees	328,977	-	328,977	115,389
	328,977	-	328,977	115,389

Notes to the financial statements
For the year ended 31 March 2022

7 Investment income

	2022 £	2021 £
Interest on cash deposited with banks	**2,090**	1,248
Dividends from listed investments and commission	**18,963**	17,260
	21,053	18,508

8 Other income

	2022 £	2021 £
Profit on disposal of property	**-**	1,882,918
	-	1,882,918

Profit on disposal of property relates to the disposal of land for residential development at Priddy's Hard.

9 Subsidiary activities

A summary of the activities of the Trust's wholly owned subsidiaries is set out below:

	2022 £	2021 £
Profit and loss account		
Property income	**818,136**	597,341
Direct costs	**(77,561)**	(77,561)
Administration costs		
Property companies	**(136,818)**	(388,386)
Revaluations of investment properties	**54,000**	-
Net profit before tax	**657,757**	131,394
Taxation	**(10,250)**	-
Intra-group transactions		-
Gain on disposal of assets	**-**	1,246,219
Net comprehensive income retained by the group	**647,507**	1,377,613

10 Cost of raising funds

	Unrestricted Funds £	Restricted Funds £	Total 2022 £	Total 2021 £
Investment Management fees	**6,216**	**-**	**6,216**	3,359
Other direct costs	**37,503**	**-**	**37,503**	2,775
	43,719	**-**	**43,719**	6,134

Notes to the financial statements
For the year ended 31 March 2022

11 Direct charitable expenditure

	Unrestricted Funds £	Restricted Funds £	Total 2022 £	Total 2021 £
Preservation and related costs	2,136,714	314,451	2,451,165	1,020,593
Costs relating to car park	156,103	12,497	168,600	101,055
Harbour Tour costs	21,565	-	21,565	159,352
Access and education	275,405	156,602	432,007	363,139
Depreciation	154,549	465,437	619,986	562,462
Support costs (note 12)	236,831	148,748	385,579	296,811
	2,981,167	1,097,735	4,078,902	2,503,412

12 Support Costs

	2022 £	2021 £
Wages and Salaries	251,206	224,086
Staff costs	30,795	27,411
Travel and subsistence	4,769	238
Computer costs	45,122	26,372
Telephone, printing, postage and stationery	15,039	13,527
Bank charges	10,340	1,691
Sundry	28,308	3,486
	385,579	296,811

All support costs are deemed to relate to charitable activities.

13 Other Costs

	Unrestricted £	Restricted £	2022 £	2021 £
Trustees fees	110,263	-	110,263	1,509
Legal and professional fees	586,019	71,972	657,991	232,298
Auditors' fees	43,283	-	43,283	28,470
Deferred tax movement	10,250	-	10,250	
	749,815	71,972	821,787	262,277

The above costs, with the exception of deferred tax, relate to the governance costs.

Notes to the financial statements
For the year ended 31 March 2022

14 Net gains / (losses) on investments

	Unrestricted £	Restricted £	2022 £	2021 £
Net unrealised / realised gains / (losses)	**43,504**	-	**43,504**	102,843
Profit on sale of Investment property	**11,029**	-	**11,029**	-
	54,533	-	**54,533**	102,843

15 Staff Costs

	2022 £	2021 £
Staff costs:		
Wages and salaries	**1,193,066**	935,486
Social security costs	**104,400**	81,234
Pension costs	**54,735**	42,653
	1,352,201	1,059,373

Employee bandings:
No employee had earnings (including benefits) of £60,000 to £70,000 (2021: one)
No employees had earnings (including benefits) of £70,000 to £80,000 (2021: none)
One employee had earnings (including benefits) of £80,000 to £90,000 (2021: one)
One employee had earnings (including benefits) of £90,000 to £100,000 (2021: none)

The employee costs of key management personnel during the year was £428,137 (2021: £322,832) including pensions, national insurance and Trustees' emoluments in note 16.

Notes to the financial statements
For the year ended 31 March 2022

16 Trustees' emoluments

The remuneration paid to the Trustees of Portsmouth Naval Base Property Trust, as authorised by the Articles and Memorandum of Association, was:

	2022 £	2021 £
Fees for service as Directors and Trustees:		
Rear-Admiral Neil E Rankin CB CBE	**9,000**	-
Philip A Marriott	**9,000**	-
Michael Ridley	**9,000**	-
Michàl Cohen	**9,000**	-
Roger Ching	**9,000**	-
David Butters (Chairman)	**16,000**	-
Prof Virginia Gibson	**9,000**	-
Theresa Hall	**9,000**	-
Steve Pitt	**9,000**	-
Robert Palmer	**9,000**	-
	97,000	-

In 2022: five (2021: three) of the above Trustees were reimbursed a total of £12,842 (2021: £1,509) of expenses in relation to travelling and administration costs incurred during the year.

One (2021 – Nil) trustees donated £9,655 (2021 - £Nil).

17 Employee information

The average monthly headcount of persons (excluding Trustees) employed by the Trust and the group during the year was:

	2022		2021	
	Group Number	Trust Number	Group Number	Trust Number
By activity				
Property and related activities	**10**	**10**	9	9
Boats	**9**	**9**	9	9
Other trading	**3**	**3**	5	5
College	**10**	**10**	8	8
Administration	**17**	**17**	10	10
	49	**49**	41	41

Notes to the financial statements
For the year ended 31 March 2022

18 Net income / expenditure for the year

	2022 £	2021 £
Net income / expenditure for the year is stated after charging/(crediting):		
Depreciation and loss on disposal	**619,986**	562,462
Auditors' remuneration for audit	**40,450**	35,800
Government Grants	**6,718**	266,534
Fees payable to the auditor for:		
- Audit of parent company	**16,750**	16,100
- Audit of subsidiaries	**12,500**	12,000
- Taxation	**1,200**	1,200
- Other services	**10,000**	6,500

Trust net outgoing resources for the financial year

As permitted by Section 408 of the Companies Act 2006, the Trust's statement of financial activities has not been included in these financial statements. The Trust's movement in funds for the financial year is a deficit of £1,068,123 (2021: surplus £1,964,854) for unrestricted funds and deficit of £439,956 (2021: surplus £537,097) for restricted funds.

19 Heritage assets

The charity was set up in 1985 by the Ministry of Defence, English Heritage and Portsmouth City Council and its charitable objects are set out on page 4 of the Trustees report. The main part of its objects concerns the preservation of buildings, structures, vessels, docks and berths associated with His Majesty's Naval Base at Portsmouth for the public to access and enjoy for the purposes of education in naval history and the defence of the realm. The Trust was granted a 99-year lease by the Ministry of Defence over certain properties located within His Majesty's Naval Base at Portsmouth with a view to maintaining them in accordance with its objects. In all 15 buildings, 3 docks and a mast pond were included within the lease. The majority of the buildings, all 3 docks and the mast pond are either scheduled ancient monuments, Grade I, Grade II* or Grade II listed buildings and each has historical significance. The Trustees have taken the view that these buildings, structures, vessels, docks and berths, together with their associated infrastructure are heritage assets. These assets were treated as general fixed assets until 2015, but following a review by the Trustees they were reclassified as heritage assets. This reclassification did not affect the cost or carrying values of the relevant assets, only how they are disclosed in the accounts.

The initial lease was granted at nil cost, so there is no purchase cost in the accounts. Wherever possible some of the properties have been renovated and the cost of these renovations has been capitalised and included in the cost of heritage assets. Many of the properties are let to third parties or used by the Trust, but they are still part of the visitor experience and promote the objects of the charity. As such the buildings are well maintained and there is no evidence of impairment. Routine maintenance costs are written off as they are incurred.

Since the lease was granted the Trust has expended significant amounts on renovation costs and also acquired many artefacts and two of the last remaining fully operational high-speed World War II motor boats. The artefacts have been gifted to the Trust and so have no cost in the accounts, although a significant number of the boats in the boat collection are on The National Register of Historic Vessels.

19 Heritage assets (cont.)

The value of the artefacts is not considered to be material. The motor boats were acquired and are disclosed in the accounts at cost less related depreciation.

Additionally, the Trust secured grant funding from LIBOR to create a Memorial Flotilla. The project consists of five elements, these relate to; the restoration of MGB81, a World War II gunboat, the construction of a replica Coastal Motor gunboat, the restoration of the Steam Cutter 'Falmouth', the restoration of a Falkland Islands conflict landing craft and the installation of pontoons on which to display the Trust's boat collection.

In 2012 the Trust acquired 23 acres of land from Gosport Borough Council which is the old site of Priddy's Hard Fort. Built in the 1750's its original purpose was to extend the defences of Portsmouth Harbour and the Royal Dockyard. In the late 18th century it started to be used as a gunpowder store and later a site for munitions storage and handling. New buildings were added as extra space and new types of explosives were invented, and it was used extensively during both World Wars. The site closed in 1989 and since then it has been used primarily as the location for the Explosion! Museum. The site holds many listed buildings. Priddy's Hard has many layers of historic significance due to its varied history as a Royal Ordnance yard during the 18th to 20th centuries. The site is recognised by national designations including scheduling, listing and protected sites for nature conservation. The Trust acquired the site for £1 but it has taken on the obligation to maintain and where necessary renovate the site, as well as to keep it open for public enjoyment and education. The site is disclosed in the accounts at cost.

None of the heritage assets have been revalued. The motor boats are of such historical significance that it would be difficult and expensive to obtain accurate formal valuations, but the Trustees are confident that their value is in excess of their written down value.

The Trust maintains a list of all of its heritage assets which have been bought, lent and gifted. The vast majority of the assets are on display on the site, although for rented buildings internal access is not always possible.

Notes to the financial statements
For the year ended 31 March 2022

19 Heritage assets (cont.)

Group and company
As at 31 March 2022

	Improvements to leasehold property, fixtures etc. £	Infrastructure and lighting £	Powerboats and LIBOR project £	Total 2022 £
Cost				
At 1 April 2021	10,518,872	2,371,041	2,522,715	15,412,628
Additions	38,628	-	93,835	132,463
Disposals	(388,328)	-	-	(388,328)
At 31 March 2022	10,169,172	2,371,041	2,616,550	15,156,763
Depreciation				
At 1 April 2021	3,107,985	906,231	1,007,377	5,021,593
Charge for year	331,583	47,253	145,789	524,625
Disposals	(1,000)	-	-	(1,000)
At 31 March 2022	3,438,568	953,484	1,153,166	5,545,218
Net book value at 31 March 2022	**6,730,604**	**1,417,557**	**1,463,384**	**9,611,545**
Net book value at 31 March 2021	7,410,887	1,464,810	1,515,338	10,391,035

The net book value at 31 March 2022 represented fixed assets used for direct charitable purposes.

Notes to the financial statements
For the year ended 31 March 2022

19 Heritage assets (summary)

Group and company

	2022	2021	2020	2019	2018
		£	£	£	£
Cost					
At 1 April	15,412,628	13,665,900	12,485,295	11,616,075	11,294,474
Additions/disposals	(255,865)	1,746,728	1,180,605	869,220	321,601
At 31 March	15,156,763	15,412,628	13,665,900	12,485,295	11,616,075
Depreciation					
At 1 April	5,021,593	4,544,094	4,141,527	3,713,996	3,286,465
Eliminated on disposal	(1,000)	(2,811)	-	-	-
Charge for year	524,625	480,310	402,567	427,531	427,531
At 31 March	5,545,218	5,021,593	4,544,094	4,141,527	3,713,996
Net book value at 31 March	9,611,545	10,391,035	9,121,806	8,343,768	7,902,079

Portsmouth Naval Base Property Trust
And Its Subsidiary Undertakings

Notes to the financial statements
For the year ended 31 March 2022

20 Tangible fixed assets

Group	Plant, fixtures, fittings and office equipment £	Other equipment, sign-posting and film £	Boathouse Number 6 £	Promenade, Interpretation & lighting £	Total £
Cost					
At 1 April 2021	3,497,345	3,279,181	5,875,051	37,054	12,688,631
Additions	3,393	66,395	-	-	69,788
At 31 March 2022	3,500,738	3,345,576	5,875,051	37,054	12,758,419
Depreciation					
At 1 April 2021	3,490,674	3,197,796	885,295	37,054	7,610,819
Charge for year	4,230	13,570	77,561	-	95,361
At 31 March 2022	3,494,904	3,211,366	962,856	37,054	7,706,180
Net book value at 31 March 2022	**5,834**	**134,210**	**4,912,195**	**-**	**5,052,239**
Net book value at 31 March 2021	6,671	81,385	4,989,756	-	5,077,812

The net book value of fixed assets which are not used for the Trust's charitable purposes is insignificant.

Notes to the financial statements
For the year ended 31 March 2022

20 Tangible fixed assets (cont.)

Trust	Fixtures, fittings, office equipment and furniture £	Other equipment and sign-posting & film £	Interpretation & lighting £	Total £
Cost				
At 1 April 2021	259,045	3,279,181	37,054	3,575,280
Additions	3,393	66,395	-	69,788
At 31 March 2022	262,438	3,345,576	37,054	3,645,068
Depreciation				
At 1 April 2021	252,373	3,197,796	37,054	3,487,223
Charge for year	4,230	13,570	-	17,800
At 31 March 2022	256,603	3,211,366	37,054	3,505,023
Net book value at 31 March 2022	**5,835**	**134,210**	**-**	**140,045**
Net book value at 31 March 2021	6,672	81,385	-	88,057

The net book value of fixed assets which are not used for the Trust's charitable purposes is insignificant.

Notes to the financial statements
For the year ended 31 March 2022

21 Investment Properties

	Group	Trust
	£	£
At 1 April 2021	**7,054,661**	**1,389,661**
Disposals	**(294,661)**	**(294,661)**
Revaluation	**54,000**	**-**
At 31 March 2022	**6,814,000**	**1,095,000**
At 31 March 2021	7,054,661	1,389,661

Trust and Group investment properties costing £575,000 (2021: £869,661) are shown in the accounts at £1,095,000 following a valuation completed by Vail Williams, Chartered Surveyors in June 2020. The Trustees have considered the valuation of this property and consider that this value remains appropriate.

Land and buildings owned by Portsmouth Naval Base Property Company (Queen Street) Limited, a subsidiary company, are classified as investment properties. The properties are included in the Group's accounts at a valuation of £5,719,000. The car park and ground rent income was valued by Vail Williams Chartered Surveyors at 31 March 2022. The valuation was prepared on the basis of fair value (market value) using the investment method, and in accordance with RICS valuation – professional standards. The commercial units were valued by Holloway Illiffe & Mitchell in June 2021 using market rental values and the valuation is deemed to remain appropriate by the Trustees.

The historical cost of these properties is £2,849,019 (2021: £2,849,019).

22 Fixed asset investments

	Group		Trust	
	2022	2021	**2022**	2021
	£	£	**£**	£
Investment portfolio	**617,500**	1,036,880	**617,500**	1,036,880
Interest in subsidiary undertakings – cost at 1 April	**-**	-	**14,100,004**	14,100,004
Interest in subsidiary undertakings – additions	**-**	-	**-**	-
Interest in subsidiary undertakings - provision	**-**	-	**(8,874,033)**	(8,874,033)
Interest in associated undertakings	**25**	25	**25**	25
	617,525	1,036,905	**5,843,496**	6,262,876

Notes to the financial statements
For the year ended 31 March 2022

22 Fixed asset investments (cont.)

Market value reconciliation

	2022 £	2021 £
Market value at 1 April 2021	**568,892**	470,823
Less: Disposals	**(28,379)**	(74,949)
Add: Acquisitions at cost	**25,385**	70,176
Net unrealised/realised gains / (losses)	**42,255**	102,843
Market value at 31 March 2022	**608,151**	568,892
Cash available to invest	4,135	465,440
Accrued income	5,214	2,548
Total of investments	**617,500**	**1,036,880**

Investment portfolio

	Group and Trust			
	2022		2021	
	Market Value £	Cost £	Market Value £	Cost £
Equities	**454,927**	**274,552**	411,838	274,817
Fixed Interest	**56,230**	**59,490**	69,943	70,551
Alternative Investments	**96,994**	**95,710**	87,111	88,091
	617,500	**440,347**	568,892	433,459

The investment portfolio is not held in direct furtherance of the Trust's objectives. It is however held with a view to funding some of the Trust's objectives.

The following investments account for more than 5% of the listed investments:

	2022	2021
Sequoia	**-**	5.51%
Blackrock Throgmorton	**6.20%**	8.44%
Bankers Investment Trust Ord	**6.79%**	7.4%
JP Morgan American Investment Trust Ord GBP 0.05	**5.07%**	-
Findlay Park Fund Plc American sterling GBP Uhdg	**5.02%**	-

Notes to the financial statements
For the year ended 31 March 2022

22 Fixed asset investments (cont.)

Interest in subsidiary companies

The Trust holds a 100% interest in the £1 ordinary share capital of Portsmouth Naval Base Trading Co. Limited (PNBTCL) registration number 8802879, Portsmouth Naval Base Property Company Limited (PNBPCL) registration number 4207508, Portsmouth Naval Base Property Company (Queen Street) Limited (QS) registration number 4969934, and Portsmouth Naval Base Property (Priddy's Hard) Limited (PH) registration number 6964416, all companies incorporated in England and Wales. PNBTCL was set up to protect the trading name and has been dormant since incorporation. The principal business activity of PNBPCL is property rental. As the latter relates to Boathouse Number 6 and Action Stations this is considered to be a charitable activity. QS was incorporated as a vehicle for the development of the Queen Street car park. PH was incorporated as a vehicle for the development of part of the land at Priddy's Hard and was dormant during the year. All group investments have been written down to their net asset values where applicable.

The results and net assets of subsidiaries are:

	2022	2021
	£	£
PNBPCL		
Turnover	**493,357**	365,974
Profit after taxation	**387,743**	102,783
Net assets	**5,719,188**	5,226,445
QS		
Turnover	**247,218**	231,367
Profit after taxation	**272,317**	188,091
Net assets	**5,198,230**	5,145,913
PH		
Turnover	**-**	-
Profit/(loss) after taxation	**(12,553)**	1,086,739
Net assets	**96,304**	108,857

Associated undertakings

The Trust holds a 25% interest in the £1 ordinary share capital of Portsmouth Harbour Renaissance Limited, a company incorporated in England and Wales. This company was formed to act in a co-ordinating role, overseeing the various Portsmouth Harbour Millennium projects.

Significant influence was not exerted over the above entity; therefore, it has not been consolidated into these accounts. The aggregate capital and reserves of Portsmouth Harbour Renaissance Limited are not material to these accounts and are not disclosed.

Notes to the financial statements
For the year ended 31 March 2022

23 Financial assets and financial liabilities

	Group		Trust	
	2022 £	2021 £	2022 £	2021 £
Financial assets at amortised cost	**6,824,366**	6,159,625	**n/a**	n/a
Financial liabilities at amortised cost	**(1,708,702)**	(1,595,936)	**n/a**	n/a
Net financial assets	**5,115,664**	4,563,689	**n/a**	n/a

Group financial assets comprise trade debtors, accrued income, prepayments and cash and bank balances, excluding cash with investment brokers. Company financial assets also includes balances due from subsidiary undertakings. Financial liabilities comprise trade creditors, accruals and other creditors.

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

24 Debtors

	Group		Trust	
	2022 £	2021 £	2022 £	2021 £
Amounts falling due within one year				
Trade debtors	**545,169**	262,334	**333,672**	242,223
Amounts owed by subsidiary undertakings	**-**	-	**711,048**	587,187
Other debtors and VAT	**-**	69,807	**-**	69,807
Prepayments and accrued income	**1,182,415**	1,199,082	**655,517**	585,950
Total	**1,727,584**	1,531,223	**1,700,237**	1,485,167

25 Creditors: amounts falling due within one year

	Group		Trust	
	2022 £	2021 £	2022 £	2021 £
Trade creditors	**433,206**	225,701	**433,206**	225,701
PAYE, VAT and social security	**41,794**	23,238	**41,794**	23,238
Accruals and deferred income	**306,876**	370,235	**300,375**	359,744
Other creditors	**10,159**	-	**10,159**	-
Bank loan	**200,000**	83,334	**200,000**	83,333
	992,035	702,508	**985,534**	692,016

Notes to the financial statements
For the year ended 31 March 2022

26 Creditors: amounts falling due after one year

	Group		Trust	
	2022	2021	**2022**	2021
	£	£	**£**	£
Bank loan	**716,667**	916,667	**716,667**	916,667
	716.667	916,667	**716,667**	916,667

The bank loan relates to a CBILS loan taken out in September 2020, the loan is for 6 years and no repayments were due for the first 12 months. Interest of 1.88% over base will be applied after the initial 12 months have elapsed. The loan is secured over the assets of the group.

27 Deferred income

	Group		Trust	
	2022	2021	**2022**	2021
	£	£	**£**	£
Balance at 1 April 2021	**182,754**	188,214	**182,754**	188,214
Amounts deferred in period	**99,076**	141,386	**99,076**	141,386
Amounts released to incoming resources	**(182,754)**	(146,846)	**(182,754)**	(146,846)
Balance at 31 March 2022	**99,076**	182,754	**99,076**	182,754

Deferred income for 2021/22 is as follows:
- College income £75,680
- Boat trips £2,205
- Rental income £21,191

28 Provisions for liabilities

	Group		Trust	
	2022	2021	**2022**	2021
	£	£	**£**	£
Deferred tax on revaluation of Investment properties	**530,550**	520,300	**-**	-
	530,550	520,300	**-**	-

Notes to the financial statements
For the year ended 31 March 2022

29 Analysis of net assets between funds

Group – year ended 31 March 2022

	Unrestricted funds £	Restricted funds £	Total funds £
Heritage assets	-	10,605,673	9,611,545
Tangible fixed assets	5,052,239	-	5,052,239
Investment properties	6,814,000	-	6,814,000
Fixed asset investments	617,524	-	617,524
Current assets	2,195,378	87,204	2,282,585
Cash at bank	2,683,379	864,549	4,542,052
Current liabilities	(979,630)	(12,406)	(992,035)
Non current liabilities	(716,667)	-	(716,667)
Provisions for liabilities	(530,550)	-	(530,550)
As at 31 March 2022	**15,135,673**	**11,545,020**	**(26,680,693)**

Group – year ended 31 March 2021

	Unrestricted funds £	Restricted funds £	Total funds £
Heritage assets	-	10,391,035	10,391,035
Tangible fixed assets	5,077,812	-	5,077,812
Investment properties	7,054,662	-	7,054,662
Fixed asset investments	1,036,905	-	1,036,905
Current assets	1,476,585	61,208	1,537,793
Cash at bank	3,132,222	1,565,433	4,697,655
Current liabilities	(702,508)	-	(702,508)
Non current liabilities	(916,667)	-	(916,667)
Provisions for liabilities	(520,300)	-	(520,300)
As at 31 March 2021	15,638,711	12,017,676	27,656,387

Notes to the financial statements
For the year ended 31 March 2021

29 Analysis of net assets between funds

Trust – year ended 31 March 2022

	Unrestricted funds £	Restricted funds £	Total funds £
Heritage assets	-	10,605,673	9,611,545
Tangible fixed assets	140,045	-	140,045
Investment properties	1,095,000	-	1,095,000
Fixed asset investments	5,843,496	-	5,843,496
Current assets	2,168,030	87,204	2,255,237
Cash at bank	1,791,148	864,549	3,649,821
Current liabilities	(973,129)	(12,406)	(985,534)
Non current liabilities	(716,667)	-	(716,667)
As at 31 March 2022	**9,347,923**	**11,545,020**	**20,892,943**

Trust – year ended 31 March 2021

	Unrestricted funds £	Restricted funds £	Total funds £
Heritage assets	-	10,391,035	10,391,035
Tangible fixed assets	88,057	-	88,057
Investment properties	1,389,661	-	1,389,661
Fixed asset investments	6,262,876	-	6,262,876
Current assets	1,430,529	61,208	1,491,737
Cash at bank	2,820,906	1,565,433	4,386,339
Current liabilities	(692,016)	-	(692,016)
Non current liabilities	(916,667)	-	(916,667)
As at 31 March 2021	10,383,346	12,017,676	22,401,022

Notes to the financial statements
For the year ended 31 March 2022

30 Funds

Group

	At 1 April 2021 £	Incoming resources £	Movement in period £	Transfers £	Balance at 31 March 2022 £
RESTRICTED FUNDS					
Millennium projects					
Boathouse 6	**1,623,993**	-	(77,561)	-	**1,546,432**
Dockyard Promenade	**517,419**	-	(20,277)	-	**497,142**
Interpretation and lighting	**949,818**	-	(26,976)	-	**922,842**
Other					
Leasehold property	**115,979**	-	(17,976)	-	**98,003**
HLF Resilience	**4,555**	-	(82,557)	-	**(78,002)**
Powerboats					
LIBOR	**1,985,358**	-	(200,730)	-	**1,784,628**
Boathouse 4	**-**			-	
HLF	**3,157,276**	-	(147,080)	-	**3,010,196**
RGF	**409,722**	-	(22,762)	-	**386,960**
Other	**173,781**	2,000	(9,132)	-	**166,649**
Cell Block Project					
RGF	**517,989**	-	(28,777)	-	**489,212**
Store 12, Ropery and South Office Block					
MoD Dowry	**441,603**	-	(55,043)	-	**386,560**
Cultural Recovery fund	**220,774**	222,300	(343,150)	-	**99,924**
Priddy's Hard - HLF	**1,354,112**	305,451	(104,008)	(32,700)	**1,522,855**
Ramparts	**121,703**	-	(17,205)	-	**104,498**
Coastal Forces	**228,200**	200,000	(9,635)	-	**418,565**
Historic England – E Magazine	**195,394**		(6,838)	-	**188,556**
	12,017,676	729,751	(1,169,707)	(32,700)	**11,545,020**
UNRESTRICTED FUNDS					
General funds	**10,909,260**	3,105,149	(2,844,015)	739,301	**11,909,965**
Designated funds – Priddy's Hard	**1,913,770**	90,063	(930,635)	(706,601)	**366,277**
	12,823,030	3,195,212	(3,774,700)	32,700	**12,276,242**
NON DISTRIBUTABLE RESERVES	**2,815,681**	**43,750**	**-**	-	**2,859,431**
TOTAL	**27,656,387**	**3,968,713**	**(4,944,407)**	-	**26,680,693**

Notes to the financial statements
For the year ended 31 March 2022

30 Funds (cont.)

Millennium project grant funding was received as a contribution towards the costs of the various millennium projects. Additional capital grants were received from the Millennium Commission in 2005-06 in support of the InterAction science gallery. All of the projects were completed as at 31 March 2006.

Capital grants were received in 1992 towards the cost of sign-posting in the Portsmouth Historic Dockyard. Further capital grants were received during 1993-94 in respect of building works on Boathouse 7, a leasehold property, a project which was completed during the year to 31 March 1995.

The National Lottery Heritage Fund (formerly HLF) Resilient Heritage grant provided funding for non-operational College costs, with a view to supporting the economic resilience of the College business. This included development of strategies and resources, and funding for staff posts involved in college development. The Trust, by agreement with the National Lottery Heritage Fund, continued with its Resilient Heritage project, with a view to submitting its application for the second tranche of funding in Summer 2022. This was submitted on 17th August 2022.

Powerboats relates to the acquisition of two World War II powerboats, which are being displayed as part of the Trust's growing boat collection. These were funded predominantly by a £580,000 grant from the National Heritage Memorial Fund. The resultant restricted funds are represented in the balance sheet by the related fixed assets and are being reduced by annual transfers to unrestricted funds over the anticipated lives of the related assets.

The LIBOR relates to LIBOR grant funding received to create a Memorial Flotilla. The project includes the creation of pontoons in front of Boathouse 4 and the restoration of some of the Trust's historic boat collection.

Boathouse 4 relates to the conversion of the boathouse into an international boat academy. This is being funded predominantly by the Heritage Lottery Fund and the Regional Growth Fund. Other donations include £100,000 from Garfield Weston Foundation, £50,000 from Headley Trust, £10,000 from Fidelity UK Foundation, £10,000 from Gosling Foundation, £25,000 from Bernard Sunley Charitable Foundation and £15,000 from Charles Hayward Foundation.

Cell Block Project relates to a joint project with the University of Portsmouth converting the cell block within the dockyard into a business incubation centre. The capital works were funded by the Regional Growth Fund.

The funds for Storehouse 12, Ropery and South Office Block comprise a reverse premium paid by MoD to the Trust upon the grant of the leases of those buildings as a contribution towards the cost of repairs for which the Trust is liable under the leases.

The Culture Recovery Fund grant supported employment costs for staff when not furloughed, bursary support for IBTC College students, investment in IT to facilitate home working and create business efficiencies and the purchase of new equipment for the car park in Admiralty Quarter.

The Priddy's Hard funding comprises grant from (i) the National Lottery Heritage Fund (formerly known as the Heritage Lottery Fund) towards the restoration and re-use of seven listed buildings and related site improvements and specific additional support for the historic ramparts and the creation of a Coastal Forces exhibition in one of the listed buildings and (ii) Historic England towards the cost of clearing and maintaining the ramparts to enable public access and repair costs for E Magazine.

Notes to the financial statements
For the year ended 31 March 2022

30 Funds (cont.)

	At 1 April 2020 £	Incoming resources £	Movement in period £	Transfers £	Balance at 31 March 2021 £
RESTRICTED FUNDS					
Millennium projects					
Boathouse 6	1,701,554	-	(77,561)	-	**1,623,993**
Dockyard Promenade	537,696	-	(20,277)	-	**517,419**
Interpretation and lighting	978,878	-	(29,060)	-	**949,818**
Other				-	
Leasehold property	133,955	-	(17,976)	-	**115,979**
HLF Resilience	21,324	-	(16,769)	-	**4,555**
Powerboats					
LIBOR	2,157,127	-	(171,769)	-	**1,985,358**
Boathouse 4					
HLF	3,304,356	-	(147,080)	-	**3,157,276**
RGF	432,484	-	(22,762)	-	**409,722**
Other	180,912	2,000	(9,131)	-	**173,781**
Cell Block Project					
RGF	546,766	-	(28,777)	-	**517,989**
Store 12, Ropery and South Office					
Block					
MoD Dowry	545,008	-	(103,405)	-	**441,603**
Cultural Recovery fund		698,600	(477,826)	-	**220,774**
Priddy's Hard - HLF	462,504	891,608		-	**1,354,112**
Ramparts	102,215	53,938	(34,450)	-	**121,703**
Coastal Forces	228,200	-	-	-	**228,200**
Historic England – E Magazine	147,600	47,794		-	**195,394**
	11,480,579	1,693,940	(1,156,843)	-	**12,017,676**
UNRESTRICTED FUNDS					
General funds	10,692,563	1,831,677	(1,614,980)	-	**10,909,260**
Designated funds – Priddy's Hard	-	1,913,770	-	-	**1,913,770**
	10,692,563	3,745,447	(1,614,980)	-	**12,823,030**
NON DISTRIBUTABLE RESERVES	2,815,681	-	-	-	**2,815,681**
TOTAL	**24,988,823**	**5,439,387**	**(2,771,823)**	-	**27,656,387**

Notes to the financial statements
For the year ended 31 March 2022

30 Funds (cont.)

Trust

	At 1 April 2021 £	Incoming resources £	Movement in period £	Transfers £	Balance at 31 March 2022 £
RESTRICTED FUNDS					
Millennium projects					
Boathouse 6	1,623,993	-	(77,561)	-	**1,546,432**
Dockyard Promenade	517,419	-	(20,277)	-	**497,142**
Interpretation and lighting	949,818	-	(26,976)	-	**922,842**
Other					
Leasehold property	115,979	-	(17,976)	-	**98,003**
HLF Resilience	4,555	-	(82,557)	-	**(78,002)**
Powerboats					
LIBOR	1,985,358	-	(200,730)	-	**1,784,628**
Boathouse 4	-	-		-	
HLF	3,157,276	-	(147,080)	-	**3,010,196**
RGF	409,722	-	(22,762)	-	**386,960**
Other	173,781	2,000	(9,132)	-	**166,649**
Cell Block Project					
RGF	517,989	-	(28,777)	-	**489,212**
Store 12, Ropery and South Office Block					
MoD Dowry	441,603	-	(55,043)	-	**386,560**
Cultural Recovery fund	220,774	222,300	(343,150)	-	**99,924**
Priddy's Hard - HLF	1,354,112	305,451	(104,008)	(32,700)	**1,522,855**
Ramparts	121,703	-	(17,205)	-	**104,498**
Coastal Forces	228,200	200,000	(9,635)	-	**418,565**
Historic England – E Magazine	195,394	-	(6,838)	-	**188,556**
	12,017,676	729,751	(1,169,707)	(32,700)	**11,545,020**
UNRESTRICTED FUNDS					
General funds	9,196,065	2,556,024	(2,796,078)	(398,061)	**8,557,950**
Designated funds – Priddy's Hard	667,281	99,563	(927,632)	430,761	**269,973**
	9,863,346	2,655,587	(3,723,710)	32,700	**8,827,923**
NON DISTRIBUTABLE RESERVES	520,000	-	-	-	**520,000**
TOTAL	22,401,022	**3,385,338**	**(4,893,417)**	-	**20,892,943**

Notes to the financial statements
For the year ended 31 March 2022

30 Funds (cont.)

Trust

	At 1 April 2020 £	Incoming resources £	Movement in period £	Transfers £	Balance at 31 March 2021 £
RESTRICTED FUNDS					
Millennium projects					
Boathouse 6	1,701,554	-	(77,561)	-	**1,623,993**
Dockyard Promenade	537,696	-	(20,277)	-	**517,419**
Interpretation and lighting	978,878	-	(29,060)	-	**949,818**
Other				-	
Leasehold property	133,955	-	(17,976)	-	**115,979**
HLF Resilience	21,324	-	(16,769)	-	**4,555**
Powerboats					
LIBOR	2,157,127	-	(171,769)	-	**1,985,358**
Boathouse 4					
HLF	3,304,356	-	(147,080)	-	**3,157,276**
RGF	432,484	-	(22,762)	-	**409,722**
Other	180,912	2,000	(9,131)	-	**173,781**
Cell Block Project					
RGF	546,766	-	(28,777)	-	**517,989**
Store 12, Ropery and South Office Block					
MoD Dowry	545,008	-	(103,405)	-	**441,603**
Cultural Recovery fund		698,600	(477,826)	-	**220,774**
Priddy's Hard - HLF	462,504	891,608		-	**1,354,112**
Ramparts	102,215	53,938	(34,450)	-	**121,703**
Coastal Forces	228,200	-	-	-	**228,200**
Historic England – E Magazine	147,600	47,794		-	**195,394**
	11,480,579	1,693,940	(1,156,843)	-	**12,017,676**
UNRESTRICTED FUNDS					
General funds	7,898,492	2,687,582	(1,390,009)	-	**9,196,065**
Designated funds – Priddy's Hard	-	667,281	-	-	**667,281**
	7,898,492	3,354,863	(1,390,009)	-	**9,863,346**
NON DISTRIBUTABLE RESERVES	520,000	-	-	-	**520,000**
TOTAL	**19,899,071**	**5,048,803**	**(2,546,852)**	-	**22,401,022**

Notes to the financial statements
For the year ended 31 March 2022

31 Related party transactions

The Trust has taken exemption under FRS 102 from disclosing transactions with other Group companies, which eliminate on consolidation in the financial statements of the Trust.

32 Pension Commitments

The Trust operates a defined contribution scheme for the benefit of its employees. The assets of the scheme are held separately from those of the Trust in an independently administered fund. The pension cost charge represents contributions payable by the Trust to the fund.

The pension cost paid by the Trust for the year amounted to £54,735 (2021: £42,653). The amount outstanding at the year end was £10,159 (2021 - £6,961).

33 Capital commitments

At the year end, the Trust had capital commitments of £Nil (2021: £319,705).

34 Contingent liabilities

During the year ending 31 March 2010, the Trust acquired the land and buildings at Priddy's Hard from Gosport Borough Council. Under the acquisition agreement, if the Trust develops certain areas of the site there is a profit sharing arrangement such that 32.5% of any profit is due to Gosport Borough Council. It is not possible at this stage to quantify the value of any payments that may be due in the future.

The Ministry of Defence (MoD) is in dispute with two tenants in the Historic Dockyard over utility costs that it failed to invoice for several years. The tenants are disputing some of the proposed charges which could be up to £450,000. Should the tenants and the MoD not come to an agreement over these charges the MoD has indicated that the Trust may ultimately be liable under the terms of the headlease dated 01/06/1988. The Trust does not believe that it is contractually liable and will defend any attempt to be drawn into this dispute. Should the Trust have any liability in this respect, any charges raised against it will be passed on to the tenants.

In September 2021, the Trust received notification of a claim from solicitors acting for a former employee, who has recently been diagnosed with Mesothelioma. The Trust promptly notified its current insurers and conduct of the claim has been taken over by solicitors appointed by insurers. The Trust is advised that any liability will be apportioned across all its employer's liability insurers for the period of employment, but there is a possibility that the Trust could have to fund a proportion of any liability for a small period of the employment. A provision has been made totalling £20,000 within the financial statements and is included within accruals.

Notes to the financial statements
For the year ended 31 March 2022

35 Lessor commitments

At 31 March the Group held lessor commitments as follows:

	2022	2021
Amounts due within one year	**1,127,041**	1,128,158
Amounts due between one and five years	**2,806,974**	2,924,792
Amounts due after five years	**31,513,307**	32,059,064
	35,447,322	36,112,014

At 31 March the Trust held lessor commitments as follows:

	2022	2021
Amounts due within one year	**598,569**	527,191
Amounts due between one and five years	**1,094,739**	1,048,685
Amounts due after five years	**6,212,632**	6,030,894
	7,905,940	7,606,770

36. Reconciliation of net income to net cash flow from operating activities

	2022 £	2021 £
Net income / (expenditure) for the year	**(975,694)**	2,667,564
Taxation	**10,250**	-
Depreciation	**618,986**	562,462
Amortisation	**388,328**	-
Profit on disposal of assets	**-**	(1,882,918)
Investment income in income statement	**(21,053)**	-
Gain on investments	**(107,282)**	(102,843)
Increase / (Decrease) in stock	**6,570**	(6,570)
(Increase) in debtors	**(193,037)**	(532,039)
Increase / (Decrease) in creditors	**172,861**	(366,799)
Net cash provided by operating activities	**(100,071)**	338,857

Notes to the financial statements
For the year ended 31 March 2022

37 Analysis of changes in net debt - group

	1 April 2021	Cash Flows	Non-cash changes	31 March 2022
	£	£	£	£
Cash at bank	4,697,655	(155,603)	-	4,546,187
Cash in investments	465,440	(461,305)		4,135
Loans falling due within 1 year	(83,334)	83,334	(200,000)	(200,000)
Loans falling due after more than 1 year	(916,667)	-	200,000	(716,667)
Balance at 31 March 2022	**4,163,094**	**(533,574)**	**-**	**3,629,520**

Portsmouth Historic Quarter Trust

England & Wales - Charity number 293188

Accounts

Portsmouth Naval Base Property Trust and Its Subsidiary Undertakings
A Company Limited by Guarantee

Annual Report for the year ended 31 March 2021

Company Registration no: 01959490 (England and Wales)
Charity registered no: 293188

Portsmouth Naval Base Property Trust
And Its Subsidiary Undertakings

Annual report for the year ended 31 March 2021

	Pages
Governance and Management	1 - 2
Trustees' Report (including the Strategic Report)	3 - 13
Report of the Auditors	14 - 18
Consolidated Statement of Financial Activities (incorporating the Statement of Comprehensive Income)	19
Balance Sheets - Group and Trust	20
Consolidated Statement of Cash Flows	21
Notes to the financial statements	22 - 50

Governance

Trustees (also Directors)
David Butters (Chair)
Roger Ching
Michàl Cohen
Professor Virginia Gibson
Theresa Hall
Philip Marriott
Robert Palmer
Steve Pitt
Rear-Admiral Neil Rankin CB CBE
Michael Ridley

Secretary
Peter Goodship (resigned 01/04/21)
Hannah Prowse (appointed 06/04/21, resigned 29/07/21)
Patrick Holmes (appointed 29/07/21)

Registered office
19 College Road
HM Naval Base
Portsmouth
PO1 3LJ

Statutory auditors
Moore (South) LLP
City Gates
2-4 Southgate
Chichester
West Sussex
PO19 8DJ

Bankers
The Royal Bank of Scotland plc
London Corporate Centre
62-63 Threadneedle Street
London
EC2R 8LA

Solicitors
Macfarlanes LLP
20 Cursitor Street
London
EC4A 1LT

Blake Morgan LLP
Harbour Court
Compass Road
North Harbour
Portsmouth
Hants
PO6 4ST

DMH Stallard LLP
3rd Floor
Origin One
108 High Street
Crawley
West Sussex
RH10 1BD

Investment Managers
Quilter Cheviot Ltd
1 Kingsway
London
WC2B 6AN

Membership of Committees, Boards and Working Groups reporting to the Main Board (whose meetings are also attended as required by members of the executive team and other stakeholders)

Audit Committee
Roger Ching (Chair from 29/07/21)
Theresa Hall
Philip Marriott
Robert Palmer
Rear-Admiral Neil Rankin CB CBE (Chair until 29/07/21)

Boat Committee
Robert Palmer
Rear-Admiral Neil Rankin CB CBE (Chair)

IBTC Portsmouth College Board
Roger Ching
Professor Virginia Gibson
Philip Marriott (Chair)
Rear-Admiral Neil Rankin CB CBE

Operations Management Committee
Philip Marriott (Chair)
Steve Pitt
Rear-Admiral Neil Rankin CB CBE

Property Maintenance Committee
Roger Ching
Michàl Cohen
Professor Virginia Gibson
Michael Ridley (Chair)

Priddy's Hard Working Group
David Butters (Chair)
Roger Ching
Michál Cohen
Philip Marriott
Robert Palmer
Michael Ridley

Trustees' Report for the year ended 31 March 2021

The Trustees present their Annual Report, together with the audited consolidated Financial Statements of the Trust for the year ended 31 March 2021.

Legal status

Portsmouth Naval Base Property Trust is a private company limited by guarantee and a registered charity.

Charitable Objectives

The objective of the Trust is "the preservation of buildings, structures, vessels, docks and berths of national interest or architectural or historic interest or historically associated with Her Majesty's Naval Base at Portsmouth and the protection and augmentation of the amenities of such buildings, structures, vessels, docks and berths and their surroundings for the public benefit and the access to and enjoyment of the Naval Base buildings by the public for the purposes of education in naval history and other matters related to the Defence of the Realm."

The Trustees have had regard to the Charity Commission's guidance on public benefit.

Trustees

The following Trustees (who are also the Directors of the Company), acted during the year:

David Butters
Roger Ching
Michàl Cohen
Professor Virginia Gibson
Theresa Hall
Philip Marriott
Robert Palmer
Steve Pitt
Rear-Admiral Neil Rankin CB CBE
Michael Ridley

The liability of the Trustees is limited by guarantee of £1 each.

The Trust has formal selection and training procedures in place for its Trustees. Portsmouth City Council has the right to nominate two Trustees from time to time. Others are appointed based on the Trust's strategic needs for particular professional skills, experience and expertise. All new Trustees receive an induction pack and guidance from the Chairman and other Trustees as appropriate. Formal training for all Trustees is arranged from time to time and delivered by, for example, charity law and other relevant specialists from the Trust's solicitors.

Remuneration

The Trust remunerates Trustees in accordance with the provisions contained in its Memorandum of Association. The Trustees agreed to forego remuneration throughout the financial year as part of the Trust's measures to address the financial impact of the pandemic.

The Trust remunerates its staff in accordance with established policies and procedures which are subject to review annually as part of a wider review of staff performance.

Trustees' Report for the year ended 31 March 2021 (cont.)

Structure, governance and management

The Trust is governed by its Articles and Memorandum of Association. It has constituted various Board committees and working groups as set out in the Governance section which precedes this report. These focus on particular areas within their respective terms of reference but approval of all annual budgets, budget revisions and non-budgeted expenditure is reserved for the Board. Operational matters within approved strategy and budgets are delegated to the Chief Executive and other members of the senior management team but supported and scrutinised by the committees, working groups and full Board.

The Trust's subsidiary companies as referred to in the Accounts are all wholly owned and all directors are Directors/Trustees of the Trust. None of the subsidiary companies employs any staff. Decisions of the board of each company are taken within meetings of the Trust Board, its committees and working groups. Each has its own annual general meeting.

The Trust's main advisers are set out in the Governance section which precedes this report.

Management of Risk

A comprehensive risk register measures the extent of each risk and its likely impact on the Trust's business. The Trust reviews its principal risks on a two monthly basis and the risk register more extensively on an annual basis through its Audit Committee.

Assets and activities

The Trust was established in 1985 by the Ministry of Defence (MoD) and English Heritage to take on surplus land and buildings of historic significance within the Portsmouth Harbour hinterland based on the principle of an endowment paid by the MoD to reflect the poor condition of the protected buildings and to help to offset the overall negative value of the sites.

The Trust's land holdings comprise:

- A 99-year lease granted in 1988 by the MoD comprising the 12-acre site forming the heritage quarter of HM Naval Base, Portsmouth. Most of the historic buildings and other structures within the site have been renovated to bring them back into beneficial use. Many are sub-let at market rents to support the Trust's charitable objectives while others are sub-let on concessionary terms in support of fellow charities operating within the site.
- A 999-year lease granted in 2012 by the MoD of No. 2 Dock (which holds HMS Victory) and that part of the HMS Victory Port Arena contiguous with the land subject to the 99-year lease.
- Two leases granted in 2018 by the MoD comprising South Office Block, Bay 1 of the former Ropery, Storehouse 12 and the HMS Victory Starboard Arena with an expiry date coincident with that of the main 1988 lease.
- The freehold of a four-acre site in Queen Street acquired in the 1990s and subsequently developed as a mixed use scheme known as Admiralty Quarter. The Trust's retained interest comprises a visitor and public car park, four shop units which the Trust has let and ground rents from the 500+ apartments.
- The freehold of 23 acres of land at Priddy's Hard, Gosport acquired in 2009. This site is a former Naval Ordnance depot and comprises numerous historic buildings, the ramparts which are a scheduled ancient monument, the Explosion Museum of Naval Firepower (leased to the National Museum of the Royal Navy (NMRN) in 2013)) and additional land suitable for development. As noted below the Trust is continuing the ongoing regeneration of Priddy's Hard.

Trustees' Report for the year ended 31 March 2021 (cont.)

- A 125-year lease granted in 2014 of five acres of open land immediately to the north west of the Trust's Priddy's Hard property. This acts as a buffer against development by others adjacent to the ramparts and is also used for overflow parking for special events at Priddy's Hard.

Within the heritage quarter of HM Naval Base, Portsmouth the Trust manages three elements of the Portsmouth Historic Dockyard visitor attraction: the Dockyard Apprentice Exhibition in Boathouse 7, Harbour Tours and the exhibition of small craft related to the armed services in Boathouse 4. Among other interests the Trust is responsible for a range of related services, including site catering.

The Trust also operates the International Boatbuilding Training College Portsmouth (IBTC Portsmouth) in Boathouse 4, where the activities of the College are open to public view alongside the small craft exhibition and associated boat workshops.

The Trust works closely with other charities and stakeholders including the Royal Navy/ MoD, Historic England, NMRN, the Mary Rose Trust (MRT), Portsmouth City Council, Gosport Borough Council, the Coastal Forces Heritage Trust, National Historic Ships and the University of Portsmouth.

The Trust also supports the activities of the Portsmouth Royal Dockyard Historical Trust (PRDHT) who promote the industrial history of the former Royal Dockyard and provide the artefacts for and assist the Trust in the maintenance and care of the Dockyard Apprentice Exhibition. The Trust provides working accommodation for the volunteers, storage facilities for PRDHT's archives and collection of artefacts.

As mentioned in previous Annual Reports, the Trust remains concerned about the condition of various protected historic buildings in HM Naval Base, Portsmouth remaining in MoD ownership, not only those premises promised to be transferred to the Trust in 2012 but also those adjacent to the heritage quarter which have remained unused and not well maintained for many years. In the absence of intervention these important heritage buildings continue to be at serious risk. The Trust will continue its dialogue with the MoD with a view to finding a mutually agreeable solution to ensure the long-term survival of these precious historic assets.

Progress, Activities and Achievements of the Trust during the Year

Recruitment of new chief executive and finance director

Peter Goodship, who had been the executive lead at the Trust since its establishment in 1985, retired at the year end. In anticipation of this, the Trust had carried out an open recruitment exercise for a new chief executive. In December 2020 it was announced that the role would be assumed by Hannah Prowse with effect from 6th April 2021. Hannah has extensive experience in heritage construction, most recently as Head of National Projects for English Heritage.

Post year end, Karol Jeffery resigned as finance director and on 4th October 2021 Jon Jarvis assumed the role having previously been financial controller at the Royal Yachting Association.

Trustees' Report for the year ended 31 March 2021 (cont.)

Impact of the coronavirus pandemic

The Covid-19 pandemic and its associated periods of lockdown and opening restrictions had a severe impact on the operation of Portsmouth Historic Dockyard as a visitor attraction, the ability of the Trust and many of its tenants to generate income and the activities of IBTC Portsmouth. In addressing this impact the Trust had to strike a balance between preserving its financial position for the longer term, supporting tenants and other stakeholders, maintaining essential activity and (where possible) progressing other activities which contribute to the fulfilment of its objects while ensuring the safety and supporting the well-being of staff and volunteers.

Given the uncertainty in March 2020 about the impact and duration of the pandemic and the extent of Government and other financial support which might become available, the Trust's initial response was to review and limit expenditure wherever possible without jeopardising the safety or integrity of its estate and assets. Nearly all staff were furloughed under the Coronavirus Job Retention Scheme (CJRS) including using the flexible option when that became available. As the financial position became clearer and as restrictions gradually eased staff resumed working (mainly from home where their jobs allowed this) and by May 2021 all staff were working their full contractual hours again.

Because of the impact on many of the Trust's tenants of the absence of ticket sales and other visitor revenue from Portsmouth Historic Dockyard, the Trust offered relief from rents and service charges in order to support the ongoing viability of the site and its ability to inform and educate visitors in accordance with the Trust's objects.

Once legal restrictions allowed, IBTC Portsmouth re-opened and students returned with strict Covid-safety rules in operation.

During lockdown periods, maintenance work in the Historic Dockyard was limited to essential tasks. Although some other planned maintenance resumed when restrictions permitted the programme was much reduced compared to the pre-pandemic plan, not least due to the impact of financial uncertainty on the Trust and those stakeholders who contribute towards maintenance costs through service charges. The Trust is committed to making up lost ground as soon as practicable.

As well as using the CJRS, the Trust benefited from small business grants and hospitality/ retail business rates reliefs for parts of its estate and was successful in applications to the Culture Recovery Fund (CRF). CRF grants supported employment costs for staff when not furloughed, bursary support for IBTC College students, investment in IT to facilitate home working and create business efficiencies and the purchase of new equipment for the car park in Admiralty Quarter which allows contactless entry, payment and exit.

Portsmouth Historic Dockyard visitor attraction

When the Historic Dockyard was able to re-open to visitors in August 2020, this was under a single banner following the agreement between NMRN and MRT for a combined marketing, ticketing and visitor operation. The Trust welcomes and supports this development as it enables a more coherent experience for visitors to enjoy the ticketed museums and ships.

The Trust, NMRN and MRT continue to work together collaboratively for mutual benefit and to enhance the visitor experience and wider public benefit which we are able to deliver.

As well as maintaining the site, its buildings and infrastructure, the Trust contributes to the visitor attraction through the Dockyard Apprentice exhibition in Boathouse 7 and the ever-popular Harbour boat tours. Since the year end, the Forgotten Craft exhibition in Boathouse 4 re-opened in July 2021 having been closed to enable the Covid-safe operation of IBTC Portsmouth in the same building.

Trustees' Report for the year ended 31 March 2021 (cont.)

Free entry to Portsmouth Historic Dockyard and Priddy's Hard for the public benefit

Free access to the Historic Dockyard (alongside paid access to the ships and museums) has long been a cornerstone of the Trust's activities for public benefit. However, when the site re-opened and until and beyond the year end, pandemic related legal restrictions and visitor safety led to the Trust agreeing with NMRN and MRT that visitor numbers would have to be limited and pre-booked arrival time slots introduced. In order to maximise revenue for all three charities after having been deprived of visitor income for prolonged periods, it was agreed that as a temporary measure all visitors would have to buy a ticket to enter the site.

Since the year end and as legal restrictions eased, free entry to the site has resumed from midday onwards since July 2021 and will be permitted at all times when the Dockyard is open from November 2021.

Following the completion of further regeneration works at Priddy's Hard as noted below, the Trust has created a growing sense of place and allows public access around the restored heritage buildings. It is anticipated that accompanied public access to the historic ramparts will be available from 2022.

IBTC Portsmouth

In the landscape of Covid-19, the College was able to deliver in-person training for seven months of the 2020/21 financial year, and remote learning for a further two months.

During the March to August 2020 Historic Dockyard site closure, training ceased. The College was able to undertake a review of various procedures and to undertake works to its premises, as well as to improve existing procedures and implement new ones to manage the pandemic risks when training recommenced.

Training recommenced in September 2020, with 21 students. During the January/February 2021 lockdown, the Instructor Team provided remote teaching on theoretical aspects of the course and were also able to devote time to redeveloping the College's training resources and assessment framework.

The Trust's CRF grant was utilised to fund staff positions that might otherwise have been at risk and to provide bursary support for students impacted by the pandemic from March 2021. This funding enabled the College to continue to provide the education and conservation of heritage that forms a part of the Trust's charitable objectives. In addition to this, it enabled the College to recruit record numbers of students, directly mitigating the impact of Covid-19 on 33 individuals.

Student intake numbers remain at an all-time high. The College is now able to contribute significantly to the preservation and restoration of the Trust's collection of small historic craft, benefitting both the students and the Trust.

The College is now offering short courses in addition to its flagship course. This will provide the benefit of education to a significantly greater number of people and will further support the ongoing conservation of both tangible and intangible heritage by IBTC Portsmouth.

Boat collection and operations

With the gradual return to normality after the Covid-19 pandemic, the activity and operation of the Trust's boat collection has resumed. The activities of the Boat volunteers are commented on in the next section of this report.

Trustees' Report for the year ended 31 March 2021 (cont.)

The two LIBOR funded projects; the renovation of the Steam Cutter 26 and the replication of the Coastal Motorboat 4, a World War I era war torpedo boat; have recommenced with the return to post of the previously furloughed members of staff responsible and progress is steady. Both projects will be well on the way to completion if not completed in the forthcoming 12 months.

The Trust has also used the year to enhance the appearance and performance of one of its smaller vessels, the Seaplane Tender 1502, a vessel from 1942 using a combination of volunteer and Boatbuilding College labour with additional sub-contractor support.

The Trust's prized assets and most visible vessels, Motor Gunboat 81 and RAF High Speed Launch 102 have been fully operational with considerable interest from the media and small scale documentary work providing plenty of outlets to view some of the work of the Trust.

Significant progress has been made in creating a revenue stream for the Trust using its maritime assets to generate funds through boat trips and charters.

Use of the Trust's vessels for commercial purposes requires Maritime Coastguard Agency (MCA) approval and operation by professionally qualified staff. The Trust is fortunate to have such staff on the team and in 2021 there has been a resounding success in the shape of the Landing Craft Vehicle and Personnel (LCVP) F8. F8 has been owned by the Trust for some years and a full restoration to operational condition of this Falklands Conflict Veteran vessel was completed at the beginning of 2021. Certified by the MCA, F8 has been utilised in a new initiative for the Trust in providing "walk-up" boat riding opportunities for the public visitors to the dockyard. Helped by some high profile publicity from national media and a starring role in the Trust's D-day commemorative event, held this year in the Dockyard, F8 has carried in excess of 1200 passengers between late July and early October. Charges are set at a modest level so as not to be a financial barrier to most visitors. The LCVP's design enables wheelchair users to board the vessel directly and provides these visitors with a unique opportunity to get afloat.

In an effort to reach a much wider public audience and to spread the message of the Trust's work beyond the Dockyard walls, HSL 102 has been involved in the Southampton Boatshow, again providing a walk up experience to visitors to the show, but also engaging in community activity, providing transport for local school children to take part in STEM activities during Cowes week. MGB 81 has visited regattas in Cowes to promote the Trust and to drive public awareness.

Victualling Inshore Craft (VIC) 56, a 1945 steam driven Admiralty supply ship, has been in steam on many occasions during the year. The inevitable and universally recognised smell of a steam engine pervades the dockyard on these occasions and evokes an olfactory sensation of nostalgia for the industrial heritage of the area.

Despite Covid-19 challenges, D-day was commemorated in style in 2021 with a modest event in the Dockyard attracting a small number of veterans from 1944 but nevertheless making headlines and front page photography in a number of national papers. The collection has been visible in support of the launching of a new exhibition by our partner organisation the Coastal Forces Heritage Trust and NMRN, with MGB81 featuring prominently in audio visual exhibitions and pre-launch PR. The Trust's collection was also used by the National Historic Ships as a backdrop to their 2021 digital awards ceremony, cementing the Trust's reputation and pre-eminence on a national level among its peers in the Maritime Heritage sector.

Trustees' Report for the year ended 31 March 2021 (cont.)

Activities of volunteers

The lockdown periods provided a further opportunity for the Trust to revise volunteer protocols which allowed a return to a more relaxed approach to volunteer commitments and enabled a greater range of individuals to become involved in the work of the Trust. Strict protocols necessary during the pandemic have been relaxed and the volunteer spectrum once again represents the "broad church" attitude the Trust has always enjoyed. Additional volunteers come forward all the time and numbers currently stand at 86 active boat volunteers

The volunteers, currently 12 in number, of the Friends of Porter's Garden (a separately constituted body supported financially by the Trust) continue their sterling work maintaining and evolving the Porter's Garden and areas adjacent to College Road.

In the summer of 2021 a new volunteers' hub was created in the annexe of Boathouse 5, giving the volunteers their own meeting area, welfare facilities and library.

The Trust recognises the valuable contribution made by the volunteers. They are welcoming and knowledgeable and their rich diversity is held together by the common love of the dockyard and a wish to share their experience and skill.

Regeneration of Priddy's Hard, Gosport

Priddy's Hard has been a significant focus of activity and achievement through the year. Having obtained planning permission for the mixed-use development of large parts of the site as described in last year's report, the project for the restoration of seven of the listed historic buildings funded by the National Lottery Heritage Fund continued through the pandemic lockdowns and phased practical completion was achieved in the late autumn of 2020. E Magazine and Building M were handed over for fitting out pursuant to the pre-letting agreement and in summer 2021 they opened for business as a brewery and Tap House respectively, attracting locals and new visitors. Building P was handed over to NMRN for fit out and the new Night Hunters exhibition of coastal forces craft opened to the public in October 2021. The Trust continues the renovation and fit out of Buildings Q and U.

The ramparts (a scheduled ancient monument) were cleared of many years of uncontrolled vegetation growth with grant support from Historic England to reveal their form and structure in preparation for accompanied public access from 2022. C Magazine within the ramparts has been restored and fitted out ready to operate as the base for a new team of volunteers who will be recruited to help maintain the ramparts from 2022.

The first residential elements of the mixed-use development commenced in January 2021 following the sale and transfer of the freehold housing plots to developer Elite Homes. This generated a capital receipt of more than £1.9 million, with about £1.1m having been received on completion and the balance payable out of sale proceeds of the houses. These sums have been designated by the Trust for reinvestment in Priddy's Hard over the next two to three years, initially supporting improvements to the infrastructure and public realm to enhance the environment around the restored buildings and create a sense of place.

During the autumn of 2021 the Trust is carrying out a master planning exercise for the regeneration of the remaining parts of the Priddy's Hard estate.

Trustees' Report for the year ended 31 March 2021 (cont.)

Admiralty Quarter

The development of Admiralty Quarter was completed in 2008 by the national house builder, Crest Nicholson. In common with many residential developments of that era it has emerged that the buildings have a range of issues relating to fire safety including cladding, wooden balconies and fire stopping. The Trust continues to liaise with the developer, the managing agents and the residents' management company to address these and it is likely that some but not all of the remedial work will qualify for Government funding. The Trust is satisfied that legal responsibility for remediation rests with the leaseholders and Crest Nicholson, a responsibility the management company accepts having taken independent legal advice.

Having made an investment decision to sell its holiday let apartments in Admiralty Quarter completely independently of the fire safety issues, the Trust completed the sale of one in October 2020 and the other has been sold since the year end, in September 2021.

The Trust has invested in new equipment to operate the public car park and improve overnight security for the benefit of customers and residents, supported by grant from the Culture Recovery Fund as noted above.

Security and counter-terrorism, health & safety and safeguarding

The Trust continues to take a lead in putting policies and plans in place to protect, insofar as possible, those working at and visiting its estate.

Working in partnership with Hampshire Police, MoD Police, South-East Counter Terrorism Unit and Portsmouth City Council, the Trust continues to maintain and improve security around Victory Gate, the visitor entrance to the Historic Dockyard. The introduction of timed entry slots for visitors since re-opening after Covid lockdown periods has mitigated the number of visitors queuing at any time but at busy times there are substantial numbers outside the Gate

All staff receive annual security and terrorism awareness training. Front of house staff receive additional training and the Trust engages in regular counter-terrorism exercises with HM Naval Base and Government agencies.

The Trust continues to strengthen its commitment to health & safety and to embed within the culture of the organisation the highest possible standards.

While the Trust has minimal contact with vulnerable members of the community, it has in place protocols on safeguarding and there have been no reported safeguarding issues.

Year end financial position

The accounts show a strong balance sheet and a significant revenue surplus for the financial year. That said they should be understood in the context of the following provisos:

- The balance sheet includes assets of £8.8m for the buildings leased to the Trust by the MoD in Portsmouth Historic Dockyard. However, due to their location within the Naval Base these buildings could not realistically be sold by the Trust (and nor would the Trust wish to sell them) or be used as security for finance.
- The Trust took the opportunity to borrow £1m under the Coronavirus Business Interruption Loan Scheme on very favourable terms to support its cash flow and activities but at the year-end none of this had been spent so it all remains in the balance sheet.

Trustees' Report for the year ended 31 March 2021 (cont.)

- A combination of receipts under the Coronavirus Job Retention Scheme, support from the City Council (small business grants and rates relief) and grants from the Culture Recovery Fund had a substantial impact on the statement of comprehensive income for the year which will not be repeated. It remains to be seen whether and when trading activity, particularly income from visitors to the Historic Dockyard, will return to pre-pandemic levels.
- The consolidated statement of financial activities recognises all of the £1,913,500 price payable by Elite Homes for the residential land at Priddy's Hard. This is a one off item and in addition only £1,121,100 of it has been received by the Trust, the balance being deferred as noted above.

Plans for future periods

During 2021/22, the senior management team, led by the new Chief Executive, and the Board will be completing a strategic review of the Trust's priorities and activities including its approach to environmental, social and governance (ESG) matters. Without pre-judging the outcome of that review it is not currently anticipated that this will lead to any proposals to change the Trust's charitable objectives or a move away from any of the activities described in this report.

Review of the Transactions and Financial Position of the Trust

The Trust had an excess of incoming resources over outgoing resources for the year as set out in the Consolidated Statement of Financial Activities on page 19.

Unrestricted Funds

The Trust's income has increased by 38% over the previous year, and total expenditure has decreased by 39% compared with 2020.

Restricted Funds

The movement on restricted funds is set out in note 28 to the Accounts. With the exception of internal recoveries within central project management, all grants received in respect of Millennium projects were towards capital projects and are amortised over the estimated useful life of the assets.

Reserves Policy

The Trust established a policy whereby the unrestricted funds not committed or invested in tangible fixed assets held by the Trust should be between three and six months of the resources expended, which equates to a minimum of between £750,000 and £1,500,000 in general funds. At this level, the Trust feels that it would be able to continue its current activities in the event of a significant decrease in income.

Investment Powers and Policy

The Trust delegates the day-to-day responsibility for its investment portfolio to its investment managers. The Trust has relied upon the experience and expertise of the investment managers to deliver a balanced and diversified portfolio that will create an appropriate annual income and generate capital growth. The Trust is satisfied with the portfolio performance, which was regularly reviewed throughout the year. The Trust has also an Investment Policy approved by the Board which sets out how the Trust balances requirements for cash reserves, liquidity and investment returns against risk within the overall financial objective of

Trustees' Report for the year ended 31 March 2021 (cont.)

at least maintaining the real value of its assets whilst generating a sustainable return to fund both annual operations and future projects.

Balance Sheet

Overall group net assets have increased on the result seen in 2020 to £27.6 million. This figure includes a revaluation of £2.8 million relating to investment properties as required by the application of current Accounting Standards.

Availability and Adequacy of Assets of each of the Funds

There are adequate and available assets in each fund, sufficient to meet all liabilities and obligations of the Trust.

Trustees' Responsibilities

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

(1) select suitable accounting policies and then apply them consistently;
(2) observe the methods and principles in the Charities' SORP;
(3) make judgements and estimates that are reasonable and prudent;
(4) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
(5) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charitable company and group, which enables them to ensure that the financial statements comply with the Companies' Act 2006. They are also responsible for safeguarding the assets of the charitable company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities and for the maintenance and integrity of the corporate and financial information included on the Company's website.

Statement of Disclosure to Auditor

(a) so far as the Trustees are aware, there is no relevant audit information of which the company's auditors are unaware, and
(b) they have taken all reasonable steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Indemnity Insurance

The Trust has paid a premium of £673 (2020: £1,224) during the year in respect of professional indemnity insurance for the Trustees.

Trustees' Report for the year ended 31 March 2021 (cont.)

Auditors

The auditors, Moore (South) LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

Approved by the Board of Trustees on 25 November 2021 and signed on its behalf by:

David Butters
Chairman

Roger Ching
Trustee, Chair of Audit Committee

Independent Auditors' report to the members of Portsmouth Naval Base Property Trust

Opinion

We have audited the financial statements of Portsmouth Naval Base Property Trust (the 'charitable parent company') for the year ended 31 March 2021 which comprise Consolidated Statement of Financial Activities (including Income and Expenditure Account), the Group and Parent Charitable Company Balance Sheets, the Group Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 'The Financial Reporting Standard Applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the charitable parent company's affairs as at 31 March 2021 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Trustees are responsible for the other information. 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.

Independent Auditors' report to the members of Portsmouth Naval Base Property Trust (cont.)

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.

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' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' annual report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' annual report.

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

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

Responsibilities of Trustees

As explained more fully in the Trustees' responsibilities statement set out on page 12, 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 and parent charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Trustees either intend to liquidate the group or parent charitable company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' report to the members of Portsmouth Naval Base Property Trust (cont.)

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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

The objectives of our audit in respect of fraud, are; to identify and assess the risks of material misstatement of the financial statements due to fraud; to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses to those assessed risks; and to respond appropriately to instances of fraud or suspected fraud identified during the audit. However, the primary responsibility for the prevention and detection of fraud rests with both management and those charged with governance of the charitable company.

Our approach was as follows:

- The engagement partner selected staff for the audit who had prior experience and appropriate knowledge and who had the required competence and skills to identify or recognise non-compliance with laws and regulations.
- We assessed the risk of irregularities as part of our audit planning, and ongoing review, including those due to fraud, management override was identified as a significant fraud risk. This is due to the ability to bypass controls through inappropriate expenditure and accounting policies adopted.
- Completeness of grant income was deemed a significant risk. Additionally as some income received is restricted in its use, a significant risk was identified regarding the correct classification of income between restricted and unrestricted funds and that the expenditure against this income was in line with any special restrictions.
- Valuation of fixed assets was deemed a significant risk due to the nature of the assets and the potential impairment.
- We obtained an understanding of the legal and regulatory requirements applicable to the charitable company and subsidiary company's and we considered the most significant are the Companies Act 2006, the Charities Act 2011, the Charity SORP, and UK financial reporting standards as issued by the Financial Reporting Council. We considered how the charitable company and subsidiary entity complies with these requirements by discussions with management and those charged with governance.

Independent Auditors' report to the members of Portsmouth Naval Base Property Trust (cont.)

- We enquired of management and those charged with governance as to any known instances of non-compliance or suspected non-compliance with laws and regulations. Consideration was also made of the internal controls in place to mitigate the identified risks.

- We assessed the control environment, documenting the systems, controls and processes adopted. The audit approach incorporated a combination of controls where appropriate, analytical review and substantive procedures involving tests of transactions and balances. Any irregularities noted were discussed with management and additional corroborative evidence was obtained as required.

- We obtained an understanding and assessed the impact and effect of Covid-19 on the operations of the charitable company and subsidiaries and adapted our approach accordingly. We enquired and obtained evidence to support the going concern assumption and reviewed grants received, dovetailed with work undertaken on management override.

To address the risk of fraud through management override we:
- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify any unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias;
- reviewed transactions with related parties and in particular with group entities and Trustees;
- reviewed the disclosures within the financial statements to ensure they meet the requirements of the accounting standards and relevant legislation; and
- tested a sample of transactions that could be influenced by actions of management.

To address the risk of completeness of income we:-
- performed analytical procedures to identify any unusual or unexpected relationships, along with comparison to budget;
- tested a sample of grants to supporting documentation confirming income correctly accounted for;
- reviewed grants received around the year end, ensuring cut-off was correctly applied; and
- agreed deferred income to supporting documentation.

To address the risk of classification of income between restricted and unrestricted we:
- agreed a sample of income recorded in the nominal ledger to source documentation to ensure any restrictions were correctly identified;
- agreed a sample of expenses incurred to ensure that they had been allocated to the correct fund; and
- obtained and reviewed fund analysis workings to ensure that the calculations were correct and agreed to the accounting records.

To address the risk of valuation of fixed assets we:-
- reviewed and discussed the basis of the valuation with management;
- reviewed the assessment of impairment by the Trustees.

There are inherent limitations in our audit procedures described above. The more removed the laws and regulations are from the financial statements, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect that those that arise from error as they may involve deliberate concealment of collusion.

Independent Auditors' report to the members of Portsmouth Naval Base Property Trust (cont.)

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 and, in respect of the consolidated financial statements, to the charity's Trustees, as a body, in accordance with Chapter 3 of Part 8 of the Charities Act 2011. Our audit work has been undertaken so that we might state to the charitable company's Members and Trustees those matters which 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 any party other than the charitable company, the charitable company's members, as a body, and the charity's Trustees, as a body, for our audit work, for this report, or for the opinion we have formed.

Danielle Griffin

Danielle Griffin (Senior Statutory Auditor)
For and on behalf of Moore (South) LLP

Statutory Auditor

7 December 2021

City Gates
2-4 Southgate
Chichester
West Sussex
PO19 8DJ

Consolidated Statement of Financial Activities (incorporating the Statement of Comprehensive Income) For the year ended 31 March 2021

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Total 2020 £
Income:					
Donations and legacies	4	333,934	1,693,940	2,027,874	743,253
Income from charitable activities	5	1,291,855	-	1,291,855	2,465,710
Income from other trading activities	6	115,389	-	115,389	146,672
Investment income	7	18,508	-	18,508	31,056
Other income	8	1,882,918	-	1,882,918	-
Total income		3,642,604	1,693,940	5,336,544	3,386,691
Expenditure:					
Costs of raising funds	10	6,134	-	6,134	5,591
Charitable activities	11	1,366,325	1,137,087	2,503,412	3,225,394
Other	13	242,521	19,756	262,277	238,951
Total expenditure		1,614,980	1,156,843	2,771,823	3,469,936
Net gains / (losses) on investments	20	102,843	-	102,843	(57,131)
Net incoming resources		2,130,467	537,097	2,667,564	(140,376)
Gains / (losses) on revaluation of fixed assets	19	-	-	-	138,750
Net movement in funds		2,130,467	537,097	2,667,564	(1,626)
Reconciliation of funds					
Total funds brought forward	28	13,508,244	11,480,579	24,988,823	24,990,449
Total funds carried forward	28	15,638,711	12,017,676	27,656,387	24,988,823

The statement of financial activities includes all gains and losses in the year

Balance Sheets at 31 March 2021

Registered no: 01959490

	Notes	Group 2021 £	Group 2020 £	Trust 2021 £	Trust 2020 £
Fixed assets					
Heritage assets	18	**10,391,035**	9,121,806	**10,391,035**	9,121,806
Tangible assets	19	**5,077,812**	5,094,123	**88,057**	26,807
Investment properties	19	**7,054,662**	7,479,662	**1,389,661**	1,814,661
Investments	20	**1,036,905**	938,719	**6,262,876**	6,164,690
		23,560,414	22,634,310	**18,131,629**	17,127,964
Current assets					
Stock		**6,570**	-	**6,570**	-
Debtors	21	**1,531,223**	999,184	**1,485,167**	1,334,666
Cash at bank and in hand		**4,697,655**	2,861,603	**4,386,339**	2,412,457
		6,235,448	3,860,787	**5,878,076**	3,747,123
Creditors: amounts falling due within one year	22	**(702,508)**	(985,974)	**(692,016)**	(976,016)
Net current assets		**5,532,940**	2,874,813	**5,186,060**	2,771,107
Total assets less current liabilities		**29,093,354**	25,509,123	**23,317,689**	19,899,071
Creditors: amounts falling due after one year	23	**(916,667)**	-	**(916,667)**	-
Provisions for liabilities	25	**(520,300)**	(520,300)	**-**	-
Total net assets		**27,656,387**	24,988,823	**22,401,022**	19,899,071
Funds					
Restricted funds	28	**12,017,676**	11,480,579	**12,017,676**	11,480,579
Unrestricted funds	28	**12,823,030**	10,692,563	**9,863,346**	7,898,492
Non-Distributable Reserve	28	**2,815,681**	2,815,681	**520,000**	520,000
		27,656,387	24,988,823	**22,401,022**	19,899,071

The financial statements on pages 19 to 50 were approved by the Board of Trustees on 25 November 2021 and signed on its behalf by:

David Butters
Chairman

Roger Ching
Trustee, Chair of Audit Committee

Consolidated Statement of Cash Flows
For the year ended 31 March 2021

	2021 £	2020 £
Cash flow from operating activities (see note a)	**338,857**	562,498
Cash flow from investing and financing activities		
Purchase of tangible fixed assets	**(1,815,380)**	(1,191,029)
Purchase of investments	**(70,176)**	(11,298)
Proceeds from sale of investments	**76,199**	-
Proceeds from disposal of fixed assets	**2,307,918**	-
Proceeds from bank loans	**1,000,000**	-
Net cash outflow from investing and financing activities	**1,498,561**	(1,202,327)
Change in cash and cash equivalents	**1,837,418**	(639,829)
Cash and cash equivalents at 1 April 2020	**3,329,474**	3,969,303
Cash and cash equivalents at 31 March 2021	**5,166,892**	3,329,474

Notes to the consolidated statement of cash flows

a. Reconciliation of net income to net cash flow from operating activities

	2021 £	2020 £
Net income / (expenditure) for the year	**2,564,721**	(83,245)
Depreciation	**562,462**	488,741
Profit on disposal of assets	**(1,882,918)**	-
Increase in stock	**(6,570)**	-
Increase in debtors	**(532,039)**	(80,225)
(Decrease) / increase in creditors	**(366,799)**	237,227
Net cash provided by operating activities	**338,857**	562,498

b. Changes in cash and cash equivalents

	At 1 April 2020 £	Cash flows	**At 31 March 2021 £**
Cash at bank	2,861,603	1,836,052	**4,697,655**
Cash with brokers	467,871	1,366	**469,237**
	3,329,474	1,837,418	**5,166,892**

Notes to the financial statements
For the year ended 31 March 2021

1 Principal Accounting Policies

Company information

Portsmouth Naval Base Property Trust is a charitable company, limited by guarantee and has no share capital. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member. The company is incorporated in England and Wales. The registered office and principal place of business is 19 College Road, HM Naval Base, Portsmouth, PO1 3LJ.

Basis of preparation

The financial statements have been prepared in accordance with the Financial Reporting Standard 102, as issued by the Financial Reporting Council, the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102)", the Companies Act 2006, the Charities Act 2011, and UK Generally Accepted Accounting Practice.

Portsmouth Naval Base Property Trust meets the definition of a public benefit entity under FRS102.

The financial statements are prepared under the historical cost convention, modified to include the investment properties at fair value in accordance with the Statement of Recommended Practice (SORP) applicable to charities.

The financial statements are prepared in Sterling, the functional currency of the charity. Monetary amounts in these financial statements are rounded to the nearest £1.

The parent company is included in the consolidated financial statements, and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 – 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- Section 7 'Statement of Cash flows': Presentation of a statement of cash flow and related notes and disclosures
- Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instrument Issues': Interest income/expense and net gains/losses for each category of financial instrument; basis of determining fair values; details of collateral, loan defaults or breaches, details of hedges, hedging fair value changes recognised in profit or loss and in other comprehensive income;

Basis of consolidation

The financial statements consolidate the results of the company and its subsidiary companies Portsmouth Naval Base Trading Company Limited, Portsmouth Naval Base Property Company Limited, Portsmouth Naval Base Property Company (Queen Street) Limited and Portsmouth Naval Base Property (Priddy's Hard) Limited for the year ended 31 March 2021 on a line by line basis. These companies comprise the group. The Trust also has one associated undertaking that is excluded from the consolidation as it is not material to the Trust's operations. A separate Statement of Financial Activities is not prepared as permitted by Section 408 of Companies Act 2006.

Notes to the financial statements
For the year ended 31 March 2021

1 Principal Accounting Policies (cont.)

Going Concern

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

Incoming resources

All incoming resources are recognised in the statement of financial activities when the conditions for receipt have been met and the amount can be quantified with reasonable accuracy.

Gifts of fixed assets for specific projects are included in incoming resources at the value to the project. Values are assessed by independent project consultants.

Grants and donations receivable are recognised when received or when they become unconditional, whichever is the sooner. Where terms are placed on income that limits the Company's discretion over how that income can be used that income is shown as restricted income in the financial statements.

Charitable activities includes Income from property, which represents the amounts receivable from rental agreements for the year excluding VAT. Income from the car park and sundry trading is accounted for on a cash basis excluding VAT.

Income from investments is included, together with the related tax credit (so far as recoverable), in the statement of financial activities on an accruals basis. Interest on cash deposited with banks and investment stockbrokers is included within investment income in the statement of financial activities for the period in which it is earned.

Millennium project costs and funding

Expenditure on the elements of the project are capitalised and are included in tangible fixed assets. A transfer from restricted to unrestricted funds will occur to match depreciation charged once these assets are brought into use.

All claims made to the Millennium Commission for funding of such costs have been credited to the statement of financial activities and are treated as restricted funds. Funds received in advance of expenditure have been removed from restricted funds and treated as deferred income.

Expenditure

Expenditure is recognised on an accrual basis as a liability is incurred and includes irrecoverable VAT.

Cost of raising funds comprise costs associated with attracting voluntary income and fundraising.

Direct charitable expenditure includes all expenditure directly related to the objects of the Trust. The expenditure is included in the period for which it was incurred. Preservation and ancillary improvements costs, together with professional fees, relate to annual expenditure on planned works on Historic Dockyard buildings including those sublet.

Other expenditure represents those costs not falling into any other heading.

Notes to the financial statements
For the year ended 31 March 2021

1 Principal Accounting Policies (cont.)

Allocation of support costs

Costs are allocated to the particular activity where the costs relate directly to that activity. However the costs of overall direction and administration on each activity, is apportioned on a reasonable basis.

Funds

The Trust maintains the following funds:

Restricted funds

Restricted funds represent amounts receivable in respect of a specific purpose as defined by the donor.

Unrestricted funds

Unrestricted funds represent funds which are expendable at the discretion of the Trustees in the furtherance of the objects of the Trust.

Non-charitable trading funds

Non-charitable trading funds represent the funds generated or expended by the Trust's subsidiary undertaking, Portsmouth Naval Base Property Company (Queen Street) Limited.

Heritage assets

Heritage assets relate to buildings and infrastructure and are shown at cost less depreciation. In the majority of cases the original cost is either very low value or even £nil as the assets have been given to the Trust for restoration and public display as part of the infrastructure of the Portsmouth Historic Dockyard experience. The majority of the cost is therefore attributable to renovation and restoration of the assets. Gifts in kind received are valued at their market value where this is readily ascertainable; otherwise they are not valued and included within the accounts.

Tangible fixed assets

The cost of fixed assets is their purchase cost, together with any incidental expenses of acquisition. Costs of a capital nature related to leasehold property, other than costs incurred primarily for preservation of the Historic Dockyard buildings, are included in fixed assets.

Depreciation is calculated so as to write off the cost of fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The annual rates used for this purpose are:

	%
Shop fittings and exhibition units	20
Office equipment and furniture	15
Catering equipment and play area	10
Other equipment and signposting	10
Computer equipment	25-33
Powerboats	10
Promenade, interpretation and lighting	2
Boathouse 6	1-10
Improvements to leasehold property	3-4

Notes to the financial statements
For the year ended 31 March 2021

1 Principal Accounting Policies (cont.)

Tangible fixed assets (cont.)

Investment Properties, which now includes the apportionment of freehold retained in the Admiralty Quarter development, the car park and retail units, have been stated at open market value in accordance with FRS102 and are not depreciated. This is a departure from the legal requirement to depreciate assets with a limited life and is done to provide a true and fair view of the value of investment properties. The open market value of investment properties is assessed annually and any significant differences are adjusted in the revaluation reserve.

Financial assets and financial liabilities

Financial instruments are recognised in the statements of financial activities when the Charity becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction which includes transaction costs for financial instruments not subsequently measured at fair value.

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS102.

At the end of each reporting period, basic financial instruments are measured at amortised cost using the effective rate method. All financial instruments not classified as basic are measured at fair value at the end of the reporting period with the resulting changes recognised in income or expenditure. Where the fair value cannot be reliably measured, they are recognised at cost less impairment.

Financial assets are derecognised when the contractual rights to the cash flows from assets expire, or when the Charity has transferred substantially all the risks and rewards of ownership. Financial liabilities are derecognised only once the liability has been extinguished through discharge, cancellation or expiry.

Investments

Investments are held as fixed assets. The interest in subsidiaries is stated at cost less any amounts written off for diminution in value. Other investments, being the investment portfolio, are included on the balance sheet at fair value. Cash available for investment held by the investment managers has been included in investments.

Unrealised gains and losses reflect the effect of changes in market values of investments. Realised gains and losses on quoted investments are based on the difference between disposal proceeds and brought forward market value, or cost if acquired during the year.

Taxation

As a registered charity the Trust's income is generally exempt from taxation under Section 505 Taxes Act 1988. The Trust is registered for value added tax.

Operating lease rentals

Operating lease rentals are recognised in the statement of financial activities for the period to which they relate.

Pensions

The Trust operates a defined contribution pension scheme. Contributions are charged to the statement of financial activities as they become payable in accordance with the rules of the scheme.

Notes to the financial statements
For the year ended 31 March 2021

2 Critical judgements and estimates

In the application of the company's accounting policies, the Trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Comparative consolidated statement of financial activities

	Unrestricted Funds £	Restricted Funds	Total 2020 £
Income:			
Donations and legacies	-	743,253	743,253
Income from charitable activities	2,465,710	-	2,465,710
Income from other trading activities	146,672	-	146,672
Investment income	31,056	-	31,056
Total income	2,643,438	743,253	3,386,691
Expenditure:			
Costs of raising funds	5,591	-	5,591
Charitable activities	2,419,621	805,773	3,225,394
Other	238,951	-	238,951
Total expenditure	2,664,163	805,773	3,469,936
Net gains / (losses) on investments	(57,131)	-	(57,131)
Net outgoing resources	(77,856)	(62,520)	(140,376)
Gains / (losses) on revaluation of fixed assets	138,750	-	138,750
Net movement in funds	60,894	(62,520)	(1,626)
Reconciliation of funds			
Total funds brought forward	13,447,350	11,543,099	24,990,449
Total funds carried forward	13,508,244	11,480,579	24,988,823

Notes to the financial statements
For the year ended 31 March 2021

4 Donations and legacies

	Unrestricted Funds £	Restricted Funds £	2021 £	2020 £
Lottery Fund	-	891,608	891,608	384,653
Coastal Forces	-	-	-	213,000
Historic England	-	94,132	94,132	147,600
English Heritage	-	7,600	7,600	-
Cultural Recovery Fund	-	698,600	698,600	-
Donations		2,000	2,000	(2,000)
Coronovirus Job Retention Scheme	266,534	-	266,534	-
Portsmouth City Council	55,000	-	55,000	-
Health Foundation	12,400	-	12,400	-
	333,934	1,693,940	2,027,874	743,253

5 Income from charitable activities

	Unrestricted Funds £	Restricted Funds £	2021 £	2020 £
Income from property	562,626	-	562,626	1,247,544
Income from car park	160,847	-	160,847	426,750
Exhibitions and Harbour Tours	47,018	-	47,018	276,935
Action Stations	-	-	-	19
Income from subsidiaries	521,364	-	521,364	514,462
	1,291,855	-	1,291,855	2,465,710

6 Income from other trading activities

	Unrestricted Funds £	Restricted Funds £	2021 £	2020 £
Training college fees	115,389	-	115,389	146,672
	115,389	-	115,389	146,672

Notes to the financial statements
For the year ended 31 March 2021

7 Investment income

	2021 £	2020 £
Interest on cash deposited with banks	**1,248**	10,890
Interest on cash deposited with stockbrokers	**-**	485
Dividends from listed investments and commission	**17,260**	19,681
	18,508	31,056

8 Other income

	2021 £	2020 £
Profit on disposal of property	**1,882,918**	-
	1,882,918	-

Profit on disposal of property relates to the disposal of land for residential development at Priddy's Hard.

9 Subsidiary activities

A summary of the activities of the Trust's wholly owned subsidiaries is set out below:

	2021 £	2020 £
Profit and loss account		
Property income	**597,341**	587,462
Direct costs	**(77,561)**	(77,561)
Administration costs		
Property companies	**(388,386)**	(327,817)
Net profit	**131,394**	182,084
Intra-group transactions	**-**	-
Gain on disposal of assets	**1,246,219**	-
Net comprehensive income retained by the group	**1,377,613**	182,084

10 Cost of raising funds

	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Total 2020 £
Investment Management fees	**3,359**	-	**3,359**	4,768
Other direct costs	**2,775**	-	**2,775**	823
	6,134	**-**	**6,134**	5,591

Notes to the financial statements
For the year ended 31 March 2021

11 Direct charitable expenditure

	Unrestricted Funds £	Restricted Funds £	Total 2021 £	Total 2020 £
Preservation and related costs	**690,063**	**330,530**	**1,020,593**	1,821,885
Costs relating to car park	**92,680**	**8,375**	**101,055**	151,531
Harbour Tour costs	**159,352**	**-**	**159,352**	89,308
Access and education	**170,701**	**192,438**	**363,139**	375,644
Depreciation	**65,896**	**496,566**	**562,462**	488,741
Support costs	**187,633**	**109,178**	**296,811**	298,285
	1,366,325	**1,137,087**	**2,503,412**	3,225,394

12 Support Costs

	2021 £	2020 £
Wages and Salaries	**224,086**	231,426
Staff costs	**27,411**	12,234
Travel and subsistence	**238**	5,360
Computer costs	**26,372**	17,688
Telephone, printing, postage and stationery	**13,527**	11,980
Bank charges	**1,691**	3,393
Sundry	**3,486**	16,204
	296,811	298,285

13 Other Costs

	Unrestricted £	Restricted £	2021 £	2020 £
Trustees fees	**1,509**	**-**	**1,509**	99,635
Legal and professional fees	**212,542**	**19,756**	**232,298**	110,366
Auditors' fees	**28,470**	**-**	**28,470**	28,950
	242,521	**19,756**	**262,277**	238,951

The above costs relate to the governance costs.

Notes to the financial statements
For the year ended 31 March 2021

14 Staff Costs

	2021 £	2020 £
Staff costs:		
Wages and salaries	**935,486**	1,199,525
Social security costs	**81,234**	92,537
Pension costs	**42,653**	47,942
	1,059,373	1,340,004

Employee bandings:
One employee had earnings (including benefits) of £60,000 to £70,000 (2020: none)
No employees had earnings (including benefits) of £70,000 to £80,000 (2020: one)
One employee had earnings (including benefits) of £80,000 to £90,000 (2020: one)

The employee costs of key management personnel during the year was £322,832 (2020: £415,146) including pensions, national insurance and Trustees' emoluments in note 15.

15 Trustees' emoluments

The remuneration paid to the Trustees of Portsmouth Naval Base Property Trust, as authorised by the Articles and Memorandum of Association, was:

	2021 £	2020 £
Fees for service as Directors and Trustees:		
Rear-Admiral Neil E Rankin CB CBE	-	9,000
Philip A Marriott	-	9,000
Michael Ridley	-	9,000
Michàl Cohen	-	9,000
Roger Ching	-	9,000
David Butters (Chairman)	-	16,000
Prof Virginia Gibson	-	9,000
Theresa Hall	-	9,000
Steve Pitt	-	9,000
	-	88,000

In 2021: three (2020: eight) of the above Trustees were reimbursed a total of £1,509 (2020: £10,414) of expenses in relation to travelling and administration costs incurred during the year.

Notes to the financial statements
For the year ended 31 March 2021

16 Employee information

The average monthly headcount of persons (excluding Trustees) employed by the Trust and the group during the year was:

	2021		2020	
	Group Number	**Trust Number**	Group Number	Trust Number
By activity				
Property and related activities	**18**	**18**	22	22
Other trading	**5**	**5**	7	7
College	**8**	**8**	8	8
Administration	**5**	**5**	5	5
	36	**36**	42	42

17 Net income / expenditure for the year

	2021 £	2020 £
Net income / expenditure for the year is stated after charging/(crediting):		
Depreciation and loss on disposal	**562,462**	488,741
Auditors' remuneration for audit	**28,470**	28,950

The figures stated above are in respect of the group. The auditors' remuneration for the audit of the Trust was £24,470 (2020: £24,950).

Trust net outgoing resources for the financial year

As permitted by Section 408 of the Companies Act 2006, the Trust's statement of financial activities has not been included in these financial statements. The Trust's movement in funds for the financial year was £1,964,854 credit (2020: £98,810 credit) for unrestricted funds and £537,097 credit (2020: £62,520 debit) for restricted funds.

Notes to the financial statements
For the year ended 31 March 2021

18 Heritage assets

The charity was set up in 1985 by the Ministry of Defence, English Heritage and Portsmouth City Council and its charitable objects are set out on page 3 of the Trustees report. The main part of its objects concerns the preservation of buildings, structures, vessels, docks and berths associated with Her Majesty's Naval Base at Portsmouth for the public to access and enjoy for the purposes of education in naval history and the defence of the realm. The Trust was granted a 99-year lease by the Ministry of Defence over certain properties located within Her Majesty's Naval Base at Portsmouth with a view to maintaining them in accordance with its objects. In all 15 buildings, 3 docks and a mast pond were included within the lease. The majority of the buildings, all 3 docks and the mast pond are either scheduled ancient monuments, Grade I, Grade II* or Grade II listed buildings and each has historical significance. The Trustees have taken the view that these buildings, structures, vessels, docks and berths, together with their associated infrastructure are heritage assets. These assets were treated as general fixed assets until 2015, but following a review by the Trustees they were reclassified as heritage assets. This reclassification did not affect the cost or carrying values of the relevant assets, only how they are disclosed in the accounts.

The initial lease was granted at nil cost, so there is no purchase cost in the accounts. Wherever possible some of the properties have been renovated and the cost of these renovations has been capitalised and included in the cost of heritage assets. Many of the properties are let to third parties or used by the Trust, but they are still part of the visitor experience and promote the objects of the charity. As such the buildings are well maintained and there is no evidence of impairment. Routine maintenance costs are written off as they are incurred.

Since the lease was granted the Trust has expended significant amounts on renovation costs and also acquired many artefacts and two of the last remaining fully operational high-speed World War II motor boats. The artefacts have been gifted to the Trust and so have no cost in the accounts, although a significant number of the boats in the boat collection are on The National Register of Historic Vessels. The value of the artefacts is not considered to be material. The motor boats were acquired and are disclosed in the accounts at cost less related depreciation.

Additionally, the Trust secured grant funding from LIBOR to create a Memorial Flotilla. The project consists of five elements, these relate to; the restoration of MGB81, a World War II gunboat, the construction of a replica Coastal Motor gunboat, the restoration of the Steam Cutter 'Falmouth', the restoration of a Falkland Islands conflict landing craft and the installation of pontoons on which to display the Trust's boat collection.

In 2012 the Trust acquired 23 acres of land from Gosport Borough Council which is the old site of Priddy's Hard Fort. Built in the 1750s its original purpose was to extend the defences of Portsmouth Harbour and the Royal Dockyard. In the late 18th century it started to be used as a gunpowder store and later a site for munitions storage and handling. New buildings were added as extra space and new types of explosives were invented, and it was used extensively during both World Wars. The site closed in 1989 and since then it has been used primarily as the location for the Explosion! Museum. The site holds many listed buildings. Priddy's Hard has many layers of historic significance due to its varied history as a Royal Ordnance yard during the 18th to 20th centuries. The site is recognised by national designations including scheduling, listing and protected sites for nature conservation. The Trust acquired the site for £1 but it has taken on the obligation to maintain and where necessary renovate the site, as well as to keep it open for public enjoyment and education. The site is disclosed in the accounts at cost.

None of the heritage assets have been revalued. The motor boats are of such historical significance that it would be difficult and expensive to obtain accurate formal valuations, but the Trustees are confident that their value is in excess of their written down value.

Notes to the financial statements
For the year ended 31 March 2021

18 Heritage assets (cont.)

The Trust maintains a list of all of its heritage assets which have been bought, lent and gifted. The vast majority of the assets are on display on the site, although for rented buildings internal access is not always possible.

The following heritage assets are included in the net book value of tangible fixed assets:

Group and company
As at 31 March 2021

	Improvements to leasehold property, fixtures etc. £	Infrastructure and lighting £	Powerboats and LIBOR project £	Total 2021 £
Cost				
At 1 April 2020	8,869,487	2,371,041	2,425,372	13,665,900
Additions	1,652,196	-	97,343	1,749,539
Disposals	(2,811)	-	-	(2,811)
At 31 March 2021	10,518,872	2,371,041	2,522,715	15,412,628
Depreciation				
At 1 April 2020	2,821,680	858,978	863,436	4,544,094
Charge for year	289,116	47,253	143,941	480,310
Disposals	(2,811)	-	-	(2,811)
At 31 March 2021	3,107,985	906,231	1,007,377	5,021,593
Net book value at 31 March 2021	**7,410,887**	**1,464,810**	**1,515,338**	**10,391,035**
Net book value at 31 March 2020	6,047,807	1,512,063	1,561,936	9,121,806

The net book value at 31 March 2021 represented fixed assets used for direct charitable purposes.

Notes to the financial statements
For the year ended 31 March 2021

18 Heritage assets (summary)

Group and company

	2021 £	2020 £	2019 £	2018 £	2017 £
Cost					
At 1 April	13,665,900	12,485,295	11,616,075	11,294,474	11,294,474
Additions/disposals	1,746,728	1,180,605	869,220	321,601	-
At 31 March	15,412,628	13,665,900	12,485,295	11,616,075	11,294,474
Depreciation					
At 1 April	4,544,094	4,144,527	3,713,996	3,286,465	2,852,882
Eliminated on disposal	(2,811)	-	-	-	-
Charge for year	480,310	402,567	427,531	427,531	433,583
At 31 March	5,021,593	4,544,094	4,141,527	3,713,996	3,286,465
Net book value at 31 March	10,391,035	9,121,806	8,343,768	7,902,079	8,008,009

Notes to the financial statements
For the year ended 31 March 2021

19 Tangible fixed assets

Group	Plant, fixtures, fittings and office equipment £	Other equipment, sign-posting and film £	Boathouse Number 6 £	Promenade, Interpretation & lighting £	Total £
Cost					
At 1 April 2020	6,042,386	3,214,731	5,875,051	37,054	15,169,222
Additions	540	65,301	-	-	65,841
At 31 March 2021	6,042,926	3,280,032	5,875,051	37,054	15,235,063
Depreciation					
At 1 April 2020	6,035,616	3,194,695	807,734	37,054	10,075,099
Charge for year	3,653	938	77,561	-	82,152
At 31 March 2021	6,039,269	3,195,633	885,295	37,054	10,157,251
Net book value at 31 March 2021	**3,657**	**84,399**	**4,989,756**	**-**	**5,077,812**
Net book value at 31 March 2020	6,770	20,036	5,067,317	-	5,094,123

The net book value of fixed assets which are not used for the Trust's charitable purposes is insignificant.

Notes to the financial statements
For the year ended 31 March 2021

19 Tangible fixed assets (cont.)

Trust	Fixtures, fittings, office equipment and furniture £	Other equipment and sign-posting & film £	Interpretation & lighting £	Total £
Cost				
At 1 April 2020	258,505	3,213,880	37,054	3,509,439
Additions	540	65,301	-	65,841
At 31 March 2021	259,045	3,279,181	37,054	3,575,280
Depreciation				
At 1 April 2020	248,720	3,196,858	37,054	3,482,632
Charge for year	3,653	938	-	4,591
At 31 March 2021	252,373	3,197,796	37,054	3,487,223
Net book value at 31 March 2021	**6,672**	**81,385**	-	**88,057**
Net book value at 31 March 2020	9,785	17,022	-	26,807

The net book value of fixed assets which are not used for the Trust's charitable purposes is insignificant.

Notes to the financial statements
For the year ended 31 March 2021

19 Tangible fixed assets (cont.)

Investment Properties

	Group	Trust
	£	£
At 1 April 2020	**7,479,662**	1,814,611
Disposals	**(425,000)**	(425,000)
At 31 March 2021	**7,054,662**	1,389,661
At 31 March 2020	**7,479,662**	1,814,611

Trust and Group investment properties costing £1,294,661 are shown in the accounts at £1,814,661 following a valuation completed by Vail Williams, Chartered Surveyors, on 11 October 2018 and 13 June 2020 for part of the Trust's investment portfolio.

Land and buildings owned by Portsmouth Naval Base Property Company (Queen Street) Limited, a subsidiary company, are classified as investment properties. The properties are included in the Group's accounts at a valuation of £5,665,000 following a valuation of part of the portfolio by Vail Williams on 30 September 2019 and a further valuation of commercial units by Holloway Iliffe & Mitchell on 23 June 2021.

Although this represents a departure from the requirements of the Companies Act the directors are of the opinion that the carrying amount fairly presents their financial position. The valuation was prepared on the basis of fair value (market value) using the investment method, and in accordance with RICS valuation - Professional Standards. The directors are of the opinion that there has been no material change to the value of these land and buildings since that date.

If the revalued investment properties had been stated on an historical cost rather than on a fair value basis the corresponding amounts would have been - cost £2,424,019 (2020: £2,849,019), accumulated depreciation £399,789 (2020: £369,036).

20 Fixed asset investments

	Group		Trust	
	2021	2020	**2021**	2020
	£	£	£	£
Investment portfolio	**1,036,880**	938,694	**1,036,880**	938,694
Interest in subsidiary undertakings – cost at 1 April	**-**	-	**14,100,004**	14,100,004
Interest in subsidiary undertakings – additions	-	-	**-**	-
Interest in subsidiary undertakings - provision	-	-	**(8,874,033)**	(8,874,033)
Interest in associated undertakings	**25**	25	**25**	25
	1,036,905	938,719	**6,262,876**	6,164,690

Notes to the financial statements
For the year ended 31 March 2021

20 Fixed asset investments (cont.)

Market value reconciliation

	2021 £	2020 £
Market value at 1 April 2020	**470,823**	516,656
Less: Disposals	**(76,199)**	-
Add: Acquisitions at cost	**70,176**	11,298
Net unrealised/realised gains / (losses)	**102,843**	(57,131)
Market value at 31 March 2021	**567,643**	470,823

Investment portfolio

	Group and Trust			
	2021		2020	
	Market Value £	Cost £	Market Value £	Cost £
Equities	**232,364**	**207,409**	212,464	211,094
Investment and unit trusts	**335,279**	**266,539**	258,359	277,633
Total investments	**567,643**	**473,948**	470,823	488,727
Cash available for investment	**469,237**	**469,237**	467,871	467,871
	1,036,880	**943,185**	938,694	956,598

The investment portfolio is not held in direct furtherance of the Trust's objectives. It is however held with a view to funding some of the Trust's objectives.

The following investments account for more than 5% of the listed investments:

	2021	2020
Sequoia	**5.51%**	6.01%
Blackrock Throgmorton	**8.44%**	5.89%
Bankers Investment Trust Ord	**7.4%**	6.86%
AstraZeneca	**-**	5.36%

Notes to the financial statements
For the year ended 31 March 2021

20 Fixed asset investments (cont.)

Interest in subsidiary companies

The Trust holds a 100% interest in the £1 ordinary share capital of Portsmouth Naval Base Trading Co. Limited (PNBTCL) registration number 8802879, Portsmouth Naval Base Property Company Limited (PNBPCL) registration number 4207508, Portsmouth Naval Base Property Company (Queen Street) Limited (QS) registration number 4969934, and Portsmouth Naval Base Property (Priddy's Hard) Limited (PH) registration number 6964416, all companies incorporated in England and Wales. PNBTCL was set up to protect the trading name and has been dormant since incorporation. The principal business activity of PNBPCL is property rental. As the latter relates to Boathouse Number 6 and Action Stations this is considered to be a charitable activity. QS was incorporated as a vehicle for the development of the Queen Street car park. PH was incorporated as a vehicle for the development of part of the land at Priddy's Hard and was dormant during the year. All group investments have been written down to their net asset values where applicable.

The results and net assets of subsidiaries are:

	2021	2020
	£	£
PNBPCL		
Turnover	**365,974**	358,762
Profit after taxation	**102,783**	2,692
Net assets	**5,226,445**	5,228,662
QS		
Turnover	**231,367**	228,700
Profit after taxation	**188,091**	179,392
Net assets	**5,145,913**	5,104,822
PH		
Turnover	**-**	-
Profit after taxation	**1,086,739**	-
Net assets	**108,857**	(17,882)

Associated undertakings

The Trust holds a 25% interest in the £1 ordinary share capital of Portsmouth Harbour Renaissance Limited, a company incorporated in England and Wales. This company was formed to act in a co-ordinating role, overseeing the various Portsmouth Harbour Millennium projects.

Significant influence was not exerted over the above entity; therefore, it has not been consolidated into these accounts. The aggregate capital and reserves of Portsmouth Harbour Renaissance Limited are not material to these accounts and are not disclosed.

Notes to the financial statements
For the year ended 31 March 2021

21 Financial assets and financial liabilities

	Group		Trust	
	2021	2020	**2021**	2020
	£	£	**£**	£
Financial assets at amortised cost	**6,159,625**	3,748,407	**n/a**	n/a
Financial liabilities at amortised cost	**(1,595,936)**	(957,432)	**n/a**	n/a
Net financial assets	**4,563,689**	2,790,975	**n/a**	n/a

Group financial assets comprise trade debtors, accrued income, prepayments and cash and bank balances, excluding cash with investment brokers. Company financial assets also includes balances due from subsidiary undertakings. Financial liabilities comprise trade creditors, accruals and other creditors.

As permitted by the reduced disclosure framework within FRS 102, the company has taken advantage of the exemption from disclosing the carrying amount of certain classes of financial instruments, denoted by 'n/a' above.

22 Debtors

	Group		Trust	
	2021	2020	**2021**	2020
	£	£	**£**	£
Amounts falling due within one year				
Trade debtors	**778,406**	271,639	**242,223**	234,893
Amounts owed by subsidiary undertakings	**-**	-	**587,187**	383,312
Other debtors and VAT	**69,807**	127,208	**69,807**	127,208
Prepayments and accrued income	**683,010**	600,337	**585,950**	589,253
Total	**1,531,223**	999,184	**1,485,167**	1,334,666

23 Creditors: amounts falling due within one year

	Group		Trust	
	2021	2020	**2021**	2020
	£	£	**£**	£
Trade creditors	**225,701**	527,404	**225,701**	527,404
PAYE, VAT and social security	**23,238**	28,542	**23,238**	28,542
Amounts owed to subsidiary undertakings	**-**	-	**-**	-
Accruals and deferred income	**370,235**	430,027	**359,744**	420,070
Bank loan	**83,334**	1	**83,333**	-
	702,508	985,974	**692,016**	976,016

Notes to the financial statements
For the year ended 31 March 2021

24 Creditors: amounts falling due after one year

	Group		Trust	
	2021	2020	**2021**	2020
	£	£	**£**	£
Bank loan	**916,667**	-	**916,667**	-
	916,667	-	**916,667**	-

The bank loan relates to a CBILS loan taken out in September 2020, the loan is for 6 years and no repayments are due for the first 12 months. Interest of 1.88% over base will be applied after the initial 12 months have elapsed. The loan is secured over the assets of the group.

25 Deferred income

	Group		Trust	
	2021	2020	**2021**	2020
	£	£	**£**	£
Balance at 1 April 2020	**188,214**	69,248	**188,214**	69,248
Amounts deferred in period	**141,386**	188,214	**141,386**	188,214
Amounts released to incoming resources	**(146,846)**	(69,248)	**(146,846)**	(69,248)
Balance at 31 March 2021	**182,754**	188,214	**182,754**	188,214

26 Provisions for liabilities

	Group		Trust	
	2021	2020	**2021**	2020
	£	£	**£**	£
Deferred tax on revaluation of Investment properties	**520,300**	520,300	**-**	-
	520,300	520,300	-	-

Notes to the financial statements
For the year ended 31 March 2021

27 Analysis of net assets between funds

Group – year ended 31 March 2021

	Unrestricted funds £	Restricted funds £	Total funds £
Heritage assets	-	10,391,035	10,391,035
Tangible fixed assets	5,077,812	-	5,077,812
Investment properties	7,054,662	-	7,054,662
Fixed asset investments	1,036,905	-	1,036,905
Current assets	1,476,585	61,208	1,537,793
Cash at bank	3,132,222	1,565,433	4,697,655
Current liabilities	(702,508)	-	(702,508)
Non current liabilities	(916,667)	-	(916,667)
Provisions for liabilities	(520,300)	-	(520,300)
As at 31 March 2021	**15,638,711**	**12,017,676**	**27,656,387**

Group – year ended 31 March 2020

	Unrestricted funds £	Restricted funds £	Total funds £
Heritage assets	-	9,121,806	9,121,806
Tangible fixed assets	5,094,123	-	5,094,123
Investment properties	7,479,662	-	7,479,662
Fixed asset investments	938,719	-	938,719
Current assets	915,267	83,917	999,184
Cash at bank	586,747	2,274,856	2,861,603
Current liabilities	(985,974)	-	(985,974)
Provisions for liabilities	(520,300)	-	(520,300)
As at 31 March 2020	**13,508,244**	**11,480,579**	**24,988,823**

Notes to the financial statements
For the year ended 31 March 2021

27 Analysis of net assets between funds

Trust – year ended 31 March 2021

	Unrestricted funds £	Restricted funds £	Total funds £
Heritage assets	-	10,391,035	10,391,035
Tangible fixed assets	88,057	-	88,057
Investment properties	1,389,661	-	1,389,661
Fixed asset investments	6,262,876	-	6,262,629
Current assets	1,430,529	61,208	1,491,737
Cash at bank	2,820,906	1,565,433	4,386,339
Current liabilities	(692,016)	-	(692,016)
Non current liabilities	(916,667)	-	(916,667)
As at 31 March 2021	**10,383,346**	**12,017,676**	**22,401,022**

Trust – year ended 31 March 2020

	Unrestricted funds £	Restricted funds £	Total funds £
Heritage assets	-	9,121,806	9,121,806
Tangible fixed assets	26,807	-	26,807
Investment properties	1,814,661	-	1,814,661
Fixed asset investments	6,164,690	-	6,164,690
Current assets	1,250,749	83,917	1,334,666
Cash at bank	137,601	2,274,856	2,412,457
Current liabilities	(976,016)	-	(976,016)
As at 31 March 2020	**8,418,492**	**11,480,579**	**19,899,071**

Notes to the financial statements
For the year ended 31 March 2021

28 Funds

Group

	At 1 April 2020 £	Incoming resources £	Movement in period £	Transfers £	Balance at 31 March 2021 £
RESTRICTED FUNDS					
Millennium projects					
Boathouse 6	1,701,554	-	(77,561)	-	**1,623,993**
Dockyard Promenade	537,696	-	(20,277)	-	**517,419**
Interpretation and lighting	978,878	-	(29,060)	-	**949,818**
Other				-	
Leasehold property	133,955	-	(17,976)	-	**115,979**
HLF Resilience	21,324	-	(16,769)	-	**4,555**
Powerboats					
LIBOR	2,157,127	-	(171,769)	-	**1,985,358**
Boathouse 4					
HLF	3,304,356	-	(147,080)	-	**3,157,276**
RGF	432,484	-	(22,762)	-	**409,722**
Other	180,912	2,000	(9,131)	-	**173,781**
Cell Block Project					
RGF	546,766	-	(28,777)	-	**517,989**
Store 12, Ropery and South Office					
Block					
MoD Dowry	545,008	-	(103,405)	-	**441,603**
Cultural Recovery fund		698,600	(477,826)	-	**220,774**
Priddy's Hard - HLF	462,504	891,608		-	**1,354,112**
Ramparts	102,215	53,938	(34,450)	-	**121,703**
Coastal Forces	228,200	-	-	-	**228,200**
Historical England – E Magazine	147,600	47,794		-	**195,394**
	11,480,579	1,693,940	(1,156,843)	-	**12,017,676**
UNRESTRICTED FUNDS					
General funds	10,692,563	1,831,677	(1,614,980)	-	**10,909,260**
Designated funds – Priddy's Hard	-	1,913,770	-	-	**1,913,770**
	10,692,563	3,745,447	(1,614,980)	-	**12,823,030**
NON DISTRIBUTATBLE RESERVES	2,815,681	-	-	-	**2,815,681**
TOTAL	**24,988,823**	**5,439,387**	**(2,771,823)**	-	**27,656,387**

Notes to the financial statements
For the year ended 31 March 2021

28 Funds (cont.)

Millennium project grant funding was received as a contribution towards the costs of the various millennium projects. Additional capital grants were received from the Millennium Commission in 2005-06 in support of the InterAction science gallery. All of the projects were completed as at 31 March 2006.

Capital grants were received in 1992 towards the cost of sign-posting in the Portsmouth Historic Dockyard. Further capital grants were received during 1993-94 in respect of building works on Boathouse 7, a leasehold property, a project which was completed during the year to 31 March 1995.

The National Lottery Heritage Fund (formerly HLF) Resilient Heritage grant provided funding for non-operational College costs, with a view to supporting the economic resilience of the College business. This included development of strategies and resources, and funding for staff posts involved in college development.

Powerboats relates to the acquisition of two World War II powerboats, which are being displayed as part of the Trust's growing boat collection. These were funded predominantly by a £580,000 grant from the National Heritage Memorial Fund. The resultant restricted funds are represented in the balance sheet by the related fixed assets and are being reduced by annual transfers to unrestricted funds over the anticipated lives of the related assets.

The LIBOR relates to LIBOR grant funding received to create a Memorial Flotilla. The project includes the creation of pontoons in front of Boathouse 4 and the restoration of some of the Trust's historic boat collection. For further detail see note 12.

Boathouse 4 relates to the conversion of the boathouse into an international boat academy. This is being funded predominantly by the Heritage Lottery Fund and the Regional Growth Fund. Other donations include £100,000 from Garfield Weston Foundation, £50,000 from Headley Trust, £10,000 from Fidelity UK Foundation, £10,000 from Gosling Foundation, £25,000 from Bernard Sunley Charitable Foundation and £15,000 from Charles Hayward Foundation.

Cell Block Project relates to a joint project with the University of Portsmouth converting the cell block within the dockyard into a business incubation centre. The capital works were funded by the Regional Growth Fund.

The funds for Storehouse 12, Ropery and South Office Block comprise a reverse premium paid by MoD to the Trust upon the grant of the leases of those buildings as a contribution towards the cost of repairs for which the Trust is liable under the leases.

The Culture Recovery Fund grant supported employment costs for staff when not furloughed, bursary support for IBTC College students, investment in IT to facilitate home working and create business efficiencies and the purchase of new equipment for the car park in Admiralty Quarter.

The Priddy's Hard funding comprises grant from (i) the National Lottery Heritage Fund (formerly known as the Heritage Lottery Fund) towards the restoration and re-use of seven listed buildings and related site improvements and specific additional support for the historic ramparts and the creation of a Coastal Forces exhibition in one of the listed buildings and (ii) Historic England towards the cost of clearing and maintaining the ramparts to enable public access and repair costs for E Magazine.

Notes to the financial statements
For the year ended 31 March 2021

28 Funds (cont.)

	At 1 April 2019 £	Incoming resources £	Movement in period £	Transfers £	Balance at 31 March 2020 £
RESTRICTED FUNDS					
Millennium projects					
Boathouse 6	1,779,115	-	(77,561)	-	**1,701,554**
Dockyard Promenade	557,973	-	(20,277)	-	**537,696**
Interpretation and lighting	1,007,938	-	(29,060)	-	**978,878**
Other				-	
Leasehold property	151,931	-	(17,976)	-	**133,955**
HLF Resilience	87,696	-	(66,372)	-	**21,324**
Powerboats					
LIBOR	2,346,151	-	(189,024)	-	**2,157,127**
Boathouse 4					
HLF	3,451,436	-	(147,080)	-	**3,304,356**
RGF	455,246	-	(22,762)	-	**432,484**
Other	192,044	(2,000)	(9,132)	-	**180,912**
Cell Block Project					
RGF	545,543	-	(28,777)	-	**546,766**
Store 12, Ropery and South Office					
Block					
MoD Dowry	769,110	-	(194,102)	-	**545,008**
Priddy's Hard - HLF	77,851	384,653	-	-	**462,504**
Ramparts	105,865	-	(3,650)	-	**102,215**
Coastal Forces	15,200	213,000	-	-	**228,200**
Historical England – E Magazine	-	147,600		-	**147,600**
	11,543,099	743,253	(805,773)	-	**11,480,579**
UNRESTRICTED FUNDS					
General funds	10,770,419	2,643,438	(2,721,294)		**10,692,563**
NON DISTRIBUTATBLE RESERVES	2,676,931	-	-	138,750	**2,815,681**
TOTAL	**24,990,449**	**3,386,691**	**(3,527,067)**	**138,750**	**24,988,823**

Notes to the financial statements
For the year ended 31 March 2021

28 Funds (cont.)

Trust

	At 1 April 2020 £	Incoming resources £	Movement in period £	Transfers £	Balance at 31 March 2021 £
RESTRICTED FUNDS					
Millennium projects					
Boathouse 6	1,701,554	-	(77,561)	-	**1,623,993**
Dockyard Promenade	537,696	-	(20,277)	-	**517,419**
Interpretation and lighting	978,878	-	(29,060)	-	**949,818**
Other				-	
Leasehold property	133,955	-	(17,976)	-	**115,979**
HLF Resilience	21,324	-	(16,769)	-	**4,555**
Powerboats					
LIBOR	2,157,127	-	(171,769)	-	**1,985,358**
Boathouse 4					
HLF	3,304,356	-	(147,080)	-	**3,157,276**
RGF	432,484	-	(22,762)	-	**409,722**
Other	180,912	2,000	(9,131)	-	**173,781**
Cell Block Project					
RGF	546,766	-	(28,777)	-	**517,989**
Store 12, Ropery and South Office					
Block					
MoD Dowry	545,008	-	(103,405)	-	**441,603**
Cultural Recovery fund		698,600	(477,826)	-	**220,774**
Priddy's Hard - HLF	462,504	891,608		-	**1,354,112**
Ramparts	102,215	53,938	(34,450)	-	**121,703**
Coastal Forces	228,200	-	-	-	**228,200**
Historical England – E Magazine	147,600	47,794		-	**195,394**
	11,480,579	1,693,940	(1,156,843)	-	**12,017,676**
UNRESTRICTED FUNDS					
General funds	7,898,492	2,687,582	(1,390,009)	-	**9,196,055**
Designated funds – Priddy's Hard	-	667,281	-	-	**667,281**
	7,898,492	3,354,863	(1,390,009)	-	**9,863,346**
NON DISTRIBUTATBLE RESERVES	520,000	-	-	-	**520,000**
TOTAL	**19,899,071**	**5,048,803**	**(2,546,852)**	-	**22,401,022**

Notes to the financial statements
For the year ended 31 March 2021

28 Funds (cont.)

Trust

	At 1 April 2019 £	Incoming resources £	Movement in period £	Transfers £	Balance at 31 March 2020 £
RESTRICTED FUNDS					
Millennium projects					
Boathouse 6	1,779,115	-	(77,561)	-	**1,701,554**
Dockyard Promenade	557,973	-	(20,277)	-	**537,696**
Interpretation and lighting	1,007,938	-	(29,060)	-	**978,878**
Other				-	
Leasehold property	151,931	-	(17,976)	-	**133,955**
HLF Resilience	87,696	-	(66,372)	-	**21,324**
Powerboats					
LIBOR	2,346,151	-	(189,024)	-	**2,157,127**
Boathouse 4					
HLF	3,451,436	-	(147,080)	-	**3,304,356**
RGF	455,246	-	(22,762)	-	**432,484**
Other	192,044	(2,000)	(9,132)	-	**180,912**
Cell Block Project					
RGF	545,543	-	(28,777)	-	**546,766**
Store 12, Ropery and South Office					
Block					
MoD Dowry	769,110	-	(194,102)	-	**545,008**
Priddy's Hard - HLF	77,851	384,653	-	-	**462,504**
Ramparts	105,865	-	(3,650)	-	**102,215**
Coastal Forces	15,200	213,000	-	-	**228,200**
Historical England – E Magazine	-	147,600		-	**147,600**
	11,543,099	743,253	(805,773)	-	**11,480,579**
UNRESTRICTED FUNDS					
General funds	7,938,432	2,489,724	(2,529,664)	-	**7,898,492**
NON DISTRIBUTATBLE RESERVES	381,250	-	-	138,750	**520,000**
TOTAL	**19,862,781**	**3,232,977**	**(3,335,437)**	**138,750**	**19,899,071**

Notes to the financial statements
For the year ended 31 March 2021

29 Related party transactions

The Trust has taken exemption under FRS 102 from disclosing transactions with other Group companies, which eliminate on consolidation in the financial statements of the Trust.

30 Pension Commitments

The Trust operates a defined contribution scheme for the benefit of its employees. The assets of the scheme are held separately from those of the Trust in an independently administered fund. The pension cost charge represents contributions payable by the Trust to the fund.

The pension cost paid by the Trust for the year amounted to £42,653 (2020: £47,942). The amount outstanding at the year end was £6,961 (2020 - £7,401).

31 Capital commitments

At the year end, the Trust had capital commitments of £319,705 (2020: £1,312,183).

32 Contingent liabilities

During the year ending 31 March 2010, the Trust acquired the land and buildings at Priddy's Hard from Gosport Borough Council. Under the acquisition agreement, if the Trust develops certain areas of the site there is a profit sharing arrangement such that 32.5% of any profit is due to Gosport Borough Council. It is not possible at this stage to quantify the value of any payments that may be due in the future.

The Ministry of Defence (MoD) is in dispute with two tenants in the Historic Dockyard over utility costs that it failed to invoice for several years. The tenants are disputing some of the proposed charges which could be up to £450,000. Should the tenants and the MoD not come to an agreement over these charges the MoD has indicated that the Trust may ultimately be liable under the terms of the headlease dated 01/06/1988. The Trust does not believe that it is contractually liable and will defend any attempt to be drawn into this dispute. Should the Trust have any liability in this respect, any charges raised against it will be passed on to the tenants.

In September 2021, the Trust received notification of a claim from solicitors acting for a former employee, who has recently been diagnosed with Mesothelioma. The Trust promptly notified its current insurers and conduct of the claim has been taken over by solicitors appointed by insurers. The Trust is advised that any liability will be apportioned across all its employer's liability insurers for the period of employment, but there is a possibility that the Trust could have to fund a proportion of any liability for a small period of the employment. No indication of the potential quantum of liability is available at this stage.

Notes to the financial statements
For the year ended 31 March 2021

33 Lessor commitments

At 31 March the Group held lessor commitments as follows:

	2021	2020
Amounts due within one year	1,128,158	1,128,890
Amounts due between one and five years	2,924,792	3,105,010
Amounts due after five years	58,325,414	58,848,309
	62,378,164	**63,082,209**

At 31 March the Trust held lessor commitments as follows:

	2021	2020
Amounts due within one year	527,191	534,106
Amounts due between one and five years	1,048,685	1,060,206
Amounts due after five years	32,297,044	32,390,539
	33,872,920	**33,984,851**

34 Analysis of changes in net debt - group

	1 April 2020	Cash Flows	Non-cash changes	31 March 2021
	£	£	£	£
Cash	3,329,474	1,837,418	-	5,166,892
Loans falling due within 1 year	(1)	-	(83,333)	83,334
Loans falling due after more than 1 year	-	(1,000,000)	83,333	(916,667)
Balance at 31 March 2021	**2,861,602**	**188,214**	**182,754**	**3,679,654**