

The National Museum of the Royal Navy

Annual report and accounts 2022-2023



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For the period 1 April 2022 to 31 March 2023

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The National Museum of the Royal Navy
(A company limited by guarantee)
Company number: 06699696
Charity number: 1126283



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Legal and administrative information

Charity number	1126283
Company registration number	06699696
Registered office	H M Naval Base PP66 Portsmouth Hampshire PO1 3NH
Director General and Accounting Officer	Matthew Sheldon (appointed 1 December 2023) Professor Dominic Tweddle (resigned 30 November 2023)
Chairman	Admiral Sir Philip Jones GCB ADC DL
Trustee directors	Rear Admiral Mark Anderson CB Mr Michael J Bedingfield (resigned 23 October 2022) Ms Katherine Biggs Dr Andrew M Burnett CBE FBA Mr Philip G Dolling Mr Colin M Evans (appointed 5 December 2022) Ms Helen M Jackson Mrs Donna Jones (resigned 21 March 2023) Major General Jeffrey S Mason The Hon. Mrs Mary Montagu-Scott DL Rear Admiral Jonathan P Pentreath CB OBE Mr John Michael E Scott Mrs Alison R Start Mrs Sarah Whitcher (appointed 12 January 2023) Mr Gavin Whitter Mr Thomas C K Wright CBE (appointed 5 December 2022)
Auditors	Comptroller and Auditor General National Audit Office 157 - 197 Buckingham Palace Road London SW1W 9SP
Accountants	Compass Accountants Limited Venture House, The Tanneries, East Street Titchfield Hampshire PO14 4AR
Bankers	Lloyds TSB Bank Plc 38 London Road, North End Portsmouth Hampshire PO2 0LR

Performance Report including the Strategic Report

Overview

The National Museum of the Royal Navy (“the National Museum”) was established in 2008 and is the holding company of the National Museum of the Royal Navy Group. The Group’s unique and historically significant Royal Naval collections, ships and aircraft are located and displayed in museums at the National Museum of the Royal Navy in Portsmouth (including HMS Victory, HMS Warrior and HMS M33 and the national collection for the Royal Marines), the Fleet Air Arm Museum in Yeovilton, the Royal Navy Submarine Museum (including HMS Alliance) and Explosion! The Museum of Naval Firepower in Gosport, the National Museum of the Royal Navy Hartlepool (including HMS Trincomalee), and HMS Caroline in Belfast.

Our Charitable Objectives

The charitable objectives of the National Museum of the Royal Navy, as defined within its Articles of Association are:

- The promotion and education and learning of Naval Service and Auxiliaries personnel and other members of the public about the history, deeds and traditions of those services.
- The promotion and enhancement of military efficiency by assisting recruitment and retention and fostering the esprit de corps of the men and women who are serving in the Naval Service and Auxiliaries.
- The commemoration and remembrance of those members of the Naval Service and Auxiliaries who have died while on active service and the encouragement of public recognition of the sacrifice made by such persons.

In order to deliver its objects, the vision of the National Museum of the Royal Navy is to be the world’s most respected naval museum. This will be achieved by:

- Collecting, studying and interpreting objects, images and records which help to document and communicate the continuing story of the Royal Navy and the people serving in it from the earliest times to the present day.
- Offering stimulating and engaging learning opportunities for people of all ages enabling them to explore the rich collections and expertise held by the museum.
- Providing visitors with the opportunity to enjoy a great day out, experiencing and absorbing the ethos and spirit of the Royal Navy.
- Making the museum collections as widely accessible as possible through the development of the displays and special exhibitions as well as developing a world-class virtual presence.

Our Vision

To be the world’s most inspiring Naval Museum, linking Navy to nation.

Our Mission

Inspiring enjoyment and engagement with the story of the Royal Navy and its role in shaping both our nation and the modern world.

Our Strategic Aims

We will deliver the vision and mission through three aims:

Audiences

- Grow and diversify our global audiences – on site and online.
- Create innovative and inspirational experiences, services and products.

- Build our brand and reputation as the authority on the Royal Navy story.

Collections:

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

Sustainability:

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

Our People

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

Value and empower our people.

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

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



How We Work

The National Museum's day-to-day operation is overseen by the Executive Directors within the context of an overarching strategy framework, and underpinned by a suite of Group policies, procedures and operating models. Operational activity has been consolidated into NMRN Operations, a wholly owned charitable subsidiary of the National Museum, simplifying the governance structure and allowing the benefits of operation of the museums through a single large organisation to be realised, improving visitor experience and collections care and access, and demonstrating greater cohesion in the delivery of the charitable objectives. The National Museum's heritage collections are retained within independent charitable trusts, with the National Museum of the Royal Navy as the sole corporate trustee and the Warrior Preservation Trust will be seeking to transfer the ship and its heritage assets into a yet to be formed trust in the same model.

The National Museum is one of the few headquartered and located outside London, enabling people to learn, enjoy and engage with the naval story in the regions. The National Museum's reach is further extended through its network of naval heritage partnerships and cooperations.

The Ministry of Defence (MOD) concluded its Independent Public Body review of the Service Museums (National Museum of the Royal Navy, RAF Museum and National Army Museum) in September 2023 and concluded that the National Museum of the Royal Navy is a credit to its respective service as custodian of the nation's heritage archives of the Royal Navy. It noted that the pandemic exposed the financial weaknesses in the cultural and heritage sector; the closure of all museums led to a significant decline in self-generated income and for the MOD service museums, it exposed weaknesses in their financial models, with low levels of free reserves and no access to capital investment funding to preserve heritage assets. It observed that changes to the demographic mix in the UK, environmental and sustainability concerns, improved technological connectivity and rising inequality meant that the MOD service museums needed to re-evaluate their cultural, heritage and STEM offerings and their business and

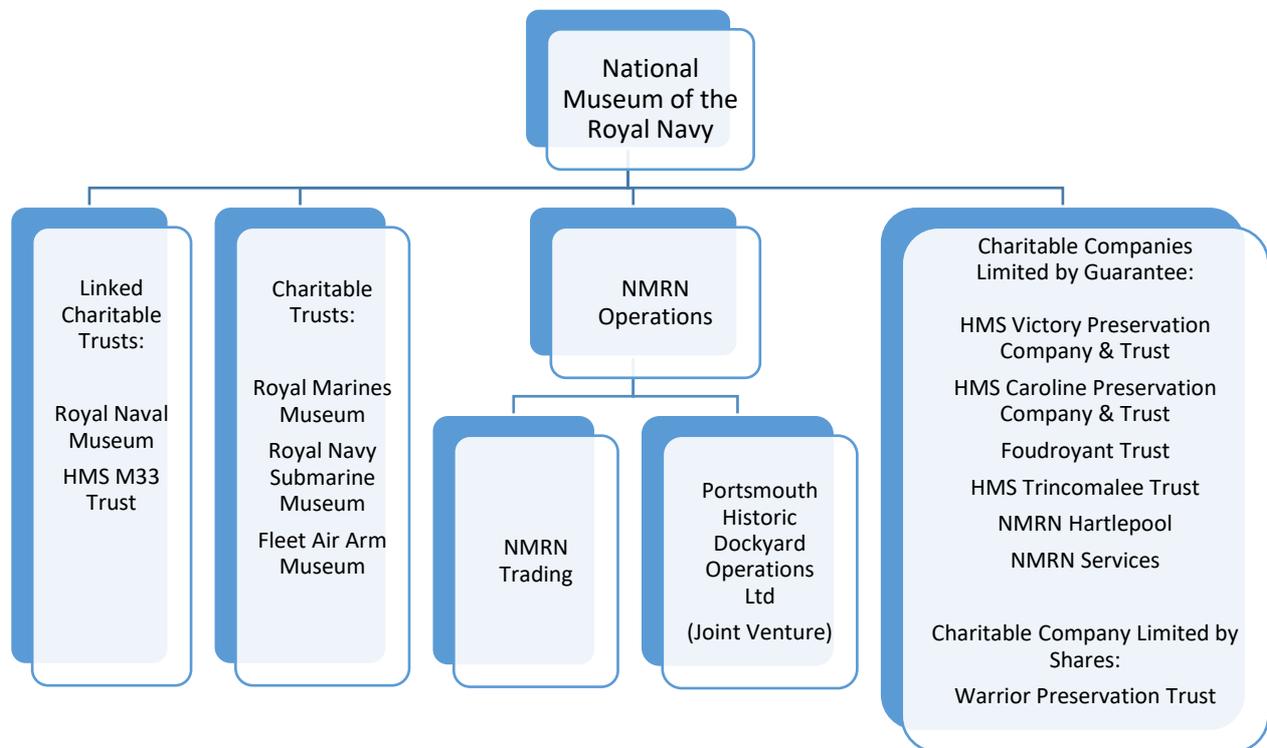
financial models to ensure they meet future needs. The pace of change has quickened and there is a pressing need to build-up resilience in the sector in terms of financial stability; maintenance and preservation of buildings and assets and rapid digital adoption. It determined that there was no immediate economic value for any of the MOD service museums to cease their operation; merge with other MOD or national museums; transfer to another department or be transferred into the private sector. The last of these would result in significant risk to the national collections of the armed forces. It tested whether the museums had a clear rationale for continuing at arm's length from government and concluded that the National Museum met the external technical expertise test to remain an arm's length body, determining it appropriate that it remains in its current form of Non-Departmental Public Body (NDPB) with charitable status and continues to operate as arm's length body to the MOD. The review made a number of recommendations relating to: building on the Service Museums' good relationships with their sponsors and with each other; further development of research and STEM activities; good governance; efficiency; and, infrastructure plans to address maintenance backlogs. The Museums are working with their sponsors to determine how the recommendations may be implemented.

Funding Arrangements

The National Museum receives Grant in Aid funding from its sponsor, the Ministry of Defence, and raises other income through grant funding and sponsorship arrangements, legacies, charitable donations and through its commercial activities. Under the terms of its 2019 Financial Framework agreement for the receipt of Grant in Aid, the National Museum is permitted to build and carry forward an unrestricted "free reserve" from those self-generated funds over and above the Grant in Aid provided.

The restricted funds held by the National Museum are held in trust, under various agreements with donors, for specific purposes, to safeguard the future of the historic collections. These funds are used by the National Museum where it is appropriate to do so and in accordance with those trust agreements. The Trustees have reviewed the funds and determined that it would not be appropriate to divert them to support revenue activities, nor would it be legal to do so without the express consent of the Charity Commission.

Our Group Structure



Inactive charitable companies awaiting strike off and dissolution:

- Royal Marines Museum
- Royal Navy Submarine Museum
- Fleet Air Arm Museum CLG Limited

Portsmouth Historic Dockyard Operations Ltd is a joint venture company incorporated on 7 August 2020 and owned equally (50:50) by NMRN Operations and the Mary Rose Trust.

Joint Statement from the Chair of Trustees and the Director General



With the COVID crisis receding, 2022-23 focused on laying the foundations for a strong post-pandemic recovery. The bedrock for this has been the publication of a new strategy focussing on three key strands: sustainability, both financial and environmental; audiences; and collections. The aspiration is to transform the business.

The foundation of our financial sustainability is threefold, Grant in Aid from the Ministry of Defence (MoD), earned income from visitors, and income from fundraising. The MoD generously continued its COVID support package for another year, giving the National Museum a solid financial foundation. Visitors began to return in numbers to our sites, with over 667-thousand visits in all, over 38% up on the previous year. Despite this numbers remained behind projections for the first half of the year, slowly recovering so that we ended up only 1% adrift of our targets. It was a tense year! We continue to focus relentlessly on yield. A strategic review of our trading business has paid real dividends delivering a profit of £475,000 to the National Museum. Fundraising also makes an increasing contribution with over £1M raised over the last year in donations and legacies. For future years we plan to address environmental sustainability, both because this is the right thing to do, and because it will help us contain spiralling costs. Cost inflation has hit us hard. But it is not all about revenue, a particular highlight has been the take-up of free tickets by those receiving free school meals, 11,000 people have seized this opportunity.

Our audiences are attracted by our fantastic collections, our unique ships and the intriguing ways that these are presented, driven by careful research so that we understand what visitors want, how messages are best communicated to them and how we can help them enjoy themselves. New exhibitions included Her Majesty's Service, Nelson in his Own Words and Diving Deep: HMS Invincible 1758. More permanent improvements to our museums have included a revamped Carrier Experience in Yeovilton and the Big Repair, allowing visitors to get up close and personal with the work on HMS Victory. Almost the whole ship has been scaffolded for a fascinating major repair programme and our visitors are enjoying a once in a lifetime opportunity to see beneath the skin while still enjoying a traditional visit to the interior. Much planning has been put into the development of new Royal Marines Museum and into reworking our Hartlepool site.

Our collections have continued to expand with especial highlights being the only known contemporary model of HMS Victory, a builder's-style, model of the torpedo boat destroyer HMS Sturgeon and the sledge flag of Captain Kellett of HMS Resolute 1852. As important has been the massive investment in the digital collections infrastructure.

These are major achievements, but only the icing on the cake, for the rest read on.

None of this could have been achieved without our excellent, hard-working, flexible and dedicated team. Everywhere there is outstanding expertise and relentless dedication to the charity. For proof just read our reviews. And for those who do not interact directly with visitors, we'll look at all other achievements documented here so thoroughly.

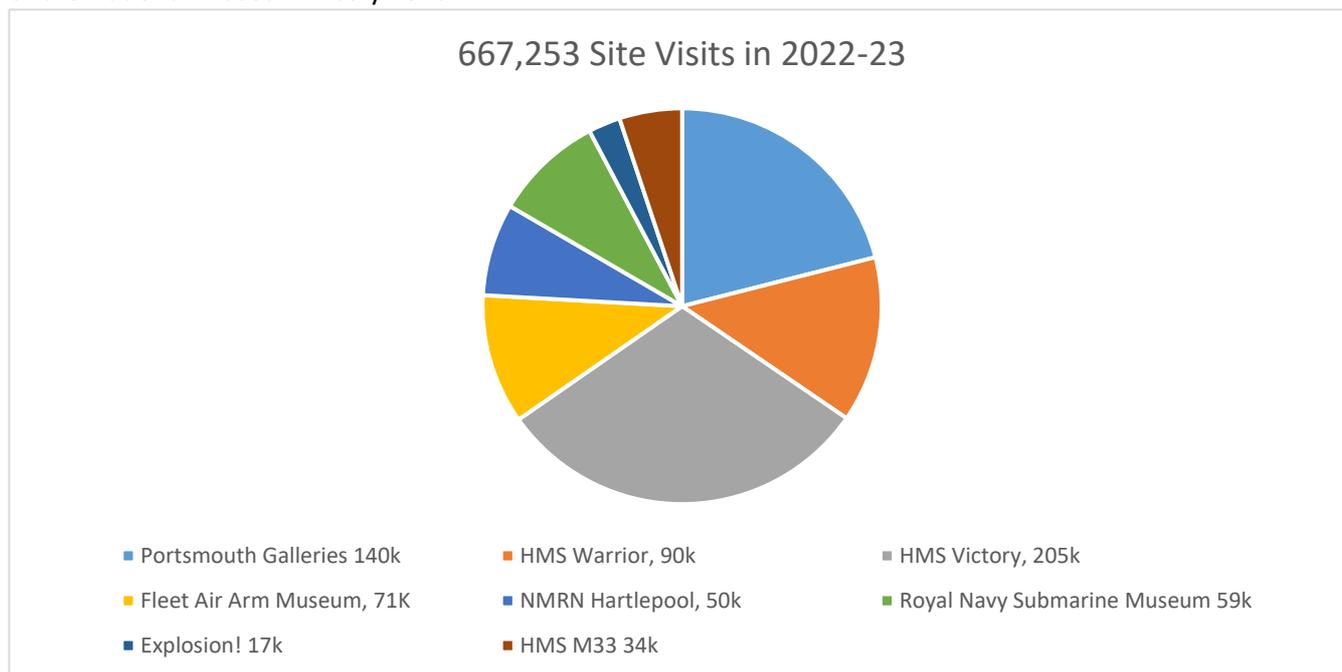
Activities and Achievements

Visitors

We received 667,253 visits across the group (2021-22: 482,903 visits)

During this period, the Museum's sites were able to return to a more standard operation, although we have retained some of the changes, such as 5 day a week opening in off peak period at certain sites and the incentive to prebook online, which made us more efficient as we emerged from the COVID-19 pandemic. In August 2022, the refreshed and revised interactive experience at Action Stations in Portsmouth Historic Dockyard reopened for the first time since spring 2020 but with a new focus on the Royal Marines' Commando Experience. In March 2023, HMS Caroline, with a newly recruited team, welcomed paying visitors for the first time in 3 years. HMS Warrior was closed from December 2022 to March 2023 to enable essential maintenance to the ship to be completed.

Against a difficult trading environment for the whole heritage sector, both ticket sales and visitor numbers were reasonable, but had not uniformly returned to pre-COVID levels. The opening 6 months of the year, and particularly the peak trading weeks, were disappointing and below targets; in contrast, the final 6 months saw stronger performance and recovery. With the National Museum so dependent on self-generated income, this created significant financial pressures which had to be managed in year, and it is a credit to our General Managers that they were able to adjust and welcome nearly 670,000 visitors to our museums and ships. Of particular note is that visits to the National Museum of the Royal Navy Hartlepool were the strongest they had been since the site became part of the National Museum in July 2016.



Customer Relationship Management (CRM) is key to ensuring we are able to understand our visitors, improve customer services and communication, and ultimately assist in increasing profitability and sales. During the period, we have made key improvements to our CRM system, growing our mailing lists to help inform visitors of the value of their ticket and to drive return visits, in renewal sales and in data analysis. This key data has helped to inform projects including sustainable travel, accessibility and expansion of our Veterans Offer across all sites. Centralising our customer engagement team, data feeds and reviews has enabled us to use our customer feedback to better inform business decisions and to improve our response rate to phone calls, emails, online customer reviews (TripAdvisor, Google, etc.). Online reviews are managed through a new piece of software that allows us to respond to 100% of reviews, and to share the many excellent reviews focused on our staff and volunteers.

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The National Museum actively seeks visitors’ feedback on their enjoyment and perception of quality of their visits. Alongside monitoring social media reviews, we also measure visitor satisfaction in a more structured way through the monthly ‘Voice of the Visitor’ survey which is conducted through a mixture of in person and online questionnaires. These measure satisfaction in everything from exhibitions to toilets, and rate visitor experience including the quality of welcome, the friendliness of staff and value for money. Through 2022-23 these have been consistently high but of course provide the essential feedback for making improvements.

The ticket data, monitoring and evaluation surveys, and data dives continue to inform the marketing strategy and admissions targets. External sector intelligence from the Association of Leading Visitor Attractions and Visit Britain has also been used to provide valuable insight.

The National Museum of the Royal Navy Trading operates across all of the National Museum’s sites as a single trading entity, delivering non-primary purpose commercial activities such as retail, catering, publishing guidebooks, venue hire, Laser Quest and brand licensing. The return of sites to more normal operation has greatly boosted the performance of the retail and food and beverage functions. A great shop and fantastic café are essential to a visit, a private event in one of our unique venues can be a long-lasting memory, and the profit generated from these activities is an also essential income stream to support our wider purposes. This was the first full year of a new Commercial Strategy for the Trading Company (approved in December 2021). Thanks to strong leadership, key investments (such as the new Warnefords Café at Fleet Air Arm Museum), and a focus on profitability, visual merchandising and product optimisation, the Trading Company’s performance demonstrated a significant improvement and contribution to the National Museum.

In 2022-23, the company delivered a total income of £2,251,000 (2021-22: £1,640,000) generating a profit of £475,000 (2021-22 £13,000).

Social Value and Learning

For the first time this year, the National Museum has sought to quantify the value of our activities within a separate ‘Social Value Report 2022-23’ which is published at www.nmrn.org.uk. This sets out the impact of our work on the Naval Family, on diverse communities across the UK, on families and on individuals. The work is grouped under three key strands: improving health and well-being; strengthening relationships and building diverse communities; and, developing skills and encouraging learning and participation.



This reporting will continue to develop in future years and we expect it to have both a core of stable activities and short-term project initiatives which are highlighted in case studies. Notable impacts to highlight this year are:

- **Formal Learning Visits:** Our ships and museums welcomed 25,694 pupils and students engaged in formal learning (2021-22: 8,452). Our post-COVID offer for to schools has gone from strength to strength; after a relaunch in 2021-22, this year we have added the 'Discover Live' programmes. These sessions are time limited, highly interactive, are the premium experience for schools visitors and now account for high proportion of visits. Particular events of note are the 'Engineering Challenge' secondary school event at the Fleet Air Arm Museum - schools attended from Cardiff, East Dorset and Southampton. For the first time since 2020, HMS Caroline reopened and resumed its programme which includes free visits and subsidised transport for selected schools.
- **Free Family Tickets:** For the first time this year in Portsmouth and in partnership with the Mary Rose Museum, we offered free annual family tickets to local families whose children are in receipt of free school meals, enabling families who otherwise may not had visited us to engage with the Royal Navy's rich story. Working with Portsmouth City Council to reach eligible families, over 2,000 families took up the offer (equivalent to nearly 11,000 individual tickets) and returned as visitors multiple times. Families have shared what an impact this had, '...it was an amazing day out, we will be back many times over the coming year'. We already anticipate repeating and extending the scheme for 2023-24.
- **Tidal Teatime:** In this participatory community-led research project, the National Museum team worked with the Portsmouth-based community group Chat Over Chai (an inclusive group for people from a South Asian heritage and their allies) and the Royal Navy's Equality, Diversity and Inclusion policy team and associated RN networks. The project was funded by the Arts and Humanities Research Council and took place between February 2022 and July 2022, giving the communities involved the opportunity to explore the National Museum's collections and contribute to the understanding of these collections. Over 30 members of Chat Over Chai and five Naval personnel were involved. All expressed a new-found sense of ownership of and pride in the Royal Navy story and the National Museum's collections. The project resulted in new displays and presentations of objects in the museum, meaning that there is greater representation and viewpoints of different cultures than before the project and a growing awareness of this. Members of Chat Over Chai have become engaged in volunteering for NMRN and reported feeling more confident and safe in the Museum's spaces.
- **Informal learning activities:** We have provided engagement for our younger audience through World Book Day activities in Portsmouth, community fun days in Yeovilton and an early years' playgroup at the site in connection with the charity Aggie Westons. There were over 900 attendances at outreach events offered by the team in Portsmouth, including sessions with veterans and dementia groups. 'Chatterboxes' connected to HMS Victory were developed and have been used with dementia patients at Queen Alexandra Hospital. Clinical staff at the hospital using these resources say they have seen a marked improvement in their patients' ability to communicate and engage following the use of these resources.
- **Volunteers:** The National Museum has a dedicated and committed volunteer team, which includes lived experience of service in the Royal Navy, the Royal Marines and the other military services. The volunteers add significant value to the work of the National Museum. The number of volunteers in the period remained at just over 300 individuals. A new Volunteer Strategy was finalised and adopted in 2022-23. The aims of the strategy are to increase digital volunteering opportunities, to give greater recognition to the value of volunteers to the National Museum and to broaden the volunteer demographic. As a result, work to develop a more structured approach to understand and manage our volunteer demographic is underway. To this end, talks about volunteering opportunities to local groups has developed to ensure we reach a wider audience and we have also been present at both the Portsmouth University Volunteering Fair and Global Fair to engage with the local student communities. Our volunteers are involved in a diverse range of projects and activities. Notably, volunteers were integral to the reopening of HMS Caroline, having returned to the ship to support the deep clean prior to opening the doors to visitors. Volunteers have supported a

range of gallery handling opportunities, including the 'Great British Take Off' aircraft modelling at Fleet Air Arm Museum and transcribing the letters for the exhibition 'Nelson in his Own Words'.

Communications

In terms of digital communications, our 'meaningful engagement' model was used to measure our digital reach and engagement, reflecting not just views of digital content but meaningful interactions with it. Our strong digital presence has grown through the period. Our engagement rate (that is the number of people interacting with a social media post against those who saw it) has increased from 2.8% to 7.6%, significantly above industry average.

Media and filming work across the National Museum this year clearly demonstrated the breadth and variety of our work and ability to capture headlines, broadcast interest and reflect on national events in our role in sharing the Royal Navy's story. Our press, PR and media coverage realised £7M in Advertising Value Equivalent (2021-22: £8.5M) and a potential audience of 24 billion (based on the reach of every outlet we have featured in), with 3,921 media mentions across print, broadcast and online channels.

Special mention should be made of the sad passing of Her Late Majesty Queen Elizabeth II, to whom we paid our respects in recognition of the unwavering support of her own family to the National Museum and to the Royal Navy family through the display of our touching tribute, *Her Majesty's Service, The Queen's role at the heart of the Royal Navy family*.

We were extremely fortunate to welcome our patron, HRH The Princess Royal, to the official opening of our D-Day veteran LCT 7074 in Southsea.



Our important role in the saving of a rare Arctic sledge flag, used in the hunt for survivors of Captain Sir John Franklin's doomed expedition, and owned by Vice-Admiral Sir Henry Kellett, saw considerable media interest, greatly helped by support from the ever-popular Michael Palin. Following an export ban, the campaign raised funds just in time to save the flag from going abroad to a private buyer.

Regionally, our media stories covering our newly-refurbished Carrier Experience at Fleet Air Arm Museum and the long-awaited reopening of HMS Caroline in Belfast were warmly received.

Broadcast opportunities and online channels including YouTube and podcasts ensured that we reached valuable and varied audiences throughout the year. These included: the BBC's 'Inside the Factory' with a fascinating piece about dazzle camouflage featuring HMS M33; our HMS Victory guides testing mobile phones on 'The Gadget Show'; features on the popular day time programme 'Bargain Hunt'; and the US stalwart 'CBS News' which featured best-selling author David Grann and his use of our historic ships for research. Popular podcasts from 'History Hit' and historian Sam Willis were recorded from our ships and the Fleet Air Arm Museum, whilst the hugely popular YouTube channel 'Epic History' filmed a number of episodes with us to reach many millions online.

Exhibitions and Programming

Within this difficult financial environment, the National Museum team has drawn on a mixture of external grant funding, partnership support and use of reserves in order to deliver both a special exhibition programme and improvements to our permanent exhibitions. These have helped us reflect on the link between the Navy and the Nation across the centuries and also to improve our representation of the current Royal Navy and its people.

Our special exhibitions included:

- **Diving Deep: HMS Invincible 1758** - Following its successful opening in Portsmouth in October 2020, this interactive exhibition, based on the archaeological excavation of the shipwreck, and funded by the National Heritage Lottery Fund and the Maritime Archaeological Sea Trust, returned to the National Museum in 2023 to be exhibited in Hartlepool from Easter 2023, following its loan to Chatham Historic Dockyard (February to October 2022). In Chatham, it welcomed 30,928 visitors, including HRH the Prince of Wales before his accession.
- **Her Majesty's Service** - This exhibition opened in Portsmouth in April 2022 and reflected on 70 years of Her Late Majesty Queen Elizabeth II's connection to the Royal Navy and created with some strong community input. The exhibition was an appropriate marking of the Platinum Jubilee and was extended and refreshed until May 2023 to mark both the passing of the Queen and the Coronation of His Majesty King Charles III.
- **Nelson: in his own words** - This pop-up exhibition in Portsmouth from October 2022 – April 2023 showcased letters and documents relating to Admiral Lord Horatio Nelson drawn from the private collection of the Aekatirini Laskaridis Foundation. The exhibition was supported by an online resource which gave virtual access to the collection, a publication, and wider seminar looking at the Royal Navy's connection to the struggle for Greek independence, 'From the Nile to Navarino', which drew on British, Greek and Turkish speakers.

Investments into our permanent galleries and exhibitions included the John Fieldhouse Building at the Royal Navy Submarine Museum in Gosport and to the 'HMS Gallery' in Portsmouth to update the contemporary Navy story. In Portsmouth, for example this now reflects the strategic context facing the Navy in 2023, and looks ahead to the changes in technology and personnel which are to come in this 'contested world'. More significant investments included:

- **The Carrier Experience, Fleet Air Arm Museum** - A major £800,000 investment in the redevelopment of this permanent exhibition was completed in July 2022, funded by a generous legacy to the Fleet Air Arm Museum Trust from the Gosling Foundation. This has enabled a complete refresh of the narrative and visitor experience which immerses our visitors in the sights, sounds and smells of carrier flight and in the complexity of carrier operations. It now connects the heyday of jet aviation to the operations and deployment of the Queen Elizabeth Class carriers and F35 aircraft



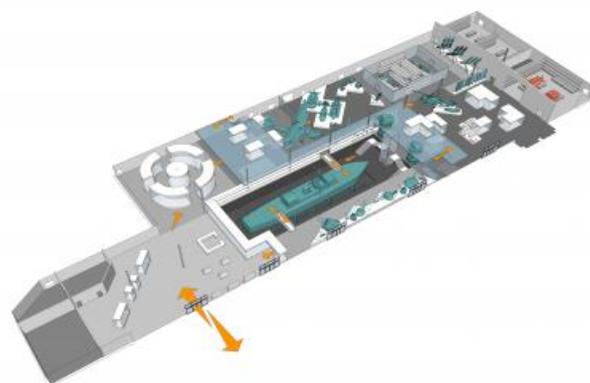
The range of historic aircraft set out on Flight Deck has changed, and the Island tour completely revised with overlay of digital interpretation allowing visitors to meet key crew members.

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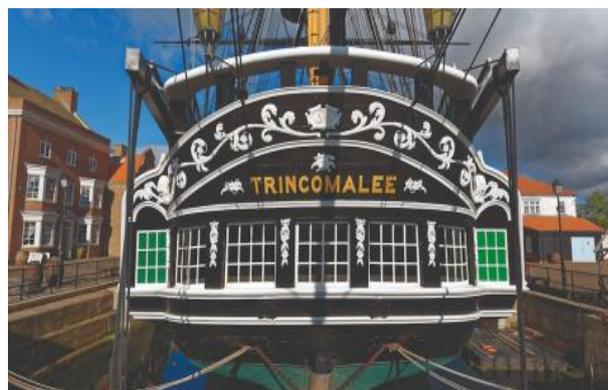
- **Victory Live: The Big Repair** - The conservation project for HMS Victory entered a major phase of work which has placed large portion of the ship under a scaffolding canopy and removed huge sections of hull planking from the ship. This new and major strand of interpretation will develop through the project to showcase the scale and complexity of the conservation task and bring the work of our teams to visitors. In July 2022, we created an entirely new interpreted visitor route on the starboard side which takes visitors through three levels of the scaffolding and allows unprecedented views of the exposed frames of Victory. This is supported by programming involving archaeologists, conservators, and shipwrights from the team who at peak periods bring the project to life.



- **Royal Marines Experience at Action Stations** - The interactive and family-focussed attraction at Action Stations reopened for peak periods in August 2022 with entirely new elements connected to show the physical challenges faced by the Royal Marines Commando. This has proved a popular return for our visitors and forms the basis of sharing the Commando story until the fully reimagined Royal Marines Museum is delivered.



- **National Museum of the Royal Navy Hartlepool** - The NMRN Hartlepool board has continued to work with Hartlepool Borough Council to develop a shared vision for the regeneration of the area around the dock basin for the Waterfront Regeneration Project. A vision document was created that demonstrated the cultural and commercial use of the site, the addition of facilities dedicated to the care and conservation of historic ships, skills training workshops, new galleries that support STEM education (science, technology, engineering, arts and mathematics) and the creation of exciting new experiences to complement the activity taking place both on the National Museum site and the wider Waterfront area. In parallel, Hartlepool Borough Council commissioned a separate study for the Museum of Hartlepool and the Wingfield Castle, offering the opportunity to ensure a holistic approach to proposing future options for the whole site. The project was successful in securing funding of £8.5M from the Tees Valley Combined Authority for the cultural component of the Waterfront Regeneration Project. Hartlepool Borough Council will be investing £4M for the conservation of its 1934 paddlesteamer, PS Wingfield Castle, and the essential replacement of the dam board to safeguard HMS Trincomalee, which the Council has assured will be prioritised. A development funding agreement between NMRN Operations and Hartlepool Borough Council was signed on 31 January 2022, releasing £1M to commence the first phase of the project. Further funding was released in June 2022 to enable the purchase of the Vision Retail Park for £3.4M by NMRN Operations, as a key milestone in delivery of the vision, to expand the existing site and to form the core of the major new galleries expansion. The next phase of the project will see NMRN Operations redevelop the William Gray building and the Fighting Ships experience. Hartlepool Borough Council will also develop options studies for replacing the dam board and sealing the dock in which HMS Trincomalee sits.



Collections and Research

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

After a period of closure due to the impact of COVID-19 and the very major collection moves into the new Collections Centre, we reopened the Collections Access Service at the start of June 2022. This now supports researcher visits to collections in the Research Room in Portsmouth and remote requests for information on collections elsewhere. The shift in user demand to virtual access is clear and a critical improvement in September 2022 was the opening of our collections portal www.nmrn.org.uk/collections. This now provides access to a growing database of over 400,000 catalogue records from the National Museum's collection, many with supporting images. The portal is already attracting an average of 2,000 users a month, with multiple searches which help us understand areas of research interest.

Investment and development of the National Museum's Digital Asset Management System (DAMS) has been fundamental to the success of the collections portal. The DAMS is used both to manage images of our collections and to feed into our collections management software. A small team of curators, boosted by volunteer effort, has focused on ingesting imagery from historic digitisation projects and adding all new collections imaging. This has grown the images held in the DAMS to nearly 33,000; the system will be critical to both collections access and collections information in future years.

The National Museum's archive collections and service have received welcome external recognition. The National Archives have recognised Storehouse 12 in Portsmouth as a 'Place of Deposit' under the Public Records Act, licensing our Portsmouth site to hold Public Records.

The National Museum has continued to loan our collections extensively, with over 100 loan agreements covering in excess of 9,000 items. Our ability to accept new material on loan from private donors for exhibition had been restricted by insurance costs, however, after a number of years, the National Museum now has the support of the Ministry of Defence and Arts Council England to participate in the Government Indemnity Scheme. The scheme provides indemnity for loaned objects made accessible to the public in temporary exhibitions, on long-term loan or loans for study and research and removes the need for commercial insurance for these objects.

In this period, the National Museum considered 835 separate offers to donate material and has acquired just under 400, running to thousands of individual items. Highlights from all donations, purchases and transfers have included:

- **Two oil paintings from the estate of Sir Cloudesley Shovell** – 'The Battle of Vigo Bay' and the 'Siege of Gibraltar', from the War of Spanish Succession.
- **The Invincible Collection** – hundreds of items of equipment, personal possessions and ship fittings from the recent excavation of the 1758 wreck, formally transferred to the National Museum by the Receiver of Wrecks.
- **The Kochen Collection** – a collection of early Marines material including some exceptional individual portraits, uniform, equipment and manuscripts which strengthens our holdings for the formative period of Marines history, 1755-1815.
- **Model of HMS Victory** - constructed during Victory's large repair (1800-1803) and the only known contemporary full hull model of Admiral Lord Nelson's celebrated flagship in the state that she fought the battle of Trafalgar.
- **Oil painting 'Death of Nelson'** - by Mather Brown, 1807.

- **Sledge flag belonging to Captain Kellett of HMS Resolute 1852** – the flag was flown from Captain Kellett's sledge during the third of a series of expeditions from the eastern side of Canada to look for survivors, or evidence of bodies from the ill-fated Franklin expedition.
- **Model of HMS Sturgeon (1894)** - a 1:48 scale, builder's-style model of the 27 knot torpedo boat destroyer.

At the same time, then National Museum continues to rationalise our collections so that resources are used most efficiently. This period, the managed disposal of duplicated collections in our library holdings was completed and reduced our stock by over 4,000 individual volumes.

Alongside these successes we have to acknowledge the unfortunate end of the National Museum's management of the Devonport Collection which is housed at the Devonport Heritage Centre. After much investment in staff and volunteer time in recent years the collection is now better managed and better understood. In current circumstances, however, the National Museum is unable to accept the transfer of ownership of the collection and the financial responsibilities which would follow, and our oversight ended in March 2023.

Our conference, seminar and research activity has grown modestly from 2021-22, highlights have included:

- Organising and hosting the the United Kingdom Maritime Heritage Forum across our venues in Portsmouth in October 2022. This welcomed over 100 professionals from museums and historic ships across the UK and was an excellent opportunity to showcase our work with a number of the team speaking or chairing sessions.
- Research into the language used in collection catalogues was undertaken that highlighted terminology that could be perceived as offensive. The National Museum has shown sector leadership in developing its glossary of terms to support future cataloguing and research.
- Research into 'Indian Figureheads: Carvings from Royal Navy Ships Built in Bombay' was published in the Society for Nautical Research's Mariner Mirror.
- Research into HMS Trincomalee's raze marks was published in the May/June edition of 'British Archaeology' magazine. 'HMS Trincomalee Design, Construction and Modification, 1812-1900' work was published in the Naval Dockyards Society's annual Transactions.

Conservation and Historic Ships

- **HMS Victory** - Efforts in the year concentrated on preparing the ship for plank removal. A programme of surveys and testing mandated by legislation, along with preservation of weather deck areas was completed. Work was undertaken by NMRN Operations, under the guidance of structural support specialists, to prevent movement of the ship in its current structure during this process. Repairs to the electrical system, including rolling replacement of lanthorn components and elements of the ships broadcast system were also completed. Significant achievements that were made include:
 - Materials Trials testing continued to establish the impact of UV, water permeability and various materials for fastenings on the ship. This extensive programme of work, undertaken in partnership with Southampton University's nc² consultancy, is enabling the project to better understand the likely degradation of materials over time, and make informed decisions as to the best choices of fixings, glues, paints and timber to be used on the project, and the levels of maintenance likely to be required going forward. The ship-side mock-up surveys progressed on a monthly basis and the results showed patterns of deterioration. This information, combined with the laboratory results from materials trials was used when selecting the materials for re-planking the ship.
 - Workshop Upgrades to support the delivery of the 12-year conservation plan. The new space allows for critical quality control procedures for the production of laminating oak and for the smooth supply chain flow from the timber supplier.

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- Scaffold Structure was erected over the ship which allows the conservation teams to undertake the programme of works, with the introduction of ‘Victory Live: The Big Repair’ to improve the visitor experience. The structure includes a welcome foyer, branded signage, family trail that shares some of the key messages of the project and directional signage to support the visitors moving around the structure.
- Timber Procurement to ensure a successful re-planking process through the right suppliers to deliver the quality and quantity of oak timber required.
- Digital Content has captured 3-D digital footage of the project during the year, including: drone surveys; modelling; and high-resolution footage of planks. All of the content was used to publicise across websites, social media and within the Victory Live experience and can be found on www.nmrn.org.uk/news/victory-live-big-repair.

- **HMS Caroline** – Following the 2021-22 successful work to secure the £12.5M expendable endowment to enable the HMS Caroline Preservation Company to fund the conservation, repair, protection and interpretation of the ship in Belfast, NMRN Operations developed a new Business Plan. The Business Plan seeks to re-establish the ship as an important heritage visitor attraction in Belfast. HMS Caroline reopened to the public during Easter 2023 and has been warmly received by her visitors.



- **HMS Trincomalee** – Significant work was completed to de-rig, undertake conservation work and reinstall the upper foremast, including topgallant mast and yards on the ship. The work addressed the long standing concern over the degraded state of some aspects of the rig. Conservation will continue to focus on reducing water ingress and improving the material state of the rig.

- **HMS Warrior**– An essential project to replace all of the ship’s electrical and safety critical systems was successfully completed by 31 March 2023, following a successful bid for capital funding of £800,000 from the Royal Navy. The project was the most extensive and intrusive project to the ship’s fabric since she was restored in Hartlepool and included: the redesign and replacement or refurbishment of all electrical systems, light fittings, fire detection and alarm system, CCTV system, public address system, data network, and heater circuit. Getting the project delivered to time and budget was a huge, combined effort between the National Museum teams and contractor. The ship was closed to the public during this essential work which also allowed the National Museum’s teams to complete internal painting, deep cleaning, and other crucial maintenance. The ship reopened to the public on the 1 April 2023. This has been a significant investment in our historic fleet and we are hugely appreciative of the grant from the Royal Navy which made this possible.



Charitable Fundraising

The Trustees of the National Museum have overall responsibility and accountability for our fundraising and income generation activities and monitors such activities through a Trustees’ Fundraising Committee that reports to the Board of Trustees.

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The National Museum has an in-house Fundraising team that raises funds to support our core work. This team develops relationships with donors, grant makers and corporate partners to fund areas of our work including, acquisitions, conservation, public programming and the delivery of our major capital projects.

Notable supporters include the National Lottery Heritage Fund, National Heritage Memorial Fund, The Art Fund, the American Friends of the National Museum of the Royal Navy, Society of the Friends of FAAM, Friends of the Royal Navy Submarine Museum, HMS Victory Preservation Endowment Fund, Airbus, BAE Systems Maritime, Babcock, Lockheed Martin, Newton Europe, Notsew Orms Sands Foundation, Society for Nautical Research, the Gosling Foundation and the Michael Cobham Foundation.

The National Museum of the Royal Navy (Charity number: 1126283) is registered with the Fundraising Regulator and adheres to the Code of Fundraising Practice. We are committed to our Donor Charter, produced to assure donors and potential donors of our accountability and integrity, and an Ethical Fundraising Policy in place.

Whilst the National Museum collects explicit opt-in consent for communications by email, post, phone and text, it chooses to only use email for donation appeals; each email has the option to unsubscribe. Major appeals are raised for significant acquisitions, however, these usually occur no more than once a year, and do not usually include appeals targeted at individuals for the purposes of procuring money or property. The National Museum does not generally conduct proactive solicitation for legacies or gifts in wills but will provide information on request and details on how to create a legacy is available on our website. The exception to this is when the National Museum participates in the UK-wide Free Wills Month; in this instance information about how to leave a legacy may be included in our consent based e-newsletters.

The National Museum did not use any non-directly employed fundraisers, nor any commercial participators to carry out any fundraising activities during the period. In 2022-23, the National Museum did not receive any complaints about its fundraising activities or practices and no complaints were made to the Fundraising Regulator.

Commemoration and Remembrance

The National Museum commemorated the 40th anniversary of the Falkland's conflict in April and May 2022 through a series of talks and blog posts. We were delighted to be able to host a number of talks given by Rear Admiral Chris Parry and worked in conjunction with the National Army Museum and the Royal Airforce Museum to mark this important period in living memory.

HMS Victory is a key focus for remembrance of those members of the Royal Navy who have died while on active service. The Victory Gallery marks remembrance activities on the Ship by telling the story of Queen Victoria placing a wreath on the spot where Nelson fell on Trafalgar Day, 21 October. The laying of a wreath to mark Trafalgar Day as an act of remembrance continues to be an exceptionally important day in the National Museum's calendar,

Supporting our Sponsor – The Royal Navy

The National Museum provides a unique perspective to the heritage, history, culture and traditions of the Royal Navy, and the close relationship between the museum and its sponsor organisation is essential to the effective delivery of the museum's purpose. During 2022-23, the National Museum has worked with the Royal Navy to successfully host events, support personnel and help with recruitment. In turn, the Royal Navy has also supported the museum at STEM events, community projects and networking groups. The National Museum established a very effective Royal Navy networking group, which has supported exhibitions, tours of historic vessels, and events, and has also supported veterans to join the National Museum community. Highlights included:

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- For the first time, the National Museum attended the annual Portsmouth Pride alongside the Royal Navy Compass LGBTQ+ network, bringing historical and contemporary voices together to engage with a new audience.
- 220 of our Royal Navy neighbours from the Portsmouth base were welcomed into Action Stations for a SAAB-led industry conference followed by an intimate dinner with friends to "celebrate life" in HMS Warrior's Wardroom.
- We had the honour of hosting The Queen's Baton relay, which made its way around the UK after visiting every Commonwealth nation. The baton bearer was escorted into Portsmouth Historic Dockyard by elements of the fantastic Royal Marines Band (Corps of drums).
- We welcomed the Royal Navy onboard HMS M33 to support their Remembrance Day social media filming.
- We attended the first Royal Navy Inclusivity Conference held at HMS Collingwood. Key speakers ranged from serving personnel, industry partners and academics, providing opportunities to continue to develop diversity and inclusion in our own museum stories and workplace, learning from the Royal Navy's journey.
- Our curatorial visit to 40 Commando Unit proved useful for the Royal Marines Museum development project and also our contemporary collection and galleries refresh.
- We supported the RN Commonwealth network by providing a visit to HMS Victory for the Trinidad and Tobago Defence Force Steel Orchestra (who performed at the Queen's Platinum Jubilee celebrations). They also gave a performance for the visitors to Portsmouth Historic Dockyard.
- We created a Museum Advocate volunteer post for serving Royal Navy personnel only, to promote more serving personnel working within the National Museum and have welcomed an increase of Royal Navy personnel to our volunteer teams.
- The Royal Navy has helped shape our language to reflect the diversity of the Royal Navy, and provided us with policy changes on Sikh dress and hair, that have been accessioned to the collection to support telling the modern Royal Navy story.
- The HMS Gallery exhibition was refreshed with updated imagery, films, documents, uniform and objects from the Royal Navy to enable us to tell their contemporary story.
- Working closely with the Royal Navy, this modern story was also updated in the refresh of the arrival and orientation space at the Royal Naval Submarine Museum, providing a more welcoming feel and better representing the service today.
- We established monthly 'Active Aviators' sessions at the Fleet Air Arm Museum, with an average 80% of attendees represented by families from RNAS Yeovilton.

Post balance sheet events

Post balance sheet events are disclosed in note 32 to the accounts.

Plans for Future Periods

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

Like many other museums, the COVID-19 pandemic prompted us to reflect on the role we play, not only nationally and internationally in telling the story of the Royal Navy, but at a local and regional level where our museums play a vital role in contributing to the tourist and visitor economy. The backdrop to this reflection is that we know people's priorities have changed and will go on changing as they come to terms with the new economic and day-to-day challenges. We also know that visitors' expectations have moved on, what they value in a museum experience is not necessarily the same as it was. The stories they expect us to explore and how we reflect the experiences and perspectives of the protagonists has altered. The expectations about how we present these stories has transformed too, with technology and the integration of physical and virtual exhibitions moving apace, and we need to respond.

In 2022, our Trustees took a step back to understand who we are, who we want to be and what kind of role we want to play in the future; we needed a refreshed approach to lead us into the next 10 years and beyond. This new strategy, containing a long-view vision for the National museum in 2035, is set out at

www.nmrn.org.uk/news/national-museum-royal-navy-strategy-2022-2027-and-beyond. It sets out how we will deliver our vision and mission through three strategic aims, sustainability, audiences, and collections, and recognises that none of this will be achieved without the skills, dedication and hard work of our people. The strategy is underpinned through our annual business planning cycle that sets out the priority and phasing of operational and project delivery each year.

Sustainability

The key focus for the National Museum for the year ahead will continue to be on recovering financial resilience and sustainability through cautious cost management, fundraising and regeneration or replacement of the income streams and commercial activities damaged by COVID-19 and the continuing fragile UK economy. The wider economic challenges and cost of living crisis continue to have an impact on public spending and also on our operating costs, and the additional Grant in Aid funding we have been generously awarded by the Royal Navy to ensure our financial survival since the pandemic hit in 2020-21 will not continue beyond 2023-24 (up to £2,000,000 in 2023-24).

The National Museum will continue to engage with Navy Command to renegotiate a financial framework that supports the core operating costs that we incur in delivering activities in the public interest and an agreed capital strategy which delivers specific, shared outputs and outcomes.

We will complete and implement our Governance Review to improve the efficiency and effectiveness of our governance framework, reinforcing the concept of 'one museum', and improving programme and project management.

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

We will develop and implement our Sustainability Strategy, to deliver environmentally and financially sustainable operations, and reduce our carbon footprint.

Audiences

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

We will develop and implement our core linked strategies on Interpretation, Research, Audience Development, Digital and Environment/Sustainability to support a shared transformation across our sites and activities, engaging new and diverse local, national and international audiences.

We will implement our Site Improvement Plans and develop new and improve existing exhibitions, to ensure our sites and stories remain exciting and vibrant to a diverse audience.

Collections

Our commitment to any new capital projects or large acquisitions will be limited to only for those essential to our purpose. We will prioritise the care, conservation and presentation of our existing collections and sites, including consolidation of collections with partners where resources are duplicated. We will take forward plans for the development and delivery of funded projects including the HMS Victory, NMRN Hartlepool, the new Royal Marines Museum, HMS Caroline, NMRN Portsmouth and the Armada Maps, ensuring these are financially resilient to secure long-term sustainability and protect our heritage assets.

We will continue to progress our work in ensuring our collection is both physically and digitally accessible.

People

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

Principal Risks and Uncertainties

The National Museum of the Royal Navy’s approach to risk management is detailed in page 32. The National Museum has operated a robust risk management framework throughout the report period and the trustees formally consider the risks to the delivery of the strategy and corporate plan at each of its meeting. The principal risks and uncertainties are outlined below. These are the most significant risks that may adversely impact our business strategy, financial position or operational performance.

Risk	Consequences	Planned Mitigation
Insufficient funding to deliver the charitable objects	Funding shortfalls impact ability to adequately fund services delivered in the public interest, including the conservation and maintenance of historic ships and the collection	<p>The most significant risk faced by the National Museum centres around its self-generated income streams. Additional Grant In Aid funding from the Royal Navy has been essential since the pandemic to ensure the National Museum’s financial resilience and its ability to deliver public benefits, until stable trading and operating performance can be resumed. This additional funding will cease in 2024-25.</p> <p>The National Museum will continue to engage with Navy Command to ensure it is funded to continue to deliver services that are in the public interest but that are not commercially viable, recognising that it may be necessary to scale back some of these activities.</p> <p>The mid to long-term budget plan will continue to focus on building financial sustainability and flexibility, with a commitment to building the free reserves in accordance with the Trustees’ policy.</p>
Major project delivery failure	Delays, cost overrun, excessive operating costs, fundraising shortfall, impact on cash flow, quality of project	The National Museum will continue to develop and embed governance and oversight of key projects through the Programme Board and ensure all major projects follow the standard project management methodology. Improvements will continue to be made to project cashflow forecasting and “in operation” business cases and budgeting for all major projects.
Over complex governance arrangements	Goal incongruence Ineffective or inefficient operation of the National Museum	The National Museum continues to review and consolidate its governance and operating structures to ensure these remain fit for purpose, with sound control of operating costs within a sustainable but flexible staffing model for future years.

Risk	Consequences	Planned Mitigation
Environmental sustainability across the sites	<p>Failure to meet legislative obligations under the Environment Act.</p> <p>Reputational damage and negative impact on ability to attract external funding</p>	<p>The National Museum is developing its sustainability strategies to support the net zero targets introduced by the Government and to work with its partners to reduce its environmental impact across its whole estate.</p> <p>Environmental objectives and risks will be embedded into the decision making and project evaluation processes.</p> <p>Progress is, however, likely to be constrained by availability of funding.</p>

Financial Review

Statement of Financial Activities for the Year Ended 31 March 2023

Total incoming resources for the National Museum in 2022-23 amounted to £29,633,000 (2021-22: £27,089,000) and relates to Grant in Aid, donations (restricted and unrestricted), admissions and associated income from charitable activities, trading subsidiary income and investments.

The change in incoming resources from the previous reporting period resulted primarily from the receipt of various restricted grants by NMRN Operations in relation to the HMS Victory conservation project (£7,881,000), the purchase of the Vision Retail Park and the development project in Hartlepool (£3,650,000), completion of the LCT7074 project (£805,000), and the Fleet Air Arm Museum carrier experience (£636,000). In the previous period, significant incoming resources related to the endowment⁷ for HMS Caroline (£12,500,000).

Admissions income for 2022-23 increased to £5,542,000 (2021-22: £5,307,000) and income generated by the trading company on non-charitable activities showed a stepped improvement to £2,251,000 (2020-21: £1,640,000).

An uplift in Revenue Grant in Aid was received to £6,217,000 (2021-22: £5,476,000) to support recovery from the long-term impact of the pandemic, enabling the National Museum to build its free reserves from self-generated income to ensure future financial sustainability.

An increase in expenditure to £19,040,000 (2021-22: £15,361,000) reflected the increased operations, trading and fundraising costs flowing from the first full year of near-normal activity post-pandemic and also the increase in grant-funded project activity. The net result was an operating surplus of £8,843,000 for the year (2021-22: £14,323,000).

After adjustment for net losses on endowment fund investments totalling £1,690,000, gains on revaluation of fixed assets of £3,507,000 and recognition of actuarial losses on defined benefit pensions schemes of £485,000, the net movement in funds for the year was an increase of £12,835,000 (2021-22: £15,762,000). The total funds carried forward at 31 March 2023 was £217,131,000 (31 March 2022: £204,296,000).

Balance Sheet

The net assets as at 31 March 2023 amounted to £217,131,000 (31 March 2022: £204,296,000).

The value of heritage assets (over the capitalisation threshold and accessioned since 1 April 2000) represents 50% of the National Museum's net assets at £107,271,000. Movements in fixed assets are shown in notes 15-16 to the accounts. Fixed assets acquired by either purchase or donation, with a value of £2,500 and over are capitalised in accordance with the accounting policies set out in note 1.8. Heritage assets added to the collection are included in the accounts at acquisition cost or on the basis of internal valuations estimated by the curatorial staff and determined by their experience and judgement as set out in note 1.9.

The National Museum held £21,166,000 cash in bank and in hand at 31 March 2023 (2022: £16,982,000 *Restated*).

Reserves

The Trustees regularly monitor the levels of the Group's reserves and seek to take correction action as necessary. As at 31 March 2023, the company's unrestricted funds (excluding the revaluation reserve) stood at a deficit of £639,000 (31 March 2022: £714,000 deficit). This deficit balances arises from loan amounts falling due after more than one year payable to Hartlepool Borough Council and used to fund the purchase of the Sim Comfort Collection.

As at 31 March 2023, the level of the company's free reserves (defined as net current assets attributable to unrestricted reserves excluding designated funds) stood at £4,000 (31 March 2022: £5,000).

Under the Group's governance structure, the company receives no funding other than Grant in Aid from the MOD. This grant is used to defray the company's own expenses before granting the balance onto its operating subsidiary, NMRN Operations, and subsidiary trusts on the basis of need and as such, the Grant in Aid is fully expended. Under the terms of the financial framework (agreed 6 December 2019), the company is only permitted to carry over a maximum 2% of the total Grant in Aid into the next financial year and any carry forward may be taken into account in reducing the following year's Grant in Aid. If not carried forward, the balance of Grant in Aid not spent must be repaid to the MOD. Based on the year's revenue Grant in Aid of £6,217,000 the maximum carry forward is £124,000. Free reserves for the Group are not, therefore, built within the parent company but within the subsidiaries from self-generated income streams. As such, this free reserves balance does not represent a going concern risk to the company.

The Group's free reserves stood at £5,200,000 (31 March 2022: £4,780,000).

As nearly the entire Group's operating costs now flow through NMRN Operations, the Group policy is that sufficient free reserves are accumulated within the charitable subsidiary NMRN Operations to provide four months' operating expenditure for the greatest potential area of exposure (Portsmouth Historic Dockyard, including the Gosport sites) by 31 March 2025, increasing to six months' operating expenditure for the entire National Museum by 31 March 2030. There is no need to accumulate additional free reserves in either the company or the subsidiary trusts and any such reserves held will be appropriately used, as approved by the Board, for the furtherance of the trusts' charitable objects. The free reserves held by NMRN Operations, £3,391,000 (31 March 2022: £2,267,000) are insufficient to meet long-term development needs and there are risks associated with unanticipated short-term demands. The Trustees will continue to seek to improve the free reserves position in NMRN Operations in accordance with the reserves policy through consolidation and reduction of costs in future periods and the delivery of a budget each year that will deliver a modest surplus.

The company holds a number of restricted funds with a total net current asset value of £1,420,000 (31 March 2022: £1,299,000). These restricted funds primarily relate to major capital projects.

The Group's restricted funds stood at £136,077,000 (31 March 2022: £128,716,000). This includes tangible fixed assets of £132,177,000 and net current assets of £3,900,000. The surplus on restricted funds will reduce in future years with increasing expenditure on the preservation of HMS Victory, HMS Caroline, HMS Warrior, LCT 7074, RML 497, the new Royal Marines Museum and depreciation on capital expenditure.

The Group holds £54,666,000 (31 March 2022: £56,002,000) as endowment funds within its subsidiaries for HMS Victory, HMS Caroline and HMS Warrior and HMS Trincomalee.

Investment Policy

The National Museum's investment policy seeks to produce the best possible financial return within an acceptable level of risk. The majority of the National Museum's investment activity has been undertaken by its subsidiaries the HMS Victory Preservation Company and the HMS Caroline Preservation Company.

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HMS Victory Preservation Company aims to generate a total return of CPI plus 4% per annum over the long term. Returns from these funds are required to maintain HMS Victory in perpetuity and it is therefore essential to invest with a long-term perspective. If achieved, the company should be able to maintain the real value of its investment portfolio while funding annual expenditure for maintenance and repair estimated in the region of 3% of capital per annum. The company adopts a total return approach to investment, generating the investment return from income and capital gains and losses. It is expected that if in any one year the total return is insufficient to fund the ongoing expenditure, in the long term the value of the portfolio will still be maintained in accordance with the investment objective stated above. Capital gains may be used to provide cash for the objective provided that the original investment has been preserved.

HMS Caroline Preservation Company aims to generate a total return of CPI plus 3-4% per annum. Returns from these funds are required to support the core costs of delivery of the charitable objectives, equating to approximately £550,000 per annum, with an expectation that the level of financial support will reduce every year as HMS Caroline relaunches and ultimately becomes a self-funding museum. The long-term reserves are to be invested to preserve the long-term real value of the assets, however, the HMS Caroline Preservation Company has full flexibility to spend the capital in the furtherance of its objectives, and the company adopts a total return approach to investment, such that investment returns are to be sought from a combination of capital growth and income but without specific targets for each element. The income generated by the portfolio is to be reinvested. While the capital is available for distribution, the intention is to limit spending from capital by maximizing income from the operation of the ship as a visitor attraction.

The key risk to the long-term achievement of the investment objectives is inflation and the assets are invested accordingly. The Trustees understand that this will mean that investments are likely to be predominantly invested in equities, where dividends can be expected to grow, and that capital value will fluctuate. The assets can be invested widely and are expected to be diversified by asset class, by manager and by security. Asset classes can include cash, bonds, equities, property funds, hedge funds, structured products, private equity, commodities and any other asset class that is deemed suitable for the companies. Each company has an Investment Committee, charged with agreeing a suitable asset allocation framework with its appointed professional fund managers.

For the year ending 31 March 2023, income from investments totalled £685,000 with investment management costs of £194,000 and unrealised net losses of £1,690,000 resulting from market volatility.



Admiral Sir Philip Jones
Chair on behalf of the Board of Trustees



Matthew Sheldon
Director General and Accounting Officer

15 December 2023

Accountability Report including the Directors' Report

Trustees' Report and Governance Statement

This report sets out the arrangements for the governance of the National Museum of the Royal Navy, including the Board and committee structure for the Trustees. The Trustees, under charity law, who are also the Members and Directors of the National Museum of the Royal Navy for the purposes of company law and who served during the year and up to the date of this report are set out on page 2. Overall control of the National Museum is the responsibility of the members who own the company.

The Trustees have had due regard to the guidance issued by the Charity Commission on public benefit. Our strategic aim to grow and diversify our global audiences considers how we may reduce identified barriers to access and engagement at every opportunity. Our 'Social Value Report 2022-23', summarised from page 9, sets out the impact of our public benefit delivery under three key strands: improving health and well-being; strengthening relationships and building diverse communities; and, developing skills and encouraging learning and participation.

This report demonstrates how the system of governance and internal control is maintained within the National Museum and how the major risks to which the company and group is exposed, as identified by the Trustees, have been reviewed and systems have been established to mitigate those risks. The systems described have been in place for the year under review and up to the date of approval of the annual report and accounts.

The Governance Framework

The National Museum of the Royal Navy is a company limited by guarantee (company number: 06699696) and a charity registered with the Charity Commission (registration number: 1126283). It is governed by its Articles of Association dated September 2018, which incorporate its charitable objects, the powers of the company and provides for the appointment and reappointment of Directors. Trustees are appointed in accordance with the Charity Commission guidance 'Finding new trustees: what charities need to know' and appointments are guided by the principles of the Cabinet Office guidelines 'Governance Code for Public Appointments'.

The National Museum of the Royal Navy is also a Non-Departmental Public body, sponsored by the Ministry of Defence, and as such is obliged to comply with HM Treasury's financial reporting requirements and guidance on use of public funds, 'Managing Public Money'. The Financial Framework, which defines the arrangements between the National Museum and its sponsor, was updated in light of the department's 2016 Service Museums review and agreed in December 2019.

The Board of Trustees

The Board is responsible for ensuring leadership through effective oversight and review. It shapes the strategic thinking and sets the tone for the National Museum. The Board has delegated elements of its responsibilities to subcommittees (Audit and Governance; Nomination and Remuneration; Fundraising; Digital; Collections, Research Learning and Access) ensuring the charitable objects are met.

The Trustees ensure the distinct legal responsibilities and charitable objectives of the company and Group are fulfilled within an overall policy and strategy framework. The day-to-day operation of the company and Group within that framework is delegated to the Director General and Accounting Officer and to the Executive Directors. The Board of Trustees meet periodically through the year to set the long-term strategic objectives of the Group, agree the Corporate Priorities and review performance against objectives set.

Each Board of Trustees of the respective subsidiary companies remains responsible for their governance, which are

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clearly set out between the National Museum and its constituent members. The NMRN Operations Board is charged with responsibility for operational delivery of the Corporate Plan Priorities to meet the National Museum's strategic objectives. The Chair of the NMRN Operations Board is invited to attend the main Board of Trustees and to report on progress.

The Trustees of the National Museum aim to stay abreast of good governance and practice and have well-developed plans to ensure compliance with the Charity Governance Code. Following the 2021 review that compared governance arrangements against the Charity Governance Code, work continued to progress the action plan. This included the introduction of a Code of Conduct for Trustees and Committee Members, a Trustee Diversity Policy, Trustee Role Profiles and an updated Trustee Recruitment Policy.

The Board completed a review of the group governance structure within the period, with the objective of identifying a simple, clear, directly accountable governance structure that supports board effectiveness, protects the historic assets, removes duplication, is flexible regarding future strategic developments, and maintains and builds stakeholder confidence. The outcome of the review resulted in an agreed direction of travel for a phased approach to simplifying the governance structure, delivering clearer lines of accountability and responsibility, which will be delivered over the medium-term.

A review of the composition of the Board and its committees was completed in 2022, to ensure that the skills mix supported effective decision making. This review also considered the diversity of the Board. As a result of this review, new trustees had been appointed to support the skills balance and to strengthen the Board. The diversity of the Board is being addressed through new initiatives including the development of a Youth Advisory Panel to support the Board and provide guidance from a younger audience. Training has been provided to the Trustees to support their understanding and responsibilities of Equity, Diversity and Inclusion.

The Audit and Governance Committee used the National Audit Office's 'Audit and Risk Assurance Committee Effectiveness Tool' to assess its effectiveness against good practice. The review, which was completed during August 2022, identified 12 areas for improvement from a possible 178 good practice recommendations and action was taken to address these.

Trustees are recruited and appointed in accordance with the Charity Commission's guidance "Finding new trustees" (CC30), the principles of the relevant sections of the Governance Code for Public Appointments and the Trustee Recruitment Policy. A formal induction process is in place for new Trustees and committee members, which combines all the necessary background reading material, including items such as: the Articles of Association; committees' terms of reference; minutes of recent meetings; the Charity Commission publication "The Essential Trustee: what you need to know"; the National Museum's strategy and corporate plan; and the Museum Association publication "Code of Ethics for Trustees". New Trustees and committee members are encouraged to visit the National Museum's sites to meet key members of staff, see the collection and to discuss current issues, projects and risks. Tailored training may also be arranged. Recent appointees continue to confirm their satisfaction with this process.

The Board is comprised of a maximum of 16 Trustees, with the Director General (or his representative), the Executive Directors, the Chair of NMRN Operations, and a senior representative of our sponsor, Navy Command, in attendance. The Board meets quarterly or as and when required in line with its Articles of Association.

Delegated Responsibility to Committees

Board decisions are informed by appropriately detailed management reports, which have passed through the relevant subsidiary boards or committees as appropriate, and that in turn have the specific membership and skill sets to enable scrutiny and challenge before reaching the Board. The flow of information, its quality and accuracy and the process of review is considered sufficient for the Board to ensure that it fulfils its responsibilities effectively.

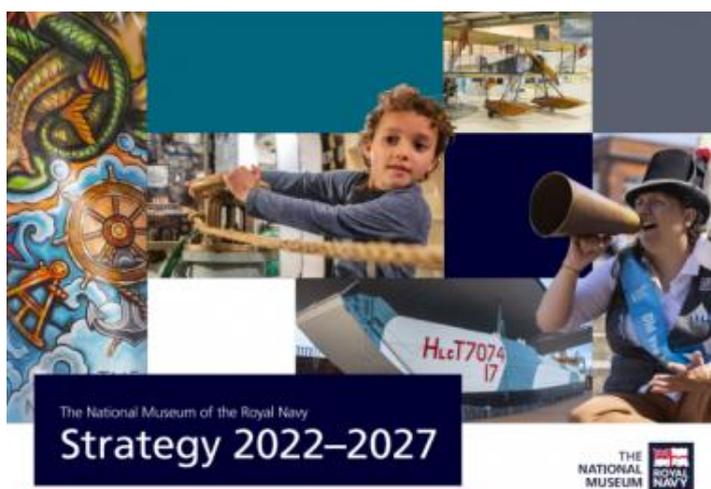
The majority of Board decisions are only taken after the appropriate committee has met and discussed the issue and made their recommendations. The Director General also attends the meetings of the National Museum’s committees.

Committee	Responsibilities
<i>Audit and Governance</i>	Oversight of all auditing, risk management and governance aspects of the Group, reporting back to the Board when necessary.
<i>Collections, Research, Learning and Access</i>	Articulation of the Acquisitions, Disposals and Loans Policy for the National Museum, the Collections Strategy and all Collections Management, Conservation, Access and Research policies and priorities.
<i>Digital</i>	Review and development of the digital vision and infrastructure for the National Museum.
<i>Fundraising</i>	Leading on all aspects of fundraising for the National Museum, constructing a strategy that supports the agreed Corporate Priorities of the National Museum in terms of its scale, scope and reach and coordinating the approach to the private, public and corporate sectors. The Fundraising Regulator requires Trustees to receive a report annually on the operation of the fundraising function, especially in relation to complaints received through the Regulator regarding the National Museum. No complaints have been made. The Trustees in turn are required to monitor the approach undertaken to fundraising, which is set out in reports to the Committee and Board.
<i>Nomination and Remuneration</i>	Leading the process for Board appointments and for identifying and nominating for Board approval, candidates for appointment to the Board and its constituent Committees; and determining and making recommendations to the Board on the performance and remuneration of the National Museum’s Director General and Executive Directors, including the award of performance related bonuses.

Key Focus of the Board for 2022-23

In 2022, the Board undertook a review of its strategy to reflect on the role we play, not only nationally and internationally in telling the story of the Royal Navy, but at a local and regional level where our museums play a vital role in contributing to the tourist and visitor economy. A new National Museum of the Royal Navy Strategy 2022-2027 was published during January 2023:

The aim of the strategy is to “future proof” the National Museum through a greater emphasis on advances in technologies, deeper integration of the relationship with the Royal Navy and partnership working across our regions to increase reach and impact.



The Strategy, underpinned by delivery through a Corporate Plan, has a specific focus of the following three areas:

- Audiences
- Collections
- Sustainability

The Board also delivered the following:

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- Significant projects during the year included ensuring improved longer-term financial security for HMS Caroline and acquisition of the Vision Retail Park at Hartlepool to support a regeneration project important not only to the National Museum’s reach and sustainability, but also in terms of the regional economy, in partnership with the local authorities. The delivery of a new Royal Marines Museum also progressed with project plans being developed.
- Development of the dialogue with the Royal Navy regarding the National Museum’s contribution to the Royal Navy’s strategy and reach and the level of Grant In Aid funding essential to support the delivery of a National Museum.
- Governance review of the complex NMRN structure to drive efficiencies throughout the work of the museum.

Board and Committee Attendance

Membership and attendance of key meetings ¹	Board of Trustees	Committees				
		Audit and Governance	Collections Research Learning, Access	Digital	Fundraising	Nomination and Remuneration
Total number of meetings in the period:	4	4	4	3	4	3
<i>Chairman:</i>						
Admiral Sir Phillip Jones GCB	4/4	-	-		-	-
<i>Trustees:</i>						
Rear Admiral Mark Anderson	3/4	4/4				
Mr Michael Bedingfield	2/3					2/3
Ms Katherine Biggs	4/4		3/4	3/3		
Dr Andrew Burnett	2/4	4/4	4/4			
Mr Phillip Doling	4/4			3/3	4/4	
Mr Colin Evans	1/1	1/1				
Ms Helen Jackson	4/4				4/4	2/3
Mrs Donna Jones	2/4					2/3
Major General Jeffrey Mason	2/4					
Mrs Mary Montagu-Scott	4/4				4/4	
Rear Admiral Jon Pentreath	4/4					2/3
Mr Mike Scott	4/4					2/3
Mrs Alison Start	4/4	3/4			3/4	
Mrs Sarah Whitcher	1/1					
Mr Gavin Whitter	4/4	4/4				
Mr Tom Wright	1/1			0/1		
<i>Non-Trustees:</i>						
Mr Stephen Bradley					2/4	
Ms Louisa Burden			4/4			
Ms Emily Clarke			0/4			
Mrs Sarah Dhanjal			3/4			
Captain Catherine Jordan					3/4	
Professor Andrew Lambert			3/4			
Ms Tiva Montalbano			3/4			
Mr Alex Patterson			1/4			
Mr Peter Pantlin					4/4	

Register of Interests

A register of interests (available on request from governance@nrmn.org.uk), is maintained for Trustees, Committee Members and the Executive, requiring declaration of any interest, pecuniary or otherwise, in any matter being considered by the Board, subsidiary board or the committees. Declarations of interest are also included as a standing item at the beginning of every agenda as an opportunity for new conflicts of interests to be declared and for existing

conflicts of interest to be dealt with.

There were no company directorships or other significant interests held by Board members which may conflict with their responsibilities as trustees. A number of trustees of the National Museum are also trustees of the subsidiary charities and this is disclosed in note 29 Related Party Transactions.

Personal data loss

The National Museum Group identified no personal data related incidents that required reporting to the Information Commissioner's Office during 2022-23. An incident is defined as a loss, unauthorised disclosure or insecure disposal of personal data. Protected personal data is information which links an identifiable living person with information about them which, if released would put the individual at significant risk of harm or distress; the definition includes sources of information that because of the nature of the individuals or the nature, sources or extent of the information, is treated as protected personal data by the company.

System of internal control

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

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

Internal Audit

The National Museum has an independent internal audit function, provided through RSM Risk Assurance Services LLP (appointed in November 2019), which undertakes a rolling programme of risk-based audit activity across the Group, agreed at the start of each financial year with the Accounting Officer and the Audit and Governance Committee. Internal audit provides assurance to management and the Audit and Governance Committee on the adequacy of internal control arrangements, including risk management and governance. The internal audit conforms to the Government Functional Standard GovS009 Internal Audit, the International Standards for the Professional Practice of Internal Auditing, the wider International Professional Practices Framework (IPPF), and the Internal Audit Code of Practice as published by the Global Institute of Internal Auditors (IIA) and the Chartered IIA.

RSM Risk Assurance Services LLP was appointed following a joint tender exercise with our sister Service Museums, the National Army Museum and the Royal Air Force Museum, to support the sharing of best practice and economies of scale, including an agreed annual thematic review across each of the museums. The following internal audits were completed during the year:

Internal Audit review	Assurance Opinion Provided
Business Continuity	Partial Assurance
Capital Projects	Reasonable Assurance

Cashflow	Reasonable Assurance
Equality, Diversity and Inclusion (Thematic review)	Reasonable Assurance
Health and Safety	Reasonable Assurance
Heritage Assets	Reasonable Assurance
Safeguarding	Reasonable Assurance
Whistleblowing Policy	Advisory – no opinion given

The outcomes of these reviews are used to inform an annual opinion on the governance, risk management and control framework, and on the mitigating controls over the risk to the delivery of objectives. The Head of Internal Audit concluded that moderate assurance could be provided and that some improvements were required to enhance the adequacy and effectiveness of the framework of governance, risk management and control. Work is underway to address all audit findings and to mitigate the risks identified, with progress on actions tracked by the Audit and Governance Committee to their satisfactory conclusion.

The advisory review of the National Museum’s Whistleblowing Policy concluded that a legally compliant policy and processes were in place with governance and effective staff communications.

External Audit

The external auditor for the National Museum of the Royal Navy is the Comptroller and Auditor General, on behalf of the National Audit Office. The external audit of the subsidiary companies and trusts is conducted by PKF Littlejohn LLP. The Audit and Governance Committee receives and reviews all external auditor reports.

Whistleblowing

The National Museum has a whistleblowing policy and procedures in place, set in accordance with the relevant legislation and good practice, and that complies with the EU Whistleblower Protection Directive introduced in April 2019. The policy is made available of the staff intranet. An advisory review of the policy was undertaken by the internal auditor in October 2022 and concluded that the National Museum has a legally compliant policy and process with governance and effective staff communication in place. Findings and subsequent actions from the report, including amendments to the policy, improved governance and document control, the requirement for additional training in investigation skills for managers and feedback from staff on the effectiveness of the policy communications, are being implemented.

Four concerns were addressed under whistleblowing policy in the period covered by this report and investigations carried out. The whistleblowers received feedback on the conclusion on the investigation and the outcomes, including the actions taken and details of any organisational learnings arising, were reported to the relevant Executive Director(s), the Director General, the Audit and Governance Committee and the Board.

Environmental Policy and Sustainability Plans



The National Museum is committed to operating sustainably, reducing our carbon consumption and transforming our estate. We are developing an ambitious sustainability and environmental strategy to promote a more sustainable future, which applies across all operational activities and ongoing and new projects.

We aim to comply with relevant legislation, mandatory codes of conduct and guidelines. We will conserve energy, water and consumables as far as possible, particularly if they are non-

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recyclable. We will seek to recycle to reduce wastage, prevent and avoid excessive pollution from our operations and projects, and ensure we dispose of any hazardous materials in the appropriate manner. We will include environmental sustainability in our procurement activities, looking to our contractors, our landlords and other key stakeholders to uphold the same environmental principles as ourselves. We will work with our staff and encourage our visitors, to understand the environmental consequences of decisions, and to deliver our products and services in ways that minimise impact on the environment. We will develop our systems and approach to collect data and report on environmental sustainability indicators and use these to set measured targets for achievement.

To become a sustainable museum with reduced carbon emissions, we recognise that significant changes to our working environment, premises and collections are required, including but not limited to energy use, transport, building infrastructures, and collections management, requiring significant capital investment. Our review will look at all areas across the National Museum of the Royal Navy to identify how we can effectively change our working practices to support the Carbon Net Zero ambition; however, our actions will be constrained by availability of funding.

The National Museum is developing systems to establish, maintain and monitor data and comprehensive records on environmental performance, including calculation of its carbon footprint and greenhouse gas emissions. It is currently collecting historic data to calculate the best estimate of its carbon emissions from its activities to a target base and data-led reduction in emissions. The National Museum is also considering an appropriate ratio to demonstrate annual emissions in relation to its activities.

The following measures and metrics have so far been established to allow the National Museum to report on performance, and this period will therefore be the baseline year to measure performance against in future years:

Waste Management		2022-23 baseline
Non-Financial indicators (Kgs)	General Waste (tonne)	383
	Recycled (tonne)	100
	Total Waste (tonne)	483
	% recycled	21%
<p>Alongside regular collections of general waste and recycling, the National Museum is dedicated to recycling metal, wood, paper, food waste, hazardous waste and redundant computer equipment and will work towards establishing a zero to landfill policy. General waste is sent to energy recover and mixed recycling is collected at all sites. All hazardous waste is safely removed and disposed of by licensed and experienced contractors. The museum works with its contractors to ensure they comply with its waste expectations.</p> <p>Wastage from the onsite cafes will be identified and reported on in future reports. Not all sites have their own catering facilities, and third party caterers are responsible for collecting their waste data and reporting accordingly.</p> <p>The museum has introduced recycling points in their staff rooms and key locations, and this will improve the efficiency of its recycling programme.</p>		
Paper		2022-23 baseline
Non-Financial indicators	Sheets used	167,623
	Trees consumed % of a tree	22.18
	CO2 Produced (kg)	2,348
	Equivalent Bulb (hours)	147,021
Financial indicators (£) (including lease)	Total cost (£)	21,645
<p>Since opening post COVID-19, digital working initiatives have been introduced including hybrid working and paper usage has reduced significantly.</p>		

The National Museum has also introduced online cloud software to share data and continues to review its practices to reduce the need to print. The introduction of the Board governance software, DecisionTime, has resulted in the reduction of printing hard copy meeting packs as trustees and other attendees can access all information online.

Travel		2022-23 baseline
Non-Financial indicators (miles)	Distance by train	To be baselined in 2023-24
	Distance by plane	To be baselined in 2023-24
	Distance by car (miles)	30,554
	Total distance travelled (miles)	30,554
	Fuel consumed by company vehicles (litres)	1,328
Financial indicators (£)	Total cost (£)	15,559

The museum is committed to reducing the number of car miles travelled and promotes rail travel where possible. The museum has introduced conferencing facilities in all of its meeting rooms and continues to encourage hybrid meetings to reduce the level of travel required.

As part of its efforts to calculate its carbon emissions, the museum will monitor the level of business travel. Emissions will therefore be reported in the next reporting period. The museum recognises that emissions from travel are a large contributor to climate change and air pollution. Therefore, the museum will consider the use of electric vehicles when the company vehicles are due for renewal and the installation of electric vehicle charging points at its sites where possible.

Energy Consumption		2022-23 baseline
Energy Consumption (thousand kWh)	Gas	555,947
	Electricity	1,748,429
Financial indicators (£)	Total Energy Cost	£721,721
	Water (m3)	6,091

This is the first year the museum has recorded its energy consumption and electricity and gas consumption will be monitored monthly going forward.

The museum sites continue to make changes to reduce their energy consumption and examples include:

- Reduction in the number of off peak opening days
- Adjustment to museum opening routines
- Investment in internal spaces and closing areas that are not used
- Installation of energy efficient lighting.

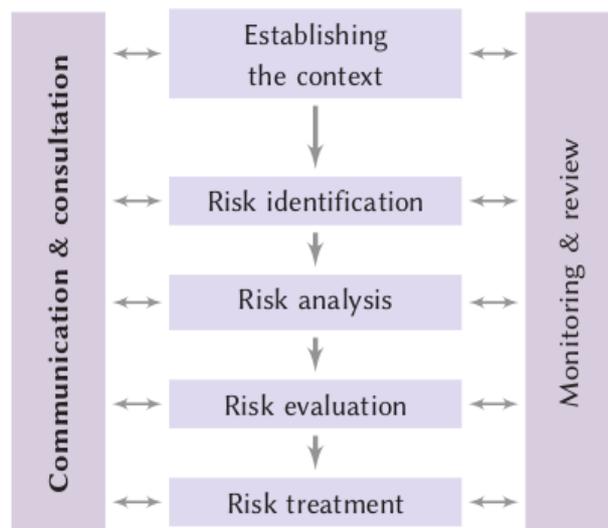
LED lights have been installed where possible within the NMRN Estate, including its hire spaces. Further capital projects are under consideration at our sites for 2023-24 and will be reported on in future reports.

The Head Office is on a naval base, and the Museum works with the Royal Navy to manage its heating system. During May – September 2023, the Royal Navy replaced the Head Office heating system to a more sustainable system and consumption will be recorded in future reports.

Risk Management

Our Risk Management Strategy and Policy provides a framework and process that enable the organisation to manage uncertainty in a systematic, consistent and efficient way. It supports informed decision making thereby enabling opportunities to be exploited, or action to be taken to mitigate or manage risk to an acceptable level. Effective management of risk is essential in supporting the National Museum’s culture of innovation and autonomy and in establishing a “risk aware” approach. Risk management is integral to the National Museum’s corporate planning. We have identified the strategic, operational and project risks to our charitable objects and strategic objectives.

The Audit and Governance Committee oversees the development and implementation of the National Museum’s risk management strategy and framework and provides assurance to the Board on its effectiveness. The day-to-day management of risk is exercised through the National Museum's Executive Board, which regularly reviews the National Museum's principal activities and events, with associated risks. The Audit and Governance Committee, subsidiary boards and the Board of Trustees receive reports to each meeting on the principal risks and the steps being taken to manage them effectively, including risks relating to new project proposals. Appropriate mitigating actions are identified to address the inherent risks and to enhance the control environment. All risk registers are accessible in real time by Trustees and the executive. The Trustees are satisfied that the risk management system has operated effectively throughout the reporting period.



Assurance Statement by the Audit and Governance Committee

The Audit and Governance Committee is reasonably confident that:

Based on the above, the Board and Accounting Officer of the National Museum of the Royal Navy believe that the organisation complies with the Corporate Governance in Central Government: Code of Good Practice 2017, to the extent that it is relevant to the company and as far as the Charities Act 2011 and Companies Act 2006 permit.

In our view, the information received was sufficient to enable us to review and confirm the effectiveness of the National Museum of the Royal Navy's system of internal control in accordance with Treasury guidance and recommendations. The system of internal control has been in place in the National Museum of the Royal Navy for the year ended 31 March 2023 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.



Gavin Whitter
Chair of the Audit and Governance Committee
on behalf of the Board of Trustees



Matthew Sheldon
Director General and Accounting Officer

15 December 2023

Statement of Board of Trustees' and Accounting Officer's responsibilities

The Board of Trustees of the National Museum of the Royal Navy is required to prepare financial statements for each financial year in accordance with the Companies Act 2006 and Charities Act 2011, which give a true and fair view of the statement of affairs of the parent and the group and of the net expenditure of the group for that year.

The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the National Museum of the Royal Navy and of its income and expenditure, Balance Sheet and cash flows for the financial year.

In preparing the accounts, the Trustees and Accounting Officer are required to comply with the requirements of FRS 102 and the Accounting and Reporting by Charities: Statement of Recommended Practice (FRS 102) and in particular to:

- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards have been followed and disclose and explain any material departures in the financial statements;
- select suitable accounting policies and apply them consistently;
- prepare the financial statements on a going concern basis;
- confirm that the Annual Report and Accounts as a whole is fair, balanced and understandable and take personal responsibility for the Annual Report and Accounts and the judgements required for determining that it is fair, balanced and understandable; and
- have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the National Museum of the Royal Navy's auditors are aware of that information. So far as they are aware, there is no relevant audit information of which the auditors are unaware.

The Principal Accounting Officer has appointed the Director General as Accounting Officer of the National Museum of

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the Royal Navy. The responsibilities of an Accounting Officer, including responsibility for the propriety and regularity of the public finances for which the Accounting Officer is answerable, for keeping proper records and for safeguarding the National Museum of the Royal Navy's assets, are set out in Managing Public Money published by the HM Treasury.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the parent and group and enable them to ensure that the financial statements comply with applicable law and the provision of the National Museum of the Royal Navy's constitution. They are also responsible for safeguarding the assets of the parent and group and hence for taking reasonable steps for the prevention and detection of fraud and other non-compliance with laws and regulations. The Trustees are also responsible for the maintenance and integrity of the corporate and financial information included on the National Museum of the Royal Navy's website.

Handwritten signature of Philip Jones in black ink, with the name 'Philip Jones' written below the signature.

Admiral Sir Philip Jones
Chair on behalf of the Board of Trustees

Handwritten signature of Matthew Sheldon in black ink.

Matthew Sheldon
Director General and Accounting Officer

15 December 2023

Remuneration and Staff Report

This report has been prepared in accordance with the Government Financial Reporting Manual, which requires the disclosure of certain information about directors' remuneration, where "directors" is interpreted to mean those persons in senior positions having authority or responsibility for directing or controlling the major activities of the National Museum of the Royal Navy.

Remuneration Policy

The Nomination and Remuneration Committee meets annually to consider the pay award for the Director General and the two Executive Directors. The Director General and the Executive Directors are entitled to a non-consolidated performance related bonus payment, based on performance objectives approved by the Committee annually against the Objectives and Key Priorities in the Corporate Plan and personal contribution towards the achievement of key areas of work.

Staff salaries, including salaries for Directors and Deputy Executive Directors, are set within the "Salary Grading Structure and Pay Progression Scheme" that was introduced from 1 April 2019 and reviewed annually. The Structure provides a single pay scale consisting of 49 pay points across 10 pay grades. An annual "cost of living" review is undertaken in November each year, with any recommendations arising from the review subject to Board and Ministerial approval before implementation. The National Museum adopted the UK Living Wage as its minimum pay point with effect from 1 November 2022. A Pay Progression Scheme enables staff to move up through the pay points within their pay grade as they demonstrate that they meet agreed performance criteria and contribute to the National Museum's performance. Any pay progression awards are effective from 1 November each year.

Jobs are matched, under the National Museum's job grading scheme, to a pay grade according to a range of factors, including: professional knowledge and experience; management of resources (finance, people, physical assets); responsibility for information systems; problem solving and decision making; planning and organising; policy and service development; freedom to act; communication and influence; and, teamwork.

Pension benefits are provided through a defined contribution group pension scheme at the rate of 10% or 6% of salary (see note 1.16) and employees may elect to increase contributions through a salary sacrifice arrangement. The following statements present remuneration before any salary sacrifice is made. None of the directors is a member of the Principal Civil Service Pensions Scheme (PCSPS) and the National Museum did not fund any Civil Service pension contributions for them in 2022-23.

The Director General and the Executive Directors have permanent contracts of employment with 6 months' notice. The Deputy Executive Directors and Directors have permanent contracts of employment with 3 months' notice.

Directors' remuneration

The salary and pension entitlements set out below include gross salary, performance-related bonuses (if applicable), benefits in kind and any other allowances to the extent that they are subject to UK taxation. The emoluments were as follows:

Directors' remuneration table (subject to audit):

Director	2022-23 all figures £k				³ 2021-22 all figures £k			
	Salary	¹ Bonus payments	² Pension benefits	TOTAL	Salary	¹ Bonus payments (restated)	² Pension benefits (restated)	TOTAL
D Tweddle, Director General	125-130	10-15	-	140-145	125-130	-	-	125-130
S Dennis, Executive Director of Resources	90-95	5-10	-	100-105	90-95	-	-	90-95
M Sheldon, Executive Director of Heritage	80-85	5-10	-	90-95	75-80	-	-	75-80
V Turner, Deputy Executive Director of Resources	65-70	n/a	-	65-70	60-65	n/a	-	60-65
Andrew Baines, Deputy Executive Director of Heritage	65-70	n/a	-	65-70	60-65	n/a	-	60-65
H McKenna-Aspell, Director of Fundraising	75-80	n/a	-	75-80	70-75	n/a	-	70-75
B Hubbard, Director of Marketing	60-65	n/a	-	60-65	60-65	n/a	-	60-65

¹Bonus payments have been restated to reflect that bonuses relating to performance in 2020-21 were approved in April 2022 and are therefore now disclosed in the 2022-23 bonus payments in the above table. The bonuses relating to performance in 2021-22 and 2022-23 were approved in April 2023 and thus will be recognised and disclosed in the 2023-24 remuneration report.

² The pension benefits have been restated to reflect that the pension benefits are in relation to defined contribution schemes and are solely disclosable in the pensions benefits table. Employer contributions in 2022-23 are presented in the pensions benefits table below.

³There were no benefits in kind.

Pension benefits table (subject to audit):

Director	Real increase in pension and lump sum at pension age	Accrued pension at pension age at 31 March 2023 and related lump sum	¹ CETV at 31 March 2023	¹ CETV at 31 March 2022	Real increase in ² CETV	Employer contribution to Defined Contribution Group Pension Scheme
£'000						
D Tweddle, Director General	-	-	-	-	-	13
S Dennis, Executive Director of Resources	-	-	-	-	-	9
M Sheldon, Executive Director of Heritage	-	-	-	-	-	8
V Turner, Deputy Executive Director of Resources	-	-	-	-	-	4

Director	Real increase in pension and lump sum at pension age	Accrued pension at pension age at 31 March 2023 and related lump sum	¹ CETV at 31 March 2023	¹ CETV at 31 March 2022	Real increase in ² CETV	Employer contribution to Defined Contribution Group Pension Scheme
Andrew Baines, Deputy Executive Director of Heritage	-	-	-	-	-	4
H McKenna-Aspell, Director of Fundraising	-	-	-	-	-	4
B Hubbard, Director of Marketing	-	-	-	-	-	4

¹CETV (a Cash Equivalent Transfer Value) is the actuarially assessed capitalised value of the pension scheme benefits accrued by a member of a final salary scheme, required where a pension member wishes to switch to a defined contribution scheme, and is therefore not applicable to the National Museum directors.

Fair Pay Disclosures (subject to audit)

The National Museum is required to disclose the relationship between the remuneration of its highest-paid director and the lower quartile, median and upper quartile remuneration of the workforce, as shown below.

Fair pay bandings and ratios table:

	2022-23	2021-22 restated
	£000	
Highest paid executive salary plus bonuses	140-145	¹ 125-130
Lowest paid staff member remuneration	15-20	15-20
£		
Lower quartile salary	£18,900	£17,550
Lower quartile total remuneration	£18,900	£17,550
Median quartile salary	£19,500	£18,800
Median quartile total remuneration	£19,500	£18,800
Upper quartile salary	£25,300	£26,600
Upper quartile total remuneration	£25,300	£26,600
² Ratio		
Lower quartile	7.54	7.26
Median quartile	7.31	6.78
Upper quartile	5.63	4.79

¹Prior year bonus payments have been restated to reflect that the bonus relating to performance in 2020-21 was approved in April 2022 and thus is disclosed in the 2022-23 bonus payments in the above table. The ratios have been recalculated accordingly to reflect the change in the mid-point of the highest paid director's banded remuneration.

²Ratio between the highest-paid director's banded mid-point remuneration and the lower quartile, median and upper quartile of the workforce.

Pay awards made in 2022-23 resulted in a higher percentage increase to the lower quartile pay ranges than other quartiles, represented by the movement in the pay ratios in the lower quartile being less than in the median and

upper quartiles. The reduction in upper quartile salary arises from the change in mix of staff as the establishment of the business returned to a steady operating model post-pandemic. In all cases, ratios to the mid-band of the highest paid director’s remuneration have increased due to the non-consolidated performance-related bonus payable to the director in 2022-23, where none were payable in 2021-22.

Percentage change in the total salary and bonuses of the highest-paid director and the workforce average:

	Highest-paid director	Workforce average	Highest-paid director	Workforce average
	2022-23		2021-22	
	% change		% change	
Salary and allowances	0%	4%	0%	-7%
Bonuses	100%	¹ N/A	0%	¹ N/A

¹Non-consolidated performance-related bonus payments are only payable to the Director General and the Executive Directors. Consolidated performance-related pay progression is payable to the rest of the workforce.

² The prior year bonus payments have been restated to reflect that the bonus relating to performance in 2020-21 was approved in April 2022 and thus is disclosed in the 2022-23 bonus payments in the above table. The bonuses relating to performance in 2021-22 and 2022-23 were approved in April 2023 and thus will be recognised and disclosed in the 2023-24 remuneration report. The percentage changes in respect of the highest paid director have been recalculated accordingly to reflect the changes in their bonus disclosed.

The percentage change in workforce average salary and allowances has increased to reflect the change in distribution of staff wages and a higher median remuneration for the workforce following the pay awards in 2022-23. The highest paid director’s salary has remained consistent with the banding in the prior year and percentage change in bonuses reflect that no bonuses were payable in 2021-22 but were payable in 2022-23.

In 2022-23 and in 2021-22, no employees received remuneration in excess of the highest paid director.

Total Staff costs for the National Museum Group totalled £7,543,000 (2021-22: £6,229,000). Further details on employee costs can be found in note 11 to the financial statements.

Equity, Diversity and Inclusion

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

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

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



We support people who acquire a disability during the course of employment through making reasonable adjustments, that may include adjustments to job roles, workloads, workplace, etc., or that may include additional

training and support, as guided by Occupational Health. We also work with the Access to Work Scheme to implement additional training or equipment required to support people with disabilities. We have enhanced our occupational sick pay so that we can offer financial support in these circumstances. We have also increased the number of Mental Health First Aiders available to provide support.

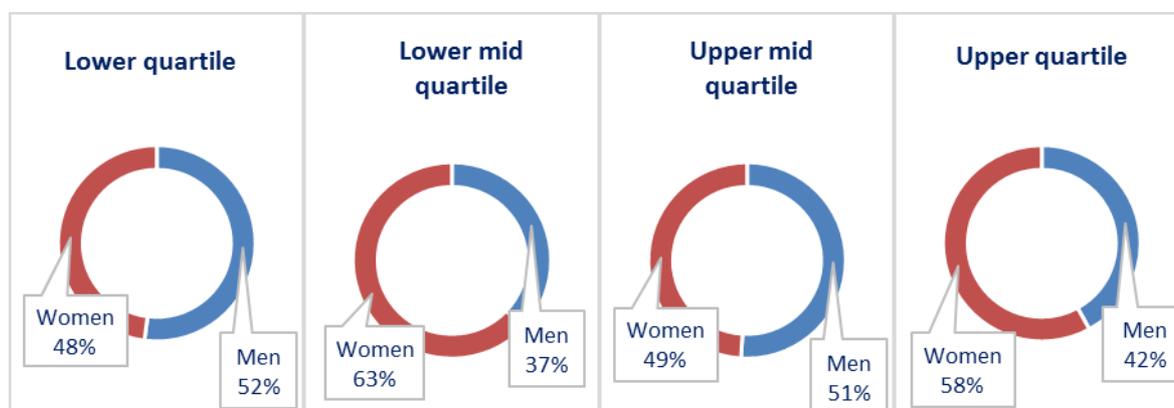
We are accelerating our commitment to inclusion and diversity in our Museum, improving this in the way that we work, the collections we share and the stories we tell by:

- Developing an EDI approach, embedded within our Strategy and Corporate Plan, that is enquiring and open minded, setting the scene and context for our stakeholders, outlining clear key performance indicators (KPIs) and further developing our EDI action plan.
- Embedding this work through our EDI action group and LGBTQ+ network, developing our practices, identifying improvements in how we can deliver our work and support.
- Seeking to diversify our boards, committees, workforce and volunteers, enabling them to become more effective by reflecting different perspectives, experiences and skills.
- Engaging diverse voices to provide broader perspectives on the stories of the Royal Navy.
- Reducing obstacles to participation, access and engagement, through designing our work to be open to everyone, challenging inequality and achieving improved equality outcomes.
- Committing to move forward, to act collectively and individually to effect change and to be held accountable for delivering change.
- Developing and growing staff and volunteer networks to give a voice to diversity within the organisation.
- Creating a strong sense of togetherness, where although people may not share life experiences, they are always respectful of the journeys of others.
- Understanding there is much to do; creating an inclusive organisation is a long term and ongoing commitment so that everyone feels like they belong.

Gender Pay Gap Reporting

Our data is collected on the snapshot date of 5 April 2023, when our workforce consisted of 187 (55%) women and 152 (45%) men.

Gender pay gap reporting requires us to divide our workforce into four equal parts (quartiles) by hourly rate and show the percentage of men and women within each of the quartiles.



The mean gender pay gap is the difference in average hourly rates of pay that men and women receive. This provides an overall indication of the gender pay gap by taking all hourly rates of pay and dividing by the total number of men and women in scope. The median gender pay gap shows the difference in the midpoints of the ranges of hourly rates of pay for men and women by ordering individual rates of pay from lowest to highest and comparing the middle values.

The mean (average) hourly rate paid to men in our workforce was -0.6% lower than the mean (average) hourly rate paid to women in April 2023. The difference in hourly rates of pay, as a median average, was 5.1% lower for women. This represents a decrease in our mean gender pay gap of 6.3% and a 0.6% increase as a median average based on our gender pay gap in 2022. A cohort of men was recruited into the upper-mid quartile during the reporting period in an area of work that continues to be a male-dominated profession (shipwrights) increasing the median average pay for men. It is also important to note the April 2021 and 2020 calculations were lower than they would have ordinarily been due to staff being on furlough (reduced pay) and therefore being excluded from the calculation.

There continued to be a higher percentage of women in the upper pay quartile (58%), however, there was an 11% reduction of women in the upper-mid pay quartile (49%) from the last reporting period (2022: 60%). There was a reduction in the percentage of women in the lower pay quartile (48%) from the last reporting period (2022: 64%), but there continued to be the highest percentage of women in the lower-mid quartile (63%).

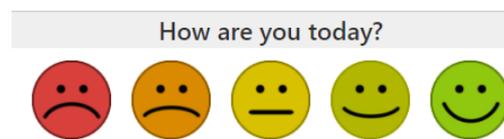
Our mean gender pay gap is now more favourable to women. We are committed to trying to reduce our median gender pay gap where we can. We accommodate flexible and hybrid working arrangements wherever possible, supporting staff if they need to care for others or those who are returning to work after having a child or those who benefit from more flexible patterns of working. Work continues to be undertaken to support career progression and development. We are committed to offering these opportunities to all staff, regardless of gender.

Sickness absence

Periods of sickness absence are recorded in full days. The average number of sick days per employee (excluding long term sickness absences) was 3.9 (2021-22: 3.8 per employee), this is a 1 day increase per employee compared to pre-pandemic sick days lost (2019-20: 2.9), with 38% of absences relating to COVID-19. This paragraph is not subject to audit.

Staff Wellness

The average sentiment score for 2022-23 was 3.54 out of 5 (2021-22: 3.49) which indicated our staff on average have felt between okay and good, our target is for our staff to feel good at work (a score of 4 or more).



Exit packages table - reporting civil service and other compensation schemes (subject to audit)

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages by cost band
<£10,000	Nil (5)	2 (2)	2(7)
£10,000 - £25,000	Nil (Nil)	Nil (Nil)	Nil (Nil)
Total number of exit packages	Nil (5)	2 (2)	2 (7)
Total resource cost/ £	Nil (13,675)	5,547 (5,692)	5,547 (19,367)

NB Comparative data for prior year is shown in brackets)

All compensation was paid as pay in lieu of notice. There were no compulsory redundancies made in 2022-23.

Other staff costs

Further details relating to the National Museum's other staff costs can be found in note 11 to the financial statements.

Employee Consultation and Involvement

The National Museum actively consults with its staff through the Working Together (Staff Voices) Group, established in February 2021 to improve two-way communication, involving and engaging employees through participation and collaboration, enabling them to contribute to the success of the Museum. The group, representing staff from across the National Museum, also offers senior management the opportunity to consult over business related issues and gain commitment to change. The Working Together Group acts as a communication platform for all staff, enabling them to voice their ideas as well as identifying areas for improvement or development.

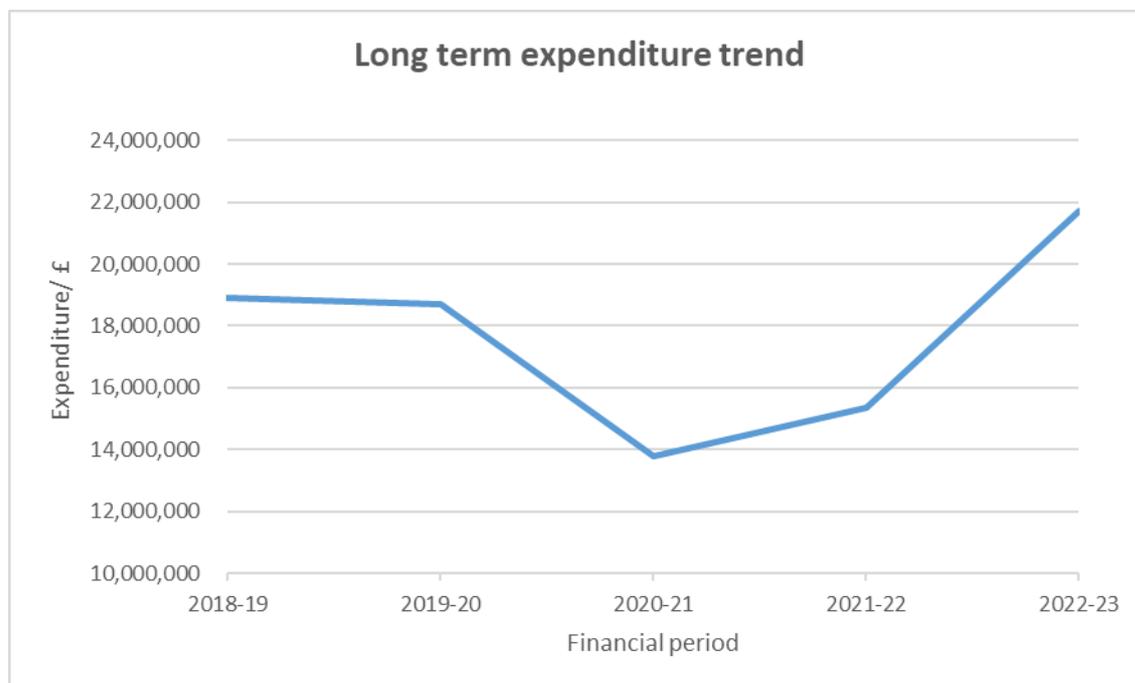
Other forums for staff consultation and involvement include: project-specific consultation and working groups that provide a delivery-focused culture of working and change management; the Tactical Action Group, providing an essential link between the working groups charged with delivering key objectives within the Corporate Plan; the Health and Safety Management Group; regular directorate and team meetings; the National Museum's Workplace intranet which includes weekly updates from the Executive on organisational performance and celebrates the successes of teams and individual; and the performance appraisal and "check in" system.

<i>Trade Union facility time report</i>	2022-23	2021-22
Relevant union officials	Nil	Nil
Percentage of time spent on facility time	Nil	Nil
Percentage of pay bill spent on facility time	0%	0%
Paid trade union activities	Nil	Nil

Parliamentary accountability and audit report

All expenditure is regular and has been applied as intended by donors and the National Museum's sponsor body. There are no contingent liabilities, gifts, fees, charges or losses and special payments which require disclosure in this report. This paragraph is subject to audit.

Expenditure trends over the past five years are shown below.



The National Museum's expenditure was reduced significantly in 2020-21 in response to the COVID-19 pandemic on its visitor numbers, which dropped to just 100 thousand visits, and the consequent impact on self-generated charitable and commercial income. The cost base was rigorously managed through cessation of non-contractual spend, suspension or reduction of contractual services, renegotiation of rents and service charges, the furlough of up to 89% of employees, and the freezing of the majority of capital projects. Expenditure has increased as the National Museum has reopened its sites, with 2022-23 seeing a more standard pattern of operation. The trading environment has, however, remained difficult for the whole heritage sector, with ticket sales and visitor numbers still below pre-COVID levels, at 667 thousand visits.

Grant in Aid received from the sponsor body had remained broadly static in cash terms up to 2019-20 at £3,501,000 and the National Museum's growth had been funded through self-generated income, grants and donations. An uplift in revenue Grant in Aid was awarded from 2020-21 through to 2022-23 to support recovery from the long-term financial impact of the pandemic, enabling the National Museum to build its free reserves from self-generated income to ensure future financial sustainability and its ability to continue to operate as a going concern. Revenue Grant in Aid for 2022-23 was £6,217,000, with a further £800,000 grant received to support a capital project.

Admiral Sir Philip Jones
Chair on behalf of the Board of Trustees

Matthew Sheldon
Director General and Accounting Officer

15 December 2023

The Certificate and Report of the Comptroller and Auditor General to the Members of the National Museum of the Royal Navy and the Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the National Museum of the Royal Navy and its group for the year ended 31 March 2023 under the Government Resources and Accounts Act 2000.

The financial statements comprise the National Museum of the Royal Navy and its group's:

- Consolidated and Company Balance Sheet as at 31 March 2023;
- Consolidated Statement of Financial Activities for the year then ended;
- Consolidated and Company Cash Flow Statement for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In my opinion the financial statements:

- give a true and fair view of the state of the National Museum of the Royal Navy and its group's affairs as at 31 March 2023 and 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;
- have been prepared in accordance with the requirements of the Companies Act 2006; and
- have been properly prepared in accordance with the Charities Act 2011.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (ISAs) (UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2022)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my certificate.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the National Museum of the Royal Navy and its group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the National Museum of the Royal Navy and its group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the National Museum of the Royal Navy and its group'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.

My responsibilities and the responsibilities of the Board of Trustees and the Accounting Officer with respect to going concern are described in the relevant sections of this certificate.

Other Information

The other information comprises information included in the Trustees' Annual Report but does not include the financial statements or my auditor's certificate and report. The Trustees and the Accounting Officer are responsible for the other information.

My opinion on the financial statements does not cover the other information and except to the extent otherwise explicitly stated in my certificate, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration and Staff Report to be audited has been properly prepared in accordance with the Companies Act 2006.

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

- the Performance Report including the Strategic Report and the Accountability Report including the Directors' Report been prepared in accordance with applicable legal requirements; and
- the information given in the Performance Report including the Strategic Report and the Accountability Report including the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

In the light of the knowledge and understanding of the National Museum of the Royal Navy and its group and its environment obtained in the course of the audit, I have not identified material misstatements in the Performance Report including the Strategic Report or the Accountability Report including the Directors' Report.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- the financial statements and the parts of the Remuneration and Staff Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- I have not received all of the information and explanations I require for my audit.

Responsibilities of the Trustees and Accounting Officer for the financial statements

As explained more fully in the Statement of the Board of Trustees' and Accounting Officer's Responsibilities, the Trustees and the Accounting Officer are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to pensions within the National Museum of the Royal Navy and its group from whom the auditor determines it necessary to obtain audit evidence;
- preparing Group and Company financial statements, which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, the Companies Act 2006 and the Charities Act 2011;
- ensuring such internal controls are in place as Trustees and the Accounting Officer determine are necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing the Annual Report in accordance with the Companies Act 2006 and Charities Act 2011; and
- assessing the National Museum of the Royal Navy and its group'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 directors either intend to liquidate the entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with applicable law and the Government Resources and Accounts Act 2000.

My 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 a certificate that includes my 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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

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

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the National Museum of the Royal Navy and its group's accounting policies.
- inquired of management, the National Museum of the Royal Navy and its group's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the National Museum of the Royal Navy and its group's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the National Museum of the Royal Navy and its group's controls relating to its compliance with the National Heritage Act 1983, the Companies Act 2006, the Charities Act 2011 and Managing Public Money.
- inquired of management, the National Museum of the Royal Navy and its group's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations; and
 - they had knowledge of any actual, suspected, or alleged fraud.
- discussed with the engagement team including significant component audit teams and the relevant internal specialists, including taxation, pensions and property valuation regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the National Museum of the Royal Navy and its group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions and bias in management estimates. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the National Museum of the Royal Navy and its group's framework of authority as well as other legal and regulatory frameworks in which the National Museum of the Royal Navy and its group operate. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the National Museum of the Royal Navy and its group. The key laws and regulations I considered in this context included the National Heritage Act 1983, the Companies Act 2006, the Charities Act 2011, Managing Public Money, employment law, pensions legislation and tax legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

The National Museum of the Royal Navy
(A company limited by guarantee)
Company number: 06699696

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit and Governance Committee and legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- in addressing the risk of fraud in revenue recognition and assessing the recognition of income in line with the accounting framework.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members including internal specialists and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my 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 my certificate.

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

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

Report

I have no observations to make on these financial statements.

Gareth Davies
Comptroller and Auditor General
National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

18 December 2023

The National Museum of the Royal Navy
(A company limited by guarantee)
Company number: 06699696

Consolidated Statement of financial activities (incorporating the income and expenditure account)
for the year ended 31 March 2023

		Unrestricted	Restricted	Linked	Endowment	2023	Unrestricted	Restricted	Linked	Endowment	2022
	Notes	funds	funds	Charities	funds	Total	funds	funds	Charities	funds	Total
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income from:											
Donations and legacies											
Grant in Aid (revenue)	2	6,217	-	-	-	6,217	5,476	-	-	-	5,476
Grant in Aid (capital)	2	-	133	-	-	133	130	-	-	-	130
Donations	2	347	14,038	105	-	14,490	461	689	5	12,500	13,655
Legacies	3	12	5	-	-	17	22	6	-	-	28
Charitable activities											
Admissions	4	5,542	-	-	-	5,542	5,307	-	-	-	5,307
Other trading activities											
Trading subsidiary	5	2,251	-	-	-	2,251	1,640	-	-	-	1,640
Investments	6	450	-	-	235	685	297	-	-	259	556
Other		298	-	-	-	298	297	-	-	-	297
Total income		15,117	14,176	105	235	29,633	13,630	695	5	12,759	27,089
Expenditure on:											
Raising funds											
Fundraising and publicity	7	1,319	-	-	-	1,319	1,018	-	-	-	1,018
Investment management costs		-	-	-	194	194	-	-	-	204	204
Trading subsidiary	5	1,776	-	-	-	1,776	1,626	-	-	-	1,626
Charitable activities	8	11,667	4,084	-	-	15,751	10,248	2,265	-	-	12,513
Total expenditure		14,762	4,084	-	194	19,040	12,892	2,265	-	204	15,361

The notes on pages 52 to 79 form an integral part of these financial statements.

The National Museum of the Royal Navy

(A company limited by guarantee)

Company number: 06699696

Consolidated Statement of financial activities (incorporating the income and expenditure account)
for the year ended 31 March 2023

	Unrestricted funds £'000	Restricted funds £'000	Linked Charities £'000	Endowment funds £'000	2023 Total £'000	Unrestricted funds £'000	Restricted funds £'000	Linked Charities £'000	Endowment funds £'000	2022 Total £'000	
Net gains/(losses) on investments	(60)	-	-	(1,690)	(1,750)	-	-	-	2,595	2,595	
Net income/(expenditure)	295	10,092	105	(1,649)	8,843	738	(1,570)	5	15,150	14,323	
Transfer between funds	4,681	(6,122)	1,128	313	-	(934)	(378)	1,312	-	-	
Other recognised gains/(losses):											
(Losses)/gains on revaluations of fixed assets	15	1,349	2,158	-	-	3,507	(489)	2,138	-	-	1,649
Actuarial (losses)/gains on defined benefit pension schemes	12	485	-	-	-	485	(210)	-	-	-	(210)
Net movement in funds	6,810	6,128	1,233	(1,336)	12,835	(895)	190	1,317	15,150	15,762	
Reconciliation of funds:											
Total funds brought forward	23/24	19,578	123,362	5,354	56,002	204,296	20,473	123,172	4,037	40,852	188,534
Total funds carried forward		26,388	129,490	6,587	54,666	217,131	19,578	123,362	5,354	56,002	204,296

The notes on pages 52 to 79 form an integral part of these financial statements.

The National Museum of the Royal Navy
(A company limited by guarantee)
Company number: 06699696

Consolidated and Company Balance Sheets as at 31 March 2023

		Group	Restated*	Company	Restated*
		2023	Group	2023	Company
	Notes	£'000	2022	£'000	2022
			£'000	£'000	£'000
Fixed assets					
Tangible assets	15	45,710	35,831	-	-
Heritage assets	16	107,271	106,038	6,563	5,330
Investments	17	41,805	42,587	-	-
		<u>194,786</u>	<u>184,456</u>	<u>6,563</u>	<u>5,330</u>
Current assets					
Stocks	18	663	539	-	-
Debtors	19	2,934	4,727	421	36
Cash at bank and in hand		21,166	16,982	3,520	2,113
		<u>24,763</u>	<u>22,248</u>	<u>3,941</u>	<u>2,149</u>
Current liabilities					
Creditors falling due within one year	21	(2,784)	(3,266)	(2,493)	(821)
Net current assets					
		<u>21,979</u>	<u>18,982</u>	<u>1,448</u>	<u>1,328</u>
Debtors falling due after one year	20	950	1,948	-	-
Total assets less current liabilities					
		<u>217,715</u>	<u>205,386</u>	<u>8,011</u>	<u>6,658</u>
Creditors falling due after more than one year	22	(741)	(817)	(643)	(719)
Net assets excluding pension asset/(liability)					
		<u>216,974</u>	<u>204,569</u>	<u>7,368</u>	<u>5,939</u>
Defined benefit pension scheme asset/(liability)	12	157	(273)	-	-
Net assets including pension fund asset/(liability)					
		<u>217,131</u>	<u>204,296</u>	<u>7,368</u>	<u>5,939</u>
Funds					
Unrestricted funds		23,753	18,469	(640)	(715)
Designated funds		518	341	1	-
Revaluation reserve		2,117	768	-	1
Total unrestricted funds					
		<u>26,388</u>	<u>19,578</u>	<u>(639)</u>	<u>(714)</u>
Restricted funds		80,212	76,242	1,420	1,299
Revaluation reserve		49,278	47,120	-	-
Linked charities	23/24	6,587	5,354	6,587	5,354
Total restricted funds					
	24	<u>136,077</u>	<u>128,716</u>	<u>8,007</u>	<u>6,653</u>
Total endowment funds					
	24	54,666	56,002	-	-
Total funds					
	24	<u>217,131</u>	<u>204,296</u>	<u>7,368</u>	<u>5,939</u>

* Details of the restatement are disclosed in Note 31

The National Museum of the Royal Navy is exempt from an audit under Part 16 of the Companies Act 2006 under section 482 (non-profit-making companies subject to public sector audit) of the Companies Act 2006, but subject to audit under the Government Resources and Accounts Act 2000.

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



Admiral Sir Philip Jones
Chair of the Board of Trustees
15 December 2023



Matthew Sheldon
Director General and Accounting Officer

The notes on pages 52 to 79 form an integral part of these financial statements.

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

Consolidated and Company Cash flow statement
for the year ended 31 March 2023

		<i>Restated</i>		<i>Restated</i>	
		*		*	
		Group	Group	Company	Company
		2023	2022	2023	2022
Notes		£'000	£'000	£'000	£'000
Cash flows from operating activities:					
		14,508	12,263	2,615	1,738
Net cash provided by operating activities					
Cash flows from investing activities:					
Dividends and interest from investments	6	685	556	-	-
Purchase of property, plant and equipment	15	(9,827)	(2,460)	(1,128)	(1,312)
Sale of property, plant and equipment		-	-	-	-
Purchase of investments	17	(1,102)	(259)	-	-
Net cash used in investing activities		(10,244)	(2,163)	(1,128)	(1,312)
Cash flows from financing activities:					
Cash receipts from new borrowing	34	-	800	-	800
Repayment of borrowing	22/34	(80)	-	(80)	-
Net cash provided by / (used in) financing activities		(80)	800	(80)	800
Change in cash and cash equivalents in the reporting period	33	4,184	10,900	1,407	1,226
Cash and cash equivalents at 1 April 2022		16,982	6,082	2,113	887
	33				
Total cash and cash equivalents at 31 March 2023		21,166	16,982	3,520	2,113
Reconciliation of net income to net cash flow from operating activities:					
Net income for the year		8,843	14,323	1,429	743
Depreciation	15	2,152	1,025	-	-
Loss on disposal of fixed assets	15	115	261	-	-
Loss/(Gain) on investments	5.1	1,750	(2,595)	-	-
Adjustment for non-cash fees from gains/losses	17	194	197	-	-
Dividends and interest from investments	6	(685)	(556)	-	-
Donated fixed assets	16	(105)	(49)	(105)	(5)
(Increase)/Decrease in stocks	18	(124)	134	-	-
Decrease/(increase) in debtors	19/20	2,791	139	(385)	594
(Decrease)/increase in creditors	21	(482)	(680)	1,672	407
Increase/(decrease) in long term liabilities	22	4	1	4	(1)
(Decrease)/Increase in provisions for defined benefit pension scheme 12	12	55	63	-	-
Net cash provided by operating activities		14,508	12,263	2,615	1,738

* Details of the restatement are disclosed in Note 31

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

1. Accounting policies

The principal accounting policies are summarised below. The accounting policies have been applied consistently throughout the year and the preceding year.

1.1. Charity information

The National Museum of the Royal Navy (“the National Museum”) is a private company limited by guarantee and incorporated in England and Wales. The registered office is the National Museum of the Royal Navy, HM Naval Base PP66, Portsmouth, Hampshire, PO1 3NH. The members of the company are the Trustees named on page 2. Every member of the company undertakes to contribute such an amount as may be required not exceeding £1 to the assets of the company in the event of its being wound up while they are a member, or within one year after they cease to be a member.

The National Museum meets the definition of a public benefit entity under section 34 of FRS 102. Assets and liabilities are initially recognised at historical cost or transaction value, unless otherwise stated in the relevant accounting policy.

The principal objectives of the charity are detailed in the Trustees report.

1.2. Basis of preparation of the financial statements

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

The National Museum has made an accounting policy decision to apply relevant requirements of HM Treasury’s Financial Reporting Manual (FRM) when preparing the financial statements, to the extent this is consistent with the Companies Act and the SORP. This application of the FRM extends to the financial statements only, except for the inclusion of the following specific FRM-derived disclosures within the Annual Report: governance statement, remuneration report and parliamentary and accountability report.

The results of the company include the results of the two linked charities of the National Museum: Royal Naval Museum and HMS M33 Trust.

The financial statements are presented in sterling which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £000.

Consolidated financial statements have been prepared in respect of the charitable company, and its wholly owned subsidiaries: NMRN Operations; Royal Navy Submarine Museum; Royal Marines Museum; Fleet Air Arm Museum; NMRN Hartlepool; HMS Trincomalee Trust; Warrior Preservation Trust; HMS Victory Preservation Company; and HMS Caroline Preservation Company. The Consolidated Statement of Financial Activities and the Consolidated Balance Sheet include the results and assets of each charity on a line by line basis. The individual results of the company can be found in the detailed statements of financial activities (Note 33).

The results of Portsmouth Historic Dockyard Operations Ltd, a joint venture company owned equally by NMRN Operations and the Mary Rose Trust, are included in these group accounts by virtue of the line-by-line consolidation of the NMRN Operations group. Individual disclosures on the performance of the joint venture are not made on the grounds that the income, expenditure, and net assets of Portsmouth Historic Dockyard Operations Ltd are not material to the group.

The registered office of all subsidiaries and the joint venture company is that of the National Museum (see note 1.1).

1.3. Going concern

In addition to the revenue it generates, the company receives Grant in Aid funding from the Ministry of Defence under a Financial Framework Agreement in respect of its operation of the group’s museums. Additional Grant in Aid funding was awarded to the National Museum by the Royal Navy in response to the ongoing impact of the Covid-19 pandemic, based on projected budgets reflecting a range of possible operating scenarios. This additional funding has supported the National Museums cashflows until 31 March 2023. It is anticipated that the National Museum’s self-generated income streams and visitor markets will continue to recover from the impacts of COVID-19 and the economic recession, and its markets are expected to fully recover before 2024-25. Additional Grant in Aid has been provided to 31 March 2024 and the National Museum will continue to engage with Navy Command to renegotiate a financial framework that supports the core operating costs that we incur in delivering activities in the public interest.

Based on the assurances provided to the National Museum by its sponsor, the Royal Navy, that Grant in Aid funding will continue to be made available, and the work of the Executive on 2024-25 budgets, the Trustees and Directors are content that the going concern basis continues to apply. As such, the financial statements have been prepared on a going concern basis.

1.4. Fund accounting

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

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

Notes to the financial statements
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Endowment funds are funds which the donor has stated are to be held as capital and expendable over the long term. It is the intention that the capital value of the donation will be maintained in real terms. However, if it becomes necessary, no more than 5% of the capital will be spent at any one time.

1.5. Incoming resources

All incoming resources are included in the statement of financial activities when the company is legally entitled to the income, any performance conditions attached to the items of income have been met, the amount can be quantified with reasonable accuracy, and it is probable that the income will be received. The following specific policies are applied to particular categories of income:

Voluntary income is received by way of grants, donations and gifts and is included in full in the statement of financial activities when receivable. Grants where entitlement is not conditional on the delivery of a specific performance by the company, are recognised when the company becomes unconditionally entitled to the grant. Gifts in kind are included in the accounts at their current market value where this is readily identifiable. Where current market value is unavailable then gifts in kind are included in the accounts on the basis of internal valuations estimated by relevant staff and determined by their experience and judgement, unless this is not possible without incurring a cost disproportionate to the benefit of the information reported to the readers of the accounts. Where gifts in kind are services, these are measured at the price that would ordinarily be paid for that service, which is not always equivalent to market value.

Grant in Aid funding is received from the Ministry of Defence (MoD) as a contribution towards the operating costs of the National Museum Group. The majority of the Grant in Aid is received by the National Museum and then distributed to NMRN Operations and other charitable subsidiaries on the basis of need, with the remainder, which is specifically a contribution towards wage costs, paid direct to staff by the Defence Business Services (DBS) on behalf of the National Museum.

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

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

Deferred income primarily relates to income received in advance for future events.

1.6. Grants receivable

Revenue grants are credited to incoming resources on the earlier of the date of when they are received or when they are receivable, unless they relate to a specified future period, in which case they are deferred.

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

1.7. Resources expended

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

Costs of generating funds comprise costs incurred in encouraging people and organisations to contribute financially to the work of the National Museum and to promote each of the individual museums as a heritage and visitor attraction.

Charitable expenditure includes expenditure associated with Operations, Collections & Research, and Learning and includes costs directly attributable to each activity. Costs not directly attributable to one activity, including the proportion of support costs relating to charitable expenditure, have been allocated on a reasonable basis of resources used.

Governance and support costs include those costs incurred in the governance of the company and its assets, and central functions, and have been allocated to cost categories on a basis consistent with the use of resources or the floor space occupied, as applicable.

1.8. Tangible fixed assets

Timber

In March 2012, along with the gift of HMS Victory, the HMS Victory Preservation Trust received approximately 527m³ of teak, plus some smaller quantities of iroko and Brazilian mahogany, that had originally been procured by MoD for use in the conservation and maintenance of the Ship and that had been valued by Timbmet.

In 2016, 93 tonnes (~39m³) of unseasoned oak and elm were donated by four Scottish Estates for potential use towards the conservation of the Ship. The logs were surveyed over winter 2016-17 and sawn into rough-hewn planks. The timber is being stored and has been seasoned by a timber specialist (W L West) with the seasoning period completing in July 2021. The timber now needs to be converted into boards appropriate for use on the Ship. The conversion process will result in wastage and the final quantity of boards will be significantly less than the unseasoned donation.

In 2022, 370 hoppus feet (~13m³) of unseasoned oak was donated by Portsmouth Water. This is presently at W L West's yard awaiting conversion and seasoning. It is anticipated that the seasoning will take 4-5 years to complete (not before 2026). Also in 2022, 3000 hoppus feet (~108m³) of unseasoned oak was donated by HS2. This timber is being stored at a yard in the Midlands awaiting conversion and seasoning. Again, it anticipated that the seasoning will take 4-5 years to complete (not before 2026).

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

The seasoned timber, that may be held as logs, bulks, knees or boards, and that will probably be used in the conservation of this Ship is capitalised at the deemed cost provided at the time the asset was received. The useful economic life of the timber is considered to be >100 years and accordingly no depreciation will be recognised. An annual review for impairment is carried out in accordance with the Charities SORP, with any impairment recognised in the Statement of Financial Activities.

The unseasoned or green timber held and that requires further processing (logging, rough sawing and seasoning) before its suitability for use in the conservation project may be approved, is considered to have a modest market value, and the costs of obtaining a reliable valuation would not be commensurate with its value or with the benefit obtained by including the additional value on the balance sheet.

Other Tangible fixed assets

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

Land and buildings held by the Fleet Air Arm Museum and NMRN Operations are stated at a valuation of depreciated replacement cost and depreciated over the lease term. These charities obtain a professional valuation at least every five years and indices are used to reflect the change in value in the intervening years.

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

Improvements to property	over the lease term
Short leasehold property	over the lease term
Exhibitions	10 years
Fixtures and fittings	3 - 25 years
Computer and office equipment	3 - 10 years
Plant and machinery	3 - 30 years

1.9. Heritage assets held by the group

The heritage assets are held in trusts and have been included in the consolidated financial statements as set out below.

Background

Each trust holds artefacts comprising its collection. The main and reserve collections (other than assets acquired since 1 April 2000 - see below) have not been included in the financial statements due to their historic and inalienable nature and, due to the specific and individual nature of the artefacts held, it is not believed to be possible to obtain a reliable value of the collection without incurring a cost disproportionate to the benefit of the information reported to the readers of the accounts.

Assets acquired prior to 1 April 2000 have not been capitalised and included in the accounts but with effect from 1 April 2000, additions to the collection with a cost in excess of £2,500, have been capitalised. These assets are carried at cost, or deemed cost, and not depreciated due to infinite useful economic lives. An annual review for impairment is carried out in accordance with the Charities SORP, with any impairment recognised in the Statement of Financial Activities. The exception to this is the Fleet Air Arm Museum where aircraft acquired prior to 1 April 2000 have also been capitalised. Note that this treatment is inconsistent with the accounts of the Fleet Air Arm Museum where the assets acquired prior to 1 April 2000 are excluded from the balance sheet.

Heritage assets donated to the trusts with a value in excess of £2,500 are included in the accounts on the basis of internal valuations estimated by the relevant curatorial staff and determined by their experience and judgement. Where this information is not available and cannot be obtained at a cost commensurate with the benefits to users of the financial statements, the assets will not be recognised in the Balance Sheet and the disclosure required by the Charities SORP will be made.

Heritage assets: policies for maintenance, management, acquisition and disposal

In October 2015, a single set of Collections Management policies was created for the NMRN Group. This was updated and approved by the Board in January 2023. These policies set out a common approach for the maintenance and management of collections at different museum sites and will be subject to regular review as directed by the Collections, Research, Learning and Access Committee (CRLA).

Acquisitions to the museums are now guided by a single Collections Development Policy (December 2022) that sets out how the accessioned collection can be developed and expanded and the principles for rationalisation and disposal. There are two principal methods of acquisition:

- Acquisition by donation, bequest or transfer
- Acquisition by purchase through private sale or public auction

The Collections and Research Department has delegated authority from the Board to assess, approve or decline new acquisitions; however, there may be instances where the Collections, Research, Access and Learning Committee may be included in the decision making in relation to a 'major' acquisition such as:

- in the case of a high-value (over £120,000) item, or
- where acquisition may make a material impact on revenue budgets, or
- where there may be controversy in the acquisition of an item.

Notes to the financial statements
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Subject to the approval of the Trustees, the Museum may dispose of items from the collection, undertaken in accordance with rationalisation and disposal procedures, although this will only happen in exceptional circumstances, for example:

- When items fall outside the Museum's Collecting Policy or Charitable Objectives
- When an item contains a serious hazard which cannot be remediated
- When an item is one of a significant number of duplicates
- When an item is in exceptionally poor condition which cannot be reversed and it cannot be repurposed to alternate use.

Significant Historic Ships

Accounting policy for initial recognition of the Heritage Asset

The methodology of valuation of significant historic ships by the National Museum group is total rebuild basis, discounted for the ship's current state of repair.

The values are calculated by the staff of the National Museum. Where the current build cost or market value of a similar ship is known and can be relied upon, this is used as the basis for establishing the value of the ship. Where this information is unavailable, the original build cost of each ship is grossed up to a modern-day value using a provider of historic economic data. This value is then discounted to take account of the ship's current state of repair, using the estimated costs to bring the ship to the final condition (being in most cases something close to 'as new'). For ships which are gifted to the National Museum, the discounted value becomes the 'deemed cost' of the ship.

Accounting policy for recognition of subsequent expenditure on significant ships

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

HMS Victory

During the restoration project the ship will be subject to a formal revaluation at least every five years, with the next scheduled for 2027. The progress of the project will be reviewed annually with any material change being reflected by an interim valuation.

1.10. Operating Leases

Rentals applicable to operating leases, where substantially all of the benefits and risks of ownership remain with the lessor, are charged against incoming resources on a straight line basis over the life of the lease.

1.11. Investment properties

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

1.12. Investments

Investments held as fixed assets are revalued at mid-market value at the balance sheet date and the gain or loss taken to the statement of financial activities.

Attitude to Risk

The Company relies on the investment return to fund its objective. The key risk to the long-term achievement of its objective is inflation, and the assets are invested accordingly. The Trustees understand that this will mean that investments are likely to be predominantly invested in equities, where dividends can be expected to grow, and that capital value will fluctuate. The Company's attitude to risk is therefore described as progressive.

1.13. Taxation

The activities of the company fall within the exemptions afforded by the provisions of the Corporation Tax Act 2010. Accordingly, there is no tax charge in these accounts.

All taxable activities fall within the operating subsidiary, NMRN Operations and its trading subsidiary, National Museum of the Royal Navy Trading, which are VAT registered. The activities of NMRN Operations also fall within the exemptions afforded by the provisions of the Corporation Tax Act 2010. The company's trading subsidiary is subject to corporation tax.

The tax expense represents the current tax expense. Current tax is charged or credited to the SOFA and is based on taxable profits for the year. Taxable profit differs from total comprehensive income because it excludes items of income or expense that are taxable or deductible in other periods.

Current tax assets are recognised when tax paid exceeds the tax payable. Current tax assets and current tax liabilities are offset, if and only if, there is a legally enforceable right to set off the amounts and the entity intends either to settle on the net basis or to realise the asset and settle the liability simultaneously. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting period.

1.14. Stock

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

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

1.15. Basic financial Instruments

The company's financial assets and liabilities consist of cash and cash equivalents, short term investments, trade & other debtors, trade & other creditors and accrued expenses. The fair value of these items approximates their carrying value due to their short term value. Unless otherwise noted, the company is not exposed to significant interest, foreign exchange or credit risks arising from these instruments.

1.16. Judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the Trustees are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts 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 in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following judgements (apart from those involving estimates) have been made that have had the most significant effect on amounts recognised in the financial statements:

The useful lives of tangible fixed assets

When a depreciable asset is purchased the Museum makes an assessment of the estimated useful life of that asset, based on experience and other assets already owned by the Museum.

The valuation of donated tangible fixed assets and heritage assets

When an asset is donated to the Group Trustees make an overall assessment of whether a value can be attributed to that item. Such a valuation will then be subject to the judgement of the curatorial staff based on their experience and any recent commercial sales.

Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

Valuation of Historic Ships

The valuations of historic ships held by the group have been based on an estimate of the original build cost, uplifted to the current value at the time of donation or acquisition, and discounted for elements of the original build that have not been replaced and to reflect the current state of repair (Note 16). This assumes that the same materials and methods of construction would be utilised with the same cost profile as the original, and, on the same basis, adjusted proportionately for those parts of the vessel that would not be replaced (for example, guns and engines).

Valuation of Heritage Assets (not Historic Ships)

The valuations of heritage assets donated to the group after 1 April 2000 with a value in excess of £2,500 are based on internal estimates of market value by the relevant curatorial staff and determined by their experience and judgement. Where this information is not available and cannot be obtained at a cost commensurate with the benefits to users of the financial statements, the assets will not be recognised in the Balance Sheet.

Valuation of Land and Buildings

The valuations of land and buildings are based on professional market valuations at least every five years and indices are used to reflect the change in value in the intervening years.

Valuation of HMS Victory Preservation Company timber

The valuation of the seasoned timber received in 2012 has been carried out by a professional valuer based on the assumption that the open market value could be achieved in the event of a sale.

The valuation of the seasoned timber received in 2016 has been carried out by a professional valuer and uses the estimated replacement cost as the deemed cost based on their estimation of the useable quantities and grades of the seasoned timber.

1.17. Pensions

The majority of staff of the National Museum and NMRN Operations are covered by the provisions of a defined contributions group pension plan, the assets of which are held in an independently administered fund and which provides benefits based on the value of the fund. A small number of staff, who have transferred into the National Museum under the Transfer of Undertakings (Protection of Employment) Regulations, have retained membership of their former employers' pensions schemes which provide benefits based on final pensionable pay, and include the Principal Civil Service Pension Scheme and the Local Government Pension Scheme.

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

Group Pension Plan

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

Principal Civil Service Pension Scheme (PCSPS)

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

Local Government Pension Scheme (LGPS)

The LGPS is a multi-employer defined benefit scheme.

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

1.18. Termination benefits

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

2. Voluntary income (Company and Group)

	Unrestricted	Restricted	Linked	2023	Unrestricted	Restricted	Linked	Endowment	2022
	fund:	funds	charities	Total	funds	funds	charities	funds	Total
	£'000	£'000	'000	£'000	£'000	£'000	£'000	£'000	£'000
Grant (operating)	6,217	-	-	6,217	5,476	-	-	-	5,476
Grant (capital)	-	133	-	133	130	-	-	-	130
Total Grant in Aid	<u>6,217</u>	<u>133</u>	<u>-</u>	<u>6,350</u>	<u>5,606</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,606</u>
Other donations and grants									
Ministry of Defence	-	800	-	800	-	-	-	-	-
Miscellaneous donations and grants	4	1,073	105	1,182	31	431	5	-	467
	<u>4</u>	<u>1,873</u>	<u>105</u>	<u>1,982</u>	<u>31</u>	<u>431</u>	<u>5</u>	<u>-</u>	<u>467</u>
Gifts in kind:									
From NMRN Operations	-	-	-	-	-	-	187	-	187
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>187</u>	<u>-</u>	<u>187</u>
Received by company	<u>4</u>	<u>1,873</u>	<u>105</u>	<u>1,982</u>	<u>31</u>	<u>431</u>	<u>192</u>	<u>-</u>	<u>654</u>
Received by:									
NMRN Operations	338	12,393	-	12,731	382	261	-	-	643
HMS Caroline Preservation Co	-	-	-	-	-	-	-	12,500	12,500
Royal Navy Submarine Museum	1	-	-	1	-	-	-	-	-
Royal Marines Museum	-	-	-	-	1	-	-	-	1
HMS Victory Preservation Co	3	-	-	3	46	-	-	-	46
HMS Trincomalee Trust	-	-	-	-	-	1	-	-	1
Warrior Preservation Trust	1	-	-	1	1	-	-	-	1
Consolidation adjustments (1):									
NMRN Operations	-	(57)	-	(57)	-	(4)	(187)	-	(191)
Royal Marines Museum	-	(171)	-	(171)	-	-	-	-	-
	<u>343</u>	<u>12,165</u>	<u>-</u>	<u>12,508</u>	<u>430</u>	<u>258</u>	<u>(187)</u>	<u>12,500</u>	<u>13,001</u>
Received by group	<u>347</u>	<u>14,038</u>	<u>105</u>	<u>14,490</u>	<u>461</u>	<u>689</u>	<u>5</u>	<u>12,500</u>	<u>13,655</u>

1) Grants for purchase of exhibits, and Heritage assets transferred to the Royal Naval Museum from NMRN Operations, eliminated on consolidation

Notes to the financial statements
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3. Legacies (Group)

	Unrestricted Funds £'000	Restricted Funds £'000	2023 Total £'000	Unrestricted funds £'000	Restricted Funds £'000	2022 Total £'000
Received by:						
NMRN Operations	-	5	5	22	6	28
Fleet Air Arm Museum	10	-	10	-	-	-
Royal Marines Museum	1	-	1	-	-	-
Warrior Preservation Trust	1	-	1	-	-	-
	<u>12</u>	<u>5</u>	<u>17</u>	<u>22</u>	<u>6</u>	<u>28</u>

There are no equivalent balances for the company.

4. Admissions (Group)

	Unrestricted funds £'000	2023 Total £'000	Unrestricted funds £'000	2022 Total £'000
Museum admissions				
Portsmouth Historic Dockyard	4,394	4,394	4,092	4,092
Fleet Air Arm Museum	809	809	735	735
Hartlepool	280	280	236	236
HMS Caroline	6	6	-	-
	<u>5,489</u>	<u>5,489</u>	<u>5,063</u>	<u>5,063</u>
Other site income				
Charges for services	53	53	244	244
	<u>5,542</u>	<u>5,542</u>	<u>5,307</u>	<u>5,307</u>

There are no equivalent balances for the company.

Portsmouth Historic Dockyard includes: HMS Victory; HMS Warrior; Royal Naval Museum; HMS M33; Royal Navy Submarine Museum; and Explosion!

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

5. Income and expenses from trading activities of subsidiaries

The National Museum has control of NMRN Operations (NMRNO), NMRN Hartlepool (NMRNH), the HMS Victory Preservation Company (HMSVPC), the HMS Caroline Preservation Company (HMSCPC), the HMS Trincomalee Trust (HMSTT), the Warrior Preservation Trust (WPT), the Royal Navy Submarine Museum Trust (RNSM), the Royal Marines Museum Trust (RMM), and the Fleet Air Arm Museum Trust (FAAM). NMRN Operations also has a non-charitable trading subsidiary. Dormant subsidiaries awaiting strike off are not included below (these have £Nil balances).

Note: the results for FAAM Trust and WPT include consolidation adjustments in respect of differences in the accounting policies of the individual entities and the NMRN group for assets acquired before 1 April 2000. The adjustments of £2,222,000 and £250,000 respectively, increase the consolidated balances of heritage assets and reserve balances.

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

5.1 Statement of financial activities (subsidiaries)

	NMRNO	NMRNH	HMSVPC	HMSCPC	HMSTT	WPT	RMM	RNSM	FAAM	2023	2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income from:											
Donations and legacies	20,279	6	3	-	42	2	1	1	10	20,344	19,074
Charitable activities	5,542	-	-	-	-	-	-	-	-	5,542	5,307
Trading subsidiary	2,251	-	-	-	-	-	-	-	-	2,251	1,640
Investments	1	-	680	2	2	-	-	-	-	685	556
Other	268	-	-	-	-	-	-	-	30	298	296
Total income	28,341	6	683	2	44	2	1	1	40	29,120	26,873
Expenditure on:											
Raising funds	1,319	-	-	-	-	-	-	-	-	1,319	1,018
Investment management	-	-	194	-	-	-	-	-	-	194	204
Trading subsidiary	1,776	-	-	-	-	-	-	-	-	1,776	1,626
Charitable activities	14,856	6	124	555	35	21	176	5	889	16,667	13,037
Total expenditure	17,951	6	318	555	35	21	176	5	889	19,956	15,885
Net (loss)/gain on investments	(60)	-	(1,690)	-	-	-	-	-	-	(1,750)	2,595
Net income/(expenditure)	10,330	-	(1,325)	(553)	9	(19)	(175)	(4)	(849)	7,414	13,583
Revaluation of fixed assets	3,048	-	16	-	-	-	-	-	443	3,507	1,649
Actuarial gains/(losses) on defined benefit pension	485	-	-	-	-	-	-	-	-	485	(210)
Net movement in funds	13,863	-	(1,309)	(553)	9	(19)	(175)	(4)	(406)	11,406	15,022
Reconciliation of funds											
Total funds brought forward	25,123	-	68,806	25,060	21,385	26,362	2,811	18,929	9,881	198,357	183,335
Total funds carried forward	38,986	-	67,497	24,507	21,394	26,343	2,636	18,925	9,475	209,763	198,357

5.2 Balance Sheet (Subsidiaries)

	NMRNO	NMRNH	HMSVPC	HMSCPC	HMSTT	WPT	RMM	RNSM	FAAM	2023	2022
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Fixed assets											
Tangible fixed assets	32,983	-	6,831	-	-	-	-	-	5,896	45,710	35,831
Heritage assets	-	-	19,375	12,560	21,008	25,290	735	18,651	3,089	100,708	100,708
Investments	-	-	41,805	-	-	-	-	-	-	41,805	42,587
	32,983	-	68,011	12,560	21,008	25,290	735	18,651	8,985	188,223	179,126
Current assets	8,167	9	459	12,499	72	1,060	1,411	279	503	24,459	22,032
Current liabilities	(2,321)	(9)	(973)	(552)	(38)	(7)	(10)	(5)	(13)	(3,928)	(4,378)
Net current assets	5,846	-	(514)	11,947	34	1,053	1,401	274	490	20,531	17,654
Debtors > one year	-	-	-	-	450	-	500	-	-	950	1,948
Total assets less current liabilities	38,829	-	67,497	24,507	21,492	26,343	2,636	18,925	9,475	209,704	198,728
Long term liabilities	-	-	-	-	(98)	-	-	-	-	(98)	(98)
Net assets excluding pension asset/(liability)	38,829	-	67,497	24,507	21,394	26,343	2,636	18,925	9,475	209,606	198,630
Defined benefit pension asset/(liability)	157	-	-	-	-	-	-	-	-	157	(273)
Total funds	38,986	-	67,497	24,507	21,394	26,343	2,636	18,925	9,475	209,763	198,357

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

5.3 National Museum of the Royal Navy Trading

National Museum of the Royal Navy Trading (NMRNT) is a company limited by guarantee, incorporated in England & Wales. NMRNT operates a number of retail outlets and cafes within the Museums and the corporate events. At the discretion of its directors, the company distributes its net profit to NMRN Operations (the parent). A summary of the company's trading results is shown below:

	2023	2022
	£'000	£'000
Turnover	2,131	1,621
Cost of sales	(745)	(707)
Gross Profit	<u>1,386</u>	<u>914</u>
Administration expenses	(1,048)	(865)
Other income	120	19
Net profit / (loss)	<u>458</u>	<u>68</u>
Tax on ordinary activities	17	(55)
Profit / (loss) for the financial year	<u>475</u>	<u>13</u>
Amount gifted to NMRN Operations	(526)	-
	<u>(51)</u>	<u>13</u>
Retained profit brought forward	<u>344</u>	<u>331</u>
Retained profit carried forward	<u>293</u>	<u>344</u>

6. Investment income (Group)

	Unrestricted	Endowment	2023	Unrestricted	Endowment	2022
	funds	funds	Total	funds	funds	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Interest income	1	26	27	-	7	7
Dividend income	449	209	658	297	252	549
	<u>450</u>	<u>235</u>	<u>685</u>	<u>297</u>	<u>259</u>	<u>556</u>

There are no equivalent balances for the company.

7. Fundraising costs (Group)

	Unrestricted	2023	Unrestricted	2022
	funds	Total	funds	Total
	£'000	£'000	£'000	£'000
Staff costs	890	890	703	703
Fundraising and publicity	429	429	315	315
	<u>1,319</u>	<u>1,319</u>	<u>1,018</u>	<u>1,018</u>

There are no equivalent balances for the company, with all fundraising activities undertaken elsewhere within the Group.

8. Costs of charitable activities - by fund type (Company)

	Unrestricted	Restricted	2023	Unrestricted	Restricted	2022
	funds	funds	Total	funds	funds	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Operations	422	-	422	380	4	384
Collections & research	84	14	98	73	-	73
Learning	56	-	56	62	-	62
Grant funding	5,527	800	6,327	4,998	-	4,998
	<u>6,089</u>	<u>814</u>	<u>6,903</u>	<u>5,513</u>	<u>4</u>	<u>5,517</u>

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

Costs of charitable activities - by fund type (Group)

	Unrestricted funds £'000	Restricted funds £'000	2023 Total £'000	Unrestricted funds £'000	Restricted funds £'000	2022 Total £'000
Operations	8,645	3,679	12,324	7,092	2,132	9,224
Collections & research	2,025	298	2,323	2,144	72	2,216
Learning	979	107	1,086	978	61	1,039
Grant funding	18	-	18	34	-	34
	<u>11,667</u>	<u>4,084</u>	<u>15,751</u>	<u>10,248</u>	<u>2,265</u>	<u>12,513</u>

9. Costs of activities in furtherance of the objects of the charity (Company)

	Operations £'000	Collections & research £'000	Learning £'000	Grant funding £'000	2023 Total £'000	2022 Total £'000
Staff costs	297	59	40	-	396	391
Curatorial	-	14	-	-	14	-
Governance and support costs	125	25	16	-	166	128
	<u>422</u>	<u>98</u>	<u>56</u>	<u>-</u>	<u>576</u>	<u>519</u>
Grant funding:						
NMRN Operations	-	-	-	6,262	6,262	3,975
HMS Trincomalee Trust	-	-	-	41	41	-
Pride of Bristol Trust (charity 1041341)	-	-	-	15	15	34
Other grant funding	-	-	-	9	9	3
	<u>422</u>	<u>98</u>	<u>56</u>	<u>6,327</u>	<u>6,903</u>	<u>4,531</u>

Costs of activities in furtherance of the objects of the charity (Group)

	Operations £'000	Collections & research £'000	Learning £'000	Grant funding £'000	2023 Total £'000	2022 Total £'000
Staff costs	3,983	778	549	-	5,310	4,835
Operating costs	705	-	-	-	705	775
Marketing	673	-	-	-	673	306
Curatorial	-	439	-	-	439	939
Exhibition	-	67	-	-	67	31
Depreciation	1,365	520	182	-	2,067	863
Loss on disposal of fixed assets	18	3	2	-	23	240
Governance and support costs	2,629	516	353	-	3,498	2,861
	<u>9,373</u>	<u>2,323</u>	<u>1,086</u>	<u>-</u>	<u>12,782</u>	<u>10,850</u>
Grant funding:						
Pride of Bristol Trust (charity 1041341)	-	-	-	15	15	34
Royal Marines Historical Society (charity 274285)	-	-	-	3	3	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>18</u>	<u>18</u>	<u>34</u>
Project costs:						
HMS Victory	2,389	-	-	-	2,389	1,333
HMS Invincible	39	-	-	-	39	77
NMRN Hartlepool	250	-	-	-	250	102
Fleet Air Arm Museum	26	-	-	-	26	5
Landing Craft (Tank) - LCT7074	49	-	-	-	49	59
Royal Marines Museum relocation	37	-	-	-	37	(39)
Other project costs	161	-	-	-	161	92
	<u>2,951</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,951</u>	<u>1,629</u>
	<u>12,324</u>	<u>2,323</u>	<u>1,086</u>	<u>18</u>	<u>15,751</u>	<u>12,513</u>

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

10. Analysis of governance and support costs (Company)

	Operations £'000	Collections & research £'000	Learning £'000	2023 Total £'000	2022 Total £'000
Governance costs					
Accountancy & payroll	11	2	2	15	16
Auditor remuneration - NAO	48	10	6	64	67
Legal and professional	29	6	4	39	15
Support costs					
Travelling expenses	7	1	1	9	12
Bank charges & interest	8	2	1	11	6
Sundry expenses	22	4	2	28	12
	<u>125</u>	<u>25</u>	<u>16</u>	<u>166</u>	<u>128</u>

Analysis of governance and support costs (Group)

	Operations £'000	Collections & research £'000	Learning £'000	2023 Total £'000	2022 Total £'000
Governance costs					
Accountancy & payroll	53	11	6	70	66
Auditor remuneration	63	22	6	91	88
Auditor remuneration - NAO	48	10	6	64	67
Legal and professional	184	31	21	236	312
Support costs					
Repairs and maintenance	477	95	64	636	685
Insurance	345	69	46	460	249
Premises expenses	1,102	210	157	1,469	1,074
Travelling expenses	128	25	17	170	69
Communication and IT	52	10	7	69	67
Printing, postage and stationery	18	3	2	23	36
Bank charges & interest	72	14	10	96	105
Depreciation	10	-	-	10	9
Sundry expenses	77	16	11	104	34
	<u>2,629</u>	<u>516</u>	<u>353</u>	<u>3,498</u>	<u>2,861</u>

11. Employees

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Employment costs				
Wages and salaries	6,433	5,326	270	288
Social security costs	543	402	36	31
Defined contribution pension costs	495	419	88	70
Defined benefit pension costs	62	71	-	-
Employee benefits	10	11	-	-
	<u>7,543</u>	<u>6,229</u>	<u>394</u>	<u>389</u>

Higher paid employees

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

	Group 2023	Group 2022	Company 2023	Company 2022
£60,001 to £70,000	3	2	-	-
£70,001 to £80,000	1	1	-	-
£80,001 to £90,000	1	1	1	1
£90,001 to £100,000	1	1	1	1
£120,001 to £130,000	1	1	1	1

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

Number of employees

The average monthly numbers of employees during the year, was as follows:

	Group	Group	Company	Company
	2023	2022	2023	2022
Charitable expenditure	353	294	-	-
Cost of generating funds	4	4	-	-
Governance costs	6	6	3	3
	363	304	3	3

The above includes workers engaged under Casual Worker Agreements. The average full-time equivalent number of staff for the year was 199 (2022: 175).

Staff costs for the charity for the year include an accrual of £4,000 (2022: £6,000), and for the group include £75,000 (2022: £89,000), for short-term compensated absences arising from employee entitlement to annual leave.

During the financial year Nil redundancies (2022:7) were identified within the group and contractual/redundancy costs of £Nil were paid (2022: £19,000). No further amounts were accrued at 31 March 2023 (2022: £Nil).

Key management personnel

Employee benefits received by key management personnel total £308,000 for the year to 31 March 2023 (31 March 2022: £303,000).

The total received by the group from the Coronavirus Job Retention Scheme in the period was £Nil (31 March 2022: £122,000).

11.1. Trustees' emoluments

No trustees received remuneration during the year (2022: Nil). Five trustees from the National Museum of the Royal Navy were reimbursed for travel expenses totalling £3,000 (2022: Six trustees - £2,000).

12. Pensions

The National Museum contributes to a Group Pension Plan. It is also a participating employer in the multi-employer plans: the Principal Civil Service Pension Scheme and the Local Government Pension Scheme (including Hampshire Pension Fund and Teesside Pension Fund).

The National Museum cannot be held liable to the plan for other entities' obligations under the terms and conditions of the multi-employer plans.

Principal Civil Service Pension Scheme (PCSPS)

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

For 2022-23, employer contributions were payable to the PCSPS by NMRN Operations at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands. The scheme actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2022-23 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

Local Government Pension Scheme (LGPS)

The LGPS is a multi-employer defined benefit scheme.

Hampshire Pension Fund

The National Museum is an admitted member of the Hampshire Pension Fund. This fund has over 191,000 members. The actuaries of the fund are AON Hewitt. In the year ended 31 March 2023, two staff of NMRN Operations participated in the scheme. The disclosures below relate to the funded liabilities within the Hampshire Pension Fund (the 'Fund') which is part of the LGPS. The funded nature of the LGPS requires the National Museum and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Assumptions

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

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

Period ended	31 March 2023	31 March 2022
	% p.a.	% p.a.
Pension Increase Rate (CPI)	2.60%	2.80%
Salary Increase Rate	3.60%	3.80%
Discount Rate	4.50%	2.70%
Asset allocation		
Period ended	31 March 2023	31 March 2022
Equities	57.6%	56.9%
Property	6.8%	6.9%
Government bonds	16.5%	17.2%
Multi asset credit	0.0%	9.0%
Cash	1.1%	0.9%
Other	18.0%	9.1%
Reconciliation of funded status to the Balance Sheet		
	31 March 2023	31 March 2022
	£(000)	£(000)
Fair value of assets	423	444
Present value of funded liabilities	350	520
Pension liability recognised on the balance sheet	73	(76)
Amounts recognised in the Statement of Financial Activities		
	31 March 2023	31 March 2022
	£(000)	£(000)
Operating cost:		
Current service cost	33	34
Financing cost:		
Interest on net defined benefit liability	2	3
Pension expense recognised in the Statement of Financial Activities	35	37
	31 March 2023	31 March 2022
	£(000)	£(000)
Asset gains/(losses) arising during the period	(38)	20
Liability gains/(losses) arising during the period	222	80
Gains/(losses) recognised in the Statement of Financial Activities	184	100
Changes made to the present value of the defined benefit obligation during the accounting period		
	31 March 2023	31 March 2022
	£(000)	£(000)
Opening defined benefit obligation	520	550
Current service cost	33	34
Interest expense on defined benefit obligation	14	12
Contributions by participants	5	4
Actuarial (gains)/losses on liabilities	(222)	(80)
Net benefits paid out	-	-
Closing defined benefit obligation	350	520
Changes to the fair value of assets during the accounting period		
	31 March 2023	31 March 2022
	£(000)	£(000)
Opening fair value of assets	444	411
Interest income on assets	12	9
Remeasurement gains/(losses) on assets	(38)	20
Contributions by the employer	-	-
Contributions by participants	5	4
Net benefits paid out	-	-
Closing fair value of assets	423	444
Actual return on assets		
	31 March 2023	31 March 2022
	£(000)	£(000)
Interest income of assets	12	9
Gain/(loss) on assets	(38)	20
Total amount recognised in the Statement of Financial Activities	(26)	29

Teesside Pension Fund

The National Museum is an admitted member of the Teesside Pension Fund. This fund has over 71,500 members. The actuaries of the fund are AON Hewitt. In the year ended 31 March 2023, six staff of NMRN Operations participated in the scheme. The disclosures below relate to the funded liabilities within the Teesside Pension Fund (the 'Fund') which is part of the LGPS. The

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

funded nature of the LGPS requires the National Museum and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Assumptions

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

Period ended	31 March 2023	31 March 2022
	% p.a.	% p.a.
Pension Increase Rate (CPI)	3.00%	3.20%
Salary Increase Rate	4.00%	4.20%
Discount Rate	4.75%	2.70%
Asset allocation		
Period ended	31 March 2023	31 March 2022
Equities	70%	68%
Bonds	0%	0%
Property	23%	16%
Cash	7%	16%
Reconciliation of funded status to the Balance Sheet		
	31 March 2023	31 March 2022
	£(000)	£(000)
Fair value of assets	618	759
Present value of funded liabilities	534	956
Pension liability recognised on the balance sheet	84	(197)
Amounts recognised in the Statement of Financial Activities		
	31 March 2023	31 March 2022
	£(000)	£(000)
Operating cost:		
Current service cost	23	27
Financing cost:		
Interest on net defined benefit liability	5	7
Pension expense recognised in the Statement of Financial Activities	28	34
Changes to the present value of the defined benefit obligation during the accounting period		
	31 March 2023	31 March 2022
	£(000)	£(000)
Opening defined benefit obligation	956	988
Current service cost	23	27
Interest expense on defined benefit obligation	26	20
Contributions by participants	3	3
Actuarial (gains)/losses on liabilities	(470)	(74)
Net benefits paid out	(4)	(8)
Closing defined benefit obligation	534	956
Changes to the fair value of assets during the accounting period		
	31 March 2023	31 March 2022
	£(000)	£(000)
Opening fair value of assets	759	672
Interest income on assets	21	13
Remeasurement gains/(losses) on assets	(169)	71
Contributions by the employer	8	8
Contributions by participants	3	3
Net benefits paid out	(4)	(8)
Closing fair value of assets	618	759
Actual return on assets		
	31 March 2023	31 March 2022
	£(000)	£(000)
Interest income of assets	21	13
Gain/(loss) on assets	(169)	71
Total amount recognised in the Statement of Financial Activities	(148)	84

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

Group Pension Plan

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

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

Pension Schemes (Company)

	2023	2022
	£'000	£'000
Defined contribution schemes		
Group scheme	88	70
	<u>88</u>	<u>70</u>

Pension Schemes (Group)

	2023	2022
	£'000	£'000
Defined contribution schemes		
Group scheme	478	404
PCSPS	17	15
Defined benefit schemes		
LGPS - Hampshire Pension Fund	35	37
LGPS - Teesside Pension Fund	27	34
	<u>557</u>	<u>490</u>

13. Net outgoing resources for the year

	2023	2022
	£'000	£'000
Group net outgoing resources is stated after charging:		
Operating lease payments	547,739	462,881
Depreciation and other amounts written off tangible fixed assets	2,267	1,286
Auditors' remuneration - National Audit Office	64	67
Auditors' remuneration - Subsidiary Auditors	92	88
	<u>557</u>	<u>490</u>

The National Audit Office fee for the year ended 31 March 2023 is £65,600 (2022: £61,000). 2023 includes an adjustment of £2,000 relating to 2021-22. There is no remuneration for non-audit work.

14. Taxation

The activities of the company and the individual charities fall within the exemptions afforded by the provisions of the Corporation Tax Act 2010. Accordingly, there is no taxation charge in these accounts. NMRN Operations wholly owned, non-charitable subsidiary, trading company is subject to Corporation Tax.

15. Tangible fixed assets (Company)

	Heritage assets	Total
	£'000	£'000
Cost or valuation		
At 1 April 2022	5,330	5,330
Additions	1,278	1,278
At 31 March 2023	<u>6,608</u>	<u>6,608</u>
Depreciation		
At 1 April 2022 and 31 March 2023	-	-
Net book values		
At 31 March 2023	<u>6,608</u>	<u>6,608</u>
At 31 March 2022	<u>5,330</u>	<u>5,330</u>

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

Tangible fixed assets (Group)

	Assets under construction	Investment property	Freehold	Short leasehold	Office equipment	Plant & machinery	Fixtures & fittings	Exhibitions	Timber	Heritage assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost or valuation											
At 1 April 2022	189	-	11,786	8,959	2,868	8,885	7,670	2,570	6,692	106,038	155,657
Additions	-	650	2,820	-	95	3,288	852	994	-	1,233	9,932
Transfers	(189)	-	32	-	-	-	-	157	-	-	-
Disposals	-	-	-	-	(3)	(56)	(495)	(349)	-	-	(903)
Revaluation	-	(60)	982	971	41	1,382	900	376	-	-	4,592
At 31 March 2023	-	590	15,620	9,930	3,001	13,499	8,927	3,748	6,692	107,271	169,278
Depreciation											
At 1 April 2022	-	-	1,611	1,308	2,697	1,413	5,791	968	-	-	13,788
Charge for the year	-	-	421	234	108	769	265	355	-	-	2,152
Disposals	-	-	-	-	(3)	(41)	(482)	(262)	-	-	(788)
On revaluation	-	-	-	353	24	123	586	59	-	-	1,145
At 31 March 2023	-	-	2,032	1,895	2,826	2,264	6,160	1,120	-	-	16,297
Net book values											
At 31 March 2023	-	590	13,588	8,035	175	11,235	2,767	2,628	6,692	107,271	152,981
At 31 March 2022	189	-	10,175	7,651	171	7,472	1,879	1,602	6,692	106,038	141,869

Land and buildings at the Fleet Air Arm Museum and the Royal Navy Submarine Museum, owned by the Fleet Air Arm Museum and NMRN Operations, were revalued at 6 May 2022 by Avison Young, in accordance with the stated policy. The revaluations were conducted by qualified surveyors on a depreciated replacement cost basis and in accordance with the RICS Valuation Professional Standards. The carrying value of the property if recognised under the historical cost model cannot be easily identified.

16. The Collections

The collections are held by each trust individually and consist of artefacts - physical, written and oral - reflecting the history of the Royal Navy and its people throughout the area of its worldwide operations. In addition to covering the Royal Navy as a whole, the particular branches of the service (Surface Fleet, Submarines, Royal Marines and Fleet Air Arm) are also well represented.

Royal Naval Museum

In 2011-12 the title to, and beneficial ownership of, the collection relating to HMS *Caroline* passed to the Royal Naval Museum. This collection consists of around 400 items including pictures, photographs, flags and other items. Information regarding cost or value of this collection is not readily available and the charity considers that the cost of obtaining such valuation for the collection of assets held is significant and is not commensurate with the benefit obtained by including the additional capitalised value in the financial statements.

On 28 March 2013 the title to, and beneficial ownership of, the collection belonging to the Explosion! Museum, Gosport, passed to the Royal Naval Museum. This extensive collection includes small arms, cannon and guns, shells and munitions, mines, torpedoes, modern missiles, and an atom bomb. The Trustees consider that the cost of obtaining a valuation for these collection assets is significant and is not commensurate with the benefit obtained by including the additional capitalised value in the financial statements. The collection has therefore been included within heritage asset additions at the purchase price of £145,000.

On 7 November 2014, Landing Craft (Tank) Mk III, LCT 7074 was gifted to the National Museum by the Mersey Docks and Harbour Company Limited. Information regarding the cost or value of the conservation required to bring the ship to an 'as new' condition was not readily available, therefore no value was applied to the gift at this stage. This significant Second World War item was accessioned to the collection of the Royal Naval Museum.

On 31 March 2017, a gift for charitable purposes was made to the Royal Naval Museum of 777 items from the Ministry of Defence Art Collection, including paintings, objects d'art, ship figureheads, engravings and furniture. Given the diverse nature of the collection and the uniqueness of some items, comparables are not readily available to the National Museum for valuation purposes. The collection is dispersed across Ministry of Defence buildings throughout the United Kingdom and abroad and will remain in situ for the foreseeable future. As such, there are considerable practical difficulties associated with accessing such a large volume of items to determine their quality, authenticity, condition and value. The supporting information made available to

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the National Museum by the Ministry of Defence is limited in terms of making a realistic valuation and would take significant work to generate e.g. condition reports, imagery, etc. The Trustees consider that the costs of obtaining a reliable valuation for this collection would be significant and is not commensurate with the benefit obtained by including the additional capitalised value in the accounts. Additionally, given the circumstances described, any attempt to value the collection would be considerably arbitrary, to the extent that such a valuation would be potentially misleading to a user of the financial statements.

On 13 March 2020, the National Museum received a gift of 12 figureheads from the Ministry of Defence. This was the first tranche of a gift for charitable purposes of The Devonport Collection. The charity considers that the cost of obtaining a valuation for this gift is significant, as such items rarely come on the market, and is not commensurate with the benefit obtained by including the capitalised value in the financial statements.

Five-year summary of heritage asset transactions

	2023	2022	2021	2020	2019
	£'000	£'000	£'000	£'000	£'000
Additions					
Purchases					
Royal Naval Museum	1,128	1,312	648	83	114
Donations					
Royal Naval Museum	105	5	-	-	4
Total additions	<u>1,233</u>	<u>1,317</u>	<u>648</u>	<u>83</u>	<u>118</u>

Significant historic ships

Ship	Donor	Date of gift	Original build cost uplifted for value on completion £'000	Estimated repair cost at time of gifting £'000	Value of gift £'000	Value at 1 April 2022 £'000	Increase in year £'000	Value at 31 March 2023 £'000
HMS <i>Alliance</i>	Ministry of Defence	1979	£18,480	N/A	N/A	£18,480	-	£18,480
HMS <i>Caroline</i>	Ministry of Defence	2013	£12,560	£5,004	£7,556	£12,560	-	£12,560
HMS <i>M33</i>	Hampshire County	2014	£1,775	£683	£1,092	£1,775	-	£1,775
HMS <i>Trincomalee</i>	Purchased for £1	N/A	£21,000	N/A	N/A	£21,000	-	£21,000
HMS <i>Victory</i>	Ministry of Defence	2012	£50,000	£30,625	£19,375	£19,375	-	£19,375
HMS <i>Warrior 1860</i>	Purchased for £1	N/A	£25,040	N/A	N/A	£25,040	-	£25,040

The Royal Navy Submarine Museum Trust – HMS *Alliance*

The submarine, HMS *Alliance*, was constructed in Barrow-in-Furness in 1947. She is a Royal Navy A Class submarine and is the only surviving example of the class. The ship was transferred to the Royal Navy Submarine Museum in 1979 where she has been on display since the transfer. HMS *Alliance* is valued at £18,480,000 to reflect its estimated rebuild cost. The valuation was carried out in 2015.

The original build cost of the submarine is estimated to be £304,495 based on the cost of a similar T Class submarine - HMS *Triumph* - built in 1936. Uplifted for current value (2015), this cost was equivalent to £18,480,000. HMS *Alliance* was completely refurbished and reopened to the public in April 2014. The renovation work carried out was an extensive project costing around £7,000,000 to complete, and included repairing damage to the hull, in addition to completely restoring the interior of the submarine. As a result of these works it was not felt that any deductions to the original cost for disrepair was necessary.

HMS *Caroline* Preservation Trust – HMS *Caroline*

The ship, HMS *Caroline*, was constructed at the Cammell Laird shipyard in Birkenhead in 1914. She was one of eight C-Class light cruisers and is the last remaining British WW1 light cruiser still afloat and the sole survivor of the Battle of Jutland. The ship was gifted to the Trust on 18 November 2013 by the Ministry of Defence. HMS *Caroline* was initially recognised in the accounts at a value of £7,556,000, calculated on a total build basis discounted to take account of the ship's state of repair at the time of gifting.

In 1914, the original build cost of HMS *Caroline* was £300,000. Uplifted for current value (2013), this cost was the equivalent of £25,120,000. The ship would be brought to sound and original condition, as far as possible, in the course of the refurbishment programme. However substantial elements of the original ship including the boilers, and armaments, would not be replaced. It was therefore the view of the project management team that 50% of the original value was a reasonable measure of the heritage asset value of the ship on completion of these works, the discounted value being £12,560,000.

Based on the above, the ship was initially recognised in the accounts at a value of £7,556,000, reflecting the value on completion of £12,560,000, discounted back for the expenditure anticipated to be required to achieve that outcome. The value was then increased in the year to 31 March 2016 by £1,079,000, and in the year to 31 March 2017 by £3,925,000, to the final valuation of

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£12,560,000 on completion of the scheduled programme of works.

HMS M33 Trust – HMS M33

Monitor HMS M33 was built by Harland and Wolff, Belfast, in 1915. She is one of only three surviving Royal Navy warships of the First World War and the only surviving ship from the Gallipoli Campaign. The ship was gifted to the Trust on 19 May 2014 by Hampshire County Council. HMS M33 was initially recognised in the accounts at a value of £1,092,000, calculated on a total build basis discounted to take account of the ship's current state of repair.

In 1915, the original build cost of HMS M33 was £40,000. Uplifted for current value (2014), this cost was the equivalent of £2,863,000. The ship has been brought to sound and original condition, as far as possible, in the course of the conservation programme. However substantial elements of the original ship, notably the boilers and engines, were removed in the past and will not be replaced. It is therefore the view of the project management team that 62% of the original value is a reasonable measure of the heritage asset value of the ship on completion of these works, the discounted value being £1,775,000.

HMS Trincomalee Trust – HMS Trincomalee

The ship, HMS Trincomalee, is the oldest surviving Royal Navy Frigate and the oldest warship still afloat in the UK. She was acquired by the Trust for a nominal £1. HMS Trincomalee has been included at a valuation designed to reflect the estimated rebuild costs of the ship.

The value of HMS Trincomalee, on the basis of a full renewal cost of rebuild, discounted to take account of the ship's current state of repair, has been calculated at £21,000,000. The calculation is based on the comparable cost of the Frigate Hermione project, completed in 2012. This cost was pro-rated for the relative displacement tonnages. L'Hermione's displacement tonnage was 1,166 tonnes and the rebuild cost was £16,700,000 in 2012. HMS Trincomalee's displacement tonnage is 1,447 tonnes (per 'Great Sailing Ships of the World' by Otmar Schauffelen) therefore the rebuild cost is approximately £21,000,000.

HMS Victory Preservation Trust – HMS Victory

The ship, HMS Victory, was floated out of the Old Single Dock in Chatham's Royal Dockyard in 1765. In 1805 she achieved lasting fame as the flagship of Vice-Admiral Nelson in Britain's greatest naval victory, the defeat of the French and Spanish at the Battle of Trafalgar. She is the oldest commissioned warship in the world and remains a commissioned warship of the Royal Navy and the Flag Ship of the First Sea Lord. The ship was gifted to the Trust on 29 March 2012 by the Ministry of Defence.

HMS Victory has been included in the accounts at a value of £19,375,000 calculated on a total rebuild basis discounted to take account of the ship's current state of repair. This value was calculated by staff of the National Museum by reference to the costs incurred by the Association Hermione-La Fayette in their construction of the replica frigate, Hermione, on a pro-rata basis on respective tonnage displacement of the two ships.

The value of HMS Victory, on the basis of full renewal cost of rebuild, has been calculated as £50,000,000. The calculation is based on the comparable cost of the frigate 'Hermione' project, completed in 2012. This cost was pro-rated for the relative displacement tonnages. L'Hermione's displacement tonnage was 1,166 tonnes and the rebuild cost was £16,700,000 in 2012. HMS Victory's displacement tonnage is 3,500 tonnes therefore the rebuild cost is approximately £50,000,000.

HMS Victory today is far from 'new build' condition and during the next 10-20 years, it is projected that a sum in the region of £30,625,000 (at current costs) will be expended in bringing the Ship to (something close to) new condition. Whilst HMS Victory will not then be literally 'as good as new', any lower value would be offset by it being, at least in perception, the original ship.

Based on the above, the ship has been recognised in the accounts at a valuation of £19,375,000 reflecting an 'as new' value, discounted back for the expenditure anticipated to be required to achieve that outcome. An increasing value, over time, as renovations are carried out, will reflect the improving condition of the ship.

Warrior Preservation Trust – HMS Warrior 1860

The original hull of the ship, HMS Warrior, was laid down at the Thames Iron Works and Shipbuilding Company based at Blackwall, London. Completed in 1861, she was the world's first ocean-going, iron-hulled, armoured warship. The original hull of HMS Warrior was acquired by the Maritime Trust from the Ministry of Defence for £1 in August 1979, and transferred to the Warrior Preservation Trust in 1983. HMS Warrior 1860 has been included at a valuation designed to reflect the estimated rebuild costs of the hull.

In 1861, the original cost of the hull was £282,284. Uplifted for current value (2017) this cost was the equivalent of £25,040,000. The ship was brought to sound and original condition, as far as possible, during the restoration between 1979 and 1987 therefore it was not felt that any deductions to the original cost for disrepair was necessary.

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17. Investment assets

	Group	
	Listed	Unlisted
	2023	2023
	£'000	£'000
Valuation		
At 1 April 2022	42,587	-
Additions	1,102	-
Gains and losses before management fees	(1,690)	-
Less management fees deducted	(194)	-
Realised and unrealised gains and losses	(1,884)	-
At 31 March 2023	41,805	-
Historical cost as at 31 March 2023	32,772	-
Historical cost as at 31 March 2022	31,670	-
Investments By fund:		
Endowment funds	41,805	-

The above investments are those held by the HMS Victory Preservation Company. The company holds two portfolios of investments, one managed by James Hambro and Partners and the other by Cazenove Capital Management. The investment objective for the period was to generate a total return of inflation plus 4% per annum over the long term. The market valuation at the year end is provided by the Fund Managers, the results of which are summarised as follows:

	2023	2022
	£'000	£'000
UK		
UK government and fixed interest securities	798	804
UK bonds	1,189	-
UK equities	3,314	4,498
Others	5,370	3,819
Capital account	952	1,032
	11,623	10,153
Overseas		
Fixed interest	1,791	979
International bonds	1,390	1,814
International equities	23,267	24,585
Others	3,734	5,056
	30,182	32,434
	41,805	42,587

18. Stocks

	Group	Group	Company	Company
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Held by:				
NMRN Operations	233	215	-	-
Trading subsidiaries	430	324	-	-
	663	539	-	-

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19. Debtors: amounts falling due within one year

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Trade debtors	473	107	247	-
Amounts owed by group undertakings	-	-	24	25
Other debtors	1,470	1,071	2	1
Prepayments & accrued income	767	3,247	148	10
VAT	224	302	-	-
	<u>2,934</u>	<u>4,727</u>	<u>421</u>	<u>36</u>

20. Debtors: amounts falling due after more than one year

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Other debtors	450	448	-	-
Accrued income	500	1,500	-	-
	<u>950</u>	<u>1,948</u>	<u>-</u>	<u>-</u>

The accrued income relates to the sale of the Royal Marines Museum.

21. Creditors: amounts falling due within one year

	Group 2023 £'000	<i>Restated</i> Group 2022 £'000	Company 2023 £'000	<i>Restated</i> Company 2022 £'000
Other loans	86	86	86	86
Trade creditors	690	801	58	-
Amounts owed to group undertakings	-	-	2,215	550
Other creditors	255	211	6	6
Other taxes and social security	134	120	10	9
Accruals and deferred income	1,619	2,048	118	170
	<u>2,784</u>	<u>3,266</u>	<u>2,493</u>	<u>821</u>

Deferred income

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Balance at 1 April 2022	167	127	-	-
Amounts released to incoming resources	(130)	(594)	-	-
Amounts deferred in year	106	634	-	-
Balance as at 31 March 2023	<u>143</u>	<u>167</u>	<u>-</u>	<u>-</u>

22. Creditors: amounts falling due after more than one year

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Other loans	741	817	643	719
	<u>741</u>	<u>817</u>	<u>643</u>	<u>719</u>

Notes to the financial statements
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23. Analysis of net assets between funds

	Tangible		Net	Long term	Pension	Total
	Fixed Assets	Investments	current	assets &	assets &	2023
	£'000	£'000	assets	liabilities	liabilities	£'000
			£'000	£'000	£'000	
Restricted funds:						
Restricted funds	-	-	1,420	-	-	1,420
Royal Naval Museum	4,788	-	24	-	-	4,812
HMS M33 Trust	1,775	-	-	-	-	1,775
	<u>6,563</u>	<u>-</u>	<u>1,444</u>	<u>-</u>	<u>-</u>	<u>8,007</u>
Unrestricted funds	-	-	4	(643)	-	(639)
Total Company funds at 31 March 2023	<u>6,563</u>	<u>-</u>	<u>1,448</u>	<u>(643)</u>	<u>-</u>	<u>7,368</u>
Funds held by:						
NMRN Operations	32,983	-	5,846	-	157	38,986
HMS Victory Preservation Company	26,206	41,805	(514)	-	-	67,497
HMS Caroline Preservation Company	12,560	-	11,947	-	-	24,507
HMS Trincomalee Trust	21,008	-	34	352	-	21,394
Warrior Preservation Trust Limited	25,290	-	1,053	-	-	26,343
Royal Marines Museum Charitable Trust	735	-	1,401	500	-	2,636
Royal Navy Submarine Museum Trust	18,651	-	274	-	-	18,925
Fleet Air Arm Museum	8,985	-	490	-	-	9,475
Total Group funds at 31 March 2023	<u>152,981</u>	<u>41,805</u>	<u>21,979</u>	<u>209</u>	<u>157</u>	<u>217,131</u>
	Tangible		Net	Long term	Pension	Total
	Fixed Assets	Investments	current	assets &	assets &	2022
	£'000	£'000	assets	liabilities	liabilities	£'000
			£'000	£'000	£'000	
Restricted funds:						
Restricted funds	-	-	1,299	-	-	1,299
Royal Naval Museum	3,555	-	24	-	-	3,579
HMS M33 Trust	1,775	-	-	-	-	1,775
	<u>5,330</u>	<u>-</u>	<u>1,323</u>	<u>-</u>	<u>-</u>	<u>6,653</u>
Unrestricted funds	-	-	5	(719)	-	(714)
Total Company funds at 31 March 2022	<u>5,330</u>	<u>-</u>	<u>1,328</u>	<u>(719)</u>	<u>-</u>	<u>5,939</u>
Funds held by:						
NMRN Operations	23,306	-	2,090	-	(273)	25,123
HMS Victory Preservation Company	26,200	42,587	19	-	-	68,806
HMS Caroline Preservation Company	12,560	-	12,500	-	-	25,060
HMS Trincomalee Trust	21,008	-	27	350	-	21,385
Warrior Preservation Trust Limited	25,290	-	1,072	-	-	26,362
Royal Marines Museum Charitable Trust	735	-	576	1500	-	2,811
Royal Navy Submarine Museum Trust	18,651	-	278	-	-	18,929
Fleet Air Arm Museum	8,789	-	1,092	-	-	9,881
Total Group funds at 31 March 2022	<u>141,869</u>	<u>42,587</u>	<u>18,982</u>	<u>1,131</u>	<u>(273)</u>	<u>204,296</u>

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24. Funds

Unrestricted funds:	At 1 April	Income	Expenditure	Gains and losses	Transfers	At 31 March
	2022					2023
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds	(715)	6,221	(6,089)	-	(57)	(640)
Designated funds	1	-	-	-	-	1
Total company unrestricted funds	(714)	6,221	(6,089)	-	(57)	(639)
NMRN Operations	10,393	14,408	(13,961)	1,553	5,323	17,716
NMRN Hartlepool	-	6	(6)	-	-	-
HMS Victory Preservation Company	113	450	(114)	-	(868)	(419)
HMS Caroline Preservation Company	-	-	(555)	-	555	-
HMS Trincomalee Trust	351	44	(35)	-	-	360
Warrior Preservation Trust Limited	342	2	(21)	-	-	323
Royal Marines Museum	2,667	1	(175)	-	-	2,493
Royal Navy Submarine Museum	339	1	(5)	-	-	335
Fleet Air Arm Museum	6,087	40	(129)	221	-	6,219
Consolidation adjustments	-	(6,056)	6,328	-	(272)	-
Total group unrestricted funds	19,578	15,117	(14,762)	1,774	4,681	26,388

Unrestricted funds:	At 1 April	Income	Expenditure	Gains and losses	Transfers	At 31 March
	2021					2022
	£'000	£'000	£'000	£'000	£'000	£'000
Unrestricted funds	1	5,637	(5,513)	-	(840)	(715)
Designated funds	-	-	-	-	1	1
Total company unrestricted funds	1	5,637	(5,513)	-	(839)	(714)
NMRN Operations	10,327	12,614	(12,428)	(1,005)	885	10,393
NMRN Hartlepool	4	1	(5)	-	-	-
HMS Victory Preservation Company	608	337	(832)	-	-	113
HMS Caroline Preservation Company	-	2	(2)	-	-	-
HMS Trincomalee Trust	352	4	(5)	-	-	351
Warrior Preservation Trust Limited	356	4	(18)	-	-	342
Royal Marines Museum	2,684	-	(17)	-	-	2,667
Royal Navy Submarine Museum	348	1	(10)	-	-	339
Fleet Air Arm Museum	5,793	12	(24)	306	-	6,087
Consolidation adjustments	-	(4,982)	5,962	-	(980)	-
Total group unrestricted funds	20,473	13,630	(12,892)	(699)	(934)	19,578

Consolidation adjustments reflect funds received by, and paid to, other group entities by the National Museum.

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Restricted funds:	At 1 April				Gains and	At 31 March
	2022	Income	Expenditure	losses	Transfers	2023
	£'000	£'000	£'000	£'000	£'000	£'000
HMS Caroline fund	245	-	-	-	-	245
Royal Marines Museum relocation fund	1,054	-	-	-	-	1,054
Purchase of exhibits fund	-	133	(14)	-	(51)	68
Kellett Sledge Flag fund	-	153	-	-	(100)	53
Kochan Collection fund	-	234	-	-	(234)	-
HMS Victory Model fund	-	686	-	-	(686)	-
Ministry of Defence Project fund	-	800	(800)	-	-	-
Linked charities:						
Royal Naval Museum	3,579	105	-	-	1,128	4,812
HMS M33 Trust	1,775	-	-	-	-	1,775
Total company restricted funds	6,653	2,111	(814)	-	57	8,007
NMRN Operations	14,730	13,933	(3,990)	1,920	(5,323)	21,270
HMS Victory Preservation Company	26,156	-	(10)	16	-	26,162
HMS Caroline Preservation Company	12,560	-	-	-	-	12,560
HMS Trincomalee Trust Limited	21,029	-	-	-	-	21,029
Warrior Preservation Trust	25,060	-	-	-	-	25,060
Royal Marines Museum	144	-	(1)	-	-	143
Royal Navy Submarine Museum	18,590	-	-	-	-	18,590
Fleet Air Arm Museum	3,794	-	(760)	222	-	3,256
Consolidation adjustments	-	(1,763)	1,491	-	272	-
Total group restricted funds	128,716	14,281	(4,084)	2,158	(4,994)	136,077

	At 1 April				Gains and	At 31 March
	2021	Income	Expenditure	losses	Transfers	2022
	£'000	£'000	£'000	£'000	£'000	£'000
HMS Caroline fund	104	141	-	-	-	245
Royal Marines Museum relocation fund	1,054	4	(4)	-	-	1,054
Death of Nelson painting fund	-	275	-	-	(275)	-
Sim Comfort Collection fund	-	11	-	-	(11)	-
Linked charities:						
Royal Naval Museum	2,262	192	-	-	1,125	3,579
HMS M33 Trust	1,775	-	-	-	-	1,775
Total company restricted funds	5,195	623	(4)	-	839	6,653
NMRN Operations (excluding CJRS – see below)	14,966	974	(2,151)	1,826	(885)	14,730
Coronavirus Job Retention Scheme	-	122	(122)	-	-	-
HMS Victory Preservation Company	26,161	-	(10)	5	-	26,156
HMS Caroline Preservation Company	12,560	-	-	-	-	12,560
HMS Trincomalee Trust	21,029	1	(1)	-	-	21,029
Warrior Preservation Trust Limited	25,060	-	-	-	-	25,060
Royal Marines Museum	105	39	-	-	-	144
Royal Navy Submarine Museum	18,590	-	-	-	-	18,590
Fleet Air Arm Museum	3,543	-	(56)	307	-	3,794
Consolidation adjustments	-	(1,059)	79	-	980	-
Total group restricted funds	127,209	700	(2,265)	2,138	934	128,716

The restricted and endowment funds of the individual museums are detailed in the accounts of the respective organisations.

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

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The Royal Marines Museum relocation fund represents funding received for the Royal Marines Museum project which will include the relocation of a new Royal Marines Museum at Portsmouth Historic Dockyard.

Other restricted funds represent funds received towards the purchase of exhibits.

Consolidation adjustments reflect funds received by, and paid to, other group entities by the National Museum.

Endowment funds:	At 1 April	Gains and			At 31 March
	2022	Income	Expenditure	losses	Transfers
	£'000	£'000	£'000	£'000	£'000
HMS Victory Preservation Company	42,537	233	(194)	(1,690)	868
HMS Caroline Preservation Company	12,500	2	-	-	(555)
HMS Trincomalee Trust	5	-	-	-	-
Warrior Preservation Trust Limited	960	-	-	-	-
Total group endowment funds	56,002	235	(194)	(1,690)	313

Endowment funds:	At 1 April	Gains and			At 31 March
	2021	Income	Expenditure	losses	Transfers
	£'000	£'000	£'000	£'000	£'000
HMS Victory Preservation Co	39,887	259	(204)	2,595	-
HMS Caroline Preservation Co	-	12,500	-	-	-
HMS Trincomalee Trust	5	-	-	-	-
Warrior Preservation Trust Limited	960	-	-	-	-
Total group endowment funds	40,852	12,759	(204)	2,595	-

Endowment funds include funds donated by the Gosling Foundation for the maintenance and upkeep of HMS Victory, and funds donated by the Department for the Economy of Northern Ireland and the National Heritage Memorial Fund for the conservation, repair, protection and interpretation of HMS Caroline in Belfast.

24.1 Linked charities of the National Museum

SORP FRS 102 requires the activities of linked charities to be shown separately within these accounts in a manner similar to the presentation of restricted funds. The Royal Naval Museum and HMS M33 Trust are made up of the following:

<u>Royal Naval Museum</u>	At 1 April	Incoming	Outgoing	At 31 March	
	2022	resources	resources	Transfers	2023
	£'000	£'000	£'000	£'000	£'000
Unrestricted funds	3,472	1,233	-	-	4,705
Restricted funds - RML 497 Fairmile (the ship)	83	-	-	-	83
Endowment funds - Johnstone Library fund	24	-	-	-	24
Total funds of the Royal Naval Museum	3,579	1,233	-	-	4,812

	At 1 April	Incoming	Outgoing	At 31 March	
	2021	resources	resources	Transfers	2022
	£'000	£'000	£'000	£'000	£'000
Unrestricted funds	2,155	1,317	-	-	3,472
Restricted funds - RML 497 Fairmile (the ship)	83	-	-	-	83
Endowment funds - Johnstone Library fund	24	-	-	-	24
Total funds of the Royal Naval Museum	2,262	1,317	-	-	3,579

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

Royal Naval Museum Balance Sheet summary	2023 £'000	2022 £'000
Heritage assets	4,788	3,555
Current assets	24	24
Net assets	4,812	3,579
Funds		
Unrestricted funds	4,705	3,472
Restricted funds	83	83
Endowment funds	24	24
Total funds of the Royal Naval Museum	4,812	3,579

HMS M33 Trust

HMS M33 Trust Balance Sheet summary	2023 £'000	2022 £'000
Heritage assets	1,775	1,775
Funds		
Unrestricted reserves	1,092	1,092
Revaluation reserve	683	683
Total funds of the HMS M33 Trust	1,775	1,775

25. Transfers between funds

NMRN

A total of £57,000 (2022: £839,000) and £1,071,000 (2022: £286,000) was transferred from unrestricted funds and restricted funds respectively to reflect the value of heritage assets transferred to the Royal Naval Museum collection.

NMRN Operations

A total of £5,323,000 (2022: £885,000) was transferred to unrestricted funds from restricted funds to compensate for project funds initially funded by unrestricted funds and to reflect the value of tangible fixed assets which were purchased using restricted funds, but are held for general purpose, in accordance with SORP FRS 102 section 2.26.

Consolidation adjustments

The consolidation adjustments eliminate grants made between group entities.

26. Financial commitments

At 31 March 2023 the group had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2023 £'000	Group 2022 £'000
Within one year	422	422
Between one and five years	1,687	1,686
In over five years	22,594	22,995
	24,703	25,103

27. Capital commitments and contingent liabilities

The company had capital commitments contracted but not provided for in the financial statements amounting to £6,941,000 (2022: £778,000). There were no contingent liabilities at 31 March 2023 (2022: £Nil).

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

28. Losses and special payments

28.1 Losses statement

There were no cases of losses occurring during the financial year (2022: No cases).

28.2 Special payments

There were no cases of special payments during the year (2022: No cases).

29. Related party transactions

The National Museum is a Non Departmental Public Body, sponsored by the Ministry of Defence (MoD). The MoD is regarded as a related party. Grant in Aid Funding from the MoD is disclosed in the Statement of Financial Activities.

Subsidiary companies and charities

Company name	Company number	Charity number	% share holding	Description
NMRN Operations	09988314	1169061	N/A	Operating company for the National Museum Group
NMRN Trading	01261270	-	N/A	Souvenir shops & corporate events
PHD Operations Limited	12799836	-	50%	Ticketing company for Portsmouth Historic Dockyard
NMRN Hartlepool	09997836	1165917	N/A	Holds the NMRN Hartlepool lease
HMS Victory Preservation Company	07935358	1146376	N/A	Holds the ship, HMS Victory
HMS Victory Preservation Trust				
HMS Caroline Preservation Company	08303946	1149930	N/A	Holds the ship, HMS Caroline
HMS Caroline Preservation Trust				
HMS Trincomalee Trust:	02678419	1007784	N/A	Holds the ship, HMS Trincomalee
The Foudroyant Trust	00628111	0306082	N/A	Dormant Charity
Warrior Preservation Trust	00936870	0256756	100%	Holds the ship, HMS Warrior
Royal Marines Museum	-	0259422	N/A	Holds the Royal Marines Museum collection
Royal Marines Museum	07635447	1142186	N/A	Dormant Charity
Royal Navy Submarine Museum	-	1169371	N/A	Holds the Royal Navy Submarine Museum collection
Royal Navy Submarine Museum	07637385	1142123	N/A	Dormant Charity
Fleet Air Arm Museum	-	0250079	N/A	Holds the Fleet Air Arm Museum collection
Fleet Air Arm Museum	07570620	1143023	N/A	Dormant Charity

A number of trustees of the National Museum are also trustees of the following charities:

Mr Mark Anderson	NMRN Hartlepool, HMS Trincomalee Trust
Mr Michael J Bedingfield	NMRN Operations, Warrior Preservation Trust (resigned as NMRN Trustee 23 October 2022)
Mr Philip Dolling	NMRN Hartlepool
Councillor Donna Jones	Warrior Preservation Trust (resigned as NMRN Trustee 21 March 2023)
Ms Helen Jackson	HMS Victory Preservation Company
Mrs Mary-Montagu-Scott	HMS Victory Preservation Company
Rear Admiral Jonathan Pentreath	HMS Caroline Preservation Company (resigned as HMSCPCo trustee 21 October 2022)
Mr John Michael E Scott	HMS Caroline Preservation Company (appointed 14 October 2022)

The following employees of the National Museum are also trustees and/or directors of the following companies and charities:

Professor Dominic Tweddle	NMRN Operations, Royal Marines Museum, Royal Navy Submarine Museum, NMRN Trading, NMRN Services (resigned as trustee and/or director from all companies and charities 30 November 2023). Mercantile Memorial Trust (appointed 23 July 2020)
Mr Matthew Sheldon	NMRN Operations (appointed 1 December 203), PHD Operations Ltd, NMRN Trading
Mrs Sarah Dennis	NMRN Operations, NMRN Trading, NMRN Services, PHD Operations Ltd
Captain John Rees	NMRN Services

The related parties of the individual museums are disclosed in the accounts of those organisations.

During the year, no trustees, key managers or other related parties have undertaken any material transactions with the National Museum.

30. Third party funds

The National Museum holds funds on Trust on behalf of the Mercantile Marine Memorial Trust totalling £544,000 (2022: £550,000).

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

31. Prior year adjustments

Comparative information for 2022 has been restated to reflect third party funds which had previously been accounted for as funds of the National Museum, with a corresponding liability to the third party. See note 30. This change has no impact on reserves brought forward.

	Cash at Bank	Current liabilities
	£	£
As previously stated at 1 April 2021	1,447	(894)
Transfer between categories	(561)	561
As restated at 1 April 2021	<u>886</u>	<u>(333)</u>
	Cash at Bank	Current liabilities
	£	£
As previously stated at 31 March 2022	2,663	(1,371)
Transfer between categories	(550)	550
As restated at 31 March 2022	<u>2,113</u>	<u>(821)</u>

32. Events after the Balance Sheet date

The Director General and Accounting Officer, Professor Dominic Tweddle resigned on 30 November 2023. Mr Matthew Sheldon was appointed as Interim Director General and Accounting Officer with effect from 1 December 2023.

These accounts have been authorised for issue by the Accounting Officer on the same date as the Comptroller and Auditor General's audit certificate.

33. Analysis of cash and cash equivalents

	<i>Restated</i>		<i>Restated</i>	
	Group	Group	Company	Company
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Cash at bank and in hand	21,166	16,982	3,520	2,113

34. Analysis of changes in net debt

Company	<i>Restated</i>		Cash	At 31 March
	At 1 April	2022		
	£'000	£'000	£'000	£'000
Long-term borrowings	(720)	80	(640)	
Short-term borrowings	(80)	-	(80)	
Total liabilities	<u>(800)</u>	<u>80</u>	<u>(720)</u>	
Cash and cash equivalents	<u>2,113</u>	<u>1,407</u>	<u>3,520</u>	
Total net debt	<u>1,313</u>	<u>1,487</u>	<u>2,800</u>	
	At 1 April	Cash	At 31 March	
	2022	flows	2023	
	£'000	£'000	£'000	
Long-term borrowings	(720)	80	(640)	
Short-term borrowings	(80)	-	(80)	
Total liabilities	<u>(800)</u>	<u>80</u>	<u>(720)</u>	
Cash and cash equivalents	<u>16,982</u>	<u>4,184</u>	<u>21,166</u>	
Total net debt	<u>16,182</u>	<u>4,264</u>	<u>20,446</u>	

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

35. Statement of financial activities (Company only, including the Royal Naval Museum and HMS M33 Trust as linked charities) for the year ended 31 March 2023

		Unrestricted funds	Restricted funds	Linked charities	2023 Total	Unrestricted funds	Restricted funds	Linked charities	2022 Total
	Note	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Income from:									
Donations and legacies									
Grant in Aid (revenue)	2	6,217	-	-	6,217	5,476	-	-	5,476
Grant in Aid (capital)	2	-	133	-	133	130	-	-	130
Donations	2	4	1,873	105	1,982	31	431	192	654
Total income		6,221	2,006	105	8,332	5,637	431	192	6,260
Expenditure on:									
Charitable activities									
Charitable activities	8	562	14	-	576	515	4	-	519
Grant funding	8	5,527	800	-	6,327	4,998	-	-	4,998
Total expenditure		6,089	814	-	6,903	5,513	4	-	5,517
Net income/(expenditure)		132	1,192	105	1,429	124	427	192	743
Transfer between funds		(57)	(1,071)	1,128	-	(839)	(286)	1,125	-
Net movement in funds		75	121	1,233	1,429	(715)	141	1,317	743
Reconciliation of funds:									
Total funds brought forward		(714)	1,299	5,354	5,939	1	1,158	4,037	5,196
Total funds carried forward		(639)	1,420	6,587	7,368	(714)	1,299	5,354	5,939

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