

**Charity number: 1169061**  
**Company number: 09988314**

**NMRN Operations**  
**(A company limited by guarantee)**

**Trustees' report and Consolidated financial statements**

**for the year ended 31 March 2020**

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

**Legal and administrative information**

**Charity number** 1169061

**Company registration number** 09988314

**Registered office** H M Naval Base PP66  
Portsmouth  
Hampshire PO1 3NH

**Business address** H M Naval Base PP66  
Portsmouth  
Hampshire PO1 3NH

**Director General and  
Accounting Officer** Professor Dominic Tweddle

**Trustees** Mr Richard Hatfield  
Mrs Emma Allen (Appointed 26 June 2019)  
Mr Michael Bedingfield  
Mrs Jane Dean  
Ms Carol Marlow  
Mr Mark Pemberton  
Professor Dominic Tweddle

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

**Auditors** PKF Littlejohn LLP  
1 Westferry Circus, Canary Wharf, London, E14 4HD

**Bankers** Natwest Bank Plc  
130 Commercial Road, Portsmouth, Hampshire PO1 1ES

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

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

**Foreword**

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

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

## **Performance Report**

### **Overview**

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

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

The formation of NMRN Operations represented the final stage of integration within the National Museum, simplifying the governance structure and consolidating all operations and undertakings of the National Museum Group. The company is the main employer for the National Museum. This new structure realises the benefits of operation of the museums through a large organisation, improving visitor experience, enhancing access to the collections and providing greater cohesion in the delivery of the charitable objectives.

The National Museum's strategy sets out to increase the scale, scope, reach and resilience of the museum with a vision to become the world's most inspiring Naval Museum. It is one of the few national museums headquartered outside London, acquiring key sites also outside the capital, enabling people to learn, enjoy and engage with the story of the Royal Navy, and its impact in shaping the modern world.

### **Covid-19 Pandemic**

All National Museum sites were closed to the public from 18 March to 24 August 2020 in response to government advice regarding the Covid-19 pandemic, although the negative impact of the pandemic on visitor numbers and associated revenue was being seen as early as February. All major projects were stalled and all trading activity ceased. The National Museum took urgent steps to engage with its sponsor, the Ministry of Defence, to seek additional grant in aid funding to replace lost trading income and to provide financial stability during the period.

### **Activities and Achievements**

#### ***Visitor Services***

In the period 2019-20, NMRN Operations delivered the visitor services for the National Museum and received 1,725,428 visits to museum sites across the group. The ticketing system continues to generate reliable and usable data on which to base decisions to improve the visitor experience and continue to grow footfall across sites.

NMRN Operation's has adopted a new 'meaningful engagement' model to measure its digital reach and engagement, which reflects not just views of digital content but meaningful interactions with it. In the period, the National Museum's Facebook accounts reached 1.3 million users, and there were 1.4 million Twitter interactions through 479 tweets. There were 2.6 million unique website visits. Press, PR and media coverage realised nearly £16.5 million in Advertising Value Equivalent.

#### ***Learning and Access***

In this period, NMRN Operations supported visits from 69,012 students from the UK and abroad through self-guided Discovery visits. An additional 16,388 students took part in 573 facilitated school workshops until the end of February 2020. In the same period, outreach activities were delivered to 5,782 participants and 24,974 participants engaged in informal learning activities.

The company seeks to ensure it provides an accessible experience all times, but has also provided a number of activities targeted towards particular audiences, including a project with a cluster of Portsmouth special schools to create a visual story and accessible workshop for HMS Warrior, a deaf-led tour on board HMS Warrior and a number of relaxed events at HMS Caroline for neuro-divergent audiences.

### ***Volunteers***

Volunteers continue to support the work of the National Museum in a number of ways including – outreach and community events, visitor engagement, learning and education workshops, collections research and cataloguing. The company has continued to develop and expand its volunteering programme over the last year and is grateful to the 366 volunteers who have dedicated nearly 38,000 hours of their time across all of our sites over the last year. In addition to our regular team of volunteers, we have had 100 people volunteer for one-off “corporate days” sponsored by their employers and received a further 600 hours of support through this route.

Our volunteering opportunities include digital and remote volunteering opportunities as well as some dedicated volunteering days. We continue to work with Universities and local colleges providing first-hand experience in the field of heritage and conservation. Our volunteers have played key roles in maintaining the Steam Pinnacle 199, the decant of the old Royal Marines Museum and maintaining its memorial garden, the relocation of the collections at Fleet Air Arm Museum to Cobham Hall, the conservation and interpretation of RML 497 in Hartlepool, finds processing and collections research for the HMS Invincible project, the reinterpretation of HMS Warrior and digitising its collection, and the Britannia Royal Naval College Oral history project.

Our volunteer team was temporarily stood down in March 2020 in response to the Covid-19 pandemic, however, they will continue to play a central role in the work of the National Museum and we are exploring how we can reengage them in a safe way. We will continue to seek to keep volunteers involved in the wider National Museum through dedicated talks and meetings as well as through our intranet, Workplace and through the opportunities to take part in training sessions alongside staff.

### ***Exhibitions***

The company has delivered three principal new exhibitions across the National Museum’s sites in 2019-20.

- **Jolly Rogers: the Submarine Pirate Tradition**

This temporary exhibition opened at the National Museum, Portsmouth on 6 April 2019. It was created using the rich collection of flags from the Royal Navy Submarine Museum Trust. Although many think of the ‘Jolly Roger’ as simply a pirate flag, the Royal Navy’s submarines have been flying the ‘Jolly Roger’ for over 100 years. Whilst seventeenth century pirates raised their flags to frighten ships into surrendering without a fight, submarine crews hoist theirs on return to base to show pride in the successes of wartime patrols. For a Royal Navy which is committed to fighting piracy it might seem odd that submariners have made the ‘Jolly Roger’ their own. In fact, adopting the flag was a deliberate response to critics who called them ‘pirates’; it also drew on the swash-buckling vision of pirates to help create an identity for the Submarine Service and for individual boats. This exhibition celebrated this part of the Submarine Service’s unique culture and revealed the stories behind the Jolly Rogers and their symbols. It also looked beyond this submarine tradition to highlight the Royal Navy’s long-standing role in suppressing piracy. The exhibition was planned to run until September 2020, but closed earlier due to the pandemic. Following a recent enquiry we are hopeful that the exhibition will be sent on international loan to a major institution.

- **Horrible Histories® Pirates: The Exhibition**

This special and highly interactive exhibition, designed for children and exploring the world of pirates, was opened at the National Museum, Portsmouth on 6 April 2019. The exhibition was developed by the Australian National Maritime Museum in association with Scholastic UK and was due to travel to other National Museum's sites once it left Portsmouth in February 2021. Unfortunately, owing to the highly tactile nature of this exhibition, it has not been possible to reopen it in accordance with Covid-19 Secure requirements to manage the risk of transmission.

- **Pioneers to Professionals: Women in the Royal Navy**

This new permanent exhibition opened at the Fleet Air Arm Museum on 16 July 2019. Based on a special exhibition created in Portsmouth in 2017 to mark the centenary of the Women's Royal Naval Service, it was supplemented by some excellent collections and stories from the Fleet Air Arm Museum Trust.

### ***Publications and Scholarship***

This has been a difficult period for publications and scholarship, with the team fully occupied with project delivery; however, significant research has taken place in support of future exhibitions and other capital projects, notably LCT 7074, Spitfires of the Seas: The Story of the RN's Coastal Forces, and Diving Deep: HMS Invincible 1744.

### **Plans for Future Periods**

#### ***Responding to the Covid-19 Pandemic***

Following the National Museum's closure from 18 March 2020, the initial key focus for the company is on financial stability through cost reduction and replacement of lost income and this work will continue throughout 2020-21.

The company took the decision to place the majority of its eligible staff on "furlough leave" under the new Coronavirus Job Retention Scheme from 1 April 2020, leaving just 30% of its staff working on revenue activities from that date, falling to 11% by 31 May 2020.

A bid by the National Museum to Her Majesty's Treasury for additional grant in aid funding, to effectively underwrite financial performance for 2020-21, was successful and confirmation of a grant in aid uplift of up to £5.24 million for the National Museum Group was received from Navy Command on 27 July 2020. The company immediately undertook actions to put arrangements in place to reopen the National Museum's sites safely in accordance with the government's guidance, and was able to start returning staff to the business under the flexible furlough scheme. The Fleet Air Arm Museum was reopened to the public (albeit at a reduced capacity and opening hours) on 14 August 2020, with Portsmouth Historic Dockyard (including Gosport) following on 28 August and the National Museum of the Royal Navy Hartlepool on 4 September 2020. Some attractions, such as Action Stations and the Horrible Histories® Pirates exhibition, will not be able to reopen in accordance with Covid-19 Secure requirements to manage the risk of transmission.

A date for reopening HMS Caroline in Belfast has not yet been agreed owing to inability to reach a new operating and funding agreement with the NI Department for the Economy (DfE), with the original agreement expiring 30 June 2020.

All sites will be closing to the public again from 5 November to 2 December 2020 in response to the second wave of the pandemic and some staff will be placed on furlough under the Coronavirus Job Retention Scheme (Extended).

Any deficit in free reserves will be offset by means of distribution of Grant in Aid funding from the parent company, the National Museum, to the charity. In the event that no further funding was made available to the National Museum Group beyond 31 March 2021 and the charity was unable to achieve its self-generated income targets, the charity would seek to reduce its operating costs through cessation of its operations, and would ultimately be obliged to cease trading. The Trustees and Directors are, however, content that based on the assurances provided to the National Museum by its sponsor, the Royal Navy, Grant in Aid funding will be made available, the going concern basis continues to apply, and the impact of the COVID-19 pandemic does not create a material uncertainty around going concern to the charity.

### ***Major Projects***

Six major projects are now in the delivery phase. These have been, and will continue to be, the focus of significant work for the company with an impact to be shared in the 2020-21 reporting period:

- **LCT 7074: Resurrecting a D-Day Veteran**

In September 2018, the National Lottery Heritage Fund (NLHF) approved an application by the National Museum for £4,513,500 (80% of total cost) to restore the last Landing Craft (Tank) to take part in Operation Neptune, the naval element of the great invasion of Nazi-occupied Europe which has gone down in history simply as 'D-Day'. LCT 7074 is a unique time capsule and of enormous importance to the history of the Second World War, the Royal Navy, and British shipbuilding.

The project, developed in partnership with Portsmouth City Council, progressed during 2019-20, however, delays in obtaining permission to commence work on the ship from the Ministry of Defence and BAE Systems (the project's landlords) meant that capital works did not begin until June 2019. From then, progress was rapid with conservation of the ship largely complete by the end of 2019-20, a process which included several rounds of high-pressure water blasting, dewatering and drying, precision grit blasting, fabrication of new steel components, and priming. The support structure and canopy built to house the ship also had an initially slow start due to planning constraints and a requirement to 'value engineer' the design, but works began in earnest in late summer 2019 and continued through the year, with the main structure largely complete by the end of the year. The project was halted at this stage following the onset of the Covid-19 pandemic.

Contractor teams resumed operations in Southsea and on the naval base in May 2020, with LCT 7074 sporting her new Admiralty Disruptive Camouflage scheme by early June. On 24 August 2020, the ship was moved to her final resting place, to be showcased outside Portsmouth City Council's D-Day Story. Now that the ship is in place, landscaping, exhibition fit-out and interpretation will be completed to tell the story of her D-Day journey, and the men women who built, serviced and maintained her, and took her into action. The ship will be opened to the public in November 2020.

- **Diving Deep: HMS Invincible 1744**

In June 2018, the NLHF approved a joint application with the Maritime Archaeological Sea Trust (MAST) for an activity and exhibition project based on a new dive and excavation of the wreck site and awarded the project £361,000 (59% of total). With match-funding from MAST, this fully-funded project progressed well until its temporary suspension in response to the Covid-19 pandemic.

The project recommenced in August 2020 and the design for the exhibition will be finalised with the build completed in the autumn of 2020 for an installation in the National Museum, Portsmouth. This is a change to the original programme of installation at Chatham Historic Dockyard in July 2020.



- **Spitfires of the Seas: The Story of the RN's Coastal Forces**

In June 2018, the NLHF approved a major project for the redevelopment of the Priddy's Hard Royal Naval Armaments Depot in Gosport. Match funding for the project included a major permanent exhibition with a budget of £500k on the Royal Navy's Coastal Forces and is contributed by the Coastal Forces Heritage Trust (CFHT); the National Museum is a partner with CFHT to deliver the exhibition at Explosion Museum, Gosport. Progress on the exhibition design and content and conservation of the Museum's boats MTB 71 and CMB 331 is well advanced; however, delays in the base build by the landlord, Portsmouth Naval Base Property Trust, means that opening of the exhibition will be postponed until May 2021.

- **Sir Donald Gosling Victory Gallery**

In July 2019, HMS Victory Preservation Company awarded a grant of £700k to the company, supported by £400k from the Society for Nautical Research's "Save the Victory Fund", to redevelop the Sir Donald Gosling Victory Gallery. This project, delayed by the COVID-19 Pandemic, will complete in late 2020 and will offer visitors to the ship a much better understanding of Victory's story, and place both the Battle of Trafalgar and the major conservation works underway within the wider context of the ship's 260-year history.

- **HMS Victory Conservation project**

The company has supported the HMS Victory Preservation Company's conservation project in the period, providing the project resources to work on the ship's stabilisation and developing the conservation approach.

Installation of the ship's new support system has continued throughout the reporting period, with 9 pairs of cradles removed and a further 49 new props installed. At 31 March 2020, 128 new props were installed in the dock and operating at their design load, with one remaining set of cradles to be removed.

Elsewhere, maintenance of weather deck caulking and paintwork has been undertaken, with the aim of preventing water ingress. The Museum's team of in-house riggers has progressed survey work to the lower masts and rigging, and undertaken essential maintenance to ensure the continued safety of the remaining rig.

- **Royal Marines Museum Collection Move**

The closure of the Royal Marines Museum to the public in April 2017 and decision to sell the site and buildings required the movement of the Royal Marines Museum Trust's historic collections. This major logistical project has been delivered by the company against a tight programme. The physical move out of the Eastney site was completed on 18 March 2020 just as lockdown began. In summary, it has:

- Emptied 27 store rooms and exhibition galleries of approximately 900m<sup>3</sup> of collections
- Invested 11,000 staff hours and 1,000 volunteer hours
- Frozen 4,500 items as part of pest treatment and fully condition assessed 812 items
- Barcoded approximately 22,500 items or boxes as part of location tracking
- Moved 36 vehicle loads to new stores in Portsmouth Historic Dockyard, at Explosion Museum, and at the Fleet Air Arm Museum
- Required 8 different contractors, 6 Hiab's and 1 telescopic boom crane

The development of new specialist storage facilities at Explosion and at the Fleet Air Arm Museum, and the move of the collections into those facilities is complete. In Portsmouth Historic Dockyard, the collections remain in temporary cages awaiting decant into their permanent storage location, the major new collections centre in Storehouse 12, which will store artefacts, medals, archives and photograph collections as well as providing a new research room, conservation and photographic studios. The

conversion of the building for £1.5m has created 1,344m<sup>2</sup> of space which has been fitted with over 5 kilometres of collection racking. This work will be completed by October 2020.

The company is supporting the National Museum in the design phase of the following strategically significant projects:

- **New Royal Marines Museum**

The development of a New Royal Marines Museum has suffered setbacks this year and been significantly impacted since March by the Covid-19 pandemic. The National Museum hopes to exchange contracts for the sale of the former Royal Marines Museum site shortly, providing a significant capital receipt to pump prime the new project.

In November 2019, the National Museum made an application to the National Lottery Heritage Fund (NLHF) for £3.8 million to support a revised project to create the new museum in Boathouse 6 in Portsmouth Historic Dockyard (currently Action Stations). The total project cost was £9.8 million. Unfortunately, on 10 March 2020, NLHF advised that there were unable to support this application with the following explanation:

*Demand for our funds means that we cannot support every good application that achieves our outcomes. Our Committee had to take decisions on more projects than the available budget would allow and your application was rejected due to insufficient funds.*

*Whilst we considered that your project did qualify for support, the proposals for achieving the mandatory outcome could be strengthened, as well as proposals for achieving the well-being outcome. You are encouraged to reapply bearing these points in mind.*

Immediate follow up discussions with the senior executive team at NLHF encouraged us to reapply in June 2020; however, following the Covid-19 lockdown, NLHF announced the suspension of their grant programme and the diversion of funds to an Emergency Funding Programme, with a focus on emergency revenue funding. This stance has been matched by other key funders, meaning that the opportunities for capital are uncertain and we can expect the fundraising landscape post-pandemic to look very different.

As such, the National Museum has begun an options appraisal within this new funding context and have shortlisted options for development which include different scales and locations for the new Royal Marines Museum. The next step will be to assess each option more intensively and test the opportunities within each of these four options with our key stakeholders and potential funders.

- **Fleet Air Arm Museum redevelopment**

Consultants have completed their work on the appropriate location within the UK for the Fleet Air Arm Museum; concluding that Yeovilton remained the right place for the museum in view of its close proximity to the functioning Royal Naval Air Station and the excellent transport links offered by the site. Consultants advised that there are substantial difficulties in expanding the footprint of the museum on the existing site and therefore a study was commissioned to examine the totality of gallery space and storage space required, the different potential locations around Yeovilton on which that footprint could be located and the broad costs of reproviding the museum on a new site. This study will inform the next stages of the redevelopment plans.

- **Joint Venture with the Mary Rose Trust**

The company has been working with the Mary Rose Trust to develop a new joint working arrangement to create the best possible experience for visitors to Portsmouth Historic Dockyard, with a single point of entry to the site and a joint ticket which will enable visitors to explore all of the dockyard's ships, galleries and maritime experience. This has resulted in the creation of a new company Portsmouth Historic

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Dockyard Operations Ltd (company number: 12799836, incorporated 7 August 2020) in which NMRN Operations and the Mary Rose Trust are equal shareholders. This new company acts as agent for the sale of tickets with the distribution of sales revenue and share of costs on an agreed split. The rolling 3-year agreement was in place for the site's reopening to the public on 24 August 2020, providing stability and a shared stake in improvement and development of the business.

### **Principle Risks and Uncertainty**

The principle risk faced by the company centres around the impact of the Covid-19 pandemic on future income streams with social distancing measures, volatility of admissions numbers and limitations to commercial activity impacting on revenue. NMRN Operations will seek to mitigate this risk by continuing to support the National Museum in development of group strategies to diversify income streams, grow revenue and seek support through fundraising activities.

### **Financial Review**

#### ***Statement of Financial Activities for the Year Ended 31 March 2020***

Total incoming resources for NMRN Operations in 2019-20 amounted to £22,715,854 (2018-19: £16,554,467). This included operating grants and project grants, admissions income (including gift aid), voluntary donations and trading activity through the subsidiary National Museum of the Royal Navy Trading.

Total resources expended for 2019-20 amounted to £17,575,217 (2018-19: £17,828,442), representing operating and project costs and trading activity. After gains of £197,753 (2018-19: £169,256) on the revaluation of fixed assets, the net movement in funds for the year was an increase of £5,338,390.

#### ***Balance sheet***

The net assets as at 31 March 2020 amounted to £22,373,960 (2018-19: £17,035,570).

#### ***Reserves***

The Trustees regularly monitor the levels of the company's reserves. The company is building a 'free reserve' in accordance with Group policy which is defined as the amounts shown as Net Current Assets (before long term liabilities) in the accounts of the company, and which are attributable to Unrestricted Funds.

The charity needs to be able to continue to operate as a going concern and it needs to ensure that it holds sufficient free reserves to support its cash flow. The Group policy is that sufficient free reserves are accumulated within NMRN Operations to provide three months' operating expenditure for the greatest potential area of exposure (Portsmouth Historic Dockyard, including the Gosport sites).

As at 31 March 2020, the level of the company's free reserves (defined as net current assets attributable to unrestricted reserves) stood at £61,611, excluding designated unrestricted funds. A further free reserve of £123,995 sits within the trading company giving a consolidated free reserve of £185,606. The designated unrestricted funds total £71,964.

The company's free reserves are insufficient to meet long-term development needs and there are risks associated with unanticipated short-term demands; the impact of the Covid-19 pandemic has clearly exposed this. The Trustees are content that both expenditure and the cash flow position are carefully monitored to mitigate these risks. Moreover, the Trustees will seek to improve the reserve position 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 to grow reserves.

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In addition to its free reserves, the company holds a number of restricted funds with a total value of £14,615,464 as at 31 March 2020. These restricted funds relate primarily to the major capital projects, investments and exhibitions that are being delivered by NMRN Operations on behalf of the Group.

## **Auditors**

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

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

Approved by the Board and signed on its behalf by



**Mr Richard Hatfield**  
**Chairman on Behalf of the Board of Trustees**

**Date: 9 November 2020**



**Professor Dominic Tweddle**  
**Director General and Accounting Officer**

**Date: 9 November 2020**

## **Accountability Report**

### **Trustees Report and Governance Statement**

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

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

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

### ***The Governance Framework***

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

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

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

### ***Register of Interests***

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

### ***Disabled Employees***

NMRN Operations is committed to fair employment practices and welcomes applications from all prospective employees irrespective of sex, race, colour, disability or marital status and is committed to complying with equalities legislation and best practice. Employees are given opportunities to disclose disabilities in a safe environment to the HR team to allow reasonable adjustments to be made for attending interviews or as part of day to day employment. Regular meetings are held with line managers to monitor and ensure the adjustments are appropriate for both the employee and NMRN. If staff become disabled appropriate measures will be implemented to ensure employment may continue or an alternative role undertake with the appropriate retraining.

### ***Personal data related incidents***

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

### ***System of internal control***

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

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

### ***Risk Management***

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



**Mr Richard Hatfield**  
**Chairman on Behalf of the Board of Trustees**

**Date: 9 November 2020**



**Professor Dominic Tweddle**  
**Director General and Accounting Officer**

**Date: 9 November 2020**

**Statement of Trustees' and Accounting Officer's responsibilities**  
**for the year ended 31 March 2020**

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

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

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

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



**Mr Richard Hatfield**  
**Chairman on Behalf of the Board of Trustees**

**Date: 9 November 2020**



**Professor Dominic Tweddle**  
**Director General and Accounting Officer**

**Date: 9 November 2020**

## **Independent auditors' report to the members of NMRN Operations**

### **Opinion**

We have audited the financial statements of NMRN Operations (the 'parent charitable company') and its subsidiary (the 'group') for the year ended 31 March 2020 which comprise the Consolidated Statement of Financial Activities, the Consolidated Balance Sheet, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2020, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

### **Emphasis of matter**

We draw attention to note 1.2 of the financial statements, which describes the Trustee's assessment of the Covid-19 impact on the group's ability to continue as a going concern. The Trustees have explained that the events arising from the Covid-19 outbreak do not impact the use of the going concern basis of preparation nor do they cast significant doubt about the charitable company or group's ability to continue as a going concern for a period of at least 12 months from the date when the financial statements are authorised for issue.

Our opinion is not modified in respect of this matter.

### **Conclusions relating to going concern**

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

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



## **Other information**

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Opinions on other matters prescribed by the Companies Act 2006**

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

- the information given in the trustees' report (incorporating the strategic report and the directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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

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

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

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

## **Responsibilities of trustees**

As explained more fully in the trustees' responsibilities statement set out on page 12, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

**Use of our report**

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



**Alastair Duke BA (Hons) FCA (Senior Statutory Auditor)**  
**For and on behalf of PKF Littlejohn LLP, Statutory Auditor**

**PKF Littlejohn LLP**  
**15 Westferry Circus, Canary Wharf**  
**London, E14 4HD**

**Date: 9 November 2020**

*PKF Littlejohn LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.*

**Consolidated Statement of financial activities (incorporating the income and expenditure account)**  
**For the year ended 31 March 2020**

		Unrestricted funds	Restricted funds	2020 Total	Unrestricted funds	Restricted funds	2019 Total
	Notes	£	£	£	£	£	£
<b>Income from:</b>							
Donations and legacies							
Grant (operating)	2	2,680,011	-	2,680,011	2,642,654	-	2,642,654
Grant (projects)	2	-	1,150,643	1,150,643	-	1,541,111	1,541,111
Grant (capital)	2	125,756	-	125,756	123,777	-	123,777
Donations	2	902,569	8,780,833	9,683,402	932,324	2,335,106	3,267,430
Legacies	3	339,958	-	339,958	62,754	-	62,754
Charitable activities							
Admissions	4	5,549,289	-	5,549,289	5,363,324	-	5,363,324
Portsmouth Historic Dockyard Levy		34,531	-	34,531	189,393	-	189,393
Memberships		46,155	-	46,155	74,704	-	74,704
Other trading activities							
Trading company	5	2,920,329	-	2,920,329	3,169,839	-	3,169,839
Investments		-	-	-	-	35	35
Other	7	185,780	-	185,780	119,446	-	119,446
<b>Total income</b>		<b>12,784,378</b>	<b>9,931,476</b>	<b>22,715,854</b>	<b>12,678,215</b>	<b>3,876,252</b>	<b>16,554,467</b>
<b>Expenditure on:</b>							
Raising funds							
Fundraising and publicity	8	935,114	-	935,114	882,706	-	882,706
Trading company	5	2,973,186	-	2,973,186	2,964,764	-	2,964,764
Charitable activities:							
Museum and visitor operations	9	8,863,707	4,720,200	13,583,907	9,248,308	4,618,359	13,866,667
Grants	11	83,010	-	83,010	114,305	-	114,305
<b>Total expenditure</b>		<b>12,855,017</b>	<b>4,720,200</b>	<b>17,575,217</b>	<b>13,210,083</b>	<b>4,618,359</b>	<b>17,828,442</b>
<b>Net income/(expenditure)</b>		<b>(70,639)</b>	<b>5,211,276</b>	<b>5,140,637</b>	<b>(531,868)</b>	<b>(742,107)</b>	<b>(1,273,975)</b>
<b>Transfers between funds</b>		<b>2,528,880</b>	<b>(2,528,880)</b>	<b>-</b>	<b>321,657</b>	<b>(321,657)</b>	<b>-</b>
<b>Other recognised gains/(losses):</b>							
Gains on revaluation of fixed assets		61,280	136,473	197,753	46,530	122,726	169,256
<b>Net movement in funds</b>		<b>2,519,521</b>	<b>2,818,869</b>	<b>5,338,390</b>	<b>(163,681)</b>	<b>(941,038)</b>	<b>(1,104,719)</b>
<b>Reconciliation of funds:</b>							
Total funds brought forward		5,238,975	11,796,595	17,035,570	5,402,656	12,737,633	18,140,289
<b>Total funds carried forward</b>		<b>7,758,496</b>	<b>14,615,464</b>	<b>22,373,960</b>	<b>5,238,975</b>	<b>11,796,595</b>	<b>17,035,570</b>

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

The notes on pages 22 to 41 form an integral part of these financial statements.

**Consolidated Balance sheet  
as at 31 March 2020**

	Notes	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
<b>Fixed assets</b>					
Tangible assets	15	21,376,162	17,412,491	21,049,840	16,968,958
		<u>21,376,162</u>	<u>17,412,491</u>	<u>21,049,840</u>	<u>16,968,958</u>
<b>Current assets</b>					
Stocks	16	706,757	700,858	214,656	214,707
Debtors: amounts due after one year	18	500,000	-	500,000	-
Debtors	17	4,318,551	2,375,328	4,334,335	2,378,307
Cash at bank and in hand		1,565,993	1,433,338	1,279,081	1,320,583
		<u>7,091,301</u>	<u>4,509,524</u>	<u>6,328,072</u>	<u>3,913,597</u>
<b>Liabilities</b>					
Creditors falling due within one year	19	(6,093,503)	(4,886,445)	(5,454,269)	(4,391,529)
<b>Net current assets/(liabilities)</b>		<u>997,798</u>	<u>(376,921)</u>	<u>873,803</u>	<u>(477,932)</u>
<b>Net assets</b>		<u>22,373,960</u>	<u>17,035,570</u>	<u>21,923,643</u>	<u>16,491,026</u>
<b>Funds</b>	20				
Unrestricted funds		6,899,887	4,353,689	6,941,257	4,388,789
Revaluation reserve		294,958	233,678	294,958	233,678
Designated funds		71,964	71,964	71,964	71,964
Total unrestricted funds	21	<u>7,266,809</u>	<u>4,659,331</u>	<u>7,308,179</u>	<u>4,694,431</u>
Restricted funds		13,617,171	10,934,775	13,617,171	10,934,775
Restricted revaluation reserve		998,293	861,820	998,293	861,820
Total restricted funds	22	<u>14,615,464</u>	<u>11,796,595</u>	<u>14,615,464</u>	<u>11,796,595</u>
Non charitable trading funds		491,687	579,644	-	-
<b>Total funds</b>		<u>22,373,960</u>	<u>17,035,570</u>	<u>21,923,643</u>	<u>16,491,026</u>

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



Mr R Hatfield - Chairman

Date: 9 November 2020

The notes on pages 22 to 41 form an integral part of these financial statements.

**Consolidated Cash Flow Statement  
for the year ended 31 March 2020**

	Notes	Group 2020 £	Group 2019 £
<b>Cash flows from operating activities:</b>			
<b>Net cash provided by (used in) operating activities</b>		4,941,285	754,566
<b>Cash flows from investing activities:</b>			
Interest income		-	35
Purchase of fixed assets		(4,811,996)	(737,215)
Proceeds from sale of fixed assets		3,366	-
<b>Net cash provided by (used in) investing activities</b>		(4,808,630)	(737,180)
Increase/(decrease) in cash and cash equivalents in the year		132,655	17,386
Cash and cash equivalents at 1 April 2019		1,433,338	1,415,952
<b>Cash and cash equivalents at 31 March 2020</b>	28	<u>1,565,993</u>	<u>1,433,338</u>
Net income/(expenditure) for the reporting period		5,140,637	(1,273,975)
Depreciation and impairment		1,022,673	1,020,123
Fixed assets gifted from predecessor charities		-	-
Loss on disposal of fixed assets		20,039	-
Income from investments		-	(35)
(Increase)/Decrease in stocks		(5,899)	143,058
(Increase)/Decrease in debtors		(2,443,223)	780,960
Increase/(Decrease) in creditors		1,207,058	84,435
<b>Net cash provided by (used in) operating activities</b>		<u>4,941,285</u>	<u>754,566</u>

**Notes to the financial statements**  
**for the year ended 31 March 2020**

**1. Accounting policies**

**1.1. Company information**

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

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

**1.2. Basis of accounting**

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

In addition to the revenue it generates, the company receives grant funding from the National Museum of the Royal Navy in respect of its operation of the group's museums. Additional grant in aid funding was awarded to the National Museum by Her Majesty's Treasury in response to the impact of the Covid-19 pandemic, and will flow through to the company under its operator agreements with the National Museum, effectively underwriting the company's financial performance for 2020-21. Furthermore, the National Museum has received commitment from Navy Command that the ongoing impact of the pandemic on its finances will be reviewed in January 2021, with the assurance that the National Museum will not be allowed to fail. As such, the financial statements have been prepared on a going concern basis as the trustees believe that no material uncertainties exist. The trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

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

Consolidated financial statements have been prepared in respect of the charitable company, and its wholly owned subsidiary, the National Museum of the Royal Navy Trading. The Consolidated Statement of Financial Activities includes the results of the National Museum of the Royal Navy Trading for the period of ownership as single line items. The consolidated balance sheet includes the net assets of the National Museum of the Royal Navy Trading on a line by line basis.

**1.3. Income**

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

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

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

**1.4. Grants receivable**

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

**Notes to the financial statements**  
**for the year ended 31 March 2020**

**1.5. Expenditure**

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

**1.6. Basis of allocation**

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

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

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

	<b>2020</b>	<b>2019</b>
	%	%
Operations	75	74
Collections & research	17	19
Learning	8	7
	<u>100</u>	<u>100</u>

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

**1.7. Foreign currency transactions**

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

**1.8. Restricted funds**

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

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

**1.9 Tangible fixed assets**

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

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

As a result of COVID-19, the circumstances and impact on markets has led to an increased level of uncertainty in indices used to revalue land and property. In the view of management however, the level of uncertainty attributable to revaluation of the National Museum Group's land and buildings would not be material to the financial statements as a result of the largely industrial nature of the land and buildings held and the resultant indices applied. There is no evidence to show that the indices used are materially incorrect, and they remain the most appropriate indices to employ, although management do recognise that the inherent uncertainty may lead to a revision of values, albeit not considered to be material, when the potential impact of market changes are recognised in future indices.

**Notes to the financial statements**  
**for the year ended 31 March 2020**

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

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

Assets under construction are not depreciated.

**Significant Historic Ships**

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

**Accounting policy for recognition of subsequent expenditure on significant ships**

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

**1.10 Assets held by the National Museum of the Royal Navy Trading**

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

Property Improvements	- over the lease term
Fixtures and Fittings	- 5 years
Plant and machinery	- 5 years
Office Equipment	- 5 years
Exhibitions	- 4 years

**1.11 Leased assets**

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

**1.12 Stock**

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

**1.13 Basic financial instruments**

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

Term deposits of less than one year are classified as investments within current assets.

**1.14 Pensions**

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

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



**Notes to the financial statements  
for the year ended 31 March 2020**

**Group Pension Plan**

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

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

**Principal Civil Service Pension Scheme (PCSPS)**

The PCSPS is an unfunded multi employer defined benefit scheme but the National Museum of the Royal Navy is unable to identify its share of the underlying assets and liabilities. 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/](http://www.civilservicepensionscheme.org.uk/about-us/scheme-valuations/))

For 2019-20, employer contributions were payable to the PCSPS at one of four rates in the range 26.6% to 30.3% of pensionable earnings, based on salary bands. The scheme actuary reviews employer contributions every four years following a full scheme valuation. The contribution rates are set to meet the cost of the benefits accruing during 2019-20 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.

The National Museum of the Royal Navy is an admitted member of the Hampshire Pension Fund but is unable to identify its share of the underlying assets and liabilities. An actuarial valuation was carried out at 31 March 2019 with revised rates of contributions being payable from 1 April 2020. Details can be found in the Hampshire Pension Fund annual report and accounts:

(<https://www.lgpsboard.org/index.php/schemedata/scheme-annual-report>).

The next valuation date is 31 March 2022, with revised contributions being payable from 1 April 2023.

The National Museum of the Royal Navy is also an admitted member of the Teesside Pension Fund but is unable to identify its share of the underlying assets and liabilities. An actuarial valuation was carried out at 31 March 2019 with revised rates of contributions being payable from 1 April 2020. Details can be found in the Teesside Pension Fund annual report and accounts:

(<https://www.lgpsboard.org/index.php/schemedata/scheme-annual-report>).

The next valuation date is 31 March 2022, with revised contributions being payable from 1 April 2023.

The pension cost charged to the Statement of Financial Activities is represented by the contributions payable under the LGPS including a past service deficit contribution at 0% (Hampshire) and 17% (Teesside) of pensionable pay.

**Total contributions (charitable company only)**

The contributions made to each scheme during the year are set out below. There were no outstanding or prepaid contributions at the balance sheet date:

	2020	2019
	£	£
Group scheme	371,171	331,362
PCSPS	22,176	19,620
LGPS	15,718	20,596
	<u>409,065</u>	<u>371,578</u>

**Notes to the financial statements  
for the year ended 31 March 2020**

**1.15 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. Grants and donations received**

During the year the following grants and donations were received:

	Unrestricted funds	Restricted funds	Total 2020	Unrestricted funds	Restricted funds	Total 2019
	£	£	£	£	£	£
<b>National Museum of the Royal Navy</b>						
Operations	2,680,011	-	2,680,011	2,642,654	-	2,642,654
Projects	-	1,150,643	1,150,643	-	1,541,111	1,541,111
Purchase of exhibits	125,756	-	125,756	123,777	-	123,777
	<u>2,805,767</u>	<u>1,150,643</u>	<u>3,956,410</u>	<u>2,766,431</u>	<u>1,541,111</u>	<u>4,307,542</u>
<b>Other grants and donations</b>						
Heritage Lottery Fund Grants						
HMS Warrior 1860	-	147,716	147,716	-	737,717	737,717
LCT 7074	-	2,498,220	2,498,220	-	214,563	214,563
Royal Marines Museum Relocation	-	-	-	-	43,350	43,350
Department of Enterprise, Trade and Investment	317,181	-	317,181	380,000	-	380,000
National Heritage Memorial Fund	-	779,293	779,293	-	274,755	274,755
HMS Victory Preservation Company	-	1,124,179	1,124,179	-	-	-
HMS Victory Preservation Endowment Fund	-	2,275,821	2,275,821	-	-	-
Hartlepool Borough Council	459,220	-	459,220	509,222	-	509,222
Tees Valley combined authority	-	-	-	-	474,288	474,288
RMA The Royal Marines Charity	-	1,000,000	1,000,000	-	-	-
Society of Nautical Research	-	200,000	200,000	-	-	-
Sands Foundation	-	200,000	200,000	-	-	-
The 1664 Club	-	107,379	107,379	-	15,018	15,018
Fleet Air Arm Museum Trust	56,000	6,800	62,800	-	62,070	62,070
Royal Navy Submarine Museum Trust	8,600	3,982	12,582	-	6,357	6,357
Warrior Preservation Trust	-	113,702	113,702	-	-	-
Maritime Archaeology Sea Trust	-	125,473	125,473	-	141,589	141,589
Friends of the Royal Navy Submarine Museum	-	-	-	-	48,606	48,606
Peter Harrison Heritage Foundation	-	-	-	-	50,000	50,000
Mrs I Beckett	-	-	-	-	33,783	33,783
Charles Hayward Foundation	-	30,000	30,000	-	-	-
Lockheed Martin	-	17,983	17,983	-	19,855	19,855
Wolfson Foundation	-	18,000	18,000	-	-	-
BMT Defence Services	-	15,000	15,000	-	-	-
Art fund	-	15,000	15,000	-	-	-
Coastal Forces Heritage Trust	-	-	-	-	26,500	26,500
BAE Systems	-	-	-	-	16,667	16,667
Miscellaneous donations and grants	61,568	102,285	163,853	43,102	169,988	213,090
	<u>902,569</u>	<u>8,780,833</u>	<u>9,683,402</u>	<u>932,324</u>	<u>2,335,106</u>	<u>3,267,430</u>

**Notes to the financial statements**  
**for the year ended 31 March 2020**

**3. Legacies**

	<b>Unrestricted funds £</b>	<b>Total 2020 £</b>	<b>Unrestricted funds £</b>	<b>Total 2019 £</b>
Hyslop	334,958	334,958	29,958	29,958
Milton	-	-	12,796	12,796
Greaves	-	-	20,000	20,000
Other legacies	5,000	5,000	-	-
	<u>339,958</u>	<u>339,958</u>	<u>62,754</u>	<u>62,754</u>

**4. Admissions**

	<b>Unrestricted funds £</b>	<b>Total 2020 £</b>	<b>Unrestricted funds £</b>	<b>Total 2019 £</b>
Portsmouth Historic Dockyard	4,332,705	4,332,705	4,082,824	4,082,824
Fleet Air Arm Museum	775,813	775,813	787,452	787,452
Hartlepool	250,521	250,521	262,317	262,317
HMS Caroline	190,250	190,250	230,731	230,731
	<u>5,549,289</u>	<u>5,549,289</u>	<u>5,363,324</u>	<u>5,363,324</u>

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

**Notes to the financial statements**  
**for the year ended 31 March 2020**

**5. Income and expenses from trading activities of subsidiaries**

**National Museum of the Royal Navy Trading**

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

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

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

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Turnover	2,901,829	3,151,339
Commissioning fee from NMRN Operations	-	101,081
Cost of sales	(1,242,275)	(1,527,544)
Gross Profit	1,659,554	1,724,876
Administration expenses	(1,753,014)	(1,373,637)
Other income	18,500	18,500
Net profit / (loss)	(74,960)	369,739
Tax on ordinary activities	22,103	(63,582)
Available for distribution	(52,857)	306,157
Amount gifted to NMRN Operations	(41,370)	(35,100)
	(94,227)	271,057
Reserves brought forward	544,544	273,487
Reserves carried forward	450,317	544,544

**6. Agency funds**

NMRN Operations is responsible for the collection and distribution of ticketing income for the destination Portsmouth Historic Dockyard on behalf of Portsmouth Naval Base Property Trust and NMRN Operations. A summary of the agency fund activity for the year is shown below. These balances are excluded from the accounts. The ticket income due to NMRN Operations is included in admissions income on the SOFA.

	<b>Total</b>	<b>Total</b>
	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Income received	5,107,413	5,794,218
Distributions	(5,107,413)	(5,794,218)
Net incoming/(outgoing) resources	-	-
<b>Balance Sheet</b>	<b>£</b>	<b>£</b>
Current assets	702,408	816,723
Current liabilities	(702,408)	(816,723)
Net assets	-	-

Notes to the financial statements  
for the year ended 31 March 2020

7. Other income

	Unrestricted funds £	Total 2020 £	Unrestricted funds £	Total 2019 £
Education workshops	27,526	27,526	37,590	37,590
CLRA events	15,884	15,884	22,991	22,991
Hires	13,261	13,261	14,425	14,425
Coach & car parking	-	-	9,049	9,049
Collections	258	258	3,329	3,329
Promoted events	4,343	4,343	9,802	9,802
Sponsorship	8,700	8,700	5,200	5,200
PHD and Portsmouth Pass fees	4,456	4,456	-	-
Museum & Galleries Exhibition Tax Relief	106,289	106,289	16,490	16,490
Sundry income	5,063	5,063	570	570
	<u>185,780</u>	<u>185,780</u>	<u>119,446</u>	<u>119,446</u>

8. Cost of generating funds

	Unrestricted funds £	Total 2020 £	Unrestricted funds £	Total 2019 £
Staff costs	530,448	530,448	511,649	511,649
Premises expenses	197,590	197,590	164,224	164,224
Fundraising operating costs	85,707	85,707	71,157	71,157
Printing, postage and stationery	8,674	8,674	9,887	9,887
Telephone	9,126	9,126	7,978	7,978
Events and functions	87,404	87,404	88,644	88,644
Membership scheme	16,165	16,165	29,167	29,167
	<u>935,114</u>	<u>935,114</u>	<u>882,706</u>	<u>882,706</u>

Notes to the financial statements  
for the year ended 31 March 2020

9. Museum and visitor operations

	Operations	Collections & Research	Learning	Total 2020	Total 2019
	£	£	£	£	£
Staff costs	3,100,789	700,309	309,900	4,110,998	4,351,269
Other staff costs	52,210	11,834	5,569	69,613	81,477
Marketing	758,039	-	-	758,039	746,614
Site costs	34,742	-	-	34,742	71,608
Computer costs	289,564	-	-	289,564	241,787
Curatorial	-	254,893	-	254,893	437,610
Purchase of exhibits	-	34,607	-	34,607	21,224
Exhibition costs	-	47,509	-	47,509	115,321
Waterbus operating costs	119,485	-	-	119,485	139,545
Depreciation	679,096	153,928	72,437	905,461	990,720
Loss on disposal of fixed assets	15,029	3,407	1,603	20,039	-
Governance and support costs	1,816,713	416,207	194,888	2,427,808	2,569,158
	<u>6,865,667</u>	<u>1,622,694</u>	<u>584,397</u>	<u>9,072,758</u>	<u>9,766,333</u>
<b>Project costs</b>					
HMS Caroline	264,531	-	-	264,531	566,999
HMS Invincible	209,988	-	-	209,988	-
HMS Victory Preservation	1,029,885	-	-	1,029,885	935,937
HMS Warrior 1860 Preservation	295,552	-	-	295,552	793,768
Landing Craft (Tank) LCT7074	1,762,119	-	-	1,762,119	553,553
RML497	906	-	-	906	735,843
Royal Marines Museum relocation	315,360	-	-	315,360	225,075
Hartlepool project costs	56,871	-	-	56,871	7,243
Fleet Air Arm Museum project costs	198,786	-	-	198,786	68,125
Royal Navy Submarine Museum project costs	42,189	-	-	42,189	42,652
Coastal Forces Gallery	19,891	-	-	19,891	4,708
British Mercantile Marine Memorial Collection	7,369	-	-	7,369	8,921
Other project costs	307,702	-	-	307,702	157,510
	<u>4,511,149</u>	<u>-</u>	<u>-</u>	<u>4,511,149</u>	<u>4,100,334</u>
	<u>11,376,816</u>	<u>1,622,694</u>	<u>584,397</u>	<u>13,583,907</u>	<u>13,866,667</u>

Notes to the financial statements  
for the year ended 31 March 2020

10. Governance and support costs

	Operations	Collections & Research	Learning	Total 2020	Total 2019
	£	£	£	£	£
<b>Governance costs</b>					
Legal and professional	42,831	9,708	4,569	57,108	188,292
Consultancy	-	-	-	-	1,205
Accountancy	40,505	9,181	4,321	54,007	55,652
Auditors' remuneration	14,661	3,323	1,564	19,548	16,548
Internal auditors' remuneration	11,507	2,608	1,227	15,342	20,846
<b>Support costs</b>					
Repairs and maintenance	288,305	65,349	30,752	384,406	319,266
Insurance	161,362	36,576	17,212	215,150	211,830
Premises costs	987,949	227,988	106,394	1,322,331	1,328,717
Education	964	219	103	1,286	510
Printing, postage and stationery	43,370	10,009	4,671	58,050	79,998
Telephone	45,629	10,530	4,914	61,073	64,539
Travelling	79,520	18,024	8,482	106,026	145,496
Bank charges and interest	71,032	16,101	7,577	94,710	106,111
Health and safety	10,017	2,271	1,069	13,357	8,670
Sundry expenses	6,849	1,552	730	9,131	4,001
Subscriptions	12,212	2,768	1,303	16,283	17,477
	<u>1,816,713</u>	<u>416,207</u>	<u>194,888</u>	<u>2,427,808</u>	<u>2,569,158</u>

11. Grants payable

Group	Unrestricted funds	Restricted funds	Total 2020	Unrestricted funds	Restricted funds	Total 2019
	£	£	£	£	£	£
Royal Naval Museum	83,010	-	83,010	114,305	-	114,305
	<u>83,010</u>	<u>-</u>	<u>83,010</u>	<u>114,305</u>	<u>-</u>	<u>114,305</u>
	<u><u>83,010</u></u>	<u><u>-</u></u>	<u><u>83,010</u></u>	<u><u>114,305</u></u>	<u><u>-</u></u>	<u><u>114,305</u></u>
Parent	Unrestricted funds	Restricted funds	Total 2020	Unrestricted funds	Restricted funds	Total 2019
	£	£	£	£	£	£
Royal Naval Museum	83,010	-	83,010	114,305	-	114,305
NMRN Trading	-	-	-	-	101,081	101,081
	<u>83,010</u>	<u>-</u>	<u>83,010</u>	<u>114,305</u>	<u>101,081</u>	<u>215,386</u>
	<u><u>83,010</u></u>	<u><u>-</u></u>	<u><u>83,010</u></u>	<u><u>114,305</u></u>	<u><u>101,081</u></u>	<u><u>215,386</u></u>

Notes to the financial statements  
for the year ended 31 March 2020

12. Employee costs

	Group 2020	Group 2019	Charity 2020	Charity 2019
	£	£	£	£
<b>Employment costs</b>				
Wages and salaries	6,139,259	5,834,097	6,002,306	5,687,830
Social security costs	401,150	399,656	394,783	392,809
Pension costs	417,826	379,324	409,065	371,578
Recharges	(9,629)	(19,553)	(1,208,574)	(918,409)
	<u>6,948,606</u>	<u>6,593,524</u>	<u>5,597,580</u>	<u>5,533,808</u>

**Key management personnel**

Key management personnel are employed by the parent charity.

**Higher paid employees**

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

	2020	2019
£60,001 to £70,000	3	3
£70,001 to £80,000	2	-
	<u>5</u>	<u>3</u>

**Number of employees**

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

	2020	2019
Fundraising	4	4
Charitable activities	401	397
Governance	3	2
	<u>408</u>	<u>403</u>

During this financial year 4 (2019: 6) redundancies were identified and contractual/redundancy costs of £49,633 (2019: £49,568) were paid in the year with £Nil (2019: £Nil) being accrued at 31 March 2020.

**Trustees' emoluments**

No trustees received remuneration during the period. Five trustees were reimbursed for travel expenses totalling £574 (2019: £614).

13. Net outgoing resources for the year

	2020	2019
	£	£
Net outgoing resources for the year is stated after charging:		
Depreciation and other amounts written off tangible assets	925,500	990,720
Auditors' remuneration	<u>19,548</u>	<u>16,548</u>

14. Taxation

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



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

Notes to the financial statements  
for the year ended 31 March 2020

15. Tangible fixed assets

Group	Short leasehold land & buildings £	Assets under construction £	Improvements to property £	Computer & office equipment £	Fixtures & fittings £	Plant & machinery £	Exhibition costs £	Total £
<b>Cost or valuation</b>								
At 1 April 2019	3,903,040	1,780,283	8,946,654	514,903	2,979,977	1,533,357	591,688	20,249,902
Additions	-	2,374,106	1,279,549	4,437	273,402	97,694	782,808	4,811,996
Revaluation	36,755	-	115,709	(9,054)	54,699	28,216	16,193	242,518
Disposals	-	-	-	(193,068)	(43,707)	-	-	(236,775)
At 31 March 2020	3,939,795	4,154,389	10,341,912	317,218	3,264,371	1,659,267	1,390,689	25,067,641
<b>Depreciation</b>								
At 1 April 2019	564,397	-	795,749	256,076	915,251	198,139	107,799	2,837,411
Revaluation	5,263	-	18,496	(5,024)	19,078	5,495	1,457	44,765
Charge for the year	86,414	-	352,328	57,548	243,862	92,248	190,273	1,022,673
On disposals	-	-	-	(182,891)	(30,479)	-	-	(213,370)
At 31 March 2020	656,074	-	1,166,573	125,709	1,147,712	295,882	299,529	3,691,479
<b>Net book values</b>								
At 31 March 2020	3,283,721	4,154,389	9,175,339	191,509	2,116,659	1,363,385	1,091,160	21,376,162
At 31 March 2019	3,338,643	1,780,283	8,150,905	258,827	2,064,726	1,335,218	483,889	17,412,491

NMRN Operations  
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Notes to the financial statements  
for the year ended 31 March 2020

Charity	Short leasehold land & buildings £	Assets under construction £	Improvements to property £	Computer & office equipment £	Fixtures & fittings £	Plant & machinery £	Exhibition costs £	Total £
<b>Cost or valuation</b>								
At 1 April 2019	3,903,040	1,780,283	8,946,654	514,903	2,855,053	1,509,852	243,878	19,753,663
Additions	-	2,374,106	1,279,549	4,437	273,402	97,694	782,808	4,811,996
Revaluation	36,755	-	115,709	(9,054)	54,699	28,216	16,193	242,518
Disposals	-	-	-	(193,068)	(43,707)	-	-	(236,775)
At 31 March 2020	3,939,795	4,154,389	10,341,912	317,218	3,139,447	1,635,762	1,042,879	24,571,402
<b>Depreciation</b>								
At 1 April 2019	564,397	-	795,749	256,065	869,276	191,419	107,799	2,784,705
Revaluation	5,263	-	18,496	(5,023)	19,078	5,495	1,457	44,766
Charge for the year	86,414	-	352,328	57,548	218,302	87,548	103,321	905,461
On disposals	-	-	-	(182,891)	(30,479)	-	-	(213,370)
At 31 March 2020	656,074	-	1,166,573	125,699	1,076,177	284,462	212,577	3,521,562
<b>Net book values</b>								
At 31 March 2020	3,283,721	4,154,389	9,175,339	191,519	2,063,270	1,351,300	830,302	21,049,840
At 31 March 2019	3,338,643	1,780,283	8,150,905	258,838	1,985,777	1,318,433	136,079	16,968,958

Land and buildings owned by the Royal Navy Submarine Museum were revalued in 2017 by Hellier Langston in accordance with the stated accounting policy. The revaluation was conducted by a qualified surveyor on a depreciated replacement cost basis and in accordance with the RICS Appraisal and Valuation manual (5th Edition).

Notes to the financial statements  
for the year ended 31 March 2020

16. Stocks

	Group 2020 £	Group 2019 £	Company 2020 £	Charity 2019 £
The amounts attributable to the different categories are as follows:				
Goods for resale	516,101	510,151	24,000	24,000
HMS Victory arisings	190,656	190,707	190,656	190,707
	<u>706,757</u>	<u>700,858</u>	<u>214,656</u>	<u>214,707</u>

17. Debtors

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
<b>Amounts falling due within one year:</b>				
Trade debtors	489,581	75,258	444,297	25,622
Other debtors	594,562	348,427	393,358	167,453
Prepayments and accrued income	2,830,933	1,744,151	2,823,152	1,736,018
VAT	306,179	108,565	306,179	108,565
Amount due from associated companies	97,296	98,927	367,349	340,649
	<u>4,318,551</u>	<u>2,375,328</u>	<u>4,334,335</u>	<u>2,378,307</u>

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

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Accrued income	500,000	-	500,000	-
	<u>500,000</u>	<u>-</u>	<u>500,000</u>	<u>-</u>

19. Creditors: amounts falling due  
within one year

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Trade creditors	1,678,478	932,662	1,328,268	866,164
Other taxes and social security	108,466	109,828	106,795	100,048
Other creditors	159,130	462,956	77,284	378,690
Deferred income	61,784	61,221	61,784	61,221
Amounts due to associated companies	2,882,361	2,375,014	2,883,952	2,375,014
Accruals	1,203,284	944,764	996,186	610,392
	<u>6,093,503</u>	<u>4,886,445</u>	<u>5,454,269</u>	<u>4,391,529</u>

Notes to the financial statements  
for the year ended 31 March 2020

20. Analysis of net assets between funds

	Tangible Fixed Assets £	Net Current Assets £	Total 2020 £	Tangible Fixed Assets £	Net Current Assets £	Total 2019 £
Restricted funds	13,875,236	740,228	14,615,464	12,472,261	(675,666)	11,796,595
Unrestricted funds	7,174,604	61,611	7,236,215	4,496,697	125,770	4,622,467
Designated funds	-	71,964	71,964	-	71,964	71,964
	<u>21,049,840</u>	<u>873,803</u>	<u>21,923,643</u>	<u>16,968,958</u>	<u>(477,932)</u>	<u>16,491,026</u>
Non charitable trading funds	326,322	123,995	450,317	443,533	101,011	544,544
Total net assets	<u>21,376,162</u>	<u>997,798</u>	<u>22,373,960</u>	<u>17,412,491</u>	<u>(376,921)</u>	<u>17,035,570</u>

Included in the above figures is the revaluation reserve:

Revaluation reserve	<u>1,293,251</u>	<u>-</u>	<u>1,293,251</u>	<u>1,095,498</u>	<u>-</u>	<u>1,095,498</u>
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21. Unrestricted funds

	At 1 April 2019 £	Incoming Resources £	Outgoing Resources £	Transfers £	Gains and Losses £	At 31 March 2020 £
Unrestricted funds	4,622,467	9,905,419	(9,881,831)	2,528,880	61,280	7,236,215
Consolidation adjustments	(35,100)	(6,270)	-	-	-	(41,370)
Designated funds	71,964	-	-	-	-	71,964
	<u>4,659,331</u>	<u>9,899,149</u>	<u>(9,881,831)</u>	<u>2,528,880</u>	<u>61,280</u>	<u>7,266,809</u>
Non charitable trading funds	544,544	2,920,329	(3,014,556)	-	-	450,317
Consolidation adjustments	35,100	(35,100)	41,370	-	-	41,370
	<u>5,238,975</u>	<u>12,784,378</u>	<u>(12,855,017)</u>	<u>2,528,880</u>	<u>61,280</u>	<u>7,758,496</u>

	At 1 April 2018 £	Incoming Resources £	Outgoing Resources £	Transfers £	Gains and Losses £	At 31 March 2019 £
Unrestricted funds	5,031,284	9,543,476	(10,219,399)	220,576	46,530	4,622,467
Consolidation adjustments	-	(35,100)	-	-	-	(35,100)
Designated funds	97,885	-	(25,921)	-	-	71,964
	<u>5,129,169</u>	<u>9,508,376</u>	<u>(10,245,320)</u>	<u>220,576</u>	<u>46,530</u>	<u>4,659,331</u>
Non charitable trading funds	273,487	3,270,920	(2,999,863)	-	-	544,544
Consolidation adjustments	-	(101,081)	35,100	101,081	-	35,100
	<u>5,402,656</u>	<u>12,678,215</u>	<u>(13,210,083)</u>	<u>321,657</u>	<u>46,530</u>	<u>5,238,975</u>

Designated funds represent funds designated for the PHD Masterplan.

**Notes to the financial statements**  
**for the year ended 31 March 2020**

**22. Restricted funds**

	At 1 April 2019	Incoming Resources	Outgoing Resources	Transfers	Gains and Losses	At 31 March 2020
	£	£	£	£	£	£
RNM Development fund	6,474,227	-	(191,735)	-	68,597	6,351,089
HMS Alliance fund	46,347	31,949	(31,981)	-	2	46,317
HMS Caroline fund	(454,690)	789,320	(264,531)	-	-	70,099
HMS Invincible fund	123,506	125,473	(209,988)	-	-	38,991
HMS M33 fund	50,579	-	-	-	-	50,579
HMS Warrior 1860 fund	33,956	279,417	(295,552)	-	-	17,821
HMS Victory Preservation fund	2,111,735	3,600,000	(1,143,709)	-	27,533	4,595,559
RML497 fund	(248,798)	9,060	(906)	-	-	(240,644)
LCT 7074 fund	(281,555)	2,781,277	(1,762,119)	(1,044,707)	-	(307,104)
RMM relocation fund	-	1,796,242	(315,360)	(1,323,037)	-	157,845
Hartlepool projects fund	29,575	15,000	(1,448)	-	-	43,127
Airships Collection fund	19,146	-	-	-	-	19,146
Barracuda project fund	11,671	18,291	(10,043)	-	-	19,919
Coastal Forces Gallery fund	270,292	149,650	(19,891)	(98,632)	-	301,419
Dommett Archive fund	6,000	-	-	-	-	6,000
Other restricted funds (projects)	51,957	335,797	(328,454)	(62,504)	105	(3,099)
Centennial fund	11,034	-	(286)	-	115	10,863
Fieldhouse fund	3,519,027	-	(141,605)	-	40,909	3,418,331
Medal Room Refurbishment	13,242	-	(1,555)	-	(938)	10,749
Minstrel's Gallery	9,344	-	(1,037)	-	150	8,457
	<u>11,796,595</u>	<u>9,931,476</u>	<u>(4,720,200)</u>	<u>(2,528,880)</u>	<u>136,473</u>	<u>14,615,464</u>

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

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

The HMS Caroline fund is for the conservation of the ship and its development as a visitor attraction. This work has been fully funded by HLF and the Northern Ireland Tourist Board (NITB) to the National Museum. The fund was in deficit at the year end due to a delay in drawdown of NITB grants.

The HMS Invincible 1744 fund relates to a National Heritage Lottery Funded joint project with the Maritime Archaeological Sea Trust (MAST) for activities and an exhibition based on a new dive and excavation of the wreck site.

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

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

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

**Notes to the financial statements**  
**for the year ended 31 March 2020**

The RML497 fund is for the ship's relocation in Hartlepool and its enclosure within a temporary structure for conservation. This has been primarily funded by the Tees Valley Combined Authority with match funding from other donors.

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

The RMM Relocation fund represents LIBOR and HLF funding received for the former SeaMore project which will include the relocation of the Royal Marines Museum to Portsmouth Historic Dockyard.

The Hartlepool Projects fund includes grant funding from the Tees Valley Combined Authority and other donors including the Catherine Cookson Charitable Trust for the creation of accessible children's play activities at NMRN Hartlepool.

The Airships Collection fund was received from the Mrs L D Rope Fourth Charitable Settlement towards supporting work on an airship heritage trust collection at Fleet Air Arm Museum.

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

The Coastal Forces Gallery fund relates to a joint project to develop a major permanent exhibition on the Royal Navy's Coastal Forces and is granted by the Coastal Forces Heritage Trust.

The Dommett Archive fund was donated by the Dommett family towards the cost of archiving the papers of Roy Dommett CBE.

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

**The following restricted funds related to the purchase of tangible fixed assets:**

The Medal Room refurbishment fund representing a number of grants and donation to enable the Royal Marines Museum to upgrade and refurbish its medal room exhibition; the Minstrel's Gallery Refurbishment fund representing a number of grants and donations for the purpose of upgrading and refurbishing the Royal Marines Museum's Minstrel's Gallery; the Centennial Project fund, created to mark the anniversary of Holland I, and to be used for improving buildings on the Royal Navy Submarine Museum site; the Fieldhouse fund consisting of funding received for the improvement and construction of buildings housing exhibits in the Royal Navy Submarine Museum.

**Transfers between funds**

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

Notes to the financial statements  
for the year ended 31 March 2020

22. Restricted funds (continued)

	At 1 April 2018	Incoming Resources	Outgoing Resources	Transfers	Gains and Losses	At 31 March 2019
	£	£	£	£	£	£
RNM Development fund	6,854,591	-	(283,436)	(166,672)	69,744	6,474,227
HMS Alliance fund	9,047	44,918	(7,621)	-	3	46,347
HMS Caroline fund	(1,177,526)	1,289,835	(566,999)	-	-	(454,690)
HMS Invincible 1744 fund	(4,063)	156,138	(28,569)	-	-	123,506
HMS M33 fund	50,579	-	-	-	-	50,579
HMS Warrior 1860 fund	90,007	737,717	(793,768)	-	-	33,956
HMS Victory Preservation fund	3,070,286	36	(970,771)	-	12,184	2,111,735
RML497 fund	-	416,288	(735,843)	70,757	-	(248,798)
LCT 7074 fund	(36,364)	278,405	(553,554)	29,958	-	(281,555)
RMM relocation fund	-	225,075	(225,075)	-	-	-
RNSM projects fund	43,855	48,606	(32,461)	(60,000)	-	-
FAAM projects fund	5,001	62,070	(67,071)	-	-	-
Hartlepool projects fund	33,575	74,000	(7,243)	(70,757)	-	29,575
Airships Collection fund	19,146	-	-	-	-	19,146
Barracuda project fund	16,538	3,237	(1,242)	(6,862)	-	11,671
Coastal Forces Gallery fund	-	275,000	(4,708)	-	-	270,292
Dommett Archive fund	10,000	-	(4,000)	-	-	6,000
Other restricted funds (projects)	23,530	258,570	(213,231)	(17,000)	88	51,957
Centennial fund	11,604	-	(690)	-	120	11,034
Fieldhouse fund	3,692,871	6,357	(220,464)	-	40,263	3,519,027
Medal Room Refurbishment	14,704	-	(1,653)	-	191	13,242
Minstrel's Gallery	10,252	-	(1,041)	-	133	9,344
	<u>12,737,633</u>	<u>3,876,252</u>	<u>(4,719,440)</u>	<u>(220,576)</u>	<u>122,726</u>	<u>11,796,595</u>

23. Revaluation reserve

	£
At 1 April 2019	1,095,498
Revaluation of fixed assets	<u>197,753</u>
At 31 March 2020	<u>1,293,251</u>
	£
At 1 April 2018	926,242
Revaluation of fixed assets	<u>169,256</u>
At 31 March 2019	<u>1,095,498</u>

24. Commitments and contingent liabilities

The company had capital commitments contracted but not provided for in the financial statements amounting to £2,896,077 (2019: £1,080,540). There were no contingent liabilities at 31 March 2020 (2019: £Nil).

**Notes to the financial statements**  
**for the year ended 31 March 2020**

**25. Financial commitments**

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

	<b>2020</b>	<b>2019</b>
	<b>£</b>	<b>£</b>
Within one year	159,852	177,217
Between one and five years	-	268,136
	<u>159,852</u>	<u>445,353</u>

**26. Related party transactions**

**Parent charitable company**

NMRN Operations receives grant funding from the National Museum of the Royal Navy which is separately disclosed in the Statement of Financial Activities.

**Subsidiary company**

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

**27. Ultimate parent undertaking**

NMRN Operations considers the National Museum of the Royal Navy (the "National Museum"), a charitable company (charity number 1126283, company number 06699696), to be its ultimate parent undertaking.

Control is exercised by the National Museum being the corporate member of NMRN Operations.

The National Museum was established in 2008 as a holding company of the National Museum Group which operates a number of naval service museums. Its vision is to become the world's most respected Naval Museum. The National Museum's strategy sets out to increase the scale, scope and reach and resilience of the museum. The goal is to promote the public understanding of the Royal Navy past, present and future.

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

**28. Analysis of cash and cash equivalents**

	<b>Group 2020</b>	<b>Group 2019</b>	<b>Charity 2020</b>	<b>Charity 2019</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cash and cash equivalents	1,565,993	1,433,338	1,279,081	1,320,583
	<u>1,565,993</u>	<u>1,433,338</u>	<u>1,279,081</u>	<u>1,320,583</u>



**Notes to the financial statements**  
**for the year ended 31 March 2020**

**29. Analysis of changes in net debt**

	<b>Group 2020 £</b>	<b>Group 2019 £</b>	<b>Charity 2020 £</b>	<b>Charity 2019 £</b>
Cash at bank and in hand	1,565,993	1,433,338	1,279,081	1,320,583
	<u>1,565,993</u>	<u>1,433,338</u>	<u>1,279,081</u>	<u>1,320,583</u>

**30. Financial instruments**

The carrying amounts of the charity's financial instruments are as follows:

	<b>2020 £</b>	<b>2019 £</b>
<b>Financial assets</b>		
Debt instruments measured at amortised cost:		
- Trade debtors (note 17)	444,297	25,622
- Amounts owed by group undertakings (note 17)	367,349	340,649
- Other debtors (note 17)	393,358	167,453
- Accrued income (note 17)	2,773,660	1,662,225
- VAT (note 17)	306,179	108,565
	<u>4,284,843</u>	<u>2,304,514</u>
<b>Financial liabilities</b>		
Measured at amortised cost		
- Trade creditors (note 19)	1,328,268	866,164
- Amounts owed to group undertakings (note 19)	2,883,952	2,375,014
- Other creditors (note 19)	77,282	378,688
- Other taxes & social security (note 19)	106,795	100,048
	<u>4,396,297</u>	<u>3,719,914</u>