

Charity number: 1007784
Company number: 2678419

HMS Trincomalee Trust
(A company limited by guarantee)

Trustees' report and financial statements

for the year ended 31 March 2023



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Legal and administrative information

Charity number	1007784
Company registration number	2678419
Registered office	H M Naval Base PP66 Portsmouth Hampshire PO1 3NH
Business address	Jacksons Dock Maritime Avenue Hartlepool TS24OXZ
Director General and Accounting Officer	Matthew Sheldon (appointed 1 December 2023) Dominic Tweddle (resigned 30 November 2023)
Trustees	Rear Admiral Mark Anderson (appointed 8 February 2023) Mr Richard Hatfield Mr John Mennear (appointed 28 November 2022) Mr Tim Schadla-Hall (resigned 10 January 2023)
Accountants	Compass Accountants Limited Venture House, The Tanneries, East Street, Titchfield, Hampshire PO14 4AR
Auditors	PKF Littlejohn LLP 15 Westferry Circus, Canary Wharf, London, E14 4HD
Bankers	Natwest Bank Plc 130 Commercial Road, Portsmouth, Hampshire PO1 1ES

Trustees' annual report (incorporating the directors' report)

Foreword

The charitable objectives of the HMS Trincomalee Trust ("the company"), as defined in the Articles of Association, are:

- a) To restore, refurbish, improve, maintain and preserve the vessel HMS Trincomalee otherwise and formerly known as TS Foudroyant (hereinafter called "the Ship")
- b) To provide facilities of an educational or cultural nature calculated to improve public awareness and appreciations of the Ship's historical past.
- c) To provide recreation and public enjoyment by the promotion and explanation of matters concerning Britain's Naval Heritage.
- d) To collect, display, restore, safeguard and provide interpretation of artefacts, specimens and other items relating to the Ship and the naval life of the period and Britain's maritime heritage in general.
- e) To provide training in seamanship and project and activities to the public of a general educational nature.

Performance Report

Overview

The HMS Trincomalee Trust was established in Hartlepool in January 1992 and in June 2014 became a wholly owned subsidiary of the National Museum of the Royal Navy (the National Museum).

The National Museum also includes: the Fleet Air Arm Museum; the Royal Navy Submarine Museum with HMS Alliance; Explosion, the Museum of Naval Firepower; the Royal Marines Museum; HMS Victory; HMS Warrior 1860; HMS M33; HMS Caroline; and the National Museum of the Royal Navy Hartlepool where HMS Trincomalee is located.

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. The National Museum is one of the few 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.

HMS Trincomalee Trust is now fully integrated within the National Museum of the Royal Navy and its operational activity and conservation are carried out under an operator agreement by the incorporated charitable entity NMRN Operations (charity number: 1169061), a wholly owned subsidiary of the National Museum of the Royal Navy.

Activities and Achievements

Since assuming responsibility for the care of HMS Trincomalee in June 2016, the National Museum has adopted a conservation approach set out by National Historic Ships and developed on the HMS Victory Project: Stabilise, Improve Understanding, Assess Significance, Conservation Process and Maintenance.

A Conservation Management Plan for the ship has been completed by Wessex Archaeology with the associated research and site surveys revealing new details about its construction, modifications and use. Following the 2017 survey of the ship's rig, extensive remedial works have been undertaken to ensure safety and stability. The ship's mooring arrangements have been modelled and improvements identified.

Regular maintenance visits are undertaken by the National Museum's Historic Ships team, including Shipwrights, Riggers and the Conservation team. During the reporting period, the Riggers completed the de-rig, conservation and reinstall of the upper foremast, including topgallant mast and yards. The onsite team has been bolstered with the appointment of a Ship's Carpenter, based in Hartlepool, which will deliver a material impact upon the National Museum's conservation activities.

Plans for Future Periods

Conservation efforts will continue to focus on reducing water ingress and improving the material state of HMS Trincomalee's rig. The shipwrights will undertake maintenance of the weather deck caulking and complete remedial works to deck beams around the main hatch – a continuing source of rainwater penetration into the ship's fabric.

Future expenditure will be limited to governance and support costs and any grants awarded to NMRN Operations under the operator agreement to deliver work to support the charity's objects.

Financial Review

Statement of Financial Activities for the Year Ended 31 March 2023

Total incoming resources for HMS Trincomalee Trust in 2022-23 amounted to £43,509 (2021-22: £5,499). This inflow relates to grant funding received from the National Museum to support governance costs and the fair movement on a long-term debt arising from the sale of the leasehold land at Trincomalee Wharf.

Total resources expended in 2022-23 amounted to £35,255 (2021-22: £6,489). This relates to governance costs and support costs. The net movement in funds for the year was an increase of £8,254 (2021-22 £990 loss).

Balance sheet

The net assets as at 31 March 2023 amounted to £21,393,694 (31 March 2022: £21,385,440).

Reserves

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

As at 31 March 2023, the level of the company's free reserves (defined as net current assets attributable to unrestricted reserves) stood at a £171 (31 March 2022: deficit balance of £6,357). The net proceeds from the provisional sale of leasehold land, at a net present value of £450,000, that is due to be received at a future unknown date, is treated in its entirety as a long-term debtor. At the time of sale, a loan repayment of £98,000 (at net present value) will also become due.

The Trust's purpose is solely to hold the heritage assets and reserves of the HMS Trincomalee Trust which it will grant to NMRN Operations as and when required until they are expended or a nominal sum remains. Future reserves will be held within NMRN Operations. The ongoing operating costs are undertaken under an operator agreement by a separate group company, NMRN Operations. The Trustees are therefore content that the going concern basis continues to apply and that the free reserves are at an appropriate level.

Investment Policy

The Trust does not invest as a strategic means of raising income but nonetheless ensures that cash reserves are maintained in interest bearing accounts. The Trust's investment policy seeks to produce the best possible financial return within an acceptable level of risk.

Auditors


The accounts have been audited by PKF Littlejohn LLP. 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.

The HMS Trincomalee Trust
(A company limited by guarantee)
Company number: 2678419

Small company provisions

This report has been prepared in accordance with the small companies' regime under the Companies Act 2006.

Approved by the Board and signed on its behalf by



Mr Richard Hatfield
Chairman on Behalf of the Board of Trustees

Date: 19th December 2023



Matthew Sheldon
Director General and Accounting Officer

Date: 19th December 2023

Accountability Report

Trustees Report and Governance Statement

This report sets out the arrangements for the governance of the HMS Trincomalee Trust, including the Board structure for Trustees. The Trustees, who are also the directors of HMS Trincomalee Trust (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 education of the general public about the history, deeds and traditions of the Naval Service and encourage the public to commemorate, honour and preserve the memory of those members of the Naval Service who have died on active service.

This report demonstrates how the system of governance and internal control is maintained within the HMS Trincomalee Trust 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

HMS Trincomalee Trust is a company limited by guarantee (company number: 2678419) and a charity registered with the Charity Commission (registration number: 1007784). It is governed by its Memorandum and Articles of Association dated June 2014, which incorporates its charitable objects, the powers of the company and provides for the appointment and reappointment of Directors. Trustees are appointed in accordance with the guidelines issued by the Officer of the Commissioner for Public Appointments (OCPA).

The Trustees ensure the distinct legal responsibilities and charitable objectives of the company are fulfilled within an overall policy and strategy framework. The day-to-day operation of the company within that framework is delegated to the Director General and Accounting Officer and to the Executive Directors of the National Museum.

A formal induction process for Trustees is in place which combines all the necessary background reading material including items such as the 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, the company's corporate plan and a copy of the Museum Association publication, "Code of Ethics for Trustees" with a day visit to the National Museum to meet key members of staff and to discuss current issues. Recent appointees continue to confirm their satisfaction with this process.

The Board of Trustees meets periodically through the year to set the long-term strategic objectives of the charity, agree the priorities and review performance against previous objectives set. The Board undertakes a periodic review of its membership and skills set and new appointments made on the basis of what skills Trustees believe the Board is lacking or believe are needed to tackle specific issues.

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.

Personal data loss

The company has not identified any personal data related incidents during 2022-23. An incident is defined as a loss, unauthorised disclosure or insecure disposal. Protected personal data is information which links an identifiable living person with information about them which, if released would put the individual at significant risk of harm or distress; the definition includes sources of information that because of the nature of the individuals or the nature, sources or extent of the information, is treated as protected personal data by the company.

System of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the 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.

Risk Management

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

The principal risks faced by the charity centre around identification of and ability to secure future investment streams to support the maintenance and conservation of HMS Trincomalee.

Relationship with the Friends of HMS Trincomalee

The Friends organisation is a separate registered charity (charity number 1117790). The object of the Friends is "For the advancement of Education of the Public and for the benefit of the nation, to assist in promoting and supporting the restoration, preservation and public exhibition of HMS Trincomalee, the oldest British warship still afloat." The Friends make a valued contribution to the Museum, not only financially but also in the support it brings but also providing a valuable source of volunteers.

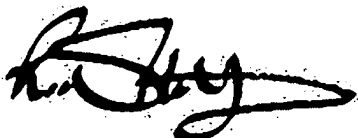
**Statement of Trustees' and Accounting Officer's responsibilities
for the year ended 31 March 2023**

The Board of Trustees (who are also directors of the HMS Trincomalee Trust 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: 19th December 2023



Matthew Sheldon
Director General and Accounting Officer

Date: 19th December 2023

Independent auditors' report to the members of HMS Trincomalee Trust

Opinion

We have audited the financial statements of The HMS Trincomalee Trust (the 'charitable company') for the year ended 31 March 2023 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

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

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, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the directors' report included within the trustees' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the Trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, 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 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 charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

- We obtained an understanding of the charitable company and the sector in which it operates to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, sector research and application of cumulative audit knowledge and experience.
- We determined the principal laws and regulations relevant to the charitable company in this regard to be those arising from the Companies Act 2006, Charities Act 2011, Charities (Accounts and Reports) Regulations 2008, Financial Reporting Standard 102 and the Charities SORP.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the charity with those laws and regulations. These procedures included, but were not limited to enquiries of management, review of minutes and review of legal and regulatory correspondence.
- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that there was a potential for management bias in the allocation of support costs against charitable activity categories.

We addressed this through reviewing the method used for reasonableness and re-performing the calculation to ensure it had been performed accurately in line with the stated method.

- We also identified potential for management bias in the valuation of donated heritage assets on the Balance Sheet. We challenged the valuation methodology, including inputs and considering whether assumptions are reasonable and appropriate. We also challenged management's annual review for impairment.
- We also identified potential for management bias in the judgements made around recoverability of debtors. We addressed this through examination of post year end cash received, review of correspondence with debtors and discussion of recoverability with management.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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.



PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

Date: 20 December 2023

Statement of financial activities (incorporating the income and expenditure account)

For the year ended 31 March 2023

		Unrestricted funds	Restricted funds	Endowment funds	2023 Total	Unrestricted funds	Restricted funds	Endowment funds	2022 Total
	Notes	£	£	£	£	£	£	£	£
Income from:									
Donations and legacies									
Donations	2	-	-	-	-	-	1,130	-	1,130
Grant from the National Museum of the Royal Navy		41,303	-	-	41,303	-	-	-	-
Investments	3	2,206	-	-	2,206	4,369	-	-	4,369
Total income		43,509	-	-	43,509	4,369	1,130	-	5,499
Expenditure on:									
Charitable activities									
Museum and visitor operations	4	35,255	-	-	35,255	5,338	-	-	5,338
Grant to NMRN Operations		-	-	-	-	-	1,151	-	1,151
Total expenditure		35,255	-	-	35,255	5,338	1,151	-	6,489
Net income/(expenditure)		8,254	-	-	8,254	(969)	(21)	-	(990)
Transfers between funds		-	-	-	-	-	-	-	-
Net movement in funds		8,254	-	-	8,254	(969)	(21)	-	(990)
Reconciliation of funds:									
Total funds brought forward		351,798	21,028,642	5,000	21,385,440	352,767	21,028,663	5,000	21,386,430
Total funds carried forward		360,052	21,028,642	5,000	21,393,694	351,798	21,028,642	5,000	21,385,440

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

Balance Sheet
as at 31 March 2023
Company number: 02678419

	Notes	Charity 2023 £	Charity 2022 £
Fixed assets			
Tangible assets	7	-	-
Heritage assets	8	21,007,880	21,007,880
		<u>21,007,880</u>	<u>21,007,880</u>
Current assets			
Debtors	9	41,475	171
Cash at bank and in hand		30,693	34,898
		<u>72,168</u>	<u>35,069</u>
Creditors: amounts falling due within one year	11	(38,354)	(7,783)
Net current assets		<u>33,814</u>	<u>27,286</u>
Debtors: amounts due after one year	10	450,000	447,794
Total assets less current liabilities		21,491,694	21,482,960
Creditors: amounts falling due after more than one year	12	(98,000)	(97,520)
Net assets		<u>21,393,694</u>	<u>21,385,440</u>
Funds			
Unrestricted funds		360,052	351,798
Restricted funds		28,643	28,643
Revaluation reserve		20,999,999	20,999,999
Endowment funds		5,000	5,000
Total funds	15	<u>21,393,694</u>	<u>21,385,440</u>

The financial statements have been prepared in accordance with the provisions applicable to small companies subject to the small companies' regime.

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



Mr Richard Hatfield
On behalf of the Board of Trustees

Date: 19th December 2023

The notes on pages 17 to 25 form an integral part of these financial statements.

Cash flow statement

For the year ended 31 March 2023

	2023 £	2022 £
Cash flows from operating activities:		
Net cash (used in)/provided by operating activities	<u>(4,205)</u>	<u>(7,963)</u>
(Decrease)/increase in cash and cash equivalents in the year	<u>(4,205)</u>	<u>(7,963)</u>
Cash and cash equivalents at 1 April 2022	<u>34,898</u>	<u>42,861</u>
Cash and cash equivalents at 31 March 2023	<u><u>30,693</u></u>	<u><u>34,898</u></u>
Net (expenditure)/income for the reporting period	8,254	(990)
Depreciation and impairment	-	582
(Increase)/Decrease in debtors	(43,510)	(4,368)
Increase/(Decrease) in creditors	<u>31,051</u>	<u>(3,187)</u>
Net cash (used in)/provided by operating activities	<u><u>(4,205)</u></u>	<u><u>(7,963)</u></u>

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

1. Accounting policies

1.1. Charity information

The HMS Trincomalee Trust is a private company limited by guarantee and incorporated in England and Wales. The business address is Jackson Dock, Maritime Avenue, Hartlepool, TS24 0XZ. The registered office address is the National Museum of the Royal Navy, HM Naval Base PP66, Portsmouth, Hampshire, PO1 3NH.

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

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

1.2. Basis of preparation of financial statements

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

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 company. Monetary amounts in these financial statements are rounded to the nearest £.

1.3. Fund accounting

General funds are unrestricted funds which are available for use at the discretion of the Trustees in furtherance of the general objectives of the Trust and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the Trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the Trust for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

Investment income, gains and losses are allocated to the appropriate fund.

1.4. Income

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

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.

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

1.5. Expenditure

Expenditure is recognised on an accrual 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.

Charitable expenditure comprises those costs incurred by the company in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.

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

1.6. Tangible fixed assets and depreciation

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.

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

Office Equipment - 10 years straight line

1.7. Heritage assets

The HMS Trincomalee Trust holds in trust artefacts comprising its collection. The main and reserve collections have not been valued and included in the financial statements due to their historic and inalienable nature and due to the specific and individual nature of the artefacts held, it is not believed to be possible to obtain a reliable value of the collection without incurring a cost disproportionate to the benefit of the information reported to the readers of the accounts.

Assets acquired prior to 1 April 2000 have not been capitalised and included in the accounts, but with effect from 1 April 2000, additions to the collection with a cost in excess of £2,500, have been capitalised. These assets are not depreciated due to infinite useful economic lives. An annual review for impairment is carried out in accordance with the Charities SORP, with any impairment recognised in the Statement of Financial Activities.

Heritage assets donated to the company with a value in excess of £2,500 are included in the accounts on the basis of internal valuations estimated by the relevant curatorial staff and determined by their experience and judgement. Loaned artefacts do not belong to the charity.

The Collection

The company holds a large collection of artefacts which have been either bought, gifted or loaned. These fall into several categories which are: uniforms; instruments; weapons; utensils; pictures; books; and general maritime artefacts.

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

In October 2015, a single set of Collections Management policies for the NMRN Group was approved by the Board. These policies were the basis of a new single application to the Arts Council for Museum Accreditation to the higher standards required of a national museum collection, replacing the individual accreditations of the subsidiary museums. These policies set out a common approach for the maintenance and management of collections at different museum sites, and will be subject to regular review as directed by the Collections, Research, Learning and Access Committee (CRLA).

Acquisitions to the museums are now guided by a single Collections Development Policy (2015) and Strategy (2019); this sets out priorities and processes for acquisition. There are two principal methods of acquisition:

Acquisition by gift - Curators have authority to propose collecting in line with the 'Themes and Priorities for Future Collecting'. Offers of donations are passed to an Acquisitions Panel, chaired by the Registrar. This Committee sits on a monthly basis to assess offers. Decisions are reviewed by the Head of Collections and Research.

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

Acquisition by purchase - Collections and other staff can recommend and where appropriate make purchases of material from any source up to their authorisation levels in accordance with the NMRN scheme of delegation. Purchases of up to £25,000 are reviewed by the Head of Collections & Research and/or the Deputy Executive Director of Museum Operations. Any purchases of a value above £50,000 go to the Director General for assessment.

Significant acquisitions are discussed at the Collections, Research, Learning and Access Committee. This Committee also receives quarterly reports on key acquisitions and an annual report of all items added to the collection.

Subject to the approval of the Trustees, the Museum may dispose of items from the collection, although this will only happen in exceptional circumstances, for example:

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

Significant Historic Ships

Accounting policy for initial recognition of the Heritage Asset

The methodology of valuation of significant historic ships by the National Museum group is total rebuild basis, discounted for the ship's current state of repair. This is a change to the accounting policy in use in previous years.

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

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

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

The restoration to restore her to her original condition was completed in 2001, prior to this revaluation to her full rebuild cost.

Accounting policy for recognition of subsequent expenditure on significant ships

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

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

1.8. Investments

Investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. The Statement of Financial Activities includes the net gains and losses arising on revaluation and disposals during the year.

The value of these investments is subject to market conditions and so there is an element of market risk. Investments in subsidiary undertakings are valued at cost less provision for impairment.

1.9. Basic financial Instruments

Within one year

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

In excess of one year

Long term debtors and long-term liabilities are discounted to net present value. The difference between the discounted balance and the full balance is recognised as interest income or as an interest expense.

2. Grants and Donations

	Unrestricted funds £	Restricted funds £	2023 Total £	Unrestricted funds £	Restricted funds £	2022 Total £
Donations	-	-	-	-	1,130	1,130
	-	-	-	-	1,130	1,130

3. Investment income

	Unrestricted funds £	2023 £	Unrestricted funds £	2022 £
Fair value movement on long term debtors	2,206	2,206	4,369	4,369
	2,206	2,206	4,369	4,369

4. Museum and visitor operations

	Operations £	2023 £	2022 £
Depreciation	-	-	18
Loss on disposal of assets	-	-	564
Governance and support costs	35,255	35,255	4,756
	35,255	35,255	5,338

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

5. Governance and support costs

	Operations	2023	2022
	£	£	£
Unrestricted funds			
Accountancy fees	1,458	1,458	1,530
Auditor's remuneration	4,502	4,502	2,234
Legal and professional fees	28,800	28,800	-
Fair value movement on other creditors	482	482	951
Other costs	13	13	41
	<u>35,255</u>	<u>35,255</u>	<u>4,756</u>

6. Employees

No trustees received remuneration during the period. No trustees were reimbursed for expenses during the period (31 March 2022: Nil).

7. Tangible fixed assets

	Office Equipment	Total
	£	£
Cost		
At 1 April 2022	207,085	207,085
On disposal	(7,651)	(7,651)
At 31 March 2023	<u>199,434</u>	<u>199,434</u>
Depreciation		
At 1 April 2022	207,085	207,085
Charge for the year	-	-
On disposal	(7,651)	(7,651)
At 31 March 2023	<u>199,434</u>	<u>199,434</u>
Net book values		
At 31 March 2023	<u>-</u>	<u>-</u>
At 31 March 2022	<u>-</u>	<u>-</u>

8. Heritage assets

	At valuation	At cost	Total
	£	£	£
Carrying amount at 1 April 2022 and 31 March 2023	<u>21,000,000</u>	<u>7,880</u>	<u>21,007,880</u>

There were no additions made to the Collection in the year. There were no impairments during the year.

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

In 2012, the collection belonging to Mr David Hamilton was gifted to the Trust. This collection consists of 33 items and includes medals, printed material and ephemera relating to the history of the Royal Navy. The collection was valued at £7,880.

Five-year summary	2023	2022	2021	2020	2019
	£	£	£	£	£
<u>Additions</u>					
Purchases	-	-	-	-	-
Donations	-	-	-	-	-
<u>Disposals</u>	-	-	-	-	-

9. Debtors

	Charity 2023 £	Charity 2022 £
Amounts due within 1 year:		
Other debtors	171	171
Amount owing from group undertakings	41,304	-
	<u>41,475</u>	<u>171</u>

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

	Charity 2023 £	Charity 2022 £
Other debtors	450,000	447,794
	<u>450,000</u>	<u>447,794</u>

Other debtors due after more than one year relate to amounts due from the sale of the leasehold land. The debtor is interest free and has been discounted to net present value.

11. Creditors: amounts falling due within one year

	Charity 2023 £	Charity 2022 £
Other creditors	2,466	2,466
Accruals	33,207	1,457
Amount owed to group undertakings	2,681	3,860
	<u>38,354</u>	<u>7,783</u>

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

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

	Charity 2023 £	Charity 2022 £
Other loans	98,000	97,520

Other loans relate to amounts due to Hartlepool Borough Council. These amounts will become due once the other debtor shown above has been received. The loan is interest free and has been discounted to net present value.

13. Restricted funds

	1 April 2022 £	Incoming £	Outgoing £	Revaluation £	31 March 2023 £
Lift replacement	10,045	-	-	-	10,045
Interpretation & learning fund	18,000	-	-	-	18,000
Friends of Trincomalee projects fund	598	-	-	-	598
	<u>28,643</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,643</u>
Revaluation reserve	20,999,999	-	-	-	20,999,999
	<u>21,028,642</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>21,028,642</u>

	1 April 2021 £	Incoming £	Outgoing £	Revaluation £	31 March 2022 £
Lift replacement	10,045	-	-	-	10,045
Interpretation & learning fund	18,000	-	-	-	18,000
Friends of Trincomalee projects fund	619	1,130	(1,151)	-	598
	<u>28,664</u>	<u>1,130</u>	<u>(1,151)</u>	<u>-</u>	<u>28,643</u>
Revaluation reserve	20,999,999	-	-	-	20,999,999
	<u>21,028,663</u>	<u>1,130</u>	<u>(1,151)</u>	<u>-</u>	<u>21,028,642</u>

The lease legal costs fund represents a grant received in 2013 as a contribution towards future legal costs relating to a lease and the land at Trincomalee Wharf.

The interpretation and learning fund represents money received towards this charitable aim and related annual expenditure. The year end balance includes funding which will be spent in the next financial years from The Sir James Knott Trust, The Drapers Foundation and the Hedley Trust.

Other restricted funds represent money given to the Trust for the maintenance and running costs of HMS Trincomalee.

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

16. Taxation

All of the charity's income is applied for charitable purposes and therefore the charity is exempt from corporation tax.

17. Related parties

Principal subsidiaries

Company name	Company number	Percentage shareholding	Description
The Foudroyant Trust - charity number 306082	00628111	N/A	Dormant

The company has taken advantage of the exemption under FRS 102 33.1A regarding disclosure of transactions with other NMRN group entities. There were no other related party transactions.

18. Ultimate parent undertaking

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

Control is exercised by the NMRN being the corporate member of the HMS Trincomalee Trust.

The NMRN was established in 2008 as a holding company of the NMRN Group which operates a number of naval service museums, including NMRN Hartlepool and HMS Trincomalee. The NMRN's strategy set out to increase the scale, scope and reach of the museum. Its vision is to become the world's most respected Naval Museum underpinned by a spirit of enterprise and adventure. The goal is to promote the public understanding of the Royal Navy past, present and future.

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

19. Analysis of cash and cash equivalents

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	34,898	(4,205)	30,693