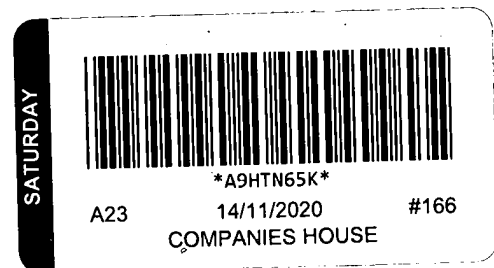


Charity number: 256756
Company number: 00936870

Warrior Preservation Trust Limited
(A company limited by guarantee)

Trustees' report and Consolidated financial statements

for the year ended 31 March 2020



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Warrior Preservation Trust Limited
(A company limited by guarantee)
Company number: 00936870

Legal and administrative information

Charity number 256756

Company registration number 00936870

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

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

Trustees Mr Michael Bedingfield
Mrs Donna Jones (Portsmouth City Council Appointed Councillor)
Professor Dominic Tweddle

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) and Strategic report

Foreword

The charitable objectives of the Warrior Preservation Trust Limited (the company), as defined in the Articles of Association, are

- a) The object of the Charity is the preservation of HMS Warrior 1860 and her presentation as a working frigate for the education and benefit of the public.

Performance Report

Overview

The Warrior Preservation Trust Limited (the company) was established on the 9 July 1968 and on the 1 April 2017 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 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.

On the 1 July 2017, the Warrior Preservation Trust Limited transferred all of its operational activities to NMRN Operations (charity number: 1169061), a wholly owned subsidiary of the National Museum of the Royal Navy. The Warrior Preservation Trust Limited is now fully integrated within the National Museum of the Royal Navy and has realised the benefits of operation of HMS Warrior within a large organisation, improving visitor experience, safeguarding and enhancing access to the collections and providing greater cohesion in the delivery of the charitable objectives.

Activities and Achievements

Conservation

There has been significant conservation work, responding to issues identified in reporting period 2018-19. Major work has focused on repair of the transom structure and on the rigging (as per the survey of 2017):

The transom repair required a major scaffolding design over the water to provide access and working conditions for staff and materials. All transom timber cladding was removed from the hull, the ironwork grit blasted and preserved, and metalwork fabrication completed. In the course of works, it became apparent that much of the timber cladding to the hull dated to January to August 1861; unfortunately, the use of fibreglass during the last repair episode had held moisture against these timbers, which as a direct consequence had suffered from fungal attack. It proved impossible to maintain the timber in-situ, so it was recorded, removed as carefully as possible, and will undergo conservation treatment before being archived. The National Museum's Historic Ships team has therefore had to increase the amount of complex shipwright works to Warrior's transom cladding. This has been completed, although repair to carved works remains. All carved work will be repaired in slow time and reinstalled

when the ship is dry-docked. The painters have undertaken much preservation of timber but their work was delayed by the closure of the Museum and lockdown due to the Covid-19 pandemic on 18 March 2020.

The major project to re-rig the mizzen mast has been completed. The mizzen mast top and stays were struck, leaving only the lower mast in the ship. Those elements of the rig that could be saved were refurbished, along with fabrication of new rigging. The re-rigging of the mizzen was completed in August 2020.

Public Engagement

HMS Warrior welcomed 156,149 visitors, a small increase on the last reporting period despite the ship being closed to public from 18 March 2020.

The revised interpretation strategy funded by the Heritage Lottery Fund project 'Secrets of Shipwrights and Sailors', went live in May 2019. This displayed the ship as 'A Victorian Marvel' as she appeared whilst taking part in the 1863 Channel Squadron round-Britain cruise. It opened up new areas on board the ship and helps visitors understand the stories of the members of the ship's company who served on board in 1863 and has added live interpretation through costumed interpreters who are real crew members or historic visitors.

A detailed evaluation report on the project completed in September 2019 showed that visitors rate the new interpretation very highly and that it has helped them understand Warrior's significance. One sample Trip Advisor review wrote:

'What a warrior! Went for a day trip here looked around Warrior - wow - what an insight into the lives of the sailors on board. The ship is immense to see all the armament and the officers' quarters and how they lived on board. Truly amazing - well worth the visit'

Plans for Future Periods

Conservation

The Covid-19 closure has disrupted existing plans for future periods; however, following the completion of the transom repair and re-rigging of mizzen mast, focus will shift to the ship's electrical systems and the work arising from survey. The survey of the ship's electrical systems in 2018-2019 identified a number of significant defects; the Trust has taken all appropriate steps to reduce the risk posed by the poor state of the electrical installation, but a total replacement of all on board electrical systems is required – at a cost of approximately £650k.

Interaction testing of the hull, cables and jetty will be undertaken to establish if earth leakage or other factors are accelerating corrosion of the ship's hull, and will inform the design of a cathodic protection system. Structural Analysis of the ship's structure and mooring system has identified that the system is insufficient to hold the ship during a once in 100-year storm event. Further investigatory work will be undertaken in the next reporting period to understand the scale of strengthening/replacement of the structure that will be necessary for the safety of the ship. The findings point to a growing urgency around the need to dry dock the ship for repairs.

Public Engagement

HMS Warrior closed to visitors from 18 March to 24 August 2020. Adjustments have been made in one way routing and social distancing to comply with government guidelines. This means that past plans for wider public engagement are in abeyance, but we do look forward to sharing and developing the approach implemented in the interpretation strategy during 2020-21.

COVID-19

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. As such, the Trustee and Directors are content that 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.

Financial Review

Statement of Financial Activities for the Year Ended 31 March 2020

Total incoming resources for the company in 2019-20 amounted to £1,466 (2018-19: £666). This inflow relates to donations.

Total resources expended for 2019-20 amounted to £137,682 (2018-19: £28,146). This primarily relates to a grant paid to NMRN Operations in respect of the ship's maintenance and levies relating to dockyard access rights, foreshore rent and governance costs. After gains on investments of £6,065, the net movement in funds for the year was a decrease of £130,151.

Balance sheet

The net assets as at 31 March 2020 amounted to £26,170,065 (31 March 2019: £26,300,216).

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 2020, the level of the company's free reserves (defined as net current assets attributable to unrestricted reserves) stood at £125,336 (31 March 2019: £147,852). The company's purpose is to hold the heritage assets and reserves of the Warrior Preservation 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, therefore the Trustees are content that the going concern basis continues to apply and that the free reserves are at an appropriate level.

Investment Policy

The company does not invest as a strategic means of raising income and ensures that cash and short term investments are with major financial institutions and therefore the Museum is not exposed to significant credit risks.

Warrior Preservation Trust Limited
(A company limited by guarantee)
Company number: 00936870

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.

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 Michael Bedingfield
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

This report sets out the arrangements for the governance of the Warrior Preservation Trust Limited, including the Board structure for Trustees. The Trustees, who are also the directors of Warrior Preservation Trust Limited (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.

This report demonstrates how the system of governance and internal control is maintained within the Warrior Preservation Trust Limited 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

Warrior Preservation Trust Limited is a company limited by guarantee (company number: 00936870) and a charity registered with the Charity Commission (registration number: 256756). It is governed by its Memorandum and Articles of Association dated 9 July 1968, which incorporates its charitable objects, the powers of the company and provides for the appointment and reappointment of Directors.

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.

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 2019-20. 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 that 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 Warrior.

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

The Board of Trustees (who are also directors of the Warrior Preservation Trust Limited 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 Michael Bedingfield
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 and Trustees of Warrior Preservation Trust Limited

Opinion

We have audited the financial statements of the Warrior Preservation Trust Limited (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 and the Charities Act 2011.

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.

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 directors' report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Act 2011 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; 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 set out on page 10, 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.

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. This description forms part of our auditor's report.

Warrior Preservation Trust Limited
(A company limited by guarantee)
Company number: 00936870

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's members and its trustees 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 and the charitable company's trustees as a body for our audit work, for this report, or for the opinions we have formed.



Nicky Whitehead 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: 9th 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	Restricted	Endowment	2020	Unrestricted	Restricted	Endowment	<i>Restated</i> 2019
	Notes	funds	funds	funds	Total	funds	funds	funds	Total
		£	£	£	£	£	£	£	£
Income from:									
Donations and legacies									
Donations	2	1,466	-	-	1,466	666	-	-	666
Total income		<u>1,466</u>	<u>-</u>	<u>-</u>	<u>1,466</u>	<u>666</u>	<u>-</u>	<u>-</u>	<u>666</u>
Expenditure on:									
Charitable activities									
Museum and visitor operations	3	23,980	-	-	23,980	28,146	-	-	28,146
Grant paid to NMRN Operations		113,702	-	-	113,702	-	-	-	-
Total expenditure		<u>137,682</u>	<u>-</u>	<u>-</u>	<u>137,682</u>	<u>28,146</u>	<u>-</u>	<u>-</u>	<u>28,146</u>
Net gains/(losses) on investments		6,065	-	-	6,065	-	-	-	-
Net income/(expenditure)		<u>(130,151)</u>	<u>-</u>	<u>-</u>	<u>(130,151)</u>	<u>(27,480)</u>	<u>-</u>	<u>-</u>	<u>(27,480)</u>
Transfers between funds		<u>113,702</u>	<u>-</u>	<u>(113,702)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net movement in funds		<u>(16,449)</u>	<u>-</u>	<u>(113,702)</u>	<u>(130,151)</u>	<u>(27,480)</u>	<u>-</u>	<u>-</u>	<u>(27,480)</u>
Reconciliation of funds:									
Total funds brought forward		141,685	25,059,228	1,099,203	26,300,116	169,165	25,059,228	1,099,203	26,327,596
Total funds carried forward		<u>125,236</u>	<u>25,059,228</u>	<u>985,501</u>	<u>26,169,965</u>	<u>141,685</u>	<u>25,059,228</u>	<u>1,099,203</u>	<u>26,300,116</u>

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

The notes on pages 17 to 26 form an integral part of these financial statements.

Consolidated Balance Sheet
as at 31 March 2020

	Notes	Group 2020 £	Restated Group 2019 £	Charity 2020 £	Restated Charity 2019 £
Fixed assets					
Heritage assets	6	25,040,000	25,040,000	25,040,000	25,040,000
		<u>25,040,000</u>	<u>25,040,000</u>	<u>25,040,000</u>	<u>25,040,000</u>
Current assets					
Debtors	7	975,959	770,114	975,959	770,114
Cash at bank and in hand		157,828	502,369	157,828	502,369
		<u>1,133,787</u>	<u>1,272,483</u>	<u>1,133,787</u>	<u>1,272,483</u>
Creditors: amounts falling due within one year	8	(3,722)	(12,267)	(3,722)	(6,200)
Net current assets		<u>1,130,065</u>	<u>1,260,216</u>	<u>1,130,065</u>	<u>1,266,283</u>
Total assets less current liabilities		<u>26,170,065</u>	<u>26,300,216</u>	<u>26,170,065</u>	<u>26,306,283</u>
Net assets		<u>26,170,065</u>	<u>26,300,216</u>	<u>26,170,065</u>	<u>26,306,283</u>
Funds					
Unrestricted funds		125,236	147,752	125,236	147,752
Designated funds		-	-	-	-
Restricted funds		7,063,823	7,063,823	7,063,823	7,063,823
Revaluation reserve		17,995,405	17,995,405	17,995,405	17,995,405
Endowment funds		985,501	1,099,203	985,501	1,099,203
Non Charitable Trading funds		-	(6,067)	-	-
Called up share capital		100	100	100	100
Total funds	9	<u>26,170,065</u>	<u>26,300,216</u>	<u>26,170,065</u>	<u>26,306,283</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 Michael Bedingfield
On behalf of the Board of Trustees

Date: 9 November 2020

The notes on pages 17 to 26 form an integral part of these financial statements.

**Consolidated Cash flow statement
for the year ended 31 March 2020**

	Group 2020	Group 2019
Cash flows from operating activities:		
Net cash provided by (used in) operating activities	(344,541)	(1,289,544)
Cash flows from investing activities:		
Interest income	-	-
Payments to acquire tangible assets	-	-
Net cash provided by (used in) investing activities	-	-
Increase/(decrease) in cash and cash equivalents in the year	(344,541)	(1,289,544)
Cash and cash equivalents at 1 April 2019	502,369	1,791,913
Cash and cash equivalents at 31 March 2020	157,828	502,369
 Net income/expenditure for the reporting period	 (130,151)	 (27,480)
Other gains/(losses)	-	-
(Increase)/decrease in debtors	(205,845)	(770,114)
Increase/(decrease) in creditors	(8,545)	(491,950)
Net cash provided by (used in) operating activities	(344,541)	(1,289,544)

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

1. Accounting policies

1.1. Charity information

Warrior Preservation Trust Limited is a private company limited by guarantee and incorporated in England and Wales. The business and registered office address is HMS Warrior 1860, Victory Gate, HM Naval Base, Portsmouth, PO1 3QX.

Warrior Preservation Trust Limited 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 company 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, and UK Generally Accepted Accounting Practice.

The role of the Trust is solely to hold heritage assets and reserves for HMS Warrior which it will grant to NMRN Operations as and when required until they are expended or a nominal sum remains. The ongoing operating costs are undertaken under an operator agreement by a separate group company, NMRN Operations, therefore the Trustee is content that the going concern basis continues to apply and the impact of the COVID-19 pandemic does not create a material uncertainty around going concern in the Trust.

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

Consolidated financial statements have been prepared in respect of the company and its wholly owned subsidiary, Warrior Trading Limited (company number 02134820 – dissolved 3 September 2019). The activity of Warrior Trading Limited ceased on 1 July 2017 when the operations were transferred to the National Museum of the Royal Navy Trading, the trading subsidiary of the Royal Naval Museum. The Consolidated Statement of Financial Activities includes the results of the Warrior Trading Limited as single line items. The Consolidated Balance Sheet includes the net assets of the subsidiary on a line by line basis.

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.

Expendable endowment funds are funds given to the Trust to be held as capital but which can, at the discretion of the Trustees, be applied as income for those purposes.

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

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

1.4. Income

Income is recognised when the company 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.

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

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 company 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 company'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.

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.

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.

1.7. Heritage assets

The Warrior Preservation Trust Limited 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 company.

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.

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

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.

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

Acquisition by gift - Collections Officers and Archives Collections Officers have authority to propose collecting in line with the 'Themes and Priorities for Future Collecting'. On occasion, a donation may need to be passed to an Acquisitions Committee, chaired by the Head of Collections Management. This Committee sits on a bi-monthly basis to assess those offers that require further group consideration, such as very large donations, donations of hazardous or sensitive information and donations that cross multiple fields of expertise. The decision on whether to pass offers to the Acquisitions Committee falls to the Head of Collections Management.

Acquisition by purchase - All Heritage Directorate staff can recommend purchases of material from any source and may authorise purchases up to £50,000 in accordance with a laid out scheme of delegation. Any purchases of a value above £50,000 should 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 the item cannot be properly displayed or the disposal proceeds can be used to purchase a better example and this does not detract from the integrity of the collection.

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

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

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 2020

1.8. Basic financial Instruments

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

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

1.9. Estimation techniques

Estimate	Assumption
Valuation of HMS Warrior 1860	The valuation of historic ships acquired by the group has been based on an estimate of current costs of rebuilding the vessels, as the actual costs of doing so are unknown. This assumes that the same materials and methods of construction would be utilised with the same cost profile as the original, and, on the same basis.

1.10. Restatement of comparative information

Comparative information for 2019 has been restated to reflect the changes described below:

During the year the Warrior Preservation Trust changed their accounting policy for heritage assets. The reason for this change was consistency with the National Museum of the Royal Navy's accounting policy for heritage assets. The impact of this change in accounting policy in the Warrior Preservation Trust is a reduction in the value of assets of £250,265 reflecting the cost of heritage assets acquired prior to 1 April 2000.

2. Grants and Donations

	Unrestricted funds £	2020 Total £	Unrestricted funds £	2019 Total £
Donations	1,466	1,466	666	666
	<u>1,466</u>	<u>1,466</u>	<u>666</u>	<u>666</u>

3. Museum and visitor operations

	Operations £	2020 £	2019 £
Levies	15,081	15,081	15,081
Governance and support costs	8,899	8,899	13,065
	<u>23,980</u>	<u>23,980</u>	<u>28,146</u>

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

4. Governance and support costs

	Operations	2020	2019
	£	£	£
Legal fees	5,084	5,084	6,194
Accountancy fees	1,620	1,620	2,400
Auditors remuneration	2,102	2,102	4,400
Other costs	93	93	71
	<u>8,899</u>	<u>8,899</u>	<u>13,065</u>

5. Employees

There were no employees during the year apart from the Trustees.

No trustees received remuneration during the period. Trustees are reimbursed for travel expenses through the parent company, the National Museum of the Royal Navy.

6. Heritage assets

	At valuation	Restated Total
	£	£
Carrying amount at 1 April 2019 and 31 March 2020	<u>25,040,000</u>	<u>25,040,000</u>
Historic cost at 1 April 2019 and 31 March 2020	<u>8,300,477</u>	<u>8,300,477</u>

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

Five-year summary	2020	2019	2018	2017	2016
	£	£	£	£	£
<u>Additions</u>					
Purchased	-	-	-	1,367,070	12,900
Donated	-	-	-	-	-
<u>Disposals</u>	-	-	-	-	-

7. Debtors

	Group 2020	Group 2019	Charity 2020	Charity 2019
	£	£	£	£
Amounts due within 1 year:				
Amount owed by group undertakings	<u>975,959</u>	<u>770,114</u>	<u>975,959</u>	<u>770,114</u>
	<u>975,959</u>	<u>770,114</u>	<u>975,959</u>	<u>770,114</u>

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

8. Creditors: amounts falling due within one year

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Accruals	3,722	6,200	3,722	6,200
Amount owed to group undertakings	-	6,067	-	-
	<u>3,722</u>	<u>12,267</u>	<u>3,722</u>	<u>6,200</u>

9. Funds

	1 April 2019 £	Income £	Expenditure £	Revaluation £	Gains/ (losses) £	Transfers £	31 March 2020 £
Unrestricted							
General fund	147,752	1,466	(137,682)	-	(2)	113,702	125,236
Warrior Trading Limited	(6,067)	-	-	-	6,067	-	-
Total unrestricted	<u>141,685</u>	<u>1,466</u>	<u>(137,682)</u>	<u>-</u>	<u>6,065</u>	<u>113,702</u>	<u>125,236</u>
Restricted							
Donors' funds	19,228	-	-	-	-	-	19,228
HMS Warrior (the ship)	25,040,000	-	-	-	-	-	25,040,000
	<u>25,059,228</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,059,228</u>
Endowment							
Ward legacy fund	1,099,203	-	-	-	-	(113,702)	985,501
	<u>1,099,203</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(113,702)</u>	<u>985,501</u>
Total funds	<u>26,300,116</u>	<u>1,466</u>	<u>(137,682)</u>	<u>-</u>	<u>6,065</u>	<u>-</u>	<u>26,169,965</u>

	<i>Restated</i> 1 April 2018 £	Income £	Expenditure £	Revaluation £	Gains/ (losses) £	Transfers £	31 March 2019 £
Unrestricted							
Designated:							
Warrior Association	16,912	-	-	-	-	(16,912)	-
General fund	158,320	666	(28,146)	-	-	16,912	147,752
Warrior Trading Limited	(6,067)	-	-	-	-	-	(6,067)
Total unrestricted	<u>169,165</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,685</u>
Restricted							
Donors' funds	19,228	-	-	-	-	-	19,228
HMS Warrior (the ship)	25,040,000	-	-	-	-	-	25,040,000
	<u>25,059,228</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,059,228</u>
Endowment							
Ward legacy fund	1,099,203	-	-	-	-	-	1,099,203
	<u>1,099,203</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,099,203</u>
Total funds	<u>26,327,596</u>	<u>666</u>	<u>(28,146)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,300,116</u>

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

Included in the above figures is the revaluation reserve of £17,995,405.

Donor's funds received have been allocated specifically to educational projects.

The Ward legacy fund was to be used for the furtherance of education and to be maintained as a permanent endowment fund. On 6 October 2019, the Trust received approval from the Charity Commission to amend the objects of the fund under section s275 of the Charities Act 2011 to include funding of capital works on board the ship, this being in the best interests of the charity and its beneficiaries, ensuring the proper safeguarding of the asset. The trustees are satisfied that the capital works constitute an educational purpose to allow the ship to remain open and educate visitors.

HMS Warrior 1860 (the Ship)

The following funds were combined to reflect the original cost of the heritage asset, HMS Warrior 1860, and the subsequent revaluation: the deck fund received from the HLF, Portsmouth City Council and sponsor a plank; the HLF (Bulwarks) fund received from the HLF; and endowment fund representing capital expenditure on the Ship financed by a loan from the Manifold Trust which was waived in 1998.

10. Analysis of net assets between funds

	Tangible Fixed Assets	Net Current Assets	2020 Total
	£	£	£
Unrestricted funds	-	125,336	125,336
Restricted funds	25,040,000	19,228	25,059,228
Endowment funds	-	985,501	985,501
Total net assets	25,040,000	1,130,065	26,170,065

Included in the above figures is the revaluation reserve:

Revaluation reserve	17,995,405	-	17,995,405
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	Tangible Fixed Assets	Net Current Assets	Restated 2019 Total
	£	£	£
Unrestricted funds	-	147,852	147,852
Restricted funds	25,040,000	19,228	25,059,228
Endowment funds	-	1,099,203	1,099,203
	25,040,000	1,266,283	26,306,283
Non-charitable trading funds	-	(6,067)	(6,067)
Total net assets	25,040,000	1,260,216	26,300,216

Included in the above figures is the revaluation reserve:

Revaluation reserve	17,995,405	-	17,995,405
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Notes to the financial statements for the year ended 31 March 2020

11. Commitments and contingent liabilities

Capital commitments

Amounts contracted for but not provided for in the financial statements amounted to £Nil for the group and company (2019: £Nil).

Contingent liabilities

The Trust has a liability to share with Portsmouth City Council one half of any surplus in the Warrior project in any one year to offset the council's investment in providing the jetty. The liability is capped to the cost of the jetty plus capitalised interest to December 2013 (as by agreement in 2014), currently £8.4M. The operational responsibility for the ship and the ongoing operating costs are now undertaken under an operator agreement by a separate group company, NMRN Operations and this long term project shows no surplus. The following table shows the expected financial effect of the liability:

	Years 1 to 5	Years 5 to 10	Years 10 to 25
Expected surplus payment	£Nil	£Nil	£Nil

12. Other commitments

At 31 March 2020 the charity had annual commitments under non-cancellable operating leases as follows:

	2020 £	2019 £
Expiry date:		
Within one year	15,081	15,081
Between one and five years	60,326	60,326
In over five years	863,952	879,034
	<u>939,359</u>	<u>954,441</u>

13. Taxation

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

14. Related parties

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.

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

15. Ultimate parent undertaking

The Warrior Preservation Trust Limited 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 Warrior Preservation Trust Limited.

The NMRN was established in 2008 as a holding company of the NMRN Group which operates a number of naval service museums, including HMS Warrior 1860. 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.

16. Analysis of cash and cash equivalents

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	502,369	(344,541)	157,828
Charity	<u>502,369</u>	<u>(344,541)</u>	<u>157,828</u>

17. Revaluation reserve

	Total £
At 31 March 2020	17,995,405
At 31 March 2019	<u>17,995,405</u>

18. Share capital

	2020 £	2019 £
Authorised, allotted, called up, and fully paid: 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

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

19. Prior year adjustment

During the year the Warrior Preservation Trust changed their accounting policy for heritage assets. The reason for this change was consistency with the National Museum of the Royal Navy's accounting policy for heritage assets. The impact of this change in accounting policy in the Warrior Preservation Trust is a reduction in the value of assets of £250,265 reflecting the cost of heritage assets acquired prior to 1 April 2000.

The effect of this change on reserves is as follows:

	Unrestricted	Restricted	Endowment	2020	Unrestricted	Restricted	Endowment	<i>Restated</i>
	funds	funds	funds	Total	funds	funds	funds	2019
	£	£	£	£	£	£	£	£
Total funds brought forward as previously stated	391,950	25,059,228	1,099,203	26,550,381	419,430	25,059,228	1,099,203	26,577,861
Prior period adjustment	(250,265)	-	-	(260,265)	(250,265)	-	-	(250,265)
Total funds brought forward as restated	141,685	25,059,228	1,099,203	26,300,116	169,165	25,059,228	1,099,203	26,327,596
Net movement in funds	(16,449)	-	(113,702)	(130,151)	(27,480)	-	-	(27,480)
Total funds carried forward	125,236	25,059,228	985,501	26,169,965	141,685	25,059,228	1,099,203	26,300,116