

COMPANIES HOUSE

HMS TRINCOMALEE TRUST (Limited by Guarantee)

TRUSTEES' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2009



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COMPANIES HOUSE

Registered number: 2678419
Charity number: 1007784

HMS TRINCOMALEE TRUST
(A Company Limited by Guarantee)

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REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY, ITS TRUSTEES AND ADVISERS
FOR THE YEAR ENDED 31 MARCH 2009

Patron

HRH The Duke of Edinburgh KG KT

Trustees

Commodore P R Sutermeister DL RN, Vice Chairman and Acting Chairman
Mr O R D Evans, Chairman from AGM September 2008
Mr J I Megson FCIB, Deputy Chairman
Mr R L Allison BA RD
Mr K Bouabda
Councillor G G Hall MA (Oxon) MAAT
Professor K L Oglesby BA MA PGCE FRSA
Mr J R Kirkup
Councillor Mrs M P Laffey GMLAM RPS DAES (Dunelm)
Captain A I B Moffat RN DL RNR (appointed 7 April 2008)
Mrs C Purdy BA MBA MCIH
Mr N A Sloan BSc (Hons) MPhil CPFA (resigned 18 November 2008)
Mrs P A Sole JP
Colonel R M Stewart OBE TD DL BSc (Hons) MIEE FRSA
Mr A S White BA

President

Captain D T Smith OBE FNI RN

Vice Presidents

Sir Ronald Norman OBE
Vice Admiral Sir Lancelot Bell Davies KBE (resigned 2 April 2008)
Mr R C Thornton
Professor A Lambert PhD FRHistS
Mr N R L Hogg JP MA
Colonel E H Houstoun OBE
Air Vice-Marshal A F C Hunter CBE AFC MA LLB DL
Mr R C Spoor OBE RD DCL DL FCA
Mr M Tapper FRSA
Commander R L Warren RN

Company registered number

2678419

Charity registered number

1007784

Registered office

Jackson Dock, Maritime Avenue, Hartlepool, TS24 OXZ

Company secretary

Mr D B Hughes Cert Ed.

Chief executive officer

Mr D B Hughes Cert Ed.

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Advisers (continued)

Independent Examiners

Heather O'Driscoll

Horwath Clark Whitehill (North East) LLP, Oakland House, 40 Victoria Road, Hartlepool, TS26 8DD

Bankers

Barclays Plc, PO Box 7, Stockton, TS18 1AH

Solicitors

Blake Laphorn, New Kings Court, Tollgate, Chandler's Ford, Eastleigh, Hampshire, SO53 3LG

Subsidiary Company

HMS Trincomalee (1817) Enterprise Company Limited, Company Number: 6096831

Subsidiary Trust

The Foudroyant Trust. Wholly owned by the HMS Trincomalee Trust as a dormant Trust effective from 1 April 2003. Company Number: 628111. Registered Charity Number: 306082

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TRUSTEES' REPORT
FOR THE YEAR ENDED 31 MARCH 2009

The Trustees, who are also directors of the company for the purposes of the Companies Act, submit their annual report and the financial statements of The HMS Trincomalee Trust (the charity) for the ended 31 March 2009. The Trustees confirm that the annual report and financial statements of the charity comply with current statutory requirements, the requirements of the charity's governing document and the provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in March 2005.

Structure, governance and management

a. Constitution

The Trust is a charitable company limited by guarantee and was set up by a Memorandum of Association on 16 January 1992. The principal objects of the Trust are:

- i) To restore, refurbish, improve, maintain and preserve the vessel HMS Trincomalee otherwise and formerly known as TS Foudroyant (hereinafter called "the Ship").
- ii) To provide facilities of an educational or cultural nature calculated to improve public awareness and appreciation of the Ship's historical past.
- iii) To provide recreation and public enjoyment by the promotion and explanation of matters concerning Britain's naval heritage.
- iv) 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.
- v) To provide training in seamanship and projects and activities to the public of a general educational nature.

There have been no changes in the objectives since the last annual report, but the Trust was advised by its solicitors to make minor amendments to the Articles of Association to conform with the Companies Act 2006 which came into force in October 2008. These amendments related to the appointment of a proxy and to conflicts of interest and were adopted by the Trust at its Meeting held on 17 June 2009.

b. Method of appointment or election of Trustees

Trustees are elected by the Board and the total number of Trustees shall not be less than four nor more than twenty four. Trustees may remain in office for three years and shall subsequently be subject to retirement by rotation, but in any case shall be eligible for re election. The Board of Trustees includes by invitation two Trustees nominated by Hartlepool Borough Council reflecting the close working arrangements between the two organisations.

c. Policies adopted for the induction and training of Trustees

The Trust has a policy of maintaining a rolling-programme of canvassing interest amongst people from the locality; not only to assess future Trustees, but to stimulate support amongst those who may be able to assist the Trust fulfil its objectives in other ways.

Recommendations to appoint a new Trustee are taken by the Chairman to the Board.

A potential new Trustee is provided with information about the Trust and Trusteeship, and has the opportunity to meet with some of those involved. Induction continues through meetings and discussions as a two-way process.

The Trust has adopted a policy of extending its June Board Meeting commitments each year to either visit and

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TRUSTEES' REPORT (continued)
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examine other facilities and developments in the Tees Valley area, or receive presentations on matters of current interest.

d. Organisational structure and decision making

The management of the company is the responsibility of the Trustees who are elected under the terms of the Articles of Association.

The Trustees are required to meet at least five times a year. Apart from the AGM, these meetings include four quarterly Board meetings where the strategy and operations are reviewed and forward plans adopted. The Board delegates the exercise of certain powers to sub-committees, notably for finance, fundraising, and governance and personnel, and also for working groups in conjunction with the Council. This is controlled by requiring reporting back to the Board so that all decisions made under delegated powers are ratified by the full Board in due course.

The Chief Executive of the Trust is its General Manager/Company Secretary, Bryn Hughes, who is responsible for the day to day management of the Charity's affairs and for implementing policies agreed by the Board of Trustees. The General Manager/Company Secretary is assisted by a small core staff representative of the Charity's activities in ship conservation and maintenance, visitor services, finance and administration, and records and archive related work.

e. Related party relationships

In order to fulfil its objects the Trust acquired the assets and liabilities of the Foudroyant Trust in April 1992, which included the vessel HMS Trincomalee. In response to the Charity Commission's advice the Trust made arrangements for the Foudroyant Trust to become wholly-owned by the HMS Trincomalee Trust with effect from April 2003, thus retaining the dormant Foudroyant Trust within an acceptable structure.

In view of the increasing revenue being generated both from charitable activity and supportive non charitable use of the Ship, Trustees resolved following consultation with the Charity Commission, that the formation of a wholly owned subsidiary should be pursued. HMS Trincomalee (1817) Enterprise Company Limited was incorporated on 12 February 2007 and became operational from 1 April 2007 to carry out non charitable trading activities to raise funds for donating to the Trust. This, then, has been the second full year of operation of the Enterprise Company. The Trust is also supported by the Friends of HMS Trincomalee which is a Registered Charity in its own right and has a membership base.

f. Risk management

Charities are now required to make a statement in the Annual Report that major risks to which the Trust may be exposed have been considered and reviewed by the Board. To this end the Trust has a Risk Assessment and Management Plan which is considered in context on a regular basis, and where treatments are agreed in an effort to mitigate the principal risks.

Objectives and Activities

a. Policies and objectives

Early in the year the Trustees reviewed the Mission Statement and General Objectives of the Trust to ensure that the statements fully reflect the current situation and strategic direction of the Trust. They are as follows:

Mission Statement:

"To ensure that the restored frigate HMS Trincomalee is maintained, conserved and presented to the highest standards in order to be accepted as a world class icon of maritime heritage and education for the nation".

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General Objectives:

- i) Maintain and conserve the restored Ship and ensure that she remains afloat and is adequately protected and insured.
- ii) Ensure the safety of the Ship and that there is safe access for our employees, visitors and the public at all times, including the disabled.
- iii) Ensure that the Ship is displayed to her best advantage.
- iv) Promote and raise awareness of the Ship to a wide audience locally, regionally, nationally and internationally.
- v) Provide the best possible dedicated exhibitions with displays and interpretation that complement the Ship and so further public awareness, appreciation and understanding of her history and her times.
- vi) Encourage and develop the use of the Ship and its exhibition for educational purposes, including programmes in maritime, military and social history, and in the history of the British Empire, and other aspects of lifelong learning.
- vii) Generate sufficient funds from visitors, functions, sales, filming, fundraising, private business and public funders, to ensure the objectives can continue to be met.
- viii) Recognise the value of, and strive to be a good employer of, the Trust's staff and volunteers.
- ix) Work to maintain and develop beneficial liaisons and partnerships with the public authorities locally and regionally, national bodies, the private and voluntary sectors and the media, and others who can assist the Trust to fulfil its objectives.
- x) Encourage sea awareness activities and ceremonial amongst the Sea Cadet Corps and other maritime youth organisations.
- xi) Strive to be a good neighbour within the local community and environment and develop the HMS Trincomalee project as a dynamic and successful partner in the renaissance of Hartlepool.
- xii) Play our part in developing a regional and national recognition of the value and professionalism of the historic ship sector in the areas of museums, heritage, tourism, regeneration and education.

Short Term Objectives:

In reviewing the general Objectives for the year, Trustees also identified a series of specific short term Objectives relevant to the current activities and developments within the Trust that aim to identify and focus upon as the more immediate priorities in meeting the general Objectives. In this instance they have been classified into four sections; Governance, Finance, Developments and Marketing as shown.

Governance

- i) Continue to review the composition of the Trust to ensure that the Trust benefits from relevant knowledge and experience for the current work.
- ii) Review the role of Trustees to ensure that their contribution to help, advise and secure funds to support the Trust is maximised.
- iii) Continue to review the role of Vice Presidents within the Trust to ensure that those with appropriate experience can continue to offer help, advice and funding support to the causes of the Trust.
- iv) Consider and action matters of succession planning, both from within the senior staff of the Trust and the Trustees themselves to enable a smooth transition to take place whenever appropriate.
- v) Continue to undertake activities and/or meetings designed to raise the awareness of Members of Hartlepool Borough Council and other publicly elected people of the Ship's value and contribution to the town and wider region.
- vi) Support and encourage the Friends of HMS Trincomalee to raise their membership substantially and encourage a direct involvement in the presentation of the Exhibition and other promotional activities.

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Finance

- i) To recognise that regardless of the Trincomalee Wharf Development Agreement there will be a substantial annual deficit on the Trust's annual revenue budget that will need to be offset from fundraising and income from receipts.
- ii) To ensure that expenditure is tightly managed whilst retaining service levels, and maximising all opportunities to increase income yields.
- iii) Resolve with the Trust's bankers, and others, a strategy for investment of the capital receipt funding from the Developer.
- iv) Establish the Fundraising Team and support the work of the Trust's retained Fundraiser in order that a target of £30k is raised for revenue purposes from grantmaking trusts or similar organisations, and / or through events and activities.
- v) Co-operate with the Trust's retained Fundraiser in identifying and supporting as appropriate applications to raise up to £200k of capital from funding sources to enable further interpretation and other projects within the Ship, as identified by the Fundraising Team, to be achieved.
- vi) In conjunction with the Trust's Enterprise Company, work to substantially develop the ShipShop in terms of turnover and profitability.

Developments

- i) To play a major part in the fulfillment of the Trincomalee Wharf site, and to maintain a close liaison with the Developer and the Council in all aspects of the development.
- ii) To ensure that the current capital projects relating to the Exhibition, further interpretation in the Ship, and the re-rigging are completed satisfactorily.
- iii) In relation to the Exhibition and its wider fulfillment, to develop the positive and beneficial relations with the Archive and Regional Film and Television Archive centred at the University of Teesside.
- iv) To progress a capital and revenue scheme with the University designed to allow the Trust's archive to be digitised and made more publicly available.
- v) With the completion of the educational facilities on board Wingfield Castle and the organisation of the Trust's records later in the year, to develop educational resources and information and progress towards Museum Accreditation with the appropriate authorities.

Marketing

- i) In conjunction with the Council, to revise the Marketing Plan for HME and the Ship, and consider further options for the Ship itself.
- ii) To identify and promote an enhanced marketing image for the Ship.
- iii) To generate an increased number of PR and photo opportunities for the media and continue to utilise the Council's Press Office when appropriate for distribution.
- iv) To keep under review the Trust's website, and in conjunction with the Enterprise Company, to increase the ShipShop sales opportunities. To ensure that the links to the primary tourism websites [DestinE, visitTeesside etc] are maintained and up to date.
- v) To work with the Council in enhancing visitor numbers and income.
- vi) To introduce additional and/or enhanced Trincomalee fee paying activities – such as the Christmas Dinners.
- vii) Identify and pursue opportunities for the Ship and the Trust arising from the 2010 Tall Ships event.

It is pleasing to report that by the year-end there had been very significant progress towards the attainment of the majority of the key shorter term objectives, and notably in respect of the capital programme, establishment of the Fundraising Team and Project Appeal and in the development of sales. The review of the year that follows highlights many of these successes.

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b. Strategies for achieving objectives

The Strategies for achieving the Objectives fall into four main sections that reflect the primary practical and operational elements of the Trust's work:

Conservation and Maintenance of HMS Trincomalee

The Ship is the Trust's primary artefact and the very reason for the Trust's existence. More than ten million pounds was raised and used by the Trust between 1990 and 2001 for the award winning restoration of the vessel by the Trust's team of skilled employees. The Ship is in the Core Collection of the National Register of Historic Vessels of the United Kingdom because of her importance to the maritime heritage of the UK.

The Trustees believe it is essential that their custodianship reflects a strategy of care that will enable HMS Trincomalee to remain afloat in sound condition for the foreseeable future. To ensure that this is the case the conservation and maintenance of HMS Trincomalee is planned and executed broadly in accordance with the Ship's Conservation Plan that was formulated as part of the restoration programme.

Presentation of HMS Trincomalee

The conservation and maintenance of the Ship preserves the artefact in its own right, but an equally important element of the Trust's work is to make HMS Trincomalee available for the public's education and enjoyment; this is the specific end-use for which the conservation and maintenance programme is tailored, and is the primary public benefit.

The strategy in this respect is to ensure that the Ship is open to the public throughout the year and to provide interpretation – both in a gallery environment and in the Ship - and a safe environment where people of all ages can benefit from the experience. The development of educational usage, particularly for local youngsters, has gained in importance and plans were set out during the latter part of the year to investigate a form of membership scheme for the local schools.

Generating funds to support the maintenance and presentation of the Ship

Large historic ships are by their very size and construction expensive objects to both restore and to subsequently maintain. Hartlepool continues to move steadily towards recognition as an important tourist destination, and particularly with the planning and forward awareness that the town will stage the concluding leg of The Tall Ships Races in August 2010. Nevertheless, Trustees have to be realistic as to the income potential that can be achieved to support the operating costs of maintaining and presenting the Ship on a day-to-day basis.

The strategy is to promote and encourage a wide range of uses and users of the Ship, in addition to the core visitor throughput, whilst also developing souvenir lines that will be attractive to visitors. In addition the Trust contracts a Fundraiser on a retained basis primarily to generate additional funding through grantmaking trusts in accordance with the adopted Fundraising Campaign approved and supported by Trustees.

Governance of the Trust

The Trust is a Registered Charity and a Company Limited by Guarantee and the management of the Trust is the responsibility of the Trustees.

In essence, the Trust as a body has had a relatively stable year, but this has masked a very great deal of activity and its necessary responses to appointing a new Chairman, a possibility of the retirement of its General Manager, and a recession resulting from a severe downturn in the national economy. It has been quite a challenge for everyone involved.

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Following the untimely death of the former Chairman James Atkinson in December 2007, Commodore Paul Sutermeister, Vice Chairman, took the role of Acting Chairman and steered the Trust whilst Trustees considered the appointment of a new Chairman to be effective from the Annual Meeting in September 2008. Owen Evans was nominated for the position, which he accepted and took up the Chairmanship at that time. The Trust has been able to retain the experience and balance of its Board, but was disappointed to lose the services of Nicholas Sloan during the year because of his work commitments in London.

c) Activities for achieving objectives

Activities in conjunction with Hartlepool Borough Council

Last year's report made note of the earlier arrangements that had been discussed and agreed between the Trust and the Council at Hartlepool's Maritime Experience [HME] in order to develop the site as a single marketable entity.

i) A single site, equal admissions income and marketing

A key point in the arrangements with the Council relates to the equal split of admissions income to HME between the Trust and the Council and the marketing of the whole Experience, including the Museum of Hartlepool and PS Wingfield Castle, as a single attraction. These arrangements have now been in place for three complete years, and there is no doubt that by combining resources in this way, the visitor experience and marketability of the attraction has been enhanced.

Trustees have been concerned, however, by the loss of the name of the Ship *per se* in much of the Council-led advertising and promotional work associated with HME. Discussions have taken place in the Joint Working Group and it is now agreed that the 'strap line' "Home of HMS Trincomalee" will be added to the HME title. Similarly, in discussions concerning the proposals for the Tall Ships Races 2010, "HMS Trincomalee – Hartlepool's Tall Ship" is to be used where appropriate.

ii) Memorandum of Understanding

An important result of the discussions with the Council is to conclude a Memorandum of Understanding to set out the responsibilities of each party. There have been delays by the Council in finalising this document, but it is now including the various License arrangements that the Trust has for the occupancy of areas at HME. This makes sense and will result in a comprehensive document that it is anticipated will be signed-off shortly.

iii) Capital programme

The strategy of retaining HMS Trincomalee afloat in the graving dock at HME included a three year programme, costed at £1.6m, designed to upgrade many of the facilities and displays to attract increased visitor numbers and income. The programme began in 2006 once the Council's application for funding of just over £1m through the Single Programme had been confirmed. The application was made in conjunction with the Trust, as was a subsequent grant application for ERDF funding. The Trust for its part sought and achieved generous grant support from the Northern Rock Foundation, the Heritage Lottery Fund and the Esmée Fairbairn Foundation.

The early work was described in last year's report, and the current year has seen the conclusion of four separate capital schemes involving the Trust's facilities, which has been a considerable challenge for the Trust throughout the period.

A generous grant had been awarded by the Northern Rock Foundation for both capital and revenue, largely in support of the research and establishment of a new Exhibition about the life and times of HMS Trincomalee. The Exhibition, housed in a gallery space overlooking the Ship, was researched in-house by Jean Hughes, the Trust's Records and Interpretation Co-ordinator. The installation of the graphic panels and film elements was

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completed by the Designers, Continuum, during August 2008 and the Exhibition was immediately made available to the public. This exciting new feature, branded "The Worlds of HMS Trincomalee", provides the public with a most informative and attractive introduction to the Ship and her times. The official opening of the Exhibition by the Trust's Patron, HRH The Duke of Edinburgh, took place in February 2009.

Alongside this work, Continuum was also involved with the Trust in work to enhance elements of the interpretation within the Ship. The research for the Exhibition had informed much of the wide range of exciting improvements to displays, sight lines and new 'dressing' within the Ship, all of which had been discussed with staff and formed part of a well researched and successful application to the Heritage Lottery Fund for £120k. Work began in the spring of 2008 and the supply and installation was phased over the next nine months or so, with the Waist area only being concluded in the early spring of 2009. This project was an enormous task for the Trust and its staff, but the result has been hugely appreciated by visitors in benefiting their understanding, enjoyment and experience of the Ship.

The third capital scheme saw the extension of the ShipShop together with a general tidying of the quayside compound areas. This scheme was completed in late June 2008 and has enabled greater space to be devoted to the reception of visitors and the sale of souvenirs in a professionally fitted-out facility. It is light and airy and is a great improvement to the working environment for the Guides. The scheme has also provided an office/canteen area for the Guides as well as useful extra storage space. It has been a great success and well worth the disruption of the Guides having to work out of a temporary portacabin for a few months whilst the building work was underway!

The final scheme, which formed part of the Heritage Lottery Fund application, was the conservation renewal of the Ship's lower rigging. Earlier reports noted concern about the deterioration of much of the manila hemp which had been in place for some ten years, and the decision to follow the earlier scheme with the upper rigging to replace with man-made polypropylene cordage. Upon the advice of Les Gilfoyle, Ship Maintenance Supervisor, it was agreed that with his two riggers the replacement of the lower rigging could be tackled in-house. The Trust had won a grant of just under £20k from the Esmée Fairbairn Foundation that enabled a start to be made in the spring of 2008.

The cordage was purchased through the Chatham Rope Works and work began on the Fore Mast and Bowsprit. Preparing the rope was undertaken on the Gun Deck which stimulated considerable interest amongst visitors throughout the summer. Later work saw the Main Mast and finally the Mizzen fully re-rigged. Once again this project was an immense task by the Trust's employees, but creating great satisfaction that the skills have been available within the team. Above all else, the re-rigging has enhanced the appearance of the Ship, and the use of polypropylene cordage will both minimise the routine maintenance requirements and should delay further renewal for up to twenty years.

iv) Development of the Trust's shoreside land - Trincomalee Wharf

The main outcome from the proposals with the Council has been the availability of the Trust's shoreside land, provided initially by the former Teesside Development Corporation on a 999 year lease in 1998, and now being transferred to the freehold ownership of Hartlepool Borough Council. The land, known as Trincomalee Wharf, had earlier been marketed for commercial development in order to achieve a capital receipt through a sub lease for the Trust to invest to support its future revenue position.

It was reported last year that the finalisation of the complex legal documentation between the Trust, the Council and the Preferred Developer, Jomast Construction Ltd., was achieved in late March 2008. This enabled the Developer's cash deposit to be received by the Trust and alleviate what was a growing financial crisis. It is right to acknowledge in this context the work of the Trust's solicitor, the generous support of English Partnerships [now The Homes and Communities Agency] in funding the Trust's legal costs and the co-operation of the Council and the Trust's bank.

Subsequently, the Trust was able to eliminate its bank overdraft and invest the majority of the deposit payment

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in an interest-bearing account. The Developer, for his part, made application to the Council for outline planning permission for an exciting mixed-use development for the site, and in June 2008 this was granted, albeit with a number of restrictions as reserved matters.

It was at this time that the phrase 'credit crunch' was first being heard, and the downturn that followed during the later months had a severe impact upon the progress of the Trincomalee Wharf development. Jomast effectively put matters on hold as many builders and developers were suffering in the economic climate. Interest rates also fell sharply throughout the autumn and winter period and the value of the Trust's investments in supporting the revenue shortfall declined accordingly.

Meetings were held with the Developer and the Council to review the development position as concern was increasing about the delays caused by the economic conditions and for the second stage payment due from Jomast at the end of March 2009. This second payment, however, was made punctually to the Trust and subsequently there have been further discussions to try and assist Jomast to make a start with the development. It is disappointing that the result of the recession has meant that this prime land adjacent to Jackson Basin will not now be developed in time for the Tall Ships Races in August 2010, but it is to be hoped that progress will be made in the coming year as soon as the economic situation eases.

Conservation and Maintenance of HMS Trincomalee

The routine maintenance of the Ship that conforms largely to the Trust's Conservation Plan continued throughout the year under the direction of Les Gilfoyle. As always the Maintenance Team of three tackled a wide range of tasks to conserve and maintain the Ship in excellent condition, as well as undertaking all the planned safety checks and assistance with moving equipment for functions and events.

The year was dominated of course by the important capital project to renew all the lower rigging, but the Maintenance Team was also involved with quite a lot of the work associated with the additional interpretation within the Ship, and as an aside, improving the safety of visitors with an innovative design of handrail extension on the Upper Deck ladderways. The results throughout are superb both in the visual impact of the Ship and in reducing the future difficult maintenance requirements aloft.

There is, however, no resting on laurels with the maintenance of an historic ship, and in the early months of 2009/10 some timber rot discovered on the Quarterdeck had to be dealt with!

Presentation of the HMS Trincomalee

Like virtually all the other elements within the Trust's workings, the presentation of HMS Trincomalee and the facilities available have changed markedly during the year, thereby fulfilling many of the longer-term strategic plans. The capital works have already been described in the paragraphs above.

The Deckplan Guide and audioguide remain popular forms of additional information amongst visitors. It is planned to recast the audioguide storyline to reflect the new interpretation within the Ship and possibly extend the options by providing a Simple English version and hardware that can show visuals. It is pleasing to report that Professor Lambert's acclaimed book on Trincomalee was re-printed early in the year and the costs supported generously by the Friends of HMS Trincomalee. A DVD telling the story of the Ship has been produced by Paul Frost and is available to the public as a most informative and entertaining keepsake.

The Ship's Guides continued to provide fully guided tours for all educational group bookings, which work well and are appreciated by the school staff and pupils alike. The Trust puts considerable staffing resources into maintaining the format of guided tours and the programming of educational groups in conjunction with the Quay staff is important in this respect. The Trust will be seeking to achieve a cost subsidy by grant whilst further developing its educational initiatives.

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With the onset of the Tall Ships Races in 2010 the prospect of involving more local young people has come to the fore. The opportunity was taken during the latter part of the year, thanks to the initiative by Alan White, Trustee and Head of Manor College, to speak to the monthly meeting of the Heads of the Secondary Schools in Hartlepool, and this was followed-up with their next meeting being held in the Captain's Cabin. Currently an exciting proposal is being investigated that would establish a membership scheme to HME and HMS Trincomalee for the Hartlepool schools and for the schools to also assist in the preparation of the Trust's educational materials. It is hoped that the scheme will be in place by the beginning of the 2009/10 academic year.

The lifts between decks continued to be an important and welcome help to many visitors, and have certainly opened-up visits and bookings that otherwise may not have been achieved. It has been noted in the last two year's reports, however, that there have been occasional technical problems with the lifts and these have recurred at times during the year. The manufacturer identified a fault with the contacts which appears to be a design problem, but exacerbated by the slight movement of the timbers that surround the structures. A capital funding scheme in the Project Appeal fundraising campaign has been identified to update/replace the lifts with a more modern design over the next two years as this is a most important provision and we need to know that they are reliable and available at all times.

The Ship's Guides under the supervision of Joan Lilley and Jen Hall have as always adapted well to all the new arrangements and maintained a very high standard of public service throughout the year. The Visitor Comments Book bears testament to the enjoyment had by countless people visiting the Ship during the year, and as ever we could not have written some of the comments better ourselves!

Generating funds to support the maintenance and presentation of the Ship

The main source of unrestricted funds to support the general revenue expenditure of the Trust is derived from admissions income. Other important sources include the use of the Ship for largely non-charitable activities such as functions, weddings, presentations and filming. With the development of the facilities of the ShipShop there is an increasing opportunity to develop the 'secondary spend' element through souvenir purchases. The Trust also derives funds from donations, and here the continuation of the Gift Aid regime is of vital importance, as well as from revenue-based grants and the generosity of the Friends of HMS Trincomalee. Finally, the investment of moneys from the Trincomalee Wharf development is a new source of funding this year; albeit that interest rates have plummeted, but will no doubt recover over time.

The Trustees recognise the need to maintain the service levels and that expenditure, whilst being tightly controlled, is unlikely to fall in any significant way. The need, therefore, is to maximise income streams through all the areas identified above as the Trust currently has quite a significant annual revenue deficit which in due course will reduce the capital holding and thereby the investment returns unless income can be increased.

The tackling of this issue has been the primary challenge for the Trust during the year. A Fundraising Team was established with representatives from the Trust, the Enterprise Company and the Friends of HMS Trincomalee, together with the Trust's retained Fundraiser. The content of a Project Appeal was agreed and launched with a mixture of capital and revenue schemes. By year end progress was underway in a number of areas, including applications to grantmaking trusts, a joint scheme with the University of Teesside on the archive, the seeking of general donations, as well as researching and developing the ShipShop sales activities.

The Trust acknowledges with thanks the many contributors, whether they are organisations or individuals, who have helped during the year.

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The Trading Company and the Governance of the Trust

The Trust's wholly-owned trading company, HMS Trincomalee (1817) Enterprise Company Limited, became operational on 1 April 2007, and has been in existence now for two complete years. The arrangements were approved by the Charity Commission.

The primary Object of the Company is to carry on business as a general commercial company for the purpose of paying its profits to the Trust. In essence the Enterprise Company looks after the ShipShop, non-charitable functions such as weddings and all filming. The Enterprise Company has a separate Board comprised largely but not wholly of Trustees. The Company is operated by the Trust's staff and an administrative payment is made to reflect this in the Company's budget. The Company's monthly financial surplus is transferred to the Trust and a report on the work of the Company is provided to each Board Meeting of the Trust. The operation is working well with the separation of the activities and budgets of the Trust and the Company being dealt with efficiently in the office by Christine Robertson.

The provision of the extended ShipShop from June 2008 has enabled sales lines to be developed progressively, although the limited purchasing power of the Enterprise Company has meant that it has taken a while to get to suitable stock levels. An interesting study visit was made to three diverse attractions in the Newcastle area in January 2009 to view and discuss shop layouts, stock suppliers and sales lines, and as a result a number of new items have been introduced. A catalogue of items has also been placed on the Trust's website.

It has become recognised during the year that the Enterprise Company is an important contributor towards the financial viability of the Trust, and that the objectives of the two organisations are closely intertwined.

In terms of the Trust, it has been noted earlier in the report that Owen Evans took over the Chairmanship in September 2008 from Commodore Paul Sutermeister who was Acting Chairman following the death of James Atkinson in December 2007. Commodore Sutermeister was reaffirmed as Vice Chairman and John Megson as Deputy Chairman with responsibility for financial matters.

During the year the Board devoted considerable time and energy to the capital schemes, including Trincomalee Wharf, and in establishing the format for fundraising, with all these matters set within a worsening national economic scene. A review of the sub-committee structure was undertaken and a General Purposes and Finance Sub-Committee was formed to merge the two existing sub-committees, and the Fundraising Team was included in the structure under the Chairmanship of John Megson. The average attendance at the Board Meetings was 71% [70% and 63% for the previous two years], but this masks the additional work of the Sub-Committees – particularly the new General Purposes and Finance Sub-Committee – and that with the Council, which all produced quite significant demands upon the voluntary time dedicated by a good number of Trustees throughout the year.

Planning for Succession

It was reported last year that the Trust's General Manager, Bryn Hughes, indicated that he hoped to retire from the post at the conclusion of the present round of capital projects and the securing of the Trincomalee Wharf site for development. In essence this was thought to be around August 2008. Trustees realised that this decision would also likely affect the post of Records and Interpretation Co-ordinator held by Jean Hughes, and they also had to consider the likelihood that Les Gilfoyle, Ship Maintenance Supervisor, would be retiring in the not-too-distant future. The loss of three key staff from a small workforce would be difficult and plans for succession were discussed.

As it transpired it was mutually agreed that Bryn Hughes would remain in post for the time being and Les Gilfoyle reduced his weekly hours to 32 from 1 January 2009.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2009

d) Voluntary activity and the Friends of HMS Trincomalee

In addition to giving their own time so freely, Trustees have continued to support in practical ways the Friends of HMS Trincomalee, which is a Registered Charity in its own right, and particularly with administrative matters and providing space for Committee meetings. The Trust recognises and is grateful for the work of the Friends, which this year has continue to expand in a most encouraging way, and through the formation of the Fundraising Team has become even more closely aligned with the Trust's ambitions. The membership base has continued to expand and is now approaching 350 despite the recessionary times. As a result, the Friends' donations to the Trust generously assisted with the costs of the promotional print associated with the Project Appeal as well as up-front funding for the re-print of Professor Lambert's superb book about the Ship. Funds were also made available to provide a second set of International Code Flags – spelling out "Welcome to Trincomalee" - which are displayed from the yards and look magnificent above the buildings of HME.

The Friends have also had an important in-put into the new Exhibition having funded an etched display board for the balcony overlooking the Ship, as well as the work required to transfer much of the research for the Exhibition onto a computer data-base for the public's information. Of equal importance has been the development of a volunteer Room Steward regime from within the Friends, and this again has seen staff and volunteers working side by side for the common good. It has been an excellent expansion of activity, and although not every slot is filled throughout the week at this stage, this role is being welcomed by Friends as an opportunity to talk with a wide range of visitors and encourage them to join up!

The Friends' activities have included the programme of evening talks, and a Summer Fayre, along with the now traditional Christmas Carols in the Captain's Cabin. The Quarterdeck magazine for members has continued to be published and distributed every four months which helps those from all over the country to keep in touch with the Ship. Jean Hughes stood down as Editor of Quarterdeck in the summer of 2008 after producing 14 editions, and Dr Hugh Turner took over from the autumn.

It has been an encouraging year for the Friends under the excellent Chairmanship of Ian Purdy with considerable voluntary time and goodwill from the Committee supporting similar efforts by the Trustees and others.

Achievements and performance

a. Review of activities

Usage statistics

The year has seen HMS Trincomalee located afloat at her normal berth in the graving dock at HME, and with the exception of Christmas Day, Boxing Day and New Years Day, the Ship has been open to the public everyday.

It was an 'interesting' year with no Easter – as this was very early in March 2008 – and with generally poor and inconsistent weather right up until August. The increasing gloom associated with the 'credit crunch' and pending recession was a factor, but interestingly visitor throughput stood up quite well from the autumn onwards as a result of promotional pushes to 'Stay Local, Visit Local'. Even this, however, could not make up the considerable losses and growth anticipated from the earlier part of the season.

Total admission numbers for the year were slightly down on the previous year and amounted to 49,449, inclusive of 7,823 free entries, making the total of those who paid for entry 41,626. The comparable statistics for 2007/08 were; total 49,207, inclusive of 5,988 free entries, making paid entry 43,219.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2009

Within these figures the educational group numbers in 2008/09 were 6,844, which was down on the 2007/08 outturn of 7,517. The Ship's use for functions and weddings also dropped to 2,337 in 2008/09 compared with 3,177 the previous year.

In summary, 2008/09 was difficult and disappointing, particularly at the start of the season, but showed an overall consolidation in usage of the Ship – 52,988 in contrast to 52,369 in all sectors, but also emphasised the need for the planned-for new developments at HME in order to increase awareness and visitor throughput. This was also reflected in the total income achieved from admissions, functions and sales which at £139,876 were slightly behind the previous year at £144,329 despite an increase in admission charges.

Marketing

The marketing campaign was largely concentrated on the production and distribution of the Hartlepool's Maritime Experience [HME] consumer leaflet in conjunction with the Council. The Area Tourism Partnership, visitTeesvalley, provided additional marketing exposure as did the regional marketing campaigns of ONE NorthEast. These sub-regional and regional inputs are helpful in giving a broader canvas for the marketing of the Ship.

As in the previous year, the specific marketing campaign for HME was co-ordinated through the Council, and the Trust is grateful for this work and activity which has also included a presence at promotional events in various parts of the country. The Trust makes an annual contribution of £8,000 to the overall marketing spend, and even with the Council's own funding input, the resources available between us are comparatively small to achieve a vigorous and wide-ranging campaign at HME. In recent months, however, the Council's campaign associated with the Tall Ships Races 2010 has begun, and the Ship clearly has to 'sit on the back' of this so as to help increase awareness and visitation.

Note has been made earlier about the use of the Ship's name in marketing activity, and it has been quite a task to convince the Council that the Ship is the primary attraction at HME and should be given greater prominence in all marketing activity. A local pertinent aside is also the brown tourism signage which has grown in a rather uncontrolled way within the Borough and once again currently does not display the name of the Ship. It is pleasing to note that a review of provision is in hand by the Council.

The Trust's website has continued to be a good source of business and information following its creative upgrade undertaken by Gary Kester from the Hartlepool Business Development Centre. A lot of new material has become available during the year, particularly on the historical research side, and this information has been incorporated into the site. The website is already a strong business asset, and there has been a development of the sales for both the Trust and Enterprise Company with a new catalogue of sales items now available. Early consideration was given to research whether direct sales through the website could be made, and no doubt this matter will continue to be explored. As in the previous year the Trust has posted information onto both the visitTeesvalley and ONE's Destine composite sites, both of which have been developed substantially during the year. The Trust is aware, however, that there are continuing opportunities within the IT promotional and sales fields and these will continue to be explored within the constraints of time and resources available.

One of the results of the marketing work is evident through the Gift Aid returns made by visitors to the Ship. Between 30% and 35% of visitors came from outside of the two hour drive time area, showing that the broader marketing and awareness campaigns are being quite effective, and/or that visiting friends and relatives [VFR] is now more attractive whilst the exchange rates seemingly detract from holidays abroad and home-based holidays and breaks are increasing in popularity. These are factors, along with increasing and regularising PR activity, that the Trust is having to respond to in the current circumstances.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2009

Usage and Visits

The usage of the Ship has continued to diversify and this year has included more 'whole site' local events in conjunction with the Council, such as those to celebrate Easter, Halloween and Christmas, which were hugely enjoyable and successful, together with a very wet and disappointing Maritime Festival weekend. In addition to the many weddings, dinners for regional businesses, and familiarisation visits, the Ship has also hosted some more unusual events. These have included a whole site visit for Asda employees, South African Rotarians, and international conference visit with the University of Teesside, a dinner for the Royal Cruising Club, a breakfast seminar, and a visit by 300 Brownies! One of the most rewarding filming sessions was with the youngsters from Manor College of Technology who made a short DVD about the Ship under the professional guidance of former broadcaster Paul Frost. We are grateful to Trustee Alan White for this opportunity. The DVD is shown on the screen in the ShipShop as a 'loop'.

There were two highly significant visits during the year that the Trust's President, Captain David Smith, was deeply involved in instigating. On 19 June 2008 the First Sea Lord, Admiral Sir Jonathon Band toured the Ship and met Trustees and staff. It was a superb occasion for all concerned and the Trust was delighted to receive a letter from the First Sea Lord saying what an enjoyable and memorable visit it was. Later, a Royal visit by the Trust's Patron, HRH The Duke of Edinburgh, was confirmed for 6 March 2009 which involve detailed planning. The Patron inspected the Sea Cadets, toured the Ship seeing the additional interpretation and new rigging, and met everyone involved before visiting the new Exhibition and performing the official opening. Once again it was a wonderful event that acknowledged the progress that the Trust has made since the Patron's last visit in 2001. Both visits generated considerable interest and publicity.

Archive and Records

In December 2006, Jean Hughes was appointed to the new fully-funded temporary position of Records and Interpretation Co-ordinator, which was established to bring together and organise the Trust's records and archive, and to prepare material for the Trincomalee Exhibition, the additional interpretation in the Ship, and other public-facing events, activities and sales. The post is generously funded by The Northern Rock Foundation and the finance remains in place until November 2009.

It has been a year of very great progress that has seen the fulfillment and opening of the Trincomalee Exhibition and the completion of the interpretation project within the Ship. The work involved extensive research and a close working liaison with the appointed Designers, Continuum of York. The assistance of the Trust's President, Captain David Smith, in the research process is acknowledged with thanks.

It was noted last year that an additional benefit of the research has been in making the material available to the Ship's Guides in the form of a folder of information, thereby raising awareness of more of the detail of the Ship's historic past. Similarly, the Trust is now able to respond directly to most public enquiries about the Ship's history.

Other important work has included the sorting and cataloguing of materials such as photographs, press cuttings and the like, and this has been developed to also provide an inventory of interpretative materials and to ensure that the current activities – visits, maintenance work etc - are recorded. The research materials have also enabled some expansion of sales lines.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2009

During the year discussions were held with the University of Teesside to consider a joint project that would enable the digitisation of the Trust's paper archive held at the University to be achieved along with web development. By year end a preliminary application by the University in conjunction with the Trust had been submitted to the Heritage Lottery Fund for this exciting project.

A further important step forward was the decision to seek Museum Accreditation through the MLA governing body whilst firstly checking the eligibility of the Trust's collections within the Accreditation process. We are particularly grateful to David Worthington, Hartlepool Borough Council's Museums and Heritage Manager for his assistance in facilitating this, which has resulted in the approval of MLA for the Trust to proceed with the Accreditation process. It is anticipated that work towards the standard will get underway during the later stages of 2009.

b. Fundraising activities/Income generation

It has been a year when largely the fundraising successes of the previous year have been applied to the capital schemes, and most notably the Trincomalee Exhibition, the interpretation in the Ship and the renewal of the lower rigging, all of which have been very successful. The Trust is particularly grateful to the Heritage Lottery Fund, the Northern Rock Foundation and the Esmée Fairbairn Foundation who between them have generously provided the majority of the funds to the Trust in support of the grants made to the Council through the Single Programme and ERDF.

It has been reported earlier that a key decision during the year was to form a Fundraising Team and establish a further Project Appeal designed to both provide funds for further capital works and support the revenue position of the Trust during the 'bridging period' to the full attainment of funds from the Trincomalee Wharf site. By year end the Fundraising Team had in place a number of applications for support and it is anticipated that through continuing efforts and campaigning further successes will be achieved later in 2009.

c. Investment policy and performance

The Memorandum of Association authorises the Trustees to make and hold investments of funds not immediately required by the Trust. Last year's report noted that the initial deposit of £350k was received from the Trincomalee Wharf developer that permitted the Trust to clear its bank overdraft and make other financial adjustments. Moneys were identified to support the short-term operational shortfalls, and following discussion and advice it was agreed to invest £200k in a Treasury Bond with the Bank to guarantee an investment return during a period when interest rates nationally were falling in a climate of increasing uncertainty. As it transpired, however, it became necessary to make the investment through two six month Bonds, and by the time of the second in October 2008, interest rates had dropped significantly which disappointingly lowered performance and outturn.

In preparation for receiving the second stage payment from the Trincomalee Wharf Developer due on 31 March 2009, the Trust's new General Purposes Sub-Committee began the process of appointing an Independent Financial Advisor. After considerable discussion and research, the Sub-Committee interviewed representatives from four differing organisations and made a recommendation to the Board to appoint investment management company Brewin Dolphin through its Teesside office under the leadership of William Baker Baker. The appointment was confirmed at the Board meeting in June 2009 along with a Statement of Investment Policy and Management Agreement.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2009

At year end the Trust received the second stage payment from the Developer of £540k. The sum of £117k of this payment was forwarded to Hartlepool Borough Council in accordance with the agreement with the Council in respect of the first loan repayment and first repayment towards the premium over the Trincomalee Wharf land. Discussions ensued to find a secure deposit for the Trust's funds pending the activation of the Investment Policy through Brewin Dolphin and the easing of the financial climate. Following consultations with Hartlepool Borough Council, the Trust's Independent Examiners reviewed the proposed terms of an investment of funds into the Council's portfolio for periods of three months, and a deposit of £500k was made in April 2009. The Trust is most grateful for the Council's assistance in this matter.

d. Factors relevant to achieve objectives

The key performance achievements during the year have seen the receipt of the second stage payment from the Developer of the Trincomalee Wharf site, and the completion of four major capital schemes – the Trincomalee Exhibition, the further interpretation within the Ship, the conservation renewal of the lower rigging and the extension to the ShipShop and Reception facilities. These have been significant achievements for the Trust and are crucial to the strategy of achieving a longer-term sustainability. Visitor usage during the year has stood up well despite the recessionary times, and in recognising the continuing need to develop the facilities and provide revenue support, the Trust launched its Project Appeal through the new Fundraising Team.

The broader context of the Tall Ships Races 2010 has become an increasing focus into which the Trust is already involved, and which will provide unrivalled opportunities to increase awareness and activities associated with the Races.

Financial review

a. Reserves policy

The Trust recognises the need to maintain adequate financial reserves for the running of the Trust generally and has agreed a statement of policy that it will retain £50,000 for this purpose. The policy will be reviewed on an annual basis in accordance with the resources of the Trust at the time.

In previous years the Trust has had difficulties in maintaining a balanced budget and has not been able to identify separate resources for reserves. At last year-end and during 2008/09, however, the Trust received the deposit and first stage payment respectively from the Trincomalee Wharf Developer – as reported above – , but the Trust has resolved that any capital investment should if at all possible be retained intact in order that interest gained can support the operational requirements of the Trust as necessary.

b. Deficit

The Trust has posted a deficit in 2008/09 that reflects the difficulties of the 'bridging' period described in detail within this report. Whilst visitor numbers to the Ship and functions on board have largely been maintained despite the national economic conditions that have prevailed, the income generated from this usage fall short of that required to create a balanced budget at this stage. A full year in 2009/10 with the new Trincomalee Exhibition and increased interpretation in the Ship, however, should help, coupled with the increasing promotion and awareness of Hartlepool as the venue for the Tall Ships Races in 2010. The Trust realises that active fundraising will need to continue for some time, and the Fundraising Team concept now in place will hopefully give an important impetus to this, albeit in a climate of continuing financial uncertainty.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2009

c. Principal funding

The principal funding of the Trust continues to be from income generated from visitors and function users to the Ship, together with secondary spend on souvenirs. A most helpful source of funding is through Gift Aid, and it is to the great credit of the Ship's Guides that around 90% of visitors sign-up allowing an income of around £20,000 per annum to be derived from this source. It had been understood that the value of Gift Aid contributions was to be reduced by Government from April 2008, but a system of transitional relief has been put in place to maintain the original value; at least for the time being.

The year saw the prospect of important potential in the secondary spend opportunities with the completion of the improvements to the ShipShop. A build-up of stock and review of sales items bodes well for the coming year in increasing the spend-per-head.

Once again the Trust has been grateful for the continuing support of Hartlepool Borough Council, which not only has provided the interest-free loan noted above, but assisted in numerous ways with help-in-kind such as the provision of office space and the HME front-of-house reception staff on behalf of the Trust.

The major source of cash input, of course, has come from the Trincomalee Wharf Developer, but we must not forget our supporting Friends of HMS Trincomalee who have provided funds and considerable volunteer efforts throughout the year, along with the many individuals who have contributed money to support our efforts. The Trust's thanks go to all those who have helped in these ways, and the Fundraising Team will be looking to build on this support in the coming year.

Plans for the future

a. Future developments

The strategic development plans in conjunction with Hartlepool Borough Council and others have been concluded during the year as described earlier in this report. The Trincomalee Wharf have been 'on hold' due to the financial situation, but it is anticipated that phases of this exciting development are likely to get underway during 2009/10.

The Project Appeal that has emanated from the Fundraising Team comprises a series of capital proposals, including the replacement of the Ship's lifts and an archive-related project with the University of Teesside, together with the consolidation of some of the recent display work in the Ship and in the Exhibition. Revenue projects include by way of example increasing the number of functions in the Ship, building on Friends' membership and providing financial support for the development of educational visits and activities.

The emphasis is now focused strongly on increasing awareness, profile, usage and income through a wide range of measures that will systematically lead through the Tall Ships Races 2010 from which a positive legacy will be sought.

Trustees' liability

The Trustees guarantee to contribute an amount not exceeding £1 to the assets of the trust in the event of winding up.

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2009

Statement of Trustees' responsibilities

The Trustees are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company and charity 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;
- make judgments and estimates that are reasonable and prudent;
- observe the methods and principles in the Charities SORP;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

So far as the Trustees are aware, there is no relevant information of which the Trust's auditors are unaware and we have taken all the steps that we ought to have taken as Trustees in order to make ourselves aware of any relevant audit information and to establish that the Trust's auditors are aware of this information.

General and Public Benefit

2008/09 has been another year of challenge to the Trust, but one that saw the fulfillment of the strategically important capital programme that consolidates the Ship's position and place within the HME complex. Despite the Trincomalee Wharf development being 'on hold', these overall improvements have allowed the Trust to get to grips in a more secure environment with planning its forward strategy to build numbers and usage in the lead-up to the crucially significant Tall Ships Races in Hartlepool in the summer of 2010. The formation of the Fundraising Team and determination of all those involved is ensuring that the Trust is not 'sitting on its hands', but is facing up to the challenge of achieving a balanced budget in due course.

The Trust is not working in isolation, and now more than ever before the need to be part of the 'bigger picture' is important, and close association, for example, is made with visitTeesvalley, the Area Tourism Partnership, as well as the Regional Tourism activity through One North East.

Through all of this necessary work it has been important not to lose sight of the educational objectives of the Trust and the public benefit that is the cornerstone of the Trust's existence. In this last year the Trust has furthered its charitable purpose for the public benefit, as reported herein, by being open to the public throughout the year, brought forward an historically sound permanent exhibition about the Ship and her times, and used this research to vastly improve the interpretation and information within the Ship to provide a very real experience of social history for young people and adults alike to enjoy and from which to benefit. The Trust has maintained its fully guided tours for all educational groups and co-operated in schemes that help disadvantaged people to access the Ship at no cost. The Trust considers that it has complied with its duty in Section 4 of the Charities Act 2006 to have due regard to public benefit guidance published by the Charity Commission.

I was honoured to be asked by my colleagues in the Trust to take the role of Chairman of the Trust from the Board Meeting in September 2008; it is a tremendous privilege. I must take this opportunity to express the

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TRUSTEES' REPORT (continued)
FOR THE YEAR ENDED 31 MARCH 2009

gratitude of Trustees to Commodore Paul Sutermeister, who as Acting Chairman following the untimely death of James Atkinson, steered the Trust through a period of great uncertainty in the Spring of 2008 with considerable skill and determination.

As Chairman, I am grateful for the advice, support, wisdom and good humour of the Board, and for the assistance of all our many partners, supporters and funding bodies that have provided encouragement and tangible help, and without whom the Trust would find difficulty in fulfilling its objectives. Thank you one and all.

In conclusion, I am pleased to acknowledge the work of the Trust's loyal team of staff, who are fine ambassadors for the Trust, and who once again during a period of change and challenge have maintained the Ship and sought and welcomed our customers with great professionalism, enthusiasm and smiles!

This report was approved by the Trustees on ^{10 September 2009} and signed on its behalf, by:



Mr O R D Evans, Chairman

**INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF HMS TRINCOMALEE TRUST
FOR THE YEAR ENDED 31 MARCH 2009**

I have examined the financial statements of the HMS Trincomalee Trust for the year ended 31 March 2009, set out on pages 23 to 39. These financial statements have been prepared in accordance with the accounting policies set out therein, and were not required to be audited in accordance with Part 7 of the Companies Act 1985 (the 1985 Act).

This report is made solely to the Trustees, as a body, in accordance with s.43(3) of the Charities Act 1993 (the 1993 Act). My examination has been undertaken so that I might state to the Trustees those matters I am required to state to them in an independent examiner's report and for no other purpose. To the fullest extent permitted by law, I do not accept or assume responsibility to anyone other than the Trustees as a body, for my examination, for the observations made in this report, or for my opinion of the information presented in these financial statements.

Respective Responsibilities of Trustees and Examiner

The Trustees are responsible for the preparation of the financial statements. The Trustees consider that an audit is not required for this year under section 43 of the 1993 Act but that an independent examination is needed under that Act.

It is my responsibility to:

- examine the financial statements (under section 43 of the 1993 Act);
- to follow the procedures laid down in the General Directions given by the Charity Commission (under section 43(7)(b) of the 1993 Act); and
- to state the facts if it has come to my attention in the course of my examination that any;
 - (i) material expenditure or action appears not to be in accordance with the charity's trusts;
 - (ii) information or explanation I am entitled to under regulation 32 has not been afforded to me;
 - (iii) information contained in the accounts is materially inconsistent with the annual report for the year prepared under section 45 of the 1993 Act or section 234 of the 1985 Companies Act.

Basis of Independent Examiner's Report

My examination was carried out in accordance with the General Directions given by the Charity Commission. An examination includes a review of the accounting records kept by the Charitable Company and a comparison of the financial statements presented with those records. It also includes a consideration of any unusual items or disclosures in the financial statements, and seeking explanations from you as Trustees concerning any such matters. The procedures undertaken do not provide all the evidence that would be required in an audit, and consequently I do not express an audit opinion on the view given by the financial statements.

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INDEPENDENT EXAMINER'S REPORT TO THE TRUSTEES OF HMS TRINCOMALEE TRUST (continued)
FOR THE YEAR ENDED 31 MARCH 2009

Independent Examiner's Statement

In connection with my examination, no matter has come to my attention:

- (1) which gives me reasonable cause to believe that in any material respect the requirements:
- to keep accounting records in accordance with section 221 of the 1985 Act; and
 - to prepare financial statements which accord with the accounting records and (as stated in the company's accounting policies) in accordance with the methods and the principles set out in the SORP, and which comply with the requirements of section 226A of the 1985 Companies Act other than any requirement to give a true and fair review;
- have not been met; or
- (2) to which, in my opinion, attention should be drawn in order to enable a proper understanding of the financial statements to be reached.



Signed: Heather O'Driscoll FCA
Chartered Accountant

Dated: 23 September 2009



HORWATH CLARK WHITEHILL (NORTH EAST) LLP
HARTLEPOOL

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STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating Income and Expenditure Account)
FOR THE YEAR ENDED 31 MARCH 2009

	Note	Restricted Funds 2009 £	Unrestricted Funds 2009 £	Total Funds 2009 £	Total Funds 2008 £
INCOMING RESOURCES					
Incoming resources from generated funds:					
Voluntary income		57,145	72,763	129,908	250,373
Activities for generating funds	2,3	-	4,557	4,557	12,399
Investment income	4	-	41,517	41,517	25,433
Incoming resources from charitable activities	5	-	106,592	106,592	112,551
Surplus on disposal of land	6	-	-	-	1,206,733
TOTAL INCOMING RESOURCES		57,145	225,429	282,574	1,607,489
RESOURCES EXPENDED					
Costs of generating funds:					
Costs of generating voluntary income	7	-	5,330	5,330	12,942
Fundraising expenses and other costs	3	-	-	-	5,773
Charitable activities	9	66,735	261,782	328,517	312,815
Governance costs	12	-	15,343	15,343	17,738
TOTAL RESOURCES EXPENDED	8	66,735	282,455	349,190	349,268
NET INCOME / (EXPENDITURE) BEFORE TRANSFERS		(9,590)	(57,026)	(66,616)	1,258,221
Transfers between Funds	20	(9,802)	9,802	-	-
NET MOVEMENT IN FUNDS FOR THE YEAR		(19,392)	(47,224)	(66,616)	1,258,221
<i>Total funds at 1 April 2008</i>		<i>182,380</i>	<i>2,542,165</i>	<i>2,724,545</i>	<i>1,466,324</i>
TOTAL FUNDS AT 31 MARCH 2009		162,988	2,494,941	2,657,929	2,724,545

The notes on pages 26 to 39 form part of these financial statements.

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BALANCE SHEET
AS AT 31 MARCH 2009


	Note	£	2009 £	£	2008 £
FIXED ASSETS					
Tangible fixed assets	15		1,661,679		1,552,299
Fixed asset investments	16		500,001		1
			<u>2,161,680</u>		<u>1,552,300</u>
CURRENT ASSETS					
Debtors: amounts falling due after more than one year	17	450,000		450,000	
Debtors: amounts falling due within one year	17	67,535		544,776	
Cash at bank and in hand		213,559		429,797	
		<u>731,094</u>		<u>1,424,573</u>	
CREDITORS: amounts falling due within one year	18	(136,845)		(37,328)	
NET CURRENT ASSETS			<u>594,249</u>		<u>1,387,245</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>2,755,929</u>		<u>2,939,545</u>
CREDITORS: amounts falling due after more than one year	19		(98,000)		(215,000)
NET ASSETS			<u><u>2,657,929</u></u>		<u><u>2,724,545</u></u>
CHARITY FUNDS					
Restricted funds	20		162,988		182,380
Unrestricted funds:					
Unrestricted income funds	20	494,942		1,042,166	
Revaluation reserve	20	1,499,999		1,499,999	
Designated funds		500,000		-	
		<u></u>		<u></u>	
Total unrestricted funds			<u>2,494,941</u>		<u>2,542,165</u>
			<u><u>2,657,929</u></u>		<u><u>2,724,545</u></u>

HMS TRINCOMALEE TRUST
(A Company Limited by Guarantee)

BALANCE SHEET (continued)
AS AT 31 MARCH 2009

The Trustees consider that the charity is entitled to exemption from the requirement to have an audit under the provisions of section 249A(1) of the Companies Act 1985 ("the Act") and members have not required the company to obtain an audit for the year in question in accordance with section 249B(2) of the Act. The Trustees acknowledge their responsibilities for ensuring that the charity keeps accounting records which comply with section 221 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the charity as at 31 March 2009 and of its loss for the year then ended in accordance with the requirements of section 226 of the Act and which otherwise comply with the requirements of the Companies Act 1985 relating to the financial statements so far as applicable to the charity.

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007).

The financial statements were approved and authorised for issue by the Trustees on ^{10 September 2009}  and signed on their behalf, by:



Mr O R D Evans, Chairman

The notes on pages 26 to 39 form part of these financial statements.

HMS TRINCOMALEE TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention, in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2007). The financial statements have been prepared in accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by Charities" published in March 2005, applicable accounting standards and the Companies Act 1985.

1.2 Company status

The Trust is a company limited by guarantee. The members of the company are the Trustees named on page 1. In the event of the Trust being wound up, the liability in respect of the guarantee is limited to £1 per member of the Trust. Anyone who has ceased to be a member within 1 year is also required to contribute £1.

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 charity and which have not been designated for other purposes.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors which have been raised by the charity for particular purposes. The cost 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.

1.4 Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charity is legally entitled to the income and the amount can be quantified with reasonable accuracy. For legacies, entitlement is the earlier of the charity being notified of an impending distribution or the legacy being received.

Donated facilities, are included at the value to the charity where this can be quantified and a third party is bearing the cost. No amounts are included in the financial statements for services donated by volunteers.

Income tax recoverable in relation to donations received under Gift Aid or deeds of covenant is recognised at the time of the donation.

HMS TRINCOMALEE TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

1. ACCOUNTING POLICIES (continued)

1.5 Resources expended

All expenditure is accounted for on an accruals basis and has been included under expense categories that aggregate all costs for allocation to activities. Where costs cannot be directly attributed to particular activities they have been allocated on a basis consistent with the use of the resources.

Fundraising costs are those incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities. Support costs are those costs incurred directly in support of expenditure on the objects of the charity. Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

1.6 Cash flow

The financial statements do not include a Cash Flow Statement because the charitable charity, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective January 2007).

1.7 Investments

Investments are stated at cost at the balance sheet date.

1.8 Tangible fixed assets and depreciation

The HMS Trincomalee was acquired by the Trust for a nominal £1. It is the oldest surviving Royal Navy Frigate, and has been restored to its original condition. It is therefore considered a heritage asset. In accordance with the Statement of Recommended Practice (SORP), "Accounting and Reporting by charities" published March 2005, the Trustees have decided to value the Ship in accordance with its insurance valuation of £1,500,000. The Trustees estimate this to be the maximum damage that could be repaired before the HMS Trincomalee would lose its historic value.

The Trustees do not depreciate the Ship as they estimate its remaining useful life to be indefinitely long and the residual value so high that depreciation would be immaterial. The Ship will be subject to an annual impairment review comparing its value to the insurance valuation.

Other tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & Machinery	-	10 years straight line
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1.9 Operating leases

Rentals under operating leases are charged on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

HMS TRINCOMALEE TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

1. ACCOUNTING POLICIES (continued)

1.10 Consolidation

These financial statements present information about the charity as an individual undertaking and not as a group. The gross income of the group is less than the threshold set for the preparation of group financial statements by the regulations made under the Charities Act 1993 and therefore consolidated accounts have not been prepared.

2. FUNDRAISING INCOME

	Restricted Funds 2009 £	Unrestricted Funds 2009 £	Total Funds 2009 £	Total Funds 2008 £
Management fees	-	3,000	3,000	3,000
	-	3,000	3,000	3,000

3. TRADING ACTIVITIES

	Restricted Funds 2009 £	Unrestricted Funds 2009 £	Total Funds 2009 £	Total Funds 2008 £
Charity trading income				
Functions	-	1,557	1,557	4,051
Souvenir sales	-	-	-	5,348
	-	1,557	1,557	9,399
Charity trading expenses				
Charity trading costs	-	-	-	5,773
Net income from trading activities	-	1,557	1,557	3,626

HMS TRINCOMALEE TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

4. INVESTMENT INCOME

	Restricted Funds 2009 £	Unrestricted Funds 2009 £	Total Funds 2009 £	Total Funds 2008 £
Donation from subsidiary	-	28,727	28,727	19,379
Bank interest	-	12,790	12,790	5,834
Interest received from subsidiary	-	-	-	220
	<u>-</u>	<u>41,517</u>	<u>41,517</u>	<u>25,433</u>

5. ACTIVITIES IN FURTHERANCE OF THE CHARITY'S OBJECTS

	Restricted Funds 2009 £	Unrestricted Funds 2009 £	Total Funds 2009 £	Total Funds 2008 £
Presentation of the Ship	-	95,325	95,325	102,255
Furthering Education	-	11,267	11,267	10,296
	<u>-</u>	<u>106,592</u>	<u>106,592</u>	<u>112,551</u>

6. SURPLUS ON DISPOSAL OF LAND

	Restricted Funds 2009 £	Unrestricted Funds 2009 £	Total Funds 2009 £	Total Funds 2008 £
Surplus on disposal of land	-	-	-	1,206,733

7. FUND RAISING COSTS

	Restricted Funds 2009 £	Unrestricted Funds 2009 £	Total Funds 2009 £	Total Funds 2008 £
Fundraising advisor fees	-	5,330	5,330	12,843
Other costs	-	-	-	99
	<u>-</u>	<u>5,330</u>	<u>5,330</u>	<u>12,942</u>

HMS TRINCOMALEE TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

8. ANALYSIS OF RESOURCES EXPENDED BY EXPENDITURE TYPE

	Staff costs 2009 £	Depreciation 2009 £	Other costs 2009 £	Total 2009 £	Total 2008 £
Fund raising costs	-	-	5,330	5,330	12,942
Fund raising expenses	-	-	-	-	5,773
Costs of generating funds	-	-	5,330	5,330	18,715
Conservation of the ship	93,457	6,289	64,290	164,036	139,364
Presentation of the ship	94,985	6,286	15,414	116,685	118,320
Furthering Education	15,746	6,286	15,414	37,446	45,711
Archives	9,316	-	1,034	10,350	9,420
Charitable activities	213,504	18,861	96,152	328,517	312,815
Governance	8,670	-	6,673	15,343	17,738
	222,174	18,861	108,155	349,190	349,268

9. ANALYSIS OF RESOURCES EXPENDED BY ACTIVITIES

	Activities undertaken directly 2009 £	Support costs 2009 £	Total 2009 £	Total 2008 £
Conservation of the ship	134,220	29,816	164,036	139,364
Presentation of the ship	71,127	45,558	116,685	118,320
Furthering Education	-	37,446	37,446	45,711
Archives	10,350	-	10,350	9,420
Total	215,697	112,820	328,517	312,815

HMS TRINCOMALEE TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

10. EXPENDITURE BY CHARITABLE ACTIVITY

SUMMARY BY FUND TYPE

	Restricted Funds 2009 £	Unrestricted Funds 2009 £	Total Funds 2009 £	Total Funds 2008 £
Conservation of the ship	57,419	106,617	164,036	139,364
Presentation of the ship	-	116,685	116,685	118,320
Furthering Education	-	37,446	37,446	45,711
Archives	9,316	1,034	10,350	9,420
	<u>66,735</u>	<u>261,782</u>	<u>328,517</u>	<u>312,815</u>

SUMMARY BY EXPENDITURE TYPE

	Staff costs 2009 £	Depreciation 2009 £	Other costs 2009 £	Total 2009 £	Total 2008 £
Conservation of the ship	93,457	6,289	64,290	164,036	139,364
Presentation of the ship	94,985	6,286	15,414	116,685	118,320
Furthering Education	15,746	6,286	15,414	37,446	45,711
Archives	9,316	-	1,034	10,350	9,420
	<u>213,504</u>	<u>18,861</u>	<u>96,152</u>	<u>328,517</u>	<u>312,815</u>

11. SUPPORT COSTS

	Conservat- ion of the ship £	Presentat- ion of the ship £	Furthering Education £	Total 2009 £	Total 2008 £
Office costs	2,669	2,669	2,669	8,007	7,443
Communications	683	683	683	2,049	1,971
Health and safety	729	729	729	2,187	589
Advertising	32	33	33	98	8,704
Property costs	1,476	1,476	1,476	4,428	5,734
Other costs	659	658	658	1,975	10,665
Ship insurance	4,625	4,625	4,625	13,875	13,875
Commercial insurance	4,543	4,541	4,541	13,625	11,772
Wages and salaries	8,111	23,858	15,746	47,715	43,076
Depreciation	6,289	6,286	6,286	18,861	33,741
	<u>29,816</u>	<u>45,558</u>	<u>37,446</u>	<u>112,820</u>	<u>137,570</u>

Support costs have been allocated to charitable activities based on a combination of staff time, and usage of facilities.

HMS TRINCOMALEE TRUST
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

12. GOVERNANCE COSTS

	Restricted Funds 2009 £	Unrestricted Funds 2009 £	Total Funds 2009 £	<i>Total Funds 2008 £</i>
Audit fees	-	-	-	3,476
Legal fees	-	829	829	30
Bank charges	-	695	695	3,245
Accountancy	-	2,011	2,011	-
Meetings	-	3,138	3,138	2,487
Wages and salaries	-	8,670	8,670	8,500
	<u>-</u>	<u>15,343</u>	<u>15,343</u>	<u>17,738</u>

13. NET INCOMING RESOURCES/ (RESOURCES EXPENDED)

This is stated after charging:

	2009 £	<i>2008 £</i>
Depreciation of tangible fixed assets:		
- owned by the charity	18,861	<i>18,741</i>
Audit fees	<u>-</u>	<u>3,475</u>

During the year, no Trustees received any remuneration (2008 - £NIL).

During the year, no Trustees received any benefits in kind (2008 - £NIL).

During the year no Trustees received any reimbursed expenses (2008- £NIL).

HMS TRINCOMALEE TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

14. STAFF COSTS

Staff costs were as follows:

	2009 £	2008 £
Wages and salaries	206,030	189,907
Social security costs	16,144	14,799
	<u>222,174</u>	<u>204,706</u>

The average monthly number of employees during the year split by activity was as follows:

	No.	No.
Administration and support	3	3
Presentation of the Ship	8	8
Furthering education	1	1
Conservation of the Ship	3	3
Archivist	1	1
	<u>16</u>	<u>16</u>

No employee received remuneration amounting to more than £60,000 in either year.

15. TANGIBLE FIXED ASSETS

	Heritage assets £	Other fixed assets £	Total £
Cost or valuation			
At 1 April 2008	1,500,000	363,513	1,863,513
Additions	-	128,241	128,241
	<u>1,500,000</u>	<u>491,754</u>	<u>1,991,754</u>
At 31 March 2009	1,500,000	491,754	1,991,754
Depreciation			
At 1 April 2008	-	311,214	311,214
Charge for the year	-	18,861	18,861
	<u>-</u>	<u>330,075</u>	<u>330,075</u>
At 31 March 2009	-	330,075	330,075
Net book value			
At 31 March 2009	<u>1,500,000</u>	<u>161,679</u>	<u>1,661,679</u>
At 31 March 2008	<u>1,500,000</u>	<u>52,299</u>	<u>1,552,299</u>

The HMS Trincomalee is stated at its insurance value of £1,500,000.

HMS TRINCOMALEE TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

16. FIXED ASSET INVESTMENTS

The trading subsidiary was created to generate funds to support the charity, and to more formally separate commercial activities from those of the charity.

	Share in group under- taking £	Cash on deposit £	Total £
Cost			
At 1 April 2008	1	-	1
Additions	-	500,000	500,000
	<u>1</u>	<u>500,000</u>	<u>500,001</u>
At 31 March 2009	<u>1</u>	<u>500,000</u>	<u>500,001</u>

The Trust owns 1 £1 ordinary share at nominal value in HMS Trincomalee (1817) Enterprise Company Limited.

The assets and liabilities of the subsidiary at 31 March 2009 were:

	HMS Trincomalee (1817) Enterprise Company Limited £
Current assets	17,698
Current liabilities	(17,697)
Net assets	<u>1</u>
Representing: Share Capital	<u>1</u>
Total	<u>1</u>

HMS TRINCOMALEE TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

16. FIXED ASSET INVESTMENTS (Continued)

The trading subsidiary donates its taxable profits to the charity each year. The results for the year for HMS Trincomalee (1817) Enterprise Company Limited was:

	HMS Trincomalee (1817) Enterprise Company Limited £
Turnover	44,457
Cost of sales	(10,671)
Administrative expenses	(2,060)
Donation to HMS Trincomalee Trust	(28,727)
Management charge	(3,000)
Interest received	1
	-
Profit / (Loss)	-

17. DEBTORS

	2009 £	2008 £
Due after more than one year		
Other debtors	450,000	450,000
	2009 £	2008 £
Due within one year		
Trade debtors	-	175
Amounts owed by group undertakings	13,602	3,721
Other debtors	4,333	540,520
Prepayments and accrued income	-	360
Grants Receivable	49,600	-
	67,535	544,776

Other debtors amounting to £450,000 (2008: £450,000) relate to amounts due from the sale of the leasehold land.

HMS TRINCOMALEE TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

18. CREDITORS:
Amounts falling due within one year

	2009	2008
	£	£
Other loan	-	10,000
Trade creditors	809	29
Social security and other taxes	4,078	4,098
Other creditors	-	5,025
Accruals	131,958	18,176
	<u>136,845</u>	<u>37,328</u>

19. CREDITORS:
Amounts falling due after more than one year

	2009	2008
	£	£
Other loan (secured)	<u>98,000</u>	<u>215,000</u>

The loan is from Hartlepool Borough Council and it is on an interest free basis and will be paid upon receipt of the final amount due from the sale of the leasehold land.

HMS TRINCOMALEE TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

20. STATEMENT OF FUNDS

	Brought Forward £	Incoming resources £	Resources Expended £	Transfers in/(out) £	Carried Forward £
Designated funds					
Designated funds	-	-	-	500,000	500,000
General funds					
General funds	1,042,166	225,429	(282,455)	(490,198)	494,942
Revaluation reserve	1,499,999	-	-	-	1,499,999
	<u>2,542,165</u>	<u>225,429</u>	<u>(282,455)</u>	<u>(490,198)</u>	<u>1,994,941</u>
Total Unrestricted funds	<u>2,542,165</u>	<u>225,429</u>	<u>(282,455)</u>	<u>9,802</u>	<u>2,494,941</u>
Restricted funds					
Rigging project	63,300	-	(57,419)	(2,273)	3,608
Rigging project - Esmee Fairburn	7,529	-	-	(7,529)	-
Exhibition and interpretation fixed asset fund	-	-	-	127,650	127,650
Exhibition and interpretation project	96,500	49,600	-	(127,650)	18,450
Archivist	15,051	-	(9,316)	-	5,735
Lift repairs	-	7,545	-	-	7,545
	<u>182,380</u>	<u>57,145</u>	<u>(66,735)</u>	<u>(9,802)</u>	<u>162,988</u>
Total of Funds	<u>2,724,545</u>	<u>282,574</u>	<u>(349,190)</u>	<u>-</u>	<u>2,657,929</u>

Designated funds consists of the balance of cash on long term deposit which has been set aside to support the operations of the ship.

The rigging project balance brought forward represented cash to be spent. The rigging on the ship was completed in August 2009. The balance on the fund represents cash to be spent. The transfer on the fund represents unrecoverable VAT and costs allocated to general funds in the prior year.

The Esmee Fairburn rigging project was completed in 2008, the transfer on this fund represents unrecoverable VAT and salaries allocated general funds in the prior year.

The Exhibition and interpretation project income received in previous years was to produce a new exhibition for the ship. Capital work was carried out in the year to 31 March 2009 which consisted of improvements to exhibitions and interpretation of the Ship. The value of work done has been transferred to a fixed asset restricted fund. The balance on the fund represents cash to be spent.

The Archivist fund includes a grant from Trinity House. The balance on the fund represents cash to be spent.

HMS TRINCOMALEE TRUST
(A Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009**

20. STATEMENT OF FUNDS (continued)

The income received for the lift repairs represents monies received from a specific appeal to raise monies for repairs to the lift on the ship. The balance on the fund represents cash to be spent.

21. ANALYSIS OF NET ASSETS BETWEEN FUNDS

	Restricted Fund 2009 £	Unrestricted Funds 2009 £	Total Funds 2009 £	Total Funds 2008 £
Tangible fixed assets	127,650	1,534,029	1,661,679	1,552,299
Fixed asset investments	-	500,001	500,001	1
Debtors due after more than 1 year	-	450,000	450,000	450,000
Current assets	35,338	245,756	281,094	974,573
Creditors due within one year	-	(136,845)	(136,845)	(37,328)
Creditors due in more than one year	-	(98,000)	(98,000)	(215,000)
	162,988	2,494,941	2,657,929	2,724,545

22. CONTINGENT LIABILITIES

The Trust has received grants from the National Heritage Memorial Fund of £3,701,271 for the restoration of the Ship. The final claim was in June 2001. The terms of the grant specify that for a period of 25 years the grant will remain repayable if the conditions are not complied with.

23. OPERATING LEASE COMMITMENTS

At 31 March 2009 the charity had annual commitments under non-cancellable operating leases as follows:

	2009 £	2008 £
Expiry date:		
Between 2 and 5 years	2,886	1,220

HMS TRINCOMALEE TRUST
(A Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2009

24. RELATED PARTY TRANSACTIONS

During the year a management charge of £3,000 was received from and £28,727 was donated by the HMS Trincomalee (1817) Enterprise Company Limited. At 31 March 2009 £13,602 (2008: £3,721) was owed by the company to the Trust.

During the year the Trust received donations totalling £2,410 from the Friends of HMS Trincomalee.

25. SUBSIDIARY CHARITY

The Foudroyant Trust, Jackson Dock, Hartlepool, TS24 0SQ.

When the HMS Trincomalee Trust was formed in 1992, it took over all the assets and liabilities of the Foudroyant Trust to enable the HMS Trincomalee Trust to carry out its principal objects, namely to restore, refurbish, improve and maintain the frigate HMS Trincomalee. In response to the Charity Commission's advice, the Trust made arrangements for the Foudroyant Trust to become wholly-owned by the Trincomalee Trust with effect from 1 April 2003, thus retaining the dormant Foudroyant Trust within an acceptable structure. The capital and reserves of the Foudroyant Trust at 31 March 2008 were £NIL.

In September 2004 the HMS Trincomalee Trust confirmed an Elective Resolution that dispensed with the requirement for the laying of accounts and reports before general meeting, with holding Annual General Meetings and with the appointment of auditors.