

The Nautical Institute Annual Report – 2022



John Lloyd FNI
 Chief Executive and Company
 Secretary on behalf of the
 Executive Board



Objectives and activities

This report provides an insight into the activities of the NI during 2022 and provides a key operational and performance review.

The work of the Institute is not only a service to members but also a public benefit to maritime professionals, the industry and society in general worldwide, by improving safety and the protection of the marine environment through the sharing of knowledge in nautical science and the raising of professional standards.

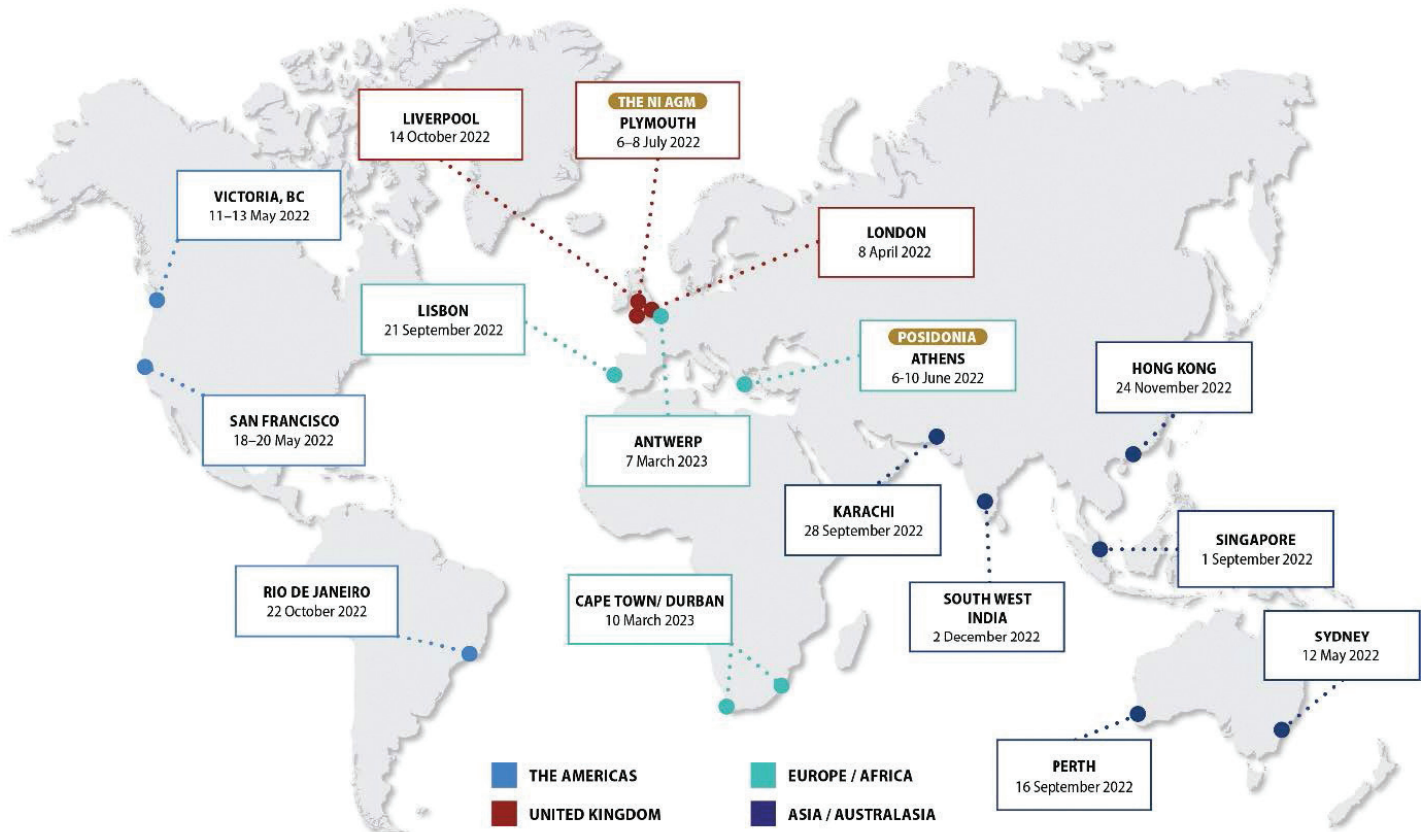
MEMBERSHIP & BRANCHES

Total membership at the end of 2022 stood at 8,321 – up from 7,230 the previous year. Key factors behind this growth were the introduction of free student membership in late 2022 and the continuing success of the DPO conversion programme. It is believed the introduction of new member benefits has also contributed.

The Nautical Institute profile in 2022 was dominated by 50th Anniversary engagement on a global scale. The lifting of Covid restrictions enabled physical meetings to take place almost unimpeded by previous restrictions.

In all 16 events were held (see map below), and the regional nature of the engagement allowed matters of local importance to be addressed in a global context.

The leading highlight for the year was the Annual General Meeting event hosted in Plymouth. With Royal patronage and an exciting programme the event drew attention worldwide and helped confirm The Nautical Institute as a world-class organisation committed to leading the professional debate.



Free student membership

In October 2022, the NI introduced free digital-only membership for those in initial maritime training or education. Following completion of their studies, students have a grace period of up to a year in which to establish their career. Towards the end of this period they are actively encouraged to upgrade to full membership of the NI, initially at half price. Uptake has been brisk, with 674 student members at the end of 2022, compared with approximately 200 immediately before the launch of the scheme.

Learn@Sea courses from MSSC

In mid 2022 The Nautical Institute partnered with leading seafarer charity MSSC, with the generous support of the International Foundation for Aids to Navigation (IFAN), to offer NI members free access to a range of practical online courses. Topics covered range from core English to leadership skills, meteorology and environmental protection. So far over 100 NI members have taken advantage of this new membership benefit.

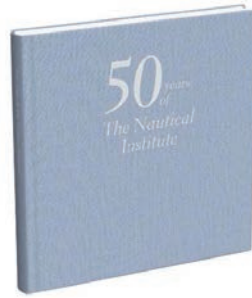
New app for members

A new app introduced in July last year has provided members with a handy way of accessing a range of useful content. Members can use the app to catch up on the Institute's latest news, view upcoming events, read MARS reports, watch NI webinars, record their CPD and read *Seaways* and *The Navigator*.

NI Branches

NI branches around the world played a leading role in helping The Nautical Institute mark its 50th anniversary. Highlights included the attendance of HRH the Princess Royal at the afternoon session of the Institute's 50th anniversary event in Plymouth, a two-day conference in British Columbia bringing together an array of experts to discuss the challenges and opportunities of the Maritime Arctic and a truly global gathering in Singapore with an audience of close to 200.

The majority of branches continued member engagement activities, including technical and social events. A new branch was launched in Germany, the Malta Branch was given HQ support for 're-establishing' an annual conference in Valletta, and additional effort was placed on developing new or re-developing dormant branches in the Netherlands, Turkey, Georgia, the Baltic region, Indonesia and others.



Regular contact with branches via telephone and video calls was prioritised in 2022 to re-engage members post-Covid, and to encourage more engagement and reporting from branches.

Younger Members' Council (YMC)

New members were appointed to the YMC in February 2022 as some founding members stood down due to age or other commitments.

Much of the year was spent re-establishing priorities and working arrangements following the Covid hiatus. The group otherwise focussed on technical outputs in the form of *Seaways* articles, social media content and support for branch activities, with many engaged in independent outreach to schools and colleges and through other maritime associations. Over the year, every single member of the group contributed tangibly to its aims.

The group re-established a quarterly meeting schedule and revived its WhatsApp group.

INFORMATION and PUBLICATIONS

The Information and Publications area underwent quite some change during 2022 with a new Head of area introducing ideas for a revised organisational structure and arrangements for the development of publications. One key milestone was the release of our celebratory publication. The 50th Anniversary book reflected on half-a-century of development in the NI; a publication widely welcomed by our members.

Other books did not progress in the way we had hoped, with titles under development now deferred until 2023. An organisational review has been undertaken for this area to enable us to build for the future. New arrangements will include a dedicated sales executive and a revision of the book development process.

The other significant launch in 2022 was *The Guidelines for the Maritime Expert Witness* publication brought to the community in March 2022.

Development work on other key publications has progressed and will result in three significant book launches in the first half of 2023.

Seaways



Seaways continues to cover a wide range of topics, reflecting both new and long-standing concerns of our members, from the emerging risks of lithium-ion battery carriage to the training implications of new technologies. A particular highlight in 2022 was the chance to showcase the technical and social highlights of the Golden Anniversary events.

In 2022, for the first time, we have begun regularly sharing selected articles from *Seaways* online to help the industry at large benefit from NI technical expertise and promote the work of the Institute. Work is ongoing to improve the online search facility and make the archive fully accessible.

RESEARCH AND RELATIONSHIPS

The Navigator Magazine

The Navigator magazine continues to inspire professionalism in marine navigators. Its impact is evident from testimonials illustrating changes of behaviour, improved teamwork and a focus on mentoring.

With generous funding from IFAN, Ocean Technologies Group, Excelerate and Skuld P&I Club, we were able to deliver thousands of paper copies of *The Navigator* and many thousands more copies through the app and free downloads. Users particularly appreciate that the app is fully searchable across all issues.

During this year we were able to catch up on the gap in mass paper distribution caused by Covid (NI Members continued to get their copies with *Seaways*). In a very special edition we bundled six issues together (issues 25-30) to meet the demand for paper copies internationally without overwhelming distributors with individual copies. Topics covered in 2022 included:

- Pilots and pilot safety;
- Fatigue and fatigue management;
- Ship/shore collaboration.

Virtual Reality and Shiphandling

During 2022 the NI concluded a collaboration with Lloyds Register SafetyTech Accelerator (STA) programme on the use of Virtual Reality to provide low cost easily accessible training in shiphandling.

The proof of concept showed huge potential but also some weaknesses and limitations. Bearing in mind the costs of building and using full mission simulators in maritime training, tetherless VR will be a very affordable and credible gap filler pitched between 2D digital training packages and the ultimate full mission simulators – and increasingly available both at home and on board ship.

A report in May 2022 *Seaways* concluded that this particular project showed huge potential but that the hydrodynamic model needed more development to be credible. The NI will keep an active watch on the potential for VR and its role in the use of simulation for maritime training and education.

OCEAN Project

The NI became partners in an EC funded project for Operator-Centred Enhancement of Awareness in



Navigation (OCEAN). The OCEAN project is focused on enhancing operator awareness in navigation to:

- Reduce the frequency of severe accidents like collision and grounding;
- Mitigate ship-strike risks to marine mammals;
- Mitigate the risk presented by floating obstacles to ships.

This will be a three year project working with leading maritime partners coordinated by the Western Norway University of Applied Sciences. The funding from this project will allow the NI to focus on defining good navigation practices and offering practical feedback into the design of new navigation technology for improving decision making.

ATAG

The Autonomous Technology Advisory Group (ATAG) is a group of NI members who are familiar with evolving technology as developers and users, and who wish to share that knowledge and experience.

In 2022 this group met many times and produced a range of CPD materials, including articles in *Seaways*, a Round Table discussion in July at the AGM and a webinar in October (the latter two events are recorded on the NI website). Further learning material is planned for 2023.

Industry engagement/IMO

The NI continues its involvement with the IMO as a non-governmental organisation (NGO), attending a broad spectrum of meetings to address the wide range of our Members' interests. 2022 saw a return to physical meetings at the IMO in London returning to an increased capacity for meeting content. For at least a year these meetings will be available in hybrid format while the IMO assesses the value of this way of operating. For the NI, the hybrid format has increased ability to participate and network while retaining the option of engaging remote members with specialist technical knowledge.

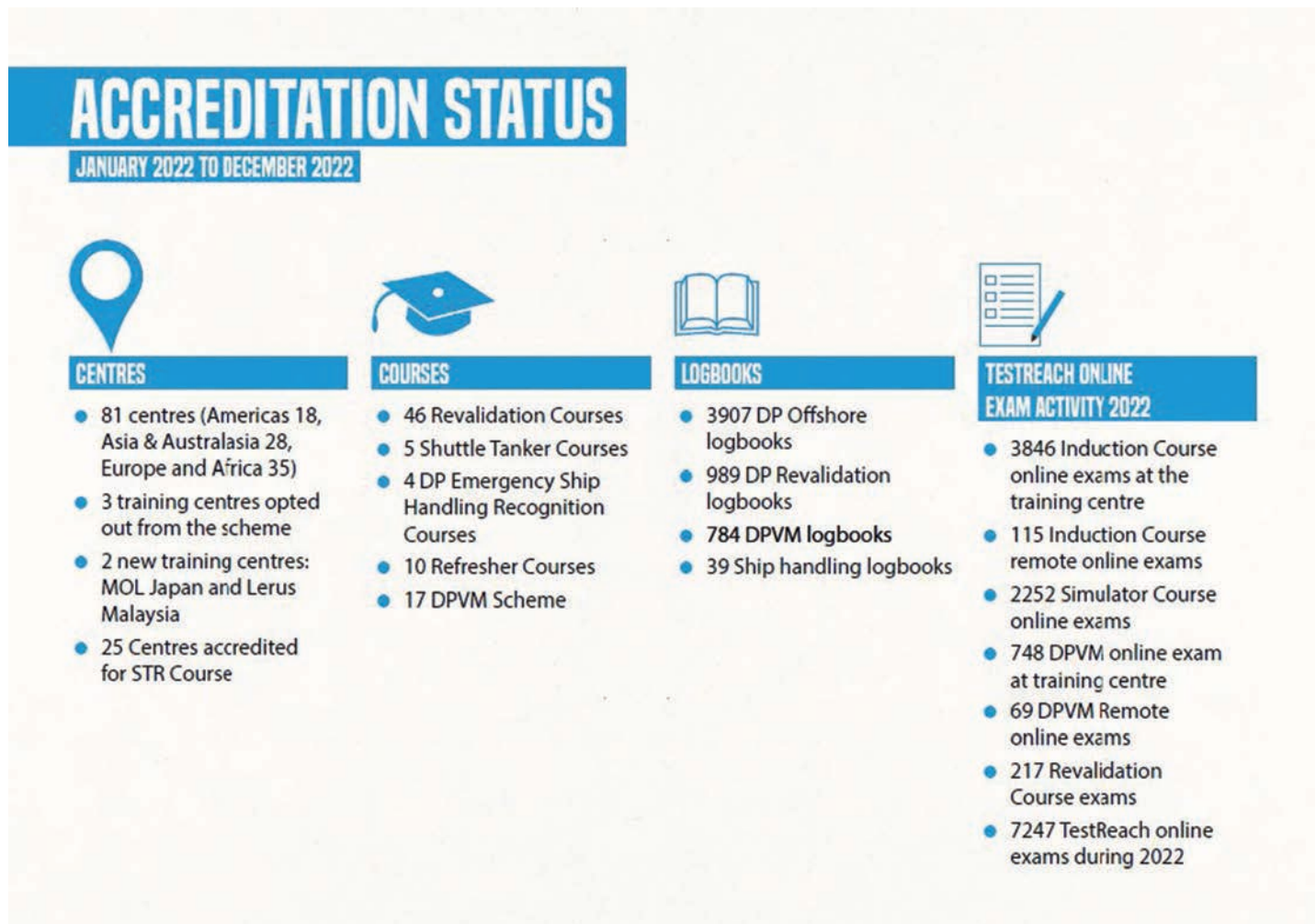
We attended the meetings of 10 different IMO Committees in 2022. Issues of priority were safety of navigation, the human element, marine autonomous surface ships (MASS), greenhouse gas emissions, training, fatigue, and of course the welfare of seafarers. These issues and meeting notes have been regularly reported in *Seaways*. The Executive Board particularly thanks our IMO Committee Chair Capt Robert McCabe, FNI for his commitment to this work.

The Board also thanks our Immediate Past President Jillian Carson-Jackson, FNI for her commitment to IALA, in particular on the subjects of eNavigation and VTS. The NI continues to engage with many other international organisations with staff and volunteers, operating remotely and in person.

Webinars

During 2022, NIHQ webinars attracted over 10,000 registrants and many thousands more took advantage of the recordings. The most popular subjects were pilot ladder safety, mooring safety and Augmented Reality (AR).

QUALIFICATIONS



Dynamic Positioning (DP) Accreditation

Since travel restrictions eased in the second quarter of 2022, the NI accreditation audit team has resumed onsite audits. The team completed 36 audits, including nine online audits where travel was restricted. We approved 12 new DP instructors in 2022, bringing the total number to 174 worldwide. All new instructors were interviewed before issuing the approval to ensure the maintenance of high-quality DP training. Regional Training Providers and Dynamic Positioning Training Executive Group (DPTEG) meetings were conducted online without disruption.

The NI introduced temporary measures to deliver a 'blended' induction course during the global Covid pandemic. A number of training centres requested that the blended solution should remain available when Covid restrictions were lifted. Following working group meetings with our stakeholders, provision for this course is available in the 2022 standards with DPTEG approval.

The Nautical Institute hosted its second face-to-face global regional training providers' meeting in Rio de Janeiro, Brazil. The two-day conference discussed safe DP operations, improvements in training standards and the NI's mandatory CPD Scheme.

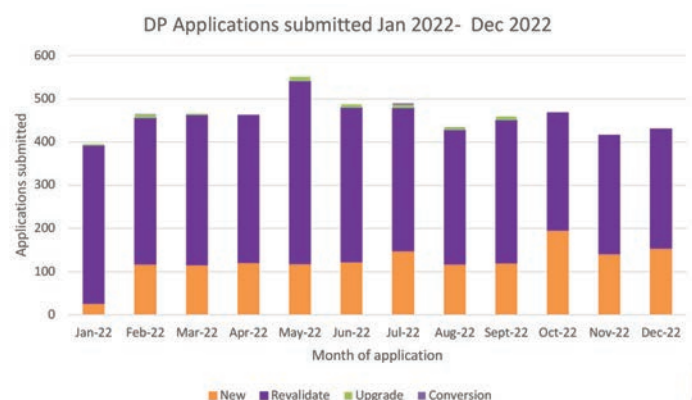
A total of 5,942 DPO applications were processed, including new applications, upgrades and renewals.

The DP Vessel Maintainer Training and Certificate Scheme (Engineers), introduced in 2021, progressed very well in 2022. 1450

DPVM logbooks have been issued since the launch of the scheme, demonstrating its popularity in the industry.

The NI works closely with the Marine Autonomous Systems Regulatory Working Group (MASRWG). A qualification for remote DP station-keeping operations was developed and published in our training and certification standards 2022.

The Nautical Institute's Ballast Control Operator (BCO) Scheme is stable, and we have issued 38 BCO certificates this year.



Recognition and accreditation

The NI provides recognition and accreditation for courses by third party providers delivering maritime professional development programmes in our areas of expertise. In 2022 we:

- Approved 11 new recognised courses;
- Renewed recognition for 59 existing courses;
- Renewed recognition for 2 existing services.

Oil Spill Response

The Oil Spill Response training accreditation scheme continues its growth with three new companies added in 2022. The NI is the only company providing this service internationally and is recognised by the IMO.

Some 5000 certificates were issued in 2022 by NI accredited providers.

2022 saw a return to site visits as Covid restrictions came to an end. Attendance at the 2022 international oil spill conference provided an opportunity to meet with many accredited providers.

The delivery of the NI's Oil Spill Response Organisation services was successfully audited by the MCA in November 2022

Three oil spill responder companies were re-accredited in 2022 to the MCA Standards. This scheme provides an opportunity for growth into 2023 and beyond.



Location of NI accredited Oil Spill Response training companies

EDUCATION AND TRAINING

The short courses developed and delivered by The Nautical Institute continue to be offered under the 'NI Academy' logo and branding.

During the year, the course subjects and the number of course dates continued to grow. This has had a positive effect in terms of income generation. Popularity of the courses is such that it remains a challenge to meet demand with capacity. All courses continue to be delivered virtually and student feedback across the year has confirmed that this is the preferred mode of delivery. Continuous review and development cycles are in place to ensure the NI Academy remains responsive to industry and student needs.

We now deliver the following courses:

- Navigation Assessor Part A & B;
- Onboard Competency Assessment;
- Marine Incident Investigation;
- Blockchain for Maritime Professionals – The Fundamentals;
- Introduction to Shipping;
- Behavioural Competency Assessor;
- Casualty Management Course;
- ISM Lead Auditor;
- ISM Lead Auditor Fishing;

- Marine Insurance;
- Marine Salvage;
- Criminalisation of the Mariner.

Additionally, the following courses are scheduled to reach market by the end of Q2/23:

- DPA;
- DPA (Fish).

To reinforce the credentials of the NI Academy, an application was made to become an accredited Institute of Leadership and Management (ILM) Training Centre. The aim is to gain Level 7 accreditation for the Command and Harbourmaster Schemes, with further rollout to the 'career orientated' courses such as ISM Lead Auditor and DPA. Final approval from the ILM is due in March 23. The development of the Academy will be further enhanced with the creation of post-graduate academic courses, in partnership with an appropriate Higher Education organisation (to be confirmed).

Another key objective for the year was to improve the experience from enrolment to delivery, streamlining the process for students. Maintaining a holistic approach remains key in championing learning and ensuring the NI Academy maintains its high-quality output. Considerable efforts continue to be made in ensuring customer feedback is closely monitored and improvements made where necessary.

These developments included workshop-style interactions, videos and quizzes to complement traditional delivery and the implementation of on-line assessments and exams.

The Self-Study Command Scheme:

The Command Diploma Scheme saw a 24% increase in student numbers in 2022. Significant work has been undertaken in 2022 to accredit the Command Diploma Scheme with an ILM Level 7 – Leadership and Management Qualification. The NI Academy aims to 're-launch' The Command Diploma Scheme with the ILM Accreditation in March 2023.

FINANCE AND STAFFING

In early 2022, the NI re-located its headquarters to an adjacent property at 200B Lambeth Road, while remaining tenants of the Marine Society and Sea Cadets. The physical move was undertaken without incident although the migration of technology, specifically effective internet connections delayed routine occupation until the middle of the year.

Blended working arrangements were introduced to reflect common working principles and while largely successful are being kept under close watch with some adjustments planned from 2023.

The Executive Board maintained its pattern of regular meetings providing close oversight to operational and financial matters as well as progress with the Strategic Plan.

Revenue for 2022 was above budget as activity levels post-Covid remained strong. This was made possible through the diverse range of activities undertaken by the NI and by the huge support given by event sponsors to support our 50th Anniversary engagement. This sponsorship was sometimes in kind, technical and very often financial. The NI is extremely grateful for the confidence key industry leaders have shown in this regard and we look forward to continuing these strong relationships.

The management of the investment portfolio was kept under regular review in what was generally a good market for growth after some uncertainty in the early part of the year. The balanced low-medium risk portfolio invested through Rathbones performed well against market comparators. The solid financial performance enabled a further investment to be made in savings. Careful consideration was given to the investment profile, mindful that the NI has strong cash flow and an ongoing healthy bank balance.

The surplus of £366,375 is a reflection of these circumstances,

though it is expected that a return to physical meetings will result in greatly increased travel costs during 2023 and beyond.

The Reserves policy has proved to be effective and ensures the NI has adequate cover as a going concern.

The Capital Reserve Fund value at year end was £2,868,059, reflecting a total return of -£206,530 for the financial year. During the financial year an additional £500,000 was invested.

The ISO 9002:2015 QM certification audit was held on site. The auditor was impressed by the new premises and the smooth transfer of operations. He noted the ambitious profile of events planned for 2022 and wished the NI every success for the 50th anniversary. No non-conformances were identified, and the auditor was highly appreciative of the running of the quality management processes during the pandemic.

THE NAUTICAL INSTITUTE FOUNDATION

The Nautical Institute Foundation is independent of The Nautical Institute. It is governed by five trustees, three of whom are independent trustees and two who are officials of The Nautical Institute [CEO and the Hon Treasurer]. The Foundation CEO is the only employee currently.

The Foundation's role is to be supportive of Nautical Institute programmes and ethos but plays a unique role in being able to support educational needs for the wider maritime community, not just the needs of NI members. It aims to raise funds from industry participants and other maritime NGOs to develop and deliver its programmes. It has no recourse to permanent funding from the NI itself.

The NI Foundation seeks to engage with industry leaders/partners to identify educational needs and develop learning solutions to meet these needs. Of particular interest at this time is a programme of activities designed to understand and provide visibility of the challenges of leadership today, both at sea and in the office.

The NI Foundation aims to conduct a large cross-industry research study this year to understand the challenges more clearly and on the back of that data develop tools to prepare the industry to thrive once again. The work will lead to improved work styles and reduce the stress being levied on senior leaders, including Masters and Chief Engineers,

energising them for this new world of disruption and change, and helping to address employee attrition in the industry.

The industry survey will throw up many other opportunities for the NIF and NI to develop tools for the shipping community. Working with the wider community is the only way to understand the challenges and opportunities that lie ahead.

Understanding the values of the Foundation is important and readers should read last year's report to remind themselves of those values.

LOOKING AHEAD

The Nautical Institute has developed an exciting and challenging Strategic Plan for the period 2021 to 2026.

Development of membership and increasing our technical contributions to the industry will remain central to our activities and we look forward to the ongoing support and engagement from our community.

List of Trustees:

Mr Peter Hinchliffe FNI (Chair)
 Capt Duncan Telfer FNI (Hon Treasurer)
 Capt Graham Cowling FNI
 Mr Frank Coles FNI
 Capt Zillur Bhuiyan FNI
 Capt John Menezes FNI
 Capt Kuba Szymanski FNI
 Capt Ian Mathison FNI
 Mr Allen Brink FNI
 Mr George Lang FNI
 Mr Moin Ahmed FNI
 Capt Karl Austin FNI
 Capt Ivor Goveas MNI
 Capt Duke Snider FNI
 Ms Deirdre Lane FNI
 Capt Nicholas Nash FNI

All financial results are provisional pending final approval of the accounts.



THE NAUTICAL INSTITUTE

(A Company Limited by Guarantee)
Company No. 2570030

FINANCIAL STATEMENTS FOR THE YEAR ENDED

31ST DECEMBER 2022

Registered Charity No: 1002462

THE NAUTICAL INSTITUTE
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST DECEMBER 2022

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THE NAUTICAL INSTITUTE
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST DECEMBER 2022

LEGAL AND ADMINISTRATION INFORMATION

Status

The Nautical Institute is a charitable company limited by guarantee, incorporated on 20th December 1990.

The company was established under a Memorandum of Association which established the objects and powers of the charitable company and is governed under its Articles of Association. Under those Articles, the trustees are elected by Council to serve a period of up to 3 years and may be re-elected for a further 3 years.

Trustees

The trustees of the company at the financial year end were:

Mr P B Hinchliffe	Chair	Ms D Lane
Captain D M Telfer	Treasurer	Mr G Lang
Captain M Ahmed		Captain I Mathison
Captain K D Austin		Captain N Nash
Captain A Brink		Captain D Snider
Captain G Cowling		Captain J P Szymanski
Captain I Goveas		

Secretary	Captain P J Lloyd
Registered Office	200B Lambeth Road London SE1 7JY
Auditors	Appleby & Wood (London) Limited 40 The Lock Building 72 High Street Stratford London E15 2QB
Bankers	The Royal Bank of Scotland 62-63 The Threadneedle Street London EC2R 8LA
Fund Managers	Rathbones 8 Finsbury Circus London EC2M 7AZ

THE NAUTICAL INSTITUTE
REPORT OF THE TRUSTEES FOR THE YEAR ENDED
31ST DECEMBER 2022
Co. No. 2570030

The trustees present their report and the audited financial statements for the year ended 31st December 2022.

Principal activities

The Institute is registered as a Company limited by guarantee to promote and maintain nautical education.

Public Benefit

The trustees confirm that they have complied with the duty in Section 4 of the Companies Act 2006 to have due regard to the Charity Commission's general guidance on public benefit and that the activities carried out by the charity during the year were all undertaken in order to further the charity's aims for the benefit of the Charity's beneficiaries. A detailed explanation is shown under Objectives and Activities on the Trustees report published in the May issue of the Institute's Journal, Seaways.

State of affairs and business review

The company made an operating surplus on the General Fund of £572,905 for the current year (2021: £668,202). After taking into account investment activities, designated funds movements and unrealised surplus the company made a surplus of £366,375 (2021: £903,492).

The trustees keep the Reserves Policy under regular review. The Institute holds reserves in order to ensure as far as possible that its objects may be met in future. Total Capital Reserves at year end was £2,868,059 (2021: £2,573,079), which is comprised of the Contingency Reserve and the Projects Reserve. The target level of Contingency Reserve for the year was £1,120,000 (2021: £1,100,000) which is calculated based on 33% of annual operating budget. The target level of Projects Reserve for the year was £560,000 (2021: £550,000) which is calculated based on 50% of the Contingency Reserve target. The trustees consider that this amount of free reserves is adequate to ensure that the Institute's services are not compromised in the short term. The investment policy of the Institute is to maximise the total return from capital and income combined while maintaining a medium level of risk. Management of the funds is delegated to external investment managers on a discretionary basis and the trustees review the performance of the managers against benchmarks on a regular basis.

The trustees review the Institute's Risk Management Policy at regular intervals. After considering the principal areas of strategic and operational risk, the trustees are confident that the appropriate means of control and mitigation have been adopted. Prudent management practices with awareness of changes in the operating environment are felt to be in place. The management of the Institute are responsible for the day to day management of risk and minimising the effect of any adverse events. The trustees decided to maintain staffing levels through the year due to the demand for Institute services, so authorised cash drawdown to sustain operations, which was not actually required.

The Institute operates a remuneration policy based on salary scales by grade with annual RPI and other changes determined by the Executive Board during the budget planning process. A delegated group of trustees appraise the Chief Executive at least annually and set his remuneration for the forthcoming year. A non-contributory pension investment of 9% of salary, is made to staff personal pension schemes.

The Institute greatly values the contribution of its trustees and members in the work of the charity which ranges from their roles in the governance structure to representation input to the industry's decision making bodies and writing for the Journal and other publications. Due to the diversity of these voluntary contributions and the large number of members involved (some 140 in central governance roles) it is not feasible to assess the value in terms of time or money.

THE NAUTICAL INSTITUTE
REPORT OF THE TRUSTEES FOR THE YEAR ENDED
31ST DECEMBER 2022
Co. No. 2570030

Auditors

The auditors, Appleby & Wood (London) Limited are willing to continue in office and resolutions concerning the appointment of Auditors will be submitted to the annual general meeting.

Fixed assets

Changes in the company's fixed assets during the year are shown on the balance sheet.

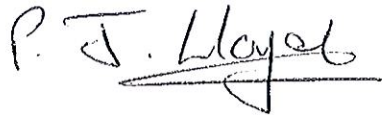
Trustees

The Trustees of the Charitable Company are stated on page 1.

This report has been prepared in accordance with Statement of Recommended Practice- Accounting and Reporting by Charities and in accordance with special provisions of part 15 of the Companies Act 2006.

Approved by the trustees and signed on their behalf by:

Captain P J Lloyd
Secretary



27-JULY-2023

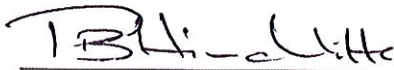
THE NAUTICAL INSTITUTE
FINANCIAL STATEMENTS FOR THE YEAR ENDED
31ST DECEMBER 2022
TRUSTEES' RESPONSIBILITIES

Statement of Trustees' Responsibilities

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those financial statements, the trustees are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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



Mr P B Hinchliffe
Chair



Captain D M Telfer
Treasurer

Date: 27- JUL - 2023

THE NAUTICAL INSTITUTE

Independent Auditor's Report to the members of The Nautical Institute

Opinion

We have audited the financial statements of The Nautical Institute (the 'charitable company') for the year ended 31st December 2022 which comprise the Summary Income and Expenditure Account, Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31st December 2022 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

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

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

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

Other information

The trustees are responsible for the other information. The other information comprises the information included in the Report of the Trustees other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

THE NAUTICAL INSTITUTE

Independent Auditor's Report to the members of The Nautical Institute (continued)

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the trustees' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

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

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the charitable company and determined that the most significant are FRS102, the Companies Act 2006 with the supervisory requirements of Companies House and the Charities Commission.

THE NAUTICAL INSTITUTE

Independent Auditor's Report to the members of The Nautical Institute (continued)

- The charitable company operates internationally and is significantly impacted by international law and regulations. Taxation law and regulation apply to the charitable company but the charitable company is not involved in any complex matters that increase the risk of non compliance.
- We understood how the charitable company is complying with those frameworks through discussions with the trustees and review of the trustees' minutes and the charitable company's documented policies and procedures.
- We assessed the susceptibility of the charitable company's financial statements to material misstatement, including how fraud might occur by considering the key risks impacting the financial statements.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved review of the trustee's reporting to the charitable company with respect of the application of the documented policies and procedures and review of the financial statements to ensure compliance with the reporting requirements of the charitable company.
- Our pre-audit review specifically makes reference to fraud and this is supported by audit documentation. We also review board minutes to identify any matters of concern or risk. None was identified.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the charitable company and management.

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

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

R W Williams

R W Williams FCCA
(Senior Statutory Auditor)
For and on behalf of Appleby & Wood (London) Limited
40 The Lock Building
72 High Street
Stratford
London E15 2QB

Date *18 September 2017*

THE NAUTICAL INSTITUTE
SUMMARY INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2022

	2022	2021
	£	£
Income	4,106,016	3,705,760
Gain/(loss) on investments	(250,897)	203,158
Gross income in reporting period	<u>3,855,119</u>	<u>3,908,918</u>
Expenditure	(3,488,744)	(3,005,426)
Net income before tax for the reporting period	<u>366,375</u>	<u>903,492</u>
Tax Payable	-	-
Net income for the financial year	<u><u>366,375</u></u>	<u><u>903,492</u></u>

All income is unrestricted funds.

A detailed analysis of income and expenditure by source is provided in the Statement of Financial Activities and the notes to the financial statements.

THE NAUTICAL INSTITUTE
STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31ST DECEMBER 2022

	Note	Unrestricted Fund £	Designated Fund £	Total Funds 2022 £	Total Funds 2021 £
Income and endowments from:					
Donations and Legacies		138,580	-	138,580	102,325
Charitable activities	2	3,420,568	-	3,420,568	2,953,666
Other trading activities	4	481,158	-	481,158	612,206
Investment income	5	3,804	61,906	65,710	46,049
Other		-	-	-	1,537
Total		4,044,110	61,906	4,106,016	3,715,783
Expenditure on:					
Raising funds	6	422,404	-	422,404	406,676
Charitable Activities	7	3,048,801	-	3,048,801	2,594,908
Other		-	17,539	17,539	13,865
Total		3,471,205	17,539	3,488,744	3,015,449
Net gain / (loss) on investments		-	(250,897)	(250,897)	203,158
Net income		572,905	(206,530)	366,375	903,492
Transfers between funds		(501,510)	501,510	-	-
Movement on education fund		-	(1,867)	(1,867)	(1,111)
Net movement in funds		71,395	293,113	364,508	902,381
Reconciliation of funds:					
Total funds brought forward		1,075,644	2,580,602	3,656,246	2,753,865
Total funds carried forward at 31st December 2022	18	1,147,039	2,873,715	4,020,754	3,656,246

Movements in funds are disclosed in Note 18 to the financial statements.

All amounts above relate to unrestricted funds.

The notes on pages 12 to 16 form part of these financial statements.

THE NAUTICAL INSTITUTE
BALANCE SHEET AS AT 31ST DECEMBER 2022
Company No. 2570030

	Note	Total funds 2022		Total funds 2021	
		£	£	£	£
Fixed assets					
Tangible assets	13		104,390		105,595
Investments	14		<u>2,868,058</u>		<u>2,574,588</u>
Total fixed assets			<u>2,972,448</u>		<u>2,680,183</u>
Current assets					
Stocks	15	52,302		39,941	
Debtors	16	404,025		206,420	
Cash at bank and in hand		<u>1,182,196</u>		<u>1,195,852</u>	
Total current assets		<u>1,638,523</u>		<u>1,442,213</u>	
Liabilities:					
Creditors: amounts falling due within one year	17	<u>(590,217)</u>		<u>(466,150)</u>	
Net current assets			1,048,306		976,063
Total net assets or liabilities			<u>4,020,754</u>		<u>3,656,246</u>
The funds of the charity:					
Unrestricted funds:					
Designated funds	18		2,873,715		2,580,602
General funds			1,147,039		1,075,644
Total charity funds			<u>4,020,754</u>		<u>3,656,246</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

Approved by the board of trustees on 27/07/2023 and signed on their behalf by:

P B Hinchliffe

Mr P B Hinchliffe
Chair

Captain D M Telfer

Captain D M Telfer
Treasurer

The notes on pages 12 to 16 form part of these financial statements.

THE NAUTICAL INSTITUTE
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31ST DECEMBER 2022

<u>Statement of cash flows</u>	Total	Total
	2022	2021
	£	£
Cash flows from operating activities:		
<i>Net cash provided by (used in) operating activities</i>	550,665	919,985
Cash flows from investing activities:		
Dividends, interest and rents from investments	65,710	46,049
Proceeds from the sale of property, plant and equipment	-	-
Purchase of property, plant and equipment	(85,664)	(114,668)
Proceeds from sale of investments	439,874	203,301
Purchase of investments	(694,360)	(1,192,062)
<i>Net cash provided by (used in) investing activities</i>	<u>(274,440)</u>	<u>(1,057,380)</u>
Cash flows from financing activities:		
Repayments of borrowing	-	-
Cash inflow from new borrowing	-	-
Receipt of endowment	-	-
<i>Net cash provided by (used in) financing activities</i>	<u>-</u>	<u>-</u>
<i>Change in cash and cash equivalents in the reporting period</i>	276,225	(137,395)
Cash and cash equivalents at the beginning of the reporting period	1,297,158	1,434,553
Change in cash and cash equivalents due to exchange rate movements	-	-
Cash and cash equivalents at the end of the reporting period	<u>1,573,383</u>	<u>1,297,158</u>

Reconciliation of net income/(expenditure) to net cash flow from operating activities

<i>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</i>	366,375	903,492
Adjustments for:		
Depreciation charges	86,868	80,665
Movement on education fund	(1,867)	(1,111)
(Gains)/Losses on investments	250,897	(203,158)
Dividends, interest and rent from investments	(65,710)	(46,049)
Loss/(profit) on the sale of fixed assets	-	-
(Increase)/decrease in stocks	(12,361)	1,312
(Increase)/decrease in debtors	(197,605)	63,502
Increase/(decrease) in creditors	124,068	121,332
<i>Net cash provided by (used in) operating activities</i>	<u>550,665</u>	<u>919,985</u>

Analysis of cash and cash equivalents

	Total	Total
Cash in hand	1,182,196	1,195,852
Investment capital reserve account	391,187	101,306
Notice deposits (less than 3 months)	-	-
Overdraft facility repayable on demand	-	-
Total cash and cash equivalents	<u>1,573,383</u>	<u>1,297,158</u>

THE NAUTICAL INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2022

I. Accounting policies

a) Basis of accounting

The financial statements have been prepared in accordance with the Companies Act 2006 and follow the recommendations of the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

b) Depreciation of fixed assets

Furniture and office equipment is depreciated on the straight line basis at cost over its estimated useful life at the rate of 10% per annum. Computer equipment is depreciated at a rate of 33 1/3% per annum on cost.

c) Revaluation of investments

The investment assets have been shown at market value for the year ending 31st December 2022 with the comparatives for the year ending 31st December 2021 also shown at their market value. The revaluation surplus has been shown on the statement of financial activities as net realised and unrealised gain on investment assets.

d) Corporation tax

The company has taken advantage of the tax exemption allowed due to its charitable status.

e) Allocation of expenditure

10% of salaries and 50% of travelling and meeting expenses have been allocated to management and administration of the Institute, which reflects the proportion incurred in this activity.

f) Capital reserve fund

This has been set up to create a Contingency Reserve and a Projects Reserve. The Contingency Reserve is to ensure that the Institute's services are not compromised in the short term. The target level of Contingency Reserve is calculated based on 33% of annual operating budget. The Projects Reserve is to enable the Institute to fund specific projects with the approval of the Executive Board of Trustees. The target level of Projects Reserve is calculated based on 50% of the Contingency Reserve target. The level of Capital Reserve Fund is reviewed on a regular basis.

g) Stock

The stock held is the stock of books, both historical and current, and are valued at the lower of cost or net reliable value. The stock of books is reviewed periodically for the professional content and current relevance and a bad debt provision is calculated on this basis.

THE NAUTICAL INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2022

	Unrestricted Fund £	Designated Fund £	Total 2022 £	Total 2021 £
2 Charitable activities				
Seminars/Conferences & Journals	337,962	-	337,962	128,030
Entrance fees, transfer fees and subscriptions	766,073	-	766,073	744,307
Training and courses	362,051	-	362,051	230,036
Accreditation and Certification	1,954,482	-	1,954,482	1,851,293
	<u>3,420,568</u>	<u>-</u>	<u>3,420,568</u>	<u>2,953,666</u>
3 Seminars/Conferences & Journals	Seminar/ Conferences £	Seaways Journals £	2022 £	2021 £
Income				
Conferences and seminars	178,701	-	178,701	5,250
Seaways income (subscribers & Affiliates)	-	124,865	124,865	101,670
Seaways advertising income	-	34,396	34,396	21,110
	<u>178,701</u>	<u>159,261</u>	<u>337,962</u>	<u>128,030</u>
Expenditure				
Conferences/seminars	142,685	-	142,685	20,989
Seaways publications	-	169,720	169,720	224,114
Mars	-	6,000	6,000	6,000
Seaways advertising cost	-	7,421	7,421	5,076
	<u>142,685</u>	<u>183,141</u>	<u>325,826</u>	<u>256,179</u>
Surplus/(deficit) on Seminars/Conferences & Journals	<u>36,016</u>	<u>(23,880)</u>	<u>12,136</u>	<u>(128,149)</u>
4 Other trading activities	Books	Services	2022	2021
Sales	471,485	9,673	481,158	612,206
Costs of sales				
Opening stocks	37,077	2,864	39,941	41,253
Purchases	358,289	13,118	371,407	363,097
	<u>395,366</u>	<u>15,982</u>	<u>411,348</u>	<u>404,350</u>
Less: closing stocks	(49,590)	(2,712)	(52,302)	(39,941)
Costs of sales	<u>345,776</u>	<u>13,270</u>	<u>359,046</u>	<u>364,409</u>
Surplus on other trading activities	<u>125,709</u>	<u>(3,597)</u>	<u>122,112</u>	<u>247,797</u>
5 Investments income	General Fund £	Designated Fund £	2022 £	2021 £
Bank interest	3,804	7,254	11,058	6,233
Dividends	-	54,652	54,652	39,816
	<u>3,804</u>	<u>61,906</u>	<u>65,710</u>	<u>46,049</u>

THE NAUTICAL INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2022

	Note	Unrestricted Fund £	Designated Fund £	Total 2022 £	Total 2021 £
6 Raising funds					
Cost of generating funds	4	359,046	-	359,046	364,409
Publicity		63,358	-	63,358	42,267
		<u>422,404</u>	<u>-</u>	<u>422,404</u>	<u>406,676</u>
7 Charitable activities					
Cost of activities in furtherance of the Institute's objectives	3	325,826	-	325,826	256,179
Support costs	8	652,014	-	652,014	565,587
Administration & Governance costs	9	495,228	-	495,228	573,520
Projects		389,368	-	389,368	288,221
Training & Courses		121,673	-	121,673	67,657
Membership		145,480	-	145,480	69,874
Accreditation and Certification		919,213	-	919,213	773,870
		<u>3,048,801</u>	<u>-</u>	<u>3,048,801</u>	<u>2,594,908</u>
8 Support costs				2022	2021
				£	£
Branch subventions & chartership costs				21,808	25,750
Staff costs	11			612,809	537,503
Travelling and meetings				17,397	2,335
				<u>652,014</u>	<u>565,587</u>
9 Administration & Governance costs				2022	2021
				£	£
Postage and telephone				58,287	52,278
Printing and stationery				5,551	8,437
Computer expenses				58,082	51,338
Auditors fees				5,900	5,800
Credit Card & Bank Charges				50,541	48,626
Rent, rates and service charges				29,573	176,710
Insurance				9,238	7,165
Insurance - Members Benefit				7,600	31,197
Office equipment rental				5,765	6,418
General expenses				22,914	11,568
Travelling, meetings and AGM expenses				17,397	2,335
Overhead Recovery				-	(18,000)
Legal & Professional fees				40,557	38,834
Training Costs				786	10,427
Staff costs	11			64,004	59,723
Depreciation				86,868	80,665
Office move				32,165	-
				<u>495,228</u>	<u>573,520</u>
10 Net movement in funds for the year				2022	2021
This is stated after charging:				£	£
Depreciation of fixed assets				86,868	80,665
Auditors remuneration (audit services)				5,900	5,800

THE NAUTICAL INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2022

11	Staff costs	2022	2021
		£	£
	Salaries & wages	1,505,384	1,339,943
	Social security costs	161,787	144,954
	Pension	108,523	119,578
	<i>Total staff cost including benefits</i>	<u>1,775,694</u>	<u>1,604,475</u>
	Less: allocated to cost centres	<u>(1,098,881)</u>	<u>(1,007,250)</u>
	<i>Staff costs included within overhead cost.</i>	<u>676,813</u>	<u>597,225</u>
	No. of employees earning £60,000 to £70,000	3	4
	No. of employees earning £70,001 to £80,000	-	1
	No. of employees earning £80,001 to £90,000	-	-
	No. of employees earning £90,001 to £100,000	2	3
	No. of employees earning £100,000 +	<u>1</u>	<u>1</u>
	Average number of employees	<u>34</u>	<u>34</u>

The chairman and trustees did not receive any remuneration during the year.

12 Taxation

The charitable company is exempt from corporation tax on its charitable activities.

13	Tangible fixed assets	Office furniture & Equipment	Computers	Total
	Cost	£	£	£
	At 1st January 2022	79,768	807,138	886,906
	Additions	-	85,664	85,664
	Disposals	-	-	-
	At 31st December 2022	<u>79,769</u>	<u>892,802</u>	<u>972,570</u>
	Accumulated depreciation			
	At 1st January 2022	65,293	716,018	781,311
	Charge for the year	5,417	81,452	86,869
	Disposals	-	-	-
	At 31st December 2022	<u>70,710</u>	<u>797,470</u>	<u>868,180</u>
	Net book values:			
	As at 31st December 2022	<u>9,059</u>	<u>95,332</u>	<u>104,390</u>
	As at 31st December 2021	<u>14,476</u>	<u>91,119</u>	<u>105,595</u>

14	Investments	2022	2021
		£	£
	Market value at 1 January 2022	2,473,282	1,281,363
	Acquisition at cost	694,360	1,192,062
	Sales proceeds at market value	<u>(439,874)</u>	<u>(203,301)</u>
	Surplus / Loss in the year	<u>(250,897)</u>	<u>203,158</u>
	Market value at 31 December 2022	2,476,871	2,473,282
	Other Holdings		
	Cash	<u>391,187</u>	<u>101,306</u>
	Market value at 31 December 2022	<u>2,868,058</u>	<u>2,574,588</u>
	Market value at 1 January 2022	<u>2,574,588</u>	<u>1,339,384</u>

THE NAUTICAL INSTITUTE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2022

	2022				2021
	£				£
15 Stocks					
Books	49,590				37,077
Member services	2,712				2,864
	<u>52,302</u>				<u>39,941</u>
16 Debtors					
Trade debtors	199,668				42,079
Prepayments	85,446				42,649
Other debtors	102,556				95,306
VAT	16,355				26,386
	<u>404,025</u>				<u>206,420</u>
17 Liabilities: Creditors: Amounts falling due within one year:					
Trade creditors	199,630				63,669
Accruals	108,031				228,454
PAYE & other creditors	76,290				95,690
Deferred income	206,266				78,337
	<u>590,217</u>				<u>466,150</u>
18 Designated funds					
	Balance 01.01.2022	New Designated	Utilised/ Realised	Transferred	Balance 31.12.2022
	£	£	£	£	£
Capital Reserve Fund	2,573,079	44,367	(250,897)	501,510	2,868,059
Educational fund	7,523	-	-	(1,867)	5,656
	<u>2,580,602</u>	<u>44,367</u>	<u>(250,897)</u>	<u>499,643</u>	<u>2,873,715</u>
General Fund					
	Balance 01.01.2022	Unrestricted	Utilised/ Realised	Transferred	Balance 31.12.2022
	£	£	£	£	£
Bfvd	1,075,644	-	-	-	1,075,644
Transfer in year	-	-	-	(501,510)	(501,510)
Surplus for year	-	572,905	-	-	572,905
	<u>1,075,644</u>	<u>572,905</u>	<u>-</u>	<u>(501,510)</u>	<u>1,147,039</u>

19 Related Party Transactions

No Trustee received any remuneration for services as a Trustee. The amount of £2,944 (2021: £Nil) was reimbursed to Trustees to cover miscellaneous travel expenses in connection with their roles as Trustees.

Trustees and Council members use the Institute's services on the same terms as other members. Because of the nature of the Institute's trades it is not practical to quantify the total of transactions with these members during the year. However, only minor balances were owed to and from these members as at 31st December 2022 and any fees paid to these members are shown separately in the Revenue Account. Trustees and Council members are required to be full voting members of the Institute.

Due to the nature of the Institute's trade, a number of the Trustees and Council are also directors/trustees/employees of entities with which the Institute trades, and due to the nature of the trade, it would not be practical to quantify the total of transactions in the period.