

# The Nautical Institute Annual Report – 2023



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

The Nautical Institute maintained the momentum of events and activities generated throughout our Golden Anniversary Year with signature events hosted in Antwerp, Cape Town, London, Hamburg, Singapore, Sharm el-Sheik and many other locations thanks to the commitment and leadership from our branches. Many meetings were in person with the added value of wider engagement through hybrid meetings being exploited where possible.

One particularly prominent event was held during London International Shipping week in collaboration with the UK's Merchant Navy Training Board and Trinity House. During this event the UK's Maritime Minister announced a package of training support for seafarers from Ukraine which helped raise the profile and status of this industry engagement.

## Objectives and activities

This report identifies the key activities and developments at the NI during 2023 and serves as a useful reference of progress against the Strategic Plan.

The work of the Institute continues to provide a public benefit to the maritime community by helping improve safety and enhancing the flow of information and knowledge in key areas of global significance. These include areas such as protections of the marine environment, the implications of the next generation of fuels and a range of safety and operational issues. Sharing lessons learned through MARS, providing updates on best practice in *Seaways*, through webinars and Branch meetings and in our publications, all form part of this programme. In the past year, this has included work on areas such as maintaining lookout, reducing the need for entry into enclosed spaces, the risks of gantry cranes, bridge procedures, use of AIS and other areas where industry reports have indicated a need for improvement. This sharing of information is central to our role of raising professional standards and improving safety.



**Human element**

The Nautical Institute has always maintained a highly technical focus but in 2023 we have engaged much more closely in the 'human side' of discussions, conscious that approximately 47% of our membership (2020 figures) are full or part time seagoing seafarers, including our current President and Senior Vice President. The views of our seagoing members have been represented at all levels, at IMO and at various high level global speaking opportunities, and through strong collaboration with seafarers' charities.

Our future as an Institute (and that of the maritime industry) rests primarily with our ability to attract and retain high quality, professional, younger members. We can achieve this through a number of means but our greatest success in 2023 has been the over 2500 students that have joined us, enjoying free membership through their studies and the first year of their employment, helping us surpass our strategic plan target of 10,000 members, which many thought unachievable.

Throughout our many conferences and social functions cadets have played a great part and are always encouraged to engage and speak up on their needs, expectations, and concerns. Gaining sea time after academic studies remains a challenge for cadets in many parts of the world. Our President has gained first-hand experience of this by visiting academic training establishments globally and at every opportunity. By understanding the real world situation, The Nautical Institute can develop and advise on strategies to ensure that every cadet who wants to sail can do so.

The NI continues to encourage active participation from all sectors of our maritime community and encourages women maritime professionals to be a key part of our success story. This includes contributions to publications, articles in *Seaways* and appointments to Council, YMC and speaking panellists at conferences and webinars.

**MEMBERSHIP AND BRANCHES**

As the leading professional organisation in the maritime community, membership is central to our activities, priorities and engagement. Having a strong presence globally helps ensure key professional messages are shared effectively and is one reason why membership growth is important and branch activities effective.

Membership during 2023 reaped the benefit of significant exposure during the year and at the end of the year, total membership stood at 11,258, of whom 2,915 were student members.

The decision to offer free student membership from late 2022 has been a key driver of growth, while special promotions such as offers to Dynamic Positioning Operators (DPOs) and specific branch promotions have helped to deliver significant numbers of new paid memberships.

Improving retention is a key priority. In late 2023 the membership team issued the first Dynamic Positioning (DP) Bulletin e-newsletter, designed to support members of the NI who are also DPOs. This



**NI President Andre LeGoubin FNI at sea**



**First ever joint meeting of the Executive Board, Council and Younger Members' Council**



**The Younger Members' Council**



**CMMar presentation ceremony 2023**

was extremely well received, and we are confident future issues will play a key role in convincing DPOs of the value of continued NI membership.

We continue to seek ways of enhancing the value of membership through our member benefit offers. New developments in this area include:

- An exclusive discount of 15% for members opting to study for an MSc or MBA qualification with MLA College.
- Free access to the Marine Society's Learn@Shore courses.

2023 also saw the broadening of the NI's membership criteria to welcome mariners from the fishing and inland waterway communities. We are delighted to have been given the opportunity to provide mariners working in these fields with access to professional body membership.

As well as our traditional seagoing membership base, the NI continues to attract members from maritime shore management positions, Vessel Traffic Service Operators (VTSOs), academics and others from our professional community.

A joint meeting of the Executive Board, Council and Younger Members' Council at NI HQ in December 2023, the first such meeting the NI has ever held, offered immense value in terms of the chance to learn from each other and exchange and develop ideas for the future of the Institute.

**NI Branches**

A new Baltic Branch was launched in Riga in June, bringing together delegates from Latvia, Lithuania, Estonia and Finland for a lively conference in the heart of the old city. The branch committee is now busying themselves for a programme of events and activities in 2024.

Key activities included revitalising branches such as The Netherlands, which hosted a packed re-launch event in September to much local industry acclaim. A similar effort in Indonesia continues to gain traction following a set of physical meetings in the second half of the year, putting the branch on track to re-launch in 2024. With one of the fastest growing memberships, it is now among the five largest branches by member count.

Work into 2024 will include supporting the launch of brand new branches in Turkey and Georgia in the late Spring, as well as Italy later in the year. Other focus areas include Mexico, Egypt and South America.

**Younger Members' Council**

The Younger Members' Council (YMC) had a strong year in 2023. Activities included:

- Designing and hosting a series of webinars;
- Creating video content;
- Writing articles for *Seaways*;
- Engaging more closely with branches and local colleges and events;
- Raising the profile of individual members.

The YMC's main priority for 2024 will be the formation and support of a global base of Younger Member Ambassadors (YMAS) tasked with engaging students and cadets at the local level. These YMAS will be key drivers of recruitment and central players

in the retention and conversion to full members of the existing student member cohort.

### Chartered Master Mariner (CMMar)

We continue to support the Honourable Company of Master Mariners (HCMM) in this programme, indicating the highest levels of achievement in the seagoing profession. Many awards of CMMar are made to our senior members from around the world.

### Armillary Club

This alumni group for long-term members and supporters of The Nautical Institute continues with its successful programme of light-touch technical meetings with an opportunity for engagement and networking. Meetings are held 3-4 times per year, and key presentations are repeated at different times of day to ensure members have a chance to attend no matter which time zone they are in. The Club remains open to new members, and we are grateful for their ongoing support of NI initiatives, particularly in the field of training and education.

### RESEARCH AND RELATIONSHIPS

The Nautical Institute's technical engagement is led from the Research and Relationships area of the organisation and helps ensure that our world-leading expertise is delivered and understood in the right forums at the right time.

### IMO

The NI remains committed to its role as a Non Governmental Organisation (NGO) at the IMO. During 2023 we have been represented at all appropriate meetings including:

- The main policy-making Committees:
  - FAL (Facilitation);
  - LEG (Legal);
  - MEPC (Marine Environment Protection);
  - MSC (Maritime Safety Committee).
- The technical Subcommittees:
  - SDC (Ship Design and Construction);
  - HTW (Human Element, Training and Watchkeeping);
  - SSE (Ship Systems and Equipment);
  - PPR (Pollution Prevention and Response);
  - NCSR (Navigation, Radiocommunications and Search and Rescue);
  - III (Implementation of IMO Instruments); and
  - (Carriage of Cargoes and Containers).
- Working groups specialising in Maritime. Autonomous Surface Ships, Greenhouse Gas reduction and the revision of STCW.

The Institute has submitted papers, participated actively in discussions and in correspondence groups. The commitment to the IMO and physical attendance at meetings is crucial to our impact in this forum. Huge thanks must be given to Captain Robert McCabe FNI (Past President) for his commitment to this work as Chairman of our IMO Committee.

We share regular reports of our activities in *Seaways* and through webinars. Our newest Vice President Neil Dulling, FNI gave a video interview updating our members on changes in regulations governing



Neil Dulling (right) presents a video with David Patraiko



Aly Elsayed and Ericsson Kwan preparing to demonstrate VR training aids at the IMO Maritime Safety Committee in June 2023



Navigator readers at sea

Green House Gas (GHG) emissions (<https://tinyurl.com/NIGHGintro>)

The NI also formed a special focus group to support our involvement in the STCW review, led by Dr Malek Pourzanjani FNI.

### IALA

The NI continues to work closely with IALA and is represented by Jillian Carson-Jackson FNI (Past President) who chairs working groups in the VTS Committee and Digital Technology Committee. We maintain a close relationship and the IALA secretariat continue to offer contributions to NI publications.

### OCEAN Project

The OCEAN (Operator-Centered Enhancement of Awareness in Navigation) Project is a three year EU Horizon project to improve navigational safety (<https://ocean-navigation-awareness.eu>). The NI leads two work packages in this project. One focuses on 'Enhanced Professional Standards for Situation Awareness' and will result in a report on improved professional standards, a series of videos highlighting improved training standards, and research into improved operator decision making.

The Nautical Institute is taking the lead on dissemination, communication and exploitation of the project findings, making use of a range of media including reports, press releases, website hosting, webinars, social media, and policy papers.

Progress this year included a report on identification of the root causes of navigational accidents, a report on improved operator decision making, and numerous activities to try to reduce whale strikes. The website <https://ocean-navigation-awareness.eu> contains many resources including reports, videos and news about the project.

As part of the project, work related to reducing whale strikes has resulted in the Institute's Senior Technical Adviser, Capt Aly Elsayed AFNI being elected by the International Whaling Commission (IWC) to represent shipping issues at their forums.

### The Navigator

*The Navigator* continues to receive a wide range of praise from many readers, principally from the target audience of junior officers but also from more senior officers, Masters and shore management. The Council are grateful for the support from IFAN and the many other financial contributors to this project.

Focus areas for *The Navigator* in 2023 included risk management, shipping and the environment and the hot topic of AIS, with contributions from the IALA and International Chamber of Shipping (ICS) secretariats. Council thanks all those who contributed to *The Navigator* with articles, letters, distribution, funding and not least the steady stream of 'NavSnap' contributors who constantly amaze us with the creative photos sent in from the readers.

### Membership and industry engagement

The NI continues the drive to engage our members and the wider community to share ideas and learn from each other. Webinars in 2023 attracted 5,000

participants and the feedback from Q&A and engagement polls feed into areas like *Seaways* articles and IMO input.

The Institute's Technical LinkedIn Group is managed by Capt Elsayed, and now has over 30,000 members who debate areas of interest from a wide range of subjects. Regular written surveys help shape our thinking on topics such as (in 2023) the use of simulation, shiphandling training and leadership issues, and we would like to thank all who take part.

### INFORMATION AND PUBLICATIONS

In the first half of 2023, interim cover was provided by the Chief Executive who oversaw several book reprints and the launch on 1 June of the 13th edition of *The Admiralty Manual of Seamanship* (AMOS) – a signature title authored by The Royal Navy, with whom the Institute holds a close association.

A webinar supporting the launch was attended by more than 450 people, far more than would be expected at a physical book launch. Further webinars are planned for each new book to launch in 2024.

A new Head of Information and Publications joined the Institute on 1 June 2023, and has spent the first six months setting the department's priorities and developing an ambitious work plan to the end of 2024.

A new quarterly publications newsletter featuring new and existing titles was established in August, targeting the businesses that account for more than 90% of NI book sales. Already this has been instrumental in driving pre-orders and bulk purchases.

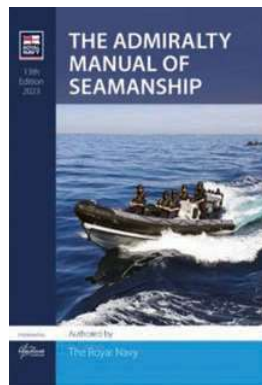
In October 2023, the Institute was pleased to launch the 3rd edition of *Bulk Carrier Practice* (BCP). A new publication *Maritime Security – A Practical Guide for Mariners* (Marsec) was published in December 2023.

Together these books, along with our existing titles, delivered the highest annual gross sales of publications in the Institute's publishing history.

In 2023, we entered into a second agreement with a provider of maritime e-books who will host NI digital publications on their platform. At least two further agreements are planned for 2024 upon which we expect to witness a slow but steady increase in e-book sales. Currently e-books account for 5% of NI book sales but this is likely to be closer to 10% in 2024.

### Seaways

Over the years, *Seaways* has reflected the lives and concerns of our members, and is closely integrated with the wider concerns of the Institute. In 2023,



this has inevitably meant a focus on topics such as decarbonisation, digitisation, shipboard operations, safety of navigation and autonomous shipping. In all that we do, we aim to share and amplify the voice and concerns of seafarers especially when key conventions such as STCW are under review.

From cadet to Master, all NI members have access to *Seaways*, both as a means of professional development and as a platform to be heard. From first person interviews sharing what it is like to be at sea – or coming ashore – today to detailed reporting from IMO meetings, technical articles on DP drive-offs and tug manoeuvres, updates on NI initiatives such as the green curriculum, discussion on the risks and responsibilities of autonomous shipping, and studies of management onboard and off, *Seaways* gives a voice to our members, and expresses the depth of knowledge and diversity of opinion to be found within The Nautical Institute.

Every month, the Focus article and one other major feature are shared free on The Nautical Institute's website. Articles are selected to promote discussion, share important safety information, and highlight the range of topics covered in this magazine.

In 2024, we will be embarking on a programme to refresh the appearance of *Seaways* to take us through the next decade of delivering this widely respected, authoritative and learned industry journal.

### MARS 2023

The NI's Mariners Accident Reporting Scheme (MARS) published a total of 58 reports in 2023. Of these, 20 reports were from private individuals; a further 38 reports were edited from National Investigative Agencies.

This is an increase of private source reports over 2022, and the trend toward fewer reports from private sources seems to have now stabilised, although it is still lower than we would wish. We do have some 'super-contributors' supplying us with reports, but our goal is to broaden the report source pool further. The important goal for MARS of sharing lessons learned with mariners is nonetheless well served.

The MARS Nautical Affiliates sponsorship scheme remains strong, with 52 sponsors at the end of 2023. These sponsors represent a truly global group that is a reflection of our membership.

### QUALIFICATIONS

Our Dynamic Positioning (DP) accreditation and certification activities remain central to our contribution to wider maritime safety, and the process is kept under continual review.



Attendees at the DP Regional Training Providers event

Close cooperation with our stakeholders is a key stage in this process, and we were delighted to host our third face-to-face Regional Training Providers event in Sharm-El-Sheikh, Egypt, in September 2023. The two-day conference discussed safe DP operations, improvement in training standards, and the NI mandatory CPD Scheme (see below) and its implementation. Approximately 100 delegates attended the conference, including 43 training centre representatives.

### Introducing CPD for DPO revalidation

As part of the ongoing review of the DP qualification process, The Nautical Institute is changing the requirements for revalidation of the NI DPO and Dynamic Positioning Vessel Maintainer (DPVM) certificates. To make sure that DP operators keep pace with developing standards in a fast-changing industry, DPOs and DPVM certificate holders renewing their certificates as of 1 January 2024 will now be asked to demonstrate either NI-approved Continuing Professional Development (CPD) or to complete the DP Refresher and Competency Assessment Course. This is in addition to the mandatory 150 days of DP sea time. The website has been updated with all the required information and FAQs.

The NI has approved two CPD Suppliers, IMCA & Keelson, and six further applications from CPD suppliers are in progress.

### DP certification and accreditation

Over the course of 2023, we received 7,167 online applications for DP certification, of which 2,606 were new applications, 4,533 were for revalidation, and 28 were for conversion.

The Key Performance Indicator (KPI) for processing DP certification applications is ten working days from receiving the application. The team is performing above this, at six working days from date of receipt.

#### Approved training centres

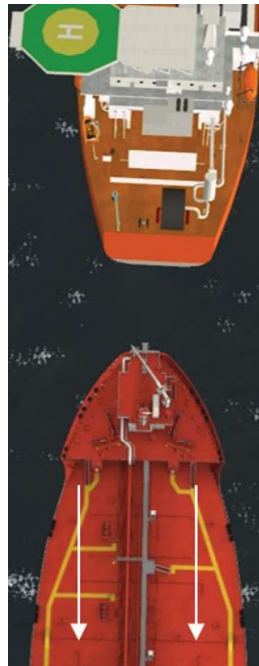
We currently have:

- 80 accredited DP training centres worldwide (Americas 19, Asia & Australasia 28, Europe and Africa 33);
- 50 training centres approved for the Revalidation Course;
- 21 training centres approved for the DP Vessel Maintainer (DPVM) Scheme;
- 26 training centres approved for the Sea Time Reduction (STR) Course;
- 26 training centres approved for the DP Refresher and Competency Assessment Course;
- 5 training centres approved for the Shuttle Tanker Course;
- 4 training centres approved for the DP Emergency Ship Handling Recognition Course.

26 Accreditation and reaccreditation audits were scheduled for 2023, of which 21 were completed.

### DP Vessel Maintainer Training and Certificate Scheme (Engineers)

The DP Vessel Maintainer Scheme for engineers was introduced in 2021 and continues to progress well. By



Sharing DP expertise in Seaways



the end of 2023, 2,500 DPVM logbooks have been issued, and 433 DPVM certificates have been issued. The grandfathering process for experienced engineers closed on 31 December 2023.

### Ballast Control Operator Accreditation Scheme

The Nautical Institute's Ballast Control Operator (BCO) Scheme is stable, and we have issued 38 BCO certificates this year. One approved training centre in Poland was reaccredited in February 2023.

### Oil Spill Response Accreditation Scheme

The Oil Spill Response Accreditation Scheme now covers companies providing training and/or responder services. In 2023, we accredited the first oil response company outside the UK, and our expertise in responder accreditation was sought out by regulators in Australia looking to establish their own scheme. A series of fact finding meetings was held with regulators and peers to review options for the development of the services going forward.

In 2023, 51 companies were accredited to provide training, and four to provide oil spill response services. Over the course of the year, 17 training companies were re-accredited and two new members joined the scheme.

### The Nautical Institute Vessel Traffic Services (VTS) Accreditation Scheme (IALA R0103)

The IALA VTS accreditation scheme is stable with one approved training provider in Finland. We are in communication with a training centre in Thailand for the accreditation process.

### The Nautical Institute Ice Navigation Scheme

The NI Ice Navigation Scheme continues to offer qualifications to officers who meet the standard. An additional training centre in Canada was approved in 2023.

Captain Duke Snider FNI (Past President) represented the NI at the IMO Polar Code Workshop meeting in Argentina. The IMO Circular HTW/10/6, November 2023, section 6, recognised The Nautical Institute Ice Navigation Scheme.

### NAUTICAL INSTITUTE ACADEMY

The Nautical Institute Academy (NIA) has had a busy year, with several key milestones achieved on the path to creating a portfolio of courses designed to develop and nurture both seafarers and those employed ashore through focused professional development.

Maintaining the impetus to identify training needs, the Academy has widened the course portfolio. Additionally, the number of course dates (both open and company courses) continues to grow in response to customer confidence and market demand.

Some courses are proving more popular than others, with those courses that enable the student to develop employment pathways being in the highest demand (the ISM Lead Auditor, Designated Person Ashore, and Navigation Assessor courses leading the way).

All new instructors have been through a NIA 'Train the Trainer' Course, equipping them to teach our students effectively and in line with our specific mode and style of delivery. The vast majority of courses are delivered virtually and student feedback across the year has confirmed that this is the preferred mode of delivery. However, we have conducted company courses on a face-to-face basis this year, in accordance with client preference. Moving into 2024, one new client has requested face-to-face training at their Greek and Croatian offices and we are well placed to deliver this training due to the increase in the lecturer pool.

The NIA developed and ran a diploma course based on behavioural competency for the British Marine Aggregate Producers Association (BMAPA). The course received high praise from Cemex and Tarmac delegates and BMAPA is keen for it to be extended to European operators.

The Nautical Institute gained approved status in February 23 as a training centre of the Institute of Leadership and Management (ILM). The Command Diploma Scheme was used as the assessment vehicle and successful students on the scheme now get an OfQual Level 7 (post-graduate) vocational qualification (RQF).

The Seafarers Charity (TSC) funded the development of a Leadership and Management Course portfolio during 2023. The courses require the application of theory to practice and involve reflective thinking, thereby driving the student to think about their work environment in their current and future ranks.

Activities in 2023 have created a solid base for further development in 2024. In particular, the Academy will be working to develop courses on alternative fuels and bulk cargo vetting (Rightship), while also developing more human element focused courses.

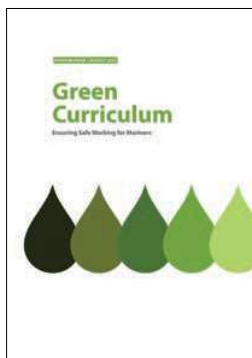
## SAFETY AND ENVIRONMENT

The safety of people, ships and the protection of the environment are at the heart of everything we do as an Institute. During 2023, there was again a particular focus on improving safety in the fishing sector and in areas related to the introduction of new fuels. Numerous articles on fishing and the green curriculum were contributed to *Seaways* and *The Navigator*. Social media activities included a number of podcasts.

### Fishing safety

On the fishing side, we were delighted that the fishing safety initiative was embraced by the NI Board. In January 2023 the NI opened membership to all professional fishers on an equal basis. An NI Fishing Safety Advisory Group (FSAG) made up of NI fishing safety experts held its inaugural meeting in November. This group coordinates NI fishing initiatives such as IMO representation and safety initiatives and promotes the profession of fishing.

The NI proposed a recommendation to the IMO to endorse the UK Fishing Safety Management (FSM) Code, which was warmly received.



The ISM Lead Auditor (Fishing) course was successfully drafted and implemented for the international fishing industry and the commercial sector. The Seafarers' Charity is generously funding four of these courses, and gave a £30,000 grant to the NI Academy.

### The Green Curriculum

We continue to work towards the introduction of a common, recognised training programme to ensure crews have the knowledge and skills to handle innovative fuels safely. A revised position paper setting out the thinking behind our 'Green Curriculum' was published in January 2023.

The initiative gained momentum throughout 2023, and the NI was invited to contribute to several high-level global groups concerned with seafarer training in these fuels. This included the Maritime Technologies Forum (MTF) and the UN Global Compact Just Transition (UNGC). Our CEO was invited to the MTF conference as a panellist during Singapore Maritime Week in May 2023. We remain engaged with both groups, taking part in workshops that will produce reports to be submitted to the IMO.

## FINANCE

The significant success achieved in various areas of the Institute's operations has been reflected in the corresponding financial results for the year. Income for 2023 significantly exceeded budget as activity levels remained strong across the entire portfolio of activities. An operating income of £5.3 million has been achieved against expenditure of £4.3 million resulting in an operational surplus of £1 million.

The operating surplus reflects a very successful year across the board, especially in the areas of Qualifications and Information & Publications. Although the return to physical meetings for the Executive Board, Council and various committees resulted in greatly increased travel costs during 2023, overall expenditure for the year remained close to budget due to effective cost control.

The management of the investment portfolio was kept under regular review in what was generally a steady market for investments. The balanced low-medium risk portfolio invested through Rathbones performed satisfactorily against market comparators. The Capital Reserve Fund value at year end was £4.0 million, which includes an additional £1 million invested in December 2023, and resulted in a total return of £180,000 for the financial year which is a return of 6.28% on the original investment.

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

## STAFFING

The NI continued to take its responsibilities as an employer to its workforce seriously, investing in staff training and development needs, and offering benchmarked pay and flexible working arrangements whenever feasible.

In addition to regular staff engagement activities, the management team had an away day in August reflecting on the Institute's five-year strategy at its



The Nautical Institute HQ summer barbecue 2023



Staff development event 2023

mid-point. All-staff events took place in July and December to further enhance inter-departmental staff engagement and collaboration and celebrate mid-year and end of year achievements.

Staff retention remained satisfactory during 2023 with the total number of employees increasing from 35 at the beginning of the year to 36 at the end of the year. The major new appointment in 2023 was the new Head of Information and Publications in June. Our significant operational and financial success in 2023 and our continued ambition to grow further means we will continue to invest in our workforce with our headcount expected to reach around 40 in 2024.

The ISO 9002:2015 QM certification audit was once again held on site with no non-conformities reported. The internal audit process and clear evidence of member and customer engagement seem to be key factors in the positive report from the auditor.

## NAUTICAL INSTITUTE FOUNDATION

The Nautical Institute Foundation is an independent charity governed by five trustees, three of whom are independent trustees and two who are officials of The Nautical Institute (the CEO and the Hon Treasurer). The Foundation CEO is currently the only employee.

The Foundation's role is to be supportive of Nautical Institute programmes and ethos, but it plays a unique role in being able to support educational needs for the wider maritime community, not just NI members. It aims to raise funds from industry participants and other maritime NGOs to develop and deliver its programmes and 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. On the back of that data, it will 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 open 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. 🚢

**THE NAUTICAL INSTITUTE**

**(A Company Limited by Guarantee)  
Company No. 2570030**

**FINANCIAL STATEMENTS FOR THE YEAR ENDED**

**31ST DECEMBER 2023**

**Registered Charity No: 1002462**

**THE NAUTICAL INSTITUTE**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31ST DECEMBER 2023**

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**THE NAUTICAL INSTITUTE**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31ST DECEMBER 2023**

**LEGAL AND ADMINISTRATION INFORMATION**

**Status**

The Nautical Institute is a charitable company limited by guarantee, incorporated in England & Wales 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 were:

Mr P B Hinchliffe	Chair	Ms D Lane
Captain D M Telfer	Treasurer	Mr G Lang (resigned 21 March 2024)
Captain M Ahmed (resigned 21 March 2024)		Captain N Nash
Captain K D Austin		Captain D Snider
Captain A Brink (resigned 21 March 2024)		Professor C D Dewey (appointed 7 December 2023)
Captain G Cowling		Mr S D Edmonston (appointed 7 December 2023)
Captain I Goveas		Mr D J Gozdzik (appointed 7 December 2023)
Captain Y Vandeborn (appointed 21 March 2024)		

**Secretary** Captain P J Lloyd

**Chief Executive Officer** Captain P J Lloyd

**Registered Office** 200B Lambeth Road  
London  
SE1 7JY

**Auditors** Buzzacott LLP  
130 Wood Street  
London  
EC2V 6DL

**Bankers** The Royal Bank of Scotland  
1 Spinningfields Square  
Manchester  
M3 3AP

**Fund Managers** Rathbones  
8 Finsbury Circus  
London  
EC2M 7AZ

**THE NAUTICAL INSTITUTE**  
**REPORT OF THE TRUSTEES FOR THE YEAR ENDED**  
**31ST DECEMBER 2023**  
**Co. No. 2570030**

The trustees, who are also the directors for the purposes of company law, present their report and the audited financial statements for the year ended 31st December 2023.

**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 the Charities Act 2011 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.

**Objectives and activities**

A detailed explanation is shown under Objectives and Activities on the Annual Report published in the June issue of the Institute's Journal, Seaways.

The work of the Institute continues to provide a public benefit to the maritime community by helping improve safety and enhancing the flow of information and knowledge in key areas of global significance. These include areas such as protections of the marine environment, the implications of the next generation of fuels and a range of safety and operational issues. Sharing lessons learned through MARS, providing updates on best practice in Seaways, through webinars and Branch meetings and in our publications, all form part of this programme. In the past year, this has included work on areas such as maintaining lookout, reducing the need for entry into enclosed spaces, the risks of gantry cranes, bridge procedures, use of AIS and other areas where industry reports have indicated a need for improvement. This sharing of information is central to our role of raising professional standards and improving safety.

**Achievements and performance**

• **Membership and Branches**

As the leading professional organisation in the maritime community, membership is central to our activities, priorities and engagement. Having a strong presence globally helps ensure key professional messages are shared effectively and is one reason why membership growth is important and branch activities effective.

Membership during 2023 reaped the benefit of significant exposure during the year and at the end of the year, total membership stood at 11,258, of whom 2,915 were student members. The decision to offer free student membership from late 2022 has been a key driver of growth, while special promotions such as offers to Dynamic Positioning Operators (DPOs) and specific branch promotions have helped to deliver significant numbers of new paid memberships.

• **Research and Relationships**

The Nautical Institute's technical engagement is led from the Research and Relationships area of the organisation and helps ensure that our world-leading expertise is delivered and understood in the right forums at the right time.

The NI remains committed to its role as a Non Governmental Organisation (NGO) at the IMO. During 2023, we have been represented at all appropriate meetings including: the main policy-making Committees; the technical Subcommittees; and working groups specialising in maritime. The Institute has submitted papers, participated actively in discussions and in correspondence groups. The commitment to the IMO and physical attendance at meetings is crucial to our impact in this forum.

The NI continues to work closely with IALA and we maintain a close relationship and the IALA secretariat continue to offer contributions to NI publications.

**THE NAUTICAL INSTITUTE**  
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• **Research and Relationships (continued)**

The NI is also involved in OCEAN (Operator-Centered Enhancement of Awareness in Navigation) Project which is a three year EU Horizon project to improve navigational safety (<https://ocean-navigation-awareness.eu>). The NI leads on two work packages in this project. One focuses on ‘Enhanced Professional Standards for Situation Awareness’ and will result in a report on improved professional standards, a series of videos highlighting improved training standards, and research into improved operator decision making. Another one focuses on dissemination, communication and exploitation of the project findings, making use of a range of media including reports, press releases, website hosting, webinars, social media, and policy papers.

The Navigator magazine, which is a free publication from The Nautical Institute that champions the role of today's professional marine navigators, continues to receive a wide range of praise from many readers, principally from the target audience of junior officers but also from more senior officers, Masters and shore management. The Council is grateful for support from IFAN and the many other financial contributors to this project. Focus areas for The Navigator in 2023 included risk management, shipping and the environment and the hot topic of AIS, with contributions from the IALA and International Chamber of Shipping (ICS) secretariats.

The NI continues the drive to engage our members and the wider community to share ideas and learn from each other. Webinars in 2023 attracted 5,000 participants and the feedback from Q&A and engagement polls feed into areas like Seaways articles and IMO input.

• **Information and Publications**

In the first half of 2023, interim cover was provided by the Chief Executive who oversaw several book reprints and the launch on 1 June of the 13th edition of The Admiralty Manual of Seamanship (AMOS) – a signature title authored by The Royal Navy, with whom the Institute holds a close association.

A new Head of Information and Publications joined the Institute on 1 June 2023, and has spent the first six months setting the department's priorities and developing an ambitious work plan to the end of 2024.

In October 2023, the Institute was pleased to launch the 3rd edition of Bulk Carrier Practice (BCP). A new publication Maritime Security – A Practical Guide for Mariners (Marsec) was published in December 2023. These books, along with our existing titles, delivered the highest annual gross sales of publications in the Institute's publishing history.

• **Qualifications**

Our Dynamic Positioning (DP) accreditation and certification activities remain central to our contribution to wider maritime safety, and the process is kept under continual review.

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• **Qualifications (continued)**

Close cooperation with our stakeholders is a key stage in this process, and we were delighted to host our third face-to-face Regional Training Providers event in Sharm-El-Sheikh, Egypt, in September 2023. The two-day conference discussed safe DP operations, improvement in training standards, and the NI mandatory CPD Scheme (see below) and its implementation. Approximately 100 delegates attended the conference, including 43 training centre representatives.

As part of the ongoing review of the DP qualification process, The Nautical Institute is changing the requirements for revalidation of the NI DPO and Dynamic Positioning Vessel Maintainer (DPVM) certificates. To make sure that DP operators keep pace with developing standards in a fast-changing industry, DPOs and DPVM certificate holders renewing their certificates as of 1 January 2024 will now be asked to demonstrate either NI-approved Continuing Professional Development (CPD) or to complete the DP Refresher and Competency Assessment Course. This is in addition to the mandatory 150 days of DP sea time. The NI website has been updated with all the required information and FAQs.

Over the course of 2023, we received 7,167 online applications for DP certification, of which 2,606 were new applications, 4,533 were for revalidation, and 28 were for conversion.

During the year, NI was also involved in schemes other than DP certification and accreditation. These includes DP Vessel Maintainer (DPVM), Ballast Control Operator (BCO), Oil Spill Response (OSR), Vessel Traffic Services (VTS) and Ice Navigation schemes.

• **NI Academy**

The Nautical Institute Academy (NIA) has had a busy year, with several key milestones achieved on the path to creating a portfolio of courses designed to develop and nurture both seafarers and those employed ashore through focused professional development.

Maintaining the impetus to identify training needs, the Academy has widened the course portfolio. Additionally, the number of course dates (both open and company courses) continues to grow in response to customer confidence and market demand.

Some courses are proving more popular than others, with those courses that enable the student to develop employment pathways being in the highest demand (the ISM Lead Auditor, Designated Person Ashore, and Navigation Assessor courses leading the way).

Activities in 2023 have created a solid base for further development in 2024. In particular, the Academy will be working to develop courses on alternative fuels and bulk cargo vetting (Rightship), while also developing more human element focused courses.

• **Safety and Environment**

The safety of people, ships and the protection of the environment are at the heart of everything we do as an Institute. During 2023, there was again a particular focus on improving safety in the fishing sector and in areas related to the introduction of new fuels. Numerous articles on fishing and the green curriculum were contributed to Seaways and The Navigator. Social media activities included a number of podcasts.

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**Financial commentary**

The significant success achieved in various areas of the Institute's operations has been reflected in the corresponding financial results for the year. Income for 2023 significantly exceeded budget as activity levels remained strong across the entire portfolio of activities. A gross income of £5,483,004 (2022: £3,855,119) has been achieved against total expenditure of £4,277,142 (2022: £3,490,611) resulting in a surplus for the year of £1,205,862 (2022: £364,508).

The surplus reflects a very successful year across the board, especially in the areas of Qualifications and Information & Publications. Although the return to physical meetings for the Executive Board, Council and various committees resulted in greatly increased travel costs during 2023, overall expenditure for the year remained close to budget due to effective cost control.

The management of the investment portfolio was kept under regular review in what was generally a steady market for investments. Management of the funds is delegated to external investment managers on a discretionary basis with the objective of maximising the total return from capital and income combined while maintaining a medium level of risk. The trustees review the performance of the managers against benchmarks on a regular basis. During the year, the balanced low-medium risk portfolio invested through Rathbones performed satisfactorily against market comparators. The Capital Reserve Fund value at year end was £4,048,078 (2022: £2,868,059) which includes an additional £1 million invested in December 2023 following a very successful year. The investment portfolio resulted in a total return of £180,019 (2022: total loss of £206,530) for the financial year which is a return of 6.28% on the original investment.

**Reserves**

The Institute holds reserves in order to ensure as far as possible that its objectives may be met in future and that it had adequate cover as a going concern. The target level of total reserve for 2023 was £2,070,000 (2022: £1,680,000) represented by Contingency Reserve of £1,380,000 (2022: £1,120,000) and a Projects Reserve of £690,000 (2022: £560,000). The Contingency Reserve target is calculated based on 33% of annual operating budget and the Projects Reserve is calculated based on 50% of the Contingency Reserve target. The free reserve at year end was £1,172,676 (2022: £1,147,039). 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 trustees recognise that the Capital Reserve Fund value at year end was in excess of the target level & are regularly reviewing the reserves policy, its position & possible use.

**Risks and risk management**

The trustees recognise their duty to anticipate, manage and mitigate the risks to which the charity's activities could be exposed. They acknowledge that risk is inherent in all activities and that its management is crucial to achieving the charity's objects. The trustees take a systematic approach to managing risk, with the executive team regularly monitoring and reporting risks to the board as well as prioritising actions.

Risks are rated by a mixture of a score for the likelihood of a risk from 1 (negligible) to 5 (major) and a score for its severity on a scale from A (very unlikely) to E (very likely). Scores before and after mitigation are calculated using a risk matrix.

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 is responsible for the day to day management of risk and minimising the effect of any adverse events.

**THE NAUTICAL INSTITUTE**  
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**Risks and risk management**

The trustees consider the following as the key risks for the organisation:

- 1 Potential lobby at IMO to move DP qualifications to STCW Part A thus becoming the responsibility of Flag States not 'industry and the NI'. Impact likely to be loss of global market dominance of the NI of this specialisation.

This risk is mitigated by the NI continuing to engage with IMO delegates as well as media and social media campaigns relating to the importance of industry leadership. We also monitor adoption of other qualifications.

- 2 Inability to access bank funds

The Institute's funds are kept in a diversified manner with an operational bank account held with Royal Bank of Scotland while also maintaining an active investment funds with Rathbones. In case of any banking restriction, we are allowed drawdown of funds from our investment accounts held with Rathbones within 2-3 days notice. We also continuously realign spending priorities for short and medium terms as well as regularly adjusting spending forecasts.

- 3 Loss of identity of The Nautical Institute

We mitigate this risk by having a strong governance arrangements in place including carefully managed appointment of trustees; care with branding arrangements; alignment of projects with areas of interest of the NI; clear demonstration of NI ownership of project deliverables.

**Future Plans**

The Institute plans continuing the activities outlined above in the forthcoming years to achieve the key deliverables on the 2021-2026 Strategic Plan, which can be found on the NI website. Review of the Strategic Plan is due in 2025.

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**Structure, governance and management**

**Governing Document**

The Nautical Institute is a charitable company limited by guarantee, incorporated on 20 December 1990 and registered as a charity on 8 April 1991. The Institute 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. In the event of the company being wound up members are required to contribute an amount not exceeding £1.

**Recruitment and Appointment of Trustees**

The directors of the company are also charity trustees for the purposes of charity law and under the company's Articles are known as members of the Executive Board. Under the requirements of the Memorandum and Articles of Association, the members of the Executive Board are elected to serve for a period of three years after which they may be re-elected for a period of another three years. In exceptional circumstances, the appointments may be extended at the discretion of the Council, provided that their total terms of office on the Executive Board does not exceed twelve years.

**Trustee Induction and Training**

Most trustees are already familiar with the practical work of the Institute having been a member themselves.

Additionally, new trustees are invited and encouraged to attend a series of short training sessions to familiarise themselves with the charity and the context within which it operates. These are jointly led by the Chair of the Executive Board and the Chief Executive of the charity and cover:

- The obligations of Executive Board members.
- The main documents which set out the operational framework for the charity including the Memorandum and Articles.
- Resourcing and the current financial position as set out in the latest published accounts.
- Future plans and objectives.

**Organisational Structure**

The Nautical Institute has an Executive Board of up to 15 members who meet at least three times a year and are responsible for the strategic direction and policy of the charity. At present, the Board has 12 members from a variety of professional backgrounds relevant to the work of the charity.

A scheme of delegation is in place and day to day responsibility for the provision of the services rest with the Chief Executive along with Head of Areas. The Chief Executive is responsible for ensuring that the charity delivers the services specified and that key performance indicators are met. The Head of Areas have responsibility for the day to day operational management of their respective areas, individual supervision of the staff team and also ensuring that the team continue to develop their skills and working practices in line with good practice.

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**REPORT OF THE TRUSTEES FOR THE YEAR ENDED**  
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**Remuneration**

The key management personnel consists of the CEO, Director of Finance and Director of Research & Relationships.

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 remuneration for CEO and other key management personnel for the forthcoming year. A non-contributory pension investment of 9% of salary, is made to staff personal pension schemes.

While trustees are reimbursed travel expenses in connection with their roles as trustees, they do not receive any remuneration for their services as a Trustee. 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 Seaways 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.

**Fundraising**

The Institute is aware of the requirements of the Fundraising Regulator. It does not use external fundraisers and no complaints have been received during the year. Trustees provide guidance and oversee the institute's fundraising practices, upholding the Charity Commission's fundraising principles.

**Auditors**

The auditors, Buzzacott LLP 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:



**Mr P B Hinchliffe**  
Chair of Trustees

13 June 2024

**THE NAUTICAL INSTITUTE**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**31ST DECEMBER 2023**  
**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:

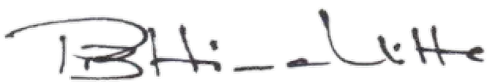
- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- Prepare 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.

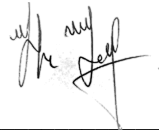
**Disclosure of information to the auditor**

In accordance with company law, each of the Trustees confirm that:

- so far as they are aware, there is no relevant audit information of which the charity's auditors are unaware; and
- as the Trustees of the charity, they have taken all the steps that they ought to have taken in order to make themselves aware of any relevant audit information and to establish that the charity's auditors are aware of that information.



**Mr P B Hinchliffe**  
Chair of Trustees



**Captain D M Telfer**  
Treasurer

**Date:** 13 June 2024

## 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 31 December 2023 which comprise the summary income and expenditure account, the statement of financial activities, the balance sheet, the statement of cashflows, the principal accounting policies and the notes to the financial statements. 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 31 December 2023 and of 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 other information comprises the information included in the Annual Report published in the June issue of the Institute's journal, Seaways, the Report of the Trustees, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the trustees' report and financial statements. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **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, which is also the directors' report for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial
- the trustees' report, which is also the directors' report for the purposes of company law, 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; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the trustees' report and from the requirement to prepare a strategic report.

#### **Responsibilities of trustees**

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

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

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

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

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

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations; and
- we obtained an understanding of the legal and regulatory frameworks that are applicable to the charity and determined that the most significant frameworks which are directly relevant to specific assertions in the financial statements are those that relate to the reporting framework (Statement of Recommended Practice: Accounting and Reporting by Charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102) and the Charities Act 2011) and those that relate to data protection (General Data Protection Regulation).

## THE NAUTICAL INSTITUTE

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

We assessed the susceptibility of the charity's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual variances;
- tested journal entries to identify unusual transactions;
- tested the authorisation of expenditure and bank payments; and
- reviewed the implementation and design of controls and procedures in place around the grants payable system.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- Agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance; and
- enquiring of management as to actual and potential litigation and claims.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the trustees and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

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

#### **Use of our report**

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



Catherine Biscoe (Senior Statutory Auditor)  
For and on behalf of Buzzacott LLP, Statutory Auditor  
130 Wood Street  
London  
EC2V 6DL

Date 14 June 2024

**THE NAUTICAL INSTITUTE**  
**SUMMARY INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31ST DECEMBER 2023**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Income	5,353,193	4,106,016
Gain/(loss) on investments	129,811	( 250,897 )
Gross income in reporting period	<u>5,483,004</u>	<u>3,855,119</u>
Expenditure	( 4,277,142 )	( 3,490,611 )
<b>Net income before tax for the reporting period</b>	<u>1,205,862</u>	<u>364,508</u>
Tax Payable	-	-
<b>Net income for the financial year</b>	<u><u>1,205,862</u></u>	<u><u>364,508</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 2023**

	Note	Unrestricted Fund £	Designated Fund £	Total Funds 2023 £	Total Funds 2022 £ Note 21
<b>Income and endowments from:</b>					
Donations and Legacies		353,296	-	353,296	138,580
Charitable activities	2	4,153,320	206	4,153,526	3,420,568
Other trading activities	4	755,953	-	755,953	481,158
Investment income	5	19,879	70,539	90,418	65,710
<b>Total</b>		5,282,448	70,745	5,353,193	4,106,016
<b>Expenditure on:</b>					
Raising funds	6	565,451	20,331	585,782	439,943
Charitable Activities	7	3,691,360	-	3,691,360	3,050,668
<b>Total</b>		4,256,811	20,331	4,277,142	3,490,611
Net gain / (loss) on investments		-	129,811	129,811	( 250,897 )
<b>Net income</b>		1,025,637	180,225	1,205,862	364,508
<b>Transfers between funds</b>	18	( 1,000,000 )	1,000,000	-	-
<b>Net movement in funds</b>		25,637	1,180,225	1,205,862	364,508
<b>Reconciliation of funds:</b>					
Total funds brought forward at 1st January	18	1,147,039	2,873,715	4,020,754	3,656,246
<b>Total funds carried forward at 31st December</b>	18	1,172,676	4,053,940	5,226,616	4,020,754

All amounts relate to continuing activities.

All recognised gains and losses for the year are included in the above statements of financial activities.

Comparative information by fund class for the year ended 31 December 2022 is given in note 21.

All amounts above relate to unrestricted funds.

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

**THE NAUTICAL INSTITUTE**  
**BALANCE SHEET AS AT 31ST DECEMBER 2023**  
**Company No. 2570030**

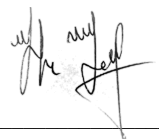
	Note	2023		2022	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	13		70,137		104,389
Investments	14		3,048,077		2,868,058
<b>Total fixed assets</b>			<u>3,118,214</u>		<u>2,972,447</u>
<b>Current assets</b>					
Stocks	15	85,714		52,302	
Debtors	16	1,059,219		404,025	
Cash at bank and in hand		642,276		1,182,196	
Short term deposits	14a	1,000,000		-	
<b>Total current assets</b>			<u>2,787,209</u>		<u>1,638,523</u>
<b>Liabilities:</b>					
<b>Creditors:</b> amounts falling due within one year	17	( 678,807 )		( 590,217 )	
<b>Net current assets</b>			2,108,402		1,048,306
<b>Total net assets or liabilities</b>			<u>5,226,616</u>		<u>4,020,753</u>
<b>The funds of the charity:</b>					
Unrestricted funds:					
Designated funds	18		4,053,940		2,873,715
General funds	18		1,172,676		1,147,039
<b>Total charity funds</b>			<u>5,226,616</u>		<u>4,020,754</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 13 June 2024 and signed on their behalf by:



**Mr P B Hinchliffe**  
Chair of Trustees



**Captain D M Telfer**  
Treasurer

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

**THE NAUTICAL INSTITUTE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2023**

<b><u>Statement of cash flows</u></b>	<b>Total 2023 £</b>	<b>Total 2022 £</b>
<b>Cash flows from operating activities:</b>		
<i>Net cash provided by (used in) operating activities</i>	477,674	550,665
<b>Cash flows from investing activities:</b>		
Dividends, interest and rents from investments	90,418	65,710
Purchase of property, plant and equipment	( 57,804 )	( 85,664 )
Proceeds from sale of investments	252,393	439,874
Purchase of investments	( 556,463 )	( 694,360 )
<i>Net cash (used in) investing activities</i>	<u>( 271,456 )</u>	<u>( 274,440 )</u>
<b>Cash flows from financing activities:</b>		
Purchase of short term deposits	( 1,000,000 )	-
<i>Net cash provided by (used in) financing activities</i>	<u>( 1,000,000 )</u>	<u>-</u>
 <i>Change in cash and cash equivalents in the reporting period</i>	 ( 793,782 )	 276,225
<b>Cash and cash equivalents at the beginning of the reporting period</b>	<u>1,573,383</u>	<u>1,297,158</u>
<b>Cash and cash equivalents at the end of the reporting period</b>	<u><u>779,601</u></u>	<u><u>1,573,383</u></u>
 <b><u>Reconciliation of net income/(expenditure) to net cash flow from operating activities</u></b>		
<b>Net income/(expenditure) for the reporting period (as per the statement of financial activities)</b>	1,205,862	364,508
<b>Adjustments for:</b>		
Depreciation charges	92,057	86,868
(Gains)/Losses on investments	( 129,811 )	250,897
Dividends, interest and rent from investments	( 90,418 )	( 65,710 )
(Increase) in stocks	( 33,412 )	( 12,361 )
(Increase) in debtors	( 655,194 )	( 197,605 )
Increase in creditors	88,590	124,068
<i>Net cash provided by operating activities</i>	<u><u>477,674</u></u>	<u><u>550,665</u></u>
 <b><u>Analysis of cash and cash equivalents</u></b>		
Cash in hand	642,276	1,182,196
Investment capital reserve account	137,325	391,187
<b>Total cash and cash equivalents</b>	<u><u>779,601</u></u>	<u><u>1,573,383</u></u>

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

**THE NAUTICAL INSTITUTE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2023**

**1. Accounting policies**

The principal accounting policies adopted, judgements and key sources of estimation of uncertainty in the preparation of the financial statements are laid out below.

a) Basis of accounting

The financial statements have been prepared under the historical cost convention with items recognised at cost or transaction value unless otherwise stated in the relevant accounting policies below or the notes to these financial statements.

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), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) and the Charities Act 2011.

The charity constitutes a public benefit entity as defined by FRS 102.

The financial statements are presented in sterling and are rounded to the nearest pound.

b) Assessment of going concern

The Trustees have assessed whether the use of the going concern assumption is appropriate in preparing these financial statements. The Trustees have made this assessment in respect to a period of one year from the date of approval of these financial statements. Given the level of liquid assets held in relation to planned expenditure, the Trustees are of the opinion that the charity has sufficient reserves to be able to meet its liabilities as they fall due.

c) Income recognition

Income is recognised in the period in which the charity has entitlement to the income, the amount can be measured reliably and it is probable that the income will be received. Income is deferred only when the charity has to fulfil conditions before becoming entitled to it.

Income comprises donations and legacies, membership subscriptions, publications, training, certification and accreditation income as well as investment income.

Donations and legacies are included as voluntary income; all amounts are unrestricted in the current and prior year. Income is recognised when there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Membership subscriptions are recognised in the financial year to which the subscription relates and deferred if received in advance of that financial year.

Publications, training and accreditation income is recognised as the related goods or services are provided.

Investment income is recognised on a receivable basis

**THE NAUTICAL INSTITUTE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2023**

**1. Accounting policies (continued)**

**d) Expenditure**

Liabilities are recognised as expenditure as soon as there is a legal or constructive obligation committing the charity to make a payment to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably.

All expenditure is accounted for on an accruals basis. Expenditure comprises direct costs and support costs. All expenses, including support costs, are allocated or apportioned to the applicable expenditure headings. The classification between activities is as follows:

- Expenditure on raising funds includes the direct costs and support costs associated with generating publication income, together with the fees paid to investment managers in connection with the management of the charity's listed investments.
- Expenditure on charitable activities includes all costs associated with furthering the charitable purposes of the charity through the provision of its charitable activities. Such costs include direct and support costs (including governance costs).

**e) Allocation of support costs**

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

Governance costs comprise the costs involving the public accountability of the charity (including audit costs) and costs in respect to its compliance with regulation and good practice.

**f) Corporation tax**

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

**g) Tangible fixed assets**

The charity's policy is to capitalise asset purchases over £1,000. Depreciation is provided on tangible fixed assets so as to write down the cost over the expected useful life.

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.

**h) Investments**

Listed investments are a form of basic financial instrument and are initially recognised at their transaction value and subsequently measured at their fair value as at the balance sheet date using the closing quoted market price. Realised and unrealised gains (or losses) are credited (or debited) to the statement of financial activities in the year in which they arise. The charity does not acquire put options, derivatives or other complex financial instruments.

**THE NAUTICAL INSTITUTE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2023**

**1. Accounting policies (continued)**

i) 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 provision is calculated on this basis.

j) Debtors

Debtors are recognised at their settlement amount, less any provision for non-recoverability. Prepayments are valued at the amount prepaid. They have been discounted to the present value of the future cash receipt where such discounting is material.

k) Cash at bank and short term deposits

Cash at bank represents such accounts and instruments that are available on demand or have a maturity of less than three months from the date of acquisition. Cash placed on term deposit with a maturity of greater than three months but not more than twelve months is disclosed as a short term deposit.

l) Creditors and provisions

Creditors and provisions are recognised when there is an obligation at the balance sheet date as a result of a past event, it is probable that a transfer of economic benefit will be required in settlement, and the amount of the settlement can be estimated reliably. Creditors and provisions are recognised at the amount the charity anticipates it would pay to settle the debt. They have been discounted to the present value of the future cash payment where such discounting is material.

m) Funds

The charity has various types of funds for which it is responsible and which require separate disclosure. These are as follows:

*Unrestricted funds*

Unrestricted funds arise from all the accumulated surpluses and deficits in the provision of general charitable activities.

*Designated funds*

Designated funds are funds set aside out of general funds by the Trustees and designated for a particular purpose. See note 18 for details of specific designated funds.

n) Operating leases

Rental payments under operating leases are charged as expenditure as incurred over the life of the lease.

n) Critical accounting estimates and areas of judgement

Preparation of the financial statements requires the Trustees and management to make significant judgements and estimates.

The items in the financial statements where these judgements and estimates have been made include:

- estimating the useful economic life of tangible fixed assets for the purposes of determining the annual depreciation charge;
- determining the basis for allocating support costs across expenditure categories;
- the estimation of future income and expenditure for the purposes of assessing going concern.

**THE NAUTICAL INSTITUTE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2023**

2 Charitable activities	General Fund £	Designated Fund £	Total 2023 £	Total 2022 £
Seminars/Conferences & Journals	195,841	-	195,841	337,962
Entrance fees, transfer fees and subscriptions	750,862	-	750,862	766,073
Training and courses	380,318	206	380,524	362,051
Accreditation and Certification	2,826,299	-	2,826,299	1,954,482
	4,153,320	206	4,153,526	3,420,568
<b>3 Seminars/Conferences &amp; Journals</b>	<b>Seminar/ Conferences £</b>	<b>Seaways Journals £</b>	<b>2023 £</b>	<b>2022 £</b>
<b>Income</b>				
Conferences and seminars	69,079	-	69,079	178,701
Seaways income (subscribers & Affiliates)	-	109,467	109,467	124,865
Seaways advertising income	-	17,295	17,295	34,396
	69,079	126,762	195,841	337,962
<b>Expenditure</b>				
Conferences/seminars	83,991	-	83,991	142,685
Seaways publications	-	173,325	173,325	169,720
Mars	-	7,000	7,000	6,000
Seaways advertising cost	-	3,191	3,191	7,421
	83,991	183,516	267,507	325,826
Surplus/(deficit) on Seminars/Conferences & Journals	<b>( 14,912 )</b>	<b>( 56,754 )</b>	<b>( 71,666 )</b>	<b>12,136</b>
<b>4 Other trading activities</b>	<b>Books</b>	<b>Services</b>	<b>2023</b>	<b>2022</b>
Sales	751,723	4,230	755,953	481,158
Costs of sales				
Opening stocks	49,590	2,712	52,302	39,941
Purchases	520,910	2,947	523,857	371,407
	570,500	5,659	576,159	411,348
Less: closing stocks	( 82,948 )	( 2,766 )	( 85,714 )	( 52,302 )
Costs of sales	487,552	2,893	490,445	359,046
Surplus on other trading activities	<b>264,172</b>	<b>1,337</b>	<b>265,508</b>	<b>122,112</b>
<b>5 Investments income</b>	<b>General Fund £</b>	<b>Designated Fund £</b>	<b>2023 £</b>	<b>2022 £</b>
Bank interest	19,879	10,455	30,334	11,058
Dividends	-	60,084	60,084	54,652
	19,879	70,539	90,418	65,710

**THE NAUTICAL INSTITUTE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2023**

	Note	General Fund £	Designated Fund £	Total 2023 £	Total 2022 £
<b>6 Raising funds</b>					
Cost of generating funds	4	490,445	-	490,445	359,046
Investment management fees		-	20,331	20,331	17,539
Publicity		75,006	-	75,006	63,358
		<u>565,451</u>	<u>20,331</u>	<u>585,782</u>	<u>439,943</u>
<b>7 Charitable activities</b>					
Cost of activities in furtherance of the Institute's objectives	3	267,507	-	267,507	325,826
Support costs	8	811,687	-	811,687	652,014
Administration & Governance costs	9	582,494	-	582,494	495,228
Projects		425,999	-	425,999	389,368
Training & Courses		193,566	-	193,566	123,540
Membership		196,031	-	196,031	145,480
Accreditation and Certification		1,214,076	-	1,214,076	919,213
		<u>3,691,360</u>	<u>-</u>	<u>3,691,360</u>	<u>3,050,668</u>
<b>8 Support costs</b>				<b>2023</b>	<b>2022</b>
				£	£
Branch subventions & chartership costs				17,863	21,808
Staff costs	11			726,220	612,809
Travelling and meetings				67,604	17,397
				<u>811,687</u>	<u>652,014</u>
<b>9 Administration &amp; Governance costs</b>				<b>2023</b>	<b>2022</b>
				£	£
Postage and telephone				59,876	58,287
Printing and stationery				8,123	5,551
Computer expenses				68,323	58,082
Auditors fees				19,500	5,900
Credit Card & Bank Charges				82,525	50,541
Rent, rates and service charges				80,995	29,573
Insurance				9,101	9,238
Insurance - Members Benefit				8,428	7,600
Office equipment rental				2,677	5,765
General expenses				45,341	22,914
Travelling, meetings and AGM expenses				67,604	17,397
Legal & Professional fees				29,540	40,557
Training Costs				2,954	786
Staff recruitment costs				5,450	64,004
Depreciation				92,057	86,868
Office move				-	32,165
				<u>582,494</u>	<u>495,228</u>
<b>10 Net movement in funds for the year</b>				<b>2023</b>	<b>2022</b>
				£	£
This is stated after charging:					
Depreciation of fixed assets				92,057	86,868
Amounts paid in respect of operating leases				84,170	-
Auditors remuneration (audit services)				<u>19,500</u>	<u>5,900</u>

**THE NAUTICAL INSTITUTE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2023**

<b>11 Staff costs</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Salaries & wages	1,675,028	1,441,380
Social security costs	181,833	161,787
Pension	135,006	108,523
<i>Total staff cost including benefits</i>	<u>1,991,867</u>	<u>1,711,690</u>
Less: allocated to cost centres	<u>( 1,265,647 )</u>	<u>( 1,098,881 )</u>
<i>Staff costs included within overhead cost.</i>	<u><u>726,220</u></u>	<u><u>612,809</u></u>
No. of employees earning £60,000 to £70,000	4	3
No. of employees earning £70,001 to £80,000	1	-
No. of employees earning £80,001 to £90,000	1	-
No. of employees earning £90,001 to £100,000	1	2
No. of employees earning £100,000 +	<u>1</u>	<u>1</u>
Average number of employees	<u>37</u>	<u>34</u>

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

The key management personnel consists of the CEO, Director of Finance and Director of Research & Relationships; their total remuneration was £384,807 for the year ended 31 December 2023 (2022: £376,892). Remuneration of key management personnel is set by the remunerations committee.

**12 Taxation**

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

<b>13 Tangible fixed assets</b>	<b>Office furniture &amp; Equipment</b>			<b>Computers</b>	<b>Total</b>
<b>Cost</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1st January 2023	79,769	892,801	972,570		
Additions	-	57,804	57,804		
Disposals	-	-	-		
At 31st December 2023	<u>79,769</u>	<u>950,605</u>	<u>1,030,374</u>		
<b>Accumulated depreciation</b>					
At 1st January 2023	70,710	797,470	868,180		
Charge for the year	6,012	86,045	92,057		
Disposals	-	-	-		
At 31st December 2023	<u>76,722</u>	<u>883,515</u>	<u>960,237</u>		
<b>Net book values:</b>					
<b>As at 31st December 2023</b>	<u>3,047</u>	<u>67,090</u>	<u>70,137</u>		
<b>As at 31st December 2022</b>	<u>9,059</u>	<u>95,331</u>	<u>104,390</u>		

<b>14 Investments</b>	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
Market value at 1 January	2,476,871	2,473,282
Acquisition at cost	556,463	694,360
Sales proceeds at market value	( 252,393 )	( 439,874 )
Surplus / Loss in the year	<u>129,811</u>	<u>( 250,897 )</u>
Market value at 31 December	2,910,752	2,476,871
<b>Other Holdings</b>		
Cash	<u>137,325</u>	<u>391,187</u>
<b>Market value at 31 December</b>	<u><u>3,048,077</u></u>	<u><u>2,868,058</u></u>
Market value at 1 January	<u>2,868,058</u>	<u>2,574,588</u>
<b>Historic cost at 31 December</b>	<u><u>2,843,117</u></u>	<u><u>2,556,052</u></u>

**THE NAUTICAL INSTITUTE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2023**

**14 Investments (continued)**

The following investments represent more than 5% of the total portfolio value at 31 December 2023:

	<b>Balance</b>	<b>% holding</b>
	<b>£</b>	
SPDR Series Trust	341,373	11.7%
Treasury 4.25% Stock 2032	167,644	5.8%

**14a Short term deposits**

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
At 1 January	-	-
Purchase of short term deposits	1,000,000	-
<b>At 31 December</b>	<b><u>1,000,000</u></b>	<b><u>-</u></b>

	<b>2023</b>	<b>2022</b>
	<b>£</b>	<b>£</b>
<b>15 Stocks</b>		
Books	82,948	49,590
Member services	2,766	2,712
	<u>85,714</u>	<u>52,302</u>

**16 Debtors**

Trade debtors	424,018	199,668
Prepayments	159,923	85,446
Other debtors	428,605	102,556
VAT	46,673	16,355
	<u>1,059,219</u>	<u>404,025</u>

**17 Liabilities: Creditors: Amounts falling due within one year:**

Trade creditors	276,496	199,630
Accruals	157,194	108,031
PAYE & other creditors	69,033	76,290
Deferred income	176,084	206,266
	<u>678,807</u>	<u>590,217</u>

Deferred income includes project and membership income received in advance which is being released to income in the period the income relates to. It also includes a premium from surrendering old office lease which is being recognised over the 5 years term of the current office lease.

	£
Balance brought forward at 1 January 2023	206,266
Release of deferred income in year	( 68,333 )
New deferrals	38,151
Balance carried forward at 31 December 2023	<u>176,084</u>

**18 Funds**

	Balance	New	Utilised/	Transferred	Balance
	01.01.2023	Designated	Realised		31.12.2023
	£	£	£	£	£
<b>Designated funds</b>					
Capital Reserve Fund	2,868,059	50,208	129,811	1,000,000	4,048,078
Education fund	5,656	206	-	-	5,862
	<u>2,873,715</u>	<u>50,414</u>	<u>129,811</u>	<u>1,000,000</u>	<u>4,053,940</u>

**THE NAUTICAL INSTITUTE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2023**

**18 Funds (continued)**

The Capital Reserve Fund 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. During the year a transfer of £1m (2022: £500,000) has been made from the General Fund to the Capital Reserve Fund.

The Education Fund is generated from authors choosing to donate royalties due to them from book sales. The fund is used to provide financial support to junior officers in the maritime sector towards advancing their career. The award of financial support from the Education Fund is made after applications are considered by the nominations committee.

<b>General Fund</b>	Balance 01.01.2023	Unrestricted	Utilised/ Realised	Transferred	Balance 31.12.2023
Brought forward	1,147,039	-	-	-	1,147,039
Transfer in year	-	-	-	( 1,000,000 )	( 1,000,000 )
Surplus for year	-	1,025,637	-	-	1,025,637
	<u>1,147,039</u>	<u>1,025,637</u>	<u>-</u>	<u>( 1,000,000 )</u>	<u>1,172,676</u>

**19 Related Party Transactions**

No Trustee received any remuneration for services as a Trustee. The amount of £12,523 (2022: £2,944) was reimbursed to Trustees to cover miscellaneous travel expenses in connection with their roles as Trustees.

During the year the charity paid net expenses of £86,793 (2022: £55,986) on behalf of the Nautical Institute Foundation, a charity with trustees in common with the the Nautical Institute. The balance due from the Nautical Institute Foundation at 31 December 2023 was £158,992 (2022: £72,199). There are no concerns in respect of recoverability of this balance. The Foundation's role is to be supportive of Nautical Institute programmes and ethos, but it plays a unique role in being able to support educational needs for the wider maritime community, not just NI members. It aims to raise funds from industry participants and other maritime NGOs to develop and deliver its programmes and has no recourse to permanent funding from the NI itself.

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 2023 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.

**THE NAUTICAL INSTITUTE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 2023**

**20 Lease commitments**

At 31 December 2023, the Institute had the following future lease payments under non-cancellable operating leases:

Land and buildings

	2023 £	2022 £
Not later than one year	84,170	84,170
Later than one year and not later than five years	168,340	252,510

**21 Comparative Statement of Financial Activities**

	Unrestricted Fund £	Designated Fund £	Total Funds £
<b>Income and endowments from:</b>			
Donations and Legacies	138,580	-	138,580
Charitable activities	3,420,568	-	3,420,568
Other trading activities	481,158	-	481,158
Investment income	3,804	61,906	65,710
<b>Total</b>	<u>4,044,110</u>	<u>61,906</u>	<u>4,106,016</u>
<b>Expenditure on:</b>			
Raising funds	422,404	17,539	439,943
Charitable Activities	3,048,801	1,867	3,050,668
<b>Total</b>	<u>3,471,205</u>	<u>19,406</u>	<u>3,490,611</u>
Net loss on investments	-	( 250,897 )	( 250,897 )
<b>Net income</b>	<u>572,905</u>	<u>( 208,397 )</u>	<u>364,508</u>
<b>Transfers between funds</b>	<u>( 501,510 )</u>	<u>501,510</u>	<u>-</u>
<b>Net movement in funds</b>	<u>71,395</u>	<u>293,113</u>	<u>364,508</u>
<b>Reconciliation of funds:</b>			
Total funds brought forward at 1st January	1,075,644	2,580,602	3,656,246
<b>Total funds carried forward at 31st December</b>	<u>1,147,039</u>	<u>2,873,715</u>	<u>4,020,754</u>