

Greenwich Hospital and Travers Foundation Accounts 2014-2015

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Presented to Parliament pursuant to section 49 of the Greenwich Hospital Act 1865 and section 21 of the Armed Forces Act 1976

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Greenwich Hospital

1 Administrative Information

Patron:

HRH The Duke of York, KG

Sole Trustee:

Secretary of State for Defence

Director and Accounting

Officer:

Hugh Player

Principal Address of Greenwich Hospital and registered office RHSEL

1 Farringdon Street
Ludgate Circus
London
EC4M 7LG

Business Address of Royal Hospital Enterprises Limited.(RHSEL)

The Royal Hospital School
Holbrook
Ipswich
Suffolk
IP9 2RX

Websites:

www.grenhosp.org.uk

www.royalhospitalschool.org.uk

Company Registration: RHSEL 06550120

During 2014/15 the members of the Advisory Board were

Admiral Jonathan Woodcock	Chairman (from 10/03/2015)
Vice-Admiral David Steel	Chairman (to 10/03/2015)
Giles Ahern	Deputy Chairman -MOD
Hugh Player	Director Greenwich Hospital
Stuart Beevor	Property Member
Ian Harwood	Investment Member
Richard Hunting	Business Member
Malcolm Naish	Property Member
Matthew Thorne	Finance Member
Caroline Thynne	Legal Member
Christopher Tite	Legal Member

During 2014/15 the members of the Advisory Panel were

Giles Ahern	Chairman -MOD
Hugh Player	Director Greenwich Hospital
Malcolm Naish	Property Member
Ian Harwood	Investment Member
Matthew Thorne	Finance Member

During 2014/15 the members of the School Governing Body were

Henry Strutt	Chairman
John Gamp	Clerk in Charge Greenwich Hospital
Valerie Bidwell	
James Lynas	
Thomas Hill	
Penny Marshall	
Elisabeth Todd	
Andrew Tate	
Kevin Beaton	
Hector Wykes-Sneyd	
Paul Smith	

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Auditors

The Comptroller and Auditor General
157-197 Buckingham Palace Road
London SW1W 9SP

Reporting Accountants

Larking Gowen Limited
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Great Blakenham
Ipswich IP6 0NL

Jones Avens
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Solicitors

Winckworth Sherwood
Minerva House
5 Montague Close
London SE1 9BB

Bankers

Government Banking Service
7th Floor
Southern House
Wellesley Grove
Croydon
CR9 1WW

HSBC Bank plc
2nd Floor West End Commercial Centre
16 King Street
London WC2E 8JF

Royal Bank of Canada
Riverbank House,
Swan Lane,
London, EC4R 3BF

During 2014/15 the Senior Staff were:

Hugh Player
John Gamp
Peter Linstead Smith
James Lockwood
David Charlton
Peter Church
Gillie Bexson
Alison Gardner
Sara Kortenray

Property Managers

BNP Paribas Real Estate UK
5 Aldermanbury Square
London EC2V 7BP

Smiths Gore
Eastfield House
Main Street
Corbridge NE45 5LD

Strutt & Parker LLP
11 Museum Street
Ipswich IP1 1HH

Sheltered Housing Managers

CESSAC
1 Shakespeare Terrace
Portsmouth PO1 2RH

Investment Managers

Newton Investment Management Limited
Mellon Financial Centre
160 Queen Victoria Street
London EC4V 4LA

Actuaries

First Actuarial LLP
The Square, Basing View,
Basingstoke, Hampshire,
RG21 4EB.

Director and Accounting officer
Charity Director & Clerk in Charge
Head of Strategic Development
Head Royal Hospital School
Bursar Royal Hospital School (Until 30/09/14)
Director of Finance & Operations RHS (From 30/09/14)
Head of Property
Head of Finance
Charity & Bursaries Manager

Greenwich Hospital

2 Objectives and Activities

2.1 Introduction

The Royal Charter of William and Mary dated 25 October 1694 established the Royal Hospital for Seamen (latterly known as Greenwich Hospital) as a home for retired seamen of the Royal Navy, to provide support for seamen's widows and education for their children, and the improvement of navigation. The first pensioners arrived at Greenwich in 1705. By 1800 more than 2,000 were living there. With changing social conditions, and after more than 20,000 former seamen had passed through the Hospital's care, the last pensioner left in 1869. The Hospital then devoted its resources to paying pensions and educating children. It now provides sheltered housing for elderly seafarers and their spouses, provides educational bursaries and grants for seafaring families and substantial grants to Royal Naval and tri service charities.

The Royal Naval College used the Hospital's original buildings at Greenwich from 1873 until July 1998. The Hospital granted a 150-year lease to the Greenwich Foundation for the Old Royal Naval College, a charity established to take responsibility for preserving, finding new uses for, and encouraging public access to the Royal Hospital site. The Hospital remains the freeholder of the site. The buildings once used by the Royal Hospital School in Greenwich were taken over by the National Maritime Museum in 1934. The Hospital retains the right of reversion should the buildings no longer be used for this purpose.

The Hospital is funded by the income from its property portfolio in Greenwich, London, East Anglia and Northumberland and its quoted investments.

2.2 Greenwich Hospital aims and objectives

Greenwich Hospital's Royal Charter of 1694 charges the Hospital with:

- *“The reliefe and support of seamen serving onboard the Shipps or Vessells belonging to the Navy Royall who by reason of Age, Wounds or other disabilities shall be incapable of further Service at Sea and being unable to maintain themselves.*
- *And for the Sustentation of the Widows and the Maintenance and Education of the Children of Seamen happening to be slain or disabled.*
- *Also for the further reliefe and Encouragement of Seamen and Improvement of Navigation”*

In the 21st Century Greenwich Hospital continues to support Royal Naval personnel by offering charitable assistance to them and their families whilst serving which the Navy cannot, and in transition and retirement as part of the family of Navy charities, which will assist them in leading secure, productive and fulfilled lives.

The Hospital completed and received Admiralty Board endorsement in respect of a new Admiralty Board Directive, Governance paper and Strategy paper. Through the Directive, the Admiralty Board:

- Reaffirmed the aims of Greenwich Hospital's Charter and its modern interpretation.
- Declared its commitment to the continuing active management of Greenwich Hospital as the Crown's direct arm for charitable output to serving and former Naval Service personnel.

Greenwich Hospital

- Agreed to use all appropriate means including official Royal Navy channels to promote the services and activities of Greenwich Hospital to serving and former Naval Service personnel.
- Agreed to cooperate with Greenwich Hospital through the application of official resources to help to identify and meet present and future Naval need.

Strategic Objectives

For 2015 – 2025 the Admiralty Board directs Greenwich Hospital to meet the following strategic objectives:

- Be a Naval Service delivery charity specialising in education and training, employment, housing and grant making.
- Identify unfulfilled areas of Naval need and provide timely charitable intervention in order to remove or reduce long term problems.
- Aim to coordinate and facilitate access to services available through other Naval and tri-service charities.
- Maintain a proactive and diversified investment portfolio in order to fund current and future charitable activities.

2.3 2014-15 Aims and Objectives

The Hospital's objectives for the financial year 2014-15 were to:

- Develop the Hospital's profile in the charity sector, so that the organisation is better recognised for what it does, and is better able to achieve its charitable purposes.
- Research areas of Naval charitable need and the means to provide appropriate support.
- Expand its provision of support for Education and Training
- Continue to provide a high quality and relevant education to all RHS pupils, particularly those it supports through seafaring eligibility, whilst continuing to improve financial standing of the school.
- Set specific targets for estate managers
- Consider the merits of investing more in the Pollen Estate if the opportunity arises.
- Carry out a full review of its quoted investment manager arrangements.
- Review the pensions provision for employees

The achievement of these objectives is reviewed under the relevant operational headings below and under the financial review.

2.4 Public Benefit Statement

As a unique Crown body, the Hospital is governed by the Greenwich Hospital Acts 1865 to 1996, passed over the years to reflect changing social circumstances and the evolution of the Hospital. The Hospital is not subject to the Charities Act of 2011, or the jurisdiction of Charity Commissioners, but it seeks to follow best practice in the charity sector while meeting the requirements of its own legislation.

The Hospital has taken account of the Charity Commission's general guidance on public benefit when reviewing its aims and objectives, planning future activities and setting the grant making policy for the year. The Hospital delivers public benefit in accordance with its Royal Charter through the provision of pensions, grants and care for seafarers in need by reason of age, disability or financial hardship; provision of education and training, and recreational facilities and

Greenwich Hospital

amenities. Beneficiaries include serving and retired members of the Naval Service, their widows or widowers, their children.

3 Review of Operations, Achievements and Performance

3.1 Communications, Strategy and Governance

The Admiralty Board Directive requires Greenwich Hospital to work with Navy Command and Naval charities to identify the long term scope and likely requirements of Royal Navy beneficiaries. There are a number of Naval (and tri-service) charities which are subject to varying charitable purposes which engage with currently serving, and retired personnel and dependents. The Hospital is researching the areas of operation of these charities in order to identify any gaps, overlaps, or over provision. Some, in particular the Royal Naval Association (RNA) have a significant nationwide footprint mainly concentrated on ex service personnel at present. Other associations such as those of the Fleet Air Arm (FAA), the Royal Marines (RMA) and the Submariners provide close strong “families”.

The Hospital is working on improving its own communications and enabling what it is and does to be known to a much wider audience. The purpose is primarily so that those we can help should be more aware that we are here, and what we can do to help. The Hospital has continued to develop its knowledge of the Naval charity sector, meeting and engaging with other organisations that are also working to deliver better support to the Naval and wider communities. We have initiatives running in Transition to Civilian Life, Naval Families support , Housing, Employment, Dementia Care and Education.

The Hospital published a short illustrated booklet on its achievements in the previous year. This was distributed to key stakeholders.

The Hospital’s Directive requires the Hospital to develop welfare, morale and maritime ethos within the Naval Service in accordance with the original Charter objects of encouraging seamen and improving navigation.

Two initiatives have focussed on raising awareness of the Hospital’s educational grant making to the serving Navy. The First Sea Lord has accepted, and his team is now developing with the Hospital, the proposals for the ‘First Sea Lord’s Greenwich Hospital Prize’ to be awarded to up to eight serving personnel, each year, who best epitomise the qualities of the Naval ethos. Educational bursaries have been awarded to the six Navy Board Sea Cadets .

3.2 Grants

The Hospital provides block grants to Naval and tri-service charities, largely through the Royal Navy Royal Marines Charity (RNRMC) but also some directly to relieve demonstrable Naval need.

In 2014-15 the Hospital provided £2.86m,(2013/14 £2.88m),by way of charitable grants to Royal Naval and tri-service charities. A further £300,000 was paid to the Marine Society and Sea Cadets in relation to a commitment made in a previous year to contribute to the replacement of TS Royalist.

Greenwich Hospital

These are the grants given including those administered via RNRMC

	£ 2014/15	£ 2013/14	Beneficiaries 2014/15
Combat Stress		100,000	
Erskine	50,000	50,000	121
Hong Kong LEP	6,000		3,000
Jellicoe Annuity RNBT	998,400	998,400	988
John Hawkins Hospital	10,000		4
KIDS		30,000	
Minor Grants	6,364	11,329	
Naval Area Community Organisations		7,000	
Royal Naval Association Shipmates Project	60,000		6,000
Naval Families Federation Researcher	29,864		
Not Forgotten Association	30,000	30,000	117
Pembroke House RNBT		71,693	85
Plymouth Drake Foundation	10,000	5,000	
Poppy Factory	77,000	66,000	11
Poppy Scotland	15,000		485
Queen Alexandra Home	39,200	52,000	10
Recovery Pathway NSBF	50,000	50,000	11
Regular Forces Employment Agency	78,150	78,150	894
RNRMC Legal Fees	12,000	14,558	
Royal Navy & Royal Marines Children's Fund	580,999	550,000	582
Royal Navy Benevolent Trust RNBT	407,200	332,664	1,955
Royal Sailors Rest	73,400	70,000	9,000
Royal Star and Garter Homes	15,000		22
Sailors Families Association	85,000	75,000	363
Sailors Childrens Society Caravans	20,000		369
Scottish Veterans		50,000	
Spinal Injuries Association		10,000	
SSAFA	60,000	65,894	1,098
Blind Veterans UK	30,000		152
Stoll	19,900		32
Tall Ships Youth Trust	9,870		24
Veterans Aid	30,000	55,000	31
Women's Royal Naval Service Benevolent Trust		87,720	
Educational Grants	56,752	25,465	13
	2,860,099	2,785,873	25,367

Grants are considered to be binding obligations when they are notified to recipients following approval of the budget for the next financial year. For subsequent years no awards are considered to be binding obligations as they will be subject to the availability of funds and continuity of eligibility.

The majority of the Hospital's grant aid for Naval benevolence is made through the Royal Navy and Royal Marines Charity (RNRMC). The Hospital has agreed a Memorandum of Understanding with RNRMC which sets out the relative responsibilities and obligations. The two charities meet regularly and converse frequently in order to maximise the support the two organisations are able to give beneficiaries. The Director Greenwich Hospital has represented Greenwich Hospital as part of the RNRMC strategy review group. This group have made good progress in arriving at a fresh set of top level charitable aspirations. The Director Greenwich Hospital is a voting member of the RNRMC Benevolence Grants Committee rather than as previously an observer.

Some grants are given to build the infrastructure of Naval charities with a view to improving future services to beneficiaries. In these cases the number of beneficiaries is not attributed to the grant.

Greenwich Hospital

The larger grants include:

The Royal Navy & Royal Marines Charity (RNRMC)

Greenwich Hospital has played a major part in funding the development of RNRMC which exists to provide a better quality of life for serving and former Naval Service personnel. This includes the Royal Navy, Royal Marines, Maritime Reserves, Queen Alexandra's Royal Naval Nursing Service (QARNNS), the Royal Fleet Auxiliary and former members of the WRNS.

RNRMC supports beneficiaries through block grants to naval charities. For grants to individuals who are in need, suffering hardship or in distress RNRMC works with the Royal Navy Officers' Charity, QARNNS, The Royal Marines Charitable Trust Fund, the Royal Naval Benevolent Trust, the Royal Navy and Royal Marines Children's Fund and the Women's Royal Naval Benevolent Trust (WRNSBT). The web site is www.rnrmc.org.uk.

Royal Naval Benevolent Trust (RNBT)

RNBT gives substantial support to Royal Navy and Royal Marines veterans and their widows through a range of grants to individuals. The Hospital has also helped to meet the cost of running RNBT's residential and nursing home, Pembroke House, in Gillingham, Kent.

Jellicoe Annuities

In 1916 Admiral Sir John Jellicoe proposed a charitable fund should be set up to help Royal Naval men and their dependants who might be in need. The resultant Grand Fleet Fund was the forerunner to the RNBT. To find the full history of the "Jellicoes", visit the RNBT website www.rnbt.org.uk/history. In 1983 the Admiralty Board asked the Hospital to assist the RNBT by providing grants to meet Jellicoe Annuities. The Hospital currently funds RNBT to provide 988 Jellicoe pension annuities reviewed annually.

Royal Navy & Royal Marines Children's Fund (RNRMCF)

RNRMCF was formed in 1999 by the merger of two Naval Orphanages in Gillingham and Portsmouth. It now covers all aspects of the care of the children of serving and ex-serving personnel where need and circumstances require charitable commitment. The web site is www.rnrmc.org.uk.

Sailors' Children's Society

Sailors' Children's Society was formed in 1821 and is a national charity providing support for over 500 disadvantaged children of seafarers in the UK who have served in the Royal/Merchant Navy or the Fishing Fleets including ferries, tankers and cruise ships. Families come to the Society usually after a traumatic event such as bereavement, diagnosis of a terminal illness or the breakdown of a marital relationship. The Society provides ongoing support for the children until the family is again self-sufficient or until the children have left full time education. The website is www.sailorschildren.org.uk

Sea Cadets TS Royalist Replacement

The Sea Cadets are a Naval Charity and are supported under the Hospital's charitable objects for the Relief and Encouragement of Seamen and the Improvement of Navigation. The Hospital donated a significant sum towards the appeal for a replacement for Sea Cadet Flagship, TS Royalist, which was over 40 years old. An expedition on a sailing ship is considered the pinnacle of a sea cadet's training and TS Royalist has provided many tens of thousands of young people with a life changing experience. The new ship will be a square rigged brig similar in size and design to the existing ship and is to launch in May 2015. The Sea Cadets have a membership of 13,850 cadets and 6,285 adult instructors. This grant therefore assists an annual membership of 20,135. In 2014/15 voyages on TS Royalist by young people totalled 7,176 cadet days.

Greenwich Hospital

Regular Forces Employment Agency (RFEA)

The RFEA's aim, is to help those leaving the Armed Forces to find and to remain in employment throughout their working lives. This is done as part of the Career Transition Partnership (CTP) for up to two years after discharge and thereafter is done on behalf of the Service Benevolence Funds. More details can be found on their website www.rfea.org.uk.

The Poppy Factory

For nearly 90 years, The Poppy Factory in Richmond, Surrey, has been making poppies, crosses and wreaths for the Royal Family and the Royal British Legion's annual Remembrance Day appeal. As well as providing work for disabled veterans at its HQ in Richmond, The Poppy Factory uses its unique expertise to help its clients find work with many commercial organisations all over the UK. The Poppy Factory has a vision that "no disabled veteran who wants to work should be out of work" and aims to become the recruitment provider of choice for its ex-Forces clients and for employers alike. More details can be found on their website www.poppyfactory.org.

SSAFA (formerly known as Soldiers, Sailors, Airmen and Families Association)

SSAFA has been providing lifelong support to the Forces and their families for 128 years. Last year SSAFA's caseworkers and community volunteers visited and supported 41,836 people - the equivalent of 114 people every day. During their visits to clients, caseworkers and community volunteers provide supportive, low-key befriending, as well as financial assistance and guidance. Applications for grants are subsequently made after a thorough income and expenditure check. The caseworker will assess what type of financial help the client needs and contact a range of organisations to then meet these requirements. The support caseworkers offer is essential to those who have served with the Royal Navy or Royal Marines who find themselves in need of practical and emotional assistance. Over 5000 clients come from a Royal Navy or Royal Marines background. This represents 13% of SSAFAs clients.

Naval Families Federation(NFF)

The Naval Families Federation (NFF) was established in 2003. It offers Royal Naval and Royal Marines' families an independent voice and representation. NFF also provide support and guidance on the issues affecting daily life that occur due to being part of a Naval Service family.

The NFF represents the views of families at the highest level, ensuring that the unique challenges they face are considered in the tri-service arena and when policies are reviewed. NFF receives feedback from families worldwide and engage with the community through briefings and family events. NFF talks directly to the Government, Chain of Command, MOD and service providers, ensuring that the concerns of families are voiced in a constructive manner. NFF provides independent evidence to inform stakeholder discussions, such as the Armed Forces Pay Review Body, to make them aware of the consequences their recommendations make on the whole Naval Service.

The NFF can provide support and guidance on many issues, including: accommodation, pay & allowances, education & childcare, access to healthcare, community/family support and more. As an independent organisation, they can work both inside and outside of the system to source answers quickly.

Education Grants

The Hospital supports 6 students from Naval families at the University of Greenwich. The awards go to a variety of different things including paying rent, purchasing of text books, membership fees to academic bodies and attending course related seminars. The Charity Team is working to set up a similar grants program with the University of Portsmouth.

Greenwich Hospital has supported 7 clients referred by other service charities including SSAFA and the Poppy Factory with training grants.

Greenwich Hospital

3.3 Royal Hospital School

Greenwich Hospital owns the Royal Hospital School which is a leading independent co-educational boarding and day school in East Anglia. The School occupies a magnificent site on the banks of the River Stour in the Suffolk countryside, a few miles south of Ipswich. It provides an outstanding all round education for its pupils. Academic standards are high and the School has a very wide-ranging programme of sport, music and extra-curricular activities. The School's Combined Cadet Force (CCF) is the tenth largest in the country and many pupils participate in the Duke of Edinburgh Award Scheme. Sailing is a particular strength and it is usually the case that the School's top sailors are competing at international level.

In 2014/15 the school had a turnover of £14.7m,(2013/14- £14.3m) and made a small surplus of £0.66m,(13/14 £0.3m).

The main points of entry are at 11+ (mostly from primary schools), 13+ (mostly from prep schools) and 16+, although the School does admit pupils at all other ages. 90% of the School's departing Upper Sixth Form pupils progress on to higher education, and many of them secure places at the UK's leading universities, including Oxford, Cambridge, Bristol, Durham, Edinburgh and other Russell Group institutions.

Having completed a five year programme of building development, which included the creation of a new music school at a cost of £3.5 million and a complete refurbishment of boarding accommodation, the Royal Hospital School now has outstanding facilities.

Bursaries and discounts are awarded to the children of serving and retired Royal Navy, Royal Marines. Some other seafaring professions are also eligible for a bursary or discount provided there is sufficient seagoing service. Bursaries are awarded to eligible pupils based on a mixture of seafaring eligibility, charitable need and performance in the school entrance exams. Discounts are awarded based on seafaring eligibility and academic performance. In 2014/15 Greenwich Hospital provided £2.175m of bursaries to eligible pupils,(2013/14 £2.2m).

In September 2014 the school had 690 pupils of which 273 were day pupils and 417 were boarders. 116 pupils were supported by sea faring bursaries or discounts. Additionally 100 were the children of serving Armed Forces personnel in receipt of Continuity of Education Allowance who receive a discount on fees. Revisions to the bursary assessment system which rebalanced benefit in favour of the most needy parents were introduced during the year. Eighteen new bursaries have been awarded including four 300th Anniversary (100% bursaries including a contribution toward School incidentals).

The school was visited by the Independent Schools Inspectorate (ISI) in January 2015. Ten experienced inspectors, each with his or her own areas of expertise, conducted an in-depth inspection over four days involving the observation of around 100 lessons and co-curricular activities, interviews with staff, pupils and governors and visits to the Houses and pastoral aspects of school life.

When describing the characteristics of the School, the inspection report summarised as follows: *"The School has clear aspirations for its pupils. It seeks to promote the attributes of inspiration, challenge and leadership in its pupils. Pupils are encouraged to strive for academic excellence and to endorse the values of service, loyalty and commitments whilst upholding the School's unique and rich heritage. The School encourages leadership and a sense of adventure and self-discovery. A high priority is the promotion of service both within the School and to the wider community. The School aims to foster creativity and imagination within a civilised, caring, Christian community, based on high standards of behaviour, mutual respect, trust and courtesy between staff and pupils. The School cultivates a global outlook and sense of environmental responsibility. It aims to encourage pupils to develop fitness, wellbeing and enter into healthy competition."*

Greenwich Hospital

Nine ratings were given in the full report and the Royal Hospital School received the top – excellent – rating in all areas.

1. The quality of the pupils' achievements and learning is EXCELLENT
2. The contribution of curricular and extra-curricular provisions is EXCELLENT
3. The contribution of teaching is EXCELLENT
4. The spiritual, moral, social and cultural development of the pupils is EXCELLENT
5. The contribution of arrangements for pastoral care is EXCELLENT
6. The contribution of arrangements for welfare, health and safety is EXCELLENT
7. The quality of boarding is EXCELLENT
8. The quality of governance is EXCELLENT
9. The quality of leadership and management, including links with parents, is EXCELLENT

The success of the School was highlighted and the main findings confirm that *“the pupils' achievement and learning are excellent, in response to an excellent curricular and extra-curricular provision”* and that *the School is “highly successful in achieving its aims in providing an academic and extra-curricular programme to encourage pupils to reach their full potential”*.

The inspection team was particularly impressed with the School's mobile learning developments; saying that the extensive use of iPads has contributed to *“greatly increased opportunities for the pupils' independent learning and has allowed them to think creatively, enhancing the use of information and communication technology (ICT) across the School”*.

The report goes on to say that *“pupils show strong moral and social awareness and their sense of British values is highly tuned as a direct result of the School's links with the Royal Navy”*. The quality of the boarding was commended as excellent and the report stated that this *“contributes outstandingly to the boarders' personal development and the overall ethos of the School.”*

The Royal Hospital School Enterprises Limited company generated a surplus of £645k (2013-14: £560k) which is gift aided to the School. See note 7 for details.

3.4 Sheltered Housing

Greenwich Hospital has outsourced management of its sheltered housing for former Royal Navy & Royal Marines seafarers to The Church of England Soldiers', Sailors' and Airmen's Clubs (CESSAC). There are three schemes located respectively in Portsmouth (Southsea), Plymouth (Saltash), and Greenwich housing retired former seafarers who are over 60 years of age and their spouses, widows and widowers in 91 sheltered flats.

All three sites offer one or two bedroom accommodation built to modern standards. The tenants pay rent based on housing association rates to contribute to the costs of running the schemes. Flats are allocated on the basis of priority of need and are currently fully let.

The schemes were professionally revalued at the year end and it was identified that the depreciated historic cost recorded in the balance sheet was higher than the fair value. A one off additional £1.5m depreciation charge was therefore made to reduce the balance sheet value to the fair value. Financially the Hospital's sheltered housing is targeted to cover its costs, including the management fee but excluding depreciation. This was broadly achieved in 2014/15

Greenwich Court in Portsmouth celebrated its 25th anniversary in June. A very enjoyable event was arranged by staff and residents. It was attended by the Second Sea Lord which was greatly appreciated by all the residents and made the event particularly special. Refurbishment of the communal lounge including new furniture has been carried out in Greenwich Court. The furniture was chosen by the residents and has given the lounge a more homely feeling. Furniture in the other schemes will be renewed in due course. Greenwich Hospital contributes towards tenants' Christmas lunches and has funded communal computers in all three schemes. The computers are very user friendly with touch screens and easy-read keyboard. The Scheme Managers have been

Greenwich Hospital

trained to use the computers and now are training residents. Currently four residents at Portsmouth, two at Greenwich and ten at Plymouth have been trained.

The Hospital commissioned an independent review of the management of its Sheltered Housing in 2014/15. The overall conclusion is that CESSAC is a Good/Excellent organisation with excellent prospects to continue to improve. This is based on:

- External validation of the support service by the Centre for Housing and Support (CHS a non-profit making centre of excellence).
- External peer benchmarking results which show CESSAC performing well and well above average in certain areas.
- Feedback from ongoing satisfaction surveys show high rates of approval of the service in key areas.

3.5 Quoted Investments

The Admiralty Board Directive requires the Hospital to maintain a diversified investment portfolio to sustain the current charitable needs of Royal Navy beneficiaries and those of future generations.

On 31.3.15. the Hospital had £91.6m in quoted investments,(31.3.14 £85m).The investments are managed on Greenwich Hospital's behalf by Newton.

We invest in seven of Newton's funds to obtain a balance of investments across different geographic areas, industries and asset classes. Each fund is benchmarked against a relevant index and the Hospital's overall portfolio is benchmarked against a composite benchmark. Our portfolio comprised, on 31.3.15, the main fund of £87.2m, the income from which is spent on charitable purposes and the Reade Accumulation fund valued at £4.4m, the proceeds of which are reinvested.

The income received from the portfolio was £3.52 m after management fees, (2013-14 3.1m). The main fund achieved a total return of 12.57%,(2013/14- 4.73%) and the Reade fund achieved 14.66%,(2013/14- 9.18%).This is an excellent result.

During 2014/15 the Hospital was able to rapidly access funds from the portfolio to enable the £5.7m purchase of the Yacht public house. This business occupies a strategic location adjacent to our Greenwich Estate. These funds were replaced when the Hospital finalised its property £10m development loan facility. The Hospital was able to secure a favourable interest rate by offering part of the portfolio as security for the loan. This arrangement has no adverse effect on the management or total return of the portfolio.

The Hospital reviewed the management arrangements of the portfolio. The investment policy and mandate was revised to emphasis the requirement to maximise total return rather than focussing on income. The approved investment ranges were reviewed and it was concluded the portfolio is correctly positioned for current markets.

The single fund management arrangement with Newton has been in place since 31/03/2011. Over this time the total return has been 35% compared to a benchmark of 26% and FTSE 25%. Consideration was given as to whether it would be helpful if the Hospital's portfolio was split between two investment houses. It was concluded that the current arrangements are effective and provide savings in cost.

3.6 Property Portfolio

The Hospital has an investment property portfolio of £226m,(13/14 £172m).This includes commercial and residential property in Greenwich, rural and development land predominately in the North East of England and a share in a central London estate.

Greenwich Hospital

The property investment strategy was reviewed and revised in order to manage the Hospital's property holdings to the best advantage through long term stewardship and to maximise the net income flow and capital value of the estate over time.

Net income from the investment property portfolio was £4.4m, (2013/14 £4m).

Pollen Estate

The Pollen Estate consists of office space, residential units and retail outlets, which are situated in Mayfair, London. It is managed through a trustee company. The Hospital owns 10.24% of the Estate and receives regular dividends. The Hospital's share of the estate, net of debt, is valued at £57m, (13/14 £37m) and it generated £1m net income, (13/14-£0.9m). During the year the Hospital purchased a small additional holding in the estate of 0.0066% for £42k.

Around 64% of the Estate is owned by the Norges Bank Investment Managers and Crown Estate partnership which purchased the Church Commissioners share during 2014/15. The descendants of the original Pollen family also hold a proportion of shares and are represented on the Board.

During the year there was debate about how to fund development opportunities on the Estate and it was anticipated there would be a capital call to owners of the Pollen Estate. The Estate eventually concluded loan financing was more appropriate and a loan was secured.

The Hospital reviewed whether it would wish to invest more in the Estate if the opportunity arose or whether to consider selling.

It was concluded that returns on the Pollen Estate have exceeded those on other investments and we will continue to seek to acquire small shareholdings offered by the family beneficiaries as and when they offered for sale.

Greenwich Estate

The Greenwich Estate comprises 201 commercial units, residential and heritage properties in Greenwich town centre.

The Estate has been valued at £124.5m on an individual building basis,(13-14 £101m) and produced net income of £2.9m (£2.5m - 2013/14).The estate is managed on the Hospital's behalf by BNP Paribas Real Estate.

The Hospital is implementing a series of strategies to "Enhance and Improve" Greenwich Town Centre with the aim of increasing its return from the property it owns there. These strategies include investment in and commitment to improving retail and residential accommodation, public realm and the market.

The key elements of the Hospital's commitment to invest in its material assets in Greenwich are to:

- Conserve Greenwich's urban village character through a proactive commitment to protection and enhancement of its built heritage.
- Upgrade and enhance Greenwich Hospital's buildings by improving the external appearance of the retail and residential frontages.
- Deliver buildings that respond to the character and quality of the area with a commitment to architectural excellence and the business needs of the 21st Century.
- Create prime accommodation to attract strong covenant and high quality restaurateurs and retailers.
- Continue to mix uses by taking back upper floors wherever possible and return them to residential use in order to build the evening economy.

Greenwich Hospital

Activity in Greenwich in 2014/15 has been concentrated on the refurbishment of 34/36 and 40/42 Greenwich Church Street and Greenwich Market.

A new property, The Yacht Public House, was acquired during the year.

Northern Estates

The Northern Estates are situated in the counties of Northumberland and Tyne & Wear and are at Throckley and Haydon Bridge in the south of the county; North Doddington near Wooler; Middleton, near Belford; Scremerston, to the South of Berwick upon Tweed; along the Tweed Valley from Berwick upon Tweed; and at Jardinefield in the Scottish Borders. The properties are a mix of agricultural, residential, commercial and forestry the majority of which are let with the exception of forestry. The Estate, which comprises 5,250 acres, is managed on the Hospital's behalf by Smiths Gore.

The Estate has been valued at £37m, (2013/14-£27m) and it generated net income of £376k (2013/14-425k).

In accordance with the Hospital's Property Strategy disposals are continuing as the tenancies end and cottages become vacant. Four properties were disposed of during the year. The receipts are being invested in higher yielding areas of the property portfolio.

The Hospital is considering selling land for house building around Throckley to the West of Newcastle. Two properties were acquired during the year to facilitate access to this potential development site.

Holbrook Estate

The Holbrook Estate, in Suffolk, extends to about 600 acres comprising agricultural land, farm houses, cottages and other properties including a playing field and reed beds. The Estate surrounds the Royal Hospital School and parts of the villages of Holbrook and Harkstead. It is managed on the Hospital's behalf by Strutt & Parker.

The Holbrook Estate has been valued at £8.3m, (2013/14-£7.7m) and during 2014/15 it generated a surplus of £82k, (2013/14-£71k)

3.7 Royal Hospital School Enterprises Limited (RHSEL) and Travers

RHSEL

The Hospital owns 100% of the share capital of Royal Hospital School Enterprises Limited (RHSEL) which carries out commercial trading activities on behalf of the Royal Hospital School (and ultimately Greenwich Hospital). All profits generated are gift aided to the Hospital. See note 7 for further details.

Travers Foundation

The Travers Foundation was established in 1725 and transferred to Greenwich Hospital by Act of Parliament in 1892. Surplus income from the Foundation is applied for the general purposes of Greenwich Hospital.

Income of £93k was generated from rental income and returns on financial investments. A grant of £239k was made to Greenwich Hospital to formally transfer funds from the Foundation to the Hospital. The net movement in funds showed an increase in the net assets of £7k. The net income of the Foundation is available to the Hospital.

Greenwich Hospital

4 Review of Finances

4.1 Financial Policies

Liquidity and Reserves Policy

Liquidity

The Hospital's policy is to maintain sufficient liquidity to meet the commitments made for charitable activities and capital improvements but not so much that it impacts negatively on investment returns. Liquidity is reviewed each year as part of the budgeting process to ensure it is consistent with the Hospital's aims and monitored throughout the year. During the year the Hospital arranged a £10m loan facility to assist with commercial property development and purchase. At the year end £3.5m had been drawn down.

Designated Reserves

The School has designated reserves of £1.5m relating to specific projects which are outlined in note 25 to the accounts.

Although not identified as a designated fund £25m of the Hospital's unrestricted funds are required to meet the Pension liability as identified in note 11.

Restricted Reserves

Restricted Reserves represent monies received by way of gifts and legacies where the use is limited by specific conditions. They relate to the School and include funds for Bursaries and for specific clubs and societies. A breakdown of restricted reserves is shown in note 25 of the accounts.

Other Reserves

The balance of the assets of the Hospital is held to produce income for activities in accordance with the Royal Charter of the Hospital. The Hospital does not seek outside income apart from that which is produced from its own investments and that which relates to the Royal Hospital School and Sheltered Housing. In addition, the Hospital also has the option of spending all, or part, of the capital of these assets as well as any income produced.

The Hospital seeks to manage its quoted and property investments on a total return basis so that the value of the investment, and hence income produced for its charitable output, at least keeps pace with inflation over the very long term. By its nature, these funds are more akin to an expendable endowment rather than "free" reserves and a separate policy governing general reserves is not felt to be relevant.

Investment policy and objectives

The Hospital's portfolios are managed by property agents and investment managers reporting to the Hospital's executive team and Advisory Panel. The objective of Greenwich Hospital's investment strategy is to generate a sufficient return from the portfolio to fund its charitable outputs whilst at the same time seeking at least real growth in the capital value of the portfolio over the longer term.

This objective is pursued by prudently investing in a broad range of equities and fixed interest securities which are quoted on a recognised investment exchange, in UCITS Funds (funds that can be marketed in all countries in the European Union) or funds that are authorised or recognised under the Financial Services & Markets Act 2000 or cash. No direct investments are currently

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made in alternative asset classes, such as Hedge Funds, Private Equity Funds or other investments which are not quoted or authorised as above.

The Hospital's property portfolio comprises predominantly commercial, residential and agricultural holdings in Greenwich, Northumberland and East Anglia, and a share in a Central London estate. The Hospital increases the value and return from the Estates through active asset management. Property will be disposed of and new acquisitions made where it the most advantageous course of action for the hospital.

Payments to Suppliers

The Hospital aims to pay all suppliers in accordance with contractual terms. In 2014/15 the Hospital paid all its suppliers on average within 23 days, calculated using year-end figures of amount owed to trade creditors as a proportion of the amount invoiced during the year.

4.2 Financial Management

There is an effective system of financial control throughout Greenwich Hospital's activities, including those of the Royal Hospital School. Accounts are maintained in a form which meets the Hospital's internal management needs, the requirements of the Charities SORP and the needs of the Advisory Board and Panel. No funds from the Hospital are paid or disposed of without proper authorisation within the terms of the appropriate Acts of Parliament; and such authorisation is preceded by appropriate scrutiny of requirements and value for money considerations. In addition major projects are subject to a formal investment appraisal.

All of the Hospital's directly held property and financial investments are managed by independent specialists. The specialist managers are required to report quarterly with a financial report against budget and benchmarks, and a commentary on variances and the performance of the investments. In addition, the Head of Finance and her assistant undertake management validation reviews of the three main property holdings, the Royal Hospital School and Sheltered Housing.

The Hospital is also the steward of some 700 heritage works of art, goods and chattels. The Hospital's art collection and other significant heritage items are under the day to day care of the National Maritime Museum and the Greenwich Foundation for the Old Royal Naval College with whom there are formal loan agreements.

A five year Short Term Plan (STP) is prepared annually comprising individual plans for each of the Hospital's major activities, including the sheltered housing schemes, the directly held estates, quoted investments, headquarters and the Royal Hospital School. The individual STPs are prepared by the agents and managers responsible and the School's STP is approved by its Board of Governors. The combined STP is approved by the Director and reviewed by the Advisory Panel and Advisory Board.

4.3 Management Information

Executive information including all financial reporting is prepared either by internal Greenwich Hospital staff or external professional consultants. Reports put to the Hospital's Senior Management Team, the Advisory Board and Panel and the Admiralty Board are examined and revised where appropriate. Advisory Board and Admiralty Board approval, where required, is given on the basis of the Boards being satisfied that the data is accurate and of sufficient quality.

Board meetings and Committee meetings are minuted and amendments to management reports or information are approved where necessary. The minutes and papers of the Advisory Board and subcommittees are deposited periodically in the National Archives as a matter of public record. Greenwich Hospital's accounts are audited by the Comptroller and Auditor General and laid annually before Parliament.

Greenwich Hospital

4.4 Summary of Financial Highlights

The Hospital has shown substantial growth during the year. Total funds carried forward are £323,629k which is an increase of £45m on the previous year. Income increased by 8%. Total resources expended before administration costs, interest on pension liability and recognition of other gains and losses was £25m. This is broadly 11% more than in the previous year.

The Hospital's net incoming resources before transfers and other recognised losses is a deficit of £1,633k compared to a deficit of £877k the previous year. The 2014/15 increased expenditure includes a one off impairment charge of £1.5m on the sheltered housing properties.

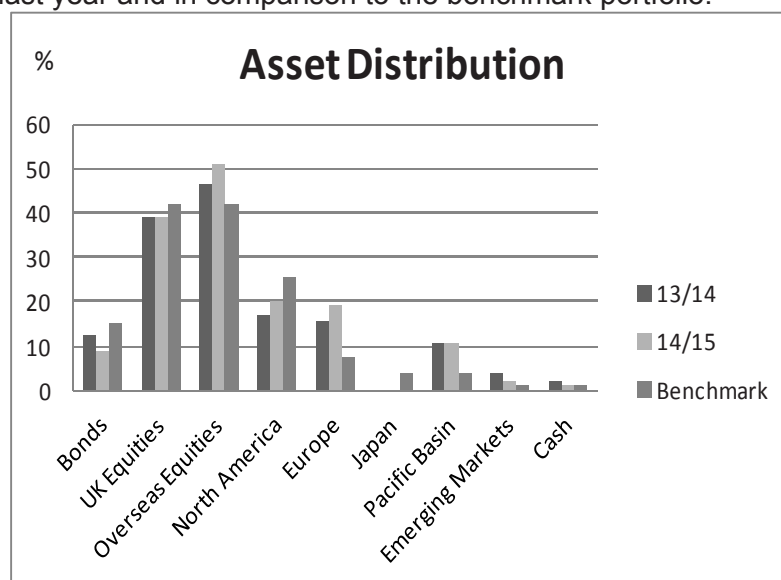
The investment property portfolio increased in value by £43m following independent valuation. The actuarial valuation of the liability for the Greenwich Hospital defined benefit pension scheme showed an actuarial loss of £3.5m.

Review of Investment

The market value of the Hospital's investment portfolio at the end of March 2015 comprised £226m, (2013/14 £173m), investment property and £92m, (2013/14 £85m), listed investments. This is an increase of £59m over the previous year.

The total return for its listed investments, managed by Newton, was 12.57% against a benchmark target of 11.47%. Net income received was on budget at £3.5m, (2013/14 £3m), and market value increased by £6m, (2013/14 £477k).

The Hospital's portfolio aims to be underweight in the more economically cyclical and operationally leveraged businesses. The portfolio preference is for businesses with defensive characteristics and structural drivers for growth such as healthcare, consumer goods and telecoms. This strategy positions us for long term growth. The Chart below shows the changes in asset distribution within the portfolio since last year and in comparison to the benchmark portfolio.



The Hospital's portfolio has changed marginally during the year with a 4.7% increase in the proportion of overseas equities and a 3.6% reduction in the proportion of bonds. Within the overseas equity portfolio we have increased the proportion in North American and European stocks and reduced our exposure to the Pacific Basin and Emerging Markets.

The property portfolio includes commercial and residential property in Greenwich, rural and development land predominately in the North East of England and Suffolk and a share in a central London estate.

Greenwich Hospital

The value of the property portfolio increased by £54m to £226m. In addition the portfolio raised net operational income of £4.4m. The Hospital is now seeing the benefit of active asset management with increased valuations at Greenwich following the completion of three major redevelopment projects and rent reviews reflecting the improvements. The value of the Pollen estate also increased significantly as a result of a successful planning application for redevelopment.

4.5 Future Plans

The Hospital's key aims and objectives for 2015/16 are set out below:

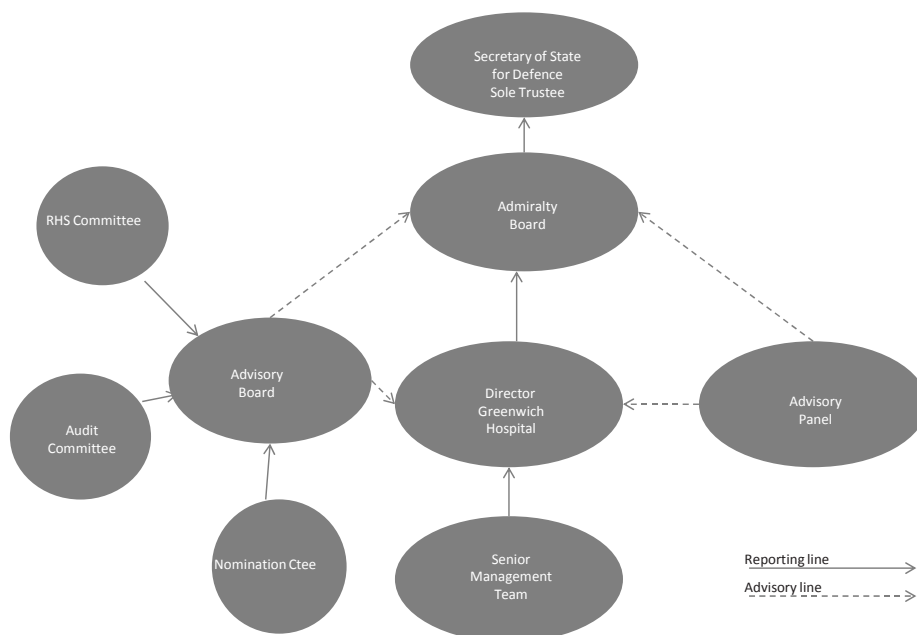
- *Further develop the Hospital's profile in the charity sector, so that the organisation is better recognised for what it does, and is better able to achieve its charitable purposes.*
- *To provide welfare, education and employment to support serving personnel and aid retention.*
- *Work with other charities and directly, to deliver charitable help and support wherever it is needed within the Royal Navy constituency. Specifically, to improve support for early years care for the children of Royal Navy families.*
- *To improve the scope and reach of our educational support to RN serving personnel and families.*
- *To extend the reach of our charitable support beyond the 25,000 of 2014-15 to 28,000 in 2015-16.*
- *Complete work to research the Royal Navy constituency, its needs and the charities active within relevant fields.*
- *To improve transition from the Naval Service to civilian life through support to the Shipmates programme.*
- *Work with other charities to improve the mental health provision for RN veterans.*
- *Complete new five year management contract for Greenwich Hospital Sheltered Housing.*
- *To assist the Royal Hospital School grow pupil numbers to 710 for 2015-16 by improving the awareness of the school's educational offer, and keeping it affordable for the children of serving or retired Royal Naval personnel.*

5 Governance Statement

5.1 Structure and Management

Greenwich Hospital is a Crown Body which, in meeting the requirements of its Royal Charter, operates like a charity, albeit that the Charity Commission is unable to recognise the Hospital as a charity due to its legal status. The constitution of Greenwich Hospital is set out in the Royal Charter of 1694 and its charitable objects are governed by the subsequent Greenwich Hospital Acts 1865-1996 and the Defence (Transfer of Functions Act 1964).

Greenwich Hospital



The Secretary of State for Defence is the sole Trustee of Greenwich Hospital, delegating its management through the Admiralty Board to the Director of Greenwich Hospital. Responsibility for management of the Hospital is delegated to the Director by a formal letter of delegation from the Admiralty Board.

The oversight of Greenwich Hospital's strategic policy is carried out by the Advisory Board and, for finance and investment matters, the Advisory Panel.

5.1.1 Sole Trustee

The legal personality of Greenwich Hospital is the Secretary of State for Defence, acting in execution of the Greenwich Hospital Acts 1865-1996 and the Defence (Transfer of Functions Act) 1964. The Trustee holds all the land, property and financial assets of Greenwich Hospital in trust for the Sovereign for the exclusive benefit of Greenwich Hospital (Greenwich Hospital Act 1865 s.23).

5.1.2 Advisory Board

An Advisory Board chaired by the Second Sea Lord oversees the management of Greenwich Hospital on behalf of the Admiralty Board and Secretary of State for Defence. It also provides advice to the Director of Greenwich Hospital and the Admiralty Board.

Members of the Advisory Board are appointed by the Admiralty Board, with terms of office intended to ensure smooth transitions, and with strength in depth in terms of professional expertise, qualification and experience. These appointed non-executive members bring significant skills and they receive no remuneration or other benefits from their considerable commitment of time to the Hospital, although reasonable expenses are paid where appropriate.

Greenwich Hospital

The following served on the Advisory Board during 2014-15. The number in the second column represents the number of Board meetings attended during the year.

Vice Admiral Jonathan Woodcock	0	Chair	Appointed 10.03.2015
Vice-Admiral David Steel	3	Chair	Retired 10.3.2015
Giles Ahern	2	Deputy Chair	Appointed 01.08.2013
Hugh Player	3	Director	Appointed 01.09.2012
Malcolm Naish	3	Property Member	Appointed 01.09.2012
Stuart Beevor	3	Property Member	Appointed 01.09.2012
Matthew Thorne	1	Finance Member	Appointed 01.09.2012
Ian Harwood	3	Investment Member	Appointed 01.09.2012
Christopher Tite	2	Legal Member	Appointed 01.09.2012
Richard Hunting	2	Business Member	Appointed 01.07.2011
Caroline Thynne	3	Legal Member	Appointed 01.09.2012

John Gamp acted as Secretary to the Board. During the year, some of the significant issues considered by the Board included the governance and future strategy for the Hospital and the future of the Hospital's school bursary scheme.

No meetings were held between the appointment of Vice Admiral Woodcock and the year end.

5.1.3 Advisory Panel

The Director of Greenwich Hospital is assisted in his duties by an Advisory Panel, which offers professional and expert guidance on the formulation of the Hospital's investment strategy. The Advisory Panel acts in an advisory capacity and responsibility for implementing the investment strategy rests with the Director.

Members of the Advisory Panel are appointed by the Admiralty Board and its members bring significant skills to the work of the Hospital. Members of the Advisory Panel receive no remuneration or other benefits although reasonable expenses are paid where appropriate. The following served on the Advisory Panel during 2014-15. The number in the second column represents the number of meetings attended during the year.

Giles Ahern	3	Chair	Appointed 01.08.2013
Hugh Player	4	Director	Appointed 01.09.2012
Malcolm Naish	4	Property Member	Appointed 01.09.2012
Ian Harwood	4	Investment Member	Appointed 01.09.2012
Matthew Thorne	3	Finance Member	Appointed 01.09.2012

During the year, some of the significant issues considered by the Advisory Panel included the appropriate level of bond holdings within the quoted investment portfolio the allocation of resources between property and listed investments and the management of the Hospital's investment portfolio. The Panel also advised on major property investments including the Greenwich Market Enhancement project and the acquisition of the Yacht Public House.

5.1.4 Royal Hospital School Committee (RHSC)

The RHSC exists to advise the Greenwich Hospital Advisory Board on the progress of the Royal Hospital School towards achieving the overarching aims set by the Admiralty Board and its path to an appropriate form of independence. The RHSC is appointed by the Advisory Board and

Greenwich Hospital

comprises a non-executive Chairman, at least one other non-executive member, the Director of Greenwich Hospital and the Clerk-in-Charge.

5.1.5 Audit

The Audit Committee is responsible for advising the Advisory Board on the Annual Report and Accounts of the Hospital, the accounting policies and the financial reporting judgements included therein. It ensures the independence and objectivity of the external auditors and provides oversight of external audit activities. The committee monitors effectiveness of the Hospital's risk management and internal control systems and provides and assessment of the risk processes and policies to the Advisory Board.

Chair: Matthew Thorne

Members: Ian Harwood
Richard Hunting

5.1.6 Nomination Committee

The Nominations Committee advises the Admiralty Board on the make-up of the Advisory Board and Advisory Panel. The Nomination Committee met once during 14/15.

Chair: Giles Ahern

Members: Richard Hunting
Christopher Tite

5.1.7 Director of Greenwich Hospital

The Director of Greenwich Hospital is responsible by virtue of a directive from the Admiralty Board for the proper and effective conduct of the functions of Greenwich Hospital including the regularity and propriety of the Hospital's administration, adhering faithfully to the spirit of the Charter and complying with the relevant statutes.

5.1.8 Senior Executive Staff

The Director is authorised to delegate his powers and responsibilities to members of Greenwich Hospital staff as he sees fit. Such delegation is made on a personal basis and in writing. In addition, the Clerk-in-Charge of Greenwich Hospital, who is for the time being a serving civilian officer of the Ministry of Defence, is authorised to assume any of these powers and responsibilities in the Director's absence without specific further direction.

During the year, the senior staff of the Hospital were:

Hugh Player	Director	Appointed 01.10.2012
John Gamp	Clerk-in-Charge	Appointed 01.07.2003
Peter Linstead-Smith	Head of Strategic Development	Appointed 13.10.2003
Gillie Bexson	Head of Property	Appointed 01.08.2013
Alison Gardner	Head of Finance	Appointed 01.08.2013
Sara Kortenaar	Charities and Bursaries Manager	Appointed 01.08.2013
James Lockwood	Headmaster, Royal Hospital School	Appointed 01.09.2012
David Charlton	Bursar, Royal Hospital School	Retired 30.09.2014
Peter Church	Bursar, Royal Hospital School	Appointed 30.09.2014

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5.1.9 Royal Hospital School (RHS)

The RHS is owned and supported by Greenwich Hospital. Responsibility for ensuring RHS compliance with all appropriate legislation is delegated to the Headmaster, albeit that the School has no separate legal identity from the Hospital which ultimately bears the legal responsibility. There are also separate financial delegations to the Headmaster and the Bursar.

A Governing Body is appointed to oversee the strategic management and workings of RHS. The following served on the Governing Body during 2014-15.

Henry Strutt	Chair
John Gamp	Governor/Clerk in Charge
Valerie Bidwell	Governor
James Lynas	Governor
Thomas Hill	Governor
Penny Marshall	Governor
Elisabeth Todd	Governor
Andrew Tate	Governor
Kevin Beaton	Governor
Hector Wykes-Sneyd	Governor
Paul Smith	Governor

5.2 Compliance with the Corporate Governance Code

To the extent that it is deemed relevant and practical, the Hospital has followed the requirements set out in the 2011 Code (Corporate governance in central Government departments: Code of good practice), which is focused on the role of boards.

5.3 Performance of the Advisory Board and Advisory Panel

The principal achievements of the Hospital during the year are highlighted elsewhere in these Annual Report and Accounts.

Minutes of the Advisory Board, Panel and subcommittees are circulated to all members with routine papers in advance of the meetings. The Chair of the Advisory Panel also highlights any matters of particular note for the attention of the Advisory Board.

There is a wide range of information and data (financial and otherwise) routinely available to members of the various governing and management bodies, including management accounts. The Head of Finance has worked closely with the Finance Member of the Advisory Panel to refine the financial information supplied. The Head of Finance is now satisfied that the information is timely and in a format which enables the Advisory Board and Advisory Panel to exercise appropriate oversight of the Hospital and to provide well informed advice to the Admiralty Board and the Director.

5.4 Risk Management

The Hospital has a well established approach to risk management which continues to improve in line with the development of the charity. The risk process is designed to consistently identify and prioritise risks to the achievement of its charitable aims and objectives, to evaluate the likelihood and impact of those risks being realised, and to manage them efficiently, effectively and economically.

Greenwich Hospital

5.4.1 Principal Risks and Their Management

The table below shows the highest level risks identified in the strategic risk register.

Risks	Management
Public criticism at the way in which funds are invested or used; including property management and development.	Continue to meet charitable output in accordance with Royal Charter though efficient distribution of charitable support and active development management. Proactive property management is part of plan to establish an improved, stable long term income stream. Proactive management of risk for the quoted investments.
Potential for Greenwich Hospital reputation to suffer if one or more charitable organisations associated with Greenwich Hospital performs inappropriately in its actions resulting in loss of help to beneficiaries.	Programme of quarterly appraisals coupled with proof of the sums issued by GH have been received by the appropriate beneficiary organisations and individual beneficiaries where appropriate. Now more closely involved with the Royal Navy umbrella charity's beneficiary grant decision making progress.
Behaviour of School teaching or support staff or pupils bring the School into disrepute.	Training, staff awareness as role models. Policies in place including H&S and child protection legislation
Stewardship of heritage property and actions as a landlord	Actions as Landlord compatible with charity status, caring and understanding but still commercial. Audit of goods and chattels includes valuations and location schedules.
Investment Risk	Spread of investments includes the more stable property element and a mix of high and medium and low risk quoted investments. Total return investments policy.
Insufficient Demand for School Places Risk	Monitor pupil numbers closely. Raise academic standards to improve competitiveness, reputation and public profiles. Ensure facilities remain competitive. Fundraising structures and programs being put in place to supplement fees income.
Increasing Liability from the Defined Benefit pension Scheme	Scheme closed to new members and in the process of being closed to further accrual.
Data Security Risk	Access to electronic storage password controlled. Hard copy storage of data in locked cabinets; access limited to need to know. Adoption of Cloud System provides off site secure holding of data and backup information. Careful use of mobile devices capable of remote access exercised by Greenwich Hospital employees. Greenwich Hospital and RHS each have Information Commissioners Office (ICO) registered Data Controllers.
Business Continuity Risk if HQ inaccessible	Data held offsite and alternative office provision exists in Greenwich.
Demographic changes in beneficiary population changing welfare needs	Developed 50 year demographics projection.

Risks are divided into high level strategic risks requiring Advisory Board or Advisory Panel attention and operational risks. Operational risks which become high would be raised to a strategic level.

Greenwich Hospital

Each risk has a designated owner and specific actions are planned to mitigate the risk. This information is collated into a risk register which is a standing item on the Audit Committee agenda. The Risk Register is reviewed regularly and is reflected in the Annual Management Plan. The Head of Strategic Development is formally tasked with the management of both documents.

5.5 Data Protection and Management

The Director, Greenwich Hospital's Senior Information Risk Owner ensures that Greenwich Hospital protects the personal data of its employees, beneficiaries and other intermediaries in accordance with the Data Protection Act 1998.

The Clerk in Charge is the Hospital's Data Controller registered with the Information Commissioner's Office. The Director also ensures that appropriate data protection arrangements are in place at the Royal Hospital School, and with any of Greenwich Hospital's agents, contractors, managers and professional advisers. During 2014-15 no incidents were reported that have resulted in the unauthorised disclosure of protected personal data.

5.6 Review of Effectiveness of Internal Controls

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of managers within the Hospital who have delegated responsibility for the development and maintenance of the internal control framework and the comments made by the external auditors in their management letter and other reports.

As Accounting Officer, I am able to give a reasonable assurance on the effectiveness and current quality of internal control at Greenwich Hospital.

H H Player

Director of Greenwich Hospital

11th September 2015

6 Statement of Trustee's and Director's Responsibilities-Includes scope of responsibility

The Director of Greenwich Hospital is its Accounting Officer and is responsible to the Secretary of State for Defence in his capacity as the sole trustee of Greenwich Hospital for:

- The proper and effective management of Greenwich Hospital and the achievement of its charitable objectives; and
- The regularity and propriety of Greenwich Hospital's administration and expenditure in accordance with the objects of the Royal Charter and the provisions of the relevant Acts of Parliament.

Greenwich Hospital employees are Crown servants and adhere to the Seven Principles of Public Life as established by the Committee on Standards in Public Life ("The Nolan Committee") in 1995 (Cm 2850, 11 May 1995). These standards are: Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership.

Greenwich Hospital

7 Statement as to Disclosure of Information to Auditors

In so far as I am aware there is no relevant audit information of which the Hospital's auditors are unaware. I have taken all steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the auditors are aware of that information.

H H Player

Director of Greenwich Hospital

11th September 2015

Audit Report of the Comptroller and Auditor General to the Houses of Parliament

I have audited the financial statements of Greenwich Hospital for the year ended 31 March 2015 under the Greenwich Hospital Act 1865. The financial statements comprise: the Consolidated Statement of Financial Activities, the Consolidated and Charity Balance Sheets, the Consolidated and Charity Cash Flow Statements and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Trustee, Director and auditor

As explained more fully in the Statement of Trustee's and Director's Responsibilities, the Trustee and the Director are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and report on the financial statements in accordance with the Greenwich Hospital Act 1865. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to Greenwich Hospital's and the group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Greenwich Hospital; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on financial statements

In my opinion:

- the financial statements give a true and fair view of the state of the group's and of Greenwich Hospital's affairs as at 31 March 2015 and of its incoming resources and application of resources for the year then ended; and
- the financial statements have been properly prepared in accordance with the Greenwich Hospital Act 1865 and the accounting policies set out within them.

Opinion on other matters

In my opinion:

- the information given in the Objectives and Activities, the Review of Operations, Achievements and Performance and the Review of Finances parts of the Annual report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

Greenwich Hospital

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff;
- the financial statements are not in agreement with the accounting records and returns;
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General
14th September 2015

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Greenwich Hospital

Consolidated Statement of Financial Activities for the year ended 31 March 2015

		Unrestricted	Designated	Restricted	Total funds	Total funds
	Note	Funds £'000	Funds £'000	Funds £'000	£'000	31/03/2014 £'000
Incoming resources						
Investment income						
Property	3	7,580			7,580	6,890
Investments	4	3,829			3,829	3,464
Bank interest receivable		9			9	5
Travers Foundation	5	239			239	0
Incoming resources from charitable activities						
Royal Hospital School	6, 25	11,483	111	913	12,507	12,033
Sheltered housing		517			517	496
Incoming Resources from Activities for Generating Funds						
RHSEL Lettings Income	7	857			857	738
Other Income		1			1	0
Total incoming resources		24,515	111	913	25,539	23,626
Resources expended						
Investment costs						
Property	3	3,194			3,194	2,812
Investments	4	314			314	309
Costs of charitable activities						
Royal Hospital School	6, 25	14,960	89	1,017	16,066	15,458
Sheltered housing		2,186			2,186	628
Grants, annuities and donations	8	2,860			2,860	2,886
Costs of Generating Funds						
RHSEL Lettings Costs	7	209			209	178
Total resources expended		23,723	89	1,017	24,829	22,271
Headquarters administration	9	1,353			1,353	1,310
Interest on Pension Liability	11	935			935	922
Finance Costs	13	55			55	0
Net incoming resources before transfers and other recognised gains and losses		-1,551	22	-104	-1,633	-877
RHS Bursaries	25	127	-75	-52	0	0
RHS Reade Fund transfer to Designated Fund	25	-1,222	1,222		0	
Other recognised gains/(losses)						
Disposal of investment properties	14	125			125	3,691
Disposal of quoted investments	15	-50			-50	-141
Revaluation of investment properties	14	43,626			43,626	18,522
Revaluation of quoted investments	14, 22	6,228	177		6,405	503
Actuarial gain/(loss) on pension scheme	11	-3,326			-3,326	-56
Net movement in funds		43,957	1,346	-156	45,147	21,642
Balance brought forward at 1 April 2014		277,896	156	430	278,482	256,840
Balance carried forward at 31 March 2015		321,853	1,502	274	323,629	278,482

All activities are classed as continuing and all recognised gains and losses have been included in the accounts.

Greenwich Hospital

Consolidated and Charity Balance Sheet as at 31 March 2015

		Group	Group	Charity	Charity
		2015	2014	2015	2014
	Note	£'000	£'000	£'000	£'000
Fixed assets					
Charitable property	16	31,205	33,271	31,205	33,271
Other tangible assets	17	1,493	1,837	1,493	1,837
		<u>32,698</u>	35,108	<u>32,698</u>	35,108
Investment property	14	226,416	172,928	226,416	172,928
Quoted investments	15	91,577	85,102	91,577	85,102
		<u>317,993</u>	258,030	<u>317,993</u>	258,030
Investment in subsidiary	7			-	-
Total fixed assets		<u>350,691</u>	293,138	<u>350,691</u>	293,138
Current assets					
Debtors	18	3,354	2,935	4,026	3,492
Stock	19	52	55	50	53
Short term deposits	20	4	5,252	4	5,252
Cash at bank and in hand	20	3,339	3,909	2,570	3,242
		<u>6,749</u>	12,151	<u>6,650</u>	12,039
Current liabilities (amounts falling due within one year)	21	(4,999)	(4,919)	(4,900)	(4,807)
Net current assets		<u>1,750</u>	7,232	<u>1,750</u>	7,232
Liabilities (amounts falling due after more than one year)	13,21	(3,516)	(441)	(3,516)	(441)
Net assets excluding pension liability		348,925	299,929	348,925	299,929
Pension provision	11	(25,296)	(21,447)	(25,296)	(21,447)
Net assets including pension liability		<u>323,629</u>	278,482	<u>323,629</u>	278,482
Funds					
Unrestricted funds	25	321,853	277,896	321,853	277,896
Share Capital	7	0	0	-	-
Designated Funds	25	1,502	156	1,502	156
Restricted funds	25	274	430	274	430
		<u>323,629</u>	278,482	<u>323,629</u>	278,482

The notes on pages 30 to 54 form part of these accounts

Hugh Player
Director of Greenwich Hospital

11th September 2015

Greenwich Hospital

Consolidated and Charity Cash Flow as at 31 March 2015

	Note	Group 2014-15 £'000	Group 2013-14 £'000	Charity 2014-15 £'000	Charity 2013-14 £'000
Net cash flow from operating activities					
Net incoming resources		(1,633)	(877)	(1,633)	(877)
Interest on Pension Liability	11	935	922	935	922
Movement of pension liability during the year	11	(412)	(40)	(412)	(40)
Depreciation	16,17	2,827	1,388	2,827	1,388
Net interest and other financing cost	12	55	24	55	24
(Profit)/loss on sale of tangible fixed assets	17	(55)	(30)	(55)	(30)
(Increase)/decrease in debtors	18	(419)	(210)	(534)	(378)
Decrease in Stock	19	3	2	3	3
Increase/(Decrease) in creditors	21	(114)	(1,126)	(101)	(1,129)
		1,187	53	1,085	(117)
Returns of investments and servicing of finance					
Cost of secured borrowing		(42)	-	(42)	-
Interest element of finance lease payments		(13)	(24)	(13)	(24)
		(55)	(24)	(55)	(24)
Charitable capital expenditure					
Payments to acquire or improve property	16	(402)	(122)	(402)	(122)
Payments to acquire other tangible fixed assets	17	(140)	(345)	(140)	(345)
Receipts from sale of other tangible fixed assets	17	12	37	12	37
		(530)	(430)	(530)	(430)
Non charitable capital expenditure and financial investment					
Payments to acquire or improve property	14	(11,234)	(8,286)	(11,234)	(8,286)
Receipts from sale of property and other capital		1,496	10,563	1,496	10,563
Refund of SDLT Pollen Estate	14	-	429	-	429
Payments to acquire investments	15	(7,404)	(4,382)	(7,404)	(4,382)
Receipts from sale of investments	15	7,284	4,266	7,284	4,266
		(9,858)	2,590	(9,858)	2,590
Financing					
Capital element of finance lease payments		(62)	124	(62)	124
Net proceeds from additional borrowing		3,500	-	3,500	-
		3,438	124	3,438	124
Movement in liquid resources					
		(5,818)	2,313	(5,920)	2,143
Increase/(Decrease) in short term deposits	20	(5,248)	2,581	(5,248)	2,581
Increase/(Decrease) in cash	20	(570)	(268)	(672)	(438)
		(5,818)	2,313	(5,920)	2,143

The notes on pages 30 to 54 form part of these accounts

Greenwich Hospital

Notes to the accounts

1 Accounting policies

a) Basis Of Accounting

The accounts have been prepared under the historical cost convention as modified below. Due to the charitable nature of the majority of the Hospital's activities, the accounts have been prepared to materially comply with the underlying principles of the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005).

The accounts meet the accounting and disclosure requirements of the Companies Act and accounting standards issued or adopted by the Accounting Standards Board. The accounts comply with the Charities act 2011.

Note 7 to the accounts discloses the results for the Royal Hospital School Enterprises Limited which are also consolidated into the group accounts.

b) Tangible fixed assets

Investment Property

Freehold land and buildings held for investment purposes are shown at market value. The market value as at 31 March 2015 has been approved by the Director based upon valuations provided by the appointed Chartered Surveyors for the estates in line with RICS Red Book standards. The Hospital's tangible fixed assets are capitalised at historic cost on acquisition, and revalued annually using independent valuers. Fixed assets with a cost of less than £2,000 are not capitalised. Any gains or losses on revaluation are reported as unrealised until an asset is disposed.

Charitable Property

Buildings held for charitable purposes are recorded at cost less accumulated depreciation and are reviewed annually for impairment. Where impairment is identified the asset is written down to its fair value.

Other fixed assets

Other fixed assets, with the exception of works of art and artefacts, are shown at original cost (estimated where necessary). Assets costing less than £2,000 are expensed at the time of purchase.

c) Heritage Assets

Works of art and artefacts have been acquired historically through bequest and gift. The Hospital does not currently seek to acquire art works or artefacts. Its disposal policy is that items may be considered for disposal where this would be to the exclusive benefit of the charitable aims of the Hospital. Where such items may be of national, historic or cultural significance, disposal would be reviewed.

The majority of the Hospital's heritage assets are on permanent loan to the Royal Museums Greenwich (RMG). There is a formal deed of agreement between GH and the RMG, (Then

Greenwich Hospital

National Maritime Museum) dated 23 April 1936, which provides for the loan of specified items from the Greenwich Hospital Collection to the RMG and for the RMG to be fully responsible for their care. These include many which are of great national heritage significance or subject to specific bequests, which would in many cases inhibit or prevent their disposal on the open marketplace. Greenwich Hospital does not hold any substantial risks or rewards of ownership from this collection. In addition, the Hospital holds some other heritage assets. A valuation was made by professional valuer (Sotheby's) covering the whole of the Hospital's collection in 2001. Further updates were made in 2007 and 2013 of parts of the collection. As 96% by value of the assets are on loan, the Hospital considers the remainder of the assets to be immaterial. As a result no value has been recognised for these assets in the Hospital's Balance Sheet. The Hospital's management policy in respect of its heritage assets is summarised in note 12.

d) Fixed assets investments

Quoted investments are shown at market value. The carrying value of all investments is at fair value and changes in fair value between accounting periods are charged or credited to reserves. Cash deposits held with external investors are presented in the balance sheet as current assets. All other financial assets are presented as fixed assets.

The fair values of quoted investments are based on externally reported bid prices at the Balance Sheet date. Transaction costs or management support costs are not included in valuations. They are charged to expenditure in the period in which they are incurred.

e) Recognition of incoming and outgoing resources

Income is recognised in the period in which it is receivable. Rental increases arising as a result of rent reviews and lease negotiations are not recognised until negotiations are completed.

Resources expended are included in the statement of financial activities on an accruals basis, inclusive of any irrecoverable VAT.

Where costs cannot be directly attributed to particular headings they have been allocated to activities on a basis consistent with use of the resources.

f) Leases

Premiums paid to acquire an interest in property, including lease surrenders, are recorded as capital expenditure on completion. Premiums received upon the granting of a lease or variation of lease terms in favour of a tenant are recorded as capital receipts.

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

The benefit of rent free periods and reduced premiums which we receive as property lessees

Greenwich Hospital

is recognised as reduced rental expense over the period from the lease start date to the end of the lease term. The benefit is allocated on a straight line basis.

g) Gains and losses

In compliance with SORP 2005, surpluses and deficits on realisation of Quoted Investment assets are calculated as the difference between the sale price and the latest market valuation at the end of each month or cost if purchased during the last month of the financial year.

h) Cash and bank

The Hospital maintains a bank account with Citigroup and also maintains a number of current and deposit accounts with commercial banks.

i) Payments

The Hospital's policy is to pay its creditors for goods and services supplied by them in accordance with the terms negotiated with them. The Hospital aims to pay all suppliers within 30 days of receipt of the invoice.

j) Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land. Depreciation is calculated on the straight line basis to write off the value of each asset over its expected useful life or lease term, as follows:

Buildings	fifteen to fifty years
Leasehold improvements	over the life of the lease remaining
All other assets	five to twenty five years

The useful economic lives of fixed assets are reassessed each year and the associated depreciation rates amended as necessary. No depreciation is provided on freehold land and buildings which are held as investment assets. Assets under construction are shown on the basis of cash expended to date. Depreciation is not charged until the asset is in use.

k) Pension schemes

Greenwich Hospital operates an unfunded, defined benefit, contracted out pension scheme to provide retirement and related benefits to all eligible employees who joined the Hospital up to June 2011. The scheme is broadly analogous, although not part of, the Principal Civil Service Pension Scheme and Greenwich Hospital is responsible for paying pensions to retired employees other than RHS teachers.

As from July 2011 Greenwich Hospital has offered a defined contribution scheme to all new non teaching staff. This is a money-purchase scheme and all deductions paid to the scheme provider are non refundable.

Teaching staff at the Royal Hospital School are members of the Teachers' Superannuation Scheme. The nature of this scheme is set out in note 11.

Greenwich Hospital

l) Provisions

Provisions for liabilities and charges have been established under the criteria of FRS12 and are based on realistic and prudent estimates of the expenditure required to settle future legal or constructive obligations that exist at the balance sheet date. Provisions are charged to the Statement of Financial Activities.

m) Volunteers and related parties

There is no volunteer time that requires quantifying within these financial statements. The Governors of the Royal Hospital School and Directors of the Royal Hospital School Enterprises Limited (RHSEL) and members of the Advisory Board and Panel all gave their services voluntarily and received no remuneration for their activities with the Hospital.

n) Basis of Consolidation

Consolidated financial statements have been prepared in respect of the charity and its wholly owned subsidiary Royal Hospital School Enterprises Ltd. The Consolidated Statement of Financial Activities includes the results of Royal Hospital School Enterprises Ltd. A separate Statement of Financial Activities for the charity itself is not presented as the Hospital has taken advantage of the exemptions afforded by paragraph 397 of SORP 2005. The Consolidated Balance Sheet includes the net assets of Royal Hospital School Enterprises. The financial statements of Royal Hospital School Enterprises used in consolidation are those for the year to 31 March 2015.

o) Restricted and unrestricted funds

Restricted funds are to be used for specified purposes as laid down by the donor. Expenditure which meets these criteria is identified to the fund, together with a fair allocation of overhead costs. Unrestricted funds are donations or other incoming resources received or generated for the charity's general purposes.

p) Financial Instruments

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

q) Tax

The Hospital is exempt from corporation tax under Section 505 ICTA 1988. The trading subsidiary RHSEL is taxable but no tax is incurred because the surplus is gift aided to the charity.

Greenwich Hospital

2 Summary of Resources for the year ended 31 March 2015

We have included this page to provide the reader of the accounts with more information about the Hospital's activities. This reflects our net income and charitable activities separately. Income and expenditure are reported gross and recognised in the Statement of Financial Activities on page 27 of these accounts.

	Note	Group 2014-15 £'000	Group 2013-14 £'000
Incoming resources			
Net income from property	3	4,386	4,078
Net income from investments	4	3,515	3,155
Bank interest receivable		9	5
Other income		240	-
Total incoming resources		8,150	7,238
Resources expended			
Net Royal Hospital School expenses	5	2,911	2,865
Net sheltered housing expenses		1,669	132
Grants, pensions and donations	7	2,860	2,886
Net resources expended		7,440	5,883
Net Incoming Resources		710	1,355
Notional Interest on pension liabilities	19	935	922
Headquarters administration costs	8	1,353	1,310
Finance Costs		55	-
Net incoming resources before transfers and other recognised gains and losses		(1,633)	(877)
Gain/(loss) on realisation of assets			
Investment properties		125	3,691
Quoted investments		(50)	(141)
Gain/(loss) on revaluation of assets			
Investment properties	13	43,626	18,522
Quoted investments	14	6,405	503
Other recognised gains/(losses)			
Actuarial gain/(loss) on pension scheme	19	(3,326)	(56)
Net movement in funds		45,147	21,642
Balance at 1 April 2014		278,482	256,840
Total fund balances at 31 March 2015		323,629	278,482

Greenwich Hospital

3 Net Rental Income

	Income £'000	Expenditure £'000	Surplus 2014-15 £'000	Surplus 2013-14 £'000
Greenwich estate	5,704	2,770	2,934	2,539
Northern estates	660	284	376	425
Holbrook estate	204	122	82	71
Nicholas Lane	1	12	-11	118
Pollen estate	1,011	6	1,005	925
Total	7,580	3,194	4,386	4,078

4 Income from Investments

	2014-15 £'000	2013-14 £'000
UK equities	1,531	887
Overseas Equities	1,658	1,892
Reade Accumulation fund	137	153
Fixed interest Investments	440	513
Cash instruments	63	19
Total income from investments	3,829	3,464
Less: Investment Manager's fees	(314)	(309)
Net income from investments	3,515	3,155

5 Travers Foundation Grant

The Travers Foundation was originally established in 1725 by the will of Samuel Travers, for the payment of pensions to retired Lieutenants of the Royal Navy. The assets of the Foundation were transferred to the Admiralty by the Naval Knights of Windsor (Dissolution) Act 1892 and from them to the Secretary of State by the Defence (Transfer of Functions) Act 1964. Since 1892 the Travers Foundation has been administered by Greenwich Hospital. By virtue of the Armed Forces Act 1976, the assets of the Foundation are treated as the property of Greenwich Hospital and the income can be applied for the general purposes of the Hospital.

In 2013/14 no income from the Travers Foundation was utilised by Greenwich Hospital. In 2014/15 £239,170 was transferred as a grant from the Travers Foundation to Greenwich Hospital. This amount was equivalent to the Travers account cash held in the Greenwich Hospital bank account at the end of 2013/14.

Greenwich Hospital

6 Royal Hospital School

	Note	2014-15 £'000	2013-14 £'000
Income			
School fees		13,107	12,906
Incidental charges & other Income		351	378
Supplementary income		46	29
Income from lettings and hire of facilities		161	130
Restricted funds		913	730
Designated Funds		111	124
		14,689	14,297
Gift aid donation from Royal Hospital School Enterprises Limited	7	648	560
Expenditure			
Staff costs		(8,822)	(8,550)
Academic costs		(1,786)	(1,722)
Premises and facilities		(1,470)	(1,569)
Administration		(1,654)	(1,555)
Depreciation of Fixtures and Fittings		(349)	(427)
Restricted funds		(1,069)	(618)
Designated Funds		(164)	(127)
Interest element of finance lease payments		(13)	(24)
(Profit)/Loss on disposal of fixed assets		56	30
		(15,271)	(14,562)
Surplus/(Deficit)		66	295
Income included above from Greenwich Hospital Head Office			
Greenwich Hospital Bursaries		(2,175)	(2,264)
Internal Donation Greenwich Hospital		(7)	0
		(2,182)	(2,264)
Additional Costs funded by Greenwich Hospital Head Office			
Other Costs		(6)	(90)
Building Depreciation		(802)	(807)
		(808)	(897)
Excess of Expenditure over Income		(2,924)	(2,866)
Incoming Resources excluding GH Contributions and transfers from reserves		12,507	12,033
Gift Aid		648	560
Resources Expended on School by RHS and Greenwich Hospital		(16,079)	(15,459)
		(2,924)	(2,866)

In 13/14 the £90k other cost is the expensing of a prepayment held on the balance sheet since 2004. The prepayment relates to a compromise agreement and should have been expensed at the time.

During 14/15 a total of £108,400 was spent on compromise agreements for 4 members of staff. A further £13,250 was spent on settling a historic claim.

Greenwich Hospital

7 Royal Hospital School Enterprises Limited

Royal Hospital School Enterprises Limited was incorporated on 31 March 2008 to take over the trading activities of the Royal Hospital School with effect from 1 April 2008. The company is limited by shares and incorporated in England and Wales. Its share capital is wholly owned by the Trustee of the Hospital and as a result it is a subsidiary of the Hospital.

The company's profits are transferred under gift aid rules to the Hospital. A summary of the accounts is as follows:

	Note	2014-15 £'000	2013-14 £'000
Income			
Summer lettings		592	587
Catering income		-	13
Income from hire of facilities		263	131
Other income		2	7
		<u>857</u>	<u>738</u>
Expenditure			
Catering costs		-	(9)
Summer letting costs		(205)	(164)
Other Direct Costs		-	(1)
Accountancy		-	(1)
Audit fees		(4)	(2)
Administration		-	(1)
		<u>(209)</u>	<u>(178)</u>
Gift aid donation	6	(648)	(560)
		<u>0</u>	<u>0</u>
Surplus for the period			
Cash		769	667
Debtors		6	8
Stocks		2	2
Creditors: amounts falling due within one year external		(99)	(112)
Creditors: amounts falling due within one year other group entities		(678)	(565)
Total assets less current liabilities		<u>0</u>	<u>0</u>
Capital and reserves			
Share capital			
Authorised			
100 Ordinary shares of £1 each			
Allotted, called up and fully paid			
1 Ordinary share of £1 each		<u>0</u>	<u>0</u>

Net assets are a £1 and below the £1k rounding threshold.

Greenwich Hospital

8 Grants, annuities and donations

The table below shows the 2014/15 of grants made both via the RNRMC and directly.

	£ 2014/15	£ 2013/14
Combat Stress		100,000
Erskine	50,000	50,000
Hong Kong LEP	6,000	
Jellicoe Annuity RNBT	998,400	998,400
John Hawkins Hospital	10,000	
KIDS		30,000
Minor Grants	6,364	11,329
Naval Area Community Organisations		7,000
Royal Naval Association Shipmates Project	60,000	
Naval Families Federation Researcher	29,864	
Not Forgotten Association	30,000	30,000
Pembroke House RNBT		71,693
Plymouth Drake Foundation	10,000	5,000
Poppy Factory	77,000	66,000
Poppy Scotland	15,000	
Queen Alexandra Home	39,200	52,000
Recovery Pathway NSBF	50,000	50,000
Regular Forces Employment Agency	78,150	78,150
RNRMC Legal Fees	12,000	14,558
Royal Navy & Royal Marines Children's Fund	580,999	550,000
Royal Navy Benevolent Trust RNBT	407,200	332,664
Royal Sailors Rest	73,400	70,000
Royal Star and Garter Homes	15,000	
Sailors Families Association	85,000	75,000
Sailors Childrens Society Caravans	20,000	
Scottish Veterans		50,000
Spinal Injuries Association		10,000
SSAFA	60,000	65,894
Blind Veterans UK	30,000	
Stoll	19,900	
Tall Ships Youth Trust	9,870	
Veterans Aid	30,000	55,000
Women's Royal Naval Service Benevolent Trust		87,720
Educational Grants	56,752	25,465
	2,860,099	2,785,873

A grant of £300,000 was paid to the Marine and Sea Cadet Society as part of a multiyear grant for the replacement of TS Royalist. The full £0.9m commitment to this project has been recognised in prior year accounts and is therefore not included in 14/15 resources expended.

Greenwich Hospital

9 Head Office Administration

	Notes	2014-15 £'000	2013-14 £'000
Salaries	10	706	759
Other Staff Costs		87	58
Audit fee		32	32
Professional, legal and consultancy fees		253	136
Depreciation		24	23
Office rent & expenses		251	302
		1,353	1,310

Support cost allocation

For the purpose of the analysis of activity by objective, Head Office costs have been allocated as follows:

	Basis of allocation	Cost of generating funds £'000	Education £'000	Sheltered Housing £'000	Grants and Bursaries £'000	Governance £'000	Total £'000
Salaries	Staff time	252	172	38	89	155	706
Other Staff Costs	Staff time	31	21	5	11	19	87
Audit fee	Activity	-	-	-	-	32	32
Professional fees	Activity	31	163	12	-	47	253
Depreciation	Staff time	9	6	1	3	5	24
Office expenses	Staff time	90	61	13	32	55	251
Total at 31 March 2015		413	423	69	135	313	1,353
Total at 1 April 2014		441	418	69	118	264	1,310

Greenwich Hospital Headquarters at Gate House is occupied on a 10 year lease which started in November 2012. The rental was subject to an initial rent free period to November 2013, then rents of £69,290 pa to July 2015 and then £138,580pa to November 2017. The lease then reverts to the higher of passing or market rent. In accordance with leases standard SSAP 21 the rentals have been recognised on a straight line basis.

Costs allocated directly to Governance include legal fees relating to our structure, Board and Panel recruitment costs, audit and valuation costs of heritage assets.

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10 Staff Costs

	2014-15 £'000	2013-14 £'000
Salaries and wages	7,711	7,558
Social security costs	616	544
Pension costs	1,201	1,264
	9,528	9,366
Composed of:		
Royal Hospital School	8,822	8,640
Headquarters administration	706	726
	9,528	9,366

Excluding the Director, the number of staff whose remuneration including benefits but excluding pension contributions exceeded £60,000 per annum was as follows:

	2014-15	2013-14
£60,000 to £69,999	4	14
£70,000 to £79,999	2	3
£100,000 to £109,999	-	
£110,000 to £119,999	1	1
£120,000 to £129,999	1	
£140,000-£149,999		1
	8	19
The average monthly number of staff (full time equivalent) were as follows:		
Royal Hospital School	227	223
Headquarters administration	12	11
	239	234

Of those employees who earned £60,000 or more during the year (as defined above) employer contributions were made to defined benefit schemes in respect of 3 employees and a defined contribution scheme in respect of five employees. During the year this amounted to £86k.

The remuneration of the Director of the Hospital was as follows:

	2014-15 £	2013-14 £
Salary	115,000	102,000
Employer's pension cost	7,875	7,650
	122,875	109,650

The Director is entitled to pension benefits under the Hospital's pension scheme. Salaries are at amounts received not annual equivalents. Greenwich Hospital does not operate a formal bonus scheme. Awarding bonuses is entirely at the discretion of the Hospital and such awards do not imply any entitlement in respect of future years. The Directors pay for 2014/15 included both a backdated pay award and a bonus relating to previous years.

The Trustee of the Hospital and the members of the Advisory Panel and Board are not remunerated for their services as board members or for other services provided to the organisation. The most significant element of members' expenses is travel to meetings. In 2014/2015, members incurred a total of £151 (2013/14 £472) through expenses reimbursed.

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11 Pension Provision

Pension benefits to Greenwich Hospital non teaching staff were historically provided through defined benefit schemes analogous to Civil Service pension arrangements. These pensions are unfunded with the cost of benefits met by Greenwich Hospital's cash flow each year. At 31st March 2015 the scheme membership comprised:

Active Members	101
Deferred Members	95
Pensioners	237
Total	433

The Pension scheme is now closed to new members. In 2015/16 the scheme will begin closing to further accrual but will remain open to members nearing retirement for up to a further 4.5 years.

There are four defined benefit schemes; either a final salary scheme (Classic, Premium, Classic plus or a whole career scheme Nuvos. Pensions payable under the schemes are increased annually in line with changes in the Consumer Prices Index (CPI). Members may opt to give up (commute) pension for a lump sum.

A full actuarial valuation of the liability was carried out as at 31 March 2015 by First Actuarial plc and a provision is included in the balance sheet.

	2014-15 £'000	2013-14 £'000
Balance at 1 April 2014	21,447	20,509
Employee transfer of benefit	-	-
Increase/(Decrease) in provision	3,849	938
Balance at 31 March 2015	25,296	21,447

The major assumptions made by the actuary are as follows and have regard to the yields available on corporate bonds for assessing the potential investment return and the relative yields on fixed and inflation linked bonds for assessing inflation. The adoption of different assumptions would result in a different set of calculations and a different liability. The actuary also noted some uncertainties in the accuracy of the membership data used to calculate the liability.

	2014-15	2013-14
Discount rate	3.10%	4.40%
Rate of increase in inflation (CPI)	2.2%	2.60%
Rate of increase in salaries	2.00%	2.80%
Rate of increase of pensions in payment	2.2%	2.60%
Rate of increase for deferred pensioners	2.2%	2.60%

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	2014-15 £'000	2013-14 £'000
Analysis of the amounts that have been charged to the SOFA		
Amount that has been charged to operating expenditure - Current service cost	(481)	(530)
Amount that has been debited to other financial costs - Interest on liabilities	(935)	(922)
Analysis of the amount that has been recognised in the SOFA as actuarial (loss)/gain		
Actuarial gain/(loss) recognised in SOFA	(3,326)	(56)
Movement of liability during the year	2014-15 £'000	2013-14 £'000
Liability at beginning of the year	21,447	20,509
Current service cost	481	530
Pension payments made during the year	(1,000)	(682)
Employees' contributions	107	112
Interest on Liabilities	935	922
Actuarial gain/(loss)	3,326	56
Liability at end of the year	<u>25,296</u>	<u>21,447</u>

History of liability	2014-15 £'000	2013-14 £'000	2012-13 £'000	2011-12 £'000	2010-11 £'000
Value of scheme liability	25,296	21,447	20,509	19,705	16,924

The £3.3m actuarial loss is mainly due to the reduction in the discount rate assumption from 4.4% to 3.10%. This has the impact of increasing the value in today's terms of future costs.

Since July 2011 the Hospital has offered defined contribution schemes to all new employees (except teachers at the Royal Hospital School). The schemes have been money-purchase schemes and all deductions paid to Scottish Widows are non refundable. The employer's contributions were a cash cost to the Hospital for the period. At the year end contributions of £8,088 were outstanding.

The School participates in the Teachers' Pension Scheme (England and Wales) ("the TPS"), for its teaching staff. This is a multi-employer defined benefits pension scheme and it is not possible or appropriate to consistently identify the liabilities of the TPS which are attributable to the School. As required by FRS17 "Retirement Benefits", the School accounts for this scheme as if it were a defined contribution scheme.

Total employer contributions to the various schemes in 2014/15 were:

	£'000
Ministry of Defence PCSPS	14
Greenwich Hospital Defined Benefit Scheme	481
Teachers Pension Scheme	640
Defined Contribution Schemes	66
Total	1,201

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12 Heritage Assets not recognised in the Balance Sheet

The Hospital owns over 700 works of art and artefacts.

Heritage assets not recognised in the balance sheet

	Manuscripts, Muniments and Plans	Furniture and Clocks	Collectors items	Sculptures	Pictures	Silver and plated	Total
National Maritime Museum	13	2	160	23	248	50	496
Royal Pavilion Brighton	-	12	-	-	-	-	12
Old Royal Naval College	2	34	4	4	8	35	87
Ganges Museum			1				1
Royal Hospital School	2	9	19	1	34	16	81
GH Headquarters	1	2	2	-	12	-	17
Defence College	-	-	-	-	1	-	1
Northern Estates	4	1	-	-	3	-	8
Other Locations					2		2
The National Archives	1	-	-	-	-	-	1
	23	60	186	28	308	101	706

In accordance with the provisions of the National Maritime Museum Act 1934, the majority of the collection is on permanent loan to the Royal Museums Greenwich (see note 1C). There have been no acquisitions or disposals of heritage assets during the last five years. It has been identified during the year that an item previously recorded as on loan to the Ganges Museum was gifted to them.

The Hospital's heritage assets can be split by number and location into the following asset classes:

Collectors' items include arms, armour, tribal art, medals and measures and the Naval officer's uniform worn by Nelson when he was killed at the Battle of Trafalgar.

Items of note include the painting The Battle of Trafalgar, 21 October 1805, by Joseph MW Turner on loan to Royal Museums Greenwich, valued in 2001 at £40m.

The collection of furniture at the Royal Pavilion, Brighton is valued at £6m. These are also on permanent loan and Greenwich Hospital does not hold the risks and rewards of ownership.

Heritage Assets are not recognised in the balance sheet because they were acquired in the distant past and reliable cost information is not available and conventional valuation approaches lack sufficient reliability.

13 Loan Facility and Finance Costs

During the year, Greenwich Hospital entered into a five-year committed £10 million revolving credit facility with RBC Europe Limited, part of the Royal Bank of Canada Group, to finance the redevelopment of Greenwich Market and refurbishment of the Greenwich Estate. Interest is charged at 1.15 per cent per annum above LIBOR rates and a commitment fee of 0.25 per cent per annum is payable on the undrawn value of the facility. At 31 March 2015, the value of the outstanding loan and interest under the facility was £3.516 million (2014: Nil).

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Amounts outstanding under the facility are secured on a portfolio of cash and securities of Greenwich Hospital held in an account with Royal Bank of Canada (Channel Islands) Limited. Greenwich Hospital undertook to maintain the value of this charged portfolio equal to at least 167 per cent of the amount outstanding at any time. At 31 March 2015, the value of the charged portfolio was £20.949m.

Finance Costs

	14/15	13/14
	£	£
Interest on Lease	12,663	0
Loan Interest	15,873	0
Other Finance Costs	26,000	0
	<u>54,536</u>	<u>0</u>

The 14/15 other finance costs includes a one off £25,000 loan arrangement fee.

14 Investment Property

	Greenwich Estate £'000	Northern Estates £'000	Holbrook Estate £'000	Pollen Estate £'000	Total £'000
Valuation at 1st April 2014	101,207	27,160	7,708	36,853	172,928
Additions	10,141	1,038	13	42	11,234
Disposals	(928)	(444)	-	-	(1,372)
Revaluation	14,121	8,999	560	19,946	43,626
Valuation at 31 March 2015	124,541	36,753	8,281	56,841	226,416

At 31 March 2015, the Hospital held a 10.247% beneficial interest in the Pollen Estate, which is an independent trust investing in property. CB Richard Ellis Ltd provided a valuation for the Pollen Estate Trustee Company as at 31 December 2014 and this has been used as the basis for the value of the Hospital's interest in the estate as at 31 March 2015.

Other investment property comprises freehold land and buildings and is shown at market value as at 31 March 2015, as approved by the Director based upon valuations provided by the appointed Chartered Surveyors for the estates. The property agents Smiths Gore provided a valuation of the Holbrook and Strutt & Parker provided a valuation of the Northern Estate. Capita Symonds Real Estate provided a valuation of the Greenwich Estate. All of the individuals who undertook valuations have the relevant knowledge, skills, qualifications and understanding to competently value the Estates and have done so on a professional basis.

In addition to the above items, Greenwich Hospital also owns the Old Royal Naval College, the Dreadnought Seamen's Hospital and Devonport Nurses Home. These buildings are classed as investment properties as they are currently being occupied by other organisations under operating leases on peppercorn rents. Each operating lease lasts for 150 years from 1998. These buildings are part of the Maritime Greenwich World Heritage Site (UNESCO reference 795). Due to the nature of these assets and the terms on which they are occupied, their value is nominal.

Greenwich Hospital also owns the King William Pier (known as Greenwich Pier). This

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structure is classed as an investment property as it is currently being occupied by another organisation under an operating lease lasting for 999 years from 2010. No value has been ascribed to this asset in these accounts.

Included in the Greenwich Estate property is the Estate Management office at 6 College approach valued at £325,000 (2013-14 £300,000). This is provided rent free to BNPP as part of the estate management contract.

15 Quoted investments - Available for sale financial assets

	2014-15 £'000	2013-14 £'000
Market value at 1 April 2014	85,102	84,624
Additions at cost	7,404	4,382
Value of investments sold	(7,334)	(4,407)
Unrealised gain on revaluation	6,405	503
Market value at 31 March 2015	<u>91,577</u>	<u>85,102</u>
	Market value	Market value
	Cost Price £'000	2013-14 £'000
UK Equity Funds	28,116	35,042
Global/International Equity Funds	36,227	44,503
Global/International Bond Funds	7,689	7,679
Reade Accumulation Fund	2,775	4,353
	<u>74,807</u>	<u>91,577</u>
		<u>85,102</u>

16 Charitable Property

The sheltered properties were valued as at 31/03/2015. In previous years they had been shown at historic cost net of depreciation. The properties have been independently valued in accordance with Royal Institute of Chartered Surveyors standards. The fair value of £3.410m was substantially below the net book value. In accordance with Financial Reporting Standard 11 we wrote them down to their fair value treating the loss as additional depreciation. The depreciation charge for the year for sheltered housing is therefore £1,648 compared to £115k in the previous year. There has therefore been an exceptional depreciation charge of £1.533m.

The Royal Hospital School has been independently valued by BNP Paribas Real Estate. The depreciated replacement cost and the alternative use market value were both above the net book value. No impairment of the asset is therefore necessary and it remains at depreciated historic cost.

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	Royal Hospital School £'000	Sheltered Housing £'000	Total £'000
Cost at 1 April 2014	36,276	6,729	43,005
Additions	402		402
Cost at 31 March	<u>36,678</u>	<u>6,729</u>	<u>43,407</u>
Depreciation at 1 April	8,063	1,671	9,734
Charge for the year	821	1,648	2,468
Depreciation at 31 March	<u>8,884</u>	<u>3,319</u>	<u>12,202</u>
Net book value at 31 March 2015	<u>27,794</u>	<u>3,410</u>	<u>31,205</u>
Net book value at 31 March 2014	<u>28,213</u>	<u>5,058</u>	<u>33,271</u>

The sheltered housing schemes (Greenwich Court, Portsmouth; Greenwich Place, Saltash; and Trafalgar Quarters, Greenwich) are administered on behalf of Greenwich Hospital by the Church of England Soldiers' Sailors' and Airmen's Clubs. The properties are shown at cost less accumulated depreciation including the exceptional depreciation charge of £1.5m in 2014/15 for impairment recognised on valuation as at 31/03/2015.

17 Other Tangible Assets

	Motor vehicles £'000	Plant and machinery £'000	Furniture, Fixtures and Fittings £'000	Educational equipment £'000	Computer and network equipment £'000	Total £'000
Cost at 1 April	235	2,322	358	449	1,309	4,673
Additions	22	68	1	36	13	140
Disposals	-10	-916	-28	-75	-221	(1,250)
Cost at 31 March	<u>247</u>	<u>1,474</u>	<u>331</u>	<u>410</u>	<u>1,101</u>	<u>3,563</u>
Depreciation at 1 April	155	1,570	211	352	548	2,836
Charge for the Year	17	123	25	43	151	359
Released on Disposal	(10)	(916)	(28)	(75)	(96)	(1,125)
Depreciation at 31 March	<u>162</u>	<u>777</u>	<u>208</u>	<u>320</u>	<u>603</u>	<u>2,070</u>
Net book value at 31 March 2015	<u>85</u>	<u>697</u>	<u>123</u>	<u>90</u>	<u>498</u>	<u>1,493</u>
Net book value at 31 March 2014	<u>80</u>	<u>752</u>	<u>147</u>	<u>97</u>	<u>761</u>	<u>1,837</u>

Included in the above is computer equipment and photocopiers with a net book value at 31 March 2015 of £6,125 (2014 £221,306), held under finance leases. The depreciation charge for the year on these assets was £35,489 (2014:£84,663). During the year, two finance leases at the Royal Hospital School were converted into managed services agreements and the corresponding fixed assets accounted for as asset disposals. At the point of conversion,

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these leases had net obligations repayable totalling £169.4k and the corresponding fixed assets had net book values totalling £125.6k. Therefore, the conversions generated a credit to the Statement of Financial Activities of £44.2k which has been accounted for as Profit on Sale of Tangible Fixed Assets.

18 Debtors: Amounts falling due within one year

	Group 2014-15 £'000	Group 2013-14 £'000	Charity 2014-15 £'000	Charity 2013-14 £'000
School fees receivable	185	158	185	158
Rents receivable	1,331	1,839	1,331	1,839
Other debtors	771	614	765	606
Tax Reclaim on Investment Income	41	-	41	-
Amounts due from subsidiary			678	565
VAT Refund	704		704	
Prepayments	322	324	322	324
	3,354	2,935	4,026	3,492

At the Year ended 31/03/2015 a VAT refund of £703,524 from HMRC was outstanding. This was received after the year end. In the previous year a VAT payment of £248,633 was due to HMRC at the year end. The large VAT refund due in March 2014/15 related mainly to a property acquisition.

19 Stocks

	Group		Charity	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014
	£'000	£'000	£'000	£'000
RHS Maintenance Consumable Stores	50	53	50	53
RHSEL Consumable Stores	2	2		
	52	55	50	53

The stock held comprises day to day items such as light bulbs and stationery. Stock is shown at cost.

20 Reconciliation of increase in cash to movement in net funds

	Group 2014-15 £'000	Group 2013-14 £'000	Charity 2014-15 £'000	Charity 2013-14 £'000
Increase/(Decrease) in short term deposits in the period	(5,248)	2,581	(5,248)	2,581
Increase in cash in the period	(570)	(935)	(672)	(438)
Change in net funds resulting from cash flows	(5,818)	1,646	(5,920)	2,143
Net funds at 1 April 2014	9,923	8,277	8,494	6,351
Net funds at 31 March 2015	4,105	9,923	2,574	8,494

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Levels of cash at 31st March 2014 were high due to the sale of property in central London at the year end.

Analysis of net funds	Charity	Charity	Charity
	As at		As at
	31 March		31 March
	2014	Cash flow	2015
	£'000	£'000	£'000
Government Banking - Citibank	585	(461)	124
Other accounts and cash in hand	2,253	(310)	1,943
Rent Deposit Accounts	384	66	450
Capital and income accounts with Newton	20	33	53
	3,242	(672)	2,570
Short term deposits	5,252	(5,248)	4
	8,494	(5,920)	2,574

	Group	Group	Group
	As at		As at
	31 March		31 March
	2014	Cash Flow	2015
	£'000	£'000	£'000
Government Banking - Citibank	585	(461)	124
Other accounts and cash in hand	2,920	(208)	2,712
Rent Deposit Accounts	384	66	450
Capital and income Investment accounts	20	33	53
	3,909	(570)	3,339
Short term deposits	5,252	(5,248)	4
	9,161	(5,818)	3,343

21 Creditors

	Group	Group	Charity	Charity
	2014-15	2013-14	2014-15	2013-14
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade creditors	1,632	974	1,632	974
School fees and related amounts received in advance	332	212	332	212
School Fee Deposits	830	784	830	784
Rents received in advance	380	720	380	720
Rent Deposits	452	387	452	387
Other creditors	512	554	413	442
PAYE & NI	179	176	179	176
VAT		248		248
Travers Foundation	28	239	28	239
Pension Contributions	102	91	102	91
Obligations under finance leases	32	72	32	72
Accruals	520	462	520	462
	4,999	4,919	4,900	4,807
Amounts falling due after one year				
Obligations under finance leases	-	191	-	191
Secured Bank Loan	3,516	-	3,516	-
Education Grants				
Sea Cadets Grant		250		250
	8,515	5,360	8,416	5,248

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22 Obligations under Finance Leases

	2014-15 £'000	2013-14 £'000
Gross obligations repayable:		
within one year	33	89
in the second to fifth years	-	214
	<u>33</u>	<u>303</u>
Finance charges repayable:		
within one year	1	17
in the second to fifth years	-	23
	<u>1</u>	<u>40</u>
Net obligations repayable:		
within one year	32	72
in the second to fifth years	-	191
	<u>32</u>	<u>263</u>

During the year, two finance leases at the Royal Hospital School were converted into managed services agreements and the corresponding fixed assets accounted for as asset disposals. At the point of conversion, these leases had net obligations repayable totalling £169.4k and the corresponding fixed assets had net book values totalling £125.6k. Therefore, the conversions generated a credit to the Statement of Financial Activities of £44.2k which has been accounted for as Profit on Sale of Tangible Fixed Assets.

23 Operating Lease Commitments

	Land and buildings 2014-15 £'000	Plant and machinery 2014-15 £'000	Land and buildings 2013-14 £'000	Plant and machinery 2013-14 £'000
Operating leases				
within one year	116	168	139	40
in the second to fifth years	665	450	543	90
over five years	233		509	
	<u>1,014</u>	<u>618</u>	1,191	130

There is an operating lease for the Head Office at 1 Farringdon St. The remaining operating leases belong to the School.

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24 Operating Leases as a Lessor

	2014-15 £'000	2013-14 £'000
Investment property		
The value of Investment property held for use in operating leases	169,575	136,075
In accordance with our policy on Investment property, no depreciation was charged.	-	-
The aggregate operating lease rentals receivable in respect of accounting period were	6,569	5,965
Charitable property		
The value of Charitable property held for use in operating leases was	3,410	5,058
Depreciation charged in year on these assets was	1,648	115
The aggregate operating lease rentals receivable in respect of accounting period were	517	496

There are operating leases for the commercial property at Greenwich, Holbrook and the Northern estates. An operating lease also exists between Greenwich Hospital and CESSAC for the sheltered housing and between the Hospital and Greenwich Foundation for the Old Royal Navy College.

25 Analysis of Funds

	Accumulated fund £'000	Property revaluation £'000	Investments revaluation £'000	Total funds £'000
Analysis of unrestricted fund movement				
Balance as at 31 March 2014	132,675	134,546	10,675	277,896
Net incoming resources	(1,551)	-	-	(1,551)
Gains on sale of investments	75	-	-	75
Revaluations	-	43,626	6,405	50,031
Revaluation reserves realised on sales	1,865	(1,371)	(494)	-
RHS Reade Fund Transfer	(1,222)			(1,222)
RHS Reade Revaluation transfer	(177)			(177)
Movement in pension provision	(3,326)	-	-	(3,326)
RHS Bursaries	127			127
Balance as at 31 March 2015	128,466	176,801	16,586	321,853

Designated Reserves represent monies the School has earmarked for specific projects. The RHS Reade fund is a share of the Reade investment portfolio which is to be utilised on Capital Development Works at the School.

	Balance at 31 March 2014 £'000	Incoming resources £'000	Resources expended £'000	Internal Transfer £'000	Balance at 31 March 2015 £'000
Amenities	23	62	(49)		36
Other School Projects	58	49	(40)		67
Bursary Fund 2010 Designated	75	0		(75)	0
Reade Reserve Revaluation				177	177
RHS Reade Investment Reserve	0			1,222	1,222
	156	111	(89)	1,324	1,502

Restricted Reserves represent monies received by way of gifts and legacies where the use is limited by specific conditions. They relate to the School and include funds for Bursaries

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and for specific clubs and societies.

	Balance at 31 March 2014	Incoming resources	Resources expended	Internal Transfer	Balance at 31 March 2015
Analysis of restricted fund	£'000	£'000	£'000	£'000	£'000
Houses	36	210	(199)		47
Clubs	230	686	(808)		108
Named Prizes	9	2	-		11
Memorial Funds	1	9			10
Other Restricted Funds	6	4	(10)		-
Bursary Fund Restricted	148	2		(52)	98
	430	913	(1,017)	(52)	274

Clubs & Societies - The school runs a number of clubs and societies and well as many trips and tours throughout the year. Included within clubs and societies is the USA band and cultural tour which took place in July 2014 and the cricket tour of Barbados which took place in March 2015.

Bursary Fund Restricted - In 2010 the school became entitled to a legacy from the estate from Mrs Martin amounting to £157,242. A further legacy from the estate of Mr Martin amounting to £53,270 was also received. Both legacies were restricted toward funding of pupils' education.

Houses - Our 11 boarding houses receive monies from parents to fund various house social activities including DVD, Games etc.

26 Capital Commitments

As at March 2015 Greenwich Hospital was contractually committed to a redevelopment at 34/36 Greenwich Church St. At the year end there was a future contractual commitment of £245k to Trinity Construction.

The Hospital was also committed to the refurbishment of Greenwich Market. There was a £5.68m contract in place with FWA of which there was a future commitment of £4.1m. FWA went into administration in July 2015. The work is being completed by other contractors.

These future commitments are not included within the 2014/15 financial statements.

27 Grant Commitments

£250k has been accrued in the accounts for grants to the Marine Society and Sea Cadets as a contribution to the building of a new training ship. This was paid in 2015/16

28 Contingent Liabilities

The Hospital had no contingent liabilities at the year end.

29 Related Parties Transactions

The Secretary of State for Defence is the sole Trustee of Greenwich Hospital and delegates the administration of the Hospital to the Admiralty Board.

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The Ministry of Defence is regarded as a related party and during the year has been reimbursed £18,155 (2013/14 £17,674) for related costs of staff seconded to Greenwich Hospital.

The Royal Hospital School Enterprises Limited Company, RHSEL, is a subsidiary of the School which itself is a cost centre of the Hospital, - see note 7. During 2014-2015 the School paid no expenses on behalf of RHSEL. (2014 £175,157). The company's entire taxable profit of £647,200 was transferred to the School at the year end. During the year RHSEL paid a rental charge to the School of £1.

Travers Foundation is a related party to Greenwich Hospital. Under the Armed Forces Act 1976, all funds of Travers Foundation are allowed to be used for the benefit of Greenwich Hospital. All cash funds are transferred to Greenwich Hospital for its exclusive use, but with the anticipation that Greenwich Hospital will finance any expenditure that Travers Foundation cannot fund through its ongoing activities. As such, the net amount transferred to Greenwich Hospital has been recorded as a creditor. From time to time the Travers Foundation makes a donation to Greenwich Hospital of the amount transferred. In 2014/15 the donation was £239,171, (2013-14 no donation was made).

The Chair of the Advisory Board, Vice Admiral David Steel, is President of CESSAC our longstanding sheltered housing managing agent. We paid CESSAC £86,554 in 2014/15, (2013/14 £82,565) for management of our sheltered housing. In addition CESSAC provides a £500 grant each year to a Royal Hospital School pupil moving onto further Education. This is paid by the Hospital and reclaimed from CESSAC.

Board Member Christopher Tite is a member of the Tall Ships Youth Trust. In 2014/15 we paid the Tall Ships Youth Trust £16,910 to provide places in the Tall Ships Race for Royal Hospital School pupils.

The Director of Greenwich Hospital is a Trustee of The Poppy Factory which received a £77k Grant in 2014/15 (13/14 £66,000), as part of the Greenwich Hospital funded RMRMC grant distribution.

The Director of Greenwich Hospital is a Director of Visit Greenwich. The Company exists to improve and expand the marketing of Greenwich as a tourist destination both locally and nationally. Greenwich Hospital is the freeholder of the historic Greenwich Hospital site (now the Old Royal Naval College), Greenwich Market and the adjacent residential and commercial property. The Directors have limited liability of £1.

Board Member Ian Harwood is a Member of the Audit Committee of the University of Greenwich. The University is a sub tenant of the Hospital.

In addition to RHSEL the school has 3 related organisations an Alumnae association, a parents association and a fundraising trust. The group had no material transactions with these organisations.

30 Financial Instruments

FRS 29, Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Financial instruments include investments in equity shares and bonds, cash held on deposit and other receivables.

Greenwich Hospital

	Group		Charity	
	31/03/2015	31/03/2014	31/03/2015	31/03/2014
	£'000	£'000	£'000	£'000
Financial Assets				
Quoted Investments	91,577	85,102	91,577	85,102
Cash Held	3,343	9,161	2,574	8,494
Rent and Other Receivables	3,313	2,935	3,307	3,492
Total Financial Assets	98,233	97,198	97,458	97,088
Financial Liabilities				
Finance Lease Liabilities	-	191	-	191
Trade and Other Payables	8,336	4,654	8,237	4,542
Total Financial Liabilities	8,336	4,845	8,237	4,733

Interest rate risk

The Hospital's exposure to interest rate is not material due to the small proportion of financial assets held as cash on deposit. The impact of interest rate movements on the value of quoted investments is considered under the section "Quoted investment price risk". Finance leases are on fixed rentals and interest rate movements have no impact on the value of rent and other receivables nor on the value of trade and other payables. Interest on loans under the revolving facility are fixed for the duration of the loans though the cost of re-financing a maturing via a new draw-down under the facility is exposed to movements in interest rates.

Liquidity risk

To ensure sufficient cash is available to meet operating and investment plans, cash flow projections are maintained and are reviewed at least monthly. A committed borrowing facility is maintained at an appropriate level. At 31 March 2015, the Hospital had the following drawn and undrawn committed borrowing facility available:

	Drawn facility		Undrawn facility	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Expiring from two to five years	3,500	-	6,500	-

In addition, the Hospital's investment portfolio includes readily realisable bond funds.

Foreign currency risk

The Hospital has exposure to currency risk through its holdings in collective funds which invest in non-Sterling denominated quoted investments. These investments are held for the long term so it is the Hospital's policy not to hedge the net investment in each foreign currency and risk is managed through diversification. In addition, the proportion of such funds relative to the whole portfolio is monitored regularly.

Quoted investment price risk

Investments are managed by professional fund managers in line with the Hospital's

Greenwich Hospital

Investment Policy which aims to balance risk and return effectively by placing limits on the amounts invested in different classes of assets; risk is positively managed through diversification across asset types and geographies. The policy is reviewed annually by the Advisory Panel, with the objective of safeguarding the Hospital's investment assets and maximising total return from the assets.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Hospital. The Hospital is exposed to credit risk in respect of its cash deposits and rent receivables. At 31/03/2015, cash deposits were invested with banks of sound credit standing of at least Standard & Poor's A-2 rating. Rent receivables consist of amounts due from a large number of tenants, spread across diverse residential and commercial sectors. Procedures are in place to check the financial standing of all new counterparties before commencement of tenancies. An active credit control policy is applied to the management of rent arrears.

31 Post Balance Sheet Events

These financial statements were authorised for issue, on the date given on the Comptroller and Auditor General's Report, by the Director of Greenwich Hospital as its Accounting Officer.

Since the end of the financial year, following appropriate consultation, a decision has been made to close the Greenwich Hospital pension scheme to further accrual. Closure is being phased in with members nearing retirement age being offered up to a further 4.5 years in the scheme.

Since the end of the financial year 4 of the 64 staff properties on the school periphery have been sold. This is the start of a longer term strategy to sell properties which are no longer required for the School's operations. We have also continued to sell non core investment properties where the opportunity arises and where the receipt can be invested to achieve higher returns.

Accounts 2014-15

Travers Foundation

Travers Foundation

1 Statement of Trustee's and Director's responsibilities

The Travers Foundation was originally established in 1725 by the will of Samuel Travers, for the payment of pensions to retired Lieutenants of the Royal Navy. The assets of the Foundation were transferred to the Admiralty by the Naval Knights of Windsor (Dissolution) Act 1892 and from them to the Secretary of State by the Defence (Transfer of Functions) Act 1964. Since 1892 the Travers Foundation has been administered by Greenwich Hospital. By virtue of the Armed Forces Act 1976, the assets of the Foundation are treated as the property of Greenwich Hospital and the income can be applied for the general purposes of the Hospital.

The Secretary of State for Defence is the Trustee of Greenwich Hospital and answerable to Parliament for the affairs of Greenwich Hospital. The Trustee is supported in the exercise of his responsibilities by the Parliamentary Under-Secretary of State for Defence and charges the Admiralty Board with the administration of the Hospital which is overseen by the Director of Greenwich Hospital (DGH). The office of DGH is provided for by the Greenwich Hospital Act 1865 (s.20). DGH is appointed by the Trustee on the advice of the Admiralty Board. DGH is responsible by virtue of a Directive from Admiralty Board for the proper and effective conduct of the functions of Greenwich Hospital including the regularity and propriety of the Hospital's administration adhering faithfully to the spirit of the Charter and complying with the relevant statutes.

The Director is the accounting officer for Greenwich Hospital and is responsible for preparing the Annual Accounts for Travers Foundation and submitting them for audit. The Annual Accounts of the Travers Foundation are to be kept separate from those of Greenwich Hospital in accordance with Section 21 (3) of the Armed Forces Act 1976. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Travers Foundation and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

2 Governance Statement

Scope of responsibility

As the Director of Greenwich Hospital and its Accounting Officer, I am responsible to the Secretary of State for Defence (SofS) in his capacity as the sole trustee of the Hospital, for

- Maintaining an effective system of internal control that supports the achievement of the policies, aims and objectives of the Travers Foundation;
- Safeguarding the funds and assets of the Travers Foundation; and
- The regularity and propriety of the administration and expenditure of the Travers Foundation in accordance with the objects of the Foundation and the provisions of the relevant Acts of Parliament. The Travers Foundation is therefore administered by Greenwich Hospital in accordance with the Hospital's principles and standards of governance, which are set out in Greenwich Hospital's Governance Statement on page 15 of these accounts.

Travers Foundation

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of managers within the Hospital who have responsibility for the development and maintenance of the internal control framework and the comments made by the external auditors in their management letter and other reports.

As Accounting Officer I am able to give a reasonable assurance on the effectiveness and current quality of internal control for the Travers Foundation.

Hugh Player

Director of Greenwich Hospital

11th September 2015

Statement as to Disclosure of Information to Auditors

In so far as I am aware there is no relevant audit information of which the Foundation's auditors are unaware. I have taken all steps that I ought to have taken to make myself aware of any relevant audit information and to establish that the auditors are aware of that information.

H H Player

Director of Greenwich Hospital

11th September 2015

Audit Report of the Comptroller and Auditor General to the Houses of Parliament

I have audited the financial statements of the Travers Foundation for the year ended 31 March 2015 under the Armed Forces Act 1976. The financial statements comprise: the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Trustee, Director and Auditor

As explained more fully in the Statement of Trustee's and Director's Responsibilities, the Trustee and the Director of Greenwich Hospital are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit and report on the financial statements in accordance with the Armed Forces Act 1976. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Travers Foundation's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustee and Director of Greenwich Hospital; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by me in the course of performing the audit. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my report.

Opinion on Financial Statements

In my opinion:

- the financial statements give a true and fair view, of the state of Travers Foundation's affairs as at 31 March 2015 and of its incoming resources and application of resources for the year then ended; and
- the financial statements have been properly prepared in accordance with the Armed Forces Act 1976 and the accounting policies set out within them.

Opinion on other matters

In my opinion:

- the information given in the Review of Operations, Achievements and Performance section of the Annual Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have

Travers Foundation

not been received from branches not visited by my staff;

- the financial statements are not in agreement with the accounting records;
- I have not received all of the information and explanations I require for my audit; or
- the Governance statement does not reflect compliance with HM Treasury's guidance.

Report

I have no observations to make on these financial statements.

Sir Amyas C E Morse
Comptroller and Auditor General
14th September 2015

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Travers Foundation

Statement of Financial Activities for the year ended 31 March 2015

	Note	2014-15 £	2013-14 £
Incoming resources			
Investment income			
Property		64,118	52,633
Investments		29,305	31,712
Total incoming resources		93,423	84,345
Resources expended			
Investment costs			
Property		53,720	17,046
Grant to Greenwich Hospital		239,171	-
Audit fees		2,000	2,000
Total resources expended		294,891	19,046
Net incoming resources before transfers and other recognised gains and losses		(201,468)	65,299
Other recognised gains/(losses)			
Revaluation of investment properties	2	107,807	840,166
Revaluation of quoted investments	3	100,890	45,968
Net movement in funds		7,229	951,433
Total funds brought forward at 1 April 2014	8	5,151,828	4,200,395
Total funds carried forward at 31 March 2015		5,159,057	5,151,828

The notes on pages 62 to 66 form part of the accounts.

Travers Foundation

Balance Sheet as at 31 March 2015

	Note	2014-15 £	2013-14 £
Fixed assets			
Investment property	2	4,119,000	4,002,882
Quoted investments	3	1,012,150	911,260
		<u>5,131,150</u>	<u>4,914,142</u>
Current assets			
Debtors	4	29,557	239,378
Cash at bank and in hand	5	350	308
Prepayments		-	-
		<u>29,907</u>	<u>239,686</u>
Current liabilities (amounts falling due within one year)	6	2,000	2,000
Total assets less current liabilities		<u>5,159,057</u>	<u>5,151,828</u>
Funds			
Unrestricted funds	8	<u>5,159,057</u>	<u>5,151,828</u>

The notes on pages 62 to 66 form part of the accounts.

Hugh Player

Director of Greenwich Hospital

11th September 2015

Cashflow

	Note	2014-15 £	2013-14 £
Net cash inflow from operating activities			
Net (Outgoing)/Incoming resources		(201,468)	65,299
Decrease/(Increase) in debtors		209,821	(63,096)
Increase in creditors		-	-
		<u>8,353</u>	<u>2,203</u>
Investing activities			
Payments to acquire investments	3	-	-
Payments to acquire property	2	(8,311)	(1,935)
Receipts from sale of investments		-	-
		<u>(8,311)</u>	<u>(1,935)</u>
Increase in cash and cash equivalents	5	<u>42</u>	<u>268</u>

Travers Foundation

Notes to the Accounts for the year ended 31 March 2015

1 ACCOUNTING POLICIES

a Basis of accounting

The accounts have been prepared under the historical cost convention as modified below. Due to the charitable nature of the majority of activities of Greenwich Hospital and Travers Foundation, the accounts have been prepared to materially comply with the underlying principles of the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005).

The accounts meet the accounting and disclosure requirements of the Companies Act and accounting standards issued or adopted by the Accounting Standards Board, so far as those requirements are considered to be appropriate.

b Recognition of incoming resources

Income is recognised in the period in which it is receivable. Rental increases arising as a result of rent reviews and lease negotiations are not recognised until negotiations are completed.

c Outgoing resources

All expenditure is charged in the period to which it relates.

d Tangible and intangible fixed assets

Freehold land and buildings held for investment purposes are shown at market value. The market value as at 31 March 2015 has been approved by the Director based upon valuations provided by the appointed Chartered Surveyors for the estates in line with RICS Red Book standards.

e Fixed assets investments

Quoted investments are shown at market value, the carrying value of all investments is at fair value and changes in fair value between accounting periods are charged or credited to equity. Cash deposits which are held with external investors are presented in the balance sheet as current assets. All other financial assets are presented as fixed assets.

The fair values of quoted investments are based on externally reported bid prices at the Balance Sheet date. Transaction costs or management support costs are not included in valuations. They are charged to expenditure in the period in which they are incurred.

f Gains and losses

In compliance with SORP 2005, surpluses and deficits on realisation of Quoted Investment assets are calculated as the difference between the sale price and the latest balance sheet valuation or cost if purchased during the year.

g Cash at bank

Cash held with investment manager Newton is classified as current assets.

h Payments

Travers Foundation's policy is to pay its creditors for goods and services supplied by them in accordance with the terms negotiated with them.

Travers Foundation

2 INVESTMENT PROPERTY

Investment property comprises freehold land and buildings and is shown at market value as at 31 March 2015, as approved by the Director based upon valuations provided by Smiths Gore, Chartered Surveyors. All of the individuals who undertook valuations have the relevant knowledge, skills, qualifications and understanding to competently value the property. There have been no acquisitions or disposals during the financial year ending 31 March 2015. Property revaluation increased by £107k.

3 QUOTED INVESTMENTS - AVAILABLE FOR SALE FINANCIAL ASSETS

	2014-15 £	2013-14 £
Market value at 1 April 2014	911,260	865,292
Additions at cost	-	-
Value of investments sold	-	-
Unrealised (loss)/profit on revaluation	100,890	45,968
Market value at 31 March 2015	<u>1,012,150</u>	<u>911,260</u>

The book cost as at 31 March 2015 was £668,776

4 DEBTORS

	2014-15 £	2013-14 £
Amounts falling due within one year		
Due from Greenwich Hospital	27,787	239,171
Rents receivable	1,770	207
Accrued income	-	-
Prepayments	-	-
	<u>29,557</u>	<u>239,378</u>

During the 2014/15 financial year the Travers Foundation made a grant of £239,171 towards the general purposes of Greenwich Hospital.

5 CASH IN BANK AND HAND

	As at 31/03/2014 £	Cash flow £	As at 31/03/2015 £
Cash at bank and in hand	<u>308</u>	<u>42</u>	<u>350</u>

Travers Foundation

6 CREDITORS

	2014-15	2013-14
	£	£
Amounts falling due within one year		
Accruals	<u>2,000</u>	<u>2,000</u>

7 OPERATING LEASES AS LESSOR

	2014-15	2013-14
	£	£
The value of investment assets held for use in operating leases	4,172,117	4,002,882
In accordance with our policy on investment assets, no depreciation was charged.	-	-
The aggregate operating lease rentals receivable in respect of an accounting period were	64,118	52,633

8 ANALYSIS OF FUNDS

	2014-15	2013-14
	£	£
Analysis of unrestricted fund movement		
Balance at 1 April	5,151,828	4,200,395
Net (Outgoing) Incoming resources	(201,468)	65,299
Revaluation of investment properties	107,807	840,166
Revaluation of quoted investments	100,890	45,968
Balance as at 31 March	<u>5,159,057</u>	<u>5,151,828</u>

9 POST BALANCE SHEET EVENT

These financial statements were authorised for issue, on the date given on the Comptroller and Auditor General's Report, by the Director of Greenwich Hospital as its accounting officer.

There have been no events since the end of the financial year which would affect the understanding of the financial statements.

10 RELATED PARTY TRANSACTIONS

The Secretary of State for Defence is the Trustee of Greenwich Hospital and is supported in the exercise of his responsibilities by the Parliamentary Under-Secretary of State for Defence and delegates the administration of the Hospital to the Admiralty Board.

Travers Foundation

Greenwich Hospital is considered a related party to Travers Foundation. Under the Armed Forces Act 1976, all funds of Travers Foundation are allowed to be used for the benefit of Greenwich Hospital. All cash funds are transferred to Greenwich Hospital for its exclusive use. The net amount transferred to Greenwich Hospital has been recorded as a debtor in these accounts. A grant of £239k was made to Greenwich Hospital by the Travers Foundation.

11 FINANCIAL INSTRUMENTS

FRS 29, Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities. Financial instruments include investments in equity shares and bonds, cash held on deposit and other receivables.

	2014-15	2013-14
Financial Assets		
Quoted Investments	1,012,150	957,228
Cash Held on Deposit	42	268
Rent and Other Receivables	29,557	239,378
Total Financial Assets	<u>1,041,749</u>	<u>1,196,874</u>
Financial Liabilities		
Trade and Other Payables	2,000	2,000
Total Financial Liabilities	<u>2,000</u>	<u>2,000</u>

Interest rate risk

The Hospital's exposure to interest rate is not material due to the small proportion of financial assets held as cash on deposit and rent and other receivables. The impact of interest rate movements on the value of quoted investments is considered under the section "Quoted investment price risk". Finance leases are on fixed rentals and interest rate movements have no impact on the value of trade and other payables.

Foreign currency risk

The Hospital has exposure to currency risk through its holdings in collective funds which invest in non-Sterling denominated quoted investments. These investments are held for the long term so it is the Hospital's policy not to hedge the net investment in each foreign currency and risk is managed through diversification. In addition, the proportion of such funds relative to the whole portfolio is monitored regularly.

Quoted investment price risk

Investments are managed by professional fund managers in line with the Hospital's Investment Policy which aims to balance risk and return effectively by placing limits on the amounts invested in different assets; risk is positively managed through diversification across asset types and geographies. The policy is reviewed annually by the Advisory Panel, with the objective of safeguarding the Hospital's investment assets and maximising total return from the assets.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Hospital. The Hospital is exposed to credit risk in respect of its cash deposits and rent receivables.

Travers Foundation

At 31.03.2015, cash deposits were invested with banks of sound credit standing of at least Standard & Poor's A-2 rating.

Rent receivables consist of amounts due from a large number of tenants, spread across diverse residential and commercial sectors. Procedures are in place to check the financial standing of all new counterparties before commencement of tenancies. An active credit control policy is applied to the management of rent arrears.

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