

# Greenwich Hospital and Travers Foundation Accounts 2010-2011

# Greenwich Hospital and Travers Foundation Accounts 2010-2011

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

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# Greenwich Hospital

## Administrative information

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# Greenwich Hospital

## Annual report - Greenwich Hospital and Travers Foundation

### Introduction

Greenwich Hospital was established by Royal Charter in 1694 as a home for retired seamen and to provide support for their widows and education for their children. To support its charitable objectives the Hospital seeks to maximise the return on investments and to provide the funds to meet the commitment to pay annuities and grants; to devote funds to the education of seafarers' children, especially through paying bursaries at the Royal Hospital School which was founded in Greenwich in 1712 and moved to Holbrook, near Ipswich; to sustain provision of sheltered housing for elderly seafarers and their spouses in Greenwich, Portsmouth and Plymouth and to make donations to other naval charities.

The Travers Foundation was created by Act of Parliament in 1892 for the payment of pensions to retired Lieutenants of the Royal Navy. In accordance with Section 21 of the Armed Forces Act 1976, the Foundation's Accounts are shown separately, although no pensions are currently paid. Surplus income from the Foundation can be applied for the general purposes of Greenwich Hospital.

### Governance

Greenwich Hospital is a Crown body which in meeting the requirements of its Royal Charter operates as a charity. The constitution of Greenwich Hospital is set out in the Royal Charter of 1694 which has the force of law and its charitable objects are governed by the subsequent Greenwich Hospital Acts 1865-1996.

HMRC treats Greenwich Hospital as a charity and thus the Hospital is not liable either to income tax on its investment income or to stamp duty land tax. 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 (Transfers of Function Act) 1964, who 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).

### Organisational structure

Since 1964, the sole trustee of Greenwich Hospital has been the Secretary of State for Defence, who delegates his trusteeship duties to the Parliamentary Under Secretary of State (USoS) who administers Greenwich Hospital affairs through the Admiralty Board. The Director of Greenwich Hospital is responsible by virtue of a directive from the Second Permanent Under Secretary 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 of Greenwich Hospital is assisted in his duties by a management Advisory Board and investment Advisory Panel which offer professional and expert guidance. Both bodies are purely advisory. Responsibility in law remains vested with the Secretary of State and day-to-day responsibility rests with the Director.

### Public benefit statement

The Hospital delivers public benefit in accordance with its Royal Charter through 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 amenities. The beneficiaries include serving and retired members of the Naval Service, their widows or widowers, their children and, in the case of the Royal Hospital School, also their grandchildren and the children and grandchildren of the UK Merchant Navy.

The Hospital has taken account of the Charity Commission's general guidance on public benefit when reviewing the Hospital's aims and objectives and in planning future activities and setting the grant making policy for the year.

### Social matters

Through the Hospital's charitable objects it seeks to promote social inclusion over and above the normal equality and diversity issues through the support given to the Royal Naval Charities. The Hospital assists seafarers and their dependants from being excluded from society or parts of society as a result of such factors as unemployment, financial hardship, youth or old age, family breakdown, housing, ill health, education; and other grounds of discrimination or hardship.

### Employment

The Hospital values the diversity of its workforce and upholds equal opportunities and has maintained employment policies to ensure that staff or applicants for posts are not discriminated against on the grounds of gender, marital status, sexual orientation, race, colour, nationality, ethnic or national origin, religion, belief, disability or age.

# Greenwich Hospital

## Environmental matters

The Hospital is committed to reducing its impact on the environment by improving the environmental performance of its operations in a continuous and sustainable manner. Typically the HQ staff are encouraged to use public transport both for commuting and the occasions when other travel is required for business reasons. Paper usage and other consumables are husbanded carefully to minimise overheads in addition to addressing the environmental issues. Normal recycling is the responsibility of the Landlord's Agent.

At the Royal Hospital School there is on site provision of teaching staff housing at affordable rates minimising the need for the use of private and public transport, and subsidised coach transport is provided for the collective travel of day pupils. As a major school of some 650-700 pupils recycling is routine practice and pupil and staff awareness of the need for conservation and protection of the environment is promoted. In conjunction with the Woodland Trust the Hospital has supported the establishing of the Trafalgar woods. Likewise in managing our estates environmental awareness and protection is encouraged through our Agents.

## Risk Management

The Hospital views risk management as an active part of the management processes and operates a system of risk identification, assessment, addressing, reviewing and reporting. The Statement on Internal Control contains further details.

## Policies

### Reserves policy

The aim of the Hospital is to maintain sufficient reserves to continue to be self-funding in perpetuity. Accordingly the Director and Advisory Board review the level of reserves annually in the light of the Hospital's charitable commitments and any major projects that may be in contemplation.

The Hospital is considering introducing the practice of designating funds for specific purposes so that unexpected gains and windfalls can be set aside to meet additional requests from our charitable partners and capital projects. Restricted funds represent monies received from parents of pupils at the RHS and by way of gifts and legacies where the use of the funds is limited by specific conditions.

### Investment policy and objectives

The Hospital's portfolios are managed by property agents and investment managers. Discretion has been given to them to manage the portfolios having regard to income and expenditure targets and benchmarks which are set and regularly reviewed by the Advisory Panel. The Hospital's asset allocation is intended to maintain income with a relatively low volatility in capital values.

The Hospital's direct property investments are predominantly commercial, residential and agricultural holdings in Greenwich, Northumberland and Holbrook. Agents are required to maximise rental income and minimise expenditure. Asset management initiatives are encouraged to further this aim.

The objective for quoted investments is: "To generate a sufficient return from the portfolio so as to be able to fund, principally out of income, its charitable outputs and to grow them in future years at least in real terms, whilst at the same time seeking at least real growth in the capital value of the portfolio over the longer term".

The above mentioned investment objective is to be achieved by prudently investing in a broad range of equities and fixed interest securities which are quoted on a recognised investment exchange, in UCITS Funds (a fund 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 investments will be made in alternative asset classes, such as Hedge Funds, Private Equity Funds or other investments which are not quoted or authorised as above.

### Grant making policy

The Hospital delivers its charitable outputs in accordance with its Royal Charter for public benefit through dispensing block grants to Naval charities and bursary awards at the Royal Hospital School. The charitable funds are derived from the income from investments and the grants are determined through an assessment of demand, need, priority and affordability. With effect from financial year 2010-11 onwards the majority of its grant aid for Naval benevolence will be made through the The Royal Navy and Royal Marines Charity (RNRMC).

RNRMC was established as a charitable company to rationalise over 60 internal Naval Charities embracing, amenities, sport, prizes, benevolence, death in service grants and progressively to encourage the independent external charities to join the RNRMC to provide a single focus for Naval Charity.

The Hospital will also continue to make direct grants to other naval charities or individuals within its objects where the RNRMC is not an appropriate conduit for such charitable output.

Grants, annuities, bursaries and other charitable donations are considered to be binding obligations when they are notified to recipients following approval of the budget for the next financial year. Whilst the Hospital will use its best endeavours to meet such obligations, no awards are considered to be binding obligations for subsequent years as they will be subject to the availability of income and capital. Grants and bursaries are also means tested and the values may fluctuate from financial year to financial year or within a financial year.

# Greenwich Hospital

## Review of achievements and performance - Greenwich Hospital and Travers Foundation

### Our aims and objectives

The Hospital's charitable aims are still those set out in its original charter of 1694 which are as follows:

*"The reliefe and support of seamen serving onboard the shipps or vessels belonging to the Navy Royall who by reason of Age, Wounds or other disabilities shall be uncapable of further service at sea and being unable to maintain themselves.*

*And for the sustenation 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"*

The Hospital fulfils these aims through the support given to its beneficiaries who are today the serving and retired members of the Naval Service, their spouses, widows(ers) and children. At the Royal Hospital School, support is also given to the grandchildren of retired members of the Royal Navy and the children and grandchildren of the Merchant Navy.

To achieve its aims, the Hospital has four ongoing objectives: funding annuities and pensions for former Naval Service personnel and their widows which are primarily administered by other naval charities; provision of sheltered housing to elderly seafarers and their spouses at one of the Hospital's three sheltered housing schemes at Portsmouth, Saltash and Greenwich; supporting education through the granting of bursaries, primarily at the Royal Hospital School in Holbrook; and making major grants to other naval charities which have compatible aims and objectives.

The Hospital will continue to work towards the future strategic aims of increasing direct support to naval charity and to move the Royal Hospital School towards greater legal and financial independence.

### Financial Review

I am pleased to report that Greenwich Hospital has again maintained the broader charitable support that it provides and this year has achieved a significant increase in the total support given to Royal Navy charities. The Statement of Financial Activities for the year shows a net surplus of £185k (2009-10 £506k). The principal sources of income were rental income on investment property and returns on our financial investments. We were satisfied with the returns from our managing agents. The net movement in funds was an increase in the net assets of £11,657k as a result of growth in the stock markets and the revaluation of the investment property.

### Royal Hospital School

The long running strategy of the Royal Hospital School to achieve greater financial viability with less reliance on support from Greenwich Hospital is continuing. The School's Senior Management Team and Board of Governors continuously review the School's strategic planning in order to attract more full fee paying pupils. The School's pupil population for the Spring Term 2011 was 692 of which 140 were day pupils and 177 were full-fee paying boarders. 187 were supported by Greenwich Hospital bursaries or discounts and 175 were the children of serving armed forces personnel in receipt of Continuity of Education Allowance. For the academic year 2010-11 the Hospital awarded 20 new bursaries and 12 new discounts.

The Hospital will continue to control the value of bursary funding and discounts each year in order to reduce its overall financial contribution to the School. For 2010-11 the Hospital funded bursaries and discounts for the children and grandchildren of seafarers to the value of £2,953k (2009-10 £3,664k). This amount will gradually decline over the next 5 years.

The Hospital also continues to meet some of the day-to-day capital and running costs of the school which means its overall contribution, excluding bursaries, for 2010 -11 was £1,244k (2009-10 £760k). Depreciation of £1,166k (2009-10 £1,058k) is included in this amount.

The programme of refurbishing the boarding houses and boarding house staff accommodation is now complete with the final house opened in September 2010. The refurbishment programme fully refurbished six of the boarding houses, created two junior houses and one day house. Two houses have not been refurbished in this programme – the sixth form house which was fully refurbished a few years prior to the start of this project and one other house which has been deferred pending clarification of future requirements and availability of funding. In 2010-11 the Hospital provided the final amount of £1,599k (2009-10 £3,215k) towards the overall building programme of £18m.

The Royal Hospital School Enterprises Limited company generated £120k (FY 2009-10 £107k) for the unrestricted benefit of the School.



# Greenwich Hospital

## **Grants and pensions**

In 2010-11 the Hospital gave support totalling £2,401k mostly via the Royal Navy and Royal Marines Charity, to The Royal Naval Benevolent Trust, The Royal Navy and Royal Marines Children's Fund, the Marine Society and Sea Cadets, and a number of other smaller Royal Naval and Tri-Service charities. This funded, inter alia, some 1300 weekly 'Jellicoe' pensions to needy former RN and RM non-commissioned seafarers or their widows; grants to individuals; death grants; subsidy for residential care; special needs education; child care provision; and sea training facilities for youngsters. This sum reflects the continuing growth in the Hospital's direct support of Naval charity. It is the Hospital's intention to increase this sum year on year, subject to the availability of funds.

Within that sum the Hospital continued to fund legal and professional fees for the rationalising of Naval charities under the umbrella of the Royal Navy and Royal Marines Charity (RNRMC) and the employment costs of the RNRMC's CEO, in accordance with the Admiralty Board's directive; these totalled £130k in 2010-11.

## **Travers Foundation**

The Travers Foundation was created by Act of Parliament in 1892 for the payment of pensions to retired Lieutenants of the Royal Navy. In accordance with Section 21 of the Armed Forces Act 1976, the Foundation's Accounts are shown separately, although no pensions are currently paid. Surplus income from the Foundation can be applied for the general purposes of Greenwich Hospital.

Income of £38k (2009-10 £43k) was generated from rental income and returns on financial investments. The net movement in funds was an increase in the net assets of £319k. The net income of the Foundation is available to the Hospital.

## **Data Security**

During 2010-11 there were no incidents reported that have resulted in the unauthorised disclosure of protected personal data.

## **Future Plans**

In January 2011 the Secretary of State for Communities and Local Government granted planning consent for the regeneration of the Hospital's core properties in Greenwich Market. Throughout 2011 the project team will be refining the plans and costs in order to assess the viability of the scheme. In addition, options for funding the development will be considered. It is anticipated that a decision on how to proceed with the regeneration will be made towards the end of 2011.

The Royal Hospital School will continue to develop its academic standards, fundraising programmes and governance, with a view to achieving best practice in governance in line with other independent HMC schools, and a significant degree of legal and financial independence from Greenwich Hospital by 2015.

## **Statement as to Disclosure of Information to Auditors**

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

*M J Sands*  
Director of Greenwich Hospital

8 July 2011

# Greenwich Hospital

## Statement of Trustee's and Director's responsibilities

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 2ndPUS 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 Greenwich Hospital and submitting them for audit. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of Greenwich Hospital and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

## Statement on Internal Control

### Scope of responsibility

As Accounting Officer, I am responsible for maintaining an effective system of internal control that supports the achievement of the policies, aims and objectives of Greenwich Hospital, whilst safeguarding the funds and assets.

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve the policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Greenwich Hospital for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts, and in accordance with the Director of Greenwich Hospital's directive from Second Permanent Under Secretary.

### Capacity to handle risk

A Risk Register is maintained which identifies the key risks and with a small HQ organisation the Senior Management Team maintains and regularly reviews the business wide risk register in conjunction with the annual Management Plan as an alternative to internal audit reviews. The Hospital also undertakes management validation. The Head of Strategic Development is the custodian of the Risk Register and the Management Plan.

On 28 March 2011, Greenwich Hospital accepted a Crown Censure from the Health and Safety Executive (HSE) following the HSE's investigation into a climbing incident at the Royal Hospital School on 3 March 2009 in which a pupil was injured.

The School has accepted that the standards for this activity fell below those required by Health and Safety at Work etc. Act 1974 and has taken rigorous action to remedy those deficiencies.

Following the accident, the School immediately suspended all such activities pending a comprehensive review of Health and Safety procedures with the aim of ensuring that such activities could continue to be offered whilst maintaining the safety of its pupils.

### The risk and control framework

The Senior Management Team meets monthly to consider the current budgetary position, management planning and associated risks. An independent Advisory Panel is appointed to formulate Greenwich Hospital's investment policy and to monitor its implementation, with the objective of safeguarding the Hospital's investment assets and of maximising return. The Admiralty Board is also supported by an Advisory Board, chaired by Second Sea Lord which advises on the broad range of Greenwich Hospital business.

# Greenwich Hospital

As the Hospital HQ is not co-located with the Royal Hospital School, responsibility for ensuring compliance with Health and Safety legislation is delegated to the Headmaster, albeit that the School has no separate legal identity from the Hospital which ultimately bears the legal responsibility: the Director of the Hospital is automatically informed of incidents involving Health and Safety. Auditors (Larking Gowen) were appointed to report to the Director about the results of the School at year end. The Director is an ex officio governor of the School and sits on the main board of governors and also sits on the Education, Finance, Property, Remuneration and Strategic Development Sub Committees.

The awards of grants and annuities to naval charities are formally notified to the charities by letter noting any specific breakdown reflected in the bid, following screening of the bids and approval of the budget by the Advisory Board. Charities are required to render to Greenwich Hospital the audited Accounts and Annual Review in which formal acknowledgement of the grants and annuities are recorded. In FY2010-11 grants and annuities will be channelled via the Royal Navy & Royal Marines Charity (RNRMC) and will be governed by a formal Memorandum of Understanding covering the detailed processes and audit trail requirements.

Operation of the three Sheltered Housing Schemes is outsourced to the Church of England Soldiers' Sailors' and Airmen's Clubs (CESSAC) and that organisation is responsible for overseeing health and safety issues. Routine meetings are held with CESSAC to review operation of the Schemes. Auditors (Jones Avens) were appointed to report to the Director on the results of the Schemes at year end.

## Review of the effectiveness

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 at Greenwich Hospital.

*M J Sands*  
Director of Greenwich Hospital

8 July 2011

# Greenwich Hospital

## 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 31st March 2011 under the Greenwich Hospital Act 1865. These 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 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 circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustee and Director; 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. 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 Greenwich Hospital's and the group's affairs as at 31st March 2011 and of the incoming resources and application of resources of the group for the year then ended;
- 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 Annual Report and the Review of Achievements and Performance for the financial year for which the financial statements are prepared is consistent with the financial statements.

# Greenwich Hospital

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

## Report

I have no observations to make on these financial statements.

*Amyas C E Morse*  
Comptroller and Auditor General

14 July 2011

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London  
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# Greenwich Hospital

## Statement of Financial Activities for the year ended 31 March 2011

	Note	Unrestricted Funds £'000	Restricted Funds £'000	<b>Total funds 2010-11 £'000</b>	Total funds 2009-10 £'000
<b>Incoming resources</b>					
<b>Investment income</b>					
Property	3	6,849	-	<b>6,849</b>	6,100
Investments	4	4,591	-	<b>4,591</b>	4,419
Bank interest receivable		26	-	<b>26</b>	140
<b>Incoming resources from charitable activities</b>					
Royal Hospital School	5	10,108	907	<b>11,015</b>	9,705
Sheltered housing		429	-	<b>429</b>	402
<b>Other income</b>		22	-	<b>22</b>	173
<b>Total incoming resources</b>		<b>22,025</b>	<b>907</b>	<b>22,932</b>	<b>20,939</b>
<b>Resources expended</b>					
<b>Investment costs</b>					
Property	3	4,044	-	<b>4,044</b>	2,810
Investments	4	280	-	<b>280</b>	263
<b>Costs of charitable activities</b>					
Royal Hospital School	5	13,538	934	<b>14,472</b>	13,659
Sheltered housing		552	-	<b>552</b>	508
Grants, pensions and donations	7	2,401	-	<b>2,401</b>	2,305
<b>Total resources expended</b>		<b>20,815</b>	<b>934</b>	<b>21,749</b>	<b>19,545</b>
<b>Headquarters administration</b>	8	998	-	<b>998</b>	888
<b>Net incoming resources before transfers and other recognised gains and losses</b>		<b>212</b>	<b>(27)</b>	<b>185</b>	<b>506</b>
<b>Other recognised gains/(losses)</b>					
Disposal of investment properties		131	-	<b>131</b>	396
Disposal of quoted investments		582	-	<b>582</b>	626
Revaluation of investment properties	13	9,245	-	<b>9,245</b>	16,046
Revaluation of quoted investments	14	(56)	-	<b>(56)</b>	17,196
Interest on pension liability	18	(1,036)	-	<b>(1,036)</b>	(911)
Change in indexation on pension liability	18	1,500	-	<b>1,500</b>	-
Actuarial gain/(loss) on pension scheme	18	1,106	-	<b>1,106</b>	(2,222)
<b>Net movement in funds</b>		<b>11,684</b>	<b>(27)</b>	<b>11,657</b>	<b>31,637</b>
Total funds brought forward at 1 April 2010		229,572	487	<b>230,059</b>	198,422
<b>Total funds carried forward at 31 March 2011</b>		<b>241,256</b>	<b>460</b>	<b>241,716</b>	<b>230,059</b>

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

The notes on pages 13 to 27 form part of these accounts.

# Greenwich Hospital

## Balance Sheet as at 31 March 2011

	Note	2011 £'000	2010 £'000
<b>Fixed assets</b>			
Charitable property	10	35,702	34,764
Other tangible assets	11	1,627	1,528
		<u>37,329</u>	<u>36,292</u>
Investment property	13	138,530	127,547
Quoted investments	14	76,425	79,129
		<u>214,955</u>	<u>206,676</u>
<b>Investment in subsidiary</b>	6	-	-
<b>Total fixed assets</b>		<u>252,284</u>	<u>242,968</u>
<b>Current assets</b>			
Debtors	15	2,785	2,677
Short term deposits	16	1,512	4,009
Cash at bank and in hand	16	5,412	2,196
		<u>9,709</u>	<u>8,882</u>
<b>Current liabilities (amounts falling due within one year)</b>	17	(3,353)	(3,274)
<b>Net current assets</b>		<u>6,356</u>	<u>5,608</u>
<b>Total assets less current liabilities</b>		258,640	248,576
Pension provision	18	(16,924)	(18,512)
Other provision	22	-	(5)
<b>Net assets including pension liability</b>		<u>241,716</u>	<u>230,059</u>
<b>Funds</b>			
Unrestricted funds	21	241,256	229,572
Restricted funds	21	460	487
		<u>241,716</u>	<u>230,059</u>

The cash flow statement on page 12 and notes on pages 13 to 27 form part of these accounts.

M J Sands  
Director of Greenwich Hospital

8 July 2011

# Greenwich Hospital

## Cash Flow Statement for the year ended 31 March 2011

	Note	2010-11 £'000	2009-10 £'000
<b>Net cash flow from operating activities</b>			
Net incoming resources		185	506
Movement of pension liability during the year		(18)	(98)
Depreciation		1,324	1,212
(Profit)/loss on sale of tangible fixed assets		(17)	(24)
Decrease/(Increase) in debtors		(108)	(338)
(Decrease)/Increase in creditors		79	(549)
Decrease in other provision		(5)	(5)
		<u>1,440</u>	<u>704</u>
<b>Charitable capital expenditure</b>			
Payments to acquire or improve property	10	(1,858)	(2,967)
Payments to acquire other tangible fixed assets	11	(518)	(738)
Receipts from sale of other tangible fixed assets		32	41
		<u>(2,344)</u>	<u>(3,664)</u>
<b>Non charitable capital and financial investment expenditure</b>			
Payments to acquire or improve property	13	(2,155)	(2,747)
Receipts from sale of property and other capital receipts		548	816
Payments to acquire investments	14	(72,060)	(31,474)
Receipts from sale of investments		75,290	29,985
		<u>1,623</u>	<u>(3,420)</u>
<b>Movement in liquid resources</b>			
		<u>719</u>	<u>(6,380)</u>
(Decrease)/Increase in short term deposits	16	(2,497)	(3,991)
(Decrease)/Increase in cash	16	3,216	(2,389)
		<u>719</u>	<u>(6,380)</u>

The notes on pages 13 to 27 form part of these accounts.



# Greenwich Hospital

## Notes to the Accounts for the year ended 31 March 2011

### 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 decision has been taken to implement, over a number of years, the underlying principles of the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005). As part of Greenwich Hospital's continuing implementation of SORP 2005, the notes relating to headquarters administration and movement in funds have been modified this year. This is a change in presentation and has not resulted in any change to the figures presented. Full compliance with SORP 2005 is continuing to be phased in so far as the requirements are considered to be appropriate to the circumstances of the Hospital without limiting the information given.

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. Greenwich Hospital has not met the accounting and disclosure requirements of the SORP 2005, Companies Act and accounting standards issued or adopted by the Accounting Standards with respect to:

Review of achievement and performance;

- Disclosure of performance against creditor terms and Greenwich Hospital's policy.
- Disclosure of relationships with key stakeholders.

Note 6 to the accounts discloses the results for the Royal Hospital School Enterprises Limited. As the subsidiary is not material to the group, consolidation is not required as per SORP 2005.

#### *b 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 2011 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.

Buildings held for charitable purposes are recorded at cost less accumulated depreciation and are reviewed annually for impairment.

Other fixed assets, with the exception of works of art and artefacts, are shown at original cost (estimated where necessary). Assets costing less than £1,000 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 National Maritime Museum (NMM). There is a formal deed of agreement between GH and the NMM dated 23 April 1936, which provides for the loan of specified items from the Greenwich Hospital collection to the Museum and for the Museum to be fully responsible for their care. These include many of 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 and rewards of ownership from this collection.

In addition, the Hospital holds some other heritage assets. A valuation was made by professional valuers (Sotheby's) covering the whole of the Hospital's collection in 2001. As 96% by value of the assets are on loan, the Hospital considers the remainder of the assets to be immaterial. The valuation is considered unreliable because of its age and the Hospital considers that the costs to revalue these assets would be onerous compared with the additional benefits derived by the Hospital and users of the accounts. As a result, no value is reported for these assets in the Hospital's Balance Sheet.

Such items are not depreciated or revalued as a matter of routine.

The Hospital's management policy in respect of its heritage assets is summarised in note 12.

# Greenwich Hospital

## Accounting policies (continued)

### *d 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.

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

### *e Lease premiums*

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.

### *f 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.

### *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 balance sheet valuation or cost if purchased during the year.

### *h Cash and bank*

The Hospital maintains a bank account with the Government Banking Service (previously Paymaster General) in accordance with the provisions of the Greenwich Hospital Act 1865 and also maintains a number of current and deposit accounts with HSBC Bank plc.

### *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, 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 non-contributory pension scheme to provide retirement and related benefits to all eligible employees. The scheme is analogous to that of the Principal Civil Service Pension Scheme and Greenwich Hospital is responsible for paying pensions to retired employees other than teachers. Teaching staff at the Royal Hospital School are members of the Teachers' Superannuation Scheme, the nature of this scheme is set out in note 18.

### *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.

# Greenwich Hospital

## 2 Summary of resources for the year ended 31 March 2011

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 10 of these accounts.

	Note	2010-11 £'000	2009-10 £'000
<b>Incoming resources</b>			
Net income from property	3	2,805	3,290
Net income from investments	4	4,311	4,156
Bank interest receivable		26	140
Other income		22	173
<b>Total incoming resources</b>		<b>7,164</b>	<b>7,759</b>
<b>Resources expended</b>			
Net Royal Hospital School expenses	5	3,457	3,954
Net sheltered housing expenses		123	106
Grants, pensions and donations	7	2,401	2,305
<b>Net resources expended</b>		<b>5,981</b>	<b>6,365</b>
<b>Headquarters administration costs</b>	8	<b>998</b>	<b>888</b>
<b>Net incoming resources before transfers and other recognised gains and losses</b>		<b>185</b>	<b>506</b>
<b>Gain/(loss) on realisation of assets</b>			
Investment properties		131	396
Quoted investments		582	626
<b>Gain/(loss) on revaluation of assets</b>			
Investment properties	13	9,245	16,046
Quoted investments	14	(56)	17,196
<b>Other recognised gains/(losses)</b>			
Interest on pension liabilities	18	(1,036)	(911)
Change in indexation on pension liability	18	1,500	-
Actuarial gain/(loss) on pension scheme	18	1,106	(2,222)
<b>Net movement in funds</b>		<b>11,657</b>	<b>31,637</b>
Balance at 1 April 2010		230,059	198,422
<b>Total fund balances at 31 March 2011</b>		<b>241,716</b>	<b>230,059</b>

# Greenwich Hospital

<b>3 Net rental income</b>	<b>Income</b>	<b>Expenditure</b>	<b>Surplus</b>	<b>Surplus</b>
	<b>£'000</b>	<b>£'000</b>	<b>2010-11</b>	<b>2009-10</b>
			<b>£'000</b>	<b>£'000</b>
Greenwich estate	5,007	3,639	1,368	1,768
Northern estates	603	290	313	323
Holbrook estate	159	97	62	87
London property	118	1	117	117
Pollen estate	853	9	844	885
Property unit trust	109	8	101	110
<b>Total</b>	<b>6,849</b>	<b>4,044</b>	<b>2,805</b>	<b>3,290</b>
<b>4 Income from investments</b>			<b>2010-11</b>	<b>2009-10</b>
			<b>£'000</b>	<b>£'000</b>
UK equities			2,568	2,278
Overseas investments			883	771
Reade Accumulation fund			115	112
UK fixed interest			1,022	1,236
Cash instruments			3	22
<b>Total income from investments</b>			<b>4,591</b>	<b>4,419</b>
Less: Investment managers' fees			(280)	(263)
<b>Net income from investments</b>			<b>4,311</b>	<b>4,156</b>
<b>5 Royal Hospital School</b>		Note	<b>2010-11</b>	<b>2009-10</b>
			<b>£'000</b>	<b>£'000</b>
<b>Income</b>				
School fees			12,351	12,182
Less: Bursaries paid by Greenwich Hospital			(2,953)	(3,664)
Incidental charges			337	261
Supplementary income			196	213
Income from lettings and hire of facilities			57	54
Restricted funds			907	395
Legacy received			-	157
Gift aid donation from Royal Hospital School Enterprises Limited		6	120	107
			<b>11,015</b>	<b>9,705</b>
<b>Expenditure</b>				
Teachers' salaries			4,798	4,555
Support staff salaries			3,362	3,200
Academic			1,560	1,632
Premises and facilities			1,748	1,934
Administration			725	662
Depreciation			1,166	1,058
Restricted funds			934	405
Supplementary expenses			179	213
			<b>14,472</b>	<b>13,659</b>
<b>Excess of expenditure over income</b>			<b>3,457</b>	<b>3,954</b>

Supplementary income comprises monies paid by parents for sundry expenses incurred by or on behalf of pupils, which are reflected in supplementary expenses.

# Greenwich Hospital

## 6 Royal Hospital School Enterprises Limited

Royal Hospital School Enterprises Limited was incorporated on 31 March 2008 to take over the non-charitable 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	2010-11 £'000	2009-10 £'000
<b>Income</b>			
Summer lettings		170	153
Catering income		13	21
Income from hire of facilities		24	10
Other income		3	7
		<u>210</u>	<u>191</u>
<b>Expenditure</b>			
Catering costs		11	19
Summer letting catering costs		74	60
Accountancy		1	2
Audit fees		2	2
Administration		2	1
		<u>90</u>	<u>84</u>
Gift aid donation	5	120	107
		<u>-</u>	<u>-</u>
<b>Surplus for the period</b>			
Cash		125	108
Debtors		6	3
Stock		2	-
Creditors: amounts falling due within one year		(133)	(111)
		<u>-</u>	<u>-</u>
<b>Total assets less current liabilities</b>			
<b>Capital and reserves</b>			
Share capital			
<b>Authorised</b>			
100 Ordinary shares of £1 each			
<b>Allotted, called up and fully paid</b>			
1 Ordinary share of £1 each			
		<u>-</u>	<u>-</u>

Total assets less current liabilities are £1 and below the £1k rounding threshold.

## 7 Grants, pensions and donations

The Royal Navy and Royal Marines Charity (RNRMC) was established as a charitable company to rationalise over 60 internal Naval Charities embracing, amenities, sport, prizes, benevolence, death in service grants and progressively to encourage the independent external charities to join the RNRMC to provide a single focus for Naval Charity. To date some 88 charities are now under the umbrella of the RNRMC resulting in a saving on administrative and governance costs and improved investment performance.

On 1 April 1983 the Admiralty Board agreed proposals for the Hospital to assist the Royal Naval Benevolent Trust (RNBT) by providing grants to fund the Jellicoe annuities.

Other donations included £18k to funding the work of the World Heritage Site Steering Group, £500 to the Charity Tax Group and £500 towards defraying the costs of the Annual Seafarers Service at St Paul's Cathedral.

# Greenwich Hospital

7 Grants, pensions and donations (continued)	2010-11 £'000	2009-10 £'000
<b>Assistance to RNRMC, RNRMC constituent naval charities and Tri Service charities</b>		
RNRMC Naval and Tri Service Charities	358	132
RNRMC CEO Salary and legal fees	130	102
<b>Annuities</b>		
Jellicoe Annuities	936	811
<b>Assistance to Independent naval charities</b>		
Royal Naval Benevolent Trust (RNBT)	341	452
Royal Navy & Royal Marines Children's Fund (RN&RMCF)	430	590
Royal Sailors' Rests (RSR)	-	35
Women's Royal Naval Service Benevolent Trust (WRNSBT)	80	62
<b>Miscellaneous grants and donations</b>		
Sea Cadets	100	100
Educational Grants	7	1
Other Donations	19	20
	<b>2,401</b>	<b>2,305</b>

8 Headquarters administration	2010-11 £'000	2009-10 £'000
Salaries	615	602
Audit fee	32	27
Professional, legal and consultancy fees	105	73
Depreciation	27	29
Office expenses	219	157
	<b>998</b>	<b>888</b>

## Support cost allocation

For the purpose of the analysis of activity by objective, Headquarter cost have been allocated as follows:

Objective	Basis of allocation					Total
		Education £'000	Sheltered Housing £'000	Benevolence £'000	Governance £'000	2010-11 £'000
Salaries	Staff time	215	30	62	308	615
Audit fee	Activity	-	-	-	32	32
Professional fees	Activity	35	6	-	64	105
Depreciation	Staff time	9	1	3	14	27
Office expenses	Staff time	77	10	22	110	219
Total at 31 March 2011		<b>336</b>	<b>47</b>	<b>87</b>	<b>528</b>	<b>998</b>
Total at 31 March 2010		<b>315</b>	<b>44</b>	<b>89</b>	<b>440</b>	<b>888</b>

# Greenwich Hospital

<b>9 Staff costs</b>	<b>2010-11</b>	2009-10
	<b>£'000</b>	£'000
Salaries and wages	7,379	7,109
Social security costs	570	505
Pension costs	1,105	1,026
	<b><u>9,054</u></b>	<b><u>8,640</u></b>

Composed of:

Royal Hospital School	8,160	7,755
Headquarters administration	615	602
Sheltered housing	77	68
Northern estates	52	49
Greenwich estate	150	166
	<b><u>9,054</u></b>	<b><u>8,640</u></b>

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

	<b>2010-11</b>	2009-10
£60,000 to £69,999	8	9
£70,000 to £79,999	4	2
£100,000 to £109,999	1	1
£120,000 to £129,999	1	-

The average monthly number of staff (full time equivalent) were as follows:

Royal Hospital School	222	217
Headquarters administration	13	13
Sheltered housing	3	3
Northern estates	2	2
Greenwich estate	5	3
	<b><u>245</u></b>	<b><u>238</u></b>

The remuneration of the Director of the Hospital, M J Sands was as follows:

	<b>2010-11</b>	Restated 2009-10
	£	£
Salary	70,987	70,987
Employer's pension cost	15,475	12,896
	<b><u>86,462</u></b>	<b><u>83,883</u></b>

Martin Sands, as the Director was entitled to pension benefits under the Hospital's contracted out non-contributory defined benefit scheme (see Note 1). The Director joined the scheme in June 2009. The Cash Equivalent Transfer Value (CETV) as at 31 March 2011 was £46,223 (31 March 2010 £20,050). The Director did not receive any benefits in kind.

The Trustee of the Hospital and the members of the Advisory Panel and Board are not remunerated.

The prior year figure for Employer's pension cost has been restated to reflect the employer's cost and not employee's cost.

# Greenwich Hospital

## 10 Charitable property

	Royal Assets under construction £'000	Hospital Freehold land and buildings £'000	School Total £'000	Sheltered Housing £'000	Total £'000
Cost at 1 April	268	33,802	34,070	6,729	40,799
Additions	-	1,858	1,858	-	1,858
Transfer	(268)	268	-	-	-
Cost at 31 March	<u>-</u>	<u>35,928</u>	<u>35,928</u>	<u>6,729</u>	<u>42,657</u>
Depreciation at 1 April	-	4,827	4,827	1,208	6,035
Charge for the year	-	804	804	116	920
Depreciation at 31 March	<u>-</u>	<u>5,631</u>	<u>5,631</u>	<u>1,324</u>	<u>6,955</u>
<b>Net book value at 31 March 2011</b>	<u>-</u>	<u>30,297</u>	<u>30,297</u>	<u>5,405</u>	<u>35,702</u>
Net book value at 31 March 2010	<u>268</u>	<u>28,975</u>	<u>29,243</u>	<u>5,521</u>	<u>34,764</u>

The Royal Hospital School occupies approximately 150 acres of the Holbrook Estate. The School has been valued by Strutt & Parker LLP, an independent firm of valuers at £43m as at 31 March 2011, on the basis of its existing use. The carrying value of the School has not been updated, following the annual review for impairment.

The sheltered housing schemes (Greenwich Court, Portsmouth; Greenwich Place, Saltash; and Trafalgar Quarters, Greenwich) are being administered on behalf of Greenwich Hospital by the Church of England Soldiers' Sailors' and Airmen's Clubs (a Church of England charity). The properties are shown at cost.

## 11 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	262	1,807	340	372	590	3,371
Additions	24	245	3	54	192	518
Disposals	(59)	-	(17)	(42)	(14)	(132)
Cost at 31 March	<u>227</u>	<u>2,052</u>	<u>326</u>	<u>384</u>	<u>768</u>	<u>3,757</u>
Depreciation at 1 April	169	808	182	298	386	1,843
Charge for the Year	19	228	32	63	62	404
Released on Disposal	(58)	-	(3)	(53)	(3)	(117)
Depreciation at 31 March	<u>130</u>	<u>1,036</u>	<u>211</u>	<u>308</u>	<u>445</u>	<u>2,130</u>
<b>Net Book Value at 31 March 2011</b>	<u>97</u>	<u>1,016</u>	<u>115</u>	<u>76</u>	<u>323</u>	<u>1,627</u>
Net Book Value at 31 March 2010	<u>93</u>	<u>999</u>	<u>158</u>	<u>74</u>	<u>204</u>	<u>1,528</u>



# Greenwich Hospital

## 12 Heritage assets not recognised in the balance sheet

Greenwich Hospital owns over 500 works of art and artefacts. In accordance with the provisions of the National Maritime Museum Act 1934, the majority of the collection is on permanent loan to the National Maritime Museum in Greenwich (see note 1). In accordance with FRS30, these assets are not capitalised because the Hospital does not hold any substantial risks and rewards of ownership from this collection.

There has been no acquisitions or disposals of heritage assets during the last five years. Our heritage assets can be split by number and location into the following asset classes;

	Furniture and Clocks	Collectors Items	Sculptures	Paintings	Silver and plated ware	Total
National Maritime Museum	1	90	23	232	50	396
Royal Pavilion Brighton	20	-	-	-	-	20
Old Royal Naval College	42	4	4	6	34	90
Royal Hospital School	2	15	1	35	-	53
Greenwich Hospital headquarters	2	-	-	2	-	4
	<u>67</u>	<u>109</u>	<u>28</u>	<u>275</u>	<u>84</u>	<u>563</u>

Items of note include a painting by Joseph MW Turner on loan to NMM, valued in 2001 at £40m; Collectors' items include the Naval officer's uniform worn by Nelson when he was killed at the Battle of Trafalgar.

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.

## 13 Investment property

	Greenwich Estate £'000	Northern Estates £'000	Holbrook Estate £'000	London Property £'000	Pollen Estate £'000	Property Unit Trust £'000	Total £'000
Valuation at 1 April 2010	73,653	24,258	5,450	2,020	19,918	2,248	127,547
Additions	1,986	164	-	-	5	-	2,155
Disposals	-	(417)	-	-	-	-	(417)
Revaluation	3,429	851	662	-	4,175	128	9,245
<b>Valuation at 31 March 2011</b>	<u><b>79,068</b></u>	<u><b>24,856</b></u>	<u><b>6,112</b></u>	<u><b>2,020</b></u>	<u><b>24,098</b></u>	<u><b>2,376</b></u>	<u><b>138,530</b></u>

At 31 March 2011, the Hospital held a 10.2257% 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 2010 and this has been used as the basis for the value of the Hospital's interest in the estate as at 31 March 2011.

The Hospital's Advisory Panel considers that because the holding in Schroders Exempt Property Unit Trust is managed as an investment in property it should be included in Investment Property rather than Investments.

Other investment property comprises freehold land and buildings and is shown at market value as at 31 March 2011, as approved by the Director based upon valuations provided by the appointed Chartered Surveyors for the estates. The property agents Capita Symonds provided a valuation of the Greenwich Estate, the property agents Smiths Gore provided a valuation of the Northern Estates and Strutt & Parker provided a valuation of the Holbrook Estate. Hunters Property Investment Limited provided a valuation for the London Property. All of the individuals who undertook valuations have the relevant knowledge, skills, qualifications and understanding to competently value the Estates.

The amount reflected as additions to the Greenwich Estate is mainly consultants' fees incurred in connection with the Hospital's proposals for the regeneration of Greenwich Market. These costs are classed as assets under construction and included in the year end value of the estate.

In addition to the above items, Greenwich Hospital also owns the Old Royal Naval College, the Dreadnaught 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. Each operating lease lasts for 150 years from 1998. These buildings are part of the Maritime Greenwich World Heritage Site (UNESCO reference 795).

Greenwich Hospital also owns the King William Pier (known as Greenwich Pier). This 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 2011.

Due to the nature of these assets, and the terms on which they are occupied, their value is considered to be nominal. As such, no value has been ascribed to these assets in these accounts.

# Greenwich Hospital

<b>14 Quoted investments - Available for sale financial assets</b>	<b>2010-11</b>	<b>2009-10</b>
	<b>£'000</b>	<b>£'000</b>
Market value at 1 April 2010	<b>79,129</b>	59,818
Additions at cost	<b>72,060</b>	31,474
Value of investments sold	<b>(74,708)</b>	(29,359)
Unrealised (loss)/gain on revaluation	<b>(56)</b>	17,196
Market value at 31 March 2011	<b>76,425</b>	<b>79,129</b>
	<b>Market value</b>	<b>Market value</b>
	<b>2010-11</b>	<b>2009-10</b>
	<b>£'000</b>	<b>£'000</b>
General fund	<b>53,721</b>	40,125
Global equity fund	<b>16,933</b>	17,658
Reade accumulation fund	<b>2,298</b>	2,660
Royal London Asset Management	-	17,280
HSBC Libor +50	-	1,406
	<b>72,952</b>	<b>79,129</b>
	<b>76,425</b>	<b>79,129</b>

<b>15 Debtors: Amounts falling due within one year</b>	<b>2010-11</b>	<b>2009-10</b>
	<b>£'000</b>	<b>£'000</b>
School fees receivable	<b>58</b>	153
Rents receivable	<b>1,656</b>	1,498
Other debtors	<b>596</b>	583
Amounts due from subsidiary	<b>120</b>	107
Prepayments	<b>355</b>	336
	<b>2,785</b>	<b>2,677</b>

No material balances are held with other government bodies

<b>16 Reconciliation of increase in cash to movement in net funds</b>	<b>2010-11</b>	<b>2009-10</b>
	<b>£'000</b>	<b>£'000</b>
(Decrease)/Increase in short term deposits in the period	<b>(2,497)</b>	(3,991)
(Decrease)/Increase in cash in the period	<b>3,216</b>	(2,389)
Change in net funds resulting from cash flows	<b>719</b>	(6,380)
Net funds at 1 April 2010	<b>6,205</b>	12,585
Net funds at 31 March 2011	<b>6,924</b>	<b>6,205</b>

# Greenwich Hospital

## 16 Reconciliation of increase in cash to movement in net funds (continued)

Analysis of net funds	As at 31 March 2010 £'000	Cash flow £'000	As at 31 March 2011 £'000
Short term deposits	4,009	(2,497)	1,512
Paymaster General	521	90	611
Other accounts and cash in hand	1,228	3,073	4,301
General fund	446	50	496
Global equity fund	1	3	4
	<u>6,205</u>	<u>719</u>	<u>6,924</u>

## 17 Creditors: Amounts falling due within one year

	2010-11 £'000	2009-10 £'000
Trade creditors	346	561
School fees and related amounts received in advance	175	122
Rents received in advance	519	438
Taxation	365	256
Other creditors	1,503	1,295
Accruals	445	602
	<u>3,353</u>	<u>3,274</u>

No material balances are held with other government bodies

## 18 Pension provision

	2010-11 £'000	2009-10 £'000
Balance at 1 April 2010	18,512	15,477
Employee transfer of benefit	-	7
(Decrease)/Increase in provision	(1,588)	3,028
Balance at 31 March 2011	<u>16,924</u>	<u>18,512</u>

Greenwich Hospital has undertaken to provide certain pension provisions to its current and former staff. These benefits are not currently being funded and are provided for out of the Hospital's cash flow. A full actuarial valuation of the liability was carried out as at 31 March 2011 by First Actuarial plc.

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.

	2010-11	2009-10
Discount rate	5.40%	5.60%
Rate of increase in inflation (RPI)	n/a	3.90%
Rate of increase in inflation (CPI)	2.75%	n/a
Rate of increase in salaries	4.40%	4.60%
Revaluation of deferred pensions (non-GMP)	2.15%	3.10%

The scheme is unfunded and therefore provision has been made in the accounts.

# Greenwich Hospital

<b>18 Pension provision (continued)</b>	<b>2010-11</b>	<b>2009-10</b>			
	<b>£'000</b>	<b>£'000</b>			
<b>Analysis of the amounts that have been charged to the SOFA</b>					
Amount that has been charged to operating expenditure - Current service cost	<b>(485)</b>	(414)			
Amount that has been debited to other financial costs - Interest on liabilities	<b>(1,036)</b>	(911)			
<b>Analysis of the amount that has been recognised in the SOFA as actuarial gain/(loss)</b>					
Actuarial gain/(loss) recognised in SOFA	<b>1,106</b>	(2,222)			
<b>Movement of liability during the year</b>					
	<b>2010-11</b>	<b>2009-10</b>			
	<b>£'000</b>	<b>£'000</b>			
Liability at beginning of the year	<b>18,512</b>	15,477			
Current service cost	<b>485</b>	414			
Pension payments made during the year	<b>(579)</b>	(593)			
Employees' contributions	<b>76</b>	74			
Employee transfer of benefit	<b>-</b>	7			
Past service cost	<b>(1,500)</b>	-			
Other financial costs	<b>1,036</b>	911			
Actuarial (gain)/loss	<b>(1,106)</b>	2,222			
Liability at end of the year	<b>16,924</b>	<b>18,512</b>			
<b>History of liability</b>					
	<b>2010-11</b>	<b>2009-10</b>	<b>2008-09</b>	<b>2007-08</b>	<b>2006-07</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Value of scheme liability	<b>16,924</b>	18,512	15,477	14,209	15,008

A small number of members of the Greenwich Hospital pension scheme have chosen the defined contribution option. The employer's contributions were a cash cost to the Hospital for the period. For 2010-11 employer's contributions of £13,827 were paid (2009-10 £12,552). An amount of £1,287 (2009-10 £1,046) was outstanding at the year end.

Teaching staff at the Royal Hospital School are covered by the provisions of the Teachers' Pension Scheme. Contributions are payable to the Teachers Pension Agency. The employer's contributions were a cash cost to the Hospital for the period of these accounts. For 2010-11 the rate was 14.1%. Employer's contributions of £606,563 were payable to the Scheme (2009-10 £548,710).

The Teachers' Pension Scheme is an unfunded multi-employer defined benefit scheme but Greenwich Hospital is unable to identify its share of the underlying assets and liabilities. A full actuarial valuation was carried out by the Government Actuary's Department as at 31 March 2004 and published in November 2006.

In the UK Budget Statement of 22 June 2010, the Chancellor of the Exchequer announced that, with effect from 1 April 2011, the Government would use the Consumer Price Index (CPI) rather than the Retail Prices Index (RPI) for the price indexation of benefits and tax credits; and that this would also apply to public service pensions through the statutory link to the indexation of the Second State Pension.

The change from RPI to CPI for the purposes of uprating index-linked features of post employment benefits has been recognised as a negative past service cost in accordance with FRS17. This accounting treatment has been adopted by all central Government reporting entities where RPI has been used for inflation indexing for many years.

The question of whether, as regards the main public service pensions schemes, there is a legitimate expectation that RPI will be used for inflation indexing is currently before the courts in judicial review proceedings. The Government case is that no legitimate expectation exists and that, in any event, even if there was a legitimate expectation this was overridden by the clear public interest in making very substantial savings at a time when the Government had adjudged that deficit reduction was a fundamental objective for the country. If the Government's case is proven, there would be no change to the accounting treatment adopted in these accounts.

# Greenwich Hospital

<b>19 Operating lease commitments</b>	<b>Land and buildings 2010-11 £'000</b>	<b>Plant and machinery 2010-11 £'000</b>	<b>Land and buildings 2009-10 £'000</b>	<b>Plant and machinery 2009-10 £'000</b>
Operating leases				
within one year	98	71	98	70
in the second to fifth years	104	48	300	107
over five years	-	-	-	-
	<b>202</b>	<b>119</b>	<b>398</b>	<b>177</b>

<b>20 Operating leases as lessor</b>	<b>2010-11 £'000</b>	<b>2009-10 £'000</b>
--------------------------------------	--------------------------	--------------------------

### Investment property

The value of Investment property held for use in operating leases 112,056 105,381

In accordance with our policy on Investment property, no depreciation was charged. - -

The aggregate operating lease rentals receivable in respect of accounting period were 5,887 5,085

### Charitable property

The value of Charitable property held for use in operating leases was 5,405 5,521

Depreciation charged in year on these assets was 116 115

The aggregate operating lease rentals receivable in respect of accounting period were 219 219

## 21 Analysis of funds

	Accumulated fund £'000	Property revaluation £'000	Investments revaluation £'000	Total funds £'000
<b>Analysis of unrestricted fund movement</b>				
Balance at 1 April 2010	121,312	104,844	3,416	229,572
Net incoming resources	212	-	-	212
Gains on sale of investments	713	-	-	713
Revaluations	-	9,245	(56)	9,189
Revaluation reserves realised on sales	303	(417)	114	-
Movement in pension provision	1,570	-	-	1,570
<b>Balance as at 31 March 2011</b>	<b>124,110</b>	<b>113,672</b>	<b>3,474</b>	<b>241,256</b>

	Balance at 1 April 2010 £'000	Incoming resources £'000	Resources expended £'000	Balance at 31 March 2011 £'000
<b>Analysis of restricted fund movement</b>				
Houses, clubs and societies	184	835	880	139
Amenities and Olympia fund	97	46	48	95
Bursary fund	157	1	-	158
Make music appeal	29	2	-	31
General	20	23	6	37
	<b>487</b>	<b>907</b>	<b>934</b>	<b>460</b>

All restricted funds are cash.

# Greenwich Hospital

## **22 Other provision**

In 2006 a provision of £24,595 has been made for the agreed settlement arising from an Office of Fair Trading investigation into school fees. This has now been paid in full.

## **23 Capital commitments**

As at 31 March 2011 no future capital expenditure were contracted out (2009-10 £1,460k).

## **24 Grant commitments**

In March 2011, the Hospital agreed to make money available out of income for 2010-11 for the payment of Jellicoe annuities of £811k. The Hospital also agreed to pay bursaries for the academic year September 2011 to July 2012 of which £648k were approved for the 2011-12 financial year. These will be recognised in the 2012 financial statements.

## **25 Contingent liabilities**

The Hospital had no contingent liabilities at year end.

## **26 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.

## **27 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.

The Royal Navy Royal Marines Charity (RNRMC) is considered a related party due to a member of the Advisory Panel and Board also being a Trustee of the RNRMC. Greenwich Hospital undertakes its charitable activity by issuing, inter alia grants to the RNRMC for further distribution to Naval Charities. During 2010-11 £488k (2009-10 £234k) of grants have been made to RNRMC. No grants were unpaid at year end. All grant decisions were made at arm's length.

The Royal Navy Command Secretary, who chairs the Advisory Panel, is vice chairman of the Advisory Board, and who is part of the reporting line for Greenwich Hospital's Director to the Second Permanent Under Secretary of State for Defence, is married to Greenwich Hospital's Resources Director, whose remuneration in 2010-11 was £74k (2009-10 £73k), and is included in the higher paid employees disclosure in note 9.

The Ministry of Defence is regarded as a related party and during the year has been reimbursed £15,442 for related costs of staff seconded to Greenwich Hospital.

The Royal Hospital School Enterprises Limited company is a subsidiary of the Hospital - see note 5.

Travers Foundation is considered 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 in these accounts.

# Greenwich Hospital

## 28 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 all investments made and cash held on short-term deposit. The key relevant risks are set out below.

Greenwich Hospital derives a significant proportion of its income from quoted investments. These are managed on the Hospital's behalf by professional fund managers. An independent Advisory Panel is appointed to formulate Greenwich Hospital's investment policy and to monitor its implementation, with the objective of safeguarding the Hospital's investment assets and of maximising total return from them. During 2010-11 the Hospital continued to require fund managers to perform against various different benchmarks appropriate to each fund.

### *Interest Rate Risk*

The Hospital has exposure to UK interest rate risk through its holding in bonds and cash balances.

### *Currency Risk*

The Hospital has exposure to currency risk through its holding in global equities. All the Hospital's holdings in bonds are hedged to sterling.

### *Market Price Risk*

The Hospital has exposure to changes in market prices through holding in UK and global equities and bonds.

### *Credit Risk*

The Hospital has exposure to credit risk through its holding in bonds and similar instruments.

All of the above risks are managed by the fund managers in conjunction with agreed targets as described above.

# Travers Foundation

## Statement of Trustee's and Director's responsibilities

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 2ndPUS 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.

## Statement on Internal Control

### Scope of responsibility

As Accounting Officer, I am responsible for maintaining an effective system of internal control that supports the achievement of the policies, aims and objectives of Travers Foundation, whilst safeguarding the funds and assets.

### The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve the policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Travers Foundation for the year ended 31 March 2011 and up to the date of approval of the annual report and accounts, and in accordance with the Director of Greenwich Hospital's directive from Second Permanent Under Secretary.

### Capacity to handle risk

A Risk Register is maintained which identifies the key risks.

### The risk and control framework

The Senior Management Team meets monthly to consider the current budgetary position, management planning and associated risks. An independent Advisory Panel is appointed to formulate the Travers Foundation's investment policy and to monitor its implementation, with the objective of safeguarding the Hospital's investment assets and of maximising return.

### Review of the effectiveness

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 at Greenwich Hospital.

*M J Sands*  
Director of Greenwich Hospital

8 July 2011



# Travers Foundation

## 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 31st March 2011 under the Armed Forces Act 1976. These 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 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. 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 Travers Foundation's affairs as at 31st March 2011 and of its incoming resources and application of resources for the year then ended;
- 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 Annual Report and the Review of Achievements and Performance for the financial year for which the financial statements are prepared is consistent with the financial statements.

# Travers Foundation

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

## Report

I have no observations to make on these financial statements.

*Amyas C E Morse*  
Comptroller and Auditor General

14 July 2011

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

# Travers Foundation

## Statement of Financial Activities for the year ended 31 March 2011

	2010-11 £	2009-10 £
<b>Income from investments</b>		
Property income	33,338	33,965
Investment income	28,694	27,867
Management and administration costs	(23,073)	(17,784)
Audit Fees	(1,000)	(1,500)
<b>Net surplus for the year</b>	<u>37,959</u>	<u>42,548</u>
<b>Revaluation of assets</b>		
Property	258,000	765,000
Investments	23,349	150,521
<b>Net movement in funds</b>	<u>319,308</u>	<u>958,069</u>
Balance at 1 April 2010	3,524,151	2,566,082
<b>Total fund balances at 31 March 2011</b>	<u><u>3,843,459</u></u>	<u><u>3,524,151</u></u>

All activities are classed as continuing.

All recognised gains and losses are shown above.

*The notes on pages 34 to 36 form part of these accounts.*

# Travers Foundation

## Balance Sheet as at 31 March 2011

	Note	2011 £	2010 £
<b>Fixed assets</b>			
Investment property	2	2,998,000	2,740,000
Quoted investments	3	716,169	664,154
		<u>3,714,169</u>	<u>3,404,154</u>
<b>Current assets</b>			
Debtors	4	130,178	119,913
Cash at bank and in hand	5	112	84
		<u>130,290</u>	<u>119,997</u>
<b>Current liabilities (amounts falling due within one year)</b>	6	1,000	-
<b>Total assets</b>		<u>3,843,459</u>	<u>3,524,151</u>
<b>Funds</b>			
Unrestricted funds		<u>3,843,459</u>	<u>3,524,151</u>

*The cash flow statement on page 33 and notes on pages 34 to 36 form part of these accounts.*

M J Sands  
Director of Greenwich Hospital

8 July 2011

# Travers Foundation

## Cash Flow Statement for the year ended 31 March 2011

	Note	2010-11 £	2009-10 £
<b>Net cash inflow from operating activities</b>			
Net surplus for the year		37,959	42,548
Increase in debtors		(10,265)	(14,681)
Increase in creditors		1,000	-
		<u>28,694</u>	<u>27,867</u>
<b>Investing activities</b>			
Payments to acquire investments	3	(47,288)	(47,165)
Receipts from sale of investments	3	18,622	12,861
		<u>(28,666)</u>	<u>(34,304)</u>
<b>Increase/(decrease) in cash and cash equivalents</b>	5	<u>28</u>	<u>(6,437)</u>

*The notes on pages 34 to 36 form part of these accounts.*

# Travers Foundation

## Notes to the Accounts for the year ended 31 March 2011

### 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 decision has been taken to implement, over a number of years, the underlying principles of the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005). Full compliance with SORP 2005 is continuing to be phased in so far as the requirements are considered to be appropriate to the circumstances of Greenwich Hospital and Travers Foundation without limiting the information given.

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 2011 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 and bank*

Cash held with external investors 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 2011, as approved by the Director based upon valuations provided by Strutt & Parker, Chartered Surveyors of the property in Essex. All of the individuals who undertook valuations have the relevant knowledge, skills, qualifications and understanding to competently value the property.

<b>3 Quoted investments - Available for sale financial assets</b>	<b>2010-11</b>	<b>2009-10</b>
	£	£
Market value at 1 April 2010	<b>664,154</b>	479,329
Additions at cost	<b>47,288</b>	47,165
Value of investments sold	<b>(18,622)</b>	(12,861)
Unrealised gain on revaluation	<b>23,349</b>	150,521
Market value at 31 March 2011	<b><u>716,169</u></b>	<b><u>664,154</u></b>

The book cost as at 31 March 2011 was £614,015

<b>4 Debtors</b>	<b>2010-11</b>	<b>2009-10</b>
	£	£
Amounts falling due within one year		
Due from Greenwich Hospital	<b>113,467</b>	99,511
Rents receivable	<b>16,711</b>	16,616
Accrued income	-	2,800
Prepayments	-	986
	<b><u>130,178</u></b>	<b><u>119,913</u></b>

<b>5 Cash at bank and in hand</b>	As at 31 March 2010	Cash flow	As at 31 March 2011
	£	£	£
Cash at bank and in hand	<u>84</u>	<u>28</u>	<u>112</u>

<b>6 Creditors</b>	<b>2010-11</b>	<b>2009-10</b>
	£	£
Amounts falling due within one year		
Accruals	<b><u>1,000</u></b>	<u>-</u>

<b>7 Operating leases as lessor</b>	<b>2010-11</b>	<b>2009-10</b>
	£	£
The value of investment assets held for use in operating leases	<b>2,998,000</b>	2,740,000
In accordance with our policy on investment assets, no depreciation was charged.	-	-
The aggregate operating lease rentals receivable in respect of accounting period were	<b>33,338</b>	33,965

# Travers Foundation

## 8 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.

## 9 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.

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, but with the anticipation that Greenwich Hospital will finance any expenditure that the Travers Foundation cannot fund through its ongoing activities. As such, the net amount transferred to Greenwich Hospital has been recorded as a debtor in these accounts.

## 10 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 all investments made and cash held on short-term deposit. The key relevant risks are set out below.

Travers Foundation derives a significant proportion of its income from quoted investments. These are managed on the Hospital's behalf by professional fund managers. An independent Advisory Panel is appointed to formulate Greenwich Hospital's investment policy and to monitor its implementation, with the objective of safeguarding the Hospital's investment assets and of maximising total return from them. During 2010-11 the Hospital continued to require fund managers to perform against various different benchmarks appropriate to each fund.

### *Interest Rate Risk*

Travers Foundation has exposure to UK interest rate risk through its holding in cash balances.

### *Currency Risk*

Travers Foundation has exposure to currency risk through its holding in the Global Growth and Income Fund.

### *Market Price Risk*

Travers Foundation has exposure to changes in market prices through holding in the Global Growth and Income Fund.

All of the above risks are managed by the fund managers in conjunction with agreed targets as described above.





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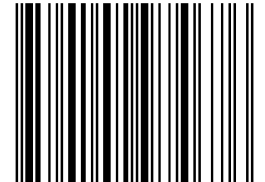
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