Greenwich Hospital and Travers Foundation

Annual report and accounts 2021-2022

HC 1292

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Annual report and accounts 2021-2022

For the year ended 31 August 2022

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LEGAL AND ADMINISTRATIVE INFORMATION

Responsible for the governance of Greenwich Hospital on behalf of the Sovereign

Secretary of State for Defence

Director and Accounting Officer

Andrew Turner (to 19 February 2023)
Deirdre Mills (from 20 February 2023)

Advisory Board

Vice Admiral Martin Connell	Chair	(appointed 12 January 2022)
Vice Admiral Nick Hine	Chair	(retired 12 January 2022)
Sarah Davies	Deputy Chair	
Stuart Beevor		(retired 18 November 2021)
Graham Faulkner		(retired 18 November 2021)
Ian Harwood		
Richard Hunting		
Philip Lawford		(appointed 6 March 2023)
Mark Lewthwaite		(appointed 26 January 2022)
Deirdre Mills		(appointed 20 February 2023)
Malcolm Naish		
Kiran Patel		(appointed 6 March 2023)
Edward Skeates		(appointed 6 March 2023)
Christopher Tite		
Andrew Turner		(retired 19 February 2023)
Caroline Thynne		(retired 18 November 2021)

Royal Hospital School Governing Body

Mark Pendlington	Chair
John Gamp	(retired 31 March 2022)
Andrew Turner	(retired 19 February 2023)
Deirdre Mills	(appointed 20 February 2023)
Jonathan Agar	
Commodore Rob Bellfield	(appointed 1 February 2022)
Tan Arulampalam	
Judy Dow	
Nick Gallop	(appointed 30 September 2021, resigned 17 June 2022)
Richard Harvey	
Adam Kerr	
James Lynas	
Oliver Peck	(appointed 4 August 2022)
Nella Probert	
Paul Smith	

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Tony Stenning	
Andrew Tate	(retired 29 November 2021)
Paul Torrington	

Senior staff

Andrew Turner	Director of Greenwich Hospital	(to 19 February 2023)
Deirdre Mills	Director of Greenwich Hospital	(from 20 February 2023)
John Gamp	Clerk-in-Charge and Charity Operations Director	(retired 31 March 2022)
David Edgar	Director of Finance and Resources	(also Clerk-in-Charge from 1 April 2022) (to 31 May 2023)
Laura Callanan	Director of Finance and Resources	(from 3 April 2023)
Kim Richardson	Director of Charity	(to 7 June 2023)
Simon Lockyer	Headmaster, Royal Hospital School	
Jo Bromley	Director of Finance and Strategic Development, Royal Hospital School	(to 31 March 2023)
Catriona Wood	Interim Director of Finance and Operations, Royal Hospital School	(from 7 March 2023)

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Sheltered housing manager	Church of England Soldiers', Sailors' and Airmen's Clubs 1 Shakespeare Terrace Portsmouth PO1 2RH
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Property managers	Knight Frank 55 Baker Street London W1U 8AN Strutt & Parker LLP 11 Museum Street Ipswich IP1 1HH Savills The Lumen, St James Boulevard Newcastle Helix, Newcastle upon Tyne NE4 5BZ

OBJECTIVES AND ACTIVITIES

Introduction

The Letters Patent 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. It also provided for support for seamen's widows and education for their children, the improvement of navigation and the encouragement of seamen. The first pensioners arrived at Greenwich in 1705 and by 1800 more than 2,000 lived there. With changing social conditions, 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, educational bursaries and grants for seafaring families and substantial grants to charities and other organisations supporting serving and veteran Royal Naval personnel and their families. It also includes a largely self-funding school, the Royal Hospital School in Holbrook, Suffolk.

The Hospital's original buildings at Greenwich were used as the Old Royal Naval College until 1998. The buildings are now managed by the Greenwich Foundation. The Foundation is an independent charity which sublets to Greenwich University and the Trinity Laban Conservatoire of Music and Dance. The buildings once used by the Royal Hospital School in Greenwich are occupied by the National Maritime Museum, to the freehold of which the Hospital has reversionary rights.

The Hospital is funded by the income from its property portfolio in Greenwich, Suffolk, Essex, Northumberland, Tyne and Wear and the Scottish Borders, its quoted investments and an investment in the Pollen Estate in London.

On behalf of the Sovereign, the Secretary of State for Defence is responsible for the governance of the Hospital with its day-to-day management through the Director of Greenwich Hospital.

Charitable objects

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 uncapable 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”

The Hospital continues to support Royal Naval personnel by offering charitable assistance to them and their families throughout their lives both during and after their Naval Service.

For 2015 to 2025, the Admiralty Board directed the 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 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 to fund current and future charitable activities.

In April 2019, the Navy Board reviewed the Hospital's strategic direction and governance on behalf of the Secretary of State for Defence. The Navy Board made two broad proposals. The first aims to create close partnerships between the Hospital and Royal Navy and Royal Marines Charity reducing duplication and significantly improving coherence to maximise joint effect and beneficiaries. The second proposal relates to governance and aligning the Hospital with Charity Commission and Managing Public Money best practices. We continue to make good progress in implementing these proposals.

2021-22 aims and objectives

The Hospital's key aims and objectives for 2021-22 are set out in this annual report with an assessment of progress against them in the section on 'delivery against objectives', as well as under the relevant operational headings below and in the financial review.

At the time of the signing of these accounts, discussions were continuing regarding the legal structure of the Hospital as a Crown body. These discussions may lead to a change in the organisation's legal structure. However, they do not intend to change the charitable nature of the Hospital, nor do they intend to alter the long-term strategies of the organisation as regards its investment assets and the way that it generates income. The proposals are not at a sufficient stage for disclosure, and any proposals are subject to ratification in Parliament and are expected to be enacted more than twelve months from the signing of these accounts.

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 2016, or the jurisdiction of the Charity Commission, 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 amenities. Beneficiaries include serving and former members of the Naval Service, their widows or widowers and their children.

ACHIEVEMENTS AND PERFORMANCE

Introduction to activities

The Hospital achieves its charitable objectives through grant making, the direct provision of education, through the Royal Hospital School, and sheltered housing.

Grant making

The Hospital provides grants to serving and former Royal Navy and Royal Marines personnel and their families and to other charities supporting the Royal Naval constituency. The Hospital seeks to provide support that prevents problems developing wherever possible but also addresses immediate issues faced by its beneficiaries. Grants are made to fund outputs which meet the objectives in our original Letters Patent. These are wide-ranging and cover, but are not limited to, six broadly defined categories which reflect the breadth and diversity of Hospital's charitable remit. These are:

- Employment and training
- Education
- Financial management advice
- Health and wellbeing
- Housing
- Welfare and benevolence.

Grants

The Hospital delivers charitable funding via four main funding streams as shown below.

	2021-22	2020-21 restated
	£m	£m
Welfare and benevolence grants	1.5	1.2
Education and training grants	0.2	0.2
Grants paid via Royal Navy and Royal Marines Charity	1.4	1.4
Jellicoe regular charitable payments	1.0	0.9
	4.1	3.7

Welfare and benevolence grants are made by the Hospital to organisations and individuals where there are gaps in current charity provision. Details of grants of more than £0.1m are given below.

- Royal British Legion Industries: £0.66m (2020-21: £0.67m) was given as the final tranche of a £2m grant towards the expansion of the veterans' village in Aylesford which provides holistic welfare support to the most vulnerable veterans of the Royal Navy and their dependents. The development provides adapted housing with wrap around care. The project opened to residents in August 2022.

- Special Boat Services Association: £0.25m (2020-21: £nil) was given for its proactive and preventative welfare strategy.

- The Royal British Legion: £0.15m (2020-21: £nil) was given for the Admiral Nurses dementia service.

- Seafarers Advice and Information Line (SAIL): £0.13m (2020-21: £0.1m) was given for the in-depth casework service run by Citizens Advice Greenwich for seafarers and their dependants. It provides advice and advocacy on benefits and tax credits, debt, housing, immigration, relationships and family, tax and National Insurance and other topics.

Grants for education and training include grants paid via case working charities to veterans needing employment related training, bursaries for students from Naval families and support to the Sea Cadets.

Awards for welfare, benevolence, education and training totalled 121 during the year (2020-21: 111). Bursaries for pupils at the Royal Hospital totalling £1.02m were also paid during the year (2020-21: £1.02m).

In addition to the grants of more than £0.1m detailed above, other grants of more than £10,000 or more were made to the following organisations.

	£
Forces Employment Charity - Project Nova	50,000
Commando Training Centre Royal Marines - Gordon Messenger Centre running costs	30,000
Royal Naval Association - communications post	25,000
Royal Navy Family and People Support - counselling services for serving personnel	25,000
X-Forces - entrepreneurial services for Royal Navy personnel and families	19,600
HMS Drake - wellbeing retreats	16,000
The Marine Society & Sea Cadets - Greenwich First Sea Lord Cadets' Scholarship Scheme	10,849
HMS Albion - battle field studies tour	10,000
Naval & Military Bible Society - HMS Raleigh	10,000

Grants of £1.375m (2020-21: £1.375m) were paid to military and civilian charities serving the Navy via the Hospital’s long-standing funding arrangement with the Royal Navy and Royal Marines Charity.

Jellicoe regular charitable payments from the Royal Naval Benevolent Trust are largely funded by the Hospital. They are paid quarterly to assist former Royal Navy personnel on very low incomes. Payments are available to all irrespective of age and new awards were either £25 (for those of pensionable age) or £35 (all others) per week. From April 2022, payments are £35 per week for all recipients. There were 671 recipients in 2021-22, (2020-21: 678).

Royal Hospital School

The Royal Hospital School was founded as part of the Hospital in 1712 to educate the sons of Greenwich Pensioners. Today it is a co-educational Headmasters' and Headmistresses' Conference school for 733 children aged 11 to 18 years in 2021-22 (2020-21: 711), 425 of whom board (2020-21: 381). It is set in 200 acres of Suffolk countryside near Ipswich. Greenwich Hospital bursaries are available to Naval families: in 2021-22 the Hospital funded 37 (2020-21: 42) bursaries and discounts to pupils from qualifying families.

The School is disclosed as a charitable activity in the Statement of Financial Activities in the accounts. The School's land and buildings are shown in the accounts at a depreciated historic cost of £26.2m (2020-21: £27.2m).

Donations of £47,127 (2020-21: £88,590) were received by the Royal Hospital School Charitable Trust.

Return to normality

The 2021-22 academic year started with a whole school service in Chapel, the first since the spring of 2020 and a statement of return towards normality after the disruption of the pandemic. There was, however, still the initial need to Covid test the School community and the School was grateful again for the army of staff and parent volunteers who assisted.

Remote lessons continued for overseas pupils who had not yet been permitted to travel, and also for those who were well but under mandatory Covid isolation. But the advantages of being back at school, including participation in a full co-curricular programme, were immediately evident.

Early in 2022 the government lifted Plan B measures and with it, the restrictions on school life.

The impact on children's development and education will continue to be felt for a long time and the decisions on assessment standards will also pose challenges for schools and individuals for the next few years.

Independent Schools Inspectorate Inspection

The Independent Schools' Inspectorate visited the School in November 2021. The Inspection encompassed all aspects of Regulatory Compliance (RCI) and an assessment of the Educational Quality (EQI).

The outcome of the inspection was a strong validation of the School's performance and provision. The School was found to have met all requirements and standards of the Regulatory Compliance Inspection, and the two key findings of the Educational Quality Inspection were awarded the highest possible category:

- The quality of the pupils' academic and other achievements is excellent
- The quality of the pupils' personal development is excellent.

The result was testament to the combined contributions of pupils and staff and the continuing strength of support from parents all against the background of the pandemic and the resulting interruptions. The Lead Inspector highlighted the particularly high levels of response and positive support for the School from its parents.

A summary which includes the key findings as well as the commentary from the inspectors can be found on the School's website: Inspection Report.

Royal Hospital School, Royal Navy and Greenwich Hospital relationship

The Memorandum of Understanding between the School, the Royal Navy and Greenwich Hospital was signed in June 2022. The School was particularly pleased to affirm its relationship and commitment to the Royal Navy.

Discussions on independence and interim approaches continued during the course of the year.

The School was delighted to welcome the Second Sea Lord, Vice Admiral Martin Connell, and Mrs Connell to Prizegiving and Commemoration Day on 2 July 2022. The Second Sea Lord was the Guest of Honour, speaking to the school community and taking the salute at Divisions.

The importance of wellbeing amongst pupils and staff has long been recognised at the School and particularly in a post-Covid period. The School has committed to working towards formal recognition of its work in this area and is undergoing the rigorous assessment for the National Optimus Wellbeing Award for Schools. Led by the Deputy Head Pastoral the initiative aims to provide pupils with a foundation for good wellbeing for life through:

- Helping pupils learn strategies for their own self-care and positive wellbeing, and to assist others throughout their time at the School and beyond.
- Communicate with parents as to how to support their children's wellbeing.
- To monitor each pupil's wellbeing through our pastoral structures and systems.
- To support our pupils when they struggle, with personalised, appropriate school based and/or external specialist services.

The focus will be on five aspects of wellbeing: academic, emotional, physical, social and spiritual.

The School also embarked on partnerships with the Unity Schools Partnership and Ocean Stars Trust.

Academic performance

The School achieved a Top 300 position for the first time in The Times Parent Power standings.

With the return of public exams for the first time since the pandemic, results reflect the hard work of pupils and their teachers and are further evidence of the continued upward trend. The pupils' grades gave the school its best results in a decade, excluding last year's Teacher Assessed Grades.

At A Level/BTEC, 34% of pupils achieved the equivalent of three A grades or better (2020-21 41%). 38% of A Level grades were awarded A* or A (2020-21 55%), and 63% of our BTEC results were Distinction* or Distinction grades (equivalent to A* and A grades) (2020-21 88%). 74% of A Level results were graded A*-B, and 89% A*-C (2020-21 78% and 92% respectively).

At GCSE, this year's results were the best in the last ten years, excluding Teacher Assessed Grades, 45% of grades were 7 or above (2020-21 55%), and 97% of grades were 9-4 (2020-21 97%).

Governance and strategy

The Governors continue to work with the Director of Greenwich Hospital to shape and contribute to the strategy and ambition of the school, becoming increasingly engaged. The School's strategic plan was approved for the next phase with six overriding objectives:

1. The School supports pupils to gain their best academic results, emphasising the human and developing them as global citizens with the skills and attributes to be successful in the future.

2. The School provides a pathway through education as well as a network through employment and develops an engaged alumni community that gives back and inspires the next generation.

3. Highly effective teams collaborate around every child to ensure each individual pupil achieves their potential through personalised education and self-care.

4. The School develops as a sustainable community that is more than just a school.

5. Excellent relationships between pupils, parents and staff at all points of the customer journey ensure a high degree of advocacy for the school community.

6. The School has a skilled and well-trained staff of life-long learners, who buy into the values of the School and contribute significant discretionary effort in support of pupils.

Sheltered housing

The Hospital owns three sheltered housing schemes, with a total of 91 flats in Southsea (Greenwich Court), Saltash (Greenwich Place) and Greenwich (Trafalgar Quarters). Each provides one- and two-bedroom accommodation built to modern standards. The tenants pay subsidised rent to contribute to the costs of running the schemes. Flats are allocated based on need and are currently fully let. Residents must be over 60 and either veterans or spouses or widows of veterans. The Hospital has contracted with the Church of England Soldiers', Sailors' & Airmen's Clubs charity, (in partnership with its sister housing association, a regulated, registered provider of social housing), to manage the schemes.

The schemes complied with the public health restrictions imposed during the year by the government to control and contain the spread of coronavirus. Ways of working were adjusted to

take account of the varying restrictions. There were almost no consequences in 2021-22 for maintenance work. The first scheme to convert from analogue to digital telephone services (to meet the retiral by BT by December 2025 of its analogue network) was Greenwich Place where also the decayed Pergola in the garden was renewed. A new scooter store was provided at Greenwich Court and a number of showers and kitchens were replaced across the schemes.

During the year, the annual independent assessment (by erosh) of the service being delivered in all of the schemes confirmed the 'outstanding' assessment previously awarded. The properties are largely well-positioned to meet the Government's Net Zero Carbon targets, especially once the scoring system for Energy Performance Certificates is adjusted to reflect the role low-carbon electricity plays.

The properties associated with the schemes were valued at £7.5m at the year-end, a £1.0m increase compared with the previous year. The valuation approach changed from that adopted in the previous year. Details of the change in approach are provided in accounting policy note 1d.

Subsidiary undertakings

The group comprises the parent charity, Greenwich Hospital, and four subsidiary undertakings: Royal Hospital School Charitable Trust, Royal Hospital School Enterprises Limited, the Travers Foundation and Throckley North Management Company (which is not consolidated in the Group accounts).

Details of the subsidiary undertakings and their results for the year can be found in note 4 of the financial statements. The combined year end value of the subsidiary undertakings was £8.5m (2020-21: £4.3m).

There is a legal obligation to present the Travers Foundation accounts separately to Parliament and a copy of the Foundation's accounts therefore follow the accounts of the Hospital.

Delivery against objectives

The Hospital's key aims and objectives for 2021-22 are set out below along with a summary of progress in achieving them:

- Make substantive progress with Navy Command towards agreeing a future legal structure and status for the Hospital and the way to deliver them.
    - Both Navy Command and Greenwich Hospital were able to appoint dedicated expert leads to take forward this work.

- Provide backstop funding to meet urgent Naval charity needs driven by coronavirus, whether direct needs of beneficiaries or those of Naval charities in need of extra funding to deliver their missions. Put in place sustained new funding for the Naval charity sector and its beneficiaries.
    - Greenwich Hospital was able to put in place a £1.5m contingency for such funding, as part of a joint arrangement with the RNRMC, although it was not in the event required. It also made available an additional £0.5m of funding to meet exceptional requirements and bridge through to new funding once the Hospital's contribution to the RBLI village in Aylesbury was met.

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- Further deepen the co-operative relationship with Royal Navy and Royal Marines Charity, including partnering on coronavirus contingency funding.
    - In addition to the contingency funding, the relationship was developed through intensive senior links and a joint meeting of Boards in April 2022. Work continues to develop strategic partnership work including shared beneficiary research.

- Successfully complete the remaining Throckley sales and move towards the Hospital's disengagement from the site. Take forward the long-term prospect at Clacton in a low-risk sustainable manner to deliver an early financial return for the Hospital.
    - The sales of the final parcels of land were successfully completed, planning permission having been granted. Collaboration with Homes England is taking forward the prospect at Clacton, which has been allocated for housing by the local authority.

- Improve the yield from the Hospital's estates, engaging with tenants as they recover from the impact of the pandemic lockdowns and produce a strategic plan to implement the investment strategy.
    - Ongoing. Arrears have been reduced as trade recovered after the pandemic and demand for the Hospital's commercial units in Greenwich has been resilient. The Hospital successfully purchased two of the remaining units in the centre-island at Greenwich not previously in its ownership at a price delivering a good rental return in addition to the strategic value.

- Embed sustainable stronger controls and governance throughout the Hospital including financial management, charitable agreements and impact reporting and complete the review of policies.
    - Ongoing. New charity and governance managers bringing best practice. Key policies reviewed and up-dated, but work still under way on others.

- Fill staff vacancies and integrate new staff into the organisation, ensuring that all staff experience relevant training and development.
    - Achieved. New staff successfully recruited and integrated. Several staff able to get first-hand exposure to the lived experience of Royal Navy personnel through a voyage on HMS Albion.

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FINANCIAL REVIEW

Review of financial position

The net operating result for 2021-22 for the Group was a surplus of £3.4m, an increase from the deficit of £0.1m in the previous year. Income and expenditure both rose in 2021-22.

Income rose by £4.9m from £27.9m to £32.8m with the larger increases being in the School's income, up by £1.9m, and property investment income, up £2.4m. Both increases reflected recovery from the impact of the coronavirus pandemic which had affected the School and the commercial part of the Greenwich Estate.

Expenditure rose from £28.0m to £29.4m. The main contributors to this rise were School expenditure, up £1.7m as it recovered from the impact of the coronavirus pandemic, and grants, up £0.6m.

The Hospital had another year of significant net gains on investments with an increase of £20.9m in 2021-22, down on the £24.1m gain in 2020-21. Investment properties gained £11.1m compared with a gain of £9.0m in the previous year. Indirect financial investments in equities and bonds rose in value by £3.9m compared with a gain of £20.4m in 2020-21, a year when there was a significant rebound from the fall during the peak of the coronavirus pandemic. The value of the direct financial investment in the Pollen Estate rose by £4.7m, a substantial reversal of the fall of £6.2m in 2020-21.

There was a significant improvement in other recognised gains and losses. In 2020-21, these amounted to losses of £1.6m. In 2021-22, there was a gain of £8.4m, principally because of an actuarial gain on the pension scheme liability. The gain largely arose from an increase in the discount rate which is derived from the yield on corporate bonds.

An operating surplus of £3.4m, net gains on investments and the actuarial gain on the pension scheme resulted in a net movement on funds of £32.7m, a £10.3m increase on the net movement of £22.4m in 2020-21.

The balance sheet shows an increase of £32.7m in Group net assets and funds from £386.6m at the end of 2020-21 to £419.3m at the end of 2021-22. Cash increased from £13.1m to £23.3m with net cash of £15.5m from sale of investment property and other capital receipts being the largest contributor to the increase.

Current liabilities of £28.6m mainly relate to the Hospital's loan from Royal Bank of Canada, which was £20m at the year end and which has since been repaid in full.

The pension liability for the defined benefit scheme has fallen to £24.2m from £32.2m principally as a result of an increase in the discount rate.

Investments

Investment property portfolio

The Hospital and Travers Foundation have an investment property portfolio valued at £194.7m, compared with £194.8m at the end of 2020-21. Gains on revaluation were offset by the disposal of the Throckley site during the year. The portfolio includes property in Greenwich, the north-east of England and Scottish Borders, Suffolk and Essex. Net income (including allocated support costs) from the portfolio was £5.0m in 2021-22 compared to £1.1m in 2020-21. The increase between the years principally reflects the reversal of the impact of the coronavirus

pandemic on commercial activity in the Greenwich Estate and a lower level of planned maintenance work on the estate.

The Greenwich Estate comprises commercial units, a market, residential and heritage properties in Greenwich town centre and within the World Heritage Site. The Estate is managed on the Hospital's behalf by Knight Frank LLP.

The Northern Estates are in Northumberland, Tyne and Wear and the Scottish Borders. The properties are a mix of agricultural, residential, commercial and forestry land. The Estate, which comprises 5,420 acres, is managed on the Hospital's behalf by Savills.

The Hospital continued to develop its site at Throckley near Newcastle on Tyne for sale to house builders by putting in infrastructure largely prior to phased sales. The infrastructure work was largely completed by 2021-22 but continues as house building progresses in the final phases. Sales to house builders commenced in 2019 and were completed in 2021-22.

The property in Suffolk includes the Holbrook Estate which was formerly a traditional rural estate surrounding the Royal Hospital School. It comprises parcels of arable farmland, grassland, woodland, foreshore and reed beds together with a portfolio of houses. The Travers Foundation, a part of the Hospital Group, also owns land near Clacton in Essex. Both holdings are managed on the Hospital's behalf by Strutt & Parker.

Direct financial investment

The Hospital has a holding of 10.253% in the Pollen Estate, from which it receives regular dividends. The Estate consists of offices, art galleries, residential units and retail outlets in Mayfair, London. The Hospital has no involvement in the day-to-day management of the Estate, which is managed through a trustee company.

The Hospital's share of the Estate was valued at £79.9m at the year end (2020-21: £75.2m) and it generated income of £1.3m in the year (2020-21: £1.1m).

Indirect financial investments in equities and fixed interest instruments

The Hospital has £127.9m, (2020-21: £123.9m), in quoted investments. The value of the investments has more than recovered from the impact of the coronavirus pandemic in 2019-20.

The composition of the portfolio and funds does not fluctuate significantly as they are invested in companies that provide long term growth prospects. Net income from the financial investments was £3.4m during 2021-22, (2020-21: £3.1m).

The investments are managed on the Hospital's behalf by Newton Investment Management. The portfolio is invested in pooled 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 overall portfolio is benchmarked against a composite benchmark.

The Hospital seeks to produce the best financial return within an acceptable level of risk. The investment objective is to generate a total return of inflation plus 4.5% per annum over the long term, after expenses. This should allow the Hospital to at least maintain the real value of the assets, whilst funding annual expenditure in the region of £3.5m per annum from investments. The Hospital adopts a total return approach to investment, generating the investment return from income and capital gains or losses. In any one year the total return may be insufficient to meet expenditure. In these instances, cash is released through sales. In the long term the real

value of the portfolio will still be maintained. The funds are in three portfolios for historical reasons, but their investment objectives are the same.

The total gross return on the Main Fund, comprising £118.5m of the total investments of £127.9m at 31 August 2022 was 6.51% (2020-21: 23.73%). The total return net of fees was 6.11% (2020-21: 23.30%). The capital component of the total gross return was 2.94% (2020-21: 20.56%. The benchmark in 2021-22 was 0.96% (2020-21: 24.42%).

The total gross return on the Reade Accumulation Fund, comprising £8.4m of the total investments, was 8.08% (2020-21: 26.26%). The total return net of fees was 7.71% (2020-21: 25.88%. The capital component of the total gross return was 7.93% (2020-21: 26.17%. The benchmark in 2021-22 was 0.73% (2020-21: 27.07%).

The total gross return on the School Fund, comprising £1.0m of the total investments, was 1.69% (2020-21: 14.63%). The total return net of fees was 1.29% (2020-21: 14.19%). The capital component of the total return was 1.69% (2020-21: 14.63%. The benchmark in 2021-22 was 3.51% (2020-21: 3.05%).

The Hospital's Advisory Panel provides the Director of Greenwich Hospital with advice on investment matters. Decision making on investment matters is delegated to the Director of the Hospital within the investment policy formulated by the Advisory Panel.

Reserves

Reserves policy

It is the policy of the Hospital that unrestricted funds which have not been designated for a specific use should be maintained at a level equivalent to twelve month's expenditure. The Advisory Panel consider that reserves at this level will ensure that in the event of a significant drop in funding, they will be able to continue the Hospital's current activities while consideration is given to ways in which additional funds may be raised. This level of reserves has been maintained throughout the year. As at 31 August 2022, the unrestricted balance of its group reserves was £417.9m (2020-21: £384.9m), which, adjusting for non-liquid assets and secured liabilities including fixed assets, bank loan and pension liability, gives adjusted free reserves of £339.9m (2020-21: £294.2m). Adjusted free reserves would cover 11.4 years of annual operating expenditure (2020-21: 9.9 years).

Designated reserves

The School had designated reserves of £0.5m at the year end (2020-21: £0.7m). The funds relate to specific projects.

Although not identified as a designated fund, £24.22m (2020-21: £32.23m) of the Hospital's unrestricted funds are to meet the pension liability of the defined benefit scheme as identified in note 11. This scheme is closed to new entrants and to further liability.

Restricted reserves

Restricted reserves represent monies received by way of gifts and historic 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. Restricted reserves totalled £0.9m at the year end (2020-21: £1.0m) including £0.7m (2020-21: £0.8m) relating to the School's charitable trust, whose funds are all restricted as they can only be used for the School.

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 actively 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 has the option of spending all, or part, of the capital of these assets as well as any income produced, and as such treats them as unrestricted.

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.

Liquidity

The Hospital's policy is to maintain sufficient liquidity to meet the commitments made for charitable activities and capital improvements but not to the extent 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. The Hospital had a £20m loan facility with Royal Bank of Canada at 31 August 2022 which has subsequently been repaid in full. The facility was used to fund the work at the Greenwich estate and at Throckley. The Hospital is also able to liquidate financial investments at short notice if required.

Payments to suppliers

The Hospital aims to pay suppliers in accordance with contractual terms. In 2021-22, the Hospital paid its suppliers on average within 36 days (2020-21: 23 days), calculated using the year-end amount owed to trade creditors as a proportion of the amount invoiced during the year. The Hospital is seeking to reduce the time taken to pay suppliers in 2022-23.

FUTURE PLANS

The primary aims for 2022-23 are:

I. Make substantive progress with Navy Command towards agreeing a future legal structure and status for the Hospital and the way to deliver them. Reach agreement on a new more independent status for the Royal Hospital School.

II. Develop the Hospital's charitable activity to better meet the needs of our beneficiaries, present and future. This includes:

- Broadening both awareness of the Hospital's offer (including through a new website) and the range of organisations we fund and partner with;
- Funding and sharing research to better understand our beneficiaries and their needs;
- Reviewing and developing our grants programme;
- Developing our impact reporting.

III. Further deepen the co-operative relationship with the Royal Navy and Royal Marines Charity, putting in place a joint research project and joint funding arrangement and agreeing an Memorandum of Understanding to underpin the future relationship.

IV. Take forward development opportunities for the Hospital's land; in particular sign and implement a collaboration agreement with Homes England to secure, with good value for money, an early agreed masterplan for Hartley Gardens site.

V. Improve the income from the Hospital's estates, reducing arrears levels in Greenwich and disposing of low return properties where the opportunity presents. Implement the strategic investment plan, mainstreaming evidence-based decision making focused on total return.

VI. Deliver savings in our operating costs through moving to a new London office.

During 2022-23, the aims have been kept under review and revised as appropriate.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Nature of governing document and how the charity is constituted

Greenwich Hospital is a Crown body. The constitution of the Hospital is set out in the Letters Patent of 1694 and its charitable objects are governed by the subsequent Greenwich Hospital Acts 1865 to 1996 and the Defence (Transfer of Functions Act) 1964.

The Secretary of State for Defence is responsible for the governance of the Hospital on behalf of the Sovereign, with the day-to-day administration of the Hospital delegated to the Director of Greenwich Hospital who is the Accounting Officer. The Advisory Board advises on the Hospital's strategic policy and the Advisory Panel on finance and investment matters.

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

Advisory Board

An Advisory Board chaired by the Second Sea Lord advises on the management of the 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 Secretary of State for Defence, 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. They receive no remuneration or other benefits from their considerable commitment of time to the Hospital, although reasonable expenses are paid where appropriate.

All new Advisory Board members receive a comprehensive induction pack. They have induction meetings with key members of the Senior Leadership Team and are offered visits to beneficiaries.

Members of the Advisory Board during 2021-22 are listed below with the number of meetings they attended. There were three meetings during the year.

Vice Admiral Nick Hine	Second Sea Lord and Deputy Chief of Naval Staff (Chair to January 2022)	1 (out of 1)
Vice Admiral Martin Connell	Second Sea Lord and Deputy Chief of Naval Staff (Chair from January 2022)	2 (out of 2)
Sarah Davies	Finance Director, Royal Navy	1
Andrew Turner	Interim Director	3
Ian Harwood	Investment member	3
Richard Hunting	Business member	3
Malcolm Naish	Property member	2
Christopher Tite	Legal member	3

Advisory Panel

The Advisory Panel provides advice to the Director of Greenwich Hospital and formulates the Hospital's investment strategy and monitors its implementation with the objective of safeguarding the Hospital's investment assets, and of maximising the total return from them.

Members of the Advisory Panel are appointed by the Secretary of State for Defence 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 Advisory Panel receives an update on the management accounts, financial investments and investment property for information and advice at each meeting.

The Panel also met regularly with the Greenwich Estate property agents, Knight Frank, and the financial investment managers, Newton Investment Management, for updates on these significant assets, as well as being briefed by Savills and Strutt & Parker on the Hospital's smaller estates.

Members of the Advisory Panel during 2021-22 are listed below with the number of meetings they attended. There were six meetings during the year.

Sarah Davies	Finance Director, Royal Navy (Chair)	5	
Andrew Turner	Interim Director	6	
Ian Harwood	Investment member	6	
Richard Hunting	Business member	5	
Mark Lewthwaite	Finance member	3	(out of 3)
Malcolm Naish	Property member	4	

Audit Committee

The Audit Committee is comprised of Advisory Board members. It is responsible for advising the Advisory Panel on the Annual Report and Accounts of the Hospital, the accounting policies and the financial reporting judgements included therein. The committee seeks to maintain an appropriate relationship with the auditor and receives and reviews the annual audit completion report from the National Audit Office. It also advises on the relationship with the internal auditors and receives their reports. The committee monitors the effectiveness of the Hospital's risk management and internal control systems and provides an assessment of the risk processes and policies to the Advisory Board.

Members of the Audit Committee during 2021-22 are listed below with the number of meetings they attended. There were five meetings during the year.

Richard Hunting	Chair to April 2022	5
Andrew Turner	Interim Director	5
Mark Lewthwaite	Finance member and chair from April 2022	3 (out of 3)
Ian Harwood	Investment member	5

Nomination and Remuneration Committee

The Nomination and Remuneration Committee advises on the composition of the Advisory Board and Advisory Panel and the remuneration and objectives of the Director of the Hospital. It did not meet during the year.

Director of Greenwich Hospital

The Director of Greenwich Hospital is responsible by an order in Council and a directive from the Secretary of State for Defence 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.

Senior staff

The Director is authorised to delegate their powers and responsibilities to members of Hospital staff as they see fit except for the power to authenticate the seal of the Secretary of State for Defence which authority is solely given to the Director and Clerk-in-Charge. Such delegation is made on a personal basis and in writing. In addition, the Clerk-in-Charge of Greenwich Hospital, who was until March 2022 a serving civilian officer of the Ministry of Defence, but is now the Director of Finance and Resources, is authorised to assume any of these powers and responsibilities in the Director's absence without specific further direction.

Royal Hospital School

The School is owned and operated by the Hospital and has no separate legal identity from the Hospital. The Headmaster has responsibility to the Secretary of State for Defence, acting through the Director of the Hospital, for the overall management and leadership of the School.

A Governing Body is appointed to advise on the strategic management and workings of the School.

Performance of the Advisory Board and Advisory Panel

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

Minutes of the Advisory Board, Advisory Panel and subcommittees are circulated to all members with papers in advance of the meetings. The Chair of the Advisory Panel also highlights any matters of 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. This enables the Advisory Board and Advisory Panel to provide well informed advice to the Director.

Accounting framework

The Annual Accounts are prepared by the Hospital as required by legislation, the Greenwich Hospital Act 1865 (s.47), as amended by the Greenwich Hospital Act 1885 (s.4), and are audited by the National Audit Office (NAO).

Due to the charitable nature of most of the Hospital's activities, the accounts have been prepared to comply with the underlying principles of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) (the Charities SORP).

The Secretary of State for Defence is responsible for the governance of the Hospital and as a representative of the Crown, acts in execution of the Greenwich Hospital Acts (1865 to 1996) for the exclusive benefit of the Hospital. He does not thus act in his defence capacity or for the benefit of the Ministry of Defence or Government or other charities but as a representative of the Crown, for the charitable purposes of the Hospital.

The Hospital is a Crown body but not a public authority. It performs no public function, nor is it funded by any public money. Its accounts are audited by the National Audit Office and laid before Parliament. The accounts do not form part of the Ministry of Defence’s accounts.

Financial management

There is an effective system of financial control throughout the 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 Advisory Panel. No funds from the Hospital are paid or disposed of without proper authorisation and such authorisation is preceded by appropriate scrutiny of requirements and value for money considerations. Major projects are subject to a formal investment appraisal.

All the Hospital's directly held property and financial investments, as well as its sheltered housing provision, are managed by independent specialists. The specialist managers are required to provide regular financial reports, with challenge from the Hospital's management where results significantly differ from budgets and expected performance.

Management information

Executive information, including all financial reporting, is prepared either by Hospital staff or external professional consultants. Advisory Board endorsement, where required, is given based on it 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. Monthly management accounts are produced for the senior management team, and the most recent versions are reported to the Advisory Panel.

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 2017 Code (Corporate governance in central Government departments: Code of good practice), which is focused on the role of boards.

Risk management

The Hospital has an established approach to risk management which operates in line with the development of the charity. The risk review 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.

The Hospital takes its responsibilities seriously in relation to compliance, regulation and key strategic risks. In the property and financial investment portfolios, the Hospital is prepared to take calculated risk where it can be justified by the potential return for charitable purposes. Risk appetite is discussed by the Advisory Board and its subcommittees and the senior management team which determines whether the overall level of risk profile is in line with the Hospital's risk appetite.

The Hospital's risk management is a dynamic process which seeks to incorporate good practice. It is managed through the regular review of internal developments and external factors including political, economic, demographic, technological and legal developments that influence the Hospital's exposure to risks and opportunities.

Principal risks and their management

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

Each risk has a designated owner and specific actions are planned to mitigate the risk. This information is collated in a risk register which is reviewed regularly. The Throckley development had its own risk register which was also reviewed and updated regularly until September 2022, when progress on the development allowed it to be retired.

During 2022, the Hospital reviewed its focus on risks and made changes to reflect the balance of its group activity. The following table shows the highest-level risks identified in the strategic risk register, as presented to the Audit Committee in July 2022.

Risk	Management
Uncertainty over Greenwich Hospital future status; impact of change to new status.	Regular engagement with the key stakeholders in the process including the Secretary of State for Defence, Ministry of Defence, Navy Board and Royal Hospital School.
Insufficient investment returns to meet charitable need	Close liaison with estate and fund managers. Review of the property and investment strategies with external, expert input. Scrutiny of performance and strategy by the Advisory Panel.
Cyber security breach - both through online hacks or loss of physical equipment	Multi-factor authentication in place. Firewalls and anti-virus scans on all Hospital equipment. Training for staff on how to recognise cyber security threats. Cyber Essentials Plus accreditation is being sought.
Financial loss through weak internal controls	Internal audit review of controls. Segregation of duties in place with financial delegation limits reviewed. Financial process documentation reviewed and updated and new staff finance manual issued. Procurement policy and processes and charitable grant-making protocols in place.
Charity not effectively targetted at right beneficiaries	Regular engagement with the Navy and RNRMC. Work in hand on new routes to support our beneficiaries. Monthly meetings of the Charity Scrutiny Panel to review applications.
Low profile of the Hospital compared to other charities with a similar asset base	Recruitment of a communications officer in hand. New website commissioned and being developed. Impact Report 2022 published. Continuing attendance at events which provide a profile with beneficiaries or organisations that work with them for the work of the Hospital.

Data protection and management

The Hospital is committed to protecting the rights and freedoms of data subjects, and to safe and secure processing of personal data, in accordance with the data protection legislation applicable in England and Wales (currently the General Data Protection Regulation (EU 2016/679) (GDPR) and Data Protection Act 2018).

Greenwich Hospital, as data controller, is 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 the Hospital's agents, contractors, managers and professional advisers. The Royal Hospital School is also registered as a data controller at the Information Commissioner's Office. During 2021-22, no incidents were reported that have resulted in the unauthorised disclosure of protected personal data.

Review of effectiveness of internal controls

As Accounting Officer, I have responsibility for maintaining a robust and appropriate system of internal controls. The Advisory Board and its subcommittees offer advice on implementing and reviewing controls and they highlight any matters of concern. Regular senior management team meetings review ongoing activities and issues. The Hospital employs third party internal auditors to review systems and controls.

The Hospital's systems of internal control are designed to manage risk; they do not eliminate all risk and therefore only provide a reasonable and not absolute assurance of effectiveness. The key processes for risk management were in place throughout the year.

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

Deirdre Mills
Director of Greenwich Hospital

10 July 2023

STATEMENT OF SECRETARY OF STATE FOR DEFENCE'S AND DIRECTOR'S RESPONSIBILITIES

The Director of Greenwich Hospital is its Accounting Officer and is responsible to the Secretary of State for Defence in his capacity as a representative of the Crown, acting in execution of the Greenwich Hospital Acts 1865 to 1996, 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.

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.

Deirdre Mills
Director of Greenwich Hospital

10 July 2023

GREENWICH HOSPITAL

AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

Opinion on financial statements

I have audited the financial statements of Greenwich Hospital and its Group for the year ended 31 August 2022 under the Greenwich Hospital Act 1865.

The financial statements comprise the Greenwich Hospital and its Group's:

- Consolidated and Charity Balance sheets as at 31 August 2022;
- Consolidated and Charity Statements of Financial Activities and Consolidated and Charity Cash Flow for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and United Kingdom accounting standards including Financial Reporting Standards (FRS) 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion, the financial statements:

- give a true and fair view of the state of the Greenwich Hospital and its Group's affairs as at 31 August 2022 and of its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Greenwich Hospital Act 1865 and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements of Public Sector Entities in the United Kingdom*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the Greenwich Hospital and its Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Greenwich Hospital and its Group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The other information comprises information included in the Objectives and activities, Achievements and performance, Financial Review, Future Plans and Structure, governance and management, but does not include the financial statements nor my auditor's report. The Director is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the information given in the Objectives and activities, Achievements and performance, Financial Review, Future Plans and Structure, governance and management for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of Greenwich Hospital and its Group and its environment obtained in the course of the audit, I have not identified material misstatements in the Objectives and activities, Achievements and performance, Financial Review, Future Plans and Structure, governance and management.

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

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept by the Greenwich Hospital 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 and returns; or
- the Structure, governance and management section does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Director for the financial statements

As explained more fully in the Statement of Secretary of State for Defence's and Director's responsibilities, the Director is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Director determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- assessing the Greenwich Hospital and its Group's ability to continue as a going concern disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Director either intends to liquidate the entity or to cease operations or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion on the financial statements in accordance with the Greenwich Hospital Act 1865.

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

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

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

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the Greenwich Hospital and its Group's accounting policies.
- Inquiring of management, the Greenwich Hospital's internal audit team, and those charged with governance, including obtaining and reviewing supporting documentation relating to the Greenwich Hospital and its Group's policies and procedures relating to:
    - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
    - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Greenwich Hospital and its

Group's controls relating to Greenwich Hospital Act 1865, Charities Act 2011 and Managing Public Money.

- discussing among the engagement team including significant component audit teams and involving relevant external specialists, including property valuation and pensions specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Greenwich Hospital and its Group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, bias in management estimates and posting on unusual journals. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the Greenwich Hospital and its Group's framework of authority as well as other legal and regulatory frameworks in which the Greenwich Hospital and its Group operates, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Greenwich Hospital and its Group. The key laws and regulations I considered in this context included the Greenwich Hospital Act 1865, the Armed Forces Act 1976, the Charities Act 2011, Managing Public Money, employment law, pensions legislation and tax Legislation.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management, the Audit Committee concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- in addressing the risk of revenue recognition due to fraud, assessing the recognition of income in line with the accounting framework.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Gareth Davies 12 July 2023
Comptroller and Auditor General

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

GREENWICH HOSPITAL

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2022

	Note	Unrestricted funds £m	Designated funds £m	Restricted funds £m	Total 2021-22 £m	Total 2020-21 £m
Income from:						
Charitable activities						
Royal Hospital School	3	16.7	-	0.7	**17.4**	15.5
Sheltered housing		0.6	-	-	**0.6**	0.6
Royal Hospital School Charitable Trust	4	-	-	-	**-**	0.1
Government grants receivable	7	-	-	-	**-**	0.3
		17.3	-	0.7	**18.0**	16.5
Investments						
Property investments	5	9.0	-	-	**9.0**	6.6
Direct financial investments	6a	1.3	-	-	**1.3**	1.1
Indirect financial investments	6b	4.0	-	-	**4.0**	3.7
		14.3	-	-	**14.3**	11.4
Other trading activities						
RHSEL lettings income	4	0.4	-	-	**0.4**	-
Other						
Miscellaneous income		0.1	-	-	**0.1**	-
Total income		32.1	-	0.7	**32.8**	27.9
Expenditure on:						
Charitable activities						
Royal Hospital School	3	17.6	-	0.7	**18.3**	16.6
Sheltered housing		1.0	-	-	**1.0**	1.0
Royal Hospital School Charitable Trust	4	-	-	0.1	**0.1**	0.1
Grants, annuities and donations payable	8a	4.6	-	-	**4.6**	4.0
		23.2	-	0.8	**24.0**	21.7
Raising funds	8b	5.4	-	-	**5.4**	6.3
Total expenditure		28.6	-	0.8	**29.4**	28.0
Net income/(expenditure) before gains/(losses) on investments		3.5	-	(0.1)	**3.4**	(0.1)
Gains/(losses) on investments						
Gain on sale of investment properties		1.2	-	-	**1.2**	0.9
Gain on revaluation of investment properties	15	11.1	-	-	**11.1**	9.0
Gain on revaluation of direct financial investments	16a	4.7	-	-	**4.7**	(6.2)
Gain on revaluation of indirect financial investments	16b	3.9	-	-	**3.9**	20.4
Net income/(expenditure)		24.4	-	(0.1)	**24.3**	24.0
Transfers between funds						
Transfers from designated funds	24	0.2	(0.2)	-	**-**	-
Other recognised gains/(losses)						
Actuarial gain/(loss) on pension scheme	11	7.4	-	-	**7.4**	(1.1)
Gain/(loss) on revaluation of charitable properties	12	1.0	-	-	**1.0**	(0.5)
		8.4	-	-	**8.4**	(1.6)
Net movement in funds		33.0	(0.2)	(0.1)	**32.7**	22.4
Reconciliation of funds						
Balance brought forward	24	384.9	0.7	1.0	**386.6**	364.2
Balance carried forward		417.9	0.5	0.9	**419.3**	386.6

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

The notes on pages 38 to 69 form part of these accounts.

GREENWICH HOSPITAL

CHARITY STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2022

	Note	Unrestricted funds £m	Designated funds £m	Restricted funds £m	Total 2021-22 £m	Total 2020-21 £m
Income from:						
Charitable activities						
Royal Hospital School	3	16.7	-	0.7	**17.4**	15.5
Sheltered housing		0.6	-	-	**0.6**	0.6
Government grants receivable	7	-	-	-	**-**	0.3
		17.3	-	0.7	**18.0**	16.4
Investments						
Property investments	5	9.0	-	-	**9.0**	6.6
Direct financial investments	6a	1.3	-	-	**1.3**	1.1
Indirect financial investments	6b	4.0	-	-	**4.0**	3.7
		14.3	-	-	**14.3**	11.4
Other trading activities						
Gift Aid from trading subsidiary, RHSEL	4	0.1	-	-	**0.1**	-
Other						
Miscellaneous income		0.1	-	-	**0.1**	-
Total income		31.8	-	0.7	**32.5**	27.8
Expenditure on:						
Charitable Activities						
Royal Hospital School	3	17.6	-	0.7	**18.3**	16.6
Sheltered housing		1.0	-	-	**1.0**	1.0
Grants, annuities and donations payable	8a	4.6	-	-	**4.6**	4.0
		23.2	-	0.7	**23.9**	21.6
Raising funds	8b	5.1	-	-	**5.1**	6.2
Total expenditure		28.3	-	0.7	**29.0**	27.8
Net income/(expenditure) before gains/(losses) on investments		3.5	-	-	**3.5**	-
Gains/(losses) on investments						
Gain on sale of investment properties		1.1	-	-	**1.1**	0.9
Gain on revaluation of investment properties	15	5.5	-	-	**5.5**	8.5
Gain on revaluation of direct financial investments	16a	4.7	-	-	**4.7**	(6.2)
Gain on revaluation of indirect financial investments	16b	3.9	-	-	**3.9**	20.3
Net income/(expenditure)		18.7	-	-	**18.7**	23.5
Transfers between funds						
Transfers from designated funds	24	0.2	(0.2)	-	**-**	-
		0.2	(0.2)	-	**-**	-
Other recognised (losses)/gains						
Actuarial gain/(loss) on pension scheme	11	7.4	-	-	**7.4**	(1.1)
(Loss)/gain on revaluation of charitable properties	12	1.0	-	-	**1.0**	(0.5)
		8.4	-	-	**8.4**	(1.6)
Net movement in funds		27.3	(0.2)	-	**27.1**	21.9
Reconciliation of funds						
Balance brought forward	24	381.4	0.7	0.3	**382.4**	360.5
Balance carried forward		408.7	0.5	0.3	**409.5**	382.4

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

The notes on pages 38 to 69 form part of these accounts.

GREENWICH HOSPITAL

CONSOLIDATED AND CHARITY BALANCE SHEET
AS AT 31 AUGUST 2022

	Note	**Group 2022 £m**	Group 2021 £m	**Charity 2022 £m**	Charity 2021 £m
Fixed assets					
Charitable property	12	**34.1**	34.1	**34.1**	34.1
Heritage assets	13	**2.9**	2.9	**2.9**	2.9
Other tangible assets	14	**1.7**	1.3	**1.7**	1.3
		38.7	38.3	**38.7**	38.3
Investment property	15	**194.7**	194.8	**185.7**	191.4
Direct financial investments	16a	**79.9**	75.2	**79.9**	75.2
Indirect financial investments	16b	**127.9**	123.9	**127.4**	123.4
		402.5	393.9	**393.0**	390.0
Total fixed assets		**441.2**	432.2	**431.7**	428.3
Non-current assets					
Debtors: amounts falling due after more than one year	17	**3.1**	-	**3.1**	-
Current assets					
Debtors: amounts falling due within one year	17	**4.7**	1.9	**4.4**	1.9
Stock		**0.1**	0.1	**0.1**	0.1
Cash at bank and in hand	18	**23.3**	13.1	**23.1**	12.9
		28.1	15.1	**27.6**	14.9
Current liabilities (amounts falling due within one year)	19	**(28.6)**	(8.0)	**(28.4)**	(8.1)
Net current assets		**(0.5)**	7.1	**(0.8)**	6.8
Liabilities (amounts falling due after more than one year)	19	**(0.3)**	(20.5)	**(0.3)**	(20.5)
Net assets excluding pension liability		**443.5**	418.8	**433.7**	414.6
Pension liability	11	**(24.2)**	(32.2)	**(24.2)**	(32.2)
Net assets including pension liability		**419.3**	386.6	**409.5**	382.4
Funds					
Unrestricted funds	24	**417.9**	384.9	**408.7**	381.4
Designated funds	24	**0.5**	0.7	**0.5**	0.7
Restricted funds	24	**0.9**	1.0	**0.3**	0.3
		419.3	386.6	**409.5**	382.4

The notes on pages 38 to 69 form part of these accounts.

The financial statements were approved by the Advisory Panel on 22 June 2023 and signed on its behalf by:

Deirdre Mills
Director of Greenwich Hospital 10 July 2023

CONSOLIDATED AND CHARITY CASH FLOW
FOR THE YEAR ENDED 31 AUGUST 2022

	Note	**Group 2021-22 £m**	Group 2020-21 £m	**Charity 2021-22 £m**	Charity 2020-21 £m
Net cash (used in)/provided by operating activities					
Net cash provided by operating activities		**(2.0)**	2.5	**(1.9)**	2.3
Cash flows from investing activities					
Receipts from sale of property and other capital receipts		**15.5**	6.4	**15.2**	6.4
Payments to acquire or improve charitable property	12	**(0.4)**	(0.4)	**(0.4)**	(0.4)
Receipts from sale of other tangible fixed assets	14	**0.5**	0.0	**0.5**	0.0
Payments to acquire other tangible fixed assets	14	**(0.7)**	(0.2)	**(0.7)**	(0.2)
Payments to acquire or improve investment property	15	**(2.2)**	(1.8)	**(2.0)**	(1.7)
Receipts from sale of investments		**2.6**	-	**2.6**	-
Payments to acquire investments	16b	**(2.5)**	(2.5)	**(2.5)**	(2.2)
Net cash flow provided by/(used in) investing activities		**12.8**	1.5	**12.7**	1.9
Cash flows from financing activities					
Capital element of finance lease payments		**(0.1)**	0.0	**(0.1)**	0.0
Cost of secured borrowing	20	**(0.4)**	(0.2)	**(0.4)**	(0.2)
Interest element of finance lease payments		**(0.1)**	(0.1)	**(0.1)**	(0.1)
Net cash flow (used in) financing activities		**(0.6)**	(0.3)	**(0.6)**	(0.3)
Change in cash or cash equivalents in the year	18	**10.2**	3.7	**10.2**	3.9
Cash and cash equivalents at the beginning of the year		**13.1**	9.4	**12.9**	9.0
Cash and cash equivalents at the end of the year		**23.3**	13.1	**23.1**	12.9

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

	Note	**Group 2021-22 £m**	Group 2020-21 £m	**Charity 2021-22 £m**	Charity 2020-21 £m
Net income/(expenditure) for the year (as per the Statement of Financial Activities)		**24.3**	24.0	**18.7**	23.5
Interest on pension liability	11	**0.5**	0.5	**0.5**	0.5
Movement of pension liability during the year	11	**(1.1)**	(1.1)	**(1.1)**	(1.1)
Depreciation	12,14	**1.8**	1.6	**1.8**	1.6
Impairment of tangible assets	14	**-**	0.1	**-**	0.1
Net interest and other financing cost		**0.4**	0.3	**0.4**	0.3
Profit on sale of investment property		**(1.2)**	(0.9)	**(1.1)**	(0.9)
Profit on sale of tangible assets		**(0.5)**	-	**(0.5)**	-
Loss on sale of heritage asset		**-**	-	**-**	-
Gain on sale of indirect financial investments	16b	**(1.1)**	-	**(1.1)**	-
(Gain) on revaluation of investment properties	15	**(11.1)**	(8.9)	**(5.5)**	(8.5)
(Gain) on revaluation of charitable properties		**(1.0)**	-	**(1.0)**	-
(Gain)/loss on revaluation of direct financial investments	16a	**(4.7)**	6.2	**(4.7)**	6.2
(Gain) on revaluation of indirect financial investments	16b	**(2.8)**	(20.3)	**(2.8)**	(20.3)
(Increase)/decrease in debtors	17	**(5.9)**	1.0	**(5.6)**	1.0
(Increase) in stock		**-**	(0.1)	**-**	(0.1)
Increase/(decrease) in creditors	19	**0.4**	0.1	**0.1**	-
Net cash flow from operating activities		**(2.0)**	2.5	**(1.9)**	2.3

The notes on pages 38 to 69 form part of these accounts.

NOTES TO THE ACCOUNTS

1 Accounting policies

a) Basis of accounting

The Annual Accounts are prepared by Greenwich Hospital as required by legislation (Greenwich Hospital Act 1865 (s.47), as amended by the Greenwich Hospital Act 1885 (s.4)) and are audited by the National Audit Office.

The accounts have been prepared under the historical cost convention as modified below. Due to the charitable nature of most of the Hospital's activities, the accounts have been prepared to comply with the underlying principles of Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) (the Charities SORP). Greenwich Hospital, as a Crown charity, is considered a public benefit entity. The accounts comply with the Charities Act 2016.

The group financial statements consolidate the financial statements of Greenwich Hospital, Royal Hospital School Enterprises Limited, Royal Hospital School Charitable Trust and Travers Foundation and drawn up to 31 August each year.

The group and charity financial statements are presented in pounds sterling and all values are rounded to the nearest £0.1 million, except where indicated otherwise.

b) Basis of consolidation

Consolidated financial statements have been prepared in respect of the charity, its wholly owned subsidiary Royal Hospital School Enterprises Limited and the Hospital’s related organisations Travers Foundation and Royal Hospital School Charitable Trust. A separate Statement of Financial Activities for the charity itself is included.

c) Going concern

The Director has a reasonable expectation that the Hospital has adequate resources to continue in operational existence for the foreseeable future and there are no material uncertainties about the Hospital’s ability to continue. The Hospital therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

In reaching this conclusion, the Director has considered the impact of reductions in the Hospital’s income and in the value of its assets on its ability to cover its charitable and other expenditure over the period to 31 August 2024. Detailed cash flow projections have been prepared incorporating the impact of various scenarios brought about by a significant worsening of the economic environment resulting from an event of the scale of the coronavirus pandemic.

The repayment of the loan of £20m before April 2023 has been reflected in the cash flow.

The cash flow projections and forecasts which arise from the various scenarios indicate that the Hospital would not need to draw down its indirect financial investments to meet it charitable and other expenditure commitments over the period to 31 August 2024. However, in the event that it did, the Hospital will have sufficient liquid investments to meet its commitments.

d) Tangible fixed assets

Assets over £1,000 are capitalised. The Hospital recognises seven classes of tangible fixed assets:

- Investment property
- Charitable land
- Charitable sheltered housing
- Charitable supported housing
- Other charitable property
- Other tangible assets
- Heritage assets

Investment properties are held either to earn rental income or for capital appreciation or both. They comprise the Greenwich Estate, the Northern Estates and the Holbrook Estate. Investment properties and those in the course of construction are held at fair value. They are valued based on open market value. When the Hospital begins to redevelop an existing investment property for continued future use as an investment property, the property remains an investment property and is accounted for as such.

Investment properties are measured initially at cost, including related transaction costs. Additions to investment properties consist of costs of a capital nature. At the balance sheet date, investment properties are revalued to fair value. Any surplus or deficit arising on revaluing investment properties is recognised in the Statement of Financial Activities.

The valuations are carried out by independent valuers: BNP Paribas for the Greenwich Estate, Savills for the Northern Estates, and Strutt and Parker for Holbrook and Travers. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors Global Standards in force at the time the valuation was instructed. This defines fair value as the estimated amount for which an asset or liability should exchange between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion.

Charitable land is not depreciated. It is assumed that where market values are obtained the land is a third of the value of the whole site.

Sheltered housing is held at market value. The Hospital's expenditure on sheltered housing is capitalised at historic cost on acquisition and revalued every year using independent valuers BNP Paribas. Unrealised gains or losses on revaluation are recognised in the Statement of Financial Activities. The valuations are carried out in accordance with the Royal Institute of Chartered Surveyors Global Standards in force at the time the valuation was instructed. In 2021-22, it was decided to carry out a full valuation every three years and use the Retail Price Index to calculate the change in value in the intervening years. The last full valuation was at 31 August 2021 and the next full valuation will be at 31 August 2024.

Supported housing is held at historic cost less depreciation.

Other charitable property is the School which is held at historic cost less depreciation.

Other tangible assets are held at cost of acquisition less depreciation.

Heritage property assets at the Greenwich Estate include The Royal Naval College, Dreadnought Seamen's Hospital, Devonport Nurses' Home, the Bellot Memorial and Greenwich Pier. These buildings are of historical importance and there are restrictions on their use. Their market value in existing use is included under the Greenwich Estate on the Hospital's balance sheet. This value is low because of the regulations and restrictions applicable to them and the significant maintenance costs.

Heritage assets excluding property comprise a collection of art, furniture, silver plates, clocks and historical artefacts. The majority of these are at the National Maritime Museum in Greenwich.

Heritage assets are initially recognised at cost, or valuation if donated and a reliable valuation is available. This is then assumed to be their deemed cost going forward. Heritage assets are not depreciated, but are instead assessed annually for impairment, and their carrying value reduced as necessary.

An overview of the collection is given in Note 13.

e) Financial investments

Financial investments are initially recognised and subsequently measured at fair value in the accounts.

(i) Direct financial investments

The Hospital has a direct financial investment in the Pollen Estate. The valuation used in the accounts is the Hospital's share, which is 10.253%, of the balance sheet value shown in the quarterly accounts closest to the Hospital's year end, being the valuation at 30 September 2022.

(ii) Indirect financial investments

Quoted investments are shown at market value. Unrealised gains and losses on the valuation of investments are recognised in the Statement of Financial Activities. Cash deposits held with investment managers 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 year in which they are incurred.

f) Recognition of incoming and outgoing resources

Income is recognised in the period in which it is receivable. Income is recognised if it is deemed probable that it will be received, the Charity is entitled to the income, and it can be reliably measured. Rental increases arising because 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. Expenditure is recognised where an obligation exists for the Charity to pay, it is deemed probable, and it can be reliably measured.

Income and expenditure is recognised on the Statement of Financial Activities on an activity basis:

(i) Donations and legacies

Donated assets are recognised at their value on acquisition. Grants receivable are recognised when the conditions for entitlement have been met.

(ii) Charitable activities

Income and expenditure relating to charitable activities include the operations of the Royal Hospital School and the associated charitable trust, sheltered housing provision, and grants payable.

Income associated with the Royal Hospital School and charitable trust includes school fees (recognised over the teaching period), and other ancillary income. Income associated with the sheltered housing provision includes rents (recognised over the rental period) and other ancillary income. Expenditure related to the Royal Hospital School, charitable trust, and sheltered housing provision is recognised on an accruals basis.

Grants payable are recognised when the conditions for disbursement have been met.

(iii) Investment income, other trading activities, and costs of raising funds

Investment income includes dividends receivable, interest on bonds and cash balances, and rental income on investment properties. Income on dividends, bonds and cash balances is recognised when receivable. Rental income is recognised over the rental period. Rent concessions in respect of Covid-19 are recognised when an agreement in respect of the concession has been signed by the lessee.

Other trading income includes lettings fees (recognised over the lettings period) related to the Royal Hospital School commercial activities.

Costs of raising funds includes investment management fees, investment property costs, finance costs, and costs associated with commercial lettings. These are all recognised on an accruals basis.

(iv) Other costs, gains and losses, and support costs

Other costs include exceptional expenditure, usually recognised on an accruals basis.

Gains and losses are shown by asset or liability class.

Support costs are apportioned by activity type, and primarily on a staff time basis.

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

g) 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 years. The finance element of the rental payment is charged to the profit and loss account to produce a constant periodic rate of charge on the net obligation outstanding in each year.

The benefit of rent free periods and reduced premiums which we receive as property lessees is recognised as reduced rental expense over the year from the lease start date to the end of the lease term. The benefit is allocated on a straight-line basis.

h) Gains and losses

In compliance with the Charities SORP, 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 quarter or cost if purchased during the last month of the financial year.

i) Cash and bank

The Hospital maintains a bank account with the Government Banking Service and maintains several current and deposit accounts with Barclays Bank. Within cash, the Hospital includes cash equivalents. The Hospital defines cash equivalents as highly liquid investments having a maturity of three months or less which are at minimal risk of a change in value.

j) Depreciation

Depreciation is provided on tangible fixed assets as detailed in note 1 b). 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
- Motor vehicles – five to ten years
- Plant and machinery – five to twenty years
- Sailing vessels – five to twenty years
- Educational equipment – five to ten years
- Computers – five to ten 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 based on costs accrued to date. Depreciation is not charged until the asset is in use. Where an asset is recognised to be impaired, its carrying value is reduced to reflect its impaired value. If it remains in use, it will then be depreciated on a revised basis.

k) Pension schemes

The 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 to, although not part of, the Principal Civil Service Pension Scheme and the Hospital is responsible for paying pensions to retired employees other than Royal Hospital School teachers. The scheme closed to further accrual for most members in June 2015. Those who were within nine years of normal retirement date in June 2015 were given enhanced protection on closure and could be active members of the scheme for up to 4.5 more years. The independent actuary who values the liability associated with the scheme changed from First Actuarial LLP to Isio Group Limited during the year. A full actuarial valuation of the liability is carried out every three years with the results updated in the intervening years. The most recent full valuation was as at 31 August 2022 by Isio Group Limited and a provision is included in the balance sheet

As from July 2011, the Hospital has offered a defined contribution scheme to all new non-teaching staff and those who ceased to be members of the defined benefit scheme. 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' Pension Scheme. (and since September 2022, they have been able to join a defined contribution scheme).The nature of this scheme is set out in note 11.

l) Provisions

Provisions for liabilities and charges have been established under the criteria of FRS 102 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

Members of the Advisory Board and Advisory Panel, Governors of the Royal Hospital School and Directors of the Royal Hospital School Enterprises Limited, where not ex officio, all gave their services voluntarily and received no remuneration for their activities with the Hospital.

n) Restricted, designated 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. Where management assesses a specific operational need for a significant project or undertaking, it may designate a portion of the unrestricted funds. Unused designated funds are reviewed annually to see whether they should be released.

o) 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 nature. Unless otherwise noted, the Hospital is not exposed to significant interest, foreign exchange or credit risks arising from these instruments.

p) Taxation

The Hospital is exempt from corporation tax under Section 505 ICTA 1988. The trading subsidiary, Royal Hospital School Enterprises Limited, is taxable but no tax is incurred as the surplus is distributed to the Charity under gift aid.

q) Accounting estimates, judgements and assumptions

In preparing these accounts, management relies on various estimates, judgements and assumptions derived by the accounting team and experts consulted to provide suitable evidentiary statements. Significant items in this regard include the property valuations underlying the investment property assets, future cash flows related to the defined benefit pension scheme liability, and provisioning regards recoverability of debts receivable. In reaching these assumptions, management and its consultants rely on historic trends and market sector evidence.

Property market valuations have generally been made on the basis of existing tenancies with the addition of hope value where it is considered that land may be designated for mixed use development. A change in the valuation approach for sheltered housing from that adopted in the previous year is set out in accounting policy note 1 d. All the individuals who undertook valuations have the relevant knowledge, skills, qualifications and understanding to competently value the estates and did so on a professional basis.

The valuation of the defined benefit pension liability has been performed by an independent actuary and the assumptions used are considered reasonable. The independent actuary

changed from First Actuarial LLP to Isio Group Limited during the year.

Provisions regarding the recoverability of debts receivable are made on a prudent basis taking into account the advice of professional estate managers and, where necessary, the advice of lawyers.

In valuing the investment in the Pollen Estate, the Hospital has considered information provided by the Estate and the valuation of its property portfolio by professional valuers. A valuation as at 29 September 2022 has been used as the basis for the value of the Hospital's interest as at 31 August 2022. While the valuation was in September 2022 rather than at the balance sheet date, it is not anticipated that the valuation will have changed significantly because, in the view of the Director and Advisory Panel, there is no material difference between the two points in time. Valuations at each quarter end from 31 March 2022 to 30 September 2022 showed very limited changes with a maximum change of only 1.14%.

r) Accounting for government grants

The Hospital does not usually receive government funding. However, due to the need to furlough staff at the Royal Hospital School during the coronavirus pandemic, a grant from the government's Coronavirus Job Retention Scheme was received in 2019-20 and 2020-21. Income from the Scheme was only recognised to the extent that it was receivable in the year. Due to the restricted nature of the grant, both the grant income and associated expenditure were treated as restricted.

2 Comparative Statements of Financial Activities for 2020-21

Group	Note	Unrestricted funds £m	Designated funds £m	Restricted funds £m	Total 2020-21 £m
Income from:					
Charitable activities					
Royal Hospital School	3	15.1	-	0.4	**15.5**
Sheltered housing		0.6	-	-	**0.6**
Royal Hospital School Charitable Trust	4	-	-	0.1	**0.1**
Government grants receivable	7	-	-	0.3	**0.3**
		15.7	-	0.8	**16.5**
Investments					
Property investments	5	6.6	-	-	**6.6**
Direct financial investments	6a	1.1	-	-	**1.1**
Indirect financial investments	6b	3.7	-	-	**3.7**
		11.4	-	-	**11.4**
Total income		27.1	-	0.8	**27.9**
Expenditure on:					
Charitable activities					
Royal Hospital School		15.9	-	0.7	**16.6**
Sheltered housing		1.0	-	-	**1.0**
Royal Hospital School Charitable Trust (RHSCT)		-	-	0.1	**0.1**
Grants, annuities and donations payable	8a	4.0	-	-	**4.0**
		20.9	-	0.8	**21.7**
Raising funds	8b	6.3	-	-	**6.3**
Total expenditure		27.2	-	0.8	**28.0**
Net (expenditure) before gains/(losses) on investments		(0.1)	-	-	**(0.1)**
(Loss)/gain on sale of investment properties		0.9	-	-	**0.9**
Gain on revaluation of investment properties	15	9.0	-	-	**9.0**
(Loss) on revaluation of direct financial investments	16a	(6.2)	-	-	**(6.2)**
Gain on revaluation of indirect financial investments	16b	20.3	-	0.1	**20.4**
Net (expenditure)/income		23.9	-	0.1	**24.0**
Transfers between funds					
Transfers from designated funds		0.1	(0.1)	-	-
	24	0.1	(0.1)	-	-
Other recognised gains/(losses)					
Actuarial (loss) on pension scheme	11	(1.1)	-	-	**(1.1)**
Gain on revaluation of charitable properties		(0.5)	-	-	**(0.5)**
		(1.6)	-	-	**(1.6)**
Net movement in funds		22.4	(0.1)	0.1	**22.4**
Reconciliation of funds					
Balance brought forward	24	362.5	0.8	0.9	**364.2**
Balance carried forward		384.9	0.7	1.0	**386.6**

Charity	Note	Unrestricted funds £m	Designated funds £m	Restricted funds £m	Total 2020-21 £m
Income from:					
Charitable activities					
Royal Hospital School	3	15.1	-	0.4	**15.5**
Sheltered housing		0.6	-	-	**0.6**
Government grants receivable	7	-	-	0.3	**0.3**
		15.7	-	0.7	**16.4**
Investments					
Property investments	5	6.6	-	-	**6.6**
Direct financial investments	6a	1.1	-	-	**1.1**
Indirect financial investments	6b	3.7	-	-	**3.7**
		11.4	-	-	**11.4**
Total income		27.1	-	0.7	**27.8**
Expenditure on:					
Charitable activities					
Royal Hospital School	3	15.9	-	0.7	**16.6**
Sheltered housing		1.0	-	-	**1.0**
Grants, annuities and donations payable	8a	4.0	-	-	**4.0**
		20.9	-	0.7	**21.6**
Raising funds	8b	6.2	-	-	**6.2**
Total expenditure		27.1	-	0.7	**27.8**
Net expenditure before gains/losses		-	-	-	-
Gain on sale of investment properties	12	0.9	-	-	**0.9**
Gain on revaluation of investment properties	15	8.5	-	-	**8.5**
(Loss) on revaluation of direct financial investments	16a	(6.2)	-	-	**(6.2)**
Gain on revaluation of indirect financial investments	16b	20.3	-	-	**20.3**
Net income		23.5	-	-	**23.5**
Transfers between funds					
Transfers from designated funds		0.1	(0.1)	-	-
Other recognised (losses)					
Actuarial (loss) on pension scheme	11	(1.1)	-	-	**(1.1)**
(Loss) on revaluation of charitable properties		(0.5)	-	-	**(0.5)**
		(1.6)	-	-	**(1.6)**
Net movement in funds		22.0	(0.1)	-	**21.9**
Reconciliation of funds					
Balance brought forward	24	359.4	0.8	0.3	**360.5**
Balance carried forward		381.4	0.7	0.3	**382.4**

3 Royal Hospital School

An analysis of the income and expenditure associated with the School is shown in the table below.

Charity	Total 2021-22 £m	Total 2020-21 £m
Income		
School fees	15.6	14.1
Incidental charges, hire of facilities and other income	1.1	1.0
Restricted and designated fund income	0.7	0.4
	17.4	15.5
Expenditure		
Staff costs	9.3	8.6
Restricted funds - staff costs	-	0.3
Academic costs	2.1	1.6
Premises and facilities	1.5	1.4
Administration	2.2	1.7
Depreciation	1.4	1.5
Interest element of finance lease payments	0.1	0.1
Allocated support costs	0.5	0.5
Interest on pension liability	0.5	0.5
Restricted funds - non-staff costs	0.7	0.4
	18.3	16.6
Net expenditure	(0.9)	(1.1)

4 Subsidiary undertakings

The Group comprises the parent Charity (Greenwich Hospital) and four subsidiary undertakings as detailed below.

The Royal Hospital Charitable Trust (registration number 1157146) is a Charitable Incorporated Organisation set up in 2015-16 to benefit the pupils of the Royal Hospital School. The Director of Greenwich Hospital has the authority to change School governors and hence trustees of the Trust, who decide where funds will be allocated. It has therefore been determined that the Director is able to control the Trust and the accounts which are material have therefore been consolidated. The Hospital considers that it has a moral obligation not to influence the distribution of funds by the School trustees. The Trust's year end is 31 August.

Royal Hospital School Enterprises Limited (company number 06550120) is a limited company which carries out commercial trading activities on behalf of the Royal Hospital School. All profits are gift aided to the Hospital. The Charity holds 100% of the share capital. The company's year end is 31 August.

The Travers Foundation was established by the will of Samuel Travers in 1725 for the payment of pensions to retired lieutenants of the Royal Navy The Foundation comprises property on the Bovills Estate in Essex. The assets of the Foundation were transferred to the Secretary of State for Defence (in his role as the representative of the Crown responsible for the governance of Greenwich Hospital on behalf of the Sovereign) by the Defence (Transfer of Functions) Act 1964, and by the Armed Forces Act 1976, and are treated as the property of the Hospital. The income can be applied for the general purposes of the Hospital.

S.21 (3) of the Armed Forces Act 1976 states that the accounts of the property shall be kept distinct from the general accounts of the Hospital and be shown separately in any statement rendered to Parliament under the Greenwich Hospital Acts 1865 to 1967. Separate accounts for the Travers Foundation are therefore prepared. The Foundation's year end is 31 August.

The summary results and balance sheets of the subsidiary undertakings for the year are in the next table.

	RHS Charitable Trust		RHS Enterprises Limited		Travers Foundation	
	2021-22	2020-21	**2021-22**	2020-21	**2021-22**	2020-21
	£m	£m	**£m**	£m	**£m**	£m
Income	**0.05**	0.09	**0.37**	0.04	**0.03**	0.03
Expenditure	**(0.05)**	(0.05)	**(0.37)**	(0.07)	**(0.01)**	(0.01)
Net income/(expenditure)	**-**	0.04	**-**	(0.03)	**0.02**	0.02
Other gains	**(0.01)**	0.08	**-**	-	**5.76**	0.46
Net movement in funds	**(0.01)**	0.12	**-**	(0.03)	**5.78**	0.48
Assets	**0.74**	0.76	**0.45**	0.03	**9.35**	3.55
Liabilities	**-**	-	**(0.45)**	(0.07)	**(0.03)**	-
Total funds	**0.74**	0.76	**-**	(0.04)	**9.32**	3.55

Travers Foundation assets include investment property held at a market value of £9.02m (2020-21: £3.4m) as shown in note 15.

The Hospital owns land in Throckley near Newcastle-upon-Tyne for which planning consent was obtained for the area to be developed for housing. Throckley North Management Company is the company established to own and be responsible for the upkeep and insurance of common areas in the area that are not adopted by the local authority.

It is a company limited by guarantee without share capital. Its company number is 11230974 and it was incorporated on 28 February 2018. The Hospital is the Special Member of the company and for the period before the disposal of all of the plots of land to housebuilders and the appointment of resident directors, Special Directors of the company are members of the Hospital's staff.

The Hospital considers that under paragraph 9.9A of Financial Reporting Standard 102, the company can be excluded from consolidation in the Group accounts as it is not material for the purpose of giving a true and fair view.

5 Property investment income

Property investment income comprises rental income from the Hospital's Holbrook, Northern and Greenwich estates and includes residential, commercial and agricultural lettings.

6 Financial investment income

a) Direct financial investment income

Direct financial investment income comprises income from the Hospital's holding in the Pollen Estate which holds property in east Mayfair, London.

b) Indirect financial investment income

	Charity and Group 2021-22 £m	Charity and Group 2020-21 £m
UK equities	**1.7**	1.6
Overseas equities	**1.8**	1.6
Fixed interest investments	**0.4**	0.3
Reade Accumulation Fund	**0.1**	0.2
	4.0	3.7

7 Government grants receivable

The Hospital does not usually receive government funding. However, due to the need to furlough staff at the Royal Hospital School during the coronavirus pandemic, £0.3m from the government's Coronavirus Job Retention Scheme was received in 2020-21. It received no grant in 2021-22. Income from the Scheme was only been recognised to the extent that it was receivable in the year. Due to the restricted nature of the grant, both the grant income and associated expenditure were treated as restricted. The expenditure is included within Royal Hospital School restricted expenditure in the Statement of Financial Activities.

8a Grants, annuities and donations payable

All grants are accounted for as being commitments where the beneficiary has been notified of the award and the Hospital has no discretion to avoid future expenditure based on their assessment of whether the conditions have been met by the recipient.

	2021-22 £m	2020-21 £m
Welfare and benevolence grants	1.5	1.2
Education and training grants	0.2	0.2
Grants paid via Royal Navy and Royal Marines Charity	1.4	1.4
Jellicoe regular charitable payments	1.0	0.9
	4.1	3.7
Allocated support and governance costs	0.5	0.3
	4.6	4.0

8b Raising funds

Group

	Note	**2021-22 £m**	2020-21 £m
Property management costs		**4.0**	5.5
Financial investment management costs		**0.6**	0.6
Finance costs	20	**0.4**	0.2
RHSEL lettings costs	4	**0.4**	0.1
		5.4	6.4

Charity

	Note	**2021-22 £m**	2020-21 £m
Property management costs		**4.1**	5.4
Financial investment management costs		**0.6**	0.6
Finance costs	20	**0.4**	0.2
		5.1	6.2

9 Expenditure

2021-22		**Group**			**Charity**		
	Note	**Direct costs £m**	**Support costs £m**	**Total £m**	**Direct costs £m**	**Support costs £m**	**Total £m**
Royal Hospital School		17.8	0.5	**18.3**	17.8	0.5	**18.3**
Sheltered housing		0.9	0.1	**1.0**	0.9	0.1	**1.0**
Grants, annuities and donations payable	8	4.1	0.5	**4.6**	4.1	0.5	**4.6**
Royal Hospital School Charitable Trust		0.1	-	**0.1**	-	-	**-**
Raising funds		4.8	0.6	**5.4**	4.5	0.6	**5.1**
		27.7	**1.7**	**29.4**	**27.3**	**1.7**	**29.0**

2020-21		**Group**			**Charity**		
	Note	**Direct costs £m**	**Support costs £m**	**Total £m**	**Direct costs £m**	**Support costs £m**	**Total £m**
Royal Hospital School		16.1	0.5	**16.6**	16.1	0.5	**16.6**
Sheltered housing		0.9	0.1	**1.0**	0.9	0.1	**1.0**
Grants, annuities and donations payable	8	3.7	0.3	**4.0**	3.7	0.3	**4.0**
Raising funds		5.6	0.8	**6.4**	5.5	0.7	**6.2**
		26.3	**1.7**	**28.0**	**26.2**	**1.6**	**27.8**

Support costs include governance costs totalling £0.6m (2020-21: £0.7m).

The basis for the allocation of support costs is as follows:

Group

	Basis of allocation	Raising funds £m	Royal Hospital School £m	Sheltered housing £m	Grants, annuities and donations payable £m	Govern-ance £m	Total £m
Salaries and other staff costs	Staff time	0.3	0.1	0.1	0.3	0.3	**1.1**
Audit and professional fees	Direct costs	-	-	-	-	0.1	**0.1**
Office expenses and depreciation	Staff time	0.3	-	-	-	0.2	**0.5**
Total 2021-22		**0.6**	**0.1**	**0.1**	**0.3**	**0.6**	**1.7**
Total 2020-21		0.6	0.1	0.1	0.2	0.7	**1.7**

Charity

	Basis of allocation	Raising funds £m	Royal Hospital School £m	Sheltered housing £m	Grants, annuities and donations payable £m	Govern-ance £m	Total £m
Salaries and other staff costs	Staff time	0.3	0.1	0.1	0.3	0.3	**1.1**
Audit and professional fees	Direct costs	-	-	-	-	0.1	**0.1**
Office expenses and depreciation	Staff time	0.3	-	-	-	0.2	**0.6**
Total 2021-22		**0.6**	**0.1**	**0.1**	**0.3**	**0.6**	**1.7**
Total 2020-21		0.5	0.1	0.1	0.2	0.7	**1.6**

Group audit fees in respect of 2021-22 were £108,150 (2020-21: £123,100). The audit fees for the Charity in respect of 2021-22 were £105,000 (2020-21: £115,890).

The fee for the independent examination of the Royal Hospital School Charitable Trust was £2,282 (2020-21: £2,220).

No fees were paid to the auditors for non-audit work.

10 Staff, Secretary of State for Defence, Advisory Board and Advisory Panel

Staff costs

	2021-22	2020-21
	£m	£m
Salaries and wages	**7.9**	7.8
Social security costs	**0.8**	0.8
Pension costs	**1.3**	1.2
	10.0	9.8
Composed of:		
Royal Hospital School	**9.2**	9.0
Head Office	**0.8**	0.8
	10.0	9.8

Staff costs include termination benefits of £79,000 to two employees (2020-21 restated: £64,000 to five employees). The payments comprised £25,000 (2020-21 restated: £54,000) in redundancy payments and £54,000 (2020-21 restated: £10,000) in other termination payments. The termination payment of £54,000 in 2021-22 was made to Hugh Player, a former Director of the Hospital.

The average monthly number of staff was:

	Head count		**Full-time equivalent**	
	2021-22	2020-21	**2021-22**	2020-21
Royal Hospital School	**243**	242	**208**	208
Head Office	**10**	10	**10**	9
	253	252	**218**	217

The number of staff, including the Director, whose remuneration including benefits but excluding employer's pension contributions exceeded £60,000 was as follows:

	2021-22			2020-21		
	Royal Hospital School	**Head Office**	**Total**	Royal Hospital School	Head Office	Total
£60,000 to £69,999	2	2	**4**	5	2	**7**
£70,000 to £79,999	0	1	**1**	2	1	**3**
£80,000 to £89,999	2	0	**2**	2	0	**2**
£90,000 to £99,999	2	0	**2**	0	0	**0**
£110,000 to £119,999	2	0	**2**	0	0	**0**
£140,000 to £149,999	0	0	**0**	1	0	**1**
£150,000 to £159,999	1	0	**1**	0	0	**0**
	9	**3**	**12**	**10**	**3**	**13**

Key management personnel are deemed to be the Director, the Clerk-in-Charge, the Director of Charity and the Director of Finance and Resources. During the year, remuneration including

employer's pension and National Insurance contributions (and secondment costs in the case of the Director) for key management personnel was £277,000 (2020-21: £271,000). Informal benchmarking against comparable posts elsewhere in the not-for-profit sector contributes to setting the pay of key management personnel.

The remuneration of the Director, including employer's pension and National Insurance contributions, was £107,173 (2020-21: £105,000).

Secretary of State for Defence, Advisory Board and Advisory Panel

The Secretary of State for Defence in his role as the representative of the Crown responsible for the governance of the Hospital on behalf of the Sovereign and members of the Advisory Board and Advisory Panel neither received nor waived any remuneration for their services in those capacities or for any other services provided to the Hospital (2020-21: £nil). The total value of expenses reimbursed to members of the Advisory Board and Advisory Panel was £47 which related to travel (2020-21: £nil). No expenses were claimed by the Secretary of State for Defence in the above role.

11 Pension costs

The Hospital has a range of pension arrangements depending on staff role and when staff joined the organisation. There is a defined benefit pension scheme analogous to the Civil Service schemes for non-teaching staff who joined prior to the scheme being closed to new joiners. Teachers belong to the Teachers' Pension Scheme (and since September 2022 have been able to join a defined contribution scheme). Other staff are offered the option of joining a defined contribution scheme.

The employer's contribution to these schemes in 2021-22 was £1.3m (2020-21: £1.2m).

	2021-22	2020-21
	£m	£m
Teachers' Pension Scheme	**1.0**	1.0
Defined contribution scheme	**0.3**	0.2
	1.3	1.2

Defined benefit scheme for non-teaching staff

Pension benefits to Hospital non-teaching staff were historically provided through defined benefit schemes analogous to Civil Service pension arrangements. These comprise defined benefit schemes; either a final salary scheme (Classic, Premium, and Classic Plus or a whole career scheme Nuvos). Pension benefits are either based on the members' final pensionable salaries and service at their retirement date (final salary) or are built up each year, linked to the members' pensionable salaries in that year and then increased each year in line with inflation (career average revalued earnings).

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) their pension for a lump sum. The scheme is closed to new members and closure to further accrual was completed in 2020. These pensions are unfunded with the cost of benefits met by the Hospital.

There are now two categories of scheme members: deferred members – former active members of the scheme not yet in receipt of a pension; and pensioner members in receipt of a pension. At 31 August, the scheme membership comprised:

	2022	**2021**
Active Members	-	-
Deferred Members	100	113
Pensioners	275	266
Total	**375**	**379**

A full actuarial valuation of the liability is carried out every three years with the results updated in the intervening years. The most recent full valuation was as at 31 August 2022 by Isio Group Limited, a qualified independent actuary, and a provision is included in the balance sheet. The assumptions used in the valuation were as follows:

	2022	2021
Significant actuarial assumptions:		
Discount rate	4.15%	1.50%
Inflation: Consumer Prices Index (CPI)	3.25%	3.00%
Mortality assumptions:		
Mortality before and after retirement	S3PA Middle with CMI 2021 and 1.25% pa long-term improvements	S2PMA/S2PFA Middle with CMI 2020 and 1.25% pa long-term improvements

	2022	2021
Other actuarial assumptions:		
Pension increases in payment - in line with CPI	3.25%	3.00%
Revaluation of deferred pensions in excess of guaranteed minimum pension	3.25%	3.00%

Life expectancies assumed are as follows.

	2022 Males	**2022 Females**	2021 Males	2021 Females
For an individual aged 65 in 2022	21.4	23.8	21.3	23.7
At age 65 for an individual aged 45 in 2022	22.7	25.3	22.6	25.2

The choice of weighting to apply to 2020 and 2021 data is a complex area and requires judgements to be made. The UK continued to see the impact of the pandemic over 2021 with significant excess deaths compared to pre-pandemic levels. Deaths for 2021 were higher than 2019 but not as high as 2020, given the success of the vaccination programme at reducing hospitalisations and deaths. Although mortality experience over 2022 (to the time the assumptions were set) had not reduced back to pre-pandemic 2019 levels, excess deaths remained lower than both 2020 and 2021. As such, the ongoing effects of the pandemic were

still too uncertain to take a view on and so no weighting was placed on the 2020 and 2021 data for the impact of Covid-19 on future mortality improvements. These assumptions will be kept under review as further data and mortality tables are published in the future.

A reconciliation of the scheme's defined benefit obligation is in the next table.

	2021-22	2020-21
	£m	£m
At 1 September 2021	**(32.2)**	(31.7)
Benefits paid	**1.1**	1.1
Interest cost	**(0.5)**	(0.5)
Actuarial gains/(losses)	**7.4**	(1.1)
At 31 August 2022	**(24.2)**	(32.2)

A reconciliation to the Group and Charity balance sheets is in the next table.

	2022	2021
	£m	£m
Present value of defined benefit obligation	24.2	32.2
Funded status	(24.2)	(32.2)
Pension liability recognised in the balance sheets	(24.2)	(32.2)

Amounts recognised in the Consolidated and Charity Statements of Financial Activities:

	2021-22	2020-21
	£m	£m
Interest cost	**(0.5)**	(0.5)
Actuarial gains /(losses) on defined benefit obligation	**7.4**	(1.1)

Defined contribution money purchase schemes

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 are non-refundable. The employer's contributions of £0.2m (2020-21: £0.2m) were a cost to the Hospital in the year.

Teachers' Pension Scheme

The School participates in the Teachers' Pension Scheme for its teaching staff. The pension charge for the year includes contributions payable to the Scheme of £1.0m (2020-21: £1.0m) and at the year-end £0.1m (2019: £0.1m) was accrued in respect of contributions to this scheme.

The Teachers' Pension Scheme is a statutory, contributory, defined benefit scheme. It operates under the Teachers' Pensions Regulations 2010 (as amended) and the Teachers' Pension Scheme Regulations 2014 (as amended). Membership is automatic for full-time teachers and part-time teachers in schools on appointment or change of contract, although teachers may opt out. The Scheme is an unfunded scheme and members contribute on a 'pay as you go' basis.

Employee and employer contributions are credited to the Exchequer. Retirement and other pension benefits are paid by public funds provided by Parliament. The latest actuarial valuation of the Scheme was carried out as at 31 March 2016 and was published by Department for Education in April 2019. The employer contribution rate has been 23.68% since 1 September 2019. This rate includes a levy of 0.08% to cover administration expenses which was introduced from 1 September 2015. The formal actuarial valuation report and supporting documentation can be found on the Teachers' Pension Scheme website. The Hospital has accounted for employer contributions to the Scheme as if it was a defined contribution scheme

12 Charitable property

	Royal Hospital School £m	Supported housing £m	Sheltered housing £m	Total Charity and Group £m
Cost or valuation at 1 September 2021	42.0	0.4	6.5	48.9
Additions	0.4	-	-	0.4
Revaluation gain	-	-	1.0	1.0
Cost at 31 August 2022	42.4	0.4	7.5	50.3
Depreciation at 1 September 2021	14.8	-	-	14.8
Charge for the year	1.4	-	0.1	1.5
Depreciation written out on revaluation	-	-	(0.1)	(0.1)
Depreciation at 31 August 2022	16.2	-	-	16.2
Cost or valuation at 31 August 2022	**26.2**	**0.4**	**7.5**	**34.1**
Cost or valuation at 31 August 2021	27.2	0.4	6.5	34.1

The Royal Hospital School and supported housing are at historic cost less depreciation. The supported housing is a property purchased in Gosport as temporary accommodation with support for veterans.

Sheltered housing is held at market value. The Hospital's expenditure on sheltered housing is capitalised at historic cost on acquisition and revalued every year as at 31 August. Every third year, the valuation is carried out using independent valuers, BNP Paribas in accordance with the Royal Institute of Chartered Surveyors Global Standards in force at the time the valuation was instructed. The most recent valuation by BNP Paribus was at 31 August 2021. In other years, the revaluation is calculated by using the Retail Price Index. Unrealised gains or losses on revaluation are recognised in the Statement of Financial Activities. Based on the historical cost of £6.7m, the depreciation charge would be £0.1m (2020-21: £0.1m), and accumulated depreciation £2.6m (2020-21: £2.5m), giving a net book value of £4.1m (2020-21: £4.2m).

13 Heritage assets

The Hospital has a large and diverse art collection which it accumulated over its long history. The origin of the collection was the 'The National Gallery of Naval Art' which was opened in 1824 in the Painted Hall at the Royal Hospital for Seamen Greenwich. The 'Naval Gallery', as it became known, was Britain's first 'national historical' art museum: it aimed to promote Naval patriotism, and maintain the public charitable profile of the Hospital, by a display of art showing

great events and figures of Britain's maritime past.

The Gallery was based entirely on gifts. The Hospital already had some paintings and George IV launched it by presenting over 30 Naval portraits from the Royal Collection. In 1829, he added Turner's 'Battle of Trafalgar' with its pendant, Philippe de Loutherbourg's 'Battle of 1 June 1794'. Others followed his example and eventually the Painted Hall held nearly 300 works of art.

The Gallery was very popular in the 19th century. It closed when the National Maritime Museum was founded in the 1930s and the Hospital transferred most of its contents to the new Museum, on permanent loan in 1936. There is a memorandum of understanding in place between the Hospital and the National Maritime Museum (NMM) where it is agreed that the NMM will apply the same standards of care to the Greenwich Hospital Collection as the NMM applies to its own collection as a national museum. This also applies to items loaned back to the Hospital for display.

Financial Reporting Standard 102 requires that where information on cost or value is available, heritage assets should be reported in the balance sheet separately from other tangible assets. However, where this information is not available and cannot be obtained at a cost commensurate with the benefits to the user of the accounts the assets will not be recognised in the balance sheet. Assets received by Hospital were largely gifted to it prior to 1950, and records do not remain that ascertain their value on receipt. As the Hospital is a caretaker of these assets, with no intention of selling them, either due to their value to the nation, or because they hold value of historic importance to the Hospital's legacy, there is no specific economic benefit to be derived from them.

The assets included within these accounts relate solely to those insured by the Hospital. In the event of their destruction, they would give rise to an economic benefit, and as such have been capitalised at the insured value. For the purpose of insurance, these assets were valued at various dates mainly in 2014 by Townleys and 2012 by Sothebys. These valuations have been taken as their fair value at the time of recognition and have been considered deemed cost going forwards in line with the accounting policy. During the year, five paintings were transferred to the National Maritime Museum. The number of assets which have been valued is now 65 (2020-21: 70).

Group and Charity	**2022**	2021	2020	2019	2018
	£m	£m	£m	£m	£m
Value at 1 September 2021	2.9	2.9	2.6	0.8	0.8
Additions	-	-	0.3	1.8	-
Value at 31 August 2022	**2.9**	2.9	2.9	2.6	0.8

The next table shows the number of heritage assets by their nature.

	National Maritime Museum	Other locations	Total
American art	1	-	1
Arms, armour and militaria	29	7	36
Clocks	2	3	5
Collectors items	90	17	107
Furniture and furnishings	-	52	52
Lithographs and engravings	-	2	2
Manuscripts	13	4	17
Measures	-	1	1
Medals	14	-	14
Miniatures and vertu	5	1	6
Pictures	242	56	298
Printed material	-	1	1
Sculpture	-	3	3
Sculpture and works of art	23	2	25
Ship model	-	1	1
Silver and plated wares	51	51	102
Other art	26	-	26
	496	201	697

14 Other tangible assets

	Motor vehicles £m	**Plant and machinery £m**	**Furniture and equipment £m**	**IT equipment £m**	**Total Charity and Group £m**
Cost at 1 September 2021	0.3	2.2	0.8	1.1	4.4
Additions	-	-	0.1	0.6	0.7
Disposals	-	-	(0.1)	(0.4)	(0.5)
Cost at 31 August 2022	0.3	2.2	0.8	1.3	4.6
Depreciation at 1 September 2021	0.2	1.4	0.6	0.9	3.1
Charge for the year	0.1	0.1	-	0.1	0.3
Released on disposal	-	-	(0.1)	(0.4)	(0.5)
Depreciation at 31 August 2022	0.3	1.5	0.5	0.6	2.9
Net book value at 31 August 2022	**-**	**0.7**	**0.3**	**0.7**	**1.7**
Net book value at 31 August 2021	0.1	0.8	0.2	0.2	1.3

The net book value of assets held under finance leases included in above total is £0.4m (2020-21: £0.5m). The depreciation charge on these assets was £0.1m (2020-21: £0.1m).

15 Investment property

	Total Charity £m	Travers Foundation £m	Total Group £m
Valuation at 1 September 2021	191.4	3.4	194.8
Additions	2.0	0.2	2.2
Disposals	(13.2)	(0.2)	(13.4)
Revaluation	5.5	5.6	11.1
Valuation at 31 August 2022	**185.7**	**9.0**	**194.7**

Investment property comprises freehold land and buildings and is shown at market value as at 31 August 2022. The property includes Holbrook Estate, Northern Estates and Greenwich Estate.

The property agents Strutt & Parker provided a valuation of the Holbrook Estate and the Travers Foundation property at Bovills Hall Farm. The latter includes an element of hope value, as it is considered that some land may be designated for mixed use development. Savills provided a valuation of the Northern Estates and the Throckley site. BNP Paribas provided a valuation of the Greenwich Estate.

All the individuals who undertook valuations have the relevant knowledge, skills, qualifications and understanding to competently value the estates and did so on a professional basis.

In addition to the above items, the Hospital also owns heritage property including 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. The valuation of heritage property is discussed in note 1 d).

The 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 the Port of London Authority under a lease lasting for 999 years from 2010. No value has been ascribed to this asset in these accounts. The Hospital also owns Bellot Memorial Gardens, a small patch of land next to Greenwich Pier. The Hospital is responsible for maintaining the memorial, garden and sea wall railings. No alternative uses or potential to create an income have been identified for this land. 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 £0.3m (2020-21: £0.3m). This is provided rent free to the managing agents as part of the estate management contract.

16 Financial investments

a) Direct financial investments

At 31 August 2022, the Hospital held a 10.253% beneficial interest in the Pollen Estate, which is an independent trust investing in property. The Hospital receives regular dividends and has no

involvement in the day to day management of the Estate.

	Charity and Group £m **2021-22**	Charity and Group £m 2020-21
Valuation at 1 September	75.2	81.4
Revaluation	4.7	(6.2)
Valuation at 31 August	**79.9**	75.2

Cushman & Wakefield Limited provided a valuation for The Pollen Estate Trustee Company Limited as at 29 September 2022, and this has been used as the basis for the value of the Hospital's interest in the estate as at 31 August 2022. While the valuation was in September 2022 rather than at the balance sheet date, it is not anticipated that the valuation will have changed significantly because, in the view of the Director and Advisory Panel, there is no material difference between the two points in time. Valuations at each quarter end from 25 March 2022 to 29 September 2022 showed very limited changes with a maximum change of only 1%.

b) Indirect financial investments

	Group 2021-22 £m	Group 2020-21 £m	**Charity 2021-22 £m**	Charity 2020-21 £m
Market value at 1 September	**123.9**	101.1	**123.4**	100.9
Additions at cost	**2.5**	2.5	**2.5**	2.2
Disposals	**(2.4)**	-	**(2.4)**	-
Realised gain on revaluation	**1.1**	-	**1.1**	-
Unrealised gain on revaluation	**2.8**	20.3	**2.8**	20.3
Market value at 31 August	**127.9**	123.9	**127.4**	123.4

Indirect financial investments included in fixed asset investments comprise the following:

	Group at cost 2022 £m	**Group at market value 2022 £m**	**Charity at cost 2022 £m**	**Charity at market value 2022 £m**	Group at cost 2021 £m	Group at market value 2021 £m	Charity at cost 2021 £m	Charity at market value 2021 £m
UK equities	**33.6**	**46.8**	**32.9**	**46.2**	31.4	44.2	30.8	43.7
Overseas equities	**30.8**	**61.8**	**30.8**	**61.8**	31.9	59.8	31.9	59.8
Fixed interest investments	**11.0**	**9.9**	**11.0**	**9.9**	11.0	11.2	11.0	11.2
Reade Accumulation Fund	**5.9**	**8.4**	**5.9**	**8.4**	5.7	7.7	5.7	7.7
School Fund	**0.9**	**1.0**	**0.9**	**1.1**	0.9	1.0	0.9	1.0
	82.2	**127.9**	**81.5**	**127.4**	80.9	123.9	80.3	123.4

17 Debtors: amounts falling due within and more than one year

	Group 2022 £m	Group 2021 £m	**Charity 2022 £m**	Charity 2021 £m
Amounts falling due within one year				
Rents receivable	**0.1**	1.0	**0.1**	1.0
Accrued income	**0.8**	0.5	**0.8**	0.5
Other debtors and prepayments	**3.8**	0.4	**3.5**	0.4
	4.7	**1.9**	**4.4**	1.9
Amounts falling due after one year				
Other debtors	**3.1**	-	**3.1**	-

18 Note to the cash flow statement

Analysis of cash and cash equivalents at the year end:

	Group 2022 £m	Group 2021 £m	**Charity 2022 £m**	Charity 2021 £m
Government banking	**0.0**	0.2	**0.0**	0.2
Other bank accounts and cash in hand	**21.1**	11.1	**20.9**	10.9
Rent deposit accounts	**0.9**	0.7	**0.9**	0.7
Capital and income investment accounts	**1.3**	1.1	**1.3**	1.1
	23.3	13.1	**23.1**	12.9

Analysis of changes in net debt:

Group	**At start of year £m**	**Cash flows £m**	**Finance lease movements £m**	**Other non-cash changes £m**	**At end of year £m**
Cash	13.1	10.2	-	-	23.3
Loans falling due within one year	-	-	-	(20.0)	(20.0)
Loans falling due after more than one year	(20.0)	-	-	20.0	-
Finance lease obligations	(0.5)	-	0.1	-	(0.4)
	(7.4)	**10.2**	**0.1**	**-**	**2.9**

Charity	At start of year £m	Cash flows £m	Finance lease movements £m	Other non-cash changes £m	At end of year £m
Cash	12.9	10.2	-	-	23.1
Loans falling due within one year	-	-	-	(20.0)	(20.0)
Loans falling due after more than one year	(20.0)	-	-	20.0	-
Finance lease obligations	(0.5)	-	0.1	-	(0.4)
	(7.6)	**10.2**	**0.1**	**-**	**2.7**

19 Creditors

	Group 2022 £m	Group 2021 £m	**Charity 2022 £m**	Charity 2021 £m
Amounts falling due within one year				
Secured bank loan (note 20)	**20.0**	-	**20.0**	-
Trade creditors	**1.1**	0.8	**1.1**	0.8
School fees and related amounts received in advance	**3.1**	2.9	**3.1**	2.9
School fee deposits	**1.0**	1.0	**1.0**	1.0
Rents received in advance	**0.3**	0.3	**0.3**	0.3
Rent deposits	**0.9**	0.8	**0.9**	0.8
Other creditors	**1.0**	0.7	**0.9**	0.8
Accruals	**1.2**	1.5	**1.1**	1.5
	28.6	8.0	**28.4**	8.1
Amounts falling due after one year				
Secured bank loan (note 20)	**-**	20.0	**-**	20.0
Obligations under finance leases after one year (note 21)	**0.3**	0.4	**0.3**	0.4
Accruals	**-**	0.1	**-**	0.1
	0.3	20.5	**0.3**	20.5
	28.9	28.5	**28.7**	28.6

Accruals falling due within one year include £81,000 (2020-21: £13,333) in relation to new grant commitments, where the beneficiary has been informed of the award at the year end and there are no further payment conditions which are within the control of Greenwich Hospital.

Those grant commitments which have not been accrued because payment is contingent on certain conditions are disclosed in note 26.

20 Loan facility

The Hospital has a five-year committed £20 million revolving credit facility with RBC Europe Limited, part of the Royal Bank of Canada Group, which has been used to finance the cost of capital work at investment properties. The loan been repaid in full since the financial year end. Interest was charged at 1.15 per cent per annum above LIBOR rate until 19 July 2021. After that date, interest was charged at 1.13 per cent per annum above the Bank of England's Bank Rate.

At 31 August 2022, the loan was £20m drawn down (31 August 2021: £20m).

Interest payable on the loan facility during the year was £0.4m (2020-21: £0.2m).

The loan is shown in the accounts at amortised cost. Amounts outstanding under the facility are secured on a portfolio of cash and securities of the Hospital held in an account with Royal Bank of Canada (Channel Islands) Limited. The 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 August 2022, the value of the charged portfolio was £56.0m (31 August 2021: £53.5m).

21 Obligations under finance leases

	2022	2021
	£m	£m
Gross and net obligations repayable:		
within one year	**0.1**	0.1
in the second to fifth years	**0.3**	0.4
	0.4	0.5

22 Operating lease commitments

	Land and buildings 2022	**Plant and machinery 2022**	Land and buildings 2021	Plant and machinery 2021
	£m	**£m**	£m	£m
Operating leases				
within one year	**-**	**0.2**	0.2	0.2
in the second to fifth years	**-**	**0.1**	-	0.2
	-	**0.3**	0.2	0.4

There was an operating lease for the Head Office at Gate House, 1 Farringdon Street, London which expired on 5 November 2022. The remaining operating leases are mainly in relation to the School.

23 Operating leases as a lessor

Minimum rent due under non-cancellable operating leases:

	Group 2022	Group 2021	**Charity 2022**	Charity 2021
	£m	£m	**£m**	£m
Investment property				
Not later than one year	4.3	4.2	4.2	4.2
After one year but not more than five	12.0	11.2	12.0	11.2
After five years	70.1	71.6	70.1	71.6

Values of properties held for use under operating leases:

	Group 2022 £m	Group 2021 £m	**Charity 2022 £m**	Charity 2021 £m
Charitable property	7.9	6.9	7.9	6.9
Investment property	194.8	194.8	185.7	191.4

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

24 Statement of funds

Unrestricted funds:

	Balance at 1 September 2021 £m	**Net incoming resources £m**	**Actuarial gain on pension liability £m**	**Gain on revaluation of charitable properties £m**	**Transfer from restricted funds £m**	**Transfer from designated funds £m**	**Balance at 31 August 2022 £m**
Charity							
General fund	379.1	18.7	7.4	-	-	0.2	405.4
Revaluation reserve	2.3	-	-	1.0	-	-	3.3
	381.4	**18.7**	**7.4**	**1.0**	**-**	**0.2**	**408.7**
Group							
General fund	382.6	24.4	7.4	-	-	0.2	414.6
Revaluation reserve	2.3	-	-	1.0	-	-	3.3
	384.9	**24.4**	**7.4**	**1.0**	**-**	**0.2**	**417.9**

Designated funds:

Charity and Group	**Balance at 1 September 2021 £m**	**Transfer to unrestricted fund £m**	**Balance at 31 August 2022 £m**
Fees in advance fund	0.7	(0.2)	0.5

Designated funds represent monies the School has earmarked for specific projects. The fees in advance fund is maintained to provide cover for cash received under the fees in advance scheme. The fund is invested in a Newton investment fund.

Restricted funds:

	Balance at 1 September 2021 £m	Incoming resources £m	Resources expended £m	Balance at 31 August 2022 £m
Charity				
School funds	0.3	0.7	(0.7)	0.3
	0.3	**0.7**	**(0.7)**	**0.3**
Group				
School funds	0.3	0.7	(0.7)	0.3
RHS Charitable Trust	0.7	-	(0.1)	0.6
	1.0	**0.7**	**(0.8)**	**0.9**

Restricted funds 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, capital redevelopment projects and for specific clubs and societies.

Analysis of net assets between funds:

Group	Unrestricted fund 2022 £m	Designated fund 2022 £m	Restricted fund 2022 £m	Unrestricted fund 2021 £m	Designated fund Restated 2021 £m	Restricted fund 2021 £m
Fixed assets	38.7	-	-	38.3	-	-
Investment assets	402.5	-	-	393.2	-	-
Non-current assets	3.1	-	-	-	-	-
Current assets	26.7	0.5	0.9	14.1	0.7	1.0
Current liabilities	(28.6)	-	-	(8.0)	-	-
Liabilities due after more than one year	(0.3)	-	-	(20.5)	-	-
Pension liability	(24.2)	-	-	(32.2)	-	-
	417.9	**0.5**	**0.9**	384.9	0.7	1.0

25 Capital commitments

A contract was in place on one of the Northern Estates for the development of main infrastructure for £7.8m. At the year-end work to the full value of £7.3m (2020-21: £7.2m) had been completed.

26 Grant commitments

	2022 £m	2021 £m
Grants provided for (beneficiary has been informed of the award at the year end and there are no further payment conditions which are within the control of Greenwich Hospital)	0.1	0.0

As at the year end, the Hospital had made grant commitments for future years as shown in the next table. The organisations have been informed of the Hospital's intention to provide this funding over several years, but the grants are subject to satisfactory annual review and are not considered binding commitments.

	2022-23 £m	2023-24 £m	Total £m
Grants committed but not provided for as contingent on certain conditions not met as at year end	1.6	1.6	3.2

27 Contingent liabilities

The Hospital had no contingent liabilities at the year end (2020-21: £nil).

28 Related party transactions

Secretary of State for Defence

The Secretary of State for Defence is responsible for the governance of the Hospital on behalf of the Sovereign and as a representative of the Crown.

Ministry of Defence

The Director of Greenwich Hospital until 19 February 2023, Andrew Turner, was seconded from the Ministry of Defence (MoD), which is regarded as a related party. The Clerk-in-Charge to 31 March 2022, John Gamp, was seconded from the MoD and the Hospital paid contributions to the MoD for his civil service pension. During the year, the MoD was paid £130,000 (2020-21: £143,000) to reimburse the salary of the former Director and the pension costs of the former Director and the former Clerk-in-Charge. A further £nil (2020-21: £32,000) has been accrued at the year end. Grants of £145,000 (2020-21: £30,000) were made to welfare and amenity funds on ships and bases.

Travers Foundation

Under the Armed Forces Act 1976, the assets of the Travers Foundation are treated as the property of the Hospital and the income can be applied for the general purposes of the Hospital. No conflict of interest therefore exists in the Hospital’s involvement in its decision making. All cash funds are transferred to the Hospital for its exclusive use, but with the anticipation that the Hospital will finance any expenditure that Foundation cannot fund through its ongoing activities. The balance due from the Hospital to the Foundation at the year-end was £326,241 (2020-21: £178,145). From time to time, the Foundation donates to the Hospital the amount due. No donation was made in 2021-22 or 2020-21. The accounts of the Foundation are consolidated in the group accounts.

Royal Borough of Greenwich Destination Management Company, ‘Visit Greenwich’

The Hospital is a member of the Royal Borough of Greenwich Destination Management Company, a community interest company which trades as Visit Greenwich. The Hospital has a liability of £1 in the event of the company being wound up. The Interim Director of Greenwich

Hospital, Andrew Turner, was a director of the company until 27 February 2023. The current Director of Greenwich Hospital, Deirdre Mills, was appointed as a director on 9 March 2023. There were transactions totalling £9,600 (2020-21 £12,000) for advertising by Visit Greenwich during the year, of which £nil (2020-21 £nil) was due to the company at the end of the year.

Advisory Board members

Ian Harwood, a member of the Advisory Board and Advisory Panel, was an advisor until 29 November 2021 to the Royal Navy and Royal Marines Charity which received a grant from the Hospital of £1.375m in the year (2020-21: £1.375m). No conflict of interest occurred.

Stuart Beevor, a member of the Advisory Board member until 18 November 2021, is a Director for the Legal and General Group UK Senior Pension Scheme. The Hospital operates a defined contribution pension scheme for its employees with Legal and General. No conflict of interest occurred.

The Royal Hospital School

Jonathan Agar is the chief executive of Birketts LLP, which the school uses for legal services. He does not participate in any decisions regarding the use of Birketts LLP and the services it provides. The fees are charged on a commercial basis.

The Royal Hospital School Charitable Trust

The Royal Hospital School Charitable Trust is a Charitable Incorporated Organisation set up to benefit the pupils of the Royal Hospital School. It made donations of £47,278 (2020-21 £48,248) to the School which is a part of the Hospital.

Royal Hospital School Enterprises Limited

Royal Hospital School Enterprises Limited, RHSEL, is a subsidiary of the Royal Hospital School which is a part of the Hospital. The company has a deed of covenant under which its distributable profits are paid to the Hospital. Gift aid of £149,295 (2020-21 £nil) was transferred to the School at the year-end. During the year, RHSEL paid a rental charge to the School of £1 (2020-21: £1).

In addition to RHSEL, the School has three related organisations: an alumni association, a parent's association and a fundraising trust. The group had no material transactions (2020-21 £nil) with these organisations.

Throckley North Management Company Limited

The following staff are directors of Throckley North Management Company Limited (TNMC), a company limited by guarantee of which the Hospital is the sole member.

James Charlton
Jigna Gajarawala

Invoices totalling £2,403 (2020-21 £24,635) were paid by the Hospital on behalf of TNMC during the year. The amount due by TNMC to the Hospital at the year end was £nil (2020-21: £24,635).

29 Financial instruments

The Hospital's financial instruments as defined in Financial Reporting Standard 102 are set out by category in the next table.

	Group 2022 £m	Group 2021 £m	**Charity 2022 £m**	Charity 2021 £m
Financial assets				
Quoted investments	**127.9**	123.9	**127.4**	123.4
Cash held	**23.3**	13.1	**23.1**	12.9
Rent and other receivables	**4.7**	1.9	**4.4**	1.9
Other debtors falling due after more than one year	**3.1**	-	**3.1**	-
Total financial assets	**159.0**	138.9	**158.0**	138.2
Financial liabilities				
Finance lease liabilities	**0.3**	0.5	**0.3**	0.5
Trade and other payables	**28.6**	8.0	**28.4**	8.1
Liabilities falling due after more than one year	**0.3**	20.5	**0.3**	20.5
Total financial liabilities	**29.2**	29.0	**29.0**	29.1

The significance of these financial instruments to the risk profile of the Hospital is set out below.

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 regularly. A committed borrowing facility is maintained at an appropriate level. At 31 August 2021, the Hospital had fully drawn down its £20m loan.

In addition, the Hospital's investment portfolio includes readily realisable 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 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 August 2022, 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 many 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.

30 Post balance sheet events

In accordance with the requirements of the Charities SORP, events after the end of the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Audit Report of the Comptroller and Auditor General.

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

Travers Foundation

Annual report and accounts 2021-2022

TRAVERS FOUNDATION

CONTENTS

TRAVERS FOUNDATION

GOVERNANCE STATEMENT

The Travers Foundation was 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 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 representative of the Crown responsible for the governance of Greenwich Hospital on behalf of the Sovereign and is answerable to Parliament for the affairs of Greenwich Hospital. The Secretary of State is supported in the exercise of his responsibilities by the Parliamentary Under-Secretary of State for Defence with the day-to-day administration of the Hospital delegated to the Director of Greenwich Hospital. The office of the Director of Greenwich Hospital is provided for by the Greenwich Hospital Act 1865 (s.20). The Director of Greenwich Hospital is appointed by the Secretary of State for Defence on the advice of the Admiralty Board. The Director of Greenwich Hospital is responsible by a Directive from the Secretary of State for Defence 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 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 structure, governance and management report on pages 21 to 26 of these accounts.

Review of the Effectiveness of Internal Controls

As the Director of Greenwich Hospital and its Accounting Officer, I am responsible to the Secretary of State for Defence in his capacity as the representative of the Crown who is responsible for the governance of the Hospital on behalf of the Sovereign, 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.

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

Deirdre Mills
Director of Greenwich Hospital 10 July 2023

TRAVERS FOUNDATION

STATEMENT OF SECRETARY OF STATE FOR DEFENCE'S AND DIRECTOR'S RESPONSIBILITIES

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 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.

Deirdre Mills
Director of Greenwich Hospital 10 July 2023

TRAVERS FOUNDATION

THE AUDIT REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

Opinion on financial statements

I have audited the financial statements of the Travers Foundation for the year ended 31 August 2022 under the Armed Forces Act 1976.

The financial statements comprise: the Travers Foundation's:

- Balance Sheet as at 31 August 2022;
- Statement of Financial Activities and Cash Flow for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and United Kingdom accounting standards including Financial Reporting Standards (FRS) 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In my opinion, the financial statements:

- give a true and fair view of the state of the Travers Foundation's affairs as at 31 August 2022 and its income and expenditure for the year then ended; and
- have been properly prepared in accordance with the Armed Forces Act 1976 and Secretary of State directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements of Public Sector Entities in the United Kingdom*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2019*. I am independent of the Travers Foundation in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Travers Foundation's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

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

Other information

The other information comprises information included in the Governance Statement but does not include the financial statements nor my auditor's report. The Director is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit, the information given in the Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Travers Foundation and its environment obtained in the course of the audit, I have not identified material misstatements in the Governance Statement.

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

- I have not received all of the information and explanations I require for my audit; or
- adequate accounting records have not been kept by the Travers Foundation 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 and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

TRAVERS FOUNDATION

Responsibilities of the Director for the financial statements

As explained more fully in the Statement of Secretary of State for Defence's and Director's responsibilities, the Director is responsible for:

- the preparation of the financial statements in accordance with the applicable financial reporting framework and for being satisfied that they give a true and fair view;
- internal controls as the Director determines is necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error; and
- assessing Travers Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Director either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion on the financial statements in accordance with the Armed Forces Act 1976.

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

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

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

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, we considered the following:

- the nature of the sector, control environment and operational performance including the design of the Travers Foundation's accounting policies.
- Inquiring of management and those charged with governance, including obtaining and reviewing supporting documentation relating to the Travers Foundation's policies and procedures relating to:
    - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
    - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and

  - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Travers Foundation's controls relating to Armed Forces Act 1976, Charities Act 2011 and Managing Public Money.

- discussing among the engagement team and involving relevant external specialists, including property valuation, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Travers Foundation for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, bias in management estimates and posting of unusual journals. In common with all audits under ISAs (UK), I am also required to perform specific procedures to respond to the risk of management override of controls.

I also obtained an understanding of the Travers Foundation's framework of authority as well as other legal and regulatory frameworks in which the Travers Foundation operates in, focusing on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of Travers Foundation. The key laws and regulations I considered in this context included Armed Forces Act 1976, Charities Act 2011 and Managing Public Money.

Audit response to identified risk

As a result of performing the above, the procedures I implemented to respond to identified risks included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- enquiring of management, the Audit Committee concerning actual and potential litigation and claims;
- reading and reviewing minutes of meetings of those charged with governance and the Board and internal audit reports;
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and
- In addressing the risk of revenue recognition due to fraud, assessing the recognition of income in line with the accounting framework.

I also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

TRAVERS FOUNDATION

Other auditor's responsibilities

I am required to obtain evidence sufficient to give reasonable assurance that the income and expenditure reported in the financial statements have been applied to the purposes intended by Parliament and the financial transactions conform to the authorities which govern them

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

Gareth Davies 12 July 2023
Comptroller and Auditor General

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

TRAVERS FOUNDATION

STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 AUGUST 2022

	Note	**2021-22** **£**	2020-21 £
Income from:			
Investment property		**32,472**	32,103
Expenditure on:			
Raising funds			
Property management		**8,423**	13,613
Other expenditure		**650**	(500)
Total expenditure		**9,073**	13,113
Gain on sale of investment properties		**110,191**	-
Gain on revaluation of investment property	2	**5,651,687**	464,538
Net income		**5,785,277**	483,528
Total funds brought forward at 1 September 2021	8	**3,542,125**	3,058,597
Total funds carried forward at 31 August 2022		**9,327,402**	3,542,125

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

The notes on pages 82 to 85 form part of these accounts.

TRAVERS FOUNDATION

BALANCE SHEET
AS AT 31 AUGUST 2022

	Note	**2022** **£**	2021 £
Fixed assets			
Investment property	2	**9,023,000**	3,364,001
Current assets			
Debtors	3	**331,721**	183,624
		9,354,721	**3,547,625**
Current liabilities (amounts falling due within one year)	5	**(27,318)**	(5,500)
Total assets less current liabilities		**9,327,403**	3,542,125
Funds			
Unrestricted funds	8	**9,327,403**	3,542,125

The financial statements were approved by the Advisory Panel on 22 June 2023, and signed on its behalf by:

Deirdre Mills
Director of Greenwich Hospital 10 July 2023

The notes on pages 82 to 85 form part of these accounts.

CASH FLOW
FOR THE YEAR ENDED 31 AUGUST 2022

	Note	2021-22 £	2020-21 £
Cash flows from operating activities			
Net cash provided by/(used in) operating activities		**(102,880)**	65,463
Cash flows from investing activities			
Receipts from sale of property and other capital receipts		**260,191**	-
Payments to acquire or improve property		**(157,312)**	(65,463)
Net cash provided by/(used in) investing activities		**102,879**	(65,463)
Change in cash or cash equivalents in the year		**-**	-
Cash and cash equivalents at the beginning of the year		**-**	-
Cash and cash equivalents at the end of the year	4	**-**	-

Reconciliation of net income to net cash flow from operating activities

		2021-22 £	2020-21 £
Net income for the year (as per the Statement of Financial Activities)		**5,785,277**	483,528
Gain on sale of Investment Property		**(110,191)**	-
(Gain) on revaluation of investment property	2	**(5,651,687)**	(464,538)
(Increase)/decrease in debtors	3	**(148,097)**	46,473
(Increase)/decrease in creditors	5	**21,818**	-
Net cash flow from operating activities		**(102,880)**	65,463

All income and expenditure for Travers Foundation is via Greenwich Hospital. The Foundation does not own a bank account.

The notes on pages 82 to 85 form part of these accounts.

NOTES TO THE ACCOUNTS

1 Accounting policies

a) Basis of accounting

The accounts have been prepared under the historical cost convention.

Due to the charitable nature of most of the activities of Greenwich Hospital and Travers Foundation, the accounts have been prepared to comply with the underlying principles of the Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2019) (the Charities SORP). The Travers Foundation is treated as a public benefit entity.

The financial statements are presented in pounds sterling.

b) Going concern

The accounts have been prepared on a going concern basis as there are no material uncertainties about the Travers Foundation's ability to continue.

c) Recognition of incoming resources

Income is recognised in the year in which it is receivable. Rental increases arising because of rent reviews and lease negotiations are not recognised until negotiations are completed.

d) Outgoing resources

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

e) Tangible and intangible fixed assets

Freehold land and buildings held for investment purposes are shown at market value. The market value as at 31 August 2022 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 Director relies on the judgement of the valuers of the property who have the relevant knowledge, skills, qualifications and understanding to competently value the estate and did so on a professional basis.

f) Payments

Travers Foundation's policy is that Greenwich Hospital pays its creditors for goods and services supplied by them in accordance with the terms negotiated with them.

g) Financial instruments

Financial instruments are initially recognised and subsequently measured at fair value in the accounts.

2 Investment property

Investment property comprises freehold land and buildings and is shown at market value as at 31 August 2022, as approved by the Director based upon valuations provided by Strutt & Parker who are independent Chartered Surveyors. All the individuals who undertook valuations have the relevant knowledge, skills, qualifications and understanding to competently value the property. No sales or acquisitions were made during the year.

	2022	2021
	£	£
Market value at 1 September	**3,364,001**	2,834,000
Additions at cost	**157,312**	65,463
Value of investment property sold	**(150,000)**	
Unrealised gain on revaluation	**5,651,687**	464,538
Market value at 31 August	**9,023,000**	3,364,001

3 Debtors

Greenwich Hospital receives cash and makes payments on behalf of Travers Foundation. Amounts due from Greenwich Hospital are the balance of net cash received and represents the cash held by Greenwich Hospital on behalf of Travers Foundation. Travers Foundation does not have its own bank account.

Amounts falling due within one year	**2022**	2021
	£	£
Due from Greenwich Hospital	**326,241**	178,145
Rents receivable	**5,480**	5,479
	331,721	183,624

4 Cash

The Travers Foundation's income and expenditure is all made via Greenwich Hospital bank accounts. The net receipts and payments show as the net change in the Greenwich Hospital debtor.

5 Creditors

Amounts falling due within one year	**2022**	2021
	£	£
Accruals	**27,318**	5,500

6 Audit fee

The audit fee for the year was £3,150 (2020-21: £3,000). No fees were paid to the auditors for non-audit work.

7 Operating leases as lessor

	2022	2021
	£	£
The value of investment assets held for use in operating leases	**9,023,000**	3,364,001

Minimum rent due under operating leases	2022	2021
	£	£
Not later than one year	**24,880**	24,880
After one year but not more than five	**1,909**	1,909

The operating lease is in relation to properties at Bovills Hall Farm.

8 Statement of funds

	2022	2021
	£	£
Balance as at 1 September	**3,542,125**	3,058,597
Net incoming resources	**5,785,278**	483,528
Balance as at 31 August	**9,327,403**	3,542,125

9 Related party transactions

The Secretary of State for Defence is responsible for the governance of Greenwich Hospital on behalf of the Sovereign and as a representative of the Crown, acts in execution of the Greenwich Hospital Acts (1865 to 1996) for the exclusive benefit of the Hospital.

Greenwich Hospital is considered a related party to Travers Foundation. Under the Armed Forces Act 1976, all funds of Travers Foundation can be used for the benefit of Greenwich Hospital and are kept in Greenwich Hospital bank accounts.

No grants have been made by Travers Foundation to Greenwich Hospital in the current or prior year.

10 Financial instruments

	2022	2021
	£	£
Financial assets		
Rent	**5,479**	5,479
Other receivables	**326,241**	178,145
	331,720	183,624
Financial liabilities		
Trade and other payables	**27,318**	5,500
	27,318	5,500

Financial Reporting Standard 102 requires disclosure of the role which financial instruments have had during the year in creating or changing the risks an entity faces in undertaking its activities.

Interest rate risk

The Foundation'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 (which reflect cash held by Greenwich Hospital).

Credit risk

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

The Foundation is under the same management as Greenwich Hospital and the Hospital has sufficient assets to provide cash to the Foundation in respect of its cash deposits in the event that became necessary.

At 31 August 2022, cash deposits were invested via Greenwich Hospital with banks of sound credit standing of at least Standard & Poor's A-2 rating.

Rent receivables consist of amounts due from tenants. 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.

11 Post balance sheet events

In accordance with the requirements of the Charities SORP, events after the end of the reporting period are considered up to the date on which the accounts are authorised for issue. This is interpreted as the date of the Audit Report of the Comptroller and Auditor General.

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

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