

Greenwich Hospital and Travers Foundation Accounts 2008-2009

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 7 JULY 2009

Accounts of Greenwich Hospital and the Foundation of Samuel Travers, Esquire, showing the Statement of Financial Activities for the year ended 31 March 2009 and Balance Sheet as at 31 March 2009, together with the Report of the Comptroller and Auditor General thereon (in continuation of House of Commons Paper No. 1106 2000-01).

Presented pursuant to Acts 28 & 29 Vict., c.89, ss. 47 & 49 and Armed Forces Act 1976 c. 52

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Foreword

History and Background of Greenwich Hospital

Greenwich Hospital was established by Royal Charter in 1694 as a home for retired seamen and to provide support for seamen's widows and education for their children. The Hospital closed in 1869 and, from 1873 to 1998, the buildings of the Hospital at Greenwich were rented for use by the Royal Naval College. Since July 1998, following the departure of the Royal Naval College, the buildings have been leased to the Greenwich Foundation for the Old Royal Naval College, a new charity set up to administer them, and are now occupied by the University of Greenwich and Trinity College of Music as tenants of the Foundation.

The Hospital continues to thrive today. It still pays pensions and devotes funds to the education of children, especially at the Royal Hospital School founded in Greenwich in 1712 and moved to Holbrook, near Ipswich, in 1933. The Hospital provides sheltered housing for elderly people in Greenwich, Portsmouth and Plymouth and pays grants to other naval charities. The costs of these charitable activities are met from the income derived from properties and investments held for the exclusive benefit of the Hospital by the Secretary of State for Defence, as sole Trustee, on behalf of Her Majesty.

Travers Foundation

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

Reade Foundation

This Foundation consists of an estate at Holbrook, in Suffolk, of about 850 acres, left in the will of Mr G S Reade for the exclusive and unrestricted use of Greenwich Hospital. The Royal Hospital School occupies part of the estate, while the remainder is let.

Reade Accumulation Fund

In addition to the above, under Mr Reade's will a further £100,000 was bequeathed and has been maintained as a cumulative investment. Part of this Accumulation Fund is now being used to fund capital expenditure at the Royal Hospital School and part has been reserved to accumulate further.

M J Sands
Director of Greenwich Hospital

29 June 2009

Review of Activities

I am pleased to report that Greenwich Hospital has again maintained the broader charitable support that it provides and this year has achieved a significant increase in the total support given to Royal Navy beneficiaries. The Statement of Financial Activities for the year shows net incoming resources of £1,117k (2007-08 £177k). The net movement in funds was a decrease in the net assets of £51,771k as a result of a sharp decrease in the Stock Markets and the downward revaluation of the investment property.

In 2008-09, the Hospital continued to pay charitable pensions at £12 per week to some 1300 needy former seafarers or their widows amounting to £811k through its longstanding co-operation with The Royal Naval Benevolent Trust. The Hospital has also continued to pay donations in support of the work of The Royal Naval Benevolent Trust amounting to £318k to cover grants to individuals and a subsidy for their care home Pembroke House. In addition a donation of £2.6k was made towards the legal costs of updating The Royal Naval Benevolent Trust's Royal Charter. Some £453k was donated to The Royal Navy and Royal Marines Children's Fund. Additionally donations were made to the Women's Royal Naval Benevolent Service Trust, £60k, The Royal Sailors' Rests, £43k, Queen Alexandra House (Children's Home, Plymouth), £30k and the South Atlantic Medal Association, donation of £20k towards the construction of an accommodation centre in Port Stanley for visiting Falkland veterans and dependants. An initial donation of £75k was made to the Sea Cadets charity towards the construction of the new training vessel 'TS Jack Petchey'.

The Hospital continued to fund legal and professional fees for the rationalising of Naval charities under the umbrella Royal Navy and Royal Marines Charity (RNRMC) in accordance with the Admiralty Board's directive; these totalled £58k in 2008-09. The Hospital made a further contribution of £43.4k to the employment costs of the RNRMC's CEO and donated £120k to the RNRMC's Naval Service Dependants Fund to underwrite the grants payable on death of a serviceman or woman as active service operations continued to take its toll. Through these pensions, donations and general support, the Hospital contributed some £2,035k to its Royal Navy beneficiaries and the Sea Cadet charity in 2008-09, an increase of £288k.

The Royal Hospital School is continuing to develop its new strategic direction designed to attract more full fee paying pupils to the School. The recruitment of day pupils has been particularly successful and of the 669 boys and girls attending, 69 are day pupils. The School has continued to achieve good examination results and compares favourably with the regional competition.

The Hospital has made further progress towards rebalancing its charitable outputs, as directed by the Admiralty Board, by reducing the number of new bursaries awarded from the start point of 77 in 2004 to 24 in 2008. 16 bursaries have been awarded for entry in September 2009. In 2008-09 the Hospital provided £5,158k (2007-08 £5,391k) towards meeting the day-to-day capital and running costs of the School, mainly through subsidies and bursaries for the children and grandchildren of seafarers, assessed according to their charitable need and financial circumstances.

The programme of refurbishing 10 boarding houses and boarding house staff accommodation is progressing to time and budget, with four of the boarding houses now completed. Two junior houses are due for completion in September 2009 and work on the seventh and eighth is due to start in September 2009. Building on the strong musical tradition of the School the new high quality music school was opened in December 2008. In 2008-09 the Hospital provided £6,254k (2007-08 £3,767k) towards its £18m contribution to the overall building programme.

A full planning application for the regeneration of the Hospital's core properties in Greenwich was submitted at the beginning of April 2009 and is currently under consideration by Greenwich Council. The Hospital continues to maintain the process of public consultation with key stakeholders, residents and other interested parties in the Greenwich community. This has included a second public exhibition of the Hospital's proposals in April 2009. If the necessary planning consents are granted and a decision is made to proceed, the market would close after Christmas 2009 and move to a temporary structure in the grounds of the Old Royal Naval College for the period of two years while construction takes place. The market would then reopen on its original site in early 2012, together with the new Greenwich Market Hotel and shops.

During the year the Government has made a commitment to enhance transparency with Parliament and the public about action to safeguard information. During 2008-09 Greenwich Hospital has been unaware of any incidents that have resulted in the unauthorised disclosure of protected personal data. We are similarly unaware of any such incidents that have arisen during the period 2004-05 to 2007-08.

M J Sands
Director of Greenwich Hospital

29 June 2009

Statement of Trustee's and Director's responsibilities

The Secretary of State for Defence is the Trustee of Greenwich Hospital and answerable to Parliament for the affairs of Greenwich Hospital. The Trustee is supported in the exercise of his responsibilities by the Parliamentary Under-Secretary of State for Defence and charges the Admiralty Board with the administration of the Hospital which is overseen by the Director. The latter is appointed by the Trustee on the advice of the Admiralty Board.

The Director has responsibility (Section 47 of the Greenwich Hospital Act 1865, as amended by Section 4 of the Greenwich Hospital Act 1885) for preparing the Annual Accounts for Greenwich Hospital and the 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 Greenwich Hospital and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

Statement on Internal Control

1. Scope of responsibility

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

2. The purpose of the system of internal control

The system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve the policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically. The system of internal control has been in place in Greenwich Hospital for the year ended 31 March 2009 and up to the date of approval of the annual report and accounts, and accords with Treasury guidance.

3. Capacity to handle risk

A Risk Register is maintained which identifies the key risks. The Hospital is now undertaking management validation as an alternative to internal audit reviews.

4. The risk and control framework

As Accounting Officer, I have responsibility for reviewing the effectiveness of the system of internal control. My review is informed by the work of managers within the Hospital who have responsibility for the development and maintenance of the internal control framework and the comments made by the external auditors in their management letter and other reports. An independent Advisory Panel is appointed to formulate Greenwich Hospital's investment policy and to monitor its implementation, with the objective of safeguarding the Hospital's investment assets and of maximising return from them. The Admiralty Board is also supported by an Advisory Board which advises on the broad range of Greenwich Hospital business.

5. Review of the effectiveness

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

M J Sands
Director of Greenwich Hospital

29 June 2009

The Certificate and Report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements of Greenwich Hospital for the year ended 31 March 2009 under the Greenwich Hospital Act 1865. These comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related Notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Trustee, the Director and the Auditors

The Director as Accounting Officer is responsible for preparing the Review of Activities, the Foreword and the financial statements in accordance with the Greenwich Hospital Act 1865. These responsibilities are set out in the Statement of Trustee's and Director's Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements, and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Greenwich Hospital Act 1865. I report to you whether, in my opinion, the information, which comprises the Review of Activities is consistent with the financial statements.

In addition, I report to you if Greenwich Hospital has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects Greenwich Hospital's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or form an opinion on the effectiveness of Greenwich Hospital's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Review of Activities and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Director in the preparation of the financial statements, and of whether the accounting policies are most appropriate to Greenwich Hospital's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error, and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Greenwich Hospital Act 1865, of the state of Greenwich Hospital's affairs as at 31 March 2009 and of its incoming resources and application of resources for the year then ended;
- the financial statements have been properly prepared in accordance with the Greenwich Hospital Act 1865; and
- information given within the Review of Activities is consistent with the financial statements.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General

National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS

30 June 2009

Greenwich Hospital Statement of Financial Activities for the year Ended 31 March 2009

	Notes	2008-09 £'000	2007-08 £'000
Incoming resources			
Net income from property	2	3,736	3,172
Net income from investments	3	4,413	4,557
Bank interest receivable		577	153
Other income		33	45
		<u>8,759</u>	<u>7,927</u>
Total incoming resources			
Resources expended			
Net Royal Hospital School expenses	4	4,563	5,047
Net sheltered housing expenses		97	108
Pensions and educational grants	6	815	819
Donations to naval charities		1,224	935
Other charitable donations		38	33
		<u>6,737</u>	<u>6,942</u>
Net resources expended			
Headquarters administration			
	7	<u>905</u>	<u>808</u>
Net incoming resources before transfers and other recognised gains and losses			
		1,117	177
Interest on pension liabilities	17	(979)	(825)
Actuarial (loss)/gain on pension scheme	17	(356)	1,617
Gain/(loss) on realisation of assets			
Investment properties		90	1,062
Quoted investments		(1,166)	234
Revaluation of assets			
Investment properties	9	(32,338)	1,809
Quoted investments	12	(18,189)	(10,583)
Other reserves	20	50	11
		<u>(51,771)</u>	<u>(6,498)</u>
Net movement in funds			
Balance at 1 April		250,193	256,691
		<u>250,193</u>	<u>250,193</u>
Total fund balances at 31 March			

All activities are classed as continuing.
All recognised gains and losses are shown above.

The notes on pages 12 to 24 form part of these accounts.

Greenwich Hospital

Balance Sheet as at 31 March 2009

	Notes	2009 £'000	2008 £'000
Fixed assets			
Tangible assets			
Investment property	9	109,174	140,708
Royal Hospital School, Holbrook	10	27,043	21,426
Sheltered housing	10	5,636	5,752
Other tangible assets	11	1,139	911
		142,992	168,797
Quoted investments	12	59,818	88,627
Investment in subsidiary	5	–	–
Total fixed assets		202,810	257,424
Current assets			
Debtors	13	2,339	1,838
Current asset investments	14	2,219	2,822
Cash at bank and in hand	15	10,366	5,742
		14,924	10,402
Current liabilities (amounts falling due within one year)	16	(3,825)	(3,409)
Net current assets		11,099	6,993
Total assets		213,909	264,417
Pension provision	17	(15,477)	(14,209)
Other provision	21	(10)	(15)
Net assets		198,422	250,193
Funds			
Unrestricted funds	20	198,422	250,193

The cashflow statement on page 11 and notes on pages 12 to 24 form part of these accounts.

M J Sands
Director of Greenwich Hospital

29 June 2009

Greenwich Hospital Cash Flow Statement for the Year Ended 31 March 2009

	Notes	2008-09 £'000	2007-08 £'000
Net cash outflow from operating activities			
Net incoming resources		1,117	177
Movement of pension liability during the year		(67)	(7)
Movement of other reserves		50	11
Depreciation		1,113	966
Loss/(profit) on sale of tangible fixed assets		3	(11)
(Increase)/decrease in debtors		(259)	15
Increase in creditors		399	506
Decrease in other provision		(5)	(5)
Net rental income	2	(3,736)	(3,172)
Net investment income	3	(4,413)	(4,557)
		<u>(5,798)</u>	<u>(6,077)</u>
Returns on investments			
Investment interest received		1,169	2,592
Dividends received		3,205	2,247
Fund management fees		(278)	(411)
Rent received from investment property		6,516	5,649
Expenses paid on investment property		(2,689)	(2,529)
		<u>7,923</u>	<u>7,548</u>
Non charitable capital and financial investment expenditure			
Payments to acquire or improve property	9	(2,369)	(1,849)
Receipts from sale of property and other capital receipts		1,654	6,193
Payments to acquire investments	12	(33,560)	(44,034)
Receipts from sale of investments		43,016	47,189
		<u>8,741</u>	<u>7,499</u>
Charitable capital expenditure			
Payments to acquire or improve property	10	(6,321)	(3,767)
Payments to acquire other tangible fixed assets	11	(558)	(344)
Receipts from sale of other tangible fixed assets		34	22
		<u>(6,845)</u>	<u>(4,089)</u>
Management in current asset investments	14	<u>603</u>	<u>(1,076)</u>
Increase in cash	15	<u>4,624</u>	<u>9,882</u>

We have split the cash flow statement between investing and charitable activities to provide the reader of the accounts with more information about the Hospital's activities.

The notes on pages 12 to 24 form part of these accounts.

Greenwich Hospital Notes to the Accounts

1 Accounting policies

(a) Basis of accounting

The accounts have been prepared under the historical cost convention as modified below. Due to the charitable nature of the majority of the Hospital's activities, the decision has been taken to implement, over a number of years, the underlying principles of the Statement of Recommended Practice: Accounting and Reporting by Charities (SORP 2005). Full compliance with SORP 2005 is continuing to be phased in so far as the requirements are considered to be appropriate to the circumstances of the Hospital without limiting the information given.

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

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

(b) Recognition of incoming resources

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

(c) Outgoing resources

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

(d) Tangible fixed assets and investments

Freehold land and buildings held for investment purposes are shown at market value. The market value as at 31 March 2009 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.

Quoted investments are shown at market value.

Other fixed assets, with the exception of works of art and artefacts, are shown at original cost (estimated where necessary). Assets costing less than £1,000 are expensed at the time of purchase.

(e) Gains and losses

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

(f) Cash and bank

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

(g) Liquid resources

Current Asset Investments comprise cash deposits held by investment managers.

(h) Payments

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

Accounting Policies (continued)*(i) Depreciation*

Depreciation is provided on all charitable tangible fixed assets used to further the Hospital's charitable objectives, other than freehold land. Depreciation is calculated on the straight line basis to write of the value of each asset over its expected useful life, as follows:

Motor vehicles	5 years
Plant and machinery	10-25 years
Office equipment and improvements	5-10 years
Educational equipment	3-15 years
Furniture	5-10 years
Buildings	over the remaining useful life as estimated

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

(j) Pension schemes

Greenwich Hospital operates an unfunded, contracted out non-contributory pension scheme to provide retirement and related benefits to all eligible employees. The scheme is analogous to that of the Principal Civil Service Pension Scheme and Greenwich Hospital is responsible for paying pensions to retired employees other than teachers.

Teaching staff at the Royal Hospital School are members of the Teachers' Superannuation Scheme, the nature of this scheme is set out in note 15.

(k) Provisions

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

2 Net rental income

	Income £'000	Expenditure £'000	Surplus 2008-09 £'000	Surplus 2007-08 £'000
Greenwich estate	3,877	2,461	1,416	1,749
Northern estates	548	333	215	283
Holbrook estate	160	120	40	50
London property	118	1	117	118
Pollen estate	1,832	-	1,832	851
Property unit trust	125	9	116	121
Total	6,660	2,924	3,736	3,172

3 Income from investments

	2008-09 £'000	2007-08 £'000
General investments		
UK equities	2,350	2,247
UK fixed interest	1,271	1,508
Overseas investments	824	532
Cash instruments	125	561
Reade Foundation		
Accumulation fund	107	98
Total income from investments	4,677	4,946
Less: Investment managers' fees	(264)	(389)
Net income from investments	4,413	4,557

4 Royal Hospital School

	Notes	2008-09 £'000	2007-08 £'000
Income			
School fees		7,361	6,160
Incidental charges		220	176
Supplementary income		222	279
Income from lettings and hire of facilities		67	280
Gift aid donation from Royal Hospital School Enterprises Limited	5	119	–
		7,989	6,895
Expenditure			
Teachers' salaries		4,359	4,188
Support staff salaries		3,074	3,069
Academic		351	429
Catering		1,072	952
Clothing, bedding, general stores		192	159
Pupils' welfare		13	17
Premises		500	281
Utilities and rates		981	859
Information technology		284	231
Administration		364	409
Professional and legal fees		44	76
Marketing and publicity		113	119
Letting costs		30	115
Depreciation		960	802
(Gain)/loss on disposal of fixed assets		–	(11)
Supplementary expenses		215	247
		12,552	11,942
Excess of expenditure over income		4,563	5,047

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

5 Royal Hospital School Enterprises Limited

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

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

	Notes	2008-09 £'000	2007-08 £'000
Income			
Summer lettings		185	–
Catering income		14	–
Income from hire of facilities		10	–
Other income		2	–
		<u>211</u>	<u>–</u>
Expenditure			
Catering costs		13	–
Summer letting catering costs		76	–
Administration		3	–
		<u>92</u>	<u>–</u>
Gift aid donation	4	119	–
		<u>–</u>	<u>–</u>
Surplus for the period			
		<u>–</u>	<u>–</u>
Cash		119	–
Debtors		3	–
Creditors: amounts falling due within one year		(122)	–
		<u>–</u>	<u>–</u>
Total assets less current liabilities			
		<u>–</u>	<u>–</u>
Capital and reserves			
Share capital			
Authorised			
100 Ordinary shares of £1 each			
Allotted, called up and fully paid			
1 Ordinary share of £1 each		–	–
		<u>–</u>	<u>–</u>

6 Pensions and educational grants

		2008-09 £'000	2007-08 £'000
Pensions to widows and educational grants		4	8
Charitable pensions (Jellicoe annuities)		811	811
		<u>815</u>	<u>819</u>

7 Headquarters administration

	2008-09	2007-08
	£'000	£'000
Salaries and wages	574	525
Pensions administration	21	20
Audit fee	33	33
Professional, legal and consultancy fees	54	55
Depreciation	32	40
Office expenses	191	135
	905	808

8 Staff

	2008-09	2007-08
	£'000	£'000
Total staff costs were as follows:		
Salaries and wages	6,788	6,406
Social security costs	504	492
Pension costs	913	1,039
	8,205	7,937

Composed of:

Royal Hospital School	7,440	7,257
Headquarters administration	557	525
Sheltered housing	59	54
Northern estates	41	48
Greenwich estate	108	53
	8,205	7,937

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

	2008-09	2007-08
Royal Hospital School	217	217
Headquarters administration	13	12
Sheltered housing	3	3
Northern estates	2	2
Greenwich estate	2	2
	237	236

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

Salary	£ 69,544	£ 67,793
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The Director of Greenwich Hospital is entitled to pension benefits under the Hospital's contracted out non-contributory defined benefit scheme (see Note 1). The current Director, Martin Sands will join the pension scheme in the financial year to 31 March 2010.

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

9 Investment property

	Holbrook Estate £'000	Pollen Estate £'000	London Property £'000	Greenwich Estate £'000	Northern Estates £'000	Property Unit Trust £'000	Total £'000
Valuation at 1 April 2008	5,594	29,009	2,250	70,108	30,468	3,279	140,708
Additions	–	–	–	1,995	374	–	2,369
Disposals	(29)	–	–	–	(1,536)	–	(1,565)
Revaluation	(447)	(7,054)	(230)	(16,954)	(6,558)	(1,095)	(32,338)
Valuation at 31 March 2009	5,118	21,955	2,020	55,149	22,748	2,184	109,174

At 31 March 2009, the Hospital held a 10.2257% beneficial interest in the Pollen Estate, which is an independent trust investing in property. CB Richard Ellis Ltd provided a valuation for the Pollen Estate Trustee Company as at 31 December 2008 and this has been used as the basis for the value of the Hospital's interest in the estate as at 31 March 2009.

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

Other investment property comprises freehold land and buildings and is shown at market value as at 31 March 2009, as approved by the Director based upon valuations provided by the appointed Chartered Surveyors for the estates. The property agents NB Real Estate provided a valuation of the Greenwich Estate, the property agents Smiths Gore provided a valuation of the Northern Estates and Strutt & Parker provided a valuation of the Holbrook Estate. Hunters Property Investment Limited provided a valuation for the London Property.

The amount reflected as additions to the Greenwich Estate is mainly consultants' fees incurred in connection with the Hospital's proposals for the regeneration of Greenwich Market. A full planning application was submitted at the beginning of April 2009 and the Hospital is awaiting the outcome.

10 Charitable property

	Royal Hospital School				
	Assets under construction £'000	Buildings £'000	Total £'000	Sheltered Housing £'000	Total £'000
Cost at 1 April 2008	1,872	22,910	24,782	6,729	31,511
Additions	6,254	67	6,321	–	6,321
Transfer	(7,185)	7,185	–	–	–
Cost at 31 March 2009	941	30,162	31,103	6,729	37,832
Depreciation at 1 April 2008			3,356	977	4,333
Charge for the year			704	116	820
Depreciation at 31 March 2009			4,060	1,093	5,153
Net book value at 31 March 2009			27,043	5,636	32,679
Net book value at 31 March 2008			21,426	5,752	27,178

The Royal Hospital School occupies approximately 150 acres of the Holbrook Estate. The School has been valued by Cluttons LLP, an independent firm of valuers at £31m as at 31 March 2005, on the basis of its existing use. The carrying value of the School has not been updated.

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

11 Other tangible assets**Royal Hospital School**

	Motor Vehicles	Plant and Machinery	Office equipment & improve- ments	Educational equipment	Furniture	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost at 1 April 2008	260	916	19	904	49	2,148
Additions	17	407	–	104	–	528
Disposals	(48)	(35)	–	(132)	(7)	(222)
Cost at 31 March 2009	229	1,288	19	876	42	2,454
Depreciation at 1 April 2008	201	497	19	654	48	1,419
Charge for the Year	29	149	–	77	1	256
Released on Disposal	(38)	(25)	–	(118)	(8)	(189)
Depreciation at 31 March 2009	192	621	19	613	41	1,486
Net Book Value at 31 March 2009	37	667	–	263	1	968
Net Book Value at 31 March 2008	59	419	–	250	1	729
Other locations						
Cost at 1 April 2008	70	3	186	–	160	419
Additions	–	–	30	–	–	30
Disposals	–	–	(38)	–	–	(38)
Cost at 31 March 2009	70	3	178	–	160	411
Depreciation at 1 April 2008	70	3	106	–	58	237
Charge for the Year	–	–	24	–	13	37
Released on Disposal	–	–	(34)	–	–	(34)
Depreciation at 31 March 2009	70	3	96	–	71	240
Net Book Value at 31 March 2009	–	–	82	–	89	171
Net Book Value at 31 March 2008	–	–	80	–	102	182
Total						
Cost at 1 April 2008	330	919	205	904	209	2,567
Additions	17	407	30	104	–	558
Disposals	(48)	(35)	(38)	(132)	(7)	(260)
Cost at 31 March 2009	299	1,291	197	876	202	2,865
Depreciation at 1 April 2008	271	500	125	654	106	1,656
Charge for the Year	29	149	24	77	14	293
Released on Disposal	(38)	(25)	(34)	(118)	(8)	(223)
Depreciation at 31 March 2009	262	624	115	613	112	1,726
Net Book Value at 31 March 2009	37	667	82	263	90	1,139
Net Book Value at 31 March 2008	59	419	80	250	103	911

In addition to the tangible fixed assets included in the balance sheet, Greenwich Hospital owns over 600 works of art and artefacts. In accordance with the provisions of the National Maritime Museum Act 1934, the majority of the collection is on permanent loan to the National Maritime Museum in Greenwich. In accordance with the provisions of SORP 2005, these assets are not capitalised.

12 Quoted investments

	2008-09	2007-08
	£'000	£'000
Market value at 1 April	88,627	102,131
Additions at cost	33,560	44,034
Value of investments sold	(44,180)	(46,955)
Unrealised loss on revaluation	(18,189)	(10,583)
Market value at 31 March	59,818	88,627

	Cost Price	Market value	Market value
	£'000	2008-09	2007-08
		£'000	£'000
General fund	35,454	29,249	37,668
Sterling income fund	–	–	23,352
Global equity fund	16,896	13,402	17,566
Reade accumulation fund	2,047	1,921	2,481
Royal London Asset Management	17,500	13,826	–
HSBC Libor +50	2,797	1,420	7,560
	74,694	59,818	88,627

13 Debtors

	2008-09	2007-08
	£'000	£'000
Amounts falling due within one year		
School fees receivable	180	117
Rents receivable	1,253	1,332
Other debtors	420	131
Amounts due from subsidiary	119	–
Taxation	35	–
Prepayments	332	258
	2,339	1,838

No material balances are held with other government bodies.

14 Current asset investments

	2008-09	2007-08
	£'000	£'000
General fund	2,151	2,748
Global equity fund	43	39
Reade accumulation fund	25	35
	2,219	2,822

15 Cash at bank and in hand

	As at 31 March 2008 £'000	Cash flow £'000	As at 31 March 2009 £'000
Paymaster General	199	(80)	119
Term deposits	4,500	3,500	8,000
Other accounts and cash in hand	1,043	1,204	2,247
	<u>5,742</u>	<u>4,624</u>	<u>10,366</u>

16 Creditors

	2008-09 £'000	2007-08 £'000
Amounts falling due within one year		
Trade creditors	939	959
School fees and related amounts received in advance	135	212
Rents received in advance	574	682
Taxation	183	65
Other creditors	1,168	870
Accruals	826	621
	<u>3,825</u>	<u>3,409</u>

No material balances are held with other government bodies.

17 Pension provision

	2008-09 £'000	2007-08 £'000
Balance at 1 April	14,209	15,008
Employee transfer of benefit	-	19
Increase/(Decrease) in provision	1,268	(818)
Balance at 31 March	<u>15,477</u>	<u>14,209</u>

Greenwich Hospital has undertaken to provide certain pension provisions to its current and former staff. These benefits are not currently being funded and are provided for out of the Hospital's cash flow. A full actuarial valuation of the liability was carried out as at 31 March 2009 by First Actuarial plc. A small number of members of the Greenwich Hospital pension scheme have chosen the defined contribution option.

Teaching staff at the Royal Hospital School are covered by the provisions of the Teachers' Pension Scheme. Contributions are payable to the Teachers Pension Agency. The employer's contributions were a cash cost to the Hospital for the period of these accounts. For 2008-09 the rate was 14.1%. For 2008-08 employer's contributions of £488,668 were payable to the Scheme (2007-08 £442,099).

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

17 Pension provision (continued)

The major assumptions made by the actuary are as follows and have regard to the yields available on corporate bonds for assessing the potential investment return and the relative yields on fixed and inflation linked bonds for assessing inflation.

	2008-09	2007-08
Rate of increase in inflation (RPI)	3.00%	3.70%
Rate of increase in pension	3.00%	3.70%
Rate of increase in deferred pensions	3.00%	3.70%
Rate of increase of pensionable salaries including merit increases	4.50%	5.20%
Discount rate	5.90%	6.90%

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

Analysis of the amounts that have been charged to the SOFA

	2008-09	2007-08
	£'000	£'000
Amounts that has been charged to operating expenditure		
Current service cost	(403)	(546)
Amounts that has been debited to other financial costs		
Interest on liabilities	(979)	(825)

Analysis of the amount that has been recognised in the SOFA as actuarial gain

	2008-09	2007-08
	£'000	£'000
Loss on liabilities	(470)	(695)
Changes in assumptions	114	2,312
Actuarial (loss)/gain recognised in SOFA	(356)	1,617

Movement of liability during the year

	2008-09	2007-08
	£'000	£'000
Liability at beginning of the year	14,209	15,008
Plus movement during year:		
Current service cost	403	546
Pension payments made during the year	(536)	(628)
Employees' contributions	66	56
Employee transfer of benefit	–	19
Other financial costs	979	825
Actuarial gain	356	(1,617)
Liability at end of the year	15,477	14,209

18 Operating lease commitments

	Land and buildings	Plant and machinery	Land and buildings	Plant and machinery
	2008-09	2008-09	2007-08	2007-08
	£'000	£'000	£'000	£'000
Operating leases which expire				
within one year	98	78	84	81
in the second to fifth years	398	77	251	74
over five years	–	–	–	–
	496	155	335	155

19 Capital commitments

As at 31 March 2009 there were £1,255,759 (2007-08 £3,629,860) of future capital expenditure contracted for but not provided for in the accounts.

20 Movement in funds

	Accumulated fund £'000	Property revaluation £'000	Investments revaluation £'000	Other reserves £'000	Total funds £'000
Balance at 1 April 2008	130,989	123,120	(4,205)	289	250,193
Net incoming resources	1,117	-	-	-	1,117
Gains on sale of investment properties	90	-	-	-	90
Gains on sale of investments	(1,166)	-	-	-	(1,166)
Revaluations	-	(32,338)	(18,189)	-	(50,527)
Revaluation reserves realised on sales	(5,591)	(1,564)	7,155	-	-
Fund transfer	(363)	-	363	-	-
Movement in pension provision	(1,335)	-	-	-	(1,335)
Movement in other reserves	-	-	-	50	50
Accumulated Fund as at 31 March 2009	123,741	89,218	(14,876)	339	198,422

Although the Schroders Exempt Property Unit Trust is accounted for as an investment in property, its revaluation is included in the Investments Revaluation Reserve.

21 Other provision

Provision has been made for the agreed settlement arising from an Office of Fair Trading investigation into school fees, under which an ex-gratia payment of £24,595 is to be made to an educational charitable trust in five equal annual amounts, commencing in 2006.

22 Related party transactions

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

The Ministry of Defence is regarded as a related party and during the year has been reimbursed £15,770 for related costs of staff seconded to Greenwich Hospital.

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

23 Post balance sheet event

There have been no events since the end of the financial year which would affect the understanding of the financial statements. The date of issue of the financial statements will be the same as the date of the Comptroller and Auditor General's Certificate and Report.

24 Financial instruments

FRS 13, Derivatives and Other Financial Instruments, requires disclosure of the role which financial instruments have had during the period in creating or changing the risks an entity faces in undertaking its activities.

Greenwich Hospital derives a significant proportion of its income from quoted investments. These are managed on the Hospital's behalf by professional fund managers. An independent Advisory Panel is appointed to formulate Greenwich Hospital's investment policy and to monitor its implementation, with the objective of safeguarding the Hospital's investment assets and of maximising total return from them.

During 2008-09 the Hospital continued to require fund managers to perform against various different benchmarks appropriate to each fund.

Interest Rate Risk

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

Currency Risk

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

Market Price Risk

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

Credit Risk

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

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

The Certificate and Report of the Comptroller and Auditor General to the House of Commons

I certify that I have audited the financial statements of Travers Foundation for the year ended 31 March 2009 under the Armed Forces Act 1976. These comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related Notes. These financial statements have been prepared under the accounting policies set out within them.

Respective responsibilities of the Director and the Auditors

The Director, as Accounting Officer, is responsible for preparing the Review of Activities, the Foreword and the financial statements in accordance with the Armed Forces Act 1976. These responsibilities are set out in the Statement of Trustee's and Director's Responsibilities.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and with International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Armed Forces Act 1976. I report to you whether, in my opinion, certain information given in the Review of Activities is consistent with the financial statements.

In addition, I report to you if Travers Foundation has not kept proper accounting records, if I have not received all the information and explanations I require for my audit, or if information specified by relevant authorities regarding remuneration and other transactions is not disclosed.

I review whether the Statement on Internal Control reflects Travers Foundation's compliance with HM Treasury's guidance, and I report if it does not. I am not required to consider whether this statement covers all risks and controls, or to form an opinion on the effectiveness of Travers Foundation's corporate governance procedures or its risk and control procedures.

I read the other information contained in the Review of Activities and consider whether it is consistent with the audited financial statements. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the financial statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. My audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures of financial transactions included in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Director in the preparation of the financial statements, and of whether the accounting policies are most appropriate to Travers Foundation's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error, and the financial transactions conform to the authorities which govern them. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinions

In my opinion:

- the financial statements give a true and fair view, in accordance with the Armed Forces Act 1976, of the state of Travers Foundation's affairs as at 31 March 2009 and of its incoming resources and application of resources for the year then ended;
- the financial statements have been properly prepared in accordance with the Armed Forces Act 1976; and
- information given within the Review of Activities is consistent with the financial statements.

Report

I have no observations to make on these financial statements.

Amyas C E Morse
Comptroller and Auditor General

30 June 2009

National Audit Office
151 Buckingham Palace Road
Victoria
London
SW1W 9SS

Travers Foundation Statement of Financial Activities for the year Ended 31 March 2009

	2008-09 £	2007-08 £
Income from investments		
Gross property income	32,609	26,667
Gross investment income	26,716	23,446
Management and administration costs	(15,506)	(6,059)
Net surplus for the year	43,819	44,054
Net increase/(decrease) on revaluation of assets		
Property	(91,175)	453,675
Investments	(168,814)	(42,674)
Net movement in funds	(216,170)	455,055
Balance at 1 April	2,782,252	2,327,197
Total fund balances at 31 March	2,566,082	2,782,252

All activities are classed as continuing.

All recognised gains and losses are shown above.

The notes on pages 30 form part of these accounts.

Travers Foundation Balance Sheet as at 31 March 2009

	Notes	2009 £	2008 £
Fixed Assets			
Investment property	2	1,975,000	2,066,175
Quoted investments	3	479,329	620,135
		2,454,329	2,686,310
Current assets			
Debtors	4	105,232	88,129
Cash at bank and in hand	5	6,521	7,813
		111,753	95,942
Current liabilities (amounts falling due within one year)			
		-	-
Total assets		2,566,082	2,782,252
Funds			
Unrestricted funds		2,566,082	2,782,252

The cashflow statement on page 29 and notes on page 30 form part of these accounts.

M J Sands
Director of Greenwich Hospital

29 June 2009

Travers Foundation Statement Cash Flow Statement for the Year Ended 31 March 2009

	Notes	2008-09 £	2007-08 £
Net cash inflow from operating activities			
Net surplus for the year		43,819	44,054
Increase in debtors		(17,103)	(20,608)
		26,716	23,446
Investing activities			
Payments to acquire investments		(28,233)	(16,775)
Receipts from sale of investments		225	63
		(28,008)	(16,712)
Increase/(decrease) in cash and cash equivalents	5	(1,292)	6,734

The notes on page 30 form part of these accounts.

Travers Foundation Notes to the Accounts

1 Accounting policies

The Accounts are prepared under the historical cost convention as modified to include the revaluation of property and investments. Where considered relevant to the Travers Foundation, the accounting policies followed are those prescribed in Note 1 to the Greenwich Hospital Accounts.

2 Property valuation

The property in Essex is shown at market value on 31 March 2009, which has been determined by Strutt and Parker.

3 Quoted investments

	2008-09	2007-08
	£	£
Market value at 1 April	620,135	646,097
Additions at cost	28,233	16,775
Value of investments sold	(225)	(63)
Unrealised (loss)/profit on revaluation	(168,814)	(42,674)
Market value at 31 March	<u>479,329</u>	<u>620,135</u>

The original cost of these investments was £486,021.

4 Debtors

	2008-09	2007-08
	£	£
Amounts falling due within one year		
Due from Greenwich Hospital	102,207	88,129
Rents receivable	43	–
Accrued income	2,982	–
	<u>105,232</u>	<u>88,129</u>

5 Cash at bank and in hand

	As at 31 March 2008	Cash flow	As at 31 March 2009
	£	£	£
Cash at bank and in hand	<u>7,813</u>	<u>1,292</u>	<u>6,521</u>



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