

Accounts of Greenwich Hospital and the Foundation of Samuel Travers, Esquire, showing the Statement of Financial Activities for the year ended 31 March 2007 and Balance Sheet as at 31 March 2007, 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

Greenwich Hospital and Travers Foundation Accounts 2006-2007

ORDERED BY THE HOUSE OF COMMONS TO BE PRINTED 18 JULY 2007

© Crown Copyright 2007

The text in this document (excluding the Royal Arms and departmental logos) may be reproduced free of charge in any format or medium providing that it is reproduced accurately and not used in a misleading context. The material must be acknowledged as Crown copyright and the title of the document specified.

Any enquiries relating to the copyright in this document should be addressed to The Licensing Division, HMSO, St Clements House, 2-16 Colegate, Norwich NR3 1BQ. Fax: 01603 723000 or e-mail: licensing@cabinet-office.x.gsi.gov.uk

Contents

	Page
Foreword	3
Review of Activities	4
Statement of Trustee's and Director's responsibilities and Statement on Internal Control	5
Certificate and Report of the Comptroller and Auditor General – Greenwich Hospital	6
Statement of Financial Activities – Greenwich Hospital	8
Balance Sheet – Greenwich Hospital	9
Cash Flow Statement – Greenwich Hospital	10
Notes to the Accounts – Greenwich Hospital	11
Certificate and Report of the Comptroller and Auditor General – Travers Foundation	26
Statement of Financial Activities – Travers Foundation	28
Balance Sheet – Travers Foundation	29
Cash Flow Statement – Travers Foundation	30
Notes to the Accounts – Travers Foundation	31

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. In recent years, the Hospital has extended the scope of its charitable giving through the provision of sheltered housing for elderly people and the payment of 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 Account is 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

11 July 2007

Review of Activities

I am pleased to report that Greenwich Hospital has maintained the broader charitable support that has been provided for the past four years.

The Statement of Financial Activities for the year shows a net deficit of income over expenditure of £925,000 (2005-06 – £982,000). In order to fund the total deficit, the Hospital drew on cash held on deposit from uninvested capital receipts. The net movement in funds was an increase in the net assets of £23,128,000 as a result of a combination of the revaluation of the investment property and a further rise in the Stock Markets.

Throughout the year, the Hospital continued to pay charitable pensions, mainly through its longstanding co-operation with the Royal Naval Benevolent Trust, to some 1,300 needy former seafarers or their widows. The value of these pensions was raised from £10 to £12 a week from the beginning of the financial year.

The Hospital has continued to pay donations in support of the work of the Royal Naval Benevolent Trust and the Royal Navy and Royal Marines Children's Fund on behalf of former and serving sailors and their families. These donations amounted to respectively £250,800 and £440,000 in 2006-07. Additionally donations were made to the Women's Royal Naval Benevolent Trust, £30,800, and the Royal Sailors' Rests, £41,000. The Hospital has borne legal and professional fees incurred in establishing the Royal Navy & Royal Marines Charity totalling £146,800 in 2006-07. This newly registered charity is now in the process of carrying out the Admiralty Board's directive to rationalise naval charity.

Through these pensions, donations and general support, the Hospital contributed some £1,736,000 to its Royal Navy beneficiaries in 2006-07, an increase of £121,000 to the total in the previous year.

The Royal Hospital School is continuing to develop a new strategic direction designed to attract more full fee paying pupils to the school. This year day pupils were introduced into all years for the first time and of the 616 boys and girls attending 15 were day pupils. The School has continued to achieve good examination results.

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 at the School from the start point of 77 in 2004 to 39 in 2006. 32 bursaries have been awarded for entry in September 2007. In 2006-07 the Hospital provided £5,312,000 (2005-06 – £5,606,000) 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 all 10 boarding houses and boarding house staff accommodation is progressing smoothly, with two of the boarding houses now completed and work on the third due to start. Building on the strong musical tradition of the School work will also begin this summer on a new high quality music school due for completion in Autumn 2008. In 2006-07 the Hospital provided £3,226,000 (2005-06 – £973,000) towards this overall £18m building programme.

During the year the Hospital appointed new agents to manage its properties in Greenwich. It also developed proposals for the regeneration of its core properties in Greenwich with a view to improving them to a standard appropriate to their position at the heart of a World Heritage Site. The Hospital has started a process of public consultation with key stakeholders, residents and other interested parties in the Greenwich community with the intention of submitting a planning application for the market area in Spring 2008.

M J Sands

Director of Greenwich Hospital

11 July 2007

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.

Both sets of accounts are to be prepared according to applicable accounting standards to give a true and fair view of transactions and the position at the end of each financial year.

Statement on Internal Control

1. Scope of responsibility

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

2. The purpose of the system of internal control

The system of internal control has been in place in Greenwich Hospital for the year ended 31 March 2007 and up to the date of approval of the annual report and accounts and accords with Treasury guidance. The system of internal control is designed to manage rather than eliminate the risk of failure to achieve the aims and objectives of Greenwich Hospital and the Travers Foundation; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The system of internal control is based on a continuing process that is designed to identify the principal risks to the achievement of the aims and objectives of Greenwich Hospital and the Travers Foundation, to evaluate the nature and extent of those risks, the likelihood of those risks being realized and the impact should they be realized, and to manage them efficiently, effectively and economically. Greenwich Hospital and the Travers Foundation have continued to develop their internal control system during the year.

3. The risk and control framework

Greenwich Hospital has completed improving its accounting procedures with a new accounting system and reporting routine. An independent Advisory Panel is appointed to advise on the formulation of 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. A new asset allocation has been adopted to generate a more reliable income at lower 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. Effectiveness of the system of internal control

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

11 July 2007

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 2007 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 have been appointed as auditor by the Greenwich Hospital Act 1865.

I report to you my opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Greenwich Hospital Act 1865. 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 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 to 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, disclosures and regularity 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 that in all material respects 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

Audit Opinion

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 2007 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.

John Bourn
Comptroller and Auditor General
16 July 2007

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

Greenwich Hospital Statement of Financial Activities for the Year Ended 31 March 2007

	Notes	2006-07 £'000	2005-06 £'000
Incoming resources			
Net Income from Property	2	3,232	3,503
Net Income from Investments	3	3,633	3,750
Bank Interest Receivable		160	140
Other income		1	2
Total Incoming Resources		7,026	7,395
Resources expended			
Net Royal Hospital School Expenses	4	5,053	5,427
Net Sheltered Housing Expenses		202	136
Pensions and educational grants	5	827	640
Donations to Naval Charities		910	975
Other Charitable Donations		20	39
Net Resources expended		7,012	7,217
Headquarters Administration			
	6	939	1,160
Net outgoing resources before other recognised gains and losses			
		(925)	(982)
Interest on pension liabilities	14	(782)	(758)
Actuarial gain/(loss) on pension scheme	14	1,302	(960)
Gains/(losses) on realisation of assets			
Investment Properties		328	(282)
Quoted Investments		321	3,972
Revaluation of assets			
Investment Properties	7	19,816	10,496
Quoted Investments	10	2,948	8,472
Other Reserves	21	120	15
Net movement in funds		23,128	19,973
Balance at 1 April 2006		233,563	213,590
Total fund balances at 31 March 2007		256,691	233,563

All activities are classed as continuing.

All recognised gains and losses are shown above.

The notes on pages 11 to 25 form part of these accounts

Greenwich Hospital

Balance Sheet as at 31 March 2007

	Notes	2006-07 £'000	2005-06 £'000
Fixed Assets			
Tangible Assets			
Investment Property (Estimated Market Value)	7	142,181	121,908
Royal Hospital School, Holbrook	8	18,211	15,404
Sheltered Housing	8	5,868	5,983
Other Tangible Assets	9	876	853
		167,136	144,148
Quoted Investments at Market Value	10	102,131	97,188
Total Fixed Assets		269,267	241,336
Current Assets			
Debtors, Rents Receivable and Prepayments	11	1,785	1,604
Current Asset Investments	12	1,746	2,910
Cash at Bank and In Hand		1,937	5,736
		5,468	10,250
Current Liabilities (amounts falling due within one year)			
Creditors	13	(3,016)	(2,706)
Net Current Assets		2,452	7,544
Total Assets		271,719	248,880
Pension Provision	14	(15,008)	(15,292)
Other Provision	22	(20)	(25)
Net Assets		256,691	233,563
Funds			
Unrestricted Funds	21	256,691	233,563

The cashflow statement on page 10 and notes on pages 11 to 25 form part of these accounts

M J Sands
Director of Greenwich Hospital

11 July 2007

Greenwich Hospital Cash Flow Statement for the Year Ended 31 March 2007

	Notes	2006-07 £'000	2005-06 £'000
Net cash outflow from operating activities	19	(6,505)	(6,690)
Returns on investments			
Investment interest received		1,707	1,487
Dividends received		2,432	2,736
Fund management fees		(499)	(451)
Rent received from investment property		4,941	5,369
Expenses paid on investment property		(1,746)	(1,788)
		6,835	7,353
Non charitable capital and Financial investment expenditure			
Payments to acquire investments		(41,343)	(101,840)
Receipts from sale of investments		39,669	98,688
Payments to acquire or improve property	7	(2,844)	(2,670)
Receipts from sale of property and other capital receipts		2,715	8,821
		(1,803)	2,999
Charitable capital expenditure			
Payments to acquire or improve property	8	(3,227)	(973)
Payments to acquire other tangible fixed assets	9	(295)	(347)
Receipts from sale of other tangible fixed assets		32	37
		(3,490)	(1,283)
Management of liquid resources			
		1,164	1,664
(Decrease)/Increase in cash	20	(3,799)	4,043

We have split the cashflow 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 11 to 25 form part of these accounts

Accounting Policies (continued)

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.

Pension Schemes

Teaching staff at the Royal Hospital School (RHS) are members of the Teachers' Superannuation Scheme (a defined benefit scheme) administered by the Teachers' Pension Agency to which contributions are made by both employer and employees.

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 or seconded Civil Servants.

Cash and Bank

The Hospital maintains a bank account with the Paymaster General in accordance with the provisions of the Greenwich Hospital Act 1865.

Liquid Resources

Current Asset Investments comprise cash deposits held by investment managers.

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.

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 Operating Cost Statement.

2 Net rental income

	Income £'000	Expenditure £'000	Surplus 2006-07 £'000	Surplus 2005-06 £'000
Northern Estates	656	(444)	212	212
Greenwich Estate	3,539	(1,532)	2,007	2,264
Other Property				
Holbrook Estate	127	(75)	52	26
London Properties	159	(1)	158	173
Pollen Estate	686	-	686	711
Property Unit Trust	127	(10)	117	117
	<u>1,099</u>	<u>(86)</u>	<u>1,013</u>	<u>1,027</u>
Total	5,294	(2,062)	3,232	3,503

Expenditure of £2,062,000 includes £741,000 of professional fees, mainly property agents. The remaining costs comprise mainly repairs and maintenance and other property costs.

3 Income from Investments

	2006-07 £'000	2005-06 £'000
General Investments		
UK Fixed Interest	1,440	1,383
UK Equities	2,248	2,140
Overseas Investments	202	494
Cash Instruments	168	137
	<u>4,058</u>	<u>4,154</u>
Reade Foundation:		
Accumulation Fund	81	69
Total Income from Investments	4,139	4,223
Less Investment Managers' Fees	(506)	(473)
Net Income from Investments	3,633	3,750

4 Royal Hospital School

	Notes	2006-07 £'000	2005-06 £'000
Income			
School Fees		5,616	5,058
Incidental Charges		134	135
Supplementary Income		204	494
Income from lettings and hire of facilities		305	273
		6,259	5,960
Expenditure			
Teachers' Salaries		4,023	3,915
Support Staff Salaries		3,074	2,872
Academic		420	454
Catering		1,043	1,054
Clothing, Bedding, General Stores		166	187
Pupils' Welfare		16	24
Premises		1,228	1,155
Administration		339	447
Professional and Legal Fees		10	96
Marketing and Publicity		119	89
Letting Costs		84	50
Depreciation		630	535
Profit on Disposal of Fixed Assets		(11)	(10)
Supplementary Expenses		171	494
Ex-gratia Payment	22	-	25
		11,312	11,387
Excess of Expenditure over Income		5,053	5,427

Professional and Legal Fees has been reduced by a receipt of £50,000 from insurers for legal fees incurred in the previous year in respect of an Office of Fair Trading investigation into school fees.

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

5 Pensions and educational grants

	2006-07 £'000	2005-06 £'000
Pensions to Widows	3	4
Educational Grants	13	12
Charitable Pensions (Jellicoe Annuities)	811	624
	827	640

6 HQ administration

	2006-07	2005-06
	£'000	£'000
Salaries and Wages	589	549
Pensions Administration	23	23
Audit Fee	35	35
Professional, Legal and Consultancy Fees	152	173
Depreciation	38	28
Office Expenses	102	153
Correction of fees ledger from 1999	-	103
Restructuring	-	96
	939	1,160

In 2005-06 Headquarters administration costs included two exceptional items, a £103,000 correction of the fees ledger and £96,000 incurred in restructuring; normal administration costs were £961,000. There were no exceptional items this year.

7 Investment property

	Holbrook Estate £'000	Pollen Estate £'000	London Properties £'000	Greenwich Estates £'000	Northern Estates £'000	Property Unit Trust £'000	Total £'000
Valuation at 1 April 2006	4,552	18,697	2,200	74,274	18,759	3,426	121,908
Additions	-	-	-	2,795	49	-	2,844
Disposals	-	-	-	(2,308)	(79)	-	(2,387)
Revaluation	356	7,972	275	5,955	4,747	511	19,816
Valuation at 31 March 2007	4,908	26,669	2,475	80,716	23,476	3,937	142,181

At 31 March 2007, the Hospital held a 10.214% beneficial interest in the Pollen Estate, which is an independent trust investing in property.

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 2007, as approved by the Director based upon informal valuations provided by the appointed Chartered Surveyors for the estates, except in the case of the Greenwich Estate which has been determined by Jones Lang LaSalle, an independent firm of valuers. 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 and CB Richard Ellis Ltd provided a valuation for the Pollen Estate.

8 Charitable property

	Royal Hospital School				
	Buildings under construction £'000	Buildings in use £'000	Total £'000	Sheltered Housing £'000	Total £'000
Cost at 1 April 2006	564	17,225	17,789	6,728	24,517
Additions	1,152	2,074	3,226	1	3,227
Cost at 31 March 2007	1,716	19,299	21,015	6,729	27,744
Depreciation at 1 April 2006			2,385	745	3,130
Charge for the Year			419	116	535
Depreciation at 31 March 2007			2,804	861	3,665
Net Book Value at 31 March 2007			18,211	5,868	24,079
Net Book Value at 31 March 2006			15,404	5,983	21,387

The Royal Hospital School occupies approximately 150 acres of the Holbrook Estate. The School has been valued by 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.

9 Other tangible assets

Royal Hospital School

	Motor Vehicles £'000	Plant and Machinery £'000	Office Equipment & Improve- ments £'000	Educational Equipment £'000	Furniture £'000	Total £'000
Cost at 1 April 2006	278	601	27	730	59	1,695
Additions	12	119	–	128	–	259
Disposals	(8)	–	(8)	(38)	–	(54)
Cost at 31 March 2007	282	720	19	820	59	1,900
Depreciation at 1 April 2006	169	317	26	528	51	1,091
Charge for the Year	30	73	–	101	4	208
Released on Disposal	(8)	–	(7)	(29)	–	(44)
Depreciation at 31 March 2007	191	390	19	600	55	1,255
Net Book Value at 31 March 2007	91	330	–	220	4	645
Net Book Value at 31 March 2006	109	284	1	202	8	604

9 Other tangible assets (continued)

	Motor Vehicles	Plant and Machinery	Office Equipment & Improve- ments	Educational Equipment	Furniture	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Other locations						
Cost at 1 April 2006	117	12	164	–	152	445
Additions	–	–	28	–	8	36
Disposals	(47)	(9)	(6)	–	–	(62)
Cost at 31 March 2007	70	3	186	–	160	419
Depreciation at 1 April 2006	102	11	51	–	32	196
Charge for the Year	3	–	29	–	13	45
Released on Disposal	(40)	(8)	(5)	–	–	(53)
Depreciation at 31 March 2007	65	3	75	–	45	188
Net Book Value at 31 March 2007	5	–	111	–	115	231
Net Book Value at 31 March 2006	15	1	113	–	120	249
Total						
Cost at 1 April 2006	395	613	191	730	211	2,140
Additions	12	119	28	128	8	295
Disposals	(55)	(9)	(14)	(38)	–	(116)
Cost at 31 March 2007	352	723	205	820	219	2,319
Depreciation at 1 April 2006	271	328	77	528	83	1,287
Charge for the Year	33	73	29	101	17	253
Released on Disposal	(48)	(8)	(12)	(29)	–	(97)
Depreciation at 31 March 2007	256	393	94	600	100	1,443
Net Book Value at 31 March 2007	96	330	111	220	119	876
Net Book Value at 31 March 2006	124	285	114	202	128	853

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 the Charities SORP 2005 (Paragraph 283(a)), these assets are not capitalised.

10 Quoted investments

	2006-07 £'000	2005-06 £'000
Market Value at 1 April 2006	97,188	81,592
Additions at Cost	41,343	101,840
Value of Investments Sold	(39,348)	(94,716)
Unrealised Profit on Revaluation	2,948	8,472
Market Value at 31 March 2007	<u>102,131</u>	<u>97,188</u>

Investments are made up as follows:

	Market Value 2006-07 £'000	Market Value 2005-06 £'000
UK Fixed Interest	27,309	25,236
UK Equities	53,623	52,357
Overseas Investments	10,773	19,595
Cash Instruments	10,426	–
	<u>102,131</u>	<u>97,188</u>

	Cost Price 2006-07 £'000	Market Value 2006-07 £'000	Market Value 2005-06 £'000
General Fund	45,820	53,623	49,948
Reade Accumulation Fund	1,860	2,582	2,409
Global Equity Fund	9,588	10,773	11,145
Sterling Income Fund	25,313	24,727	25,236
GIS Global Bond Fund	–	–	8,450
HSBC Libor +50	10,000	10,426	–
	<u>92,581</u>	<u>102,131</u>	<u>97,188</u>

11 Debtors

Amounts falling due within one year	2006-07 £'000	2005-06 £'000
School Fees Receivable	114	178
Rents Receivable	1,264	919
Other Debtors	136	313
Prepayments	271	194
	<u>1,785</u>	<u>1,604</u>

12 Current asset investments

	2006-07 £'000	2005-06 £'000
General Fund	1,739	2,909
Reade Fund	7	1
	<u>1,746</u>	<u>2,910</u>

13 Creditors

Amounts falling due within one year	2006-07 £'000	2005-06 £'000
Trade Creditors	624	880
School Fees and Related Amounts Received in Advance	129	127
Rents Received in Advance	729	626
Taxes Payable	85	132
Other Creditors	773	430
Accrued Charges	676	511
	<u>3,016</u>	<u>2,706</u>

14 Pension provision

	2006-07	2005-06
	£'000	£'000
Balance at 1 April 2006	15,292	13,443
Employee Transfer of Benefit	-	-
(Decrease)/Increase in Provision	(284)	1,849
Balance at 31 March 2007	15,008	15,292

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 2007 by an independent qualified actuary.

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.

	2006-07	2005-06
Rate of increase in inflation (RPI)	3.20%	3.10%
Rate of increase in pension	3.20%	3.10%
Rate of increase in deferred pensions	5.40%	3.10%
Rate of increase of pensionable salaries including merit increases	4.70%	4.60%
Discount Rate	5.40%	4.90%

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

Analysis of the amount that has been charged to operating expenditure in the SOFA

	2006-07	2005-06
	£'000	£'000
Current Service Cost	(676)	(594)
Past Service Cost	-	-
Settlement Loss	-	-
Total Operating Charge	(676)	(594)

Analysis of the amount that has been debited to other financial costs

	2006-07	2005-06
	£'000	£'000
Expected Return on Assets	-	-
Interest on Liabilities	(782)	(758)
Net Return	(782)	(758)

14 Pension provision (continued)**Analysis of the amount that has been recognised in the SOFA as actuarial gain/(loss)**

	2006-07 £'000	2005-06 £'000
Gains on Liabilities	300	225
Changes in Assumptions	1,002	(1,185)
Actuarial gain/(loss) recognised in SOFA	1,302	(960)

Movement of Liability During the Year

	2006-07 £'000	2005-06 £'000
Liability at Beginning of the Year	15,292	13,443
Plus Movement during Year:		
Current Service Cost	676	594
Pension payments made during the year	(492)	(514)
Employees' Contributions	52	51
Other Financial Costs	782	758
Actuarial (gain) / loss	(1,302)	960
Liability at End of the Year	15,008	15,292

History of Experience Gains and Losses

	2006-07 £'000	2005-06 £'000
Difference Between the Expected and Actual Return on Assets:		
Amount (£'000)	n/a	n/a
Percentage of Assets	n/a	n/a
Experience Gains on Liabilities:		
Amount (£'000)	300	225
Percentage of Liabilities	2.0%	1.5%
Total Amount Recognised in SOFA:		
Amount (£'000)	1,302	(960)
Percentage of Liabilities	8.7%	(6.3%)

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 Greenwich Hospital for the period of these accounts. For 2006-07 the rate was 13.5%.

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.

For 2006-07, employer's contributions of £442,099 were payable to the Scheme (£441,685 for 2005-06).

15 Lease commitments

Amounts falling due within one year	2006-07	2005-06
	£'000	£'000
Lease for office premises		
3 Creed Court	78	58
Other Operating Leases	66	33

16 Capital commitments

As at 31 March 2007 there were £233,015 of future capital expenditure contracted for but not provided for in the accounts.

17 Staff costs

Total staff costs were as follows:	2006-07	2005-06
	£'000	£'000
Salaries and Wages	6,287	6,026
Social Security Costs	486	465
Pension Costs	1,133	1,021
	7,906	7,512
Composed of:		
Royal Hospital School	7,097	6,787
HQ Administration	589	645
Sheltered Housing	54	37
Northern Estates	153	74
Greenwich Estate	13	–
	7,906	7,543

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

	£	£
Salary	63,953	68,996
Employer's pension cost	10,549	20,049
	74,502	89,045

The remuneration of the Director of the Hospital, M J Sands, was as follows:
(1 February 2007 – 31 March 2007)

	£	£
Salary	11,250	–
Employer's pension cost	–	–
	11,250	–

John Chadwick, as the Director was entitled to pension benefits under the Hospital's contracted out non-contributory defined benefit scheme (see Note 1). The cost to the Hospital of the Director's pension benefit accrued during the year was £10,549 (2005-06 £20,049) and Cash Equivalent Transfer Value (CETV) as at 31 March 2007 was £84,790 (2005-06 £72,509).

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

18 Staff numbers

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

	2006-07	2005-06
£60,000 to £69,999	3	2
£70,000 to £79,999	–	–
£90,000 to £99,999	1	1

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

Royal Hospital School	221	218
Sheltered Housing	3	6
HQ Administration	12	12
Northern Estates	2	4
Greenwich Estate	2	–
	240	240

19 Reconciliation of operating deficit to cash flow

	2006-07	2005-06
	£'000	£'000
Net deficit	(925)	(982)
Movement of Pension Liability During the Year	236	131
Movement of Other Reserves	120	15
Depreciation	788	691
Profit on sale of tangible fixed assets	(13)	(25)
(Increase)/Decrease in debtors	275	(197)
Increase/(Decrease) in creditors	(116)	905
Increase/(Decrease) in other provision	(5)	25
Net investment income	(3,633)	(3,750)
Net rental income	(3,232)	(3,503)
	(6,505)	(6,690)

20 Analysis of changes in cash balances

	As at		As at
	31 March		31 March
	2006	Cashflow	2007
	£'000	£'000	£'000
Current Asset Investments	2,910	(1,164)	1,746
Cash at Bank & In Hand	5,736	(3,799)	1,937
	8,646	(4,963)	3,683

21 Movement in funds

	Accumulated Fund £'000	Property Revaluation £'000	Investments Revaluations £'000	Other Reserves £'000	Total Funds £'000
Balance at 1 April 2006	113,175	109,013	11,217	158	233,563
Net Deficit for the Year	(925)	-	-	-	(925)
Gains on Sale of Investments	321	-	-	-	321
Gains on Sale of Investment Properties Revaluations	328 -	- 19,816	- 2,948	-	328 22,764
Revaluation Reserves Realised on Sales	7,188	(2,387)	(4,801)	-	-
Movement in Pension Provision	520	-	-	-	520
Movement in Other Reserves	-	-	-	120	120
Accumulated Fund as at 31 March 2007	120,607	126,442	9,364	278	256,691

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

22 Other Provision

Provision was made in the prior year 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.

23 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 £11,035.43 for related costs of staff seconded to Greenwich Hospital.

24 Post Balance Sheet Event

The 2006-07 Greenwich Hospital and Travers Foundation financial statements were authorised to be issued by the Accounting Officer on 16 July 2007.

25 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 advise on the formulation of 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. At the beginning of the year the Hospital adopted a revised investment strategy to generate a more reliable income at lower risk. The new strategy involved a reallocation of investment assets.

During 2006-07 the Hospital continued to require fund managers to perform against various different benchmarks appropriate to each fund.

25 Financial Instruments (continued)

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. 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 the Travers Foundation for the year ended 31 March 2007 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 Auditor

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 have been appointed as auditor by the Armed Forces Act 1976.

I report to you my opinion as to whether the financial statements give a true and fair view and 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 the 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 the 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 the 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, disclosures and regularity 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 the 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 that in all material respects 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

Audit Opinion

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 2007 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.

John Bourn
Comptroller and Auditor General

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

16 July 2007

Travers Foundation Statement of Financial Activities for the Year Ended 31 March 2007

	2006-07	2005-06
	£	£
Income from investments		
Gross Property Income	25,730	24,800
Gross Investment Income	20,133	12,561
Management and Administration Costs	(5,929)	(7,286)
Net surplus for the year	39,934	30,075
Net increase/(decrease) on revaluation of assets		
Property	130,500	(611,000)
Investments	24,444	115,329
Net movement in funds	194,878	(465,596)
Movement in funds		
Balance at 1 April 2006	2,132,319	2,597,915
Net Movement in Funds	194,878	(465,596)
Balance at 31 March 2007	2,327,197	2,132,319

All activities are classed as continuing.

All recognised gains and losses are shown above.

The notes on pages 31 to 32 form part of these accounts

Travers Foundation

Balance Sheet as at 31 March 2007

	Notes	2007 £	2006 £
Fixed Assets			
Investment Property at Estimated Market Value	6	1,612,500	1,482,000
Stocks and Shares at Market Value	9	646,097	601,350
		2,258,597	2,083,350
Current Assets			
Debtors	7	67,521	47,719
Cash at Bank	5	1,079	1,250
		68,600	48,969
Current Liabilities (amounts falling due within one year)			
Creditors	8	-	-
Total Assets		2,327,197	2,132,319
Funds			
Unrestricted Funds		2,327,197	2,132,319

The cashflow statement on page 30 and notes on pages 31 to 32 form part of these accounts

M J Sands
Director of Greenwich Hospital

11 July 2007

Travers Foundation Cash Flow Statement for the Year Ended 31 March 2007

	Notes	2007 £	2006 £
Net Cash Inflow/(Outflow) from Operating Activities	3	<u>20,132</u>	<u>(3,265)</u>
Investing Activities			
Purchase of Stocks & Shares		(20,368)	(487,410)
Sale of Stocks & Shares		65	469,834
		<u>(20,303)</u>	<u>(17,576)</u>
Decrease in Cash and Cash Equivalents	4/5	<u>(171)</u>	<u>(20,841)</u>

The notes on pages 31 to 32 form part of these accounts

Travers Foundation

Notes to the Accounts

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

3 Reconciliation of operating surplus to net cash inflow/(outflow) from operating activities

	2006-07 £	2005-06 £
Operating Surplus	39,934	30,075
Non Cash Item – Loss on sale of equities	–	2,880
Increase in Debtors	(19,802)	(31,178)
Decrease in Creditors	–	(5,042)
	<u>20,132</u>	<u>(3,265)</u>

4 Analysis of changes in cash and cash equivalents during the year

	2006-07 £	2005-06 £
Balance at 1 April 2006	1,250	22,091
Net Cash Outflow	(171)	(20,841)
Balance at 31 March 2007	<u>1,079</u>	<u>1,250</u>

5 Analysis of the balances of cash and cash equivalents as shown in the Balance Sheet

	2006-07 £	2005-06 £	Change in Year £
Cash at Bank & In Hand	<u>1,079</u>	<u>1,250</u>	<u>(171)</u>

6 Property Valuation

The property in Essex is shown at market value on 31 March 2007, which has been determined by Strutt and Parker.

7 Debtors

	2006-07 £	2005-06 £
Due from Greenwich Hospital	67,521	35,994
Rents Receivable	–	11,725
	<u>67,521</u>	<u>47,719</u>

8 Creditors

	2006-07	2005-06
	£	£
Trade Creditors	—	—

9 Stocks and Shares

	2006-07	2005-06
	£	£
Market Value at 1 April 2006	601,350	471,325
Additions	20,368	487,410
Disposals	(65)	(472,714)
Unrealised loss on revaluation	24,444	115,329
Market Value at 31 March 2007	646,097	601,350

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

Published by TSO (The Stationery Office) and available from:

Online

www.tsoshop.co.uk

Mail, Telephone, Fax & E-mail

TSO

PO Box 29, Norwich NR3 1GN

Telephone orders/General enquiries: 0870 600 5522

Order through the Parliamentary Hotline *Lo-call* 0845 7 023474

Fax orders: 0870 600 5533

Email: customer.services@tso.co.uk

Textphone: 0870 240 3701

TSO Shops

16 Arthur Street, Belfast BT1 4GD

028 9023 8451 Fax 028 9023 5401

71 Lothian Road, Edinburgh EH3 9AZ

0870 606 5566 Fax 0870 606 5588

The Parliamentary Bookshop

12 Bridge Street, Parliament Square,

London SW1A 2JX

Telephone orders/General enquiries: 020 7219 3890

Fax orders: 020 7219 3866

Email: bookshop@parliament.uk

Internet: <http://www.bookshop.parliament.uk>

TSO@Blackwell and other Accredited Agents

ISBN 978-0-10-294717-5



9 780102 947175