

**THE GREENWICH FOUNDATION
FOR THE OLD ROYAL NAVAL COLLEGE**

**(A company limited by guarantee)
Company Number: 3340541
Registered Charity Number: 1062519**

**Trustees' Report & Financial Statements
For the year ended 31 March 2016**

**The Greenwich Foundation for the Old Royal Naval College (ORNC)
Trustees' Report & Financial Statements for the year ended 31 March 2016**

Date of Incorporation	20th March 1997		
Charity Commission Registration	22nd May 1997		
President	HRH Duke of Gloucester KG GCVO		
Trustees	Tony Hales CBE	Chairman	
	Dr Rupert Evenett FCA	Treasurer	
	John Barnes		
	Councillor Peter Brooks	Retired	11.02.2016
	Andrew Clark	Appointed	17.12.2015
	Jamaria Kong	Appointed	17.12.2015
	Rosemarie Macqueen MBE	Appointed	17.12.2015
	Peter Shanks		
	Desmond Shawe-Taylor	Appointed	17.12.2015
	Rear-Admiral Brian Perowne CB		
	Susan Wilkinson		

The Trustees also act as directors of the company for the purpose of the Companies Act 2006. All Trustees served throughout the year, except where noted.

Chief Executive	Brendan McCarthy		
Management team	Ed Barnard ACMA	Finance & Commercial Director	
	Mary Ellen Cetra	Development & Communications Director	
	Sarah Duthie	Public Engagement Director	
	Will Palin	Conservation Director	
Registered & principal office	2 Cutty Sark Gardens Greenwich London SE10 9LW		
Solicitors	Farrer & Co 66 Lincoln's Inn Fields London WC2A 3LH		
Auditor	Crowe Clark Whitehill LLP St Bride's House 10 Salisbury Square London EC4Y 8EH		
Bankers	The Royal Bank of Scotland plc London Drummonds Branch 49 Charing Cross SW1A 2DX	Bank of Scotland plc 33 Old Broad Street London BX2 1LB	
Surveyors	Huntley Cartwright Victoria House Harestone Valley Road Caterham CR3 6HY	Gerald Eve 7 Vere Street London W1G 0JB	
Surveyor of the Fabric	Martin Ashley	Dipl. Arch, RIBA	

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Patrons

The Foundation established a patron's scheme in January 2011.
The following patrons have subscribed to membership in the 2015/16 year:

Mr Andrew Allen-Tidy
Mr Adrian Attwood
Sir Frank and Lady Berman
Sir Nicolas and Lady Bevan
Dr Tony Butler
Mr Francis Carnwarth CBE
Sir Robert Crawford CBE
Dr Rupert Evenett
Mr John Furlonger
Mr David Jones
The Hon. Francis Plowden
The Rt. Hon. Sir Timothy Sainsbury
Mr Eric Shawyer CBE
Sir Angus Stirling
Mr Richard Upton
Mrs Emanuella Watson-Gandy
Mrs Susan Wilkinson
MBNA Thames Clippers
Anonymous

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The Trustees' Annual Report

The Trustees present their report and financial statements for the year ended 31 March 2016.

1. Background

The Old Royal Naval College, Greenwich or ORNC (formally called The Greenwich Foundation for the Old Royal Naval College) has as its primary purpose the conservation, presentation and interpretation of its historically, architecturally and artistically distinguished set and collection of buildings, paintings and other artefacts set out across the Old Royal Naval College site, including but not limited to the British masterpiece of the paintings in the Painted Hall. We are responsible for and manage the site as a whole, including the four great Wren-designed buildings of the King Charles building, the King William building, the Queen Mary building and the Queen Anne building, the Painted Hall inside the King William building, the Chapel inside the Queen Mary building, the Old Brewery and the Visitor Centre with its collection of artefacts permanently on display.

Taken together, our collection of buildings on the edge of the Thames below Greenwich Park and the Observatory and across from Canary Wharf constitutes one of the iconic views of Greenwich and London known around the world. Our aim is to encourage visitors from all destinations, locally, nationally and internationally, to visit our buildings, grounds and collections, to enjoy them and to learn from them and also to enable a whole range of cultural and other activities to take place on our culturally rich site at the heart of Greenwich. In delivering that, the ORNC takes a long term view, ensuring we avoid compromising future generations while delighting and surprising those of the current.

The ORNC is constitutionally independent of government but is financially dependent for part of its core income on grant-in-aid to sustain its future. The ORNC continues to develop a more diversified financial platform, with income from fixed and turnover rentals from its tenants, from a major programme of fundraising income from donations from individuals, trusts and foundations, and companies, and from a range of commercial income. To that end, the ORNC has generated income from catering (banqueting and weddings), retail, Chapel hires for weddings and concerts, by being a major film location venue, holding festivals and other events during the year. The ORNC currently has nine tenants, of which the University of Greenwich and Trinity Laban Conservatoire of Music and Dance are the most significant.

The ORNC is now 18 years old, established in 1998 following the great debate on the future of these wonderful Wren buildings of Greenwich after the Ministry of Defence's decision in the mid-1990s to vacate the site.

Much has been achieved by the ORNC in a relatively short time. Our site has been transformed from a heavily barricaded naval establishment with virtually no public access into a wonderful open space and cultural attraction for visitors. Buildings have been restored, grounds returned to their formal design and car parking and inappropriate 20th century additions taken away or moved. Our buildings and paintings, their design, meaning and construction, are explained and interpreted to visitors. We have opened the Visitor Centre in the Pepys building to illuminate the many histories and stories – naval, artistic, royal and local - that have taken place in Greenwich and the ORNC (and its predecessor on the site, the Tudor Greenwich Palace). It has been a success and the vision that animated the creation of the ORNC as an independent charity has not only been met but in many ways exceeded.

The Trustees' financial aim to reduce the ORNC's dependence on government funding continues. Efforts to achieve this have included a restructuring of the organisation in March 2014 into four new departments with a strong focus on fundraising, improving the visitor experience and income generation from commercial opportunities. A balanced consideration is given to close the Painted Hall for private hires, if this results in maintaining free public access during other times: The Painted Hall was closed for a total of 18 days during the year for conservation or private hires (2015: 43).

The ORNC operates with a staff of 49 (2015: 43) Full Time Equivalent and 99 (2015: 89) volunteers.

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2. Objects

The two equal charitable objects for which the ORNC was established, as set out in its founding constitutional documents, are:

- to preserve for the benefit of the nation the Old Royal Naval College site, buildings and monuments as being of historical, architectural and artistic importance; and
- to educate the public thereon.

In pursuance of these objects the ORNC secured, on 1 January 1998, a 150-year lease on the Old Royal Naval College from the Secretary of State for Defence in his capacity as Trustee for the Greenwich Hospital Naval Charity.

3. Charity's Public Benefit

The Trustees confirm that they have complied with the duty in section 17 of the Charities Act 2011 to have due regard to the Charity Commission's general guidance on public benefit.

The aims of the charity, as set out in our two charitable objects above, are for public benefit. These aims have been achieved during the year, as follows:

- Using guidance from the Surveyor of the Fabric and professional building consultants Huntley Cartwright, a programme of regular and long-term maintenance has continued during the year, to conserve the buildings and the grounds for future generations to a standard appropriate to their architectural significance and historical importance.
- The public continues to benefit from free access to the Visitor Centre, the grounds, Chapel and Painted Hall for 362 days during the year (closed on Christmas Eve, Christmas Day and Boxing Day). There were 18 days during the year when the Painted Hall was closed for conservation or hire (2015: 43 days). Trained staff and volunteers, our Discover Greenwich historical exhibition centre, and our other display and interpretation materials in the Painted Hall, Chapel and throughout our site are on hand to assist visitors with interpretation and the history of the ORNC.
- Our other chief objective, the ORNC's "educating the public" aims have been achieved through a wealth of interpretation and information including the free Discover Greenwich Centre permanent exhibition, temporary exhibitions, a wide range of guided and self-guided tours to the Painted Hall, Chapel and ORNC site as a whole (concentrating on different aspects of our history, on our architectural and artistic significance, and for example on the different films that ORNC has been a location for), a range of series of scholarly and cultural talks and evenings including on our conservational work as well as on our art, architecture and history, a programme of free facilitated school and family workshops, and a teaching programme delivered in the Clore Duffield Centre. We continue to explore ways of further enhancing our learning and interpretive and educational reach and impact and believe that there is still significant potential to increase our profile as a major cultural attraction.
- The ORNC works in partnership with other members of the Maritime Greenwich UNESCO World Heritage Site and is a founding member of Visit Greenwich the Greenwich Destination Management Company whose primary aim is to promote Greenwich as a significant tourist attraction.

4. Powers

To further its objects, the ORNC has powers to:

- Acquire and retain the Head Lease
- Assign or sub-let part of the land assigned by the Head Lease
- Maintain, restore and present the Old Royal Naval College site
- Allow the public reasonable access to view and enjoy the site

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- Promote and encourage the development and integration of the wider location surrounding the ORNC including in particular maritime Greenwich and the World Heritage Site
- Undertake or support research
- Educate the public about historic, architectural, scientific and artistic matters including in particular those connected with the ORNC

5. Organisation

The ORNC is a registered charity and a company limited by guarantee, governed by its Memorandum and Articles of Association.

All the Trustees are members of the Board, which has responsibility for the overall management of the ORNC. There must be between three and eleven Trustees. The full Board meets quarterly as does the Board's Audit & Finance Committee. A Committee for Trustee nominations meets as required. All Committees are advisory only, to the main Board. The Chief Executive is responsible to the Board for the operation of the ORNC.

The Charity has a wholly-owned trading subsidiary, The Greenwich Trading Company Ltd, which undertakes the commercial aspects and visitor management of the organisation. It donates any profits that it makes to the ORNC.

6. Appointment and Training of Trustees

Trustees are appointed for an initial term of four years. They may offer themselves for re-appointment for a second term not normally exceeding four years. If appointed other than at a General Meeting, a Trustee shall hold office only until the next Annual General Meeting.

Trustee appointments are made by the Board of Trustees and do not require approval by any external authority; however the Secretary of State at the Department for Culture, Media and Sport (DCMS) is advised of prospective appointments and given the opportunity to comment.

The ORNC seeks to appoint Trustees who can advance the objects of the charity through their professional expertise, knowledge or experience. A Trustee Nominations Committee is established to interview prospective candidates for each appointment, assess their suitability for the role and to ensure that before any appointment is made candidates are fully aware of the Foundation's aims, objectives and future plans.

The ORNC's policy is to advertise Trustee vacancies in order to obtain a wide spectrum of candidates.

After appointment, new Trustees follow a prescribed induction designed to acquaint themselves with all aspects of the Charity and its operations. Further training is made available to Trustees when required.

7. Investment Powers of Trustees

Trustees may use the resources of the ORNC in such ways as they regard most beneficial to the achievement of its objects. They have discretion to invest resources in the name of the ORNC. The Trustees established an endowment by signing a Trust deed. This endowment has been established to produce a regular investment return to fund maintenance costs for the Chapel and Painted Hall.

8. Government Funding

The Department for Culture Media and Sport (DCMS) continues to reduce its Grant-in-Aid support to the ORNC. Resource Grant-in-aid has been reduced to £1.118m for the 2015/16 financial year (2014/15: £1.225m), which represents a reduction of 33.4% in real terms since 2009/10. A further reduction of 25% has been applied to the Resource Grant-in-aid over the subsequent 4 financial years to 2019/20.

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The Grant in Aid contributes towards the costs of opening to the public and the running costs of the buildings and estate, including the 60% contribution the ORNC is contractually required to make towards the building maintenance needs of its two major tenants.

9. Strategic Report - Review of Developments and Activities

9.1 Programme of restoration and repair

During the course of the year the ORNC continued to carry out repairs to the fabric of the buildings and grounds under its 10 year Pre-Planned Conservation and Maintenance Schedule (PPCM).

The repairs to the fabric of the buildings and grounds were carried out under a Measured Term Contract by DBR (London) Limited. The Measured Term Contract was renewed in April 2015 for a 3 year period in negotiation with DBR (London) Limited. Smaller projects were carried out by GMT Restorations. Surveys of the KW and QM domes were carried out by a specialist abseil contractor. Works are in hand for the provision of a lead capping to the projecting cornice of the KW dome to address current water damage to the vestibule paintings, prior to the commencement of the Painted Hall Phase II conservation project.

Significant elements of the PPCM programme completed in 2015/16 included:

- | | |
|--|-----|
| ▪ Cleaning, stone repairs and related conservation work to QM south elevation | DBR |
| ▪ The ongoing conservation (repair, redecoration, re-gilding) of the estate lanterns. Including all of the large lanterns from the QM & KW colonnades. | DBR |
| ▪ Chapel marble floor repairs | DBR |
| ▪ King Charles west range south roof covering renewal | DBR |
| ▪ Foundation House render repairs and re-decoration works | DBR |
| ▪ Old Brewery and Smoking Colonnade render repairs and redecoration works | DBR |
| ▪ Cleaning trials and conservation repairs to the Nelson Pediment | DBR |
| ▪ Refurbishment of the North-West lodge internally | GMT |

10. Achievement of our aims

As part of its Strategic Business Planning process each year, the ORNC establishes a series of objectives designed to further its two main charitable purposes. The setting of our strategic plans requires retaining the right balance between optimising our two charitable objectives (which create our public benefit) and managing our finances so as always to be able to drive our public benefit. Our strategic plan therefore focuses on three aims: our conservation objective - conserving our buildings and grounds; our educating-the-public objective and enabling cultural and other public benefits; and ensuring financial sustainability.

To assist feedback and the communication of achievements, objectives and targets amongst all team members we continued to develop our monthly internal e-newsletter to staff and external e-newsletter to our business partners during the year.

10.1 Conserving our buildings and grounds

All planned regular maintenance items to March 2016 were completed. The Surveyor of the Fabric worked closely with the Conservation Director, Foundation's Building Surveyor and Quantity Surveyors Huntley Cartwright to plan, budget and complete the 2015/2016 PPCM programme.

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Under the new Measured Term Contract the consultant team has changed to better reflect the nature of the works being undertaken on site. EC Harris no longer provide a project management role. The responsibilities for this were passed to Martin Ashley Architects and the ORNC's Building Surveyor. Quantity Surveyor services have been provided by Huntley Cartwright. The team have worked with DBR throughout 2015/16 to improve programming, cost control, reporting measures and quality of work.

The ORNC considers its buildings and grounds to be in good condition with the exception of various un-renovated areas (upper floors of Admiral's House, Queen Mary car park, lecture theatre in Pepys Mews). Whilst the feasibility of the renovation of these areas has been considered in 2015/16, budget pressures mean that these areas cannot be considered as priorities until after the Painted Hall Phase II conservation project.

10.2 Educating the public and enabling cultural and other public benefits

Public attendance figures for the year were:	2016	2015
Chapel visitors	276,637	308,291
Painted Hall visitors	412,120	398,373
Discover Greenwich Visitor Centre visitors	963,572	991,251
Public events attendance	3,441	3,252
Total	1,655,770	1,701,167

The Old Royal Naval College, Greenwich is of recognised significance locally, nationally and internationally due to the nature of its architecture, above and below ground, and its position within the Maritime Greenwich UNESCO World Heritage Site. The site is an intrinsic part of the townscape for local people and operates as a significant tourist destination. It is a site of European significance, breath-taking beauty, and is intimately bound up, historically and physically, with the surrounding historic landmarks and parkland of Greenwich. Buildings and landscape are an indivisible part of the whole.

The site welcomes regional, national and international tourists, families, formal learners and groups from within the community. As our direct visitor numbers above show, the ORNC continues to be a major attraction, with all elements of its site attractive. Our Visitor Centre, with its collection of artefacts from all aspects of the ORNC's history on display, continues to introduce and inform visitors about our naval, royal and Tudor, artistic and architectural, and local Greenwich historical stories.

Opportunities for the public to participate in learning activities are available every day. During the financial year of 2015-16 regular guided tours occurred up to four times daily and our events and activities programme was published four times a year.

Volunteers make up a significant part of the ORNC community; in August 2015 our volunteer numbers peaked at 106 with an average of 10 volunteers in each day. In addition to our established volunteer roles in learning, visitor services, development, marketing and exhibitions, we welcomed volunteers as "Explainers" during 2015: Explainers take members of the public on 45 minute free tours of the site and receive overwhelmingly positive feedback. The recruitment of these new volunteers was supported by a grant from the DCMS. The programme has been so successful we have increased the number of tours and doubled the number of Explainers for summer 2016.

In September 2015 we were proud to host the London Volunteers in Museums Award. We welcomed nearly 200 volunteers from across the London Museums & Heritage sector to congratulate them on their amazing efforts and contribution to support museums in many different ways. Two of our own volunteers achieved "Highly Commended" recognition within their categories.

Building on the success of our first citizenship ceremony in 2014 we hosted two more in 2015-16, increasing our numbers each time. The citizens taking part seem genuinely delighted to have the

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opportunity to take part in the ceremony in the Painted Hall and the staff from the Royal Borough of Greenwich are equally enthused. This is now a regular feature for us and is an ideal opportunity for us to open up our buildings to people who may otherwise not appreciate that we are here for our local community as well as tourists.

The work we did with schools to develop sessions for children with Special Educational Needs have taken a step forward in the last year as we have begun to build up a network of schools who are interested in working with us to develop sessions and resources.

A further example of the work we have done with schools in the last year is our work with Kidbrooke Park Primary Learning Centre, a venue for pupils presenting BESD (Behavioural, Emotional and Social Difficulty). The Learning Centre wanted to provide school trips to safe, welcoming venues and had considered the ORNC as a suitable venue. 5 trips were booked, each time a different workshop for different year groups, with the first trip being booked for the whole unit (maximum of 15 pupils). Our Learning Producer visited the staff and pupils ahead of their first trip as part of a familiarisation activity and to learn more from the staff on how best to support their trips. All trips have been very successful, with excellent feedback from staff and pupils.

Our work with ESOL students continues (English for Speakers of Other Languages) and is a really important part of our work with local communities. In 2015 we welcomed students from the London boroughs of Greenwich, Lewisham, Tower Hamlets, Hackney and Barnet. Students and young people have come to us through Further Education Colleges and Community Centres. Examples of our work include welcoming over 200 ESOL learners for Christmas-themed activities in the Painted Hall. Instead of workshops for individual classes, these drop-in sessions enabled multiple classes of different levels and from different colleges to join together, ensuring a larger number of learners could participate.

ESOL workshops have included outreach sessions at college and a creative 'spray painting' session at the ORNC with a street artist. This particular project represents an expansion of our work the previous year when we worked with one class.

10.3 Visit Greenwich Destination Management Company / World Heritage Site (WHS) participation and management

The ORNC continues to employ the WHS co-ordinator, to accommodate him on site and to hold the partnership's funds. It shares the overall cost with the seven other WHS partner organisations. The ORNC sends representatives to the Learning, Marketing and Visitor Management WHS sub-groups. The ORNC continued for a final year to subscribe to a joint marketing budget for WHS attractions. From next year the contribution will be directed instead to the Greenwich Destination Management Company - Visit Greenwich on the Board of which the CEO of the Greenwich Foundation is a non-executive Director .

At the end of the year the Foundation held funds on behalf of the WHS group of £69,945 (2015: £62,534) within its cash balance.

10.4 Ensuring financial stability

The grant from the Department of Culture Media and Sport is expected to reduce year on year to become an increasingly smaller proportion of total turnover in the future: One of the challenges for the Foundation is to successfully create other income streams to replace the reliance on these funds.

During the year the Heritage Lottery Fund approved our second-round application for a £3.18m grant towards the Painted Hall conservation project and associated interpretation, learning and engagement activities. This will be paid in arrears, based on progress reports submitted throughout the three-year project.

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Other significant grants received and pledged in support of this project included:

The Gosling Foundation Limited
The Sackler Trust
The Department for Culture, Media and Sport
Fidelity UK Foundation
Garfield Weston Foundation
Foyle Foundation
Sir Siegmund Warburg's Voluntary Settlement
The Headley Trust
The Loveday Charitable Trust

In addition, an independent fundraising organisation, the *American Friends of the Old Royal Naval College* was established in the USA as a 501(c)3 organisation, incorporated on 6th May 2015, which aims to support the ORNC's educational and charitable activities including the Painted Hall project.

Our other major fundraising campaign, the £2m ORNC Future Fund, supported by a match funding pledge from the Heritage Lottery Fund/Department of Culture, Media and Sport Catalyst: Endowments, also achieved substantial success. The total funds raised during the year were £454,954. At year-end the total Fund (including the match funding received from HLF/DCMS) stood at £1,744,143. The Trustees decided to invest £662,000 of the endowment fund in the Newton Growth & Income Fund for Charities.

The ORNC enjoys a secure rental income from its site partners, most notably the University of Greenwich (145 year lease from 1999) and Trinity Laban Conservatoire of Music and Dance (140 year lease from 2000). Other site partners and tenants include Young's and John Smiths Bookshop, administrative offices for Cutty Sark, and satellite offices for Greenwich Borough Council.

During the year, the lease on the Old Brewery held by Meantime Brewing Company was sold to Young's on a 25 year lease, who took out the running of the Old Brewery from 18th February 2016. A lease premium was paid to the ORNC for the new lease, as disclosed in note 12 to the accounts.

The ORNC also holds an investment in the Newton Real Return Fund (see note 9 to the accounts) Our listed investment performance is evaluated on a total return basis each year with a benchmark of LIBOR + 4% gross of fees as a target for the investment manager. The total value of the fund grew by 0.8% during the year.

The ORNC has kept its operating base small, with the majority of spend understandably on building maintenance and improvement. In recent years the major capital projects have been Discover Greenwich (subsequently renamed to the Visitor Centre), Admiral's House, the Mews, King William and Queen Mary under-crofts and phase 1 of the Painted Hall conservation project.

The catering, retail, public events and filming activities which take place at the College are run by the The Greenwich Trading Company Ltd, a wholly owned subsidiary:

Catering:

Catering for corporate events and other private hire such as weddings, was provided by Ampersand. In the year the Foundation's trading company received venue hire fees and a percentage of turnover on catering income which amounted to a net £418,316 (2015: £454,908).

Retail:

The shop in the Visitor Centre achieved a turnover for the year of £227,840 (2015: £243,177) and a net contribution of £38,862 (2015: £36,095).

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Filming:

Filming revenues represent a significant contribution to the Company's finances along with advertising and photography shoots. In 2016 gross film fees amounted to £211,709 (2015 £473,613).

Visitor Experience income:

Visitor income is generated from third party festivals, lawn and Chapel hires, food and bar concessions, recharged staff time to third party hires, group tours and ticket sales of the ORNC's own events. Significant regular annual events include the Trafalgar Night Dinner, Christmas Carol and Dinner and The Early Music Festival. Total income from visitor events generated for the current year amounted to £133,855 (2015: £162,659).

11 Summary of results for the year

The ORNC has reported a consolidated surplus for the year with a net movement in funds of £247,758 (2015: £616,968). Of this, a deficit relating to unrestricted funds amounted to £1,362,712, with the rest of the consolidated surplus of £1,610,470 representing increases in endowment and restricted funds.

The operating profit from our commercial activities amounted to £665,377 (2015: 914,608). Total contributions from each revenue stream were as follows:

Net Contribution	2016	2015
	£	£
Retail	38,862	36,095
Chapel Hires	22,848	22,581
Catering & Room Hires	418,316	454,908
Filming	185,351	401,024
Total Contribution	665,377	914,608

Our Grant in Aid income increased by £250,000 reflecting a capital grant towards the Painted Hall project, although further reductions of 25% (30% in real terms) over the next 4 years represent a significant risk to the financial health of the ORNC. The ORNC is therefore planning an expansion in revenue generating opportunities as part of the Painted Hall Project, including new café and retail areas. Fundraising towards the DCMS/HLF Catalyst Endowment Fund also continued during the year, with the fund growing by £934,103 to £1,744,143. Investment returns from the fund in future years will help to further diversify revenue streams and ensure the long-term financial stability of the ORNC.

Overall site maintenance and running costs including impaired capital works amounted to £4,241,333 in the year, an increase of 26% on the previous year, reflecting additional repairs to the fabric of the buildings and grounds under the Pre-Planned Conservation and Maintenance Schedule (PPCM).

There was an investment loss of £26,778 during the year, reflecting a decrease in the value of the Newton Real Return fund in which the Foundation has invested the proceeds of the lease premium associated with the King Charles building (see note 9 to the accounts).

12. Plans for future periods

The principle focus of the organisation in the year ahead is the *Conservation of the Painted Hall* project (generally referred to as the *Painted Hall project*), an £8.4 million project which in addition to a huge programme of conservation also incorporates significant capital works to convert the King William Undercroft into a visitor entrance incorporating a new visitor welcome desk, shop and café. The project has received a second round approval from the Heritage Lottery Fund (HLF) of £3.18m, and a Trustee decision to proceed with the project is expected in July 2016, pending fundraising targets for the project being achieved.

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A Masterplanning exercise was started in January 2016, undertaken by Fourth Street consultancy, and as part of this exercise to examine the future options and opportunities for developing the site of the Old Royal Naval College, all site partners and a number of other stakeholders have been consulted. The outcomes of the process are expected later in 2016.

13. Statement on Risk

The ORNC keeps a comprehensive register of all significant risks listing the mitigation actions taken to minimise these risks. The register is reviewed and updated bi-annually. The Audit and Finance Committee review this register on a bi-annual basis, and the full Board, annually.

The Trustees are satisfied that appropriate safeguards are in place to minimise the impact of the principal risks and uncertainties for the ORNC as follows:

- Catastrophic damage to the fabric of the site

The Trustees have appointed an independent surveyor to the fabric, Martin Ashley, who regularly inspects and monitors the buildings alongside the ORNC's conservation team to ensure that the risks to the fabric of the building are addressed through a programme of maintenance and repair. The ORNC's conservation team also monitor all activities on the site to ensure that risks to the fabric from operational activities are minimised.

- Failure to achieve the mission critical funding and revenue generation targets necessary to deliver the charitable objects of the ORNC

Revenue generation targets are regularly reviewed by the management team and reviewed quarterly by Trustees to ensure that the ORNC is able to meet its charitable objectives and targets.

- A continual reduction in grant in aid from the Department of Culture, Media and Sport

Plans for increasing self-generated income to replace the decline in grant in aid, both through commercial activity and through philanthropic giving are regularly reviewed by Trustees and management. In particular, opportunities to increase self-generated income through the Painted Hall project have been included as key objective of the project.

14. Reserves Policy

The Trustees' policy on reserves was reviewed and revised during the year to take into account the current and future known commitments of the ORNC, and to factor in a consideration of operational risks and cash-flows particular to the charity for which designated reserves should be set aside in order to protect the continuity of the charities work.

The ORNC holds the following reserves, as detailed in note 16 to the accounts:

The **Restricted Painted Hall Restoration Fund** comprised of income and expenditure in relation to the Development and Delivery Phases of the Painted Hall Project.

The **DCMS/HLF Catalyst Endowment Fund** comprises donations and match funding received for the purposes of an Endowment. In June 2012 the DCMS/HLF awarded the Foundation a Catalyst Endowment grant payable up to a maximum of £1,000,000: This is being paid over the years 2012-2016 to match donations raised by the Foundation towards an Endowment for the future maintenance costs of the Chapel and the Painted Hall.

The **Designated Lease Premium: Head Lease** represents the consideration of £2,000,000 paid to the landlord, The Secretary of State for Defence (Greenwich Hospital), for the lease of the site of the Old

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Royal Naval College for 150 years from 1st January 1998 to 31st December 2147. This payment is being recognised on a straight line basis over the 150 year lease period.

The **Designated Lease Premium: Site Leases** represents recognised income from current tenants where a lease premium has been paid. Lease premiums for Trinity Laban (King Charles building), the Cutty Sark offices in the Mews, and the Old Brewery are included in this fund along with any investment gains or losses associated with the investment of the lease premiums. Income from each of the lease premiums is recognised on a straight line basis over the duration of each lease. These funds had previously been classified as restricted funds, but having been reviewed by Trustees, it has been decided that they should be classified as an unrestricted designated fund.

The **Unrestricted Designated Painted Hall Restoration Fund** has been designated by the Trustees to cover the Foundation's budgeted contribution to phase 2 of the Painted Hall Project. This fund is expected to be spent during the 2016/17 and 2017/18 financial years.

The **Unrestricted Designated Intangible, Tangible & Heritage Assets Fund** represents the net book value of the Foundation's intangible, tangible and heritage assets and has been designated as they do not represent free reserves.

The **General Operating Fund** includes the trading activities of the Greenwich Trading Company Limited: Its operating profit for the financial year amounted to £665,377 (2015: £914,608), and a cumulative reserve of £53,296 at 31 March 2016 (2015: £104,613). Greenwich Trading Company is unlikely to have significant reserves because its taxable profits are paid in Gift Aid to the Foundation: The reserves temporarily held by the Company have been allocated to the General Operating Fund. This fund is used for day-to-day expenditure in pursuit of the Foundation's objectives and to protect the continuity of the charity's work as described in the Trustees report. Having reviewed the designated funds held by the Foundation, the Trustees decided to transfer the balance of a previously held designated fund, the Maintenance Reserve, to the General Operating Fund.

The Trustees have revised the policy on reserves and the new policy seeks to hold a level of unrestricted funds, after taking into account designated towards the Painted Hall project, of £500,000. The current level of unrestricted reserves available for general purposes represents the balances of the General Operating Fund and the Designated Lease Premium: Site Leases which currently stand at £1,566,608. This is expected to fall by £341,000 during the following two financial years during the Painted Hall project when commercial income will fall as a result of the closure of the Painted Hall. This reduction will leave the ORNC with sufficient funds to meet the reserves policy target of £500,000.

15. Auditor

Crowe Clark Whitehill (CCW) were appointed auditor in January 2016 following a tender process. The previous auditors, Kingston Smith, reached the end of their 5 year term in 2015.

15.1 Statement of disclosure to auditor

In so far as each of the Trustees of the charity at the date of approval of this report is aware there is no relevant audit information of which the charity's auditor is unaware. Each Trustee has taken all of the steps that he/she should have taken as a Trustee in order to make himself/herself aware of any relevant audit information and to establish that the charity's auditor is aware of that information.

16. Remuneration

The ORNC's principle on remuneration is to ensure the reward package is competitive with other equivalent organisations so it is able to attract and retain staff. Remuneration is reviewed on an on-going basis by Directors for roles within their teams, and is also reviewed when any vacancies occur and is adjusted according to movements in market rates for particular roles. The Trustees set the salary for Chief Executive and approve the salaries of his direct reports and the overall reward structure and policy.

**The Greenwich Foundation for the Old Royal Naval College (ORNC)
Trustees' Report
For the year ended 31 March 2016**

17. Statement of Trustees' Responsibilities

The Trustees (who are also directors of The Greenwich Foundation for the Old Royal Naval College for the purposes of company law) are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently
- observe the methods and principles in the Charities SORP
- make judgements and estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charitable company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees Report and Strategic Report were approved on 3rd November 2016 and signed on their behalf by:

Tony Hales CBE
Chairman

Independent Auditor's Report to the Members of The Greenwich Foundation for the Old Royal Naval College

We have audited the financial statements of The Greenwich Foundation for the Old Royal Naval College for the year ended 31 March 2016 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes numbered 1 to 19.

The financial reporting framework that has been applied in their preparation is applicable law and FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditor

As explained more fully in the Statement of Trustees Responsibilities, the Trustees (who are also the directors of the charitable company for the purpose of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charitable company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees Report, incorporating the Strategic Report, to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2016 and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Trustees Report, incorporating the Strategic Report, for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Independent Auditor's Report to the Members of
The Greenwich Foundation for the Old Royal Naval College**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit

Tim Redwood

Senior Statutory Auditor

For and on behalf of

Crowe Clark Whitehill LLP

Statutory Auditor

London

**Consolidated Statement of Financial Activities
For the year ended 31 March 2016**

	Note	Unrestricted Funds £	Endowment Funds £	Restricted Funds £	Total 2016 £	Total 2015 £
Income and endowments from:						
Donations and legacies						
Grant in Aid		1,218,000	-	250,000	1,468,000	1,225,000
Heritage Lottery Fund grant award		-	-	44,875	44,875	53,925
Heritage Lottery Fund matched funding		-	454,954	-	454,954	269,644
Donations		52,977	454,954	847,223	1,355,154	334,874
Charitable activities						
Rent receivable		1,527,129	-	-	1,527,129	1,517,758
Lease Premium		34,682	-	-	34,682	28,478
Service Charges		707,372	-	-	707,372	757,897
Visitor access		131,370	-	-	131,370	172,697
Education / learning		8,464	-	-	8,464	4,422
Other trading activities						
Trading operations		954,873	-	-	954,873	1,249,180
Investments						
Deposit interest		30,230	-	-	30,230	50,464
Investments		80,898	-	-	80,898	91,977
Other income		4,545	-	-	4,545	30,277
Total		4,750,540	909,908	1,142,098	6,802,546	5,786,593
Expenditure on:						
Raising funds						
Raising donations and legacies	4	430,543	-	-	430,543	341,295
Other trading activities		474,783	-	-	474,783	432,356
Charitable activities						
Site maintenance and running costs	4	3,788,598	-	452,735	4,241,333	3,363,995
Provision of visitor access	4	1,205,986	-	10,446	1,216,432	989,760
Provision of learning activities	4	162,369	-	2,550	164,919	170,759
Total		6,062,279	-	465,731	6,528,010	5,298,165
Operating (deficit) / surplus		(1,311,739)	909,908	676,367	274,536	488,428
Net (losses) / gains on investments	9.2	(50,973)	24,195	-	(26,778)	128,540
Net movement in funds and net (expenditure) / income		(1,362,712)	934,103	676,367	247,758	616,968
Reconciliation of funds:						
Total funds brought forward		9,286,420	810,040	92,605	10,189,065	9,572,097
Total funds carried forward		7,923,708	1,744,143	768,972	10,436,823	10,189,065

With the exception of the receipt of Endowment Funds totalling £909,908 (2015: £511,147), the information presented within the Statement of Financial Activities for the two years ended 31st March 2016 is equivalent to that which would have to be disclosed in an Income and Expenditure Account and accordingly a separate Income and Expenditure Account has not been presented, as permitted by S.394 Companies Act 2006. The consolidated income of the charity for the year is £5,892,638 (2015: 5,275,446) and net income / (expenditure) for the year was (£686,345) (2015: £105,821). No separate Statement of Financial Activities has been prepared for the parent charity as permitted by S.408 companies Act 2006 and paragraph 397 of the Statement of Recommended Practice. The amount of the net incoming resources for the year dealt with in the financial statements of the parent charity is £247,758 (2015: £616,968).

There are no recognised gains and losses in the year other than those shown above.

**Consolidated Balance Sheet
as at 31 March 2016**

	Note	Group 2016 £	Charity 2016 £	Group 2015 £	Charity 2015 £
Fixed assets:					
Intangible assets	6	212,973	212,973	-	-
Tangible assets	8	2,007,056	1,929,877	2,587,144	2,451,272
Heritage assets	8	24,997	24,997	24,839	24,839
Investments	9	7,670,240	7,670,242	7,613,547	7,613,549
Endowment asset investments		1,191,278	1,191,278	650,456	650,456
		<u>11,106,544</u>	<u>11,029,367</u>	<u>10,875,986</u>	<u>10,740,116</u>
Current assets:					
Stock		51,667	-	56,170	-
Debtors: Amounts falling due after more than one year	10	1,743,333	1,743,333	1,756,667	1,756,667
Debtors: Amounts falling due within one year	10	1,190,451	1,768,668	982,848	1,215,301
Cash at bank and in hand	11	2,873,286	2,263,973	1,296,890	985,199
		<u>5,858,737</u>	<u>5,775,974</u>	<u>4,092,575</u>	<u>3,957,167</u>
Liabilities:					
Creditors: Amounts falling due within one year	12	(1,358,368)	(1,251,724)	(1,023,595)	(856,930)
		<u>4,500,369</u>	<u>4,524,250</u>	<u>3,068,980</u>	<u>3,100,237</u>
Total assets less current liabilities		15,606,913	15,553,617	13,944,966	13,840,353
Creditors: Amounts falling due after more than one year	12	(4,259,421)	(4,259,421)	(3,000,068)	(3,000,068)
Provisions for liabilities	13	<u>(910,669)</u>	<u>(910,669)</u>	<u>(755,833)</u>	<u>(755,833)</u>
Total net assets		<u>10,436,823</u>	<u>10,383,527</u>	<u>10,189,065</u>	<u>10,084,452</u>
The funds of the charity					
Endowment funds		1,744,143	1,744,143	810,040	810,040
Restricted income funds	16	768,972	768,972	92,605	92,605
Unrestricted funds		7,923,708	7,870,412	9,286,420	9,181,807
Total charity funds		<u>10,436,823</u>	<u>10,383,527</u>	<u>10,189,065</u>	<u>10,084,452</u>

Approved and authorised for issue by the Board of Trustees on 3 November 2016 and signed on their behalf by:

Tony Hales OBE - Chairman

The notes on pages 19 to 31 form part of these financial statements.

**Consolidated Statement of Cash Flows
For the year ended 31 March 2016**

	Note	2016 £	2016 £	2015 £	2015 £
Cash flows from operating activities					
Net cash provided by (used in) operating activities	(a)		1,419,807		(752,179)
Cash flows from investing activities					
Dividends, interest and rents from investments		111,128		142,441	
Purchase of tangible fixed assets		(26,196)		(214,882)	
Purchase of intangible fixed assets		(213,958)			
Purchase of endowment fund investment		(540,822)		(351,563)	
Long-term cash deposit / purchase of investments		(83,471)		(128,211)	
Net cash provided by (used in) investing activities			(753,319)		(552,215)
Cash flows from financing activities					
Endowment fund receipts		909,908		511,147	
Net cash provided by (used in) financing activities			909,908		511,147
Change in cash and cash equivalents in the year	(b), (c)		<u>1,576,396</u>		<u>(793,247)</u>

Notes to the Consolidated cash flow statement

	2016 £	2015 £
(a) Reconciliation of net income to net cash flow from operating activities		
Net income for the year	247,758	616,968
Adjustments for:		
Depreciation charges	607,111	586,613
Endowment fund receipts	(909,908)	(511,147)
Deposit interest	(30,230)	(50,464)
Investment income	(80,898)	(91,977)
Increase / (decrease) in provisions	154,836	(341,323)
Decrease in stocks	4,503	2,485
(Increase) in debtors	(194,269)	(378,237)
Increase / (decrease) in creditors	1,594,126	(456,557)
Net losses / (gains) on investments	26,778	(128,540)
Net cash provided by (used in) operating activities	<u>1,419,807</u>	<u>(752,179)</u>
(b) Reconciliation of changes in cash balances during the year	2016 £	2015 £
Cash balances at 1 April 2015	1,296,890	2,090,137
Increase / (decrease) in cash for the year	1,576,396	(793,247)
Cash balances at 31 March 2016	<u>2,873,286</u>	<u>1,296,890</u>
(c) Analysis of cash and cash equivalents	2016 £	2015 £
Cash at bank and in hand	<u>2,873,286</u>	<u>1,296,890</u>

The Greenwich Foundation for the Old Royal Naval College (ORNC)

Notes to the Financial Statements for the year ended 31 March 2016

1 Status

The company is a registered charity and qualifies for exemption from corporation and capital gains taxes on its charitable activities. The company is incorporated in the UK, limited by guarantee and has no share capital. The company is registered in England and Wales, company number 3340541, registered office address: 2 Cutty Sark Gardens, Greenwich, London SE10 9LW.

The Memorandum of Association provides that all members are liable to contribute a sum not exceeding £1 in the event of the company being wound up while they are members or within one year of ceasing to be members. There were 10 members at 31 March 2016. The Greenwich Foundation is a Public Benefit Entity.

2 Accounting Policies

Basis of preparation

The accounts (financial statements) have been prepared in accordance with the Charities SORP (FRS102) applicable to charities preparing their accounts in accordance with FRS102 the Financial Reporting Standard applicable in the UK and Republic of Ireland and the Companies Act 2006 and UK Generally Accepted Practice as it applies from 1 January 2015. The accounts comply with applicable charity and company law in England and Wales.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy note(s).

In preparing the accounts, the trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required. The transition date was 1 April 2014. The impact of transitioning is shown in Note 19 to the financial statements.

Going concern

The trustees have considered the ability of the Foundation to continue as a going concern for the foreseeable future. The Foundation has to meet the significant costs required to maintain the Old Royal Naval College site through commercial income which is subject to normal economic and competitive pressures as well as through a grant from the Department for Culture Media and Sport which has been significantly reduced in recent years. In order to complete planned maintenance projects including the Painted Hall budgets for 2016/17 and 2017/18 have been prepared showing a planned deficit in both years, however these deficits can be met by current reserves. Additionally, within this expenditure there are significant amounts of discretionary expenditure which could be cut if income is significantly reduced. As a result the trustees do not consider there to be a material uncertainty in relation to the Foundation's ability to continue as a going concern for the foreseeable future.

Group Accounts

The Foundation owns the whole of the share capital of Greenwich Trading Company Limited (company number: 3568453). These accounts are consolidated on a line by line basis.

Fund Accounting Policy

Restricted Funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes, and lease premiums which must be invested under the terms of our head lease. General Funds are unrestricted funds which are available for use at the discretion of the trustees in furtherance of the general objects of the charity. Designated Funds are unrestricted funds which have been set aside by the trustees for particular purposes.

Financial Instruments

The Greenwich Foundation has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost using the effective interest method. Financial assets held at amortised cost comprise cash and bank and in hand, together with trade, accrued income and other debtors. Financial liabilities held at amortised cost comprise trade, accruals and other creditors.

Investments, including held as part of an investment portfolio are held at fair value at the Balance Sheet date, with gains and losses being recognised within income and expenditure. Investments in subsidiary undertakings are held at cost less impairment.

Tangible Fixed Assets and depreciation

Assets costing in excess of £ 1,000 are capitalised. Depreciation is provided on all tangible fixed assets at rates calculated to write off the assets to their residual values over their expected useful economic lives, as follows:

Office & IT equipment	33% straight line	Leasehold improvements	10% straight line
Fixtures and fittings	33% straight line		

The Greenwich Foundation for the Old Royal Naval College (ORNC)
Notes to the Financial Statements for the year ended 31 March 2016

2 Accounting Policies (continued)

Income

Grants other than performance related grants are recognised when receivable. Donations are recognised when received. Rent and service charges are recognised in the period to which the premises are made available to a third party. Any lease premiums received are recognised on a straight line basis over the term of the lease. Income from sale of goods and catering is recognised in the year when the sale occurred. Income from events is recognised in the year the event occurs. Interest and investment income is recognised in the year earned by the charity. Donated services have been recognised when received in the year and are included in the accounts at the value of the gift to the charity.

Expenditure

All expenses are accounted for on an accruals basis. Expenditure incurred in connection with the specific objects of the charity is included under the heading "Charitable activities" together with support costs, which are an apportionment of the general overheads of the charity. Governance costs are those costs attributable to compliance with constitutional and statutory requirements. Donated services are recognised as an expense under the appropriate heading at the value of the gift to the charity.

Pension costs

The company operates a defined contribution pension scheme provided by AVIVA which all employees may join. The pension contributions for the year are charged to the Statement of Financial Activities as incurred.

Heritage Assets

Heritage assets acquired since 2010 are recognised at cost and are not depreciated. Further information on the treatment of Heritage Assets in the accounts is available in notes 7 and 8.

Intangible Assets

Intangible assets relates to capitalised costs incurred in entering into operating leases as a lessor and are amortised over the term of the lease.

Stock

Stock is valued at the lower of cost and net realisable value.

Recognition of liabilities

Liabilities are recognised as incurred.

Debtors

Tenants and other trade debtors and accrued income are recognised at the amount due less any provision for irrecoverable amounts. Prepayments are valued at the amount prepaid net of any trade discounts due.

Included in debtors is the remaining value for the Head Lease Premium which has been paid by the Foundation, and is being amortised over the 150 year period of the lease.

Cash at bank and in hand

Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

Creditors

Creditors are recognised where the charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are recognised at their settlement amount after allowing for any trade discounts due.

Deferred Income

Income is deferred as a liability where rent is received for future reporting periods, deposits are received for events in future reports periods, or conditions restrict the use of a grant to a future reporting period.

Provisions

Amounts provided for conservation and maintenance relates to costs (including irrecoverable VAT) that the Foundation considers it had a legal or constructive obligation to meet at the end of the year under the Head Lease with Greenwich Hospital. This includes the remaining value of building works that were ongoing at the balance sheet date and that were not complete and also additional works planned for the following financial year that the Foundation considered to be overdue. Provisions for service charges represent the excess of service charges received over relevant costs incurred.

3 Critical accounting judgements and key sources of estimation uncertainty

In the application of the charity's accounting policies, which are described in note 2, Trustees are required to make judgements, estimates, assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects the current and future periods.

The key sources of judgements and assumptions that have a significant effect on the amounts recognised in the financial statements are described in the accounting policies and are summarised below:

Greenwich Foundation participates in a number of leasing arrangements both as lessor and lessee. The Foundation must consider for each lease whether or not substantially all the risks and rewards incidental to ownership have been transferred to the lessee and so whether the lease represents a finance or operating lease. The Foundation has concluded that all leases entered into to date either as lessee or lessor represent operating leases and so amounts receivable under these leases are recognised on a straight line basis over the term of the lease. In relation to leases granted, the Foundations considers that it is acting as principal in relation to service charge arrangements and so income and expenditure is recognised gross in the financial statements.

4 Analysis of Expenditure

	Activities undertaken directly	Support costs	Total 2016	Total 2015
	£	£	£	£
Raising funds				
Raising donations and legacies	371,015	59,528	430,543	341,295
Other trading activities	417,153	57,630	474,783	432,356
Charitable activities				
Site maintenance and running costs	4,104,133	137,200	4,241,333	3,363,995
Provision of visitor access	1,064,036	152,396	1,216,432	989,760
Provision of learning activities	128,095	36,824	164,919	170,759
	6,084,432	443,578	6,528,010	5,298,165

	Raising donations and legacies	Other trading activities	Site maintenance and running costs	Provision of visitor access	Provision of learning activities	Total
Support costs						
Governance	1,364	1,533	15,085	3,911	471	22,364
Staff costs	28,821	36,884	75,655	103,867	18,013	263,240
Office running costs	29,343	19,213	46,460	44,618	18,340	157,974
	59,528	57,630	137,200	152,396	36,824	443,578

Expenditure includes auditor's remuneration (excluding VAT) of £14,250 (2015 - £11,850) for auditing services, £4,295 (2015 - £6,854) for tax return and advisory services and £2,056 (2015 - nil) for other assurance services for the group.

Governance costs have been apportioned to activities based on the cost of activities undertaken directly. Staffing costs have been apportioned in line with the number of full time equivalent staff engaged in each activity. Office running costs have been apportioned by the desk space occupied by the staff engaged in each activity.

**The Greenwich Foundation for the Old Royal Naval College (ORNC)
Notes to the Financial Statements for the year ended 31 March 2016**

5 Staffing costs, volunteers and trustees

	2016	2015
Staff Costs	£	£
Wages and salaries	1,587,618	1,341,693
Social security costs	144,979	115,854
Pension costs	183,079	105,814
Other benefits	14,755	13,748
Training & recruitment	23,326	67,913
	<u>1,953,757</u>	<u>1,645,022</u>

Redundancy payments totalling £28,216 were paid to 15 staff in April 2015, with no further payments due. The redundancy payments were accrued and accounted for in the 2014-15 financial year.

World Heritage Site Co-ordinator

The Charity is a member of the Greenwich World Heritage Site. On behalf of that group it has employed a Co-ordinator. The Charity receives contributions from the members of this group to cover this employment cost (the salary costs are not included in the totals above).

The number of employees whose emoluments were in excess of £ 60,000 during the year was as follows:

	2016	2015
	No.	No.
£100,000 - £110,000	<u>1</u>	<u>1</u>

Total payments including pension contributions to the key management personnel, being the Chief Executive and Management team as listed on page 1, totalled £401,008 (2015: £359,613). The 2015 figure was reduced partly due to a 6 month vacancy period for the permanent replacement of the Finance and Commercial Director.

Staff numbers

The average number of employees during the year was 70 (2015: 69). The average number of full time equivalent staff during the year, analysed by activity was as follows:

	2016	2015
	No.	No.
Trading operations	6.1	4.9
Fundraising	4.8	3.3
Learning	3.0	2.8
Site maintenance and running costs	12.6	11.8
Provision of visitor access	17.3	14.7
Support	4.8	4.5
	<u>48.6</u>	<u>42.0</u>
WHS co-ordinator	0.6	0.6
	<u>49.2</u>	<u>42.6</u>

Volunteers

Volunteers play a vital role in assisting visitors with the interpretation and the history of the ORNC and there are other established volunteer roles in learning, visitor services, development, marketing and exhibitions. During 2015 the new volunteer role of Explainer was created to take members of the public on 45 minute free tours of the site. In August 2015 our volunteer numbers peaked at 106 with an average of 10 volunteers in each day.

Payments to Trustees

No trustee has been paid any remuneration or received any other benefit from the charity or a related entity.

	2016	2015
	£	£
The following were paid to Trustees during the year:		
Expenses - travel reimbursement (1 trustee)	<u>1,076</u>	<u>1,361</u>

Charitable donations received from Trustees

	2016	2015
	£	£
Charitable donations received from Trustees during the year:	<u>153,063</u>	<u>19,846</u>

**The Greenwich Foundation for the Old Royal Naval College (ORNC)
Notes to the Financial Statements for the year ended 31 March 2016**

6 Intangible assets

	Total Charity £	Total Subsidiary £	Total Group £
Cost			
At 1 April 2015	-	-	-
Additions	213,958	-	213,958
At 31 March 2016	<u>213,958</u>	<u>-</u>	<u>213,958</u>
Depreciation/Impairment			
At 1 April 2015	-	-	-
Charge for the year	985	-	985
At 31 March 2016	<u>985</u>	<u>-</u>	<u>985</u>
Net book value			
At 1 April 2015	-	-	-
At 31 March 2016	<u><u>212,973</u></u>	<u><u>-</u></u>	<u><u>212,973</u></u>

Intangible fixed assets representing professional fees associated with the sale of the lease of the Old Brewery have been added at cost during the year. These fees are amortised over a 25 year period, which represents the duration of the lease and the period over which the lease premium income is also recognised.

7 Heritage Assets - Grounds and Buildings

The Foundation has a 150 year lease over the site of the Old Royal Naval College which is leased from the Trustees of the Greenwich Hospital. This consists of a complex of four principal courtyard buildings designed by Sir Christopher Wren together with other ancillary buildings, all of which are of a historic nature and form part of the Greenwich World Heritage Site. The majority of the buildings are sublet to academic institutions as described in the Trustees Report. The site is open to the public free of charge, including access to the historic Painted Hall and Chapel except when these are in use for private hires. The Foundation is required to maintain the buildings to conservation grade standards.

The grounds and buildings of the Old Royal Naval College are defined as heritage assets for the purposes of these accounts. The Foundation has a 150 year lease on the site commencing 1st January 1998, and under the terms of the lease with the landlord, Greenwich Hospital, the Foundation is unable to dispose, alienate or encumber any heritage assets under its responsibility.

The Trustees are of the opinion that, because of restrictions contained in the leases and the obligations of maintaining the historic buildings, a meaningful or conventional valuation of the grounds and buildings in the accounts would not be meaningful and would lack relevance. Whilst the buildings are valued for insurance purposes, the valuation is not seen as relevant in the context of the irreplaceable nature of such buildings of historic importance. The value of the buildings for insurance purposes is £406,710,000.

Costs relating to the maintenance and conservation of the fabric of the building in the last five years are summarised below and have been analysed between major works (being larger discrete maintenance projects) and on-going maintenance works (being smaller repairs and conservation works undertaken on a cyclical basis).

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Major Works	7,845	31,814	61,298	1,108,078	665,901
Maintenance Works	1,279,650	1,485,419	1,852,602	606,618	1,046,749
	<u>1,287,495</u>	<u>1,517,233</u>	<u>1,913,900</u>	<u>1,714,696</u>	<u>1,712,650</u>

Capital expenditure relating to periods up to and including 2014 was immediately impaired reflecting the accounting policy of the ORNC up to this point. This policy has subsequently been reviewed and changed to reflect the disclosure requirements of FRS102.

8 Tangible & heritage assets

	Short term leasehold improvements	Fixtures, fittings and office equipment	Heritage assets artefacts	Total Charity
	£	£	£	£
Cost				
At 1 April 2015	5,312,299	631,645	24,839	5,968,783
Additions	-	26,038	158	26,196
At 31 March 2016	<u>5,312,299</u>	<u>657,683</u>	<u>24,997</u>	<u>5,994,979</u>
Depreciation/Impairment				
At 1 April 2015	2,953,362	539,310	-	3,492,672
Charge for the year	505,805	41,628	-	547,433
At 31 March 2016	<u>3,459,167</u>	<u>580,938</u>	<u>-</u>	<u>4,040,105</u>
Net book value				
At 1 April 2015	<u>2,358,937</u>	<u>92,335</u>	<u>24,839</u>	<u>2,476,111</u>
At 31 March 2016	<u>1,853,132</u>	<u>76,745</u>	<u>24,997</u>	<u>1,954,874</u>

	Total Charity	Subsidiary fixtures and fittings	Total Group
	£	£	£
Cost			
At 1 April 2015	5,968,783	356,609	6,325,392
Additions	26,196	-	26,196
At 31 March 2016	<u>5,994,979</u>	<u>356,609</u>	<u>6,351,588</u>
Depreciation/Impairment			
At 1 April 2015	3,492,672	220,737	3,713,409
Charge for the year	547,433	58,693	606,126
At 31 March 2016	<u>4,040,105</u>	<u>279,430</u>	<u>4,319,535</u>
Net book value			
At 1 April 2015	<u>2,476,111</u>	<u>135,872</u>	<u>2,611,983</u>
At 31 March 2016	<u>1,954,874</u>	<u>77,179</u>	<u>2,032,053</u>

Heritage assets

The Foundation possesses a collection of historic artefacts and memorabilia connected to the College, much of which is on display either in the Discover Greenwich exhibition or in other parts of the site. Items acquired recently comprise approximately 50 items ranging from paintings of former Admirals connected to the College to charts, books and engravings. These have been capitalised in accordance with FRS102. The Trustees have a policy of making judicious acquisitions of relevant artefacts when the opportunity arises and will not dispose of such items unless they are considered to be no longer of relevance to the College. These are also maintained to appropriate museum quality standards.

Items purchased since 2010 are capitalised at cost and reviewed for impairment in the event of physical deterioration or new doubts emerge as to their provenance or authenticity. No depreciation is provided. Items acquired by or donated to the Foundation prior to 2010 are not recognised in the financial statements as insufficient information is available.

The Greenwich Foundation for the Old Royal Naval College (ORNC)
Notes to the Financial Statements for the year ended 31 March 2016

9 Investments

9.1 Trading Subsidiary

The Foundation owns the whole of the issued share capital of the Greenwich Trading Company Limited, a company registered in England and Wales (3568453). The whole of the Company's taxable profits are payable under Gift Aid to the Foundation. The Company's results are given below. The Greenwich Trading Company Ltd runs the visitor services and learning activities at the College on behalf of the Foundation, which reimburses the net cost of these activities to the Trading Company.

Greenwich Trading Company Ltd

Profit & Loss Account for the year ended 31 March 2016

	2016	2015
	£	£
Turnover excluding Visitor Access Income	952,480	1,249,181
Visitor Access Income	131,370	172,697
Total Turnover	1,083,850	1,421,878
Cost of sales excluding Visitor Access costs	(265,937)	(339,953)
Visitor Access costs	(671,180)	(598,697)
Total Cost of sales	(937,117)	(938,650)
Gross profit	146,733	483,228
Administrative expenses	(2,794)	(3,240)
Reimbursement from The Greenwich Foundation for the Old Royal Naval College	521,438	434,620
Operating Profit	665,377	914,608
Gift Aid donations to The Greenwich Foundation for the Old Royal Naval College	(716,694)	(822,328)
Retained profit for the year	(51,317)	92,280
Retained profit brought forward	104,613	12,333
Retained profit carried forward	53,296	104,613

Balance Sheet at 31 March 2016

	2016	2016	2015	2015
	£	£	£	£
Fixed assets				
Tangible assets		77,179		135,872
Current assets				
Stock	51,667		56,170	
Debtors	102,370		155,256	
Cash at bank and in hand	609,313		311,691	
	<u>763,350</u>		<u>523,117</u>	
Creditors: amounts falling due within one year	<u>(787,231)</u>		<u>(554,374)</u>	
Net current (liabilities) / assets		<u>(23,881)</u>		<u>(31,257)</u>
Net Assets		<u><u>53,298</u></u>		<u><u>104,615</u></u>
Share Capital		2		2
Reserves		<u>53,296</u>		<u>104,613</u>
Shareholders' funds		<u><u>53,298</u></u>		<u><u>104,615</u></u>

9.2 Listed Investments

To fulfil the long-term aim of financial stability for the Charity and to comply with the Head lease from Greenwich Hospital, the Trustees adopted an Investment Policy, investing funds representing the lease premiums received from tenant's leases of 25 years and above with investment manager Newtons, BNY Mellon. The lease premium holdings are invested in the Newton Real Return Fund Exempt SC2.

In addition, the Trustees approved a new investment policy during the year in relation to the Endowment funds being raised as part of the HLF/DCMS Catalyst Endowment match funding scheme. A total of £662,000 was invested in the Newton Growth & Income Fund for Charities, being £331,000 on 23 July 2015 followed by £331,000 on 30 July 2015.

**The Greenwich Foundation for the Old Royal Naval College (ORNC)
Notes to the Financial Statements for the year ended 31 March 2016**

9.2 Listed Investments (continued)

Newton Real Return Fund

Market value	31/03/2015	3,717,281
Additions (Dividend accumulation)		80,898
Disposals		-
Net investment gain		(50,973)
Market value	31/03/2016	<u>3,747,206</u>
Historical cost		<u><u>3,250,000</u></u>

Newton Growth & Income Fund

Market value	31/03/2015	0
Additions (Purchases)		662,000
Additions (Dividend accumulation)		3,387
Disposals		-
Net investment gain		20,808
Market value	31/03/2016	<u>686,195</u>

Cash - Long-term deposits held with Bank of Scotland		<u>3,923,034</u>
		<u><u>8,356,435</u></u>

10 Debtors: amounts falling due

	Group 2016 £	Charity 2016 £	Group 2015 £	Charity 2015 £
After more than one year				
Unamortised head lease premium	<u>1,743,333</u>	<u>1,743,333</u>	<u>1,756,667</u>	<u>1,756,667</u>
Within one year				
Tenants and other trade debtors	393,913	293,272	379,597	254,551
Amount owed by subsidiary undertaking	-	680,588	-	387,708
Prepayments, accrued income and other debtors	783,204	781,474	589,918	559,709
Unamortised head lease premium	13,334	13,334	13,333	13,333
	<u>1,190,451</u>	<u>1,768,668</u>	<u>982,848</u>	<u>1,215,301</u>

11 Cash at bank and in hand

	Group 2016 £	Charity 2016 £	Group 2015 £	Charity 2015 £
General accounts	<u>2,873,286</u>	<u>2,263,973</u>	<u>1,296,890</u>	<u>985,199</u>

The Greenwich Foundation for the Old Royal Naval College (ORNC)
Notes to the Financial Statements for the year ended 31 March 2016

12 Creditors: amounts falling due

	Group 2016	Charity 2016	Group 2015	Charity 2015
	£	£	£	£
Within one year				
Trade creditors	532,761	530,476	308,891	214,690
Social security and other taxes	382,918	363,952	3,439	(26,837)
Deferred income	158,012	83,190	55,536	46,298
Accruals	179,542	173,542	551,266	518,316
Other creditors	105,135	100,564	104,463	104,463
	<u>1,358,368</u>	<u>1,251,724</u>	<u>1,023,595</u>	<u>856,930</u>
After more than one year				
Deferred income	4,259,421	4,259,421	3,000,068	3,000,068

Deferred income

Deferred income largely relates to lease premiums received in advance and amortised on a straight-line basis over the lease term. Other deferred income is recognised where income is received in advance of a service being provided.

	Group 2016	Charity 2016	Group 2015	Charity 2015
	£	£	£	£
At beginning of the year	3,055,604	3,046,366	3,064,268	3,064,268
Amounts released from previous year	(54,717)	(45,479)	(34,902)	(34,902)
Income deferred in the current period	1,416,546	1,341,724	26,238	17,000
At end of the year	<u>4,417,433</u>	<u>4,342,611</u>	<u>3,055,604</u>	<u>3,046,366</u>

13 Provisions

Amounts provided for conservation and maintenance relate to costs (including irrecoverable VAT) that the Foundation considers it had a legal or constructive obligation to meet at the end of the year under the Head Lease with Greenwich Hospital. This includes the remaining value of building works that were ongoing at the balance sheet date and that were not complete and also additional works planned for the following financial year that the Foundation considered to be overdue. The majority of costs provided are expected to be settled prior to the end of the next financial year.

The provision for "Service charge contributions received in excess of expenses incurred" represents the total value of service charges received from site tenants that is in excess of the totals due. Service charges are adjusted annually to reduce any excess service charges received.

Reconciliation of movements in provisions

	Conservation and maintenance	Service charges	Group and Charity
	£	£	£
At beginning of the year	387,427	368,406	755,833
Amounts paid	(262,000)	(153,385)	(415,385)
Additional liabilities incurred in period	570,221	-	570,221
At end of the year	<u>695,648</u>	<u>215,021</u>	<u>910,669</u>

14 Operating leases

The Greenwich Foundation's tenants have commitments to making the following minimum aggregate payments under operating leases, which expire:

	Group and Charity	
	2016	2015
	£	£
In less than one year	1,321,574	1,095,364
Between one and five years	5,276,015	4,381,454
In more than five years	148,111,628	133,254,103

The Greenwich Foundation has a number of operating leases with tenants with a range of models. Operating leases can involve a single payment of a lease premium with no subsequent payments, annual lease payments with periodic rent reviews, or lease payments linked to turnover or a combination of these different models. The Foundation has granted leases with terms of up to 145 years.

The Greenwich Foundation for the Old Royal Naval College (ORNC)
Notes to the Financial Statements for the year ended 31 March 2016

15 Analysis of Group net assets between Funds

	Unrestricted General Funds		Restricted Funds		Total £
	Operating £	Designated £	Other £	Endowment £	
Intangible assets	-	212,973	-	-	212,973
Tangible assets	-	2,007,056	-	-	2,007,056
Heritage assets	-	24,997	-	-	24,997
Other investments	2,278,001	4,623,023	769,216	-	7,670,240
Future Fund' Permanent Endowment investment	-	-	-	1,191,278	1,191,278
Cash at bank and in hand	2,806,146	-	-	67,140	2,873,286
Other current assets	2,489,846	-	9,880	485,725	2,985,451
Current liabilities	(1,348,244)	-	(10,124)	-	(1,358,368)
Long term liabilities	(4,259,421)	-	-	-	(4,259,421)
Provisions	(910,669)	-	-	-	(910,669)
	<u>1,055,659</u>	<u>6,868,049</u>	<u>768,972</u>	<u>1,744,143</u>	<u>10,436,823</u>

16 Fund balances

	Funds at 1 Apr 2015 £	Income £	Transfers btwn funds	Expenditure £	Funds at 31 Mar 2016 £
Restricted Funds					
Painted Hall Restoration	92,605	1,142,098	-	(465,731)	768,972
	<u>92,605</u>	<u>1,142,098</u>	-	<u>(465,731)</u>	<u>768,972</u>
Endowment Funds					
DCMS/HLF Catalyst Endowment Fund	810,040	934,103	-	-	1,744,143
	<u>810,040</u>	<u>934,103</u>	-	-	<u>1,744,143</u>
Unrestricted Funds					
Designated Lease Premium: Head Lease	1,770,000	-	-	(13,333)	1,756,667
Designated Lease Premium: Site Leases	527,239	34,682	-	(50,973)	510,948
Designated Painted Hall Restoration	2,355,409	-	-	-	2,355,409
Designated Intangible, Tangible & Heritage Assets	2,611,983	-	240,154	(607,111)	2,245,026
General Operating Fund	2,021,789	4,715,858	(240,154)	(5,441,835)	1,055,658
	<u>9,286,420</u>	<u>4,750,540</u>	-	<u>(6,113,252)</u>	<u>7,923,708</u>
	<u>10,189,065</u>	<u>6,826,741</u>	-	<u>(6,578,983)</u>	<u>10,436,823</u>

The **Restricted Painted Hall Restoration Fund** was created by donations and grants received in relation to the Development and Delivery Phases of the Painted Hall Project.

The **DCMS/HLF Catalyst Endowment Fund** comprises donations and match funding received for the purposes of an Expendable Endowment. In June 2012 the DCMS/HLF awarded the Foundation a Catalyst Endowment grant payable up to a maximum of £1,000,000: This is being paid over the years 2012-2016 to match donations raised by the Foundation towards an Endowment for the future maintenance costs of the Chapel and the Painted Hall.

The **Designated Lease Premium: Head Lease** represents the consideration of £2,000,000 paid to the landlord, The Secretary of State for Defence (Greenwich Hospital), for the lease of the site of the Old Royal Naval College for 150 years from 1st January 1998 to 31st December 2147. This payment is being recognised on a straight line basis over the 150 year lease period. The fund has been designated as the monies have already been paid over and so do not represent free reserves.

The **Designated Lease Premium: Site Leases** represents recognised income from current tenants where a lease premium has been paid. Lease premiums for Trinity Laban (King Charles building), the Cutty Sark offices in the Mews, and the Old Brewery are included in this fund along with any investment gains or losses associated with the investment of the lease premiums. Income from each of the lease premiums is recognised on a straight line basis over the duration of each lease. These funds had previously been classified as restricted funds, but having been reviewed by Trustees, it has been decided that they should be classified as an unrestricted designated fund.

The **Unrestricted Designated Painted Hall Restoration Fund** has been designated by the Trustees to cover the Foundation's budgeted contribution to phase 2 of the Painted Hall Project. The Painted Hall project is expected to be completed over the next 3 years.

The **Unrestricted Designated Intangible, Tangible & Heritage Assets Fund** represents the net book value of the Foundation's intangible, tangible and heritage assets and has been designated by the Trustees as they do not represent free reserves.

**The Greenwich Foundation for the Old Royal Naval College (ORNC)
Notes to the Financial Statements for the year ended 31 March 2016**

17 Church of England Funded Pension Scheme (CEFPS)

Greenwich Foundation for the Old Royal Naval College participates in the Church of England Funded Pensions Scheme for stipendiary clergy. This scheme is administered by the Church of England Pensions Board, which holds the assets of the schemes separately from those of the Employer and the other participating employers.

Each participating employer in the scheme pays contributions at a common contribution rate applied to pensionable stipends.

The scheme is considered to be a multi-employer scheme as described in Section 28 of FRS 102. This means it is not possible to attribute the Scheme's assets and liabilities to specific employers and that contributions are accounted for as if the Scheme were a defined contribution scheme. The pensions costs charged to the SoFA in the year are contributions payable towards benefits and expenses accrued in that year, plus any impact of deficit contributions (see below).

A valuation of the Scheme is carried out once every three years. The most recent Scheme valuation completed was carried out at 31 December 2012. Though work has commenced on the 31 December 2015 valuation, the final report and recovery plan is not expected to be finalised until late 2016 and is not formally required to be finalised until 31 March 2017. The 2012 valuation revealed a deficit of £293m, based on assets of £896m and a funding target of £1,189m, assessed using the following assumptions:

- An investment strategy of:
 - for investments backing liabilities for pensions in payment, an allocation to gilts, increasing linearly from 10% at 31 December 2012 to two thirds by 31 December 2029, with the balance in return-seeking assets; and
 - a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;
- Investment returns of 3.2% p.a. on gilts and 5.2% p.a. on equities;
- RPI inflation of 3.2% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% p.a.;
- Post-retirement mortality in accordance with 80% of the S1NFA and S1NMA tables, with allowance for future improvements in mortality rates from 2003 in line with the CMI 2012 core projections, with a long term annual rate of improvement of 1.5% for females and males.

Following the 31 December 2012 valuation, a recovery plan was put in place until 31 December 2025 and the contribution rates (as a percentage of pensionable stipends) were set as follows:

% of pensionable stipends	1 January 2014 to 31 December 2014	1 January 2015 to 31 December 2025
Accrual of future service benefits (including expenses)	25.8%	25.8%
Deficit repair contributions	12.4%	14.1%
Total contribution rate	38.2%	39.9%

Section 28.11A of FRS 102 requires agreed deficit recovery payments to be recognised as a liability. The movement in the provision is set out in the table below.

% of pensionable stipends	2015	2014
Balance sheet liability at 1 January	0	0
Deficit contribution paid	-1,000	0
Interest cost (recognised in SoFA)	0	0
Remaining change to the balance sheet liability* (recognised in SoFA)	29,000	0
Balance sheet liability at 31 December	28,000	0

* Comprises change in agreed deficit recovery plan and change in discount rate between year-ends.

This liability represents the present value of the deficit contributions agreed as at the accounting date and has been valued using the following assumptions set by reference to the duration of the deficit recovery payments:

	Dec-15	Dec-14	Dec-13
Discount rate	2.5% pa	2.3% pa	3.5% pa
Price inflation	2.4% pa	2.7% pa	3.2% pa
Increase to total pensionable payroll	0.9% pa	1.2% pa	1.2% pa

The Greenwich Foundation for the Old Royal Naval College (ORNC)
Notes to the Financial Statements for the year ended 31 March 2016

18 Comparative Consolidated Statement of Financial Activities

For the year ended 31 March 2015

	Unrestricted Funds £	Endowment Funds £	Restricted Funds £	Total 2015 £
Income and endowments from:				
Donations and legacies				
Grant in Aid	1,225,000	-	-	1,225,000
Heritage Lottery Fund grant award	-	-	53,925	53,925
Heritage Lottery Fund matched funding	-	269,644	-	269,644
Donations	59,800	241,503	33,571	334,874
Charitable activities				
Rent receivable	1,517,758	-	-	1,517,758
Lease Premium	28,478	-	-	28,478
Service Charges	757,897	-	-	757,897
Visitor access	172,697	-	-	172,697
Education / learning	4,422	-	-	4,422
Other trading activities				
Trading operations	1,249,180	-	-	1,249,180
Investments				
Deposit interest	50,464	-	-	50,464
Investments	91,977	-	-	91,977
Other income	30,277	-	-	30,277
Total	5,187,950	511,147	87,496	5,786,593
Expenditure on:				
Raising funds				
Raising donations and legacies	341,295	-	-	341,295
Other trading activities	432,356	-	-	432,356
Charitable activities				
Site maintenance and running costs	3,258,438	-	105,557	3,363,995
Provision of visitor access	989,760	-	-	989,760
Provision of learning	170,759	-	-	170,759
Total	5,192,608	-	105,557	5,298,165
Operating (deficit) / surplus	(4,658)	511,147	(18,061)	488,428
Net (losses) / gains on investments	128,540	-	-	128,540
Net movement in funds and net (expenditure) / income	123,882	511,147	(18,061)	616,968
Reconciliation of funds:				
Total funds brought forward	9,162,538	298,893	110,666	9,572,097
Total funds carried forward	9,286,420	810,040	92,605	10,189,065

The Greenwich Foundation for the Old Royal Naval College (ORNC)
Notes to the Financial Statements for the year ended 31 March 2016

19 Transition note

	Group 1 Apr 2014 £	Charity 1 Apr 2014 £	Group 31 Mar 2015 £	Charity 31 Mar 2015 £
Reconciliation of reserves				
Reserves as previously stated	7,598,306	7,585,973	8,509,494	8,497,161
1 restatement of Greenwich Trading Company Gift Aid donation				(92,280)
2 lease premium paid in advance	1,783,333	1,783,333	1,770,000	1,770,000
3 lease premiums received in advance	(3,057,023)	(3,057,023)	(3,028,545)	(3,028,545)
4 reduce 2015 PPCM provision	573,229	573,229	709,573	709,573
5 Capitalisation and depreciation of Visitor Centre works	2,674,252	2,674,252	2,228,543	2,228,543
Reserves as restated	<u>9,572,097</u>	<u>9,559,764</u>	<u>10,189,065</u>	<u>10,084,452</u>

	For the year ended 31 Mar 2015 £
Reconciliation of surplus for period	
Surplus as previously stated	911,188
2 lease premium paid in advance	(13,333)
3 lease premiums received in advance	28,478
4 reduce 2015 PPCM provision	136,344
5 Depreciation of Visitor Centre refurbishment works	(445,709)
Surplus as restated	<u>616,968</u>

- 1 The Greenwich Trading Company accounts were re-stated to reflect the actual donation made under Gift Aid during the year to 31 March 2015. The Gift Aid donation to The Greenwich Foundation for the Old Royal Naval College was adjusted accordingly from £914,608 to £822,328.
- 2 The Foundation holds a 150-year lease on the Old Royal Naval College, purchased for £2 million on 1 January 1998. Under FRS102 this is now treated as an operating lease with the premium being held in debtors and released over the life of the lease.
- 3 The Foundation has received lease premiums in advance for long-term leases issued to Trinity Laban Conservatoire of Music and Dance and Cutty Sark. Under FRS102 the leases are treated as operating leases with the premiums held as deferred income and released to income on a straight-line basis over the lease term.
- 4 The provision for outstanding work has been re-calculated to take into account only those works arising from dilapidations that had occurred before the yearend.
- 5 The Foundation spent £4.5m in 2009/10 to refurbish the Pepys Building as a new Visitor Centre for Greenwich. The cost had been fully impaired in the year that it was incurred but is now recognised as a short term leasehold improvement fixed asset and being depreciated over 10 years.