

**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 2017**

**The Greenwich Foundation for the Old Royal Naval College (Old Royal Naval College)  
Trustees' Report & Financial Statements for the year ended 31 March 2017**

<b>Date of Incorporation</b>	20th March 1997
<b>Charity Commission Registration</b>	22nd May 1997

**President** HRH Duke of Gloucester KG GCVO

<b>Trustees</b>	Tony Hales CBE	Chairman
	Dr Rupert Evenett FCA	Treasurer
	John Barnes	
	Andrew Clark	
	Jamaria Kong	
	Rosemarie Macqueen MBE	
	Peter Shanks	
	Desmond Shawe-Taylor	
	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

<b>Management team</b>	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

<b>Bankers</b>	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
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<b>Surveyors</b>	Huntley Cartwright Victoria House Harestone Valley Road Caterham CR3 6HY	Gerald Eve 7 Vere Street London W1G 0JB
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<b>Surveyor of the Fabric</b>	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 2016/17 year:

Mr Andrew Allen-Tidy  
Mr George Anson  
Mr Adrian Attwood  
Sir Frank and Lady Berman  
Sir Nicolas and Lady Bevan  
Dr Tony Butler  
Mr Francis Carnwath CBE  
Mr Reg Carr  
Sir Robert and Lady Crawford  
Dr Rupert Evenett  
Mr John Furlonger  
Mr Tony Hales CBE  
MBNA Thames Clippers  
Jonathan and Marjorie Ouvry  
The Hon Francis Plowden  
David and Jo Robins  
The Rt Hon Sir Timothy Sainsbury  
Mr Eric Shawyer CBE  
Sir Angus Stirling  
Mr Richard Upton  
Mrs Emanuella Watson-Gandy  
Mrs Susan Wilkinson

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**The Trustees' Annual Report**

The Trustees present their report and financial statements for the year ended 31 March 2017.

**1. Background**

The Old Royal Naval College, Greenwich (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 site and collection of buildings, paintings and other artefacts, 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 Old Royal Naval College takes a long term view, ensuring we avoid compromising future generations while delighting and surprising those of the current.

The Old Royal Naval College is constitutionally independent of government but is financially dependent for part of its core income on grant-in-aid to sustain its future. The Old Royal Naval College 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 Old Royal Naval College 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 Old Royal Naval College currently has nine tenants, of which the University of Greenwich and Trinity Laban Conservatoire of Music and Dance are the most significant.

The Old Royal Naval College is now 19 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 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 Old Royal Naval College (and its predecessor on the site, the Tudor Greenwich Palace). It has been a success and the vision that animated the creation of the Old Royal Naval College as an independent charity has not only been met but in many ways exceeded.

The Trustees' financial aim to reduce the Old Royal Naval College'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 11 days during the year (from 1<sup>st</sup> April 2016 to 25<sup>th</sup> September 2016) for conservation or private hires (2015-16 full year: 18). The Painted Hall was subsequently closed from 26<sup>th</sup> September 2016 to 31<sup>st</sup> March 2017 (186 days) for conservation as part of the Painted Hall project.

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The Old Royal Naval College operates with a staff of 56 (2016: 49) Full Time Equivalent and 131 (2016: 99) volunteers.

## **2. Objects**

The two equal charitable objects for which the Old Royal Naval College 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 Greenwich Foundation for the Old Royal Naval College 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 11 days during the year when the Painted Hall was closed for conservation or hire (2015-16: 18 days), prior to its closure from 26<sup>th</sup> September to 31<sup>st</sup> March as part of the Painted Hall Project. 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 Old Royal Naval College.
- Our other chief objective, the Old Royal Naval College'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 the 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 Old Royal Naval College 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 Old Royal Naval College 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.

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#### **4. Organisation**

The Old Royal Naval College is a charity (charity registration number 1062519) and a company limited by guarantee (company registration number 3340541), 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 Old Royal Naval College. 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 within a set of delegated authorities for the operation of the Old Royal Naval College.

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 Old Royal Naval College.

#### **5. 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 Old Royal Naval College 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 Old Royal Naval College'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.

#### **6. Remuneration**

The Old Royal Naval College'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.

#### **7. Investment Powers of Trustees**

Trustees may use the resources of the Old Royal Naval College 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 Old Royal Naval College. 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 Old Royal Naval College. Resource Grant-in-aid has been reduced to £1.040m for the 2016/17

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financial year (2015/16: £1.218m), which represents a reduction of 39.1% 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.

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 Old Royal Naval College 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**

The period from April to September 2016 saw the completion of three major PPCM projects marking the end of a burst of activity prior to the start of the Painted Hall project. The re-roofing of the west range of the King Charles building was completed in April 2016 and, in October, scaffolding went up around the King William Dome for essential masonry repairs, re-leading work and the re-painting of the sun dial. Another important project involved the river front of the site where erosion during the last decade has led to a significant drop in the level of the foreshore, exposing the footings of the 18th-century river wall, threatening its structural integrity. This was addressed by carefully lowering into position 100 nylon bags filled with Kentish rag stone, over a 30 metre stretch of foreshore to the north of the King Charles Block - consolidating and protecting the masonry wall.

The roofing works were undertaken by DBR (London) Limited under our measured term contract, under the management of Kieran Kintrea of Martin Ashley Architects. The foreshore works were carried out by specialist maritime contractor Southbay under the direction of the consultant structural engineer, Richard Swift. These were all highly technical projects, requiring high levels of expertise. All lead on site has to be worked without applying heat (as hot works are prohibited) - introducing complications and challenges which require the skills and experience of the best craftsmen. Likewise, the works to the foreshore were highly technical, requiring the advice of leading engineers Arup and involving conversations with 8 different heritage and maritime bodies. All projects were completed on time and on budget.

Other works carried out by DBR during 2016 included the lifting and storage of marble floor tiles in the Lower Hall and investigation works to the internal downpipe in the Upper Hall, ahead of the start of the Painted Hall project. To relieve budgetary pressures during the Painted Hall project, DBR are not due to undertake any significant work until late 2017. DBR's presence on site has been scaled back considerably in order to reduce preliminaries - with the team attending site when needed, responding to emergencies and carrying out smaller conservation projects.

GMT Restorations continued to provide a valuable service undertaking smaller repair and redecoration works around site, such as paving repairs, and assisting our site partners with repainting works following minor roof leaks.

## **10. Achievement of our aims**

As part of its Strategic Business Planning process each year, the Old Royal Naval College 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.

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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 regular maintenance items to March 2017 were completed as planned. The Surveyor of the Fabric worked closely with the Conservation Director and Quantity Surveyors, Huntley Cartwright, to plan, budget and complete the reduced 2016/2017 PPCM programme (and outlining the next 10 years of work) in line with the wider budgetary pressures during the Painted Hall project.

The condition of The Old Royal Naval College, its buildings and grounds is good, and has benefited from the important works (outlined above) during 2016-17. Plans continue to develop for the various un-renovated areas (upper floors of Admiral's House, Queen Mary car park, lecture theatre in Pepys Mews).

### **10.2 Educating the public and enabling cultural and other public benefits**

Public attendance figures for the year were:	<b>2017</b>	<b>2016</b>
Chapel visitors	248,852	276,637
Painted Hall visitors*	234,514	412,120
Discover Greenwich Visitor Centre visitors	895,488	963,572
<b>Total</b>	<b>1,378,574</b>	<b>1,652,329</b>

*\*The Painted Hall was closed from 26<sup>th</sup> September 2016 to 31<sup>st</sup> March 2017*

The Old Royal Naval College continues with its commitment to provide access to members of the public and learning groups so they can enjoy art, architecture, history and events in a unique cultural setting. The Painted Hall conservation project has been our major focus over the last year and the Public Engagement Department have been particularly working on ensuring that as many visitors and people within our local community as possible have the opportunity to take part in our activities.

As part of our commitment to access for a wide audience we are very proud to report of our work with Vocaleyes in the last 12 months to help our team of staff and volunteers understand how we can best support visits, enjoyment and learning. The training received so far has helped us to understand how our design can affect the enjoyment of blind and partially sighted people and we have also lined up audio description training to enable our very visually exciting site more accessible.

We are delighted to have been awarded the National Autistic Society's Autism Friendly Award in March 2017. The Award is given to venues who commit to making sure that autistic visitors receive the same warm welcome as everybody else. Our commitment has included providing information on our website for autistic visitors, as well as running regular 'Basic autism awareness training' for all staff and volunteers.

Volunteering has grown significantly in the last year. As part of the Painted Hall conservation project we have recruited and trained an additional 88 volunteers from the local community to lead our tours of the painted hall scaffold deck, so that visitors have an opportunity to learn about conservation. This has taken the number of volunteers to 131.

As part of our commitment to volunteers, we started working on the 'Investing in Volunteers' accreditation in 2016 and achieved this in October 2017. The award confirms the importance we place on developing our volunteers and involving them in our work, decision making and celebrating our successes.

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In addition to expanding our own team of volunteers, we have also begun a partnership with the University of the Third Age and have been working on two volunteer led projects with them over the last year. The team of U3A photographers have been recording the work and people of our Painted Hall project. The team of U3A researchers have been working on the content of a forthcoming exhibition that is being shown at the Old Royal Naval College in July 2017 to celebrate the centenary of the Women's Royal Naval Service at Greenwich.

The Learning and Community team continue to thrive and have been trialling new sessions and activities. These include outreach sessions with schools, a new programme of activities for primary and a targeted programme for secondary school pupils, of whom we currently attract low numbers.

In November 2016 we worked with Invicta Primary School for the second year in a row to produce a pop-up museum. The pupils from all years curated and hosted their own exhibition in our visitor centre.

Over the last year we have been working with Lewisham & Southwark College Decorating Students to support their learning in the classroom. The level 1 and level 2 students visited the Old Royal Naval College, learned about the decorative painting techniques of Sir James Thornhill and his studio and recreated them with the support and encouragement of a professional decorative painter. The experience gave them access to an expert who has been working in the field for many years and they were able to learn new skills. The project culminated in an exhibition of their work that was displayed to the public in the Painted Hall.

In May 2016 the visitor centre revealed improvements to the exhibition layout and the visitor welcome. For the first time, the tourist information service provided by our partners Visit Greenwich were brought alongside our own visitor welcome so that we can better serve the people that visit our buildings.

The Painted Hall project has also enabled us to take on new paid internships which are giving young people the opportunity to learn new skills and get valuable work experience. The positions filled this year have included a Gilding Conservation Intern, Marketing Intern, Volunteer Development Intern and two Management Trainees who are working alongside our main contractor. The individuals have been a huge asset to our organisation and have recorded very positive feedback about their experiences.

The Chapel of St Peter and St Paul is a living, working church at the heart of the Old Royal Naval College, hosting a regular programme of weekly services as well as a huge variety of events. These include regular performances from the outstanding Old Royal Naval College Trinity Laban Chapel Choir.

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

The Old Royal Naval College 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 Old Royal Naval College sends representatives to the Learning, Marketing and Visitor Management WHS sub-groups. The Old Royal Naval College 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 £76,393 (2016: £69,945) within its cash balance.

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**10.4 Ensuring financial stability**

The Old Royal Naval College receives an annual grant from the Department of Culture Media and Sport which is essential to support the delivery of its core objectives. Alongside this, the organisation is committed to both diversifying and growing other commercial and charitable income streams.

During the year, despite a very competitive fundraising environment, there were several successful grant applications towards the HLF funded Painted Hall conservation project and associated interpretation, learning and engagement activities. Funds will be paid in arrears, based on progress reports submitted throughout the project. Significant grant awards and pledged during the year included:

Charles Skey Charitable Trust  
The City Bridge Trust  
J Paul Getty Jnr Charitable Trust  
Viridor Credits  
William Allen Young Charitable Trust  
Wolfson Foundation

In addition, our first ever Crowdfunding campaign, in partnership with the Art Fund, proved to be a great success exceeding the target and reaching £22,843 - 107% of the campaign goal. Apart from raising the full amount to re-gild the proscenium arch (part of the Painted Hall project works), we also gained significant coverage in the media and on social channels, as well as reaching out to the Art Fund's nation-wide members.

Our major donor pipeline remains the main focus of this next phase of the Painted Hall campaign and we are targeting major donors both in the UK and US, and developing a second phase of Trust & Foundations applications.

We were also successful in securing matched funding for our other major fundraising campaign, the £2m DCMS/HLF Catalyst Endowment Fund – which ended on 30 June 2016. £1m was raised in total which was supported by match funding of £1m.

The Old Royal Naval College 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.

The Old Royal Naval College 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 2.1% during the year.

An additional £200,000 of funds raised for the endowment (the Old Royal Naval College Future Fund) were invested in the Newton Growth and Income Fund for Charities, in addition to the £662,000 invested in the previous year. The total value of the fund grew by 13.0% during the year.

The Old Royal Naval College 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

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catering income which amounted to a net £310,387 (2016: £418,316). This was a particularly good result, given that the Painted Hall was closed for 6 months of the financial year.

*Retail:*

The shop in the Visitor Centre achieved a turnover for the year of £235,414 (2016: £227,840) and a net contribution of £23,069 (2016: £38,862).

*Filming:*

Filming revenues represent a significant contribution to the Company's finances along with advertising and photography shoots. In 2017 gross film fees amounted to £452,423 (2016 £211,709).

*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 Old Royal Naval College's own events. Total income from visitor events generated for the current year amounted to £149,207 (2016: £133,855).

## **11. Summary of results for the year**

The Old Royal Naval College has reported a consolidated surplus for the year with a net movement in funds of £909,949 (2016: £247,758). Of this, a surplus relating to unrestricted funds amounted to £84,395 with the rest of the consolidated surplus of £825,554 representing increases in endowment and restricted funds.

The operating profit from our commercial activities through the trading subsidiary amounted to £839,309 (2016: £665,377).

Our resource Grant in Aid income fell by £178,000 and further reductions over the next 3 years represent a significant risk to the financial health of the Old Royal Naval College. The Old Royal Naval College is therefore planning an expansion in revenue generating opportunities as part of the Painted Hall Project, including new café and retail areas. The £1m fundraising target for the DCMS/HLF Catalyst Endowment Fund was reached by the deadline of 30 June 2016, which released the full match funding of £1m. Investment returns from the fund in future years will help to further diversify revenue streams and ensure the long-term financial stability of the Old Royal Naval College.

Overall site maintenance and running costs including impaired capital works amounted to £3,547,012 in the year, a decrease of 16.4% on the previous year, reflecting fewer repairs to the fabric of the buildings and grounds under the Pre-Planned Conservation and Maintenance Schedule (PPCM).

There was an investment gain of £97,981 during the year, reflecting an increase in the value of the Newton Growth and Income Fund for Charities in which the Foundation has invested the proceeds of the endowment fund. There was a small investment loss of £16,958 on the Newton Real Return Fund, representing the funds invested from the lease premium associated with the King Charles building (see note 9 to the accounts).

## **12. Plans for future periods**

The principal focus of the organisation in the year ahead is the *Conservation of the Painted Hall* project (generally referred to as the *Painted Hall project*), which commenced on 26<sup>th</sup> September 2016. This is 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 grant from the Heritage Lottery Fund (HLF) of £3.18m, alongside significant grants and contributions from a number of Trusts & Foundations and major donors.

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A Masterplanning exercise was completed during the year, and outcomes from this exercise will be taken forward during the 2017 year and beyond. An organisational branding exercise was also started during the year, conducted by Jane Wentworth Associates, and is expected to be completed during the first quarter of the 2017/18 year.

**13. Statement on Risk**

The Old Royal Naval College 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 Old Royal Naval College 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 Old Royal Naval College's conservation team to ensure that the risks to the fabric of the building are addressed through a programme of maintenance and repair. The Old Royal Naval College'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 Old Royal Naval College

Revenue generation targets are regularly reviewed by the management team and reviewed quarterly by Trustees to ensure that the Old Royal Naval College 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 prior year to take into account the current and future known commitments of the Old Royal Naval College, 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 Old Royal Naval College held total funds of £11,346,772 (2016: £10,436,823) which comprised endowment funds of £2,139,134 (2016: £1,744,143), restricted income funds of £1,199,535 (2016: £768,972) and unrestricted funds of £8,008,103 (2016: £7,923,708) of which £6,876,208 (2016: £6,868,050) are designated. See note 17 to the accounts for further details.

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 was 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.

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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 **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.

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 2017/18 and 2018/19 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 fund totals £2,201,082 (2016: £2,245,026).

The **General Operating Fund** includes the trading activities of the Greenwich Trading Company Limited: its operating profit for the financial year amounted to £839,309 (2016: £665,377), and a cumulative reserve of £1,214 at 31 March 2017 (2016: £53,296). 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.

The policy on reserves seeks to hold a level of unrestricted funds, after taking into account funds designated towards the Painted Hall project, of £500,000. The level of unrestricted reserves available for general purposes represents the balances of the General Operating Fund and the Designated Lease Premium: Site Leases which stand at £1,708,280 (2016: £1,566,608). This is expected to fall 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 Old Royal Naval College with sufficient funds to meet the reserves policy target of £500,000.

## **15. Auditor**

A resolution to re-appoint Crowe Clark Whitehill LLP as the company's auditor will be proposed at the forthcoming Annual General Meeting.

### **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. 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).

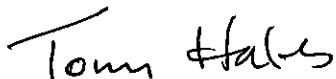
Company law requires trustees to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the group for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

**The Greenwich Foundation for the Old Royal Naval College**  
**Trustees' Report**  
**For the year ended 31 March 2017**

- 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 incorporating a Strategic Report was approved on 6<sup>th</sup> July 2017 and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'Tony Hales', with a stylized flourish at the end.

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 Naval College for the year ended 31 March 2017 which comprise the Group Statement of Financial Activities, the Group and Company Balance Sheets, the Group Cash Flow Statement and the related notes numbered 1 to 21.

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

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 Strategic report and the Trustees' Annual 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 group's and the charitable company's affairs as at 31 March 2017 and of the group's 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.

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

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion based on the work undertaken in the course of our audit

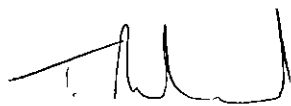
- the information given in the Strategic Report and the Trustees' Annual Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' Annual Report and Strategic report have been prepared in accordance with applicable legal requirements.

**Matters on which we are required to report by exception**

In light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report and the trustees' annual report.

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:

- the parent charitable company has not kept adequate accounting records; or
- the parent charitable company 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

Date 12 July 2017

**Consolidated Statement of Financial Activities  
For the year ended 31 March 2017**

	Note	Unrestricted Funds £	Endowment Funds £	Restricted Funds £	Total 2017 £	Total 2016 £
<b>Income and endowments from:</b>						
<b>Donations and legacies</b>						
Grant in Aid		1,040,000	-	250,000	1,290,000	1,468,000
Heritage Lottery Fund grant award		0	-	494,532	494,532	44,875
Heritage Lottery Fund matched funding		0	140,845	-	140,845	454,954
Donations		64,599	139,207	1,185,218	1,389,024	1,355,154
<b>Charitable activities</b>						
Rent receivable		1,445,852	-	-	1,445,852	1,527,129
Lease Premium		82,395	-	-	82,395	34,682
Service Charges		664,105	-	-	664,105	707,372
Visitor access		149,207	-	-	149,207	131,370
Education / learning		2,961	-	-	2,961	8,464
<b>Other trading activities</b>						
Trading operations		1,108,470	-	-	1,108,470	954,873
<b>Investments</b>						
Deposit interest		34,661	-	-	34,661	30,230
Investments		95,051	-	-	95,051	80,898
Other income		2,108	-	-	2,108	4,545
<b>Total</b>		<b>4,689,409</b>	<b>280,052</b>	<b>1,929,750</b>	<b>6,899,211</b>	<b>6,802,546</b>
<b>Expenditure on:</b>						
<b>Raising funds</b>						
Raising donations and legacies	4	425,711	-	-	425,711	430,543
Other trading activities		511,598	-	-	511,598	474,783
<b>Charitable activities</b>						
Site maintenance and running costs	4	2,611,866	-	935,146	3,547,012	4,241,333
Provision of visitor access	4	1,367,354	-	53,615	1,420,969	1,216,432
Provision of learning activities	4	181,953	-	-	181,953	164,919
<b>Total</b>		<b>5,098,482</b>	<b>-</b>	<b>988,761</b>	<b>6,087,243</b>	<b>6,528,010</b>
<b>Operating (deficit) / surplus</b>		<b>(409,073)</b>	<b>280,052</b>	<b>940,989</b>	<b>811,968</b>	<b>274,536</b>
Net (losses) / gains on investments	9.2	(16,958)	114,939	-	97,981	(26,778)
<b>Net Income</b>		<b>(426,031)</b>	<b>394,991</b>	<b>940,989</b>	<b>909,949</b>	<b>247,758</b>
<b>Transfers between funds</b>		<b>510,426</b>		<b>(510,426)</b>	<b>-</b>	<b>-</b>
<b>Net movement in funds</b>		<b>84,395</b>	<b>394,991</b>	<b>430,563</b>	<b>909,949</b>	<b>247,758</b>
<b>Reconciliation of funds:</b>						
Total funds brought forward		7,923,708	1,744,143	768,972	10,436,823	10,189,065
<b>Total funds carried forward</b>		<b>8,008,103</b>	<b>2,139,134</b>	<b>1,199,535</b>	<b>11,346,772</b>	<b>10,436,823</b>

With the exception of the receipt of Endowment Funds totalling £280,052 (2016: £909,908), 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 £6,619,159 (2016: £5,892,638) and net income / (expenditure) for the year was £514,958 (2016: -£686,345).

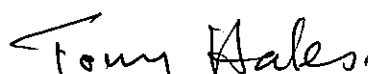
There are no recognised gains and losses in the year other than those shown above.

**Consolidated Balance Sheet  
as at 31 March 2017**

	Note	Group 2017 £	Charity 2017 £	Group 2016 £	Charity 2016 £
<b>Fixed assets:</b>					
Intangible assets	6	218,163	218,163	241,138	241,138
Tangible assets	8	1,957,315	1,938,267	1,978,891	1,901,712
Heritage assets	8	25,603	25,603	24,997	24,997
Investments	9.2	7,775,550	7,775,552	7,670,240	7,670,242
Endowment asset investments	9.2	2,139,134	2,139,134	1,191,278	1,191,278
<b>Total fixed assets</b>		<b>12,115,765</b>	<b>12,096,719</b>	<b>11,106,544</b>	<b>11,029,367</b>
<b>Current assets:</b>					
Stock		61,313	-	51,667	-
Debtors: Amounts falling due after more than one year	10	1,730,001	1,730,001	1,743,333	1,743,333
Debtors: Amounts falling due within one year	10	803,413	1,682,065	1,190,451	1,768,668
Cash at bank and in hand	11	2,771,221	1,850,256	2,873,286	2,263,973
<b>Total current assets</b>		<b>5,365,948</b>	<b>5,262,322</b>	<b>5,858,737</b>	<b>5,775,974</b>
<b>Liabilities:</b>					
Creditors: Amounts falling due within one year	13	(1,568,086)	(1,476,628)	(1,318,368)	(1,251,724)
<b>Net current assets</b>		<b>3,797,862</b>	<b>3,785,694</b>	<b>4,540,369</b>	<b>4,524,250</b>
<b>Total assets less current liabilities</b>		<b>15,913,627</b>	<b>15,882,413</b>	<b>15,646,913</b>	<b>15,553,617</b>
Creditors: Amounts falling due after more than one year	13	(4,207,001)	(4,177,001)	(4,299,421)	(4,259,421)
<b>Provisions for liabilities</b>	14	<b>(359,854)</b>	<b>(359,854)</b>	<b>(910,669)</b>	<b>(910,669)</b>
<b>Total net assets</b>		<b>11,346,772</b>	<b>11,345,558</b>	<b>10,436,823</b>	<b>10,383,527</b>
<b>The funds of the charity</b>					
Endowment funds	17	2,139,134	2,139,134	1,744,143	1,744,143
Restricted income funds	17	1,199,535	1,199,535	768,972	768,972
Unrestricted funds	17	8,008,103	8,006,889	7,923,708	7,870,412
<b>Total charity funds</b>		<b>11,346,772</b>	<b>11,345,558</b>	<b>10,436,823</b>	<b>10,383,527</b>

The amount of the net incoming resources for the year dealt with in the financial statements of the parent charity is £909,949 (2016: £247,758).

Approved and authorised for issue by the Board of Trustees on 6 July 2017 and signed on their behalf by:



Tony Hales CBE - 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 2017**

	Note	2017 £	2017 £	2016 £	2016 £
<b>Cash flows from operating activities</b>					
<b>Net cash provided by (used in) operating activities</b>	(a)		1,016,711		1,419,807
<b>Cash flows from investing activities</b>					
Dividends, interest and rents from investments		129,712		111,128	
Purchase of tangible fixed assets		(571,854)		(26,196)	
Purchase of intangible fixed assets		(1,500)		(213,958)	
Purchase of endowment fund investment		(947,857)		(540,822)	
Long-term cash deposit / purchase of investments		(7,329)		(83,471)	
<b>Net cash provided by (used in) investing activities</b>			(1,398,828)		(753,319)
<b>Cash flows from financing activities</b>					
Endowment fund receipts		280,052		909,908	
<b>Net cash provided by (used in) financing activities</b>			280,052		909,908
<b>Change in cash and cash equivalents in the year</b>	(b), (c)		(102,065)		1,576,396

**Notes to the Consolidated cash flow statement**

	2017 £	2016 £
<b>(a) Reconciliation of net income to net cash flow from operating activities</b>		
<b>Net income for the year</b>	909,949	247,758
<b>Adjustments for:</b>		
Depreciation charges	617,599	607,111
Endowment fund receipts	(280,052)	(909,908)
Gift-in-kind - Heritage Asset	(300)	-
Deposit interest	(34,661)	(30,230)
Investment income	(95,051)	(80,898)
(Decrease) / Increase in provisions	(550,815)	154,836
(Increase) / Decrease in stocks	(9,646)	4,503
Decrease / (Increase) in debtors	400,370	(194,269)
Increase in creditors	157,298	1,594,126
Net (gains) / losses on investments	(97,980)	26,778
<b>Net cash provided by (used in) operating activities</b>	<u>1,016,711</u>	<u>1,419,807</u>
<b>(b) Reconciliation of changes in cash balances during the year</b>		
Cash balances at 1 April 2016	2,873,286	1,296,890
(Decrease) / increase in cash for the year	(102,065)	1,576,396
Cash balances at 31 March 2017	<u>2,771,221</u>	<u>2,873,286</u>
<b>(c) Analysis of cash and cash equivalents</b>		
Cash at bank and in hand	<u>2,771,221</u>	<u>2,873,286</u>

**The Greenwich Foundation for the Old Royal Naval College (ORNC)**  
**Notes to the Financial Statements for the year ended 31 March 2017**

**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 2017. 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. 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).

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.

**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 project, budgets for 2017/18 and 2018/19 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 2017**

**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, the basis of allocation being as detailed in note 4 to the accounts. 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.

**The Greenwich Foundation for the Old Royal Naval College (ORNC)**  
**Notes to the Financial Statements for the year ended 31 March 2017**

### 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 2017	Total 2016
	£	£	£	£
<b>Raising funds</b>				
Raising donations and legacies	346,344	79,367	425,711	430,543
Other trading activities	447,281	64,317	511,598	474,783
<b>Charitable activities</b>				
Site maintenance and running costs	3,395,533	151,479	3,547,012	4,241,333
Provision of visitor access	1,156,965	264,004	1,420,969	1,216,432
Provision of learning activities	116,318	65,635	181,953	164,919
	<b>5,462,441</b>	<b>624,802</b>	<b>6,087,243</b>	<b>6,528,010</b>

	Raising donations and legacies	Other trading activities	Site maintenance and running costs	Provision of visitor access	Provision of learning activities	Total
<b>Support costs</b>						
Governance	1,549	2,001	15,191	5,176	520	24,437
Staff costs	27,199	28,570	68,796	115,407	22,932	262,904
Office running costs	50,619	33,746	67,492	143,421	42,183	337,461
	<b>79,367</b>	<b>64,317</b>	<b>151,479</b>	<b>264,004</b>	<b>65,635</b>	<b>624,802</b>

Expenditure includes auditor's remuneration (excluding VAT) of £17,100 (2016 - £14,250) for auditing services, £1,200 (2016 - £4,295) for tax return and advisory services and £nil (2016 - £2,056) 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**

	2017	2016
	£	£
<b>Staff Costs</b>		
Wages and salaries	1,609,132	1,587,618
Social security costs	146,914	144,979
Pension costs	143,596	183,079
Other benefits	16,969	14,755
Training & recruitment	25,281	23,326
	<u>1,941,892</u>	<u>1,953,757</u>

Payments to defined contribution pension schemes in the year totalled £148,875 (2016: £158,240).

**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:

	2017	2016
	No.	No.
£100,000 - £110,000	-	1
£120,000 - £130,000	<u>1</u>	<u>-</u>

Total payments including employer's national insurance and pension contributions for the key management personnel, being the Chief Executive and Management team as listed on page 1, totalled £436,039 (2016: £442,658).

**Staff numbers**

The average number of employees during the year was 70 (2016: 70). The average number of full time equivalent staff during the year, analysed by activity was as follows:

	2017	2016
	No.	No.
Trading operations	5.4	6.1
Fundraising	5.1	4.8
Learning	4.3	3.0
Site maintenance and running costs	12.9	12.6
Provision of visitor access	21.6	17.3
Support	<u>5.6</u>	<u>4.8</u>
	54.9	48.6
WHS co-ordinator	<u>0.6</u>	<u>0.6</u>
	<u>55.5</u>	<u>49.2</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. Additional volunteers were recruited and trained during the year to act as guides for the Painted Hall Ceiling Tours, commencing in April 2017. The total number of volunteers at the year end totalled 131.

**Payments to Trustees**

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

	2017	2016
	£	£
The following were paid to Trustees during the year:		
Expenses - travel reimbursement for 3 trustees (2016: 2 trustees)	<u>941</u>	<u>1,076</u>

**Charitable donations received from Trustees**

	2017	2016
	£	£
Charitable donations (including Gift Aid reclaimed) received from Trustees during the year:	<u>141,398</u>	<u>191,067</u>

**The Greenwich Foundation for the Old Royal Naval College (ORNC)**  
**Notes to the Financial Statements for the year ended 31 March 2017**

**6 Intangible assets**

	<b>Lease Costs</b>	<b>Software</b>	<b>Total Charity</b>	<b>Total Subsidiary</b>	<b>Total Group</b>
<b>Cost</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At 1 April 2016	213,958	48,378	262,336	-	262,336
Additions	-	1,500	1,500	-	1,500
At 31 March 2017	<u>213,958</u>	<u>49,878</u>	<u>263,836</u>	<u>-</u>	<u>263,836</u>
<b>Depreciation/Impairment</b>					
At 1 April 2016	985	20,213	21,198	-	21,198
Charge for the year	8,558	15,917	24,475	-	24,475
At 31 March 2017	<u>9,543</u>	<u>36,130</u>	<u>45,673</u>	<u>-</u>	<u>45,673</u>
<b>Net book value</b>					
At 1 April 2016	<u>212,973</u>	<u>28,165</u>	<u>241,138</u>	<u>-</u>	<u>241,138</u>
At 31 March 2017	<u><b>204,415</b></u>	<u><b>13,748</b></u>	<u><b>218,163</b></u>	<u><b>-</b></u>	<u><b>218,163</b></u>

Intangible fixed assets representing professional fees associated with the sale of the lease of the Old Brewery 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).

	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>
Major Works	935,146	7,845	31,814	61,298	1,108,078
Maintenance Works	702,798	1,279,650	1,485,419	1,852,602	606,618
	<u>1,637,944</u>	<u>1,287,495</u>	<u>1,517,233</u>	<u>1,913,900</u>	<u>1,714,696</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.

In addition, £510,426 has been spent as part of the Painted Hall project and capitalised in short term leasehold improvements (see Note 8).

**The Greenwich Foundation for the Old Royal Naval College (ORNC)**  
**Notes to the Financial Statements for the year ended 31 March 2017**

**8 Tangible & heritage assets**

	Short term leasehold improvements	Fixtures, fittings and office equipment	Heritage assets artefacts	Total Charity
	£	£	£	£
<b>Cost</b>				
At 1 April 2016	5,312,299	609,305	24,997	5,946,601
Additions	510,427	61,121	606	572,154
At 31 March 2017	<u>5,822,726</u>	<u>670,426</u>	<u>25,603</u>	<u>6,518,755</u>
<b>Depreciation</b>				
At 1 April 2016	3,459,167	560,725	-	4,019,892
Charge for the year	499,325	35,668	-	534,993
At 31 March 2017	<u>3,958,492</u>	<u>596,393</u>	<u>-</u>	<u>4,554,885</u>
<b>Net book value</b>				
At 1 April 2016	<u>1,853,132</u>	<u>48,580</u>	<u>24,997</u>	<u>1,926,709</u>
At 31 March 2017	<u><b>1,864,234</b></u>	<u><b>74,033</b></u>	<u><b>25,603</b></u>	<u><b>1,963,870</b></u>

	Total Charity	Subsidiary fixtures and fittings	Total Group
	£	£	£
<b>Cost</b>			
At 1 April 2016	5,946,601	356,609	6,303,210
Additions	572,154	0	572,154
At 31 March 2017	<u>6,518,755</u>	<u>356,609</u>	<u>6,875,364</u>
<b>Depreciation</b>			
At 1 April 2016	4,019,892	279,430	4,299,322
Charge for the year	534,993	58,131	593,124
At 31 March 2017	<u>4,554,885</u>	<u>337,561</u>	<u>4,892,446</u>
<b>Net book value</b>			
At 1 April 2016	<u>1,926,709</u>	<u>77,179</u>	<u>2,003,888</u>
At 31 March 2017	<u><b>1,963,870</b></u>	<u><b>19,048</b></u>	<u><b>1,982,918</b></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 2017**

**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 registered office of the Company is the same as that of the parent on page 1. The whole of the Company's taxable profits are payable under Gift Aid to the Foundation. The Company's results are given below.

**Greenwich Trading Company Ltd**

**Profit & Loss Account for the year ended 31 March 2017**

	2017	2016
	£	£
Turnover excluding Visitor Access Income	1,106,556	952,480
Visitor Access Income	149,206	131,370
<b>Total Turnover</b>	<b>1,255,762</b>	<b>1,083,850</b>
Cost of sales excluding Visitor Access costs	(251,234)	(265,937)
Visitor Access costs	(160,528)	(671,180)
<b>Total Cost of sales</b>	<b>(411,762)</b>	<b>(937,117)</b>
<b>Gross profit</b>	<b>844,000</b>	<b>146,733</b>
Interest receivable	1,914	2,394
Administrative expenses	(6,605)	(5,188)
Reimbursement from The Greenwich Foundation for the Old Royal Naval College	-	521,438
<b>Operating Profit</b>	<b>839,309</b>	<b>665,377</b>
Gift Aid donations to The Greenwich Foundation for the Old Royal Naval College	(891,391)	(716,694)
<b>Retained profit for the year</b>	<b>(52,082)</b>	<b>(51,317)</b>
Retained profit brought forward	53,296	104,613
<b>Retained profit carried forward</b>	<b>1,214</b>	<b>53,296</b>

**Balance Sheet at 31 March 2017**

	2017	2017	2016	2016
	£	£	£	£
<b>Fixed assets</b>				
Tangible assets		19,048		77,179
<b>Current assets</b>				
Stock	61,313		51,667	
Debtors	54,318		102,370	
Cash at bank and in hand	920,965		609,313	
	1,036,596		763,350	
<b>Creditors: amounts falling due within one year</b>	<b>(1,024,428)</b>		<b>(747,231)</b>	
<b>Net current assets</b>		<b>12,168</b>		<b>16,119</b>
<b>Creditors: amounts falling due after more than one year</b>		<b>(30,000)</b>		<b>(40,000)</b>
<b>Net assets</b>		<b>1,216</b>		<b>53,298</b>
<b>Share Capital</b>		<b>2</b>		<b>2</b>
<b>Reserves</b>		<b>1,214</b>		<b>53,296</b>
<b>Shareholders' funds</b>		<b>1,216</b>		<b>53,298</b>

The charity had no related parties in the period other than transactions with its subsidiary company, as detailed above. The inter-company balance at the yearend is disclosed in note 10.

**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.

During the year an additional £200,000 representing endowment funds was invested in the Newton Growth & Income Fund for Charities, taking the total investment in this fund to £862,000.

**The Greenwich Foundation for the Old Royal Naval College (ORNC)**  
**Notes to the Financial Statements for the year ended 31 March 2017**

**9.2 Listed Investments (continued)**

**Newton Real Return Fund**

Market value	31/03/2016	3,747,206
Additions (Dividend accumulation)		95,051
Disposals		-
Net investment gain		(16,958)
Market value	31/03/2017	<u>3,825,299</u>
Historical cost		<u>3,250,000</u>

**Newton Growth & Income Fund**

Market value	31/03/2016	686,195
Additions (Purchases)		200,000
Additions (Dividend accumulation)		17,721
Disposals		-
Net investment gain		97,217
Market value	31/03/2017	<u>1,001,133</u>

<b>Cash</b> - Long-term deposits		1,138,001
'Future Fund' Permanent Endowment		3,950,251
Other long-term cash deposits		<u>5,088,252</u>
		<u><b>9,914,684</b></u>

**10 Debtors: amounts falling due**

	Group 2017 £	Charity 2017 £	Group 2016 £	Charity 2016 £
<b>After more than one year</b>				
Unamortised head lease premium	<u>1,730,001</u>	<u>1,730,001</u>	<u>1,743,333</u>	<u>1,743,333</u>
<b>Within one year</b>				
Tenants and other trade debtors	92,534	45,407	393,913	293,272
Amount owed by subsidiary undertaking	-	903,782	-	680,588
Social security and other taxes	17,521	46,709	-	-
Prepayments, accrued income and other debtors	680,025	672,834	783,204	781,474
Unamortised head lease premium	13,333	13,333	13,334	13,334
	<u><b>803,413</b></u>	<u><b>1,682,065</b></u>	<u><b>1,190,451</b></u>	<u><b>1,768,668</b></u>

**11 Cash at bank and in hand**

	Group 2017 £	Charity 2017 £	Group 2016 £	Charity 2016 £
General accounts	<u>2,771,221</u>	<u>1,850,256</u>	<u>2,873,286</u>	<u>2,263,973</u>

**12 Contractual expenditure commitments**

	2017 £	2016 £
	<u><b>3,622,432</b></u>	<u><b>-</b></u>

Contractual expenditure commitments represent the remaining value on contracts entered into as part of the Painted Hall Project.

**The Greenwich Foundation for the Old Royal Naval College (ORNC)**  
**Notes to the Financial Statements for the year ended 31 March 2017**

**13 Creditors: amounts falling due**

	<b>Group</b>	<b>Charity</b>	<b>Group</b>	<b>Charity</b>
	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Within one year</b>				
Trade creditors	444,035	431,176	532,761	530,476
Social security and other taxes	-	-	382,918	363,952
Deferred income	163,363	102,282	118,012	83,190
Accruals	851,592	834,392	179,542	173,542
Other creditors	109,096	108,778	105,135	100,564
	<b>1,568,086</b>	<b>1,476,628</b>	<b>1,318,368</b>	<b>1,251,724</b>
<b>After more than one year</b>				
Deferred income	4,207,001	4,177,001	4,299,421	4,259,421

**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.

	<b>Group</b>	<b>Charity</b>	<b>Group</b>	<b>Charity</b>
	<b>2017</b>	<b>2017</b>	<b>2016</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
At beginning of the year	4,417,433	4,342,611	3,055,604	3,046,366
Amounts released from previous year	(117,216)	(82,395)	(54,717)	(45,479)
Income deferred in the current period	70,147	19,067	1,416,546	1,341,724
At end of the year	<b>4,370,364</b>	<b>4,279,283</b>	<b>4,417,433</b>	<b>4,342,611</b>

**14 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**

	<b>Conservation and maintenance</b>	<b>Service charges</b>	<b>Group and Charity</b>
	<b>£</b>	<b>£</b>	<b>£</b>
At beginning of the year	695,648	215,021	910,669
Transferred to creditors	(125,427)	-	(125,427)
Amounts paid	(570,221)	(87,028)	(657,249)
Additional liabilities incurred in period	231,310	551	231,861
At end of the year	<b>231,310</b>	<b>128,544</b>	<b>359,854</b>

**15 Operating leases**

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

	<b>Group and Charity</b>	
	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>
In less than one year	1,321,574	1,321,574
Between one and five years	5,262,015	5,276,015
In more than five years	146,804,054	148,111,628

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 2017**

**16 Analysis of Group net assets between Funds**

	<b>Unrestricted General Funds</b>		<b>Restricted Funds</b>		
	<b>Operating</b>	<b>Designated</b>	<b>Other</b>	<b>Endowment</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Intangible assets	-	218,163	-	-	218,163
Tangible assets	-	1,957,315	-	-	1,957,315
Heritage assets	-	25,603	-	-	25,603
Other investments	1,911,250	4,675,127	1,189,172	-	7,775,550
'Future Fund' Permanent Endowment investment	-	-	-	2,139,134	2,139,134
Cash at bank and In hand	2,771,221	-	-	-	2,771,221
Other current assets	2,302,294	-	292,433	-	2,594,727
Current liabilities	(1,286,016)	-	(282,070)	-	(1,568,086)
Long term liabilities	(4,207,001)	-	-	-	(4,207,001)
Provisions	(359,854)	-	-	-	(359,854)
	<u>1,131,895</u>	<u>6,876,208</u>	<u>1,199,535</u>	<u>2,139,134</u>	<u>11,346,772</u>

**17 Fund balances**

	<b>Funds at 1 Apr 2016</b>	<b>Income &amp; investment gains</b>	<b>Transfers between funds</b>	<b>Expenditure &amp; investment losses</b>	<b>Funds at 31 Mar 2017</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Restricted Funds</b>					
Painted Hall Restoration	768,972	1,929,750	(510,426)	(988,761)	1,199,535
	<u>768,972</u>	<u>1,929,750</u>	<u>(510,426)</u>	<u>(988,761)</u>	<u>1,199,535</u>
<b>Endowment Funds</b>					
DCMS/HLF Catalyst Endowment Fund	1,744,143	394,991	-	-	2,139,134
	<u>1,744,143</u>	<u>394,991</u>	<u>-</u>	<u>-</u>	<u>2,139,134</u>
<b>Unrestricted Funds</b>					
Designated Lease Premium: Head Lease	1,756,667	-	-	(13,333)	1,743,334
Designated Lease Premium: Site Leases	510,948	82,395	-	(16,958)	576,385
Designated Painted Hall Restoration	2,355,409	-	-	-	2,355,409
Designated Intangible, Tangible & Heritage Assets	2,245,026	-	573,653	(617,599)	2,201,080
General Operating Fund	1,055,658	4,607,014	(63,227)	(4,467,550)	1,131,895
	<u>7,923,708</u>	<u>4,689,409</u>	<u>510,426</u>	<u>(5,115,440)</u>	<u>8,008,103</u>
	<u>10,436,823</u>	<u>7,014,150</u>	<u>-</u>	<u>(6,104,201)</u>	<u>11,346,772</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 was 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.

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 2 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 2017**

**18 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 as at 31 December 2015. The 2015 valuation revealed a deficit of £236m, based on assets of £1,308m and a funding target of £1,544m, assessed using the following assumptions:

- An investment strategy of:
  - for investments backing liabilities for pensions in payment, an allocation to gilts of 33% from the valuation date until 31 December 2019 and thereafter increasing linearly to 70% by 31 December 2030; and
  - a 100% allocation to return-seeking assets for investments backing liabilities prior to retirement;
- Investment returns equivalent to 2.6% p.a. on gilts and 4.6% p.a. on return-seeking assets;
- RPI inflation of 3.2% p.a. (and pension increases consistent with this);
- Increase in pensionable stipends of 3.2% p.a.;
- Mortality in accordance with 80% of the S2NMA and S2NFA tables, with allowance for improvements in mortality rates in line with the CMI 2015 core projections with a long term annual rate of improvement of 1.5%.

Following the 31 December 2015 valuation, a recovery plan was put in place until 31 December 2025 and the deficit repair contribution rates payable (as a percentage of pensionable stipends) are as set out in the table below. Contributions since 2015 are shown for reference.

% of pensionable stipends	January 2015 to December 2017	January 2018 to December 2025
Deficit repair contributions	14.1%	11.9%

As at December 2014 and December 2015, the deficit repair contributions payable under the recovery plan in force were 14.1% of pensionable stipends until December 2025.

For senior office holders, pensionable stipends are adjusted in the calculations by a multiple, as set out in the Scheme's rules.

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.

	2016	2015
Balance sheet liability at 1 January	28,000	0
Deficit contribution paid	-4,000	-1,000
Interest cost (recognised in SoFA)	1,000	0
Remaining change to the balance sheet liability* (recognised in SoFA)	-2,000	29,000
Balance sheet liability at 31 December	23,000	28,000

\* Comprises change in agreed deficit recovery plan, and change in discount rate and assumptions 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-16	Dec-15	Dec-14
Discount rate	1.5% pa	2.5% pa	2.3% pa
Price inflation	3.1% pa	2.4% pa	2.7% pa
Increase to total pensionable payroll	1.6% pa	0.9% pa	1.2% pa

The legal structure of the scheme is such that if another employer fails, the employer could become responsible for paying a share of that employer's pension liabilities.

**The Greenwich Foundation for the Old Royal Naval College (ORNC)**  
**Notes to the Financial Statements for the year ended 31 March 2017**

**19 Comparative Consolidated Statement of Financial Activities**

For the year ended 31 March 2016

	Unrestricted Funds £	Endowment Funds £	Restricted Funds £	Total 2016 £
<b>Income and endowments from:</b>				
<b>Donations and legacies</b>				
Grant in Aid	1,218,000	-	250,000	1,468,000
Heritage Lottery Fund grant award	-	-	44,875	44,875
Heritage Lottery Fund matched funding	-	454,954	-	454,954
Donations	52,977	454,954	847,223	1,355,154
<b>Charitable activities</b>				
Rent receivable	1,527,129	-	-	1,527,129
Lease Premium	34,682	-	-	34,682
Service Charges	707,372	-	-	707,372
Visitor access	131,370	-	-	131,370
Education / learning	8,464	-	-	8,464
<b>Other trading activities</b>				
Trading operations	954,873	-	-	954,873
<b>Investments</b>				
Deposit interest	30,230	-	-	30,230
Investments	80,898	-	-	80,898
<b>Other income</b>	4,545	-	-	4,545
<b>Total</b>	<b>4,750,540</b>	<b>909,908</b>	<b>1,142,098</b>	<b>6,802,546</b>
<b>Expenditure on:</b>				
<b>Raising funds</b>				
Raising donations and legacies	430,543	-	-	430,543
Other trading activities	474,783	-	-	474,783
<b>Charitable activities</b>				
Site maintenance and running costs	3,788,598	-	452,735	4,241,333
Provision of visitor access	1,205,986	-	10,446	1,216,432
Provision of learning	162,369	-	2,550	164,919
<b>Total</b>	<b>6,062,279</b>	<b>-</b>	<b>465,731</b>	<b>6,528,010</b>
<b>Operating (deficit) / surplus</b>	<b>(1,311,739)</b>	<b>909,908</b>	<b>676,367</b>	<b>274,536</b>
Net (losses) / gains on investments	(50,973)	24,195	-	(26,778)
<b>Net movement in funds and net (expenditure) / income</b>	<b>(1,362,712)</b>	<b>934,103</b>	<b>676,367</b>	<b>247,758</b>
<b>Reconciliation of funds:</b>				
Total funds brought forward	9,286,420	810,040	92,605	10,189,065
<b>Total funds carried forward</b>	<b>7,923,708</b>	<b>1,744,143</b>	<b>768,972</b>	<b>10,436,823</b>

**The Greenwich Foundation for the Old Royal Naval College (ORNC)**  
**Notes to the Financial Statements for the year ended 31 March 2017**

**20 Comparative Analysis of Group net assets between Funds**

as at 31 March 2016

	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>

**21 Comparative Fund balances**

as at 31 March 2016

	Funds at 1 Apr 2015 £	Income & investment gains £	Transfers between funds	Expenditure & investment losses £	Funds at 31 Mar 2016 £
<b>Restricted Funds</b>					
Painted Hall Restoration	92,605	1,142,098	-	(465,731)	768,972
	<u>92,605</u>	<u>1,142,098</u>	<u>-</u>	<u>(465,731)</u>	<u>768,972</u>
<b>Endowment Funds</b>					
DCMS/HLF Catalyst Endowment Fund	810,040	934,103	-	-	1,744,143
	<u>810,040</u>	<u>934,103</u>	<u>-</u>	<u>-</u>	<u>1,744,143</u>
<b>Unrestricted Funds</b>					
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>-</u>	<u>(6,113,252)</u>	<u>7,923,708</u>
	<u>10,189,065</u>	<u>6,826,741</u>	<u>-</u>	<u>(6,578,983)</u>	<u>10,436,823</u>

Fund descriptions are in Note 17.