

**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 2018**

The Greenwich Foundation for the Old Royal Naval College
Trustees' Report
For the year ended 31 March 2018

Date of Incorporation	20th March 1997
Charity Commission Registration	22nd May 1997

President HRH Duke of Gloucester KG GCVO

Trustees	Tony Hales CBE	Chairman
	Rear-Admiral Brian Perowne CB	Senior Trustee
	Dr Rupert Evenett FCA	Treasurer
	John Barnes	
	Andrew Clark	
	Jamaria Kong	
	Rosemarie Macqueen MBE	
	Peter Shanks	
	Desmond Shawe-Taylor	
	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 Angela McConville (from 30 October 2017)
Brendan McCarthy (to 30 September 2017)

Management team	Xanthe Arvanitakis	Interim Director of Marketing and Commercial Enterprises
	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
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London
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Solicitors Farrer & Co
66 Lincoln's Inn Fields
London
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Auditor Crowe U.K. LLP
St Bride's House
10 Salisbury Square
London
EC4Y 8EH

Bankers	The Royal Bank of Scotland plc	Bank of Scotland plc
	London Drummonds Branch	33 Old Broad Street
	49 Charing Cross	London
	SW1A 2DX	BX2 1LB

Surveyors	Huntley Cartwright	Gerald Eve
	Victoria House	7 Vere Street
	Harestone Valley Road	London
	Caterham	W1G 0JB
	CR3 6HY	

Surveyor of the Fabric	Martin Ashley	Dipl. Arch, RIBA
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The Trustees' Annual Report

The Trustees present their report and financial statements for the year ended 31 March 2018.

1. Introduction from the Chairman and the Chief Executive

Tony Hales, Chairman of Trustees

The Foundation cares for the greatest ensemble of baroque buildings and landscape in the UK and welcomes over one million visitors and students to the site every year. Forming the centrepiece of the UNESCO World Heritage Site - its iconic river view immortalised by the painter Canaletto – the site today is a glorious showcase of architecture, art, history and education. Humphrey Duke of Gloucester, Lord Protector, built the first Royal Palace over 500 years ago and this was later the site of Henry VIII's favourite Palace of Placentia, where he and his daughters the future Queens Elizabeth and Mary were both born. We are delighted that the royal link continues to this day through our active President HRH Richard, the Duke of Gloucester.

In our work this year we discovered an important part of the remains of the old palace and these are in the process of being conserved so they can be displayed and interpreted to future generations. This required great work by our conservation team and further fundraising.

The jewel in our architectural crown, designed by Sir Christopher Wren, is the Painted Hall, with its extraordinary 44,000 sq ft of painted ceiling, the work of 20 years by painter Sir James Thornhill. The Painted Hall was built 300 years ago as the special dining room for retired sailors, when the site served as "The Royal Hospital for Seamen", and where Admiral Lord Nelson lay in state before his funeral at St Paul's Cathedral. Later the Painted Hall was the dining room for officers in what became the Royal Naval College. Throughout the year our conservation team have worked inch by inch to clean and conserve the ceiling and to restore the beautiful undercroft to its former glory. This £8.5 million project has only been possible through the support of our donors led by the Heritage Lottery Fund. We have also been consistently supported by the Department of Digital, Culture Media and Sport. On behalf of the Trustees, enormous thanks are due to all those who have helped.

During the year, we also welcomed over 43,000 people to climb the scaffolding to our ceiling deck and see both the art and the conservation work close up. We involve many volunteers in our work, not least the volunteer guides who bring the whole visitor experience to life for those thousands of young and curious people, who marvel at the art and the stories behind the characters. The theme of the painting "The Triumph of Peace and Liberty over Tyranny and Arbitrary Rule," remains as resonant today as it was those 300 years ago.

I would particularly like to thank all our supporters who have given time and money to make this project such a huge success. We are truly grateful to all of you. As we go forward we, like many great historical sites, remain dependant on the support of both the public and the government to maintain the structures in a way that welcomes, entertains and educates future generations.

This year Brendan McCarthy retired as Chief Executive of the Foundation after six years in post. Brendan started the Painted Hall project and made a great contribution in his time with us, for which we thank him most sincerely. We welcomed Angela McConville as our new Chief Executive in October and she has energetically and passionately engaged with the different stakeholders to first learn and then develop, with the Executive team, her own ideas to take the Foundation forward in its next phase of ambitious development.

Finally let me conclude with thanks to our team and the community of supporters who make this such a great place. The vibrant atmosphere is drawn from many people including the students of University of Greenwich and Trinity Laban, the Chapel community and brilliant choir, our sea cadets, our commercial partners, our loyal and dedicated staff and hard-working volunteers and our generous donors. Thank you all.

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Angela McConville, Chief Executive

It is with great pride that I joined the Greenwich Foundation for the Old Royal Naval College in the autumn of 2017 as the new Chief Executive, in what has been an extraordinary year of conservation excellence and public engagement. The Old Royal Naval College is an architectural masterpiece, one of the world's greatest heritage sites and a living centre of cultural learning and innovation. It is a place like no other, a vibrant campus with a rich royal and naval history. The story of Greenwich starts here. It is a great privilege to have the unique job of protecting and nurturing this place of awe and wonder and I am looking forward to working with my colleagues on that very challenge.

This annual report sets out the many significant and varied achievements of the Old Royal Naval College in 2017/18. It's a year in which we have made excellent progress on our signature conservation project, the Painted Hall Project, and a year in which our efforts to engage with the public and draw new and diverse audiences has seen huge, award-winning success.

During the year we recorded 1.2 million visits to this iconic site, despite the closure of the Painted Hall. We welcomed more than 43,000 people onto the incredible conservation viewing deck to see and interact with the conservators at work on the ceiling and more than 2,000 school children engaged on our Painted Hall ceiling experience.

Highlights from the year include: a significant architectural discovery, in the King William Undercroft, - where we found part of the original Tudor palace including a cellar containing bee 'boles'; a co-curated exhibition, as part of the London WRNS 100, celebrating Untold Stories: The Women's Royal Naval Service at Greenwich which attracted record audiences and elevated our exhibitions work to new levels; welcoming almost 3,500 people to special Christmas services and concerts within our Chapel; realising another record-breaking year of Greenwich Music Time where 35,000 people joined us for a series of outdoor summer music concerts on the river and welcoming the terrific Greenwich & Docklands International Festival as our newest site tenant. Our iconic site continued to feature strongly in film and TV this year, most notably as the setting for Buckingham Palace in Netflix's hugely successful The Crown.

The Old Royal Naval College really is a place like no other. It is a living maritime campus – home to continuing education, entertainment, collaboration and spectacle. I have enjoyed greatly the opportunity to get to know our principle on site partners, the University of Greenwich and Trinity Laban, whose mission and work here offer many creative and educational opportunities and connections. Alongside the Chapel Choir, the sea cadets, the Old Brewery and other many other partners we work with every day, the site is alive with music, performance, fun and learning. I'm looking forward to working closely with these partners into the future as we continue to build our vision for an extraordinary cultural destination.

A huge thank you for the very warm welcome you've given me. It has been a great pleasure to meet the wonderful and warm community of staff, volunteers, trustees, supporters and patrons the Foundation enjoys. The local Greenwich community have been particularly warm and generous. I've valued greatly the conversations, insights, stories and aspirations that many of you have of and for this site and I take those forwards with care and sensitivity as we build our new future plans.

I'm really excited about the future of this special place. Next year will offer a once in a lifetime opportunity to launch the newly conserved Painted Hall back to the public, to engage visitors in new and exciting ways and to enrich and uplift the overall visitor experience in ways that are befitting the grandeur and rich history of the place. I look forward to working with you in realising this ambition.

2. Vision

At the Old Royal Naval College, Greenwich we are embarking on our most ambitious transformation to become an extraordinary cultural destination.

.....inspiring local pride and world-wide acclaim...

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.....a place which creates rich and memorable cultural experiences...

We will secure our future through four pillars: exploration | spectacle | stewardship | independence.

Exploration

Engage visitors via an exceptional site-wide historic, architectural and spiritual experience

Spectacle

Inspire the public via a stimulating artistic programme

Stewardship

Conserve the fabric of our breath-taking buildings, grounds and archaeology

Independence

Grow a cultural business which secures our sustainable future

The Old Royal Naval College is a national asset. 17 acres of public space attracting over 1.2 million visitors per year.

We are an architectural masterpiece. Our buildings were created as The Royal Hospital for Seamen at Greenwich on the instruction of Queen Mary II and later became the Royal Naval College from 1873 to 1998. We are considered to be Sir Christopher Wren's riverside Baroque masterpiece and home to Britain's greatest painted interior. Our site, buildings and grounds are of historical, architectural and artistic importance and are recognised as such through their World Heritage Site and Scheduled Ancient Monument designation.

We are the start of Greenwich's royal story. Greenwich has long held an important significance for the monarchy. Beneath the site of the Old Royal Naval College are the foundations of one of the largest and most important Tudor palaces in England. A vast palace complex, Greenwich Palace was arguably the main Royal palace throughout the Tudor period. Henry VIII, Elizabeth I and Mary I were all born here; Henry enjoyed jousting here and his wife, Anne Boleyn, was famously arrested here; even Shakespeare performed here as an actor to Elizabeth I.

We are also the place where some of the greatest creative geniuses of their day, Sir Christopher Wren, Sir James Thornhill and even Canaletto came to display their extraordinary talent; today it attracts some of the world's greatest film makers including Sir Kenneth Branagh and Gerry Bruckheimer.

The Old Royal Naval College today is a diverse, cultural space at the heart of Royal Greenwich. We are a heritage attraction, a place of worship, learning space, retailer, concert venue, film set, picnic venue, entertainment space, conference host, wedding venue and performance space. We host hugely popular cultural events like Greenwich Music Time and the Greenwich+Docklands International Festival.

We are a space for local people and tourists from the UK and worldwide. Our offer covers the daytime and night time economy. Our engagement programme ensures that visitors enjoy and have memorable experiences here and includes tours, talks, 'Late' events, recitals, concerts, family activities and trails, debates, festivals and markets. Our maritime campus welcomes more than 10,000 students from our principal site partners, University of Greenwich and Trinity Laban (the UK's first conservatoire of music and dance).

3. Our history

The Greenwich Foundation for the Old Royal Naval College was established in 1997 as a charity to conserve the magnificent Baroque buildings and grounds for present and future generations and to provide opportunities for wide and diverse audiences to enjoy its significance. We are constitutionally independent of government but financially dependent for part of our core income on grant-in-aid from the Department for Digital, Culture, Media and Sport (DCMS). Since the Ministry of Defence vacated

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the site in the mid-1990s the 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 previously hidden heritage assets have been opened to the public.

4. Our work

EXPLORATION

Engage visitors via a site-wide historic, architectural and spiritual experience

We aspire to be an award-winning visitor attraction inspiring local pride and world-wide acclaim. We will make our estate a must-visit London attraction. We will deepen the quality of our offer to deliver an experience our visitors talk about long after their visit.

We will:

- reveal the richness of our stories to create a world class visitor and learning experience
- inspire dialogue, debate and thought leadership in the areas of culture, history and heritage
- secure local, regional, national and international recognition for the quality of our visitor offer

Review of the year

Our reach

Our site continues to be one of London's top visitor attractions attracting over 1.2 million visitors in the past year. Despite one of our key heritage assets, the Painted Hall, being closed to general public admission and impacting on our visitor numbers in recent years, we continue to compete as a leading London visitor attraction. The reopening of the Painted Hall in the next financial year is a significant opportunity and we have high expectations of drawing new audiences from early 2019. In the meantime we will continue to pay close attention to the wider factors affecting visitor numbers to our site and wider Greenwich – including security considerations, austerity, regional competition and Brexit – and redouble our efforts to position ourselves as a vibrant visitor destination.

The strength of our visitor offer and its impact locally was recognised in January 2018. We were delighted to win the Best of Royal Greenwich Business award for Tourism and Culture in recognition of the vital role we play as a cultural organisation in providing sustainable growth in Greenwich.

Visitor offer

This year we broadened our visitor offering, launching Painted Hall Ceiling Tours on 1 April 2017 – members of the public climbed our scaffolding, getting closer to the Painted Ceiling than ever before possible and watching conservators work, first-hand. This has been an extraordinary visitor experience, a unique approach to open conservation. In the course of the year 43,155 people took part in the tours led by our trained volunteers and staff. Evaluation shows a consistently high standard of visitor experience: visitors are thrilled about the once-in-a-lifetime experience and commend our tour guides on their knowledge, delivery and passion.

Exhibitions & Engagement

Two exhibitions were displayed in the Painted Hall during 2017-18 involving young people aged 18-25, showcasing our commitment to access and inclusion. The first exhibition was produced in partnership with students and tutors at Lewisham Southwark College on the Decorating Course, levels 1 & 2. The students worked with professional artist John Brinklow to learn about the trompe l'oeil and marbling techniques used by Sir James Thornhill in the 18th century. The experience gave the students an opportunity to work with a professional decorative artist, and for them to find out more about their chosen career.

The second exhibition was in collaboration with ESOL (English for Speakers of Other Languages) students from Lewisham Southwark College. The project gave the students opportunities to take part

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in a collaborative project with other ESOL students. They worked with a professional artist, Michelle Butcher, to learn about the Old Royal Naval College, British history and discover how the stories of the Painted Hall had connections with their own lives. For some, this was their first opportunity to take part in an art project.

We also continue to host the Greenwich Sea Cadets within the Old Royal Naval College site, and help them to give local young people an adventure and new opportunities for learning; chances to explore new activities and learn new skills.

In July 2017, in our Visitor Centre, we opened an exhibition celebrating the national centenary celebration of the WRNS – *Untold Stories: The Women's Royal Naval Service at Greenwich*. The exhibition was researched and co-curated by former Wrens, members of our interpretation team and volunteers from the University of the Third Age. The exhibition introduced a step change in the quality and content of exhibitions in the Visitor Centre gallery and was on display for seven months. From the reaction of visitors, our team consider this to be the best received exhibition we have ever offered in the gallery.

The Chapel of St Peter and St Paul continues as a place of worship offering choral services of the highest standard on Sundays and Mondays and a simple said service on Wednesday lunchtimes. The Chapel is the spiritual heart of the site offering a quiet space for reflection and pastoral care much appreciated by staff, students and visitors. Our regular congregations bring together those who live locally, regulars from further afield, students, and local and international visitors, all are welcome. Notably in July 2017 we hosted a service for 300 serving and retired WRNS at the heart of the London WRNS 100 celebrations and gave a live broadcast of Choral Evensong for BBC Radio Three in November.

The Chapel is a venue for graduations and prize givings; concerts and recitals. The Trinity Laban recitals each Tuesday and Friday lunchtime are free and open to all. This year the Chaplaincy has built on our partnership with the local NHS trust to host what has become an annual event for families whose children have died; all are welcome, faiths or none. Over the busy December and Christmas period the Chapel welcomed just short of 3,500 people to special services and concerts.

Increasing access

To help us develop audience-led visit resources, our team worked with expert participants on our 'sounding boards' - panels of people with knowledge and experience of working and living with ESOL (English for Speakers of Other Languages) students, physical disabilities including sight loss and hearing loss and people with Special Educational Needs & Disabilities (SEND). The volunteer access panel, originally convened solely for the Painted Hall project, have all agreed to continue working with us while we broaden our accessibility work across the site.

For the first time this year we hosted a Citizenship Ceremony for Greenwich residents. We worked closely with the Royal Borough of Greenwich to create an experience for those involved which commemorated this important moment in their lives. We valued building this connection between our site and our surrounding community and we look forward to hosting further ceremonies next year.

Sharing & building expertise

In the Autumn of 2017 the Old Royal Naval College launched a series of talks and debates under the title 'Conservation Live!'. The programme's content included debates on the 'boldness' of our conservation approach and expert talks on baroque art.

As part of the Painted Hall project we took on two paid interns, two conservation interns with Paine & Stewart, our conservators, and two construction management trainees, the latter in partnership with our main contractor Coniston Ltd and who have had their positions extended whilst they finish their studies. The interns were in Volunteer Management and Marketing. All made an enormous difference to our work and completed 'learning journals' which charted their progression.

Our impact

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- 1,229,088 visitors to the site this year
- 43,155 Ceiling Tour tickets sold
- 70% more visits to our website in this year
- Building Crafts College students spent 52 days responding to our brief for a new stone model, inspired by the Painted Hall
- 2,020 school children took part in the Painted Hall Ceiling experience
- 450 people took part in 'Late' events, targeted at the 18-25 age group
- Volunteers gave 2,014 days in the Painted Hall
- 56 staff and volunteers took part in access awareness training
- 20 local residents were awarded their British citizenship in the Chapel

Looking ahead

The reopening of the Painted Hall in early 2019 is an exciting opportunity for us to transform our visitor offer into a rich, site-wide experience. We will broaden and deepen the visitor experience, creating innovative ways to build greater engagement with our story, culture and heritage. Visitors will be able to take a ticketed site-wide guided tour which includes admission to the newly conserved Painted Hall as well as behind the scenes access to hidden assets on site.

SPECTACLE

Inspire the public via a spectacular, artistic programme

We want this architectural work of art to be a vibrant space full of things to do and experience. We will be known for spectacular artistic events that draw in audiences seeking culture and creativity in their lives. We want to offer accessible culture which connects our site to its surrounding communities.

We will:

- showcase the best of popular and contemporary artistic culture and talent to attract new and diverse audiences
- connect the estate and all it offers into a coherent and accessible attraction both physically and digitally
- build a creative network and programme which reaches into our surrounding communities

Review of the year

The highlight of 2017-18 was the buzzing Greenwich Music Time Festival: 35,000 people enjoyed live music performed on an historic World Heritage Site stage. Headliners included Michael Ball & Alfie Boe, Cliff Richard, The Jacksons and Little Mix attracting a diverse audience to enjoy our grounds. The audience for Greenwich Music Time is predominantly from the local area and surrounding regions and comprises many first-time visitors to the site who would not otherwise experience the architecture or heritage here.

The Old Royal Naval College played a key part in the Royal Borough of Greenwich's Tall Ships Festival last April. Over 30 large Class A and Class B tall ships gathered on the Thames alongside our site and attracted over 50,000 visitors.

Summer 2017 saw us host Greenwich+Docklands International Festival: London's biggest free outdoor festival of the arts. As well as hosting the main marquee, a number of unique, inspirational acts performed across our site including Deaf Men Dancing, Strollercoaster and Sur Mesure (a fusion between Circus Artists and Musicians).

For the first time, in December 2017, the Old Royal Naval College held a Greenwich Wintertime Festival. The 'winter wonderland' comprised a Christmas Fair with gifts, food and drinks for all the family, an ice rink, silent disco and an appearance by Father Christmas.

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We welcomed Rob Pointon as our artist in residence at various times during the year. Rob recorded scenes of the Painted Hall from unique positions during the conservation project and his work has since been exhibited in the Visitor Centre.

London Marathon organisers launched their first London half marathon, 'The Big Half' in March 2018. This was a hugely popular event set immediately before the world-famous London marathon but with a distinct focus on local communities and local charities. 15,000 runners crossed the finish line in Maritime Greenwich and collected their medals on our lawns as well as drawing thousands of spectators on and around our site throughout the day.

Our impact

- 35,000 ticket holders took their seats for our Greenwich Music Time Festival
- 16,000 skaters took to the ice at Greenwich Winter Time
- 15,000 Big Half Marathon runners collected their medals on site
- 32,000 visitors to the Greenwich+Docklands International Festival

Looking ahead

Next year, as well as continuing these events we will grow our annual artistic programme to enhance our cultural offering and drive repeat visitors to our site. We will do this by building a creative network, including partnering on additional artistic events with our newest tenant and site partner, Greenwich+Docklands International Festival.

STEWARDSHIP

Conserve the fabric of our buildings, grounds and archeology

Our historic site will be protected for the public's enjoyment. The power of our unique estate will feed inspiration and understanding about the arts, culture, architecture and heritage. We will safeguard a future as rich and intense as our legacy.

We will:

- maintain and enrich our unique estate to the highest standard for the benefit of future generations
- unlock hidden assets and bring them to life for the public enjoyment and commercial benefit
- be a valued estate manager and landlord for our on-site partners

Review of the year

The main focus of our conservation work has been the ongoing Painted Hall project, due for completion in 2019. Work on the cleaning and conservation of Thornhill's great decorative scheme has proceeded well, with the completion of the Vestibule and a majority of the wall paintings during 2017-18. Work on the Lower Hall ceiling began in August 2017 and is on programme for completion September 2018 after which the public access scaffolding will be closed and dismantled. The methodology for the conservation work, developed through a detailed process of analysis and trial, has delivered excellent results, with clarity and colour returning to the composition and the whitening (or blanching) on the surface removed or dramatically reduced.

Meanwhile the King William Undercroft beneath the Painted Hall has been transformed, with modern partitions removed and a York stone floor laid throughout. In the course of these works, the remains of two substantial and important rooms from Henry VIII's Greenwich Palace were discovered beneath the floor, including a cellar containing bee 'boles' – brick niches for the storage of bee hives during the winter months. These Tudor Remains have been consolidated and opened up with the intention of putting them on permanent display within the new Painted Hall interpretation gallery, where they would be the only visible remnants of the Tudor palace on display anywhere on site.

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Although the Painted Hall project has been the priority, our planned site-wide conservation and maintenance programme (PPCM) has continued, with repair works to the paving in the King William colonnades, the first phase of repairs to light-wells in Upper Grand Square and the commencement of conservation works to the stonework on the southern section of the Queen Mary Colonnade. Elsewhere, crucial cyclical maintenance, including painting, to joinery (including windows and doors) and railings across the estate has continued, ensuring the buildings and physical infrastructure is in excellent condition going forward. A site-wide drainage survey was completed this year, giving us a detailed picture of the condition of servicing infrastructure below ground and allowing us to allocate resources efficiently going forward. The Estates team has also completed an Asbestos Management Plan, developed from our Asbestos Register, which will inform future projects, particularly proposed works to the roof of the Queen Anne block.

Our impact

- Over 43,000 people have ascended the scaffolding as part of our public and educational ceiling tours in the Painted Hall (including 43,155 people as part of paid tours).
- 25,000 sq ft of Thornhill's painting cleaned and conserved
- 600 stone paving slabs laid in King William Undercroft
- 500 years of history and two Tudor rooms revealed during excavation work
- 400 litres of water used in the conservation of the Paintings
- 2,000 conservation swabs used on the Lower Hall ceiling
- 20 miles of sewers surveyed across the estate
- 20 applications for Scheduled Monument Consent submitted to Historic England
- 20 years since the inscription of Maritime Greenwich on the UNESCO World Heritage List

Looking ahead

The successful completion and reopening of the Painted Hall will be the priority for the main part of next year. This has been a hugely complex project, involving diverse professional teams and drawing in staff and volunteers from all sides of the organisation and it is important that the quality of both the works and the public engagement activities is sustained during this last phase which includes the final development and installation of the interpretative elements.

The site-wide conservation programme will be gearing up again with major works programmed including stone repairs to the King William colonnade. All works will be managed and procured under a new system, with the Foundation retaining a Clerk of Works / stonemason for smaller jobs and reactive repairs, and tendering for larger projects. The intention is to improve efficiency and flexibility and ensuring the successful running of this new system will be a priority for the conservation department. Establishing and securing the smooth running of this new system is another priority

INDEPENDENCE

Grow a cultural business which secures our sustainable future

We are committed to becoming self-sustaining. Our public grant remains vital but to grow we will enhance that funding through commercial activities, grants and fundraising. We will implement a business model which enables us to do more, reach wider audiences and increase our impact.

We will:

- integrate commercial opportunities into all aspects of our work
- cultivate new and existing valued partnerships which support our sustainability
- build an organisation with the capability and capacity to deliver our ambition

Review of the year

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While our grant-in-aid from the Department of Digital, Culture, Media and Sport (DCMS) remains essential to support the Old Royal Naval College's core objectives, the organisation also needs increasingly to raise funds from wider enterprise and philanthropy to continually invest and enhance our offering.

Building commercial expertise

In 2017-18 we appointed an (interim) Director of Marketing and Commercial Enterprises to continue to build our commercial expertise within and across the organisation. We have begun to diversify our income streams to drive our sustainability and broaden our reach. Our innovative open conservation approach to the Painted Hall via ticketed Ceiling Tours generated new funds for the organisation. Alongside this unique visitor experience we continued to develop our commercial events, strengthen our retail offer and cultivate venue and film location hire.

Income from visitors and events

Our Painted Hall Ceiling Tours have consistently delivered the highest quality visitor offer generating £438,000 income. Despite the slightly reduced visitor numbers overall, our shop did exceptionally well achieving its £247,000 target through increased average transaction value.

Our income from Events grew significantly in the year, exceeding target, achieving £320,000. This was through existing and new partnerships, including Amber Markets, Cruise Ships, Greenwich Music Time, Greenwich International and Docklands Festival and Greenwich Winter Time. We have worked closely with CH&Co (formerly known as Ampersand), our catering partner, to support their marketing for the Painted Hall's reopening in early 2019. CH&Co continue to actively market Admiral's House as a wedding and corporate venue.

Despite the Painted Hall being closed for filming this year, filming projects across the wider site, including being presented as Buckingham Palace as part of Netflix's highly popular series, The Crown, generated £113,000 of income.

Philanthropy

The main campaign for philanthropic support this year continued to be our £8.5m Heritage Lottery Fund supported Painted Hall Conservation Project including its associated interpretation, learning and engagement activities. Our fundraising for the project continues to be on time with all work underway fully funded – in total over £7.5m has been raised to date. In addition we committed to securing £330,000 required to enable us to display the exciting Tudor archaeology discovered beneath the King William Undercroft as well as getting started on the £250,000 for the installation of a lift to improve the accessibility of the Chapel.

In what was a successful campaign year we raised in total £852,583. Our Painted Hall support included grants towards some of our traineeships and funding for our Research Curator post.

In the United States, the *American Friends of the Old Royal Naval College (AFORNC)*, an independent 501(c)3 charity, continues to assist fundraising for the Painted Hall Project. The AFORNC Board has been strengthened by the addition of three new Trustees as well as two Advisory Council Members. This year they received the first \$100,000+ donation which will enable the donor to be the first American supporter listed amongst our lead donors on the vestibule wall.

We have also worked closely with the public engagement team to promote the *Sponsor a Square Foot* campaign (£75) with our visitors, following their ceiling tours.

Looking ahead

Our focus for 2018/19 is to harness and grow our sales and marketing activity to increase our visitor numbers. A key element of this will be making the most of the last six months of the Painted Hall Ceiling Tours and preparing for the new visitor offer launching in early 2019.

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We are also developing product for our new shop within the newly conserved King William Undercroft, the offer for our new café and promoting our weddings and corporate hire business in preparation for the re-opening of the Painted Hall in 2019. The quality of the interpretation and the extraordinary Painted Ceiling provides us with an array of stories and images we can use to inform our new shop products and wider visitor offer.

5. Governance

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.

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.

Our structure

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.

The Board of Trustees

The Board of Trustees has overall responsibility for the management of the Greenwich Foundation for the Old Royal Naval College, ensuring an appropriate strategy, policies, control environment, management of risk and regular performance assessment. The Board currently has 10 Trustees (the articles permit 3-11).

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 DCMS is advised of prospective appointments and given the opportunity to comment.

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

The Board appoints the Chair, Senior Trustee, Treasurer, Chief Executive and Company Secretary. The Board met 4 times last year with an additional Strategy Day.

The Board reviews its own performance annually based on a survey of all Board members and the Senior Trustee conducts a review of the Chair, having discussed his performance with the other Trustees. Trustees are not remunerated but can claim necessary out of pocket expenses incurred on behalf of the charity.

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Trustees' Report
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The Board has had three principle committees in the year. These are the Audit and Finance Committee, which also incorporates the Remuneration Committee, the Nomination Committee, and the Painted Hall Project Committee. These committees have certain delegated authorities but are all responsible to the Trustee Board.

The Audit and Finance Committee is Chaired by the Treasurer, Rupert Evenett and includes Tony Hales, Jamaria Kong and Sue Wilkinson. The Committee meets quarterly and reviews the 5 year plan, annual budget, risk register, audit plan and audit reports, and financial performance against budget. It recommends the appointment of auditors, investment managers and other financial advisors to the Board and authorises their fees. The Committee also recommends the remuneration policy to the Board and reviews individual executive remuneration at least annually making recommendations to the Board on any changes.

The Nomination Committee is Chaired by Tony Hales, and includes John Barnes, Rupert Evenett, Brian Perowne and Sue Wilkinson. The Committee meets at least annually but more frequently as required and reviews the experiences and capabilities required to achieve the objects of the charity, taking into account the need for and value of diversity. The Committee manages the recruitment process normally advertising vacancies openly and appointing search consultants, if felt appropriate, to the point of making recommendations on appointments to the Board. All Trustee appointments are subject to Trustee Board approval. During the year, the Committee recommended the appointment of Vice Admiral Sir Adrian Johns to the Board of Trustees. On the retirement of the previous Chief Executive, the Committee appointed Odgers as search consultants and after a full and open recruitment process recommended Angela McConville for appointment as Chief Executive.

The Painted Hall Committee is Chaired by John Barnes, and includes Andrew Clark, Rupert Evenett, and Tony Hales. It monitors and supports management in progressing process, quality and financial control of this most significant project and has a limited financial authority delegated by the Board.

During the year the Board have held major reviews of Health and Safety, Safeguarding Vulnerable People, and GDPR. Policy on these matters is not delegated and Jamaria Kong has special responsibility on the Board for Safeguarding.

The Trustees appoint the Chief Executive and delegate the operational running of the organisation to her within delegated limits approved by the Trustee Board. The delegated authorities are reviewed annually. The Chief Executive is supported by a small executive team who normally attend Board meetings. The Board does also meet on occasion without the executives present.

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.

The Old Royal Naval College operates with a staff of **55** full time equivalent employees (2017: 56 employees) and **154** (2017: 131) volunteers.

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 their direct reports, as well as the overall reward structure and policy.

The Remuneration Policy was reviewed and updated during year, with external advice being taken. The Remuneration Committee reviewed and approved the updated policy. As part of the review of the Remuneration Policy, the committee examined the gender pay gap within the organisation. Although the Old Royal Naval College is below the size at which it is required to formally report the findings, the report found that average mean pay was marginally in favour of women. This was due to

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the number of women in more senior managerial positions, and the Remuneration Committee was satisfied that it did not reveal any concerns over the way in which pay is set between genders.

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.

Fundraising

We have a number of active programmes to encourage individuals and organisations to support the work of the Old Royal Naval College, and the Trustees gratefully acknowledge the financial support given to the Charity by so many generous donors. We use a range of fundraising approaches, which range from encouraging visitors to *Sponsor a Square Foot* after having been on a Ceiling Tour, to inviting philanthropists to cultivation events, as well as applications to a variety of Trusts and Foundations.

We always aim to achieve best practice in the way we communicate with and support our donors. We do not undertake any direct mailing campaigns, and take great care with our communications over e-mail and other forms to ensure that undue pressure is not placed on individuals or any vulnerable people for financial support.

The Charity is registered with the Fundraising Regulator and adheres to the Code of Fundraising Practice. We apply best practice to protect our supporters' data; we never swap or sell data, and ensure that communication preferences can be changed at any time.

We occasionally taking advice from external professional fundraisers. We work with an independent American charity, *American Friends of the Old Royal Naval College*, which is incorporated s. a 501(c)3 in the United States, to fundraise on our behalf, and we closely monitor and advise on their activities to make sure that they adhere to our standards.

We take seriously the need to achieve the highest standards in our approach to fundraising and we are not aware of any failure by the Charity, or firms which support us, to comply with fundraising standards.

The Charity sets high standards about how we communicate with current and potential donors. In 2017/18 the Charity did not receive any complaints in respect of fundraising activities.

Sustainability

While our grant-in-aid from the Department of Digital, Culture, Media and Sport (DCMS) remains essential to support the Old Royal Naval College's core objectives, the organisation also needs increasingly to raise funds from wider enterprise and philanthropy to continually invest and enhance our offering.

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 the Royal Borough of Greenwich.

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 fell by 2.3% during the year.

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An additional £100,000 of funds raised for the endowment (the Old Royal Naval College Future Fund) were invested in the Newton Growth and Income Fund for Charities. The total value of the fund grew by 3.3% during the year. A further £700,000 of endowment funds were invested in the M&G Charifund during the year. The value of the fund fell by 2.4% during the year.

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

6. 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 £525,445 (2017: £909,949). Of this, a deficit relating to unrestricted funds amounted to £1,774,788 with a consolidated deficit of £1,249,333 representing decreases in endowment and restricted funds.

The operating profit from our commercial activities through the trading subsidiary amounted to £340,111 (2017: £839,309).

Our resource Grant in Aid income fell by £72,000 and further reductions over the next 2 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 charging for a site-wide experience, a new café and retail areas. Investment returns from the Catalyst Endowment Fund in future years will help to further diversify revenue streams and ensure the long-term financial stability of the Old Royal Naval College.

7. 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. Teams responsible for both philanthropic / charitable income, and commercial income are in place and performing well.

- A continual reduction in grant in aid from DCMS

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

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Painted Hall project and unlocking site assets for commercial benefit have been included as key objectives for our future business model.

8. 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 Restricted Painted Hall Restoration Fund This fund was created by donations and grants received in relation to the Development and Delivery Phases of the Painted Hall Project. Transfers out of this fund represent the capital element of works to the Painted Hall.

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.

Income generated from investments held within the Endowment Fund is held in a separate **Designated DCMS/HLF Catalyst Fund** and £21,108 of investment income in previous years has been transferred from the Endowment Fund to the Designated Fund.

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 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. Transfers out of this fund represent the capital element of works to the Painted Hall as well as the release of £675,000 to the General Operating Fund.

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 transfers into these funds represent additions during the year.

The General Operating Fund includes the trading activities of the Greenwich Trading Company Limited: its operating profit for the financial year amounted to £340,111 (2017: £839,309), and a cumulative reserve of £341,325 at 31 March 2018 (2017: £1,214). 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 which stands at £1,698,162 (2017: £1,131,895). This level of reserves is forecast to fall during the final year due to the

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conservation work in the Painted Hall, which was planned as part of the budgeting for the project. This reduction will leave the Old Royal Naval College with sufficient funds to meet the reserves policy target of £500,000. The level of reserves is forecast to increase on the re-opening of the Painted Hall in 2019, when commercial activities in the Painted Hall resume.

9. Auditor

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

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.

10. Statement of Trustees' Responsibilities

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

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

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

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

The Trustees Report incorporating a Strategic Report was approved on 5 July 2018 and signed on their behalf by:



Tony Hales CBE
Chairman

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

Opinion

We have audited the financial statements of The Greenwich Foundation for the Old Royal Naval College for the year ended 31 March 2018 which comprise the Consolidated Statement of Financial Activities (incorporating an Income and Expenditure Account), the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. 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 charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 2018 and of the group's 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The trustees are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters 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 trustees' report, which includes the directors' report and the strategic report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report included within the trustees' 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 the charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report included within the trustees' report.

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

- the parent company has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent 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.

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

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement set out on page 18, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the group's or the charitable company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charitable company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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



Tim Redwood

Senior Statutory Auditor

For and on behalf of

Crowe U.K. LLP

Statutory Auditor

London

8 October 2018

Consolidated Statement of Financial Activities For the year ended 31 March 2018

	Note	Unrestricted Funds £	Endowment Funds £	Restricted Funds £	Total 2018 £	Total 2017 £
Income and endowments from:						
Donations and legacies						
Grant in Aid		968,000	-	-	968,000	1,290,000
Heritage Lottery Fund grant award		0	-	1,252,436	1,252,436	494,532
Heritage Lottery Fund matched funding		0	-	-	-	140,845
Donations		73,476	-	779,107	852,583	1,389,024
Charitable activities						
Rent receivable		1,519,127	-	-	1,519,127	1,445,852
Lease Premium		82,395	-	-	82,395	82,395
Service Charges		498,766	-	-	498,766	664,105
Visitor access including Ceiling Tours		737,002	-	-	737,002	149,207
Education / learning		8,768	-	-	8,768	2,961
Other trading activities						
Trading operations		372,961	-	-	372,961	1,108,470
Investments						
Deposit interest		27,311	-	-	27,311	34,661
Investments		134,080	-	-	134,080	95,051
Other income		28,725	-	-	28,725	2,108
Total		4,450,611	-	2,031,543	6,482,154	6,899,211
Expenditure on:						
Raising funds						
Raising donations and legacies	4	375,416	-	-	375,416	425,711
Other trading activities		493,908	-	-	493,908	511,598
Charitable activities						
Site maintenance and running costs	4	2,512,632	-	692,577	3,205,209	3,547,012
Provision of visitor access	4	1,410,517	-	109,076	1,519,593	1,420,969
Provision of learning activities	4	159,399	-	-	159,399	181,953
Total		4,951,872	-	801,653	5,753,525	6,087,243
Operating (deficit) / surplus		(501,261)	-	1,229,890	728,629	811,968
Net (losses) / gains on investments	9.2	(174,494)	(28,690)	-	(203,184)	97,981
Net income		(675,755)	(28,690)	1,229,890	525,445	909,949
Transfers between funds		2,450,533	(21,108)	(2,429,425)	-	-
Net movement in funds		1,774,778	(49,798)	(1,199,535)	525,445	909,949
Reconciliation of funds:						
Total funds brought forward		8,008,103	2,139,134	1,199,535	11,346,772	10,436,823
Total funds carried forward		9,782,881	2,089,336	-	11,872,217	11,346,772

With the exception of the receipt of Endowment Funds totalling £0 (2017: £280,052), the information presented within the Statement of Financial Activities for the two years ended 31st March 2018 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 £6,482,154 (2017: £6,619,159) and net income for the year was £554,135 (2017: £514,958).

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

**Consolidated Balance Sheet
as at 31 March 2018**

	Note	Group 2018 £	Charity 2018 £	Group 2017 £	Charity 2017 £
Fixed assets:					
Intangible assets	6	197,829	197,829	218,163	218,163
Tangible assets	8	4,721,157	4,721,157	1,957,315	1,938,267
Heritage assets	8	25,603	25,603	25,603	25,603
Investments	9.2	7,288,053	7,288,055	7,775,550	7,775,552
Endowment asset investments	9.2	2,089,336	2,089,336	2,139,134	2,139,134
Total fixed assets		14,321,978	14,321,980	12,115,765	12,096,719
Current assets:					
Stock		76,537	-	61,313	-
Debtors: Amounts falling due after more than one year	10	1,716,668	1,716,668	1,730,001	1,730,001
Debtors: Amounts falling due within one year	10	846,458	747,278	803,413	1,682,065
Cash at bank and in hand	11	489,985	104,546	2,771,221	1,850,256
Total current assets		3,129,648	2,568,492	5,365,948	5,262,322
Liabilities:					
Creditors: Amounts falling due within one year	13	(1,018,426)	(818,597)	(1,568,086)	(1,476,628)
Net current assets		2,111,222	1,749,895	3,797,862	3,785,694
Total assets less current liabilities		16,433,200	16,071,875	15,913,627	15,882,413
Creditors: Amounts falling due after more than one year	13	(4,114,606)	(4,094,606)	(4,207,001)	(4,177,001)
Provisions for liabilities	14	(446,377)	(446,377)	(359,854)	(359,854)
Total net assets		11,872,217	11,530,892	11,346,772	11,345,558
The funds of the charity					
Endowment funds	17	2,089,336	2,089,336	2,139,134	2,139,134
Restricted income funds	17	-	-	1,199,535	1,199,535
Unrestricted funds	17	9,782,881	9,441,556	8,008,103	8,006,889
Total charity funds		11,872,217	11,530,892	11,346,772	11,345,558

The amount of the net incoming resources for the year dealt with in the financial statements of the parent charity is £525,445 (2017: £909,949).

Approved and authorised for issue by the Board of Trustees on 5 July 2018 and signed on their behalf by:



Tony Hales CBE - Chairman

The notes on pages 22 to 35 form part of these financial statements.

Consolidated Statement of Cash Flows
For the year ended 31 March 2018

	Note	2018 £	2018 £	2017 £	2017 £
Cash flows from operating activities					
<i>Net cash provided by (used in) operating activities</i>	(a)		469,771		1,016,711
Cash flows from investing activities					
Dividends, interest and rents from investments		161,391		129,712	
Purchase of tangible fixed assets		(3,291,550)		(571,854)	
Purchase of intangible fixed assets		-		(1,500)	
Purchase of endowment fund investment		(800,000)		(947,857)	
Long-term cash deposit / purchase of investments		1,179,152		(7,329)	
<i>Net cash provided by (used in) investing activities</i>			(2,751,007)		(1,398,828)
Cash flows from financing activities					
Endowment fund receipts		-		280,052	
<i>Net cash provided by (used in) financing activities</i>			-		280,052
Change in cash and cash equivalents in the year	(b), (c)		<u>(2,281,236)</u>		<u>(102,065)</u>

Notes to the Consolidated cash flow statement

	2018 £	2017 £
(a) Reconciliation of net income to net cash flow from operating activities		
Net income for the year	525,445	909,949
Adjustments for:		
Depreciation charges	548,042	617,599
Endowment fund receipts	-	(280,052)
Gift-in-kind - Heritage Asset	-	(300)
Deposit interest	(27,311)	(34,661)
Investment income	(134,080)	(95,051)
(Decrease) / Increase in provisions	86,523	(550,815)
(Increase) in stocks	(15,224)	(9,646)
(Increase) / Decrease in debtors	(29,712)	400,370
(Decrease) / Increase in creditors	(642,055)	157,298
Net (gains) / losses on investments	158,143	(97,980)
<i>Net cash provided by (used in) operating activities</i>	<u>469,771</u>	<u>1,016,711</u>
(b) Reconciliation of changes in cash balances during the year		
Cash balances at 1 April 2017	2,771,221	2,873,286
(Decrease) / increase in cash for the year	<u>(2,281,236)</u>	<u>(102,065)</u>
Cash balances at 31 March 2018	<u>489,985</u>	<u>2,771,221</u>
(c) Analysis of cash and cash equivalents		
Cash at bank and in hand	<u>489,985</u>	<u>2,771,221</u>

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

Notes to the Financial Statements for the year ended 31 March 2018

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 2018. 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, the budget for 2018/19 has been prepared showing a planned deficit which 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 2018

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

Stock

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

Recognition of liabilities

Liabilities are recognised as incurred.

Debtors

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

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

Cash at bank and in hand

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

Creditors

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

Deferred Income

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

Provisions

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

3 Critical accounting judgements and key sources of estimation uncertainty

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

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

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

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

4 Analysis of Expenditure

	Activities undertaken directly	Support costs	Total 2018	Total 2017
	£	£	£	£
Raising funds				
Raising donations and legacies	323,510	51,906	375,416	425,711
Other trading activities	436,089	57,819	493,908	511,598
Charitable activities				
Site maintenance and running costs	3,077,749	127,460	3,205,209	3,547,012
Provision of visitor access	1,307,190	212,403	1,519,593	1,420,969
Provision of learning activities	112,881	46,518	159,399	181,953
	5,257,419	496,106	5,753,525	6,087,243

	Raising donations and legacies	Other trading activities	Site maintenance and running costs	Provision of visitor access	Provision of learning activities	Total
Support costs						
Governance	1,143	1,541	10,878	4,620	400	18,582
Staff costs	27,548	37,706	79,437	138,137	27,545	310,373
Office running costs	23,215	18,572	37,145	69,646	18,573	167,151
	51,906	57,819	127,460	212,403	46,518	496,106

Expenditure includes auditor's remuneration (excluding VAT) of £17,750 (2017 - £17,100) for auditing services, £2,850 (2017 - £1,200) for tax return and advisory services.

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 2018

5 Staffing costs, volunteers and trustees

	2018	2017
	£	£
Staff Costs		
Wages and salaries	1,839,966	1,609,132
Social security costs	156,412	146,914
Pension costs	165,199	143,596
Other benefits	14,632	16,969
Training & recruitment	47,684	25,281
	<u>2,223,893</u>	<u>1,941,892</u>

Payments to defined contribution pension schemes in the year totalled £164,024 (2016: £148,875).

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:

	2018	2017
	No.	No.
£60,000 - £70,000	2	-
£120,000 - £130,000	-	1

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 £432,057 (2017: £436,039).

Staff numbers

The average number of employees during the year was 95 (2017: 70). The average number of full time equivalent staff during the year, analysed by activity was as follows:

	2018	2017
	No.	No.
Trading operations	5.9	5.4
Fundraising	4.3	5.1
Learning	4.3	4.3
Site maintenance and running costs	12.4	12.9
Provision of visitor access	21.6	21.6
Support	5.8	5.6
	<u>54.3</u>	<u>54.9</u>
WHS co-ordinator	0.6	0.6
	<u>54.9</u>	<u>55.5</u>

Volunteers

Volunteers play a vital role in assisting visitors with the interpretation and the history of the ORNC and acting as guides for the Painted Hall Ceiling Tours. There are also other established volunteer roles in learning, visitor services, development, marketing and exhibitions. The total number of volunteers at the year end totalled 154 (2017: 131).

Payments to Trustees

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

	2018	2017
	£	£
The following were paid to Trustees during the year:		
Expenses - travel reimbursement for 3 trustees (2017: 3 trustees)	<u>984</u>	<u>941</u>

Charitable donations received from Trustees

	2018	2017
	£	£
Charitable donations (including Gift Aid reclaimed) received from Trustees during the year:	<u>83,550</u>	<u>141,398</u>

The Greenwich Foundation for the Old Royal Naval College (ORNC)
Notes to the Financial Statements for the year ended 31 March 2018

6 Intangible assets

	Lease Costs	Software	Total Charity	Total Subsidiary	Total Group
Cost	£	£	£	£	£
At 1 April 2017	213,958	49,878	263,836	-	263,836
Additions	-	-	-	-	-
At 31 March 2018	<u>213,958</u>	<u>49,878</u>	<u>263,836</u>	<u>-</u>	<u>263,836</u>
Depreciation/Impairment					
At 1 April 2017	9,543	36,130	45,673	-	45,673
Charge for the year	8,558	11,776	20,334	-	20,334
At 31 March 2018	<u>18,101</u>	<u>47,906</u>	<u>66,007</u>	<u>-</u>	<u>66,007</u>
Net book value					
At 1 April 2017	<u>204,415</u>	<u>13,748</u>	<u>218,163</u>	<u>-</u>	<u>218,163</u>
At 31 March 2018	<u>195,857</u>	<u>1,972</u>	<u>197,829</u>	<u>-</u>	<u>197,829</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).

	2018	2017	2016	2015	2014
Major Works	692,577	935,146	7,845	31,814	61,298
Maintenance Works	324,765	702,798	1,279,650	1,485,419	1,852,602
	<u>1,017,342</u>	<u>1,637,944</u>	<u>1,287,495</u>	<u>1,517,233</u>	<u>1,913,900</u>

In addition, £3,250,139 (2017: £510,426) has been spent as part of the Painted Hall project and capitalised in short term leasehold improvements and fixtures & fittings (see Note 8).

The Greenwich Foundation for the Old Royal Naval College (ORNC)
Notes to the Financial Statements for the year ended 31 March 2018

8 Tangible & heritage assets

	Short term leasehold improvements	Fixtures, fittings and office equipment	Heritage assets artefacts	Total Charity
	£	£	£	£
Cost				
At 1 April 2017	5,822,726	670,426	25,603	6,518,755
Additions	3,030,923	260,627	-	3,291,550
At 31 March 2018	<u>8,853,649</u>	<u>931,053</u>	<u>25,603</u>	<u>9,810,305</u>
Depreciation				
At 1 April 2017	3,958,492	596,393	-	4,554,885
Charge for the year	462,392	46,268	-	508,660
At 31 March 2018	<u>4,420,884</u>	<u>642,661</u>	<u>-</u>	<u>5,063,545</u>
Net book value				
At 1 April 2017	<u>1,864,234</u>	<u>74,033</u>	<u>25,603</u>	<u>1,963,870</u>
At 31 March 2018	<u><u>4,432,765</u></u>	<u><u>288,392</u></u>	<u><u>25,603</u></u>	<u><u>4,746,760</u></u>

	Total Charity	Subsidiary fixtures and fittings	Total Group
	£	£	£
Cost			
At 1 April 2017	6,518,755	356,609	6,875,364
Additions	3,291,550	-	3,291,550
At 31 March 2018	<u>9,810,305</u>	<u>356,609</u>	<u>10,166,914</u>
Depreciation			
At 1 April 2017	4,554,885	337,561	4,892,446
Charge for the year	508,660	19,048	527,708
At 31 March 2018	<u>5,063,545</u>	<u>356,609</u>	<u>5,420,154</u>
Net book value			
At 1 April 2017	<u>1,963,870</u>	<u>19,048</u>	<u>1,982,918</u>
At 31 March 2018	<u><u>4,746,760</u></u>	<u><u>-</u></u>	<u><u>4,746,760</u></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 2018

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

	2018	2017
	£	£
Turnover excluding Visitor Access Income	372,962	1,106,556
Visitor Access Income	356,923	149,206
Total Turnover	729,885	1,255,762
Cost of sales excluding Visitor Access costs	(204,447)	(251,234)
Visitor Access costs	(178,654)	(160,528)
Total Cost of sales	(383,101)	(411,762)
Gross profit	346,784	844,000
Interest receivable	154	1,914
Administrative expenses	(6,827)	(6,605)
Operating Profit	340,111	839,309
Gift Aid donations to The Greenwich Foundation for the Old Royal Naval College	-	(891,391)
Retained profit for the year	340,111	(52,082)
Retained profit brought forward	1,214	53,296
Retained profit carried forward	341,325	1,214

Balance Sheet at 31 March 2017

	2018	2018	2017	2017
	£	£	£	£
Fixed assets				
Tangible assets		-		19,048
Current assets				
Stock	76,537		61,313	
Debtors	158,826		54,318	
Cash at bank and in hand	385,439		920,965	
	620,802		1,036,596	
Creditors: amounts falling due within one year	(259,475)		(1,024,428)	
Net current assets		361,327		12,168
Creditors: amounts falling due after more than one year		(20,000)		(30,000)
Net assets		341,327		1,216
Share Capital		2		2
Reserves		341,325		1,214
Shareholders' funds		341,327		1,216

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 endowment funds of £700,000 were invested in M&G's Charifund. An additional £100,000 also representing endowment funds was invested in the Newton Growth & Income Fund for Charities, taking the total investment in this fund to £962,000.

The Greenwich Foundation for the Old Royal Naval College (ORNC)
Notes to the Financial Statements for the year ended 31 March 2018

9.2 Listed Investments (continued)

Newton Real Return Fund

Market value	31/03/2017	3,825,299
Additions (Dividend accumulation)		89,039
Disposals		-
Net investment loss		(174,494)
Market value	31/03/2018	<u>3,739,844</u>
Historical cost		<u>3,250,000</u>

Newton Growth & Income Fund

Market value	31/03/2017	1,001,133
Additions (Purchases)		100,000
Additions (Dividend accumulation)		29,165
Disposals		-
Net investment gain		4,249
Market value	31/03/2018	<u>1,134,547</u>

M&G Charifund

Market value	31/03/2017	-
Additions (Purchases)		700,000
Additions (Dividend accumulation)		15,876
Disposals		-
Net investment loss		(32,939)
Market value	31/03/2018	<u>682,937</u>

Cash - Long-term deposits

DCMS/HLF Catalyst Endowment cash deposits	316,893
Other long-term cash deposits	<u>3,503,168</u>
	<u>3,820,061</u>
	<u>9,377,389</u>

10 Debtors: amounts falling due

	Group 2018 £	Charity 2018 £	Group 2017 £	Charity 2017 £
After more than one year				
Unamortised head lease premium	<u>1,716,668</u>	<u>1,716,668</u>	<u>1,730,001</u>	<u>1,730,001</u>
Within one year				
Tenants and other trade debtors	219,184	66,126	92,534	45,407
Amount owed by subsidiary undertaking	-	59,646	-	903,782
Social security and other taxes	-	-	17,521	46,709
Prepayments, accrued income and other debtors	613,941	608,173	680,025	672,834
Unamortised head lease premium	<u>13,333</u>	<u>13,333</u>	<u>13,333</u>	<u>13,333</u>
	<u>846,458</u>	<u>747,278</u>	<u>803,413</u>	<u>1,682,065</u>

11 Cash at bank and in hand

	Group 2018 £	Charity 2018 £	Group 2017 £	Charity 2017 £
General accounts	<u>489,985</u>	<u>104,546</u>	<u>2,771,221</u>	<u>1,850,256</u>

12 Contractual expenditure commitments

	2018 £	2017 £
	<u>1,084,585</u>	<u>3,622,432</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 2018

13 Creditors: amounts falling due

	Group 2018	Charity 2018	Group 2017	Charity 2017
	£	£	£	£
Within one year				
Trade creditors	430,536	419,974	444,035	431,176
Social security and other taxes	54,052	36,413	-	-
Deferred income	246,767	88,817	163,363	102,282
Accruals	182,817	170,868	851,592	834,392
Other creditors	104,254	102,525	109,096	108,778
	<u>1,018,426</u>	<u>818,597</u>	<u>1,568,086</u>	<u>1,476,628</u>
After more than one year				
Deferred income	<u>4,114,606</u>	<u>4,094,606</u>	<u>4,207,001</u>	<u>4,177,001</u>

Deferred income

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

	Group 2018	Charity 2018	Group 2017	Charity 2017
	£	£	£	£
At beginning of the year	4,370,364	4,279,283	4,417,433	4,342,611
Amounts released from previous year	(162,543)	(101,462)	(117,216)	(82,395)
Income deferred in the current period	153,552	5,602	70,147	19,067
At end of the year	<u>4,361,373</u>	<u>4,183,423</u>	<u>4,370,364</u>	<u>4,279,283</u>

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

	Conservation and maintenance £	Service charges £	Group and Charity £
At beginning of the year	231,310	128,544	359,854
Amounts released from previous year	(231,310)	-	(231,310)
Additional liabilities incurred in period	317,833	-	317,833
At end of the year	<u>317,833</u>	<u>128,544</u>	<u>446,377</u>

15 Operating leases

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

	Group and Charity	
	2018	2017
	£	£
In less than one year	1,321,574	1,321,574
Between one and five years	5,248,015	5,262,015
In more than five years	145,496,480	146,804,054

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 2018

16 Analysis of Group net assets between Funds

	Unrestricted General Funds	Restricted Funds		Total
	Operating	Designated	Other	Endowment
	£	£	£	£
Intangible assets	-	197,829	-	-
Tangible assets	-	4,721,157	-	-
Heritage assets	-	25,603	-	-
Other investments	4,189,997	3,098,056	-	-
DCMS/HLF Catalyst Endowment Fund	-	-	-	2,089,336
Cash at bank and in hand	489,985	42,075	(42,075)	-
Other current assets	2,463,817	-	175,846	-
Current liabilities	(884,655)	-	(133,771)	-
Long term liabilities	(4,114,606)	-	-	-
Provisions	(446,377)	-	-	-
	<u>1,698,161</u>	<u>8,084,720</u>	<u>-</u>	<u>2,089,336</u>
				<u>11,872,217</u>

17 Fund balances

	Funds at	Income &	Transfers	Expenditure &	Funds at
	1 Apr 2017	investment	between	investment	31 Mar 2018
	£	gains	funds	losses	£
Restricted Funds					
Painted Hall Restoration	1,199,535	2,031,543	(2,429,425)	(801,653)	-
	<u>1,199,535</u>	<u>2,031,543</u>	<u>(2,429,425)</u>	<u>(801,653)</u>	<u>-</u>
Endowment Funds					
DCMS/HLF Catalyst Endowment Fund	2,139,134	4,249	(21,108)	(32,939)	2,089,336
	<u>2,139,134</u>	<u>4,249</u>	<u>(21,108)</u>	<u>(32,939)</u>	<u>2,089,336</u>
Unrestricted Funds					
Designated Lease Premium: Head Lease	1,743,334	-	-	(13,333)	1,730,001
Designated Lease Premium: Site Leases	576,385	82,395	-	(174,494)	484,286
Designated Painted Hall Restoration	2,355,409	-	(1,495,714)	-	859,695
Designated DCMS/HLF Catalyst Fund	-	45,041	21,108	-	66,149
Designated Intangible, Tangible & Heritage Assets	2,201,080	-	3,291,550	(548,042)	4,944,588
General Operating Fund	1,131,895	4,323,175	633,589	(4,390,497)	1,698,162
	<u>8,008,103</u>	<u>4,450,611</u>	<u>2,450,533</u>	<u>(5,126,366)</u>	<u>9,782,881</u>
	<u>11,346,772</u>	<u>6,486,403</u>	<u>-</u>	<u>(5,960,958)</u>	<u>11,872,217</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. Transfers out of this fund represent the capital element of works to the Painted Hall.

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. Income generated from investments held within the Endowment Fund is held in a separate **Designated Fund** and £21,108 of investment income in previous years has been transferred from the Endowment Fund to the Designated Fund.

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 **Designated Painted Hall Restoration Fund** was designated by the Trustees to cover the Foundation's budgeted contribution to phase 2 of the Painted Hall Project. Transfers out of this fund represent the capital element of works to the Painted Hall as well as the release of £675,000 to the General Operating Fund.

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 transfers into these funds represent additions during the year.

The Greenwich Foundation for the Old Royal Naval College (ORNC)
Notes to the Financial Statements for the year ended 31 March 2018

18 Church of England Funded Pension Scheme (CEFPS)

The 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 Responsible Bodies.

Each participating Responsible Body 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 Responsible Bodies 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 2015, the deficit repair contributions under the recovery plan in force were 14.1% of pensionable stipends until December 2025. As at December 2016 and December 2017 the deficit recovery contributions under the recovery plan in force were as set out in the above table.

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.

	2017	2016
Balance sheet liability at 1 January	23,000	28,000
Deficit contribution paid	-3,000	-4,000
Interest cost (recognised in SoFA)	0	1,000
Remaining change to the balance sheet liability* (recognised in SoFA)	4,000	-2,000
Balance sheet liability at 31 December	24,000	23,000

* 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-17	Dec-16	Dec-15
Discount rate	1.4% pa	1.5% pa	2.5% pa
Price inflation	3.0% pa	3.1% pa	2.4% pa
Increase to total pensionable payroll	1.5% pa	1.6% pa	0.9% pa

The legal structure of the scheme is such that if another Responsible Body fails, the Greenwich Foundation for the Old Royal Naval College could become responsible for paying a share of that Responsible Body's pension liabilities.

The Greenwich Foundation for the Old Royal Naval College (ORNC)
Notes to the Financial Statements for the year ended 31 March 2018

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

	Unrestricted Funds £	Endowment Funds £	Restricted Funds £	Total 2017 £
Income and endowments from:				
Donations and legacies				
Grant in Aid	1,040,000	-	250,000	1,290,000
Heritage Lottery Fund grant award	-	-	494,532	494,532
Heritage Lottery Fund matched funding	-	140,845	-	140,845
Donations	64,599	139,207	1,185,218	1,389,024
Charitable activities				
Rent receivable	1,445,852	-	-	1,445,852
Lease Premium	82,395	-	-	82,395
Service Charges	664,105	-	-	664,105
Visitor access	149,207	-	-	149,207
Education / learning	2,961	-	-	2,961
Other trading activities				
Trading operations	1,108,470	-	-	1,108,470
Investments				
Deposit interest	34,661	-	-	34,661
Investments	95,051	-	-	95,051
Other income	2,108	-	-	2,108
Total	4,689,409	280,052	1,929,750	6,899,211
Expenditure on:				
Raising funds				
Raising donations and legacies	425,711	-	-	425,711
Other trading activities	511,598	-	-	511,598
Charitable activities				
Site maintenance and running costs	2,611,866	-	935,146	3,547,012
Provision of visitor access	1,367,354	-	53,615	1,420,969
Provision of learning	181,953	-	-	181,953
Total	5,098,482	-	988,761	6,087,243
Operating (deficit) / surplus	(409,073)	280,052	940,989	811,968
Net (losses) / gains on investments	(16,958)	114,939	-	97,981
Net income	(426,031)	394,991	940,989	909,949
Transfers between funds	510,426	-	(510,426)	-
Net movement in funds	84,395	394,991	430,563	909,949
Reconciliation of funds:				
Total funds brought forward	7,923,708	1,744,143	768,972	10,436,823
Total funds carried forward	8,008,103	2,139,134	1,199,535	11,346,772

The Greenwich Foundation for the Old Royal Naval College (ORNC)
Notes to the Financial Statements for the year ended 31 March 2018

20 Comparative Analysis of Group net assets between Funds

as at 31 March 2017

	Unrestricted General Funds		Restricted Funds		Total
	Operating £	Designated £	Other £	Endowment £	£
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>

21 Comparative Fund balances

as at 31 March 2017

	Funds at 1 Apr 2016 £	Income & investment gains £	Transfers between funds	Expenditure & investment losses £	Funds at 31 Mar 2017 £
Restricted Funds					
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>
Endowment Funds					
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>
Unrestricted Funds					
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>

Fund descriptions are in Note 17.