

Charity Registration number 10796414

Company Registration number 03701005

ROYAL HOSPITAL CHELSEA APPEAL LIMITED
(Limited by Guarantee)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

ROYAL HOSPITAL CHELSEA APPEAL LIMITED

COMPANY INFORMATION

DIRECTORS & TRUSTEES C Trewitt (from 1 May 2020)
Gen Sir A Bradshaw
C Lewington (to 30 April 2020)
G Lashko

COMPANY SECRETARY N Cattermole

REGISTERED OFFICE The Royal Hospital Chelsea
Royal Hospital Road
London
SW3 4SR

BANKERS Barclays Bank PLC
1 Churchill Place
London
E14 5HP

AUDITOR PKF Littlejohn LLP
Statutory Auditor
15 Westferry Circus
Canary Wharf
London
E14 4HD

SOLICITORS Taylor Wessing
5 New Street Square
London EC4A 3TW

COMPANY NUMBER 03701005
CHARITY NUMBER 1076414

ROYAL HOSPITAL CHELSEA APPEAL LIMITED

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ROYAL HOSPITAL CHELSEA APPEAL LIMITED

REPORT OF THE TRUSTEES AND DIRECTORS FOR THE YEAR ENDED 31 MARCH 2021

The Trustees, who are also the Directors of the charitable company, have pleasure in presenting their report together with the audited Group Financial Statements for the year ended 31 March 2021 in accordance with the Companies Act 2006, the Statement of Recommended Practice "Accounting and Reporting by Charities" (FRS 102) and the company's Memorandum and Articles of Association.

The names of those who served as Trustees of the Charity and Directors of the Charitable Company are listed on page 2. In this report they are referred to as "Trustees."

OBJECTIVES, ACTIVITIES AND PUBLIC BENEFIT

The objects of the Charitable Company, as set out in the Charitable Company's Memorandum of Association, are to engage in activities "for the exclusive benefit of the Royal Hospital Chelsea (RHC)". The RHC provides a home for army veterans and, although it is not registered with the Charity Commission, HMRC has accepted that its activities are charitable.

The emphasis on fundraising and other income generation activities has been, and will continue to be, on three distinct yet related purposes. First, raising funds to bridge the gap between the Grant-in-Aid and the RHC's annual running costs. Second, generating income to fund new projects, such as the ambition to enhance our outreach services and our ability to care for those with dementia. Third, income generation for capital investment in order to guarantee the long-term survival of the RHC on its historic site.

The successful achievement of these objectives requires, in addition to normal fundraising, the development of current businesses to maximise their potential, the identification of new income generation opportunities, and the raising of public awareness and support through an active marketing and communications operation.

The strategies employed to achieve the Charitable Company's objectives have been to build and sustain the Charitable Company's business development, commercial services and fundraising activities with the aim of generating additional capital and revenue streams needed to secure the future of the institution of the RHC. This is achieved by directing the marketing and external communication activities with the aim of advancing the public awareness of the work of the RHC and of the Army's contribution to the nation.

The Trustees have referred to the guidance contained in the Charity Commission's general guidance on public benefit when reviewing the Charitable Company's aims and objectives and in planning its future activities. In particular, the Trustees consider how planned activities will contribute to the aims and objectives that have been set.

The Company subscribes to the Code of Fundraising Practice of the Fundraising Regulator. No complaints about fundraising or allegations of breaches of the Code have been made. No third party or commercial fundraisers are used, fundraising activity is conducted entirely by staff employed by the RHC (the company's parent organisation). The bulk of funds raised are from legacies, grants from trusts and foundations and income from events and donations solicited by the Friends of the RHC, which is run by the fundraising staff. There is also the Governor's Circle which has a higher level of membership subscription and enhanced benefits including an annual dinner and privileged access to certain events. A new fundraising policy was presented to the RHC's Board of Commissioners in April 2021.

STRATEGIC REPORT

The company received a substantial donation of £3m in March 2021. Of this sum, £1.3m is for the new Activity Centre and the remaining £1.7m is for In Pensioners' (IPs) welfare (excluding staff costs). The donor wished to remain anonymous, though they have been through the RHC's usual due diligence procedure. The receipt of this donation means that the Charitable Company's result for the year was much better than expected. Income from the Charitable Company's trading subsidiary, Chelsea Pensioner (Royal Hospital) Ltd, was greatly reduced due to the impact of the pandemic on events and other trading activity. However, income from legacies and donations held up well, and showed an increase on the previous year even before the £3m donation.

Preparations are being made to launch a major fundraising appeal in 2021. This will include funding for refurbishment of the Margaret Thatcher Infirmary and the Soane Stable Block as well as for the RHC's new outreach services.

The trading subsidiary, Chelsea Pensioner (RH) Limited, had revenues of £1,820,064 and operating profits of £747,728. These were substantially reduced due to the cancellation of almost all events during the year due to the pandemic.

ROYAL HOSPITAL CHELSEA APPEAL LIMITED

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2021

FINANCIAL REVIEW

The Charitable Company receives income from donations and legacies as well as the profits of its wholly owned trading subsidiary Chelsea Pensioner (RH) Limited (CPRH). The company's other subsidiary, Tricorne Traders Ltd, is dormant. During the year the Charity itself raised £4,628,849 (2020: £1,186,985) in voluntary income. Of this amount £721,896 (2020: £249,498) was generated through legacy income. Restricted income increased to £3,590,092 (2020: £389,680). This was due to the large donation of £3m towards the end of the year (see p4 above).

In terms of trading income earned by its subsidiary company, total earnings from Chelsea Pensioner (RH) Ltd decreased due to COVID 19 during the year with the company gift-aiding £747,728 (2020: £2,606,757) to its parent company. The Charity has also generated interest on its group cash balances amounting to £710 (2020 - £3,939). The net assets of the Charitable Company Group, £5,187,337 (2020: £3,168,979) represent the resources being held on behalf of the RHC which are to be used to help fund the day to day running costs of the RHC and its various development programmes.

RESERVES POLICY

As stated previously, the Charitable Company's net assets represent the resources being held on behalf of the RHC to pay for its development programmes, to cover the gap between the Grant in Aid the RHC receives and the actual running costs and progressively to fund an endowment. The reserves are split between restricted and unrestricted funds. The restricted reserves represent funds which have been donated for a specific use. Group reserves at 31 March 2021 were £5,187,337 and cash balances amounted to £2,882,678. At this time the Trustees consider that there is no need to hold additional reserves since it is more appropriate for strategic reserves to be held by the parent organisation.

PLANS FOR FUTURE PERIOD

The Charitable Company and its subsidiaries constantly review their strategy in line with that of its ultimate parent company the RHC. The RHC aims to position itself so that it is recognised by the majority of the British public as a unique national institution that must be preserved for future generations, both as a home that provides a vibrant community, comradeship and excellent standards of care for army veterans who have served the nation, and as an integral part of the country's heritage and national identity.

The RHC's Public Engagement department is focussed on delivering four key objectives:

- * Review and develop current voluntary income streams and internal financial processes, whilst identifying new voluntary income streams in order to achieve growth
- * Refine the RHC's fundraising message, increase awareness, supporter loyalty and financial support
- * Identify projects and opportunities from across the Hospital in need of financial support
- * Review and develop the Friends of the Royal Hospital Chelsea scheme, including the new Governor's Circle

A major fundraising appeal is in preparation and is expected to be launched publicly later in 2021.

COVID 19 PANDEMIC

As noted above, the Covid 19 pandemic had a significant effect on the trading company's revenue in 2020-21. All external events due to be held at the RHC in the Summer of 2020 were cancelled and the trading outlets were closed to the public throughout the year, and completely closed during lockdown periods. 2021-22 is expected to see a recovery in income from events and trading, though it is not expected to return to 2019-20 levels until at least 2022-23. See also note 1 on page 15.

ROYAL HOSPITAL CHELSEA APPEAL LIMITED

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

STRUCTURE, GOVERNANCE AND MANAGEMENT

Governing Document

Royal Hospital Chelsea Appeal Limited is a Charitable Company limited by guarantee governed by its Memorandum and Articles of Association dated 22 December 1998 and amended by special resolutions dated 5 February 2003 and 14 November 2004. It is registered as a Charity with the Charity Commission. A majority of the Trustees must be Commissioners of the Royal Hospital Chelsea ("RHC"). There is no limit to the number of members of the Charity and there are currently 3 members (3 in 2019), each of whom agree to contribute £1 in the event of the Charity winding up.

Appointment of Trustees

As set out in the Articles of Association a majority of the Trustees must be Commissioners of the RHC who appoint the Chairman, who is normally a Commissioner.

Trustee induction and training

On appointment new Trustees are made aware of their legal obligations under Charity and Company Law, the content of the Memorandum and Articles of Association, the committee and decision making processes, the business plan and recent financial performance of the Charity. It is not considered necessary to conduct any formal induction training as all Trustees are usually already Trustees and Directors of other companies.

Organisation

The Charitable Company forms part of the Royal Hospital Chelsea Group and is not managed separately from the rest of the Group. It has no employees of its own - all staff are employed by the RHC. Management is in the hands of the RHC Executive Board and strategic decisions are taken by the Board of Commissioners of the Hospital.

RISK MANAGEMENT

The main risks to the Charitable Company are centred around the handling of donations. All risks are subject to regular review as part of the Hospital's management procedures. The implementation of control procedures is designed to minimise any potential impact on the Charitable Company should those risks materialise.

TRUSTEES' RESPONSIBILITIES STATEMENT

The Trustees (who are also Directors of the Royal Hospital Chelsea Appeal Limited for the purposes of company law) are responsible for preparing the Report of the Trustees and Directors (including the Strategic Report) and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the trustees to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the Group and Parent charitable company and of the incoming resources and application of resources, including the income and expenditure, of the Group and Parent charitable company 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 (FRS 102);
- 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 the going concern basis unless it is inappropriate to presume that the charitable company will continue in operation.

The trustees are responsible for keeping adequate 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ROYAL HOSPITAL CHELSEA APPEAL LIMITED

REPORT OF THE TRUSTEES FOR THE YEAR ENDED 31 MARCH 2021 (CONTINUED)

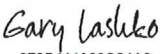
In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In preparing this report the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the Board of Trustees on 6 July 2021 and signed on its behalf by

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G Lashko

Trustee and Director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF ROYAL HOSPITAL CHELSEA APPEAL LIMITED

Opinion

We have audited the financial statements of Royal Hospital Chelsea Appeal Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the Consolidated and parent charitable company Statement of Financial Activities, the Balance Sheets, the Consolidated Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 March 2021, and of the group's and the parent charitable company's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

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 and parent charitable company 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

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or parent charitable company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the report of the trustees and directors, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the report of the trustees and directors. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 the audit:

- the information given in the trustees' report, which includes the directors' 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 directors' report included within the trustees' report has been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF ROYAL HOSPITAL CHELSEA APPEAL LIMITED

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the trustees' annual report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

- adequate and sufficient accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charitable company's 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 ; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies' regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Responsibilities of trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the group and parent charitable company 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 group and parent charitable company financial statements, the trustees are responsible for assessing the group and parent 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 group or the parent 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

We have been appointed auditor under the Companies Act 2006 and section 151 of the Charities Act 2011 and report in accordance with those Acts and relevant regulations made or having effect thereunder.

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent charitable company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research, application of cumulative audit knowledge and experience of the sector.
- We determined the principal laws and regulations relevant to the group and parent charitable company in this regard to be those arising from Companies Act 2006, Charities Act 2011 and Charities (Accounts and Reports) Regulations 2008.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent charitable company with those laws and regulations. These procedures included but were not limited to enquiries of management and review of minutes.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF ROYAL HOSPITAL CHELSEA APPEAL LIMITED


- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the judgement involved in accrued and deferred income and intercompany recharges are also a risk. No issues were identified.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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.

Use of our report

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 and to the charitable company's trustees, as a body, in accordance with Part 4 of the Charities (Accounts and Reports) Regulations 2008. Our audit work has been undertaken so that we might state to the charitable company's members and trustees 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 and the charitable company's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Alastair Duke (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

21 July 2021

ROYAL HOSPITAL CHELSEA APPEAL LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES
FOR THE YEAR ENDED 31 MARCH 2021
 (incorporating an Income and Expenditure Account)

Report of the Trustees and Directors		Unrestricted	Restricted	Total	Total
	Note	2021 £	2021 £	2021 £	2020 £
Income from:					
Voluntary income - donations and legacies	2	1,038,758	3,590,092	4,628,850	1,186,985
Other trading activities	3	1,820,064	-	1,820,064	4,342,139
Bank Interest received	2,3	710	-	710	3,939
Total income		2,859,532	3,590,092	6,449,624	5,533,063
Expenditure on:					
Raising funds	4	248,479	-	248,479	397,244
Other trading activities	4	1,072,336	-	1,072,336	1,735,382
Charitable activities	4	2,616,559	408,408	3,024,967	3,133,750
Support costs	4	85,484	-	85,484	201,014
Total expenditure		4,022,858	408,408	4,431,266	5,467,390
Net income/(expenditure)		(1,163,326)	3,181,684	2,018,358	65,673
Reconciliation of funds:					
Total funds brought forward		2,221,996	946,983	3,168,979	3,103,306
Total funds carried forward		1,058,670	4,128,667	5,187,337	3,168,979

The Accounting Policies and Notes on pages 15 to 28 form part of these Financial Statements

ROYAL HOSPITAL CHELSEA APPEAL LIMITED

STATEMENT OF FINANCIAL ACTIVITIES - Company Only
FOR THE YEAR ENDED 31 MARCH 2021
(incorporating an Income and Expenditure Account)

		Unrestricted 2021	Restricted 2021	Total 2021	Total 2020
	Note	£	£	£	£
Income from:					
Voluntary income - donations and legacies	2	1,038,758	3,590,092	4,628,850	1,186,985
Trading subsidiary donation (Gift Aid)	3	747,728	-	747,728	2,606,757
Bank Interest received	2	710	-	710	3,939
Total income and endowments		1,787,196	3,590,092	5,377,288	3,797,681
Expenditure on:					
Raising funds	4	248,479	-	248,479	397,244
Charitable activities	4	2,616,559	408,408	3,024,967	3,133,750
Support costs	4	85,484	-	85,484	201,014
Total expenditure		2,950,522	408,408	3,358,930	3,732,008
Net income/(expenditure)		(1,163,326)	3,181,684	2,018,358	65,673
Reconciliation of funds:					
Total funds brought forward		2,182,551	946,983	3,129,534	3,063,861
Total funds carried forward		1,019,225	4,128,667	5,147,892	3,129,534

The Accounting Policies and Notes on pages 15 to 28 form part of these Financial Statements

ROYAL HOSPITAL CHELSEA APPEAL LIMITED

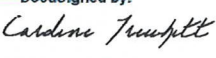
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BALANCE SHEETS
FOR THE YEAR ENDED 31 MARCH 2021

		Group		Company	
		2021	2020	2021	2020
	Note	£	£	£	£
NON CURRENT ASSETS					
Tangible assets	6	19,859	26,309	4,534	7,557
Investment in subsidiary	7	-	-	1,000	1,000
		<u>19,859</u>	<u>26,309</u>	<u>5,534</u>	<u>8,557</u>
CURRENT ASSETS					
Stocks	8	147,502	134,768	-	-
Debtors	9	3,492,847	655,562	3,362,069	2,241,466
Amounts held with Group Treasury		-	1,500,000	-	-
Cash at bank and in hand		<u>2,882,678</u>	<u>2,245,705</u>	<u>2,212,251</u>	<u>1,269,380</u>
		<u>6,523,027</u>	<u>4,536,035</u>	<u>5,574,320</u>	<u>3,510,846</u>
CURRENT LIABILITIES					
Creditors amounts falling due within one year	10	<u>(1,355,549)</u>	<u>(1,393,365)</u>	<u>(431,962)</u>	<u>(389,869)</u>
NET CURRENT ASSETS		<u>5,167,478</u>	<u>3,142,670</u>	<u>5,142,358</u>	<u>3,120,977</u>
NET ASSETS		<u>5,187,337</u>	<u>3,168,979</u>	<u>5,147,892</u>	<u>3,129,534</u>
RESERVES					
Unrestricted Funds	12	1,058,670	2,221,996	1,019,225	2,182,551
Restricted Funds	12	<u>4,128,667</u>	<u>946,983</u>	<u>4,128,667</u>	<u>946,983</u>
		<u>5,187,337</u>	<u>3,168,979</u>	<u>5,147,892</u>	<u>3,129,534</u>


The Accounting Policies and Notes on pages 15 to 28 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Trustees and were signed on its behalf on 6 July 2021 by

DocuSigned by:

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Caroline Trewitt

Trustee and Director

DocuSigned by:

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Gary Lashko

Trustee and Director

The Accounts have been prepared in accordance with the provisions applicable to companies subject to the Small Companies Regime.

ROYAL HOSPITAL CHELSEA APPEAL LIMITED

CONSOLIDATED CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 £	2020 £
CASHFLOW FROM OPERATING ACTIVITIES	14	636,263	80,665
Net cash inflow/(outflow) from operating activities	14	636,263	80,665
CASHFLOW FROM INVESTMENT ACTIVITIES			
DIVIDENDS, INTEREST INCOME RECEIVED	2	710	3,939
NET CASHFLOW FROM INVESTING ACTIVITIES		710	3,939
CHANGE IN CASH & CASH EQUIVALENTS IN THE YEAR		636,973	84,604
CASH & CASH EQUIVALENTS AT 1 APRIL		2,245,705	2,161,101
CASH & CASH EQUIVALENTS AT 31 MARCH		2,882,678	2,245,705
CASH & CASH EQUIVALENTS CONSISTS OF :			
Cash at bank and in hand		2,882,678	2,245,705
CASH & CASH EQUIVALENTS AT 31 MARCH		2,882,678	2,245,705

The Accounting Policies and Notes on pages 15 to 28 form part of these Financial Statements

ROYAL HOSPITAL CHELSEA APPEAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

1 ACCOUNTING POLICIES

a. General Information and basis of preparation

The Royal Hospital Chelsea Appeal Limited is a registered charity and company limited by guarantee in the United Kingdom. The charity constitutes a public benefit entity as defined by FRS102. These Financial Statements are of the Charitable Company and its trading subsidiary company, Chelsea Pensioner (RH) Limited. The Charitable Company has another wholly owned subsidiary, Tricorne Traders Ltd which is dormant. The address of the company's registered office is The Royal Hospital Chelsea, Royal Hospital Road, London SW3 4SR.

The financial statements are presented in sterling which is the functional currency of the company

b. Summary of significant accounting policies

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

c. Statement of Compliance

The Financial Statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Charities Act 2011, the Companies Act 2006 and UK generally Accepted Practice as it applies from 1 January 2019.

d. Going Concern

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The Directors consider that the company remains a going concern despite the Covid 19 pandemic (see also p 5). The company's income was seriously affected by the cancellation of Summer events in 2020 and because the RHC's trading outlets were closed for several weeks. However, it is expected that events will restart in 2021 and there is no obligation on the company to make donations to the parent. Therefore it has sufficient reserves to remain a going concern for at least 12 months from the signing date.

e. Funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of the general objectives of the charity and which have not been designated for other purposes.

Designated funds comprise unrestricted funds that have been set aside by the trustees for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

Restricted funds are those which are to be used in accordance with specific restrictions imposed by the donors or which have been raised by the charity for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

ROYAL HOSPITAL CHELSEA APPEAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

ACCOUNTING POLICIES

f Income

All incoming resources are included in the Statement of Financial Affairs (SoFA) when the charity is legally entitled to the income, after any performance conditions have been met, when the amount can be measured reliably and when it is probable that the income will be received.

Where income is received in advance of the related service being delivered to the customer, a liability is raised in the form of deferred income until the related service is delivered at which point the income is recognised. The Charitable Company's deferred income relates to trading activities in its trading subsidiaries.

Legacy income is recognised when the charity becomes aware that probate has been granted, there are sufficient assets in the estate to pay the legacy and that any conditions attached to the legacy are either in control of the charity or have already been met. In circumstances where legacies are notified but it is not possible to measure the amount expected to be distributed with sufficient reliability, or when it may be received, these items are disclosed as a contingent asset.

Income from trading activities relates to income earned from fundraising events and trading activities of the charity's subsidiary company, Chelsea Pensioners (RH) Limited to raise funds for the charity. Income is received in exchange for supplying goods and services in order to raise funds and is recognised when entitlement has occurred.

Investment income relates to bank interest received and recognised when it is receivable.

g Expenditure

All expenditure is accounted for on an accruals basis. Expenditure is recognised where there is a legal entitlement or constructive obligation to make payments to third parties, it is probable that the settlement will be required and the amount of the obligation can be measured reliably. Expenditure is categorised under the following headings:

- Cost of raising funds includes fundraising and trading income;
- Expenditure on charitable activities includes expenditure on the care and welfare of pensioners, the maintenance of the site and historic buildings;
- Other expenditure represents those items not falling into the categories above
- Irrecoverable VAT is charged as an expense against the activity for which expenditure arose.
- No apportionment of expenditures.

Details of governance costs are set out in Note 14 to the financial statements and comprise the legal, auditing and other professional costs associated with the running and management of the Charitable Company and its trading subsidiaries.

ROYAL HOSPITAL CHELSEA APPEAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

ACCOUNTING POLICIES (contd)

h Investments

The investments in the wholly owned subsidiary trading companies are shown at cost.

i Taxation

As a registered Charity the Company is generally exempt from Corporation Tax but not from Value Added Tax (VAT). The Charitable Company's subsidiary trading companies are registered for VAT and are liable to corporation tax on trading profits not transferred under the Gift Aid arrangements.

j Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Assets purchased with a value of less than £1,000 are not capitalised.

Depreciation is charged on tangible fixed assets at rates calculated to write off the cost of the asset, less any residual value, evenly over its expected useful life as follows:

Lands and Buildings	Over periods of up to 50 years
Plant and machinery	- 10 to 15 years
Fixtures and fittings	- 7 to 15 years
Office equipment	- 7 to 15 years
Motor Vehicles	- 5 to 10 years
Computer equipment	- 5 years

The lower limit for capitalisation of fixed assets is £1,000

k. Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost includes all costs of purchase, costs of conversion and other costs incurred in bringing stock to its present location and condition. Cost is calculated using the first-in, first-out formula. Provision is made for damaged, obsolete and slow-moving stock where appropriate.

l. Significant judgments and estimates

There are no balances within the financial statements that are considered to have significant judgments or estimates.

ROYAL HOSPITAL CHELSEA APPEAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

2 INCOME

DONATIONS AND LEGACIES

	Unrestricted	Restricted	Total	Total
	2021	2021	2021	2020
	£	£	£	£
Donations	156,804	3,590,092	3,746,896	699,704
Legacies	721,896	-	721,896	249,498
Friends: Events income	13,029	-	13,029	47,629
Friends: Membership income	147,029	-	147,027	190,154
	<u>1,038,758</u>	<u>3,590,092</u>	<u>4,628,850</u>	<u>1,186,985</u>

BANK INTEREST

	2021	2020
	£	£
Bank interest received - company	710	3,939
Bank interest received – group	710	3,939

Investment Income

Investment Income is earned through holding assets for investment purposes such as shares and property. It includes dividends, interest and rent. Interest income is recognised when receivable and dividend and rent income is recognised as the charity's right to receive payment is established.

ROYAL HOSPITAL CHELSEA APPEAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

3 OTHER TRADING ACTIVITIES

i) Chelsea Pensioner (RH) Limited

The Charitable Company owns 100% of the issued ordinary share capital of Chelsea Pensioner (RH) Limited, a Company incorporated in England and Wales no 03853787. The principal activity of the Company is to undertake commercial activities on behalf of the RHC. The Company pays its taxable income to its parent company or to its ultimate parent undertaking (the RHC) under the Gift Aid arrangements. Its trading results extracted from its audited Financial Statements for the year to 31 March 2021 were:

COMPANY NUMBER: 03853787

	2021	2020
	£	£
Turnover	1,820,064	4,342,139
Cost of sales	(111,749)	(434,194)
Gross profit	1,708,315	3,907,945
Administrative expenses	(921,592)	(1,239,926)
Other operating expenses	(38,995)	(55,830)
Taxation	-	(5,432)
Profit on ordinary activities before taxation and interest	747,728	2,606,757
Bank interest receivable	-	-
Profit on ordinary activities before tax	747,728	2,606,757
Qualifying donation under Gift Aid	(747,728)	(2,606,757)
Profit/(Loss) for the year	-	-
Retained earnings brought forward	39,445	39,445
Retained earnings carried forward	39,445	39,445
RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2021	2020
	£	£
Opening shareholders' funds	40,445	40,445
Closing Shareholders' Funds	40,445	40,445

The company has a dormant subsidiary, Tricorne Traders Ltd, co reg no 07382655 which did not trade during the year.

ROYAL HOSPITAL CHELSEA APPEAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

4 ANALYSIS OF TOTAL RESOURCES EXPENDED (Consolidated)

	2021	2020
	£	£
Charitable Expenditure		
Donations to parent organisation	2,616,559	2,721,512
In Pensioner Services	408,408	412,238
Total charitable expenditure	3,024,967	3,133,750
Expenditure of trading company	1,072,336	1,735,382
Fundraising costs		
Staff	248,479	300,986
Friends of RHC & events	-	96,258
Total fundraising costs	248,479	397,244
Support costs		
Staff training	2,589	1,449
Recruitment & selection	-	11,401
Insurance	1,034	970
Stationery	-	59
Postage	3,130	12,023
Printing	2,364	83,457
Maintenance of software	-	2,788
Subscriptions	2,647	4,365
Sundry admin charges	327	300
Travel & transport	-	479
Entertainment	-	1,601
Refreshments for volunteers	-	620
Advertising	7,054	4,700
Donor recognition	-	8,044
Depreciation	-	-
Bad debts	-	(1,051)
Website selling & promotion	1,242	1,129
Governance costs (see below)	65,097	68,680
Total support costs	<u>85,484</u>	<u>201,014</u>
Total expenditure	<u>4,431,266</u>	<u>5,467,390</u>

ROYAL HOSPITAL CHELSEA APPEAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

4 ANALYSIS OF TOTAL RESOURCES EXPENDED (CONTD)

Governance Costs

	2021 £	2020 £
Legal and Professional fees	39,850	50,809
Auditors' remuneration - audit	24,854	17,258
Bank charges	397	613
Total	<u>65,101</u>	<u>68,680</u>

Audit Fees

	Group		Company	
	2021 £	2020 £	2021 £	2020 £
Auditor's remuneration:				
Audit	14,715	15,050	4,845	4,750
Other services	1,115	1,115	-	-

5 TRUSTEE EXPENSES AND EMPLOYMENT COSTS

No remuneration was paid or expenses reimbursed to Trustees (2020: NIL). Staff costs for an average of 32 employees during the year (2020: 32) of £1,035,012 were recharged from the RHC and are included in the costs of generating funds. Details of higher paid employees whose salaries are recharged to the charitable company group by its ultimate parent, the RHC, are disclosed in the financial statements of the RHC.

ROYAL HOSPITAL CHELSEA (APPEAL) LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

6 TANGIBLE FIXED ASSETS - GROUP

	Plant & Machinery	Land & Buildings	Office Equipment	Fixtures & Fittings	Computer Equipment	Vehicle	Group Total
	£	£	£	£	£	£	£
Cost							
At 1 April 2020	15,544	22,285	26,366	48,218	56,069	15,114	180,596
At 31 March 2021	15,544	22,285	26,366	48,218	56,069	15,114	180,596
Depreciation							
At 1 April 2020	6,226	14,857	26,047	46,530	56,069	7,557	154,286
Charge for the year	779	1,486	319	844	-	3,023	6,451
At 31 March 2021	7,006	16,342	26,366	47,374	56,069	10,580	160,737
Net book value							
At 31 March 2020	8,538	5,943	-	844	-	4,534	19,859
At 31 March 2021	9,319	7,427	318	1,688	1	7,556	26,309

ROYAL HOSPITAL CHELSEA APPEAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

6 TANGIBLE FIXED ASSETS – COMPANY

	Vehicle £	Total £
Cost		
At 1 April 2020	15,114	15,114
At 31 March 2021	<u>15,114</u>	<u>15,114</u>
Depreciation		
At 1 April 2020	7,557	7,557
Charge for the year	3,023	3,023
At 31 March 2021	<u>10,580</u>	<u>11,295</u>
Net book value		
At 31 March 2021	<u>4,534</u>	<u>4,534</u>
At 31 March 2020	<u>7,557</u>	<u>7,557</u>

7 INVESTMENTS

	Company	
	2021	2020
	£	£
Shares in subsidiary companies		
Chelsea Pensioner (RH) Ltd	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

The investments represent 100% of the issued share capital of the company. The company also owns 100% of the share capital of Tricorne Traders Ltd, which is dormant.

ROYAL HOSPITAL CHELESA APPEAL LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTD)

8 STOCKS

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Finished goods and goods for resale	147,502	134,768	-	-

9 DEBTORS

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade debtors	54,210	167,012	-	9,350
Amounts due from subsidiary companies	-	-	359,301	2,226,515
Amounts due from the RHC	433,373	475,884	-	-
Other debtors and prepayments	3,005,264	12,666	3,002,768	5,601
	3,492,847	655,562	3,362,069	2,241,466

10 CREDITORS: Amounts falling due within one year

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade creditors	159,844	27,882	5,166	4,421
Amounts due to the RHC	422,996	381,883	422,996	381,883
Social security and other taxes	4,369	33,039	-	-
Deferred income	747,700	921,722	-	-
Accruals and other creditors	20,640	28,839	3,800	3,565
	1,355,549	1,393,365	431,962	389,869

Movement on deferred income

	2021 £
Brought forward at the beginning of the year	921,722
Released to SOFA during the year	(921,722)
Deferred to future periods	747,700
Carried forward at the end of the year	747,700

Income has been deferred in respect of invoices raised for events occurring post year end.

ROYAL HOSPITAL CHELSEA APPEAL LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 202111 RELATED PARTY
TRANSACTIONS

Exemption is taken under FRS 102 from disclosing transactions with wholly owned subsidiaries and the ultimate parent undertaking:

- i) The Charitable Company's ultimate parent undertaking is The Royal Hospital Chelsea which is treated by HMRC as having charitable status.
- ii) The Charitable Company's wholly owned subsidiary, Chelsea Pensioner (RH) Limited, is established as the trading arm of The Royal Hospital Chelsea. The subsidiary has a deed of covenant with the parent under which profits are paid to the charitable Company under Gift Aid arrangements (see note 4 to the Financial Statements).

12 MOVEMENT OF FUNDS –
Group

	Balance 1st April 2020	Income	Expenditure	Balance 31st March 2021
	£	£	£	£
Restricted Funds				
Restricted IP Welfare	-	1,700,000	273	1,699,727
MTI Sensory Room	72,908	-	-	72,908
MTI Other RF	80,000	-	-	80,000
Restricted Donations	40,455	264,008	260,245	44,218
Cadogan Donation	87,840	150,000	65,591	172,249
Scarlet Appeal	349,969	-	25,466	324,503
MTI Restricted Donations	29,328	1,353	1,541	29,140
Chaplain Restricted Donation	-	1,920	192	1,728
Pendants Appeal	16,505	-	16,505	-
Dementia Appeal	102,871	8,000	1,373	109,498
Restricted Legacy	10,400	-	-	10,400
ABF Grant	55,000	40,000	-	95,000
Education Coordinator	22,248	-	344	21,904
Chaplain Music F.	150	-	150	-
National Lottery Heritage Fund Grant	5,796	25,000	23,721	7,075
Restricted Income Activities Centre	71,313	1,399,811	13,007	1,458,117
CBRE Cricket RI	2,200	-	-	2,200
Total Restricted Funds	946,983	3,590,092	408,408	4,128,667
Unrestricted Funds				
General Fund	2,221,996	2,859,532	4,022,858	1,058,670
Total Unrestricted Funds	2,221,996	2,859,531	4,022,858	1,058,670
Total Funds	3,168,979	6,449,624	4,431,266	5,187,337

ROYAL HOSPITAL CHELSEA APPEAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

12 MOVEMENT OF FUNDS (CONTD)
(company)

	Balance 1st April 2019	Income	Expenditure	Balance 31st March 2020
Restricted Funds	£	£	£	£ Restated
Cadogan Fund	43,605	-	43,605	-
MTI Sensory Room	72,908	-	-	72,908
MTI Other RF	80,000	-	-	80,000
Restricted Donations	35,946	13,609	9,100	40,455
Cadogan Donation	40,822	150,000	102,982	87,840
Scarlet Appeal	313,478	36,491	-	349,969
MTI Restricted Donations	26,964	6,516	4,152	29,328
Chaplain Restricted Donation	3,650	500	4,150	-
Pendants Appeal	138,057	-	121,552	15,505
Dementia Appeal	145,390	-	42,519	102,871
Restricted Legacy	400	10,000	-	10,400
ABF Grant	15,000	40,000	-	55,000
Education Coordinator	-	27,100	4,852	22,248
Big Ideas Community Hub	555	-	445	555
Chaplain Music Fed	150	701	701	150
National Lottery Heritage Fund Grant	-	31,250	25,454	5,796
Restricted Income Activities Centre	-	71,313	-	71,313
CBRE Cricket IR	-	2,200	-	2,200
				-
Total Restricted Funds	916,925	389,680	359,622	946,983
Unrestricted Funds				
General Fund	2,186,381	5,143,383	5,107,768	2,221,996
Total Unrestricted Funds	2,186,381	5,143,383	5,107,768	2,221,996
Total Funds	3,103,306	5,533,063	5,467,390	3,168,979

NET ASSETS	Restricted	Unrestricted	2021
	£	£	£
Tangible assets	-	19,859	19,859
Stock	-	147,502	147,502
Cash	1,128,668	1,754,010	2,882,678
Net current liabilities	3,000,000	(862,702)	2,137,298
Total net assets	<u>4,128,668</u>	<u>1,058,669</u>	<u>5,187,337</u>

NET ASSETS	Restricted	Unrestricted	2020
	£	£	£
Tangible assets	-	26,309	26,309
Stock	-	134,768	134,768
Amounts held with Group Treasury	-	1,500,000	1,500,000
Cash	946,983	1,298,722	2,245,705
Net current liabilities	-	(737,803)	(737,803)

Total net assets	<u>946,983</u>	<u>2,221,996</u>	<u>3,168,979</u>
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ROYAL HOSPITAL CHELSEA APPEAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

12 MOVEMENT OF FUNDS (CONTD)

Restricted funds are available to spend but restricted as to their use by the wishes of the donor. All of the restricted funds received in the year and the balance remaining at the end of the year relate to funds raised for In-Pensioner care and welfare. The funds are transferred to the RHC for expenditure.

13 LIMITATION OF LIABILITY

The Charitable Company is limited by guarantee and has no share capital. Every member of the Charitable Company undertakes to contribute such amount as may be required (not exceeding £1) to the Charitable Company's assets if it should be wound up whilst he or she is a member or within one year of ceasing to be a member.

Any property remaining after the Charitable Company has satisfied its debts and liabilities on winding up or dissolution shall not be distributed to members but shall be given to some other charity or charities having similar objects to the Charitable Company.

14 RECONCILIATION OF NET INCOMING RESOURCES TO NET CASH INFLOW FROM OPERATING ACTIVITIES (GROUP)

	2021	2020
	£	£
Net incoming/(outgoing) resources	2,018,358	65,673
Depreciation charges (note 6)	6,451	8,045
Interest received	(710)	(3,939)
Decrease/(increase) in stock	(12,734)	17,147
(Increase)/decrease in debtors	(1,337,285)	(61,582)
Increase/(Decrease) in creditors	(37,815)	<u>55,321</u>
Net cash (outflow)/inflow from operating activities	<u>(636,263)</u>	<u>80,665</u>

15 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The Royal Hospital Chelsea is the ultimate parent undertaking and controlling party of Royal Hospital Chelsea Appeal Ltd.

16 POST BALANCE SHEET EVENTS

There are no post balance sheet events to report.

