

# Naval Children's Charity

*The working name of*

The Royal Navy and Royal Marines Children's Fund

Trustees' Report and Financial Statements

for the year ended 31 March 2021

Registered Charity Number 1160182



Naval  
Children's  
Charity

# THE ROYAL NAVY AND ROYAL MARINES CHILDREN'S FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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# THE ROYAL NAVY AND ROYAL MARINES CHILDREN'S FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

## CHARITY INFORMATION

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### Charity Name

The Royal Navy and Royal Marines Children's Fund

### Working Name

Naval Children's Charity

### Trustees

|  |                           |
|--|---------------------------|
| Mr A C Sheppard OBE                    | Chairman                  |
| Mr K Arnold                            |                           |
| Mrs J Brent                            |                           |
| RAdm M Connell Royal Navy              | Vice Chairman             |
| Capt Thomas Early Royal Marines        | (appointed 02 July 2021)  |
| Lt Col I W Grant Royal Marines Retired |                           |
| Lt Col E C Musto Royal Marines Retired | (resigned 01 August 2021) |
| Cdr D Orton Royal Navy                 |                           |
| Ms E Riis-White                        |                           |
| Cdr H Rimmer MBE Royal Navy            |                           |
| Dr M Whitehead                         | (resigned 01 August 2021) |
| Mr I Pitts FCCA                        | Treasurer                 |
| WO1 C Robson Royal Navy                |                           |
| Lt E Stout Royal Navy                  |                           |
| Dr L Williams                          | (appointed 07 June 2021)  |

### Principal Office

311 Twyford Avenue  
Portsmouth  
PO2 8RN

### Registered Charity Number

1160182

### President

Lt General Sir James Dutton KCB CBE KStJ ADC

### Vice Presidents

Lieutenant General E G M Davis CB CBE  
Major General F H R Howes CB OBE  
Mrs S Owens-Cairns  
Rear Admiral Mike Bath

### Chief Executive Officer

Mrs C Scherer

### Treasurer/Trustee

Mr I Pitts FCCA

### Independent Auditor

Blue Spire Limited  
Cawley Priory  
South Pallant  
Chichester  
West Sussex  
PO19 1SY

### Bankers

Lloyds TSB Bank Plc  
20-24 High Street  
Gosport  
Hampshire  
PO12 1DE

### Solicitors

Blake Morgan  
Harbour Court  
Compass Road  
North Harbour  
Portsmouth  
Hampshire  
PO6 4SR

### Investment Adviser

Veritas Investment Management LLP  
Riverside House  
2A Southwark Bridge Road  
London  
SE1 9HA

# THE ROYAL NAVY AND ROYAL MARINES CHILDREN'S FUND

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## CHAIRMAN'S REPORT

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In March 2020, the curtains were drawn back on a year that was to become surreal, unique, testing and demanding for our Beneficiaries and the Charity alike – this report and audit covers a most unusual period.

The developing challenges included changes in the nature and volume of referrals, changes in children's education and the associated costs, the uncertainty over parent's and guardian's employment, furlough, and the practical difficulties of supporting children under different restrictions and rules. At the same time, the need to protect staff when the intensity and personal edge to the support delivered was changing and, at the end of 2020, the whole of the staff contracted Covid. The uncertainty continues and 'long Covid' leaves both a physical and practical legacy on people and organisations through which the charity must continue to learn and adapt.

In firmly confronting these circumstances, the Naval Children's Charity has embraced its new name and continues to develop a contemporary outlook with new communication, marketing, revised outreach, and focus. The staff team has grown, seeking stability and continuity and the ability to engage with its Beneficiaries, their families, and supporters more often and more directly. The Charity no longer just disburses funds, its Caseworkers provide support, advice and help on a practical level which means funds are being more and more tailored to need. The pandemic has emphasised the value of cooperation with other close charities and organisations impatient to collaborate, harmonise and bring the best all-round impact. Overall, the number of eligible children supported has gone up significantly and still we must be prepared for further changes which we may not yet know.

The role of the Trustees is to plan, support and provide the means by which the Charity can pursue its charitable goals. Therefore, the careful management of the Children's Fund, through Veritas, is the foundation of what we do. The strategy of drawing a cash fund worked well through 2020, so we have repeated it again, with £600,000 made available to meet the potential staccato needs over the coming period. This has allowed Veritas to concentrate on their role of growing the Fund. This is also currently working well, and the Finance Committee has become more agile in monitoring and responding to these changing requirements. At the same time, our core funders remain essential to providing the money that goes into our charitable activities. Therefore, through the CEO, and the newly established Naval Benevolent Charities' Chairs meeting, we are monitoring and influencing where possible, the impact of changes in the Greenwich Hospital Trust and the Royal Navy and Royal Marines Charity, to protect and secure these vital contributions.

The Welfare Committee has also adapted and incorporated new changes and remains a unique monthly focus on the needs of the Beneficiaries, supporting our staff and ensuring the Trustee Board has a close and detailed view of the circumstances and consequences of the decisions affecting Naval Children. The Trustee Board continuously adjusts its membership to ensure that we have a balanced, qualified, and experienced group always available for this work. I commend my fellow Trustees for their involvement and adaptability in ensuring the continuity and output from this work over the past year.

I close with my thanks to our CEO, Clare Scherer, and her indomitable team who have put the Charity where it is today – a vital contributor to the lives and welfare of Naval children who need help. Their commitment has been recognised with a Royal Navy Team Commendation in recognition of their dedication and commitment in making a real difference to so many Naval children and their families in the face of the significant challenges of the COVID-19 pandemic.



Alistair Sheppard OBE  
Chairman

Date 10<sup>th</sup> September 2021

# THE ROYAL NAVY AND ROYAL MARINES CHILDREN'S FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

## REPORT OF THE TRUSTEES

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The Trustees have pleasure in presenting their annual report for the purposes of the Charities Act 2011, together with the accounts for the year ended 31 March 2021. In preparing this Annual Report and financial statement the Trustees have adopted the updated provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS102).

### STRUCTURE, GOVERNANCE AND MANAGEMENT

The Royal Navy & Royal Marines Children's Fund is established as a Charitable Incorporated Organisation (CIO) registered as a Charity (charity registration number 1160182) under a constitution dated 27<sup>th</sup> January 2015 as amended by resolutions 10<sup>th</sup> July 2018 and 16<sup>th</sup> March 2020.

The origins of the Charity lie in its predecessor The Royal Navy & Royal Marines Children's Fund (charity registration number 1075015). The Royal Navy & Royal Marines Children's Fund was constituted under a Charity Commission Scheme of 26<sup>th</sup> October 1998, which came into operation on 1st April 1999, merging the Charities previously known as the Royal Naval & Royal Marines Children's Home (307108) and The Royal Naval & Royal Marines Children's Trust (209684). The assets of the predecessor charity were transferred to the current charity on 1<sup>st</sup> August 2015.

On 16<sup>th</sup> March 2020 the Charity adopted the working name 'Naval Children's Charity' (NCC) and the Constitution was amended and filed at the Charity Commission. The definition of beneficiaries was altered to reflect the present day to 'dependants' from 'sons and daughters'.

The Constitution allows for a Trustee Board of 15 and not more than 50% of the Charity Trustees shall be serving members of the Armed Forces. At the time of this report there are 13 Trustees, six of whom are currently serving in the Naval Service. New Trustees are selected by reference to the skills and experience that they can bring to the Board. Every Trustee must be appointed for a term of three years by a resolution passed at a properly convened meeting of the Charity Trustees.

The Charity Trustees will make available to each new Trustee, on or before his or her first appointment, a copy of the Constitution and any amendments to it and a copy of the Charity's latest Annual Report and statement of accounts. Existing Trustees are given the opportunity to attend training during their term in office.

Seven of the Trustees meet monthly as the Welfare sub-committee to consider applications for assistance from the Charity. Special arrangements are in place to deal with urgent cases arising between scheduled meetings. There is also a Finance sub-committee who normally meet once a year. All decisions of the sub-committees are reported at the next full meeting of the Trustees.

### STAFF

The Charity is administered by the CEO, Clare Scherer; Head of Welfare Sara Smith; Senior Caseworker Paris Brimecome, Caseworkers Cheryl Owens, Julie Whittingham, and a bookkeeper.

Previously, Charity Commission consent was sought and granted to employ Mr Lee Robson as a caseworker and who left the Charity 30<sup>th</sup> June 2020. His wife, WOI Claire Robson, remains as a Trustee and any conflict of interest was acknowledged and dealt with at meetings. WOI Claire Robson played no part in any decisions around the employment and remuneration of Mr Robson.

Staff remuneration is reviewed annually and regularly assessed by Croner and agreed by Trustees.

Staff and Trustees collaborate with other benevolent charities to achieve the maximum benefit for beneficiaries. Where appropriate care packages are agreed between the local authorities and the Charity to support beneficiaries.

### RISK MANAGEMENT

The Trustees review the Risk Assessment annually and have agreed that the five main areas of risk are:

Operational – loss of key staff

Governance – lack of strategic planning

Compliance – failure to comply with legislation and regulation

Financial – loss of income

Reputation – loss of reputation

To the extent that it is possible to do so, the Trustees take steps to mitigate these risks.

# THE ROYAL NAVY AND ROYAL MARINES CHILDREN'S FUND

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### OBJECTIVES AND ACTIVITIES

The object of the Charity is the relief of beneficiaries (defined in the Constitution as dependant children up to and including the age of 25, of serving and ex-serving members of the Royal Navy, the Royal Marines, the Queen Alexandra's Royal Naval Nursing Service, the former Women's Royal Naval Service, the Royal Fleet Auxiliary and the Reserves of those forces) who are in need, hardship or distress. The aforementioned forces are collectively known as the Royal Navy.

The Trustees may relieve beneficiaries in need by:

- Making grants of money to them; or
- Providing or paying for goods, services, or facilities for them; or
- Making grants of money to other persons or bodies who provide goods, services, or facilities to those in need.

The Eligible Applicants are:

- Children of serving or ex-serving Royal Navy personnel, who are in need or distress.
- Children who are in the guardianship of serving or ex-serving Royal Navy personnel.

### VISION AND MISSION

Our **Vision** is to be ready in a changing future to ensure that every deserving and eligible child has information, access to and receives support from the Naval Charity Sector.

The **Mission** of the Naval Children's Charity is to provide help and support for children and young people who through personal circumstances are in need and would benefit from support from the Naval Children's Charity.

### IMPACT

We endeavour to improve and change the lives of children, providing relief from worry and stress and changing futures. This is done by providing help in the following areas:

1. **DIRECT.** Direct support to the beneficiary at the point of need.
2. **INDIRECT.** Support provided through a parent or family, guardian, or carer, to ameliorate the wider impact of circumstances or to assist with the long-term improvement in conditions.
3. **PREVENTION, ADVOCACY AND SUPPORT.** To identify and address conditions that impact beneficiaries, their families, and circumstances and to work with other charities, agencies, and organisations to improve these conditions.

### FRAMEWORK

Support to the children of Naval families began with orphanages first established in Chatham and Portsmouth in 1825. As the needs of children changed over the years so did the way that we help them. The orphanages were subsequently sold, and a Fund was established to provide wider benevolence to Naval children. That investment provides the foundation for the current Charity. The income from the Fund covers some 25% of the annual costs of the Charity, including the running, administrative and any fundraising costs. The remaining annual income is received through grants and donations which are directly spent on beneficiaries.

Today we are proud to support around 2000 children each year with direct support and several thousand more indirectly through our community support and resources. We collaborate with other Naval charities to provide what the family needs. We make children our central focus, providing essential support and representing the needs of all Naval children. In all aspects of our work we are a proponent and advocate for the child. Our dedicated and trained caseworkers use their expertise to place the child at the centre of our work, seeking to improve lives in the longer term based on health, wellbeing, security, education, and life chances. While many children and their families who we help may be facing difficulties, our role is to try and make things better. Around 85% of the children supported by the Naval Children's Charity are bereaved, disabled or ill or have a parent that is disabled or ill. All families are assessed financially and means-tested.

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### **COMMITMENT TO SUPPORT OF NAVAL CHILDREN**

The Naval Children's Charity is committed to supporting Naval children in five key areas as identified in our Strategic Review of 2019.

## **HEALTH, WELLBEING, SECURITY, EDUCATION, LIFE CHANCES**

The following illustrates the main issues faced by the children and families that come to us and where we provide grants to support children in line with our strategic areas above.

### **EDUCATION & SEND**

Educational support for Children starts with pre-school and nursery through to tertiary education including vocational training, apprenticeships, and trainee schemes as well as college, university and postgraduate education. Collaborating in partnerships with organisations such as the SCiP Alliance and the Educational Trusts Forum as well as providing resources and support into schools, the NCC ensures that children receive the help they need to overcome any disadvantage either through the nature of their parent's service or other external factors.

Need is determined by a financial assessment of the family including all family circumstances such as bereavement, disability or illness of a child, parent, or sibling.

Support can start with pre-school and nursery/childcare, particularly where the child is already showing signs of learning disability which is impacting on their behaviour and achievements. As children move through the stages of education the NCC provides grants for school uniform, laptops, and computers (to enable children to study effectively through the Covid pandemic, helping families with home education), extra lessons and school clubs and activities. Children are also supported with school trips, travel to and from school, particularly where there is disability or illness, and in a few exceptional cases with complex family circumstances, with education outside that provided by the State.

Typical cases for fees for education outside the State provision involve disability or bereavement when a child is already in a fee-paying school to provide continuity of education up to the next key stage (such as GCSEs) or where there are safeguarding concerns around the child.

Where a child has SEND the NCC provides advice and support on applying for EHCPs (the charity is currently training a caseworker to give specialist advice in this area) as well as therapies and assessments to enable children to obtain diagnosis. Naval families can be adversely impacted by the long (currently 36 months) waiting lists for assessments through the Local Authorities (LA), particularly if they are mobile and must restart the process in a new LA.

As children leave school the NCC provides grants to support their transition into adulthood, supporting children up to the age of 25. Whatever the life choices of the child whether it be moving into further education, apprenticeships, or training, the NCC gives monthly grants to support their living, travel and equipment grants and, in some cases, additional grants towards housing and other expenses. Where student loans or tuition fees are available, they are expected to apply for all that the state can offer in support, then the NCC assess what the financial need is.

### **DISABILITY & ILLNESS**

Where families face disability or illness of either parent or child, very often the adult disability is a direct result of their service and children often have very complex medical needs which impact the families significantly. The NCC provides support with the costs associated with those needs such as specific equipment to help with physical and learning disability, wheelchairs, sensory items, trikes, safe space beds, nappies and learning devices. If a child is very ill in hospital, then support is provided for the additional costs to the family that this can bring, ranging from travel and parking, food on the go, overnight stays, and childcare for the remaining children at home. The NCC provides grants towards therapies and activities to enhance their lives and improve outcomes.

### **BEREAVEMENT**

Many children who have lost a parent are provided with support in a myriad of ways including access to counselling and support for education and training.

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We have identified a specific need for support of those children, bereaved earlier in life, who are now over 18 and transitioning into adulthood. There is little support or knowledge around this age group, and we are commissioning a project with Child Bereavement UK, working with some children, to support them and inform our future work.

### **DOMESTIC VIOLENCE**

When a family is breaking apart through domestic violence the response needs to be swift at the time of crisis and then with significant follow up support as the parent and children rebuild their lives. The NCC gives emergency grants, in the first instance, often at short notice to provide for shelter, food and basic necessities. Help may include the family move into a new home and provision of white/brown goods and children's items as often they have fled leaving most things behind.

### **MARITAL BREAKDOWN**

When marriages break down, often from the impact of service life on the family, support may be provided where families are relocating out of SFA or moving area and household essentials are required plus school changes requiring uniform and equipment. There may also be future costs enabling the separated parent to see their children regularly.

### **COMMONWEALTH AND NON-BRITISH**

This cohort has complex needs around separation from children and family, adjustment to living in the UK, visas and costs associated with bringing children and families over from their home country, and complex needs when a family member is ill or dying in their home country. The NCC addresses each case separately and on its merits.

### **EMERGENCY ESSENTIALS GRANT SCHEME**

Many of the grants the NCC gives are in response to a family reaching a crisis point, very often exacerbated by financial constraints. For these children and young people their need is immediate, and a quick response is necessary, often directly to the family. The need could be for groceries, beds, clothing or white or brown goods that have broken. This response also helps those children where poverty is having a significant effect on their health and development. In many cases the financial circumstances of the family have been compounded by illness, disability, and bereavement.

### **REFERRALS AND GRANT MAKING POLICY**

The Naval Children's Charity, along with other charities in the Armed Forces Sector, uses the central Case Management System (Mosaic) managed by SSAFA. The Charity also takes self-referrals from families and referrals through other sources. Once the referral has been received, the applicant will be contacted by an appointed caseworker to assess need. The Naval Children's Charity employs four of their own caseworkers who deal directly with the families and work in partnership with the SSAFA caseworkers, RN FPS and the grant administrators from other benevolent organisations. In all cases every effort is made to ensure that the family receive a package of care with grants being almonised between the benevolent organisations and families offered guidance, support and signposting to other sources of help and support. An application form demonstrating need is completed with all families assessed financially and means-tested. For grants that require immediate, direct support up to £2,500 the CEO reviews each case and signs off the support to be given, later ratified by the Welfare Committee. Grants are given either directly to the family or administered through SSAFA or one of the other organisations. For the more complex cases a full report is submitted to the Welfare Committee with supporting documentation. No cap is applied to grants either in time or money, other than the age limit of up to and including the age of 25 for children.

Once a grant is approved, contact is made with the applicant and other relevant organisations so that payments can be made. Grants may be one off or given periodically for a set time. If there is an ongoing bursary, the family situation and financial circumstances are reviewed annually.

The caseworkers regularly brief into the serving community and have good relationships with NS FPS, SSAFA workers and other Naval charities with whom we almonise and collaborate. Our offices in Castaway House are ideally situated with several other Naval charities under the one roof.



# THE ROYAL NAVY AND ROYAL MARINES CHILDREN'S FUND

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### COMMUNITY

The majority of Naval children are resilient, thriving and proud of their parents' service and do not need an individual grant in support. However, they are impacted by their parents' Naval career and face challenges over and above those of civilian children. To support them the NCC gives grants to projects in Naval communities and to schools. Further support includes free resources which are sent out to families such as the two books, Zoe and the Time Rabbit and Henry and the Time Penguin, aimed at the younger child to help them understand separation when a mummy or a daddy goes away. There is also a family self-help book, Knit the Family, to help the whole family understand deployment and the difficulties it can bring.

### RESEARCH

In 2021 the Naval Children's Charity produced a report, The Impact of Service Life on the Military Child which identified the **13 key areas that impact the lives of our children**. The NCC is now able to further focus support to Naval children to ensure that they are not disadvantaged by their parents' Service and that grants, and resources can have the best effect. From this report a further piece of research has been commissioned into the impact of Social Media on our children, particularly when separated from their parents.

- The impact of deployment-related separation on Service children
- The impact of lone parenting
- The influence of the media
- Family adjustment following deployment
- The impact of mobility
- Dealing with stigma and bullying
- The impact of parental illness or injury
- The impact of parental bereavement
- Family relationships and breakdown
- Children with additional needs and disabilities
- Lack of awareness of Service children's needs
- What do children gain from their parent's service?
- Support and interventions for Service children

We are also chairing a new Funding Forum, together with the SCiP Alliance, to carry out some initial scoping research into the best support that charities such as ours can provide to schools around the UK to support the Military Child.

### ACHIEVEMENTS AND PERFORMANCE

Since the formation of the Naval Children's Charity in 1999 over 46,600 children are entered on our database as having been supported with a direct grant. Several thousand more have been helped by our books and resources which are sent out free of charge. In 2020/2021 we gave grants to support 3081 children both in direct grants and through our Naval Community Projects.

We have seen a significant shift in the number of veteran families requiring support from us with 68% of those we helped in the past year being veteran, 52% were former Royal Navy and 16% former Royal Marines. This reflects the impact of the pandemic on our families, with job losses, redundancies and furlough all adding to the hardships our families faced. 23% of the families were from currently serving Royal Navy families, 9% serving Royal Marines. 12% were from the families of officers, the remaining 88% from the other ranks, both currently serving and veteran.

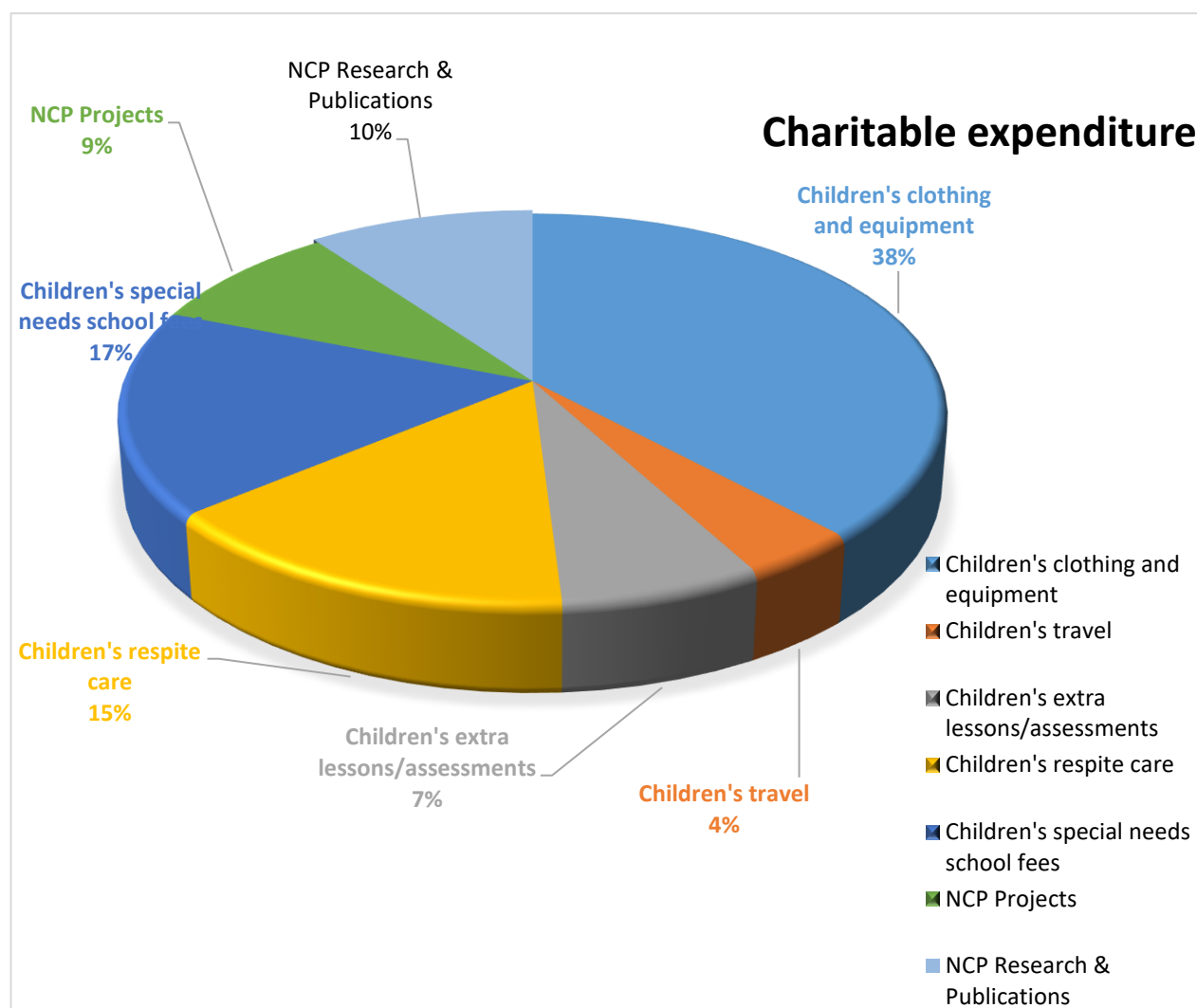
The audited accounts show that £984,307 was charitable expenditure on grants and community projects. Total charitable expenditure was £1,338,822 The chart shows percentage of expenditure in the different charitable categories.

| Charitable Expenditure               |          |     |
|--------------------------------------|----------|-----|
| <b>Direct Grants</b>                 |          |     |
| Children's clothing and equipment    | £375,011 | 38% |
| Children's special educational needs | £163,661 | 17% |
| Children's respite care              | £152,667 | 15% |
| Children's extra lessons/assessments | £65,828  | 7%  |
| Children's travel                    | £38,013  | 4%  |
| <b>Naval Community Projects</b>      |          |     |
| NCP Projects                         | £92,572  | 9%  |
| NCP Research & Publications          | £96,555  | 10% |

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The impact of the grants can be life changing. Trustees take into consideration the five essentials for a child: health, wellbeing, security, education, and life chances. The Trustees are cautious to commit themselves to long term educational support but the results from this type of investment can be seen, not necessarily in academic terms but in enabling a child to reach the height of their potential and able to live an independent life which might otherwise not have been open to them. In many of the cases the special educational need for the child is that of family circumstances rather than learning disability.

We are meticulous about measuring the impact of our grants. Post-grant evaluations are sent to all families and indicate:

- 98% found our grant process easy to follow
- 99% that the grant was processed quickly
- 97% they were kept informed
- 99% grant was targeted to their children's needs
- 98% would feel comfortable approaching us again
- 89% feel supported
- 87% feel relieved
- 79% feel more positive
- 75% have improved wellbeing
- 69% felt the grant was life-improving
- 50% have a better quality of life
- 36% found the grant life-changing
- 35% have increased independence

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### **PUBLIC BENEFIT**

The identifiable benefit provided by the Naval Children's Charity is the relief of children of serving and veteran personnel of the Royal Navy who are in need, hardship, or distress thereby contributing to the health, welfare, and social cohesion of the Nation. Additionally, this contributes to maintaining or improving morale within the Royal Navy and thus to the quality of these vital components of the Nation's Armed Forces and, thereby, to the defence of the Nation.

Our work is targeted at helping children who are in distress and if unrelieved, may result in social, as well as educational, failure.

Through its grant making to service and veteran Naval Service personnel and dependants in need, the Naval Children's Charity demonstrates its support of the Military Covenant between the Nation and its Armed Forces and have signed the Armed Forces Covenant as a reflection of that support. Part of the Armed Forces Covenant scheme is the Defence Employer Recognition Scheme (ERS). The Naval Children's Charity has been awarded the Bronze award from the ERS. The ERS recognises commitment and support from UK employers for defence personnel. The scheme comprises Bronze, Silver and Gold awards for employers who support those who serve or have served in the Armed Forces and their families.

The Trustees have given regard to the Charity Commission's guidance on public benefit in its pursuance of the Charity's objects.

### **FUNDRAISING STANDARDS**

The Charity does not carry out any significant fundraising activity and does not actively raise funds from the general public. We remain grateful to all that do support us financially through fundraising in their communities, donations, and legacies.

The NCC is a signed-up member of the Fundraising Regulator and Trustees are satisfied that the charity's fundraising methods are compliant with both the current regulations and best practice.

### **FINANCIAL REVIEW**

The period under review is the year to 31st March 2021.

The Naval Children's Charity's incoming resources for this period amounted to £11,089,108. Total expenditure was £1,469,274 and during this period expenditure on charitable activities amounted to £1,338,822 which is 91% of all expenditure. Cash was withdrawn from our Fund to cover the deficit in income, including all operating costs. 100% of all donations and grants is spent directly on beneficiaries.

The Investment objectives are:

1. To protect and grow the real value of the Expendable and Permanent Endowment Funds
2. In March 2020 to release £1,000,000 in cash to be managed by the Trustees/Executive of the Charity to provide operating costs for the period April 2020 – March 2023 and in May 2021 a further release of £600,000 to maintain cashflow in the anticipation of an increase in expenditure on families impacted by the Coronavirus pandemic.
3. To always maintain a minimum of £100,000 in cash to assist with cashflow as required
4. To provide additional drawdown and withdrawal of funds if required by the Charity
5. The benchmark is a real return of CPI + 3% on a rolling 5-year basis net of fees

Investment performance:

For the 5 year period to 31<sup>st</sup> March 2021 the Expendable and Permanent Endowment Funds generated a return of 58.0% and 57.9% respectively (after all fees and costs). These returns are ahead of the Endowment Funds' objective of UK Inflation (CPI) +3%, which equates to a target return of 25.0% over the same time period.

The Peer group (as represented by ARC Steady Growth PCI and ARC Steady Growth Charity Index) generated a return of 41.6% and 42.9% respectively. We include the performance of these indices to show what our peers have achieved for clients with a similar investment mandate. It is also worth highlighting that this outperformance of the Peer group has been achieved with a slightly lower level of volatility (as measured by standard deviation).

Total return basis of investment:

The charity has exercised its rights by the Trustees under section 104(A) of the Charities Act 2011 on 1 March 2020. This power permits the trustees to invest permanently endowed funds to maximise total return and therefore to apply an appropriate portion of the unapplied total return to income. The unapplied total return remains invested as part of the permanent endowment until that power

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is exercised. When exercised it allows the trustees to apply an appropriate portion of the unapplied total return to income each year. The decision to utilise unapplied income is considered throughout the year and based upon anticipated need. The charity's investment managers assist in the reconciliation of the amount which can be allocated. During the current year the trustees have transferred £nil to unrestricted income funds.

During their considerations as part of the Strategic Review of 2019 Trustees took the decision for Item 2 above to release £1,000,000 in cash to provide operating costs for the period April 2020 – March 2023 thus ensuring income to the Charity during that period whilst allowing the Investment Managers to adjust the risk on the Fund. A further drawdown in May 2021 was approved by the Trustees in response to the Coronavirus pandemic. While ensuring cash is available for all operational needs, this minimises the need for ad hoc drawdown and gives our investment managers a stable period in which to concentrate on their primary objective of growing the Fund.

#### GRANTS AND LEGACIES

Through our Memorandum of Understanding with the Royal Navy & Royal Marines Charity (RNRMC) we receive the annual grant from Greenwich Hospital Trust, and we continue to work closely with both organisations as we support our beneficiaries. The Trustees are very grateful to the RNRMC and Greenwich Hospital Trust for the significant and consistent support they have given to the Naval Children's Charity during this period.

The Trustees also thank The Seafarers Charity who have given regular support over many years with a grant of £100,000 per annum. This is a restricted fund for children from Officers' families.

Trinity House have also very generously continued to support the Naval Children's Charity with a grant of £47,300 per annum, for which the Trustees are very grateful.

The Libor Fund which gave £270,000 towards the Emergency Essentials Grant Scheme in June 2018 which, in line with SORP, is shown as the full amount in the accounts ending 31<sup>st</sup> March 2019. The grant has been used over three years with £90,000 per year being used in year ending 31<sup>st</sup> March 2019, £90,000 used in year ending 31<sup>st</sup> March 2020 and the final tranche of £90,000 used in this financial year ending 31<sup>st</sup> March 2021.

The Ogden Armed Forces Bursary is a Restricted Fund which supports children aged 11+ of those seriously injured or killed during deployment or those suffering with PTSD from across the Armed Forces. There are currently 4 children benefiting from this bursary. In line with the criteria for the fund two of the children are from Army families. This fund will close once the bursaries to the existing children have been paid.

The Charity receives little or no funding from legacies. In this financial year we would like to thank the families of David Brazier, a former Trustee of the Charity, who left us £10,000 in his will and Walter King who left us £5,000. We are incredibly grateful to be remembered in this way.

Whilst income for the year therefore looks reduced compared to the previous years' accounts it should be noted that the Libor funding is reflected in the 2018 accounts and the income from Investments is shown as cash savings on deposit.

#### TRUSTS AND FOUNDATIONS

Queen Mary's Roehampton Trust who supports the children of those receiving a War Pension with a grant of £5,000 have also been a constant support for which the Trustees are very grateful.

We are also extremely grateful to those other Trusts and Foundations that generously supported our work during the year. These include: the Edinburgh Trust, the P F Charitable Trust, the Naval Ladies Charitable Trust, the Sir James Knott Trust, the Michael Cornish Charitable Trust, the T K Maxx Foundation, the Patricia Routledge Trust, and the Forces Trust.

We are also extremely grateful to all those who donated to our Charity either through volunteering their time or by gifts of money. Particular thanks to the many branches of the RNA who regularly send in donations, other churches and their congregations who support us, the Type 21 Class Club for a generous donation, and last but definitely not least the wonderful Julian Kirk, Gina Wise and Ian Lund who have established the Eastern England Group supporting the Naval Children's Charity and do amazing work raising awareness and funds for us.

# THE ROYAL NAVY AND ROYAL MARINES CHILDREN'S FUND

## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

### REPORT OF THE TRUSTEES

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We would also like to thank all the wonderful knitters around the UK, who send us in knitted Rabbits and Penguins to accompany our free books sent out to children when a parent is away on deployment or other separations.

#### ENVIRONMENTAL AND SOCIAL GOVERNANCE:

The Trustees recognise that responsible corporate behaviour with respect to ESG issues can have a positive influence on the financial performance of companies. Veritas should take this into account where the Investment Managers consider there may be conflict of interest with the aims of the Charity and refer the investment to the Chairman.

#### ENDOWMENTS & RESERVES POLICY

The SORP defines 'Reserves' as that part of a Charity's income funds that are freely available which normally excludes permanent and expendable endowments and restricted funds. Therefore, at 31st March 2021 the unrestricted general funds (the SORP defined Reserves) were £214,335. Although the Naval Children's Charity's permanent and expendable endowments are not SORP reserves, they are wholly available to sustain and support the Charity. They are invested in order to:

- Generate Income – as stated above cash was withdrawn from the Fund to provide operating costs; an amount that would need to be found from other sources without this level of investment. This income covers the non-charitable expenditure and operating costs of the Charity enabling all donations and grants to be used on charitable expenditure.
- Ensure Continuity of Funding – without which in an uncertain funding environment the Charity might otherwise have to limit its support. (Note: The Charity derives some % of its annual income from the major grant givers (see above), which are mindful of the reliance and continuity their support brings but will not currently guarantee to support the Naval Children's Charity for more than one year at a time).

#### COVID-19

The Naval Children's Charity continued to deliver support throughout the COVID-19 pandemic and lockdown with staff working remotely ensuring families received swift and targeted support. Many of the families that came to us during this period required assistance in facilitating remote school-working for their children and we provided computers and other educational support to help with this. Other requests ranged from support with groceries and essentials to ensuring gardens were safe for some of our children with special needs ensuring they got access to fresh air and exercise. We did not see any undue impact on our finances during the financial year, however we anticipate that we may see an increase in requests for support in the coming financial year and Trustees have responded accordingly by drawing down from the investments to provide for cashflow.

#### PLANS FOR FUTURE PERIODS

The Trustees plan to continue to deliver against the charitable objects of the Charity by giving individual grants to Naval children in crisis and need and broader support to Naval children through their community grants. The future direction of the Charity remains to continue to seek out eligible families, identify need and develop our reach to the community to ensure that all Naval children receive the help and support they require and are not disadvantaged by the service of their Parents in the Royal Navy.

The pandemic of 2020/2021 has required the Charity to respond quickly to crisis driven needs in our beneficiaries and the Charity has set aside funds to ensure that the Charity can respond to any increase in need from families over the next few years. The Charity adapted well to remote working during the pandemic and has established clear policies to enable charitable delivery to continue in the event of similar situations arising.

Following a period of strategic review in 2019 the new name has increased the awareness of the Charity and the brand and outreach will continue to be developed to reach more beneficiaries and further establish the Charity as a leading advocate for Naval children. Our social media activity and engagement continues to grow. The combined number of followers across Facebook and Twitter is increasing consistently and our website has seen an increase in visitors of over 62% since the launch of the new name and website in March 2020. We have launched a new monthly newsletter with a growing subscription base.

# THE ROYAL NAVY AND ROYAL MARINES CHILDREN'S FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

## REPORT OF THE TRUSTEES

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### STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Report of the Trustees and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The law applicable to charities in England & Wales 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 Charity and of the incoming resources and application of resources of the Charity 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 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 Charity will continue in operation.

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the Constitution. They are also responsible for safeguarding the assets of the Charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Approved by the Trustees and signed on their behalf.



Alistair Sheppard OBE  
(Chairman of Trustees)

Date 10<sup>th</sup> September 2021

# THE ROYAL NAVY AND ROYAL MARINES CHILDREN'S FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

## INDEPENDENT AUDITOR'S REPORT

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### Independent auditor's report to the Trustees of The Royal Navy and Royal Marines Children's Fund

#### Opinion

We have audited the financial statements of The Royal Navy and Royal Marines Children's Fund (the 'Charity') for the year ended 31 March 2021 which comprise the Statement of Financial Activities, the Balance Sheet, the Statement of Cash Flows 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 Financial Reporting Standard 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 Charity's affairs as at 31 March 2021, and of its incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the 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 Charity 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 Charity'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, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report<sup>2</sup>. 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.

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.

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

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 require us to report to you if, in our opinion:

- the information given in the financial statements is inconsistent in any material respect with the trustees' report; or
- the charity has not kept adequate accounting records; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

# THE ROYAL NAVY AND ROYAL MARINES CHILDREN'S FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

## INDEPENDENT AUDITOR'S REPORT

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### Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities, the trustees 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 Charity'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 charity 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 as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

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:

- Enquiry of management, those charged with governance around actual and potential litigation and claims;
- Enquiry of entity staff to identify any instances of non-compliance with laws and regulations;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.
- Performing audit work over the risk of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

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 is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/Our-Work/Audit/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Auditors-responsibilities-for-audit/Description-of-auditors-responsibilities-for-audit.aspx>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the charity'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 charity's 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 charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.



Blue Spire Limited (Statutory Auditor)

16 September 2021

Date

Cawley Priory  
South Pallant  
Chichester  
West Sussex  
PO19 1SY

*Blue Spire Limited is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.*



# THE ROYAL NAVY AND ROYAL MARINES CHILDREN'S FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

## STATEMENT OF FINANCIAL ACTIVITIES

|   |           | Unrestricted     | Restricted      | Endowment         | 2021              | 2020              |
|---|-----------|------------------|-----------------|-------------------|-------------------|-------------------|
|   |           | Funds            | Funds           | Funds             | Total             | Total             |
|   | Note      | £                | £               | £                 | Funds             | Funds             |
|   |           |                  |                 |                   | £                 | £                 |
| <b>INCOME AND ENDOWMENTS FROM:</b>          |           |                  |                 |                   |                   |                   |
| Donations and legacies                      | 1         | 813,170          | 105,000         | -                 | 918,170           | 909,892           |
| Other trading activities                    | 2         | -                | -               | -                 | -                 | 7,607             |
| Investments                                 | 3         | 6,072            | -               | 149,828           | 155,900           | 231,767           |
| Other                                       | 4         | 15,038           | -               | -                 | 15,038            | -                 |
| <b>Total</b>                                |           | <u>834,280</u>   | <u>105,000</u>  | <u>149,828</u>    | <u>1,089,108</u>  | <u>1,149,266</u>  |
| <b>EXPENDITURE ON:</b>                      |           |                  |                 |                   |                   |                   |
| Raising funds - Event costs                 | 5         | 31,122           | -               | -                 | 31,122            | 31,837            |
| Raising funds - Investment management costs | 6         | -                | -               | 99,330            | 99,330            | 89,044            |
| Charitable activities                       | 7         | 1,152,750        | 186,072         | -                 | 1,338,822         | 1,351,930         |
| <b>Total</b>                                |           | <u>1,183,872</u> | <u>186,072</u>  | <u>99,330</u>     | <u>1,469,274</u>  | <u>1,472,811</u>  |
| Net gains/(losses) on investments           | 13        | -                | -               | 2,293,672         | 2,293,672         | (307,372)         |
| <b>Net Income/(expenditure)</b>             |           | <u>(349,592)</u> | <u>(81,072)</u> | <u>2,344,170</u>  | <u>1,913,506</u>  | <u>(630,917)</u>  |
| Transfers between funds                     | 22        | 331,928          | 68,072          | (400,000)         | -                 | -                 |
| <b>Net movement in funds</b>                | <b>22</b> | <u>(17,664)</u>  | <u>(13,000)</u> | <u>1,944,170</u>  | <u>1,913,506</u>  | <u>(630,917)</u>  |
| <b>RECONCILIATION OF FUNDS</b>              |           |                  |                 |                   |                   |                   |
| Total funds brought forward                 |           | 231,999          | 16,550          | 10,511,303        | 10,759,852        | 11,390,768        |
| <b>Total funds carried forward</b>          | <b>22</b> | <u>214,335</u>   | <u>3,550</u>    | <u>12,455,473</u> | <u>12,673,358</u> | <u>10,759,851</u> |

None of the Charity's other activities were acquired or discontinued during the period.

The Charity has no recognised gains or losses other than those dealt with in the statement of financial activities.

# THE ROYAL NAVY AND ROYAL MARINES CHILDREN'S FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

## BALANCE SHEET AS AT 31 MARCH 2021

|   |      | 2021       |            | 2020      |            |
|---|------|------------|------------|-----------|------------|
|   | Note | £          | £          | £         | £          |
| <b>FIXED ASSETS</b>                                     |      |            |            |           |            |
| Tangible assets   | 12   | -          |            | -         |            |
| Investments - Managed portfolio                         | 13   | 11,855,473 |            | 9,511,303 |            |
| Investments - Cash deposits                             | 14   | 300,000    |            | 600,000   |            |
| <b>Total fixed assets</b>                               |      |            | 12,155,473 |           | 10,111,303 |
| <b>CURRENT ASSETS</b>                                   |      |            |            |           |            |
| Debtors   | 14   | 17,347     |            | 15,565    |            |
| Investments - Cash deposits                             | 16   | 300,000    |            | 300,000   |            |
| Cash at bank and in hand                                |      | 338,457    |            | 513,343   |            |
| <b>Total current assets</b>                             |      | 655,804    |            | 828,908   |            |
| <b>CURRENT LIABILITIES</b>                              |      |            |            |           |            |
| Creditors: amounts falling due within one year          | 17   | 130,919    |            | 160,359   |            |
| <b>Net current assets</b>                               |      |            | 524,885    |           | 668,549    |
| <b>Total assets less current liabilities</b>            |      |            | 12,680,358 |           | 10,779,852 |
| Creditors: amounts falling due after more than one year | 18   |            | (7,000)    |           | (20,000)   |
| <b>Net assets</b>                                       |      |            | 12,673,358 |           | 10,759,852 |
| <b>THE FUNDS OF THE CHARITY</b>                         |      |            |            |           |            |
| Endowment funds   | 22   |            | 12,455,473 |           | 10,511,303 |
| Restricted funds  | 22   |            | 3,550      |           | 16,550     |
| Unrestricted general funds                              | 22   |            | 214,335    |           | 231,999    |
| <b>Total charity funds</b>                              |      |            | 12,673,358 |           | 10,759,852 |

The notes on pages 22 to 38 form part of these accounts.

Approved by the Trustees and signed on their behalf.



Mr Alistair Sheppard OBE  
(Chairman of the Trustees)

Date 10<sup>th</sup> September 2021



# THE ROYAL NAVY AND ROYAL MARINES CHILDREN'S FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

## ACCOUNTING POLICIES

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### General information, scope and basis of the financial statements

The Royal Navy & Royal Marines Children's Fund is a registered Charity, established as a Charitable Incorporated Organisation, in England and Wales. The address of the principal office is given in the Charity information of these financial statements and the nature of the Charity's operations and principal activities are detailed in the report of the trustees.

The Charity constitutes a public benefit entity as defined by FRS 102. 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 issued in October 2019, the Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Charities Act 2011 and UK Generally Accepted Accounting Practice.

The financial statements are prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are presented in sterling which is the functional currency of the Charity and rounded to the nearest £.

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.

### Incoming resources

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

For donations to be recognised the Charity will have been notified of the amounts and the settlement date in writing. If there are conditions attached to the donation and this requires a level of performance before entitlement can be obtained then income is deferred until those conditions are fully met or the fulfilment of those conditions is within the control of the Charity and it is probable that they will be fulfilled.

Donated facilities and donated professional services are recognised in income at their fair value when their economic benefit is probable, it can be measured reliably and the Charity has control over the item. Fair value is determined on the basis of the value of the gift to the Charity. For example the amount the Charity would be willing to pay in the open market for such facilities and services. A corresponding amount is recognised in expenditure.

Income from trading activities includes income earned from fundraising events and trading activities 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.

Income from government and other grants are recognised at fair value when the Charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably. If entitlement is not met then these amounts are deferred.

# THE ROYAL NAVY AND ROYAL MARINES CHILDREN'S FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

## ACCOUNTING POLICIES

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### **Incoming resources (continued)**

Investment income is earned through holding assets for investment purposes such as shares and cash deposits. It includes dividends and interest. Where it is not practicable to identify investment management costs incurred within a scheme with reasonable accuracy the investment income is reported net of these costs. It is included when the amount can be measured reliably. Interest income is recognised using the effective interest method and dividend income is recognised as the Charity's right to receive payment is established.

The Charity receives government grants in respect of the Coronavirus Job Retention Scheme. Income from government and other grants are recognised at fair value when the Charity has entitlement after any performance conditions have been met, it is probable that the income will be received and the amount can be measured reliably.

### **Resources expended**

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category. Expenditure is recognised where there is a legal 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. It is categorised

- Costs of raising funds; which includes the costs of organising events and investment management fees
- Expenditure on charitable activities; which includes grants made to beneficiaries and costs incurred to support those activities

Grants payable to third parties are within the charitable objectives. Where unconditional grants are offered, this is accrued as soon as the recipient is notified of the grant, as this gives rise to a reasonable expectation that the recipient will receive the grants. Where grants are conditional relating to performance then the grant is only accrued when any unfulfilled conditions are outside of the control of the Charity.

### *Support cost allocation*

Support costs are those that assist the work of the Charity but do not directly represent charitable activities and include office costs, governance costs, administrative payroll costs. They are incurred directly in support of expenditure on the objects of the Charity and include project management carried out at Headquarters. Where support costs cannot be directly attributed to particular headings they have been allocated to cost of raising funds and expenditure on charitable activities on a basis consistent with use of the resources. The analysis of these costs is included in note 8.

### **VAT**

The Charity is not registered for VAT and is unable to recover VAT incurred. On this basis costs are recorded inclusive of VAT within the SOFA.

### **Taxation**

The Charity is an exempt Charity within the meaning of schedule 3 of the Charities Act 2011 and is considered to pass the tests set out in sections 521 to 536 Income Tax Act 2007 (ITA 2007), as such no income tax is payable on the Charity's activities.

# THE ROYAL NAVY AND ROYAL MARINES CHILDREN'S FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

## ACCOUNTING POLICIES

---

### **Fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes costs directly attributable to making the asset capable of operating as intended.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset on a systematic basis over its expected useful life as follows:

Computer equipment 25% straight line basis

Office equipment 10% straight line basis

Fixed assets received as part of the transfer of assets from the predecessor Charity have been included as additions at their net book value and have continued to be depreciated under the existing policy of the predecessor Charity.

### **Investments**

#### *Managed portfolio*

Investments are recognised initially at fair value which is normally the transaction price excluding transaction costs. Subsequently, they are measured at fair value with changes recognised in 'net gains/(losses) on investments' in the SoFA if the shares are publicly traded or their fair value can otherwise be measured reliably.

#### *Cash deposits*

Cash deposits are medium and short term highly liquid investments and are held at fair value. Current asset investments include cash on deposit and cash equivalents with a maturity of less than one year.

### **Debtors and creditors receivable / payable within one year**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in expenditure.

### **Cash and cash equivalents**

Cash and cash equivalents includes cash at bank and in hand and cash balances within the investment portfolio available for investment transaction purposes.

### **Operating leases**

Rentals payable under operating leases are charged in the statement of financial activities on a straight line basis over the lease term.

### **Employee benefits**

When employees have rendered service to the Charity, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

The charity makes contributions on behalf of employee's to their own personal pension arrangements.

# THE ROYAL NAVY AND ROYAL MARINES CHILDREN'S FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

## ACCOUNTING POLICIES

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### **Fund accounting policy**

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.

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. 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.

Endowment funds incorporating an expendable and permanent endowment funds represent those investment assets held by the Charity, principally to generate investment income for the Charity's use. The assets held within the permanent endowment fund must be retained in perpetuity, however those investments within the expendable endowment may be converted to income by the Trustees. Income arising on the endowment funds can be used in accordance with the objects of the Charity and is included as unrestricted income. Any capital gains or losses arising on the investments form part of the fund. Investment management charges and legal advice relating to the fund are charged against the fund.

Further details of each fund are disclosed in Note 22.

### **Going concern**

The financial statements have been prepared on a going concern basis as the Trustees believe that no material uncertainties exist. The Trustees have considered the level of funds held and the expected level of income and expenditure for 12 months from authorising these financial statements. The budgeted income and expenditure is sufficient with the level of reserves for the charity to be able to continue as a going concern.

The Trustees have considered the impact of the COVID-19 pandemic on their assessment of going concern and believe there are no material uncertainties arising.

# THE ROYAL NAVY AND ROYAL MARINES CHILDREN'S FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

## NOTES TO THE FINANCIAL STATEMENTS

### 1. Donations and legacies

|                                       | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Endowment<br>Funds<br>£ | 2021<br>Total<br>Funds<br>£ |
|---------------------------------------|----------------------------|--------------------------|-------------------------|-----------------------------|
| Donations from individuals and trusts | 30,870                     | 5,000                    | -                       | 35,870                      |
| Legacies                              | 15,000                     | -                        | -                       | 15,000                      |
| RNRMC/Greenwich                       | 720,000                    | -                        | -                       | 720,000                     |
| Trinity House                         | 47,300                     | -                        | -                       | 47,300                      |
| Seafarers UK                          | -                          | 100,000                  | -                       | 100,000                     |
|                                       | <u>813,170</u>             | <u>105,000</u>           | <u>-</u>                | <u>918,170</u>              |

|                                       | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Endowment<br>Funds<br>£ | 2020<br>Total<br>Funds<br>£ |
|---------------------------------------|----------------------------|--------------------------|-------------------------|-----------------------------|
| Donations from individuals and trusts | 32,551                     | 10,000                   | -                       | 42,551                      |
| Legacies                              | 41                         | -                        | -                       | 41                          |
| RNRMC/Greenwich                       | 720,000                    | -                        | -                       | 720,000                     |
| Trinity House                         | 47,300                     | -                        | -                       | 47,300                      |
| Seafarers UK                          | -                          | 100,000                  | -                       | 100,000                     |
|                                       | <u>799,892</u>             | <u>110,000</u>           | <u>-</u>                | <u>909,892</u>              |

### 2. Other trading activities

|              | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Endowment<br>Funds<br>£ | 2021<br>Total<br>Funds<br>£ |
|--------------|----------------------------|--------------------------|-------------------------|-----------------------------|
| Event income | -                          | -                        | -                       | -                           |

|              | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Endowment<br>Funds<br>£ | 2020<br>Total<br>Funds<br>£ |
|--------------|----------------------------|--------------------------|-------------------------|-----------------------------|
| Event income | 7,607                      | -                        | -                       | 7,607                       |



# THE ROYAL NAVY AND ROYAL MARINES CHILDREN'S FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

## NOTES TO THE FINANCIAL STATEMENTS

### 3. Investment income

|                                | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Endowment<br>Funds<br>£ | 2021<br>Total<br>Funds<br>£ |
|--------------------------------|----------------------------|--------------------------|-------------------------|-----------------------------|
| Income from listed investments | -                          | -                        | 149,828                 | 149,828                     |
| Interest                       | 6,072                      | -                        | -                       | 6,072                       |
|                                | <u>6,072</u>               | <u>-</u>                 | <u>149,828</u>          | <u>155,900</u>              |
|                                |                            |                          |                         |                             |
|                                | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Endowment<br>Funds<br>£ | 2020<br>Total<br>Funds<br>£ |
| Income from listed investments | 230,661                    | -                        | -                       | 230,661                     |
| Interest                       | 1,106                      | -                        | -                       | 1,106                       |
|                                | <u>231,767</u>             | <u>-</u>                 | <u>-</u>                | <u>231,767</u>              |

### 4. Other income

|   | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Endowment<br>Funds<br>£ | 2021<br>Total<br>Funds<br>£ |
|---|----------------------------|--------------------------|-------------------------|-----------------------------|
| Coronavirus Job Retention Scheme receipts | 15,038                     | -                        | -                       | 15,038                      |
|   | <u>15,038</u>              | <u>-</u>                 | <u>-</u>                | <u>15,038</u>               |
|   |                            |                          |                         |                             |
|   | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Endowment<br>Funds<br>£ | 2020<br>Total<br>Funds<br>£ |
| Coronavirus Job Retention Scheme receipts | -                          | -                        | -                       | -                           |
|   | <u>-</u>                   | <u>-</u>                 | <u>-</u>                | <u>-</u>                    |

# THE ROYAL NAVY AND ROYAL MARINES CHILDREN'S FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

## NOTES TO THE FINANCIAL STATEMENTS

### 5. Event costs

|                            | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Endowment<br>Funds<br>£ | 2021<br>Total<br>Funds<br>£ |
|----------------------------|----------------------------|--------------------------|-------------------------|-----------------------------|
| Direct event costs         | 3,756                      | -                        | -                       | 3,756                       |
| Support costs (see Note 8) | 27,366                     | -                        | -                       | 27,366                      |
|                            | <u>31,122</u>              | <u>-</u>                 | <u>-</u>                | <u>31,122</u>               |

|                            | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Endowment<br>Funds<br>£ | 2020<br>Total<br>Funds<br>£ |
|----------------------------|----------------------------|--------------------------|-------------------------|-----------------------------|
| Direct event costs         | 10,508                     | -                        | -                       | 10,508                      |
| Support costs (see Note 8) | 21,329                     | -                        | -                       | 21,329                      |
|                            | <u>31,837</u>              | <u>-</u>                 | <u>-</u>                | <u>31,837</u>               |

Events are aimed primarily at raising awareness of the RN & RM Children's Fund rather than generation of income, however the sundry donations within Note 1 above are largely generated from these events.

### 6. Investment management fees

|   | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Endowment<br>Funds<br>£ | 2021<br>Total<br>Funds<br>£ |
|---|----------------------------|--------------------------|-------------------------|-----------------------------|
| Investment management fees                                  | -                          | -                        | 99,330                  | 99,330                      |
| Refund of management fees from previous investment managers | -                          | -                        | -                       | -                           |
|   | <u>-</u>                   | <u>-</u>                 | <u>99,330</u>           | <u>99,330</u>               |

|   | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Endowment<br>Funds<br>£ | 2020<br>Total<br>Funds<br>£ |
|---|----------------------------|--------------------------|-------------------------|-----------------------------|
| Investment management fees                                  | -                          | -                        | 99,945                  | 99,945                      |
| Refund of management fees from previous investment managers | -                          | -                        | (10,901)                | (10,901)                    |
|   | <u>-</u>                   | <u>-</u>                 | <u>89,044</u>           | <u>89,044</u>               |

# THE ROYAL NAVY AND ROYAL MARINES CHILDREN'S FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

## NOTES TO THE FINANCIAL STATEMENTS

### 7. Charitable activities

|                               | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Endowment<br>Funds<br>£ | 2021<br>Total<br>Funds<br>£ |
|-------------------------------|----------------------------|--------------------------|-------------------------|-----------------------------|
| Grants to individuals:        |                            |                          |                         |                             |
| School fees                   | 103,947                    | 59,714                   | -                       | 163,661                     |
| Extra tuition fees            | 47,493                     | 18,335                   | -                       | 65,828                      |
| Clothing and equipment        | 347,416                    | 27,595                   | -                       | 375,011                     |
| Children's travel             | 30,544                     | 7,469                    | -                       | 38,013                      |
| Childminding and respite      | 79,708                     | 72,959                   | -                       | 152,667                     |
|                               | <u>609,108</u>             | <u>186,072</u>           | <u>-</u>                | <u>795,180</u>              |
| Naval Community Projects      |                            |                          |                         |                             |
| Community project costs       | 92,572                     | -                        | -                       | 92,572                      |
| Research and publications     | 96,555                     | -                        | -                       | 96,555                      |
|                               | <u>189,127</u>             | <u>-</u>                 | <u>-</u>                | <u>189,127</u>              |
| Direct staff costs            | 115,729                    | -                        | -                       | 115,729                     |
| Other staffing costs          | 5,177                      | -                        | -                       | 5,177                       |
| Support costs (see note 8)    | 173,777                    | -                        | -                       | 173,777                     |
| Governance costs (see note 8) | 59,832                     | -                        | -                       | 59,832                      |
|                               | <u>1,152,750</u>           | <u>186,072</u>           | <u>-</u>                | <u>1,338,822</u>            |

# THE ROYAL NAVY AND ROYAL MARINES CHILDREN'S FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

## NOTES TO THE FINANCIAL STATEMENTS

### 7. Charitable activities (continued)

|                               | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Endowment<br>Funds<br>£ | 2020<br>Total<br>Funds<br>£ |
|-------------------------------|----------------------------|--------------------------|-------------------------|-----------------------------|
| Grants to individuals:        |                            |                          |                         |                             |
| School fees                   | 216,537                    | 206,366                  | -                       | 422,903                     |
| Extra tuition fees            | 70,609                     | 18,393                   | -                       | 89,002                      |
| Clothing and equipment        | 171,730                    | 65,423                   | -                       | 237,153                     |
| Children's travel             | 39,223                     | 16,225                   | -                       | 55,448                      |
| Childminding and respite      | 83,800                     | 79,356                   | -                       | 163,156                     |
|                               | <u>581,899</u>             | <u>385,763</u>           | <u>-</u>                | <u>967,662</u>              |
| Naval Community Projects      |                            |                          |                         |                             |
| ARK project                   | 29,124                     | -                        | -                       | 29,124                      |
| Other community project costs | 19,957                     | -                        | -                       | 19,957                      |
|                               | <u>49,081</u>              | <u>-</u>                 | <u>-</u>                | <u>49,081</u>               |
| Direct staff costs            | 105,995                    | -                        | -                       | 105,995                     |
| Other staffing costs          | -                          | -                        | -                       | -                           |
| Support costs (see note 8)    | 181,435                    | -                        | -                       | 181,435                     |
| Governance costs (see note 8) | 47,757                     | -                        | -                       | 47,757                      |
|                               | <u>966,167</u>             | <u>385,763</u>           | <u>-</u>                | <u>1,351,930</u>            |

# THE ROYAL NAVY AND ROYAL MARINES CHILDREN'S FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

## NOTES TO THE FINANCIAL STATEMENTS

### 8. Support costs

|                                  | Event<br>expenses<br>£ | Charitable<br>activities<br>£ | Governance<br>£ | 2021<br>Total<br>Funds<br>£ |
|----------------------------------|------------------------|-------------------------------|-----------------|-----------------------------|
| Staff costs                      | 27,366                 | 54,732                        | 54,732          | 136,830                     |
| Printing, postage and stationery | -                      | 9,539                         | -               | 9,539                       |
| Insurance                        | -                      | 4,185                         | -               | 4,185                       |
| Legal and professional fees      | -                      | 7,916                         | -               | 7,916                       |
| Accountancy and audit            | -                      | 1,788                         | 5,100           | 6,888                       |
| Telephone                        | -                      | 2,146                         | -               | 2,146                       |
| Computers and equipment          | -                      | 38,504                        | -               | 38,504                      |
| Sundry expenses                  | -                      | 11,679                        | -               | 11,679                      |
| Subscriptions                    | -                      | 2,574                         | -               | 2,574                       |
| Advertising and publicity        | -                      | 28,576                        | -               | 28,576                      |
| Rent                             | -                      | 12,157                        | -               | 12,157                      |
| Travel and subsistence           | -                      | (19)                          | -               | (19)                        |
| Depreciation                     | -                      | -                             | -               | -                           |
| Loss on disposal of fixed assets | -                      | -                             | -               | -                           |
|                                  | <u>27,366</u>          | <u>173,777</u>                | <u>59,832</u>   | <u>260,975</u>              |
|                                  |                        |                               |                 |                             |
|                                  | Event<br>expenses<br>£ | Charitable<br>activities<br>£ | Governance<br>£ | 2020<br>Total<br>Funds<br>£ |
| Staff costs                      | 21,329                 | 42,657                        | 42,657          | 106,643                     |
| Printing, postage and stationery | -                      | 15,084                        | -               | 15,084                      |
| Insurance                        | -                      | 6,769                         | -               | 6,769                       |
| Legal and professional fees      | -                      | 5,304                         | -               | 5,304                       |
| Accountancy and audit            | -                      | 15,850                        | 5,100           | 20,950                      |
| Telephone                        | -                      | 2,007                         | -               | 2,007                       |
| Computers and equipment          | -                      | 27,486                        | -               | 27,486                      |
| Sundry expenses                  | -                      | 13,224                        | -               | 13,224                      |
| Subscriptions                    | -                      | 4,577                         | -               | 4,577                       |
| Advertising and publicity        | -                      | 21,216                        | -               | 21,216                      |
| Rent                             | -                      | 14,772                        | -               | 14,772                      |
| Travel and subsistence           | -                      | 11,040                        | -               | 11,040                      |
| Depreciation                     | -                      | 339                           | -               | 339                         |
| Loss on disposal of fixed assets | -                      | 1,110                         | -               | 1,110                       |
|                                  | <u>21,329</u>          | <u>181,435</u>                | <u>47,757</u>   | <u>250,521</u>              |

# THE ROYAL NAVY AND ROYAL MARINES CHILDREN'S FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

## NOTES TO THE FINANCIAL STATEMENTS

### 9. Auditor's remuneration

|                | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Endowment<br>Funds<br>£ | 2021<br>Total<br>Funds<br>£ |
|----------------|----------------------------|--------------------------|-------------------------|-----------------------------|
| Audit fees     | 5,100                      | -                        | -                       | 5,100                       |
| Other services | 890                        | -                        | -                       | 890                         |
|                | <u>5,990</u>               | <u>-</u>                 | <u>-</u>                | <u>5,990</u>                |
|                |                            |                          |                         |                             |
|                | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Endowment<br>Funds<br>£ | 2020<br>Total<br>Funds<br>£ |
| Audit fees     | 5,100                      | -                        | -                       | 5,100                       |
| Other services | 14,538                     | -                        | -                       | 14,538                      |
|                | <u>19,638</u>              | <u>-</u>                 | <u>-</u>                | <u>19,638</u>               |

### 10. Staff costs and information

|   | 2021<br>£      | 2020<br>£      |
|---|----------------|----------------|
| Gross salaries                            | 216,328        | 180,852        |
| Employer's NI                             | 18,262         | 16,333         |
| Employer's pension                        | 17,230         | 15,453         |
| Coronavirus Job Retention Scheme receipts | (15,038)       | -              |
|   | <u>236,782</u> | <u>212,638</u> |

One (2020: One) employee received employee benefits, excluding employer pension contributions, between £70,000 - £80,000 (2020: between £60,000 - £70,000).

#### Staff numbers

The average number of employees, calculated on an average headcount basis and analysed by function, was:

|                           | 2021     | 2020     |
|---------------------------|----------|----------|
| Charitable activities     | 3        | 3        |
| Management and governance | 3        | 2        |
|                           | <u>6</u> | <u>5</u> |

# THE ROYAL NAVY AND ROYAL MARINES CHILDREN'S FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

## NOTES TO THE FINANCIAL STATEMENTS

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### *Pension scheme*

The Charity contributes to defined contribution pension schemes on behalf of its employees. The pension cost is charged to the Statement of Financial Activities in the period it is due. The total amount of contributions charged in the year under review were £17,230 (2020: £15,453). At the balance sheet date £1,577 (2020: £450) was payable in respect of pension contributions consisting of employee and employer contributions.

The number of employees to whom pension contributions are accruing:

|                           | 2021     | 2020     |
|---------------------------|----------|----------|
| Charitable activities     | 4        | 3        |
| Management and governance | 3        | 2        |
|                           | <u>7</u> | <u>5</u> |

### **11. Related party transactions**

No Trustees received remuneration during the year under review nor the comparative period. The Trustees listed in the information page were reimbursed or had travel expenses paid on their behalf in the year under review totalling £nil (2020: £2,021).

During the year under review the Charity had one (2020: one) members of key management personnel who received employee benefits totalling £80,908 (2020: £73,850) inclusive of gross pay, employer's national insurance and pension contributions. The Charity's key management personnel were reimbursed expenses or had them paid on their behalf in the period under review totalling £4,061 (2020: £4,061).

During the year under review, Lee Robson, the husband of a trustee, was employed by the Charity and received employee benefits inclusive of social security and pension contributions of £8,188 (2020: £31,878). The related trustee took no part in the decision to employ Mr Robson nor the setting of remuneration levels.

During the comparative year the Charity held an event on HMS Victory. The Charity's trustees and key management personnel were invited to attend, together with their partners. The cost per head was £130 with benefits received by trustees and their partners of £1,170 and key management and their partners £390. During the comparative year the Charity held an event at Leeds Castle, Kent. The Charity's trustees and key management personnel were invited to attend, together with their partners. The cost per head was £139 with benefits received by trustees and their partners of £2,780 and key management and their partners £556.

# THE ROYAL NAVY AND ROYAL MARINES CHILDREN'S FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

## NOTES TO THE FINANCIAL STATEMENTS

### 12. Tangible fixed assets

|                                | Year ended 31 March 2021   |                          |            | Year ended 31 March 2020   |                          |            |
|--------------------------------|----------------------------|--------------------------|------------|----------------------------|--------------------------|------------|
|                                | Computer<br>equipment<br>£ | Office<br>equipment<br>£ | Total<br>£ | Computer<br>equipment<br>£ | Office<br>equipment<br>£ | Total<br>£ |
| Cost                           |                            |                          |            |                            |                          |            |
| Brought forward                | -                          | -                        | -          | 8,037                      | 2,434                    | 10,471     |
| Additions                      | -                          | -                        | -          | -                          | -                        | -          |
| Disposals                      | -                          | -                        | -          | (8,037)                    | (2,434)                  | (10,471)   |
|                                | -                          | -                        | -          | -                          | -                        | -          |
| Depreciation                   |                            |                          |            |                            |                          |            |
| Brought forward                | -                          | -                        | -          | 7,942                      | 1,081                    | 9,023      |
| Charge for the period          | -                          | -                        | -          | 95                         | 243                      | 338        |
| Disposals                      | -                          | -                        | -          | (8,037)                    | (1,324)                  | (9,361)    |
|                                | -                          | -                        | -          | -                          | -                        | -          |
| Net book value carried forward | -                          | -                        | -          | -                          | -                        | -          |
| Net book value brought forward | -                          | -                        | -          | 95                         | 1,353                    | 1,448      |

### 13. Investments - Managed portfolio

|                                     | Year ended 31 March 2021   |                       |                     | Year ended 31 March 2020   |                       |                     |
|-------------------------------------|----------------------------|-----------------------|---------------------|----------------------------|-----------------------|---------------------|
|                                     | Listed<br>investments<br>£ | Cash<br>accounts<br>£ | Total<br>Funds<br>£ | Listed<br>investments<br>£ | Cash<br>accounts<br>£ | Total<br>Funds<br>£ |
| Market value brought forward        | 8,450,494                  | 1,060,809             | 9,511,303           | 10,119,087                 | 820,852               | 10,939,939          |
| Additions at cost                   | 3,547,582                  | -                     | 3,547,582           | 2,231,738                  | -                     | 2,231,738           |
| Disposals at carrying value         | (2,462,231)                | -                     | (2,462,231)         | (3,903,034)                | -                     | (3,903,034)         |
| Gain/(loss) on revaluation          | 1,791,209                  | -                     | 1,791,209           | 2,703                      | -                     | 2,703               |
| Movement in cash                    | -                          | (532,390)             | (532,390)           | -                          | 239,957               | 239,957             |
| Market value carried forward        | 11,327,054                 | 528,419               | 11,855,473          | 8,450,494                  | 1,060,809             | 9,511,303           |
| Gains/(losses) on investments       |                            |                       |                     |                            |                       |                     |
| Gain/(loss) on revaluation          | 1,791,209                  | -                     | 1,791,209           | 2,703                      | -                     | 2,703               |
| Gain/(loss) on investment disposals | 502,463                    | -                     | 502,463             | (310,075)                  | -                     | (310,075)           |
|                                     | 2,293,672                  | -                     | 2,293,672           | (307,372)                  | -                     | (307,372)           |



# THE ROYAL NAVY AND ROYAL MARINES CHILDREN'S FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

## NOTES TO THE FINANCIAL STATEMENTS

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### 14. Investments – Cash deposits

|   | 2021<br>Total<br>Funds<br>£ | 2020<br>Total<br>Funds<br>£ |
|---|-----------------------------|-----------------------------|
| Cash deposits with maturity over one year | <u>300,000</u>              | <u>600,000</u>              |

### 15. Debtors

|                | 2021<br>Total<br>Funds<br>£ | 2020<br>Total<br>Funds<br>£ |
|----------------|-----------------------------|-----------------------------|
| Accrued income | <u>17,347</u>               | <u>15,565</u>               |
|                | <u>17,347</u>               | <u>15,565</u>               |

### 16. Investments – Cash deposits

|   | 2021<br>Total<br>Funds<br>£ | 2020<br>Total<br>Funds<br>£ |
|---|-----------------------------|-----------------------------|
| Cash deposits with maturity within one year | <u>300,000</u>              | <u>300,000</u>              |

# THE ROYAL NAVY AND ROYAL MARINES CHILDREN'S FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

## NOTES TO THE FINANCIAL STATEMENTS

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### 17. Creditors: Amounts falling due within one year

|   | 2021           | 2020           |
|---|----------------|----------------|
|   | Total          | Total          |
|   | Funds          | Funds          |
|   | £              | £              |
| Trade creditors                                   | 3,108          | 1,095          |
| Accruals  | 6,677          | 6,064          |
| Accrued school fees                               | 66,996         | 128,944        |
| Accrued school fees – Ogden Trust restricted fund | 7,000          | 10,000         |
| Other Ogden Trust creditors                       | 12,000         | –              |
| Accrued regular charitable payments               | 25,100         | –              |
| Other taxes and social security                   | 9,288          | 6,064          |
| Other creditors                                   | 750            | 8,192          |
|   | <u>130,919</u> | <u>160,359</u> |

### 18. Creditors: Amounts falling due after more than one year

|   | 2021         | 2020          |
|---|--------------|---------------|
|   | Total        | Total         |
|   | Funds        | Funds         |
|   | £            | £             |
| Accrued school fees – Ogden Trust restricted fund | 7,000        | 20,000        |
|   | <u>7,000</u> | <u>20,000</u> |

### 19. Unprovided commitments

School fees grants are awarded for each academic year, with future awards made following the Charity's assessment of ongoing need and academic performance. Therefore the school fee creditors included within Notes 17 and 18 above is the balance of the amount awarded less amounts paid to 31 March 2021. In addition to the school fees creditor the Charity has unprovided commitments, in respect of possible future school fee awards for children currently receiving support until they complete their education at the age of 16 or 18, totalling £251,898 (2020: £429,475) at the balance sheet date.

### 20. Operating lease

The Charity has an agreement to occupy office space in Castaway House, Twyford Avenue with a 12 month notice period for either party. The rental and service charge expense for the year was £12,157 (2020: £14,772).

# THE ROYAL NAVY AND ROYAL MARINES CHILDREN'S FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

## NOTES TO THE FINANCIAL STATEMENTS

### 21. Analysis of net assets between funds

|                               | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Endowment<br>Funds<br>£ | 2021<br>Total<br>Funds<br>£ |
|-------------------------------|----------------------------|--------------------------|-------------------------|-----------------------------|
| Tangible fixed assets         | -                          | -                        | -                       | -                           |
| Fixed asset investments       | -                          | -                        | 12,155,473              | 12,155,473                  |
| Other net assets              | 214,335                    | 3,550                    | 300,000                 | 517,885                     |
| <b>Net assets at 31 March</b> | <b>214,335</b>             | <b>3,550</b>             | <b>12,455,473</b>       | <b>12,673,358</b>           |

|                               | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Endowment<br>Funds<br>£ | 2020<br>Total<br>Funds<br>£ |
|-------------------------------|----------------------------|--------------------------|-------------------------|-----------------------------|
| Tangible fixed assets         | -                          | -                        | -                       | -                           |
| Fixed asset investments       | -                          | -                        | 10,111,303              | 10,111,303                  |
| Other net assets              | 231,999                    | 16,550                   | 400,000                 | 648,549                     |
| <b>Net assets at 31 March</b> | <b>231,999</b>             | <b>16,550</b>            | <b>10,511,303</b>       | <b>10,759,852</b>           |

# THE ROYAL NAVY AND ROYAL MARINES CHILDREN'S FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

## NOTES TO THE FINANCIAL STATEMENTS

### 22. Analysis of net movement in funds

|                               | Year ended 31 March 2021    |                              |                               |                                     |                  |                             |
|-------------------------------|-----------------------------|------------------------------|-------------------------------|-------------------------------------|------------------|-----------------------------|
|                               | Total funds brought forward | Incoming resources and gains | Outgoing resources and losses | Gains/(losses) on investment assets | Transfers        | Total funds carried forward |
|                               | £                           | £                            | £                             | £                                   | £                | £                           |
| <b>Endowment funds</b>        |                             |                              |                               |                                     |                  |                             |
| Expendable endowment fund     | 8,207,688                   | 114,346                      | (76,493)                      | 1,786,279                           | (400,000)        | 9,631,820                   |
| Permanent endowment fund      | 2,303,615                   | -                            | (22,837)                      | 507,393                             | (4,432)          | 2,783,739                   |
| Permanent endowment unapplied | -                           | 35,482                       | -                             | -                                   | 4,432            | 39,914                      |
| <b>Total</b>                  | <b>10,511,303</b>           | <b>149,828</b>               | <b>(99,330)</b>               | <b>2,293,672</b>                    | <b>(400,000)</b> | <b>12,455,473</b>           |
| <b>Restricted funds</b>       |                             |                              |                               |                                     |                  |                             |
| Ogden Trust                   | 16,550                      | -                            | (13,000)                      | -                                   | -                | 3,550                       |
| The Seafarers Charity         | -                           | 100,000                      | (122,760)                     | -                                   | 22,760           | -                           |
| Queen Mary Roehampton Trust   | -                           | 5,000                        | (50,312)                      | -                                   | 45,312           | -                           |
| <b>Total</b>                  | <b>16,550</b>               | <b>105,000</b>               | <b>(186,072)</b>              | <b>-</b>                            | <b>68,072</b>    | <b>3,550</b>                |
| <b>Unrestricted funds</b>     |                             |                              |                               |                                     |                  |                             |
| General Fund                  | 231,999                     | 834,280                      | (1,183,872)                   | -                                   | 331,928          | 214,335                     |
| <b>Total</b>                  | <b>231,999</b>              | <b>834,280</b>               | <b>(1,183,872)</b>            | <b>-</b>                            | <b>331,928</b>   | <b>214,335</b>              |
| <b>Total funds</b>            | <b>10,759,852</b>           | <b>1,089,108</b>             | <b>(1,469,274)</b>            | <b>2,293,672</b>                    | <b>-</b>         | <b>12,673,358</b>           |

|                             | Year ended 31 March 2020    |                              |                               |                                     |                  |                             |
|-----------------------------|-----------------------------|------------------------------|-------------------------------|-------------------------------------|------------------|-----------------------------|
|                             | Total funds brought forward | Incoming resources and gains | Outgoing resources and losses | Gains/(losses) on investment assets | Transfers        | Total funds carried forward |
|                             | £                           | £                            | £                             | £                                   | £                | £                           |
| <b>Endowment funds</b>      |                             |                              |                               |                                     |                  |                             |
| Expendable endowment fund   | 8,567,357                   | -                            | (69,754)                      | (264,315)                           | (25,600)         | 8,207,688                   |
| Permanent endowment fund    | 2,372,582                   | -                            | (19,290)                      | (43,057)                            | (6,620)          | 2,303,615                   |
| <b>Total</b>                | <b>10,939,939</b>           | <b>-</b>                     | <b>(89,044)</b>               | <b>(307,372)</b>                    | <b>(32,220)</b>  | <b>10,511,303</b>           |
| <b>Restricted funds</b>     |                             |                              |                               |                                     |                  |                             |
| Ogden Trust                 | 62,550                      | -                            | (43,000)                      | -                                   | (3,000)          | 16,550                      |
| The Seafarers Charity       | -                           | 100,000                      | (302,667)                     | -                                   | 202,667          | -                           |
| Queen Mary Roehampton Trust | -                           | 10,000                       | (40,096)                      | -                                   | 30,096           | -                           |
| <b>Total</b>                | <b>62,550</b>               | <b>110,000</b>               | <b>(385,763)</b>              | <b>-</b>                            | <b>229,763</b>   | <b>16,550</b>               |
| <b>Unrestricted funds</b>   |                             |                              |                               |                                     |                  |                             |
| General Fund                | 388,279                     | 1,039,266                    | (998,003)                     | -                                   | (197,543)        | 231,999                     |
| <b>Total</b>                | <b>388,279</b>              | <b>1,039,266</b>             | <b>(998,003)</b>              | <b>-</b>                            | <b>(197,543)</b> | <b>231,999</b>              |
| <b>Total funds</b>          | <b>11,390,768</b>           | <b>1,149,266</b>             | <b>(1,472,810)</b>            | <b>(307,372)</b>                    | <b>-</b>         | <b>10,759,852</b>           |

# THE ROYAL NAVY AND ROYAL MARINES CHILDREN'S FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

## NOTES TO THE FINANCIAL STATEMENTS

### Description of restricted funds

|                             |  |
|-----------------------------|--|
| Ogden Trust                 | Funds received for benefitting children (11+) of servicemen and women who have been seriously injured or killed during deployment.                 |
| The Seafarers Charity       | Funds received from The Seafarers Charity towards the welfare support of bereaved children and children of officers from within the Naval Service. |
| Queen Mary Roehampton Trust | Funds received from Queen Mary Roehampton Trust towards the welfare support of children of ex-service men and women disabled in service.           |

### 23. Transfers between funds

During the period under review the Charity made transfers as set out below:

|  | Unrestricted<br>funds<br>£ | Restricted<br>funds<br>£ | Endowment<br>funds<br>£ |
|--|----------------------------|--------------------------|-------------------------|
| Transfer 1   |                            |                          |                         |
| Permanent endowment fund   | -                          | -                        | (4,432)                 |
| Permanent endowment unapplied  | -                          | -                        | 4,432                   |
|  | <u>-</u>                   | <u>-</u>                 | <u>-</u>                |
| Being transfer of unapplied investment income on capital funds to unapplied total return fund to be utilised in support of future beneficiaries. |                            |                          |                         |
| Transfer 2   |                            |                          |                         |
| Expendable endowment fund  | -                          | -                        | (400,000)               |
| General Fund   | 400,000                    | -                        | -                       |
|  | <u>400,000</u>             | <u>-</u>                 | <u>(400,000)</u>        |
| Being transfer of balances held within endowment fund cash deposits to support current beneficiaries as authorised by the constitution.          |                            |                          |                         |
| Transfer 3   |                            |                          |                         |
| The Seafarers Charity  | -                          | 22,760                   | -                       |
| Queen Mary Roehampton Trust  | -                          | 45,312                   | -                       |
| General Fund   | (68,072)                   | -                        | -                       |
|  | <u>(68,072)</u>            | <u>68,072</u>            | <u>-</u>                |
| Being transfer of unapplied investment income on capital funds to unapplied total return fund to be utilised in support of future beneficiaries. |                            |                          |                         |
|  | <u>331,928</u>             | <u>68,072</u>            | <u>(400,000)</u>        |

# THE ROYAL NAVY AND ROYAL MARINES CHILDREN'S FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

## NOTES TO THE FINANCIAL STATEMENTS

### 24. Financial instruments

The carrying amounts of the Charity's financial instruments are as follows:

|  | 2021              | 2020             |
|--|-------------------|------------------|
|  | Total             | Total            |
|  | Funds             | Funds            |
|  | £                 | £                |
| <i>Financial assets</i>                                  |                   |                  |
| Measured at fair value through net income/(expenditure): |                   |                  |
| Fixed asset investments                                  | 11,855,473        | 9,511,303        |
|  | <u>11,855,473</u> | <u>9,511,303</u> |

Fixed asset investments are held at fair value with valuations obtained by reference to market prices from the appropriate stock exchange, bid prices and last traded prices where applicable.

|                              | 2021         | 2020         |
|------------------------------|--------------|--------------|
|                              | Total        | Total        |
|                              | Funds        | Funds        |
|                              | £            | £            |
| <i>Financial liabilities</i> |              |              |
| Measured at amortised cost:  |              |              |
| Trade creditors              | 3,108        | 1,095        |
|                              | <u>3,108</u> | <u>1,095</u> |

The income, expense, net gains and net losses attributable to the Charity's financial instruments are summarised as follows:

|  | 2021             | 2020             |
|--|------------------|------------------|
|  | Total            | Total            |
|  | Funds            | Funds            |
|  | £                | £                |
| <i>Income and expense</i>  |                  |                  |
| Financial assets measured at fair value through net income/(expenditure) |                  |                  |
| Income from listed investments   | 149,828          | 230,661          |
| Investment management fees   | (99,330)         | (89,044)         |
|  | <u>50,498</u>    | <u>141,617</u>   |
| <i>Net gains and losses (including changes in fair value)</i>            |                  |                  |
| Financial assets measured at fair value through net income/(expenditure) |                  |                  |
| Unrealised gains/(losses) on investments                                 | 1,791,209        | 2,703            |
| Realised gains/(losses) on investments                                   | 502,463          | (310,075)        |
|  | <u>2,293,672</u> | <u>(307,372)</u> |

# THE ROYAL NAVY AND ROYAL MARINES CHILDREN'S FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

## NOTES TO THE FINANCIAL STATEMENTS

### 25. Analysis of changes in net debt

|                           | 2020<br>£        | Cash flows<br>£    | 2021<br>£        |
|---------------------------|------------------|--------------------|------------------|
| Cash and cash equivalents | 2,474,151        | (1,007,276)        | 1,466,875        |
|                           | <u>2,474,151</u> | <u>(1,007,276)</u> | <u>1,466,875</u> |
|                           | 2019<br>£        | Cash flows<br>£    | 2020<br>£        |
| Cash and cash equivalents | 1,325,487        | 1,148,664          | 2,474,151        |
|                           | <u>1,325,487</u> | <u>1,148,664</u>   | <u>2,474,151</u> |

### 26. Permanent endowment invested on a total return basis

The charity has exercised its rights by the Trustees under section 104(A) of the Charities Act 2011 on 1 March 2020. This power permits the trustees to invest permanently endowed funds to maximise total return and therefore to apply an appropriate portion of the unapplied total return to income. The unapplied total return remains invested as part of the permanent endowment until that power is exercised. When exercised it allows the trustees to apply an appropriate portion of the unapplied total return to income each year. During the current year the trustees have transferred £nil to unrestricted income funds.

|   | Endowment<br>for investment<br>£ | Unapplied<br>total return<br>£ | Total<br>permanent<br>endowment<br>£ |
|---|----------------------------------|--------------------------------|--------------------------------------|
| <b>Brought forward</b>                                      |                                  |                                |                                      |
| Gift component of permanent endowment                       | 2,299,183                        | -                              | 2,299,183                            |
| Unapplied total return                                      | -                                | 4,432                          | 4,432                                |
| <b>Total</b>  | <u>2,299,183</u>                 | <u>4,432</u>                   | <u>2,303,615</u>                     |
| <b>Movements</b>  |                                  |                                |                                      |
| Investment return: Dividends and interest                   | -                                | 35,482                         | 35,482                               |
| Investment return: Realised and unrealised gains and losses | 507,393                          | -                              | 507,393                              |
| Less: Investment management costs                           | (22,837)                         | -                              | (22,837)                             |
| <b>Total</b>  | <u>484,556</u>                   | <u>35,482</u>                  | <u>520,038</u>                       |
| <b>Carried forward</b>                                      |                                  |                                |                                      |
| Gift component of permanent endowment                       | 2,783,739                        | -                              | 2,823,653                            |
| Unapplied total return                                      | -                                | 39,914                         | -                                    |
| <b>Total</b>  | <u>2,783,739</u>                 | <u>39,914</u>                  | <u>2,823,653</u>                     |

# THE ROYAL NAVY AND ROYAL MARINES CHILDREN'S FUND

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

## NOTES TO THE FINANCIAL STATEMENTS

### 27. Comparative statement of financial activities

|   |           | Unrestricted<br>Funds<br>£ | Restricted<br>Funds<br>£ | Endowment<br>Funds<br>£ | 2020<br>Total<br>Funds<br>£ |
|---|-----------|----------------------------|--------------------------|-------------------------|-----------------------------|
|   | Note      |                            |                          |                         |                             |
| <b>INCOME AND ENDOWMENTS FROM:</b>          |           |                            |                          |                         |                             |
| Donations and legacies                      | 1         | 799,892                    | 110,000                  | -                       | 909,892                     |
| Other trading activities                    | 2         | 7,607                      | -                        | -                       | 7,607                       |
| Investments                                 | 3         | 231,767                    | -                        | -                       | 231,767                     |
| <b>Total</b>                                |           | <b>1,039,266</b>           | <b>110,000</b>           | <b>-</b>                | <b>1,149,266</b>            |
| <b>EXPENDITURE ON:</b>                      |           |                            |                          |                         |                             |
| Raising funds - Event costs                 | 5         | 31,837                     | -                        | -                       | 31,837                      |
| Raising funds - Investment management costs | 6         | -                          | -                        | 89,044                  | 89,044                      |
| Charitable activities                       | 7         | 966,167                    | 385,763                  | -                       | 1,351,930                   |
| <b>Total</b>                                |           | <b>998,004</b>             | <b>385,763</b>           | <b>89,044</b>           | <b>1,472,811</b>            |
| Net gains/(losses) on investments           | 13        | -                          | -                        | (307,372)               | (307,372)                   |
| <b>Net Income/(expenditure)</b>             |           | <b>41,262</b>              | <b>(275,763)</b>         | <b>(396,416)</b>        | <b>(630,917)</b>            |
| Transfers between funds                     | 22        | (197,543)                  | 229,763                  | (32,220)                | -                           |
| <b>Net movement in funds</b>                | <b>22</b> | <b>(156,281)</b>           | <b>(46,000)</b>          | <b>(428,636)</b>        | <b>(630,917)</b>            |
| <b>RECONCILIATION OF FUNDS</b>              |           |                            |                          |                         |                             |
| Total funds brought forward                 | 22        | 388,279                    | 62,550                   | 10,939,939              | 11,390,768                  |
| <b>Total funds carried forward</b>          | <b>22</b> | <b>231,998</b>             | <b>16,550</b>            | <b>10,511,303</b>       | <b>10,759,851</b>           |