

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 2022



Naval
Children's
Charity

NAVAL CHILDREN'S CHARITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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NAVAL CHILDREN'S CHARITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

REFERENCE AND ADMINISTRATION INFORMATION

Charity name

The Royal Navy and Royal Marines Children's Fund

Working name

Naval Children's Charity

Trustees

Alistair Sheppard OBE	Chair (resigned 24/03/2022)
Christopher Tite	Chair (appointed 31/01/2022, Chair from 24/03/2022)
Kevin Arnold	
Mrs J Brent	(resigned 26/10/2022)
Vice-Admiral Martin Connell CBE	Vice-Chair
Capt Thomas Early RM	
Lt Col Ian Grant RM Retired	
Cdr Simon Howell RN	(appointed 31/01/2022)
Lt Col Ed Musto RM Retired	(resigned 01/08/2021)
Cdr David Orton RN Retired	
WO Annette Penfold MBE	(appointed 31/01/2022)
Ian Pitts FCCA	Treasurer
Ellen Riis-White	
Cdr Heather Rimmer MBE RN Retired	
WO1 Clare Robson	
Lt Ed Stout RN	
Dr Linda Williams	(appointed 07/06/2021)
Cdr Steve Warner RN	(appointed 24/03/2022)
Dr M Whitehead	(resigned 01/08/2021)

Principal office

311 Twyford Avenue
Portsmouth
PO2 8RN

Country of registration and charity registration number

England - 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

Clare Scherer

Independent auditor

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

NAVAL CHILDREN'S CHARITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

REFERENCE AND ADMINISTRATION INFORMATION

Principal bankers

Lloyds Bank plc
Gosport
20-24 High Street
Gosport
PO12 1DE

Solicitors

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

Investment Adviser

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

NAVAL CHILDREN'S CHARITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

CHAIR'S REPORT

I begin by paying tribute to Her Majesty the late Queen Elizabeth II, who honoured us by serving as our Royal patron for more than 70 years. We give thanks for her long and remarkable life of service and leadership to our nation and the Commonwealth.

I was appointed as a trustee on 31 January 2022 and took over from Alistair Shepherd OBE as Chair on 24 March 2022. I would like to express my thanks to him for his stewardship over the last five years and for leaving the Charity in such extremely good shape with a clear strategy and focus.

During the year under review we have seen other changes to our trustee board with the resignation of three members, one of whom had served for almost twenty years. We are very grateful to each of them for their expertise, time and insights. We are also delighted to welcome four new trustees which means that, along with existing members, we have a strong and capable trustee board, with the right mix of skills and experience to guide the Charity's activities.

We are also delighted that our Vice Chair, Vice Admiral Martin Connell CBE, was appointed Second Sea Lord in January 2022.

Priorities

Our trustees' report reviews our activities and performance for the year ended 31 March 2022. It explains how, uniquely, we work as the advocate for naval children: they lie at the heart of what we do and we aim to improve their lives in both the short and long term.

In addition to our beneficiaries, our principal priorities for next year and beyond concentrate on the Charity's staff, growing our reputation and widening our sources of funding.

Beneficiaries

There can be little doubt that we are living in uncertain times, with very challenging economic conditions significantly increasing the cost of living for our beneficiary families. Many more of them will struggle to heat and power their homes and to put nutritious meals on the table for their children, which will directly affect their physical and mental needs. So, for us, it will not just be business as usual: we expect to see a significant increase in demand from many more naval families. We will meet that demand to the fullest extent possible and expect to spend considerably more during the coming year on crisis intervention.

We will also work to expand our reach. For example, we believe that we are under-exposed to beneficiaries from the Royal Navy Reserves, the Royal Fleet Auxiliary and Commonwealth countries. We will also establish an on-the-ground presence in Faslane, using outreach case-working to identify and support new beneficiaries there.

We intend markedly to increase the Charity's focus on life chances, which is our fifth strategic pillar. We want to support naval children not just to survive but to thrive, by providing them with tangible, sustainable support. By helping them to grow in confidence, develop self-esteem and learn life skills we aim to unlock the talent and spirit in every naval child and put them in the best possible place to succeed in life.

Staff

The Charity is fortunate to have an extraordinarily hard-working team under the leadership of our CEO, Clare Scherer, and we are very grateful to each of them for their dedication and care for our beneficiaries. To enable the Charity to do even more we will add key charity delivery resources to the team, especially front-line, triage and outreach caseworkers.

Reputation

We will continue to build the Charity's profile as the leading advocate for naval children, in order to increase awareness of our capabilities among potential beneficiaries, the Royal Navy, potential funders, possible recruits and policy makers.

As part of that work, we will develop our framework of patronage, review our governance to ensure that we remain in the vanguard of best practice and, importantly, develop plans to mark our bicentenary in 2025.

We will, of course, continue to collaborate with the wider naval charity community to maximise support for our current and future beneficiaries and make best use of all available resources by co-ordinating charitable provision within that community.

NAVAL CHILDREN'S CHARITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

CHAIR'S REPORT

Funding

Historically, the Charity's investments have performed well, although we are very aware that nothing can be taken for granted. Our investment managers, Veritas, focus on achieving capital growth over income and we withdraw cash when required to meet our operating requirements in line with a policy adopted in 2020 to which we will adhere for the foreseeable future.

All of our income from grants and donations is spent on charitable expenditure and we are extremely grateful to our principal funders Greenwich Hospital, the Royal Navy and Royal Marines Charity, Trinity House and The Seafarers Charity for their generous and continuing support. During the coming year, in addition to that support we will seek extra funding from new sources to enable us to widen the scope of our charitable activities.



Christopher Tite

Chair

Date: 20/01/2023

NAVAL CHILDREN'S CHARITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

TRUSTEES' REPORT

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 2022. In preparing this Annual Report and financial statements the trustees have adopted the updated provisions of the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" (FRS102).

STRUCTURE, GOVERNANCE AND MANAGEMENT

Structure

The Charity was constituted by a Charity Commission Scheme dated 26 October 1998, which came into operation on 1st April 1999. It enabled the merger of the charities previously known as the Royal Naval & Royal Marines Children's Home and The Royal Naval & Royal Marines Children's Trust. It became a charitable incorporated organisation (CIO) on the 1 August 2015 and adopted the working name "Naval Children's Charity" with effect from 16 March 2020.

Trustees

Under its governing document (the constitution adopted when it became a CIO) the Charity may have up to fifteen trustees, with no more than 50% being serving members of the Armed Forces. Trustees are appointed for three year terms. Currently there are fifteen trustees, six of whom are currently serving in the Royal Navy.

New trustees are selected by an open process and appointed on the basis of the skills and experience that they can bring to the trustee board. There is an induction procedure for each new trustee, which includes briefings by the Chair and CEO and access to a trustees' online portal containing all information relevant to the Charity. Continuing training is also offered to trustees during their term in office.

Governance

Trustees meet three times annually. They delegate oversight of some functions to a Finance Committee (which meets at least twice annually) and a Welfare Committee (which meets monthly to consider applications for assistance from the Charity).

Staff

The trustees delegate the day to day operation of the Charity to its Chief Executive Officer (CEO), who is supported by three Heads of Welfare, Finance (appointed January 2023) and Partnerships (appointed December 2022). The Charity employs a specialist team of caseworkers to engage directly with beneficiaries, as well as other staff to support the Charity's operating needs.

The trustees are responsible for setting the remuneration of all staff, using external assessment and benchmarking when needed to ensure that its dedicated team is fairly rewarded for their hard work.

Risk

The Charity has identified the following principal risks:

- operational – loss of key staff;
- governance – lack of strategic planning;
- compliance – failure to comply with legislation and regulation;
- financial – loss of income; and
- reputation – loss of reputation.

The trustees regularly review risk and, to the extent reasonably possible, identify ways in which to mitigate the likelihood of the relevant risk occurring and/or its impact on the Charity.

NAVAL CHILDREN'S CHARITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

TRUSTEES' REPORT

OBJECTIVE AND STRATEGY

Objective

The Charity's object is the relief of dependant children (up to and including the age of 25) of serving and former members of the Royal Navy who are in need, hardship or distress.

The Charity 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.

"We believe that to be the child of someone who is, or has been, in the Royal Navy should be a positive and enhancing experience – something to be borne with pride."

Vision

Our vision is to be ready in a changing future to ensure that every deserving and eligible child has information about, access to and support from the naval charity sector.

Mission

Our mission 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 Charity.

Strategy

The Charity's activities focus on five strategic pillars which place children at the heart of our work, improving their lives in both the short and long term:



NAVAL CHILDREN'S CHARITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

TRUSTEES' REPORT

ACTIVITIES AND PERFORMANCE

Naval children are our exclusive focus.

We provide them with essential support and represent their needs: in all aspects of our work, we work solely as the proponent and advocate for the naval child.

Since the formation of the Naval Children's Charity in 1999 we have supported many thousands of children and young people, with many more being previously helped in our orphanages for nearly 200 years.

How we work

Our help is given in different ways, aligned with our strategy, as reported below.

Along with other charities in the Armed Forces Sector, we use the central Case Management System (Mosaic) managed by SSAFA (the Armed Forces charity, the Soldiers, Sailors, Airmen and Families Association). We are now a full case-working organisation and can therefore almonise (to collaborate between benevolent organisations in providing financial support to beneficiaries) more easily with the other charities, ensuring best outcomes for our families.

We take self-referrals from families and referrals through other sources. Once received, the applicant will be contacted by an appointed caseworker to assess need.

Charitable 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.

We employ five caseworkers who deal directly with the families and work in partnership with the SSAFA caseworkers, RN FPS (Royal Navy Family and People Support) and grant administrators from other charitable organisations. An application form demonstrating need is completed. Grants are approved in line with the Charity's financial authority limits and given either directly to the family concerned or administered through SSAFA or another charitable organisation. 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.

As a result of the pandemic, we now use virtual means to communicate with our beneficiaries and to support our team when working from home. Virtual home visits have been enabled by a new system called *Attend Anywhere*, which is also used by the NHS in the UK, as a means of holding virtual appointments with our families.

We continue to gather feedback from our families using our feedback survey. This consistently shows that our support is life-changing to many families who come to us feeling anxious, stressed, in crisis, ill, worried, depressed and scared. Following our support both financial and emotional from our caseworkers the families report feeling supported, an improved sense of wellbeing, a better quality of life and improved independence.

Plans for future periods

Our Chair's report outlines our principal priorities for next year and beyond and includes plans to increase awareness of the charity and enhance the charity's delivery of its core objectives through recruitment of additional front line, triage and outreach caseworkers.



NAVAL CHILDREN'S CHARITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

TRUSTEES' REPORT

In 2021/22 we supported:



162
children with
SEND



121
families with a
disabled child



70
Families with a
disabled parent

HEALTH

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 Charity 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. We provide grants towards therapies and activities to enhance their lives and improve outcomes.

WELLBEING & SECURITY

Many of the grants we give are in response to a family reaching a crisis point, very often exacerbated by financial constraints, domestic violence and/or marital breakdown. 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, bereavement and the current situation in Ukraine and the cost-of-living increases.

We operate an emergency grants scheme which, at short notice, enables us to provide for shelter, food and basic necessities. In other cases, we give regular charitable payments to those families who are experiencing long term struggles in their lives or for those children and young people who need a bit of extra help whilst studying. These monthly payments help them over a continuous period and are regularly reviewed.

In 2021/22 we awarded:



928
grants in the
scheme



551
children with a
regular monthly
payment for
basic needs



164
families given
a grant at
Christmas



100
grants for
brown/white
goods



We continue to expand our work in the community, working closely with schools and others to reach our naval families and provide more general support to their children by giving grants to projects in naval communities and to schools.

We have funded Christmas parties, activities in schools, and larger expenditure such as playgrounds at Widewell School in Plymouth, at Ilchester Community Schools and the Gordon Messenger Centre in Lymington.

NAVAL CHILDREN'S CHARITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

TRUSTEES' REPORT

In 2021/22 we gave:



435

Education grants



162

Grants towards
SEND



46

Grants towards
computer
equipment



11

Grants towards
school and
community
projects

EDUCATION

Educational support covers pre-school and nursery through to tertiary education including vocational training, apprenticeships, and trainee schemes as well as college, university and postgraduate education. We aim to ensure that children receive the help they need to overcome any disadvantage either through the nature of their parent's service or other external factors.

We provide grants for school uniform, laptops, extra lessons as well as school clubs and activities. Children are also supported with school trips and travel to/from school, particularly where there is disability or illness.

In a few exceptional cases with complex family circumstances, we help with education outside that provided by the state. Typical cases involve disability or bereavement when a child is already attending a fee-paying school in order 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 (Special educational needs and disabilities) we provide advice and support on applying for EHCPs (Education, health and care plan), as well as therapies and assessments to enable children to obtain diagnosis.

As children leave school we also provide grants to support their transition into adulthood, supporting children up to the age of 25.

LIFE CHANCES

Much of our support focuses on families in crisis. However, we want our children and young people to not just survive but also to thrive and for our charitable support to repay a dividend to each of our beneficiaries for life.

To achieve that we aim to offer them opportunities outside the norm, so that their horizons are wide and distant, and help them to appreciate that anything is within their reach. By providing those chances and showing them what could be possible, we aim to unlock the spirit in every child and help them achieve their full potential in life.

As part of our support for children we have forged a partnership with the Tall Ships Youth Trust. Four of our young people went on one of their voyages in 2021 and in 2022 we have sponsored two complete voyages, enabling 20 of our young people to attend.



We are also sponsoring five children to attend the World Scout Jamboree in South Korea in 2023, having been chosen to represent their area at this prestigious event.

RESEARCH, RESOURCES AND COLLABORATION

We invest in working to understand the challenges that face our children, the demographics of our beneficiaries and how best to reach them to deliver support.

"The Overlooked Casualties of Conflict"

In 2009 we produced a report, *"The Overlooked Casualties of Conflict"*, which identified the ten key challenges facing service children. It led directly to the introduction of the Service Pupil Premium. In England, 76,318 children are eligible for the Service Pupil Premium and 52% of schools across the UK have at least one service child. Eleven local authorities account for 50% of service children, with the key naval areas being Devon, Cornwall, Dorset and Hampshire.

NAVAL CHILDREN'S CHARITY

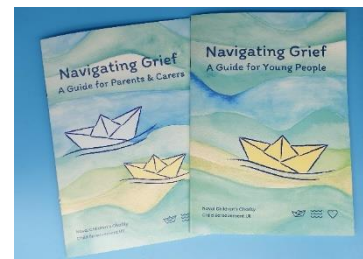
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

TRUSTEES' REPORT

In 2020 we commissioned the Veterans and Families Institute at Anglia Ruskin University to carry out a further study, to update the challenges identified in the *"The Overlooked Casualties of Conflict"*. The research was published in May 2021. The launch was attended by around 300 participants from around the world including representatives of universities, the Ministry of Defence, the Royal Navy, charities and corporate supporters of the Armed Forces Covenant. The research will further focus support for naval children to ensure that they are not disadvantaged by their parents' service and that the impact of grants and other resources can be maximised. Following that report, the Charity commissioned follow-on research into the impact of social media on children, particularly when separated from their serving parents, which was launched in summer 2022.

Bereavement

We identified a specific need to provide support for naval children, bereaved earlier in life, who are now over 18 and transitioning into adulthood. There is little support or knowledge around this age group so, in 2021, we commissioned an eight-month project with Child Bereavement UK, working with some children to support them and inform our future work. They have produced two booklets, one for children and one for their parents, which were launched in Autumn 2022



Other publications

We provide resources free of charge to our children and young people to help them with some of the difficulties they experience. Our materials provide holistic help to naval children who have to cope with the impact of their parent's service on their lives. We have published two storybooks for the younger children: *Zoe and the Time Rabbit* (where a daddy goes away) and *Henry and the Time Penguin* (where a mummy goes away). These are designed to help children understand separation and the feelings they experience and to communicate with their parents.



We have also commissioned a special edition of a Mental Health support notebook for our older children and young people called *"Wisdom While You Work"* by Libbla Kelly. This engaging journal-style notebook shares one hundred of life's most important values to guide and encourage young people.

Collaboration with others

While we continue to operate as an independent charity, we collaborate closely with other naval charities and maintain strong relationships with our major funders.

We also maintain good connections with the maritime, educational and children's charity sectors. We work in partnership with organisations such as the Service Children Progression (SCiP) Alliance, supporting service children in schools, and the Educational Trusts Forum (ETF). We are also part of a collaborative work, *"Strengthening Families"*, alongside the Royal Navy & Royal Marines Charity (RNRMC), and Kings Camp, Relate, Homestart and Mind, which is aimed at supporting all naval families.

Our CEO is on the Board of the charity Children England, which represents children's charities across England; is co-Chair of the ETF; is Vice Chair of the Management Group of the SCiP Alliance; and she also chairs a sub-committee with the SCiP Alliance (concentrating on funding for service children across the UK and how charities and organisations can collaborate to improve the lives and outcomes of service children).

FUNDRAISING

The Charity does not actively raise funds from the general public. We remain grateful to everyone who chooses to support us financially through fundraising in their communities, donations, and legacies

Grants and legacies

The Charity is very grateful to the major donors referred to below for their significant and consistent support.

NAVAL CHILDREN'S CHARITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

TRUSTEES' REPORT

Through our Grant Agreement with the RNRMC and Greenwich Hospital we receive a significant annual grant and we continue to work closely with both of those organisations.

The Seafarers Charity have given regular support over many years with donations constituting a restricted fund for children from naval officers' families.

Trinity House have also very generously continued to provide an annual grant.

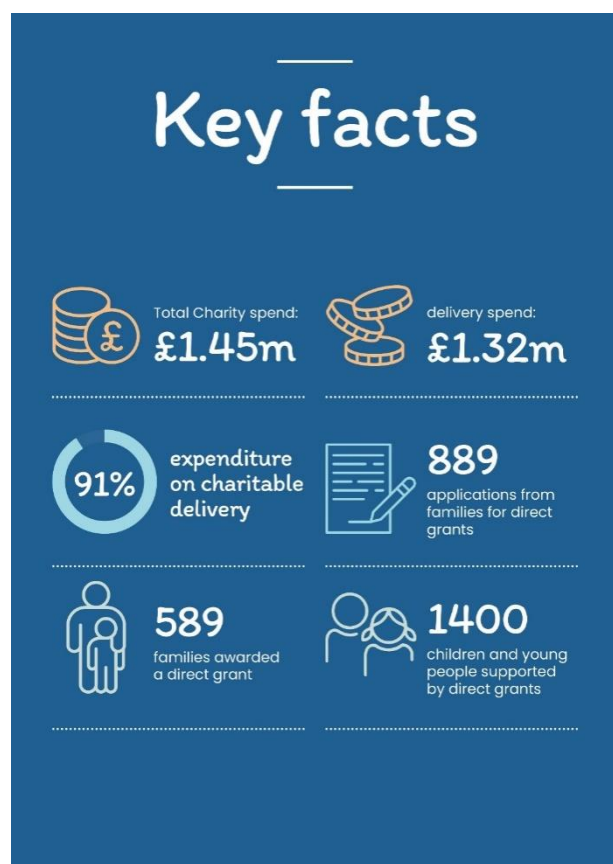
The Ogden Armed Forces Bursary is a Restricted Fund which supports children aged 11+ of those seriously injured or killed during deployment or those suffering with PTSD from across the Armed Forces. There are currently two children benefiting from this bursary. The fund will close once the bursaries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

Trusts and foundations

Queen Mary's Roehampton Trust provides us with a grant to support the children of those receiving a War Pension, for which we are very grateful.

The Charity also acknowledges with thanks those other trusts and foundations which have generously supported our work during the year. These include: the Edinburgh Trust, Lest We Forget Association, The Naval Ladies Charitable Trust, Sir James Knott Trust and the St James' Place Foundation.

FINANCIAL REVIEW



Summary

- The period under review is the year ended 31st March 2022.
- The Charity's incoming resources amounted to £1,052,904.
- Total expenditure was £1,452,619, including expenditure on charitable activities of £1,323,467 (91% of all expenditure).
- 100% of all donations and grants is spent directly on beneficiaries.
- Our operating deficit was funded by cash withdrawn from reserves.
- As at 31 March 2022 net assets were £13,388,251.
- The charity's reserves at 31 March 2022 were £375,353 which the trustees consider appropriate having regard to their future plans and the charity's net assets. The trustees with the help of management regularly review the reserves position against future plans and expected need.

NAVAL CHILDREN'S CHARITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

TRUSTEES' REPORT

Investment policy

The Charity's investment assets are held in an investment portfolio and cash deposits.

The principal investment objectives are to protect and grow the real value of our expendable and permanent endowment funds, delivering a real return of CPI + 3% on a rolling 5-year basis net of fees.

In March 2020, our trustees adopted a cash withdrawal policy, providing for the periodic release of cash from our investment portfolio, allowing our investment advisers to concentrate on achieving capital growth without a requirement to generate significant income. The goal is for capital growth to replace cash withdrawn over time while the Charity holds cash on deposit sufficient to fund its near-term operating requirements.

Public benefit

The identifiable benefit provided by the 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 serving and veteran Royal Navy personnel and dependants in need, the Charity demonstrates its support of the Military Covenant between the Nation and its Armed Forces and has signed the Armed Forces Covenant as a reflection of that support.

In planning and delivering the charity's activities for the public benefit the trustees have had regard to the Charity Commission's guide on public benefit.

Environmental and social governance:

The trustees recognise that responsible corporate behaviour can have a positive influence on the financial performance of companies and appropriate criteria are applied by our investment managers when selecting and maintaining specific investments.

STATEMENT OF TRUSTEES' RESPONSIBILITIES

The trustees are responsible for preparing their report 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 and Wales requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of the 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 2019 (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; and
- 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.

NAVAL CHILDREN'S CHARITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

TRUSTEES' REPORT

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.



Christopher Tite
Chair

Date: 20/01/2023

NAVAL CHILDREN'S CHARITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

INDEPENDENT AUDITOR'S REPORT

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 2022 which comprise the Statement of Financial Activities, the Balance Sheet the Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charity's affairs as at 31 March 2022, and of its incoming resources and application of resources, 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 Trustees' Report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

NAVAL CHILDREN'S CHARITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

INDEPENDENT AUDITOR'S REPORT

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
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Trustees

As explained more fully in the Statement of Trustees' Responsibilities, the Trustees are responsible for the preparation of financial statements which 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.

Based on our understanding of the Charity and the industry in which it operates, we identified that the principal laws and regulations that directly affect the financial statements to be and the Charities Act, Employment Act and Trustee Act. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

In addition, the Charity is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. As an investment and donation funded grantmaker there is a limitation to areas most likely to have such an effect. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence if any.

Audit procedures performed by the engagement team included:

- 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

NAVAL CHILDREN'S CHARITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

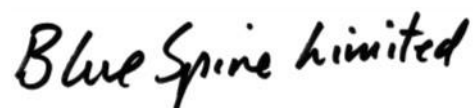
INDEPENDENT AUDITOR'S REPORT

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 FRC's website at: <https://www.frc.org.uk/auditors/audit-assurance/auditor-s-responsibilities-for-the-audit-of-the-fi/description-of-the-auditor%E2%80%99s-responsibilities-for>. 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

Cawley Priory
South Pallant
Chichester
West Sussex
PO19 1SY

Date 20/01/2023

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

NAVAL CHILDREN'S CHARITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

STATEMENT OF FINANCIAL ACTIVITIES

		Unrestricted	Restricted	Endowment	2022	2021
		Funds	Funds	Funds	Total	Total
Note	£	£	£	£	£	£
INCOME AND ENDOWMENTS FROM:						
Donations and legacies	1	800,509	105,000	-	905,509	918,170
Other trading activities	2	-	-	-	-	-
Investments	3	17,270	-	130,125	147,395	155,900
Other	4	-	-	-	-	15,038
Total		817,779	105,000	130,125	1,052,904	1,089,108
EXPENDITURE ON:						
Raising funds - Event costs	5	20,947	-	-	20,947	31,122
Raising funds - Investment management costs	6	-	-	108,205	108,205	99,330
Charitable activities	7	1,153,396	170,071	-	1,323,467	1,338,822
Total		1,174,343	170,071	108,205	1,452,619	1,469,274
Net gains/(losses) on investments	13	-	-	1,114,608	1,114,608	2,293,672
Net Income/(expenditure)		(356,564)	(65,071)	1,136,528	714,893	1,913,506
Transfers between funds	21	517,582	65,071	(582,653)	-	-
Net movement in funds	21	161,018	-	553,875	714,893	1,913,506
RECONCILIATION OF FUNDS						
Total funds brought forward		214,335	3,550	12,455,473	12,673,358	10,759,852
Total funds carried forward	21	375,353	3,550	13,009,348	13,388,251	12,673,358

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.

NAVAL CHILDREN'S CHARITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

BALANCE SHEET AS AT 31 MARCH 2022

		2022		2021	
	Note	£	£	£	£
FIXED ASSETS					
Investments – Managed portfolio	12	12,398,442		11,855,473	
Investments – Cash deposits	13	150,000		300,000	
Total fixed assets			12,548,442		12,155,473
CURRENT ASSETS					
Debtors	14	28,146		17,347	
Investments – Cash deposits	15	450,000		300,000	
Cash at bank and in hand		497,728		338,457	
Total current assets		975,874		655,804	
CURRENT LIABILITIES					
Creditors: amounts falling due within one year	16	130,065		130,919	
Net current assets			845,809		524,885
Total assets less current liabilities			13,394,251		12,680,358
Creditors: amounts falling due after more than one year	18		(6,000)		(7,000)
Net assets			13,388,251		12,673,358
THE FUNDS OF THE CHARITY					
Endowment funds	21		13,009,348		12,455,473
Restricted funds	21		3,550		3,550
Unrestricted general funds	21		375,353		214,335
Total charity funds			13,388,251		12,673,358

The notes on pages 24 to 39 form part of these accounts.

Approved by the Trustees and signed on their behalf.



Mr Christopher Tite
(Chairman of the Trustees)

Date: 20/01/2023

NAVAL CHILDREN'S CHARITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

STATEMENT OF CASH FLOWS

		2022		2021	
	Note	£	£	£	£
Net cash flow from operating activities (see below)			(559,763)		(580,288)
Cash flow from investing activities					
Purchase of investments		(2,173,372)		(3,547,582)	
Proceeds from sales of investments		3,286,850		2,964,694	
Investment income		147,395		155,900	
Net cash flow from investing activities			1,260,873		(426,988)
Net increase/(decrease) in cash and cash equivalents			701,110		(1,007,276)
Cash and cash equivalents at 1 April			1,466,876		2,474,152
Cash and cash equivalents at 31 March	24		2,167,986		1,466,876
Cash and cash equivalents consist of:					
Cash at bank and in hand			497,728		338,457
Cash held within investments			1,070,258		528,419
Cash held in deposit accounts			600,000		600,000
Cash and cash equivalents at 31 March	24		2,167,986		1,466,876
Reconciliation of net income to net cash flow from operating activities					
		£	£	£	£
Net income for the period			714,893		1,913,506
Adjusted for:					
Investment income		(147,395)		(155,900)	
(Gains)/losses on investments		(1,114,608)		(2,293,672)	
Decrease/(increase) in debtors		(10,799)		(1,782)	
Increase/(decrease) in creditors		(1,854)		(42,440)	
			(1,274,656)		(2,493,794)
			(559,763)		(580,288)

NAVAL CHILDREN'S CHARITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

ACCOUNTING POLICIES

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.

NAVAL CHILDREN'S CHARITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

ACCOUNTING POLICIES

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.

NAVAL CHILDREN'S CHARITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

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.

NAVAL CHILDREN'S CHARITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

ACCOUNTING POLICIES

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 21.

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.

NAVAL CHILDREN'S CHARITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS

1. Donations and legacies

	Unrestricted	Restricted	Endowment	2022 Total
	Funds	Funds	Funds	Funds
	£	£	£	£
Donations from individuals and trusts	35,844	5,000	-	40,844
Legacies	-	-	-	-
RNRMC/Greenwich	720,000	-	-	720,000
Trinity House	44,665	-	-	44,665
Seafarers UK	-	100,000	-	100,000
	<u>800,509</u>	<u>105,000</u>	<u>-</u>	<u>905,509</u>
	Unrestricted	Restricted	Endowment	2021 Total
	Funds	Funds	Funds	Funds
	£	£	£	£
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>

2. Other trading activities

	Unrestricted	Restricted	Endowment	2022 Total
	Funds	Funds	Funds	Funds
	£	£	£	£
Event income	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Unrestricted	Restricted	Endowment	2021 Total
	Funds	Funds	Funds	Funds
	£	£	£	£
Event income	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

NAVAL CHILDREN'S CHARITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS

3. Investment income

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2022 Total Funds £
Income from listed investments	-	-	130,125	130,125
Interest	17,270	-	-	17,270
	<u>17,270</u>	<u>-</u>	<u>130,125</u>	<u>147,395</u>

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2021 Total Funds £
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>

4. Other income

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2022 Total Funds £
Coronavirus Job Retention Scheme receipts	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

NAVAL CHILDREN'S CHARITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS

5. Event costs

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2022 Total Funds £
Direct event costs	18	-	-	18
Support costs (see Note 8)	20,929	-	-	20,929
	<u>20,947</u>	<u>-</u>	<u>-</u>	<u>20,947</u>

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2021 Total Funds £
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>

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 Funds £	Restricted Funds £	Endowment Funds £	2022 Total Funds £
Investment management fees	-	-	108,205	108,205
	<u>-</u>	<u>-</u>	<u>108,205</u>	<u>108,205</u>

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2021 Total Funds £
Investment management fees	-	-	99,330	99,330
	<u>-</u>	<u>-</u>	<u>99,330</u>	<u>99,330</u>

NAVAL CHILDREN'S CHARITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS

7. Charitable activities

	Unrestricted	Restricted	Endowment	2022 Total
	Funds	Funds	Funds	Funds
	£	£	£	£
Grants to individuals:				
School fees	64,261	98,176	-	162,437
Extra tuition fees	61,934	17,517	-	79,451
Clothing and equipment	355,369	39,985	-	395,354
Children's travel	58,476	7,397	-	65,873
Childminding and respite	104,404	6,996	-	111,400
Historic SSAFA grants returned	(7,229)	-	-	(7,229)
	<u>637,215</u>	<u>170,071</u>	<u>-</u>	<u>807,286</u>
Naval Community Projects				
Community project costs	99,520	-	-	99,520
Research and publications	47,683	-	-	47,683
	<u>147,203</u>	<u>-</u>	<u>-</u>	<u>147,203</u>
Direct staff costs	149,386	-	-	149,386
Other staffing costs	1,303	-	-	1,303
Support costs (see note 8)	171,330	-	-	171,330
Governance costs (see note 8)	46,959	-	-	46,959
	<u>1,153,396</u>	<u>170,071</u>	<u>-</u>	<u>1,323,467</u>

NAVAL CHILDREN'S CHARITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS

7. Charitable activities (continued)

	Unrestricted	Restricted	Endowment	2021 Total
	Funds	Funds	Funds	Funds
	£	£	£	£
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				
ARK project	92,572	-	-	92,572
Other community project costs	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>

NAVAL CHILDREN'S CHARITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS

8. Support costs

	Event expenses £	Charitable activities £	Governance £	2022 Total Funds £
Staff costs	20,929	37,858	41,859	100,646
Printing, postage and stationery	-	7,956	-	7,956
Insurance	-	5,106	-	5,106
Legal and professional fees	-	3,584	-	3,584
Accountancy and audit	-	3,531	5,100	8,631
Telephone	-	1,174	-	1,174
Computers and equipment	-	42,806	-	42,806
Sundry expenses	-	11,806	-	11,806
Subscriptions	-	5,022	-	5,022
Advertising and publicity	-	33,362	-	33,362
Rent	-	13,476	-	13,476
Travel and subsistence	-	5,649	-	5,649
	<u>20,929</u>	<u>171,330</u>	<u>46,959</u>	<u>239,218</u>

	Event expenses £	Charitable activities £	Governance £	2021 Total Funds £
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)
	<u>27,366</u>	<u>173,777</u>	<u>59,832</u>	<u>260,975</u>

NAVAL CHILDREN'S CHARITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS

9. Auditor's remuneration

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2022 Total Funds £
Audit fees	5,100	-	-	5,100
Other services	534	-	-	534
	<u>5,634</u>	<u>-</u>	<u>-</u>	<u>5,634</u>
	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2021 Total Funds £
Audit fees	5,100	-	-	5,100
Other services	890	-	-	890
	<u>5,990</u>	<u>-</u>	<u>-</u>	<u>5,990</u>

10. Staff costs and information

	2022 £	2021 £
Gross salaries	216,334	216,328
Employer's NI	17,959	18,262
Employer's pension	14,189	17,230
Coronavirus Job Retention Scheme receipts	-	(15,038)
	<u>248,482</u>	<u>236,782</u>

One (2021: One) employee received employee benefits, excluding employer pension contributions, between £70,000 - £80,000 (2021: between £60,000 - £70,000).

Staff numbers

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

	2022	2021
Charitable activities	4	3
Management and governance	2	3
	<u>6</u>	<u>6</u>

NAVAL CHILDREN'S CHARITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS

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 £14,189 (2021: £17,230). At the balance sheet date £1,413 (2021: £1,577) was payable in respect of pension contributions consisting of employee and employer contributions.

The number of employees to whom pension contributions are accruing:

	2022	2021
Charitable activities	4	4
Management and governance	3	3
	<u>7</u>	<u>7</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 £1,701 (2021: £nil).

During the year under review the Charity had one (2021: one) members of key management personnel who received employee benefits totalling £81,133 (2021: £80,908) 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 £363 (2021: £1,019).

During the comparative 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. The related trustee took no part in the decision to employ Mr Robson nor the setting of remuneration levels.

NAVAL CHILDREN'S CHARITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS

12. Investments – Managed portfolio

	Year ended 31 March 2022			Year ended 31 March 2021		
	Listed	Cash	Total	Listed	Cash	Total
	investments	accounts	Funds	investments	accounts	Funds
	£	£	£	£	£	£
Market value brought forward	11,327,054	528,419	11,855,473	8,450,494	1,060,809	9,511,303
Additions at cost	2,173,372	-	2,173,372	3,547,582	-	3,547,582
Disposals at carrying value	(2,987,079)	-	(2,987,079)	(2,462,231)	-	(2,462,231)
Gain/(loss) on revaluation	814,837	-	814,837	1,791,209	-	1,791,209
Movement in cash	-	541,839	541,839	-	(532,390)	(532,390)
Market value carried forward	11,328,184	1,070,258	12,398,442	11,327,054	528,419	11,855,473
<i>Gains/(losses) on investments</i>						
Gain/(loss) on revaluation	814,837	-	814,837	1,791,209	-	1,791,209
Gain/(loss) on investment disposals	299,771	-	299,771	502,463	-	502,463
	1,114,608	-	1,114,608	2,293,672	-	2,293,672

13. Investments – Cash deposits

	2022	2021
	Total	Total
	Funds	Funds
	£	£
Cash deposits with maturity over one year	150,000	300,000

14. Debtors

	2022	2021
	Total	Total
	Funds	Funds
	£	£
Accrued income	28,146	17,347
	28,146	17,347

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15. Investments – Cash deposits

	2022	2021
	Total	Total
	Funds	Funds
	£	£
Cash deposits with maturity within one year	450,000	300,000

16. Creditors: Amounts falling due within one year

	2022	2021
	Total	Total
	Funds	Funds
	£	£
Trade creditors	2,888	3,108
Accruals	6,513	6,677
Accrued school fees	44,897	66,996
Accrued school fees – Ogden Trust restricted fund	9,000	7,000
Other Ogden Trust creditors	–	12,000
Accrued regular charitable payments	53,825	25,100
Other taxes and social security	6,816	9,288
Other creditors	6,126	750
	130,065	130,919

17. Creditors: Amounts falling due after more than one year

	2022	2021
	Total	Total
	Funds	Funds
	£	£
Accrued school fees – Ogden Trust restricted fund	6,000	7,000
	6,000	7,000

18. 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 16 and 17 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 £141,900 (2020: £251,898) at the balance sheet date.

NAVAL CHILDREN'S CHARITY

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NOTES TO THE FINANCIAL STATEMENTS

19. 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 £13,476 (2021: £12,157).

20. Analysis of net assets between funds

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2022 Total Funds £
Fixed asset investments	-	-	12,548,442	12,548,442
Other net assets	375,353	3,550	460,906	839,809
Net assets at 31 March	375,353	3,550	13,009,348	13,388,251
	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	2021 Total Funds £
Fixed asset investments	-	-	12,155,473	12,155,473
Other net assets	214,335	3,550	300,000	517,885
Net assets at 31 March	214,335	3,550	12,455,473	12,673,358

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FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS

21. Analysis of net movement in funds

	Year ended 31 March 2022					
	Total funds brought forward	Incoming resources and gains	Outgoing resources and losses	Gains/(losses) on investment assets	Transfers	Total funds carried forward
	£	£	£	£	£	£
Endowment funds						
Expendable endowment fund	9,631,819	96,969	(81,593)	841,574	(585,634)	9,903,135
Permanent endowment fund	2,783,740	-	(26,612)	273,034	-	3,030,162
Permanent endowment unapplied	39,914	33,156	-	-	2,981	76,051
Total	12,455,473	130,125	(108,205)	1,114,608	(582,653)	13,009,348
Restricted funds						
Ogden Trust	3,550	-	-	-	-	3,550
The Seafarers Charity	-	100,000	(102,503)	-	2,503	-
Queen Mary Roehampton Trust	-	5,000	(67,568)	-	62,568	-
Total	3,550	105,000	(170,071)	-	65,071	3,550
Unrestricted funds						
General Fund	214,335	817,779	(1,174,343)	-	517,582	375,353
Total	214,335	817,779	(1,174,343)	-	517,582	375,353
Total funds	12,673,358	1,052,904	(1,452,619)	1,114,608	-	13,388,251

	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
	£	£	£	£	£	£
Endowment funds						
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
Total	10,511,303	149,828	(99,330)	2,293,672	(400,000)	12,455,473
Restricted funds						
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	-
Total	16,550	105,000	(186,072)	-	68,072	3,550
Unrestricted funds						
General Fund	231,999	834,280	(1,183,872)	-	331,928	214,335
Total	231,999	834,280	(1,183,872)	-	331,928	214,335
Total funds	10,759,852	1,089,108	(1,469,274)	2,293,672	-	12,673,358

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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.

22. Transfers between funds

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

	Unrestricted funds £	Restricted funds £	Endowment funds £
Transfer 1			
General Fund	(17,347)	-	-
Expendable endowment fund	-	-	14,366
Permanent endowment unapplied	-	-	2,981
	<u>(17,347)</u>	<u>-</u>	<u>17,347</u>
Being accrued income recognised to general funds in the comparative period returned to correct fund.			
Transfer 2			
Expendable endowment fund	-	-	(600,000)
General Fund	600,000	-	-
	<u>600,000</u>	<u>-</u>	<u>(600,000)</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	-	2,503	-
Queen Mary Roehampton Trust	-	62,568	-
General Fund	(65,071)	-	-
	<u>(65,071)</u>	<u>65,071</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>517,582</u>	<u>65,071</u>	<u>(582,653)</u>

NAVAL CHILDREN'S CHARITY

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

NOTES TO THE FINANCIAL STATEMENTS

23. Financial instruments

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

	2022	2021
	Total	Total
	Funds	Funds
	£	£
<i>Financial assets</i>		
Measured at fair value through net income/(expenditure):		
Fixed asset investments	12,398,442	11,855,473
	<u>12,398,442</u>	<u>11,855,473</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.

	2022	2021
	Total	Total
	Funds	Funds
	£	£
<i>Financial liabilities</i>		
Measured at amortised cost:		
Trade creditors	2,888	3,108
	<u>2,888</u>	<u>3,108</u>

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

	2022	2021
	Total	Total
	Funds	Funds
	£	£
<i>Income and expense</i>		
Financial assets measured at fair value through net income/(expenditure)		
Income from listed investments	130,125	149,828
Investment management fees	(108,205)	(99,330)
	<u>21,920</u>	<u>50,498</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	814,837	1,791,209
Realised gains/(losses) on investments	299,771	502,463
	<u>1,114,608</u>	<u>2,293,672</u>

NAVAL CHILDREN'S CHARITY

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NOTES TO THE FINANCIAL STATEMENTS

24. Analysis of changes in net debt

	2021 £	Cash flows £	2022 £
Cash and cash equivalents	1,466,876	701,110	2,167,986
	<u>1,466,876</u>	<u>701,110</u>	<u>2,167,986</u>
	2020 £	Cash flows £	2021 £
Cash and cash equivalents	2,474,152	(1,007,276)	1,466,876
	<u>2,474,152</u>	<u>(1,007,276)</u>	<u>1,466,876</u>

25. 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 for investment £	Unapplied total return £	Total permanent endowment £
Brought forward			
Gift component of permanent endowment	2,783,740	-	2,783,740
Unapplied total return	-	39,914	39,914
Unapplied total return understatement brought forward	-	2,981	2,981
Total	<u>2,783,740</u>	<u>42,895</u>	<u>2,826,635</u>
Movements			
Investment return: Dividends and interest	-	33,156	33,156
Investment return: Realised and unrealised gains and losses	273,034	-	273,034
Less: Investment management costs	(26,612)	-	(26,612)
Total	<u>246,422</u>	<u>33,156</u>	<u>279,578</u>
Carried forward			
Gift component of permanent endowment	3,030,162	-	3,106,213
Unapplied total return	-	76,051	-
Total	<u>3,030,162</u>	<u>76,051</u>	<u>3,106,213</u>

NAVAL CHILDREN'S CHARITY

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NOTES TO THE FINANCIAL STATEMENTS

26. Comparative statement of financial activities

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