

Royal Hospital Chelsea Annual Report and Consolidated Financial Statements 2024-25

HC 1572



ROYAL HOSPITAL CHELSEA

ANNUAL REPORT

AND

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

Presented to Parliament pursuant to Section 1 of the Chelsea Hospital Act 1876

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Commissioners, Officers and Professional Advisors

Chairman of the Board of Commissioners

HM Paymaster General

Ex-officio Commissioners

HM Paymaster General

Minister of State for the Armed Forces

Parliamentary Under-Secretary of State for the Armed Forces

Minister for Defence People, Veterans and Service Families

Minister of State for Defence for the House of Lords

Director Resources and Command Secretary (Army)

Senior Health Advisor (Army)

Director of Engagement & Communications (Army)

General Officer Commanding London District and the Major-General commanding the Household Division

Governor, Royal Hospital Chelsea

Rt Hon John Glen MP (from 13 November 2023 to 5 July 2024)

Rt Hon Nick Thomas-Symonds (from 8 July 2024)

Mr James Heap MP (to 26 March 2024)

Mr Leo Docherty MP (from 26 March 2024 to 5 July 2024)

Mr Luke Pollard MP (from 9 July 2024 to 6 September 2025)

Colonel Alistair Carns DSO OBE MC MP (from 6 September 2025)

Rt Hon Dr Andrew Murrison MP (to 5 July 2024)

The Rt Hon The Lord Coaker (from 8 July 2024)

Mr Nick Gordon (to 1 June 2025)

Ms Rachel Hick OBE (acting from 1 June 2025)

Brigadier Antony Finn QHP (to 3 August 2024)

Brigadier Phil Carter KHP OStJ MRCGP (from 4 August 2024)

Brigadier Huw Thomas OBE (from 1 October 2025)

Brigadier Chris Davies OBE (to 1 June 2025)

Major General James Bowder OBE (from 1 June 2025)

General Sir Adrian Bradshaw KCB OBE DL

Specially Appointed Commissioners

Dr Roger Bowdler (to 31 March 2025)

Colonel Paul Foster

Professor Charles Mackworth Young CVO

Mr Dominic Fisher OBE (to 30 August 2024)

Ms Caroline Trehwhitt

Dr Caroline Shulldham OBE (Deputy Chair)

Mr Roland Rudd

Professor Martin Green OBE

Mr Steve Allen

Mr Richard Swallow DL

Mr Guy Varney (from 1 October 2024)

Mr David Adshead (from 1 April 2025)

Accounting Officer & Chief Executive Officer

Mr David Richmond CBE

Registered address

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Commissioners, Officers and Professional Advisors

Subsidiary auditor

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London E14 4HD

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London EC4M 8BU

BlackRock Fund Managers Ltd
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Chartered surveyor

Savills (UK) Limited
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London W1G 0JD

Property maintenance

CBRE Managed Services Ltd
61 Southwark Street
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London E14 5HP

Santander UK plc
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London NW1 3AN

Annual Report of the Commissioners

Message from our Governor, General Sir Adrian Bradshaw KCB OBE DL

While providing exemplary care, support, comradeship and recognition to our Chelsea Pensioners has remained our priority we have focused this year on ensuring that we can generate sufficient income to meet the gap between what the Grant in Aid provides and what we require to run the Royal Hospital. We have explored new revenue-generating opportunities, worked hard to reduce costs, and invested in our income generating teams.

Caring for our Pensioners has remained our main effort, and I am very happy to report that we have again been graded outstanding by the Care Quality Commission (CQC). This is exactly as it should be, meeting the standards that our Chelsea Pensioners deserve and that the nation expects of us. Achieving this grade is tough, and I'd like to recognise here the continued commitment of our staff to providing high-quality care and meeting the highest standards. The key to continually meeting those standards is to recruit and retain good staff. In this, we face the same challenges as the rest of the health and social care sector in central London, so it is an area that requires the continual focus of our executive leadership team.

Our Chelsea Pensioner Veterans Outreach programme has made a promising start and has already seen increased engagement with retired service personnel of all three services across England. To enhance our reach further in connecting veterans to each other and the available national support, the next phase of this project will see the launch of a new online service, Old Comrades. This looks likely to launch slightly earlier than we had originally expected. We have also invested in our own research programme and have started to more actively participate in national discussions on elderly care in the UK, contributing more widely to society well beyond the veteran community.

Whilst fulfilling our national duty by supporting national events throughout the UK, honouring our past and motivating and informing future generations, our Scarlet coats have been seen at ceremonies from Arnhem to Bahrain. We are also proud to welcome our first Gurkha into the Hospital which I hope will herald the arrival of more in due course.

Preserving our historical buildings remains vital and although the task of heating and maintaining property gets no easier, I am pleased to report that that we have successfully completed a number of enhancements to the Soane Stable Yard, Outreach centre and of course, to the Margaret Thatcher Infirmary.

The Royal Hospital Chelsea remains steadfast in its mission to provide exemplary care, preserve our heritage, and contribute to the broader societal discourse. Our achievements in FY 2024-25 reflect our commitment to excellence and our readiness to face future challenges with cautious optimism.

Annual Report of the Commissioners

Message from CEO & Accounting Officer, David Richmond

Throughout the year, the Royal Hospital team has focused sharply on ensuring that we provide exemplary care, support, comradeship, and recognition to our Chelsea Pensioners. The pace and unpredictability of modern life presents distractions and pressures aplenty, and as we work through these it has been critical to ensure that we do not lose sight of our core purpose; to look after our Chelsea Pensioners. I am grateful to all our dedicated staff and volunteers, without whose commitment this would not be possible.

The Soane Stable Yard café, visitor centre, shop, and post office opened to the public in October and has been very well-received. The modern, inter-active, and informative visitor centre has given visitors an engaging insight into the history of the hospital, who the Chelsea Pensioners are, who our staff are, and why they work here. This has encouraged thousands to then book an In-Pensioner guided tour. Heidi Bakery has provided a popular venue for locals and visitors alike to meet and enjoy their high-quality drinks and food in wonderful, historic surroundings; and the post office has provided a valuable service to the local community. To date, the Soane Stable Yard has exceeded our annual stretch target for visitors, and we are now looking at how we build on this early success to ensure that it remains a place people want to visit, while making a financial contribution to the running of the hospital.

The Chelsea Pensioner Veterans Outreach Service also operates from the Soane Stable Yard and this year has properly established itself as a valuable service for the older age, tri-service veteran community in London with a weekly programme of drop-ins utilising the outreach activity room. The service has been developed with collaboration at its core and has established strong working relationships with other service providers, both statutory and 3rd sector who attend these sessions and provide support to those in need. Although it is still early days, feedback suggests that we are having a positive impact on reducing social isolation and loneliness among our older age veterans. We have also recently launched 'Old Comrades' which is a digital outreach community platform, which we intend over time will make our services accessible to tens of thousands of older veterans across the UK.

We remain very grateful to the Ministry of Defence (MoD) for its continued financial support to the Royal Hospital via the annual Grant in Aid (GiA), but we continue to experience financial pressures created by a variety of causes. Against that backdrop, we have re-organised our fundraising, marketing, and communications teams to provide a sharper focus on developing those long-term relationships that will secure financial support over time, and on developing the public presence and narratives to support our work. The 'Department of Public Engagement' has been renamed 'Department of Fundraising & Development, Marketing and Communications'. We are recruiting into a variety of newly created and existing vacancies in this department. This will enable us to develop new income streams, leading to the ambition of generating £10m per annum in income by the end of FY 2029-30. This sharper focus on, and investment in fundraising and development income ambition, is a step change, and will ensure that the RHC has a secure financial future.

The previous Audience Engagement Team has been moved from the department, renamed Department of Public Engagement and has its own Director who sits on the Executive Board. Their focus is on the; Soane Stable Yard, the Royal Hospital's public programmes, our contributions to the Chelsea History Quarter, and the Chelsea History Festival where we wish to play a full part.

I will finish by thanking our neighbours and partners at the National Army Museum, Chelsea Physic Garden, Kings Road Partnership and Cadogan for their active and ongoing support; and by thanking all those who have made grants and donations each of which materially contribute to our ability to provide the exemplary care, support, comradeship and recognition that our Chelsea Pensioners deserve and that the nation expects of us.

Annual Report of the Commissioners

Soane Stable Yard

The Royal Hospital's weekly public dementia-inclusive wellbeing sessions launched in 2024. Mirroring the Chelsea Pensioner activities programme, the Stable Yard is a focal point for these activities, including coffee mornings, singing, art and sensory tours. In partnership with external health and social care organisations, the Hospital champions its model of care and has established itself as an active member of the Kensington, Chelsea and Westminster Dementia Action Alliance.



"The sessions have been a fantastic resource to help people living with dementia - as well as their carers - and having a dedicated space in the Soane Stable Yard has meant we can support a wide range of people in the community and share our learning with local health and social care organisations."

Marina Spiteri, Community Engagement & Outreach Manager.

Establishing the Soane Stable Yard as a central hub for visitors to the Royal Hospital, complete with a modest but well thought out Chelsea Pensioner Exhibition, has allowed the Hospital to showcase its centuries-old heritage to new audiences. Visitor access via Chelsea Gate on the site's east, allows careful management of footfall to the Grade I and II Heritage Listed site, mitigating the impact on the resident Chelsea Pensioners while offering a central meeting place for heritage talks and events, evening receptions, and Pensioner-led tours.



"Sharing our heritage with audiences who may not be familiar with the Royal Hospital has been really rewarding and I am looking forward to building on our programme of events to show visitors the fascinating heritage here."

Simon Farrelly, Senior Visitor Experience & Programmes Manager.

Chelsea Pensioners Veterans Outreach



"Our Chelsea Pensioners Veterans' Outreach model addresses the loneliness that many older people experience by creating opportunities for older veterans to socialise with their fellow veterans and build a social network. The Soane Stable Yard is home to our regular Outreach 'drop-in' sessions, which have proved very popular. Our delivery partners can also refer veterans to specialist health and wellbeing support services if required."

Giles Woodhouse, Director of Chelsea Pensioners Veterans Outreach.

Annual Report of the Commissioners

Purpose

The RHC was founded in 1682 by King Charles II, and opened in 1692. Letters Patent (LP) from the Crown are the RHC's governing document. The first LP were granted in 1703, and the current version was approved by the late Queen on 21st November 2003. The LP give the Commissioners certain powers and authorities in respect of the operation of the RHC and about the admission of Chelsea Pensioners (CPs). However, they do not state the purpose or "object" of the RHC; nor do they refer to the provision of supported housing, social care, nursing or healthcare. Instead, the purpose is inferred by reference to several powers and functions.

Historically, translated from the early 18th Century English, the Commissioners were given specific responsibilities:

- To feed and clothe the CPs;
- To maintain the buildings and grounds;
- To appoint RHC staff, setting their pay, duties, and conditions of service and dismissing them if necessary;
- To raise money;
- To approve the annual accounts; and
- To set the eligibility criteria for the admission of CPs.

Today, the list covers almost all the day-to-day activities of the RHC except the medical, nursing and spiritual care of the CPs. Given that there has been both a Physician and a Chaplain since the foundation of the RHC it is reasonable to assume these functions were intended to be provided. The ownership of land and property is covered in separate Acts of Parliament.

Aims and activities

As set out above, the LP do not state an aim for the RHC, but we take the words inscribed in Latin on our Colonnade by Christopher Wren as our core purpose: "For the succour and relief of veterans broken by age and war...", to which we have added that we aim to maintain their historic home which was built to support that purpose. It was founded by King Charles II in 1682 "as a place of refuge and shelter for such Land Soldiers as are or shall be old, lame or infirm in the service of the Crown." Nowadays, because of extensive and specialised health care offered by the NHS to younger veterans in the community, RHC provides accommodation, welfare, community- medicine and social care only to around 300 older Army veterans. We can now be described as a retirement village for older Army veterans with on-site primary medical care services and a registered care home with nursing. The aim to provide support and care to CPs directly delivers the expectations set out in our founding document.

Our aim to provide accommodation, support and care to older Army veterans directly furthers the purpose set out in our founding document. The objectives of the 2025-26 business plan set the direction for the strategies that will help enable the RHC to deliver its purpose. As a result, RHC will have even happier CPs with improved quality of life and be prepared to meet the needs of future veterans. We shall have the financial strength to manage our risks and liabilities, and to invest in improvements. We shall support more veterans, including those outside of the RHC. Our services, our heritage, and contribution to the Nation will be widely recognised and valued, and we shall attract the support of significantly more people.

These include; service improvement, adapting to the needs of future veterans, gathering resources to sustain the delivery, strengthening the relationship with the MoD and wider military community, outreach to engage with other older veterans, increasing communications with the wider public, and ensuring that we play our part in keeping Army veterans in the public eye.

Performance measurement

Measures used to assess our success include, the length of active life of the CPs, their satisfaction with the service, the proportion of CPs involved in activities, the number of external activities and representation, our budget performance, number of visits by MoD/Army representatives, and positive activity on mainstream and social media.

Commissioners review the performance of RHC at their quarterly meetings and sub committees. The Executive Board meets regularly to assess risk and review performance against key performance indicators and corporate objectives.

Significant activities and performance during the year and future strategy

With the generosity of our supporters, during the year we completed two major projects; the refurbishment and upgrade to our care home, the Margaret Thatcher Infirmary (MTI), and the restoration and repurposing of the Sir John Soane Stable Yard.

The MTI completed in July 2024 with a final build cost of £5.6m. The refurbishment ensured we continued to deliver best practice for dementia and elderly care whilst providing a home for its residents. The interior refurbishment included a new reception area, providing improved privacy, an end of life suite, new finishes to walls, ceiling and flooring, enhanced lighting, including circadian lighting in the dementia wards, a new library and breakout rooms for residents.

Funded partially by donations from our supporters, including the National Lottery Heritage Fund, the Soane Stable Yard (SSY) completed in September 2024 and opened to the public in October. Originally designed by Sir John Soane, the site has been redeveloped to include the CPs' Visitor Centre and Veteran Outreach Centre, including a gift shop and cafe. The Visitor Centre houses an interactive exhibition telling the story of the CPs and their iconic home. The Veterans Outreach Centre provides a meeting place for veterans and local activities including those living with dementia. The transformation included build costs of £6.6m and interpretation costs (including design, production and installation of visual displays) of £2.2m.

This project addresses several of the objectives set out below:

1. The Outreach services in the SSY helps us to better understand and meet the needs of future veterans;
2. Working with older veterans of all services in the wider community will strengthen our links with the wider veteran community, reducing loneliness and isolation; it will also support the recruitment of future CPs;
3. The Outreach activity will provide more information and strengthen our evidence base for demonstrating public benefit and increased public recognition, which will strengthen our links with the Army and wider MoD;
4. The volunteering and public facing activities for CPs in the SSY will improve or maintain their activity levels and capacity, while keeping veterans in the public eye and engaging the public in our heritage, the importance of military veterans to the Nation and gaining or sustaining the public's affection and support;
5. Increased visitor numbers will improve public recognition of RHC and CPs. In addition, they will also provide additional commercial income to fund the RHC's work to support our CPs and maintain our historic buildings.

The Prince Philip Building continues to be home to the CP's hobbies such as painting, pottery, radio shack and cooking. The large activity hall was used for sessions with the therapy team and home to the RHC Army Cadet Unit. The building has become the hub for our active ageing programme, promoting CP activities that reduced isolation, gave purpose, retained fine motor skills and learned new skills. For example, the pottery club helps CPs find focus and friendship and many notice a boost to their wellbeing. A potter commented "When I was first invited, I was in a very bad state physically and mentally. I was in a wheelchair and in a very dark space. It literally helped me get back on my feet and standing like I am today. It has been a lifesaver. The therapeutic value of the club is also tremendously useful to the people in the Infirmary. It helps you get something back in your life over and above being poorly and taking a load of pills".

The RHC is not a charity but aims to operate in line with Charity Commission guidance and best practice. All of our resources are focused on delivering the best care and support for the British Army veterans within our care. The business-as-usual activities that generate the RHC's public good include a complete package of care and support for our CPs, including the basics of shelter, warmth, clothing and exercise in beautiful grounds. In addition, we provide an on-site GP and nursing service, Occupational Therapy, Physiotherapy in a customised gym, carers, nursing staff, and a range of social and hobbies activities, as well as digital inclusion and Wi-Fi. There are many opportunities for social interaction internally and outside the RHC – with nearly 700 events attended by CPs each year. CPs attend Chelsea football matches, the Wimbledon tennis tournament, the Remembrance parade at the cenotaph and at the Festival of Remembrance. In addition to the hobbies and activities that take place in the Prince

Philip Building, we have clubs for lawn bowling, fishing, painting, choral singing, walking rugby, sponsored walks and much more.

We continually seek to improve our services in response to CP's needs and in 2025-26, we completed:

- A review of staffing needs in the Infirmary;
- Improved falls prevention strategies

In 2024 CP's mean age at death was 88.36 yrs (all male), the comparative Office of National Statistics (ONS) data indicates the average age of death for males (SEC3 including military personnel of rank sergeant and below) is 84.4 yrs, which appears to support of our belief that RHC's quality of care and comradeship results in extension of the life expectancy of its CPs.

Since women were first admitted to the RHC in 2009 there have been only 9 female deaths (2016-2023), with no deaths in 2024. The average age of death for these 9 women is 90.3yrs, the ONS data indicates the average age of death of females (SEC3) is 87.2 yrs.

Public benefit statement

"It is a great honour to end your days here, where we get treated like royalty. We don't come here to die. We come here to live" John Byrne, CP.

The Commissioners have considered the guidance under charity regulations and although the RHC is not a charity, strive to ensure that it delivers public benefit. All the programmes of service improvement and building works are targeted at improving the outcomes and experience of the CPs, i.e. our beneficiaries. When Commissioners invest in improvement for the workforce, they do that to ensure we have adequate numbers of skilled and motivated staff to deliver excellent services. Other improvements to the site and to our digital and marketing capacity not only benefit the CPs but build our capacity to generate income to support our core services to CPs. The Commissioners aim to raise, and have raised, capital for major works from the RHC's own commercial resources, or fundraising from charitable donations, grants and legacies and has not requested public money via GIA for this purpose. In this way the RHC maintains a national heritage building at no additional expense to the public, and makes them available for the public to visit and enjoy.

Current Year Objectives

The aims of the 2024-25 business plan as agreed by Commissioners in April 2024 were:

1. To maintain and **improve services** for the CPs, especially their security, safety, and health protection.
2. To **develop our services** to meet emergent need and prepare to meet the needs of future veterans.
3. To ensure we have **the resources to maintain** our services and buildings to a high standard, investing in technology that improves efficiency or effectiveness, in staff learning and development, and commercial opportunities.
4. To **strengthen our links** with the MoD, wider Army community, and related charities.
5. To increase our **work with the wider veteran community** and the local area, through outreach programmes.
6. To **strengthen our evidence** base in order to continue to promote best practice in, and engage in public discourse on, older veteran care.
7. To **increase public recognition** and widen our audience reach by strengthening engagement with and understanding of our heritage, disseminating, and demonstrating its importance to the Nation and relevance to a range of communities.
8. **Keep the Army veterans in the public eye**, maintaining the Nation's respect, support, and affection.

Our People

Our employees and volunteers are the heart of what we do to deliver our aims and objectives. RHC would like to thank them for their dedication and their contribution to our success.

RHC strives to have a culture where we nurture belonging, respect individuals, encourage pride and enjoy life. RHC continuously looks to develop and train our employees to build our organisational skills and capabilities through learning and development that positively improves staff retention and productivity. Employees are kept informed of the performance and objectives of the RHC through its intranet, consultation groups, newsletters,

regular bulletins, and briefings by line management. Policies are in place to ensure the RHC complies with all applicable employment legislation. Full and fair consideration is given to all applicants for all job vacancies. RHC is committed to promoting equality, diversity and inclusion. During 2024-25 RHC had 275 employees. RHC continued to focus on equality, diversity, and inclusion challenging our thinking and bringing positive changes in our policies, practice and culture. RHC's commitment to the support of Army veterans in the workplace was also highlighted with the signing of the Armed Forces Covenant. The RHC has no staff who are formally designated as trade union officers under the Trade Union (Facility Time) Publication Requirements.

Volunteers

In 2024-25, the RHC continued to increase its volunteer engagement. CPs volunteer for a small number of roles within the RHC, which are useful but not essential to the running of the organisation, e.g. delivering post, gardening, or accompanying other CPs on hospital appointments. We continue to increase our volunteers, particularly in our Heritage and Events areas.

Our volunteer programme focuses on external volunteers who must undertake our safe recruitment processes and attend an extensive induction, including an introduction to our organisational policies in Health and Safety, Safeguarding, Professional Boundaries, and the volunteer handbook. CPs and external volunteers work together in heritage-related activities and outreach to military veterans. The Volunteer Manager has oversight of external volunteers, with day-to-day responsibility falling to individual area coordinators across the organisation.

During March 2025, RHC had 91 active external volunteers, with an average of 4 hours per week completed per volunteer. The number of hours will steadily increase over the next year as volunteers become more confident to support other areas of the RHC. As well as the activities above, these roles include the more traditional roles of those supporting the CP activities programme, facilitating visits by therapy dogs, and befrienders. Additionally, CP volunteers supported 131 sessions of outreach events to non-resident veterans, together with around 12 external volunteers supporting 12 sessions a week of heritage projects since the opening of SSY.

Fundraising

RHC raises funds to help deliver our core business and additional requirements, including caring for our CPs and maintaining our historic buildings. Our fundraising activities are delivered in house with contracted support from external parties as required. All third parties' activities are monitored regularly with meetings and discussions to ensure our fundraising practices are followed. We have high ethical standards and comply with charity law. RHC is regulated by the fundraising regulator and we regularly review our fundraising practices, reporting annually to the Commissioners.

We received no complaints and no referrals from the Fundraising regulator in respect of our fundraising practice during the 2024-25 year.

We have a policy for treating vulnerable persons fairly which is reviewed by all fundraising staff annually. However, most of our fundraising is with Trusts and High Net Worth Individuals well known to us, therefore, protecting vulnerable persons represents a lower organisational risk.

Financial review and results for the year

Net movement in funds before gains / losses in investments, actuarial gains or losses and revaluation of properties was £2,351k (2024: £529k). This movement includes £2,694k of donations relating to capital items. During the year, the Commissioners agreed the civil service pension scheme was no longer affordable. As a result, the scheme was closed to new joiners from 31 March 2025 scheme with an exit fee payable of £2,250k. The exit fee due is payable under the Cabinet Office's 'Exit Charge Policy' for the Civil Service Pension Scheme. Under this policy, employers who wish to close the scheme to new members joining, or close the scheme to all future accrual, are required to pay an Exit fee calculated in line with the methodology prescribed by the Cabinet Office. A new defined contribution pension scheme was set up for new joiners on 1 April 2025.

The total funding received from the MoD was £17,368k (2024: £13,918k). Income from other sources, including fundraising activities, investments and donations was £14,623k (2024: £13,080k). Total income was £31,991k, an

increase of £4,993k (18%) on 2024. The increase was primarily a result of a one-off additional GiA funding of £3,450k from the MoD and a capital donation of £1,000k from a Trust fund.

Costs attributable to RHC's charitable activities before impairment of fixed assets was £27,385k (2024: £24,339K), an increase of £3,046k (13%) on 2024. This was primarily due to the £2,250k pension exit fee. The remainder, £796k (3%) related to general inflationary increases. Fundraising costs were £1,962k (2024: £1,834k), a small increase of £128k (7%). The RHC's operations made a surplus of £2,345k (2024: £515k). This is used for internal accounting purposes and is arrived at by deducting non-operational movements from the total gains and losses. The calculation is as follows:

	2025	2024
	£'000	£'000
Total (losses) / gains per SOFA (p29)	(24,947)	3,736
Less loss /(gain) in investments	19,334	1,048
Less revaluation gains	(1,445)	(4,330)
Add impairment of fixed assets	9,403	61
Operating surplus	<u>2,345</u>	<u>515</u>

The net result, after movements on investments, was a loss of £26,386k (2024: £580k loss). Taking into account other gains and losses, total funds decreased from £322,164k in 2024 to £297,217k this year (note 25) primarily due to the revaluation of the land and buildings (note 11).

The outlook for the next few years is expected to be challenging as costs continue to rise and the one-off benefit received in GiA is not expected to re-occur. RHC will focus on increasing income from its commercial and fundraising activities and managing costs by continual review of productivity.

Total funds donated through the RHC Appeal Ltd and its subsidiaries amounted to £10,250k (2024: £4,090k). Trading results of the subsidiaries are discussed below and further details are contained in note 10 to the accounts.

Valuation

In March 2025, RHC's operational and investment estate was the subject of a desktop valuation by Savills, Chartered Surveyors. The last full valuation was carried out by Savills in March 2023. Due to the unique and historic nature of RHC's estate, a meaningful market value cannot be arrived at, as such, RHC agreed with the surveyors that a "modern equivalent" valuation is the most appropriate basis for valuing the operational land and buildings, this excludes the MTI. This means when valuing RHC's estate for accounting purposes, it is valued using the cost of building a "modern equivalent", and not the cost of replacing the existing historic buildings, therefore, it is a hypothetical valuation and is not reflective of what RHC could sell the land and buildings for on an open market. The MTI is a modern purpose-built care home, and land used for dual purposes including commercial rents and leases, is valued at market value. In 2025, the revaluation resulted in a loss of £18.65m on investment properties and a loss of £9.15m on operational land and buildings. The investment properties loss of £18.65m is a result of less favourable terms being offered in further negotiations of a long lease approaching the end of its term. The revaluation loss of £9.15m in operational land and buildings relates primarily to the build and interpretations costs incurred in the redevelopment of the SSY being valued under the hypothetical 'modern equivalent' valuation as a distinct asset.

Subsidiaries

Royal Hospital Chelsea Appeal Ltd Group

RHC Appeal Group consists of a holding company and two subsidiaries. The holding company, which is also a registered charity, is RHC Appeal Ltd. The two subsidiaries are Tricorne Traders Ltd, which is dormant, and Chelsea Pensioner (RH) Ltd (CPRH). CPRH donates its profits to the parent company, which in turn makes donations to the RHC. At the end of the year Royal Hospital Chelsea Appeal Ltd Group held reserves of £2,274k (2024: £6,212k) of which £1,571k (2024: £5,842k) was restricted. During the year the subsidiary donated a total of £10,250k (2024: £4,090k) to the RHC.

Gordon House (London) Ltd

Gordon House (London) Ltd was incorporated in 2012/13 in order to assist the Commissioners of the RHC with the sale of the lease of the property now known as Providence House, which was achieved in 2012/13. The transaction completed in November 2019. The subsidiary held 1% of the initial lease of the property and as such it received 1% of the final payment. following completion, the company has not traded.

Pension liability

Most of the employees of RHC are members of the Civil Service Pension Scheme. Some former Governors, Lieutenant Governors and Captains of Invalids are members of an unfunded defined benefit scheme which is paid out of current income. The scheme has 5 retired members (or their widows) and is closed to new entrants. The scheme is a final salary scheme with benefits based on number of years' service and final salary. Under Financial Reporting Standard (FRS) 102, there is a pension liability of £124k (2024: £133k) attributable to the GIA fund (note 21).

Review of Reserves

The reserves in RHC's Balance Sheet consist of its operational land and buildings, investment property, other investments and surpluses generated through fundraising and trading. Most of these reserves are not liquid. The operational land and buildings are used for business purposes. At 31st March 2025 the RHC's total reserves amounted to £297,217k (2024: £322,164k) of which £268,582k (2024: £281,904k) was unrestricted, £24,123k (2024: £34,495k) was restricted and £4,512k (2024: £5,765k) was designated, primarily comprising of £4,235k (2024: £4,235k) for planned building works and £27k (2024: £1,280k) capital projects.

RHC holds the other reserves so that it can maintain its services to CPs and continue to protect the heritage of the Wren buildings and grounds in the event of an unforeseen loss of income. The reserves allow RHC to develop its assets and services in ways which would not be possible otherwise. Mindful of the high cost of maintenance for a site of such architectural and national significance, and that improvements are required to bring the standard of accommodation up to increasingly exacting residential requirements, we have a 20 year maintenance plan. Reserves are also required to fund capital investment, and for immediate unforeseen circumstances. The GIA received from the MoD does not cover capital works.

The RHC's reserves policy is as follows:

General Reserves

1) The reserves represented by the operational land and buildings are used for the RHC's operations and are unlikely to be realisable. Maintaining the heritage site on behalf of current and future CPs and the nation is a fundamental part of the RHC's mission;

2) The RHC's long term investments, including the off-site investment property, which is not used for operational purposes, is managed in accordance with guidelines set out by the Finance and General Purposes (F&GPC) and Estates Committees and approved by the Board of Commissioners. The aim is to grow the real value of the RHC's investments over time;

3) The RHC aims to hold liquid reserves (cash, cash equivalents and securities traded on a recognised financial market) equivalent to two years' unrestricted running costs or four years' GIA funding from the MoD, whichever is the greater;

4) The RHC aims to hold free cash reserves (cash and cash equivalents) to cover

- i) Any deficit forecast from spending on capital projects in the next 24 months, and
- ii) Deficits in operating cash flow over a similar period. Deficits arising from capital projects will be funded in advance. An operating deficit may be funded from capital, depending on its size and duration.

The executive board makes quarterly recommendations for investment or divestment to the F&GPC, taking account the paragraph above.

5) RHC aims to maximise the value of its investment property. There is no current intention to dispose of any investment property nor to acquire new investment properties. RHC aims to maximise income from the property, and opportunities to increase income as leases fall due for renewal will be considered.

Restricted Reserves

Restricted reserves will be dealt with in accordance with the wishes of the donors. If monies held as restricted reserves are not immediately required, they may be invested in liquid assets (defined as cash or securities traded on a recognised financial market) along with the RHC's unrestricted investments. Restricted reserves may not be invested in property or other illiquid assets.

Designated Reserves

The Board of Commissioners may designate reserves for specific purposes from time to time. Designated reserves will normally remain invested in the same way as General Reserves until they are required for the designated purpose, but the Board may vary this if circumstances require.

There are three designated reserves for the following purposes:

- 1) building repairs to ensure that the RHC can fund the programme of works set out in the 20-year maintenance plan,
- 2) the capital building works for the MTI and
- 3) for the delivery of the Veteran Outreach Service.

At 31 March 2025 the RHC held cash of £10,863k (2024: £14,344k), which represented the cash requirement to help fund the capital works and cash required for trading purposes. Liquid reserves (cash and traded investments) were £81,901k (2024: £83,993k). £24,123k (2024: £34,495k) of this is restricted and £4,512k (2024: £5,765k) is designated (note 25). The total reserves represent 4.72 (2024: 6.03) years' GIA funding and 3.0 (2024: 3.4) years' unrestricted running costs (excluding depreciation and impairment of fixed assets). Both figures are currently ahead of the target however with no increases expected in GIA, together with rising costs, including the settlement of the pension exit fee of £2.25m, will mean that these levels will reduce over the next few years.

Investment policy

The Board of Commissioners has set an investment policy with the objective to grow the real value of the RHC investments over time. Performance during the year failed to achieved this benchmark – the funds increased in value by 2.0% against inflation, as measured by the CPI, of 2.6% in the year to 31st March 2025. Despite a stable financial market in 2024, in early 2025, the economic changes in the United States adversely affected the financial markets and resulting in bonds outperforming equities. RHC's investments are managed by Sarasin & Partners LLP and BlackRock Fund Managers Ltd. The funds are held in Sarasin's Alpha Common Investment Fund for Endowments and BlackRock's Armed Forces Charities Growth and Income Fund. Sarasin were appointed in 2012 and at the last review, in 2018, BlackRock was appointed to manage part of the portfolio, which had risen due to investment growth and large property transactions in recent years. The appointments of both managers were reviewed by the F&GPC in early 2022 and it was agreed both appointments would be extended for a further two years. The Investment Managers will be reviewed in the next financial year.

In 2020, it was agreed to invest the bulk of the proceeds of the Gordon House lease sale with BlackRock in order to make the amounts managed by each manager roughly the same. During the year no amounts (2024:£9m) were withdrawn from investments. At 31 March 2025 BlackRock held 46% of RHC's listed investments and Sarasin held 54%.

The Commissioners require their investment managers to pay attention to the level of risk, the suitability of the class of investment and the need for diversification insofar as appropriate to the circumstances of the RHC.

Investment Objectives

The Board of Commissioners reviewed its investment objectives at a meeting in July 2020 and agreed that RHC investments should have the single objective of achieving real-terms growth over time. As previously noted, this target was not achieved in 2024-25.

The RHC is not permitted to invest GIA funds. Further details on investments are contained in note 13 to the accounts.

Tangible fixed assets

RHC's operational land and buildings were revalued by Savills at 31 March 2025 at £137,526k (2024: £129,333k) (see above). Investment properties were also revalued by Savills at 31 March 2025 at £59,845k (2024: £78,500K). Investment properties are valued at a market value, which is calculated by taking into account local property values and the long leases which RHC has granted over the various buildings.

Heritage Assets and exhibits were revalued on a retail replacement basis at 31 March 2020 by Gurr Johns, a firm of art advisers and valuers. Due to the disruption to the operations and number of low value assets, it was agreed to revalue the assets on an annual rolling basis. On 31 March 2025 a sample of heritage assets were revalued by Gurr Johns. This resulted in a increase in value of £1,190k (2024: £1,065k decrease). During the year a small number of heritage assets of low value were written off. The value of this write off was £3k (2024: £13k). In addition to this, £83k of assets were removed from the assets as they were not assets owned by RHC but on loan. Heritage assets include a piece of land known as Royal Avenue. This was revalued by Savills at 31 March 2025 resulting in no change to prior year's valuation of £135k. The current value of Heritage Assets after these adjustments is £20,315k (2024: £19,195K) (note 11).

Plant machinery and equipment has a net book value of £2,780k (2024: £2,968K) and vehicles have a net book value of £86k (2024: £108K).

Audit arrangements

The consolidated accounts of the RHC were audited by the Comptroller and Auditor General in accordance with the Chelsea Hospital Act 1876. An audit fee of £83k (2024: £83k) has been charged for the RHC audit and is included in Governance costs. No non-audit work was carried out by the auditor in the current or prior year. The cost of the audit of RHC's subsidiary companies was £16k (2024: £17k).

At the time of approving the Financial Statements, so far as the Commissioners and Accounting Officer are aware, there is no relevant audit information of which the auditors are unaware; and the Commissioners and Accounting Officer have taken all appropriate steps to make themselves aware of any relevant audit information and to establish that the external auditors are aware of that information.

Accounting Officer

RHC's CEO and Accounting Officer, David Richmond, served throughout 2024-25.

Going Concern

RHC has a significant level of reserves (see above) and derives just over half of its income from the GIA, which is expected to continue for the foreseeable future. It has considered the ongoing impact of increased costs and is creating plans to mitigate the increases. RHC will continue to be a going concern and it is appropriate to draw up financial statements on that basis.



David Richmond CBE
CEO & Accounting Officer
On behalf of the Board of Commissioners

3 December 2025

Governance Framework

Governing Documents

The RHC's governing document consists of Letters Patent (LP) from the Crown, the current LP having been issued on 21 November 2003. This vests responsibility for the management of the RHC in a Board of Commissioners. The Paymaster General is formally the Chairman of the Board of Commissioners and Treasurer of the RHC's funds, although in practice the Governor invariably takes the Chair at Board meetings. The RHC is not a registered charity but its governance arrangements are similar to those of registered charities, and it aims to operate according to best practice for charitable bodies as set out by the Charity Commission. It is treated as having charitable status for taxation purposes by HMRC (reference number X8366).

Grant in Aid Framework Document

The RHC is an arms-length body linked to the MoD and it receives GIA funding which is governed by a Financial Framework arrangement which outlines restrictions on the use of the funding and reporting requirements. This Framework includes the appointment of an Accounting Officer by letter of delegation from the Permanent Under-Secretary of the MoD. The Accounting Officer is personally responsible for reporting to Parliament on the proper and efficient use of the GIA funds. The Accounting Officer, with the Board of Commissioners, also has responsibility for maintaining a sound system of internal controls that supports the achievement of aims and objectives set by the Board.

The Financial Framework was revised on 25 March 2024 for the period 1 April 2024 to 2029. This Financial Framework is applicable to the 2024-25 financial year. The Chief Executive Officer (CEO) of the RHC is the Accounting Officer. David Richmond held this post from 1 March 2024.

RHC Accounting and reporting responsibilities

The RHC complies in all material respects with the guidelines laid down in the Charities SORP 2019 (FRS 102). To this end the Commissioners and the Accounting Officer are required to make a proper presentation of accounts for each financial year. The accounts are required to give a true and fair view of the state of affairs of the organisation at the year end, and of its incoming resources and application of resources for the financial year. The RHC is not required to comply with the UK Government Financial Reporting Manual (FREM).

In preparing the accounts the organisation is required to:

- select suitable accounting policies, taking account of the relevant accounting and disclosure requirements and apply them consistently;
- observe the methods and principles of the Charities' SORP (FRS 102);
- make judgements and estimates that are reasonable and prudent;
- state whether applicable United Kingdom accounting standards are being followed, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the RHC will continue in operation.

The Commissioners and Accounting Officer are responsible for ensuring that satisfactory accounting records are kept which are to disclose, with reasonable accuracy, the financial position of the RHC at any time and to enable the Commissioners to ensure that the Financial Statements comply with the disclosure regulations and applicable law. They are also responsible for safeguarding the RHC assets and hence for taking reasonable steps for the prevention and detection of error, fraud and other irregularities.

Register of Interests

A register of Commissioners' and Executive Board (EB) members' relevant interests is maintained and updated at least annually. All Commissioners and EB members are required to declare if they have an interest, pecuniary or otherwise, in any matter being considered by the Board or one of its committees and any relevant conflicts of interest are duly recorded as they arise. During the year under review no such interests were declared.

Organisational structure, governance and decision-making

The RHC is governed by the Board of Commissioners which is responsible for the strategic direction of the institution, major policy and expenditure decisions, and the approval and enforcement of appropriate governance procedures. In carrying out these functions the Board is supported by a number of subordinate committees. The Board's Governance Handbook sets out the RHC's legal basis and governance structure.

The CEO is responsible to the Governor and Board of Commissioners for the effective and efficient management of the RHC, for the delivery and implementation of strategy set by the Board of Commissioners, and for ensuring that the RHC complies with all relevant statutory requirements. He reports directly to the Governor and is head of the RHC management structure. Responsibility for day-to-day operations and the development of policy for the approval of the Board of Commissioners lies with the Executive Board, which is chaired by the CEO.

Board of Commissioners structure

The Board of Commissioners comprises a mix of ex-officio and Specially Appointed Commissioners. The former includes the Governor (de facto Chairman), the Director of Engagement & Communications (Army), the Senior Health Advisor (Army), and the Director Resources and Command Secretary (Army), who acts as the conduit through which the GIA is paid to the RHC and provides expert oversight. There are also three Ministers who for historic reasons are ex-officio Commissioners. While these Ministers do not play an active part in the governance or strategic management of the organisation, they visit for briefing, are made aware of major issues and receive copies of appropriate correspondence, including Board minutes.

The ten Specially Appointed Commissioners are, in effect, the core trustees of the RHC. They are appointed by the Sovereign from members of the Government, serving or retired military officers, Civil Servants or other distinguished individuals from the public and private sectors who have been identified for the specific skills they have in order that they can provide expert, high level advice to the Board and to the senior management team. The Board members are also subject to the Nolan principles.

Board of Commissioners governance

The Board of Commissioners operates in accordance with terms laid out in a Governance Overview document which has itself been approved by the Board and is subject to periodic review to ensure it remains relevant to changing conditions. This covers, *inter alia*, the responsibilities of the Board, the nomination of a deputy chair and committee chairs, the frequency of meetings and the minimum quorum for decision-making. The attendance of Commissioners at meetings during the year was:

	Actual	Possible
Governor		
Gen Sir Adrian Bradshaw	4	4
Ex-officio Commissioners		
Nick Gordon (to 1 June 2025)	1	4
Brig Chris Davies (to 1 June 2025)	3	4
Brig Phil Carter (from 4 August 2024)	2	2
Brig Antony Finn (to 3 August 2024)	2	2
Specially Appointed Commissioners		
Dr Roger Bowdler (to 31 March 2025)	4	4
Col Paul Foster	4	4
Guy Varney (from 1 October 2024)	1	1
Prof Charles Mackworth Young	4	4
Dominic Fisher (to 30 August 2024)	2	2
Caroline Trehwitt	4	4
Dr Caroline Shuldham	4	4
Roland Rudd	3	4
Prof Martin Green	4	4
Steve Allen	3	4
Richard Swallow	4	4

The Board of Commissioners met four times during the year (excluding Ministers, who do not attend). At each meeting the Board receives minutes and updates from the Chairs of its committees and a report from the CEO covering aspects of the RHC's business which has not been raised by its committees, including future plans and emerging issues. The Board provides guidance and direction on these matters. Individual Board members also regularly hold meetings with the executive on matters within their areas of expertise.

Board Committees

The Board has established six committees to consider items in greater depth and subsequently to advise the Board. All committees are accountable to and report to the Board. Each of these committees has Terms of Reference which are reviewed regularly. Senior RHC staff, advisers and outside experts may be co-opted to attend these meetings. The CEO attends all the committees. The Governor, as Chairman of the Board, may attend any committee with the agreement of its Chair.

Finance & General Purposes Committee

This Committee is responsible for remuneration and investments. It is also responsible for monitoring RHC's financial performance, HR and ICT policy and strategy and regulatory aspects of fundraising.

Audit Committee

The Audit Committee met twice during the year to consider financial management and reporting, the high-level risk register and the reports of the RHC's auditors.

Nominations Committee

The Nominations Committee met as and when necessary during the year and has the lead in identifying, selecting and proposing to the Board potential Specially Appointed Commissioners to replace those who have completed their term. It conducts a transparent application and interview process. The Board makes recommendations for appointment to His Majesty via the office of the Secretary of State for Defence. A similar process is followed for the appointment of the Governor.

In the year under review one new Specially Appointed Commissioner joined the Board. Each new Commissioner completes a programme of induction on appointment and is thereafter provided with relevant information and support.

Health and Wellbeing Oversight Committee

The Health and Wellbeing Oversight Committee met four times during the year. They monitor the performance and risk and provide advice to the executive team.

Estates Committee

The Estates Committee met three times during the year. It considers issues relating to the management of the buildings and grounds, with a particular focus on capital projects and plans for future maintenance. The RHC has a 20-year maintenance plan designed to ensure that the buildings are maintained. The Estates Committee is responsible for making recommendations to the Board for capital projects which are subject to approval by the Board. During the year the Committee considered the SSY and MTI. Following completion of the capital projects, the Estates Committee meetings will reduce from four to two per annum.

Chelsea Pensioners Veterans' Outreach (CPVO) Oversight Committee

The CPVO Oversight Committee met four times during the year. It provides detailed oversight of CPVO operations reporting to the Board. The CPVO Oversight Committee is supported by the CPVO Steering Group, comprising of external advisors from the NHS, internal RHC stakeholders and other bodies as appropriate. With the appointment of a Director of CPVO, the Steering Group has ceased and its responsibilities taken on by the Director. Going forwards, the number of CPVO Oversight Committee meetings will reduce from four to two per annum.

The composition of the Committee members are as follows:

	F&GPC	AC	NC	HWB	EC	VO	F&GPC – denotes that the individual was a member of the Finance & General Purposes Committee for all or part of 2024/25. AC – denotes that the individual was a member of the Audit Committee for all or part of 2024/25. NC – denotes that the individual was a member of the Nominations Committee for all or part of 2024/25. HWB – denotes that the individual was a member of the Health & Wellbeing Oversight Committee for all or part of 2024/25. EC – denotes that the individual was a member of the Estates Committee for all or part of 2024/25. VO - denotes that the individual was a member of the CPVO Oversight Committee for all or part of 2024/25.
Nick Gordon	X	X	X				
Brig Antony Finn				X			
Richard Swallow		X					
Dr Roger Bowdler		X			X		
Col Paul Foster	X		X		X		
Guy Varney	X						
Prof Charles Mackworth Young			X	X			
Dominic Fisher	X					X	
Caroline Trehwhitt	X	X					
Dr Caroline Shuldham			X	X			
Roland Rudd					X		
Prof Martin Green				X	X	X	
Steve Allen				X		X	

Executive Board

Responsibility for day-to-day operations and the development of policy for the approval of the Board of Commissioners lies with the Executive Board. The Executive Board (EB) is chaired by the CEO and comprises of:

Chief Executive – David Richmond CBE

Quartermaster (Director of Facilities) – Lieutenant Colonel Nicky Mott MBE

Director of Health and Wellbeing – Dr Jeremy Tuck

Finance Director - Mei Li

HR Director – Mark Taylor

Director of Public Engagement – Reverend Martin Field (to 9 July 2025), Kate Ainley-Marr (from 10 July 2025)

Director of Chelsea Pensioners Veterans Outreach – Giles Woodhouse (from 7 May 2024)

Assistant Director of Audience Engagement – Kate Ainley-Marr (to 9 July 2025)

The EB meets regularly, normally on a 6-weekly basis. The meetings include a review of current operations, management planning, budgetary position, key HR matters, policy development and the high-level risk register. The EB attends the principal part of the Board of Commissioners' meetings. They do not attend the private session during which matters relevant only to the Commissioners are discussed.

Subsidiary companies

RHC has two trading and two dormant subsidiary companies which have been established to manage charitable and trading activities. These subsidiaries are incorporated under the Companies Act 2006 and report accounts in accordance with the Companies Act and UK GAAP. The companies are as follows:

Royal Hospital Chelsea Appeal Ltd

The Commissioners form a majority of directors on the Board of Royal Hospital Chelsea Appeal Ltd which is a wholly owned subsidiary of the RHC. Royal Hospital Chelsea Appeal Limited is a Company limited by guarantee (company number 03701005) and a charity registered with the Charities Commission (charity number 1076414).

This Charitable Company has two wholly owned subsidiaries, Chelsea Pensioner (RH) Ltd, a trading company (company number 03853787), and Tricorne Traders Ltd (company number 07382655), which is dormant. Chelsea Pensioner (RH) Ltd is the trading entity responsible primarily for the management of the shop, events, the Chelsea Pensioners' Club, Cafés provision of catering and staff for functions.

The taxable income from Chelsea Pensioner (RH) Ltd is gift aided to its parent company Royal Hospital Chelsea Appeal Ltd. These gift aid amounts, along with direct donations received directly by Royal Hospital Chelsea Appeal Ltd, are then donated to the RHC to assist with the funding of day-to-day operational costs and capital projects.

Gordon House (London) Ltd

Gordon House (London) Ltd (company no 08036299) was incorporated in 2012. The primary business of the Company was to assist the Commissioners of the RHC with the sale of the lease of the property known as Gordon House, which was achieved in 2012/13. The Company is a wholly owned subsidiary of the RHC and the directors on the Board are former Commissioners. The sale completed in 2021 and the company has become dormant.

Review of the effectiveness of internal control

The Board of Commissioners and the Accounting Officer have responsibility for maintaining a sound system of internal control which supports the achievement of the RHC's aims and objectives as set by the Commissioners, whilst simultaneously safeguarding the public funds and assets, for which the Accounting Officer is personally responsible in accordance with his letter of delegation from the Permanent Under-Secretary of the MoD. This system of internal control is designed to manage risk at a level that is realistic and compatible with the RHC's purpose, rather than seeking to eliminate it altogether which is judged not to be feasible. Equally, the system of internal control is designed to identify and prioritise risks, evaluate their likelihood and impact, and take steps to mitigate them effectively and economically.

External audits

The consolidated accounts of the RHC are audited by the Comptroller and Auditor General in accordance with the Chelsea Hospital Act 1876. In addition to this the subsidiary companies are separately audited by PKF Littlejohn LLP.

Internal audits

RHC is also subject to regular internal audits to standards defined in the Government Internal Audit Manual. The internal auditors in 2024-25 were Crowe U.K. LLP. Crowe produced three reports during the year – these covered: pensions reporting, security arrangements and whistleblowing, grievances & complaints review. The Audit Committee reviewed all the internal audit reports. RHC is also audited from time to time by the Defence Internal Audit (DIA) on the use of the GIA funds.

Fraud prevention and detection

RHC has a set of values and a code of conduct to which all members of staff are required to adhere. All members of staff and Commissioners are subject to criminal record (DBS) checks prior to appointment. Similarly, permanent contractors on site are required to adhere to the same procedures. Offences are, if appropriate, reported to the Charities Commission and the MoD. In addition, there is a requirement for the Accounting Officer to report any loss of public funds to the MoD. There were no actual or suspected instances of fraud during the year.

Risk control framework

Risk appetite

RHC's appetite for risk is generally low, reflecting its duty of care both for the CPs and the heritage buildings. It seeks to ensure that it always acts within the law, reduces risk to the lowest level consistent with resource constraints, addresses directly and any emerging or high-level risks, and does not allow risks to impact unreasonably or unacceptably on the day-to-day life of the CPs.

Key risks and controls

Risk management is regarded as a key management tool and there is in place a well-established and mature system for managing risk. There is a high-level risk register, which is 'owned' by the CEO, with responsibility for the management of each risk delegated to the most appropriate member of the EB. This risk register, which includes matters such as financial, clinical, health and safety, and reputational risks, is updated by individual risk 'owners' and reviewed formally by the EB at every EB meeting. Emerging risks are also considered. Both the potential impact and likelihood of each of the risks are separately defined, as are the control mechanisms required to mitigate them. The risk register is presented to the Audit Committee and the Board of Commissioners for their consideration. In the last financial year, the key areas of risk considered were:

a. Financial performance

The RHC remains heavily dependent on its GIA for meeting day-to-day running costs. Financial risks arising from higher levels of inflation are increasing. The risk to GIA is mitigated by maintaining strong, effective links to the MoD and by increasing income from other sources. The risks arising from inflation will be mitigated through the use of reserves and cost efficiencies in 2025-26. The sale of the long lease for Gordon House has established a restricted fund for future heritage capital expenditure which cannot be covered by the GIA. This fund was valued at £22,359k at the year end (note 25). The redevelopment of the SSY was partially funded by this reserve. Priority continues to be given to developing charitable income sources such as from legacies and corporate donations and from commercial opportunities. Risk is further mitigated by the comprehensive internal and external audit programme which explores not just the regularity and efficiency of the RHC's financial management but also its business processes, and through a strong control environment operated by the RHC's administration.

b. Internal communications with staff and CPs

This risk was previously highlighted by the surveys of staff and CPs that were undertaken. The survey suggested that staff believed that communication from management was not always clear and that many had reservations about raising grievances. Work in this area continues. An internal communications officer has been appointed and different forums have been created to help manage this risk.

c. Safeguarding of CPs and others

The RHC takes safeguarding risks extremely seriously and a Safeguarding Board, chaired by the Director of Health and Wellbeing, oversees these issues. All Commissioners and staff receive annual safeguarding training and are also subject to DBS checks, which are renewed every three years. Staff working in registered care are subject to enhanced DBS checks. The RHC's overall approach to safeguarding is the responsibility of the Health and Wellbeing Oversight Committee, which reports regularly to the Board of Commissioners.

d. Physical Security and Cyber Security

RHC is a high-profile national institution which is open to the public. In normal circumstances we also hold external events which attract thousands of visitors every year. This inevitably brings risks to security, which are managed by close liaison with the police and security services. Biometric security devices and CCTV systems are in place. Cyber security is maintained using the latest technological solutions and the RHC's IT department regularly updates systems and software to ensure the best possible level of protection.

In addition to the high-level risk register, subordinate registers are held for clinical governance and health and safety (including fire) and there is a comprehensive business continuity package including an emergency response plan which is tied in, where appropriate, to the emergency services. To enable these plans to be implemented effectively, emergency control centres have been established together with a tailored communications suite. These plans are tested periodically.

Factors outside the control of the RHC

RHC is dependent on a GIA from the MoD to fulfil its two key objectives of CP welfare and maintenance of the heritage buildings. Should this be significantly reduced, it would be unable to continue to provide the care that it was founded to provide. The GIA is expected to continue at its current level for the foreseeable future. There are also various other factors outside of the control of the RHC which could have a negative impact on its funding and operations. Such key factors are:

- A change in national attitudes towards the armed services which might undermine public (and thus political) support for the institution (and so affect the GIA).
- The MoD reducing the GIA in real terms as a budgetary measure. This is the principal reason why the Commissioners are intent on moving progressively towards establishing greater financial self-sufficiency.
- Competition from other military charities. There are several other charities which support veterans and competition for funds is likely to increase. This has the potential to affect fundraising.
- The number of veterans is declining as the generations who were conscripted during and after the Second World War die out, and this may impact on recruitment. Many veterans of recent conflicts need levels of support (e.g. mental health and/or multiple physical disabilities) which, currently, RHC would struggle to meet.

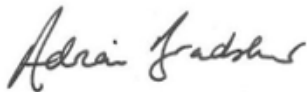
- The introduction of future legislation which might increase the cost base, for example by creating more demanding care regulations requiring additional staff.
- Economic uncertainties which may arise from higher inflation or from other causes, would compound the first three factors listed above.
- The possibility of a renewed wave of infection and/or the emergence of more virulent strains of the covid virus.

Review of effectiveness of the Board

The Commissioners and Accounting Officer have responsibility for maintaining the effectiveness of the RHC's governance. The Board of Commissioners intends, in accordance with its governance overview document, to have a specific review of its own work and performance every three years. The last such review was in 2020. The Board considered the findings of the review in October 2020 and accepted a number of recommendations, including the creation of a Finance and General Purposes Committee. The next external review will take place in the next financial year.

The Board of Commissioners is satisfied that the framework within which it operates is robust, and that it is continuing to work effectively towards the achievement of the RHC's aims, namely the welfare and care of the CPs and the conservation of its heritage buildings and grounds.

The Board believes that it has discharged its responsibilities in an appropriate manner and has been provided with sound management information which has allowed it to carry out its duties to provide strategic guidance and oversight of the governance of the RHC. In particular, the Board has been provided with a substantial amount of financial information and has been able to rely on the data provided to it. The Board is satisfied that it has acted at all times within the terms of the Financial Framework between the RHC and the MoD in respect of GIA and in accordance with the Letters Patent and other appropriate laws and regulations that apply to the RHC's activities.



Gen Sir Adrian Bradshaw KCB OBE DL
Governor



David Richmond CBE
CEO & Accounting Officer

On behalf of the Board of Commissioners

3 December 2025

THE REPORT OF THE COMPTROLLER AND AUDITOR GENERAL TO THE HOUSES OF PARLIAMENT

Opinion on financial statements

I have audited the financial statements of the Royal Hospital Chelsea and its Group for the year ended 31 March 2025 under the Chelsea Hospital Act 1876 and Royal Hospital Chelsea Letters Patent 2003.

The financial statements comprise the Royal Hospital Chelsea and its Group's:

- The Balance Sheet as at 31 March 2025;
- Statements of Financial Activities and Consolidated Statement of Cash Flows the year then ended; and
- the related notes including the significant accounting policies.

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

In my opinion, the financial statements:

- give a true and fair view of the state of the Royal Hospital Chelsea and its Group's affairs as at 31 March 2025 and its net expenditure for the year then ended;
- have been properly prepared in accordance with the Royal Hospital Chelsea Letters Patent 2003.

Opinion on regularity

In my opinion, in all material respects, the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024)*. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2024*. I am independent of the Royal Hospital Chelsea and its Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the Royal Hospital Chelsea and its Group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Royal Hospital Chelsea and its Group'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.

My responsibilities and the responsibilities of the Board of Commissioners and Accounting Officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises information included in the Annual Report of the Commissioners, but does not include the financial statements and my auditor's report. The Board of Commissioners and Accounting Officer are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or my knowledge obtained in the audit or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Annual Report of the Commissioners for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the Royal Hospital Chelsea and its Group and its environment obtained in the course of the audit, I have not identified material misstatements in the Annual Report of the Commissioners.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by the Royal Hospital Chelsea and its Group or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements subject to audit are not in agreement with the accounting records and returns; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the Board of Commissioners and Accounting Officer for the financial statements

As explained more fully in the Governance Framework, the Board of Commissioners and Accounting Officer are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the Royal Hospital Chelsea and its Group from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements, which give a true and fair view, in accordance with the applicable financial reporting framework;
- assessing the Royal Hospital Chelsea and its Group'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 Board of Commissioners and Accounting Officer either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and express an opinion on the financial statements in accordance with the Chelsea Hospital Act 1876 and Royal Hospital Chelsea Letters Patent 2003.

My 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 a report that includes my 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.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

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

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud I:

- considered the nature of the sector, control environment and operational performance including the design of the Royal Hospital Chelsea and its Group's accounting policies and key performance indicators.
- inquired of management, the Royal Hospital Chelsea's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the Royal Hospital Chelsea and its Group's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the Royal Hospital Chelsea and its Group's controls relating to the Royal Hospital Chelsea and its Group's compliance with the Chelsea Hospital Act 1876, Royal Hospital Chelsea Letters Patent 2003, and Managing Public Money;
- inquired of management, the Royal Hospital Chelsea and its Group's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team including significant component audit teams and the relevant external specialists, including property and valuation specialists, regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the Royal Hospital Chelsea and its Group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override of controls.

I obtained an understanding of the Royal Hospital Chelsea and its Group's framework of authority and other legal and regulatory frameworks in which the Royal Hospital Chelsea and its Group operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the Royal Hospital Chelsea and its Group. The key laws and regulations I considered in this context included, the Chelsea Hospital Act 1876, Royal Hospital Chelsea Letters Patent 2003, Managing Public Money, employment law, pensions legislation, and tax legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management and the Audit Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board of Commissioners and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;

- I addressed the risk of fraud in revenue recognition by evaluating the design and implementation of controls; testing income to corroborating evidence; assessing the completeness of revenue streams; and testing the appropriateness of significant estimates made at year-end; and
- I addressed the risk of material misstatement in the land and building valuation by evaluating the design and implementation of controls; assessing the competence, objectivity and independence of valuers; testing the methodology used in the valuation; testing the inputs used in the valuation, and evaluating the outputs of the valuation.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including significant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Gareth Davies

8 December 2025

Comptroller and Auditor General

National Audit Office

157-197 Buckingham Palace Road

Victoria

London

SW1W 9SP

ROYAL HOSPITAL CHELSEA
CONSOLIDATED GROUP STATEMENT OF FINANCIAL ACTIVITIES
For the year ended 31 March 2025

		Unrestricted 2025 £'000	Restricted 2025 £'000	Total 2025 £'000	Total 2024 £'000
Income and endowments from:	Notes				
Voluntary income - donations and legacies	2	1,675	2,904	4,579	3,461
Voluntary income - MoD Grant In Aid	5	17,368	-	17,368	13,918
Other trading activities - events and fundraising	3	4,526	-	4,526	4,267
Investment income	4	3,187	620	3,807	3,696
Other income	6	1,704	7	1,711	1,656
TOTAL INCOME AND ENDOWMENTS		28,460	3,531	31,991	26,998
Expenditure on:					
Raising funds	7	(1,962)	-	(1,962)	(1,834)
Charitable activities:					
Infirmary nursing and medical	7	(7,972)	(4)	(7,976)	(6,998)
Welfare and ceremonial	7	(6,176)	(473)	(6,649)	(6,108)
Facilities management	7	(12,754)	(6)	(12,760)	(11,233)
Other activities - investment management costs	7	(293)	-	(293)	(296)
Impairment of fixed assets	7	(9,403)	-	(9,403)	(61)
TOTAL EXPENDITURE		(38,560)	(483)	(39,043)	(26,530)
Total Movement		(10,100)	3,048	(7,052)	468
Net gain/(loss) on investments	12,13	(19,156)	(178)	(19,334)	(1,048)
Net income/(expenditure)		(29,256)	2,870	(26,386)	(580)
Other recognised gains / (losses):					
Gain on revaluation of fixed assets	11	1,445	-	1,445	4,330
Transfers between funds	25	13,242	(13,242)	-	-
Actuarial gain/(loss) on defined benefit pension schemes	21	(6)	-	(6)	(14)
Net movement in funds		(14,575)	(10,372)	(24,947)	3,736
Reconciliation of funds					
Total funds brought forward	25	287,669	34,495	322,164	318,428
Total funds carried forward		273,094	24,123	297,217	322,164

All activities are classed as continuing and all recognised gains and losses have been included in the SOFA.

ROYAL HOSPITAL CHELSEA
STATEMENT OF FINANCIAL ACTIVITIES – HOSPITAL
For the year ended 31 March 2025

		Unrestricted 2025 £'000	Restricted 2025 £'000	Total 2025 £'000	Total 2024 £'000
Income and endowments from:	Notes				
Voluntary income - donations and legacies	2	10,250	-	10,250	4,090
Voluntary income - MoD Grant In Aid	5	17,368	-	17,368	13,918
Other trading activities - events and fundraising	3	-	-	-	-
Investment income	4	3,187	620	3,807	3,696
Other income	6	1,704	7	1,711	1,658
TOTAL INCOME AND ENDOWMENTS		32,509	627	33,136	23,362
Expenditure on:					
Raising funds	7	(111)	-	(111)	(208)
Charitable activities:					
Infirmity nursing and medical	7	(8,020)	(4)	(8,024)	(7,028)
Welfare and ceremonial	7	(5,798)	(2)	(5,800)	(5,474)
Facilities management	7	(12,616)	(6)	(12,622)	(11,102)
Other activities - investment management costs	7	(293)	-	(293)	(296)
Impairment of fixed assets	7	(9,403)	-	(9,403)	(61)
TOTAL EXPENDITURE		(36,241)	(12)	(36,253)	(24,169)
Total Movement		(3,732)	615	(3,117)	(807)
Net gain/(loss) on investments	12,13	(19,156)	(178)	(19,334)	(1,048)
Net income/(expenditure)		(22,888)	437	(22,451)	(1,855)
Other recognised gains / (losses):					
Gain on revaluation of fixed assets	11	1,445	-	1,445	4,330
Transfer between funds	25	6,540	(6,540)	-	-
Actuarial gain/(loss) on defined benefit pension schemes	21	(6)	-	(6)	(14)
Net movement in funds		(14,909)	(6,103)	(21,012)	2,461
Reconciliation of funds					
Total funds brought forward	25	287,300	28,653	315,953	313,492
Total funds carried forward		272,391	22,550	294,941	315,953

All activities are classed as continuing and all recognised gains and losses have been included in the SOFA.

ROYAL HOSPITAL CHELSEA
BALANCE SHEETS AT 31 MARCH 2025

	Notes	Hospital 2025 £'000	Hospital 2024 £'000	Group 2025 £'000	Group 2024 £'000
Non-current assets					
Tangible assets					
Heritage	11	20,315	19,195	20,315	19,195
Non heritage	11	140,718	144,418	140,742	144,426
Investment property	12	59,845	78,500	59,845	78,500
Investments	13	71,443	70,054	71,038	69,649
		292,321	312,167	291,940	311,770
Current Assets					
Stock	14	-	-	67	61
Debtors: falling due within one year	15	1,335	663	1,436	1,401
Cash at bank and in hand	16	7,296	12,863	10,863	14,344
		8,631	13,526	12,366	15,806
Liabilities					
Creditors: amounts falling due within one year	17	(5,724)	(9,465)	(6,802)	(5,137)
Net current assets / (liabilities)		2,907	4,061	5,564	10,669
Total assets less current liabilities		295,228	316,228	297,504	322,439
Creditors: amounts falling due after one year	18	(163)	(142)	(163)	(142)
Net assets excluding pension liability		295,065	316,086	297,341	322,297
Defined pension scheme liability	21	(124)	(133)	(124)	(133)
Net assets including pension liability		294,941	315,953	297,217	322,164
Unrestricted Undesignated Funds					
Grant in Aid fund	25	(20,003)	(21,703)	(20,003)	(21,703)
Prize Money & legacy funds					
General Reserves	25	258,078	274,879	258,078	274,878
Revaluation Reserve	25	30,047	28,602	30,047	28,602
Ranelagh & De la Fontaine Trust Capital	25	7	7	7	7
RHC Appeal Unrestricted	25	-	-	453	120
Total Unrestricted Undesignated		268,129	281,785	268,582	281,904
Designated reserve - building maintenance	25	4,235	4,235	4,235	4,235
Designated reserve - capital buildings	25	27	1,280	27	1,280
Designated reserve – RHC Appeal	25	-	-	250	250
Total Unrestricted Designated		4,262	5,515	4,512	5,765
Restricted Income Funds					
RHC Appeal Restricted	25	-	-	1,573	5,842
Prize Money & Legacy Fund	25	22,550	28,653	22,550	28,653
Total of restricted		22,550	28,653	24,123	34,495
Total funds		294,941	315,953	297,217	322,164

Signed on behalf of the Board of Commissioners on 3 December 2025



Gen Sir Adrian Bradshaw KCB OBE DL Dr
Governor/Chair



Caroline Shuldham OBE
Deputy Chair



Caroline Trewhitt
Chair of the Audit
Committee



David Richmond CBE
CEO/Accounting
Officer

ROYAL HOSPITAL CHELSEA
CONSOLIDATED STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 31 MARCH 2025

	2025 £'000	2024 £'000
Net cash provided by / (used in) operating activities	2,544	(1,138)
Cash flows from investing activities:		
Dividends, Interest & Rent from Investments	833	864
Proceeds from the sale of investment property	609	30
Purchase of fixed assets	(7,467)	(8,869)
Proceeds from the sale of investments	-	9,000
Net cash provided by/(used in) investing activities	(6,025)	1,025
Cash flows from financing activities	-	-
Change in cash and cash equivalents in the year	(3,481)	(113)
Cash and cash equivalents at the beginning of the year	14,344	14,457
Cash and cash equivalents at the end of the year	10,863	14,344

Reconciliation of net (expenditure) /income to net cash flow from operating activities

	2025 £'000	2024 £'000
Net (expenditure)/ income for the year	(26,386)	(580)
Adjustments for:		
Depreciation charges	1,590	1,700
Loss / (gain) on investments	19,334	1,048
Dividends, interest & rents from investments	(3,807)	(3,696)
Loss/(profit) on disposal of fixed assets	70	15
Impairment of fixed assets	9,403	61
(Increase) / decrease in stocks	(6)	58
(Increase) in debtors	(35)	(573)
Increase in creditors	2,103	550
Movement on defined pension scheme liability	(15)	(17)
Investment management fees (deducted from Investments & not paid by cash)	293	296
Net cash provided by (used in) operating activities	2,544	(1,138)

Analysis of cash and cash equivalents

	2025 £'000	2024 £'000
Cash at bank	10,863	14,344
Total cash and cash equivalents	10,863	14,344

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

A Basis of Accounting

The Financial Statements have been prepared on a going concern basis in accordance with the Statement of Recommended Practice (SORP) "Accounting and Reporting by Charities" issued in 2019, applicable with UK accounting standard FRS102. RHC is not required to follow HM Financial Reporting Manual (FreM) but has made the accounting policy decision to apply relevant requirements when preparing the financial statements, to the extent this is consistent with the Charities SORP.

The Financial Statements consolidate on a line by line basis all the Restricted and Unrestricted Funds of the RHC and its related trading companies being Royal Hospital Chelsea Appeal Ltd (registered charity, number 1076414), and Chelsea Pensioner (RH) Ltd. A third subsidiary, Gordon House (London) Ltd, became dormant in 2020-21. The RHC's other subsidiary, Tricorne Traders Ltd has been dormant for some years.

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 prepared in sterling which is the functional currency of the RHC and rounded to the nearest £000. They do not include a reconciliation of net debt as the RHC has no debt.

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. Where necessary estimates and judgments have been made that are considered reasonable and prudent on the basis of all information available. The most significant estimates relate to asset valuations (see 1o below and notes 11 and 12).

B Going Concern

RHC holds a significant level of cash and investments, as such, has adequate resources to continue in operation and meet its liabilities as it falls due. There is no material uncertainty about the RHC's ability to continue and so the going concern basis is considered appropriate.

C Funds

Unrestricted funds are available for use at the discretion of the Commissioners to further the general objectives of the RHC. Unrestricted funds include designated funds where the Commissioners, at their discretion, have created a fund for a specific purpose.

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the RHC 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. These funds are not endowments, they are donations for specific purposes.

D Incoming resources

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

Where income is received in advance of the related service being delivered to the customer, a liability is raised in the form of Deferred Income until the related service is delivered at which point the income is recognised. The RHC's Deferred Income relates to rent and to the trading activities of the trading subsidiaries.

D Incoming resources (continued)

Legacies and donations received for general purposes are credited to the Unrestricted Funds which are used to augment the annual GIA from the MoD which provides for the maintenance of the heritage site and for meeting the cost of fuel and lighting, food, furniture, clothing, medical care for CPs and staff costs relating to the welfare of CPs. Donations for purposes restricted by the wishes of the donor are taken to Restricted Funds where these wishes are legally binding on the Commissioners of the RHC. Income from trading activities is recognised when entitlement has occurred. Investment income is recognised when receivable and dividend and rent income is recognised as the RHC's right to receive payment is established.

E Resources expended

Resources expended are accounted for on the accruals basis. Amounts of less than £1,000 are not accrued as they are considered immaterial. Direct costs (including irrecoverable VAT) are allocated to the charitable activities to which they relate. Expenditure that relates to more than one charitable activity is apportioned over the charitable activities in the form of support costs. Depreciation is allocated to charitable activities based on the space occupied by the building used for each charitable activity. RHC's charitable activities consist of the costs of the MTI and medical centre, the costs of the welfare of CPs in the Long Wards and associated activities and the management of the RHC's facilities, buildings and grounds. Intra- group transactions are excluded from income and expenditure as appropriate.

F Tangible fixed assets

Tangible fixed assets are stated at cost (or deemed cost) less accumulated depreciation and impairment losses. Cost includes original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use.

i) Land and Buildings: Land and buildings are measured on a revaluation basis on a quinquennial cycle with interim updates. The last full professional valuation of RHC's property assets was carried out at 31 March 2023 by Savills, an independent chartered surveyor. The next full professional valuation will be in 2028, five years after the last one.

Assets in the course of construction are stated at cost, capitalised and are not depreciated until they are available for use. Assets in the course of construction completed during the year are transferred to the appropriate asset class at the year-end and depreciated from the start of the next financial year.

Other tangible fixed assets are capitalised at cost on acquisition less accumulated depreciation and impairment losses. All new capital expenditure is funded from the Prize Money and Legacy Fund. Improvements and additions in periods between valuations are capitalised at historic cost.

Capitalisation thresholds: The lower limit for capitalisation of land and buildings is £10,000. For all other fixed assets it is £5,000. For the subsidiaries £1,000 is deemed to be the appropriate capitalisation threshold.

Depreciation is calculated using the straight-line method to write off the cost (less residual value) of each asset over its expected useful life, commencing in the year after purchase. Freehold land and assets in course of construction are not depreciated.

F Tangible fixed assets (continued)

Depreciation rates are as follows:

Freehold buildings	over the remaining useful life as estimated by the valuer, or for 50 years in respect of a permanent new building before its first valuation.
Fixtures and fittings	5 - 15 years straight line
Plant and machinery	10 - 25 years straight line
Motor vehicles	10 - 15 years straight line
Office Equipment	7 - 15 years straight line
Computers	3 - 5 years straight line

ii) Investment property: Investment properties are valued at their market value on a quinquennial cycle with interim updates. Gains and losses are recognised in the Statement of Financial Activities. Investment properties are not depreciated. These properties were revalued by Savills, an independent chartered surveyor, at 31 March 2025 and 31 March 2024.

iii) Heritage assets: Heritage assets are capitalised at cost upon acquisition. The lower limit for capitalisation is £10,000. Heritage assets are not depreciated. These assets were revalued on a retail replacement basis on a quinquennial cycle with interim updates less any impairment. The last full revaluation was carried out at 31 March 2020. During the year, it was considered more appropriate to revalue the assets on a rolling basis, due to the cost and inefficiencies in undertaking full valuations. This means the assets will not all be revalued at a specific date, but will be revalued on a continuous basis so the valuations are kept up to date over time.

G Investments

Investments are shown at market value as at the balance sheet date. Unrealised gains and losses on the revaluation of investments are recognised in the Statement of Financial Activities.

H Debtors

The measurement of debtors is based on the anticipated recoverable amounts owed to the RHC at the year end.

I Creditors

Creditors are recognised when the RHC has a present obligation arising out of a past event that is expected to result in the transfer of funds to a third party and the amount due to settle the obligation can be measured reliably.

J Employee Benefits & Pensions

Short term employee benefits are those expected to be settled wholly before 12 months after the end of the annual reporting period during which services are rendered, but these do not include termination benefits. They include wages, salaries and pension benefits. All short-term employee benefits are recognised as expenses in the period in which they are incurred.

The nature of the RHC pension schemes are set out in Note 21. The pension costs charged to the SOFA represent the contributions payable to the NHS and Civil Service Pension Schemes on behalf of members of staff. Both these schemes are unfunded public sector arrangements and the actuarial liability attributable to individual participating employers is not known. Therefore the cost of these arrangements shown in the SOFA is the contributions payable by RHC during the year. On 31 March 2025 the Civil Service Pension scheme was closed to new members, and a defined contribution pension scheme was set up on 1 April 2025 for new joiners. The RHC also operates an unfunded defined benefit scheme which has been closed to new members for many years. A small number of pensions remain in payment to former Governors and Captains of Invalids (or their widows). The costs of this scheme are calculated by an actuary in accordance with FRS 102 and the liability it represents is shown in the Balance Sheet (note 21). The scheme has no assets; the liability is a charge on the RHC's general reserves.

K Taxation

The RHC is recognised as charitable by HM Revenue & Customs (reference X8366) and is generally exempt from Corporation Tax on surpluses and capital gains. Chelsea Pensioners (RH) Ltd gifts its taxable income to Royal Hospital Chelsea Appeal Ltd and therefore incurs no liability for corporation tax. Royal Hospital Chelsea Appeal Ltd is a registered charity and has no liability for corporation tax. Irrecoverable VAT is included in the SOFA with the item to which it relates. The RHC is registered for VAT as a group.

L Operating leases

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

Lessor accounting: Rentals receivable under operating leases are credited in the statement of financial activities on a straight line basis over the lease term.

M Stock

Stock is held by Chelsea Pensioner (RH) Ltd and is valued at the lower of cost and net realisable value after making allowances for obsolete and slow-moving stock.

N Investments in subsidiaries

RHC's investment in its subsidiary companies is valued at cost.

O Significant judgments and estimates

Estimates and judgements are continually evaluated and are based on historical experience and other factors that are believed to be reasonable under the circumstances.

The valuations of land and properties includes significant estimates and judgements. A full valuation was carried out by Savills, an independent surveyor for 2023. The MTI building is valued on the basis of a market assessment, as a market in modern care facilities exists in the area. Operational land used for dual purposes is valued at market value based on the income received from the leases / rent from the land. The remainder of the operational estate is valued using the depreciated replacement cost, a "modern equivalent," due to the unique and historic nature of the RHC and its buildings and the planning restrictions preventing development of the grounds meant that no meaningful market value could be arrived at. A "modern equivalent" valuation is an estimate of the cost of acquiring a modern facility that would enable the RHC to carry out its functions. The newly refurbished SSY is also valued on a "modern equivalent" basis as a distinct asset. This includes an estimation by management of the amount of land and buildings required, the location and build quality. It is a hypothetical valuation. In current year, 31 March 2025, values were updated by Savills on a desktop basis.

Valuations of heritage assets are carried out by an independent valuer and is an expression of their opinion based on the value of comparable items. Heritage assets held by RHC comprises of some unique items where there is not an open market value and will therefore rely on the opinion of the independent valuer.

The valuation of investment properties is valued on market value based on comparable assets.

In determining the carrying values of certain assets and liabilities (such as accruals and deferred income) the RHC makes assumptions about the effect of uncertain future events on those assets and liabilities at the Balance Sheet date. Deferred income relates to payments received for events in advance of the events taking place, this amounted to £1,243,000 (2024: £1,231,000) at the year end. These estimates and assumptions are based on historical experience and assumptions and are reviewed periodically.

P Financial Instruments

The RHC does not use financial instruments on its own behalf, however the listed investments, which are managed by professional managers, may be exposed to such instruments (see notes 13 & 27).

2 – VOLUNTARY INCOME

	Hospital 2025 Restricted £'000	Hospital 2024 Restricted £'000	Hospital 2025 Unrestricted £'000	Hospital 2024 Unrestricted £'000	Hospital 2025 Total £'000	Hospital 2024 Total £'000
Donation from subsidiary	-	-	10,250	4,090	10,250	4,090

	Group 2025 Restricted £'000	Group 2024 Restricted £'000	Group 2025 Unrestricted £'000	Group 2024 Unrestricted £'000	Group 2025 Total £'000	Group 2024 Total £'000
Legacies	40	-	628	493	668	493
Donations	2,864	2,003	1,047	965	3,911	2,968
Total	2,904	2,003	1,675	1,458	4,579	3,461

3 – OTHER TRADING ACTIVITIES

(all unrestricted)

	Hospital 2025 £'000	Hospital 2024 £'000	Group 2025 £'000	Group 2024 £'000
Events	-	-	3,738	3,509
Catering	-	-	599	587
Retail	-	-	142	126
Other trading	-	-	47	45
Total	-	-	4,526	4,267

4 – INVESTMENT INCOME

Hospital & Group

	2025 Restricted £'000	2024 Restricted £'000	2025 Unrestricted £'000	2024 Unrestricted £'000	2025 Total £'000	2024 Total £'000
Income on investment portfolio	620	722	1,745	2,080	2,365	2,802
Income on commercial property	-	-	513	496	513	496
Lease Extension Premiums	-	-	609	30	609	30
Bank and investment interest received	-	-	320	368	320	368
Total	620	722	3,187	2,974	3,807	3,696

RHC owns the freehold of its investment properties and has granted head leases to various head tenants. The head tenants have in turn granted under-leases to sub-tenants. Under the Leasehold Reform, Urban Development and Housing Act 1993, tenants were given the right to extend their leases by 90 years. The Act specifies that a premium is payable for the granting of such extensions calculated according to the market value of comparable property in the area.

5 - INCOME FROM CHARITABLE ACTIVITIES

(all unrestricted)

	Hospital 2025 £'000	Hospital 2024 £'000	Group 2025 £'000	Group 2024 £'000
Grant in Aid received from the Ministry of Defence	17,368	13,918	17,368	13,918

6 - OTHER INCOME

Hospital & Group

	2025 Restricted £'000	2024 Restricted £'000	2025 Unrestricted £'000	2024 Unrestricted £'000	2025 Total £'000	2024 Unrestricted £'000
Staff accommodation charges	-	-	425	390	425	390
Family Practice	-	-	162	132	162	132
Food recoveries	-	-	33	31	33	31
Pensioner contributions	-	-	1,011	1,018	1,011	1,018
Pensioner Recharges	-	-	4	10	4	10
Other income	7	10	69	65	76	75
Total	7	10	1,704	1,646	1,711	1,656

7 - TOTAL RESOURCES EXPENDED (GROUP)

	Raising Funds £'000	Infirmary nursing & medical £'000	Welfare & ceremonial £'000	Estate management £'000	Support costs £'000	Total 2025 £'000
Costs of generating voluntary income	312	-	492	180	-	984
Investment management costs	293	-	-	-	-	293
Staff costs	1,156	5,539	3,045	2,372	2,251	14,363
Other staff costs	-	9	7	2	2,476	2,494
Buildings and grounds maintenance costs	-	22	-	2,747	-	2,769
Information technology costs	-	5	-	7	319	331
Pensioner living expenses	-	124	773	1,917	112	2,926
Catering costs	-	-	37	-	-	37
Council tax and rates	-	-	-	156	-	156
Security costs	-	-	-	862	-	862
Water, gas and electricity	-	-	-	1,213	-	1,213
Insurance	-	-	-	-	381	381
Audit fees	-	-	-	-	128	128
Surveyor fees	-	-	-	20	-	20
Consultancy fees	81	6	13	61	331	492
Legal fees	-	-	15	14	56	85
Office expenses	-	24	4	22	82	132
Other expenses	300	13	1	-	70	384
Depreciation	113	365	715	159	238	1,590
Total before re-allocation of support costs	2,255	6,107	5,102	9,732	6,444	29,640
Re-allocation of support costs	-	1,869	1,547	3,028	(6,444)	-
Impairment of fixed assets	-	-	-	-	9,403	9,403
Total expenditure	2,255	7,976	6,649	12,760	9,403	39,043

Support costs are re-allocated as a percentage of charitable activities.

The impairment of fixed assets relates to the revaluation of the operational land and buildings (note 11).

7 - TOTAL RESOURCES EXPENDED (GROUP)

	Raising Funds	Infirmary nursing & medical	Welfare & ceremonial	Estate management	Support costs	Total 2024
	£'000	£'000	£'000	£'000	£'000	£'000
Costs of generating voluntary income	301	-	388	161	-	850
Investment management costs	296	-	-	-	-	296
Staff costs	1,062	5,174	2,995	2,230	2,255	13,716
Other staff costs	-	13	2	4	243	262
Buildings and grounds maintenance costs	-	28	-	2,483	2	2,513
Information technology costs	-	-	1	-	395	396
Pensioner living expenses	-	109	820	1,901	149	2,979
Catering costs	-	-	32	-	-	32
Council tax and rates	-	-	-	142	-	142
Security costs	-	-	-	772	-	772
Water, gas and electricity	-	-	-	1,304	-	1,304
Insurance	-	-	-	-	351	351
Audit fees	-	-	-	-	146	146
Surveyor fees	-	-	-	4	-	4
Consultancy fees	71	3	1	35	346	456
Legal fees	-	-	20	27	59	106
Office expenses	-	28	4	16	81	129
Other expenses	279	2	3	-	31	315
Depreciation	121	390	764	170	255	1,700
Total before re-allocation of support costs	2,130	5,747	5,030	9,249	4,313	26,469
Re-allocation of support costs	-	1,251	1,078	1,984	(4,313)	-
Impairment of fixed assets	-	-	-	-	61	61
Total expenditure	2,130	6,998	6,108	11,233	61	26,530

Support costs are re-allocated as a percentage of charitable activities.

7 – TOTAL RESOURCES EXPENDED (HOSPITAL)

	Raising Funds £'000	Infirmery nursing & medical £'000	Welfare & ceremonial £'000	Estate management £'000	Support costs £'000	Total 2025 £'000
Investment management costs	293	-	-	-	-	293
Staff costs	-	5,539	2,829	2,372	2,251	12,991
Other staff costs	-	9	7	2	2,476	2,494
Buildings and grounds maintenance costs	-	22	-	2,747	-	2,769
Information technology costs	-	5	-	7	319	331
Pensioner living expenses	-	124	773	1,917	112	2,926
Catering costs	-	-	37	-	-	37
Council tax and rates	-	-	-	156	-	156
Security costs	-	-	-	862	-	862
Water, gas and electricity	-	-	-	1,213	-	1,213
Insurance	-	-	-	-	381	381
Audit fees	-	-	-	-	110	110
Surveyor fees	-	-	-	20	-	20
Consultancy fees	-	6	13	61	331	411
Legal fees	-	-	15	14	22	51
Office expenses	-	24	4	22	82	132
Other expenses	-	13	1	1	69	84
Depreciation	111	365	715	159	239	1,589
Total before re-allocation of support costs	404	6,107	4,394	9,553	6,392	26,850
Re-allocation of support costs	-	1,917	1,406	3,069	(6,392)	-
Impairment of fixed assets	-	-	-	-	9,403	9,403
Total expenditure	404	8,024	5,800	12,622	9,403	36,253

Support costs are re-allocated as a percentage of charitable activities.

The impairment of fixed assets relates to the revaluation of the operational land and buildings (note 11).

7 – TOTAL RESOURCES EXPENDED (HOSPITAL)

	Raising Funds £'000	Infirmery nursing & medical £'000	Welfare & ceremonial £'000	Estate management £'000	Support costs £'000	Total 2024 £'000
Investment management costs	296	-	-	-	-	296
Staff costs	89	5,174	2,809	2,230	2,255	12,557
Other staff costs	-	13	2	4	243	262
Buildings and grounds maintenance costs	-	28	-	2,483	2	2,513
Information technology costs	-	-	1	-	395	396
Pensioner living expenses	-	107	855	1,902	149	3,013
Catering costs	-	-	32	-	-	32
Council tax and rates	-	-	-	142	-	142
Security costs	-	-	-	772	-	772
Water, gas and electricity	-	-	-	1,304	-	1,304
Insurance	-	-	-	-	351	351
Audit fees	-	-	-	-	129	129
Surveyor fees	-	-	-	4	-	4
Consultancy fees	-	3	1	35	346	385
Legal fees	-	-	20	27	40	87
Office expenses	-	28	4	20	81	133
Other expenses	-	2	3	-	29	34
Depreciation	119	390	764	170	255	1,698
Total before re-allocation of support costs	504	5,745	4,491	9,093	4,275	24,108
Re-allocation of support costs	-	1,283	983	2,009	(4,275)	-
Impairment of fixed assets	-	-	-	-	61	61
Total expenditure	504	7,028	5,474	11,102	61	24,169

Support costs are re-allocated as a percentage of charitable activities.

Analysis of support costs

Support costs are re-allocated as a percentage of charitable activities. HR costs include the pension exit fee £2.25m.

Group	Raising Funds £'000	Infirmary nursing & medical £'000	Welfare & ceremonial £'000	Estate management £'000	Total 2025 £'000
Governance costs included in support	-	371	307	603	1,281
ICT	-	209	172	338	719
Finance	-	151	125	243	519
HR	-	795	658	1,288	2,741
Marketing & Communications	-	197	163	319	679
Other central costs	-	77	65	125	267
Depreciation	-	69	57	112	238
	-	1,869	1,547	3,028	6,444

Group	Raising Funds £'000	Infirmary nursing & medical £'000	Welfare & ceremonial £'000	Estate management £'000	Total 2024 £'000
Governance costs included in support	-	384	331	609	1,324
ICT	-	206	177	327	710
Finance	-	171	148	272	591
HR	-	152	131	240	523
Marketing & Communications	-	249	214	394	857
Other central costs	-	15	13	25	53
Depreciation	-	74	64	117	255
Total	-	1,251	1,078	1,984	4,313

Hospital	Raising Funds £'000	Infirmary nursing & medical £'000	Welfare & ceremonial £'000	Estate management £'000	Total 2025 £'000
Governance costs included in support	-	368	270	589	1,227
ICT	-	216	158	345	719
Finance	-	156	114	249	519
HR	-	822	603	1,316	2,741
Marketing & Communications	-	204	149	326	679
Other central costs	-	79	59	130	268
Depreciation	-	72	53	114	239
	-	1,917	1,406	3,069	6,392

Hospital	Raising Funds £'000	Infirmary nursing & medical £'000	Welfare & ceremonial £'000	Estate management £'000	Total 2024 £'000
Governance costs included in support	-	386	296	605	1,287
ICT	-	213	163	334	710
Finance	-	177	136	278	591
HR	-	157	120	246	523
Marketing & Communications	-	257	197	403	857
Other central costs	-	16	12	24	52
Depreciation	-	77	59	119	255
Total	-	1,283	983	2,009	4,275

8 - STAFF COSTS AND NUMBERS

	Hospital 2025 £'000	Hospital 2024 £'000	Group 2025 £'000	Group 2024 £'000
Salaries and wages	9,143	8,834	10,142	9,687
Social security costs	947	900	1,047	985
Pension costs	2,021	2,070	2,259	2,274
Sub-total	12,111	11,804	13,448	12,946
Casual and agency pay	777	665	796	665
Pensioner pay	103	90	119	105
Total	12,991	12,559	14,363	13,716

During the year, compensation payments of £74,706 (2024: £nil) was paid to 2 members of staff. This is included in salaries and wages.

The number of staff employed by the group by department were as follows:

	2025 Number	2024 Number
Infirmery, nursing & welfare	102	97
Facilities and Estates Management	132	133
Finance & Administration	10	10
Commercial services & fundraising	29	26
	273	266

Higher paid employees

The number of employees whose remuneration was over £60,000 in 2024 – 2025 (excluding pension contributions) was as follows:

	2025 Number	2024 Number
£60,000-£69,999	3	2
£70,000-£79,999	2	1
£80,000-£89,999	1	1
£90,000-£99,999	2	3
£100,000-£109,999	2	-
£110,000-£119,999	2	2
£120,000-£129,999	-	-
£130,000-£139,999	-	-
£140,000-£149,999	-	1
£150,000-£159,999	1	-

Twelve (2024: Nine) of the above staff contribute to the PCSPS defined benefits pension scheme. Employer pension contributions for these staff were £327,000 (2024: £264,000). One member contributes to the CSP money purchase scheme – contributions paid on their behalf was £14,000 (2024: £11,000).

The total gross pay including pension of eight key management personnel was £1,010,000 (2024: £931,000). Employers' pension contributions for key management personnel were £232,000 (2024: £217,000). All salaries paid by RHC, including senior staff, are reviewed annually by an external pay consultant and any changes are made based on a recommendation from the Finance & General Purposes Committee to the Board of Commissioners.

8 - STAFF COSTS AND NUMBERS (Continued)

The salary and pension entitlements of the Governor and Chief Executive were in the following bands:

	Actual salary 2025 £'000	Actual salary 2024 £'000	Real increase in pension during the year £'000	Total accrued pension at the year end £'000	Cash equivalent transfer value at start date £'000	Cash equivalent transfer value at end date £'000	Real increase in cash equivalent transfer value £'000
General Sir Adrian Bradshaw, Governor	90-100	70-80	-	-	-	-	-
David Richmond, CEO	150-160	-	2.5-5.0	0-5	6	66	46

Payments of £13,753 were made to the CSP partnership scheme, a defined contribution pension scheme, on behalf of General Sir Adrian Bradshaw.

Commissioners' Emoluments

No Commissioners received any remuneration for acting as a Commissioners. The Governor, a Commissioner, receives a salary as an employee of the Royal Hospital Chelsea. During the year, the Governor increased his working hours. In recognition of the contribution of the commissioners to RHC, the commissioners attended an annual dinner costing £2,505 (2024: £2,084).

9 - GOVERNANCE COSTS

	Hospital 2025 £'000	Hospital 2024 £'000	Group 2025 £'000	Group 2024 £'000
Staff Costs	760	768	760	768
External Audit fees*	83	83	101	100
Internal Audit fees	27	46	27	46
Legal Fees	22	40	56	59
Consultancy fees	331	347	331	347
Bank Charges	4	3	6	4
Total	1,227	1,287	1,281	1,324

*The Hospital figure relates to the NAO audit fee charge for the year ended 31 March 2025. The Group figure includes the fees for the audit of the subsidiaries.

10 - SUBSIDIARY UNDERTAKINGS

The RHC has two direct subsidiaries, Royal Hospital Chelsea Appeal Ltd and Gordon House (London) Ltd and one associate company, The Dashwood Trust (note 20).

Royal Hospital Chelsea Appeal Ltd has two subsidiaries, Tricorne Traders Ltd (dormant) and Chelsea Pensioner (RH) Ltd.

i) Royal Hospital Chelsea Appeal Ltd

Royal Hospital Chelsea Appeal Ltd is a company incorporated in England and limited by guarantee (company number 03701005). The company is a registered charity (charity number 1076414) and donates its profits to the RHC. The company's financial results for the year to 31 March 2025 were:

STATEMENT OF FINANCIAL ACTIVITIES (GROUP)

	2025 £'000	2024 £'000
INCOME		
Donations & legacies	4,579	3,461
Trading & other activities	4,526	4,267
Interest received	-	-
TOTAL INCOME	9,105	7,728
EXPENDITURE		
Raising Funds	(471)	(403)
Gift aid donations	(1,675)	(1,548)
Trading & other costs	(10,897)	(4,501)
TOTAL EXPENDITURE	(13,043)	(6,452)
Net incoming/(outgoing) resources	(3,938)	1,276
Net funds at the beginning of the year	6,212	4,936
Net funds at end of the year	2,274	6,212

BALANCE SHEET (GROUP)

	2025 £'000	2024 £'000
Tangible assets	24	8
Current assets	4,571	7,672
Current liabilities	(2,321)	(1,468)
Net current assets	2,250	6,204
Total net assets	2,274	6,212
Unrestricted reserves	453	120
Designated reserves	250	250
Restricted reserves	1,571	5,842
Total reserves	2,274	6,212

ii) Gordon House (London) Ltd

Gordon House (London) Ltd is incorporated in England in April 2012 (company number 08036299). The company was incorporated to assist with the sale of the lease of Gordon House. The sale completed in 2019 and the company is now dormant. The issued share capital comprises of 417,431 ordinary shares of £1 each all held by RHC.

10 – SUBSIDIARY UNDERTAKINGS (continued)

iii) Chelsea Pensioner (RH) Ltd

Chelsea Pensioner (RH) Ltd is incorporated in England (company number 03853787). The issued share capital comprises of 1,000 shares of £1 each all held by Royal Hospital Chelsea Appeal Ltd. The company carries out trading activities including the rental of the RHC's facilities to third parties. Its accounts are consolidated into those of Royal Hospital Chelsea Appeal Ltd's Group accounts shown at 10 i) above. The company's financial results for the year to 31 March 2025 were:

PROFIT & LOSS ACCOUNT

	2025 £'000	2024 £'000
Turnover	4,526	4,267
Cost of Sales	(342)	(425)
Staffing and administrative costs	(1,311)	(1,108)
Other operating expenses	(68)	(45)
Profit before interest and tax	2,805	2,689
Other gains; Bank interest receivable	-	-
Donation to RHC Appeal Ltd	(2,805)	(2,689)
Tax on profit on ordinary activities	-	-
Profit / (loss) for the year	-	-
Profit & loss account brought forward	39	39
Profit & loss account carried forward	39	39

BALANCE SHEET

	2025 £'000	2024 £'000
Fixed assets	24	8
Current assets	1,533	1,665
Current liabilities	(1,517)	(1,633)
Net current assets	16	32
Total net assets	40	40
Share capital	1	1
Profit & loss account	39	39
Total capital & reserves	40	40

iv) Tricorne Traders Ltd

This company is incorporated in England, company number 07382655. It formerly operated the RHC's food and beverage services where these are chargeable to either CPs or external users. The company's share capital consists of 1,000 £1 shares all held by Royal Hospital Chelsea Appeal Ltd. The company has been dormant since 1 April 2016.

11 - TANGIBLE FIXED ASSETS – NON HERITAGE (GROUP)

	Land and buildings £'000	Land and buildings under construction £'000	Plant, machinery & equipment £'000	Vehicles £'000	Group Total 2025 £'000	Group Total 2024 £'000
Cost or Valuation						
At 1 April	129,349	12,016	7,442	316	149,123	135,607
Additions at cost	402	6,488	165	-	7,055	9,526
Transfer	18,052	(18,154)	102	-	-	-
Disposals	-	-	(7)	(6)	(13)	(151)
Revaluation	(10,260)	-	-	-	(10,260)	4,141
At 31 March	137,543	350	7,702	310	145,905	149,123
Depreciation						
At 1 April	(16)	-	(4,474)	(207)	(4,697)	(4,505)
Depreciation charge for the year	(1,113)	-	(455)	(23)	(1,591)	(1,700)
Transfers	-	-	-	-	-	-
Disposals	-	-	7	6	13	151
Revaluation	1,112	-	-	-	1,112	1,357
At 31 March	(17)	-	(4,922)	(224)	(5,163)	(4,697)
Net book value at 1 April	129,333	12,016	2,968	109	144,426	131,103
Net book value at 31 March	137,526	350	2,780	86	140,742	144,426
The closing net book values are attributable to the Royal Hospital Chelsea's funds as follows:						
Grant in Aid Fund	-	-	106	-	106	117
Prize Money and Legacy Fund	137,521	350	2,654	86	140,611	144,302
Subsidiaries	5	-	20	-	25	7
	137,526	350	2,780	86	140,742	144,426

RHC has owned its land and buildings since its foundation in the 17th century. The historic cost of these assets is not known and would not be meaningful today therefore historic cost figures are not shown in the financial statements.

11 - TANGIBLE FIXED ASSETS – HERITAGE (HOSPITAL AND GROUP)

Land & buildings	2025	2024	2023	2022	2021
	£'000	£'000	£'000	£'000	£'000
Opening balance b/f	135	300	260	250	250
Revaluation	-	(165)	40	10	-
Balance at 31 March	135	135	300	260	250
Exhibits					
Opening balance b/f	19,060	20,138	19,418	19,418	19,741
Additions	16	-	-	-	-
Revaluation	1,190	(1,065)	750	-	(233)
Disposals	(86)	(13)	(30)	-	(90)
Balance at 31 March	20,180	19,060	20,138	19,418	19,418
Total at 1 April	19,195	20,438	19,678	19,668	19,991
Total at 31 March	20,315	19,195	20,438	19,678	19,668

Valuations of heritage assets are carried out by an independent valuer and is an expression of their opinion based on the value of comparable items. Historically, revaluations were carried out on a quinquennial basis, the last full valuation took place on 31 March 2020. Due to the disruption to the operations and number of low value assets, it was agreed to revalue the assets on an annual rolling basis. Heritage assets held by RHC comprises of some unique items where there is not an open market value and will therefore rely on the opinion of the independent valuer.

A sample of heritage assets were revalued in 2025 by an independent valuer. This resulted in a gain of £333,476 in heritage assets, including a gain of £110,000 in the Sovereign's mace and general increases in the market. Management considered the general increase in the revalued assets groups to be reflected in the entire asset groups which were revalued. This resulted in an overall gain of £1,090,000 in the year, reflecting the reversal of the general decrease in prior year.

RHC complies with the UK Museum Collection Management Standard, known as Spectrum, which is administered by the Collections Trust. There are 21 tried and tested procedures for managing heritage collections including acquisitions, disposals, cataloguing, movement control and auditing. More details can be found at: www.collectionstrust.org.uk/spectrum.

11 - TANGIBLE FIXED ASSETS – NON HERITAGE (HOSPITAL)

	Land and buildings £'000	Land and buildings under construction £'000	Plant, machinery & equipment £'000	Vehicles £'000	Hospital Total 2025 £'000	Hospital Total 2024 £'000
Cost or Valuation						
At 1 April	129,327	12,016	7,299	300	148,942	135,427
Additions at cost	402	6,488	147	-	7,037	9,525
Transfer	18,052	(18,154)	102	-	-	-
Disposals	-	-	(7)	(6)	(13)	(151)
Revaluation	(10,260)	-	-	-	(10,260)	4,141
At 31 March	137,521	350	7,541	294	145,706	148,942
Depreciation						
At 1 April	-	-	(4,333)	(191)	(4,524)	(4,334)
Charge for year	(1,112)	-	(454)	(23)	(1,589)	(1,698)
Transfer	-	-	-	-	-	-
Disposals	-	-	7	6	13	151
Revaluation	1,112	-	-	-	1,112	1,357
At 31 March	-	-	(4,780)	(208)	(4,988)	(4,524)
Net book value at 1 April	129,327	12,016	2,966	109	144,418	131,093
Net book value at 31 March	137,521	350	2,761	86	140,718	144,418
The closing net book values are attributable to the Royal Hospital Chelsea's funds as follows:						
Grant in Aid Fund	-	-	106	-	106	117
Prize Money and Legacy Fund	137,521	350	2,655	86	140,612	144,301
	137,521	350	2,761	86	140,718	144,418

RHC has owned its land and buildings since its foundation in the 17th century. The historic cost of these assets is not known and would not be meaningful today therefore historic cost figures are not shown in the financial statements.

Operational Estate

Non-Heritage Assets

The freehold and leasehold interests in the properties held were independently valued (desktop valuation) as at 31 March 2025 by Savills (UK) Limited, acting in the capacity of External Valuers as defined in the RICS Red Book (but not for the avoidance of doubt as an external Valuer of the Fund as defined by the Alternative Investment Fund Managers Regulations 2013). The last full valuation was undertaken as at 31 March 2023 by Savills (UK) Limited.

The valuations accord with the requirements of FRS 102 and the 19th Edition of the RICS Valuation – Professional Standards (incorporating the International Valuation Standards “The RICS Red Book”).

The unique and complex nature of the RHC’s estate means that several valuation approaches are adopted (see Note 1o) and subject to some key assumptions.

Operational land and buildings are valued at £14.2m (2024: £16.5m) and £48.7m (2024: £47.3m) respectively, including additions and transfers from assets under construction, led to a downwards revaluation of £1.6m charged to the revaluation reserve and £9.4m to the SOFA. The DRC methodology requires the identification of a Modern Equivalent Asset (MEA). This was revisited in 2024-25 year resulting in the following operating practices and continues to be applicable: building size 19,444m² (2024: 18,900m²) and the hypothetical location of the MEA: any London Borough or Inner Home County). Key assumptions include identifying appropriate build costs (£/m²) and land value (£/acre), both have been updated in the year based on market data. The valuation also considers the level of obsolescence, this is based on the professional judgement of our valuers’ on-site inspections. As a result of the number of subjective inputs the valuation is subject to significant uncertainty, for example many inputs (e.g., size and cost) have a roughly proportionate impact on the valuation for example, if build costs were 10% higher the valuation of the buildings would be £53.6m. The decrease in the operational buildings relates primarily to the redevelopment costs of the SSY valued as a distinct asset under the DRC methodology as opposed to actual costs incurred.

The MTI is valued at £39.1m (2024: £30.5m). The upwards revaluation is a result of changes to 2 key assumptions: an uplift in the weekly fee achievable in the local area (based on market data) and the refurbishment works completed. Other key assumptions include the profitability of the care home when run by a reasonably efficient operator and a discount in value to reflect the time taken for a new operator to build up their admissions; these assumptions are broadly similar with those made in the prior year.

Heritage Assets

Heritage assets as defined under FRS 102 were valued every five years. The last full valuation, by Gurr-Johns, was at 31 March 2020. During the year, it was considered more appropriate to revalue the assets on a rolling basis, due to the cost and inefficiencies in undertaking full valuations. A sample of assets were revalued by Gurr-Johns at 31 March 2025. This resulted in a increase in value of £1,190k (2024: decrease £1,065k).

a) The RHC’s heritage assets are principally composed of art and artefacts and it has a holding of 808 (2024: 832) such exhibits with a total value of £20,180,000 (2024: £19,060,000). By value the principal items are paintings, prints, drawings and photographs, antique furniture, sculpture and silver and gold. The collection also includes arms and armour, books, clocks, medals, the Royal Hospital Mace and a stained glass window. During the year a small number of heritage assets with a value of £3,000 were written off and assets (£83,000) on loan to RHC were also written off. The Exhibits are deemed to have indeterminate lives and the Commissioners consider it inappropriate to charge depreciation.

b) One piece of land known as Royal Avenue, is also classed as a heritage asset. This represents the original approach road to the RHC from the Kings Road and gives a view of the RHC as intended by Sir Christopher Wren. This was valued by Savills as at 31st March 2025.

c) The RHC does not have a policy of actively acquiring new heritage assets, although a small number have been purchased e.g. a new stained glass window for All Saints Chapel. Many of the exhibits are accessible to the public visiting the site either in guided parties or individually. The RHC’s policy is to conserve its heritage assets and

make them available to visitors as far as possible consistent with the need to minimise disturbance to CPs. The collection includes a significant number of documents and other items of a historical nature which have no intrinsic value but are retained for records purposes.

12 - INVESTMENT PROPERTY

Hospital & Group	2025 £'000	2024 £'000
Balance at 1 April	78,500	83,350
Gain / (loss) on revaluation	(18,655)	(4,850)
Total at 31 March	59,845	78,500

Investment property consists of land and buildings which are not part of the RHC's operational estate. Investment property is let on long or short term leases or licences. Investment property consists of Chelsea Court, Embankment Gardens, Wellington Buildings, Chelsea Gardens and Gordon House. These properties were professionally valued by Savills at 31 March 2025.

As most of the properties are subject to long leases, Wellington Buildings valued at £51.7m (2024: £70.0m) represents 86% (2024: 89%) of the total investment property portfolio. The valuation is based on freehold interest subject to a long lease with a number of assumptions and estimates used in the valuation including the following: Energy Performance Certificates (EPC) containing property measurements as an estimation of floor plan (as no scaled floorplans are available), cost (£/m²) of comparable rents / sales in the immediate vicinity, and the adjustment factor used to determine vacant possession value. Changes in local market activity has resulted in the vacant possession value decreasing. In addition, the passage of time also impacts the value, the property increases in value as the end of the lease draws nearer (2027) as the level of discounting 6% (2024: 6%) reduces.

13 - INVESTMENTS

	Hospital 2025 £'000	Hospital 2024 £'000	Group 2025 £'000	Group 2024 £'000
Market value at 1 April	70,054	72,748	69,649	72,343
Investment in subsidiary	-	-	-	-
Disposals	-	(9,000)	-	(9,000)
Income reinvested (accumulation)	2,068	2,504	2,068	2,504
Realised gain/(loss) on disposals	-	1,906	-	1,906
Unrealised gain/(loss)	(679)	1,896	(679)	1,896
Market value at 31 March	71,443	70,054	71,038	69,649
Historical cost at the beginning of the year	54,377	57,277	53,972	57,277
Historical cost at the end of the year	55,393	54,377	54,988	53,972

Investments are held in the Endowments Fund and the Income and Reserves Fund managed by Sarasin & Partners LLP and in the Armed Forces Common Investment Fund managed by BlackRock Fund Managers Ltd. RHC's investment objective is to provide a growing annual income whilst preserving the real value of the capital over the long term. The investments are held in a broadly diversified global portfolio covering the world's principal stock, bond and currency markets together with investments in alternative assets such as property and hedge funds. The unrealised loss in investments reflected the challenges faced by the markets due to the political unrest in the United States. At 31 March 2025 BlackRock held 46% of RHC's listed investments and Sarasin held 54%.

14 – STOCK

	Hospital 2025 £'000	Hospital 2024 £'000	Group 2025 £'000	Group 2024 £'000
Stock and catering stocks	-	-	67	61

Stock is valued at the lower of cost and net realisable value after allowance for obsolete and slow-moving items. Stock is held in Chelsea Pensioner (RH) Ltd for the shop and the café. There is no material difference between the Balance Sheet value of stock and its replacement cost.

15 - DEBTORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	Hospital 2025 £'000	Hospital 2024 £'000	Group 2025 £'000	Group 2024 £'000
Trade debtors	-	-	313	144
Prepayments and accrued income	428	638	1,056	1,230
Amounts due from subsidiary undertakings	842	-	-	-
Other debtors	65	25	67	27
	1,335	663	1,436	1,401

16 - CASH AT BANK AND IN HAND

	Hospital 2025 £'000	Hospital 2024 £'000	Group 2025 £'000	Group 2024 £'000
Cash at bank and cash equivalents*	7,295	12,862	10,862	14,343
Cash in hand	1	1	1	1
	7,296	12,863	10,863	14,344

*Cash held on 31 March 2025, includes £nil (2024: £12.5m) held in overnight Treasury accounts which is irredeemable until the next working day.

17 - CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	Hospital 2025 £'000	Hospital 2024 £'000	Group 2025 £'000	Group 2024 £'000
Trade Creditors	748	1,660	823	1,751
Accruals and deferred income	3,892	1,411	5,199	2,699
Amounts due to subsidiary undertakings	405	5,806	-	-
Other tax and social security	254	245	357	341
Other creditors	425	343	423	346
	5,724	9,465	6,802	5,137

Movement on Deferred Income

	2025 £'000	2024 £'000
Brought forward at the beginning of the year	1,231	1,075
Released to SOFA during the year	(1,231)	(1,075)
Deferred to future periods	1,243	1,231
Carried forward at the end of the year	1,243	1,231

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

18 - CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Hospital	Hospital	Group	Group
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Chapel fund	11	11	11	11
Advance funeral payments	152	131	152	131
	163	142	163	142

19 - CONTINGENT LIABILITIES

RHC has no contingent liabilities.

20 – CONTINGENT ASSETS

RHC is one of 4 beneficiaries of a legacy held in Trust with life interest. The Trust owns a number of residential and one commercial property. There is significant uncertainty regarding the Trusts assets and liabilities which affects the ability to reliably estimate RHC's share of the Trust at the balance sheet date. Income from the Trust is recognised when RHC is notified of its entitlement following completion of a property sale.

The Dashwood Trust is a charitable company limited by guarantee (company number 13014960, charity number 1192982) incorporated on 12 November 2020 by the 4 beneficiaries to manage the legacy held in Trust. The charitable company has been dormant since incorporation.

21 - PENSIONS

During the year RHC participated in three pension schemes, as follows:

Principal Civil Service Pension Scheme (PCSPS)

Pension benefits for 226 (2024: 220) members of staff are provided through the Civil Service Pension arrangements. From 1 April 2015 a new pension scheme for civil servants was introduced – the Civil Servants and Others Pension Scheme or alpha, which provides benefits on a career average basis with a normal pension age equal to the member's State Pension Age (or 65 if higher). From that date all newly appointed civil servants and the majority of those already in service joined alpha. Prior to that date, civil servants participated in the Principal Civil Service Pension Scheme (PCSPS). The PCSPS has four sections: 3 providing benefits on a final salary basis (classic, premium or classic plus) with a normal pension age of 60; and one providing benefits on a whole career basis (nuvos) with a normal pension age of 65.

These statutory arrangements are unfunded with the cost of benefits met by monies voted by Parliament each year. Pensions payable under classic, premium, classic plus, nuvos and alpha are increased annually in line with Pensions Increase legislation. Existing members of the PCSPS who were within 10 years of their normal pension age on 1 April 2012 remained in the PCSPS after 1 April 2015. Those who were between 10 years and 13 years and 5 months from their normal pension age on 1 April 2012 will switch into alpha sometime between 1 June 2015 and 1 February 2023. All members who switch to alpha have their PCSPS benefits 'banked', with those with earlier benefits in one of the final salary sections of the PCSPS having those benefits based on their final salary when they leave alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes.) Members joining from October 2002 may opt for either the appropriate defined benefit arrangement or a 'money purchase' stakeholder pension with an employer contribution (partnership pension account).

Employee contributions are salary-related and range between 4.6% and 8.05% of pensionable earnings for members of classic, classic plus, premium, nuvos and alpha pensions schemes. Benefits in classic accrue at the rate of 1/80th of final pensionable earnings for each year of service. In addition, a lump sum equivalent to three years

initial pension is payable on retirement. For premium, benefits accrue at the rate of 1/60th of final pensionable earnings for each year of service. Unlike classic, there is no automatic lump sum. Classic plus is essentially a hybrid with benefits for service before 1 October 2002 calculated broadly as per classic and benefits for service from October 2002 worked out as in premium. In nuvos a member builds up a pension based on his pensionable earnings during their period of scheme membership. At the end of the scheme year (31 March) the member's earned pension account is credited with 2.3% of their pensionable earnings in that scheme year and the accrued pension is uprated in line with Pensions Increase legislation. Benefits in alpha build up in a similar way to nuvos, except that the accrual rate is 2.32%. In all cases members may opt to give up (commute) pension for a lump sum up to the limits set by the Finance Act 2004.

The partnership pension account is a stakeholder pension arrangement. The employer makes a basic contribution of between 3% and 12.5% up to 30 September 2015 and 8% and 14.75% from 1 October 2015 (depending on the age of the member) into a stakeholder pension product chosen by the employee from a panel of providers. The employee does not have to contribute, but where they do make contributions, the employer will match these up to a limit of 3% of pensionable salary (in addition to the employer's basic contribution). Employers also contribute a further 0.8% of pensionable salary up to 30 September 2015 and 0.5% of pensionable salary from 1 October 2015 to cover the cost of centrally-provided risk benefit cover (death in service and ill health retirement).

The accrued pension quoted is the pension the member is entitled to receive when they reach pension age, or immediately on ceasing to be an active member of the scheme if they are already at or over pension age. Pension age is 60 for members of classic, premium and classic plus, 65 for members of nuvos, and the higher of 65 or State Pension Age for members of alpha. (The pension figures quoted for officials show pension earned in PCSPS or alpha – as appropriate. Where the official has benefits in both the PCSPS and alpha the figure quoted is the combined value of their benefits in the two schemes, but note that part of that pension may be payable from different ages.)

Further details about the Civil Service pension arrangements can be found at the website www.civilservicepensionscheme.org.uk

2024-25 employers' contributions were at a rate of 28.97% of pensionable pay. £2,213,591 was payable to the PCSPS (2024: £2,019,414).

Contributions of £13,753 were payable to stakeholder schemes in (2024: £8,869).

The PCSPS was closed to new joiners on 31 March 2025.

NHS Pension Scheme (NHSPS)

RHC has 42 (2024: 49) members of staff in the NHS Pension Scheme which is an unfunded multi-employer defined benefit scheme, but the RHC is unable to identify its share of the underlying assets and liabilities. The last formal actuarial valuation undertaken for the NHS Pension Scheme was completed as at 31 March 2020, increasing rates from 1 April 2024. The primary purpose of the formal actuarial valuations is to set employer and employee contribution rates. Between valuations, the Government Actuary provides an update of the scheme's liabilities on an annual basis. The latest assessment of the liabilities of the scheme is contained in the Scheme Actuary report, which forms part of the NHS Pension Scheme (England and Wales) Resource Account, published annually.

These accounts can be viewed at the NHS Pensions Agency website at www.nhsbsa.nhs.uk/pensions. This is a statutory, defined benefit scheme, the provisions of which are contained in the NHS Pension Scheme Regulations 1995 and 2008. Under the 31 March 2016 valuation the employer contribution rate increased from 14.3% to 20.6% in April 2019 plus the employer levy of 0.08%. A transitional arrangement operated in 2019-20 where employers in the scheme would continue to pay 14.38%. These arrangements continued in 2024-25. The 6.3% increase is split between two elements, a 2.5% foreseen element and a 3.8% unforeseen element. Funding will be received for the unforeseen elements. RHC is required to contribute 2.26% of the foreseen element. RHC pays a total employer's contribution of 16.64% of pensionable pay, as specified by the Secretary of State for Health. For 2024-25, employers' contributions of £234,236 were payable to the NHS Pension Scheme (2024: £248,967). These contributions are charged to operating expenses as and when they become due.

Employees pay between 5.2% and 12.5%. Employer and employee contributions are used to defray the cost of providing the scheme benefits. These are guaranteed by the Exchequer, with the liability to pay benefits falling to the Secretary of State, not to the RHC. Index linking costs under the Pensions (Increase) Act 1971 is met directly by the Exchequer. The scheme is notionally funded. Scheme accounts are prepared annually by the Department of Health and are examined by the Comptroller and Auditor General.

The scheme has a money purchase Additional Voluntary Contribution (AVC) arrangement provided by an approved panel of life companies. Under the arrangement the RHC can make contributions to enhance an employee's pension benefits. The benefits payable relate directly to the value of the investments made.

Unfunded scheme

Former Governors, Lieutenant Governors and Captains of Invalids are members of an unfunded defined benefit scheme. The scheme has 5 (2024: 6) retired members (or their widows) and is now closed to new entrants. The scheme is a final salary scheme with benefits based on number of years' service and final salary. Pensions paid during the year amounted to £20,957 (2024: £22,960).

The latest FRS 102 valuation of the liabilities in respect of the unfunded pension entitlements was carried out as at 31 March 2025, by an independent qualified actuary, using the key FRS102 assumptions set out in the following table, which reflect the nature of the liabilities. These pensions are all currently in payment and increase with price inflation (measured using the Consumer Prices Index).

Assumptions	2025	2024
Price inflation/pension increase per annum	2.7%	2.8%
Discount rate per annum	5.0%	4.7%

On the basis of the assumptions used for life expectancy, a male pensioner currently aged 80 would be expected to live for a further 10 years (2024: 10 years).

The following table sets out as at 31 March 2025 the present value of the FRS 102 liabilities, which is equal to the gross pension liability, along with a 4-year history. No further benefits are currently being earned under this arrangement.

	2025 £'000	2024 £'000	2023 £'000	2022 £'000
Defined pension scheme liability	124	133	136	182

The gross pension liability resides within the RHC's unrestricted funds. Its only impact on the resources available for general application are the annual payments to the pensioners of £22,960 for 2025 (2024: £24,397).

The gross pension liability under FRS 102 moved as follows during the year:

	2025 £'000	2024 £'000
Gross pension liability at the beginning of the year	133	136
Pensions paid	(21)	(23)
Interest cost	6	6
Actuarial (gain)/loss on defined benefit pension scheme	6	14
Gross pension liability at the end of the year	124	133

The following amounts have been allocated across the "resources expended" categories of the SOFA:

	2025 £'000	2024 £'000
Interest on gross pension liability	6	6

The amount recognised in the “gains and losses” categories of SOFA under the heading “actuarial gains and losses on defined benefit pension schemes” for the year to 31 March 2025 is a loss of £6,000 (2024: £14,000 loss). The cumulative amount recognised in the “gains and losses” categories of the SOFA since 2003 (as required by paragraph 28 of FRS 102) is a loss of £137,000 (2024: £131,000 loss).

22 – OPERATING LEASES

Amounts payable under non-cancellable operating leases are as follows:

	2025	2024
	£'000	£'000
Leases due to expire:		
Within 1 year	20	35
Within 2-5 years	2	5
After more than 5 years	-	-

Amounts paid under operating leases during the year were £42,000 (2024: £43,000).

Amounts receivable under non-cancellable operating leases are as follows:

	2025	2024
	£'000	£'000
Leases due to expire:		
Within 1 year	3,045	2,921
Within 2-5 years	560	1,618
After more than 5 years	90	74

Amounts received under operating leases during the year were £3,030,000 (2024: £2,880,000). The amounts disclosed above are up to the earliest break clause and do not include any index-linking or increases based on future events. Amounts received under operating leases include land leased for events and property leases.

23 - CAPITAL COMMITMENTS

	2025	2024
	£'000	£'000
Authorised and Contracted	140	4,148

Capital commitments includes £0.03m (2024: £1.2m) retention for refurbishment of the MTI. The works completed in the summer 2024. £0.11m (2024: £2.9m) relates to the development of the Soane Stable Yard. Works completed during Autumn 2024.

24 – LOSSES AND WRITE OFFS

Several heritage assets with a value of £86,000 were written off during the year (note 11). £83,000 related to assets on loan to RHC but were incorrectly capitalised. There were no other material losses or write offs during the year (2024: £13,000).

25 - MOVEMENT IN FUNDS – GROUP

	Balance at 1 April 2024 £'000	Incoming resources £'000	Resources expended £'000	Other gains & (losses) £'000	Transfers £'000	Balance at 31 March 2025 £'000
Unrestricted Undesignated Funds						
Grant in Aid	(21,703)	17,368	(15,662)	(6)	-	(20,003)
Prize Money and Legacy Fund						
General Reserve	274,878	15,141	(20,578)	(19,156)	7,793	258,078
Ranelagh & De la Fontaine Trust Capital	7	-	-	-	-	7
Revaluation Reserve	28,602	-	-	1,445	-	30,047
RHC Appeal Ltd	120	6,027	(12,571)	-	6,877	453
Total Unrestricted Undesignated Funds	281,904	38,536	(48,811)	(17,717)	14,670	268,582
Unrestricted Designated Funds						
RHC Appeal	250	175	-	-	(175)	250
Building maintenance	4,235	-	-	-	-	4,235
Capital projects	1,280	-	-	-	(1,253)	27
Total Unrestricted Designated Funds	5,765	175	-	-	(1,428)	4,512
Restricted Funds						
Prize Money and Legacy Fund						
Campbell Ward	7	-	-	-	-	7
Cadogan Donation	27	-	-	-	-	27
CP Activities	59	-	-	-	-	59
MTI fund	32	-	-	-	-	32
Garden & Allotments	28	-	-	-	-	28
Chapel Music Foundation	43	7	(12)	-	-	38
Gordon House Fund	28,457	620	-	(178)	(6,540)	22,359
RHC Appeal Ltd	5,842	2,904	(471)	-	(6,702)	1,573
Total Restricted Funds	34,495	3,531	(483)	(178)	(13,242)	24,123
Total Funds	322,164	42,242	(49,294)	(17,895)	-	297,217

25 - MOVEMENT IN FUNDS – HOSPITAL

	Balance at 1 April 2024 £'000	Incoming resources £'000	Resources expended £'000	Other gains & (losses) £'000	Transfers £'000	Balance at 31 March 2025 £'000
Unrestricted Undesignated Funds						
Grant in Aid	(21,703)	17,368	(15,662)	(6)	-	(20,003)
Prize Money and Legacy Fund						
General Reserve	274,879	15,141	(20,579)	(19,156)	7,793	258,078
Ranelagh & De la Fontaine Trust Capital	7	-	-	-	-	7
Revaluation Reserve	28,602	-	-	1,445	-	30,047
Total Unrestricted Undesignated Funds	281,785	32,509	(36,241)	(17,717)	7,793	268,129
Unrestricted Designated Funds						
Building maintenance	4,235	-	-	-	-	4,235
Capital projects	1,280	-	-	-	(1,253)	27
Total Unrestricted Designated Funds	5,515	-	-	-	(1,253)	4,262
Restricted Funds						
Prize Money and Legacy Fund						
Campbell Ward	7	-	-	-	-	7
Cadogan Donation	27	-	-	-	-	27
CP Activities	59	-	-	-	-	59
MTI fund	32	-	-	-	-	32
Garden & Allotments	28	-	-	-	-	28
Chapel Music Foundation	43	7	(12)	-	-	38
Gordon House Fund	28,457	620	-	(178)	(6,540)	22,359
Total Restricted Funds	28,653	627	(12)	(178)	(6,540)	22,550
Total Funds	315,953	33,136	(36,253)	(17,895)	-	294,941

Unrestricted funds

The general funds consist of the accumulated surplus or deficit on the SOFA. They are available for use the discretion of the Commissioners in furtherance of the objectives of the RHC. No surplus is generated from GIA funds in accordance with the framework agreement with the MoD. The RHC's unrestricted reserves are known as the "Prize Money and Legacy Fund." The origins of this name go back to at least the early 19th century but today it simply means unrestricted reserves generated from sources other than GIA income.

Designated funds

The Board of Commissioners have created a designated reserve for the maintenance of the RHC's operational buildings. The amount set aside should be around the expected figure of maintenance expenditure for the next three years as shown in the RHC's 20-year maintenance plan. Two further designated funds were created, one to fund the refurbishment of the MTI, and a second to support the CPs' Outreach project.

Restricted funds

The **Campbell Ward Fund** represents donations raised from a special appeal to create a specialist dementia care facility.

The **Cadogan Donation** fund is donated by the Cadogan Charity towards CPs' mobility and travel costs.

The **MTI Fund** consists of donations given specifically for the MTI.

The **Gordon House Fund** represents the proceeds of the sale of the Gordon House lease. Under the terms of the Section 106 agreement with RBKC these proceeds may only be used for heritage capital expenditure. The majority of the funds are invested with the other RHC funds managed by Sarasin and BlackRock (note 13) and an appropriate share of the income and capital gains arising is credited to the fund. During the year amounts were transferred to fund the refurbishment of the Soane Stable Yard.

The **CP activities, MTI and Garden and Allotments funds** represent funds donated for these specific purposes.

26 – ANALYSIS OF NET ASSETS BETWEEN FUNDS – GROUP

	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	2025	2025	2025	2024	2024	2024
	£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets						
Heritage	20,315	-	20,315	19,195	-	19,195
Non heritage	140,285	457	140,742	138,165	6,261	144,426
Investment property	59,845	-	59,845	78,500	-	78,500
Investments	52,390	18,648	71,038	51,366	18,283	69,649
Current Assets						
Stock	67	-	67	61	-	61
Debtors: falling due within one year	1,436	-	1,436	1,401	-	1,401
Cash at bank and in hand	5,845	5,018	10,863	4,394	9,950	14,344
Liabilities						
Creditors: amounts falling due within one year	(6,802)	-	(6,802)	(5,137)	-	(5,137)
Creditors: amounts falling due after one year	(163)	-	(163)	(142)	-	(142)
Defined pension scheme liability	(124)	-	(124)	(133)	-	(133)
	273,094	24,123	297,217	287,670	34,494	322,164

26 – ANALYSIS OF NET ASSETS BETWEEN FUNDS – HOSPITAL

	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	2025	2025	2025	2024	2024	2024
	£'000	£'000	£'000	£'000	£'000	£'000
Non-current assets						
Heritage	20,315	-	20,315	19,195	-	19,195
Non heritage	140,261	457	140,718	138,157	6,261	144,418
Investment property	59,845	-	59,845	78,500	-	78,500
Investments	52,795	18,648	71,443	51,771	18,283	70,054
Current Assets						
Debtors: falling due within one year	1,335	-	1,335	663	-	663
Cash at bank and in hand	3,851	3,445	7,296	8,754	4,109	12,863
Liabilities						
Creditors: amounts falling due within one year	(5,724)	-	(5,724)	(9,465)	-	(9,465)
Creditors: amounts falling due after one year	(163)	-	(163)	(142)	-	(142)
Defined pension scheme liability	(124)	-	(124)	(133)	-	(133)
	272,391	22,550	294,941	287,300	28,653	315,953

27 - DERIVATIVES AND OTHER FINANCIAL INSTRUMENTS

FRS 102 requires disclosure of the role which financial instruments have had during the year in creating or changing the risks an entity faces in undertaking its activities. Financial instruments include investments in equity shares and bonds, cash held on deposit and other receivables. The RHC's position is:-

	Hospital 2025 £'000	Hospital 2024 £'000	Group 2025 £'000	Group 2024 £'000
Financial Assets				
Investments	71,443	70,054	71,038	69,649
Cash held	7,296	12,863	10,863	14,344
Rent & other receivables	1,335	663	1,436	1,401
Total financial assets	80,074	83,580	83,337	85,394
Financial Liabilities				
Trade & Other payables	5,887	9,607	6,965	5,279
Total financial liabilities	5,887	9,607	6,965	5,279

Interest rate risk

RHC has exposure to interest rate risk through its cash balances. This risk is not material as cash balances form only a small proportion of financial assets. The impact of interest rate movements on listed investment values is considered below under "market price risk."

Currency risk

RHC is exposed to currency risk through the element of listed investments held in non-UK assets. These investments are held for the long term and the proportion of funds held in non-sterling assets is monitored by the Finance & General Purposes Committee on a regular basis.

Market price risk

RHC is exposed to market price movements through its listed investment holdings, apart from funds held in cash. Listed investments are managed by professional managers under the supervision of the Finance & General Purposes Committee. The portfolio invests in a diverse range of asset classes and markets designed to balance risk and return. These investments are held for the long term and therefore the risks arising from short-term market movement are small. As discussed earlier, there has been enhanced uncertainty due to higher inflation, political unrest and conflict in Ukraine.

Credit risk

Credit risk is the possibility that a counterparty (e.g. a bank) will default on its obligations. RHC is exposed to credit risk in respect of its cash deposits and receivables. Cash deposits are held at RHC's main bank, Barclays, and the risk is therefore considered to be acceptable. Receivables consist of a large number of small amounts due from a variety of customers and the risk of default of an individual customer is not material.

28 – POST BALANCE SHEET EVENTS

There are no post balance sheet events to report.

These accounts were authorised for issue by the Accounting Officer and the Board of Commissioners on the date shown on the audit report.

29 – RELATED PARTIES

As disclosed in the Organisational structure, Governance and Decision making section of the Annual Report, some Ex-officio Commissioners have links with organisations with which the RHC has a financial relationship (such as the MoD and the Army). The Governor, Specially Appointed Commissioners and senior managers complete an annual Declaration of Interests return and are required to declare any interest in items discussed at Board and Committee meetings. The Board is satisfied that all potential conflicts were declared, and no conflicts of interest arose with related parties arose during the year ended 31 March 2025.

Royal Hospital Chelsea Appeal Ltd and Chelsea Pensioner (RH) Ltd

The relationship to Royal Hospital Chelsea Appeal Ltd and Chelsea Pensioner (RH) Ltd is disclosed in note 10 together with summary financial information, and the balances due at the year end are disclosed in note 17.

Gordon House (London) Ltd and Tricorn Traders Ltd

The relationship to Gordon House (London) Ltd and Tricorn Traders Ltd is disclosed in note 10 together with summary financial information, there were no transactions during the year.

Ministry of Defence

The RHC is classified for administrative purposes by the MoD as an Arm's Length Body which it partially funds via GIA. GIA funding from the MoD is separately disclosed in note 5 of the Financial Statements. Additional transactions between both parties occur during the year and amount to less than £100k.

30 – TRANSACTIONS WITH SUBSIDIARY COMPANIES

RHC receives income from its subsidiary, RHC Appeal Ltd, and its subsidiary, Chelsea Pensioner (RH) Ltd, It also makes charges to the subsidiary for management and other services. During the year income of £10,250,000 (2024: £4,090,000) was received and charges of £1,357,000 (2024: £1,134,000) were made.

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