

The National Benevolent Institution

Report and Financial Statements

For the year ended 31 December 2007

Charity No: 212450



The National Benevolent Institution

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The National Benevolent Institution

Trustees' Report for the year ended 31 December 2007

The trustees are pleased to present their report together with the financial statements of the charity for the year ended 31 December 2007.

Reference and Administrative Details

Constitution

The National Benevolent Institution was founded by Peter Hervé in 1812 and is a registered charity constituted under a Royal Charter of 5 November 1859, and supplemental Royal Charters of 17 March 1948, 12 February 1997 and Order in Council of 19 July 2005. The Bye-Laws were last amended on 19 July 2005.

Registered charity number 212450.

Royal Charter number RC000364.

Patron

His Royal Highness The Prince of Wales

President

Baroness Morris of Bolton OBE

Vice Presidents

Dr E Beverley

Mr R P Gent (appointed 19 September 2007)

Mr W P Halliday MBE

Mr A R C Hobbs

Committee of Management

The charity is managed by a Committee of Management consisting of the trustees:

Air Cdre D N Adams (Chairman of the Benevolence sub-committee)

Mr F J Baker (Chairman of the Audit sub-committee)

Mr C C Bell

Mr P J Black (resigned 27 June 2007)

Miss J M Bradley

Mr A Crawford

Prince G Galitzine

Mr R P Gent (resigned 19 September 2007)

Mr D S P McEuen (Chairman of the Committee of Management)

Mr G D Neely

Mr J C Whitaker (Chairman of the Investment sub-committee)

Chief Executive

Wing Commander C J Hill (resigned 28 February 2007)

Interim Chief Executive

Mr P N Rossi (appointed 1 June 2007)

Principal and registered office

Peter Hervé House, Eccles Court, Tetbury, Gloucestershire, GL8 8EH

Tel: 01666 505500 Fax: 01666 503111 email: office@nbi.org.uk

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Trustees' Report for the year ended 31 December 2007

Auditors

Randall & Payne, Rodborough Court, Stroud, Gloucestershire, GL5 3LR

Bankers

HSBC Bank plc, The Cross, Gloucester, GL1 2AP

National Westminster Bank plc, Paddington Branch, 26 Spring Street, London, W2 1WE

Investment Managers

HSBC Investment Management, 78 St James's Street, London, SW1A 1HL

Solicitors

Stone King, 13 Queen Square, Bath, BA1 2HJ

Structure Governance and Management

The Committee of Management meets every other month and is responsible for the strategic direction and policy of the charity. The work of the Committee of Management is supported by three sub-committees with responsibility for investments, benevolence and audit.

The Investment sub-committee is responsible for recommending the appointment of the investment managers, for reviewing their performance and agreeing their charges. The Benevolence sub-committee meets to review the benevolence work authorised under authority delegated to staff and to consider other applications for help. The Audit sub-committee meets the appointed auditors and investigates the annual accounts sufficiently to be able to commend them to the Committee of Management.

The administration and day to day management of the charity is the responsibility of the Interim Chief Executive based at the principal office in Tetbury. Three other members of staff at Tetbury have responsibility for benevolence, accommodation and office management, and a fifth member of staff is the House Manager for the Knowles Foster Homes in Old Windsor.

Under the Royal Charter trustees must be elected from the members of the institution, but should there be any less than 6 trustees the Committee of Management shall have the power to co-opt additional members to make the number up to six. New trustees are interviewed and briefed before appointment, and formal training is provided as may be required.

During 2007, the Investment sub-committee met 6 times, the Benevolence sub-committee met 4 times, and the Audit sub-committee met once.

Land registrations have been completed for all the NBI properties.

Subsidiary charities

The following are subsidiary charities of the NBI:

The Knowles Foster Homes (which owns the Tapestries); and

The Dull Fund B and The Alice Wills Annuities Fund.

The Charity Commission, by orders effective 29 December 2004, gave permission for the capital of these funds to be spent as income in furtherance of their objectives. In 2007 the capital of the Dull Fund B was expended.

The Nursing Home Fund was fully expended in the year ended 31 December 2006, an application to remove this subsidiary from the register of charities will be made shortly.

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Trustees' Report for the year ended 31 December 2007

Objects and Activities

The object of the charity, as stated in the Supplemental Charter of 19 July 2005, shall be the relief of qualifying persons who are in need by reason of old age, infirmity, sickness or economic circumstances.

The charity offers assistance by monetary payments in the form of regular payments or single grants, through the provision of goods and also by the provision of accommodation. The Committee of Management has decided that to qualify for monetary support, individuals must be in receipt of a state retirement pension and have limited means, or be over 50 years of age and in receipt of middle or higher rate, not fixed rate, disability living allowance and have limited means. To qualify for accommodation, individuals must be ladies and gentlemen over the age of 50 and of limited means. Applicants for assistance must have been resident within the UK for the preceding twelve months.

Since it was founded by Peter Hervé in 1812, the charity has made regular payments to people in financial hardship. The evolution of the welfare state and the provision of state-funded benefits has relieved the absolute poverty that existed in past times. Nevertheless, relative poverty remains a continuing social evil for many retired and elderly people. The charity continues to make regular payments, previously called annuities, to people in need, and also single payments to meet sudden or occasional costs, such as those for broken down appliances, heating system repairs, decorations, or a much needed holiday. In addition, the charity's staff give help and guidance to beneficiaries to ensure that they receive all the state benefits to which they are entitled.

The charity's residential accommodation is for retired and elderly people and, where possible, it has been so designed or adapted. Care is taken to ensure that the accommodation is in a secure and peaceful setting, and some limited support is available for residents who need occasional help.

Accommodation is provided for beneficiaries in Tetbury in Gloucestershire, Old Windsor in Berkshire and Westgate-on-Sea in Kent. In Tetbury, there are nine apartments in Peter Hervé House, a purpose built sheltered style block, and a further two in Lenox House, a refurbished 16th century coach house and grade II* listed building. In Old Windsor, there are 28 apartments at the Tapestries, a late 19th century building originally part of the Royal Windsor Tapestry Manufactory, converted with funds from the Knowles Foster trust and now administered by the charity. At Westgate-on-Sea there are two bungalows, built by the charity and providing accommodation for two retired nurses.

The charity also owns the freehold of the Priory in Tetbury and the surrounding land on which Peter Hervé House and Lenox House stand. The Priory is a grade II listed building leased to Somerset Care Ltd for use as a nursing home.

Following the departure of the chief executive during the year, the Committee of Management decided that it was an opportune time to review the activities and organisation of the charity and an interim chief executive was appointed to assist with this review. The Committee of Management considered preliminary reports and identified a number of issues of strategy and policy to be considered and resolved. This work continues into 2008.

Achievements and Performance

Benevolence

At the end of the year there were 212 beneficiaries in receipt of regular payments of up to £13 per week for a single person and £17.50 per week for a couple. 13 new beneficiaries received regular payments, and 21 existing beneficiaries ceased to receive regular payments, thirteen of whom had sadly died. 52 of these regular beneficiaries also received single grants amounting in total to £11,413. A further nine beneficiaries received just single grants totalling £3,452.

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Trustees' Report for the year ended 31 December 2007

The charity is a member of the Association of Charity Officers, the umbrella organisation for benevolence charities and it plays a full part in the association's affairs. The charity also works closely with other charities in the sector, such as Elizabeth Finn Care, the Society for Ladies in Reduced Circumstances, the armed forces charities and the benevolence charities linked to a particular trade or profession. The charity supported the initiatives of the Association of Charity Officers and Turn2Us to increase public awareness about the availability of benevolence.

Accommodation

During the year a further 12 apartments at the Tapestries were fully refurbished as part of the continuing programme of works as apartments become vacant. The refurbishments consist of the installation of new kitchens and bathrooms and a full redecoration. Studio apartments of sufficient size are converted into one bedroom apartments, and windows are replaced as necessary. 18 apartments are now fully refurbished, and a further three partially refurbished, so offering beneficiaries a higher standard of accommodation.

A building survey of the Tapestries was undertaken and a 5 year programme of works has been scheduled in order to keep the buildings in a high standard of repair.

A new contract gardener was appointed for the Tapestries and the standard of the gardens has greatly improved.

The residential accommodation at Tetbury and Old Windsor is let through local and national press advertising. The Committee of Management, as a part of the review of activities and organisation, has decided to focus its lettings marketing more towards the charity's beneficiary class.

The charity is a member of the Almshouse Association which provides valuable information and training for the trustees and staff of member organisations, and which represents the almshouse movement to government.

The Priory Nursing Home

The charity repaired and maintained to a high standard the Priory in Tetbury in order to provide quality accommodation for the residents of the nursing home and to preserve this listed building.

Financial Review

Total incoming resources decreased by £62,000 to £666,000. Investment income fell by £28,000 to £359,000 and legacy income by £61,000 to £88,000. Rental and miscellaneous income rose by £23,000.

Total resources expended rose by £156,000 to £705,000; £148,000 of this increase relates to a rise in direct charitable expenditure which totalled £639,000.

Net outgoing resources amounted to £40,000 and after taking account of unrealised gains on investments of £323,000 total funds increased by £356,000 to £13,360,000.

The National Benevolent Institution

Trustees' Report for the year ended 31 December 2007

Investment powers, policy and performance

The objective of the investment manager is to obtain a reasonable long term overall return on the funds invested at moderate risk, and at the same time, to aim for income targets which are set by the Investment sub-committee. Reports on performance are prepared quarterly and are reviewed by the Committee. The investment manager attends two meetings of the Investment sub-committee.

The performance of the fund for 2007, measured on a total return basis, was 8.7% compared with the composite benchmark index of 5.7%.

Reserves policy

It is the aim of the charity to maintain unrestricted funds, which are free reserves of the charity, at a level which equates to six months' expenditure, approximately £100,000. This provides sufficient funds to cover management, administration and payments to beneficiaries. The current level of unrestricted funds excluding the inter-charity loan is £125,361.

Grant making policy

Regular payments and single grants to beneficiaries are paid to qualifying persons following approval by the Benevolence Sub-committee in accordance with both the terms of the charity's governing documents and the advice and guidance of the Charity Commission.

At the moment grants are payable only to individuals and not to institutions.

Related parties

Related parties include the members of the Committee of Management. There have been no transactions with related parties in the year.

Risk management

The Trustees have identified the major risks that face the charity and are satisfied that systems are in place to mitigate the effect of those risks. The risks are kept under review.

Future Plans

The future plans of the charity will depend on the outcomes of the comprehensive review of the charity's activities and organisation. Meanwhile, the charity will continue with the charitable activities set out above, ensuring that so far as possible, it provides the maximum benefit to its beneficiaries.

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Trustees' Report for the year ended 31 December 2007

Statement of trustees' responsibilities

The Charities Act 1993 requires the trustees of the charity to prepare financial statements for each financial year which give a true and fair view of the charity's financial activities during the year and of its financial position at the end of the year.

In preparing the financial statements the trustees are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the charity will continue in operation.

The trustees are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 1993. The trustees are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement as to disclosure of information to auditors

So far as the Trustees are aware, there is no relevant information of which the company's auditors are unaware, and the Trustees have taken all the steps necessary in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

A resolution proposing that Messrs Randall & Payne be re-appointed as auditors of the charity will be put to the Annual General Meeting.

Funds held as custodian for others

The following are subsidiary charities of the NBI:

The Knowles Foster Homes – 212450/1

The Dull Fund B – 212450/4

The Alice Wills Annuities Fund – 212450/5

The Nursing Home Fund – 212450/6

On behalf of the Committee:

D S P McEuen – Chairman of the Committee of Management

7 May 2008

The National Benevolent Institution

Independent auditors' report to the trustees and members of The National Benevolent Institution

We have audited the financial statements of The National Benevolent Institution for the year ended 31 December 2007 which comprise the Statement of Financial Activities, the Balance Sheet and related notes set out on pages 9 to 18. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the institution members, as a body, in accordance with Section 43 of the Charities Act 1993.

Our audit work has been undertaken so that we might state to the institution members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the institution members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of trustees and auditors

The trustees' responsibilities for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Trustees' Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the Report of the Trustees is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charity is not disclosed.

We read other information contained in the Report of the Trustees and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practice Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the charity's affairs as at 31 December 2007 and of the incoming resources and application of resources, including the income and expenditure, in the year then ended and have been properly prepared in accordance with the Charities Act 1993.

Randall & Payne

Chartered Accountants and Registered Auditors
Rodborough Court, Stroud, Gloucestershire, GL5 3LR
9 June 2008

The National Benevolent Institution

Statement of Financial Activities for the year ended 31 December 2007

	Notes	Unrestricted General Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2007 £	Total Funds 2006 £
Incoming resources						
<i>Incoming resources from generated funds:</i>						
Voluntary Income:						
Donations and subscriptions		6,777	-	-	6,777	3,861
Legacies receivable		88,264	-	-	88,264	149,309
<i>Investment Income:</i>						
Dividends and interest		357,998	-	849	358,847	387,146
<i>Incoming resources from charitable activities:</i>						
Accommodation		57,861	-	-	57,861	47,521
Knowles Foster Homes		-	111,105	-	111,105	97,879
Nursing Home		42,261	-	-	42,261	42,020
Miscellaneous income		482	-	-	482	669
Total incoming resources		553,643	111,105	849	665,597	728,405
Resources expended						
Cost of generating funds	2	31,945	-	-	31,945	33,264
<i>Charitable activities:</i>						
Accommodation	3	89,804	-	-	89,804	89,664
Beneficiaries		205,098	-	8,236	213,334	210,547
Knowles Foster Homes		-	271,714	-	271,714	114,571
Nursing Home		64,464	-	-	64,464	76,713
Governance costs		33,870	-	-	33,870	23,995
Total Resources expended		425,181	271,714	8,236	705,131	548,754
Net incoming / (outgoing) resources		128,462	(160,609)	(7,387)	(39,534)	179,651
Transfers between funds		-	-	-	-	-
Net incoming resources before investment gains and losses		128,462	(160,609)	(7,387)	(39,534)	179,651
Realised loss on sale of investments		(46,318)	-	-	(46,318)	(51,373)
Realised gain on sale of investments		119,309	-	-	119,309	51,351
Unrealised gain on investments		322,652	-	-	322,652	565,270
Net movement in funds		524,105	(160,609)	(7,387)	356,109	744,899
Total funds at 1 January 2007		11,059,850	262,885	1,680,881	13,003,616	12,258,717
Total funds at 31 December 2007		11,583,955	102,276	1,673,494	13,359,725	13,003,616

The National Benevolent Institution

Balance Sheet as at 31 December 2007

	Notes	2007 £	2006 £
Fixed assets			
Tangible assets	7	4,504,319	4,417,589
Investments	8	8,740,168	8,452,440
		<u>13,244,487</u>	<u>12,870,029</u>
Current assets			
Debtors	9	99,483	72,868
Cash at bank and in hand		147,095	196,484
		<u>246,578</u>	<u>269,352</u>
Creditors: amounts falling due within one year	10	131,340	135,765
Net Current Assets		<u>115,238</u>	<u>133,587</u>
	13	<u>13,359,725</u>	<u>13,003,616</u>
Unrestricted Funds:			
General		379,617	244,253
Designated		11,204,338	10,815,597
		<u>11,583,955</u>	<u>11,059,850</u>
Restricted Funds		102,276	262,885
Endowment Funds		1,673,494	1,680,881
		<u>13,359,725</u>	<u>13,003,616</u>

Approved by the Committee of Management on 7 May 2008 and signed on its behalf by:

Mr D S P McEuen – Chairman of the Committee of Management

The National Benevolent Institution

Notes forming part of the financial statements for the year ended 31 December 2007

1. Accounting policies

The financial statements have been prepared in accordance with the requirements of the Charities Act 1993 and in accordance with the Statement of Recommended Practice, Accounting and Reporting by Charities (SORP 2005) issued in March 2005. The accounts have also been prepared on the going concern basis.

The principal accounting policies adopted in the preparation of the financial statements are as follows:

Accounting Convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Allocation of income to funds

All income (including voluntary donations) is allocated to the income fund unless otherwise restricted by the donor or specifically designated by the trustees.

Restricted funds are funds which the donor has specifically restricted the purpose for which they can be used. The aim and use of each restricted fund is set out in the notes to the financial statements.

Designated funds are funds that the trustees have specifically designated the purpose for which they can be applied.

General funds are expendable at the discretion of the trustees in furtherance of the objects of the charity.

Permanent endowment funds are funds which the trustees may not spend as if it were income. It must be held permanently to produce an income for the charity or to further the charity's purposes.

Expendable endowment funds are funds where permission has been granted by the Charity Commission to spend a previously permanent endowment fund as income. The funds must be spent in line with the original purposes of that fund.

Investment income, recognised and unrecognised gains and losses are allocated to the appropriate fund.

Incoming resources

All incoming resources are included in the Statement of Financial Activities when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income:

- Voluntary income is received by way of grants, donations and gifts and is included in full in the Statement of Financial Activities when receivable. Grants, where entitlement is conditional on the delivery of a specific performance by the Charity, are recognised when the Charity becomes unconditionally entitled to the grant.
- Donated services and facilities are included at the value to the Charity where this can be quantified. The value of services provided by volunteers has not been included in these accounts.
- Legacies are accounted for at the time of receipt of the gift or once there is a reasonable certainty of the actual receipt, if sooner.
- Investment income is included when receivable.
- Rental income is included when receivable.

The National Benevolent Institution

Notes forming part of the financial statements for the year ended 31 December 2007 (Cont'd)

1. Accounting policies (cont'd)

Resources expended

Expenditure is recognised on an accruals basis as a liability is incurred. Expenditure includes VAT which is reported as part of the expenditure to which it relates:

- Costs of generating funds comprise the costs associated with attracting voluntary income and other income.
- Charitable activities comprise those costs incurred by the Charity in the delivery of its activities and services for its beneficiaries. It includes both costs that can be allocated directly to such activities and those costs of an indirect nature necessary to support them.
- Governance costs include those costs associated with meeting the constitutional and statutory requirements of the Charity and include the audit fees and costs linked to the strategic management of the Charity.
- All costs are allocated between the expenditure categories of the Statement of Financial Activities on a basis designed to reflect the use of the resource. Costs relating to a particular activity are allocated directly, others are apportioned on the basis of management estimates of the amount attributable to that activity in the year either by reference to staff time, space occupied, or estimated usage, as appropriate.

Tangible fixed assets

Assets which cost less than £250 are in most cases not capitalised.

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful economic life.

Freehold property	not provided
Equipment, fixtures and fittings	25% on reducing balance
Computer Equipment	33.3% on cost

No depreciation is provided on freehold buildings. It is the charity's practice to maintain these assets in a continual state of sound repair and to extend and make improvements thereto from time to time. Accordingly the trustees consider that the lives of these assets are so long, and residual values so high, that the depreciation is insignificant. Any permanent diminution in the value of such buildings will be charged to the Statement of Financial Activities as appropriate.

Beneficiaries

Regular payments are paid subject to a continuing assessment of financial circumstances and payments can be suspended by the Committee of Management at any time. Therefore no provision is made for future payments.

Operating leases

Rentals payable are charged on a time basis over the lease term.

The National Benevolent Institution

Notes forming part of the financial statements for the year ended 31 December 2007 (Cont'd)

2. Cost of generating funds

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2007	Total Funds 2006
	£	£	£	£	£
Publicity	5,882	-	-	5,882	8,109
Portfolio management fees	26,063	-	-	26,063	25,155
	<u>31,945</u>	<u>-</u>	<u>-</u>	<u>31,945</u>	<u>33,264</u>

3. Charitable activities

	Accommodation £	Beneficiaries £	Knowles Foster Homes £	Nursing Home £	Governance £	2007 Total £	2006 Total £
Direct Costs							
Directly charged salaries	-	25,054	13,836	-	-	38,890	35,327
Grants	-	20,810	1,089	-	-	21,899	21,945
Regular payments	-	130,671	-	-	-	130,671	134,751
Depreciation	1,666	-	360	-	-	2,026	2,701
Insurance – Property	4,481	-	7,019	7,445	-	18,945	18,926
Letting management fees	-	-	1,958	-	-	1,958	1,932
Light, heat and cleaning	6,027	-	13,911	-	-	19,938	17,055
Repairs and maintenance	27,055	-	192,881	32,183	-	252,119	124,948
Rates and water	2,970	-	8,109	-	-	11,079	10,423
Upkeep of garden	8,696	-	8,126	7,337	-	24,159	19,177
Insurance	-	-	-	-	1,916	1,916	1,916
Office equipment and stationery	-	9	184	-	-	193	344
Advertising	1,099	-	303	-	-	1,402	3,128
Management Expenses	192	70	186	-	-	448	-
Subscriptions	56	-	145	-	-	201	85
Telephone and postage	127	-	602	-	-	729	611
Audit and accountancy	-	-	1,498	-	10,552	12,050	7,896
Bank charges	-	-	-	-	115	115	92
Legal and professional	20	34	6,591	2,584	1,325	10,554	8,519
Trustees meetings	-	-	-	-	1,606	1,606	1,423
	<u>52,389</u>	<u>176,648</u>	<u>256,798</u>	<u>49,549</u>	<u>15,514</u>	<u>550,898</u>	<u>411,199</u>
Support Costs							
Administration salaries	29,268	25,821	12,200	12,199	15,640	95,128	81,471
Depreciation	197	263	66	66	66	658	778
Insurance	451	603	151	151	151	1,507	1,783
Legal and professional	265	352	88	88	88	881	498
Light, heat and cleaning	500	664	165	165	165	1,659	1,537
Management expenses	1,000	1,334	333	333	333	3,333	3,932
Office equipment maintenance	620	827	207	207	207	2,068	2,107
Office equipment and stationery	2,113	2,816	704	704	704	7,041	3,127
Advertising	306	409	102	102	102	1,021	-
Pensioners	465	620	155	155	155	1,550	2,838
Rates and water	170	227	57	57	57	568	398
Repairs and maintenance	150	201	50	50	50	501	1,192
Subscriptions	906	1,210	303	303	303	3,025	700
Telephone and postage	<u>1,004</u>	<u>1,339</u>	<u>335</u>	<u>335</u>	<u>335</u>	<u>3,348</u>	<u>3,930</u>
	<u>37,415</u>	<u>36,686</u>	<u>14,916</u>	<u>14,915</u>	<u>18,356</u>	<u>122,288</u>	<u>104,291</u>
Total Costs	<u>89,804</u>	<u>213,334</u>	<u>271,714</u>	<u>64,464</u>	<u>33,870</u>	<u>673,186</u>	<u>515,490</u>

The National Benevolent Institution

Notes forming part of the financial statements for the year ended 31 December 2007 (Cont'd)

3. Charitable activities (cont'd)

Support cost allocation:

Administration salaries are apportioned based on staff time.

All remaining support costs are split on a percentage basis to reflect staff time spent and the resources used in managing each activity of the Charity. The percentages used are as follows:

Accommodation	30%
Beneficiaries	40%
Knowles Foster Homes	10%
Nursing Home	10%
Governance	10%

4. Movement in total funds for the year

	2007	2006
	£	£
This is stated after charging:		
Operating lease costs	521	1,119
Auditors' remuneration - external audit	5,552	5,288
Depreciation charges	2,684	3,479
Trustees indemnity insurance	1,916	1,916
	<u>11,673</u>	<u>13,211</u>

5. Staff costs

	2007	2006
	£	£
Wages and salaries	118,179	104,336
Social security costs	11,040	10,415
Pensions paid to former employees	1,550	2,838
Expenses	358	-
Interim Chief Executive	4,441	-
	<u>135,568</u>	<u>117,589</u>

No employee earned in excess of £60,000 (2006: £60,000).

6. Staff numbers

	2007	2006
	Number	Number
Administration and support	5	4

The above staff numbers are based on full time equivalents and in 2007 include 3 full time and 3 part time employees (2006: 3 full time and 2 part time).

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Notes forming part of the financial statements for the year ended 31 December 2007 (Cont'd)

7. Tangible fixed assets

	Freehold Land and buildings £	Equipment, fixtures and fittings £	Computers £	Total £
<u>Cost or valuation</u>				
At 1 January 2007	4,407,765	26,134	3,651	4,437,550
Additions	89,414	-	-	89,414
At 31 December 2007	4,497,179	26,134	3,651	4,526,964
<u>Depreciation</u>				
At 1 January 2007	-	16,614	3,347	19,961
Provided during the year	-	2,380	304	2,684
At 31 December 2007	-	18,994	3,651	22,645
<u>Net book value</u>				
At 31 December 2007	4,497,179	7,140	-	4,504,319
At 31 December 2006	4,407,765	9,520	304	4,417,589

The cost of land and buildings has not been professionally revalued. However, the Trustees are of the opinion that its current market value is in excess of the value shown above.

8. Fixed asset investments

	2007 £	2006 £
Market value at 1 January 2007	7,952,046	7,721,059
Additions	683,248	817,302
Disposals	(1,028,681)	(1,151,585)
Gain on revaluation	322,652	565,270
	7,929,265	7,952,046
Cash held for investment purposes	810,903	500,394
Market value at 31 December 2007	8,740,168	8,452,440

Investments at market value comprises:

UK equities	4,964,818	5,366,400
UK fixed interest	1,379,073	1,409,509
Overseas equities	1,192,370	1,043,137
Overseas fixed interest	393,004	133,000
Cash held for investment purposes	810,903	500,394
	8,740,168	8,452,440

The National Benevolent Institution

Notes forming part of the financial statements for the year ended 31 December 2007 (Cont'd)

8. Fixed asset investments (cont'd)

The following investments exceeded 5% of the market value of the portfolio.

	2007 £	2006 £
National Grid Gas Plc 8.875% Bonds (2008)	630,344	649,873

	2007 £	2006 £
Investments at cost:	6,003,991	6,447,384

9. Debtors

	2007 £	2006 £
Accrued income	77,750	53,000
Sundry debtors	11,360	10,583
Prepayments	10,373	9,285
	99,483	72,868

10. Creditors: amounts falling due within one year

	2007 £	2006 £
Other creditors and accruals	21,340	35,765
Provisions to complete capital projects	110,000	100,000
	131,340	135,765

11. Contingent Liabilities

Beneficiaries:

Beneficiaries are paid subject to a quarterly review of financial circumstances. Beneficiaries can be suspended at any time should the financial circumstances change. Currently the quarterly regular payments total approximately £30,000. At the year end no commitment existed for amounts to be paid to annuitants.

Land and Buildings:

Included within the cost of Land and Buildings is £110,000 (2006: £100,000) shown within Creditors (note 10) being the estimated costs to completion of Peter Hervé House and associated projects. This amount is currently under negotiation between the charity's surveyors and the original contractors and their surveyors. The final quantum is not yet known.

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Notes forming part of the financial statements for the year ended 31 December 2007 (Cont'd)

12. Capital Commitments

	2007 £	2006 £
The charity has contracted but not provided for the following capital commitments	-	<u>16,593</u>

13. Funds analysis

	At 1 January 2007 £	Incoming Resources £	Outgoing Resources £	Unrealised Gains / (Losses) £	Transfers £	At 31 December 2007 £
Permanent endowment funds						
Endowed Legacies fund	1,672,692	-	-	-	-	1,672,692
Total permanent endowment funds	1,672,692	-	-	-	-	1,672,692
Expendable endowment funds						
Alice Wills Annuity fund	2,314	178	(1,690)	-	-	802
Dull Fund B	5,875	671	(6,546)	-	-	-
Total expendable endowment funds	8,189	849	(8,236)	-	-	802
Total Endowment funds	1,680,881	849	(8,236)	-	-	1,673,494
Restricted funds						
Knowles Foster Homes fund	262,885	111,105	(271,714)	-	-	102,276
Total Restricted funds	262,885	111,105	(271,714)	-	-	102,276
General funds						
Capital fund	10,815,597	72,991	(26,063)	322,652	19,161	11,204,338
Income fund	244,253	553,643	(399,118)	-	(19,161)	379,617
Total general funds	11,059,850	626,634	(425,181)	322,652	-	11,583,955
Total funds	13,003,616	738,588	(705,131)	322,652	-	13,359,725

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Notes forming part of the financial statements for the year ended 31 December 2007 (Cont'd)

13. Funds analysis (cont'd)

Permanent endowment funds

Endowed Legacies fund:

Bye-Law 31 which was abolished in 2005 required legacy income over and above the amount allowed to be expended as income to be invested in the name of the Charity. This fund represents the total amount of these endowed legacies. The fund balance is represented by costs associated with the land and buildings at the charity headquarters in Tetbury.

Expendable endowment funds

Alice Wills Annuity fund:

The Alice Wills Annuity fund represents a legacy, left in 1982, invested to provide annuities for poor ladies who have been resident in Bristol or Somerset for not less than ten years.

Dull Fund B:

The Dull Fund B was set up in 1905 to provide annuities for spinsters with a low income. This fund was fully expended in the year.

Restricted funds

Knowles Foster Homes fund:

The Knowles Foster Homes Fund was set up in 1934 to provide homes and maintenance for poor gentlewomen at The Tapestries, Old Windsor.

Designated funds

Capital fund:

The Capital fund is represented by assets that are used to generate income for the general purposes of the charity.

Transfers between funds

A transfer from the unrestricted Income fund to the Capital fund of £19,161 represents the additional investment in land and buildings made from the Income fund and the extra cash held on deposit by HSBC Investment Management.

14. Analysis of net assets between funds

	General Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total Funds £
Tangible assets	6,058	2,464,972	360,597	1,672,692	4,504,319
Investments	-	8,739,366	-	802	8,740,168
Current assets	135,813	110,000	765	-	246,578
Inter-charity loan	254,456	-	(254,456)	-	-
Creditors: amounts falling due within one year	(16,710)	(110,000)	(4,630)	-	(131,340)
Net assets at 31 December 2007	379,617	11,204,338	102,276	1,673,494	13,359,725

The inter charity loan between the NBI and the Knowles Foster Homes is an interest free loan with no set repayment terms.