

**The National Benevolent Institution**  
**Report and Financial Statements**  
**For the year ended 31 December 2008**  
**Charity No: 212450**



# The National Benevolent Institution

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# The National Benevolent Institution

## Trustees' Report for the year ended 31 December 2008

The Trustees are pleased to present their report together with the financial statements of the charity for the year ended 31 December 2008.

### 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, supplemental Royal Charters of 17 March 1948 and 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

The Baroness Morris of Bolton OBE

#### Vice Presidents

Dr E Beverley  
Mr R P Gent  
Mr W P Halliday MBE

#### 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 (Vice-chairman of the Committee of Management)  
Miss J M Bradley  
Mr A Crawford  
Prince G Galitzine (resigned 2<sup>nd</sup> July 2008)  
Ms F Mahon (appointed 7<sup>th</sup> May 2009)  
Mr D S P McEuen (Chairman of the Committee of Management)  
Mr G D Neely (retired 8<sup>th</sup> January 2009)  
Mr J C Whitaker (Chairman of the Investment Sub-committee)

#### Chief Executive

Mr P N Rossi (appointed 1<sup>st</sup> 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

#### 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 (to September 2008)  
Rathbones, 159 New Bond Street, London W1S 2UD (from September 2008)

#### Solicitors

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

# The National Benevolent Institution

## Trustees' Report for the year ended 31 December 2008

### 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 consider applications for assistance from individuals and to review benevolence work generally and, in particular, that undertaken through authority delegated to members of staff. The Audit Sub-committee meets to review the financial policies and procedures of the Charity, to review the annual accounts and to recommend them to the Committee of Management, and to receive reports and recommendations from the Charity's appointed auditors.

It is recorded, with great sadness that Mr A R C Hobbs, a Trustee from 1969 to 2004 and a Vice-president from 1977 died in October.

Prince Geoffrey Galitzine resigned and Mr G Neely retired as Trustees after, respectively, 32 years and 15 years of service.

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

Under the Royal Charter, the Trustees must be elected from amongst the members of the institution, but should there be any less than six 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 2008, the Investment Sub-committee met six times, the Benevolence Sub-committee met four times and the Audit Sub-committee similarly.

Land registrations have been completed for all NBI properties.

### Subsidiary Charities

The following charities are subsidiary charities of NBI:

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

The Alice Wills Annuities Fund.

The Charity Commission, by an order effective 19<sup>th</sup> December 2004, gave permission for the capital of this fund to be spent as income in furtherance of its objectives.

### Objects and Activities

The objects of the charity, as stated in the supplemental charter of 19<sup>th</sup> 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 through monetary payments in the form of regular payments or single grants, through the provision of goods, and also through 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. All applicants for assistance must have been resident within the UK for the preceding 12 months.

# The National Benevolent Institution

## Trustees' Report for the year ended 31 December 2008

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 etc. 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 safe 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 16<sup>th</sup> century coach house and grade II\* listed building. In Old Windsor, there are 28 apartments at the Tapestries, a late 19<sup>th</sup> century building originally part of the Royal Windsor Tapestry Manufactory, converted with funds from the estate of the late Frances Knowles Foster. 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. The Charity continued to maintain to a high standard the Priory and the adjacent grounds in accordance with its obligations under the Lease.

### Statement on Public Benefit

The Trustees are aware of Public Benefit provisions of the Charities Act 2006 and of the guidance on them published by the Charity Commission. They are satisfied that the Objects of the Charity and the activities of the Charity are within the definitions of Charitable Purposes as set down in the Act in that they are for the prevention or relief of poverty, and for the relief of those in need as a result of age. The Trustees are not aware of any public detriment caused by the Charity's Objects or activities, and nor are they aware of anyone receiving any private benefit from the Charity's activities.

### Achievements and Performance

#### Benevolence

At the end of the year there were 205 beneficiaries in receipt of regular payments of up to £13 per week for a single person, and eleven couples in receipt of £17.50 per week. Overall, the number of beneficiaries receiving regular payments increased by 15. Thirty one new beneficiaries received regular payments, and 21 existing beneficiaries ceased to receive regular payments, nine of whom had sadly died. Eight of these regular beneficiaries also received single grants amounting in total to £2,467 for the purchase of much needed electrical equipment such as refrigerators and cookers, and a further 7 beneficiaries received single grants for other urgent needs totalling £6,008. In addition, 17 people not in receipt of regular payments, received, in total, £6,116 in grants to meet their urgent needs.

The number of qualifying people applying to the Charity for assistance far exceeded the number who could be assisted given the amount of money available to the Charity for benevolence. During December, ten applicants for regular payments who could not be offered this support were each awarded single payments of £200.

During the year the Charity's Welfare Officer visited a number of beneficiaries in their homes to assess their needs and to offer further help and support where appropriate. Also, all beneficiaries were asked to complete a questionnaire about the standard of service that they received from the Charity and its staff.

# The National Benevolent Institution

## Trustees' Report for the year ended 31 December 2008

Over 90% of beneficiaries completed the questionnaire and their responses showed that there was a high degree of satisfaction with the Charity's services.

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 continued to support the initiatives of the Association of Charity Officers and Turn2Us to increase public awareness about the availability of benevolence.

### Accommodation

The Charity provides sheltered style accommodation, mostly for single retired or elderly people. All the accommodation is provided in relatively safe environments, giving residents some protection and peace of mind. Staff are available to help and support residents for part of each day and at other times in cases of emergency. Many of the apartments are relatively new or newly refurbished and special adaptations can be put in place to support residents with special physical needs, although a number of the apartments at the Tapestries in Old Windsor have stairs.

The apartments are let to elderly and retired people on low incomes. Many residents are in receipt of state benefits, including housing benefit. The Trustees approach the fixing of rents and management and maintenance charges with flexibility in order to ensure that these are within the residents' means.

The Trusts of the Knowles Foster Homes apply a number of restrictions to the beneficiary class, including that the apartments may only be let to women. The Trustees considered these restrictions to be no longer appropriate and to inhibit the creation of a mixed housing community. The Trustees made an application to the Charity Commission for a Scheme that would remove these restrictions.

In furtherance of the programme of maintenance and repairs, major works were undertaken to the roof at the Tapestries and the buildings were redecorated externally to a high standard.

A particular feature of the properties in Tetbury and Old Windsor is the very high standard of the gardens which are provided for the enjoyment of the residents and their guests.

Vacancies in the residential accommodation are filled following local and national press advertising, and nominations are invited from other charities, societies and housing associations. All prospective residents complete a standard application form, and the Trustees endeavour to maintain a mixed and happy community.

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 interests of the almshouse movement.

### **Financial Review**

Total incoming resources increased by £198,000 to £864,000. Investment income rose by £39,000 to £398,000 and legacy income by £120,000 to £208,000. Rental and miscellaneous income increased by £20,000.

Total resources expended rose by £873,000 to £1,577,822; this is as a result of the significant impairment charge of £910,000 relating to the fall in value of the freehold property.

Net outgoing resources amounted to £714,000 and after taking account of unrealised losses on investments of £3,093,000 total funds fell by £3,969,000 to £9,391,000.

# The National Benevolent Institution

## Trustees' Report for the year ended 31 December 2008

### Investment Powers, Policy and Performance

The Investment Sub-committee reviewed the appointment of investment manager during the year and recommended the appointment of Rathbones. The transfer of assets from HSBC to Rathbones was completed in September. The Trustees express their thanks to HSBC for the bank's past services to the Charity as investment manager.

The objective of the investment manager is to obtain a reasonable long term total return (income and capital growth combined) on the funds invested at moderate risk. Reports on performance are prepared quarterly and are reviewed by the Sub-committee. The investment manager attends two meetings of the Investment Sub-committee each year.

The performance of the fund for 2008, measured on a total return basis, was -20.1% compared with the composite benchmark index of -15.5%.

### 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 £287,965.

### Grant Making Policy

Regular payments and single grants to beneficiaries are paid to qualifying persons following approval by the Benevolence Sub-committee or on delegated authority in accordance with both the terms of the Charity's governing documents and taking into account 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 all the members of the Management Committee. There have been no transactions with related parties during 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 these risks or their effects. The risks are kept under review and were re-assessed during the year. The Trustees consider that the greatest risk to the Charity is the current financial and economic downturn and the impact that this will have on the Charity's investment portfolio and the value of its income from legacies, and consequently on the Charity's ability to provide assistance to beneficiaries. The Trustees are closely monitoring the position.

### Future Plans

The Trustees are committed to maintaining the high quality services for the benefit of the Charity's beneficiaries. They keep under continuous review the external financial, economic and social environments against which the Charity operates, and they use this knowledge to adapt or change policy and practice.

Future specific plans include a review with Somerset Care Ltd of the Lease of the Priory Nursing Home in advance of the rent review scheduled for 2010 and options for development of the nursing home, and assessment of how the Charity can best manage its stock of housing accommodation and bring greatest benefit to its residents.

# The National Benevolent Institution

## Trustees' Report for the year ended 31 December 2008

### 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; and
- 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 and 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 for the charity and 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 Randall & Payne be re-appointed as auditors of the charity will be put to the forthcoming Annual General Meeting.

### Funds Held as Custodian for Others

The following are subsidiary charities of the NBI:

The Knowles Foster Homes -212450/1  
The Alice Wills Annuities Fund – 212450/5

On behalf of the Committee of Management

David S P McEuen  
Chairman



# 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 2008 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 and regulations made under section 44 of that Act.

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 2008 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

# The National Benevolent Institution

## Statement of Financial Activities for the year ended 31 December 2008

	Notes	Unrestricted General Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2008 £	Total Funds 2007 £
<b>Incoming resources</b>						
<i>Incoming resources from generated funds:</i>						
<i>Voluntary Income:</i>						
Donations and subscriptions		25,547	-	-	25,547	6,777
Legacies receivable		208,060	-	-	208,060	88,264
<i>Investment Income:</i>						
Dividends and interest		397,801	-	-	397,801	358,847
Rental income		43,592	-	-	43,592	-
<i>Incoming resources from charitable activities:</i>						
Accommodation		60,834	-	-	60,834	57,861
Knowles Foster Homes		-	127,618	-	127,618	111,105
Nursing Home		-	-	-	-	42,261
Miscellaneous income		240	-	-	240	482
<b>Total incoming resources</b>		<b>736,074</b>	<b>127,618</b>	<b>-</b>	<b>863,692</b>	<b>665,597</b>
<b>Resources expended</b>						
Cost of generating funds	2	106,551	-	-	106,551	31,945
<i>Charitable activities:</i>						
Accommodation	3	90,166	-	-	90,166	89,804
Beneficiaries		229,094	-	802	229,896	213,334
Knowles Foster Homes		-	202,023	-	202,023	271,714
Nursing Home		-	-	-	-	64,464
Governance costs		39,811	-	-	39,811	33,870
<i>Other resources expended:</i>						
Impairment	7	909,375	-	-	909,375	-
<b>Total Resources expended</b>		<b>1,374,997</b>	<b>202,023</b>	<b>802</b>	<b>1,577,822</b>	<b>705,131</b>
<b>Net incoming / (outgoing) resources</b>		<b>(638,923)</b>	<b>(74,405)</b>	<b>(802)</b>	<b>(714,130)</b>	<b>(39,534)</b>
Transfers between funds		-	-	-	-	-
<b>Net incoming resources before investment gains and losses</b>		<b>(638,923)</b>	<b>(74,405)</b>	<b>(802)</b>	<b>(714,130)</b>	<b>(39,534)</b>
Realised loss on sale of investments		(182,964)	-	-	(182,964)	(46,318)
Realised gain on sale of investments		21,725	-	-	21,725	119,309
Unrealised gain on investments		(2,064,509)	-	-	(2,064,509)	322,652
Loss on revaluation of investment asset		(1,028,679)	-	-	(1,028,679)	-
Net movement in funds		(3,893,350)	(74,405)	(802)	(3,968,557)	356,109
Total funds at 1 January 2008		11,583,955	102,276	1,673,494	13,359,725	13,003,616
<b>Total funds at 31 December 2008</b>		<b>7,690,605</b>	<b>27,871</b>	<b>1,672,692</b>	<b>9,391,168</b>	<b>13,359,725</b>

# The National Benevolent Institution

## Balance Sheet as at 31 December 2008

	Notes	2008 £	2007 £
<b>Fixed assets</b>			
Tangible assets	7	1,548,868	4,504,319
Investments	8	7,539,584	8,740,168
		<u>9,088,452</u>	<u>13,244,487</u>
<b>Current assets</b>			
Debtors	9	83,726	99,483
Cash at bank and in hand		241,515	147,095
		<u>325,241</u>	<u>246,578</u>
Creditors: amounts falling due within one year	10	22,525	131,340
<b>Net Current Assets</b>		<u>302,716</u>	<u>115,238</u>
	12	<u>9,391,168</u>	<u>13,359,725</u>
<b>Unrestricted Funds:</b>			
General		624,102	379,617
Designated		7,066,503	11,204,338
		<u>7,690,605</u>	<u>11,583,955</u>
Restricted Funds		27,871	102,276
Endowment Funds		1,672,692	1,673,494
		<u>9,391,168</u>	<u>13,359,725</u>

Approved by the Committee of Management on ..... 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 2008

### 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 2008 (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 practise 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.

#### *Investments*

Fixed asset investments are included at market value at the balance sheet date. Realised gains and losses on investments are calculated as the difference between sales proceeds and their market value at the start of the year, or their subsequent cost, and are charged or credited to the statement of financial activities in the year of disposal. Unrealised gains and losses represent the movement in market values during the year and are credited or charged to the statement of financial activities based on the market value at the year end.

#### *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 2008 (Cont'd)

### 2. Cost of generating funds

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2008	Total Funds 2007
	£	£	£	£	£
Publicity	7,141	-	-	7,141	5,882
Portfolio management fees	31,191	-	-	31,191	26,063
Nursing home (note 3)	68,219	-	-	68,219	-
	<u>106,551</u>	<u>-</u>	<u>-</u>	<u>106,551</u>	<u>31,945</u>

### 3. Analysis of costs

	Accommodation £	Beneficiaries £	Knowles Foster Homes £	Nursing Home £	Governance £	2008 Total £	2007 Total
<b>Direct Costs</b>							
Directly charged salaries	-	24,956	15,664	-	-	40,620	38,890
Grants	-	21,641	798	-	-	22,439	21,899
Regular payments	-	134,364	-	-	-	134,364	130,671
Depreciation	1,250	-	270	-	-	1,520	2,026
Insurance – Property	4,476	-	5,476	6,720	-	16,672	18,945
Letting management fees	-	-	7,248	-	-	7,248	1,958
Light, heat and cleaning	9,574	-	21,039	-	-	30,613	19,938
Repairs and maintenance	13,582	-	97,922	14,907	-	126,411	252,119
Rates and water	2,680	-	8,782	-	-	11,462	11,079
Upkeep of garden	4,300	-	8,073	4,300	-	16,673	24,159
Insurance	-	-	-	-	1,777	1,777	1,916
Office equipment and stationery	-	754	7	-	-	761	193
Advertising	442	-	1,426	-	-	1,868	1,402
Management Expenses	840	-	22	-	-	862	448
Subscriptions	32	-	121	-	-	153	201
Telephone and postage	-	2	1,219	-	-	1,221	729
Audit and accountancy	-	-	1,174	-	8,204	9,378	12,050
Bank charges	-	-	-	-	193	193	115
Legal and professional	1,971	-	12,514	22,024	3,221	39,730	10,554
Trustees meetings	-	-	-	-	2,331	2,331	1,606
	<u>39,147</u>	<u>181,717</u>	<u>181,755</u>	<u>47,951</u>	<u>15,726</u>	<u>466,296</u>	<u>550,898</u>
<b>Support Costs</b>							
Administration salaries	43,743	38,473	17,844	17,844	21,661	139,565	95,128
Depreciation	79	108	26	26	26	265	658
Insurance	56	75	18	18	18	185	1,507
Legal and professional	1,014	1,352	338	338	338	3,380	881
Light, heat and cleaning	149	198	50	50	50	497	1,659
Management expenses	1,890	2,520	630	630	630	6,300	3,333
Office equipment maintenance	739	986	246	246	246	2,463	2,068
Office equipment and stationery	517	689	172	172	172	1,722	7,041
Advertising	-	-	-	-	-	-	1,021
Pensioners	445	595	148	148	148	1,484	1,550
Rates and water	326	433	109	109	109	1,086	568
Repairs and maintenance	460	613	153	153	153	1,532	501
Subscriptions	345	462	115	115	115	1,152	3,025
Telephone and postage	1,256	1,675	419	419	419	4,188	3,348
	<u>51,019</u>	<u>48,179</u>	<u>20,268</u>	<u>20,268</u>	<u>24,085</u>	<u>163,819</u>	<u>122,288</u>
<b>Total Costs</b>	<u>90,166</u>	<u>229,896</u>	<u>202,023</u>	<u>68,219</u>	<u>39,811</u>	<u>630,115</u>	<u>673,186</u>

# The National Benevolent Institution

## Notes forming part of the financial statements for the year ended 31 December 2008 (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

	2008 £	2007 £
This is stated after charging:		
Operating lease costs	212	521
Auditors' remuneration - external audit	4,204	5,552
Depreciation charges	1,785	2,684
Impairment	909,375	-
Trustees indemnity insurance	1,777	1,916
	<u>1,777</u>	<u>1,916</u>

### 5. Staff costs

	2008 £	2007 £
Wages and salaries	155,492	118,179
Social security costs	16,912	11,040
Pensions paid to former employees	1,484	1,550
Expenses	284	358
Interim Chief Executive	7,497	4,441
	<u>181,669</u>	<u>135,568</u>

### 6. Staff numbers

	2008 Number	2007 Number
Administration and support	5	5

The above staff numbers are based on full time equivalents and in 2008 include 3 full time and 3 part time employees (2007: 3 full time and 3 part time).

	2008 Number	2007 Number
Employees earning between £10,000 and £60,000:	5	6
Employees earning more than £60,000:	1	-

# The National Benevolent Institution

## Notes forming part of the financial statements for the year ended 31 December 2008 (Cont'd)

### 7. Tangible fixed assets

	Freehold Land and buildings £	Equipment, fixtures and fittings £	Computers £	Total £
<u>Cost or valuation</u>				
At 1 January 2008	4,497,179	26,134	3,651	<b>4,526,964</b>
Additions	-	-	-	-
Disposals	(15,612)	-	-	<b>(15,612)</b>
Transfer to investment asset	(2,028,679)	-	-	<b>(2,028,679)</b>
<b>At 31 December 2008</b>	<b>2,452,888</b>	<b>26,134</b>	<b>3,651</b>	<b>2,482,673</b>
<u>Depreciation</u>				
At 1 January 2008	-	18,994	3,651	<b>22,645</b>
Provided during the year	-	1,785	-	<b>1,785</b>
Impairment	909,375	-	-	<b>909,375</b>
<b>At 31 December 2008</b>	<b>909,375</b>	<b>20,779</b>	<b>3,651</b>	<b>933,805</b>
<u>Net book value</u>				
<b>At 31 December 2008</b>	<b>1,543,513</b>	<b>5,355</b>	<b>-</b>	<b>1,548,868</b>
At 31 December 2007	4,497,179	7,140	-	4,504,319

#### *Impairment*

As part of the strategic review, the Trustees engaged an independent firm of Chartered Surveyors in March 2008 to carry out an evaluation of the freehold land and buildings. This included a valuation of each of the properties. It was found that the carrying value of the land and buildings exceeded its recoverable. In line with the accounting policy a diminution in value of £909,375 has been charged directly to the Statement of Financial Activities as an exceptional item. The Trustees have not adopted a policy of revaluation.

#### *Transfer*

The Trustees concluded that the Priory Nursing Home should be reanalysed as an investment asset. The property specifically associated with the Priory Nursing Home has therefore been transferred to fixed asset investments (note 8) and restated to the valuation provided by the Chartered Surveyors.

### 8. Fixed asset investments

	Investment Properties £	Share Investments £	2008 Total £	2007 Total £
Market value at 1 January 2008	-	7,929,265	<b>7,929,265</b>	7,952,046
Additions	-	1,528,514	<b>1,528,514</b>	683,248
Disposals	-	(1,735,861)	<b>(1,735,861)</b>	(1,028,681)
Transfers	2,028,679	-	<b>2,028,679</b>	-
(Loss)/Gain on revaluation	(1,028,679)	(2,064,509)	<b>(3,093,188)</b>	322,652
	1,000,000	5,657,409	<b>6,657,409</b>	7,929,265
Cash held for investment purposes	-	882,175	<b>882,175</b>	810,903
<b>Market value at 31 December 2008</b>	<b>1,000,000</b>	<b>6,539,584</b>	<b>7,539,584</b>	<b>8,740,168</b>



# The National Benevolent Institution

## Notes forming part of the financial statements for the year ended 31 December 2008 (Cont'd)

### 8. Fixed asset investments (cont'd)

Share investments at market value comprises:

UK equities	<b>3,460,436</b>	4,964,818
UK fixed interest	<b>1,032,986</b>	1,379,073
Overseas equities	<b>816,648</b>	1,192,370
Overseas fixed interest	<b>347,339</b>	393,004
Cash held for investment purposes	<b>882,175</b>	810,903
	<u><b>6,539,584</b></u>	<u>8,740,168</u>
Property investment	<b>1,000,000</b>	-
	<u><b>7,539,584</b></u>	<u>8,740,168</u>

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

	<b>2008</b>	<b>2007</b>
	£	£
National Grid Gas Plc 8.875% Bonds (2008)	-	630,344
BP Amoco (US\$0.25)	<b>310,340</b>	-
Franklin Templeton Investment Global	<b>347,339</b>	-
	<u><b>657,679</b></u>	<u>630,344</u>

	<b>2008</b>	<b>2007</b>
	£	£
Investments at cost:		
Shares	<b>6,756,064</b>	6,810,652
Property	<b>2,028,679</b>	-
	<u><b>8,784,743</b></u>	<u>6,810,652</u>

### 9. Debtors

	<b>2008</b>	<b>2007</b>
	£	£
Accrued income	<b>65,533</b>	77,750
Sundry debtors	<b>10,999</b>	11,360
Prepayments	<b>7,194</b>	10,373
	<u><b>83,726</b></u>	<u>99,483</u>

### 10. Creditors: amounts falling due within one year

	<b>2008</b>	<b>2007</b>
	£	£
Other creditors and accruals	<b>16,525</b>	21,340
Provisions to complete capital projects	<b>6,000</b>	110,000
	<u><b>22,525</b></u>	<u>131,340</u>

# The National Benevolent Institution

## Notes forming part of the financial statements for the year ended 31 December 2008 (Cont'd)

### 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 £33,000. 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 £6,000 (2007: £110,000) 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.

### 12. Funds analysis

	At 1 January 2008 £	Incoming Resources £	Outgoing Resources £	Unrealised Gains / (Losses) £	Transfers £	At 31 December 2008 £
<b>Permanent endowment funds</b>						
Endowed Legacies fund	1,672,692	-	-	-	-	<b>1,672,692</b>
Total permanent endowment funds	1,672,692	-	-	-	-	<b>1,672,692</b>
<b>Expendable endowment funds</b>						
Alice Wills Annuity fund	802	-	(802)	-	-	-
Total expendable endowment funds	802	-	(802)	-	-	-
<b>Total Endowment funds</b>	<b>1,673,494</b>	<b>-</b>	<b>(802)</b>	<b>-</b>	<b>-</b>	<b>1,672,692</b>
<b>Restricted funds</b>						
Knowles Foster Homes fund	102,276	127,618	(202,023)	-	-	<b>27,871</b>
<b>Total Restricted funds</b>	<b>102,276</b>	<b>127,618</b>	<b>(202,023)</b>	<b>-</b>	<b>-</b>	<b>27,871</b>
<b>General funds</b>						
Capital fund (designated)	11,204,338	21,725	(1,123,530)	(3,093,188)	57,158	<b>7,066,503</b>
Income fund	379,617	736,074	(434,431)	-	(57,158)	<b>624,102</b>
<b>Total general funds</b>	<b>11,583,955</b>	<b>757,799</b>	<b>(1,557,961)</b>	<b>(3,093,188)</b>	<b>-</b>	<b>7,690,605</b>
<b>Total funds</b>	<b>13,359,725</b>	<b>885,417</b>	<b>(1,760,786)</b>	<b>(3,093,188)</b>	<b>-</b>	<b>9,391,168</b>

#### 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.

# The National Benevolent Institution

## Notes forming part of the financial statements for the year ended 31 December 2008 (Cont'd)

### 12. Funds analysis (cont'd)

#### 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. 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 £57,158 represents the additional investment in land and buildings made from the Income fund and the extra cash held on deposit by Rathbones Investment Management.

### 13. Analysis of net assets between funds

	General Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	<b>Total Funds £</b>
Tangible assets	4,543	511,307	360,326	672,692	<b>1,548,868</b>
Investments	-	6,539,584	-	1,000,000	<b>7,539,584</b>
Current assets	303,370	21,612	259	-	<b>325,241</b>
Inter-charity loan	331,594	-	(331,594)	-	-
Creditors: amounts falling due within one year	(15,405)	(6,000)	(1,120)	-	<b>(22,525)</b>
<b>Net assets at 31 December 2008</b>	<b>624,102</b>	<b>7,066,503</b>	<b>27,871</b>	<b>1,672,692</b>	<b>9,391,168</b>

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