

The National Benevolent Institution
Report and Financial Statements
For the year ended 31 December 2009
Charity No: 212450



The National Benevolent Institution

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The National Benevolent Institution

Trustees' Report for the year ended 31 December 2009

The Trustees are pleased to present their report together with the financial statements of the charity for the year ended 31 December 2009.

Reference and Administrative Details

The National Benevolent Institution was founded by Peter Hervé in 1812 and is a Registered Charity constituted under a Royal Charter of 5th November 1859, and supplemental Royal Charters of 17th March 1948, 12th February 1997 and an Order in Council of 19th July 2005. The bye-laws were last amended on 10th September 2009.

The Registered Charity number is 212450. The Royal Charter number is RC000364.

Patron

His Royal Highness The Prince of Wales

President

The Baroness Morris of Bolton OBE

Vice Presidents

Dr E Beverley (Retired 31st May 2010)

Mr R P Gent

Mr W P Halliday MBE

Committee of Management

The Charity is managed by the Committee of Management consisting of the Trustees. They are:

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

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

Ms F Mahon (appointed 17th March 2009)

Mr G Neely (retired 17th March 2009)

Ms M Seaton (appointed 9th July 2009)

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

Chief Executive

Mr P N Rossi

Principal and registered office

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

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

Auditors

Randall & Payne LLP, 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

Rathbones, 159 New Bond Street, London W1S 2UD

Solicitors

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

The National Benevolent Institution

Trustees' Report for the year ended 31 December 2009

The Trustees of the Charity are the Members of the Management Committee. At the Annual General Meeting held on the 10th September 2009, and effective from that date, the Bye-Laws of the Institution were amended to provide for one third of Trustees to retire each year in order of length of service and for no Trustee to serve for more than twelve consecutive years without a break in service.

Accordingly, Mr McEuen (appointed 6th June 1972), Miss J M Bradley (appointed 9th March 2004) and Air Cdre D N Adams (appointed 11th May 2004) retire by rotation and will offer themselves for re-election at the Annual General Meeting.

Under the Royal Charter, the Trustees must be elected from amongst 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. Two new Trustees, Ms F Mahon and Ms M Seaton, were appointed during the year.

Dr Beverley retired as a Vice President owing to ill health. The Committee of Management wishes her well and expresses the hope that she will again be able to play a part in the Charity's affairs at a future date.

Mr G Neely retired as a Trustee after 15 years of service.

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.

During 2009, the Investment Sub-committee met six times, the Benevolence Sub-committee met four times and the Audit Sub-committee met once.

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, housing accommodation and finance & office management, and a fifth member of staff is the House Manager for the Tapestries, in Old Windsor.

Land registrations have been completed for all NBI properties.

Subsidiary Charity

The following charity is a subsidiary charity of NBI:

The Knowles Foster Homes (which owns the Tapestries)

Objects and Activities

The objects of the charity, as stated in the supplemental charter of 19th 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 financial help to qualified people 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, beneficiaries 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 2009

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, and regular contact with beneficiaries is maintained through a newsletter.

The Charity's scope is UK-wide, and beneficiaries live in all parts of the country. However, when applications for financial support exceed the funds available for distribution, focus is given to the southern counties of England where the Charity has its operational base.

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 16th century coach house and grade II listed building. In Old Windsor, there are 27 apartments at the Tapestries, a late 19th 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 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.

Achievements and Performance

Benevolence

At the end of the year there were 202 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 decreased by three. Six new beneficiaries received regular payments, and 15 existing beneficiaries ceased to receive regular payments, eight of whom had sadly died. Nine of these regular beneficiaries also received single grants amounting in total to £3,422 for the purchase of much needed electrical equipment such as refrigerators and cookers, and a further nine beneficiaries received single grants for other urgent needs totalling £4,560. In addition, 13 people not in receipt of regular payments, received, in total, £6,250 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 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, a number of beneficiaries living in the north of England were visited by volunteers from Lionheart, the benevolence charity for Chartered Surveyors.

The National Benevolent Institution

Trustees' Report for the year ended 31 December 2009

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.

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.

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.

Financial Review

Total incoming resources decreased by £184,033 to £679,659. This fall was the result of lower legacy income, down from £208,060 to £113,977 over the previous year, and lower income from dividends and interest, down from £397,801 to £288,826. By contrast, income from rents from the accommodation in Tetbury and at the Tapestries increased by £32,594 to £221,046. Rental income from The Priory increased by £966 to £44,558.

Total resources expended was £674,314, an increase of £5,867 over the previous year, disregarding the impairment arising from a valuation of freehold land and buildings owned by the Charity. Charitable expenditure rose by £1,012 to £523,097.

Net incoming resources amounted to £5,345 and after taking account of unrealised gains on investments of £1,707,000, total funds rose by £1,775,978 to £11,167,146.

The National Benevolent Institution

Trustees' Report for the year ended 31 December 2009

The Priory Nursing Home

The Charity continued to maintain to a high standard the Priory in Tetbury and the adjacent grounds in accordance with its obligations under a lease. The Priory, a listed building, is leased to Somerset Care Ltd for the purpose of operating a nursing home for the elderly and infirm.

Investment Powers, Policy and Performance

The instructions given to the investment manager are to obtain a reasonable return on the funds invested at moderate risk, and, at the same time, to send a fixed annual amount (which is kept under regular review) to the Charity's bank account in monthly instalments. This can be supplemented from capital if the portfolio is generating insufficient income. 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 2009, measured on a total return basis, was growth of 32.1% compared with the composite benchmark index growth of 17.4%.

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 £182,692.

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 those risks or their effects. The risks are kept under review and were re-assessed during the year. The Trustees believe that the greatest risk to the Charity is the turbulence in the financial markets and the impact this might have on the Charity's investment income. The Investment Sub-committee keeps this under constant review.

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 Rent Review (scheduled for 1st May 2010) of the Priory Nursing Home let to Somerset Care Ltd for which Savills have been appointed, a programme of visits to beneficiaries living in SE England and a remodelling and refreshment of the Charity's website.

The National Benevolent Institution

Trustees' Report for the year ended 31 December 2009

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.

Auditors

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

Funds Held as Custodian for Others

The Knowles Foster Homes

On behalf of the Committee of Management

David S P McEuen
Chairman

Date: 7 July 2010

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 2009 which comprise the Statement of Financial Activities, Balance Sheet, and related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charity's trustees, 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 charity's trustees those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and its trustees 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' Annual 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.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. 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 prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the information given in the Trustees' Annual Report is not consistent with the financial statements, if the charity has not kept sufficient accounting records, if the financial statements are not in agreement with those accounting records or if we have not received all the information and explanations we require for our audit.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices 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 the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that 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.

The National Benevolent Institution

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

Opinion

In our opinion the financial statements:

- give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, of the state of the charity's affairs as at 31 December 2009 and of its incoming resources and application of resources for the year then ended; and
- have been prepared in accordance with the Charities Act 1993.
- comply with regulation 8 of the Charities (Accounts and Reports) Regulations 2008.

W J Abbott

Senior Statutory Auditor

Randall & Payne LLP

Chartered Accountants and Registered Auditors

Rodborough Court, Stroud, Gloucestershire, GL5 3LR

Date: 20 August 2010

The National Benevolent Institution

Statement of Financial Activities for the year ended 31 December 2009

	Notes	Unrestricted General Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2009 £	Total Funds 2008 £
Incoming resources						
<i>Incoming resources from generated funds:</i>						
<i>Voluntary Income:</i>						
Donations and subscriptions		11,252	-	-	11,252	25,547
Legacies receivable		113,977	-	-	113,977	208,060
<i>Investment Income:</i>						
Dividends and interest	2	288,826	-	-	288,826	397,801
Rental income		44,558	-	-	44,558	43,592
<i>Incoming resources from charitable activities:</i>						
Accommodation		67,749	-	-	67,749	60,834
Knowles Foster Homes		-	153,297	-	153,297	127,618
Miscellaneous income		-	-	-	-	240
Total incoming resources		526,362	153,297	-	679,659	863,692
Resources expended						
Cost of generating funds	3	108,079	-	-	108,079	106,551
<i>Charitable activities:</i>						
Accommodation	4	96,936	-	-	96,936	90,166
Beneficiaries	4	235,860	-	-	235,860	229,896
Knowles Foster Homes	4	-	190,301	-	190,301	202,023
Governance costs	4	43,138	-	-	43,138	39,811
<i>Other resources expended:</i>						
Impairment		-	-	-	-	909,375
Total Resources expended		484,013	190,301	-	674,314	1,577,822
Net incoming / (outgoing) resources before transfers		42,349	(37,004)	-	5,345	(714,130)
Gross transfers between funds		(9,133)	9,133	-	-	-
Net incoming/(outgoing) resources before investment gains and losses		33,216	(27,871)	-	5,345	(714,130)
Realised loss on sale of investments		(38,583)	-	-	(38,583)	(182,964)
Realised gain on sale of investments		101,939	-	-	101,939	21,725
Unrealised gain/ (loss) on investments		1,707,277	-	-	1,707,277	(2,064,509)
Loss on revaluation of investment asset		-	-	-	-	(1,028,679)
Net movement in funds		1,803,849	(27,871)	-	1,775,978	(3,968,557)
Total funds at 1 January 2009		7,690,605	27,871	1,672,692	9,391,168	13,359,725
Total funds at 31 December 2009		9,494,454	-	1,672,692	11,167,146	9,391,168

The National Benevolent Institution
Balance Sheet as at 31 December 2009

	Notes	2009 £	2008 £
Fixed assets			
Tangible assets	9	1,548,295	1,548,868
Investments	10	9,409,320	7,539,584
		<u>10,957,615</u>	<u>9,088,452</u>
Current assets			
Debtors	11	58,187	83,726
Cash at bank and in hand		174,070	241,515
		<u>232,257</u>	<u>325,241</u>
Less creditors: amounts falling due within one year	12	22,726	22,525
		<u>209,531</u>	<u>302,716</u>
Net Current Assets		<u>11,167,146</u>	<u>9,391,168</u>
Unrestricted Funds:			
General	14	573,827	624,102
Designated	14	8,920,627	7,066,503
		<u>9,494,454</u>	<u>7,690,605</u>
Restricted Funds		-	27,871
Endowment Funds	14	1,672,692	1,672,692
		<u>11,167,146</u>	<u>9,391,168</u>

Approved by the Committee of Management on 7 July 2010 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 2009

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 historic cost (except for assets included at revalued amounts) and going concern bases.

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. They must be held permanently to produce income for the charity or to further the charity's purposes.

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 2009 (Cont'd)

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.

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 2009 (Cont'd)

2. Investment income

	Total 2009 £	Total 2008 £
Dividends	209,830	341,407
Interest	78,996	56,394
Rental Income	44,558	43,592
	<u>333,384</u>	<u>441,393</u>

3. Costs of generating funds

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2009 £	Total Funds 2008 £
Publicity	£ 8,059	£ -	£ -	8,059	7,141
Portfolio management fees	31,343	-	-	31,343	31,191
Nursing home (note 4)	68,677	-	-	68,677	68,219
	<u>108,079</u>	<u>-</u>	<u>-</u>	<u>108,079</u>	<u>106,551</u>

The National Benevolent Institution

Notes forming part of the financial statements for the year ended 31 December 2009 (Cont'd)

Charitable activities (cont'd)

4. Analysis of costs

	Accommodation	Beneficiaries	Knowles Foster Homes	Nursing Home	Governance	2009 Total	2008 Total
	£	£	£	£	£	£	£
Direct Costs							
Directly charged salaries	-	26,383	15,237	-	-	41,620	40,620
Grants	569	21,791	1,155	-	-	23,515	22,439
Regular payments	-	136,582	-	-	-	136,582	134,364
Depreciation	937	-	203	-	-	1,140	1,520
Insurance – Property	2,778	-	4,018	7,619	-	14,415	16,672
Letting management fees	-	-	3,335	-	-	3,335	7,248
Light, heat and cleaning	13,511	-	30,066	-	-	43,577	30,613
Repairs and maintenance	11,316	-	95,458	29,438	-	136,212	126,411
Rates and water	4,374	-	8,194	-	-	12,568	11,462
Upkeep of garden	3,587	-	5,531	2,522	-	11,640	16,673
Insurance	-	-	-	-	1,302	1,302	1,777
Office equipment and stationery	-	581	165	-	-	746	761
Advertising and publicity	40	66	598	-	-	704	1,868
Management Expenses	-	120	78	-	459	657	862
Subscriptions	14	499	38	-	306	857	153
Telephone and postage	-	1	831	-	-	832	1,221
Audit and accountancy	-	-	1,200	-	11,138	12,338	9,378
Bank charges	-	-	-	-	1,071	1,071	193
Legal and professional	6,325	-	2,786	7,690	1,887	18,688	39,730
Trustees meetings	-	-	-	-	1,983	1,983	2,331
	<u>43,451</u>	<u>186,023</u>	<u>168,893</u>	<u>47,269</u>	<u>18,146</u>	<u>463,782</u>	<u>466,296</u>
Support Costs							
Administration salaries	42,588	36,008	17,776	17,776	20,660	134,808	139,565
Pension costs	2,100	2,100	700	700	1,400	7,000	-
Depreciation	175	233	58	58	58	582	265
Insurance	-	-	-	-	-	-	185
Legal and professional	2,919	3,892	973	973	973	9,730	3,380
Light, heat and cleaning	367	489	122	122	122	1,222	497
Management expenses	2,007	2,676	669	669	669	6,690	6,300
Office equipment maintenance	1,133	1,511	378	378	378	3,778	2,463
Office equipment and stationery	310	413	103	103	103	1,032	1,722
Pensioners	460	613	153	153	153	1,532	1,484
Rates and water	224	300	75	75	75	749	1,086
Repairs and maintenance	38	51	13	13	13	128	1,532
Subscriptions	196	261	65	65	65	652	1,152
Telephone and postage	<u>968</u>	<u>1,290</u>	<u>323</u>	<u>323</u>	<u>323</u>	<u>3,227</u>	<u>4,188</u>
	<u>53,485</u>	<u>49,837</u>	<u>21,408</u>	<u>21,408</u>	<u>24,992</u>	<u>171,130</u>	<u>163,819</u>
Total Costs	<u>96,936</u>	<u>235,860</u>	<u>190,301</u>	<u>68,677</u>	<u>43,138</u>	<u>634,912</u>	<u>630,115</u>

Allocation of support costs:

Administration salaries and pension costs 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%

The National Benevolent Institution

Notes forming part of the financial statements for the year ended 31 December 2009 (Cont'd)

Charitable activities (cont'd)

5. Movement in total funds for the year

	2009	2008
	£	£
This is stated after charging:		
Operating lease costs	-	212
Auditors' remuneration - external audit	5,200	4,204
Auditors' remuneration – non audit	7,138	5,174
Depreciation of owned assets	1,722	1,785
Impairment	-	909,375
Trustees' indemnity insurance	1,302	1,777
	<u><u> </u></u>	<u><u> </u></u>

6. Staff costs

	2009	2008
	£	£
Wages and salaries	159,226	155,492
Staff Pensions	7,000	-
Social security costs	17,202	16,912
Pensions paid to former employees	1,532	1,484
Expenses	459	284
Interim Chief Executive	-	7,497
	<u><u> </u></u>	<u><u> </u></u>
	185,419	181,669

No Trustee received any remuneration from the Charity (2008: nil).

Two (2008: 2) Trustees were reimbursed a total of £459 (2008: £284) with respect to expenses incurred on behalf of the charity.

7. Staff numbers

	2009	2008
	Number	Number
Administration and support	5	5

The above staff numbers are based on full time.

	2009	2008
	Number	Number
Employees earning between £10,000 and £60,000:	4	4
Employees earning more than £60,000:	1	1

8. Related party transactions

During the year, the charity received a donation of £400 (2008: £nil) from D McEuen, a Trustee.

The National Benevolent Institution

Notes forming part of the financial statements for the year ended 31 December 2009 (Cont'd)

9. Tangible fixed assets

	Freehold Land and buildings £	Equipment, fixtures and fittings £	Computers £	Total £
<u>Cost or valuation</u>				
At 1 January 2009	2,452,888	26,134	3,651	2,482,673
Additions	-	-	1,149	1,149
At 31 December 2009	2,452,888	26,134	4,800	2,483,822
<u>Depreciation</u>				
At 1 January 2009	909,375	20,779	3,651	933,805
Provided during the year	-	1,339	383	1,722
At 31 December 2009	909,375	22,118	4,034	935,527
<u>Net book value</u>				
At 31 December 2009	1,543,513	4,016	766	1,548,295
At 31 December 2008	1,543,513	5,355	-	1,548,868

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 amount. In line with the accounting policy, a diminution in value of £909,375 was charged directly to the Statement of Financial Activities as an exceptional item in the year ended 31 December 2008. The Trustees have not adopted a policy of revaluation.

Investment Asset

The Priory Nursing Home is an investment asset. The property specifically associated with the Priory Nursing Home is therefore recognised under fixed asset investments (note 10).

10. Fixed asset investments

	Investment Properties £	Share Investments £	2009 Total £	2008 Total £
Market value at 1 January 2009	1,000,000	5,657,409	6,657,409	7,929,265
Additions	-	2,116,388	2,116,388	1,528,514
Disposals	-	(1,147,153)	(1,147,153)	(1,735,861)
Transfers	-	-	-	2,028,679
(Loss)/Gain on revaluation	-	1,707,277	1,707,277	(3,093,188)
	1,000,000	8,333,921	9,333,921	6,657,409
Cash held for investment purposes	-	75,399	75,399	882,175
Market value at 31 December 2009	1,000,000	8,409,320	9,409,320	7,539,584

The National Benevolent Institution

Notes forming part of the financial statements for the year ended 31 December 2009 (Cont'd)

Fixed asset investments (cont'd)

Share investments at market value comprise:

	2009 £	2008 £
UK equities	4,480,735	3,460,436
UK fixed interest	1,618,915	1,032,986
Overseas equities	1,734,678	816,648
Overseas fixed interest	499,593	347,339
Cash held for investment purposes	75,399	882,175
	<u>8,409,320</u>	<u>6,539,584</u>
Property investment	1,000,000	1,000,000
	<u>9,409,320</u>	<u>7,539,584</u>

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

	2009 £	2008 £
BP Amoco (US\$0.25)	-	310,340
Franklin Templeton Investment Global	-	348,339
	<u>-</u>	<u>658,679</u>

	2009 £	2008 £
Investments at cost:		
Shares	6,717,823	6,756,064
Property	2,028,679	2,028,679
	<u>8,746,502</u>	<u>8,784,743</u>

11. Debtors

	2009 £	2008 £
Accrued income	30,000	65,533
Sundry debtors	20,721	10,999
Prepayments	7,466	7,194
	<u>58,187</u>	<u>83,726</u>

12. Creditors: amounts falling due within one year

	2009 £	2008 £
Other creditors and accruals	22,726	16,525
Provisions to complete capital projects	-	6,000
	<u>22,726</u>	<u>22,525</u>

The National Benevolent Institution

Notes forming part of the financial statements for the year ended 31 December 2009 (Cont'd)

13. 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 £34,000 (2008: £33,000). At the year end no commitment existed for amounts to be paid to annuitants.

14. Funds analysis

	At 1 January 2009 £	Incoming Resources £	Outgoing Resources £	Unrealised Gains / (Losses) £	Transfers £	At 31 December 2009 £
Permanent endowment funds						
Endowed Legacies fund	1,672,692	-	-	-	-	1,672,692
Total Endowment funds	1,672,692	-	-	-	-	1,672,692
Restricted funds						
Knowles Foster Homes fund	27,871	153,297	(190,301)	-	9,133	-
Total Restricted funds	27,871	153,297	(190,301)	-	9,133	-
General funds						
Capital fund (designated)	7,066,503	101,939	(69,926)	1,707,277	114,834	8,920,627
Income fund	624,102	526,362	(452,670)	-	(123,967)	573,827
Total general funds	7,690,605	628,301	(522,596)	1,707,277	(9,133)	9,494,454
Total funds	9,391,168	781,598	(712,897)	1,707,277	-	11,167,146

Permanent endowment funds

Endowed Legacies fund:

Bye-Law 31 which was abolished in 2005 which 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 2009 (Cont'd)

Funds analysis (cont'd)

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 £114,834 represents the additional investment in land and buildings made from the Income fund and the extra cash held on deposit by Rathbones Investment Management.

15. Analysis of net assets between funds

	General Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total Funds £
Tangible assets	4,174	511,307	360,122	672,692	1,548,295
Investments	-	8,409,320	-	1,000,000	9,409,320
Current assets	223,425	-	8,832	-	232,257
Inter-charity loan	364,665	-	(364,665)	-	-
Creditors: amounts falling due within one year	(18,437)	-	(4,289)	-	(22,726)
Net assets at 31 December 2008	573,827	8,920,627	-	1,672,692	11,167,146

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