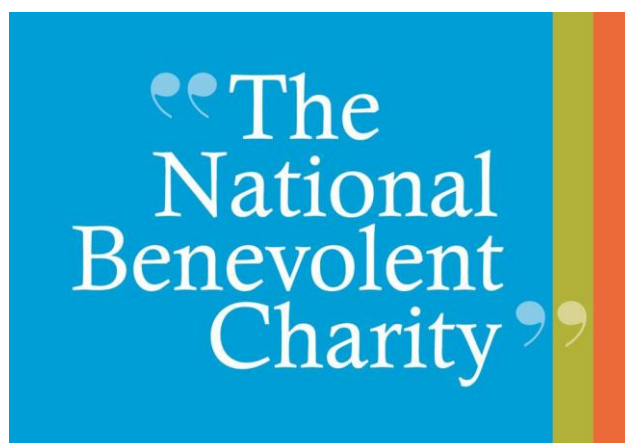


**The National Benevolent Charity**  
**Report and Financial Statements**  
**For the year ended 31 December 2012**  
**Charity No: 212450**



# The National Benevolent Charity

## Contents

	Page
Report of the Trustees	2 - 8
Independent Auditors' report	9 - 10
Statement of Financial Activities	11
Balance sheet	12
Notes forming part of the financial statements	13 - 22

# The National Benevolent Charity

## Trustees' Report for the year ended 31 December 2012

The Trustees are pleased to present their report together with the financial statements of the Charity for the year ended 31 December 2012.

### Reference and Administrative Details

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

The change of the Charity's name to The National Benevolent Charity was approved by HM The Queen meeting in Privy Council on 14<sup>th</sup> December 2011.

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 Elisabeth Beverley

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 David N Adams (Chairman of the Welfare Sub-committee)

Mr F John Baker (Chairman of the Audit Sub-committee)

Mr Christopher C Bell (Vice-chairman of the Committee of Management)

Miss Joanna M Bradley

Mr Andrew Crawford

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

Ms Fran Mahon

Mr Philip Rosser (appointed 29<sup>th</sup> March 2012)

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

### Chief Executive

Mr Paul N Rossi

### Principal and registered office

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

Tel: 01666 505500 Fax: 01666 503111 email: [office@TheNBC.org.uk](mailto:office@TheNBC.org.uk) website: [www.TheNBC.org.uk](http://www.TheNBC.org.uk)

### Auditors

Randall & Payne LLP, 10 Wheatstone Court, Waterwells Business Park, Quedgeley, GL2 2AQ

### Bankers

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

### Investment Managers

Rathbones, 1 Curzon Street, London, W1J 5FB

### Solicitors

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

# The National Benevolent Charity

## Trustees' Report for the year ended 31 December 2012

### Structure, Governance and Management

The Trustees of the Charity are the Members of the Management Committee. The Bye-Laws of the Charity were amended, with effect from 10<sup>th</sup> September 2009, 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.

Mr McEuen (first appointed 6<sup>th</sup> June 1972), Miss Bradley (first appointed 9<sup>th</sup> March 2004) and Air Cdre Adams (first appointed 11<sup>th</sup> May 2004) were re-elected as Members of the Management Committee on 15<sup>th</sup> September 2010 and will offer themselves for re-election at the Annual General Meeting. Mr Crawford (first appointed 6<sup>th</sup> September 2005), Mr Whitaker (first appointed 5<sup>th</sup> January 2006) and Mr Bell (first appointed 21<sup>st</sup> September 2006) were re-elected on 14<sup>th</sup> September 2011; and Mr F J Baker (first appointed 7<sup>th</sup> December 2006) and Ms Fran Mahon (first appointed 17<sup>th</sup> March 2009) were re-elected on 12<sup>th</sup> September 2012.

Under the Royal Charter, the Trustees must be elected from amongst the members of the Charity and they must number no less than six and no more than twenty. The Committee of Management has the power to co-opt additional members during the year and must do so if the number falls to below six. Using this power to co-opt, Mr Rosser was appointed as a Member of the Management Committee on 29<sup>th</sup> March 2012, and he was then elected as such on 12<sup>th</sup> September 2012.

The Committee of Management, which met five times during the year, 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, welfare and audit. The Investment Sub-committee is responsible for recommending the appointment of the investment managers, for reviewing their performance and for approving their charges. The Welfare Sub-committee meets to consider applications for assistance from individuals, to review benevolence policy and practice, and to review decisions 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 2012, the Investment Sub-committee met on four occasions, the Welfare Sub-committee met five times and the Audit Sub-committee met once. Meetings of the Welfare Sub-committee are sometimes conducted through e-mail and telephonic communication.

The administration and day to day management of the Charity is the responsibility of the Chief Executive based at the principal office in Tetbury. Two other members of staff are based in Tetbury, and a fourth member of staff is the Resident Warden at the Tapestries in Old Windsor.

### Land and Property

Land registrations have been completed for all of the Charity's properties.

### Subsidiary Charity

The Knowles Foster Homes (which owns the Tapestries) is a subsidiary Charity of the Charity.

### 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's scope is UK-wide, and beneficiaries live in all parts of the country.

# The National Benevolent Charity

## Trustees' Report for the year ended 31 December 2012

The Charity gives financial help to qualified people in the form of regular payments and single grants, through the provision of goods, and through the provision of housing accommodation. The regular payments, previously called annuities, are paid weekly, often for life in the case of older people, or for a fixed period to help people through difficult times. Single payments are made to meet sudden or occasional costs, such as those for broken down cooking appliances, heating system repairs, urgent house repairs, or a much needed holiday etc.

The Committee of Management, on the advice of the Welfare Sub-committee, has agreed general criteria for regular payments and single grants which are displayed on the Charity's web-site and in guidance notes attached to the Charity's application form. To qualify, applicants must demonstrate that they are living in poverty, through no fault of their own, and that it is not possible for them to escape from that poverty by their own efforts or means. To qualify for housing accommodation, applicants will usually be retired or nearer to retirement and of limited means. All applicants for assistance must have been resident within the UK for the preceding 12 months.

The evolution of the welfare state and the provision of state-funded benefits have relieved the absolute poverty that existed in past times. Nevertheless, relative poverty remains a continuing social evil endured by many people who cannot work because of age, illness, disability or some other circumstance. The coalition government's has begun a programme of reform of welfare which is likely have a significant impact. This will be closely monitored by the Charity.

The Charity's residential accommodation is located in Tetbury in Gloucestershire, in Old Windsor in Berkshire and in 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 27 apartments at the Tapestries, a late 19<sup>th</sup> century estate originally part of the Royal Windsor Tapestry Manufactory, left in trust by the late Miss Frances George Knowles-Foster. At Westgate-on-Sea there are two bungalows, built by the Charity and providing accommodation for retired nurses. Care is taken to ensure that the accommodation is in a safe and peaceful setting, and some limited support is available at Tetbury and Old Windsor for residents who need occasional help.

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 198 (2011:206) beneficiaries in receipt of regular payments of which 162 (2011:164) were single people and the remainder couples. The amount of the regular payment for those also in receipt of the state retirement pension was set at up to £15 per week for a single person, and up to £20.00 per week for a couple. For those who are not in receipt of the state retirement pension the rates are up to £20 for a single person and up to £25 for a couple.

Twenty two new beneficiaries received regular payments. Two of these were without time limit but the other 20 were for varying times of up to twelve months to 36 months or more. This was in accordance with the policy developed in 2011 to provide some regular payments for a limited time only, usually twelve or 24 months, in order to assist people through periods of particular hardship.

The level of the regular payments are regularly reviewed to take into account inflation, the range of state benefits available to different groups of people and the minimum income standards calculated by the Centre for Research in Social Policy at Loughborough University.

Single payments are made to meet urgent needs, including the purchase of much needed electrical equipment such as refrigerators and cookers, the repair of heating systems and leaking roofs, and help to acquire special disability equipment. The number of applications for single payments that were approved was 170, and the aggregate amount of these payments increased from £43,621 to £69,914.

# The National Benevolent Charity

## Trustees' Report for the year ended 31 December 2012

The number of people in great need applying to the Charity for assistance continued to far exceed the number who could be assisted given the amount of money available for benevolence. As a result, the Charity launched an Appeal for funds to mark the 200<sup>th</sup> anniversary of the founding of the Charity by Peter Hervé. The Charity's Patron kindly wrote an introduction to the Appeal brochure.

Applicants for regular and single payments have to complete an application form and have to provide detail of their financial and any health, disability or other exceptional circumstances. Documents such as benefits statements, bank statements etc. are inspected, and references taken up where appropriate.

The Charity is a member of the Association of Charity Officers, the umbrella organisation for benevolence charities. The Charity 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, and with Citizens Advice Bureaux, Age UK and other advice and welfare organisations.

### 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. Members of staff are available to help and support residents for part of each day and at other times in cases of emergency.

The Charity was pleased to welcome to the staff Mrs Lynda Fermor, who took over the role of Resident Warden at the Tapestries in August.

The apartments are let mainly to 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 apartments in Tetbury are relatively new and a programme of maintenance, repairs and improvements continues at the Tapestries as and when apartments are vacated. 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.

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 occupancy rate was greater than 90% throughout the year.

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.

### Information and Publicity

The Charity advertised its work in a number of journals, such as *Retirement Today* and *The Community Health care guide* and on the websites *Charity Choice* and several of those operated by advice services.

The Charity's own website was maintained and kept up to date for applicants for benevolence and housing and for the general public.

A book to commemorate the Charity's bi-centenary, entitled *Peter Hervé's Charity*, was published by the Charity in September 2012.

# The National Benevolent Charity

## Trustees' Report for the year ended 31 December 2012

### Statement on Public Benefit

The Trustees are aware of Public Benefit provisions of the Charities Act 2011 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 increased by £59,261 to £781,832. Legacy income, which is unpredictable, has increased from £17,377 to £79,612 over the previous year. Investment income increased by £3,192 to £354,002 and income from rents from the accommodation in Tetbury and at the Tapestries decreased by £6,625 to £236,410. Rental income from The Priory was £88,936.

Total resources expended were £726,202, an increase of £34,715 over the previous year. Charitable expenditure increased by £26,478 to £547,318. Expenditure on benevolence increased by £16,200 to £271,729. At the year end the provision for Regular Payments was £1,659,973.

Net incoming resources amounted to £55,630 and after taking account of unrealised gains on investments of £772,535, total funds rose to £10,653,384.

### The Priory Nursing Home

The Charity continued to maintain to a high standard the Priory in Tetbury and the adjacent grounds. The Priory, a listed building, is leased to Somerset Care Ltd for the purpose of operating a nursing home for the elderly and infirm. Under the terms of the lease a rent review was scheduled for the 30<sup>th</sup> April 2010 was completed in November 2011, and the rental was increased to £80,000 per annum with inflationary increases of not less than 1% and not more than 3% from that month. The next rent review is due to take place on 30<sup>th</sup> April 2015.

### Investment Powers, Policy and Performance

The instructions given to the investment manager are to obtain a reasonable long term overall return on the funds invested at moderate risk, and, at the same time, to provide sufficient funds to meet the Charity's planned expenditure. 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 2012, measured on a total return basis, was growth of 14% compared with the composite benchmark index growth of 9.5%.

### 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 £250,000. This provides sufficient funds to cover management, administration and payments to beneficiaries. The current level of unrestricted funds, excluding the inter-Charity loan, is £253,692.

# The National Benevolent Charity

## Trustees' Report for the year ended 31 December 2012

### Grant Making Policy

Regular payments and single payments 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.

Whilst the Charity retains the right to cease payments to beneficiaries at any time, the Trustees also recognise that individuals' circumstances generally do not change significantly from one year to the next. Accordingly once they have met the financial criteria for an award it is likely that the beneficiary will continue to qualify for a number of years or the fixed period agreed. The Trustees therefore believe it prudent to recognise a provision for future payments to beneficiaries, although there is no legal obligation to continue with the payments. This reflects a change in accounting policy and further details can be found in the notes to the financial statements.

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 the continuous expansion of the benevolence programme and further improvements to the residential accommodation, particularly at the Tapestries.

### Statement of Trustees' Responsibilities

The Charities Act 2011 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 2011. 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.



# The National Benevolent Charity

## Trustees' Report for the year ended 31 December 2012

### **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 Knowles Foster Homes

On behalf of the Committee of Management

David S P McEuen  
Chairman

Date: 2 July 2013

# The National Benevolent Charity

## **Independent auditors' report to the Trustees and members of The National Benevolent Charity**

We have audited the financial statements of The National Benevolent Charity for the year ended 31 December 2012 which comprise the Statement of Financial Activities, Balance Sheet, and related notes. The financial reporting framework that has been applied in their preparation is applicable law and Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

This report is made solely to the Charity's Trustees, as a body, in accordance with Section 144 of the Charities Act 2011 and regulations made under section 154 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**

As explained more fully in the Trustees' Responsibilities Statement set out on page 7, the Trustees are responsible for the preparation of financial statements which give a true and fair view.

We have been appointed as auditor under section 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Independent auditors' report to the Trustees and members of The National Benevolent Charity**

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Charity's affairs as at 31 December 2012, and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities;
- have been prepared in accordance with the requirements of the Charities Act 2011.

# The National Benevolent Charity

## **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Charities Act 2011 requires us to report to you if, in our opinion:

- the information given in the Trustees' Report is inconsistent in any material respect with the financial statements; or
- sufficient accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

## **Randall & Payne LLP**

Statutory Auditor  
10 Wheatstone Court  
Quedgeley  
Gloucestershire  
GL2 2AQ

Date: 12 July 2013

# The National Benevolent Charity

## Statement of Financial Activities for the year ended 31 December 2012

	Notes	Unrestricted General Funds £	Restricted Funds £	Endowment Funds £	<b>Total Funds 2012 £</b>	As Restated Total Funds 2011 £
<b>Incoming resources</b>						
<i>Incoming resources from generated funds:</i>						
<i>Voluntary Income:</i>						
Donations and subscriptions		21,471	-	-	<b>21,471</b>	7,669
Legacies receivable		79,612	-	-	<b>79,612</b>	17,377
<i>Investment Income:</i>						
Dividends and interest	2	354,002	-	-	<b>354,002</b>	350,810
Rental income		88,936	-	-	<b>88,936</b>	103,367
<i>Incoming resources from charitable activities:</i>						
Accommodation		69,890	-	-	<b>69,890</b>	62,336
Knowles Foster Homes		-	166,520	-	<b>166,520</b>	180,699
Miscellaneous income		1,401	-	-	<b>1,401</b>	313
<b>Total incoming resources</b>		<b>615,312</b>	<b>166,520</b>	<b>-</b>	<b>781,832</b>	<b>722,571</b>
<b>Resources expended</b>						
Cost of generating funds	3	148,212	-	-	<b>148,212</b>	142,655
<i>Charitable activities:</i>						
Accommodation	4	87,222	-	-	<b>87,222</b>	78,106
Beneficiaries	4	271,729	-	-	<b>271,729</b>	255,529
Movement in provision for regular payments	14	(51,059)	-	-	<b>(51,059)</b>	7,634
Knowles Foster Homes	4	72,906	166,520	-	<b>239,426</b>	179,571
Governance costs	5	30,672	-	-	<b>30,672</b>	27,992
<b>Total Resources expended</b>		<b>559,682</b>	<b>166,520</b>	<b>-</b>	<b>726,202</b>	<b>691,487</b>
<b>Net incoming/(outgoing) resources before investment gains and losses</b>		<b>55,630</b>	<b>-</b>	<b>-</b>	<b>55,630</b>	<b>31,084</b>
Realised loss on sale of investments		(76,629)	-	-	<b>(76,629)</b>	(90,806)
Realised gain on sale of investments		89,006	-	-	<b>89,006</b>	21,563
Unrealised gain/ (loss) on investments		832,535	-	-	<b>832,535</b>	(484,437)
Loss on revaluation of investment asset		(60,000)	-	-	<b>(60,000)</b>	-
Net movement in funds		840,542	-	-	<b>840,542</b>	(522,596)
Total funds at 1 January 2012		8,140,150	-	1,672,692	<b>9,812,842</b>	12,038,836
Prior Year Adjustment	15	-	-	-	-	(1,703,398)
<b>Total funds at 31 December 2012</b>		<b>8,980,692</b>	<b>-</b>	<b>1,672,692</b>	<b>10,653,384</b>	<b>9,812,842</b>

A Statement of total gains and losses is not required as all gains and losses are included in the Statement of Financial Activities.

# The National Benevolent Charity

## Balance Sheet as at 31 December 2012

	Notes	2012 £	2011 £
<b>Fixed assets</b>			
Tangible assets	10	1,545,207	1,547,604
Investments	11	10,520,924	9,687,421
		<u>12,066,131</u>	<u>11,235,025</u>
<b>Current assets</b>			
Debtors	12	33,317	67,881
Cash at bank and in hand		237,221	269,444
		<u>270,538</u>	<u>337,325</u>
Less creditors: amounts falling due within one year	13	23,312	48,476
		<u>247,226</u>	<u>288,849</u>
<b>Net Current Assets</b>		<b>(1,659,973)</b>	<b>(1,711,032)</b>
Provision for regular payments			
		<u>10,653,384</u>	<u>9,812,842</u>
<b>Unrestricted Funds:</b>			
General	16	608,435	652,454
Designated		8,372,257	7,487,696
		<u>8,980,692</u>	<u>8,140,150</u>
Restricted Funds		-	-
Endowment Funds		1,672,692	1,672,692
Knowles Foster Homes Fund		-	-
		<u>10,653,384</u>	<u>9,812,842</u>

Approved by the Committee of Management on 2 July 2013 and signed on its behalf by:

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

# The National Benevolent Charity

## Notes forming part of the financial statements for the year ended 31 December 2012

### 1. Accounting policies

The financial statements have been prepared in accordance with the requirements of the Charities Act 2011 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.

#### *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.

# The National Benevolent Charity

## Notes forming part of the financial statements for the year ended 31 December 2012 (Cont'd)

### Accounting policies (cont'd)

#### *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. Whilst the Charity retains the right to cease payments to beneficiaries at any time, the Trustees also recognise that individuals' circumstances generally do not change significantly from one year to the next. Accordingly once they have met the financial criteria for an award it is likely that the beneficiary will continue to qualify for a number of years of the fixed period agreed. The Trustees therefore believe it prudent to recognise a provision for future payments to beneficiaries, although there is no legal obligation to continue with the payments.

A provision for a fixed term commitment, which is granted for a limited period of time is recognised in full in the year it is approved. The provision for the future liability reflects the balance remaining at the end of the financial year.

A provision for a without time limit commitment is recognised in full in the year it is approved. An estimate of the future commitment is calculated based upon an individual's life expectancy published in the Office of National Statistics 2005-2007 Life Expectancy Tables. The provision for these future liabilities is reviewed at each year end and updated to take into account any changes to circumstances and life expectancy data.

#### *Operating leases*

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

# The National Benevolent Charity

## Notes forming part of the financial statements for the year ended 31 December 2012 (Cont'd)

### 2. Investment income

	<b>Total 2012 £</b>	Total 2011 £
Dividends	<b>289,204</b>	278,253
Interest	<b>64,798</b>	72,557
Rental Income	<b>88,936</b>	103,367
	<b>442,938</b>	454,177

### 3. Costs of generating funds

	Unrestricted Funds	Restricted Funds	Endowment Funds	<b>Total Funds 2012 £</b>	Total Funds 2011 £
Publicity	15,442	-	-	<b>15,442</b>	6,651
Portfolio management fees	41,488	-	-	<b>41,488</b>	42,924
Property costs	54,954	-	-	<b>54,954</b>	57,504
Staff costs	30,729	-	-	<b>30,729</b>	29,839
Support costs (note 6)	5,599	-	-	<b>5,599</b>	5,737
	<b>148,212</b>	-	-	<b>148,212</b>	142,655

### 4. Charitable activities

	Accommodation	Beneficiaries	Knowles Foster Homes	<b>Total Funds 2012 £</b>	Total Funds 2011 £
Staff Costs	21,542	32,531	27,965	<b>82,038</b>	95,019
Grants	473	68,646	795	<b>69,914</b>	43,621
Regular payments	-	147,865	-	<b>147,865</b>	148,048
Property costs	51,472	-	191,214	<b>242,686</b>	159,178
Legal and professional	-	-	9,104	<b>9,104</b>	12,293
General administrative expenses	425	113	1,103	<b>1,641</b>	8,166
Support costs (note 6)	13,310	22,574	9,245	<b>45,129</b>	46,881
	<b>87,222</b>	<b>271,729</b>	<b>239,426</b>	<b>598,377</b>	513,206



# The National Benevolent Charity

## Notes forming part of the financial statements for the year ended 31 December 2012 (Cont'd)

### Charitable activities (cont'd)

#### 5. Governance

	2012 £	2011 £
Staff costs	12,771	12,423
Property costs	175	-
Legal and professional	10,265	8,750
General Administrative Expenses	5,851	4,969
Support costs (note 6)	1,610	1,850
	<u>30,672</u>	<u>27,992</u>

#### 6. Support costs

	Accommodation £	Beneficiaries £	Knowles Foster Homes £	Nursing Home £	Governance £	2012 Total £	2011 Total £
Staff Costs	8,485	16,139	7,635	3,989	-	36,248	35,928
Property Costs	2,452	3,273	819	819	819	8,182	4,706
Legal and professional	130	173	43	43	43	432	6,780
General Administrative Expenses	2,243	2,989	748	748	748	7,476	7,054
<b>Total Costs</b>	<u>13,310</u>	<u>22,574</u>	<u>9,245</u>	<u>5,599</u>	<u>1,610</u>	<u>52,338</u>	<u>54,468</u>

#### Allocation of support costs:

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%

#### 7. Movement in total funds for the year

	2012 £	2011 £
This is stated after charging:		
Auditors' remuneration - external audit	5,500	5,100
Auditors' remuneration – non audit	4,000	3,650
Depreciation of owned assets	2,397	2,969
Trustees' indemnity insurance	1,933	1,419
	<u>14,227</u>	<u>13,138</u>

# The National Benevolent Charity

## Notes forming part of the financial statements for the year ended 31 December 2012 (Cont'd)

### Charitable activities (cont'd)

#### 8. Staff costs

	<b>2012</b>	2011
	<b>£</b>	£
Wages and salaries	<b>138,623</b>	149,878
Staff Pensions	<b>5,938</b>	5,740
Social security costs	<b>15,535</b>	15,957
Pensions paid to former employees	<b>1,690</b>	1,634
	<b><u>161,786</u></b>	<u>173,209</u>

No Trustee received any remuneration from the Charity (2011: nil).

Three (2011: four) Trustees were reimbursed a total of £591 (2011: £626) with respect to expenses incurred on behalf of the Charity.

#### 9. Staff numbers

	<b>2012</b>	2011
	<b>Number</b>	Number
Administration and support	<b>4</b>	5

The above staff numbers are based on full time.

	<b>2012</b>	2011
	<b>Number</b>	Number
Employees earning between £10,000 and £60,000:	<b>3</b>	4
Employees earning more than £60,000:	<b>1</b>	1

# The National Benevolent Charity

## Notes forming part of the financial statements for the year ended 31 December 2012 (Cont'd)

### 10. Tangible fixed assets

	Freehold Land and buildings £	Equipment, fixtures and fittings £	Computers £	Total £
<u>Cost or valuation</u>				
At 1 January 2011	2,452,888	26,134	10,298	<b>2,489,320</b>
Additions	-	-	-	-
<b>At 31 December 2012</b>	<b>2,452,888</b>	<b>26,134</b>	<b>10,298</b>	<b>2,489,320</b>
<u>Depreciation</u>				
At 1 January 2011	909,375	23,875	8,466	<b>941,716</b>
Provided during the year	-	565	1,832	<b>2,397</b>
<b>At 31 December 2012</b>	<b>909,375</b>	<b>24,440</b>	<b>10,298</b>	<b>944,113</b>
<u>Net book value</u>				
<b>At 31 December 2012</b>	<b>1,543,513</b>	<b>1,694</b>	<b>-</b>	<b>1,545,207</b>
At 31 December 2011	1,543,513	2,259	1,832	1,547,604

#### *Impairment*

In March 2008 the Trustees engaged an independent firm of Chartered Surveyors 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 11).

### 11. Fixed asset investments

	Investment Properties £	Share Investments £	2012 Total £	2011 Total £
Market value at 1 January 2012	1,000,000	8,458,650	<b>9,458,650</b>	10,250,540
Additions	-	1,107,301	<b>1,107,301</b>	1,735,924
Disposals	-	(1,070,246)	<b>(1,070,246)</b>	(2,043,377)
Gain / (Loss) on revaluation	(60,000)	832,535	<b>772,535</b>	(484,437)
	940,000	9,328,240	<b>10,268,240</b>	9,458,650
Cash held for investment purposes	-	252,684	<b>252,684</b>	228,771
<b>Market value at 31 December 2012</b>	<b>940,000</b>	<b>9,580,924</b>	<b>10,520,924</b>	9,687,421

# The National Benevolent Charity

## Notes forming part of the financial statements for the year ended 31 December 2012 (Cont'd)

### Fixed asset investments (cont'd)

Share investments at market value comprise:

	2012 £	2011 £
UK equities	5,418,348	5,011,229
UK fixed interest	1,810,310	1,126,421
Overseas equities	1,960,400	2,025,799
Overseas fixed interest	139,182	295,201
Cash held for investment purposes	252,684	228,771
	<u>9,580,924</u>	<u>8,687,421</u>
Property investment	940,000	1,000,000
	<u>10,520,924</u>	<u>9,687,421</u>

	2012 £	2011 £
Investments at cost:		
Shares	6,983,684	6,983,684
Property	2,028,679	2,028,679
	<u>6,983,684</u>	<u>2,028,679</u>

### 12. Debtors

	2012 £	2011 £
Accrued income	25,737	59,000
Sundry debtors	1,716	2,861
Prepayments	5,864	6,020
	<u>33,317</u>	<u>67,881</u>

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

	2012 £	2011 £
Other creditors and accruals	23,312	48,476
	<u>23,312</u>	<u>48,476</u>

# The National Benevolent Charity

## Notes forming part of the financial statements for the year ended 31 December 2012 (Cont'd)

### 14. Provisions for regular payments

Whilst the Charity retains the right to cease payments to beneficiaries at any time, the Trustees also recognise that individuals' circumstances generally do not change significantly from one year to the next. Accordingly once they have met the financial criteria for an award it is likely that the beneficiary will continue to qualify for a number of years. The Trustees therefore believe it prudent to recognise a provision for future payments based on the average life expectancy of beneficiaries (in line with the accounting policy), although there is no legal obligation to continue with the payments.

	<b>2012</b>	2011
	<b>£</b>	£
Commitments at 1 January 2012	<b>1,711,032</b>	1,703,398
Increased commitments	<b>83,874</b>	140,745
Release of provision for year	<b>(134,933)</b>	(133,111)
<b>Commitment payable as at 31 December 2012</b>	<b><u>1,659,973</u></b>	<u>1,711,032</u>

The provision can be broken down as follows:

	<b>2012</b>	2011
	<b>£</b>	£
Due within less than one year	<b>147,240</b>	141,540
Due in greater than one year	<b>1,512,733</b>	1,569,492
	<b><u>1,659,973</u></b>	<u>1,711,032</u>

### 15. Prior Year adjustment

The prior year adjustment of £1,703,398 relates to the change in accounting policy for the recognition of the provision for regular payments as at 1 January 2010. Comparative figures have been restated to reflect this accounting treatment.

# The National Benevolent Charity

## Notes forming part of the financial statements for the year ended 31 December 2012 (Cont'd)

### 16. Funds analysis

	As Restated At 1 January 2012 £	Incoming Resources £	Outgoing Resources £	Unrealised Gains / (Losses) £	Transfers £	At 31 December 2012 £
<b>Permanent endowment funds</b>						
Endowed Legacies fund	1,672,692	-	-	-	-	<b>1,672,692</b>
<b>Total Endowment funds</b>	<b>1,672,692</b>	-	-	-	-	<b>1,672,692</b>
<b>Restricted funds</b>						
Knowles Foster Homes fund	-	166,520	(166,520)	-	-	-
<b>Total Restricted funds</b>	<b>-</b>	<b>166,520</b>	<b>(166,520)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>General funds</b>						
Capital fund (designated)	7,487,696	89,006	(76,629)	772,535	99,649	<b>8,372,257</b>
Income fund	652,454	615,312	(559,682)	-	(99,649)	<b>608,435</b>
<b>Total general funds</b>	<b>8,140,150</b>	<b>704,318</b>	<b>(636,311)</b>	<b>772,535</b>	<b>-</b>	<b>8,980,692</b>
<b>Total funds</b>	<b>9,812,842</b>	<b>870,838</b>	<b>(802,831)</b>	<b>772,535</b>	<b>-</b>	<b>10,653,384</b>

#### 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's headquarters in Tetbury.

#### 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 to the capital fund from the unrestricted Income fund £99,649 represents a transfer of money to the investment portfolio.

# The National Benevolent Charity

## Notes forming part of the financial statements for the year ended 31 December 2012 (Cont'd)

### 17. Analysis of net assets between funds

	General Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	<b>Total Funds £</b>
Tangible assets	1,436	451,306	359,773	732,692	<b>1,545,207</b>
Investments	-	9,580,924	-	940,000	<b>10,520,924</b>
Current assets	269,655	-	883	-	<b>270,538</b>
Inter-Charity loan	353,307	-	(353,307)	-	-
Creditors: amounts falling due within one year	(15,963)	-	(7,349)	-	<b>(23,312)</b>
Provision for regular payments	-	(1,659,973)	-	-	<b>(1,659,973)</b>
<b>Net assets at 31 December 2012</b>	<b>608,435</b>	<b>8,372,257</b>	<b>-</b>	<b>1,672,692</b>	<b>10,653,384</b>

The inter Charity loan between The National Benevolent Charity and the Knowles Foster Homes is an interest free loan with no set repayment terms.