

The National Benevolent Institution
Report and Financial Statements
For the year ended 31 December 2010
Charity No: 212450



The National Benevolent Institution

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The National Benevolent Institution

Trustees' Report for the year ended 31 December 2010

The Trustees are pleased to present their report together with the financial statements of the charity for the year ended 31 December 2010.

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

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

Ms M Seaton (resigned 15th September 2010)

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 2010

The Trustees of the Charity are the Members of the Management Committee. The Bye-Laws of the Institution were amended, with effect from 10th 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 (appointed 6th June 1972), Miss J M Bradley (appointed 9th March 2004) and Air Cdre D N Adams (appointed 11th May 2004) were re-appointed as Members of the Management Committee on 15th September 2010. Consequently, Mr A Crawford (appointed 6th September 2005), Mr J C Whitaker (appointed 5th January 2006) and Mr C C Bell (appointed 21st September 2006) 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.

Ms M Seaton resigned as a Member of the Management Committee.

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 & welfare 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 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 2010, the Investment Sub-committee met six times, the Welfare Sub-committee met three 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. Three other members of staff at Tetbury have responsibility for benevolence & welfare, 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 to be in need, or be over 50 years of age and, because of exceptional circumstances, be in need. 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 2010

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, and for people over the age of 50 who are unable to work because of illness or disability. 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 mainly, though not exclusively, 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 207 beneficiaries in receipt of regular payments of which 169 were single people and 38 were couples. The amount of the regular payment for those also in receipt of the state retirement pension was set at up to £13 per week for a single person (now increased to £15), and up to £17.50 per week for a couple (now increased to £20). For those over the age of 50 but who are not in receipt of the state pension the rate is now up to £20 for a single person and £25 for a couple.

Ten new beneficiaries received regular payments, of which 8 were single people and two a couple, and 10 existing beneficiaries ceased to receive regular payments, nine of whom had sadly died.

The level of the regular payments were reviewed, and increased 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.

Beneficiaries in receipt of regular payments and others who do not received single grants to meet their 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 value of these grants increased in total by £3,965 to £27,480.

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.

During the year the Chief Executive and the Welfare Officer visited a number of beneficiaries in their homes to assess their needs and to offer further help and support where appropriate.

The National Benevolent Institution

Trustees' Report for the year ended 31 December 2010

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 mainly 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 improve the driveway at the Tapestries and to lay out new parking bays. Works were also begun to provide new laundry facilities in the old guest room.

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.

Information and Publicity

The Charity's website was re-designed and re-constructed in order to improve the amount and standard of information available to beneficiaries and potential beneficiaries. The website address is www.nbi.org.uk

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 £26,902 to £652,757. Legacy income, which is unpredictable, was down from £113,977 to £27,184 over the previous year. By contrast, investment income increased by £48,684 to £337,510 and income from rents from the accommodation in Tetbury and at the Tapestries increased by £14,595 to £235,641. Rental income from The Priory fell by £191 to £44,367, reflecting the link to the RPI.

The National Benevolent Institution

Trustees' Report for the year ended 31 December 2010

Total resources expended was £696,385, an decrease of £22,071 over the previous year. Charitable expenditure fell by £5,174 to £517,923 reflecting small reductions in the benevolence programme and in accommodation costs.

Net outgoing resources amounted to £43,628 and after taking account of unrealised gains on investments of £1,046,715, total funds rose to £12,038,836.

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 30th April 2010. This review has not been completed, but when it is, any increase in the rent will be backdated to 1st May 2010.

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 aim for income targets set by the Investment Sub-committee. 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 2010, measured on a total return basis, was growth of 15.3% compared with the composite benchmark index growth of 12.1%.

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 £217,923.

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.

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Trustees' Report for the year ended 31 December 2010

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 completion of the Rent Review of the Priory Nursing Home let to Somerset Care Ltd for which Savills have been appointed, further improvements to the accommodation at Old Windsor and preparations for the Charity's bi-centenary in 2012, including an appeal to increase voluntary income so that more people in great need can be helped.

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.

On behalf of the Committee of Management

David S P McEuen
Chairman

Date:

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 2010 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 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

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 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 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.

The National Benevolent Institution

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

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 2010, 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 1993.

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 1993 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:

The National Benevolent Institution

Statement of Financial Activities for the year ended 31 December 2010

	Notes	Unrestricted General Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2010 £	Total Funds 2009 £
Incoming resources						
<i>Incoming resources from generated funds:</i>						
<i>Voluntary Income:</i>						
Donations and subscriptions		7,902	-	-	7,902	11,252
Legacies receivable		27,184	-	-	27,184	113,977
<i>Investment Income:</i>						
Dividends and interest	2	337,510	-	-	337,510	288,826
Rental income		44,367	-	-	44,367	44,558
<i>Incoming resources from charitable activities:</i>						
Accommodation		60,738	-	-	60,738	67,749
Knowles Foster Homes		-	174,903	-	174,903	153,297
Miscellaneous income		153	-	-	153	-
Total incoming resources		477,854	174,903	-	652,757	679,659
Resources expended						
Cost of generating funds	3	156,239	-	-	156,239	108,079
<i>Charitable activities:</i>						
Accommodation	4	103,214	-	-	103,214	96,936
Beneficiaries	4	229,481	-	-	229,481	235,860
Knowles Foster Homes	4	-	185,228	-	185,228	190,301
Governance costs	4	22,223	-	-	22,223	43,138
<i>Other resources expended:</i>						
Impairment		-	-	-	-	-
Total Resources expended		511,157	185,228	-	696,385	674,314
Net incoming / (outgoing) resources before transfers		(33,303)	(10,325)	-	(43,628)	5,345
Gross transfers between funds		(10,325)	10,325	-	-	-
Net incoming/(outgoing) resources before investment gains and losses		(43,628)	-	-	(43,628)	5,345
Realised loss on sale of investments		(164,916)	-	-	(164,916)	(38,583)
Realised gain on sale of investments		33,519	-	-	33,519	101,939
Unrealised gain/ (loss) on investments		1,046,715	-	-	1,046,715	1,707,277
Loss on revaluation of investment asset		-	-	-	-	-
Net movement in funds		871,690	-	-	871,690	1,775,978
Total funds at 1 January 2010		9,494,454	-	1,672,692	11,167,146	9,391,168
Total funds at 31 December 2010		10,366,144	-	1,672,692	12,038,836	11,167,146

The National Benevolent Institution
Balance Sheet as at 31 December 2010

	Notes	2010 £	2009 £
Fixed assets			
Tangible assets	9	1,550,573	1,548,295
Investments	10	10,284,538	9,409,320
		<u>11,835,111</u>	<u>10,957,615</u>
Current assets			
Debtors	11	72,168	58,187
Cash at bank and in hand		171,131	174,070
		<u>243,299</u>	<u>232,257</u>
Less creditors: amounts falling due within one year	12	39,574	22,726
		<u>203,725</u>	<u>209,531</u>
Net Current Assets		<u>12,038,836</u>	<u>11,167,146</u>
Unrestricted Funds:			
General	14	570,299	573,827
Designated	14	9,795,845	8,920,627
		<u>10,366,144</u>	<u>9,494,454</u>
Restricted Funds		-	-
Endowment Funds	14	1,672,692	1,672,692
		<u>12,038,836</u>	<u>11,167,146</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 2010

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.

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Notes forming part of the financial statements for the year ended 31 December 2010 (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.

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Notes forming part of the financial statements for the year ended 31 December 2010 (Cont'd)

2. Investment income

	Total 2010 £	Total 2009 £
Dividends	248,667	209,830
Interest	88,843	78,996
Rental Income	44,367	44,558
	<u>381,877</u>	<u>333,384</u>

3. Costs of generating funds

	Unrestricted Funds	Restricted Funds	Endowment Funds	Total Funds 2010 £	Total Funds 2009 £
Publicity	£ 10,775	-	-	10,775	8,059
Portfolio management fees	41,323	-	-	41,323	31,343
Nursing home (note 4)	104,141	-	-	104,141	68,677
	<u>156,239</u>	<u>-</u>	<u>-</u>	<u>156,239</u>	<u>108,079</u>

The National Benevolent Institution

Notes forming part of the financial statements for the year ended 31 December 2010 (Cont'd)

Charitable activities (cont'd)

4. Analysis of costs

	Accommodation	Beneficiaries	Knowles Foster Homes	Nursing Home	Governance	2010 Total	2009 Total
	£	£	£	£	£	£	£
Direct Costs							
Directly charged salaries	-	26,217	15,939	-	-	42,156	41,620
Grants	669	25,456	1,355	-	-	27,480	23,515
Regular payments	-	126,432	-	-	-	126,432	136,582
Depreciation	703	-	152	-	-	855	1,140
Insurance – Property	3,230	-	4,433	5,802	-	13,465	14,415
Letting management fees	-	-	-	-	-	-	3,335
Light, heat and cleaning	18,583	-	33,525	-	-	52,108	43,577
Repairs and maintenance	15,163	-	67,663	65,515	-	148,341	136,212
Rates and water	4,765	-	5,788	-	-	10,553	12,568
Upkeep of garden	4,700	-	8,304	3,837	-	16,841	11,640
Insurance	-	-	-	-	1,406	1,406	1,302
Office equipment and stationery	19	664	288	-	-	971	746
Office equipment maintenance	-	-	90	156	-	246	-
Advertising and publicity	225	-	225	-	-	450	704
Management Expenses	-	281	88	-	562	931	657
Subscriptions	-	353	-	-	-	353	857
Telephone and postage	-	-	922	-	-	922	832
Audit and accountancy	-	-	1,200	-	7,550	8,750	12,338
Bank charges	-	-	-	-	962	962	1,071
Legal and professional	1,146	-	8,754	6,911	-	16,811	18,688
Bad debts	-	-	14,580	-	-	14,580	-
Trustees meetings	-	-	-	-	1,707	1,707	1,983
	<u>49,203</u>	<u>179,403</u>	<u>163,306</u>	<u>82,221</u>	<u>12,187</u>	<u>486,320</u>	<u>463,782</u>
Support Costs							
Administration salaries	47,600	41,131	19,784	19,783	7,898	136,196	134,808
Pension costs	-	400	-	-	-	400	7,000
Depreciation	709	946	236	236	236	2,363	582
Insurance	789	1,051	263	263	263	2,629	-
Legal and professional	-	-	-	-	-	-	9,730
Light, heat and cleaning	203	271	68	68	68	678	1,222
Management expenses	1,598	2,131	533	533	533	5,328	6,690
Office equipment maintenance	890	1,187	297	297	297	2,968	3,778
Office equipment and stationery	262	349	87	87	87	872	1,032
Pensioners	475	634	158	157	158	1,582	1,532
Rates and water	137	182	46	46	46	457	749
Repairs and maintenance	41	55	14	14	14	138	128
Subscriptions	290	386	97	97	97	967	652
Telephone and postage	<u>1,017</u>	<u>1,355</u>	<u>339</u>	<u>339</u>	<u>339</u>	<u>3,389</u>	<u>3,227</u>
	<u>54,011</u>	<u>50,078</u>	<u>21,922</u>	<u>21,920</u>	<u>10,036</u>	<u>157,967</u>	<u>171,130</u>
Total Costs	<u>103,214</u>	<u>229,481</u>	<u>185,228</u>	<u>104,141</u>	<u>22,223</u>	<u>644,287</u>	<u>634,912</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 2010 (Cont'd)

Charitable activities (cont'd)

5. Movement in total funds for the year

	2010	2009
	£	£
This is stated after charging:		
Operating lease costs	-	-
Auditors' remuneration - external audit	5,100	5,200
Auditors' remuneration – non audit	3,650	7,138
Depreciation of owned assets	3,220	1,722
Trustees' indemnity insurance	4,035	1,302
	<u>16,025</u>	<u>15,362</u>

6. Staff costs 2009

	2010	
	£	£
Wages and salaries	161,117	159,226
Staff Pensions	400	7,000
Social security costs	17,236	17,202
Pensions paid to former employees	1,585	1,532
Expenses	562	459
Interim Chief Executive	-	-
	<u>180,900</u>	<u>185,419</u>

No Trustee received any remuneration from the Charity (2009: nil).

Three (2009: 2) Trustees were reimbursed a total of £562 (2009: £459) with respect to expenses incurred on behalf of the charity.

7. Staff numbers

	2010	2009
	Number	Number
Administration and support	5	5

The above staff numbers are based on full time.

	2010	2009
	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 no donations (2009: £400) from Trustees.

The National Benevolent Institution

Notes forming part of the financial statements for the year ended 31 December 2010 (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	4,800	2,483,822
Additions	-	-	5,498	5,498
At 31 December 2010	2,452,888	26,134	10,298	2,489,320
<u>Depreciation</u>				
At 1 January 2009	909,375	22,118	4,034	935,527
Provided during the year	-	1,004	2,216	3,220
At 31 December 2010	909,375	23,122	6,250	938,747
<u>Net book value</u>				
At 31 December 2010	1,543,513	3,012	4,048	1,550,573
At 31 December 2009	1,543,513	4,016	766	1,548,295

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 10).

10. Fixed asset investments

	Investment Properties £	Share Investments £	2010 Total £	2009 Total £
Market value at 1 January 2010	1,000,000	8,333,921	9,333,921	6,657,409
Additions	-	1,458,936	1,458,936	2,116,388
Disposals	-	(1,589,032)	(1,589,032)	(1,147,153)
Transfers	-	-	-	-
(Loss)/Gain on revaluation	-	1,046,715	1,046,715	1,707,277
	1,000,000	9,250,540	10,250,540	9,333,921
Cash held for investment purposes	-	33,998	33,998	75,399
Market value at 31 December 2010	1,000,000	9,284,538	10,284,538	9,409,320

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:

	2010 £	2009 £
UK equities	5,048,218	4,480,735
UK fixed interest	1,631,393	1,618,915
Overseas equities	2,021,929	1,734,678
Overseas fixed interest	549,000	499,593
Cash held for investment purposes	33,998	75,399
	<u>9,284,538</u>	<u>8,409,320</u>
Property investment	1,000,000	1,000,000
	<u>10,284,538</u>	<u>9,409,320</u>

	2010 £	2009 £
Investments at cost:		
Shares	6,796,787	6,717,823
Property	2,028,679	2,028,679
	<u>8,825,466</u>	<u>8,746,502</u>

11. Debtors

	2010 £	2009 £
Accrued income	52,667	30,000
Sundry debtors	13,246	20,721
Prepayments	6,255	7,466
	<u>72,168</u>	<u>58,187</u>

12. Creditors: amounts falling due within one year

	2010 £	2009 £
Other creditors and accruals	39,574	22,726
	<u>39,574</u>	<u>22,726</u>

The National Benevolent Institution

Notes forming part of the financial statements for the year ended 31 December 2010 (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 £32,000 (2009: £34,000). At the year end no commitment existed for amounts to be paid to annuitants.

14. Funds analysis

	At 1 January 2010 £	Incoming Resources £	Outgoing Resources £	Unrealised Gains / (Losses) £	Transfers £	At 31 December 2010 £
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	-	174,903	(185,228)	-	10,325	-
Total Restricted funds	-	174,903	(185,228)	-	10,325	-
General funds						
Capital fund (designated)	8,920,627	33,519	(164,916)	1,046,715	(40,100)	9,795,845
Income fund	573,827	477,854	(511,157)	-	29,775	570,229
Total general funds	9,494,454	511,373	(676,073)	1,046,715	(10,325)	10,366,144
Total funds	11,167,146	686,276	(861,301)	1,046,715	-	12,038,836

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 2010 (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 capital fund to the unrestricted Income fund £40,100 represents the portfolio management charges paid direct from the capital account held by Rathbones Investment Management.

15. Analysis of net assets between funds

	General Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total Funds £
Tangible assets	6,604	511,307	359,970	672,692	1,550,573
Investments	-	9,284,538	-	1,000,000	10,284,538
Current assets	241,206	-	2,093	-	243,299
Inter-charity loan	345,772	-	(345,772)	-	-
Creditors: amounts falling due within one year	(23,283)	-	(16,291)	-	(39,574)
Net assets at 31 December 2010	570,299	9,795,845	-	1,672,692	12,038,836

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