

The National Benevolent Charity
Report and Financial Statements
For the year ended 31 December 2011
Charity No: 212450



The National Benevolent Charity

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The National Benevolent Charity

Trustees' Report for the year ended 31 December 2011

The Trustees are pleased to present their report together with the financial statements of the charity for the year ended 31 December 2011.

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 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 Change of the Charity's name to The National Benevolent Charity was approved by HM The Queen meeting in Privy Council on 14th 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 D N Adams (Chairman of the Welfare 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

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@theNBC.org.uk website: 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, 159 New Bond Street, London W1S 2UD

Solicitors

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

The National Benevolent Charity

Trustees' Report for the year ended 31 December 2011

The Trustees of the Charity are the Members of the Management Committee. The Bye-Laws of the Charity 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, and Mr A Crawford (appointed 6th September 2005), Mr J C Whitaker (appointed 5th January 2006) and Mr C C Bell (appointed 21st September 2006) were re-appointed on 14th September 2011. Mr F J Baker and Ms Fran Mahon 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 Charity, 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.

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 four 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 House Manager for the Tapestries, in Old Windsor.

Land registrations have been completed for all NBI 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 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. In order to comply with the Equalities Act 2010, the Committee of Management has agreed, in principle but subject to the consent of the Privy Council, to remove the age qualification. However, because applicants not in receipt of the state retirement pension must demonstrate the exceptional circumstances referred to above, it is not expected that the removal of the age qualification will have a significant impact on the number of applicants who qualify for assistance.

The National Benevolent Charity

Trustees' Report for the year ended 31 December 2011

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 others 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 offer 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.

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

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, 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.

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 206 beneficiaries in receipt of regular payments of which 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.

Fifteen new beneficiaries received regular payments, of which 9 were single people and the remainder couples. Fourteen existing beneficiaries ceased to receive regular payments, seven of whom had sadly died.

During the year policy was amended to provide some regular payments for a limited period 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 value of these single grants increased from £27,480 to £43,621.

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.

The National Benevolent Charity

Trustees' Report for the year ended 31 December 2011

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 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. Members of 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 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.

In furtherance of the programme of maintenance, repairs and improvements at the Tapestries, the new laundry room was opened, major renewals to the electrical systems were carried out and safer paths were laid to the front and rear of the property.

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 change of the Charity's name was accompanied by the introduction of a new logo and new designs for letterheads and publicity material.

The new logo was also incorporated into the Charity's website. The website was maintained and kept up to date for applicants for benevolence and for the general public.

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.

The National Benevolent Charity

Trustees' Report for the year ended 31 December 2011

Financial Review

Total incoming resources increased by £69,814 to £722,571. Legacy income, which is unpredictable, was down from £27,184 to £17,377 over the previous year. By contrast, investment income increased by £13,300 to £350,810 and income from rents from the accommodation in Tetbury and at the Tapestries increased by £7,394 to £243,035. Rental income from The Priory reflected the backdated rental income and increased to £103,367.

Total resources expended were £683,853, a decrease of £12,532 over the previous year. Charitable expenditure increased by £593 to £518,516. There was a fall in accommodation costs as a result of lower expenditure on the management and maintenance of the accommodation. Expenditure on benevolence increased by £18,917 to £248,398.

Net incoming resources amounted to £38,718 and after taking account of unrealised losses on investments of £484,437, total funds fell to £11,523,874.

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 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 increase will be backdated to 1st May 2010. The next rent review is due to take place on 30th 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 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 2011, measured on a total return basis, was growth of -2.2% compared with the composite benchmark index growth of 1.1%.

Reserves Policy

It is the aim of the Charity to maintain unrestricted funds, which are free reserves of the Charity, sufficient to cover approximately six months expenditure on management, administration and payments to beneficiaries. The current level of unrestricted liquid funds is £306,791.

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.

The National Benevolent Charity

Trustees' Report for the year ended 31 December 2011

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 an expansion of the benevolence programme and further improvements to the residential accommodation. During 2012, the Charity will be marking its bi-centenary with an appeal to increase voluntary income.

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.

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:

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 2011 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.

The National Benevolent Charity

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 2011, 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.

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:

The National Benevolent Charity

Statement of Financial Activities for the year ended 31 December 2011

	Notes	Unrestricted General Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2011 £	Total Funds 2010 £
Incoming resources						
<i>Incoming resources from generated funds:</i>						
<i>Voluntary Income:</i>						
Donations and subscriptions		7,669	-	-	7,669	7,902
Legacies receivable		17,377	-	-	17,377	27,184
<i>Investment Income:</i>						
Dividends and interest	2	350,810	-	-	350,810	337,510
Rental income		103,367	-	-	103,367	44,367
<i>Incoming resources from charitable activities:</i>						
Accommodation		62,336	-	-	62,336	60,738
Knowles Foster Homes		-	180,699	-	180,699	174,903
Miscellaneous income		313	-	-	313	153
Total incoming resources		541,872	180,699	-	722,571	652,757
Resources expended						
Cost of generating funds						
Voluntary income	3	6,651	-	-	6,651	10,775
Investment income	3	121,339	-	-	121,339	145,464
<i>Charitable activities:</i>						
Accommodation	4	94,831	-	-	94,831	103,214
Beneficiaries	4	248,398	-	-	248,398	229,481
Knowles Foster Homes	4	-	175,287	-	175,287	185,228
Governance costs	4	37,347	-	-	37,347	22,223
Total Resources expended		508,566	175,287	-	683,853	696,385
Net incoming / (outgoing) resources before transfers		33,306	5,412	-	38,718	(43,628)
Gross transfers between funds		5,412	(5,412)	-	-	-
Net incoming/(outgoing) resources before investment gains and losses		38,718	-	-	38,718	(43,628)
Realised loss on sale of investments		(90,806)	-	-	(90,806)	(164,916)
Realised gain on sale of investments		21,563	-	-	21,563	33,519
Unrealised (loss) / gain on investments		(484,437)	-	-	(484,437)	1,046,715
Net movement in funds		(514,962)	-	-	(514,962)	871,690
Total funds at 1 January 2011		10,366,144	-	1,672,692	12,038,836	11,167,146
Total funds at 31 December 2011		9,851,182	-	1,672,692	11,523,874	12,038,836

The National Benevolent Charity
Balance Sheet as at 31 December 2011

	Notes	2011 £	2010 £
Fixed assets			
Tangible assets	8	1,547,604	1,550,573
Investments	9	9,687,421	10,284,538
		<u>11,235,025</u>	<u>11,835,111</u>
Current assets			
Debtors	10	67,881	72,168
Cash at bank and in hand		269,444	171,131
		<u>337,325</u>	<u>243,299</u>
Less creditors: amounts falling due within one year	11	48,476	39,574
		<u>288,849</u>	<u>203,725</u>
		<u>11,523,874</u>	<u>12,038,836</u>
Unrestricted Funds:			
General	13	652,454	570,299
Designated		9,198,728	9,795,845
		<u>9,851,182</u>	<u>10,366,144</u>
Restricted Funds		-	-
Endowment Funds		1,672,692	1,672,692
Knowles Foster Homes Fund		-	-
		<u>11,523,874</u>	<u>12,038,836</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 Charity

Notes forming part of the financial statements for the year ended 31 December 2011

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.

The National Benevolent Charity

Notes forming part of the financial statements for the year ended 31 December 2011 (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 Charity

Notes forming part of the financial statements for the year ended 31 December 2011 (Cont'd)

2. Investment income

	Total 2011 £	Total 2010 £
Dividends	278,253	248,667
Interest	72,557	88,843
Rental Income	103,367	44,367
	<u>454,177</u>	<u>381,877</u>

Rental income includes accrued income of £59,000 representing the backdated rental income from The Priory Nursing Home due at the year end.

3. Costs of generating funds

	Unrestricted Funds £	Restricted Funds £	Endowment Funds £	Total Funds 2011 £	Total Funds 2010 £
Publicity	6,651	-	-	6,651	10,775
Investment portfolio management fees	42,924	-	-	42,924	41,323
Nursing home (note 4)	78,415	-	-	78,415	104,141
	<u>127,990</u>	<u>-</u>	<u>-</u>	<u>127,990</u>	<u>156,239</u>

The National Benevolent Charity

Notes forming part of the financial statements for the year ended 31 December 2011 (Cont'd)

Charitable activities (cont'd)

4. Analysis of costs

	Accommodation	Beneficiaries	Knowles Foster Homes	Nursing Home	Governance	2011 Total	2010 Total
	£	£	£	£	£	£	£
Direct Costs							
Directly charged salaries	-	10,598	16,175	-	-	26,773	42,156
Grants	229	41,912	1,480	-	-	43,621	27,480
Regular payments	-	148,048	-	-	-	148,048	126,432
Depreciation	527	-	112	-	-	639	855
Insurance – Property	2,262	-	3,886	5,860	-	12,008	16,094
Light, heat and cleaning	15,288	-	30,790	-	-	46,078	52,108
Repairs and maintenance	15,631	-	69,054	39,199	-	123,884	148,341
Rates and water	4,380	-	5,675	-	-	10,055	10,553
Upkeep of garden	3,978	-	7,747	4,531	-	16,256	16,841
Insurance	-	-	-	-	1,419	1,419	1,406
Office equipment and stationery	1	10	243	-	155	409	971
Office equipment maintenance	-	-	78	-	-	78	246
Advertising and publicity	839	-	-	-	-	839	450
Management Expenses	-	-	-	-	642	642	931
Subscriptions	-	-	-	-	-	-	353
Telephone and postage	-	-	794	-	-	794	922
Audit and accountancy	-	-	1,200	-	8,750	9,950	8,750
Bank charges	-	-	-	-	997	997	962
Legal and professional	-	-	11,093	7,914	-	19,007	16,811
Bad debts	-	-	6,049	-	-	6,049	14,580
Trustees meetings	-	-	-	-	1,756	1,756	1,707
	<u>43,135</u>	<u>200,568</u>	<u>154,376</u>	<u>57,504</u>	<u>13,719</u>	<u>469,302</u>	<u>488,949</u>
Support Costs							
Administration salaries	43,923	37,981	18,179	18,179	20,801	139,063	136,196
Pension costs	1,720	1,776	715	715	814	5,740	400
Depreciation	699	932	233	233	233	2,330	2,363
Legal and professional	2,034	2,712	678	678	678	6,780	-
Light, heat and cleaning	7	9	2	2	2	22	678
Management expenses	666	888	222	222	221	2,219	5,328
Office equipment maintenance	155	207	52	52	51	517	2,968
Office equipment and stationery	399	532	133	133	132	1,329	872
Pensioners	490	654	163	163	163	1,633	1,582
Rates and water	166	223	55	55	55	554	457
Repairs and maintenance	19	26	6	7	7	65	138
Subscriptions	336	448	112	112	111	1,119	967
Telephone and postage	1,082	1,442	361	360	360	3,605	3,389
	<u>51,696</u>	<u>47,830</u>	<u>20,911</u>	<u>20,911</u>	<u>23,628</u>	<u>164,976</u>	<u>155,338</u>
Total Costs	<u>94,831</u>	<u>248,398</u>	<u>175,287</u>	<u>78,415</u>	<u>37,347</u>	<u>634,278</u>	<u>644,287</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 Charity

Notes forming part of the financial statements for the year ended 31 December 2011 (Cont'd)

Charitable activities (cont'd)

5. Movement in total funds for the year

	2011	2010
	£	£
This is stated after charging:		
Auditors' remuneration - external audit	5,100	5,100
Auditors' remuneration – non audit	3,650	3,650
Depreciation of owned assets	2,969	3,220
Trustees' indemnity insurance	1,419	1,406
	<u>13,138</u>	<u>13,476</u>

6. Staff costs

	2011	2010
	£	£
Wages and salaries	149,879	161,117
Staff Pensions	5,740	400
Social security costs	15,957	17,236
Pensions paid to former employees	1,634	1,585
Expenses	642	562
	<u>173,852</u>	<u>180,900</u>

No Trustee received any remuneration from the Charity (2010: nil).

Four (2010: three) Trustees were reimbursed a total of £626 (2010: £562) with respect to expenses incurred on behalf of the charity.

7. Staff numbers

	2011	2010
	Number	Number
Administration and support	5	5

The above staff numbers are based on full time.

	2011	2010
	Number	Number
Employees earning between £10,000 and £60,000:	4	4
Employees earning more than £60,000:	1	1

The National Benevolent Charity

Notes forming part of the financial statements for the year ended 31 December 2011 (Cont'd)

8. Tangible fixed assets

	Freehold Land and buildings £	Equipment, fixtures and fittings £	Computers £	Total £
<u>Cost or valuation</u>				
At 1 January 2010	2,452,888	26,134	10,298	2,489,320
Additions	-	-	-	-
At 31 December 2011	2,452,888	26,134	10,298	2,489,320
<u>Depreciation</u>				
At 1 January 2010	909,375	23,122	6,250	938,747
Provided during the year	-	753	2,216	2,969
At 31 December 2011	909,375	23,875	8,466	941,716
<u>Net book value</u>				
At 31 December 2011	1,543,513	2,259	1,832	1,547,604
At 31 December 2010	1,543,513	3,012	4,048	1,550,573

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).

9. Fixed asset investments

	Investment Properties £	Share Investments £	2011 Total £	2010 Total £
Market value at 1 January 2011	1,000,000	9,250,540	10,250,540	9,333,921
Additions	-	1,735,924	1,735,924	1,458,936
Disposals	-	(2,043,377)	(2,043,377)	(1,589,032)
Transfers	-	-	-	-
(Loss)/Gain on revaluation	-	(484,437)	(484,437)	1,046,715
	1,000,000	8,458,650	9,458,650	10,250,540
Cash held for investment purposes	-	228,771	228,771	33,998
Market value at 31 December 2011	1,000,000	8,687,421	9,687,421	10,284,538

The National Benevolent Charity

Notes forming part of the financial statements for the year ended 31 December 2011 (Cont'd)

Fixed asset investments (cont'd)

Share investments at market value comprise:

	2011 £	2010 £
UK equities	5,011,229	5,048,218
UK fixed interest	1,126,421	1,631,393
Overseas equities	2,025,799	2,021,929
Overseas fixed interest	295,201	549,000
Cash held for investment purposes	228,771	33,998
	<u>8,687,421</u>	<u>9,284,538</u>
Property investment	1,000,000	1,000,000
	<u>9,687,421</u>	<u>10,284,538</u>

	2011 £	2010 £
Investments at cost:		
Shares	6,983,684	6,781,070
Property	2,028,679	2,028,679
	<u>6,983,684</u>	<u>2,028,679</u>

10. Debtors

	2011 £	2010 £
Accrued income	59,000	52,667
Sundry debtors	2,861	13,246
Prepayments	6,020	6,255
	<u>67,881</u>	<u>72,168</u>

11. Creditors: amounts falling due within one year

	2011 £	2010 £
Other creditors and accruals	48,476	39,574
	<u>48,476</u>	<u>39,574</u>

The National Benevolent Charity

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

12. 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 (2010: £32,000). At the year end no commitment existed for amounts to be paid to annuitants.

13. Funds analysis

	At 1 January 2011 £	Incoming Resources £	Outgoing Resources £	Unrealised Gains / (Losses) £	Transfers £	At 31 December 2011 £
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	-	180,699	(175,287)	-	(5,412)	-
Total Restricted funds	-	180,699	(175,287)	-	(5,412)	-
General funds						
Capital fund (designated)	9,795,845	21,563	(90,806)	(484,437)	(43,437)	9,198,728
Income fund	570,299	541,872	(508,566)	-	48,849	652,454
Total general funds	10,366,144	563,435	(599,372)	(484,437)	5,412	9,851,182
Total funds	12,038,836	744,134	(774,659)	(484,437)	-	11,523,874

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 Charity

Notes forming part of the financial statements for the year ended 31 December 2011 (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 £43,437 represents the portfolio management charges paid direct from the capital account held by Rathbones Investment Management.

A transfer from the Knowles Foster Homes restricted fund of £5,412 was made into the unrestricted income fund as a part repayment of the inter charity loan.

14. Analysis of net assets between funds

	General Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total Funds £
Tangible assets	3,748	511,307	359,857	672,692	1,547,604
Investments	-	8,687,421	-	1,000,000	9,687,421
Current assets	335,186	-	2,139	-	337,325
Inter-charity loan	341,915	-	(341,915)	-	-
Creditors: amounts falling due within one year	(28,395)	-	(20,081)	-	(48,476)
Net assets at 31 December 2011	664,287	9,198,728	-	1,672,692	11,523,874

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