

# THE ROYAL NAVAL BENEVOLENT TRUST

Patron: His Royal Highness The Prince of Wales KG KT GCB OM



**REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2011**

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## TRUST INFORMATION

1 Apr '10 – 31 Mar '11

### Patron

His Royal Highness The Prince of Wales KG KT GCB OM

### Vice Patrons

Lieutenant General Sir Steuart Pringle Bt KCB DSc

K J Pritchard CB MA

J W S Thompson MBE BEM

### President

Vice Admiral Sir Fabian Malbon KBE

### Trustees

#### Vice President & Honorary Treasurer

P A Shuttleworth MBE

#### Chairman

Commodore P W H Swan Royal Navy (until 5 Oct '10)

Rear Admiral A J Rix CB (from 6 Oct '10)

#### Trustees

Commodore A J B Cameron Royal Navy

Chief Petty Officer I Bailey (from 10 Jun '10)

Corporal P Barnes Royal Marines

Mrs S Bryant (from 10 Jun '10)

C L M Davis RGN

N Gartside CFA

Warrant Officer (1) J Halford (until 9 Jun '10)

Mr G Harvey (from 10 Jun '10)

Chief Petty Officer J Holmes (from 10 Jun '10)

K Lambert BEM

Captain T Martin OBE Royal Navy

Chief Petty Officer J McCafferty

J Moulson MBE

Petty Officer J Rayner (until 9 Jun '10)

P G Scoffield (until 9 Jun '10)

O W Shread

C C A Siddall (until 9 Jun '10)

Commodore S J Woodcock OBE Royal Navy

Colour Sergeant S Willett Royal Marines (from 10 Jun '10)

### Executive Staff

#### Chief Executive

Commander S P Farrington QGM Royal Navy

#### Financial Controller

P Schofield MA ACMA (until Apr '11)

R Jesson BA FCCA (from Apr '11)

#### Home Manager, Pembroke House

Mrs J Trembeth RGN

#### Registered Office

Castaway House, 311 Twyford Avenue, PORTSMOUTH

PO2 8RN

#### Auditors

Crowe Clark Whitehill LLP

Aquis House, 49-51 Blagrove Street, READING

RG1 1PL

#### Principal Investment Managers

BlackRock Investment Managers (UK) Limited

33 King William Street, LONDON

EC4A 9AS

Schroders & Co Limited

31 Gresham Street, LONDON

EC2V 7ER

#### Bankers

Barclays Bank plc

PO Box 6, PORTSMOUTH

PO6 3DH

#### Solicitors

Blake Laphorn

Harbour Court, Compass Road, North Harbour, PORTSMOUTH

PO6 4ST

## TRUSTEES' REPORT

### 1. STRATEGY AND OBJECTIVES

The Royal Naval Benevolent Trust (Grand Fleet and Kindred Funds) was established by Royal Charter on 2 May 1922. It is a registered charity (No. 206243). The Trust's Primary Beneficial Objects are to give help, in cases of need, to those who are serving or have served as ratings in the Royal Navy or as other ranks in the Royal Marines and their dependants. The Trust is known as the RNBT and its beneficiaries as the RNBT Family. The Trust's beneficiaries are helped in the following ways:

- Grants to assist with a very wide range of individual needs.
- Annuities providing a regular financial supplement to older people on very low incomes.
- Care of older people at Pembroke House, the Trust's care and nursing home at Gillingham, Kent.
- Subsidised housing at the Trust's almshouse, The John Cornwell VC National Memorial at Hornchurch, Essex for which the RNBT is the sole trustee.
- Grants to selected organisations that provide support to members of the RNBT Family.
- Advice on welfare and allied matters.

The Trust's medium to long-term strategy is:

- To maintain and develop an effective organisation for the delivery of financial support to meet the wide ranging needs of the Trust's beneficiaries.
- To continue to provide, and if possible increase, facilities for the care of older people.
- To promote ever increasing awareness of the RNBT among the Trust's beneficiary group and potential supporters.
- To seek ways of enhancing the overall effectiveness of benevolence in general and particularly within the naval arena by working more closely with other Service charities.
- To increase income through growth in existing sources and by identifying new ones.

The Trust's objectives for 2010/11 were:

- To continue to satisfy from the Trust's own resources and in conjunction with other charities the needs of eligible applicants assessed as requiring financial assistance, i.e. the relief of poverty, subject to the Trust's grants policy - **ACHIEVED**
- To continue to meet and where possible exceed all care standards at our care home, Pembroke House - **ACHIEVED**
- To achieve average occupancy at Pembroke House in excess of 96% - **NOT ACHIEVED** – actual occupancy in year was 90%
- To maintain and improve where necessary the material condition of the properties that comprise the John Cornwell VC National Memorial and maintain full occupancy - **ACHIEVED**
- To continue to work closely with kindred organisations in pursuit of expanding the capacity of the naval charities for the care of older people – **ONGOING** – decision taken to increase capacity in Pembroke House and to offer up to 2 in number places to former WRNS ratings. Dialogue continues with kindred charities regarding increasing care home capacity for the Naval Family but nothing concrete to report.
- To broaden the Trust's public relations and identify additional means of generating income by 5% over 2009/10 levels – **ACHIEVED IN PART** – the recruitment of a bespoke Events & Publicity officer (22 Jun '10) has seen a positive upturn in the Trust's profile; income generation while sufficient to meet costs has not increased as per the objective.
- To meet the Trust's income generation targets while safeguarding and where possible increasing the Trust's capital worth – **ACHIEVED IN PART** – while income targets were not met, the net movement in funds was higher than budget resulting in a net increase in the Trust's capital worth.
- To promote the rationalisation of naval charities where change would be in the best interests of the RNBT Family - **IN PROGRESS** – regular dialogue with the RNRMC in particular is resulting in a clearer understanding of how we might work ever more closely in the future.
- To further promote awareness of the Trust within the active service community with the specific aim of increasing the number of uniformed volunteers – **ACHIEVED** but more to be done.
- To complete the wind-up of the Trust's Final Salary Pension Scheme – **IN PROGRESS** – will be complete early in 2011/12.

In summary, other than the occupancy rate for Pembroke House, all objectives have either been met in full or in part or are in progress with constructive ways ahead with all objectives.

## 2. GOVERNANCE

Governance for the Trust is delivered through the Central Committee that comprises the Chairman, the Vice President (also the Honorary Treasurer) and the Trustees of the RNBT. The President is not a trustee in law.

The structure of 3 standing sub committees (Finance and General Purposes, Care of Older People and Salaries and Benefits) continues to operate effectively with a cross section of trustee representation and competences in each committee. Committee quorums comprise a majority of Ordinary Member Trustees in keeping with the Trust's founding principles.

The Bye-law revision, unanimously approved by the Central Committee in Mar '10, saw the dissolution of the Area Committee structure and with it the cessation of the nomination process for Ordinary Member trustees to the Central Committee for a 12 month term of office. The revised process involved the Trust advertising in Naval and RNA/RMA/retired circles for eligible personnel to apply to become trustees. In short, the Trust adopted the same process for

the election of all its trustees – irrespective of their Royal Charter classification i.e. Chairman, Senior Officer, Specialist or Ordinary Member with all trustees serving a 3-year term. At the closing date for applications, 7 existing Ordinary Member Trustees and 13 new applicants sought election for 10 positions. A postal ballot was held with the result announced in advance of the June Central Committee meeting. The ballot resulted in the 5 existing and 5 new personnel being elected as Ordinary Member trustees. In order to create a natural turnover, the re-elected trustees agreed to serve a 2-year term before either standing down altogether or running for re-election. This was the final step in the governance modernisation process that has seen an end to ex-officio trusteeships, the introduction of specialist trustees and the widening of the selection 'pool' to allow for a wider range of talent and competence to be elected to the Central Committee. It remains the case that the Central Committee elects the Vice President annually from the body of Ordinary Member trustees

It remains the aspiration of the trustees that supporters of the Trust should meet up wherever they might find themselves with the aim of representing and promoting the RNBT and its activities within their areas. It is further envisaged that in time, such volunteers will aspire to operate at a higher level within the Trust including standing for trustee election as the opportunity allows. Other than in Portsmouth, that enjoys the regularity of twice-weekly Grant Committee meetings to act as a focus for volunteer effort, there is still little evidence of volunteer activity in other parts of the country. Indeed, personnel shortages coupled with a high operational tempo exacerbated by the constancy of change has meant that the serving trustees have found themselves hard pushed to exercise their governance duties through the regular committee meetings never mind looking to additional opportunities to promote the work of the Trust. The relatively newly created post of Events and Publicity Officer (Jun '10) is beginning to deliver results with more briefings on the work of the Trust than hitherto and while the linkage is not definitively established, there has been a slight increase in the number of individuals supporting the work of the Trust through sponsored sporting and adventurous pursuits. The Trust's ongoing and very positive relationship with Navy News is also assisting in maintaining a positive PR profile, particularly within the serving community. The evidence of this is the steady stream of donations and interest in supporting the Trust by fund-raising and providing physical assistance – particular at Pembroke House self-help projects and programmed events.

The trustee elections meant that the Trust said farewell to 4 long standing supporters of the Trust – Warrant Officer Julie Halford, Petty Officer Jan Rayner, Mr Peter Scoffield and Mr Tony Siddall – all of whom have supported the work of the Trust over many years. Chief Petty Officer 'Bill' Bailey, Mrs Sarah Bryant, Mr Gary Harvey, Chief Petty Officer Julian Holmes and Colour Sergeant Steve Willet have come onboard in their place and the Trust welcomes them with the same warmth with which it bids farewell to those no longer in post. Noting the comments already made about supporters of the Trust's work meeting up wherever they find themselves, we hope that those no longer active in the governance of the Trust will nevertheless still be involved in the various events involving the Trust, particularly in the Port Areas.

Vice Admiral Sir Fabian Malbon completed his 3-year term year as President in October 2010; he stood for re-election for another 3-year term and was voted in unanimously. The Trust feels privileged that Sir Fabian remains as committed as ever to the RNBT and looks forward to another settled period with him in a guiding and representational role at the Trust's head. Phillip Shuttleworth remains as Vice President and Honorary Treasurer having taken up post in January 2009. As with Sir Fabian, the Trust is indeed fortunate to have someone of Phillip's calibre willing to give of his time, wisdom and expertise willingly and with good humour.

The most notable change in the Trust's governance structure in the year was the departure of Commodore Peter Swan after 6 years sterling service – 3 as the President and latterly in the new role as Chairman that he established. Peter will be missed in many ways not the least of which is his overt passion for the well-being of Sailors and Royal Marines. His tenure included a period of considerable turbulence within the naval charitable sector but his dedication to the Trust's charitable objects and his unwavering loyalty to his fellow trustees far from faltering, acted as a beacon of responsible governance for others to follow. The Trust wishes him well in whatever direction his charitable work takes him. As Commodore Swan stood down, the Trust welcomed with equal enthusiasm Rear Admiral Tony Rix as the new Chairman who quickly established himself at the helm of the new look board of trustees.

The day-to-day management of the affairs of the Trust is delegated to the Chief Executive who runs a staff of 8 full time equivalents - a reduction of 1 on the previous year following a member of staff retiring and a revision to the administrative procedures and working practices allowing the same output with less

staff. Personnel are employed on duties concerned with administration, finance, grants and public relations at the Head Office in Portsmouth. The Trust said goodbye to Mrs Terry Conduct after 23 years service and Mr Chris Chatfield after 16 years in post as the Administration Manager. These retirements prompted the reorganisation already mentioned that included some internal moves and the recruiting of Mrs Corinne Day as the Events and Publicity Officer. In addition, Mr Peter Schofield, the Trust's Financial Controller announced his early retirement in January after just under 2 ½ years in post and is succeeded by Mr Rob Jesson. We wish all retirees well and welcome in equal measure the new members of staff. The Trust employs about 61 full time equivalents at its care and nursing home, Pembroke House in Gillingham, Kent under a dedicated Home Manager who reports to the Chief Executive. The Administration Manager at Pembroke House also administers the John Cornwell VC National Memorial Almshouse for which the RNBT is the sole trustee.

### **3. REVIEW OF ACTIVITIES**

#### **3.1 Grants and Annuities**

The Trust's charitable objectives may be summed up as helping members of the RNBT Family when they find themselves in need or distress. The disbursement of this help is through the Trust's Grants Committee, an all-volunteer group who are themselves part of the RNBT Family. The Committee, supported by a small grant administration team, pride themselves on the flexibility and speed of response of the Trust's grants and annuities systems in achieving this aim. The Trust spent £2.5 million on grants and annuities to help almost 3,800 applicants with many different problems in 2010/11.

##### **3.1.1 Grants to Individuals**

The Trust makes grants to assist members of the RNBT Family across a spectrum of fundamental needs that include food, clothing, accommodation, fuel and utility bills, disability aids, training for second careers, house repairs and household goods, childcare, respite holidays and help with all manner of financial difficulties. The categories of need for frequently met circumstances are listed for statistical purposes but the Trust will meet needs outside of this list when required. In short, the Trust retains the discretion to help in new situations provided there is a sufficient degree of need and the financial resources are available.

During 2010/11 the number of applications for grants reduced by about 450 over the previous year to 3,072. However, the average grant increased to £510 from £472 in the previous year, a rise of over 8%. Within the individual categories of need, grants ranged from an average of £144 (telephone bill) to £822 (funeral expenses). Overall, there was a reduction in the total expenditure on grants in the year. The needs of the Trust's beneficiaries have continued to be met by very effective almonising and particularly through the hard work of the Grant Administrators seeking out other sources of funding and the rigorous pursuit of state benefits where applicable.

The medical and dental category was once again the largest in both the number of cases and total expenditure. The Trust believes that swift assistance should be given to those with disabilities where special equipment is required. In many cases, financial assistance was provided where there would otherwise have been a long and unacceptable wait for funding from the statutory authorities to which the individual was entitled. Notwithstanding this policy and in support of The Royal British Legion's principles, the Trust pursues local authorities relentlessly in holding them to financial account for the funding they are obliged to provide especially with respect to Disabled Facilities Grants.

##### **3.1.2 Annuities**

As well as grants to individuals, the Trust administers an annuities scheme. This scheme provides a modest level of regular financial support to older people on very low incomes the definition of which is a calculation and judgement based on the excess of income over expenditure, levels of savings and an applicant's personal circumstances. The Trust administered 1,200 annuities at £15.00 per week generously funded by Greenwich Hospital and 3 by the Mrs Ina Briggs Trust Fund during 2010/11; this was an uplift from £12.00 per week the previous year with a reduction of the

total number of annuities by 100. The revised ceiling has not presented any difficulties in-year and there has been virtually no waiting time for new annuitants coming to the Trust. This is viewed as inevitable with the age profile of the WW II generation coupled with the ever-growing awareness of the scope and eligibility criteria for State benefits designed to alleviate extreme poverty. The Trust is proud to act as Greenwich Hospital's agent in disbursing annuities that amount to £936,000 per annum that is considered by Greenwich to be a non-discretionary grant. The Trust looks forward to continuing to administer these funds with a review of the weekly sum programmed for FY 2012/13 to take effect the following year.

### **3.1.3 The Grant Process**

Grants and annuities are administered in Portsmouth. Applications for assistance are usually submitted through the case-working organisations i.e. SSAFA Forces Help, The Royal British Legion, the Royal Commonwealth Ex-Services League, the Naval Personal and Family Service and Royal Marines Welfare and the Trust's own fully trained case-workers. On receipt of such requests, the RNBT Grant Administrators vet the applications, liaising with other charities if appropriate before referring them to the Grants Committee for a decision. A fundamental principle of the RNBT has always been that 3 RNBT committee members who are themselves serving or ex-serving RN ratings or RM other ranks i.e. members of the RNBT Family must make the decision in every case. The Grants Committee meet twice a week (other than on public holidays) to consider applications and they do so with a blend of understanding and compassion, tempered with much common sense. The Trust takes particular pride in its speed of response to requests for help that is the envy of most other Service charities. It should however be remembered that the frequency of meetings is dictated by the volume of cases and it is perhaps a source of sadness in our so-called 'developed society' that the Trust continues to deal with around 60 applications for assistance every week.

## **3.2 Care of Older People**

The Trust has continued with its policy of seeking further ways of caring for older people through involvement with the Maritime Charities Funding Group's (MCFG) Accommodation Sub-Committee that seeks to quantify the needs of older seafarers in accommodation terms. This work has effectively stalled. It has not been helped by the collapse of an ambitious project to convert the former Royal Naval Hospital, Haslar into a Veterans Village for seafarers – the vision was for a 'marriage' of the Red, White & Blue ensigns to create an all inclusive nautical version of Chelsea Hospital. Unfortunately the realisation of the vision seems more distant than ever and with it, the work of the sub-committee in addressing accommodation needs within existing residential 'stock' as well as informing future developments has similarly waned. Some preliminary work was conducted by the Royal Navy & Royal Marines Charity (RNRMC) early in 2008 on possible ways ahead for meeting the needs of older Royal Naval personnel and it is hoped that this may continue with a view to developing a single service strategy.

The RNBT's care of Older People sub-committee under the chairmanship of the Vice President continues to oversee the Trust's responsibilities in this area providing management oversight for Pembroke House, the Trust's Care & Nursing Home and the John Cornwell VC National Memorial Almshouse.

### **3.2.1 Pembroke House**

The Home provides nursing and personal care for up to 50 residents who share a common bond as members of the RNBT Family. The Home was originally built as an orphanage in the 1920s and was first taken over by the RNBT as a residential home in 1952. It changed little from then until the turn of the millennium when it was substantially extended and modernised to become a *World Class* care and nursing home. Each resident has a good sized, well-furnished room with en-suite facilities in addition to an extensive range of day and dining rooms and other communal areas spread over 3 floors. There is a large day room complex on the ground floor that is normally divided by folding partitions into two lounge areas and a bar. This flexible arrangement allows for concurrent activities to be conducted without conflict.

There are two conservatories on the first floor with balconies overlooking the gardens providing easy access to the fresh air and open aspect views for residents who might have difficulty in getting about. The first floor also enjoys a library and a further day room. The top floor features a large lounge known as "The Bridge" with fine views across the River Medway to the Thames estuary and beyond. Each floor has its own dining room providing convenience for the residents and a relaxed atmosphere at mealtimes. The dining rooms on the two upper floors are linked by a lift to the modern kitchen. The home is surrounded by its own landscaped gardens with a number of sitting out areas and opportunities for the residents who wish to enjoy gardening. These facilities include the provision of a large level access greenhouse, wheelchair accessible nursery beds to harden off greenhouse produced plants before they move to the borders and a modest putting area within the walled garden

The Home has continued to operate successfully throughout the year and has been further improved and updated including internal decoration of the nursing stations and upkeep of the grounds by RN working parties from HMS CHATHAM and the Defence Explosives & Munitions School spearheaded by the RN's Mine & Clearance Diving cadre. Both the ground floor and Bridge lounges have been redecorated complete with new carpets and some new soft furnishings and furniture. The re-decoration is timely given that all the areas now addressed had not been freshened up since the modernisation of some 11 years ago. The central heating boilers and water heaters have been replaced and the installation of an air source heat pump has not only reduced the Home's carbon footprint but in parallel with the high efficiency boilers has reduced energy consumption by just over 20%. We are extremely grateful to Trinity House, The Royal British Legion and the Royal Navy and Royal Marines Charity for assisting in the funding of this most worthwhile project.

The high standards set by the Care Quality Commission have been built upon resulting in the Home not only retaining its 3\* Excellent rating but improving on the scores that contribute to that rating. The maintenance of high standards is helped in no small measure by the regular monthly inspections carried out by visiting members of staff, trustees and other visitors, knowledgeable about care homes but not connected with the Trust. Unfortunately the Home did not achieve the target rate for occupancy despite the constancy of effort by the management team and a waiting list of about 80 in number. The shortfall was because of a far higher than average turnover of residents than has been the case in recent years. It is notable that in the last year the ratio of those requiring residential as opposed to nursing care has gone from 2:1 to parity. This has necessitated some internal re-design to allow for the establishment of a permanent cadre of nursing residents on the ground as well as the first floor.

The Home has continued to thrive under the skilful leadership and management of Mrs Jo Trembeth now very firmly established as the Home Manager. The delegation of budgetary control has continued to deliver positive results with taut control exercised at budget manager level. Notable variances to the budget were a reduction in residential band income almost offset by the increase as a result of the higher nursing numbers against budget. Staff costs also increased because of the increase in nursing numbers. The capital spend was slightly over budget because of the need to equip extra nursing rooms and also to establish a dispensary on the ground floor and a proper nursing station. That said, despite it being a year of change and the Local Authority still not paying the Trust what it costs to care for residents on their behalf, while Pembroke House did not come in on budget, in terms of direct costs, the Home came within 2% of being cost neutral.

The "self-help" policy under the Home Manager's leadership has continued with the total support of her management team and dining-in nights, wine & wisdom and other "self-help" activities have become established events on the social calendar. In addition, the Home enjoys a full programme of events all of which have a social aspect for the participation and enjoyment of residents, staff and supporters alike while generating income for improvement projects. The second of the now established Annual Garden Parties was held on the August Bank Holiday Weekend. The weather was kind, the Royal Marines Band Service provided the wherewithal for a ceremonial sunset to take place and the event was most ably supported by members of HMS CHATHAM's ship's company, the local sea cadets and about half the Central Committee Trustees. The Royal Marines have been booked again for 2011 and we look forward to another successful serial.

HMS CHATHAM was decommissioned at the beginning of 2011 bringing to an end over 2 decades of happy association with the Home. The Trust warmly acknowledges the support of successive CHATHAM ship's companies and hopes that those who supported the Home and the Trust in the

past will continue to do so in the future. Conscious of the benefits of maintaining links with the serving Navy, it was with much pleasure that the Trust welcomed HMS COLLINGWOOD's VICTORY Squadron who have taken over the affiliation where HMS CHATHAM left off. There is plenty of enthusiasm for the affiliation within VICTORY Squadron and the Trust is most grateful to the Commodore of HMS COLLINGWOOD for taking on this new activity and thereby ensuring the continuity of uniformed personnel making regular visits to the Home.

### **3.2.2 Pembroke House – the People**

The residents are naturally the main focus of attention but there are many others who make up the Pembroke House community i.e. the staff, the Friends of Pembroke House, the residents' families and the Home's many supporters. They all have an important role to play in making the Home a unique place with a very special atmosphere. It is worth remembering that Pembroke House is the only care and nursing home in the world that caters exclusively for those who have non-commissioned service in the Royal Navy or Royal Marines and their wives/widows. The demand for places especially by those needing higher levels of care remains high. Such is the demand for nursing beds that a number of ground floor rooms have been permanently designated "nursing." A ground floor dispensary, nursing station and enhanced sluice room have all been created and the level access shower room has been converted into an assisted bathroom.

The Home Manager is responsible for the overall management of Pembroke House and is ably assisted by her Deputy and the Administration Manager in leading a large staff that together make a strong and dedicated team. The Trust aims to attract and retain good staff by offering a package of pay and conditions that compares favourably with other high quality homes in the area. Training is afforded a high priority. As well as ensuring staff are fully qualified for their roles, training is vitally important for personal development and job satisfaction. These policies continue to prove effective in generating capable and caring staff with a low turnover that minimises disruption to the residents. Staff skill-sets have been further broadened e.g. low-level chiropody services to raise the level of in-house care provided while reducing the overheads associated with 'buying-in' such services.

Pembroke House bade farewell to Mr Vic West in December 2010 after over 7 years sterling service as the activities coordinator. Vic's role has been taken on by 2 part-time replacements so that the Home is never without someone in post (due to leave and other absences from the Home) and also in recognition of the rising dependency levels of many residents meaning that they need assistance with many of the activities. Also in December, Mrs Eve Thorne who had managed the laundry for over 10 years died after a short illness leaving all who knew her much saddened by her loss. Mr Dave Baker retired as Head Gardener after nearly 6 years and as with all those members of staff who have contributed so much over many years, we wish them a long and happy retirement.

### **3.2.3 Pembroke House - Activities**

A special feature of the Home has always been the range of outings, functions and in-house activities offered to the residents. This year has been no exception and once again the Trust is indebted to everyone who has so generously provided hospitality. The highlights have included a Royal Garden Party at Buckingham Palace and a Christmas Party at St James's Palace, both arranged by the Not Forgotten Association and further visits to the Prince of Wales' gardens at Highgrove. There have been many invitations to social events from branches of the Royal Naval Association, the Lloyds of London Branch of the Royal British Legion and others. In addition, centre court seats at Wimbledon provided by the All England Lawn Tennis Club once again made a special day out in the summer.

There remains a comprehensive programme of local outings and in-house activities such as handicrafts, music and movement, bingo and a very popular weekly quiz all of which are supported by and in some cases run by the Friends of Pembroke House volunteers. The Trust is especially indebted to the Royal Naval Association who generously provided a fully equipped mini-bus for outings as well as a smaller, wheel chair capable

vehicle to cater for the needs of individual residents, indeed, the Home could not operate effectively without these vehicles and the Trust looks forward to the long standing and highly valued relationship with the RNA continuing far into the future.

### **3.2.4 Pembroke House - Projects**

The Home is maintained at a high standard with maximum use being made of gardening staff who are employed on internal painting and decorating tasks during inclement weather assisted by the handy-man/driver, all under the close supervision of the Administration Manager. This redeployment of manpower keeps cost down, contributes to the skill sets of the gardening team and generates a closer sense of Home ownership. Projects have included the refurbishment of some residents' rooms (in between occupancy) as well as communal areas particularly those subject to heavy usage such as the sluice rooms. The "Bridge" and ground floor lounges refurbishment was completed with new carpets laid in January. The Lounge bar was redesigned and finished to a high standard with the formal opening and naming ceremony conducted by Mr Jim Moulson MBE, a long standing trustee and a member of the Care of Older People Committee. A rolling programme of furniture replacement ensures the residents' rooms, public areas and offices are all presented in a sound material condition.

CARESYS, the bespoke Care Home computer based management system continues to show its worth this year by freeing senior staff (to a certain extent) from the 'tyranny of paper' that comes from the largely paper based systems that were in place to manage the needs of the residents and the running of the home. The system has the added advantage of being 'server' based allowing remote access by those with the appropriate permissions, notably, the head office team who are able to access resident and staff details for accounting and statistical purposes. It remains the case, however, that the full benefit will not be realised from the system until such time as the Home is networked, particularly the nursing stations, for utilising the system in support of residents' care plans. The Home's computers are replaced on a rolling programme but the server is now over 5 years old and due for replacement. A plan is in place to network the Home with various options under consideration for the provision of the services currently provided by the on-site server. The outcome will be a modern installation that will be fit for purpose for at least 5 years and probably longer.

A major project in-year was the replacement of the central heating boilers and domestic hot water heaters together with the fitting of an air-source heat pump to maximise the efficiency of the installation while minimising the Home's carbon footprint. The project was completed to time, quality and cost and the Trust is most grateful for the generous funding provided by The Royal British Legion, Trinity House and the Royal Navy and Royal Marines Charity. The installation has resulted in ~ 20% reduction in gas consumption with much improved reliability and reduced maintenance contract costs.

The largest project to be tabled since the Home was extended and modernised at the turn of the millennium is to extend the Home on the ground floor by 6 rooms with an overall improvement in the Home's facility by incorporating a terrace accessible from the 1<sup>st</sup> floor for the benefit of the nursing residents in particular, the provision of a small shop and salon on the ground floor, the creation of a large and much needed storage area beneath the 6 room extension and building a garden accessible 2 unit Disability Discrimination Act (DDA) compliant WC was unanimously approved by the trustees in December. Other than the obvious advantages detailed above, the business modelling indicates that in line with the trend towards a higher number of nursing residents and the addition of the 6 extra rooms, the home will turn an operating deficit into a surplus making the Home a cost effective business unit for the first time in its modern history. The Royal Navy and Royal Marines Charity has already approved an innovative package of funding assistance whereby they will make good our loss of income as a result of the Trust liquidating investment units to fund the build until such time as the Home is realising an operating surplus such that we are able to make good our own loss of investment income while rebuilding our investment worth. Approaches have also been made to Seafarers UK, The Royal British Legion, Trinity House and for the first time, the charity trust run by Tesco.

The Trust remains extremely grateful to all those who have continued to support the Home throughout the year and in addition to those already mentioned above, we would like to recognise Greenwich Hospital and the Medway Mission to Seamen whose financial support has contributed to the Home's continued well-being.

### **3.3 The John Cornwell VC National Memorial (JCVCNM)**

The RNBT took over the JCVCNM as the sole trustee in February 2008. The 6-unit almshouse complex was built in Hornchurch, Essex following a public subscription to erect a permanent memorial to Boy Seaman John Cornwell VC of Battle of Jutland fame who grew up in the area. The Administration Manager, Pembroke House oversees the operation of the Almshouse and the governance of the complex is delivered through the Care of Older People sub-committee. The 3-bedroom semi-detached properties are now in a good state of repair following a short period when the only property not to have been refurbished in recent years fell vacant. All the properties are now occupied. The Weekly Maintenance Charge (WMC) covers the outgoings and in addition, there is a maintenance fund that allows for any major repairs or upgrading/modernisation as required. The Trust gratefully acknowledges the effectiveness of advertising vacancies through the Royal Naval and Royal Marine Association's periodic circulars that continues to contribute to full occupancy; eligibility for occupancy is restricted to the Trust's beneficiary group.

### **3.4 Support for the RNBT Family through 3<sup>rd</sup> Party Organisations**

The Trust once again provided 3<sup>rd</sup> party support to its beneficiaries through selected organisations. This is considered an important aspect of the Trust's benevolent work because such assistance not only directly supports the RNBT Family but also ensures the work of the Trust is recognised within the wider charitable arena. It should be emphasised that assistance is only provided on a verifiable per capita basis for each of the Trust's beneficiaries to whom the organisation provides assistance and is subject to the Trust confirming the eligibility of those put forward for consideration. Financial support via 3<sup>rd</sup> Party organisations is a small though important part of the Trust's benevolent activity; the overwhelming priority is given to helping individuals directly through the work of the Grants Committee.

### **3.5 Advice on Welfare Matters**

The Trust receives a constant stream of welfare related queries. Many of these are within the competence of the RNBT staff to answer but where this is not the case, the matter is referred to the appropriate agency. The Trust enjoys warm relations with the spectrum of agencies whose task it is to help those in need and distress.

## **4. FINANCIAL REVIEW**

The format of the Statement of Financial Activities (SOFA) is in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities published in 2005 by the Charity Commission (SORP 2005).

### **4.1 Incoming Resources**

The Trust depends on a variety of sources for funding, the principal ones being grants from the major grant making charities (in the RNBT's case these are Greenwich Hospital – whose monies are now distributed by the Royal Navy and Royal Marines Charity [RNRMC], the RNRMC in its own right and Seafarers UK), income from the Trust's investments, care home income and weekly maintenance charges for the Trust's almshouse, legacies, donations and the modest income that results from the Trust's own public relations activities that essentially cover the related costs. Overall, total incoming resources were up by £84,128, equivalent to an increase on last year of 2%; the combined totals of care home income, investment income and grants receivable were up, whilst legacies, donations and other income were down. Donations were down on last year by £22,837. Many of the donations received were made in

memory of loved ones and support from branches of the Royal Naval Association was once again as strong as it is welcome. While the Greenwich Hospital Funded annuities and the Pembroke House operating subsidy are separately identified in the Accounts Section, income sources previously identified as the Navy Block Grant and Charity Payroll Giving (Voluntary Donations from Pay [VDP] and Sports, Amenities and Benevolence Subscription [SABS]) are now incorporated in the RNRMC Block Grant and totalled £70,000 or 1.6% of the Trust's total income of £4.405M for 2010/11. Legacy income was significantly under budget this year. However, the Trust remains extremely grateful to all those who remember the RNBT in their wills. The newly recruited Financial Controller and Events & Publicity Officer will work closely in the forthcoming year to develop and deliver strategies aimed at increasing the Trust's income from legacies.

Greenwich Hospital remains the very generous principal source of our funding with their substantial contribution towards the Trust's grants to individuals and in meeting the cost of 1,200 annuities totalling over £1 million. The Trust was also awarded funding totalling £125,500 from Seafarers UK that went towards meeting the cost of making grants to individuals for mobility aids, stair lifts, riser recliner chairs and both capital projects and maintenance/repair work at Pembroke House.

Income from public relations events was higher than the previous year but still modest. The Trust is not a fundraising charity and activities undertaken in this area are geared to maintaining and where possible raising the RNBT's profile so that both the serving and retired communities are aware of the Trust's work. Income from investments increased by £34,249 in addition to a gain in overall investment values that mirrored those experienced in the markets at large.

Income from the Trust's care home, Pembroke House comes mainly from residents' fees paid either personally or by local authorities. In addition, a total of £273,203 was raised in the form of donations, grants, dividends and investment gains for specific activities and projects for the residents' benefit. Income from local authority funded residents (Medway in the main) has once again been less than the cost of the care provided despite considerable effort to seek a full settlement. While this is a national phenomenon, it does present the Trust with a funding challenge because the shortfall amounts to just under 3% of the Home's annual turnover. Part of the pressure on Medway Local Authority is an independent review of the Home's running costs. This was both proposed and funded by the Local Authority. The review should have reported in-year but remains outstanding. Action has been taken to hasten the report the result of which will inform the next step(s) in the long running saga to secure the full cost of care for Medway Local Authority funded residents. The local authority funding position is exacerbated by the resource depletion of some self-funded residents.

The John Cornwell VC National Memorial is self-financing through the Weekly Maintenance Charge (WMC) and its own (restricted) maintenance and improvement fund.

#### **4.2 Resources Expended**

The heading 'Costs of Generating Funds' covers the cost of public relations and investment management fees. This shows the total of all expenditure incurred in raising income for the Trust. The total was down on last year. The RNBT's main expenditure heading, 'Charitable activities,' is summarised in the Review of Activities above. The figures include staff and support costs incurred in running the main functions of grant giving and the care home. There was an increase of 4% in total with the cost of outgoing grants (including overhead costs) and the cost of annuities; however, this is due to a change in the basis of allocating overhead costs to a more appropriate method. The actual value of grants and annuities awarded reduced in the year. The total costs of Pembroke House were higher than last year, largely due to the higher nursing staff costs to support the increased number of nursing residents.

Further efficiencies were made at Pembroke House in several areas, especially in purchasing and staff costs but energy costs remain a significant outgoing although the replacement boilers and water heaters have helped markedly in this regard. Energy costs are also controlled as far as possible through competitive tendering. The third category of expenditure, 'Governance Costs,' incorporates the costs of trustees' meetings, administration directly involved in reporting to the trustees and the audit fees.

Pension costs included within Resources Expended are those associated with the Trust's defined contribution pension scheme. No costs have been included for the Trust's defined benefit i.e. Final Salary Pension Scheme (FSPS) that was closed to new joiners in 2003 with benefit accrual ceasing in December 2008 for existing scheme members. Work to fully wind-up the defined benefit scheme, that will include buying out the liability to the Trust was almost finalised in-year and will be completed early in 2011/12. In-year (employer) contributions to the scheme were not included in the 2010/11 budget because of the decision to buy-out the liability with a one-off payment, consequently, the in-year contributions of £196,805 represent a reduction in the scheme's liability and will reduce the final buy-out cost accordingly. The Trust's contribution towards the final buy-out costs is estimated at £448,493 and this, together with the in-year contributions of £196,805, has been included in the 2010/11 accounts within 'Payments towards FSPS deficit.'

#### **4.3 Net Position**

Net outgoing resources of £112,668 were higher than in the previous year (£4,460) and reflects the reduction in legacies and donations. Incoming resources were overall higher than last year, largely due to specific grants received for Pembroke House projects. The rise in the value of the Trust's largely equity based investments has resulted in an unrealised gain of just over one million pounds; perturbations in the financial markets have not affected the Trust unduly because the Trust holds approximately 4% of its value in cash and consequently does not need to sell investment units for cash-flow purposes. The value of the remaining investments held at the year-end has risen, increasing the value of the portfolio by £1,021,525. This figure, plus the gain on sales of investments of £7,035 and the payments made towards buying out the liabilities of the FSPS is added to the net outgoing resources figure producing a positive net movement in funds of £270,594. The sale of investments noted above was necessary to improve the relative weighting of the portfolio in light of market developments; year-end funds totalled £31,093,998.

#### **4.4 Investment Policies and Performance**

Investment income provides just over 20% of the Trust's total incoming resources and is an essential component of programmed day-to-day expenditure. The investment portfolio represents approximately 90% of its total net assets and the Trust looks to ways in which it can increase or at least maintain its net worth so that it can continue to deliver against its charitable objectives into the foreseeable future. This philosophy is encapsulated in the Trust's Investment Policy document that is subject to annual review. The Trust's target total return for its investments is RPI + 4% over a 5-year rolling period. This has not been achieved over the last 5 years due to the international financial 'meltdown' that dominated 2008 – 09 with equity indices still at pre-'08 levels due in part to unrest in the Arab countries, heavy debt within the developed world and continuing uncertainty within the Euro Zone. The Trust's investment performance must be considered against this turbulent political and financial backdrop.

Approximately three quarters of the Trust's portfolio is invested in the Armed Forces Common Investment Fund (AFCIF) managed by BlackRock Investment Management (UK) Ltd and is subject to a total return policy with the investment objective of achieving real growth in capital and income over the long term (~ 10 years) through a largely equity based portfolio. Approximately 75% of the Fund is invested in UK and international equities with the balance held in bonds, property, hedge funds and cash. This combination is considered to offer the highest likelihood of achieving the growth targets within acceptable risk parameters. The AFCIF's principal performance objective is +1.0% per annum out-performance of the benchmark (net of fees) over a rolling 3-year period. For the 3 years to 31 March 2011, the AFCIF achieved a return of 12.4% compared to the composite benchmark of 16.0%. For the 12 months to 31 March 2011, the AFCIF achieved a return of 7.9% compared to the composite benchmark of 8.4%. However, the Fund's performance since its launch (Sep '02) has exceeded its annualised return by 0.7%. It is recognised that the Fund's performance has waned when compared to the benchmark particularly in the last 12 months and action has been taken by the management board to address this tapering off in performance.

The majority of the Trust's remaining investments are managed by Schroders & Co Ltd who have produced a total return of 7.1% over the 3 years to 31 March 2011 compared to the composite benchmark of 8.6%; for the 12 months to 31 March 2011, Schroders achieved a 5.7% return compared to a composite benchmark of 8.2%.

Had the Trust's target annual return of RPI + 4% over the last 5-years been met, its AFCIF & Schrodgers based investments would have appreciated by ~ 44%; AFCIF achieved 21.2% while Schrodgers achieved just 14.8%. The composite benchmarks for the same period were 20.0% for the AFCIF and 15.2% for Schrodgers. The Trustees are mindful of the circumstances that have affected investment performance but are nevertheless conscious of the need to improve returns against its agreed targets. Both AFCIF and Schrodgers have been reappraised of the Trust's requirements and performance will be closely monitored over the next 12 months before any alternative investment decisions are taken. To that end, both funds will now report performance against the RPI + 4% target over 10, 5, 3 and 1 year periods.

In order to meet short-term liquidity requirements and avoid the need to liquidate investments at unfavourable prices, the Trust has held ~ £1 million in 2 savings accounts. At 31 March 2011, the Trust held £750,000 in a seven-day notice account with Scottish Widows paying interest at 1.85% and £250,000 in an instant access account with Black Rock paying approximately 0.6%. The expectation had been that the Final Salary Pension Scheme wind-up would have completed in-year hence the need to hold a relatively high sum in cash to fund the buy-out costs without being exposed to market volatility when liquidating investment units. The wind-up will complete early in 2011/12 after which the sum held in cash will reduce to ~ £500,000.

#### **4.5 Policy on Reserves**

The RNBT does not have 'free' reserves in the sense that the Trust is able to re-deploy elements of its investments to fund either projects or cash flow. The Trust relies on investment income to fund programmed day-to-day expenditure in support of the Trust's primary charitable objective i.e. relieving need and distress through the making of grants to individuals, in short, the relief of poverty. The Trust could not deliver the help needed to support its vulnerable beneficiaries without its investment income. The Trust is therefore not at liberty to deploy invested funds elsewhere without incurring significant penalty to the delivery of its primary charitable objective. Indeed, the Trust effectively operated in deficit over many years in that overall expenditure was in excess of income due to the Trust's desire to fully meet the needs of its beneficiaries while taking on significant capital expenditure. This expenditure was undertaken with support from the Trust's principal grant makers at the time (Greenwich Hospital & Seafarers UK). However, it still resulted in a net outflow of the Trust's capital worth of about 1% per annum in real terms over a 12-year period.

This overspend of Trust resources could not be allowed to continue if the Trust is to meet its charitable objectives into the foreseeable future. The trustees elected to set a cost neutral budget for FY 09/10 that was delivered, in recognition that the policy of previous years was unsustainable without an uplift in funding. Income from all sources remains under pressure although the Trust notes with anticipation that the RNRMC is looking to raise the grants it makes towards benevolence as a result of its fundraising activities. Irrespective of any such uplift, the Trust's investments will remain an essential source of income if programmed and ongoing expenditure profiles are to be met, especially in the current fiscal situation where the financial markets remain unsettled. It is therefore the case that the Trust does not have reserves to dispose of freely as defined in either SORP 2005 or Charity Commission guidance documents. Indeed if anything, the Trust looks to ways in which it can increase its net worth as an income safeguard so that it can continue to deliver its charitable objectives into the future.

#### **5. RISK MANAGEMENT**

The Trust regularly reviews the major strategic, financial and operational risks to which it may be exposed and maintains a risk register in line with recommended practice. The trustees are satisfied that systems are in place that will, under normal circumstances, mitigate the risks identified and the register is reviewed regularly with a formal annual review by the full trustee board.

## **6. OTHER CHARITIES AND ORGANISATIONS**

The RNBT maintains links with many other service charities and organisations, with Greenwich Hospital, Seafarers UK and other funding organisations of particular importance to the Trust. The RNRMC is playing an increasingly important role in the Trust's funding both as a fundraiser in its own right and as the distribution agency for Greenwich Hospital funds along with increasingly assuming the overall communication role for naval charities. The Trust will continue to work closely with the RNRMC and kindred charities/organisations while maintaining its own identity in the interests of the furtherance of the Trust's charitable objectives. An especially strong and professional relationship exists with the organisations that carry out casework in support of the Trust's beneficiaries and their essential work in this vital area is greatly appreciated. These organisations include SSAFA Forces Help, the Royal British Legion, the Royal Commonwealth Ex-Services League and the Naval Personal and Family Service and Royal Marines Welfare.

The co-location of the RNBT, RN & RM Children's Fund, WRNS Benevolent Trust, Royal Sailors Rests, Naval, Military and Air Force Bible Society, Naval Families Federation, Regular Forces Employment Association (Portsmouth) and the RN & RM Widows' Association (as a meeting and postal address) at Castaway House provides cost effective delivery of not only charitable benefit but a wider range of help, all geared towards assisting serving and former members of the Naval Service. Castaway House enjoys a regular stream of visitors and where diaries allow, the visitors call on all the organisations therein to gain a better understanding of what it is that Castaway House delivers. Visitors leave with a warm feeling about how the naval community is collectively and individually served through good times and bad. The Trust is committed to this holistic approach and the provision of common services, at cost, to assist all those housed in Castaway House to utilise their time and money to deliver the maximum benefit to their respective beneficiary groups. The Trust also works in close harmony with the Royal Naval Association and is especially pleased at its relocation to Portsmouth. This close proximity facilitates better communication and the Trust looks forward to further cementing the already close bond that characterises our respective organisations.

The Trust liaises with a variety of organisations that comprise in the main (although not exclusively) the other service charities that share similar interests to the RNBT's in order to ensure that business is conducted in the most effective manner. The Trust belongs to various bodies, including the Confederation of British Service and Ex-Service Organisations (COBSEO), the Association of Charity Officers (ACO) and the National Council for Voluntary Organisations (NCVO) to maintain and strengthen the Trust's profile within the wider charitable community while contributing to improvements across the board through constructive dialogue and the sharing of best practice.

A particular strength again this year has been the Trust's full involvement with the COBSEO sponsored Casework Management System. The Trust has contributed at all levels with the project's development run by SSAFA Forces Help including hosting awareness and training seminars at Castaway House.

## **7. FUTURE PLANS**

The Trust's objectives for 2011/12 are:

- To continue to satisfy from the Trust's own resources and in conjunction with other charities the needs of eligible applicants assessed as requiring financial assistance, i.e. the relief of poverty, subject to the Trust's grants policy.
- To continue to meet and where possible exceed all care standards at our care home, Pembroke House.
- To achieve average occupancy at Pembroke House in excess of 96%.
- To increase the capacity of Pembroke House to improve the home's financial sustainability and efficiency while enhancing the overall facility.
- To maintain and improve where necessary the material condition of the properties that comprise the John Cornwell VC National Memorial and maintain full occupancy.

- To continue to work closely with kindred organisations in pursuit of expanding the capacity of the naval charities for the care of older people.
- To raise the trust's PR profile within the serving community.
- To identify additional means of generating legacy income by 5% over current levels.
- To meet the Trust's income generation targets while safeguarding and where possible increasing the Trust's capital worth.
- To promote the rationalisation of naval charities where change would be in the best interests of the RNBT Family.
- To further promote awareness of the Trust within the active service community with the specific aim of increasing the number of uniformed volunteers.
- To complete the wind-up of the Trust's Final Salary Pension Scheme.

### **7.1 Grants and Annuities**

Grants and annuities have always been and remain the core business of the Trust and this is expected to continue for the foreseeable future. The indications are that the demand for grants to individuals will continue to grow and almonising efforts will need to be at least maintained at their current levels if the needs of our beneficiaries are to be met. The Trust is especially pleased to be able to increase the weekly annuity payments it makes on behalf of and through the generosity of Greenwich Hospital. The need in this area is especially notable and the Trust will look to increase the numbers of annuitants from 1,200 back to 1,300 - or more - if Greenwich Hospital funding allows. The key here is that annuity funding must continue to be considered non-discretionary as any reduction in the sum granted would be very hard for the Trust's beneficiaries to bear.

### **7.2 Care of Older People**

Pembroke House is established as a high quality care home and the demand for places is expected to remain for the foreseeable future. The Home is in good repair and the Trust continually seeks to achieve economies while maintaining the high standards and first class level of facility. Despite scrutinising and challenging the Home's running costs, it has not been possible to run it on a cost neutral basis. While this has not been helped by the high turnover of residents in-year, it is clear that without increasing income, the Home will remain a net drain on Trust resources. The only sustainable way of increasing income is to increase the number of residents. The proposal to extend and improve the Home will allow the Trust to 'balance the books' and the Trust looks forward to this work being completed in the next Financial Year. In addition, the Trust will continue to look towards collaborative and creative opportunities to contribute to the wider care of its older beneficiaries that may include the wider naval or indeed seafaring community. Collaborative working with like-minded organisations is seen as the way ahead in arriving at both effective and affordable solutions. The Trust is open-minded about how this might develop while remaining committed to contributing through expertise and possibly investment where viable and sustainable options in the provision of accommodation for older people are identified.

### **7.3 Governance**

The revisions to the Trust's principal governing documents have proved to be sound as evidenced by the revitalised Board of Trustees. The Trust continues to consider its future carefully while remaining conscious of its proud history and the importance of its long-established brand in not only publicising the Trust's services but also in attracting income in the shape of legacies and donations. Any change in the Trust's governance through merger or other such moves must carry with it funding guarantees.

#### **7.4 Public Benefit**

The principal means through which the Trust delivers public benefit as defined under the Charities Act of 2006 is in the prevention and relief of poverty. This benefit is delivered through both regular payments (annuities) and individual crisis grants to those that comprise the RNBT Family in accordance with the Trust's primary charitable objective. Additional public benefit is delivered through the provision, at cost, of relief for those in need by reason of age, disability and/or financial hardship through the provision of its almshouse and care home.

In setting the Trust's objectives and in planning its activities, the Trustees have given careful consideration to the Charity Commission's published guidance on public benefit. The relief provided by the Trust is inextricably linked to the Trust's Royal Charter, is based solely on need, is targeted and does not duplicate assistance provided from other quarters (including the State). It is therefore considered that the Trust meets a clearly identified need i.e. the relief of poverty and if it were not for the Trust's intervention, the individuals concerned would suffer unacceptable hardship.

#### **7.5 Rationalisation of Naval Charities**

Dialogue continues about the rationalisation of naval charities under the umbrella of the RNRMC. Options include a federated structure that recognises the cost-effective delivery of benevolence on a daily basis by the independent and long standing naval charities. The RNRMC has made it clear that they have no desire, and we see no benefit, in either duplicating or replicating existing and clearly successful organisations. The Trust remains of the view that, while remaining positive and open minded about future developments, benevolence is a specialised field that does not sit easily alongside other interpretations of charitable activity including sports, amenities and prizes, while remaining positive and open minded about future developments. The Trust will look to ways in which it might formalise the already warm relationship that has developed with the RNRMC and that continues to grow. It is clear that there is commonality of thinking and work is expected to be undertaken in the forthcoming FY to develop a template that could lead to a closer union. The trustees look to see the evidence of the RNRMC's success as a fundraising charity especially in terms of continuing to meet the income needs of the non-fundraising Naval charities specialising in the delivery of benevolence to active and former Naval Service personnel.

The Trust has long supported a closer union of those charities operating in the fields of benevolence and the Castaway House model is testament to this ideal. The Trust is similarly committed to maintaining close working relationships with all other charities and emphasises that its underpinning change philosophy is firmly bedded in the principles of value for money coupled with economy of effort that must result in improved support for both the RNBT and wider naval Family. Any change in the status quo will be firmly based on these fundamental principles and the Trust looks forward to working further towards a rationalisation model in the year ahead.

Approved by the Central Committee on  
and signed on their behalf by

.....  
Chairman  
Rear Admiral A J Rix CB

14 September 2011

# THE ROYAL NAVAL BENEVOLENT TRUST

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Trustees' Report and the financial statements in accordance with applicable law and regulations.

Charity law requires the Trustees to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards) and applicable law.

Under charity law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charity and of its net result for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charity will continue to operate.

The Trustees are responsible for keeping proper accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 1993. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are also responsible for the maintenance and integrity of the corporate and financial information on the charity's website.

## INDEPENDENT AUDITOR'S REPORT TO THE TRUSTEES OF THE ROYAL NAVAL BENEVOLENT TRUST

We have audited the financial statements of The Royal Naval Benevolent Trust for the year ended 31 March 2011 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes numbered 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the charity's trustees, as a body, in accordance with section 44 of the Charities Act 1993. 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 the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of trustees and auditor**

As explained more fully in the Statement of Trustees' Responsibilities, the trustees are responsible for the preparation of the financial statements and for being satisfied that they 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.

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.

### **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 March 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; and
- 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 Annual 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.

**Crowe Clark Whitehill LLP**

Statutory Auditor

Aquis House

49-51 Blagrove Street

READING

Berkshire

RG1 1PL

14 September 2011

Crowe Clark Whitehill LLP is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

**STATEMENT OF FINANCIAL ACTIVITIES**  
**For the year ended 31 March 2011**

	Note	Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	Total Funds 2011	Total Funds 2010
		£	£	£	£	£	£
<b>Incoming resources</b>							
<b>Incoming resources from generated funds</b>							
<b>Voluntary income</b>							
Donations and rebates	2	188,161	-	4,216	-	<b>192,377</b>	215,214
Legacies	2	186,690	-	-	-	<b>186,690</b>	322,973
Grants receivable	3	357,340	-	1,065,869	-	<b>1,423,209</b>	1,417,728
<b>Investment income</b>	4	868,243	98,189	23,193	-	<b>989,625</b>	955,376
<b>Incoming resources from charitable activities</b>							
Care home incoming resources	5	1,407,320	-	150,932	-	<b>1,558,252</b>	1,349,858
Other incoming resources	6	<u>30,356</u>	<u>-</u>	<u>24,408</u>	<u>-</u>	<b><u>54,764</u></b>	<u>59,640</u>
<b>Total incoming resources</b>		<u>3,038,110</u>	<u>98,189</u>	<u>1,268,618</u>	<u>-</u>	<b><u>4,404,917</u></b>	<u>4,320,789</u>
<b>Resources expended</b>							
<b>Costs of generating funds</b>							
Costs of generating voluntary income		90,140	-	-	-	<b>90,140</b>	167,166
Investment management costs		106,847	10,753	1,279	-	<b>118,879</b>	138,290
<b>Charitable activities</b>							
Grants to individuals and organisations		1,259,427	79,609	154,804	-	<b>1,493,840</b>	1,548,156
Annuities payable		-	-	1,008,436	-	<b>1,008,436</b>	865,993
Care home resources expended		1,609,840	-	126,005	-	<b>1,735,845</b>	1,543,115
<b>Governance costs</b>		<u>70,445</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>70,445</u></b>	<u>62,529</u>
<b>Total resources expended</b>	7	<u>3,136,699</u>	<u>90,362</u>	<u>1,290,524</u>	<u>-</u>	<b><u>4,517,585</u></b>	<u>4,325,249</u>

**STATEMENT OF FINANCIAL ACTIVITIES (Continued)**  
**For the year ended 31 March 2011**

	Note	Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	Total Funds 2011 £	Total Funds 2010 £
		£	£	£	£	£	£
<b>Net outgoing resources before transfers and FSPS contributions</b>		(98,589)	7,827	(21,906)	-	<b>(112,668)</b>	<b>(4,460)</b>
Gross transfers between funds	15	36,464	-	(36,464)	-	-	-
Payments towards FSPS deficit	16b	<u>(645,298)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>(645,298)</u></b>	<b><u>(196,805)</u></b>
<b>Net outgoing resources before other recognised gains and losses</b>		(707,423)	7,827	(58,370)	-	<b>(757,966)</b>	<b>(201,265)</b>
<b>Other recognised gains and losses</b>							
Gains and losses on investments		<u>886,057</u>	<u>116,581</u>	<u>28,589</u>	<u>(2,667)</u>	<b><u>1,028,560</u></b>	<b><u>5,940,422</u></b>
<b>Net movement in funds</b>		178,634	124,408	(29,781)	(2,667)	<b>270,594</b>	<b>5,739,157</b>
<b>Reconciliation of funds</b>							
Balances brought forward		<u>26,392,051</u>	<u>2,302,462</u>	<u>1,394,595</u>	<u>734,296</u>	<b><u>30,823,404</u></b>	<b><u>25,084,247</u></b>
<b>Fund balances carried forward</b>		<b><u>£26,570,685</u></b>	<b><u>£ 2,426,870</u></b>	<b><u>£ 1,364,814</u></b>	<b><u>£ 731,629</u></b>	<b><u>£ 31,093,998</u></b>	<b><u>£30,823,404</u></b>

All operations are continuing.

FSPS = Final Salary Pension Scheme.

**BALANCE SHEET**  
**As at 31 March 2011**

	Note	Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	Total Funds 2011	Total Funds 2010
		£	£	£	£	£	£
<b>FIXED ASSETS</b>							
Tangible assets	11	2,363,124	-	879,221	7,206	<b>3,249,551</b>	3,145,025
Investments	12	<u>24,294,086</u>	<u>2,688,219</u>	<u>524,930</u>	<u>685,980</u>	<b><u>28,193,215</u></b>	<u>27,150,417</u>
		26,657,210	2,688,219	1,404,151	693,186	<b>31,442,766</b>	30,295,442
<b>CURRENT ASSETS</b>							
Stock		15,526	-	-	-	<b>15,526</b>	16,540
Debtors	13	225,589	-	-	-	<b>225,589</b>	437,259
Bank balances and cash		<u>417,857</u>	<u>(261,349)</u>	<u>(39,337)</u>	<u>38,443</u>	<b><u>155,614</u></b>	<u>236,442</u>
		658,972	(261,349)	(39,337)	38,443	<b>396,729</b>	690,241
<b>CREDITORS:</b> amounts falling due within one year	14	<u>(745,497)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>(745,497)</u></b>	<u>(162,279)</u>
<b>NET CURRENT ASSETS LESS CURRENT LIABILITIES</b>		<u>(86,525)</u>	<u>(261,349)</u>	<u>(39,337)</u>	<u>38,443</u>	<b><u>(348,768)</u></b>	<u>527,962</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		26,570,685	2,426,870	1,364,814	731,629	<b>31,093,998</b>	30,823,404
Pension scheme liability	16b	-	-	-	-	-	-
<b>TOTAL NET ASSETS</b>		<u>£26,570,685</u>	<u>£ 2,426,870</u>	<u>£ 1,364,814</u>	<u>£ 731,629</u>	<b><u>£31,093,998</u></b>	<u>£30,823,404</u>
<b>FUNDS</b>							
Unrestricted funds		25,570,685	-	-	-	<b>25,570,685</b>	25,392,051
Capital account		1,000,000	-	-	-	<b>1,000,000</b>	1,000,000
Designated funds	15	-	2,426,870	-	-	<b>2,426,870</b>	2,302,462
Restricted funds	15	-	-	1,364,814	-	<b>1,364,814</b>	1,394,595
Permanent endowment funds	15	-	-	-	731,629	<b>731,629</b>	734,296
<b>TOTAL FUNDS</b>		<u>£26,570,685</u>	<u>£ 2,426,870</u>	<u>£ 1,364,814</u>	<u>£ 731,629</u>	<b><u>£31,093,998</u></b>	<u>£30,823,404</u>

Approved and authorised for issue by the Trustees on 14 September 2011 and signed on their behalf by  
Treasurer

P A Shuttleworth - Honorary

**CASH FLOW STATEMENT**  
**For the year ended 31 March 2011**

	2011 £	2010 £
<b>Net cash outflow from operating activities</b>	<b>(883,794)</b>	<b>(1,011,598)</b>
<b>Returns on investments</b>		
Dividends and interest	977,121	945,839
Short term interest	12,504	9,537
Rent receivable & Weekly Maintenance Charges (JCVCNM)	<u>54,765</u>	<u>59,640</u>
	<u>1,044,390</u>	<u>1,015,016</u>
<b>Capital expenditure and financial investments</b>		
Purchase of tangible fixed assets	(227,185)	(26,911)
Purchase of investments	(424,140)	(833,485)
Sale of investments	<u>277,061</u>	<u>510,067</u>
<b>Net cash outflow from investing activities</b>	<u>(374,264)</u>	<u>(350,329)</u>
<b>Management of liquid resources</b>		
Decrease in short term investments	<u>132,840</u>	<u>513,489</u>
<b>NET (DECREASE)/INCREASE IN CASH</b>	<u>£ (80,828)</u>	<u>£ 166,578</u>
<b>RECONCILIATION OF NET OUTGOING RESOURCES FOR THE YEAR TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>		
Net (outgoing) resources	(112,668)	(4,460)
Payments towards FSPS deficit	(645,298)	(196,805)
Less: investment income	<u>(1,044,389)</u>	<u>(1,015,016)</u>
	<b>(1,802,355)</b>	<b>(1,216,281)</b>
<b>Adjustment for non-cash items</b>		
Depreciation	122,659	144,448
Decrease in debtors	211,670	95,856
Decrease in stock	1,014	85
Increase/(Decrease) in creditors	<u>583,218</u>	<u>(35,706)</u>
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	<u>£ (883,794)</u>	<u>£(1,011,598)</u>

**CASH FLOW STATEMENT (Continued)**  
**For the year ended 31 March 2011**

	2011	2010	Change in year
	£	£	£
<b>Analysis of net cash balances</b>			
Bank and cash balances	155,614	236,442	(80,828)
Short term investments	<u>1,026,871</u>	<u>1,159,711</u>	<u>(132,840)</u>
<b>ANALYSIS OF NET CASH BALANCES</b>	<u><b>£1,182,485</b></u>	<u><b>£1,396,153</b></u>	<u><b>£ (213,668)</b></u>

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

#### a) Basis of Preparation

The financial statements are prepared under the historical cost convention, modified for the revaluation of investments and in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities published in 2005 ('SORP 2005') and other applicable accounting standards.

The Trustees have a reasonable expectation that the Charity has adequate resources to continue in existence for the foreseeable future. They continue to believe the going concern basis of accounting is appropriate in preparing the financial statements.

#### b) Incoming Resources

##### i Voluntary income

*Donations, rebates and legacies*

All income from donations is accounted for on an accruals basis. Tax credits on income from legacies and on gift aid donations have also been recorded on an accruals basis. Legacies include pecuniary legacies notified by 31 March 2011, and residuary legacies received up to 30 April 2011 following the year end.

*Grants receivable*

Grants receivable are given for specific purposes, either within unrestricted or restricted funds, and are accounted for in the period for which they were receivable.

##### ii Investment income

Investment income has been accounted for on an accruals basis, which includes dividends on stocks, and shares that were 'ex-dividend' on 31 March 2011. Dividends have been grossed-up by the amount of investment management fees deducted.

##### iii Incoming resources from charitable activities

Care home incoming resources comprise fees in respect of residents and grants receivable, both of which are accounted for on an accruals basis.

#### c) Resources expended

All expenditure is accounted for on an accruals basis. During the year the basis for the apportionment of support costs was reviewed and simplified and is now based on staff activity.

**i Costs of generating funds**

This heading comprises direct costs relating to public relations activities a benefit of which can be in the generation of voluntary income. All publicity costs and support costs are allocated on the basis of staff activity.

**ii Investment management fees**

These are the gross costs charged by investment fund managers both before and after payments of dividends with allocated support costs.

**d) Charitable activities**

*Grants and annuities to individuals*

Grants and annuity payments to individuals are included when they are authorised by the relevant committee. These costs include the support costs incurred in managing the grants and annuities systems.

*Care home*

The direct operating costs of Pembroke House are included with the addition of support costs representing services provided by Headquarters.

**e) Governance costs**

These are the costs associated directly with management by the Trustees of the Trust's activities including audit fees and other costs of Trustees' meetings.

**f) Assets**

Individual fixed assets costing £500 or more are capitalised.

All properties and furniture and equipment are held as operating assets.

Depreciation is provided at the following annual rates on a straight-line basis:-

Property	-	over 50 years to estimated residual value
Furniture, equipment & vehicles	-	between 10% and 20%
Computers	-	33%

The investment portfolio has been valued at market value as at 31 March 2011. The SOFA includes the net gains and losses on investments arising on revaluation at the year-end and on disposals throughout the year.

## **g) Funds**

The RNBT holds a number of Special Funds as detailed in Note 15. The application of these funds is restricted to the following purposes:

### *Permanent endowment funds*

Currently only the income arising from the investment of these funds can be expended for the stated purposes. There are two larger permanent endowment funds, the Royal Naval Fund and the Chatham Depot Aid Fund. The Royal Naval Fund was instituted in 1892 and provides assistance for widows and other dependent relatives of ex-serving personnel. The Chatham Depot Aid Fund was created in 1920 and provides assistance for eligible beneficiaries who were based at Chatham.

Four smaller permanent endowment funds were set up more recently. Of these, the Mrs Ina Briggs Fund provides income for additional annuities and the Dame Elisabeth Kelly Fund produces income for housing assistance for serving personnel. In addition, on 6 February 2008 the Royal Naval Benevolent Trust became the sole trustee of the John Cornwell VC National Memorial, which comprises a 6-unit almshouse in Hornchurch, Essex. The original endowment has been included in permanent endowment funds.

### *Restricted funds*

These funds are all expendable for specific purposes (both income and capital); other restricted funds generally receive and spend income during each year for specific purposes. The largest source of income is a regular grant from Greenwich Hospital, which funded 1,200 'Jellicoe' annuities paid in-year to retired eligible beneficiaries. Income is also received from Seafarers UK and from various submarine service related organisations into the Submarine Memorial Fund (for serving and ex-serving submariners). Smaller grants for individuals are processed through the Individual Cases Account.

Regular donations are received for the Pembroke House Amenities Fund for the benefit of the residents. The Residents' Support Fund provides financial support for residents in respect of whom the standard accommodation fees cannot be met in full. The Pembroke House Projects Fund has also received donations, principally from The Royal British Legion, The Royal Navy and Royal Marines Charity, Trinity House and Seafarers UK. As referred to above, the Royal Naval Benevolent Trust became the sole trustee of the John Cornwell VC National Memorial and the net assets, except those represented by the permanent endowment element, have been included under this heading.

### *Designated fund*

The Falklands Fund was established as a restricted fund in 1992 to administer funds received on the winding-up of the South Atlantic Fund. In broad terms its purpose is to assist dependants of serving personnel killed during, or as a result of, the Falklands conflict and to assist those injured. During 2003/04, under the terms of its governing document, the Falklands Fund was wound up. The Trustees transferred the assets immediately to a new designated fund of the same name. The original eligibility criteria have been widened to include beneficiaries who are South Atlantic Medal holders.

### *Capital Account*

The capital account is the Trust's cash holding within its investment portfolio and is used to supplement the funds held immediately available (current & deposit accounts) for the day to day running of the Trust. This arrangement negates any requirement to liquidate equities to fund in-year expenses.

## h) Pensions Policy

The Trust is in the process of winding up the defined benefit pension scheme. See further comments under Note 16. The Trust also operates a defined contribution pension scheme and the pension charge in relation to this scheme represents the amounts payable by the Trust and the members to the fund in respect of the year.

## 2. DONATIONS AND LEGACIES

A full list of donations and legacies is published in the Annual Review and recorded monthly on the Trust's website [www.rnbt.org.uk](http://www.rnbt.org.uk)

## 3. GRANTS RECEIVABLE

	<b>Unrestricted Funds £</b>	<b>Designated Funds £</b>	<b>Restricted Funds £</b>	<b>Endowment Funds £</b>	<b>Total 2011 £</b>	<b>Total 2010 £</b>
Greenwich Hospital	287,340	-	-	-	<b>287,340</b>	302,188
Seafarers UK	-	-	110,000	-	<b>110,000</b>	115,000
Other	-	-	-	-	-	20,000
Greenwich Hospital (Jellicoe annuities)	-	-	936,000	-	<b>936,000</b>	808,708
Individual cases	-	-	19,869	-	<b>19,869</b>	16,832
RNRMC	<u>70,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>70,000</u></b>	<u>155,000</u>
	<b><u>£ 357,340</u></b>	<b><u>£ -</u></b>	<b><u>£1,065,869</u></b>	<b><u>£ -</u></b>	<b><u>£ 1,423,209</u></b>	<b><u>£ 1,417,728</u></b>

## 4. INVESTMENT INCOME

	<b>Unrestricted Funds £</b>	<b>Designated Funds £</b>	<b>Restricted Funds £</b>	<b>Endowment Funds £</b>	<b>Total 2011 £</b>	<b>Total 2010 £</b>
Dividends and interest	855,739	98,189	23,193	-	<b>977,121</b>	945,839
Short term interest	<u>12,504</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>12,504</u></b>	<u>9,537</u>
	<b><u>£ 868,243</u></b>	<b><u>£ 98,189</u></b>	<b><u>£ 23,193</u></b>	<b><u>£ -</u></b>	<b><u>£ 989,625</u></b>	<b><u>£ 955,376</u></b>

5. CARE HOME INCOMING RESOURCES – PEMBROKE HOUSE

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total 2011 £	Total 2010 £
Maintenance contributions	1,298,920	-	-	-	<b>1,298,920</b>	1,147,312
Grants receivable	108,400	-	-	-	<b>108,400</b>	161,382
Donations and investment income	-	-	150,932	-	<b>150,932</b>	41,164
	<u>£1,407,320</u>	<u>£ -</u>	<u>£ 150,932</u>	<u>£ -</u>	<u>£ 1,558,252</u>	<u>£ 1,349,858</u>

6. OTHER INCOMING RESOURCES

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total 2011 £	Total 2010 £
JCVCNM Weekly Maintenance Charge (WMC)	-	-	23,958	-	<b>23,958</b>	24,054
Rents receivable	25,457	-	-	-	<b>25,457</b>	34,511
Miscellaneous income	4,899	-	450	-	<b>5,349</b>	1,075
	<u>£ 30,356</u>	<u>£ -</u>	<u>£ 24,408</u>	<u>£ -</u>	<u>£ 54,764</u>	<u>£ 59,640</u>

**7. ANALYSIS OF TOTAL RESOURCES EXPENDED**

	Staff costs £	Other direct costs £	Support costs £	Grants & annuities £	Care Home £	Total 2011 £	Total 2010 £
<b>Costs of generating voluntary income</b>							
Public Relations	37,856	-	52,284	-	-	90,140	167,166
Investment management fees	<u>8,112</u>	<u>-</u>	<u>110,767</u>	<u>-</u>	<u>-</u>	<u>118,879</u>	<u>138,290</u>
	<u>45,968</u>	<u>-</u>	<u>163,051</u>	<u>-</u>	<u>-</u>	<u>209,019</u>	<u>305,456</u>
<b>Charitable expenditure</b>							
Grants	172,963	-	88,492	1,232,385	-	1,493,840	1,548,156
Annuities	29,744	-	48,292	930,400	-	1,008,436	865,993
Care home resources expended	<u>1,276,033</u>	<u>-</u>	<u>40,771</u>	<u>-</u>	<u>419,041</u>	<u>1,735,845</u>	<u>1,543,115</u>
	<u>1,478,740</u>	<u>-</u>	<u>177,555</u>	<u>2,162,785</u>	<u>419,041</u>	<u>4,238,121</u>	<u>3,957,264</u>
<b>Governance</b>	<u>43,264</u>	<u>-</u>	<u>27,181</u>	<u>-</u>	<u>-</u>	<u>70,445</u>	<u>62,529</u>
	<u>£1,567,972</u>	<u>-</u>	<u>£ 367,787</u>	<u>£2,162,785</u>	<u>£ 419,041</u>	<u>£ 4,517,585</u>	<u>£ 4,325,249</u>

All grants are paid for the benefit of named individuals, identified as being members of the RNBT Family.

**8. NET OUTGOING RESOURCES FOR THE YEAR**

This is stated after charging:-

	2011 £	2010 £
Depreciation	122,659	144,448
Auditors' remuneration	<u>12,000</u>	<u>11,339</u>

**9. REMUNERATION AND EXPENSES OF THE TRUSTEES**

	2011 £	2010 £
Remuneration	-	-
Travelling expenses	<u>2,853</u>	<u>3,346</u>
	<u>£ 2,853</u>	<u>£ 3,346</u>
Numbers being reimbursed	<u>18</u>	<u>13</u>

**10. EMPLOYEES**

	2011 £	2010 £
Salaries	1,289,225	1,215,647
National Insurance	99,441	94,373
Pension contributions	91,977	82,977
Other staff costs	<u>87,329</u>	<u>66,602</u>
	<u>£1,567,972</u>	<u>£1,459,599</u>
Average numbers (full time equivalent)		
Headquarters	10	10
Pembroke House	<u>61</u>	<u>58</u>
	<u>71</u>	<u>68</u>

One employee was paid a salary in the band of £60,000 to ££70,000.

The RNBT operates a defined contribution pension scheme, into which the whole of the above pension contributions were paid including contributions of £4,480 in respect of one higher paid employee (2010: £4,261). The RNBT's defined benefit scheme was closed to new members in January 2003. In February 2011 Trustees passed a resolution to commence formal wind up of the scheme. Payments of £196,805 (2010: £196,805) were made in the year towards reducing the deficit on the defined benefit scheme. In addition an amount of £448,493 has been accrued in the 2010/11 accounts, representing the estimated contribution from RNBT towards buying out the liabilities of the scheme.

## 11. TANGIBLE FIXED ASSETS

	Freehold properties £	Assets Under Construction £	Furniture & equipment £	Motor Vehicles £	Total £
<b>COST</b>					
At 1 April 2010	3,722,564	-	592,042	49,398	4,364,004
Additions	144,412	28,071	54,702	-	227,185
Disposals	-	-	-	-	-
At 31 March 2011	<u>3,866,976</u>	<u>28,071</u>	<u>646,744</u>	<u>49,398</u>	<u>4,591,189</u>
<b>DEPRECIATION</b>					
At 1 April 2009	726,110	-	458,927	33,942	1,218,979
Charge for the year	58,149	-	54,630	9,880	122,659
Disposals	-	-	-	-	-
At 31 March 2011	<u>784,259</u>	<u>-</u>	<u>513,557</u>	<u>43,822</u>	<u>1,341,638</u>
<b>NET BOOK VALUE</b>					
<b>At 31 March 2011</b>	<b><u>£3,082,717</u></b>	<b><u>£ 28,071</u></b>	<b><u>£ 133,187</u></b>	<b><u>£ 5,576</u></b>	<b><u>£3,249,551</u></b>
<i>At 31 March 2010</i>	<u>£2,996,454</u>	<u>-</u>	<u>£ 133,115</u>	<u>£ 15,456</u>	<u>£3,145,025</u>

## 12. INVESTMENTS

### a) Movements in investments during the year

	2011 £	2010 £
Market value at 1 April 2010	25,990,706	19,726,781
Additions	424,140	833,485
Disposals at opening market value	(270,026)	(516,855)
Unrealised gain	<u>1,021,524</u>	<u>5,947,295</u>
Total investments	<u>27,166,344</u>	<u>25,990,706</u>
Invested cash	<u>1,026,871</u>	<u>1,159,711</u>
Market value at 31 March 2011	<b><u>£28,193,215</u></b>	<b><u>£27,150,417</u></b>

12. INVESTMENTS (CONTINUED)

b) Analysis of investments

	2011		2010	
	Cost £	Market value £	Cost £	Market value £
<b>Unrestricted funds</b>				
General fund	17,157,174	24,294,086	17,122,405	23,393,791
<b>Designated funds</b>				
Falklands Fund	1,730,043	2,688,219	1,730,043	2,571,638
<b>Restricted funds</b>				
Pembroke House Residents' Support Fund	205,852	319,862	205,852	305,991
John Cornwell VC National Memorial	192,639	205,068	192,639	190,350
<b>Permanent Endowment Funds</b>				
Royal Naval Fund	278,506	284,299	278,506	285,279
Chatham Depot Aid Fund	223,589	228,558	223,589	229,658
Mrs I Briggs Fund	70,589	72,117	70,589	72,362
Sir John Langham's Bequest	6,758	6,914	6,758	6,937
Dame Elisabeth Kelly Fund	92,086	94,092	92,086	94,411
	<b><u>£19,957,236</u></b>	<b><u>£28,193,215</u></b>	<b><u>£19,922,467</u></b>	<b><u>£27,150,417</u></b>

The whole portfolio was invested through UK based investment operations. All investments are either listed on recognised stock exchanges or are valued by reference to such investments.

The following holdings represented more than 5% of total investments at market value:-

Armed Forces Common Investment Fund Units	-	72.5%
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**13. DEBTORS**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Trade debtors	16,262	18,994
Other debtors	199,987	410,997
Prepayments	<u>9,340</u>	<u>7,268</u>
	<b><u>£ 225,589</u></b>	<b><u>£437,259</u></b>

**14. CREDITORS (Amounts falling due in one year)**

	<b>2011</b>	<b>2010</b>
	<b>£</b>	<b>£</b>
Trade creditors	117,831	32,880
Other taxation and social security	25,619	22,981
Other creditors	59,502	8,897
Accruals	<u>542,545</u>	<u>97,521</u>
	<b><u>£ 745,497</u></b>	<b><u>£162,279</u></b>

## 15. SUMMARY OF SPECIAL FUND TRANSACTIONS

	<i>Balance at 1 April 2010</i> £	<b>Total incoming resources</b> £	<b>Total resources expended</b> £	<b>Transfers</b> £	<b>Balance at 31 March 2011</b> £
<b>Endowment funds</b>					
Royal Naval Fund	289,340	-	(979)	-	<b>288,361</b>
Chatham Depot Aid Fund	217,288	-	(1,100)	-	<b>216,188</b>
John Cornwell VC National Memorial	7,206	-	-	-	<b>7,206</b>
Sir John Langham Bequest	6,901	-	(23)	-	<b>6,878</b>
Mrs I Briggs for annuities	112,354	-	(245)	-	<b>112,109</b>
Dame Elisabeth Kelly Fund	94,897	-	(320)	-	<b>94,577</b>
1939/45 Memorial Fund	6,310	-	-	-	<b>6,310</b>
	<u>£ 734,296</u>	<u>£ -</u>	<u>£ (2,667)</u>	<u>£ -</u>	<u>£ 731,629</u>
<b>Restricted funds</b>					
Seafarers	-	100,000	(100,000)	-	-
Mrs I Briggs – revenue	464	1,647	(2,111)	-	-
R M Carmichael	269	-	-	-	<b>269</b>
Chatham Depot Aid Fund – revenue	-	7,496	(7,104)	-	<b>392</b>
John Cornwell VC National Memorial	189,611	39,829	(35,757)	-	<b>193,683</b>
Greenwich Hospital	27,922	936,000	(1,006,325)	78,036	<b>35,633</b>
Individual cases	964	19,869	(19,777)	-	<b>1,056</b>
Dame Elisabeth Kelly Fund – revenue	3,599	3,264	(4,230)	-	<b>2,633</b>
Sir John Langham Bequest – revenue	-	239	(239)	-	-
Royal Naval Fund – revenue	6,414	9,844	(5,053)	-	<b>11,205</b>
Submarine Memorial Fund	919	4,216	(5,135)	-	-
1 <sup>st</sup> Gulf War Fund	4,998	10,000	(13,267)	-	<b>1,731</b>
	<u>235,160</u>	<u>1,132,404</u>	<u>(1,198,998)</u>	<u>78,036</u>	<u>246,602</u>

**15. SUMMARY OF SPECIAL FUND TRANSACTIONS (CONTINUED)**

	<i>Balance at 1 April 2010</i> £	<b>Total incoming resources</b> £	<b>Total resources expended</b> £	<b>Transfers</b> £	<b>Balance at 31 March 2011</b> £
<b>Pembroke House (Restricted Funds):</b>					
Amenities Fund	21,067	18,249	(11,193)	-	<b>28,123</b>
Residents' Support Fund	163,673	32,054	(55,679)	-	<b>140,048</b>
Redevelopment Fund	890,630	-	(11,408)	-	<b>879,222</b>
Projects Fund	68,607	114,500	(3,366)	(114,500)	<b>65,241</b>
Minibus Fund	<u>15,458</u>	<u>-</u>	<u>(9,880)</u>	<u>-</u>	<u><b>5,578</b></u>
	<u>1,159,435</u>	<u>164,803</u>	<u>(91,526)</u>	<u>(114,500)</u>	<u><b>1,118,212</b></u>
<b>Total restricted funds</b>	<u>£ 1,394,595</u>	<u>£ 1,297,207</u>	<u>£ (1,290,524)</u>	<u>£ (36,464)</u>	<u><b>£ 1,364,814</b></u>
<b>Designated Fund</b>					
Falklands Fund	<u>£ 2,302,462</u>	<u>£ 214,770</u>	<u>£ (90,362)</u>	<u>£ -</u>	<u><b>£ 2,426,870</b></u>

The transfer of £78,036 on the Greenwich Hospital Fund relates to administration services provided by RNBT in support of the provision of annuities. The transfer of £114,500 on the Projects Fund relates to capital expenditure which is accounted for as a fixed asset addition, rather than expensed through the SOFA.

**16. COMMITMENTS**

**a) Capital commitments**

There were no capital commitments made in-year.

**b) Pension scheme**

**Defined Benefit Scheme**

The Trust operates a defined benefit scheme in the UK. The Scheme is now paid-up, accrual of pension ceased on 1 December 2008. A full actuarial valuation was carried out at 6 April 2007 and updated to 31 March 2011 by a qualified actuary, independent of the scheme's sponsoring employer. The major assumptions used by the actuary are shown below.

The total contributions to the Scheme by the employer during the financial year were £196,805 (2010: £196,805).

An FRS 17 surplus arose in the Scheme at the year-end of £322,000. No Scheme asset has been recognised in the accounts as the trustees have commenced formal wind up of the scheme and the cost of buying out the liabilities is considerably higher than the FRS 17 valuation. As the decision to formally wind up the scheme was made during 2010/11, the estimated contribution from RNBT of £448,493 towards the buy out costs has been accrued for.

**Present value of Scheme liabilities, fair value of assets and surplus/(deficit)**

	<b>31 March 2011 £000</b>	<b>31 March 2010 £000</b>	<b>31 March 2009 £000</b>
Fair value of Scheme assets	705	518	699
Present value of Scheme liabilities	<u>(383)</u>	<u>(354)</u>	<u>(622)</u>
Surplus/(deficit) in Scheme	<u>322</u>	<u>164</u>	<u>77</u>
Unrecognised surplus	<u>322</u>	<u>164</u>	<u>77</u>
Asset/(liability) to be recognised	<u>-</u>	<u>-</u>	<u>-</u>

**Reconciliation of opening and closing balances of the present value of the Scheme liabilities**

	<b>Year ending 31 March 2011 £000</b>	<b>Year ending 31 March 2010 £000</b>
Scheme liabilities at start of period	354	622
Current service cost	14	13
Interest cost	19	29
Actuarial losses/(gains)	10	72
Benefits paid, death in service insurance premiums and expenses	<u>(14)</u>	<u>(382)</u>
Fair value of Scheme liabilities at end of year	<u>383</u>	<u>354</u>

**Reconciliation of opening and closing balances of the fair value of the Scheme assets**

	<b>Year ending 31 March 2011 £000</b>	<b>Year ending 31 March 2010 £000</b>
Fair value of Scheme assets at start of period	518	699
Expected return on Scheme assets	33	33
Actuarial losses	(31)	(29)
Contributions by the Trust	199	197
Benefits paid, death in service insurance premiums and expenses	<u>(14)</u>	<u>(382)</u>
Fair value of Scheme assets at end of year	<u><u>705</u></u>	<u><u>518</u></u>

The actual return on the Scheme assets over the period ending 31 March 2011 was £2,000 (2010: £4,000).

**Total amounts included within the Statement of Financial Activities are as follows:**

	<b>Year ending 31 March 2011 £000</b>	<b>Year ending 31 March 2010 £000</b>
Current service cost	14	13
Interest cost	19	29
Expected return on Scheme assets	<u>(33)</u>	<u>(33)</u>
Total expense recognised within net outgoing resources	-	9
Actuarial losses	<u>(199)</u>	<u>(188)</u>
Total amount charged to the Statement of Financial Activities	<u><u>(199)</u></u>	<u><u>(179)</u></u>

The cumulative amount of recognised actuarial losses to date since adoption of FRS 17 is £442,000 (2010: £243,000).

**Major categories of Scheme assets as a percentage of total Scheme assets:**

	<b>2011</b>	<b>2010</b>
	%	%
Equities	<b>27</b>	50
Cash	<b>3</b>	10
Bonds	<b>67</b>	40
Property	<b><u>3</u></b>	<u>-</u>
	<b><u>100</u></b>	<u>100</u>

**Assets**

	<b>31 March 2011 £000</b>	<b>31 March 2010 £000</b>	<b>31 March 2009 £000</b>
Pension reserve	<u>705</u>	<u>518</u>	<u>699</u>
<b>Total assets</b>	<b><u>705</u></b>	<b><u>518</u></b>	<b><u>699</u></b>

None of the fair values of the assets shown above include any of the Trust's own financial instruments or any property occupied by or other assets used by the Trust.

**Assumptions**

	<b>31 March 2011 % per annum</b>	<b>31 March 2010 % per annum</b>	<b>31 March 2009 % per annum</b>
Inflation	<b>3.60%</b>	3.60%	3.00%
Salary increases	<b>N/A</b>	N/A	N/A
Rate of discount	<b>5.50%</b>	5.50%	6.70%
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	<b>3.60%</b>	3.60%	3.00%
Allowance for commutation of pension for cash at retirement	<b>None</b>	None	None

The mortality assumptions adopted at 31 March 2011 imply the following life expectancies:

Male retiring at age 65 in 2011	22.5
Female retiring at age 65 in 2011	25.0
Male retiring at age 65 in 2031	24.4
Female retiring at age 65 in 2031	26.8

### Expected long term rates of return

The long term expected rate of return on the Pension Reserve is based on the expected return on the underlying assets. The expected long term rates of return applicable for each period are as follows:-

	<b>Year commencing 1 April 2010 % per annum</b>	<b>Year commencing 1 April 2009 % per annum</b>
Pension reserve	<b>5.50%</b>	5.50%
Overall for Scheme	<b>5.50%</b>	5.50%

### Amounts for the current and previous four years

	<b>2011 £000</b>	<b>2010 £000</b>	<b>2009 £000</b>	<b>2008 £000</b>	<b>2007 £000</b>
Fair value of Scheme assets	<b>705</b>	518	699	1,206	1,261
Present value of Scheme liabilities	<b>(383)</b>	(354)	(622)	(1,213)	(1,629)
Surplus/(deficit) in Scheme	<b>322</b>	164	77	(7)	(368)
Experience adjustment on Scheme assets	<b>(31)</b>	(29)	(35)	(18)	(29)
Experience adjustment on Scheme liabilities	-	-	(2)	107	(62)

### Defined Contribution Scheme

The RNBT also operates a defined contribution scheme. The total contributions to the scheme by the employer during the financial year were £91,977 (2010: £82,977).