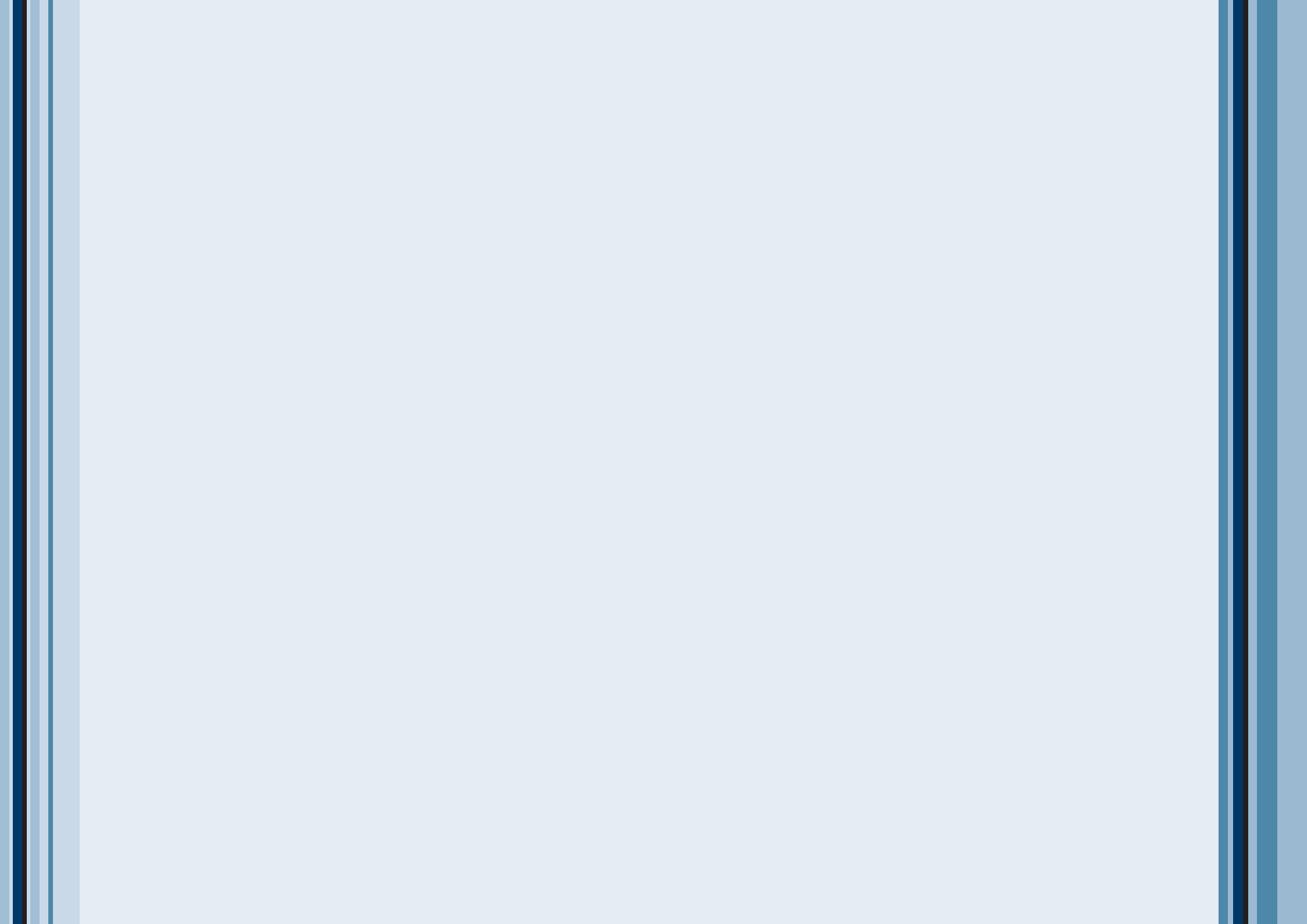


# REPORT & ACCOUNTS

## 2006/07



**THE ROYAL NAVAL  
BENEVOLENT TRUST**  
SUPPORTING THE RNBT FAMILY





The Royal Naval Benevolent Trust

# REPORT & ACCOUNTS

for the year ended 31 March 2007



## Patron

His Royal Highness The Prince of Wales KG KT GCB OM

## Vice Patrons

Lieutenant General Sir Stuart Pringle Bt KCB DSC

K J Pritchard Esq CB MA

## Central Committee & Trustees

(period 1 April 2006 to 19 September 2007)

### Governors

Admiral Sir James Burnell-Nugent KCB CBE

Vice Admiral A J Johns CBE ADC

Major General G S Robison Royal Marines

Commodore J B A Musters Royal Navy

### President

Commodore P W H Swan Royal Navy

### Vice President & Honorary Treasurer

J W S Thompson MBE BEM ex-CPOAEA(L)

### Elected Ordinary Members

P Barnes Cpl RM (from April 2007)

G Clarke WO1(MEA) (until March 2007)

J Halford WO1(AEM) (from April 2007)

C Hampton ex-WO(WEA) (until March 2007)

D Lutwyche ex-CCMEA

L Mitchell LOM(TSM)

J Moulson MBE ex-WO(AEA)

P R A Phillips MBE ex-WO(R)

P G Scofield ex-CPOSA

O W Shread ex-CSgt RM

P A Shuttleworth WO2 RM

C C A Siddall ex WO(STD)

I D Stoney WO2(WEA) (until March 2007)

C Wardle ex-CPO(FS)

## Executive Staff

### Chief Executive

Commander Jeremy Owens Royal Navy (until 13 June 2007)

Commander Stephen Farrington QGM Royal Navy (from 14 June 2007)

### Financial Controller

Peter J Gunner Esq FCA

### Home Manager, Pembroke House

Mrs Carole L Davis RGN

## Auditors

Horwath Clark Whitehill LLP

Aquis House

49-51 Blagrove Street

Reading RG1 1PL

## Investment Managers

Armed Forces Common Investment Fund

33 King William Street

London EC4 9AS

Schroder & Co Limited

31 Gresham Street

London EC2V 7ER

## Bankers

Barclays Bank plc

P O Box 6

Portsmouth PO6 3DH

## I. 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). In essence, the 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.

We help our beneficiaries 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, our care home in Gillingham, Kent.
- Grants to organisations which provide support to members of the RNBT Family.
- Advice on welfare and allied matters.

Our medium to long term strategy is:

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

Our main annual objectives for 2006/07 were:

- To satisfy from our own resources, or in conjunction with other charities, the needs of applicants assessed as requiring a grant, subject to our grants policy (achieved).
- To increase annuity payments from £10 to £12 per week (achieved).
- To meet and where possible exceed, all care standards at our care home, Pembroke House (achieved).
- To achieve average occupancy in excess of 95% at Pembroke House (94.5%).

- To take over the trusteeship of the John Cornwell VC National Memorial (in progress).
- To review our policy for the care of older people (in progress).
- To broaden our public relations and fundraising activities, especially with regard to legacy promotion (in progress).
- To carry out a review of our governing documents (in progress).
- To introduce a revised committee structure (achieved).
- To promote the rationalisation of naval charities where change would be in the best interest of the RNBT Family (in progress).

With one exception, these objectives have been met or are in progress as indicated.

## 2. Governance

Governance is delivered through the Central Committee (comprising the Governors, the President, the Honorary Treasurer and Ordinary Members), the members of which are the Trustees of the RNBT. There is also an Executive Committee comprising the President, the Honorary Treasurer, a Governor and certain Ordinary Members of the Central Committee; all members of the Executive Committee are also members of the Central Committee. Both committees are constituted in accordance with the Royal Charter. Formerly the Executive Committee met quarterly to manage the affairs of the RNBT and there was an Annual General Meeting of the Central Committee. Since September 2006 the Executive Committee has been combined with the Central Committee which allows all trustees to be more fully involved in the Trust's affairs on a quarterly basis in addition to attendance at the Annual General Meeting.

A new structure for three standing sub committees was introduced in September 2006. These sub committees comprise: Finance and General Purposes, Care of Older People, and Salaries and Benefits. There is provision for each Area Committee (see following paragraph) to be represented on each of these sub committees.

There are three Area Committees (Portsmouth, Plymouth, Scotland & Northern Ireland); they are constituted in accordance with the Bye-Laws of the Trust. These committees comprise Ordinary Members and Advisory Members and their function is principally to represent and promote the

RNBT and its activities within their Areas. The Scotland and Northern Ireland Committee is not currently in being, but will be reconstituted.

Three of the Governors are ex-officio by virtue of their senior appointments in the Royal Navy and the other Governor and the President are retired senior officers appointed by the Admiralty Board for a term of three years. The ex-officio Governors may be represented by an officer appointed in accordance with the Royal Charter. The Honorary Treasurer is elected annually by the Central Committee and the Ordinary Members of the Central Committee are elected annually by the Area Committees. The Honorary Treasurer, who is also the Vice President, and the Ordinary Members of the Central Committee and other committees are all serving or ex-serving Royal Naval ratings or Royal Marines other ranks. Advisory Members are Royal Naval Officers.

There is an induction procedure for the Trustees and training is carried out periodically.

The day to day management of the affairs of the RNBT is delegated by the Trustees to the Chief Executive. There is a staff of 10 employed on duties concerned with administration, finance, grants and public relations at the Head Office in Portsmouth. The staff at Pembroke House, the care home in Gillingham Kent, is about 55.

### 3. Review of Activities

#### 3.1 Grants & Annuities

The essence of the RNBT's objects is to give help to members of the RNBT Family at times of need. Our grants and annuities system, with its capacity for flexible and swift response, is a very effective way of achieving this aim. We welcome applications for assistance from members of the RNBT Family who are in need or distress. In 2006/07 we spent more than £2.8 million on grants and annuities to help almost 4,500 families with many different problems.

##### 3.1.1 Grants to Individuals.

The RNBT gives grants to assist members of the RNBT Family in a wide variety of circumstances. These include the basic needs of food, clothing, accommodation and fuel, disability aids, training for second careers, house

repairs and household goods, child care, respite holidays and help with all manner of financial difficulties. For statistical purposes we list categories of need for frequently met circumstances, but this is not a closed list. The RNBT always retains the discretion to help in new situations provided there is a sufficient degree of need and the financial resources are available.

During 2006/07, the trend in the number of applications for grants has continued upwards for the second year following the steady decline over several years up to 2004/05. There has been an increase of over 5% in the total expenditure on grants to individuals in order to provide the necessary level of assistance; 3,206 (3,073 for 2005/06) applicants were assisted during the year with grants of widely varying amounts. The overall average grant was £571, an increase of 7% on last year and within the individual categories of need, average grants ranged from £181 (telephone) to £1,091 (funerals).

The medical category was once again the largest in both number of cases and total expenditure. We believe that swift assistance should be given to those with disabilities where special equipment is required. In many cases we provide financial assistance where there would otherwise be a long and unacceptable wait for statutory funding to which the individual is entitled.

We approach other sources of potential assistance whenever this is appropriate and quite often this results in an enhanced outcome for the individual which is not reflected in the RNBT's published statistics.

##### 3.1.2 Annuities

As well as grants to individuals to meet particular needs when they arise, we administer an annuities scheme. This provides a modest level of regular financial support to older people on very low incomes. The changes to the conditions of the eligibility (which were made in 2003) opened the scheme to more people who can derive real benefit from it however this lengthened the waiting list. An increase of 200 annuities over the years 2004/05 and 2005/06 brought the total number to 1,304 which, coupled with better prioritisation of need, has now reduced the waiting time to a more acceptable level; 1,300 annuities are generously funded by Greenwich Hospital and 4 by the Mrs Ina Briggs Annuities Fund. During the year, the monetary value of each annuity was increased to £12.00 per



week, paid quarterly (£156.00). Although limited in amount, an annuity often makes a significant difference to the quality of life of the recipient.

### 3.1.3 *The Grants Process.*

Administration of the grants and annuities function is centralised in Portsmouth. Applications for assistance are usually submitted through various organisations, for example SSAFA Forces Help, The Royal British Legion, the Naval Personal and Family Service and our own Area Committees. On receipt, the RNBT grants administrators vet the applications, liaising with other charities if appropriate before referring them to the Grants Committee.

A fundamental principle of the RNBT has always been that the decision in virtually every case must be made by three RNBT committee members, who are themselves serving or ex-serving RN ratings or RM other ranks. They meet twice a week to consider applications and they do so with a blend of understanding and compassion, tempered with much commonsense. We pride ourselves on our speed of response.

### 3.1.4 *Review of Policy*

During the year we completed a review of our policy for direct financial help to individuals and organisations. While this has not resulted in any major policy changes, various minor changes have led to some broadening of the scope of our activities and increased flexibility in giving help.

## 3.2 **Care of Older People**

Pembroke House is the RNBT's care home located in Gillingham, Kent – not far from the historic dockyard in Chatham. The home provides nursing and personal care for up to 49 residents who share a common bond as members of the RNBT Family. Originally built as an orphanage in the 1920s, it was first taken into use 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 the fine care home that it is today.

This year the home has continued to operate successfully and excellent standards have been consistently achieved in inspections by the Commission for Social Care Inspection (CSCI).

### 3.2.1 *The Home*

Each resident has a good sized, well furnished room with en-suite facilities and they all enjoy an extensive range of day rooms, dining rooms and other communal areas spread over the home's three floors. On the ground floor there is a large day room complex which is normally divided by folding partitions into two lounge areas and a bar. It is opened up for the functions which are a regular feature of life at Pembroke House.

On the first floor there are two conservatories with balconies overlooking the gardens. These provide easy access to the fresh air for residents who might have difficulty in getting into the gardens. There is also a library and another day room on this floor. On the top floor the Bridge is a large lounge looking out to the north, with fine views across the River Medway to the Thames estuary and beyond.

Each floor of the home 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 to the modern kitchen by a lift. The home is surrounded by its own landscaped gardens with popular sitting out areas and opportunities for the residents who wish to enjoy gardening.

### 3.2.2 *The People*

Our residents are, of course, the main focus of attention, but there are many others who are part of the Pembroke House community i.e. the staff, the Friends of Pembroke House, the families of our residents and our many supporters. They all have an important role to play in making the home a unique place with a very special atmosphere. There is a steady demand for residents' places at Pembroke House especially by those needing higher levels of care. Currently we can accept 19 residents who need full nursing care and 30 whose needs are at the more limited level of personal care.

The Home Manager is responsible for the overall management of Pembroke House; she is ably assisted by the Administration Manager and two Deputy Home Managers. They lead a large staff and together make a strong and dedicated team.

We aim 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. Compliance with this policy is regularly reviewed. Training is a high

## THE ROYAL NAVAL BENEVOLENT TRUST

priority, as well as ensuring that staff are fully qualified for their roles, it is important for individual development and job satisfaction. These policies continue to prove effective in providing capable and caring staff with a low turnover thus minimising disruption to residents.

### 3.2.3 Activities

A special feature of Pembroke House has always been the range of outings, functions and in-house activities offered to our residents. This year has been no exception and once again we are indebted to everyone who has so generously provided hospitality. The highlights have included a garden party at Buckingham Palace and a Christmas Party at St James's Palace, both arranged by the Not Forgotten Association. 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 made a special day out in the summer.

Pembroke House has its own activities coordinator who arranges a comprehensive programme of local outings and in-house activities such as handicrafts, music and movement, bingo and a very popular weekly quiz, we are always pleased to welcome visitors and this year there have been many.

### 3.2.4 Projects

Landscaping of the walled garden and approaches to it was completed during the year and the formal opening took place in June 2006. We are very grateful for the substantial support we received for this project from the estate of the late John Clemo that helped us transform the area into a tranquil haven for the residents to enjoy. Also we were very fortunate to receive another smaller vehicle from the RNA to complement the minibus presented last year, both of which are adapted to carry passengers in wheelchairs.

### 3.3 Financial Support to Other Organisations

Financial support to other organisations is a very minor part of the Trust's benevolent activity as priority is given to direct help to individuals; the sums granted are relatively small. We select a few organisations at the beginning of each financial year to receive support paid quarterly. The amount is generally based on a per capita rate for each member of the RNBT Family to whom the organisation gives assistance and is subject to a maximum

figure for the year. Very occasionally we may give favourable consideration to a one off, in-year application. There may be some small expansion in this part of our work following the review of our policy for direct financial help to individuals and organisations.

### 3.4 Advice on Welfare Matters

The Trust receives a constant stream of welfare related queries. Many of these are within the expertise and experience of the RNBT staff, but if this is not the case, the matter is referred to the appropriate agency.

## 4. Financial Review

The format of the Statement of Financial Activities (SOFA) was changed in 2005/06 following the adoption of the Statement of Recommended Practice – Accounting and Reporting by Charities published in 2005 by the Charity Commission (SORP 2005). The principal change was to apportion staff and support costs to the main headings of 'Cost of generating funds', 'Charitable activities' and 'Governance' so as to show the effective total costs of carrying out those activities.

### 4.1 Incoming Resources

We depend on a variety of sources for funding: incoming grants, dividends from investments and interest on bank balances, care home income, legacies, donations and fundraising activities. All sources of income showed some increase with the exception of legacies, however, total incoming resources declined very slightly.

Donations showed continued growth; amongst them were many made in memory of loved ones and support from branches of the Royal Naval Association was also strong. The increase in receipts from the Royal Navy's Voluntary Donations from Pay (VDP) scheme was smaller than expected. Plans to re-launch the scheme in a new format are expected to generate more money for naval charity as a whole an element of which will be allocated to benevolence. The exact details of how this scheme will operate have yet to be finalised. We are extremely grateful to all those who remember the RNBT in their wills and we maintain a positive focus on legacy promotion with a view to increasing income from this source.

Greenwich Hospital remain the very generous principal source of our incoming grants. Their substantial contribution towards our grants to individuals and to meet the cost of 1,300 annuities totalled over £1 million. We were also fortunate in receiving funding commitments of £150,000 from Seafarers UK towards our outgoing grants for mobility aids and to support building extensions at Pembroke House.

Fundraising activities, now shown separately, brought in slightly less than in 2005/06; we do not currently engage in fundraising on a large scale.

Income from investments rose slightly in line with dividend growth in the markets and there was very significant growth in investment values.

Income from our care home, Pembroke House, which is the largest of our income sources, comes mainly from residents' fees paid either personally or by local authorities. In addition, a total of £132,941 has been raised in the form of donations, grants, dividends, investment gains and two minibuses generously donated by the Royal Naval Association. Most of this income goes into the five restricted funds which are maintained for the residents' benefit. A new fund, the Projects Fund, was created in the previous year and has been credited with legacies and donations of £51,017. This sum was allocated to the garden improvement project that was completed in year.

#### 4.2 Resources Expended

The heading 'Costs of generating funds' covers fundraising and publicity costs and investment management fees. This shows the total of all expenditure incurred in raising our income. The total was slightly down, although investment management fees were higher as they are based on the value of the portfolio, which increased in value.

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 8.8% in total, with the cost of outgoing grants rising by 5.6%, annuities by 13.6% [reflecting the increase of £2.00 per week from July] and total costs of Pembroke House increasing by 10.9%, much of which was from funds maintained for projects and other benefits for the residents.

The operating costs of running Pembroke House increased by slightly more than the rate of inflation. Further efficiencies were made in several

areas, especially in purchasing, but energy costs rose very significantly. Maintenance costs were kept as low as possible.

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.

For the third year running, extra pension contributions have had to be made and these have been included in the staff costs allocated across activities.

#### 4.3 Net Position

Net outgoing resources of £802,777 were substantially higher than in the previous year. Incoming resources were slightly less than last year in total and outgoing resources increased through higher expenditure on charitable activities. This has had to be financed partly from liquid resources and, in line with our investment policy, by the sale of a small part of the investment portfolio albeit at a higher rate than we would have wished. The value of the remaining investments held at the year end has risen, increasing the portfolio by £1,192,513. This figure, plus the gains on sales of investments, is added back to the net outgoing resources figure, producing a positive net movement in funds of £805,049. This was after charging further pension scheme liabilities which were assessed actuarially.

Total funds reached £33,598,139 at the year end, an increase roughly in line with inflation resulting in the Trust's capital worth keeping pace with the cost of living and enabling our work to continue at its current tempo.

#### 4.4 Investment Policies and Performance

Approximately three quarters of the portfolio is invested in the Armed Forces Common Investment Fund managed by Black Rock Investment Management (UK) Ltd subject to a total return policy with the investment objective of achieving real growth in capital and income over the long term by investment predominantly in equities. The balance is managed by Schroder & Co Ltd with a similar return objective. The performance of both sections of the portfolio is measured against targets set at 1% above benchmarks which are based on the relevant market indices. During the year the Armed Forces Common Investment Fund produced a total return which was 2.1% below the target of 10.8%. Investments with Schroder & Co Ltd. returned 1.0% less than the target of 10.5%.





#### 4.5 Policy on Reserves

The RNBT's policy continues to be that maintaining substantial free reserves is essential to provide finance in the long term for its charitable activities and capital projects. This policy is particularly important since the RNBT does not have a major fundraising role. In all but two of the last ten years, significant withdrawals from reserves have been necessary to fund charitable expenditure.

#### 5. Risk Management

In line with recommended practice, the RNBT regularly reviews the major strategic, financial and operational risks to which it may be exposed. The Trustees are satisfied that systems are in place to achieve this and to take action to mitigate such risks where necessary.

#### 6. Other Charities and Organisations

The RNBT maintains links with many other service charities and organisations. Greenwich Hospital, Seafarers UK and other funding organisations are of particular importance. We have a strong relationship with organisations which carry out casework to assess the needs of our beneficiaries and greatly appreciate their support. These organisations include SSAFA Forces Help, the Royal British Legion, the Royal Commonwealth Ex-Services League and the Naval Personal and Family Service. We also work closely with other naval charities: amongst these are the Royal Navy & Royal Marines Children's Fund, the Women's Royal Naval Service Benevolent Trust and the Royal Naval Association in meeting the needs of joint beneficiaries.

In seeking to ensure that we conduct our business in the most effective way, we liaise with various organisations with similar interests. These are mainly other service charities but also include non service organisations. The RNBT is a member of 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.

We are working closely with the new Royal Navy and Royal Marine Charity and look forward to this continuing in the future

#### 7. Future Plans

Our main annual objectives for 2007/08 are:

- To satisfy from our own resources, and in conjunction with other charities, the needs of applicants assessed as requiring financial assistance, subject to our grants policy.
- 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 95%
- To take over the trusteeship of the John Cornwell VC National Memorial.
- To complete the review of our policy for the care of older people.
- To broaden our public relations and fundraising activities, especially with regard to legacy promotion.
- To complete a review of our governing documents and implement changes as necessary.
- To strengthen the Area Committee structure.
- To promote the rationalisation of naval charities where change would be in the best interests of the RNBT Family.

##### 7.1 Grants and Annuities

Grants and annuities have always been the core business of the RNBT and we expect this to continue for the foreseeable future. The indications are that the requirement for expenditure on grants to individuals will continue to grow as is the pressure to finance a modest increase in the number of annuities and to increase the weekly rate.

We expect to be able to meet the demand for grants in the coming year but only to maintain the current number (1,304) of annuities at the currently weekly rate (£12). These measures will almost certainly result in substantial net outgoing resources that will have to be funded from our investments. In the medium term we hope that it will prove possible to add to the number of annuities and increase the weekly rate.

##### 7.2 Care of Older People

Pembroke House is firmly established as a high quality care home and we expect a continuing demand for places for the foreseeable future. An embryo plan to build sheltered apartments for beneficiaries of the RNBT on part of the Pembroke House site is being considered as part of a wider review of our policy for care of older people. Within this review we are

also considering whether there is a need for further care homes and if so, whether they could be provided in conjunction with other service charities.

The John Comwell VC National Memorial comprises six cottages in Hornchurch, Essex, provided for disabled sailors and their widows. It has been agreed that the trusteeship should be transferred to the RNBT as corporate trustee which will broaden the scope of the RNBT's activities. We expect this to be finalised in the coming year.

### 7.3 Governance

A review of our governing documents is continuing and should be completed in the coming year. A new committee structure has been implemented that allows all Trustees to become more closely involved in the business of the RNBT and means that the Area Committees each have a representative on the principal sub committees covering the main operational and administrative activities.

### 7.4 Rationalisation of Naval Charities

Early in 2007 a new charity, the Royal Navy and Royal Marines Charity (RNRMC) was established. As well as benevolence, the RNRMC encompasses other charitable activities including prizes, sports and amenities. It offers a variety of ways in which other naval charities may become involved with its activities. We support the concept of rationalisation of naval charities, in particular those concerned with benevolence and we are committed to working closely with the RNRMC. Our relationship with the RNRMC will continue to be one of close cooperation and collaboration with any move away from our current status only happening if it is clearly in the best interests of our beneficiaries.

Approved by the Central Committee and signed on their behalf.



**Commodore P W H Swan Royal Navy**

President

19 September 2007

### Statement of the Trustees' Responsibilities in respect of the Financial Statements

The Trustees are required to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Trust and of its net incoming or outgoing resources for the period. In preparing those accounts, the Trustees are required to:

- select suitable accounting policies and then apply them consistently,
- state whether the policies adopted are in accordance with the Statement of Recommended Practice – Accounting and Reporting by Charities and with applicable accounting standards, subject to any departures disclosed and explained in the accounts,
- make judgments and estimates that are reasonable and prudent and
- prepare the accounts on the 'going concern' basis unless it is inappropriate to presume that the Trust will continue its activities.

The Trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy the financial position of the Trust at any time. They are also responsible for safeguarding the assets of the Trust and hence for taking reasonable steps for the prevention of fraud and other irregularities.

### Independent Auditors' 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 2007 which comprise the Statement of Financial Activities, Balance Sheet, Cash Flow Statement and related notes set out on pages 14 to 27. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Trustees, as a body, in accordance with Regulation 7(2) of the Charities (Accounts and Reports) Regulations 2005 (SI 2005/572). Our audit work has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditors' 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 Trustees, as a body, for our audit work, for this report, or for the opinion we have formed.

### Respective Responsibilities of Trustees and Auditors

The Trustees' responsibilities for preparing the Trustees Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of the Trustees' Responsibilities above.

We have been appointed as auditors under section 43 of the Charities Act 1993 and report in accordance with regulations made under section 44 of that Act. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Charities Act 1993. We also report to you if, in our opinion, the Trustees' Annual Report is not consistent with the financial statements, if the charity has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the other information contained in the Trustees' Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charity's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with

sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**Unqualified Opinion**

In our opinion the financial statements:

- give a true and fair view, in accordance with the United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the Trust as at 31 March 2007 and of its incoming resources and application of resources for the year then ended; and
- have been properly prepared in accordance with the Charities Act 1993.



**Horwath Clark Whitehill LLP**

Chartered Accountants and Registered Auditors

Aquis House

45/51 Blagrove Road

Reading RG1 1PL

*19 September 2007*

# STATEMENT OF FINANCIAL ACTIVITIES

for the year ended 31 March 2007

## THE ROYAL NAVAL BENEVOLENT TRUST

	Note	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total Funds £	Total Funds £ 31 March 2006
<b>Incoming resources</b>							
Incoming resources from generated funds							
Voluntary income							
Donations and rebates	2	156,207	0	5,656	0	161,863	153,053
Voluntary donations from pay	2	50,879	0	0	0	50,879	48,853
Legacies	2	186,522	0	0	0	186,522	451,911
Grants receivable	3	440,751	0	814,247	0	1,254,998	1,149,113
Activities for generating funds							
Fundraising		50,108	0	0	0	50,108	52,178
Investment income	4	820,153	76,347	24,881	0	921,381	880,623
Incoming resources from charitable activities							
Care home incoming resources	5	1,134,444	0	115,398	0	1,249,842	1,179,837
Other incoming resources		1,320	0	0	0	1,320	1,075
<b>Total incoming resources</b>		<b>2,840,384</b>	<b>76,347</b>	<b>960,182</b>	<b>0</b>	<b>3,876,913</b>	<b>3,916,643</b>
<b>Resources expended</b>							
Costs of generating funds							
Costs of generating voluntary income	6	163,588	0	2,101	0	165,689	184,206
Investment management costs		155,464	17,626	3,345	0	176,435	166,370
Charitable activities							
Grants to individuals and organisations	6	1,752,869	153,451	102,098	0	2,008,418	1,902,236
Annuities payable		0	0	852,556	0	852,556	749,896
Care home resources expended		1,315,134	0	105,517	0	1,420,651	1,281,431
Governance costs	6	55,941	0	0	0	55,941	59,830
<b>Total resources expended</b>		<b>3,442,996</b>	<b>171,077</b>	<b>1,065,617</b>	<b>0</b>	<b>4,679,690</b>	<b>4,343,969</b>

Note	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total Funds £	Total Funds £ 31 March 2006
<b>Net outgoing resources before transfers</b>	<b>(602,612)</b>	<b>(94,730)</b>	<b>(105,435)</b>	<b>0</b>	<b>(802,777)</b>	<b>(427,326)</b>
Gross transfers between funds	(106,134)	18,893	87,241	0	0	0
<b>Net o/g resources before other recognised gains and losses</b>	<b>(708,746)</b>	<b>(75,837)</b>	<b>(18,194)</b>	<b>0</b>	<b>(802,777)</b>	<b>(427,326)</b>
<b>Other recognised gains and losses</b>						
Gains on investments	1,564,749	142,728	17,543	15,006	1,740,026	5,286,435
Pension scheme actuarial loss (FRS 17)	10 (132,200)	0	0	0	(132,200)	(110,900)
<b>Net movement in funds</b>	<b>723,803</b>	<b>66,891</b>	<b>(651)</b>	<b>15,006</b>	<b>805,049</b>	<b>4,748,209</b>
<b>Reconciliation of funds</b>						
Balances brought forward as previously stated	28,090,154	2,609,020	1,358,938	734,978	32,793,090	28,170,281
Prior year notional deficit on pension reserve	0	0	0	0	0	(125,400)
<b>Balances brought forward as restated</b>	<b>28,090,154</b>	<b>2,609,020</b>	<b>1,358,938</b>	<b>734,978</b>	<b>32,793,090</b>	<b>28,044,881</b>
<b>Fund balances carried forward</b>	<b>£28,813,957</b>	<b>£2,675,911</b>	<b>£1,358,287</b>	<b>£749,984</b>	<b>£33,598,139</b>	<b>£32,793,090</b>

All operations are continuing.

## BALANCE SHEET

as at 31 March 2007

## THE ROYAL NAVAL BENEVOLENT TRUST

	Note	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total Funds £	Total Funds £ 31 March 2006
<b>Fixed assets</b>							
Tangible fixed assets	11	2,329,819	0	948,243	0	3,278,062	3,281,064
Investments	12	26,397,130	2,758,511	328,226	711,516	30,195,383	29,150,651
<b>Total fixed assets</b>		<b>28,726,949</b>	<b>2,758,511</b>	<b>1,276,469</b>	<b>711,516</b>	<b>33,473,445</b>	<b>32,431,715</b>
<b>Current assets</b>							
Debtors, prepayments and accrued income		427,323	0	0	0	427,323	417,008
Bank balances and cash		194,376	(82,600)	81,818	38,468	232,062	326,596
		<b>621,699</b>	<b>(82,600)</b>	<b>81,818</b>	<b>38,468</b>	<b>659,385</b>	<b>743,604</b>
Creditors falling due within one year		(166,191)	0	0	0	(166,191)	(145,929)
<b>Net current assets less current liabilities</b>		<b>455,508</b>	<b>(82,600)</b>	<b>81,818</b>	<b>38,468</b>	<b>493,194</b>	<b>597,675</b>
<b>Total assets less current liabilities</b>		<b>29,182,457</b>	<b>2,675,911</b>	<b>1,358,287</b>	<b>749,984</b>	<b>33,966,639</b>	<b>33,029,390</b>
Pension scheme liability	10	(368,500)	0	0	0	(368,500)	(236,300)
<b>Total net assets</b>		<b>£28,813,957</b>	<b>£2,675,911</b>	<b>£1,358,287</b>	<b>£749,984</b>	<b>£33,598,139</b>	<b>£32,793,090</b>
<b>Funds</b>							
Unrestricted funds		27,713,957	0	0	0	27,713,957	26,990,154
Capital account		1,100,000	0	0	0	1,100,000	1,100,000
Designated funds		0	2,675,911	0	0	2,675,911	2,609,020
Restricted funds		0	0	1,358,287	0	1,358,287	1,358,938
Permanent endowment funds		0	0	0	749,984	749,984	734,978
<b>Total funds</b>		<b>£28,813,957</b>	<b>£2,675,911</b>	<b>£1,358,287</b>	<b>£749,984</b>	<b>£33,598,139</b>	<b>£32,793,090</b>


**J W S Thompson**

Honorary Treasurer

19 September 2007

CASH FLOW STATEMENT  
for the year ended 31 March 2007

	2006/07 £	2005/06 £	
<b>Net cash outflow from operating activities</b>	<b>(1,600,157)</b>	<b>(1,078,918)</b>	
<b>Returns on investments</b>			
Dividends and interest	846,288	853,835	
Short term interest	22,687	24,251	
Rents receivable	29,992	24,748	
	<b>898,967</b>	902,834	
<b>Capital expenditure and financial investments</b>			
Purchase of tangible fixed assets	(111,075)	(91,290)	
Purchase of investments	(832,001)	(780,000)	
Sale of investments	1,462,961	960,117	
<b>Net cash inflow /(outflow) from investing activities</b>	<b>519,885</b>	<b>88,827</b>	
<b>Management of liquid resources</b>			
Decrease/(increase) in short term investments	86,771	(47,708)	
<b>Net (decrease)/increase in cash</b>	<b>(£94,534)</b>	<b>(£134,965)</b>	
<b>Notes to the Cash Flow Statement</b>			
<b>Reconciliation of net incoming resources for the year to net cash outflow from operating activities</b>			
Net (outgoing) resources	(802,777)	(427,326)	
Less: Investment income	(921,381)	(880,623)	
	<b>(1,724,158)</b>	<b>(1,307,949)</b>	
<b>Adjustment for non-cash items:</b>			
Depreciation	114,054	98,861	
(Increase)/decrease in debtors	(10,315)	(83,640)	
Increase/(decrease) in creditors	20,262	213,810	
<b>Net cash outflow from operating activities</b>	<b>(£1,600,157)</b>	<b>(£1,078,918)</b>	
	2007 £	2006 £	Change in year £
<b>Analysis of net cash balances</b>			
Bank and cash balances	232,062	326,596	(94,534)
Short term investments	192,288	279,059	(86,771)
<b>Analysis of net cash balances</b>	<b>£424,350</b>	<b>£605,655</b>	<b>(£181,305)</b>

## **I. Accounting policies**

### **Basis of preparation**

The accounts 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 adoption of the SORP has led to changes in the format of the Statement of Financial Activities ('SOFA') on pages 13 to 14. The main change is the allocation of costs directly to the relevant SOFA heading.

### **Incoming resources**

#### **Voluntary income**

##### *Donations, rebates and legacies*

All income from donations and legacies is accounted for on an accruals basis. This policy is applied to all legacy income where the amounts and timing of receipt can be accurately ascertained. Tax credits on income from legacies and on gift aid donations have also been recorded on an accruals basis.

##### *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 received.

### **Activities for generating funds**

#### *Fundraising*

This represents gross income from events and from sales of merchandise in the year.

#### *Investment income*

Investment income has been accounted for on an accruals basis which includes dividends on stocks and shares which were 'ex-dividend' on 31 March 2007. Dividends have been grossed by the amount of investment management fees deducted.

### **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.

### **Resources expended**

#### **Costs of generating funds**

##### *Costs of generating voluntary income*

This heading comprises direct costs of participating in events, all publicity costs and support costs allocated on the basis of staff activity.

##### *Investment management fees*

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

### **Charitable activities**

#### *Grants and annuities to individuals*

Grant and annuity payments are included when they are authorised by the relevant committee. These costs include the 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 representing services provided by Headquarters.

**Governance costs**

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

**Assets***Tangible fixed 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 and Equipment	between 10% and 20%
Computers	33%

*Investments*

The investment portfolio has been valued at market value as at 31 March 2007. The SOFA includes the net gains and losses on investments arising on revaluation at the year end and on disposals throughout the year.

**Funds**

The RNBT holds a number of Special Funds as detailed in Note 13. 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.

*Restricted funds*

These funds are all expendable for specific purposes, as to both income and any capital. Apart from two personal special funds which are invested for individuals and their dependants, 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 funds 1,300 'Jellicoe' annuities paid to retired eligible beneficiaries. Income is also received for the new Naval Service Benevolent Fund and 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. A new fund, The Pembroke House Projects Fund, was set up during the year. This has already attracted a stream of donations and a very generous legacy from the estate of the late John Clemo. These have been applied towards the creation of a walled garden at Pembroke House for the use of the residents.

*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 assets were immediately transferred to a new designated fund of the same name. The original eligibility criteria have been widened to include beneficiaries who were entitled to receive the South Atlantic Medal.

*Capital Account*

The capital account was set up some years ago to provide a buffer below which funds should not be depleted by expenditure.

*Pensions Policy*

The charity operates a defined benefits pension scheme and the pension charge in relation to this scheme is based on a full actuarial valuation dated 5 April 2004.

The charity also operates a defined contribution pension scheme and the pension charge in relation to this scheme represents the amounts payable by the charity and the members to the fund in respect of the year.

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total Funds £	Total Funds £
						31 March 2006
<b>2. Donations and legacies</b>	<hr/>					
A full list of donations and legacies is issued with the annual review						
<b>3. Grants receivable</b>	<hr/>					
Greenwich Hospital	236,601	0	0	0	236,601	323,000
Seafarers UK	100,000	0	0	0	100,000	100,000
Other	104,150	0	0	0	104,150	20,000
Greenwich Hospital (Jellicoe annuities)	0	0	777,399	0	777,399	676,000
Individual cases	0	0	36,848	0	36,848	30,113
	<b>£440,751</b>	<b>£0</b>	<b>£814,247</b>	<b>£0</b>	<b>£1,254,998</b>	<b>£1,149,113</b>
<b>4. Investment income</b>	<hr/>					
Dividends and interest	764,495	76,347	24,260	0	865,102	831,131
Short term interest	22,066	0	621	0	22,687	24,744
Rents receivable	33,592	0	0	0	33,592	24,748
	<b>£820,153</b>	<b>£76,347</b>	<b>£24,881</b>	<b>£0</b>	<b>£921,381</b>	<b>£880,623</b>
<b>5. Care home incoming resources: Pembroke House</b>	<hr/>					
Maintenance contributions	1,054,850	0	0	0	1,054,850	1,010,480
Grants receivable	79,594	0	0	0	79,594	78,962
Donations & investment income	0	0	115,398	0	115,398	90,395
	<b>£1,134,444</b>	<b>0</b>	<b>£115,398</b>	<b>0</b>	<b>£1,249,842</b>	<b>£1,179,837</b>

	Staff costs £	Other direct cost £	Support costs £	Grants & annuities £	Care home £	Total £	Total £ 31 March 2007
<b>6. Analysis of total resources expended</b>							
<b>Costs of generating voluntary income</b>							
Fundraising and publicity costs	104,135	0	61,554	0	0	165,689	184,206
Investment management fees	13,199	158,851	4,385	0	0	176,435	166,370
	<b>117,334</b>	<b>158,851</b>	<b>65,939</b>	<b>0</b>	<b>0</b>	<b>342,124</b>	<b>350,576</b>
<b>Charitable expenditure</b>							
Grants	178,592	0	44,183	1,785,643	0	2,008,418	1,902,236
Annuities	60,021	0	12,629	779,906	0	852,556	749,896
Care home resources expended	1,016,711	0	58,186	0	345,754	1,420,651	1,281,431
	<b>1,255,324</b>	<b>0</b>	<b>114,998</b>	<b>2,565,549</b>	<b>345,754</b>	<b>4,281,625</b>	<b>3,933,563</b>
<b>Governance</b>	<b>26,890</b>	<b>0</b>	<b>29,051</b>	<b>0</b>	<b>0</b>	<b>55,941</b>	<b>59,830</b>
	<b>£1,399,548</b>	<b>£158,851</b>	<b>£209,988</b>	<b>£2,565,549</b>	<b>£345,754</b>	<b>£4,679,690</b>	<b>£4,343,969</b>

All grants are paid for the benefit of named individuals.

	2007 £	2006 £
<b>7. Net outgoing resources for the year</b>		
This is stated after charging:		
Depreciation	114,054	98,861
Auditors' remuneration	12,070	10,879
<b>8. Remuneration and expenses of the Central Committee</b>		
Remuneration	Nil	Nil
Travelling expenses	2,184	2,225
	<b>£2,184</b>	<b>£2,225</b>
Numbers being reimbursed	13	13

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2007 – continued

## THE ROYAL NAVAL BENEVOLENT TRUST

	2007 £	2006 £
<b>9. Employees</b>		
Salaries	1,119,802	1,052,114
National Insurance	81,482	72,921
Pension contributions	147,430	140,053
Other Staff costs	50,834	65,697
	<b>£1,399,548</b>	<b>£1,330,785</b>
<b>Average numbers (full time equivalent)</b>		
Headquarters	10	10
Pembroke House	55	55
	<b>65</b>	<b>65</b>

One employee was paid a salary (including employers NI) in excess of £60,000 during the year.

The RNBT operates a defined benefit pension scheme, into which almost the whole of the above pension contributions were paid including contributions in respect of one higher paid employee (2005/06 one). This scheme was closed to new members in January 2003 and was replaced by a defined contribution scheme.

## 10. Commitments

### Capital commitments

There were no capital commitments in the year.

### Pension scheme

The defined benefit pension scheme for employees is now closed to new entrants. Accounting for defined benefit pensions is currently under review by the Accounting Standards Board, with these accounts reflecting the valuation under SSAP24 but disclosing additional information in accordance with the transitional requirements of FRS17.

### SSAP 24 disclosures

The Trust operates a defined benefit scheme, the Royal Naval Benevolent Trust Retirement Benefits Scheme ("the Scheme") was closed to new employees in January 2003. The most recent actuarial valuation of the Scheme, for accounting purposes, was undertaken as at 5 April 2004 using the projected unit method. The next valuation will be as at 5 April 2007.

The principal assumptions underlying the valuation are set out below:

Rate of return on assets	5.5%
Interest rate for annuity purchase	5.5%
Salary escalation	4.0%
Pension escalation	5.0%

The actuarial value of the Scheme's assets was £1,104,000, 88% of the benefits that had been accrued to members after allowing for the effects of salary increases. The total contributions to the Scheme by the employer during the financial year were £138,300 (2005/06 £133,600). Employer contributions during the year were 23.0% of 2005/06 salaries of members plus a special contribution of £50,000.

#### FRS17 disclosures

The disclosures required under FRS17 'Retirement Benefits' are set out below. The figures below have been calculated by a qualified independent actuary and are based on an approximate update of the actuarial valuation of the pension scheme as at 5 April 2004.

The main financial assumptions used as at 31 March 2007 and the corresponding assumptions as at 31 March 2006 and 31 March 2005 for both purposes were:

	2007 % pa	2006 % pa	2005 % pa
Price inflation	3.50	3.00	3.00
Salary increase	4.50	4.00	4.00
Rate of discount	5.50	5.00	5.40
Revaluation rate of deferred pensions	3.50	3.00	3.00

The assets in the pension scheme and the expected rates of return at 31 March 2007 and the corresponding amounts and assumptions at 31 March 2006 and 31 March 2005 were:

	2007 Expected rate of return % pa	2007 Market value of assets £	2006 Expected rate of return % pa	2006 Market value of assets £	2005 Expected rate of return % pa	2005 Market value of assets £
<b>Insurance Policy</b>	5.50	<b>£1,260,500</b>	5.50	<b>£1,390,100</b>	5.50	<b>£1,235,300</b>

The following amounts were measured in accordance with the requirements of FRS17:

	2007 Pension Scheme £	2006 Pension Scheme £	2005 Pension Scheme £	2004 Pension Scheme £	2003 Pension Scheme £
<b>Value</b>					
Total market value of assets	1,260,500	1,390,100	1,235,300	1,094,800	956,900
Present value of liabilities	(1,629,000)	(1,626,400)	(1,360,700)	(1,343,100)	(1,080,500)
<b>Net pension liability</b>	<b>(£368,500)</b>	<b>(£236,300)</b>	<b>(£125,400)</b>	<b>(£248,300)</b>	<b>(£123,600)</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31 March 2007 – continued

## THE ROYAL NAVAL BENEVOLENT TRUST

An analysis of the amounts that are recognised in the SOFA for the year ended 31 March 2007 and the corresponding amounts for the year ended 31 March 2006 is:

	2007 Pension scheme £	2006 Pension scheme £
<b>Pension finance income</b>		
Interest on liabilities	78,400	75,600
Expected return on assets in the pension scheme	(73,500)	(69,800)
<b>Net (credit)/charge to pension finance income</b>	<b>4,900</b>	<b>5,800</b>
<b>Resources expended</b>		
Current service cost	98,800	97,700
<b>Total charged to resources expended</b>	<b>98,800</b>	<b>97,700</b>
<b>Total (credited)/charged to recognised gains and losses</b>	<b>£103,700</b>	<b>£103,500</b>

An analysis of the movement in surplus or deficit in the pension scheme during the year and over the previous year is:

	2007 Pension scheme £	2006 Pension scheme £
(Deficit) at beginning of year	(236,300)	(125,400)
Current service cost	(98,800)	(97,700)
Net finance charge	(4,900)	(5,800)
Contributions	138,300	133,600
Actuarial (loss)/gain	(166,800)	(141,000)
	<b>(£368,500)</b>	<b>(£236,300)</b>

A history of experienced gains and losses in the pension scheme for the previous four years is as follows:

	2006 Pension scheme £	2005 Pension scheme £	2004 Pension scheme £	2003 Pension scheme £
<b>Difference between expected and actual returns on scheme assets</b>				
Amount	(24,300)	(19,700)	(20,700)	3,900
% of assets at end of year	1.7%	1.6%	1.9%	0.4%
<b>Experienced gain / (loss) on liabilities</b>				
Amount	(900)	8,600	(29,900)	55,000
% of liabilities at end of year	0.1%	0.6%	2.2%	5.1%
<b>Effect of changes in demographic and financial assumptions</b>				
Amount	(115,800)	113,700	(48,700)	(89,500)
% of liabilities at end of year	7.1%	8.4%	3.6%	8.3%
<b>Total actuarial (gain)/loss recognised in SOFA</b>				
Amount	(141,000)	102,600	(99,300)	(30,600)
% of liabilities at end of year	8.7%	7.5%	7.4%	2.8%

As stated above, inclusion of net pension liabilities or surpluses in the accounts is now mandatory.

	Freehold Properties £	Furniture, Equipment & Motor Vehicles £	Total £
<b>II. Tangible Fixed assets</b>			
Unrestricted funds			
Cost at 1 April 2006	3,609,153	433,154	4,042,307
Additions	20,077	90,998	111,075
Disposals	0	(69,787)	(69,787)
<b>Cost at 31 March 2007</b>	<b>3,629,230</b>	<b>454,365</b>	<b>4,083,595</b>
Depreciation at 1 April 2006	481,898	279,345	761,243
Charge for the year	56,132	57,922	114,054
On disposals	0	(69,764)	(69,764)
<b>Depreciation at 31 March 2007</b>	<b>538,030</b>	<b>267,503</b>	<b>805,533</b>
<b>Net book value at 31 March 2007</b>	<b>£3,091,200</b>	<b>£186,862</b>	<b>£3,278,062</b>
Net book value at 31 March 2006	£3,127,255	£153,809	£3,281,064

## 12. Investments

### Movements in investments during the year

Market value at 1 April 2006	29,150,651
Additions	832,001
Disposals at opening market value	(979,782)
Net increase on revaluation	1,192,513
	<b>£30,195,383</b>

	2007 Historic Cost £	2007 Market Value £	2006 Historic Cost £	2006 Market Value £
<b>Analysis of Investments</b>				
<b>Unrestricted Funds</b>				
General Fund	17,331,831	26,397,130	17,406,985	25,426,646
<b>Designated Funds</b>				
Falklands Fund	1,730,043	2,758,511	1,799,974	2,716,614
<b>Restricted Funds</b>				
Pembroke House Residents' Support Fund	205,852	328,226	205,852	310,683
<b>Permanent Endowment Funds</b>				
Royal Naval Fund	278,538	292,420	278,659	288,518
Chatham Depot Aid Fund	222,149	241,025	222,179	232,423
Mrs I Briggs Fund	70,745	74,227	70,745	73,224
Sir John Langham's Bequest	6,763	7,112	6,766	7,020
Dame Elisabeth Kelly Fund	92,122	96,732	92,164	95,523
	<b>670,317</b>	<b>711,516</b>	<b>670,513</b>	<b>696,708</b>
	<b>£19,938,041</b>	<b>£30,195,383</b>	<b>£20,083,324</b>	<b>£29,150,651</b>

The whole portfolio was invested in the UK. 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:

Army Common Investment Fund Units	(76.2%)
Schroder Exempt Property Fund Units	(6.3%)

	Balance at April 2006	Total Incoming Resources	Total Resources Expended	Transfers	Balance at March 2007
	£	£	£	£	£
<b>13. Summary of Special Fund Transactions</b>					
<b>Endowment Funds</b>					
Royal Naval Fund	292,576	4,024	0	0	296,600
Chatham Depot Aid Fund	220,010	8,633	0	0	228,643
Langham, Sir John, Bequest	6,975	95	0	0	7,070
Briggs, Mrs I, for annuities	113,134	1,003	0	0	114,137
Dame Elisabeth Kelly Fund	95,973	1,251	0	0	97,224
1939/45 Memorial Award	6,310	0	0	0	6,310
	<b>£734,978</b>	<b>£15,006</b>	<b>£0</b>	<b>£0</b>	<b>£749,984</b>
<b>Restricted Funds</b>					
Brade, T S	2,179	93	0	0	2,272
Briggs, Mrs I, revenue	870	2,663	3,023	305	815
Carmichael, R M	2,656	113	2,536	36	269
Chatham Depot Aid Fund, revenue	5,264	7,438	15,114	353	(2,059)
Greenwich Hospital	0	777,399	860,918	83,521	2
Individual Cases	11,350	36,848	46,929	661	1,930
Dame Elisabeth Kelly Fund, revenue	3,170	3,476	4,895	125	1,876
Langham, Sir John, Bequest, revenue	11	255	32	5	239
Medical Aid Fund	310	0	0	0	310
Royal Naval Fund, revenue	6,741	10,460	20,486	459	(2,826)
Submarine Memorial Fund	35	5,656	5,773	81	(1)
THETIS, HMS	2	115	128	12	1
1939/45 Memorial Award, revenue	247	268	265	4	254
	<b>32,835</b>	<b>844,784</b>	<b>960,099</b>	<b>85,562</b>	<b>3,082</b>
<b>Pembroke House</b>					
Amenities Fund	23,989	13,642	32,085	452	5,998
Residents' Support Fund	286,844	36,181	34,171	673	289,527
Redevelopment Fund	964,253	0	16,239	229	948,243
Projects Fund	51,017	33,720	18,653	263	66,347
Minibus Fund	0	49,398	4,369	62	45,091
	<b>1,326,103</b>	<b>132,941</b>	<b>105,517</b>	<b>1,679</b>	<b>1,355,206</b>
	<b>£1,358,938</b>	<b>£977,725</b>	<b>£1,065,616</b>	<b>£87,241</b>	<b>£1,358,288</b>
<b>Designated Fund</b>					
Falklands Fund	<b>£2,609,020</b>	<b>£219,075</b>	<b>£171,077</b>	<b>£18,893</b>	<b>£2,675,911</b>

## Headquarters

### Chief Executive

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