

# 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 2013**

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## TRUST INFORMATION

For the Year Ended 31 March 2013

### Patron

His Royal Highness The Prince of Wales KG KT GCB OM

### Vice Patrons

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

Rear Admiral A J Rix CB

### Trustees

Commodore A J B Cameron Royal Navy (until 31 May '12)

Chief Petty Officer I Bailey (until 15 Jun '12)

Corporal P Barnes Royal Marines

Mrs J Behan (from 1 Apr '12)

Mrs S Bryant

Mrs S Clewes (from 1 Apr '13)

Mrs C L M Davis RGN (until 31 May '12)

Lieutenant Commander T Forer Royal Navy (from 1 Jun '13)

Mr N Gartside CFA

Mr G Harvey

Mr D Hedges (from 1 Apr '13)

Chief Petty Officer J Holmes (until 31 Mar '12)

Mr K Lambert BEM

Captain T Martin OBE Royal Navy (until 31 May '13)

Mr J Moulson MBE

Brigadier M Noble Royal Marines (from 1 Jun '12)

Mrs B Ryan (from 1 Apr '12)

Mrs P Shaw (from 1 Jun '12)

Mr O W Shread

Rear Admiral S J Woodcock OBE

### Executive Staff

#### Chief Executive

Commander S P Farrington QGM Royal Navy

#### Financial Controller

Mr R Jesson BA FCCA

#### 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

(until 8 Oct '12)

31 Gresham Street, LONDON EC2V 7ER

CCLA Investment Management Limited

(from 9 Oct '12)

Senator House, 85 Queen Victoria Street, LONDON EC4V 4ET

#### Bankers

Barclays Bank PLC

PO Box 6, PORTSMOUTH PO6 3DH

#### Solicitors

Blake Laphorn

Harbour Court, Compass Road, North Harbour, PORTSMOUTH  
PO6 4ST

# TRUSTEES' REPORT

For the Year Ended 31 March 2013

## 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 Object is 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 both directly from the Trust's dedicated grant making organisation and to a lesser degree via selected organisations that assist The RNBT Family.
- Regular Charitable Payments to provide 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 (JCVCNM) at Hornchurch, Essex for which the RNBT is the sole trustee.
- 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, particularly the serving population.
- To seek ways of enhancing the overall effectiveness of benevolence in general and especially within the naval arena by working more closely with other Service charities.
- To maintain a sustainable income through existing sources while consciously seeking other sources.

The Trust's objectives for 2012/13 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 of 95%. **NOT ACHIEVED**, actual occupancy rate 91.7% - see below.
- 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. **PROGRESSED**; awareness raised through active engagement in the COBSEO Care Homes 'cluster group' and the Casework Steering Group but little appetite found for naval specific initiatives to care for older people other than in care cost subsidies paid by some charities.
- To raise the Trust's PR profile within the serving community. **PROGRESSED**; audio visual presentations delivered to PT School qualifying classes and Part II trainees @ HMS COLLINGWOOD, PR stories published in Navy News and the website is current and vibrant BUT with no obvious outcome.
- To generate a legacy income policy with the aim of improving legacy income levels. Policy paper **ACHIEVED**, implementation **IN PROGRESS**; for FY 13/14.
- To meet the Trust's income generation targets while safeguarding and where possible increasing the Trust's capital worth. **ACHIEVED**
- To promote the rationalisation of naval charities where change would be in the best interests of the RNBT Family. **PROGRESSED**; see below.
- To further promote awareness of the Trust within the active service community with the specific aim of increasing the number of uniformed volunteers. **ON-GOING**; see above and through the medium of the Portsmouth based Annual Presentation.

In summary, other than the occupancy rate for Pembroke House all objectives have either been met in full or in part.

## 2. GOVERNANCE

Governance for the Trust is delivered through the Central Committee (CC) that comprises the Chairman, the Vice President (also the Honorary Treasurer) and the Trustees of the RNBT. The President's role is advisory and representational; he is not a trustee in law.

The reduction in frequency of Central and Finance & General Purposes (F&GP) committee meetings from 4 to 3 per annum as reported in last year's report has worked well. The decision to reduce the meeting frequency was informed by the desire to husband resources while recognising that the Trust is on an even management keel with sound processes in place for the everyday deliverables and in acknowledgement of the wider use of information technology to communicate with trustees. At the same time, the decision was taken to disestablish the Salaries & Benefits Committee with that task transferred to the F&GP. The revised committee structure and meeting frequency is considered fit for purpose and capable of delivering the level of governance commensurate with a 'world class' charity; there is no change in committee quorum requirements that still comprise a majority of Ordinary Member Trustees in keeping with the Trust's founding principles.

The well-established 3-year term of office for trustees works well and influenced the decision to reduce the meeting frequency. Trustee elections held in-year were for the Vice President with Mr Shuttleworth returned unopposed for a 5<sup>th</sup> term; this position is the only one voted on annually with the term of office running from 1 January. Commodore Cameron stood down as Admiralty Governor 1 June with Brigadier Noble taking on the role.

Commodore, now Rear Admiral Woodcock offered to extend his tenure to a second 3 year term as the Senior Serving Officer Trustee and this offer was accepted unanimously. Ordinary Member Trustee elections were held in March 2013 for 4 posts; Chief Petty Bailey resigned in June 2012 but the decision was taken not to hold an election at that time because committee quorum rules were not affected and Mrs Bryant, Mr Harvey and Chief Petty Officer Holmes all reached the end of their 3 year tenure 1 April 2013. Chief Petty Officer Holmes, who took up an overseas post in Oman in 2012 reluctantly decided to stand down because he felt he could not make a meaningful contribution to the Trust from such a distance notwithstanding the use of telephone conferencing and electronic communication; Mrs Bryant and Mr Harvey both stood for re-election and were duly returned along with Mrs Clewes and Mr Hedges. Finally, the specialist Trustees Mr Gartside and Capt Martin offered to extend their tenures by 3 years and 12 months respectively with both offers accepted unanimously.

The strength of the Trust is reflected in the character, composition, competence and varied skill sets of its trustees. If quality, experience and commitment are valid measures of good governance, the Trust is very clearly blessed in this respect.

All trustees have briefing packs, including the link to the Charity Commission website area dealing with trustee responsibilities as well as a summary of such guidance. Periodic trustee training takes place in the form of presentations at CC meetings followed by Q & A and also bespoke training opportunities provided by charity legal and finance specialists.

The aspiration that trustees and supporters of the Trust's work should meet up wherever they might find themselves with the aim of presenting and promoting the RNBT and its activities within their areas has not been realised anywhere other than at programmed events that are well supported by volunteers and staff alike. It is perhaps a reflection on people's busy lifestyles or perhaps the fact that other than in Portsmouth with its twice weekly Grant Committee meetings, there is no tangible focus/output in other areas to attract regular gatherings. It is certainly the case that the high tempo that characterises naval life, ashore as well as afloat, is very clearly a barrier to higher levels of uniformed participation in the work of the Trust. That said, it remains the case that uniformed personnel do put themselves out for the Trust, very typically in the wake of events such as the Annual Presentation to raise funds or simply awareness of the RNBT's good work. It remains an objective to attract more serving personnel into the work of the Trust, however, the influx of recently retired naval personnel as trustees along with significant numbers of serving and recently retired personnel putting themselves forward for election to the trustee posts as they become available is a both fillip and a reminder that the Trust's message does have both potency and traction. The reality is the Trust can never have enough volunteers and there needs to be a constancy of effort in spreading the Trust's message at all levels of the Naval Service and this is a part of the Trust's Events & Publicity Officer's role and one where the trustees can similarly contribute.

Vice Admiral Sir Fabian Malbon completes his second 3-year term as President in October 2013 and Rear Admiral Rix his 3-year term as Chairman at the same time. Succession planning for these two important posts is in place the outcome of which will be in next year's report. Suffice to say the need for continuity at the top of the RNBT 'tree' is recognised and the current President and Chairman are very conscious of the need for stability in this area.

The day-to-day management of the Trust's affairs is delegated to the Portsmouth based Chief Executive who runs a staff of 7 full time equivalents who between them manage in the order of 4,000 applications for assistance each year as well as the finance, policy, human resources and 'landlord' duties within Castaway House. In addition, the Trust employs about 60 full time equivalents at Pembroke House (the care and nursing home in Gillingham, Kent) under a dedicated Home Manager who reports to the Chief Executive. Last year saw the establishment of a new post at Pembroke House, that of Admissions and Management Support Officer, in recognition of the increasing load created through high resident turnover. The Administration Manager's post was disestablished and the duties distributed between the Home Manager, her deputy and the new post. The transition was well managed and the dedicated admissions desk has allowed for much improved administration in that area.

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

#### **3.1 Grants and Regular Charitable Payments (RCPs)**

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 principal means of meeting this objective is through the disbursement of monies by the Trust's Grant Committee, an all-volunteer group who meet twice weekly and 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 RCP processes in achieving this aim. The Trust spent approximately £2.6 million on grants and RCPs in 2012/13 assisting 3,562 applicants with many different problems (a reduction of 273 from 2011/12).

##### **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 2012/13, the number of applications for grants saw a reduction of 193 over the previous year to 2,769. The average grant increased to £555 from £500 in the previous year, an increase of 11%. Grants ranged from an average of £194 (clothing) to £853 (funeral expenses) within the individual categories of need. Despite the reduction in the number of applications, there was an increase 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 and case-working professionals seeking out other sources of funding coupled with the rigorous pursuit of state benefits where applicable.

The medical and dental category was once again the largest in terms of 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 RCPs**

As well as grants to individuals, the Trust administers a scheme that provides RCPs for members of The RNBT Family 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 1,203 RCPs that increased from £15.00 to £16.00 per week with effect from 1 April 2012. The bulk of the RCPs (1,200) are generously funded by Greenwich Hospital and 3 from a Trust Fund in memory of the late Mrs Ina Briggs. We were very pleased to be able to inform the recipients of these payments that the sum had increased and we happily pass-on the grateful thanks of our beneficiaries to Greenwich Hospital for agreeing to fund the uplift. The sum available for RCPs remains in balance with the number of applicants with each case revisited every 2 years to confirm eligibility; there is currently no waiting list for those waiting to receive RCPs other than that created by the need to exercise due diligence in making such awards.

The Trust is proud to act as Greenwich Hospital's 'agent' in disbursing RCPs that in FY '12/'13 amounted to £998,400 and it is gratefully acknowledged that RCPs are considered a non-discretionary grant. The Trust looks forward to continuing to administer these funds and notes with appreciation the desire on the part of Greenwich Hospital to maintain the purchasing power of RCPs approximately in line with inflation.

### **3.1.3 The Grant Process**

Grants and RCPs are administered in Portsmouth. Applications for assistance are usually submitted through one of 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 remaining fully trained case-workers. On receipt of requests for assistance, the RNBT's grant administrators vet the applications liaising with other charities (if appropriate) before referring them to the Grant Committee for a decision. Each case requires that 3 Grant Committee members (who are themselves serving or ex-serving RN ratings or RM other ranks i.e. members of The RNBT Family) scrutinise and agree the assistance to be provided. The Grant 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 grant making charities.

## **3.2 Care of Older People**

The Trust has continued to explore other opportunities for improving/expanding the care for older people. Previously reported involvement with the Maritime Charities Funding Group's Accommodation Sub-Committee (that was established to quantify the needs of older seafarers in accommodation terms) has ceased. Its place has been taken by a COBSEO sponsored group established for the purpose of quantifying the needs of the wider ex-Service elderly community particularly as it applies to the operation of care/nursing homes. The group meets approximately every 4 months and the early indications of a strong desire within the group to make a difference in the Service care home arena have been borne out. Information sharing on best practice has become the norm although genuine savings realised through exercising the leverage of purchasing utilities and commonly used items in group level volumes has yet to be realised. The next 12 months will be telling in this regard. There is nothing in prospect regarding a common approach to the care of older people within the naval charitable arena.

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 as well as providing management oversight for Pembroke House and the JCVCNM almshouse.

### **3.2.1 Pembroke House**

Pembroke House (the Home) provides nursing and personal care for up to 55 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 as required by the Care Standards Act 2000. 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 (including a fully stocked bar). The room is normally divided by folding partitions into two lounge areas allowing for non-conflicting concurrent activities.

There are two conservatories on the first floor with balconies overlooking the gardens providing access to the fresh air and open aspect views for residents who might have difficulty in getting about as well as a terrace on the roof of the single storey extension to the rear of the main building. The first floor did have a library, however, it was little used and was converted into a dual-registered resident's room in-year to compensate for another room in the Home being converted into a nursing station thus maintaining room numbers at 55.



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.

The Home continues to operate successfully, a measure of which was the Care Quality Commission’s “spot inspection” that took place 7 Jan. The inspection took all day and resulted in the Home receiving a clean bill of health. Further measures of success are the quite excellent retention rates for staff, the increasing numbers of volunteers known as the Friends of Pembroke House and the “self-help fund” that has raised over £50,000 since it was set-up in mid-2009. The self-help approach is a key measurement of success in the Home and demonstrates the laudable quality of “ownership” by residents, staff and volunteers alike. The reality is they regard the Home as being theirs and operate it accordingly. The Trust’s policy of constant improvement, in all areas, has paid dividends

The Home fell short of the budgeted in-year occupancy rate (an average of 49.5 as opposed to a budgeted figure of 52.3) despite the efforts of the management team and a ‘healthy’ waiting list. The shortfall, as with last year was due to the ever increasing rate of resident turnover. The facts (% turnover) speak for themselves: 08/09 = 24%, 09/10 = 52%, 10/11 = 63%, 11/12 = 77% & 12/13 = 95%. These statistics are a reflection of Government policy for the old and vulnerable to remain in their own homes for as long as is practicable, consequently, residents are coming into the Home at a later stage in their life cycle in both age and dependency terms. Recognising this trend, further measures were taken to further refine the admissions process as reported on last year. A dedicated post was created in October entitled Admissions and Management Support Officer. This was part of the restructure following the disestablishment of the Administration Manager’s post as reported earlier. The new post coupled with revitalised advertising and sharper admissions administrative processes has seen measurable improvements in the occupancy rate over previous years despite the increased turnover rate, however, it was shy of the in-year budget number; the budgeted occupancy rate for 13/14 has been reduced in light of this reality, however, the targeted occupancy rate remains @ 100%.

The Home has continued to thrive under the leadership and management of Mrs Jo Trembeth. Costs are tightly controlled without compromise to quality with budget managers acutely conscious of the need for the Home to operate as cost effectively as possible. The Home’s operating income was 6% below budget (£114K) with all but £2K of that figure relating to a shortfall in residents’ fee income. Despite the omnipresent fiscal pressures on all aspects of the Home’s operation, exacerbated by the high resident turnover, the operating deficit of £43K was a notable improvement over the previous year’s operating deficit of £135K. Local Authority (LA) under-funding continues to be an issue and it is likely to remain the case despite a constancy of lobbying and advocacy for the LA to meet the cost of the care we provide on their behalf. The news here is not all bad due in part to the cultivation of relationships over several years, however, public funding levels are not keeping pace with inflation so LA funding will always fall short of the cost of the care the Home provides. A recent survey revealed that the Home’s fee structure is highly competitive within the UK care home fee arena. The 2012/13 average cost for residential and nursing care in the SE of England was £594 & £869 respectively<sup>1</sup>; the Trust’s average fees for the same period were £509 and £744 respectively. This is to be expected given that the Trust operates on a not for profit basis and demonstrates that the Trust has a strong case in its LA dealings.

The “self-help” policy under the Home Manager’s leadership continues to flourish as already indicated. The social and other activities linked to this policy delivers benefits far and above those of income generation. The activities ‘bind’ residents, volunteers and staff together while having a positive effect on morale, in short, they are quality of life activities that also make money for reinvesting into the Home. One of the annual highlights was once again the July Garden Party that was well supported by serving personnel from HMS COLLINGWOOD’s VICTORY Squadron and Royal Marine drummer/buglers who performed with their customary excellence. The Trust was especially pleased to be supported in this way during what was a particularly busy year for the Band Service (Diamond Jubilee celebrations).

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<sup>1</sup> Laing & Buisson Care of Elderly People UK Market Survey, 2012/13

### **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 the Home, which 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, a unique place with a very special atmosphere. The demand for places especially by those needing higher levels of care remains constant and given the demographic profile in the UK, the demand for high quality care homes seems set to last.

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 and to that end, the Home employs a RGN dedicated to this role. 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. Expanding staff skill-sets remains a management priority. The usefulness of this policy is that staff recognise the Trust's commitment to them through funding personal development programmes that promotes loyalty and contributes directly to the excellence of the Home while saving money in the long term by providing 'in-house' services.

### **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 Chatham's Historic Dockyard. 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 including the Annual Festival of Remembrance at the Albert Hall and Remembrance Sunday itself at the Cenotaph in London and the memorial at Chatham. While the invitations keep rolling in, the increase in resident dependency levels has seen a reduction in the numbers able to attend external events.

In-house activities are as comprehensive as ever and assume an even higher level of importance for those unable to get out as much as they used to. The Friends of Pembroke House provide a vital service in this regard and the Trust is very grateful to those who give of their time so selflessly. The mini-bus and small vehicle for local journeys donated by the Royal Naval Association (Battersea Branch) continue to operate well and the Trust remains indebted to those who so generously donated funds to enable the purchase of these vehicles.

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

The largest project to be tabled since the Home was extended and modernised at the turn of the millennium has been to extend the Home on the ground floor by 6 rooms. The project encompassed other Home improvements 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 shop and salon on the ground floor, the creation of a large and much needed storage area beneath the extension and building a garden accessible 2 unit WC. The project was safely completed to time, quality and cost early in 2012.

The highlight of the year was the formal opening of the new build. Their Royal Highnesses The Earl and Countess of Wessex visited the Home on 31 May as part of their (literally) flying tour of Kent in support of Her Majesty The Queen's Diamond Jubilee Celebrations. The Royal Couple met residents, trustees (the annual Pembroke House hosted trustee meeting was programmed for the morning), volunteers, staff and representatives

from several of the organisations that contributed to the build.<sup>2</sup> The Earl did a particularly professional and entertaining job of formally opening the new build and the Trust felt both pleased and privileged that Pembroke House once again featured in the busy lives of the Royal Family remembering that His Royal Highness The Prince of Wales (the Trust's Patron) visited in 2009.

The business case justifying the new-build was based in part on the additional rooms providing a higher level of income relative to expenditure such that the Home was able to close the gap between operating deficit and surplus. Had the budgeted occupancy level been achieved in year, the Home would have returned an operating surplus for the first time in its contemporary history. The fact that the deficit was equal to half of that during the Home's best operating years leading up to the new build is a good result in itself given that the assumptions over occupancy levels have been decimated by the experience of the last 3 years. The Trust remains optimistic about its ability to further close the deficit/surplus gap and is heartened by the fact that the Home is the most cost effective by a considerable margin of any comparable facility within the Service care home sector<sup>3</sup>. The innovative package of funding assistance agreed between the Trust and the RNRMC whereby the Trust's loss of income as a result of liquidating investment units to fund the build would be made good by the RNRMC has worked well and will be reviewed in 2013 i.a.w. the original agreement.

The bespoke Care Home computer based management system (CARESYS) has successfully transitioned to a new level of support for the Home eliminating the paper based time sheets for all employees. A key fob entry and exit system is now used and after some initial teething problems the system is now delivering the service and more importantly the (management) time savings expected. The next phase is to move closer to a computer (CARESYS) based system for residents' day to day care records; all staff and resident administrative details have been managed through CARESYS for some time. This will require careful management to ensure there is a net reduction in staff time associated with this important task that may require an element of 'bespoking' CARESYS in support of the established, audited and proven record keeping systems already in place.

The Trust remains extremely grateful to all those who have continued to support the Home throughout the year. The Trust is conscious that the wide variety of projects necessary to improve the quality of the care provided along with the routine replacement of equipment as it wears out and the needs of the residents change is made possible in a timely and affordable manner through the generosity of the Trust's many supporters.

### **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 Pembroke House Admissions Officer 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 all in a good state of repair and are all occupied with a waiting list. 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. Other than routine repairs, major refurbishment work is conducted between occupancies as was the case in-year. Such refurbishments are not planned for in the budget given the uncertainty over occupancy movements hence the budget will show an overspend in this area although the net 'health' of the (restricted) JCVCNM Maintenance Fund is strong given the Trust's re-structuring of its investment portfolio buoyed up by a strong showing in the investment markets. Given the age of the complex, it is considered prudent to keep the maintenance fund at or above its current level to address any infrastructure works that may be required in the future. The Trust gratefully acknowledges the effectiveness of advertising vacancies through the Royal Naval and Royal Marine Association's, SSAFA Forces Help and The Royal British Legion's periodicals and circulars that all contribute to full occupancy of the homes.

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<sup>2</sup> The RNRMC, Seafarers UK, The Royal British Legion, Greenwich Hospital through a legacy from the late Miss Cripps Marc; the Lloyds Patriotic Fund, Medway Mission to Seamen and the Towergate Charitable Foundation.

<sup>3</sup> Evidenced through the COBSEO Care Home Cluster Group.

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

The Trust once again provided support to its beneficiaries through selected (3<sup>rd</sup> party) 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. Support through this channel received a significant boost at the end of the year because of an underspend of the Grants to Individuals budget. The sums granted through this channel, although always most welcome, are modest in terms of the assistance provided by the 3<sup>rd</sup> party organisations (hospices in the main) so the uplift of £41K was targeted, timely and welcome.

### **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 source being grants from the major grant making charities. In the RNBT's case these are Greenwich Hospital – whose monies are now distributed by the RNRMC, the RNRMC in its own right and Seafarers UK. The other main sources are investment income, care home fees and the WMCs (from the JCVCNM), legacies, donations and the modest income that results from the Trust's own public relations activities (that essentially covers the related costs).

Overall, total incoming resources were £5.318M, an increase of £740K (16%) on last year. Care Home incoming resources were £2.013M, £369K (22%) higher than last year. This increase is due largely to an increase in resident fee income of £262k (20%) made possible by the increased number of rooms available, as well as an improved occupancy rate. Increased income to the PH Restricted Funds also contributed to the increase; the uplift was mainly down to the significant donation from the Michael Uren Foundation for the PH Residents Support Fund. Investment income was £1.087 million, an increase of £237K (28%) from last year. This was due to the transfer of investments between managers, an increase in AFCIF dividend and a better than expected performance by the financial markets, particularly in the final quarter.

Income from Grants Receivable was £1.793M, an increase of £367K from the previous year. Greenwich Hospital remains the very generous and principal source of the Trust's funding with their substantial contribution towards the Trust's grants to individuals, their operating subsidy for Pembroke House and meeting the cost of 1,200 RCPs totalling over £1.34M. The RNRMC significantly increased their grant funding to the Trust in 2012/13 with grants of £330K. The Trust was also awarded funding of £104K from Seafarers UK which went towards meeting the cost of making grants to individuals for mobility aids, stair lifts, riser recliner chairs and capital projects at Pembroke House.

Income from donations was £198K. For the second year running the Trust received a very generous donation of £250K from the Michael Uren Foundation. In 2011/12 this was received as a general donation, whereas in 2012/13 and with the Foundation's unconditional approval, the donation has bolstered the Pembroke House Residents Support Fund (and is therefore included within Care Home incoming resources), which explains why income from donations appears to be lower than last year. Legacy income was £161K for the year, slightly down on the previous year. The Trust remains extremely grateful to all those who remember the RNBT in their wills.

The Pembroke House balance sheet has already been addressed and while the position is much improved, it remains the Trust's goal that the Home operate at better than cost-neutral. The trustees are equally content that as much as possible has been done to achieve this goal in organisational; and structural terms with the right people in place to make it happen, if possible. They also accept that the Trust will probably need to continue to subsidise the operating costs of the Home but are content that such subsidy will not affect the Trust's main effort which is and always has been the support to beneficiaries through targeted individual grants.

The JCVCNM is self-financing through the WMC and its own (restricted) maintenance and improvement fund.

#### **4.2 Resources Expended**

The heading 'Cost of Generating Funds' covers the cost of public relations and investment management fees and shows the total of all expenditure incurred in raising income for the Trust; the total was down by 11% on last year, principally due to the accounting treatment of investment management fees arising from the change in fund managers. 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 also Pembroke House. The cost of RCPs and outgoing grants (including overhead costs) was up by 5%, due to an increase in grants awarded and an increase in the weekly Regular Charitable Payment from £15.00 to £16.00. The total costs for Pembroke House were ~ 6% higher than last year due to an increase in night shift care and nursing staff to support the increased number of residents.

Further efficiencies were made at Pembroke House in several areas, especially in purchasing and staff costs. Energy costs remain a significant outgoing although the replacement boilers and water heaters coupled with the air-source heat pump have helped markedly in this regard with costs further controlled through competitive tendering. The third category of expenditure, 'Governance Costs,' incorporates the cost of trustees' meetings, administration directly involved in reporting to the trustees and the audit fees.

#### **4.3 Net Position**

Net incoming resources of £608,076 compare to net incoming resources of £105,812 in the previous year and reflects the increased income from grants receivable, investment income and Pembroke House. The overall surplus has allowed the Trust to replenish its investment holdings that had been drawn upon to finance the buy-out of the Final Salary Pension Scheme as well as the Pembroke House extension. The Trust's investments performed well over the year, resulting in an unrealised gain of £2.149 million. There was also a realised gain on sales of investments of £474K. Overall, there was a net increase in funds of £3.231M; year-end funds totalled £33,926,502.

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

Investment income provides in the order of 20% of the Trust's total incoming resources and is an essential component of programmed day-to-day expenditure. The investment portfolio represents almost 90% of total net assets and the Trust looks to ways in which it can increase or at least maintain the value of 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 five-year rolling

period with the investment objective of achieving real growth in capital and income over the long term. Although this target has been achieved over the last three-year period, the target has not been achieved over the five-year period due to the international financial 'meltdown' of 2008/09. During the year, the Trust significantly restructured its investment portfolio; this is explained in more detail in Note 12 (b) on page 34.

Approximately half of the Trust's portfolio is invested in the Armed Forces Common Investment Fund (AFCIF) managed by BlackRock Investment Management (UK) Limited and comprises a largely equity based portfolio. Approximately 65% of the Fund is invested in UK and international equities with the balance held in bonds, property and hedge funds. 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 three-year period; this is considered to be consistent with the Trust's target of RPI + 4% over a rolling five-year period. The AFCIF achieved a cumulative return of 30.8% compared to the target of 41.7% for the five years to 31 March 2013 reflecting the significant impact on returns as a result of the market turmoil in late 2008. On the plus side however, the AFCIF achieved a return of 15.0% compared to the target of 7.3% for the twelve months to 31 March 2013. Action was taken in-year to restructure the management and oversight of AFCIF, which is expected to further improve the fund's performance.

The majority of the Trust's remaining investments are managed by CCLA who operate against the same performance target. CCLA produced a cumulative return of 33.1% compared to a target of 41.7% for the five-year period to 31 March 2013 with a return of 17.6% compared to the target of 7.3% over the twelve months to 31 March 2013. Both funds have comfortably outperformed the Trust's return target over the 10 year timeframe. The equal holding of monies between the two common investment funds along with comparable management fees allows for 'at a glance' performance comparison informed by the detailed reports provided by both investment houses.

The Trust holds modest cash deposits in two savings accounts to meet short-term liquidity requirements thus avoiding the need to sell-down investment units. At 31 March 2013, £450,000 was held in a seven-day notice account with Scottish Widows paying interest at 1.35% and £100,000 in an instant access account with BlackRock paying approximately 0.35%. Balances of cash deposits are expected to reduce to around £300,000 during 2013/14.

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

The RNBT does not have 'free' reserves in the sense that the Trust readily re-deploys 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 and the Trust is not therefore at liberty to deploy invested funds elsewhere without incurring a clear penalty to the delivery of its primary charitable objective. The income replacement arrangement brokered with the RNRMC referred to earlier in the report is evidence of the Trust's determination to safeguard its investment income. Indeed, the Trust effectively operated in deficit over many years in that overall expenditure was in excess of its 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 especially in light of the Trust being a non-fundraising charity.

The Trust's budget for the year was for a + ve outcome of £23K. The Trust's success in attracting donations and grants in support of both revenue and capital expenditure coupled with the restructuring of the investment portfolio that coincided with an uplift in financial market performance resulted in an operating surplus of £608K. While last year's performance was welcome and achieved through a combination of sound management and market good fortune, market performance is recognised as being against the trend of recent years. It is further recognised that the Trust's income from the major grant making charities will always be under pressure due to 'competition' from other charities seeking financial support. It was with much pleasure that the Trust acknowledged the RNRMC meeting the Trust's request for funds in full for FY '12/'13, a welcome start to our enrolment in their 3-year rolling grant programme. This development is as welcome as it is reassuring in surety of funding terms. As a non-fundraising charity, the Trust's investments will

remain an essential source of income if programmed and on-going expenditure profiles are to be met, especially under the prevailing conditions where financial market volatility seems set to remain. It therefore remains the case as in previous reports that the Trust does not have reserves to dispose of freely as defined in either SORP 2005 or Charity Commission guidance documents. Last year's outturn has allowed the Trust to make good some of the funds expended in buying out the final salary pension scheme liability and in funding the Pembroke House extension, both very sound fiscal measures. This action is not only in accordance with one of the Trust's annual objectives but is also prudent when considering the Trust's operating horizon which is to provide benevolence as required to The RNBT Family until such time as there is no requirement to do so; this is estimated to be approximately 100 years after the nation decides it no longer needs its Royal Navy or Corps of Royal Marines.

#### **4.6 Pension Scheme**

The Trust's final salary (defined benefit) pension scheme was finally wound up last year with the costs accrued in the 2011/12 accounts. The Trust operates a Group Personal Pension (defined contribution) scheme (GPP). All contracted employees are eligible to join. Their personal contribution is a minimum 3% of gross salary; the Trust contributes 7%. As at 31 March 2013 there were 32 employees in the scheme compared to 34 the year before; three left the Trust's employ with one new joiner. The Trust has considered the implications of auto-enrolment. Legislation requires that the Trust should have auto-enrolment in place by 1 April 2014 and the estimated additional costs of auto-enrolment have been included in future years' financial forecasts. The Trust's GPP meets the required auto-enrolment standards and trustees have decided to operate auto-enrolment under the same (GPP) terms and conditions.

#### **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 block grant making charities of particular importance to the Trust. The RNRMC continues to raise its profile as a fundraising and block grant making charity and is increasingly seen as the central focus for naval charitable activity and also acts as the distribution 'agency' for Greenwich Hospital funds. The Trust will continue to work closely with the RNRMC (and kindred charities/organisations) to actively explore ways in which the already close working relationship might be further advanced. A joint RNBT/RNRMC Working Group (WG) was established at the end of 2012 to explore ways of possibly formalising the already strong relationship between the two charities. The WG's recommendations have been considered by both trustee boards and accepted in principle. The outcome is mutual board representation, in the RNBT's case this is to be in the form of creating a new trustee position, that of Corporate Trustee, with the position being filled by a RNRMC trustee; the nominee would be subject to the Trust's standard election processes for Central Committee membership. In addition and over a period of two years, ways will be explored to develop closer working. This is all viewed as a positive direction of travel with both sets of trustees committed to a beneficial evidence based case for closer working.

An especially strong and professional relationship continues to exist with the organisations that carry out casework in support of the Trust's beneficiaries. Their essential work in this vital area is greatly appreciated and the Trust warmly acknowledges SSAFA Forces Help, The Royal British Legion, the Royal Commonwealth Ex-Services League and the Naval Personal and Family Service and Royal Marines Welfare in this regard.

The co-location of the RNBT with the RN & RM Children's Fund, WRNS Benevolent Trust, Aggie Weston's, the Naval, Military and Air Force Bible Society, the Naval Families Federation, the Regular Forces Employment Association (Portsmouth), the south coast based Seafarers UK team and the RN & RM Widows' Association (as a meeting and postal address) at Castaway House provides a clear focus, in many forms, for the provision of assistance to serving

and former members of the Naval Service. Last year also saw the regular use of Castaway House as a counselling centre with staff and clients from Veterans Outreach making use of periodic spare meeting room capacity. Castaway House continues to enjoy 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. The RNA has now formally stepped away from the bulk of the benevolence it delivered and the Trust has happily stepped up to the mark in that regard. This characterises the strong relations between our respective organisations, reinforcing the message that the RNA's focus is principally on fellowship and the RNBT's on benevolence. This is viewed as a most positive outcome.

The Trust liaises with a variety of organisations that comprise in the main (although not exclusively) the other Service charities that share similar interests in order to ensure that business is conducted in the most effective manner. This is especially true of COBSEO where the Trust is active within the care homes cluster group as already mentioned.

## **7. FUTURE PLANS**

The Trust's objectives for 2013/14 are:

- To continue to meet and where possible exceed all care standards at Pembroke House through regular internal audit of the Home's operating processes and oversight by trustees and staff external to the Home's everyday operation and other expert visitors on at least a monthly basis.
- To achieve (budgeted) occupancy at Pembroke House of 91% (with a target of 100%).
- 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, in particular through the COBSEO sponsored Care Homes Cluster Group.
- To raise the Trust's PR profile within the serving community through presentations to key career courses and bi-lateral engagement with the RNRMC's PR and Events organisation with the specific aim of increasing the number of uniformed RNBT volunteers.
- To deliver against the Trust's agreed legacy income plan with the aim of improving legacy income levels.
- To meet the Trust's income generation targets while building up the Trust's capital worth to pre-PH development and final salary pension scheme buy-out levels.
- To promote the rationalisation of naval charities where change would be in the best interests of The RNBT Family informed by the recommendations of the RNBT/RNRMC Working Group formed for that purpose.



## **7.1 Grants and RCPs**

Grants and RCPs 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 number of individual applicants for grants will gradually reduce over the next 5 years or so with the average sum granted and the number of repeat applications increasing. It is also clear that the Trust is unable to meet all such requests from its own funds so almonising efforts will need to be maintained at their current levels if the needs of the Trust's beneficiaries are to continue to be met. The Trust was especially pleased to be able to increase the weekly RCP payments it makes on behalf of and through the generosity of Greenwich Hospital. The need in this area is another constant with the funds available judged to be sufficient to meet the demand (currently ~ 1,200). RCP funding should continue to be classified as non-discretionary because any reduction in the sum or numbers granted would be very hard for the recipients to bear.

## **7.2 Care of Older People**

Following the completion of the 6-room extension plus other enhancements to the Home, Pembroke House is materially well placed for several years. The IT networking of the Home will bring further efficiency and resident quality of life improvements. The challenge moving forward is to achieve the occupancy target in order that the Home can realise the modest operating surplus that was the prime motivator behind the project to increase the Home's capacity. The pattern of high resident turnover seems set to continue and admission processes have been sharpened up with the aim of minimising vacancies. Irrespective of such administrative revisions, admitting vulnerable old people into the Home is not always straightforward in that new residents are not necessarily available/ready to move as and when vacancies occur. In addition, every new resident has a 4-week probationary period to make sure the 'fit' is right for the 'ab-initio' resident, the resident's family and the Home.

The Trust's objective of expanding/improving on the care of older people within the wider charitable arena is now focussed on the COBSEO sponsored Care Homes Cluster Group under the chairmanship of The Royal British Legion's Director of Operations and as already indicated, the prospects in this important area are looking better than they have for some time. Collaborative working with like-minded organisations is seen as the way ahead in arriving at both effective and affordable care 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 cost-effective accommodation for older people are identified.

## **7.3 Governance**

The Trust's governance is as modern as it is effective in the wake of several improvements and changes over the last 4-5 years. The motivated and well informed Board of Trustees look to the future with confidence and an open mind having become used to the change process and the associated benefits such change can bring. 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. The Trustees are united in their view that any changes in the Trust's status or governance through closer working or other such moves must carry with it funding guarantees and clear betterment of the naval charity sector in general and The RNBT Family's lot in particular.

## **7.4 Public Benefit**

The principal means through which the Trust delivers public benefit (as defined under the Charities Act of 2011) is in the prevention and relief of poverty. This benefit is delivered through both RCPs 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 the Trust's 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 its Royal Charter. It 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, those concerned would suffer unacceptable hardship.

## **7.5 Rationalisation of Naval Charities**

The debate about the rationalisation of naval charities under the umbrella of the RNRMC continues. The Trust is pleased to have such an open dialogue, with both sets of trustees (RNBT & RNRMC) committed to an evidence based direction of travel. It is recognised that each charity has its own specialisms with those of the RNBT refined over many years of operation that have included embracing new technologies and changes to working practices resulting in the most cost effective delivery of charitable benefit. The RNRMC recognises this and is supportive of the RNBT 'model' becoming the centre for all naval benevolence thus avoiding any duplication of effort that can only result in the inefficient use of resources. The Trust welcomes the outcome of the joint working group formed to explore ways in which a value adding closer union might be established and looks to the future with optimism.

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 developing still further a rationalisation model in the year ahead.

Approved by the Central Committee on 30<sup>th</sup> September 2013  
and signed on their behalf by

**Rear Admiral A J Rix CB**  
Chairman

30 September 2013

# THE ROYAL NAVAL BENEVOLENT TRUST

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

The Trustees are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards).

The law applicable to charities in England and Wales requires the Trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the incoming resources and application of resources for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- 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 in business.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions, 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 2011, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the charity's constitution. 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.

## **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 2013 which comprise the Statement of Financial Activities, the Balance Sheet, the Cash Flow Statement and the related notes numbered 1 to 17.

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 154 of the Charities Act 2011. 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 144 of the Charities Act 2011 and report in accordance with regulations made under section 154 of that Act.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the charity's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the trustees; and the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Trustees' Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **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 2013 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 2011.

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

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

- the information given in the Trustees' 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

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 2013

	Note	Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	Total Funds 2013	Total Funds 2012
		£	£	£	£	£	£
<b>Incoming resources</b>							
<b>Incoming resources from generated funds</b>							
<b>Voluntary income</b>							
Donations	2	195,225	-	3,050	-	<b>198,275</b>	430,281
Legacies	2	161,051	-	-	-	<b>161,051</b>	166,084
Grants receivable	3	674,638	-	1,118,342	-	<b>1,792,980</b>	1,426,370
<b>Investment income</b>	4	969,257	83,711	34,458	-	<b>1,087,426</b>	850,865
<b>Incoming resources from charitable activities</b>							
Care home incoming resources	5	1,683,439	-	329,273	-	<b>2,012,712</b>	1,644,128
Other incoming resources	6	<u>40,603</u>	<u>-</u>	<u>25,216</u>	<u>-</u>	<b><u>65,819</u></b>	<u>60,134</u>
<b>Total incoming resources</b>		<u>3,724,213</u>	<u>83,711</u>	<u>1,510,339</u>	<u>-</u>	<b><u>5,318,263</u></b>	<u>4,577,862</u>
<b>Resources expended</b>							
<b>Costs of generating funds</b>							
Costs of generating voluntary income		76,028	-	-	-	<b>76,028</b>	71,148
Investment management costs	12c	24,531	1,076	395	-	<b>26,002</b>	43,090
<b>Charitable activities</b>							
Grants to individuals		1,280,004	94,698	136,359	-	<b>1,511,061</b>	1,452,559
Regular Charitable Payments		-	-	1,081,124	-	<b>1,081,124</b>	1,019,164
Care home resources expended		1,828,776	-	122,055	-	<b>1,950,831</b>	1,820,727
<b>Governance costs</b>		<u>65,141</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>65,141</u></b>	<u>65,362</u>
<b>Total resources expended</b>	7	<u>3,274,480</u>	<u>95,774</u>	<u>1,339,933</u>	<u>-</u>	<b><u>4,710,187</u></b>	<u>4,472,050</u>

**STATEMENT OF FINANCIAL ACTIVITIES (Continued)**  
**For the year ended 31 March 2013**

	Note	Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	Total Funds 2013	Total Funds 2012
		£	£	£	£	£	£
<b>Net incoming / (outgoing) resources before transfers and FSPS contributions</b>		449,733	(12,063)	170,406	-	<b>608,076</b>	105,812
Gross transfers between funds	15	(27,199)	-	27,199	-	-	-
Payments towards FSPS deficit	16b	-	-	-	-	-	30,602
<b>Net incoming / (outgoing) resources before other recognised gains and losses</b>		422,534	(12,063)	197,605	-	<b>608,076</b>	136,414
<b>Other recognised gains and losses</b>							
Gains and losses on investments		<u>2,325,759</u>	<u>203,196</u>	<u>29,292</u>	<u>64,779</u>	<b><u>2,623,026</u></b>	<u>(535,012)</u>
<b>Net movement in funds</b>		2,748,293	191,133	226,897	64,779	<b>3,231,102</b>	(398,598)
<b>Reconciliation of funds</b>							
Balances brought forward		<u>26,233,208</u>	<u>2,377,860</u>	<u>1,341,797</u>	<u>742,535</u>	<b><u>30,695,400</u></b>	<u>31,093,998</u>
<b>Fund balances carried forward</b>		<u>£28,981,501</u>	<u>£ 2,568,993</u>	<u>£ 1,568,694</u>	<u>£ 807,314</u>	<b><u>£ 33,926,502</u></b>	<u>£ 30,695,400</u>

All operations are continuing.

FSPS = Final Salary Pension Scheme.

**BALANCE SHEET**  
**As at 31 March 2013**

	Note	Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	Total Funds 2013	Total Funds 2012
		£	£	£	£	£	£
<b>FIXED ASSETS</b>							
Tangible assets	11	3,188,512	-	858,383	7,206	<b>4,054,101</b>	4,042,677
Investments	12	<u>25,847,640</u>	<u>2,568,993</u>	<u>710,311</u>	<u>800,108</u>	<b><u>29,927,052</u></b>	<u>26,750,760</u>
		29,036,152	2,568,993	1,568,694	807,314	<b>33,981,153</b>	30,793,437
<b>CURRENT ASSETS</b>							
Stock		14,471	-	-	-	<b>14,471</b>	16,802
Debtors	13	350,236	-	-	-	<b>350,236</b>	266,428
Bank balances and cash		<u>127,977</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>127,977</u></b>	<u>140,717</u>
		492,684	-	-	-	<b>492,684</b>	423,947
<b>CREDITORS:</b> amounts falling due within one year	14	<u>(547,335)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>(547,335)</u></b>	<u>(521,984)</u>
<b>NET CURRENT ASSETS LESS CURRENT LIABILITIES</b>		<u>(54,651)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>(54,651)</u></b>	<u>(98,037)</u>
<b>TOTAL NET ASSETS</b>		<u>£28,981,501</u>	<u>£ 2,568,993</u>	<u>£ 1,568,694</u>	<u>£ 807,314</u>	<b><u>£33,926,502</u></b>	<u>£30,695,400</u>
<b>FUNDS</b>							
Unrestricted funds		28,431,501	-	-	-	<b>28,431,501</b>	25,383,208
Capital account		550,000	-	-	-	<b>550,000</b>	850,000
Designated funds	15	-	2,568,993	-	-	<b>2,568,993</b>	2,377,860
Restricted funds	15	-	-	1,568,694	-	<b>1,568,694</b>	1,341,797
Permanent endowment funds	15	<u>-</u>	<u>-</u>	<u>-</u>	<u>807,314</u>	<b><u>807,314</u></b>	<u>742,535</u>
<b>TOTAL FUNDS</b>		<u>£28,981,501</u>	<u>£ 2,568,993</u>	<u>£ 1,568,694</u>	<u>£ 807,314</u>	<b><u>£33,926,502</u></b>	<u>£30,695,400</u>

Approved and authorised for issue by the Trustees on 30 September 2013 and signed on their behalf by

**P A Shuttleworth MBE**  
Honorary Treasurer



**CASH FLOW STATEMENT**  
For the year ended 31 March 2013

	2013 £	2012 £
<b>Net cash outflow from operating activities</b>	<b>(466,003)</b>	<b>(912,532)</b>
<b>Returns on investments</b>		
Dividends and interest	1,076,315	841,920
Short term interest	11,111	8,945
Rent receivable & Weekly Maintenance Charges (JCVCNM)	<u>65,819</u>	<u>60,134</u>
	<u>1,153,245</u>	<u>910,999</u>
<b>Capital expenditure and financial investments</b>		
Purchase of tangible fixed assets	(146,716)	(920,806)
Purchase of investments	(18,607,064)	(1,097,015)
Sale of investments	<u>17,594,912</u>	<u>1,986,472</u>
<b>Net cash outflow from investing activities</b>	<u>(1,158,868)</u>	<u>(31,349)</u>
<b>Management of liquid resources</b>		
Decrease in short term investments	<u>458,886</u>	<u>17,985</u>
<b>NET (DECREASE) IN CASH</b>	<u>£ (12,740)</u>	<u>£ (14,897)</u>
<b>RECONCILIATION OF NET INCOMING RESOURCES FOR THE YEAR TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>		
Net incoming resources	608,076	105,812
Payments towards FSPS deficit	-	30,602
Less: investment income	<u>(1,153,245)</u>	<u>(910,999)</u>
	<b>(545,169)</b>	<b>(774,585)</b>
<b>Adjustment for non-cash items</b>		
Depreciation	135,292	126,502
Write off Fixed Assets	-	1,179
(Increase) in debtors	(83,808)	(40,839)
Decrease / (increase) in stock	2,331	(1,276)
Increase / (decrease) in creditors	<u>25,351</u>	<u>(223,513)</u>
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	<u>£ (466,003)</u>	<u>£ (912,532)</u>

**CASH FLOW STATEMENT (Continued)**  
**For the year ended 31 March 2013**

	2013	2012	Change in year
	£	£	£
<b>Analysis of net cash balances</b>			
Bank and cash balances	127,977	140,717	(12,740)
Short term investments	<u>550,000</u>	<u>1,008,886</u>	<u>(458,886)</u>
<b>ANALYSIS OF NET CASH BALANCES</b>	<u>£ 677,977</u>	<u>£1,149,603</u>	<u>£ (471,626)</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 2013 and residuary legacies received up to 30 April 2013 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 2013. Dividends have been grossed-up by the amount of investment management fees deducted where those deductions have been made from income.

##### 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. Support costs are apportioned 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**

Investment Management Fees are charged to the Trust as a deduction from capital or as a deduction from income before the payment of dividends. In accordance with the SORP, those fees that have been deducted from income are reported in the SOFA and investment income has been grossed up by the corresponding amount. Associated support costs have been allocated within total investment management costs.

**d) Charitable activities**

*Grants and Regular Charitable Payments (RCPs) to individuals*

Grants and RCPs to individuals are included when they are authorised by the relevant committee. These costs include the support costs incurred in managing the grants and RCPs 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, 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 (except for the garden at Pembroke House which is depreciated at 5%)
Furniture, equipment & vehicles	-	between 10% and 20%
I.T. Equipment	-	between 6.7% and 33.3% depending on the expected life of the asset

The investment portfolio has been valued at market value as at 31 March 2013. The SOFA includes the net gains and losses on investments arising on revaluation at the year-end and on disposals throughout the year.

**g) Stock**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

**h) 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.

Five smaller permanent endowment funds were set up more recently. Of these, the Mrs Ina Briggs Fund provides income for additional RCPs 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' RCPs 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, which received a significant donation of £250,000 in the year from the Michael Uren Foundation, provides financial support for residents in respect of whom the standard accommodation fees cannot be met in full and other costs related to residency. The Pembroke House Projects Fund has also received donations - from a Greenwich Hospital legacy and from Medway Mission to Seamen. 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 long-term investments to fund in-year operating costs.

#### i) Pensions Policy

The Trust operates a defined contribution pension scheme and the pension charge in relation to this scheme represents the amounts payable by the Trust 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

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total 2013 £	Total 2012 £
Greenwich Hospital	344,506	-	-	-	<b>344,506</b>	325,000
Seafarers UK	-	-	103,644	-	<b>103,644</b>	111,312
Kytes Trust	-	-	-	-	-	10,000
Greenwich Hospital (Jellicoe RCPs)	-	-	998,400	-	<b>998,400</b>	936,000
Individual cases	-	-	16,298	-	<b>16,298</b>	15,760
RNRMC	<u>330,132</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>330,132</u></b>	<u>28,298*</u>
	<u>£ 674,638</u>	<u>£ -</u>	<u>£1,118,342</u>	<u>£ -</u>	<b><u>£ 1,792,980</u></b>	<u>£ 1,426,370</u>

\* £70,000 of RNRMC grants awarded for 2011/12 were received and accounted for in 2010/11 in accordance with SORP 2005.

4. INVESTMENT INCOME

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total 2013 £	Total 2012 £
Dividends and interest	958,146	83,711	34,458	-	1,076,315	841,920
Short term interest	<u>11,111</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,111</u>	<u>8,945</u>
	<u>£ 969,257</u>	<u>£ 83,711</u>	<u>£ 34,458</u>	<u>£ -</u>	<u>£1,087,426</u>	<u>£ 850,865</u>

5. CARE HOME INCOMING RESOURCES – PEMBROKE HOUSE

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total 2013 £	Total 2012 £
Residents' Fees	1,578,985	-	-	-	1,578,985	1,319,388
Grants receivable	104,454	-	-	-	104,454	116,500
Donations and investment income	<u>-</u>	<u>-</u>	<u>329,273</u>	<u>-</u>	<u>329,273</u>	<u>208,240</u>
	<u>£1,683,439</u>	<u>£ -</u>	<u>£ 329,273</u>	<u>£ -</u>	<u>£ 2,012,712</u>	<u>£ 1,644,128</u>

6. OTHER INCOMING RESOURCES

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total 2013 £	Total 2012 £
JCVCNM Weekly Maintenance Charge (WMC)	-	-	25,216	-	25,216	25,861
Rents receivable	30,555	-	-	-	30,555	29,623
Miscellaneous income	<u>10,048</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,048</u>	<u>4,650</u>
	<u>£ 40,603</u>	<u>£ -</u>	<u>£ 25,216</u>	<u>£ -</u>	<u>£ 65,819</u>	<u>£ 60,134</u>

**7. ANALYSIS OF TOTAL RESOURCES EXPENDED**

	Staff costs £	Support costs £	Grants & annuities £	Care Home £	Total 2013 £	Total 2012 £
<b>Costs of generating voluntary income</b>						
Public Relations	33,784	42,244	-	-	76,028	71,148
Investment management fees	<u>7,239</u>	<u>18,763</u>	<u>-</u>	<u>-</u>	<u>26,002</u>	<u>43,090</u>
	<u>41,023</u>	<u>61,007</u>	<u>-</u>	<u>-</u>	<u>102,030</u>	<u>114,238</u>
<b>Charitable expenditure</b>						
Grants	151,090	55,182	1,304,789	-	1,511,061	1,452,559
Regular Charitable Payments	51,168	18,946	1,011,010	-	1,081,124	1,019,164
Care home resources expended	<u>1,413,806</u>	<u>39,791</u>	<u>-</u>	<u>497,234</u>	<u>1,950,831</u>	<u>1,820,727</u>
	<u>1,616,064</u>	<u>113,919</u>	<u>2,315,799</u>	<u>497,234</u>	<u>4,543,016</u>	<u>4,292,450</u>
<b>Governance</b>	<u>38,611</u>	<u>26,530</u>	<u>-</u>	<u>-</u>	<u>65,141</u>	<u>65,362</u>
	<u>£1,695,698</u>	<u>£ 201,456</u>	<u>£2,315,799</u>	<u>£ 497,234</u>	<u>£ 4,710,187</u>	<u>£ 4,472,050</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:-

	2013 £	2012 £
Depreciation	135,292	126,502
Auditor's remuneration	11,940	12,474



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

	2013 £	2012 £
Remuneration	-	-
Travelling expenses	<u>2,329</u>	<u>1,136</u>
	<u>£ 2,329</u>	<u>£ 1,136</u>
Numbers being reimbursed	<u>3</u>	<u>4</u>

**10. EMPLOYEES**

	2013 £	2012 £
Salaries	1,464,489	1,401,331
National Insurance	102,354	99,555
Pension contributions	54,371	63,433
Other staff costs	<u>74,484</u>	<u>70,573</u>
	<u>£1,695,698</u>	<u>£1,634,892</u>
Average numbers (full time equivalent)		
Headquarters	8	9
Pembroke House	<u>66</u>	<u>62</u>
	<u>74</u>	<u>71</u>

One employee was paid a salary in the band of £70,000 to £80,000.

The RNBT operates a defined contribution pension scheme, into which the whole of the above pension contributions were paid including contributions of £6,999 in respect of one higher paid employee (2012: £4,766).

The Employee Cost note shows employee notional salaries before any salary sacrifice schemes.

## 11. TANGIBLE FIXED ASSETS

	Freehold properties £	Furniture & equipment £	Motor Vehicles £	Total £
<b>COST</b>				
At 1 April 2012	4,767,947	560,069	49,398	5,377,414
Additions	46,281	100,435	-	146,716
Disposals	<u>-</u>	<u>(35,362)</u>	<u>-</u>	<u>(35,362)</u>
At 31 March 2013	<u>4,814,228</u>	<u>625,142</u>	<u>49,398</u>	<u>5,488,768</u>
<b>DEPRECIATION</b>				
At 1 April 2012	848,875	436,466	49,396	1,334,737
Charge for the year	79,187	56,103	2	135,292
Disposals	<u>-</u>	<u>(35,362)</u>	<u>-</u>	<u>(35,362)</u>
At 31 March 2013	<u>928,062</u>	<u>457,207</u>	<u>49,398</u>	<u>1,434,667</u>
<b>NET BOOK VALUE</b>				
<b>At 31 March 2013</b>	<b><u>£3,886,166</u></b>	<b><u>£ 167,935</u></b>	<b><u>£ -</u></b>	<b><u>£4,054,101</u></b>
<i>At 31 March 2012</i>	<u>£3,919,072</u>	<u>£ 123,603</u>	<u>£ 2</u>	<u>£4,042,677</u>

## 12. INVESTMENTS

### a) Movements in investments during the year

	2013 £	2012 £
Market value at 1 April 2012	25,741,875	27,166,344
Additions	18,607,064	1,097,015
Disposals at opening market value	(17,120,868)	(2,061,148)
Unrealised gain / (loss)	<u>2,148,981</u>	<u>(460,336)</u>
Total investments	<u>29,377,052</u>	<u>25,741,875</u>
Invested cash	<u>550,000</u>	<u>1,008,885</u>
Market value at 31 March 2013	<b><u>£29,927,052</u></b>	<b><u>£26,750,760</u></b>

Additions and disposals include transactions associated with switching between funds and asset classes as well as overall withdrawals from and additions to the Trust's total investments. Significant movements occurred during the year due to a change of investment managers. The Trust's investments are now split in roughly equal holdings between the Armed Forces Common Investment Fund (AFCIF) managed by BlackRock and CCLA's COIF Fund.

**b) Analysis of investments**

	2013		2012	
	Cost £	Market value £	Cost £	Market value £
<b>Unrestricted funds</b>				
General fund	20,742,670	25,847,640	16,601,572	22,901,282
<b>Designated funds</b>				
Falklands Fund	2,061,610	2,568,993	1,730,043	2,628,214
<b>Restricted funds</b>				
Pembroke House Residents' Support Fund	278,572	347,131	205,852	312,722
John Cornwell VC National Memorial	180,105	224,430	192,639	211,656
Other Restricted Funds	111,347	138,750	-	-
<b>Permanent Endowment Funds</b>				
Royal Naval Fund	278,506	321,648	278,506	291,069
Chatham Depot Aid Fund	223,589	234,722	223,589	228,431
Mrs I Briggs Fund	70,589	123,770	70,589	73,894
Sir John Langham's Bequest	6,758	7,650	6,758	7,084
Dame Elisabeth Kelly Fund	92,086	105,452	92,086	96,408
1939/45 Memorial Fund	4,892	6,866	-	-
	<b><u>£24,050,724</u></b>	<b><u>£29,927,052</u></b>	<b><u>£19,401,634</u></b>	<b><u>£26,750,760</u></b>

During the year, significant restructuring of the Trust's investments took place. The Trust switched investment managers from Schroders to CCLA and transferred a proportion of AFCIF investments to CCLA to achieve a roughly equal holding with each manager. In addition, all the Trust's investments are now held in general unrestricted accounts, rather than as separate accounts identified for individual endowment, restricted and designated funds. Therefore, the analysis of 2013 investments above represents an allocation of the Trust's overall investments in relation to the relative size of the accounting balance on each fund. This is deemed to be a more accurate representation of the Trust's portfolio of investments.

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- Income Units	-	42.9%
Armed Forces Common Investment Fund- Accumulation Units	-	6.1%
CCLA COIF Fund – Income Units	-	41.2%
CCLA COIF Fund – Accumulation Units	-	7.9%

**c) Investment Management Fees**

Total investment management fees for the year were £102,422 (2012: £101,343), of which £88,533 was charged to capital (2012: £70,509) and £13,889 was charged to income before the payment of dividends (2012: £30,834). In accordance with the SORP, those fees that have been deducted from income are reported in the SOFA and investment income has been grossed up by the corresponding amount. Associated support costs have been allocated within total investment management costs.

**13. DEBTORS**

	2013 £	2012 £
Trade debtors	26,371	16,422
Other debtors	296,588	218,848
Prepayments	<u>27,277</u>	<u>31,158</u>
	<u>£ 350,236</u>	<u>£ 266,428</u>

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

	2013 £	2012 £
Trade creditors	80,627	26,558
Other taxation and social security	27,260	23,388
Other creditors	21,022	35,497
Accruals and deferred income	<u>418,426</u>	<u>436,541</u>
	<u>£ 547,335</u>	<u>£ 521,984</u>

## 15. SUMMARY OF SPECIAL FUND TRANSACTIONS

	<i>Balance at 1 April 2012</i>	<b>Total incoming resources</b>	<b>Total resources expended</b>	<b>Transfers</b>	<b>Balance at 31 March 2013</b>
	£	£	£	£	£
<b>Endowment funds</b>					
Royal Naval Fund	295,131	26,517	-	-	321,648
Chatham Depot Aid Fund	216,061	18,661	-	-	234,722
John Cornwell VC National Memorial	7,206	-	-	-	7,206
Sir John Langham Bequest	7,048	602	-	-	7,650
Mrs I Briggs for annuities	113,886	9,884	-	-	123,770
Dame Elisabeth Kelly Fund	96,893	8,559	-	-	105,452
1939/45 Memorial Fund	<u>6,310</u>	<u>556</u>	<u>-</u>	<u>-</u>	<u>6,866</u>
	<u>£ 742,535</u>	<u>£ 64,779</u>	<u>£ -</u>	<u>£ -</u>	<u>£ 807,314</u>
<b>Restricted funds</b>					
Seafarers	-	93,644	(80,000)	(13,644)	-
Mrs I Briggs – revenue	1,775	4,072	(884)	-	4,963
Chatham Depot Aid Fund – revenue	2,317	7,688	(5,957)	-	4,048
John Cornwell VC National Memorial	213,565	52,603	(41,738)	-	224,430
Greenwich Hospital	25,118	998,400	(1,080,292)	70,114	13,340
Individual cases	6,541	16,298	(21,125)	-	1,714
Dame Elisabeth Kelly Fund – revenue	3,268	3,526	(795)	-	5,999
Sir John Langham Bequest – revenue	-	248	(203)	-	45
Royal Naval Fund – revenue	15,173	10,924	(13,445)	-	12,652
Submarine Memorial Fund	-	2,300	(2,300)	-	-
1939/45 Memorial Award Fund – revenue	201	228	-	-	429
1 <sup>st</sup> Gulf War Fund	<u>3,194</u>	<u>10,000</u>	<u>(12,821)</u>	<u>-</u>	<u>373</u>
	<u>271,152</u>	<u>1,199,931</u>	<u>(1,259,560)</u>	<u>56,470</u>	<u>267,993</u>

15. SUMMARY OF SPECIAL FUND TRANSACTIONS (CONTINUED)

	<i>Balance at 1 April 2012</i> £	<b>Total incoming resources</b> £	<b>Total resources expended</b> £	<b>Transfers</b> £	<b>Balance at 31 March 2013</b> £
<b>Pembroke House (Restricted Funds):</b>					
Amenities Fund	27,957	31,332	(7,236)	-	<b>52,053</b>
Residents' Support Fund	122,013	278,722	(53,604)	-	<b>347,131</b>
Redevelopment Fund	868,796	-	(10,413)	-	<b>858,383</b>
Projects Fund	51,875	29,646	(9,116)	(29,271)	<b>43,134</b>
Minibus Fund	<u>4</u>	<u>-</u>	<u>(4)</u>	<u>-</u>	<u>-</u>
	<u>1,070,645</u>	<u>339,700</u>	<u>(80,373)</u>	<u>(29,271)</u>	<u><b>1,300,701</b></u>
<b>Total restricted funds</b>	<u>1,341,797</u>	<u>£ 1,539,631</u>	<u>£ (1,339,933)</u>	<u>£ 27,199</u>	<u><b>1,568,694</b></u>
<b>Designated Fund</b>					
Falklands Fund	<u>£ 2,377,860</u>	<u>£ 286,907</u>	<u>£ (95,774)</u>	<u>£ -</u>	<u><b>£ 2,568,993</b></u>

The transfer of £70,114 on the Greenwich Hospital Fund relates to administration services provided by RNBT in support of the provision of Regular Charitable Payments. The transfer of £13,644 on the Seafarers UK Fund and £29,271 on the Pembroke House Projects Fund both relate to capital expenditure, which is accounted for as a fixed asset addition, rather than expensed through the SOFA. Incoming resources includes gains in investment market values.

16. COMMITMENTS

a) Capital commitments

There were no capital commitments made in-year.

b) Pension scheme

**Defined Benefit Scheme**

The Trust's defined benefit scheme was formally wound up in October 2011. All the assets of the scheme were used and applied to secure members' benefits. There is no residual liability on the employer. The difference between the amount accrued in 2010/11 for the final buy-out costs and the actual amount paid in 2011/12 resulted in a net credit of £30,602 shown in the SOFA in 2012.

### **Defined Contribution Scheme**

The RNBT operates a defined contribution scheme. The total contributions to the scheme by the employer during the financial year were £54,371 (2012: £63,433).

### **17. RELATED PARTIES**

Nick Gartside, the Trust's specialist trustee for Investment and Finance, is a director on the advisory board of the Armed Forces Common Investment Fund (AFCIF). He sits on the board as a representative of RNBT at the request of the Trust.