

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 2012

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TRUST INFORMATION

1 Apr '11 – 31 Mar '12

Patron

His Royal Highness The Prince of Wales KG KT GCB OM

Vice Patrons

Lieutenant General Sir Steuart Pringle Bt KCB DSc (until 18 Aug '11)

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

Chief Petty Officer I Bailey

Corporal P Barnes Royal Marines

Mrs J Behan (from 1 Apr '12)

Mrs S Bryant

Mrs C L M Davis RGN

Mr N Gartside CFA

Mr G Harvey

Chief Petty Officer J Holmes

Mr K Lambert BEM

Captain T Martin OBE Royal Navy

Warrant Officer J McCafferty (until 31 Mar '12)

Mr J Moulson MBE

Mrs B Ryan (from 1 Apr '12)

Mr O W Shread

Commodore S J Woodcock OBE Royal Navy

Colour Sergeant S Willett Royal Marines (until 5 Dec '11)

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

31 Gresham Street, LONDON

EC2V 7ER

Bankers

Barclays Bank plc

PO Box 6, PORTSMOUTH

PO6 3DH

Solicitors

Blake Lapthorn

Harbour Court, Compass Road, North Harbour, PORTSMOUTH

PO6 4ST

TRUSTEES' REPORT

1. STRATEGY AND OBJECTIVES

The Royal Naval Benevolent Trust (Grand Fleet and Kindred Funds) was established by Royal Charter on 2 May 1922. It is a registered charity (No. 206243). The Trust's Primary Beneficial 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 (formerly referred to as annuities) 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 new ones.

The Trust's objectives for 2011/12 were:

- To continue to satisfy from the Trust's own resources and in conjunction with other charities, the needs of eligible applicants assessed as requiring financial assistance, i.e. the relief of poverty, subject to the Trust's grants policy – ACHIEVED.
- To continue to meet and where possible exceed all care standards at our care home, Pembroke House - ACHIEVED.
- To achieve average occupancy at Pembroke House in excess of 96% - NOT ACHIEVED – in-year occupancy rate was 89%.
- To increase the capacity of Pembroke House to improve the home's financial sustainability and efficiency while enhancing the overall facility – ACHIEVED.
- To maintain and improve where necessary the material condition of the properties that comprise the JCVCNM and maintain full occupancy - ACHIEVED.
- To continue to work closely with kindred organisations in pursuit of expanding the capacity of the naval charities for the care of older people – ONGOING. The Confederation of Service Charities (a.k.a. COBSEO) Homes Cluster Group formed in Sep '11; the Maritime Charities Funding Group (MCFG) of a similar nature folded without any tangible output; early days yet for the COBSEO replacement.
- To raise the Trust's public relations profile within the serving community – ONGOING - this is an open ended standing objective the achievement of which is a combination of approaches including presentations, personal approaches, Navy News/Globe & Laurel articles, writing to COs/XOs, notes on ship, unit and establishment daily orders etc. A means of objectively measuring success is under review.
- To identify additional means of generating legacy income by 5% over current levels – NOT ACHIEVED – this will be tackled in the coming FY now that new members of staff have settled into their principal roles.
- To meet the Trust's income generation targets while safeguarding and where possible increasing the Trust's capital worth – ACHIEVED IN MACRO TERMS– with an end of year positive outturn of ~ £100k better than budget, however, market perturbations translate this gain into an unrealised loss.
- To promote the rationalisation of naval charities where change would be in the best interests of the RNBT Family – ONGOING – the pace of the dialogue has increased over the period.
- To further promote awareness of the Trust within the active service community with the specific aim of increasing the number of uniformed volunteers – ACHIEVED.
- To complete the wind-up of the Trust's Final Salary Pension Scheme – ACHIEVED IN FINANCIAL TERMS – with the final accounting activity to be completed in FY '12/'13.

In summary, other than the occupancy rate for Pembroke House and taking positive steps to identify additional income through legacies, all objectives have either been met in full or in part or are in progress with constructive ways ahead with all objectives.

2. GOVERNANCE

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

The structure of 3 standing sub committees (Finance and General Purposes [F&GP], Care of Older People [COP] and Salaries and Benefits [S&B]) was reviewed in year along with the frequency of all committee meetings. As a result, the number of CC and F&GP meetings has been reduced from 4 to 3 per annum and the function of the S&B has been incorporated into the F&GP. This revised structure and meeting frequency will be monitored closely in FY '12/'13 to ensure the competent delivery of the Trust's governance. 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 now established 3-year term of office for trustees is working well and influenced the decision to reduce the meeting frequency. At the time of the first set of Ordinary Member (OM) trustee elections in 2010, the CC decided that in order for continuity of governance, those long-standing OM trustees elected to the CC (5 in no.) would either stand down or stand for re-election in Mar '12. With Colour Sergeant Willett's resignation in Dec '11, there were 6 OM posts to be filled. Chief Petty Officer McCafferty decided reluctantly to stand down with Corporal Barnes, Mr Lambert, Mr Moulson and Mr Shread all standing for re-election; 10 further candidates came forward as a result of advertising in Service publications, establishment daily orders and other periodicals. The 4 candidates standing for re-election were duly re-elected with Mrs Julie Behan and Mrs Brenda Ryan elected w.e.f. 1 Apr '12.

The election of trustees on 3-year terms is now established with the CC reserving the right to request that individuals either extend or shorten their tenures to ensure continuity of expertise on the Board and with it, the continued good governance of the Trust. It remains the case that the CC elects the Vice President annually from the body of OM trustees. Prospective trustees receive a briefing pack that includes the link to the Charity Commission website area dealing with trustee responsibilities. The pack also includes written guidance in this regard along with a copy of the Royal Charter, Bye-laws and other relevant information. 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.

It remains the aspiration of the trustees that supporters of the Trust should meet up wherever they might find themselves with the aim of representing and promoting the RNBT and its activities within their areas. It is further envisaged that in time, such volunteers will aspire to operate at a higher level within the Trust including standing for trustee election as the opportunity allows. Other than in Portsmouth, that enjoys the regularity of twice-weekly Grant Committee meetings to act as a focus for volunteer effort, there remains little evidence of volunteer activity in other parts of the country. Indeed, personnel shortages coupled with a high operational tempo exacerbated by the constancy of change (including redundancy) has meant that the serving trustees have found themselves hard pushed to exercise their governance duties through the regular committee meetings never mind looking to additional opportunities to promote the work of the Trust. The now established post of Events and Publicity Officer (EPO) is delivering results with more briefings on the work of the Trust than hitherto and while the linkage is not definitively established, there has been a slight increase in the number of individuals supporting the work of the Trust through sponsored sporting and adventurous pursuits. The Trust's ongoing and very positive relationship with Navy News is also assisting in maintaining a positive PR profile, particularly within the serving community. The evidence of this is the steady stream of donations and interest in supporting the Trust by fund-raising and providing physical assistance – particularly at Pembroke House - with self-help projects and programmed events. It was especially pleasing when HMS COLLINGWOOD's VICTORY Squadron (Part II Rating Career Training) decided to adopt Pembroke House as its affiliated charity in place of HMS CHATHAM that decommissioned in Apr '11. The Trust is very grateful for the many years of support provided through successive ship's companies in HMS CHATHAM and warmly welcomes the support of VICTORY Squadron.

Now that the EPO post has been running for a year it is intended to run comparative statistics for volunteer activity as one method of 'measuring' the success of the post. This will be reported on in the next Annual Report.

Vice Admiral Sir Fabian Malbon completed his 3-year term year as President in October 2010; he stood for re-election for another 3-year term and was voted in unanimously. The Trust feels privileged that Sir Fabian remains as committed as ever to the RNBT and looks forward to another settled period with him in a guiding and representational role at the Trust's head. Phillip Shuttleworth remains as Vice President and Honorary Treasurer having originally taken up post in January 2009. As with Sir Fabian, the Trust is indeed fortunate to have someone of Phillip's calibre willing to give of his time, wisdom and expertise willingly and with good humour. Rear Admiral Tony Rix began his second year in post in Oct '11 and is now comfortably established as Chairman

of the Board of Trustees and is looking forward to the challenges that will inevitably emerge as we strive to provide and be the exemplar for the ever more cost effective delivery of benevolence within the Naval Charitable sector.

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 - a reduction of 1 on the previous year following the redundancy of the post of Registry Clerk at the end of 2011 that saw the Trust bid farewell to Mrs Karen Pratt after 17 years service. The redundancy came about following a further revision of Head Office working practices that, since 2010, has resulted in a reduction of 82.5 staff hours per week (a saving of 21%) and a reduction in the Head Office salary bill of £56,069 at '11/'12 rates (including employer's NI, pension and staff benefit costs). The other in-year change at Head Office was the retirement of Steve Davies after over 25 years as a Grant Administrator. Recruiting for his successor attracted 79 applications and the Trust was pleased to appoint David Gibson, formerly a Royal Marine Warrant Officer, into the post. The Trust offers its warm wishes to both former and new members of staff.

In addition, the Trust employs about 61 full time equivalents at its care and nursing home, Pembroke House in Gillingham, Kent under a dedicated Home Manager who reports to the Chief Executive. The Administration Manager at Pembroke House also administers the JCVCNM for which the RNBT is the sole trustee.

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 disbursement of this help is through the Trust's Grant Committee, an all-volunteer group who are themselves part of The RNBT Family. The Committee, supported by a small grant administration team, pride themselves on the flexibility and speed of response of the Trust's grants and RCP systems in achieving this aim. The Trust spent approximately £2.5 million on grants and RCPs in 2011/12 helping almost 3,700 applicants with many different problems.

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 2011/12, the number of applications for grants saw a modest reduction of 110 over the previous year to 2,962. The average grant also reduced slightly to £500 from £510 in the previous year, a decrease of 2%. Grants ranged from an average of £132 (telephone bill) to £770 (funeral expenses) within the individual categories of need. There was a reduction in the total expenditure on grants in the year. The needs of the Trust's beneficiaries have continued to be met by very effective almonising and particularly through the hard work of the grant administrators 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 (formerly known as annuities) 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 1,200 RCPs at £15.00 per week generously funded by Greenwich Hospital and 3 by the Mrs Ina Briggs Trust Fund during 2011/12. We are very pleased to report that Greenwich Hospital has agreed an increase to £16.00 per week w.e.f. 1 Apr '12. The sum available for RCPs is 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 '11/'12 amounted to £936,000. 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 pleasure 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 the case-working organisations i.e. SSAFA Forces Help, The Royal British Legion, the Royal Commonwealth Ex-Services League, the Naval Personal and Family Service and Royal Marines Welfare and the Trust's own fully trained case-workers. On receipt of 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. A fundamental principle of the RNBT has always been that 3 RNBT Grant Committee members who are themselves serving or ex-serving RN ratings or RM other ranks i.e. members of The RNBT Family, must make the decision in every case. The 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. It should be remembered that the volume of cases dictates the frequency of meetings and it is perhaps a source of sadness in our so-called 'developed society' that the Trust continues to deal with about 70 applications for assistance every week.

3.2 Care of Older People

The Trust has continued to seek further ways of contributing to the care for older people. Previously reported involvement with the MCFG'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 working 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 first meeting was held in Sep '11 and early indications are of a very strong desire to make a difference in the Service care home arena. Given the wider remit and with more service providers represented, there is a greater likelihood of a positive outcome. Early work in sharing care home costs and a more recent initiative to pool information relating specifically to utilities in an attempt to drive down unit costs is encouraging. The earlier 'vision' of a coordinated Naval Service approach to the care of older people seems unlikely to be realised, however, the tri-Service approach does offer a more promising direction.

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 (an increase of 6 from last year - see below) 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 informed 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) that was completely refurbished in-year including replacement carpets and several new items of furniture. The room is normally divided by folding partitions into two lounge areas allowing for concurrent activities to be conducted without conflict.

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. Outside access has been further improved by the provision of a terrace on the roof of the single storey extension to the rear of the main building (see below). The first floor also enjoys a library and a further day room. The top floor features a large lounge known as "The Bridge" with fine views across the River Medway to the Thames estuary and beyond that was also fully refurbished in year to the same standard as the ground floor complex. Each floor has its own dining room providing convenience for the residents and a relaxed atmosphere at mealtimes. The dining rooms on the two upper floors are linked by a lift to the modern kitchen. The Home is surrounded by its own landscaped gardens with a number of sitting out areas and opportunities for the residents who wish to enjoy gardening. These facilities include the provision of a large level access greenhouse, wheelchair accessible nursery beds to harden off greenhouse produced plants before they move to the borders and a modest putting (golf) area within the walled garden.

The Home has continued to operate successfully throughout the year and has benefited from volunteer support including working parties in the grounds particularly from the RN's Mine & Clearance Diving cadre from the Defence Explosives & Munitions School. In addition to the general maintenance, a Memorial Path has been created within the toe of land to the east of the Home funded initially through the self-help fund whose income is derived from events held within the Home and its grounds. The residents, Friends of Pembroke House (volunteers) and staff have raised over £37,000 since the fund was first set up in mid 2009 – a notable achievement by any standards. The intention is to re-coup the cost of the path through 'selling' it at £100 per metre to those who wish to remember a loved one or to simply contribute to the Home with the donation recorded on a plaque affixed to their metre of the memorial path. The central heating boilers, water heaters and air source heat pump fitted in late 2010/early 2011 continue to work well and have resulted in a 22% reduction in gas consumption compared to the old installation as well as a reduced carbon footprint. The replacement laundry equipment has similarly resulted in a more efficient and cost effective laundry service.

The high standards set by the Care Quality Commission continue to be improved upon resulting in the Home retaining its 3* Excellent rating with an improvement on the scorecard used in assessing the standards within the Home. The maintenance of high standards is helped by the regular monthly inspections carried out by visiting members of staff, trustees and other visitors, knowledgeable about care homes but not connected with the Trust. The Home fell short of the target rate for occupancy despite the constancy of effort by the management team and a waiting list. The shortfall was because of a far higher than average turnover of residents than has been the case in recent years exacerbated by the project to further extend the Home (see below) that saw the 'loss' of 2 rooms while the work was being undertaken. Action was taken part way through the year to refine the administrative processes associated with bringing in new residents resulting in the adoption of a more efficient admissions process with a consequent uplift in numbers towards the year-end. This has been assisted by a revitalised advertising campaign coupled with monthly reviews. Improvements are evident however there is no room for complacency.

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 cost effectively. In fiscal terms however, the Home's operating income was 8% below budget (£130K) with all but £6K of that figure relating to residents' fees. Local Authority (LA) under-funding continues to be an issue and it is recognised that 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 principal issue however was the overall lack of numbers – an average of 42.8 throughout the year as opposed to a budgeted figure of 46.2. The operating deficit was £179K, £157K worse than budget. However, including restricted funds, the Home came in at £11k over budget due to the success in generating additional income in support of the 6-room extension.

The "self-help" policy under the Home Manager's leadership continues to flourish as already mentioned. The social and other activities linked to this policy delivers benefits far and above those of income generation. The activities act as a 'glue' that binds residents, volunteers and staff together while putting a smile on their faces, 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. Staff from HMS COLLINGWOOD's VICTORY Squadron came along to help and due to a dearth of sailors under training, an officer's course came along instead to assist. Smartly dressed in their best uniforms, they threw themselves into the day with customary naval enthusiasm and efficiency engaging with guests, residents and staff and getting as much out of the day as they contributed. The call had been made earlier in the week for a full size marquee that proved wise because the weather on the day was torrential rain. The weather did not however dampen the spirits and the Royal Marine drummer/buglers performed with panache and professionalism including an indoor ceremonial sunset. We look forward to the 'Royals' returning in 2012 as part of the Diamond Jubilee celebrations.

3.2.2 Pembroke House – the People

The residents are naturally the main focus of attention but there are many others who make up the Pembroke House community i.e. the staff, the Friends of Pembroke House, the residents' families and the Home's many supporters. They all have an important role to play in making the Home a unique place with a very special atmosphere. It is worth remembering that Pembroke House is the only care and nursing home in the world that caters exclusively for those who have non-commissioned service in the Royal Navy or Royal Marines and their wives/widows. The demand for places especially by those needing higher levels of care remains high and given the demographic profile in the UK, the demand for high quality care homes seems set to last. The demand for nursing beds continues to rise and the ground floor is now firmly established as being predominantly nursing with the bespoke facilities now complete (dedicated nursing station, dispensary, enhanced sluice room and the level access shower room converted into an assisted bathroom).

The Home Manager is responsible for the overall management of Pembroke House and is ably assisted by her Deputy and the Administration Manager in leading a large staff that together make a strong and dedicated team. The Trust aims to attract and retain good staff by offering a package of pay and conditions that compares favourably with other high quality homes in the area. Training is afforded a high priority 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 that minimises disruption to the residents. 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 in itself promotes loyalty and contributes directly to the excellence of the Home while saving money in the long term by providing services 'in-house' that were formerly bought in.

Pembroke House bade farewell to Mrs Anne Cocker at the end of March after 27-years sterling service the majority of which was as Housekeeper. Anne has therefore been directly responsible for the maintenance of the very high standards that have contributed directly towards the Home both acquiring and keeping its hard earned reputation for excellence. Not a lady to rest for long, Anne has joined the healthy band of Volunteers, the Friends of Pembroke House and is still very much a part of life in the Home.

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. The increase in resident dependency levels has seen a reduction in the numbers of residents able to attend external events although to-date, all invitations have been 'honoured.'

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 1st 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 approved by the trustees in December 2010, work started in June 2011 and the project was safely completed to time, quality and cost. Other than the obvious advantages detailed above, the business modelling indicated that in line with the trend towards a higher number of nursing residents, the additional rooms will turn an operating deficit into a modest surplus making the Home a cost effective business unit for the first time in its contemporary history. The Royal Navy and Royal Marines Charity (RNRMC) approved an innovative package of funding assistance whereby they agreed to make good the Trust's loss of income as a result of liquidating investment units to fund the build. This agreement will be reviewed in 2013 by which time it is expected that the Home will be operating in surplus and the Trust will be in a position to begin to rebuild its invested monies to pre-project levels.

In addition to the assistance provided by the RNRMC, Seafarers UK and The Royal British Legion made significant donations to the cost of the project as did a Greenwich Hospital controlled legacy from the late Miss Cripps Marc; the Lloyds Patriotic Fund, Medway Mission to Seamen and the Towergate Charitable Foundation also contributed to the build/equipping costs. The Trust is extremely grateful to all those who contributed to a very successful project that apart from the highly desirable outcome of turning the Home into more cost effective business unit has also significantly enhanced the resident's quality of life.

The decorating and re-equipping of public rooms has already been addressed; resident's rooms are re-decorated as required in-between occupancy. Maximum use is made of the maintenance team in this regard, including gardening staff during periods of inclement weather and during the winter months when the gardening load is reduced. The versatility of this small team is warmly recognised as is the innovative manner in which Keith Rowbottom, the Administration Manager (that includes facilities) skilfully guides them in undertaking works that not only benefit the Home but also contribute to the staff's personal development.

The bespoke Care Home computer based management system (CARESYS) is set to move into a new phase now that the nursing bases have been fully networked (along with the rest of the Home) together with computer upgrades. While the 'tyranny of paper' will remain, it is expected that the fuller utilisation of CARESYS will free up nursing and care staff to spend more time with residents and it has also proved a useful Head Office accessible reference tool for residents' details and in assisting with staff payroll and HR queries.

The Trust remains extremely grateful to all those who have continued to support the Home throughout the year. We are conscious that the wide variety of projects necessary to improve the quality of the care provided along with the routine replacement of equipments as they wear 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 Administration Manager, Pembroke House oversees the operation of the Almshouse and the governance of the complex is delivered through the Care of Older People sub-committee. The 3-bedroom semi-detached properties are all in a good state of repair and all are 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. 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; eligibility for occupancy is restricted to the Trust's beneficiary group.

3.4 Support for the RNBT Family through 3rd Party Organisations

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

3.5 Advice on Welfare Matters

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

4. FINANCIAL REVIEW

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

4.1 Incoming Resources

The Trust depends on a variety of sources for funding, the principal ones being grants from the major grant making charities in the RNBT's case these are Greenwich Hospital – whose monies are now distributed by the 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 £4.578 million, an increase of £247k (6%) on last year. Legacy, investment and Pembroke House resident fee incomes were all down against budget but this was offset by better than budgeted sums associated with income linked to the Pembroke House project and also donations. Income sources previously identified as the Navy Block Grant and Charity Payroll Giving (Voluntary Donations from Pay [VDP] and Sports, Amenities and Benevolence Subscription [SABS]) are now incorporated in the RNRMC Block Grant that totalled £86,796 for 2011/12 (of which £70,000 was accounted for in the previous year). In addition, the RNRMC provided funding of £11,502 to offset lost dividend income arising from the sale of investments to fund the Pembroke House extension. Legacy income was once again significantly under budget in-year, however, the Trust remains extremely grateful to all those who remember the RNBT in their wills. The Financial Controller and Events & Publicity Officer will work closely in the forthcoming year to develop and deliver strategies aimed at increasing the Trust's legacy income.

Greenwich Hospital remains the very generous principal source of the Trust's funding with their substantial contribution towards the Trust's grants to individuals and in meeting the cost of 1,200 RCPs totalling over £1.25 million. The Trust was also awarded funding of £200k from Seafarers UK that 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 public relations events was lower than the previous year and remains a modest sum overall. The Trust is not a fundraising charity and activities undertaken in this area are geared to maintaining and where possible raising the RNBT's profile so that both the serving and retired communities are aware of the Trust's work. Income from investments decreased by £65k due to lower investment values and lower yields. Investment managers have come under particularly intense performance scrutiny in-year as the Trust strives to get the best possible performance from its investments recognising these sums make up in the order of 20% of the Trust's income.

Income from Pembroke House comes mainly from residents' fees paid either personally or by local authorities. In addition, a total of £324,740 was raised in the form of donations, grants and dividends for specific activities and projects for the residents' benefit. Income from local authority funded residents (Medway in the main) has once again been less than the cost of the care provided despite considerable effort to seek a full settlement. While this is a national phenomenon, it does present the Trust with a funding challenge because the shortfall amounts to just under 3% of the Home's annual turnover. Discussions have taken place with Medway Council over several years culminating in a meeting with the Chief Executive and Leader of the Council in November of last year. While the fees paid by Medway Council are generally less than the cost of the care provided, they are nevertheless higher than those provided for any other comparable home in the area. While the situation remains unsatisfactory, it is recognised that the funding position with Medway Council is unlikely to improve unless more money is forthcoming from Central Government. Trustees have noted the position and accept that a degree of subsidy will continue to be necessary for Medway Council funded residents in particular and local authority funded residents in general and are resolved to maintain a constructive dialogue with Medway Council and any other local authorities involved with residents' funding. It remains the case that such residents are a minority within Pembroke House.

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 15% on last year. The RNBT's main expenditure heading, 'Charitable Activities,' is summarised in the Review of Activities above. The figures include staff and support costs incurred in running the main functions of grant giving and also Pembroke House. The cost of RCPs and outgoing grants (including overhead costs) were down by 1%. The total costs for Pembroke House were ~ 5% higher than last year due to increased pension scheme membership and higher nursing staff costs to support the increased number of nursing residents.

Further efficiencies were made at Pembroke House in several areas, especially in purchasing and staff costs. Energy costs remain a significant outgoing although the replacement boilers and water heaters 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.

Pension costs included within 'Resources Expended' are those associated with the Trust's defined contribution pension scheme. No costs have been included for the Trust's defined benefit i.e. Final Salary Pension Scheme (FSPS) which was formally wound up in 2011/12. The Trust's contribution towards the final buy-out costs was estimated at £448,493 and accrued for in the 2010/11 accounts. The actual cost was £385,091 resulting in a credit of £63,402. This, together with the final in-year deficit reduction payments of £32,800 has been included in the 2011/12 accounts within 'Payments towards FSPS Deficit.'

4.3 Net Position

Net incoming resources of £105,812 compare to net outgoing resources of £112,668 in the previous year and reflects the increased income resulting from a significant one-off donation of £250,000 from the *Michael Uren Foundation* and significant contributions towards the cost of the Pembroke House extension that more than offset reductions in legacy and investment income. These contributions reduced the number of investment units sold to fund the Pembroke House extension project. The Trust's investments experienced an unrealised loss of £460,336, approximately 2% of their market value. There was also a realised loss on sales of investments of £74,676. The net difference between final payments made towards buying out the liabilities of the FSPS and the estimated costs accrued last year was a credit of £30,602. Therefore, overall, there was a negative net movement in funds of £398,598; year-end funds totalled £30,695,400.

4.4 Investment Policies and Performance

Investment income provides just under 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. 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.

Approximately three quarters of the Trust's portfolio is invested in the Armed Forces Common Investment Fund (AFCIF) managed by BlackRock Investment Management (UK) Ltd and is subject to a total return policy with the investment objective of achieving real growth in capital and income over the long term (~ 10 years) through a largely equity based portfolio. Approximately 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 12.8% compared to the target of 42.4% for the five years to 31 March 2012 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 cumulative return of 49.6% compared to the target of 27.5% for the three years to 31 March 2012. Action was taken in-year to restructure the management and oversight of AFCIF, which is expected to further improve performance of the Fund.

The majority of the Trust's remaining investments are managed by Schroders & Co Ltd who are also measured against the Trust's target of RPI + 4%. Schroders produced a cumulative return of 5.3% compared to a target of 42.4% over the five-year period to 31 March 2012; however, a cumulative return of 31.8% compared to the target of 27.5% was produced for the three-year period to 31 March 2012. The performance of this element of the Trust's investment portfolio is under especially close scrutiny.

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 2012, £750,000 was held in a seven-day notice account with Scottish Widows paying interest at 1.85% and £100,000 in an instant access account with BlackRock paying approximately 0.6%. The total balance of £850,000 was higher than ordinarily required due to the advance payment of grant income from the RNRMC. Balances of cash deposits will reduce to around £500,000 during 2012/13.

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 continue to meet its charitable objectives into the foreseeable future.

The trustees once again elected to set a budget for FY 11/12 as close to cost neutral as income/expenditure predictions allowed. The Trust's success in attracting donations and grants in support of both revenue and capital expenditure in-year has in fact resulted in a modest operating surplus however, the Trust's income from the major grant making charities will always be under pressure due to 'competition' from other charities similarly seeking such monies. It was with much pleasure that the Trust acknowledged the RNRMC not only meeting the Trust's request for funds in full for FY '12/'13 but also inviting the Trust to join its 3-year rolling grant programme. This very welcome development gives cause for optimism as the RNRMC effectively becomes the Trust's 'balancing' grant maker once all other sources of income have been determined, however, the Trust's investments will remain an essential source of income if programmed and ongoing expenditure profiles are to be met, especially under the prevailing conditions where the financial markets remain unsettled. 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. If anything, the Trust looks to ways in which it can increase its net worth as an income safeguard so that it can continue to deliver its charitable objectives into the future.

5. RISK MANAGEMENT

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

6. OTHER CHARITIES AND ORGANISATIONS

The RNBT maintains links with many other service charities and organisations, with Greenwich Hospital, Seafarers UK and other funding organisations of particular importance to the Trust. The RNRMC continues to raise its profile as a fundraising charity and is increasingly seen as the central focus for naval charitable activity while acting as the distribution agency for Greenwich Hospital funds that are increasing year on year in accordance with their strategic plan. The Trust will continue to work closely with the RNRMC and kindred charities/organisations and is now actively exploring ways in which the already close working relationship with the RNRMC might be formalised in the years ahead while maintaining the RNBT's identity in the interests of the furtherance of the Trust's charitable objectives. 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 (formerly Royal Sailors Rest), Naval, Military and Air Force Bible Society, Naval Families Federation, Regular Forces Employment Association (Portsmouth), RN & RM Widows' Association (as a meeting and postal address) and most recently the south coast based Seafarers UK team at Castaway House provides a clear focus, in many forms, for the provision of assistance to serving and former members of the Naval Service. 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. This close proximity facilitates better communication and the Trust looks forward to further cementing the already close bond that characterises our respective organisations including administering the bulk of the benevolence formerly delivered by the RNA.

The Trust liaises with a variety of organisations that comprise in the main (although not exclusively) the other Service charities that share similar interests to the RNBT's in order to ensure that business is conducted in the most effective manner. This is especially true of COBSEO where the Trust is active within the care homes cluster group that is seeking ways of achieving better value for money.

7. FUTURE PLANS

The Trust's objectives for 2012/13 are:

- To continue to satisfy from the Trust's own resources and in conjunction with other charities the needs of eligible applicants assessed as requiring financial assistance, i.e. the relief of poverty, subject to the Trust's grants policy.
- To continue to meet and where possible exceed all care standards at our care home, Pembroke House.
- To achieve average occupancy at Pembroke House of 95%.

- To maintain and improve where necessary the material condition of the properties that comprise the John Cornwell VC National Memorial and maintain full occupancy.
- To continue to work closely with kindred organisations in pursuit of expanding the capacity of the naval charities for the care of older people.
- To raise the trust's PR profile within the serving community.
- To generate a legacy income policy with the aim of improving legacy income levels.
- To meet the Trust's income generation targets while safeguarding and where possible increasing the Trust's capital worth.
- To promote the rationalisation of naval charities where change would be in the best interests of the RNBT Family.
- To further promote awareness of the Trust within the active service community with the specific aim of increasing the number of uniformed volunteers.

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 demand for grants to individuals will remain a constant and 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 is once again 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 both the resident and the Home. The high rate of turnover and consequent periods of empty rooms therefore will always be exacerbated by the emotionally informed process of members of The RNBT Family taking up residency in 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 Welfare 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 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 3-4 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.

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 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 RNRMC has made it clear that they have no desire, and we see no benefit, in either duplicating or replicating existing and clearly successful organisations. The Trust remains of the view that, while remaining positive and open minded about possible future developments, benevolence is a specialised field that does not sit easily alongside other interpretations of charitable activity including sports, amenities and prizes. The Trust continues to look for ways in which it might formalise the already warm relationship that has developed with the RNRMC and it is expected that a RNBT/RNRMC working group will be formed in 2012/13 to review existing relationship options and new possibilities, without prejudice to the outcome.

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

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

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

5 October 2012

THE ROYAL NAVAL BENEVOLENT TRUST

STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

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

- select suitable accounting policies and then apply them consistently;
- 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 to operate.

The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charity's transactions and disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

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

We have audited the financial statements of The Royal Naval Benevolent Trust for the year ended 31 March 2012 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 2012 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 2012

	Note	Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	Total Funds 2012 £	Total Funds 2011 £
		£	£	£	£	£	£
Incoming resources							
Incoming resources from generated funds							
Voluntary income							
Donations	2	426,996	-	3,285	-	430,281	192,377
Legacies	2	166,084	-	-	-	166,084	186,690
Grants receivable	3	353,298	-	1,073,072	-	1,426,370	1,423,209
Investment income	4	733,174	88,416	29,275	-	850,865	915,499
Incoming resources from charitable activities							
Care home incoming resources	5	1,435,888	-	208,240	-	1,644,128	1,558,252
Other incoming resources	6	<u>34,273</u>	<u>-</u>	<u>25,861</u>	<u>-</u>	<u>60,134</u>	<u>54,764</u>
Total incoming resources		<u>3,149,713</u>	<u>88,416</u>	<u>1,339,733</u>	<u>-</u>	<u>4,577,862</u>	<u>4,330,791</u>
Resources expended							
Costs of generating funds							
Costs of generating voluntary income		71,148	-	-	-	71,148	90,140
Investment management costs	12c	41,933	123	1,034	-	43,090	44,754
Charitable activities							
Grants to individuals and organisations		1,224,817	77,298	150,444	-	1,452,559	1,493,840
Regular Charitable Payments		-	-	1,019,164	-	1,019,164	1,008,436
Care home resources expended		1,712,915	-	107,812	-	1,820,727	1,735,845
Governance costs		<u>65,362</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>65,362</u>	<u>70,445</u>
Total resources expended	7	<u>3,116,175</u>	<u>77,421</u>	<u>1,278,454</u>	<u>-</u>	<u>4,472,050</u>	<u>4,443,460</u>

STATEMENT OF FINANCIAL ACTIVITIES (Continued)
For the year ended 31 March 2012

	Note	Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	Total Funds 2012 £	Total Funds 2011 £
		£	£	£	£	£	£
Net incoming / (outgoing) resources before transfers and FSPS contributions		33,538	10,995	61,279	-	105,812	<i>(112,668)</i>
Gross transfers between funds	15	83,745	-	(83,745)	-	-	-
Payments towards FSPS deficit	16b	<u>30,602</u>	<u>-</u>	<u>-</u>	<u>-</u>	30,602	<i>(645,298)</i>
Net incoming / (outgoing) resources before other recognised gains and losses		147,885	10,995	(22,466)	-	136,414	<i>(757,966)</i>
Other recognised gains and losses							
Gains and losses on investments		<u>(485,362)</u>	<u>(60,005)</u>	<u>(551)</u>	<u>10,906</u>	(535,012)	<i>1,028,560</i>
Net movement in funds		(337,477)	(49,010)	(23,017)	10,906	(398,598)	<i>270,594</i>
Reconciliation of funds							
Balances brought forward		<u>26,570,685</u>	<u>2,426,870</u>	<u>1,364,814</u>	<u>731,629</u>	31,093,998	<i>30,823,404</i>
Fund balances carried forward		<u>£26,233,208</u>	<u>£ 2,377,860</u>	<u>£ 1,341,797</u>	<u>£ 742,535</u>	£ 30,695,400	<i>£31,093,998</i>

All operations are continuing.

FSPS = Final Salary Pension Scheme.

BALANCE SHEET
As at 31 March 2012

	Note	Unrestricted Funds	Designated Funds	Restricted Funds	Endowment Funds	Total Funds 2012	Total Funds 2011
		£	£	£	£	£	£
FIXED ASSETS							
Tangible assets	11	3,166,675	-	868,796	7,206	4,042,677	3,249,551
Investments	12	<u>22,901,282</u>	<u>2,628,214</u>	<u>524,378</u>	<u>696,886</u>	<u>26,750,760</u>	<u>28,193,215</u>
		26,067,957	2,628,214	1,393,174	704,092	30,793,437	31,442,766
CURRENT ASSETS							
Stock		16,802	-	-	-	16,802	15,526
Debtors	13	266,428	-	-	-	266,428	225,589
Bank balances and cash		<u>404,005</u>	<u>(250,354)</u>	<u>(51,377)</u>	<u>38,443</u>	<u>140,717</u>	<u>155,614</u>
		687,235	(250,354)	(51,377)	38,443	423,947	396,729
CREDITORS: amounts falling due within one year	14	<u>(521,984)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(521,984)</u>	<u>(745,497)</u>
NET CURRENT ASSETS LESS CURRENT LIABILITIES		<u>165,251</u>	<u>(250,354)</u>	<u>(51,377)</u>	<u>38,443</u>	<u>(98,037)</u>	<u>(348,768)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		26,233,208	2,377,860	1,341,797	742,535	30,695,400	31,093,998
Pension scheme liability	16b	-	-	-	-	-	-
TOTAL NET ASSETS		<u>£26,233,208</u>	<u>£ 2,377,860</u>	<u>£ 1,341,797</u>	<u>£ 742,535</u>	<u>£30,695,400</u>	<u>£31,093,998</u>
FUNDS							
Unrestricted funds		25,383,208	-	-	-	25,383,208	25,570,685
Capital account		850,000	-	-	-	850,000	1,000,000
Designated funds	15	-	2,377,860	-	-	2,377,860	2,426,870
Restricted funds	15	-	-	1,341,797	-	1,341,797	1,364,814
Permanent endowment funds	15	-	-	-	742,535	742,535	731,629
TOTAL FUNDS		<u>£26,233,208</u>	<u>£ 2,377,860</u>	<u>£ 1,341,797</u>	<u>£ 742,535</u>	<u>£30,695,400</u>	<u>£31,093,998</u>

Approved and authorised for issue by the Trustees on 5 October 2012 and signed on their behalf by

P A Shuttleworth - Honorary Treasurer

CASH FLOW STATEMENT
For the year ended 31 March 2012

	2012 £	2011 £
Net cash outflow from operating activities	(912,532)	(809,667)
Returns on investments		
Dividends and interest	841,920	902,994
Short term interest	8,945	12,504
Rent receivable & Weekly Maintenance Charges (JCVCNM)	<u>60,134</u>	<u>54,765</u>
	<u>910,999</u>	<u>970,263</u>
Capital expenditure and financial investments		
Purchase of tangible fixed assets	(920,806)	(227,185)
Purchase of investments	(1,097,015)	(424,140)
Sale of investments	<u>1,986,472</u>	<u>277,061</u>
Net cash outflow from investing activities	<u>(31,349)</u>	<u>(374,264)</u>
Management of liquid resources		
Decrease in short term investments	<u>17,985</u>	<u>132,840</u>
NET (DECREASE)/INCREASE IN CASH	<u>£ (14,897)</u>	<u>£ (80,828)</u>
RECONCILIATION OF NET INCOMING RESOURCES FOR THE YEAR TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES		
Net incoming / (outgoing) resources	105,812	(112,668)
Payments towards FSPS deficit	30,602	(645,298)
Less: investment income	<u>(910,999)</u>	<u>(970,263)</u>
	<u>(774,585)</u>	<u>(1,728,229)</u>
Adjustment for non-cash items		
Depreciation	126,502	122,659
Write off Fixed Assets	1,179	-
(Increase) / decrease in debtors	(40,839)	211,671
(Increase) / decrease in stock	(1,276)	1,014
(Decrease) / increase in creditors	<u>(223,513)</u>	<u>583,218</u>
NET CASH OUTFLOW FROM OPERATING ACTIVITIES	<u>£ (912,532)</u>	<u>£ (809,667)</u>

CASH FLOW STATEMENT (Continued)
For the year ended 31 March 2012

	2012	2011	Change in year
	£	£	£
Analysis of net cash balances			
Bank and cash balances	140,717	155,614	(14,897)
Short term investments	<u>1,008,886</u>	<u>1,026,871</u>	<u>(17,985)</u>
ANALYSIS OF NET CASH BALANCES	<u>£1,149,603</u>	<u>£1,182,485</u>	<u>£ (32,882)</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 2012 and residuary legacies received up to 30 April 2012 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 2012. 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. This is a change in accounting policy from previous years when fees deducted from capital were also shown in the SOFA and grossed up as investment income. The previous year's investment management costs and investment income have therefore been restated to reflect the same accounting policy, see Note 12 (c) for further details. 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%
Computers	-	33%

The investment portfolio has been valued at market value as at 31 March 2012. The SOFA includes the net gains and losses on investments arising on revaluation at the year-end and on disposals throughout the year.

g) Funds

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

Permanent endowment funds

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

Four smaller permanent endowment funds were set up more recently. Of these, the Mrs Ina Briggs Fund provides income for additional 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 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, principally from Seafarers UK and The Royal British Legion. As referred to above, the Royal Naval Benevolent Trust became the sole trustee of the John Cornwell VC National Memorial and the net assets, except those represented by the permanent endowment element, have been included under this heading.

Designated fund

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

Capital Account

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

h) Pensions Policy

The Trust has wound up the defined benefit pension scheme (see further comments under Note 16b). The Trust also operates a defined contribution pension scheme and the pension charge in relation to this scheme represents the amounts payable by the Trust and the members to the fund in respect of the year.

2. DONATIONS AND LEGACIES

A full list of donations and legacies is published in the Annual Review and recorded monthly on the Trust's website www.rnbt.org.uk

3. GRANTS RECEIVABLE

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total 2012 £	Total 2011 £
Greenwich Hospital	325,000	-	-	-	325,000	287,340
Seafarers UK	-	-	111,312	-	111,312	110,000
Kytes Trust	-	-	10,000	-	10,000	-
Greenwich Hospital (Jellicoe RCPs)	-	-	936,000	-	936,000	936,000
Individual cases	-	-	15,760	-	15,760	19,869
RNRMC	<u>28,298</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,298</u>	<u>70,000</u>
	<u>£ 353,298</u>	<u>£ -</u>	<u>£1,073,072</u>	<u>£ -</u>	<u>£ 1,426,370</u>	<u>£ 1,423,209</u>

4. INVESTMENT INCOME

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total 2012 £	Total 2011 £
Dividends and interest	724,229	88,416	29,275	-	841,920	902,994
Short term interest	<u>8,945</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,945</u>	<u>12,504</u>
	<u>£ 733,174</u>	<u>£ 88,416</u>	<u>£ 29,275</u>	<u>£ -</u>	<u>£ 850,865</u>	<u>£ 915,499</u>

5. CARE HOME INCOMING RESOURCES – PEMBROKE HOUSE

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total 2012 £	Total 2011 £
Residents' Fees	1,319,388	-	-	-	1,319,388	1,298,920
Grants receivable	116,500	-	-	-	116,500	108,400
Donations and investment income	-	-	208,240	-	208,240	150,932
	<u>£1,435,888</u>	<u>£ -</u>	<u>£ 208,240</u>	<u>£ -</u>	<u>£ 1,644,128</u>	<u>£ 1,558,252</u>

6. OTHER INCOMING RESOURCES

	Unrestricted Funds £	Designated Funds £	Restricted Funds £	Endowment Funds £	Total 2012 £	Total 2011 £
JCVCNM Weekly Maintenance Charge (WMC)	-	-	25,861	-	25,861	23,958
Rents receivable	29,623	-	-	-	29,623	25,457
Miscellaneous income	4,650	-	-	-	4,650	5,349
	<u>£ 34,273</u>	<u>£ -</u>	<u>£ 25,861</u>	<u>£ -</u>	<u>£ 60,134</u>	<u>£ 54,764</u>

7. ANALYSIS OF TOTAL RESOURCES EXPENDED

	Staff costs £	Support costs £	Grants & annuities £	Care Home £	Total 2012 £	Total 2011 £
Costs of generating voluntary income						
Public Relations	37,586	33,562	-	-	71,148	90,140
Investment management fees	<u>8,055</u>	<u>35,035</u>	<u>-</u>	<u>-</u>	<u>43,090</u>	<u>44,754</u>
	<u>45,641</u>	<u>68,597</u>	<u>-</u>	<u>-</u>	<u>114,238</u>	<u>134,894</u>
Charitable expenditure						
Grants	161,410	73,416	1,217,733	-	1,452,559	1,493,840
Regular Charitable Payments	29,533	41,361	948,270	-	1,019,164	1,008,436
Care home resources expended	<u>1,355,351</u>	<u>33,608</u>	<u>-</u>	<u>431,768</u>	<u>1,820,727</u>	<u>1,735,845</u>
	<u>1,546,294</u>	<u>148,385</u>	<u>2,166,003</u>	<u>431,768</u>	<u>4,292,450</u>	<u>4,238,121</u>
Governance	<u>42,957</u>	<u>22,405</u>	<u>-</u>	<u>-</u>	<u>65,362</u>	<u>70,445</u>
	<u>£1,634,892</u>	<u>£ 239,387</u>	<u>£2,166,003</u>	<u>£ 431,768</u>	<u>£ 4,472,050</u>	<u>£ 4,443,460</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:-

	2012 £	2011 £
Depreciation	126,502	122,659
Auditors' remuneration	<u>12,474</u>	<u>12,000</u>

9. REMUNERATION AND EXPENSES OF THE TRUSTEES

	2012 £	2011 £
Remuneration	-	-
Travelling expenses	<u>1,136</u>	<u>2,672</u>
	<u>£ 1,136</u>	<u>£ 2,672</u>
Numbers being reimbursed	<u>4</u>	<u>9</u>

10. EMPLOYEES

	2012 £	2011 £
Salaries	1,401,331	1,387,580
National Insurance	99,555	99,441
Pension contributions	63,433	38,102
Other staff costs	<u>70,573</u>	<u>42,849</u>
	<u>£1,634,892</u>	<u>£1,567,972</u>
Average numbers (full time equivalent)		
Headquarters	9	10
Pembroke House	<u>62</u>	<u>61</u>
	<u>71</u>	<u>71</u>

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

The RNBT operates a defined contribution pension scheme, into which the whole of the above pension contributions were paid including contributions of £4,766 in respect of one higher paid employee (2011: £4,480). The RNBT's defined benefit scheme was closed to new members in January 2003. In February 2011, trustees passed a resolution to commence formal wind up of the scheme and the scheme completed wind up in October 2011, with all members benefits secured through a combination of bulk buy out, purchase of individual annuities and lump sum payments. Prior to wind up, payments of £32,800 (2011: £196,805) were made in the year towards reducing the deficit on the defined benefit scheme. An amount of £448,493 was accrued in the 2010/11 accounts, representing the estimated contribution from RNBT towards buying out the liabilities of the scheme. The actual cost of RNBT's contribution is £385,091.

The Employee Cost note shows employee notional salaries before any salary sacrifice schemes. The comparative figures have been adjusted to reflect the same accounting treatment.

11. TANGIBLE FIXED ASSETS

	Freehold properties £	Assets Under Construction £	Furniture & equipment £	Motor Vehicles £	Total £
COST					
At 1 April 2011	3,866,976	28,071	646,744	49,398	4,591,189
Additions	874,461		46,345	-	920,806
Disposals	(1,561)		(133,020)		(134,581)
Transfers	<u>28,071</u>	<u>(28,071)</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 March 2012	<u>4,767,947</u>	<u>-</u>	<u>560,069</u>	<u>49,398</u>	<u>5,377,414</u>
DEPRECIATION					
At 1 April 2011	784,259	-	513,557	43,822	1,341,638
Charge for the year	65,354	-	55,574	5,574	126,502
Disposals	<u>(738)</u>	<u>-</u>	<u>(132,665)</u>	<u>-</u>	<u>(133,403)</u>
At 31 March 2012	<u>848,875</u>	<u>-</u>	<u>436,466</u>	<u>49,396</u>	<u>1,334,737</u>
NET BOOK VALUE					
At 31 March 2012	<u>£3,919,072</u>	<u>£ -</u>	<u>£ 123,603</u>	<u>£ 2</u>	<u>£4,042,677</u>
<i>At 31 March 2011</i>	<u>£3,082,717</u>	<u>£ 28,071</u>	<u>£ 133,187</u>	<u>£ 5,576</u>	<u>£3,249,551</u>

12. INVESTMENTS

a) Movements in investments during the year

	2012 £	2011 £
Market value at 1 April 2011	27,166,344	25,990,706
Additions	1,097,015	424,140
Disposals at opening market value	(2,061,148)	(270,026)
Unrealised (loss) / gain	<u>(460,336)</u>	<u>1,021,524</u>
Total investments	<u>25,741,875</u>	<u>27,166,344</u>
Invested cash	<u>1,008,885</u>	<u>1,026,871</u>
Market value at 31 March 2012	<u>£26,750,760</u>	<u>£28,193,215</u>

Additions and disposals include transactions associated with switching between funds and asset classes within the Schroders portfolio as well as overall withdrawals from and additions to the Trust's total investments.

b) Analysis of investments

	2012		2011	
	Cost £	Market value £	Cost £	Market value £
Unrestricted funds				
General fund	16,601,572	22,901,282	17,157,174	24,294,086
Designated funds				
Falklands Fund	1,730,043	2,628,214	1,730,043	2,688,219
Restricted funds				
Pembroke House Residents' Support Fund	205,852	312,722	205,852	319,862
John Cornwell VC National Memorial	192,639	211,656	192,639	205,068
Permanent Endowment Funds				
Royal Naval Fund	278,506	291,069	278,506	284,299
Chatham Depot Aid Fund	223,589	228,431	223,589	228,558
Mrs I Briggs Fund	70,589	73,894	70,589	72,117
Sir John Langham's Bequest	6,758	7,084	6,758	6,914
Dame Elisabeth Kelly Fund	<u>92,086</u>	<u>96,408</u>	<u>92,086</u>	<u>94,092</u>
	<u>£19,401,634</u>	<u>£26,750,760</u>	<u>£19,957,236</u>	<u>£28,193,215</u>

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

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

Armed Forces Common Investment Fund Units	-	72.8%
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c) Investment Management Fees

Total investment management fees for the year were £101,343 (2011: £101,407), of which £70,509 was charged to capital (2011: £69,862) and £30,834 was charged to income before the payment of dividends (2011: £31,545). 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. The previous year's investment management costs have been restated to reflect the same accounting policy.

13. DEBTORS

	2012 £	2011 £
Trade debtors	16,422	16,262
Other debtors	218,848	199,987
Prepayments	<u>31,158</u>	<u>9,340</u>
	£ 266,428	£ 225,589

14. CREDITORS (Amounts falling due in one year)

	2012 £	2011 £
Trade creditors	26,558	117,831
Other taxation and social security	23,388	25,619
Other creditors	35,497	59,502
Accruals and deferred income	<u>436,541</u>	<u>542,545</u>
	£ 521,984	£ 745,497

15. SUMMARY OF SPECIAL FUND TRANSACTIONS

	<i>Balance at 1 April 2011</i>	Total incoming resources	Total resources expended	Transfers	Balance at 31 March 2012
	£	£	£	£	£
Endowment funds					
Royal Naval Fund	288,361	6,770	-	-	295,131
Chatham Depot Aid Fund	216,188	-	(127)	-	216,061
John Cornwell VC National Memorial	7,206	-	-	-	7,206
Sir John Langham Bequest	6,878	170	-	-	7,048
Mrs I Briggs for annuities	112,109	1,777	-	-	113,886
Dame Elisabeth Kelly Fund	94,577	2,316	-	-	96,893
1939/45 Memorial Fund	6,310	-	-	-	6,310
	<u>£ 731,629</u>	<u>£ 11,033</u>	<u>£ (127)</u>	<u>£ -</u>	<u>£ 742,535</u>
Restricted funds					
Seafarers	-	100,000	(100,000)	-	-
Mrs I Briggs – revenue	-	3,530	(1,755)	-	1,775
R M Carmichael	269	-	(269)	-	-
Chatham Depot Aid Fund – revenue	392	8,578	(6,653)	-	2,317
John Cornwell VC National Memorial	193,683	34,701	(14,819)	-	213,565
Greenwich Hospital	35,633	936,000	(1,017,409)	70,894	25,118
Individual cases	1,056	25,760	(20,275)	-	6,541
Dame Elisabeth Kelly Fund – revenue	2,633	3,490	(2,855)	-	3,268
Sir John Langham Bequest – revenue	-	256	(256)	-	-
Royal Naval Fund – revenue	11,205	11,570	(7,602)	-	15,173
Submarine Memorial Fund	-	2,685	(2,685)	-	-
1939/45 Memorial Award Fund – revenue	-	201	-	-	201
1 st Gulf War Fund	1,731	11,312	(9,849)	-	3,194
	<u>246,602</u>	<u>1,138,083</u>	<u>(1,184,427)</u>	<u>70,894</u>	<u>271,152</u>

15. SUMMARY OF SPECIAL FUND TRANSACTIONS (CONTINUED)

	<i>Balance at 1 April 2011 £</i>	Total incoming resources £	Total resources expended £	Transfers £	Balance at 31 March 2012 £
Pembroke House (Restricted Funds):					
Amenities Fund	28,123	9,062	(9,228)	-	27,957
Residents' Support Fund	140,048	44,539	(62,574)	-	122,013
Redevelopment Fund	879,222	-	(10,426)	-	868,796
Projects Fund	65,241	154,639	(13,366)	(154,639)	51,875
Minibus Fund	<u>5,578</u>	<u>-</u>	<u>(5,574)</u>	<u>-</u>	<u>4</u>
	<u>1,118,212</u>	<u>208,240</u>	<u>(101,168)</u>	<u>(154,639)</u>	<u>1,070,645</u>
Total restricted funds	<u><u>1,364,814</u></u>	<u><u>£ 1,346,323</u></u>	<u><u>£ (1,285,595)</u></u>	<u><u>£ (83,745)</u></u>	<u><u>1,341,797</u></u>
Designated Fund					
Falklands Fund	<u><u>£ 2,426,870</u></u>	<u><u>£ 88,416</u></u>	<u><u>£ (137,426)</u></u>	<u><u>£ -</u></u>	<u><u>£ 2,377,860</u></u>

The transfer of £70,894 on the Greenwich Hospital Fund relates to administration services provided by RNBT in support of the provision of Regular Charitable Payments. The transfer of £154,639 on the Projects Fund relates to capital expenditure, which is accounted for as a fixed asset addition, rather than expensed through the SOFA.

16. COMMITMENTS

a) Capital commitments

There were no capital commitments made in-year.

b) Pension scheme

Defined Benefit Scheme

The Trust's defined benefit scheme commenced formal wind up On 23 February 2011. The deferred pensioners fell into two categories (1) deferred pensioners entitled to an annual pension and (2) deferred pensioners aged over 60 or only entitled to a lump sum payment. The first category had their benefits secured through a purchase of annuities (Buy-out) with Legal and General. The second category had their benefits secured through lump sum payments and/or the purchase of individual annuities. All benefits were secured prior to the end of September 2011. All the assets of the scheme were used and applied to secure members' benefits. There is no residual liability on the employer.

The final two deficit reduction payments totalling £32,800 were made early in 2011/12. The estimated contribution from RNBT of £448,493 towards the buy out costs was accrued in 2010/11. The actual costs were £385,091 resulting in a net credit of (£30,602) shown in the SOFA.

Defined Contribution Scheme

The RNBT also operates a defined contribution scheme. The total contributions to the scheme by the employer during the financial year were £63,433 (2011: £38,102).

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.