

# THE ROYAL NAVAL BENEVOLENT TRUST

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



Registered Charity Number in England & Wales 206243

## REPORT AND ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2021

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## TRUSTEES' REPORT

For the Year Ended 31 March 2021

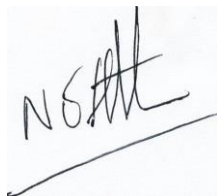
### Chairman's Welcome

Thank you for taking an interest in the work of RNBT. I hope that you find this Report interesting and informative, and if it isn't do let me know!

The year has of course been dominated by the COVID-19 pandemic, but our Report highlights the successes that our team of Trustees, staff and volunteers have achieved even in these challenging times. We have been there for those in need, providing timely and effective support, and I would like to add my particular thanks to the dedicated team at Pembroke House who have been on the very front line of the battle against the pandemic. But we haven't only been dealing with the pandemic. I am very proud that our centenary care home project, to build Admiral Jellicoe House in Portsmouth, cleared all the necessary hurdles in 2020, and we started building the home in the first week of January 2021 in the teeth of the national lockdown. We plan to open Admiral Jellicoe House for 66 naval veterans, including those suffering from dementia, during our centenary year of 2022, which will be a fitting legacy to the humanity and vision of our founder.

There is so much more that we could say in our Report, but some of the heart-warming case studies, which illuminate our story, are included in our Impact Report which is available on our website at <https://www.rnbt.org.uk/about-us/publications/>. One of our perennial challenges is to engage with all those who we could help, if only they knew about us. We are setting ourselves the challenge of reaching more of our people, but we need your help. Please do spread the word that RNBT is there for the naval community, both those currently serving and those who have served, and their families, and encourage them to get in touch.

I would like to thank my fellow Trustees, staff and volunteers for their commitment and support. Our successes reflect the teamwork and camaraderie which underpin the work of the Trust.

A handwritten signature in black ink, appearing to read 'NSF' followed by a stylized flourish, with a horizontal line underneath.

Captain Nick Fletcher  
Chairman of Trustees

## 1. STRATEGY, MISSION, VISION, OPERATING PRINCIPLES, OBJECTIVES AND PERFORMANCE

The full title is 'Royal Naval Benevolent Trust (Grand Fleet and Kindred Funds)', which recognises the origins from Admiral Jellicoe's Grand Fleet Fund, established in 1915. Soon after the First World War, the Trust 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.
- Regular Charitable Payments to provide a financial supplement to 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.
- Advice on welfare and allied matters.

**Strategy.** The trustees continue to follow their published long-term strategy for the Trust entitled 'The RNBT Strategy to 2035 – Into the Second Century' (<http://www.rnbt.org.uk/app/uploads/2018/11/Strategy-Report-2018.pdf>) which was launched in October 2018. This strategy declared our Strategic Intent: 'to be the leading charity providing benevolence to The RNBT Family', and restated the Trust's Operating Principles, and their means of delivery.

Following a review, RNBT's Mission and Vision have been updated and simplified as follows:

### **RNBT's Vision:**

***'Sailors, Marines and their families living happy, dignified lives.'***

### **RNBT's Mission:**

***'Sailors and Marines helping Sailors and Marines – now and always.'***

**The Trust's Operating Principles.** RNBT will be:

- **'For the Navy, by the Navy'.** This guiding principle, which originates from the genesis of the Grand Fleet Fund, defines both the spirit and the governance of our Trust.
- **Quiet and efficient in delivering benevolence.** The beneficiary will remain at the centre of all that we do; swift, quiet and efficient delivery of

effective benevolence will be the hallmark of success. Wherever possible RNBT will also seek to assist beneficiaries to recover their self-esteem and improve their resilience.

- **A connected organisation.** Through effective communication working with other service charities, RNBT will connect with both the serving and retired naval communities. It will promote inclusiveness and a better understanding of issues affecting The RNBT Family, using its knowledge, expertise and connections to act.
- **Collaborative and cooperative.** The Trust will work very closely with partner organisations, critically those which provide caseworking support to RNBT, to provide the most efficient, effective and timely delivery of benevolence. We will seek opportunities to collaborate with other charitable organisations and associations to provide best value for money and optimum use of resources for the good of our beneficiaries, almonising and sharing whenever possible and practical.
- **Balanced and sustainable.** RNBT will manage its business affairs in order to fulfil the Trustees' strategic intent over the long term. It will also adjust to meet a changing environment, reacting positively to new societal challenges as they emerge.
- **Compliant.** RNBT will comply with all statutory and regulatory legislation and rules, seeking and adopting best practice whenever possible. RNBT will aim to set and achieve the highest standards of performance and professionalism.

## Objectives and performance – what we said we would do, and what we achieved

The Trust's specific objectives for 2020/21, which were reviewed and established before the advent of the COVID-19 pandemic, were as follows:

### *Primary (Standing) Objectives*

To assist the RNBT Family through individual grants, regular charitable payments, advice on welfare and allied matters, holistic support for beneficiaries, care of older people. See table:

| Primary (standing) Objective   | Measurement of output and effectiveness   | Outcome   |
|--|---|---|
| To assist The RNBT Family through: <ul style="list-style-type: none"> <li>• Individual grants</li> <li>• Regular charitable payments</li> <li>• Advice on welfare and allied matters</li> <li>• Holistic support to beneficiaries</li> </ul> | Individual grants: <ul style="list-style-type: none"> <li>• Numbers, amounts compared to previous years</li> </ul> RCPs: <ul style="list-style-type: none"> <li>• Numbers, amounts compared to previous years</li> </ul> BSC: <ul style="list-style-type: none"> <li>• numbers assisted compared with previous years</li> </ul> | <b>Achieved.</b> See Review of Activities on Pages 10 - 18. |

| Primary (standing) Objective  | Measurement of output and effectiveness   | Outcome   |
|---|---|---|
| <ul style="list-style-type: none"> <li>Care of older people at: <ul style="list-style-type: none"> <li>Pembroke House (care &amp; nursing home)</li> <li>John Cornwell VC National Memorial (alms-house)</li> </ul> </li> </ul> | <p>Care of Older People- volume:</p> <ul style="list-style-type: none"> <li>Pembroke House - Occupancy (target: <b>88%</b>)</li> <li>John Cornwell VC National Memorial almshouse – 95% occupancy target</li> </ul> <p>Care of Older People – quality for Pembroke House:</p> <ul style="list-style-type: none"> <li>CQC: ‘Outstanding’, or ‘Good’</li> <li>Independent audit (consultants) report</li> </ul> | <p><b>Partially Achieved.</b> Occupancy 2020/21: 82.5% (88.7% in 2019/20). Average occupancy 45.4, below budget of 48.0 due to constraints of Covid-19 pandemic infection control measures and periods when new admissions were not allowed.</p> <p><b>Achieved.</b> Occupancy target comfortably achieved as the almshouse was full throughout the year (100%; 100% in 2019/20).</p> <p><b>Partially Achieved.</b> No formal CQC inspection during this year, but achieved successful Engagement Support Call with CQC 29 June 2020. No independent audits due to constraints of Covid-19 pandemic restrictions.</p> |

#### **2020/21 Annual (Change) Objectives**

- Deliver the Centenary Care Home Project.** See Future Plans on page 27-28. Summary:

| Objective                                  | Measurement of output and effectiveness                            | Outcome                             |
|--|--|-------------------------------------|
| Achieve Planning Permission                | Portsmouth City Council to award planning permission               | <b>Achieved</b> 23 October 2020     |
| Recruit Planning Advisor                   | Recruitment and selection process                                  | <b>Achieved.</b> Advisor appointed. |
| Commence Construction                      | LNT Construction Ltd to commence construction phase of the project | <b>Achieved</b> 4 Jan 2021          |
| Establish Project Office in Castaway House | Office and facilities in operation                                 | <b>Achieved</b>                     |

- **Other annual objectives:**

| Objective   | Measurement of output and effectiveness  | Outcome  |
|---|--|--|
| Achieve a GOOD or OUTSTANDING CQC inspection for Pembroke House (if inspected in 2020/21) | Inspection by CQC  | <b>Partially achieved.</b> CQC did not conduct routine inspections due to Covid-19 pandemic, but achieved successful Engagement Support Call with CQC 29 June 2020       |
| Consider the future management of care  | Plan for successful management of more than one care home  | <b>Achieved.</b> Management of care reviewed by trustees in September 2020. Director of Care recruited 1 Jan 2021.   |
| Deliver a safe and successful lift replacement project at Pembroke House.                 | Replace main lift  | <b>Achieved.</b> Completed to time, performance and cost   |
| Successful introduction of CMS2 (Casework Management System).                             | Contribute to project planning and roll-out programme across the military charity sector at CMS Management Board and CMS Working Group levels.<br>All RNBT users to complete training.<br>Prepare for successful roll out. | <b>Achieved</b> 25 March 2021. CMS2 rolled out across the military charity sector.<br><br>Successful training and preparation led to a smooth roll-out of CMS2 for RNBT. |
| Prepare for RNBT centenary year events  | Form Working Group. Commence planning.   | <b>Ongoing.</b> Working Group formed. Initial planning commenced.  |

**In summary, despite the challenges of the COVID-19 pandemic, all objectives were either achieved or partially achieved.**

## 2. GOVERNANCE

The Trust's governing document is our Royal Charter, granted in 1922 but regularly updated.

The Trust has conducted a thorough review of its governance in February 2021 based on the Charity Governance Code 2020. The review concluded that the Trust's governance arrangements remained fit for purpose, but that some further work on inclusion and awareness of the Trust was required.

The following governance documents are available on the website at <https://www.rnbt.org.uk/about-us/publications/> :

- Royal Charter
- Bye-Laws
- Trustee Code of Conduct
- Conflicts of Interest Policy
- Safeguarding Policy
- Fundraising Policy and Fundraising Complaints Policy
- Public Interest Disclosure (Whistle Blowing) Policy
- Equality, Diversity, Inclusion and Dignity at Work Policy
- Remuneration Policy
- Committee Meeting Dates

The Trust is a member of the National Council for Voluntary Organisations (NCVO), the National Care Forum (NCF) and the Almshouse Association, and the Chief Executive is a member of the Association of Chief Executives of Voluntary Organisations (ACEVO). A Trustee Skills Audit was conducted in September 2019, and a number of conclusions have been carried forward. In particular, a fifth Specialist Trustee has been recruited, Ms Collette Dunkley, bringing marketing and communications expertise to the Trustee Board. The Central Committee is the Trust's committee of all trustees through which charity governance is delivered. The sub-committee structure, which supports the Central Committee (CC) comprises:

- Finance and Risk Committee
- Care and Safeguarding Committee
- Benevolence Committee
- Grant Committee

Other specific Working Groups are formed as necessary. Currently the management of the Admiral Jellicoe House Care Home Project requires such a working group, comprising four trustees, the Chief Executive, the Finance Director, and specialist consultants and stakeholder representatives as required. A communications and marketing working group has also been established. Terms of reference are set by the Central Committee.



The trustees also further considered the selection process for new Ordinary Member trustees so that as far as possible candidates would be attracted from the widest spectrum of our beneficiaries to ensure diversity and appropriate competences. To enhance this process, which continues to attract a large number of candidates, applications for vacancies for April 2021 were anonymised before short-listing by ballot by trustees.

Two new Ordinary Member trustees were selected on 1 April 2021: CPO Tracy Bale and Mr Geoff Hounslea. Commodore Russell Best OBE Royal Navy replaced Captain Digby Nelson Royal Navy as Admiralty Governor, and trustee, on 11 March 2021. The Senior Serving Officer trustee position is currently vacant.

All trustees receive induction training and an induction process on taking up the role, including a comprehensive induction pack that includes Charity Commission guidance ('The Essential Trustee'); periodic trustee training is also available. The Trust thanks outgoing trustees for their valuable contributions and wishes them every success in the future while welcoming the newcomers. The Trust is grateful to all those who have given of their time, energy and commitment along with those who continue to give of their best to ensure the RNBT remains an efficient and effective charity.

### **Governance during Covid-19 crisis.**

The trustees took note of Charity Commission guidance to record a decision to use electronic means to hold trustee meetings. Accordingly, a Resolution to allow the use of electronic means during the Covid-19 crisis was passed unanimously by trustees out of committee. All trustee meetings since April 2020 have been held by electronic means, primarily Zoom; it is hoped to return to traditional meetings when the easing of current Covid-19 restrictions allows. The Grant Committee has continued to fulfil its role by meeting electronically in small sub-groups to make decisions on high value and complex applications for assistance.

The day-to-day management of the Trust's affairs is delegated to the Portsmouth-based Chief Executive who leads a staff of 10 Full Time Equivalents (FTE) who between them manage over 2,000 applications relating to individual grants and regular charitable payments each year as well as the finance, policy and human resources of the Trust and 'landlord' duties within Castaway House. Over 80 FTEs are employed at Pembroke House (the Trust's care and nursing home in Gillingham, Kent) under a dedicated Home Manager who reports, via the Director of Care, to the Chief Executive.



*Valuable support and encouragement from our Royal Patron: '... doing your utmost to maintain the essential elements of care and service.' '....full of admiration for the fact that RNBT remains open for business.' '...warmest thanks for keeping the Home open, despite everything.' '... I am so proud as Patron.'*



*The Castaway House headquarters team*

### 3. REVIEW OF ACTIVITIES – WHAT WE HAVE DONE

#### 3.1 The impact of the COVID-19 pandemic: challenges met and resolved so that support and care could continue to be offered

The financial year (1 April 2020) started with the nation only recently in lockdown (from 23<sup>rd</sup> March 2020) and RNBT headquarters staff working from home. At that stage it was not possible to predict the full impact of the pandemic either on our beneficiaries or the way we conducted the business of delivery of benevolence and care. This report describes the evolution of our approach to the pandemic; specific issues are highlighted under the appropriate sub-headings below, with more details in the sections which follow.

##### Individual benevolence – immediate changes and prioritisation towards Urgent and Crisis support.

| Challenge  | Solution   |
|--|--|
| It was immediately apparent that the traditional means of caseworker direct support to beneficiaries was not possible in lockdown, and that the flow of requests for assistance would effectively cease until alternative means were developed and rolled out. | RNBT developed a means for those in the most dire need to be able to contact RNBT Grant Administrators direct so that issues of immediate food shortage and homelessness could be addressed with rapidity.<br>35 cases were assisted via this important funding route. |

##### Holistic support for our people – reacting to emerging challenges.

| Challenge                               | Solution   |
|---|--|
| More support needed in lockdown         | Longer more empathetic calls to reassure our people to make them feel empowered, cared for and valued. |
| Reskilling for employment opportunities | Assisting with costs of training courses leading to employment opportunities.                          |
| Mental health impacted by lockdown      | Longer support calls and careful signposting to other providers when appropriate.                      |

**Pembroke House care home – immediate actions to keep residents safe.**

| Challenge  | Solution  |
|--|---|
| The need to shut down access to permanent staff only to restrict infection pathways.   | Staff agreed to major change in working practice to extend to 12-hour shifts which delivered more flexibility to managers to be able to react to staff illnesses and other shortages. This in turn meant that for 2020/21 <b>no agency staff were deployed</b> (compared to £196k spent on agency staff in 2019/20), thus removing a known vector of infection. |
| The need to procure appropriate PPE to deliver safe care in pandemic risk. In the early days of the pandemic, critical PPE for care homes was in very short supply, significantly increasing risk to both residents and staff. | RNBT <b>secured available stocks of PPE by innovative procurement</b> , offering to share means of supply with other military charity sector care homes, until regular sources of supply were eventually established.   |
| The need to ensure safety of residents from infection acquired from hospitals.   | Home Manager refused to accept a resident returning from local hospital without proof of negative COVID-19 test. At the time this course of action did not follow Government guidelines, but it undoubtedly <b>kept the Home free of infection for nine months</b> .  |

**New ways of working – staff, trustees and volunteers.**

| Challenge  | Solution   |
|--|--|
| No prior experience of devolved working by small HQ staff. | <b>Means of working</b> (financial approvals; grants approvals etc) <b>developed and found fit for purpose</b> . IT systems proved capable of supporting working from home safely and securely. <b>Morale and wellbeing sustained by strong teamwork ethic and innovative lines of communication</b> . |
| Trustee meetings not possible in lockdown.                 | Resolution allowing electronic means of conducting trustee meetings approved. All meetings achieved by electronic means as scheduled thus allowing governance oversight of the Trust's activities to continue.   |
| Grant Committee of volunteers unable to meet.              | Level of delegation to Grant Administrators increased thus reducing number of cases needing Grant Committee approval. Grant Committee business handled by three sub-groups of the committee, all receiving redacted grant application information to preserve data security.                           |

## Further COVID-19 lockdowns and returns to Castaway House

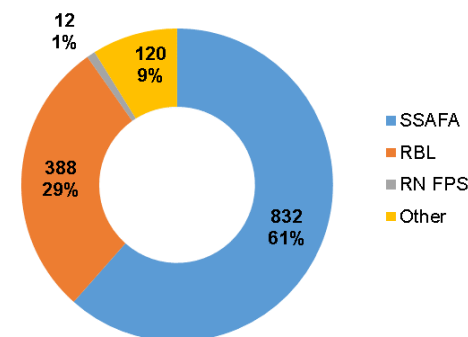
Following a rigorous Risk Assessment, which included the development of safe means of working (such as a one-way system for stairs and corridors) and the provision of additional equipment (such as mirrors to avoid accidental contact in corridors, handcleansing dispensers, thermometers), it was decided to return to working at Castaway House on 6<sup>th</sup> July, but all HQ staff reverted to working from home again from 5<sup>th</sup> November 2020 during the November lock-down, returning on 2<sup>nd</sup> December 2020. Portsmouth was locked down again on 19<sup>th</sup> December 2020, and so HQ staff again reverted to working from home from 21<sup>st</sup> December 2020, returning to the office once more on 12<sup>th</sup> April 2021.

### 3.2 The delivery of benevolence - overview

**3.2.1** The wider military benevolence scene: efforts to improve the beneficiary's journey. Even before the pandemic, there has been significant change aimed at improving the processes which deliver speedy and efficient benevolence to those in need. A Casework Transformation Project was initiated to investigate options for process changes. The main caseworking charities (The Royal British Legion (TRBL), SSAFA and the RAF Association) decided in November 2020 to terminate this project in favour of significant in house initiatives, notable the 'SSAFA at 140' project and TRBL's strategic review both of which promise a number of improvements in process. In the meantime, RNBT, as the naval charity sector's representative on Cobseo's Casework Steering Group (CSG), has formed a Naval Benevolence Working Group to develop a limited number of initiatives and to act as the forum for collating experiences and coordinating inputs to the CSG. The inaugural meeting took place on 16<sup>th</sup> March 2021.

**3.2.2** Replacement Casework Management System: secure IT system for exchange of information and delivering assistance. The replacement system – CMS2 – was rolled out successfully on 25<sup>th</sup> March 2021 following a prolonged period of testing and operator training. The software is based on 'Mosaic', which is in widespread use across the NHS, suitably modified for our use. Whilst the inevitable teething problems have created some frustration, particularly amongst the volunteer caseworkers of SSAFA and TRBL, from an RNBT perspective the rollout has been achieved without any impact on our ability to manage cases efficiently and quickly, in part due to very careful training and preparation, but also the mutual assistance possible following the return to working from Castaway House on 12<sup>th</sup> April 2021. RNBT represents the naval benevolence charity sector on both the CMS Working Group and the CMS Management Board. Whilst the main project costs for CMS2 were paid by Cobseo, mostly from Libor funds and other government support, ongoing operating costs for all naval benevolence users of CMS are paid for by the Royal Navy & Royal Marines Charity (RNRMC), and we thank them for their support.

No. of Applications by Caseworking Organisation



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

#### **3.3.1 Quiet and efficient delivery of benevolence, and speedy response to crisis and urgent need in the Covid-19 crisis.**

The Trust's charitable objectives may be summed up as helping members of The RNBT Family in need or distress. Under normal circumstances, all grants and RCPs are administered at the Trust's Head Office. Applications for assistance are submitted via the caseworking organisations i.e. SSAFA, The Royal British Legion, the Royal Commonwealth Ex-Services League and RN Family & People Support (RNFPS) (see chart below). The grant administrators vet the applications, liaising with other charities (if appropriate), and are empowered to decide on grant applications up to £700, which was increased to £1,200 pro tem. Above this level, decisions are referred to the Grant Committee, an all-volunteer group all of whom have or are serving as ratings or other ranks, for a decision. The grants team and the Grant Committee pride themselves on their flexibility and speed of response. The Trust spent over £2.5 million on grants and RCPs in 2020/21 assisting 2,172 applicants.

During the Covid-19 crisis, revised protocols were rapidly developed and rolled out so that individual grants to needy beneficiaries continued to flow despite direct caseworker support being unavailable.

#### **3.3.2 Grants to Individuals**

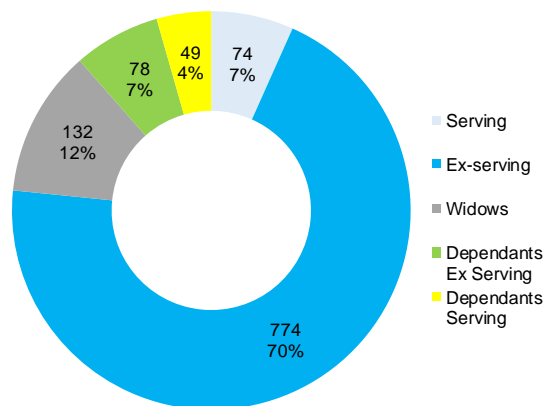
The Trust makes grants to assist across a spectrum of fundamental needs that include food, clothing, accommodation, fuel and utility bills, disability aids, training for second careers, house repairs and household goods, childcare, respite holidays and help with all manner of financial difficulties. However, the Trust retains the discretion to help in new situations provided there is a sufficient degree of need and the financial resources are available.

The number of applications for grants reduced to 1,352 (2,270 in 2019/20) 82% of whom received a grant (67% in 2019/20). The reasons for this are not yet clear, although the effect of caseworker volunteers from SSAFA and The Royal British Legion being unable to visit potential beneficiaries in their homes due to pandemic restrictions, and the wider availability of assistance from local communities, may partly explain this. The average grant increased by 3% to £815 (£792 in 2019/20); grants ranged from an average of £192 (clothing) to £2,551 (house adaptations). The needs of the Trust's beneficiaries have continued to be met through the almonising process and the hard work of the grant administrators and caseworking professionals seeking out other sources of funding coupled with the rigorous pursuit of state benefits where applicable. Medical Equipment (£131,935) was the largest category in terms of total expenditure. There was a 13% increase in support for employment, mostly retraining, costs (£51,968; £45,816 in 2019/20), reflecting our intent to help people back into employment wherever possible. 89% of Employment and Training grants result in a successful employment outcome.

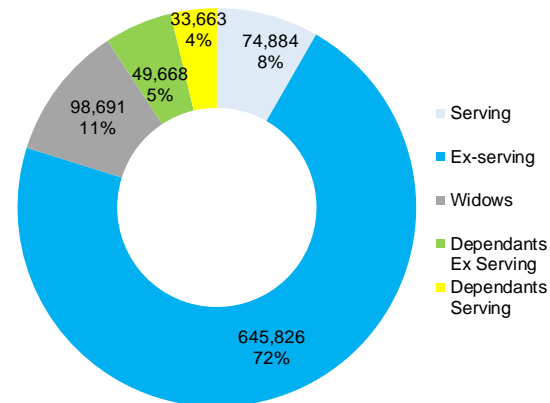
During the early period of the pandemic, a number of Crisis and Urgent cases for support were rapidly assessed and financial support delivered direct to the beneficiary. There were marked increases in support given to those requiring assistance with food and subsistence: £9,065 for the period 26 March to 16 April 2020, compared to £3,200 for the period 26 Feb to 16 March 2020 (a 183% increase), and for those needing support with rent: £11,912 for the period 26 March to 16 April 2020, compared to £6,983 for the period 26 Feb to 16 March 2020 (a 71% increase).

The charts below show an analysis of grant awards by beneficiary group and category of assistance for the 12 months to 31 March 2021.

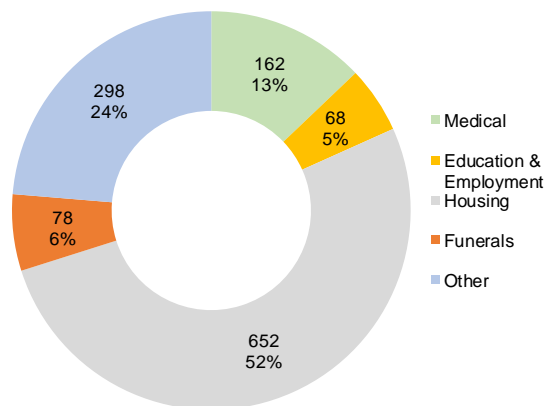
**No. of Awards by Beneficiary Group**



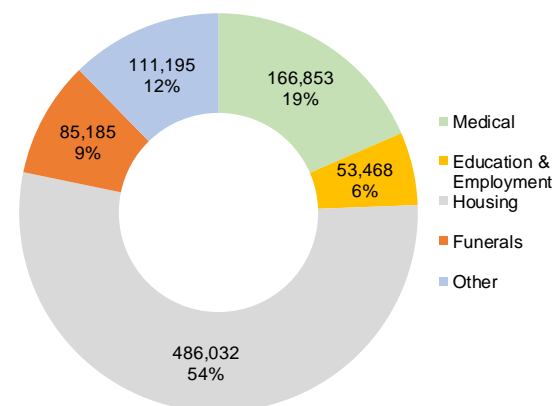
**Amounts Paid (£) by Beneficiary Group**



**No. of Awards by Category**



**Amounts Paid by Category**



### 3.3.3 Regular Charitable Payments (RCPs)

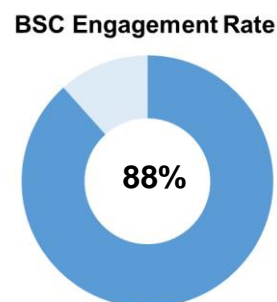
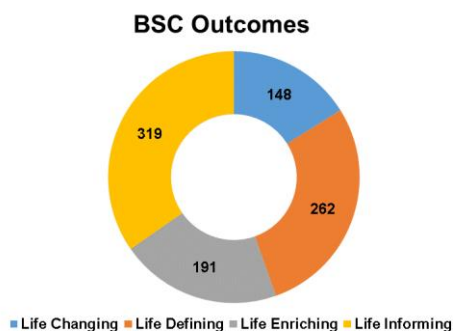
As well as grants to individuals, the Trust administered 759 (818 in 2019/20) RCPs at between £23 and £33 per week for beneficiaries on low incomes - the definition of which is a calculation and judgement based on the excess of income over expenditure, levels of savings and an applicant's personal circumstances. The total expenditure on RCPs was £1,039,152, a 6% increase (2019/20: £978,965).

**Support from Greenwich Hospital.** The bulk of the RCPs were generously funded by Greenwich Hospital's support of £884,424 (£902,474 in 2019/20), with the remainder funded from the Falklands Fund, a restricted fund in memory of the late Mrs Ina Briggs and the Trust's own unrestricted funds. The Trust gratefully acknowledges Greenwich Hospital's generous support of the Trust's RCPs and it is hoped that Greenwich Hospital is able to maintain this vital support for many years to come.

### 3.3.4 Beneficiary Support: a holistic approach to the long-term needs of beneficiaries towards successful outcomes

We helped 365 (413 in 2019/20) beneficiaries with more complex needs, usually following the provision of direct financial support. Whilst description of outcomes is difficult, we assess that interventions were 'life changing' medical support outcomes, often involving Combat Stress as well as NHS services (148 cases; 159 in 2019/20), 'life defining' outcomes via SAIL (Seafarers' Advice and Information Line), to help with finance and debt issues (262 cases; 320 in 2019/20), 'life enriching' social exclusion outcomes (191 cases, 299 in 2019/20) and 'life informing' outcomes mainly through enhanced employment status or education (319 cases, 320 in 2019/20). 88% of cases contacted by the BSCs engage in the process.

- **Teamwork.** In addition to their prime areas of responsibility, our two Beneficiary Support Co-ordinators (BSCs) work closely with the Grant Administrators, and in lockdown supported them by providing second signature approvals. In a busy year, the main issues were:
- **Veterans' mental health.** BSCs spent considerable time engaging with those adversely affected by the effects of lockdown.
- **Skills enhancement for the workplace.** Encouragement to take the opportunity to enhance skills to increase employment opportunity, matched by a 13% increase in funding support to individuals. 89% of Training and Employment grants result in a successful employment outcome.
- **Cross-charity coordination.** The BSCs lead an informal working level group which shares knowledge, information and best practice across the naval charity sector so that beneficiaries are helped by the most appropriate organisation, quickly and effectively.





### 3.4 Safeguarding and Care

**Management and responsibility.** The committee with wider responsibilities for the delivery of care, both via RNBT establishments and beyond, is the Care and Safeguarding Committee under the Chairmanship of RNBT's care specialist trustee, Mrs Pauline Shaw OBE who is also the Lead Trustee for safeguarding. All Pembroke House and HQ staff have been trained in safeguarding and receive annual refresher training.

Following a review of the management arrangements for care, including the preparations for the opening of Admiral Jellicoe House in 2022, the trustees decided in September 2020 that a new post of Director of Care should be created. Ms Carole Brown was selected and took up this post on 1<sup>st</sup> January 2021.

#### 3.4.1 Pembroke House: response to the COVID-19 pandemic whilst keeping residents and staff safe and happy

Pembroke House is RNBT's care home in Gillingham, Kent, which offers residential and nursing care for up to 55 residents of the naval family.

As discussed in paragraph 3.1 above, the year has been dominated by the response to the COVID-19 pandemic which had such a devastating impact on the residential care sector throughout the country. Firm action was needed during the initial weeks to keep the Home as safe as possible as the threat from this deadly disease to older members of the community became apparent. The reaction of all staff to the challenges and uncertainties that they faced was exemplary, learning new skills and procedures and being prepared to adopt new ways of working.

**Aim for 'every day to make the residents smile and laugh'.** The Home would normally have expected a routine Care Quality Commission (CQC) inspection during 2020 following the GOOD inspection in 2018. In the event, all routine inspections were suspended during the pandemic, but CQC conducted an Engagement Support call under the CQC's Emergency Support Framework on 25<sup>th</sup> June 2020. The Summary Record is available at [https://www.rnbt.org.uk/app/uploads/2020/07/Assessment-for-Pembroke-House-on-25\\_06\\_2020-11\\_41-.pdf](https://www.rnbt.org.uk/app/uploads/2020/07/Assessment-for-Pembroke-House-on-25_06_2020-11_41-.pdf) but in essence it confirmed that the Home was successfully managing the impact of COVID-19 in all areas. It also recognised that the aim of 'every day to make the residents smile and laugh' had been achieved.

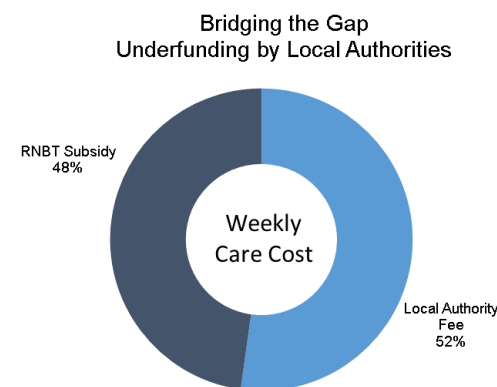
**The impact of the 'Kent variant': four sad deaths.** In the late autumn it became obvious that the Home was located at the epicentre of the 'Kent variant' of COVID-19, and local infection rates increased, causing severe stretch on staff as illness and isolation requirements took their toll. Despite the very best efforts of all staff and residents, an outbreak was confirmed on Christmas Eve, with nine positive resident cases. Very sadly four of our residents died between 31<sup>st</sup> December 2020 and 6<sup>th</sup> January 2021. We remember John Spurgeon (81), William Butterworth (97), Isabella China (104) and Cyril Bax (93), and extend our condolences to their family and many friends in the Home. Mercifully, none of the residents who initially tested negative became infected, and so the outbreak was fully contained, a tribute to the magnificent efforts of the Home Manager and the whole team over what should have been a pleasant Christmas and New Year period. The trustees extend a heartfelt thank you to all staff over a very testing and emotional period.

**Keeping in touch with relatives.** Closing down the Home to visits from relatives required innovative ways of making contact to be developed, and the Wellbeing staff worked tirelessly to assist residents and their close families to stay in touch by electronic means. As soon as possible, visits were recommenced, initially under supervision in the spacious garden during the warm weather of the summer, and then by creating a 'visiting pod' which allowed visual contact separated by a Perspex screen without threat of infection. A summer house has also been built, generously funded by the Medway Mission to Seamen, which will be a very useful addition. More recently, nominated relatives have been allowed to return to visiting in the Home once negative results on lateral flow tests were achieved. We thank all of the families for their understanding and forbearance during this testing period.

**Improvements.** Despite the constraints, the replacement of the Home's main lift was completed successfully to time and cost (£93,070), as well as an upgrade to the call bell system (£7,562). Many other small improvement projects were undertaken by the maintenance team.

**Occupancy** has inevitably been affected by the pandemic, including a long period when no new residents were allowed to be recruited, averaging 82.5% (88.7% in 2019/20) over the year. New residents are now being welcomed into the Home.

**Local Authority funding** remains significantly below cost; the shortfall between the cost of caring for state-funded residents and the fees received was £266k (£245k in 2019/20). The Queen's Speech on Tuesday 10<sup>th</sup> May 2021 declared that 'Proposals on social care reform will be brought forward', and RNBT, in common with all adult care providers, eagerly looks forward to the successful resolution of underfunding of adult social care. In the meantime, the Trust has to rely on the generosity of its supporters who provide grants and donations to Pembroke House (most notably The Michael Uren Foundation) to help bridge the funding gap.



**Preparations for the opening of Admiral Jellicoe House** (see also 'Future Plans'). Attention has now been turned towards the multitude of preparations for opening. In parallel with construction, a comprehensive project plan is in place to deliver the operations, staffing, processes and policies necessary to achieve a safe and successful Home ready to welcome our first residents in June 2022.

### 3.4.2 The John Cornwell VC National Memorial (JCVCNM): our link to youthful heroism at Jutland, delivering tranquil living for needy beneficiaries

The 6-unit almshouse complex was built in Hornchurch, Essex following a public subscription to erect a permanent memorial to the heroism of Boy Seaman John Cornwell VC who died of his wounds after the Battle of Jutland. The almshouse is overseen by the Head of Administration at Pembroke House, and its governance is delivered through the Care & Safeguarding Committee. RNBT took over the JCVCNM almshouse as the sole trustee in February 2008. The 2-bedroom semi-detached properties ('cottages') remain in a good state of repair. Outgoings are covered by the Weekly Maintenance Charge (WMC). In addition, there is a restricted fund that allows for any major repairs or upgrading/modernisation as required. Despite the challenges of the COVID-19 pandemic, residents have kept well, and occupancy remains at 100% (100% in 2019/20).

### **3.5 Support for the RNBT Family through other organisations: partnering organisations which help our beneficiaries**

The Trust once again provided support to its beneficiaries through selected organisations. This is an important aspect of the Trust's benevolent work; such assistance not only directly supports The RNBT Family but also ensures the work of the Trust is promoted in the wider charitable arena. It is emphasised that assistance is only provided on a verifiable per capita basis (name and official number) for each of the Trust's beneficiaries in receipt of assistance. This remains a cost-effective and efficient means of delivery of support to our beneficiaries.

### **3.6 Advice on Welfare Matters: here to help**

The Trust receives a constant stream of welfare related queries. Many queries are within the competence of the RNBT staff to answer, but where this is not the case, the matter is referred to other appropriate organisations. The Trust's staff has built up excellent working relationships with the many agencies involved.

### **3.7 Castaway House: a hub for naval benevolence charities**

The Trust's headquarters in Portsmouth, Castaway House, which is wholly owned by the Trust, acts as a hub for naval benevolence charities, with the following charities retaining offices in the building: the Naval Children's Charity; Aggie Weston's; the WRNS Benevolent Trust; Help for Heroes; the Nautilus Welfare Trust; RFEA The Forces Employment Charity and the Royal Navy & Royal Marines Widows Association. Co-location has many benefits, including keeping overheads low, but also has advantages of synergy and camaraderie. During the year, we completed a project to refurbish the lift.

### **3.8 Public Relations: spreading awareness of RNBT's activities**

The focus this year has been the Centenary Care Home project (see Future Plans). Spreading awareness of RNBT's activities remains a significant challenge, particularly during a year when no events were possible due to COVID-19 restrictions, however local media was used to good effect to try and fill this gap. External assistance is planned during 2021 to help to improve RNBT's brand and increase awareness prior to the significant opportunities that the Centenary Year of 2022 will bring.

The Trust is registered with The Fundraising Regulator. The Fundraising Complaints Policy was approved by Trustees in May 2018 and is reviewed annually. Although public fundraising is a limited activity of the Trust, we are committed to employing a transparent and ethical approach to any fundraising activities we engage in. As such, we are committed to ensuring that our fundraising practices go above and beyond all regulations that we rigorously monitor and adhere to. The purpose of the policy is to ensure clarity and openness to all our stakeholders. The Trust does not pressure supporters to make gifts and respects decisions to stop giving. The regulatory landscape for fundraising is evolving and we will continue to monitor and adapt with these changes, this includes the introduction of the General Data Protection Regulation in May 2018. When we work with suppliers and agencies, we ensure that they are fully registered with all the appropriate regulatory bodies, reviewing all their policies as part of our robust procurement due-diligence process.

As at 31 March 2021, no fundraising complaints have been received. We will monitor and record any complaints if they do arise from our fundraising practices, and an annual report will be provided to Trustees.

## **4. FINANCIAL REVIEW**

### **4.1 Overview**

Despite a challenging year which saw many charities face substantial falls in income and reductions to services, RNBT had a relatively successful 2020/21 in financial terms which saw us end the year in a strong position with major progress made on delivering the most significant capital project in the Trust's recent history.

Income held up well with a total of £5,724k generated, an increase of £45k from the previous year (2019/20 £5,679). The section below shows a breakdown of income sources. We benefit from the generosity of a large range of supporters, without whom we would not be able to help the number of beneficiaries that we do. Income from grants from Greenwich Hospital and RNRMC were similar to the previous year. We received substantial donations of £655k for the Admiral Jellicoe House project. Occupancy at Pembroke House reduced due to the impact of Covid-19, leading to lower fee income. However, additional grant funding from the Government to support the additional staffing and equipment costs helped to fund the increased expenditure to keep our staff and residents safe.

Total operating expenditure was £5,718k for the year, a decrease of £114k (2%) from the previous year. The Trust prides itself on being an efficient, effective organisation minimising overheads and ensuring our donations and grant funding goes direct to helping our beneficiaries. Just 2% of our operating expenditure is spent on raising funds; the other 98% is all spent on charitable activities. During the year, expenditure on grants to individuals fell by 14% to £1,438k. This was a theme seen by other charities in the military sector and may be due to the level of government support for individuals affected by the pandemic; we expect to see an increase in applications for assistance over the next year.

We spent £2.7m on capital projects in the year. Most significantly this included £2.6m on the construction costs for Admiral Jellicoe House, our new care home in Portsmouth; significant progress has been made despite the pandemic. Plans are well under way for preparing for the Home's opening in late spring 2022.

The Trust's investments performed well over the year with an overall gain in value of £7,287k (2019/20: loss of £1,420k). This gain more than offset the loss in value of £5.5m in the final quarter of the previous financial year. This year's investment gain together with the small operating surplus of £6k resulted in a net increase in funds of £7,293k. Total funds carried forward are £53.2 million. The Admiral Jellicoe House Project will require a significant contribution of around £13m over the next three years, which includes the capital cost of just under £10m plus subsidising the operating costs for the following two years until occupancy levels reach break-even. The Trust will continue to ensure that its investments are managed carefully so as to fund the new care home project as well as providing growth and income to ensure sustainability for the long term.

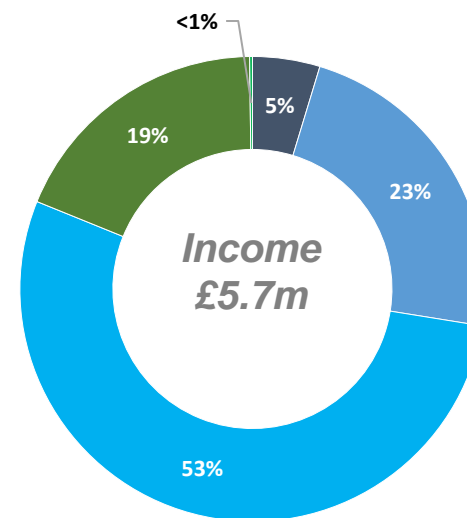
## 4.2 Where our income comes from

● **Donations and Legacies £268k.** Income from donations and legacies decreased from £626k in 2019/20. The reduction was mainly due to a decrease in legacy income. 2019/20 was a particularly good year for legacy income; the pandemic affected the timing of receipt of some legacies with estates taking longer to administer due to probate delays and properties taking longer to sell. Donations received in 2020/21 totalled £50k, a decrease of £35k from 2019/20 partly due to a lack of events to attend.

● **Grants £1,308k.** Income from grants fell from £1,351k in 2019/20. The Trust's principal grant funding supporters remain Greenwich Hospital and RNRMC, which between them provided £1,282k (2019/20: £1,315k) of funding for our joint beneficiaries. The Trust also received generous grants from The Queen Mary's Roehampton Trust, the Durnford and Cawthan Trust (administered by the Hampshire and Isle of Wight Community Foundation), The Royal British Legion and National Philanthropic Trust UK.

● **Care homes and almshouse £3,033k.** This includes income from residents' fees as well as donations and grants provided specifically for the care homes (Pembroke House and the planned new care home) and almshouse. Care home and almshouse income grew by 22% from £2,478k in 2019/20. This was largely due to the generous donations of £655k for Admiral Jellicoe House, which included £500k from The Gosling Foundation and £150k from The Michael Uren Foundation. Income from Pembroke House residents' fees reduced by 5% to £1,904k (2019/20: £2,000k) as Covid-19 had an inevitable impact on occupancy at the Home. Income from donations and grants increased by 171% to £1,038k (2019/20 £383k). This included government grants of £273k to help fund infection control costs, Covid testing and additional costs of PPE and cleaning materials. Pembroke House also received a grant of £78k from RNRMC and £21k from The Medway Mission to Mariners.

● **Investments £1,069k.** Investments are an important source of income for the Trust. Investment income fell from £1,199k in 2019/20, a decrease of £130k (11%). The decrease was mainly due to a fall in dividend income resulting from the impact of the pandemic as well as the phased sale of £7 million of investments over the past two years to transfer to cash holdings in preparation for funding Admiral Jellicoe



House. Investment income also includes the rental income from West Lodge which is being used as a site office for the contractors. The lease commenced from January 2021 and rental income for the final quarter was £3k.

● **Other income £46k.** This includes Coronavirus Job Retention Scheme income from the Government for furloughed employees, lease payments from our naval charity sector tenants in Castaway House and other minor miscellaneous income. Other income increased from £25k in 2019/20.

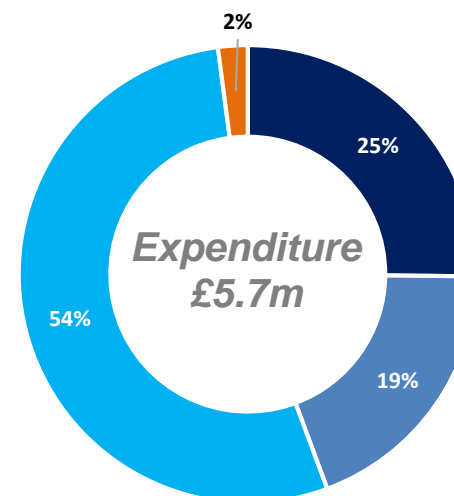
### 4.3 Where we spend our income

● **Grants to Individuals £1,438k.** Expenditure on grants to individuals decreased by 14% from £1,679k in 2019/20. The number of grant awards was down by 26% to 1,107 (2019/20: 1,501). The Trust expects to see an increase in demand for assistance in 2021/22 as government support packages are withdrawn.

● **Regular Charitable Payments (RCPs) £1,098k.** Expenditure increased by 4% from £1,052k in 2019/20. During the year, the Trust supported 759 beneficiaries on low incomes with a weekly payment of between £23 and £33.

● **Care homes and almshouse £3,062k.** The cost of running Pembroke House and the John Cornwell VC National Memorial Almshouse together with some initial expenditure on the Centenary Care Home project increased by 2% from £2,989k in 2019/20. Approximately 80% of the Home's operating expenditure is made up of staff costs to provide a safe and caring Home for the residents.

● **Raising Funds £120k.** Expenditure increased by 8% from £112k in 2019/20. This represents just 2% of total expenditure, significantly lower than the average for the charity sector.



### 4.4 Investment Policy and Performance

The Trust implemented a refreshed Investment Policy during the year following guidance from the Charity Investors Group and researching best practice. The key change was to replace the previous investment target of RPI+4% with the new target investment return of CPIH+5% over a rolling 5 year period. RPI is no longer considered a reliable measure of inflation and CPIH (Consumer Price Inflation including owner occupiers' housing costs) is considered to be a better measure of RNBT's cost inflation. The Trust has two investment managers with investments held in pooled investment funds. CCLA manage around 62% of the Trust's investments in the COIF Fund, Newton manage around 24% in the Newton Growth & Income Fund for charities, while the remaining 14% is held in cash in a mixture of savings and deposit accounts. The proportion currently held in cash is higher than normal due to the requirement for funding the Admiral Jellicoe House project in the next twelve months.

The two investment managers have slightly different approaches to asset allocations and stock selection and so enables the Trust to diversify investments, reduce risk and easily compare performance. As investment management fees are charged as a percentage of funds under management there is no additional costs associated with this approach. The Trust selected the investment managers and specific funds to best achieve the Trust's investment target and meet the overall criteria of the Investment Policy. The performance of the Trust's investment managers is monitored on a monthly basis. The Finance & Risk Committee review performance against target and benchmarks at each meeting and meetings are held between investment managers and Trustees twice a year. The last detailed review of alternative options was conducted in 2018/19, which resulted in the retention of the current investment managers but with a reallocation of holdings between them.

During the year, the Trust sold £2m of investment units from the CCLA Fund and transferred the proceeds into cash. This is part of a planned withdrawal of investments in preparation for funding the Admiral Jellicoe House project and undertaken when investment prices are at historically high levels. At 31 March 2021, the Trust held £6.5m in cash: £1.5m in the COIF Deposit Account paying variable interest (0.0111% as at May 2021), £2.5m in a CAF fixed rate fixed term (12 months) account paying 0.45% interest and £2.5m in a Barclays savings account paying 0.01%.

The tables below show the asset allocation of the two funds managed by CCLA and Newton with performance against the Trust's investment target as well as benchmarks.

| <b>CCLA COIF Fund</b>             | <b>Asset Allocation (%)</b> |
|-----------------------------------|-----------------------------|
| Equities                          | 77.12                       |
| Infrastructure & Operating Assets | 9.12                        |
| Cash & Near Cash                  | 4.83                        |
| Property                          | 3.90                        |
| Contractual & Other Income        | 2.68                        |
| Private Equity & Other            | 2.01                        |
| Fixed Interest                    | 0.34                        |
| <b>Total</b>                      | <b>100.00</b>               |

| <b>Newton Growth &amp; Income Fund for Charities</b> | <b>Asset Allocation (%)</b> |
|--|-----------------------------|
| Equities   | 84.12                       |
| Corporate Bonds                                      | 0.37                        |
| UK Sovereign Bonds                                   | 11.28                       |
| Unitised/Structured Investments (Bonds)              | 1.45                        |
| Cash   | 2.78                        |
| <b>Total</b>   | <b>100.00</b>               |

#### *Investment Performance*

|   | <b>CCLA COIF Fund</b> | <b>Newton Growth &amp; Income Fund for Charities</b> |
|---|-----------------------|--|
| <b>Total Return (5 Year Cumulative)</b> | <b>74.2%</b>          | <b>53.9%</b>   |
| RNBT Investment Target (CPIH+5%)        | 38.8%                 | 38.8%  |
| Fund Benchmark                          | 53.6%                 | 46.3%  |

The table above shows that both investment managers achieved returns well in excess of the Trust's investment target and also were comfortably ahead of the Funds' benchmark returns.

## 4.5 Policy on Reserves

RNBT reviews its Reserves Policy regularly including an annual review by the Finance and Risk Committee. The policy is structured such that the Trust can maintain its Reserves at a sufficient level to ensure long term financial sustainability including protection against the risks that have been identified and included within the Risk Register.

This reserves policy sets out the target free reserves level between a minimum and maximum range and the key principles by which the Trust will manage any excesses or deficits compared to the target. The aim is to strike the appropriate balance between ensuring a sustainable financial position and using the Trust's funds to fulfil the charitable objectives.

Free reserves represent unrestricted general funds and so exclude endowment funds, restricted funds and funds that have been designated by Trustees. The free reserves also exclude any funds that could only be realised by disposing of fixed assets held for charitable use.

The reserves policy is aligned with the RNBT Strategy approved by Trustees in 2018. This included a demographic review of beneficiary numbers which indicated a 42% reduction in beneficiary numbers by 2035 alongside a need to expand our care home provision to include dementia care. This enabled the decision to make a significant draw down on reserves of £12m to fund the development of Admiral Jellicoe House. The costs of this development are included within designated funds. The annual review of reserves included assessing the impact of Covid-19 on the Trust's business plans, projected income and expenditure and on investments.

In 2020/21 the policy was to maintain free reserves of between £8.2m and £12.6m. This target range was calculated as follows.

| Free reserves element                                     | Purpose for reserve   | Target amount £000 |               |
|---|---|--------------------|---------------|
|   |   | Min                | Max           |
| Risk based contingency                                    | Based on risks identified in the RNBT Risk Register:<br><ul style="list-style-type: none"> <li>• Ensure short term solvency and stability in case of an extreme event</li> <li>• Buy some time in the event of a serious income shock</li> <li>• Enable the organisation to function while action is taken</li> <li>• Ensure charitable commitments can be met</li> </ul> | 4,350              | 8,700         |
| Working Capital   | To smooth out cash flow timing issues between receipt of funds and spending profile   | 300                | 300           |
| Capital expenditure in Short Term Plan (STP) next 3 years | Ensure essential capital programme plans can be maintained  | 327                | 327           |
| Operating Deficits in STP next 3 years                    | Ensure planned expenditure can continue to support beneficiaries  | 3,239              | 3,239         |
| <b>Total</b>  |   | <b>8,216</b>       | <b>12,566</b> |



The analysis of our total funds below shows that our actual free reserves at 31 March 2021 was £16.3m. This is above the maximum target range. However, this is largely due to the significant investment gains (unrealised) of £7.3m in the year, which reflects the recovery in investment values from their very low valuation in March 2020 caused by the immediate impact of the pandemic. Trustees consider that given the uncertainty around investment markets, the economy and the future impact of Covid-19 on our services the level of free reserves is appropriate. Trustees will review the requirement for free reserves during the next year alongside the 5 Year Short Term Plan and consider options to return free reserves to within the required range. This could include expanding existing services in support of our beneficiary group or considering initiating or bringing forward major capital projects.

| <b>Analysis of Funds from Balance Sheet</b>          | <b>Balance at<br/>31 March 2021<br/>£000</b> |
|--|--|
| Total Funds  | 53,185                                       |
| Less Endowment Funds                                 | 1,236  |
| Less Restricted Funds                                | 2,781  |
| Less Designated Funds                                | 27,021                                       |
| Less Fixed Assets included within Unrestricted Funds | 5,856  |
| <b>Free Reserves</b>                                 | <b>16,291</b>                                |

See Note 21: Movement in Funds on pages 50-53 for a breakdown of the individual funds included above.

#### **4.6 Pension Scheme**

The Trust operates a Group Personal Pension (defined contribution) scheme (GPP) with employee contributions set at a minimum 3% of earnings and an employer's contribution of 7%. The Trust fully complies with the auto-enrolment regulations and has a very low rate of employees choosing to opt-out of the scheme.

#### **4.7 Remuneration Policy**

The Trust exercises a methodical and transparent approach to setting employees' pay commensurate with delivering the Trust's charitable objectives in an efficient, cost-effective and sustainable manner. As a charity that provides multiple areas of assistance, employing over 100 staff and managing assets of over £50 million, it is essential that the organisation is led by experienced senior executives with the right mix of leadership, strategic, operational, financial and clinical skills. A balance therefore needs to be struck when determining senior executive remuneration. On the one hand, there is the esteem and value of working for a charity and on the other, there are a limited number of applicants of the right quality for senior roles who will seek charity sector posts. The Trust's inability to offer some of the incentives available in the private and public sectors such as bonus payments, share-based incentives and final salary pension schemes can deter applicants of the right quality. In addition, remuneration needs to be set at a level 'acceptable' to the bulk of the employees as well as donors and beneficiaries.

Rates of pay are set at or close to the median for equivalent sized charities. Reference is made to Croner's Annual Charity Rewards Survey and is further informed through peer comparisons with similarly sized Service charities and with the National Care Forum's network of charity owned care homes. The Trust complies with Minimum Wage legislation, and is also comfortably compliant with National Living Wage rates; the Trust does not differentiate rates of pay based on age or sex.

The Finance & Risk Committee has responsibility for approving any pay rises including those linked to the annual cost of living review. A full review of pay bands/scales was carried out by Trustees during the year to ensure the Trust remains in step with the sector. This included a review of employee benefits compared to other similar employers. It is the Trust's intention to offer a competitive range of employee benefits as part of its total reward package.

## 5. RISK MANAGEMENT

Trustees routinely review the risk register at each of the sub committees (for those risks specific to that area of responsibility) as well as both the Finance and Risk Committee and the Central Committee for the overall register. Risks are categorised as: Governance and Compliance; Operational; Resources; and Operational-Care Home & Almshouse. Risks are assessed by marking the likelihood and impact from 1 – 10 and producing an overall risk score from the formula  $xy+y$  where  $x$  is likelihood and  $y$  is impact, which gives extra emphasis to impact when assessing risk. Risks scoring over 30 are coded Red (significant), scores between 9 and 30 are coded Yellow (moderate) and scores below 9 are coded Green (minor).

COVID-19 – impact on risk management. The trustees continue to review risks in the light of the impact of the current crisis and its impact on future operations of the Trust. The main risks which are linked to COVID-19 are as follows:

| Category                           | Risk description                           | Score | Mitigation  |
|------------------------------------|--|-------|---|
| Operational: Care Home & Almshouse | Reduced PH occupancy - shortfall in income | 40    | Pragmatic occupancy targets set. Affected by RGN shortages and consequent periods of no nursing admissions. Renewed PR campaign 2020. Risk exacerbated by COVID-19 outbreak (Dec 2020/Jan 2021) and subsequent mortality. <b>Risk of further waves of infections significantly reduced by vaccination of residents (all bar one - refused) and staff (95% take up).</b> |
|                                    | Community-based infection risk             | 40    | Procedure to prevent such events is in place; staff training. Use of specialist catering consultancy. COVID-19 outbreak (Dec 2020/Jan 2021), with increased rates of infection due to more transmissible variant. <b>Risk of further waves of infections significantly reduced by vaccination of residents (all bar one - refused) and staff (95% take up).</b>         |

The other top significant risks are shown below along with their mitigation:

| Category                           | Risk description                                     | Score | Mitigation   |
|------------------------------------|--|-------|--|
| Operational                        | Lack of suitably trained caseworkers                 | 60    | Liaison with caseworking organisations; Grant Administrators input to training events. CMS2 roll out (25 March 2021) may exacerbate this risk in the short-term. 'Crisis' and 'Urgent' cases were considered without caseworker input during Covid-19 crisis. <b>On-line direct application form rolled out Aug 2020.</b>  |
|                                    | CMS2 implementation - impact on casework             | 40    | CE is member of CMS Management Board and GA1 is member of CMS Working Group. CMS2 Roll-out achieved 25 March 2021. Impact on casework will depend on the success of the training and roll-out, particularly amongst caseworking organisations (CWOs). Some delays to casework during roll-out period. Mosaic (core software of CMS2) is designed so that comprehensive reports with attachments are provided to Assistance Providers such as RNBT thus reducing need to seek additional information from CWOs. <b>Inevitable teething problems during rollout.</b> |
|                                    | Insufficient funding from grant making organisations | 60    | Maintaining good relationships with funders; MOU renewed with RNRMC Jan 2019 - Dec 2021; renegotiation process commenced 28.4.21. Comms plan needed to inform wider community of RNBT's role and also to demonstrate efficient and effective delivery of benevolence to funders. <b>Future of Greenwich Hospital (GH) under active review by MoD. Risk that GH is considered a MoD asset and grant funding for naval charities ceases.</b>   |
| Operational: Care Home & Almshouse | Local Authority funding - shortfall in income        | 33    | Regular dialogue with Local Authorities to more closely match their Band to our Contract prices; 'healthy' Residents Support Fund for subsidy. <b>2021 rates only increased by 1%.</b>   |
|                                    | Recruitment of RGNs - staffing shortfall             | 40    | Difficulties recruiting. Salaries increased from 1 June 2019 to ensure competitiveness. Internal actions to mitigate impact. May be exacerbated post-Covid19 crisis. <b>Increased RGN rates from April 2021 based on latest benchmarking exercise.</b>   |

## 6. PUBLIC BENEFIT

The principal means through which the Trust delivers public benefit 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 of relief for those in need by reason of age, disability and/or financial hardship through the Trust's almshouse and care home.

In setting the Trust's objectives and in planning its activities, 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 the clearly identified need of the relief of poverty, and if it were not for the Trust's intervention, those concerned would suffer unacceptable hardship.

## **7. LINKS WITH OTHER CHARITIES AND ORGANISATIONS**

Links are maintained with many other service charities and organisations with the block grant making charities being of particular importance to the Trust. The Trust continues to work closely with the RNRMC and other charities/organisations to actively explore ways in which already close working relationships might be further advanced. The Trust is keen to explore ways in which the RN benevolence sector might be developed to better position itself to face future challenges (not the least of which is the shrinking Naval Service demographic) and we look forward to playing an active role in the debate.

An especially strong and professional relationship continues to exist with the organisations that carry out casework in support of the Trust's beneficiaries. The Trust could not deliver against its charitable objectives without the largely volunteer based work of SSAFA, The Royal British Legion and the Royal Commonwealth Ex-Services League; the needs of serving personnel are addressed, in the main, by the Royal Navy Family and People Support (RN FPS). The military charity sector continues to benefit from a high level of connectivity across the benevolence sector, in the main provided by a bespoke IT system for casework management, which facilitates the process of almonisation, known as CMS (see 3.2.2 above). The Trust is extremely grateful to RNRMC which funds the naval contribution to the running costs of CMS, and to all those involved in casework.

## **8. FUTURE PLANS**

The trustees continue to follow their published long-term strategy for the Trust entitled 'The RNBT Strategy to 2035 – Into the Second Century' (<http://www.rnbt.org.uk/app/uploads/2018/11/Strategy-Report-2018.pdf>) which was launched in October 2018. This strategy declared our Strategic Intent: 'to be the leading charity providing benevolence to The RNBT Family', and restated the Trust's Operating Principles, and their means of delivery. One conclusion of the strategy was that the Trust 'will investigate opportunities to increase residential care home places in facilities provided by the Trust.'

### **Admiral Jellicoe House – RNBT's Centenary Care Home Project**

The project is planned to be the cornerstone of plans to celebrate the centenary of the granting of the Trust's Royal Charter by His Majesty King George V in 1922. The project will deliver a purpose-built 66-bed care home, fully fitted out and ready for occupation. It will offer residential, nursing, and for the first time specialist dementia facilities. LNT Care Developments Ltd is one of the UK's premier Care Home developers. A Project Advisor has been appointed to assist with project oversight.

Support. The project has enjoyed significant and very welcome support from the Royal Navy, specifically from the First Sea Lord Admiral Tony Radakin. Following an exchange of letters seeking his advice, the trustees agreed that the most appropriate name for the new Home would be Admiral Jellicoe House after our founder and first benefactor. Admiral Radakin further supported the project by granting approval to use the Sea Griffin as the badge of the Home, taking this from the crest of a battleship which would have been named HMS JELLICOE. The badge will feature prominently in the Home, and we are already factoring it in to internal design work.

*The crest  
of the  
battleship*



*The Sea  
Griffin  
badge*



Key milestones:

- |                                   |   |  |
|-----------------------------------|---|--|
| • Site selection                  | - | <b>Achieved May 2019</b>                                   |
| • Development Contract            | - | <b>Signed 12 March 2020 with LNT Care Developments Ltd</b> |
| • Planning permission application | - | <b>Submitted 28 August 2019</b>                            |
| • Planning permission granted     | - | <b>Awarded 23<sup>rd</sup> October 2020</b>                |
| • Land purchase                   | - | <b>Completed November 2020</b>                             |
| • Construction phase              | - | <b>Commenced 4<sup>th</sup> January 2021</b>               |
| • Staff recruitment               | - | To commence Autumn 2021                                    |
| • Practical completion / handover | - | Scheduled June 2022  |
| • CQC clearance                   | - | Scheduled June 2022  |
| • Open for residents              | - | Scheduled June 2022  |



*Admiral Jellicoe House: RNBT's Centenary Care Home project for veterans in Portsmouth*

RNBT Care Ltd. The wholly owned subsidiary company, RNBT Care Ltd, which was created to manage the proposed care home building project, will not be used, as RNBT is not actively managing the project. RNBT Care Ltd is therefore effectively a dormant subsidiary company.

Day Care Provision. Having investigated options to provide day care provision, in addition to the residential care offered at Admiral Jellicoe House, an adjacent property, West Lodge, was successfully purchased in November 2020. It is currently serving as the site office and welfare facilities for LNT Construction Ltd under the terms of a Lease.

Plans to roll out day care provision from Pembroke House in Gillingham have been postponed due to the Covid-19 pandemic.

## Key Objectives for 2021/2022

### Primary (Standing) Objectives

| Primary (standing) Objective  | Measurement of output and effectiveness   |
|---|---|
| To assist The RNBT Family through: <ul style="list-style-type: none"> <li>Individual grants</li> <li>Regular charitable payments</li> <li>Advice on welfare and allied matters</li> <li>Holistic support to beneficiaries</li> <li>Care of older people at:               <ul style="list-style-type: none"> <li>Pembroke House (care &amp; nursing home)</li> <li>John Cornwell VC National Memorial (alms-house)</li> </ul> </li> </ul> | Individual grants: <ul style="list-style-type: none"> <li>Numbers, amounts compared to previous years</li> </ul> RCPs: <ul style="list-style-type: none"> <li>Numbers, amounts compared to previous years</li> </ul><br>BSC: numbers assisted compared with previous years<br><br>Care of Older People- volume: <ul style="list-style-type: none"> <li>Pembroke House - Occupancy (target: <b>88%</b>)</li> <li>John Cornwell VC National Memorial almshouse – 100% occupancy</li> </ul> Care of Older People – quality for Pembroke House: <ul style="list-style-type: none"> <li>CQC: 'Outstanding', or 'Good'</li> <li>Independent audit (consultants) report</li> </ul> |

### Annual ('change') objectives

- Recover from impact of Covid-19:
  - Capture lessons identified and improved ways of working
  - Assess resilience and update contingency plans
- Complete and deliver the RNBT Communications Plan:
  - Complete drafting of Comms Plan May 2021
  - Brand development by July 2021
  - Revised collateral October 2021

- Plan and prepare for centenary year events
  - Plan and prepare for Admiral Jellicoe House opening
- Deliver Admiral Jellicoe House as the Centenary Care Home Project:
  - Monitor construction phase progress to time, performance and cost
  - Establish Project Team in Castaway House
  - Recruit senior team
  - Prepare policies and procedures for pan-RNBT implementation
  - Commence phased staff recruitment, induction and training
  - Prepare for CQC opening inspection
- Consolidate individual grants processes following roll-out of CMS2
- Create and Chair a Naval Benevolence Working Group

# THE ROYAL NAVAL BENEVOLENT TRUST

## STATEMENT OF TRUSTEES' RESPONSIBILITIES

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

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

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

The Trustees are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the charity and enable them to ensure that the financial statements comply with the Charities Act 2011, the Charities (Accounts and Reports) Regulations 2008 and the provisions of the charity's constitution. They are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charity's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

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

**Captain N Fletcher Royal Navy**  
Chairman

**24 September 2021**



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

## **Opinion**

We have audited the financial statements of The Royal Naval Benevolent Trust (the 'charity') for the year ended 31 March 2021 which comprise the statement of financial activities, balance sheet, statement of cash flows and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- Give a true and fair view of the state of the charity's affairs as at 31 March 2021 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
- Have been prepared in accordance with the requirements of the Charities Act 2011

## **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charity in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the trustees' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on The Royal Naval Benevolent Trust's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the trustees with respect to going concern are described in the relevant sections of this report.

## **Other information**

The other information comprises the information included in the trustees' annual report, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other

information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

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

We have nothing to report in respect of the following matters in relation to which the Charities (Accounts and Reports) Regulations 2008 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;
- 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

### **Responsibilities of trustees**

As explained more fully in the statement of trustees' responsibilities set out in the trustees' annual report, the trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the charity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the charity or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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 objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud are set out below.

### **Capability of the audit in detecting irregularities**

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We enquired of management and the Finance Committee, which included obtaining and reviewing supporting documentation, concerning the charity's policies and procedures relating to:
  - Identifying, evaluating, and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - Detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected, or alleged fraud;
  - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations.
- We inspected the minutes of meetings of those charged with governance.
- We obtained an understanding of the legal and regulatory framework that the charity operates in, focusing on those laws and regulations that had a material effect on the financial statements or that had a fundamental effect on the operations of the charity from our professional and sector experience.
- We communicated applicable laws and regulations throughout the audit team and remained alert to any indications of non-compliance throughout the audit.
- We reviewed any reports made to regulators.
- We reviewed the financial statement disclosures and tested these to supporting documentation to assess compliance with applicable laws and regulations.
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias and tested significant transactions that are unusual or those outside the normal course of business.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

This report is made solely to the charity's trustees as a body, in accordance with section 144 of the Charities Act 2011 and regulations made under section 154 of that Act. Our audit work has been undertaken so that we might state to the charity's trustees those matters we are required to state to them in an auditor's report and for

no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charity and the charity's trustees as a body, for our audit work, for this report, or for the opinions we have formed.

24 September 2021

Sayer Vincent LLP, Statutory Auditor  
Invicta House, 108-114 Golden Lane, LONDON, EC1Y 0TL

Sayer Vincent LLP is eligible to act as auditor in terms of section 1212 of the Companies Act 2006

# STATEMENT OF FINANCIAL ACTIVITIES

For the year ended 31 March 2021

|  | Note | Unrestricted<br>Funds      | Designated<br>Funds       | Restricted<br>Funds      | Endowment<br>Funds       | Total<br>Funds<br>2021    | Total<br>Funds<br>2020    |
|--|------|----------------------------|---------------------------|--------------------------|--------------------------|---------------------------|---------------------------|
|  |      | £                          | £                         | £                        | £                        | £                         | £                         |
| <b>Income from:</b>  |      |                            |                           |                          |                          |                           |                           |
| Donations and legacies   | 3    | 265,398                    | -                         | 2,958                    | -                        | <b>268,356</b>            | 626,388                   |
| Grants receivable  | 4    | -                          | -                         | 1,307,924                | -                        | <b>1,307,924</b>          | 1,351,078                 |
| Charitable activities  |      |                            |                           |                          |                          |                           |                           |
| - Care homes and almshouse   | 5    | 1,911,227                  | 11,848                    | 1,110,106                | -                        | <b>3,033,181</b>          | 2,477,960                 |
| Investments  | 6    | 960,869                    | 77,716                    | 30,263                   | -                        | <b>1,068,848</b>          | 1,198,821                 |
| Other  | 7    | <u>45,774</u>              | <u>-</u>                  | <u>-</u>                 | <u>-</u>                 | <b><u>45,774</u></b>      | <u>24,606</u>             |
| <b>Total income</b>  |      | <u><b>3,183,268</b></u>    | <u><b>89,564</b></u>      | <u><b>2,451,251</b></u>  | <u><b>-</b></u>          | <u><b>5,724,083</b></u>   | <u><b>5,678,853</b></u>   |
| <b>Expenditure on:</b>   |      |                            |                           |                          |                          |                           |                           |
| Raising funds  |      | 119,521                    | -                         | -                        | -                        | <b>119,521</b>            | 111,545                   |
| Charitable activities  |      |                            |                           |                          |                          |                           |                           |
| - Grants to individuals  | 9    | 968,418                    | 52,349                    | 417,679                  | -                        | <b>1,438,446</b>          | 1,679,418                 |
| - Regular Charitable Payments  | 9    | 99,375                     | 51,480                    | 947,167                  | -                        | <b>1,098,022</b>          | 1,051,964                 |
| - Care home and almshouse  |      | <u>3,001,245</u>           | <u>5,489</u>              | <u>55,068</u>            | <u>-</u>                 | <b><u>3,061,802</u></b>   | <u>2,989,269</u>          |
| <b>Total expenditure</b>   | 8    | <u><b>4,188,559</b></u>    | <u><b>109,318</b></u>     | <u><b>1,419,914</b></u>  | <u><b>-</b></u>          | <u><b>5,717,791</b></u>   | <u><b>5,832,196</b></u>   |
| <b>Net income / (expenditure) before net gains / (losses) on investments</b> |      | <b>(1,005,291)</b>         | <b>(19,754)</b>           | <b>1,031,337</b>         | <b>-</b>                 | <b>6,292</b>              | <b>(153,343)</b>          |
| Net gains / (losses) on investments  | 16   | <u>6,222,685</u>           | <u>597,571</u>            | <u>290,701</u>           | <u>175,686</u>           | <u><b>7,286,643</b></u>   | <u><b>(1,420,238)</b></u> |
| <b>Net (expenditure) / income for the year</b>                               |      | <b>5,217,394</b>           | <b>577,817</b>            | <b>1,322,038</b>         | <b>175,686</b>           | <b>7,292,935</b>          | <b>(1,573,581)</b>        |
| Transfers between funds  | 21   | <u>(21,317,266)</u>        | <u>22,679,756</u>         | <u>(1,362,490)</u>       | <u>-</u>                 | <u><b>-</b></u>           | <u><b>-</b></u>           |
| <b>Net movement in funds</b>   |      | <u><b>(16,099,872)</b></u> | <u><b>23,257,573</b></u>  | <u><b>(40,452)</b></u>   | <u><b>175,686</b></u>    | <u><b>7,292,935</b></u>   | <u><b>(1,573,581)</b></u> |
| <b>Reconciliation of funds</b>   |      |                            |                           |                          |                          |                           |                           |
| Total funds brought forward  |      | <u>£38,247,567</u>         | <u>£3,763,586</u>         | <u>£2,821,241</u>        | <u>£1,059,889</u>        | <u><b>£45,892,283</b></u> | <u><b>47,465,864</b></u>  |
| <b>Total funds carried forward</b>   |      | <u><b>£22,147,695</b></u>  | <u><b>£27,021,159</b></u> | <u><b>£2,780,789</b></u> | <u><b>£1,235,575</b></u> | <u><b>£53,185,218</b></u> | <u><b>£45,892,283</b></u> |

All of the above results are derived from continuing activities. There were no other recognised gains or losses other than those stated above. Movements in funds are disclosed in Note 20 to the financial statements.

## BALANCE SHEET

As at 31 March 2021

|  | Note | Unrestricted Funds        | Designated Funds          | Restricted Funds          | Endowment Funds           | Total Funds 2021          | Total Funds 2020          |
|--|------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
|  |      | £                         | £                         | £                         | £                         | £                         | £                         |
| <b>FIXED ASSETS</b>                            |      |                           |                           |                           |                           |                           |                           |
| Tangible fixed assets                          | 14   | 5,855,566                 | -                         | 775,276                   | 7,206                     | <b>6,638,048</b>          | 4,084,395                 |
| Investment properties                          | 15   | 527,903                   | -                         | -                         | -                         | <b>527,903</b>            | -                         |
| Investments                                    | 16   | <u>16,603,525</u>         | <u>27,021,159</u>         | <u>2,005,513</u>          | <u>1,228,369</u>          | <b><u>46,858,566</u></b>  | <u>41,180,303</u>         |
|  |      | 22,986,994                | 27,021,159                | 2,780,789                 | 1,235,575                 | <b>54,024,517</b>         | 45,264,698                |
| <b>CURRENT ASSETS</b>                          |      |                           |                           |                           |                           |                           |                           |
| Stock  | 17   | 42,747                    | -                         | -                         | -                         | <b>42,747</b>             | 19,648                    |
| Debtors, prepayments and accrued income        | 18   | 359,792                   | -                         | -                         | -                         | <b>359,792</b>            | 705,828                   |
| Cash at bank and in hand                       |      | <u>183,515</u>            | <u>-</u>                  | <u>-</u>                  | <u>-</u>                  | <b><u>183,515</u></b>     | <u>89,832</u>             |
|  |      | 586,054                   | -                         | -                         | -                         | <b>586,054</b>            | 815,308                   |
| <b>LIABILITIES</b>                             |      |                           |                           |                           |                           |                           |                           |
| Creditors: amounts falling due within one year | 19   | (425,353)                 | -                         | -                         | -                         | <b>(425,353)</b>          | (187,724)                 |
| <b>NET CURRENT ASSETS</b>                      |      | <u>160,701</u>            | <u>-</u>                  | <u>-</u>                  | <u>-</u>                  | <b><u>160,701</u></b>     | <u>627,584</u>            |
| Creditors: amounts falling due after one year  | 25   | <u>(1,000,000)</u>        | <u>-</u>                  | <u>-</u>                  | <u>-</u>                  | <b><u>(1,000,000)</u></b> | <u>-</u>                  |
| <b>TOTAL NET ASSETS</b>                        |      | <u><b>£22,147,695</b></u> | <u><b>£27,021,159</b></u> | <u><b>£ 2,780,789</b></u> | <u><b>£ 1,235,575</b></u> | <u><b>£53,185,218</b></u> | <u><b>£45,892,283</b></u> |
| <b>THE FUNDS OF THE CHARITY</b>                |      |                           |                           |                           |                           |                           |                           |
| Unrestricted funds                             | 21   | 22,147,695                | -                         | -                         | -                         | <b>22,147,695</b>         | 38,247,567                |
| Designated funds                               | 21   | -                         | 27,021,159                | -                         | -                         | <b>27,021,159</b>         | 3,763,586                 |
| Restricted funds                               | 21   | -                         | -                         | 2,780,789                 | -                         | <b>2,780,789</b>          | 2,821,241                 |
| Permanent endowment funds                      | 21   | <u>-</u>                  | <u>-</u>                  | <u>-</u>                  | <u>1,235,575</u>          | <b><u>1,235,575</u></b>   | <u>1,059,889</u>          |
| <b>TOTAL CHARITY FUNDS</b>                     |      | <u><b>£22,147,695</b></u> | <u><b>£27,021,159</b></u> | <u><b>£ 2,780,789</b></u> | <u><b>£ 1,235,575</b></u> | <u><b>£53,185,218</b></u> | <u><b>£45,892,283</b></u> |

Approved and authorised for issue by the Trustees on 24 September 2021 and signed on their behalf by

I Ranscombe  
Honorary Treasurer

## STATEMENT OF CASH FLOWS

For the year ended 31 March 2021

|   | Note | 2021<br>£                 | 2020<br>£                 |
|---|------|---------------------------|---------------------------|
| <b>Cash flows from operating activities</b>             | 23   |                           |                           |
| <b>Net cash used in operating activities</b>            |      | <b>(316,112)</b>          | <b>(649,545)</b>          |
| <b>Cash flows from investing activities:</b>            |      |                           |                           |
| Dividends, interest and rents from investments          |      | <b>1,068,848</b>          | 1,198,821                 |
| Purchase of fixed assets                                |      | <b>(2,739,531)</b>        | (253,193)                 |
| Proceeds from the sale of investments                   |      | <b>2,000,000</b>          | 5,500,000                 |
| Purchase of investment property                         |      | <b>(527,903)</b>          | -                         |
| <b>Net cash provided by investing activities</b>        |      | <b>(198,586)</b>          | <b>6,445,628</b>          |
| <b>Cash flows from financing activities:</b>            |      |                           |                           |
| Cash inflows from new borrowing                         |      | <b>1,000,000</b>          | -                         |
| <b>Net cash provided by financing activities</b>        |      | <b>1,000,000</b>          | -                         |
| <b>Change in cash and cash equivalents in the year</b>  |      | <b>485,302</b>            | <b>5,796,083</b>          |
| Cash and cash equivalents at the beginning of the year  |      | <u>6,196,086</u>          | <u>400,003</u>            |
| <b>Cash and cash equivalents at the end of the year</b> | 24   | <b><u>£ 6,681,388</u></b> | <b><u>£ 6,196,086</u></b> |

# NOTES TO THE FINANCIAL STATEMENTS

## 1. ACCOUNTING POLICIES

The Royal Naval Benevolent Trust was incorporated under Royal Charter granted on 2<sup>nd</sup> May 1922 and is a charity registered with the Charity Commission in England & Wales (number 206243). The registered office address is Castaway House, 311 Twyford Avenue, Portsmouth PO2 8RN.

### a) Basis of Preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015) - (Charities SORP FRS 102), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (September 2015) and the Charities Act 2011. The Trust owns a subsidiary company, RNBT Care Ltd which was created during the feasibility stage of the Admiral Jellicoe House Project but has never been used and is dormant.

Assets and liabilities are initially recognised at historical cost or transaction value unless otherwise stated in the relevant accounting policy or note.

### b) Public Benefit entity

The Trust meets the definition of a public benefit entity under FRS 102.

### c) Going concern

The trustees consider that there are no material uncertainties about the Trust's ability to continue as a going concern.

The trustees do not consider that there are any sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

### d) Income

Income is recognised when the Trust has entitlement to the funds, any performance conditions attached to the income have been met, it is probable that the income will be received and that the amount can be measured reliably.

Income from grants, whether 'capital' grants or 'revenue' grants, is recognised when the charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably and is not deferred.

For legacies, entitlement is taken as the earlier of the date on which either: the Trust is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the Trust has been notified of the executor's intention to make a distribution. Where legacies have been notified to the Trust, or the Trust is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of the provision of a specified service is deferred until the criteria for income recognition are met.



Care home and almshouse income comprises fees in respect of residents at Pembroke House, weekly maintenance charges in respect of John Cornwell VC National Memorial Almshouse and donations and grants receivable, all of which are accounted for on an accruals basis.

**e) Donations of gifts, services and facilities**

Donated professional services and donated facilities are recognised as income when the Trust has control over the item or received the service, any conditions associated with the donation have been met, the receipt of economic benefit from the use by the Trust of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), volunteer time is not recognised so reference should be made to the trustees' annual report for more information about their contribution.

On receipt, donated gifts, professional services and donated facilities are recognised on the basis of the value of the gift to the Trust which is the amount the Trust would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt. During the year, the Government supplied free PPE to all care homes due to Covid-19. The value of free PPE acquired in 2020/21 is £20,767. This has not been recognised in income and expenditure as the value is not deemed to be material.

**f) Interest receivable**

Interest on funds held on deposit is included when receivable and the amount can be measured reliably by the Trust; this is normally upon notification of the interest paid or payable by the bank.

**g) Fund accounting**

Restricted funds are to be used for specific purposes as laid down by the donor; expenditure that meets these criteria is charged to the fund. Endowment funds are funds where the capital must be retained and invested. Unrestricted funds are donations and other income received or generated for the charitable purposes. Designated funds are unrestricted funds earmarked by the trustees for particular purposes.

**h) Expenditure and irrecoverable VAT**

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- Costs of raising funds relate to the costs incurred by the Trust in inducing third parties to make voluntary contributions to it
- Expenditure on charitable activities includes:
  - Grants and Regular Charitable Payments (RCPs) to individuals* - Grants and RCPs to individuals are included when they are authorised by the Grants Administrators or the relevant committee. These costs include the support costs incurred in managing the grants and RCPs systems.
  - Care homes and almshouse* - the direct operating costs of Pembroke House and John Cornwell VC National Memorial Almshouse are included with the addition of support costs representing services provided by Headquarters. Some preliminary revenue costs associated with Admiral Jellicoe House are also included.
- Irrecoverable VAT is charged as a cost against the activity for which the expenditure was incurred.
- Other expenditure represents those items not falling into any other heading.

**i) Allocation of support costs**

Expenditure is allocated to the particular activity where the cost relates directly to that activity. However, the cost of overall direction and administration of each activity, comprising the salary and overhead costs of the central function, is apportioned on the following basis, which is an estimate, based on staff time, of the amount attributable to each activity.

- Grants to Individuals 41%

|                               |     |
|-------------------------------|-----|
| ▪ Regular Charitable Payments | 7%  |
| ▪ Care Home and Almshouse     | 31% |
| ▪ Raising Funds               | 22% |

**j) Operating leases**

Rental charges are charged on a straight line basis over the term of the lease.

**k) Tangible Fixed Assets**

Individual fixed assets costing £500 or more are capitalised. All properties, furniture and equipment are held as operating assets. The capital costs of the Admiral Jellicoe House project are classed as Assets Under Construction within Fixed Assets.

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

|                                 |   |   |
|---------------------------------|---|---|
| Property                        | - | between 2% (50 years) and 10% (10 years) depending on the expected life of the asset    |
| Furniture, equipment & vehicles | - | between 5% (20 years) and 33.3% (3 years) depending on the expected life of the asset   |
| I.T. Equipment                  | - | between 6.7% (15 years) and 33.3% (3 years) depending on the expected life of the asset |

**l) Investment properties**

Investment property is included in the Balance Sheet at fair market value in accordance with FRS 102 and as such no depreciation is charged during the year. Gains or losses arising on revaluation are credited or charged respectively to the SOFA under 'Net gains / (losses) on investments'.

**m) Investment portfolio**

The investment portfolio has been valued at bid price value as at 31 March 2021. The SOFA includes the net gains and losses on investments arising on revaluation at the year-end and on disposals throughout the year. The charity does not acquire put options, derivatives or other complex financial instruments.

**n) Gains and losses**

All gains and losses are taken to the statement of financial activities as they arise. Realised gains and losses on investments are calculated as the difference between sales proceeds and their opening carrying value or their purchase value if acquired subsequent to the first day of the financial year. Unrealised gains and losses are calculated as the difference between the fair value at the year end and their carrying value. Realised and unrealised investment gains and losses are combined in the statement of financial activities.

**o) Stocks**

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

**p) Debtors**

Trade and other debtors are recognised at the settlement amount due. Prepayments are valued at the amount prepaid.

**q) Cash at bank and in hand**

Cash at bank and cash in hand excludes cash investments which are part of the Trust's investment portfolio in line with the approved Investment Policy. Cash balances exclude any funds held on behalf of service users.

**r) Creditors and provisions**

Creditors and provisions are recognised where the Trust has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due. The Trust only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

**s) Pensions**

The Trust operates two defined contribution pension schemes and the pension charges in relation to these schemes represent the amounts payable by the Trust to the schemes in respect of the year.

**2 DETAILED COMPARATIVES FOR THE STATEMENT OF FINANCIAL ACTIVITIES**

**For the year ended 31 March 2020**

|  | Note | Unrestricted<br>Funds<br>£ | Designated<br>Funds<br>£ | Restricted<br>Funds<br>£ | Endowment<br>Funds<br>£ | Total<br>Funds<br>£       |
|--|------|----------------------------|--------------------------|--------------------------|-------------------------|---------------------------|
| <b>Income from:</b>  |      |                            |                          |                          |                         |                           |
| Donations and legacies   | 3    | 294,715                    | -                        | 331,673                  | -                       | <b>626,388</b>            |
| Grants receivable  | 4    | 25,000                     | -                        | 1,326,078                | -                       | <b>1,351,078</b>          |
| Charitable activities  |      |                            |                          |                          |                         |                           |
| - Care homes and almshouse   | 5    | 2,013,471                  | 12,811                   | 451,678                  | -                       | <b>2,477,960</b>          |
| Investments  | 6    | 1,078,731                  | 86,639                   | 33,451                   | -                       | <b>1,198,821</b>          |
| Other  | 7    | <u>24,606</u>              | <u>-</u>                 | <u>-</u>                 | <u>-</u>                | <b><u>24,606</u></b>      |
| <b>Total income</b>  |      | <u>3,436,523</u>           | <u>99,450</u>            | <u>2,142,880</u>         | <u>-</u>                | <b><u>5,678,853</u></b>   |
| <b>Expenditure on:</b>   |      |                            |                          |                          |                         |                           |
| Raising funds  |      | 111,545                    | -                        | -                        | -                       | <b>111,545</b>            |
| Charitable activities  |      |                            |                          |                          |                         |                           |
| - Grants to individuals  |      | 1,164,386                  | 66,238                   | 448,794                  | -                       | <b>1,679,418</b>          |
| - Regular Charitable Payments  |      | 37,249                     | 34,944                   | 979,771                  | -                       | <b>1,051,964</b>          |
| - Care home and almshouse  |      | <u>2,904,200</u>           | <u>16,402</u>            | <u>68,667</u>            | <u>-</u>                | <b><u>2,989,269</u></b>   |
| <b>Total expenditure</b>   | 8    | <u>4,217,380</u>           | <u>117,584</u>           | <u>1,497,232</u>         | <u>-</u>                | <b><u>5,832,196</u></b>   |
| <b>Net income / (expenditure) before net gains / (losses) on investments</b> |      | <b>(780,857)</b>           | <b>(18,134)</b>          | <b>645,648</b>           | <b>-</b>                | <b>(153,343)</b>          |
| Net gains on investments   |      | <u>(1,222,343)</u>         | <u>(116,138)</u>         | <u>(47,870)</u>          | <u>(33,887)</u>         | <b><u>(1,420,238)</u></b> |

|                                    |    | Unrestricted<br>Funds<br>£ | Designated<br>Funds<br>£ | Restricted<br>Funds<br>£  | Endowment<br>Funds<br>£   | Total<br>Funds<br>£        |
|------------------------------------|----|----------------------------|--------------------------|---------------------------|---------------------------|----------------------------|
| <b>Net income for the year</b>     | 20 | (2,003,200)                | (134,272)                | 597,778                   | (33,887)                  | <b>(1,573,581)</b>         |
| Transfers between funds            |    | <u>275,092</u>             | <u>16,402</u>            | <u>(291,494)</u>          | <u>-</u>                  | <u>-</u>                   |
| <b>Net movement in funds</b>       |    | <u>(1,728,108)</u>         | <u>(117,870)</u>         | <u>306,284</u>            | <u>(33,887)</u>           | <u><b>(1,573,581)</b></u>  |
| <b>Reconciliation of funds</b>     |    |                            |                          |                           |                           |                            |
| Total funds brought forward        |    | <u>39,975,675</u>          | <u>3,881,456</u>         | <u>2,514,957</u>          | <u>1,093,776</u>          | <u><b>47,465,864</b></u>   |
| <b>Total funds carried forward</b> |    | <u><b>£38,247,567</b></u>  | <u><b>£3,763,586</b></u> | <u><b>£ 2,821,241</b></u> | <u><b>£ 1,059,889</b></u> | <u><b>£ 45,892,283</b></u> |

### 3 INCOME FROM DONATIONS AND LEGACIES

|           | Unrestricted<br>Funds<br>£ | Designated<br>Funds<br>£ | Restricted<br>Funds<br>£ | Endowment<br>Funds<br>£ | Total<br>2021<br>£      | Total<br>2020<br>£      |
|-----------|----------------------------|--------------------------|--------------------------|-------------------------|-------------------------|-------------------------|
| Donations | 47,541                     | -                        | 2,000                    | -                       | <b>49,541</b>           | 85,189                  |
| Legacies  | <u>217,857</u>             | <u>-</u>                 | <u>958</u>               | <u>-</u>                | <u><b>218,815</b></u>   | <u>541,199</u>          |
|           | <u><b>£ 265,398</b></u>    | <u><b>£ -</b></u>        | <u><b>£ 2,958</b></u>    | <u><b>£ -</b></u>       | <u><b>£ 268,356</b></u> | <u><b>£ 626,388</b></u> |

A full list of donations and legacies is published in the Impact Report each October and is available on the Trust's website [www.rnbt.org.uk](http://www.rnbt.org.uk)

### 4 INCOME FROM GRANTS

|                                 | Unrestricted<br>Funds<br>£ | Designated<br>Funds<br>£ | Restricted<br>Funds<br>£  | Endowment<br>Funds<br>£ | Total<br>2021<br>£        | Total<br>2020<br>£        |
|---------------------------------|----------------------------|--------------------------|---------------------------|-------------------------|---------------------------|---------------------------|
| RNRM                            | -                          | -                        | 398,000                   | -                       | <b>398,000</b>            | 412,964                   |
| Greenwich Hospital (RCPs)       | -                          | -                        | 884,424                   | -                       | <b>884,424</b>            | 902,474                   |
| Queen Mary's Roehampton Trust   | -                          | -                        | 10,000                    | -                       | <b>10,000</b>             | 25,000                    |
| Durnford & Cawthran Trust       | -                          | -                        | 5,000                     | -                       | <b>5,000</b>              | 5,000                     |
| The Royal British Legion        | -                          | -                        | 10,000                    | -                       | <b>10,000</b>             | -                         |
| National Philanthropic Trust UK | -                          | -                        | 500                       | -                       | <b>500</b>                | -                         |
| Trinity House                   | <u>-</u>                   | <u>-</u>                 | <u>-</u>                  | <u>-</u>                | <u>-</u>                  | <u>5,640</u>              |
|                                 | <u><b>£ -</b></u>          | <u><b>£ -</b></u>        | <u><b>£ 1,307,924</b></u> | <u><b>£ -</b></u>       | <u><b>£ 1,307,924</b></u> | <u><b>£ 1,351,078</b></u> |

## 5 INCOME FROM CHARITABLE ACTIVITIES – CARE HOMES AND ALMSHOUSE

|   | Unrestricted<br>Funds<br>£ | Designated<br>Funds<br>£ | Restricted<br>Funds<br>£ | Endowment<br>Funds<br>£ | Total<br>2021<br>£ | Total<br>2020<br>£ |
|---|----------------------------|--------------------------|--------------------------|-------------------------|--------------------|--------------------|
| Care Home residents' fees                 | 1,904,396                  | -                        | -                        | -                       | 1,904,396          | 1,999,848          |
| Care Home grants, legacies and donations* | -                          | -                        | 1,037,778                | -                       | 1,037,778          | 383,295            |
| Care Home investment and other income     | 6,831                      | 11,848                   | 31,455                   | -                       | 50,134             | 54,273             |
| Almshouse weekly maintenance charge       | -                          | -                        | 32,688                   | -                       | 32,688             | 31,824             |
| Almshouse investment and other income     | -                          | -                        | 8,185                    | -                       | 8,185              | 8,720              |
|   | <u>£1,911,227</u>          | <u>£ 11,848</u>          | <u>£ 1,110,106</u>       | <u>£ -</u>              | <u>£3,033,181</u>  | <u>£2,477,960</u>  |

\*Included within the 2020/21 figure is £654,851 of donations towards the Admiral Jellicoe House Project (2019/20 £278,577)

## 6 INCOME FROM INVESTMENTS

|                                | Unrestricted<br>Funds<br>£ | Designated<br>Funds<br>£ | Restricted<br>Funds<br>£ | Endowment<br>Funds<br>£ | Total<br>2021<br>£ | Total<br>2020<br>£ |
|--------------------------------|----------------------------|--------------------------|--------------------------|-------------------------|--------------------|--------------------|
| Dividends from pooled funds    | 932,652                    | 77,716                   | 30,263                   | -                       | 1,040,631          | 1,164,100          |
| Rents from investment property | 2,873                      | -                        | -                        | -                       | 2,873              | -                  |
| Short term interest            | 25,344                     | -                        | -                        | -                       | 25,344             | 34,721             |
|                                | <u>£ 960,869</u>           | <u>£ 77,716</u>          | <u>£ 30,263</u>          | <u>£ -</u>              | <u>£ 1,068,848</u> | <u>£ 1,198,821</u> |

## 7 OTHER INCOME

|   | Unrestricted<br>Funds<br>£ | Designated<br>Funds<br>£ | Restricted<br>Funds<br>£ | Endowment<br>Funds<br>£ | Total<br>2021<br>£ | Total<br>2020<br>£ |
|---|----------------------------|--------------------------|--------------------------|-------------------------|--------------------|--------------------|
| Rents from charitable property          | 9,295                      | -                        | -                        | -                       | 9,295              | 20,366             |
| Coronavirus Job Retention Scheme (CJRS) | 34,792                     | -                        | -                        | -                       | 34,792             | -                  |
| Miscellaneous income                    | 1,687                      | -                        | -                        | -                       | 1,687              | 4,240              |
|   | <u>£ 45,774</u>            | <u>£ -</u>               | <u>£ -</u>               | <u>£ -</u>              | <u>£ 45,774</u>    | <u>£ 24,606</u>    |

Rents from charitable property refers to the lease rental income received from the tenants of Castaway House. The Trust charges rent at below market rates to organisations that support The RNBT and wider Naval Family.

## 8 ANALYSIS OF EXPENDITURE

|                               | Raising Funds    | Grants to<br>Individuals | Regular<br>Charitable<br>Payments | Care Home and<br>Almshouse | Total<br>2021      | Total<br>2020      |
|-------------------------------|------------------|--------------------------|-----------------------------------|----------------------------|--------------------|--------------------|
|                               | £                | £                        | £                                 | £                          | £                  | £                  |
| Staff costs                   | 71,751           | 291,567                  | 44,529                            | 2,337,409                  | 2,745,256          | 2,556,665          |
| Other support costs           | 44,548           | 78,485                   | 13,304                            | 69,227                     | 205,564            | 296,483            |
| Governance costs              | 3,222            | 6,120                    | 1,037                             | 4,594                      | 14,973             | 14,979             |
| Grants to Individuals         | -                | 1,062,274                | -                                 | -                          | 1,062,274          | 1,324,110          |
| Regular Charitable Payments   | -                | -                        | 1,039,152                         | -                          | 1,039,152          | 978,965            |
| Care Home and Almshouse       | -                | -                        | -                                 | 650,572                    | 650,572            | 660,994            |
| <b>Total expenditure 2021</b> | <b>£ 119,521</b> | <b>£ 1,438,446</b>       | <b>£ 1,098,022</b>                | <b>£ 3,061,802</b>         | <b>£ 5,717,791</b> |                    |
| <i>Total expenditure 2020</i> | <i>£ 111,545</i> | <i>£ 1,679,418</i>       | <i>£ 1,051,964</i>                | <i>£ 2,989,269</i>         |                    | <i>£ 5,832,196</i> |

Of the total expenditure, £4,188,559 was unrestricted (2020: £4,217,380), £109,318 was designated (2020: £117,584) and £1,419,914 was restricted (2020: £1,497,232).

## 9 GRANT MAKING

|                                     | Grants             | Support Costs    | Total<br>2021      | Total<br>2020      |
|-------------------------------------|--------------------|------------------|--------------------|--------------------|
|                                     | £                  | £                | £                  | £                  |
| Medical                             | 359,520            | 127,313          | 486,833            | 397,824            |
| Education & Employment              | 51,060             | 18,082           | 69,142             | 83,605             |
| Housing                             | 464,154            | 164,365          | 628,519            | 814,990            |
| Funerals                            | 81,351             | 28,808           | 110,159            | 185,676            |
| General                             | 106,189            | 37,604           | 143,783            | 197,323            |
| Total one-off grants to individuals | 1,062,274          | 376,172          | 1,438,446          | 1,679,418          |
| Regular Charitable Payments         | 1,039,152          | 58,870           | 1,098,022          | 1,051,964          |
|                                     | <b>£ 2,101,426</b> | <b>£ 435,042</b> | <b>£ 2,536,468</b> | <b>£ 2,731,381</b> |

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

## 10 NET (EXPENDITURE) / INCOME FOR THE YEAR

This is stated after charging:-

|   | 2021<br>£ | 2020<br>£ |
|---|-----------|-----------|
| Depreciation                            | 182,653   | 174,262   |
| Profit on disposal of fixed assets      | 3,224     | -         |
| Operating lease rentals                 | 10,454    | 10,570    |
| Auditor's remuneration – Audit services | 13,500    | 13,320    |
| Auditor's remuneration – Other          | 1,020     | 2,634     |

Auditor's remuneration – Other costs of £1,020 are for preparing the accounts of RNBT's dormant subsidiary company RNBT Care Ltd.

## 11 ANALYSIS OF STAFF COSTS, TRUSTEE REMUNERATION AND EXPENSES, AND THE COST OF KEY MANAGEMENT PERSONNEL

Staff costs were as follows:

|   | 2021<br>£         | 2020<br>£         |
|---|-------------------|-------------------|
| Salaries  | 2,315,311         | 1,996,725         |
| National Insurance  | 168,358           | 132,156           |
| Employer's contribution to defined contribution pension schemes | 146,752           | 126,865           |
| Other employee benefits   | 61,575            | 54,709            |
| Agency staff  | -                 | 196,281           |
| Recruitment and training  | 53,260            | 49,929            |
|   | <u>£2,745,256</u> | <u>£2,556,665</u> |

One employee was paid a salary in the band of £80,000 to £90,000, two employees were paid a salary in the band £70,000 to £80,000 and one employee was paid a salary in the band of £60,000 to £70,000. (2020: one employee was paid a salary in the band of £70,000 to £80,000 and one employee was paid in the band £60,000 to £70,000).

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

The total employee benefits of the key management personnel were £280,045 (2020: £238,635). Key management personnel include the Chief Executive, Finance Director, Director of Care (new position created this year and so not in last year's costs) and Pembroke House Home Manager; the total employee benefits include salary, employer's national insurance contributions, employer's pension contributions and the value of other employee benefits such as Group Life Assurance.

Trustees' expenses were as follows:

|                          | 2021<br>£    | 2020<br>£    |
|--------------------------|--------------|--------------|
| Travelling expenses      | <u>£ 133</u> | <u>£ 789</u> |
| Numbers being reimbursed | <u>3</u>     | <u>6</u>     |

The charity trustees were not paid or received any other benefits from employment with the charity in the year (2020: £nil). No charity trustee received payment for professional or other services supplied to the charity (2020: £nil). However, one trustee is employed by the Trust's solicitors (see Note 13 Related Party Transactions). Transactions with the Trust's solicitors were on an arm's length basis.

## 12 STAFF NUMBERS

The average number of employees (headcount and full time equivalents (FTEs) during the year was as follows:

|                | Headcount  | 2021<br>FTEs | Headcount  | 2020<br>FTEs |
|----------------|------------|--------------|------------|--------------|
| Headquarters   | 13         | 9            | 12         | 9            |
| Pembroke House | <u>106</u> | <u>84</u>    | <u>104</u> | <u>74</u>    |
|                | <u>119</u> | <u>93</u>    | <u>116</u> | <u>83</u>    |

The Trust sometimes use agency nursing and care staff at Pembroke House to cover for sickness and short term unplanned staff shortages. No agency staff were employed during the year in order to minimise the risk of infection from agency staff who may be working across several establishments (2020: 6.7 FTEs).

## 13 RELATED PARTY TRANSACTIONS

Tim Forer, the Trust's specialist Legal and Management trustee is employed by Blake Morgan, the Trust's Solicitors. £68,280 was paid to Blake Morgan during the year (2020: £73,612) for advice on contracts for the development of the new care home in Portsmouth, the acquisition of West Lodge and employment law matters.

Alan Krzysica, the Trust's specialist Surveyor trustee, is employed by McPhersons Quantity Surveyors, which has been appointed to act as the Trust's project advisor for the Admiral Jellicoe House development. Alan Krzysica was not involved in the selection process for the appointment. £6,420 was paid to McPhersons during the year (2020: nil).

## 14 TANGIBLE FIXED ASSETS

|                     | Freehold<br>properties<br>£ | Assets<br>Under<br>Construction<br>£ | Furniture &<br>equipment<br>£ | Motor<br>Vehicles<br>£ | Total<br>£       |
|---------------------|-----------------------------|--------------------------------------|-------------------------------|------------------------|------------------|
| <b>COST</b>         |                             |                                      |                               |                        |                  |
| At 1 April 2020     | 5,127,763                   | 53,341                               | 1,030,521                     | 77,433                 | 6,289,058        |
| Additions           | 149,801                     | 2,551,099                            | 38,631                        | -                      | 2,739,531        |
| Disposals           | <u>(4,243)</u>              | <u>-</u>                             | <u>-</u>                      | <u>-</u>               | <u>(4,243)</u>   |
| At 31 March 2021    | <u>5,273,321</u>            | <u>2,604,440</u>                     | <u>1,069,152</u>              | <u>77,433</u>          | <u>9,024,346</u> |
| <b>DEPRECIATION</b> |                             |                                      |                               |                        |                  |
| At 1 April 2020     | 1,510,844                   | -                                    | 666,073                       | 27,747                 | 2,204,664        |
| Charge for the year | 90,494                      | -                                    | 84,415                        | 7,744                  | 182,653          |
| Disposals           | <u>(1,019)</u>              | <u>-</u>                             | <u>-</u>                      | <u>-</u>               | <u>(1,019)</u>   |



|  | Freehold<br>properties<br>£ | Assets<br>Under<br>Construction<br>£ | Furniture &<br>equipment<br>£ | Motor<br>Vehicles<br>£ | Total<br>£               |
|--|-----------------------------|--------------------------------------|-------------------------------|------------------------|--------------------------|
| At 31 March 2021                           | <u>1,600,319</u>            | <u>-</u>                             | <u>750,488</u>                | <u>35,491</u>          | <u>2,386,298</u>         |
| <b>NET BOOK VALUE<br/>At 31 March 2021</b> | <b><u>£ 3,673,002</u></b>   | <b><u>£ 2,604,440</u></b>            | <b><u>£ 318,664</u></b>       | <b><u>£ 41,942</u></b> | <b><u>£6,638,048</u></b> |
| <i>At 31 March 2020</i>                    | <u>£ 3,616,920</u>          | <u>£ 53,341</u>                      | <u>£ 364,448</u>              | <u>£ 49,686</u>        | <u>£ 4,084,395</u>       |

All of the above assets are used for charitable purposes. Assets Under Construction relates to the development of Admiral Jellicoe House.

## 15 INVESTMENT PROPERTY

|  | 2021<br>£               | 2020<br>£         |
|--|-------------------------|-------------------|
| Fair value at the start of the year      | -                       | -                 |
| Additions                                | 527,903                 | -                 |
| Disposals at carrying value              | <u>-</u>                | <u>-</u>          |
| <b>Fair value at the end of the year</b> | <b><u>£ 527,903</u></b> | <b><u>£ -</u></b> |

During the year, the Trust purchased West Lodge in Portsmouth. This property is adjacent to the new care home development, Admiral Jellicoe House. The long term plan is to use the property for Day Care services for the Trust's beneficiaries. During construction of Admiral Jellicoe House, the property is being used as a site office for the building contractors. A lease has been agreed paying rental income of £11,000 p/a. This is included in investment income and the property is currently classed as an investment property.

## 16 INVESTMENTS

### a Movements in investments during the year

|                               | 2021<br>£          | 2020<br>£          |
|-------------------------------|--------------------|--------------------|
| Market value at start of year | 35,074,049         | 41,994,288         |
| Additions at cost             | -                  | -                  |
| Disposals at carrying value   | (1,666,179)        | (5,207,696)        |
| Net gain on revaluation       | <u>6,952,822</u>   | <u>(1,712,543)</u> |
| Total investments             | <u>40,360,692</u>  | <u>35,074,049</u>  |
| Invested cash                 | <u>6,497,874</u>   | <u>6,106,254</u>   |
| Market value at end of year   | <u>£46,858,566</u> | <u>£41,180,303</u> |
| Historic cost at end of year  | <u>£38,122,063</u> | <u>£39,301,205</u> |

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

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 Trust's investments are comprised of the following:

|                                 | 2021<br>£                 | 2020<br>£                 |
|---------------------------------|---------------------------|---------------------------|
| Charity pooled investment funds | 40,360,692                | 35,074,049                |
| Cash                            | <u>6,497,874</u>          | <u>6,106,254</u>          |
|                                 | <u><b>£46,858,566</b></u> | <u><b>£41,180,303</b></u> |

**b Net gains / (losses) on investments**

|   | 2021<br>£                 | 2020<br>£                   |
|---|---------------------------|-----------------------------|
| Realised gains on sale of investments                     | 333,821                   | 292,305                     |
| Unrealised gains / (losses) on revaluation of investments | <u>6,952,822</u>          | <u>(1,712,543)</u>          |
| Net gains / (losses) on investments reported in SOFA      | <u><b>£ 7,286,643</b></u> | <u><b>£ (1,420,238)</b></u> |

**c Investment Management Fees**

The unrealised gain or loss on revaluation of investments is shown after the deduction of any fees charged direct to the fund. The total investment management fees for the year were £222,868 (2020: £226,160) which was all charged direct to the investment fund.

**17 STOCKS**

Stocks include the value of Medical Consumables, including Personal Protective Equipment (PPE) for Pembroke House held at the year-end. During the year, the Government supplied free PPE to all care homes due to Covid-19. The value of free PPE acquired during 2020/21 is estimated as £20,767 of which £14,836 was still held as stock at 31 March and has been excluded from the stock valuation

**18 DEBTORS**

|                | 2021<br>£               | 2020<br>£               |
|----------------|-------------------------|-------------------------|
| Trade debtors  | 34,693                  | 44,003                  |
| Prepayments    | 47,867                  | 126,536                 |
| Accrued income | <u>277,232</u>          | <u>535,289</u>          |
|                | <u><b>£ 359,792</b></u> | <u><b>£ 705,828</b></u> |

## 19 CREDITORS (Amounts falling due within one year)

|                                    | 2021<br>£        | 2020<br>£        |
|------------------------------------|------------------|------------------|
| Trade creditors                    | 34,423           | 58,780           |
| Other taxation and social security | 40,794           | 33,504           |
| Other creditors                    | 28,416           | 22,377           |
| Accruals                           | 307,186          | 72,793           |
| Deferred income (note 20)          | <u>14,534</u>    | <u>270</u>       |
|                                    | <u>£ 425,353</u> | <u>£ 187,724</u> |

## 20 DEFERRED INCOME

Deferred income comprises £7,763 of Pembroke House residents' fees invoiced in advance (2020: £270), £3,943 of grant income due to be repaid to Skills for Care in relation to a Pembroke House employee who did not complete her Nurse Associate training (2020: nil) and £2,828 of rental income for West Lodge received in advance.

|                                       | 2021<br>£       | 2020<br>£    |
|---------------------------------------|-----------------|--------------|
| Balance at the start of the year      | 270             | 10,087       |
| Amount released to income in the year | (270)           | (10,087)     |
| Amount deferred in the year           | <u>14,534</u>   | <u>270</u>   |
| Balance at the end of the year        | <u>£ 14,534</u> | <u>£ 270</u> |

## 21 MOVEMENTS IN FUNDS

|  | Balance at<br>1 April 2020 | Income     | Expenditure | Investment<br>Gains /<br>(Losses) | Transfers  | Balance at<br>31 March 2021 |
|--|----------------------------|------------|-------------|-----------------------------------|------------|-----------------------------|
|  | £                          | £          | £           | £                                 | £          | £                           |
| <b>Endowment Funds</b>                       |                            |            |             |                                   |            |                             |
| Royal Naval Fund                             | 421,239                    | -          | -           | 66,883                            | -          | 488,122                     |
| Chatham Depot Aid Fund                       | 310,661                    | -          | -           | 57,723                            | -          | 368,384                     |
| Mrs I Briggs for Regular Charitable Payments | 162,729                    | -          | -           | 25,838                            | -          | 188,567                     |
| Dame Elisabeth Kelly Fund                    | 138,961                    | -          | -           | 22,064                            | -          | 161,025                     |
| Sir John Langham Bequest                     | 9,983                      | -          | -           | 1,585                             | -          | 11,568                      |
| John Cornwell VC National Memorial           | 7,206                      | -          | -           | -                                 | -          | 7,206                       |
| 1939/45 Memorial Award Fund                  | <u>9,110</u>               | <u>-</u>   | <u>-</u>    | <u>1,593</u>                      | <u>-</u>   | <u>10,703</u>               |
|  | <u>£ 1,059,889</u>         | <u>£ -</u> | <u>£ -</u>  | <u>£ 175,686</u>                  | <u>£ -</u> | <u>£ 1,235,575</u>          |

|  | Balance at<br>1 April 2020<br>£ | Income<br>£        | Expenditure<br>£     | Investment<br>Gains/(Losses)<br>£ | Transfers<br>£        | Balance at<br>31 March 2021<br>£ |
|--|---------------------------------|--------------------|----------------------|-----------------------------------|-----------------------|----------------------------------|
| <b>Restricted Funds (Grants &amp; RCPs)</b>          |                                 |                    |                      |                                   |                       |                                  |
| Royal Naval Reserve Benevolent Fund                  | 165,137                         | 3,930              | (1,077)              | 26,220                            | -                     | 194,210                          |
| Royal Naval Fund – revenue                           | -                               | 10,024             | (3,440)              | -                                 | -                     | 6,584                            |
| Chatham Depot Aid Fund – revenue                     | 52,889                          | 8,652              | -                    | -                                 | -                     | 61,541                           |
| Mrs I Briggs – revenue                               | -                               | 3,873              | (3,873)              | -                                 | -                     | -                                |
| Dame Elisabeth Kelly Fund – revenue                  | -                               | 3,307              | (2,247)              | -                                 | -                     | 1,060                            |
| Sir John Langham Bequest – revenue                   | -                               | 238                | 127                  | -                                 | -                     | 365                              |
| 1939/45 Memorial Award Fund – revenue                | 921                             | 239                | (220)                | -                                 | -                     | 940                              |
| Greenwich Hospital Regular Charitable Payments       | -                               | 884,424            | (943,294)            | -                                 | 58,870                | -                                |
| RNRMC Naval Service Benevolence Fund                 | -                               | 398,000            | (398,000)            | -                                 | -                     | -                                |
| Queen Mary's Roehampton Trust                        | -                               | 10,000             | -                    | -                                 | (10,000)              | -                                |
| Submarine Memorial Fund                              | 34,408                          | 2,958              | (8,221)              | -                                 | -                     | 29,145                           |
| Durnford & Cawthran Trust                            | 600                             | 5,000              | (4,600)              | -                                 | -                     | 1,000                            |
| The Royal British Legion                             | -                               | 10,000             | -                    | -                                 | (10,000)              | -                                |
| National Philanthropic Trust UK                      | -                               | 500                | -                    | -                                 | (500)                 | -                                |
|  | <u>£ 253,955</u>                | <u>£ 1,341,145</u> | <u>£ (1,364,845)</u> | <u>£ 26,220</u>                   | <u>£ 38,370</u>       | <u>£ 294,845</u>                 |
| <b>Restricted Funds (Care homes &amp; almshouse)</b> |                                 |                    |                      |                                   |                       |                                  |
| PH Amenities Fund                                    | 87,187                          | 13,971             | (26,465)             | -                                 | 3,773                 | 78,466                           |
| PH Residents' Support Fund                           | 1,168,866                       | 27,816             | -                    | 185,589                           | (200,000)             | 1,182,271                        |
| PH Redevelopment Fund                                | 785,661                         | -                  | (10,385)             | -                                 | -                     | 775,276                          |
| PH Projects Fund                                     | 35,902                          | -                  | (3,366)              | -                                 | -                     | 32,536                           |
| John Cornwell VC National Memorial                   | 336,760                         | 40,874             | (14,853)             | 54,614                            | -                     | 417,395                          |
| RNRMC Grant for Pembroke House                       | -                               | 78,200             | -                    | -                                 | (78,200)              | -                                |
| Government Covid-19 Grants                           | -                               | 272,698            | -                    | -                                 | (272,698)             | -                                |
| Skills for Care                                      | -                               | 8,057              | -                    | -                                 | (8,057)               | -                                |
| Medway Mission to Mariners PPE                       | -                               | 10,000             | -                    | -                                 | (10,000)              | -                                |
| Centenary Care Home Project                          | 152,909                         | 658,490            | -                    | 24,278                            | (835,677)             | -                                |
|  | <u>£ 2,567,285</u>              | <u>£ 1,110,106</u> | <u>£ (55,069)</u>    | <u>£ 264,481</u>                  | <u>£ (1,400,859)</u>  | <u>£ 2,485,944</u>               |
| <b>Total Restricted Funds</b>                        | <u>£ 2,821,241</u>              | <u>£ 2,451,251</u> | <u>£ (1,419,914)</u> | <u>£ 290,701</u>                  | <u>£ (1,362,489)</u>  | <u>£ 2,780,789</u>               |
| <b>Designated Funds</b>                              |                                 |                    |                      |                                   |                       |                                  |
| Falklands Fund                                       | 3,222,528                       | 76,688             | (100,229)            | 511,664                           | -                     | 3,710,651                        |
| Alan Brown Fund                                      | 43,208                          | 1,028              | (3,600)              | 6,860                             | -                     | 47,496                           |
| Pembroke House Revenue Projects                      | -                               | -                  | (5,489)              | -                                 | 5,489                 | -                                |
| Centenary Care Home Project                          | 497,850                         | 11,848             | -                    | 79,047                            | 10,174,267            | 10,763,012                       |
| Strategic Reserve                                    | -                               | -                  | -                    | -                                 | 12,500,000            | 12,500,000                       |
|  | <u>£ 3,763,586</u>              | <u>£ 89,564</u>    | <u>£ (109,318)</u>   | <u>£ 597,571</u>                  | <u>£ 22,679,756</u>   | <u>£ 27,021,159</u>              |
| <b>Total Designated Funds</b>                        | <u>£ 3,763,586</u>              | <u>£ 89,564</u>    | <u>£ (109,318)</u>   | <u>£ 597,571</u>                  | <u>£ 22,679,756</u>   | <u>£ 27,021,159</u>              |
| <b>Total Unrestricted Funds</b>                      | <u>£ 38,247,567</u>             | <u>£ 3,183,268</u> | <u>£ (4,188,559)</u> | <u>£ 6,222,685</u>                | <u>£ (21,317,267)</u> | <u>£ 22,147,695</u>              |

|                    |                     |                    |                      |                    |            |                            |
|--------------------|---------------------|--------------------|----------------------|--------------------|------------|----------------------------|
| <b>Total Funds</b> | <u>£ 45,892,283</u> | <u>£ 5,724,083</u> | <u>£ (5,717,791)</u> | <u>£ 7,286,643</u> | <u>£ -</u> | <u><b>£ 53,185,218</b></u> |
|--------------------|---------------------|--------------------|----------------------|--------------------|------------|----------------------------|

An explanation of the Transfers on Funds is given below:

- *Greenwich Hospital Regular Charitable Payments (£58,870)* - allocation of overhead costs in support of the provision of Regular Charitable Payments.
- *Queen Mary's Roehampton Trust (£10,000)* - funding for grants to War Pensioners, the cost of which is within grants to individuals in unrestricted funds
- *The Royal British Legion (£10,000)* - a grant towards an individual who the RNBT assisted with a larger grant in unrestricted funds.
- *National Philanthropic Trust UK (£500)* - a general contribution towards grant awards to RNBT's beneficiaries
- *PH Amenities Fund (£3,773)* - funding for capital expenditure charged to unrestricted funds (£2,639 for the purchase of a Marquee and £10,076 for the cost of the Summer House that was not covered by a donation from Medway Mission to Mariners), offset by a contribution to the Amenities Fund from unrestricted funds to cover the balance of gift vouchers to staff (£6,412) which were also generously part-funded by Medway Mission.
- *PH Residents' Support Fund (£200,000)* – contribution to help offset the shortfall in funding for state funded residents.
- *RNRMC Grant for Pembroke House (£78,200)* - a restricted grant for use at Pembroke House but not for specific purposes within the Home.
- *Government Covid-19 Grants (£272,698)* - funding received via Medway Local Authority for additional costs incurred in relation to Covid-19. This included Infection Control Funding, Rapid Test funding and Workforce Capacity Funding as well as additional support from Medway LA. The costs covered mainly staff costs and PPE which are included in unrestricted funds.
- *Skills for Care (£8,057)* - a government grant to support the costs involved in training a Pembroke House employee to become a Nursing Associate. The costs involved are within unrestricted funds.
- *Medway Mission to Mariners PPE (£10,000)* - a donation received from The Medway Mission to Mariners to help fund the additional Personal Protective Equipment (PPE) costs incurred which are within unrestricted funds.
- *Restricted Centenary Care Home Project (£835,677)* - the project costs (mainly capital) funded from restricted donations received.
- *Pembroke House Revenue Projects (£5,489)* - the cost of bedroom carpets and decoration which were accounted for outside of unrestricted funds so as not to distort Pembroke House operating expenditure.
- *Designated Centenary Care Home Project (£10,174,267)* - the designation of £11,900,000 by trustees during the year, representing the future commitment to the project expenditure, offset by expenditure incurred in the year.
- *Strategic Reserve (£12,500,000)* - the designation of funds from unrestricted funds to ensure a minimum amount of investment income is generated for the benefit of future beneficiaries.

## Purposes of restricted funds

### *Permanent endowment funds*

Only the income arising from the investment of these funds can be spent for the stated purposes. The larger permanent endowment funds include:

|                            |  |
|----------------------------|--|
| The Royal Naval Fund       | Instituted in 1892 and provides assistance for widows and other dependent relatives of ex-serving personnel. |
| The Chatham Depot Aid Fund | Created in 1920 and provides assistance for eligible beneficiaries who were based at Chatham.                |
| Mrs Ina Briggs Fund        | Provides income for additional RCPs  |
| Dame Elisabeth Kelly Fund  | Produces income for housing assistance for serving personnel.  |

### *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 ones include:

|   |  |
|---|--|
| Greenwich Hospital RCPs                 | Funds Regular Charitable Payments of between £23 and £33 per week to eligible beneficiaries.   |
| The Royal Naval Reserve Benevolent Fund | Provides assistance to Reservists and their dependents.  |
| Submarine Memorial Fund                 | Provides assistance to serving and ex-serving submariners  |
| Durnford & Cawthan Trust                | Provides income to assist beneficiaries aged 60 and over, with a naval connection, in the Portsmouth area  |
| Pembroke House Amenities Fund           | Provides amenities for the benefit of Pembroke House residents   |
| Pembroke House Residents' Support Fund  | Provides financial support for residents in respect of whom the standard accommodation fees cannot be met in full.   |
| Pembroke House Redevelopment Fund       | Created from the grants and donations received to help fund the major redevelopment of the Home in 2000; the only expenditure on the Fund is the depreciation charge for the capital costs of the redevelopment. |
| The Centenary Care Home Restricted Fund | Established in 2019/20 from donations received specifically towards the costs of developing the new care home in Portsmouth (Admiral Jellicoe House).  |
| John Cornwell VC National Memorial      | Provides a maintenance fund for the ongoing upkeep of the almshouse properties   |

### **Purposes of designated funds**

|                                 |  |
|---------------------------------|--|
| Falklands Fund                  | 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. |
| Alan Brown Fund                 | Established as a designated fund in 2013 from the receipt of a legacy. The purpose of the Fund is to support naval officers who also have rating service, where the individual's needs cannot be fully met from other sources.   |
| Pembroke House Revenue Projects | The purpose of the Fund is to separate out the costs of larger revenue projects, such as large scale decoration, so as not to distort the operating costs of Pembroke House. A transfer from the Trust's unrestricted funds has been made to balance out the expenditure and therefore there is a nil balance on the Fund at the end of the year.  |
| Centenary Care Home Project     | Established in May 2019 to support the funding of the Centenary Care Home Project, which is for a proposed new care home development in Portsmouth.  |
| Strategic Reserve               | Established in February 2021 as part of a major review of the Trust's Reserves Policy to earmark a proportion of the Trust's funds which are critical for generating future investment income to support beneficiaries into the long term.   |

## 22 COMPARATIVES FOR MOVEMENTS IN FUNDS

### For the year ended 31 March 2020

Accounting standards require the disclosure of the previous year's figures for the Movements in Funds. Explanations for last year's movements in funds may be found in Note 20 of the 2019/20 Annual Report & Accounts (available on the RNBT website).

|  | <i>Balance at<br/>1 April 2019<br/>£</i> | <i>Income<br/>£</i> | <i>Expenditure<br/>£</i> | <i>Investment<br/>Gains /<br/>(Losses)<br/>£</i> | <i>Transfers<br/>£</i> | <i>Balance at<br/>31 March 2020<br/>£</i> |
|--|--|---------------------|--------------------------|--|------------------------|---|
| <b>Endowment funds</b>                               |  |                     |                          |  |                        |   |
| Royal Naval Fund                                     | 434,232                                  | -                   | -                        | (12,993)   | -                      | 421,239                                   |
| Chatham Depot Aid Fund                               | 321,586                                  | -                   | -                        | (10,925)   | -                      | 310,661                                   |
| Mrs I Briggs for Regular Charitable Payments         | 167,748                                  | -                   | -                        | (5,019)  | -                      | 162,729                                   |
| Dame Elisabeth Kelly Fund                            | 143,302                                  | -                   | -                        | (4,341)  | -                      | 138,961                                   |
| Sir John Langham Bequest                             | 10,291                                   | -                   | -                        | (308)  | -                      | 9,983                                     |
|  | <i>Balance at<br/>1 April 2019<br/>£</i> | <i>Income<br/>£</i> | <i>Expenditure<br/>£</i> | <i>Investment<br/>Gains /<br/>(Losses)<br/>£</i> | <i>Transfers<br/>£</i> | <i>Balance at<br/>31 March 2020<br/>£</i> |
| John Cornwell VC National Memorial                   | 7,206                                    | -                   | -                        | -  | -                      | 7,206                                     |
| 1939/45 Memorial Award Fund                          | 9,411                                    | -                   | -                        | (301)  | -                      | 9,110                                     |
|  | <u>£ 1,093,776</u>                       | <u>£ -</u>          | <u>£ -</u>               | <u>£ (33,887)</u>                                | <u>£ -</u>             | <u>£ 1,059,889</u>                        |
| <b>Restricted funds (Grants &amp; RCPs)</b>          |  |                     |                          |  |                        |   |
| Royal Naval Reserve Benevolent Fund                  | 173,011                                  | 4,433               | (7,130)                  | (5,177)  | -                      | 165,137                                   |
| Royal Naval Fund – revenue                           | -  | 11,126              | (11,126)                 | -  | -                      | -   |
| Chatham Depot Aid Fund – revenue                     | 43,534                                   | 9,355               | -                        | -  | -                      | 52,889                                    |
| Mrs I Briggs – revenue                               | -  | 4,298               | (4,298)                  | -  | -                      | -   |
| Dame Elisabeth Kelly Fund – revenue                  | 1,770                                    | 3,717               | (5,487)                  | -  | -                      | -   |
| Sir John Langham Bequest – revenue                   | -  | 264                 | (264)                    | -  | -                      | -   |
| 1939/45 Memorial Award Fund – revenue                | 663                                      | 258                 | -                        | -  | -                      | 921                                       |
| Greenwich Hospital Regular Charitable Payments       | -  | 902,474             | (975,473)                | -  | 72,999                 | -   |
| RNRMC Naval Service Benevolence Fund                 | -  | 412,964             | (412,964)                | -  | -                      | -   |
| Submarine Memorial Fund                              | 3,791                                    | 37,939              | (7,322)                  | -  | -                      | 34,408                                    |
| Durnford & Cawthran Trust                            | 100                                      | 5,000               | (4,500)                  | -  | -                      | 600                                       |
| Trinity House  | -  | 5,640               | -                        | -  | (5,640)                | -   |
|  | <u>£ 222,869</u>                         | <u>£ 1,397,468</u>  | <u>£ (1,428,564)</u>     | <u>£ (5,177)</u>                                 | <u>£ 67,359</u>        | <u>£ 253,955</u>                          |
| <b>Restricted Funds (Care homes &amp; almshouse)</b> |  |                     |                          |  |                        |   |
| PH Amenities Fund                                    | 37,121                                   | 111,451             | (28,199)                 | -  | (33,186)               | 87,187                                    |
| PH Residents' Support Fund                           | 1,086,538                                | 232,839             | -                        | (32,511)   | (118,000)              | 1,168,866                                 |
| PH Redevelopment Fund                                | 796,046                                  | -                   | (10,385)                 | -  | -                      | 785,661                                   |
| PH Projects Fund                                     | 39,268                                   | 5,000               | (3,366)                  | -  | (5,000)                | 35,902                                    |
| John Cornwell VC National Memorial                   | 333,116                                  | 40,544              | (26,717)                 | (10,183)   | -                      | 336,760                                   |
| RNRMC Grant for Pembroke House                       | -  | 77,000              | -                        | -  | (77,000)               | -   |

|                                 |                     |                    |                      |                      |                    |                     |
|---------------------------------|---------------------|--------------------|----------------------|----------------------|--------------------|---------------------|
| Centenary Care Home Project     | -                   | 278,577            | -                    | -                    | (125,667)          | 152,909             |
|                                 | <u>£ 2,292,088</u>  | <u>£ 745,411</u>   | <u>£ (68,667)</u>    | <u>£ (42,694)</u>    | <u>£ (358,853)</u> | <u>£ 2,567,285</u>  |
| <b>Total restricted funds</b>   | <u>£ 2,514,957</u>  | <u>£ 2,142,880</u> | <u>£ (1,497,231)</u> | <u>£ (47,871)</u>    | <u>£ (291,494)</u> | <u>£ 2,821,241</u>  |
| <b>Designated Funds</b>         |                     |                    |                      |                      |                    |                     |
| Falklands Fund                  | 3,333,580           | 85,412             | (96,720)             | (99,745)             | -                  | 3,222,528           |
| Alan Brown Fund                 | 47,876              | 1,227              | (4,462)              | (1,433)              | -                  | 43,208              |
| Pembroke House Revenue Projects | -                   | -                  | (16,402)             | -                    | 16,402             | -                   |
| Centenary Care Home Project     | <u>500,000</u>      | <u>12,811</u>      | <u>-</u>             | <u>(14,961)</u>      | <u>-</u>           | <u>497,850</u>      |
| <b>Total designated funds</b>   | <u>£ 3,881,456</u>  | <u>£ 99,450</u>    | <u>£ (117,584)</u>   | <u>£ (116,139)</u>   | <u>£ 16,402</u>    | <u>£ 3,763,586</u>  |
| <b>Total unrestricted funds</b> | <u>£ 39,975,675</u> | <u>£ 3,436,523</u> | <u>£ (4,217,380)</u> | <u>£ (1,222,343)</u> | <u>£ 275,092</u>   | <u>£ 38,247,566</u> |
| <b>Total funds</b>              | <u>£ 47,465,864</u> | <u>£ 5,678,853</u> | <u>£ (5,832,195)</u> | <u>£ (1,402,240)</u> | <u>£ -</u>         | <u>£ 45,892,283</u> |

## 23 RECONCILIATION OF NET INCOME TO NET CASH FLOW FROM OPERATING ACTIVITIES

|  | 2021<br>£          | 2020<br>£          |
|--|--------------------|--------------------|
| Net income for the reporting period (as per the statement of financial activities) | 7,292,935          | (1,573,581)        |
| Depreciation charges   | 182,653            | 174,262            |
| (Gains) / Losses on investments  | (7,286,643)        | 1,420,238          |
| Dividends, interest and rent from investments                                      | (1,068,848)        | (1,198,821)        |
| Loss on the disposal of fixed assets   | 3,224              | -                  |
| (Increase) / decrease in stock   | (23,099)           | 1,454              |
| Decrease in debtors  | 346,036            | 542,180            |
| Increase / (decrease) in creditors   | <u>237,629</u>     | <u>(15,277)</u>    |
| <b>Net cash used in operating activities</b>                                       | <u>£ (316,112)</u> | <u>£ (649,545)</u> |

## 24 ANALYSIS OF CASH AND CASH EQUIVALENTS

|  | At 1 April<br>2020<br>£ | Cash flows<br>£  | At 31 March<br>2021<br>£ |
|--|-------------------------|------------------|--------------------------|
| Bank and cash balances                 | 89,832                  | 93,683           | 183,515                  |
| Short term investments                 | <u>6,106,254</u>        | <u>391,620</u>   | <u>6,497,874</u>         |
| <b>Total cash and cash equivalents</b> | <u>£ 6,196,086</u>      | <u>£ 485,302</u> | <u>£ 6,681,388</u>       |



## 25 LOAN FACILITY

In 2019/20 trustees agreed to enter into an uncommitted revolving loan facility with Royal Bank of Canada (RBC) Europe Ltd, to help finance the Centenary Care Home Project. The aim of the facility is to smooth out the sale of the Trust's investments over a longer period of time so that investments do not have to be sold at times when investment prices may be unfavourable. The loan facility is for a maximum sum of £5 million. Interest is charged at 1% above LIBOR rates (from 2021 the rate changes to 0.97% + Bank of England Base Rate). The loan facility is secured against the Trust's investments managed by Newton Investment Management Ltd. Custody of those investments transferred to RBC in May 2020

The decision to agree the loan facility with RBC was taken after trustees has considered its affordability over the long term, together with a comparison of loan arrangements offered by other banks.

£1 million was drawn down on the facility in March 2021 and remained outstanding at 31 March 2021. The interest applicable to the loan for 2020/21 is £592. Interest on the loan is capitalised as part of the Admiral Jellicoe House fixed asset cost.

## 26 OBLIGATIONS UNDER OPERATING LEASES

|  | 2021<br>£       | 2020<br>£       |
|--|-----------------|-----------------|
| The total of future minimum lease payments on equipment operating leases expiring: |                 |                 |
| Within one year  | 10,656          | 9,706           |
| In two to five years   | 33,552          | 38,822          |
| <b>Total obligations under operating leases</b>                                    | <b>£ 44,208</b> | <b>£ 48,528</b> |

## 27 CAPITAL COMMITMENTS

The Trust exchanged contracts with LNT Care Developments Ltd in March 2020 for the development of a new care home in Portsmouth. The total cost of the development contract is £9.471 million of which £2.422 million has been incurred at 31 March 2021.

## **TRUST INFORMATION**

### **For the Year Ended 31 March 2021**

#### **Patron**

His Royal Highness The Prince of Wales KG KT GCB OM

#### **Vice Patrons**

Mr J W S Thompson MBE BEM

Mr K Lambert BEM

Mr N Jellicoe

#### **President**

Vice Admiral Sir Charles Montgomery KBE

#### **Trustees**

#### **Vice President & Honorary Treasurer**

Mr I Ranscombe

#### **Chairman**

Captain N Fletcher Royal Navy

#### **Trustees**

Leading Steward S Alexander

Chief Petty Officer T Bale (from 1 April 2021)

Chief Petty Officer K Bell

Cdre R Best OBE (from 11 March 2021)

Mr D Bonas (from 1 September 2020)

Mr B Daubeney

Ms C Dunkley (from 2 April 2020)

Lieutenant Commander T Forer Royal Navy

Mr N Gartside CFA

Mr A Horsburgh (until 1 April 2021)

Mr G Hounslea (from 1 April 2021)

Mr A Krzysica

Colour Sergeant P Lane (until 1 April 2021)

Captain D Nelson Royal Navy (until 1 March 2021)

Chief Petty Officer J Potts

Mrs P Shaw OBE

Warrant Officer (Class 1) S Tripp

Lieutenant Commander H Wright Royal Navy

#### **Executive Staff**

#### **Chief Executive**

Commander R G Bosshardt Royal Navy

#### **Finance Director**

Mr R Jesson BA FCCA

#### **Director of Care**

Ms C Brown (from 1 January 2021)

#### **Home Manager, Pembroke House**

Mrs T Harrison RGN

#### **Registered Office**

Castaway House, 311 Twyford Avenue, PORTSMOUTH  
PO2 8RN

#### **Auditors**

Sayer Vincent LLP

Invicta House, 108-114 Golden Lane, LONDON EC1Y 0TL

#### **Investment Managers**

CCLA Investment Management Limited

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

Newton Investment Management Limited

BNY Mellon Centre, 160 Queen Victoria Street, LONDON EC4V 4LA

#### **Bankers**

Barclays Bank PLC

PO Box 6, PORTSMOUTH PO6 3DH

#### **Solicitors**

Blake Morgan

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

